

Are Local Food Consumers Civic Minded or Seeking Assurances?

Defining Policy Implications and the Research Agenda



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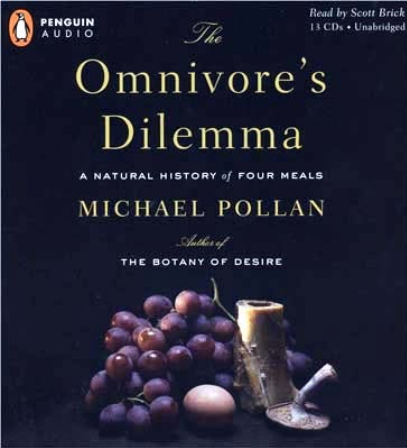
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Overview



- Local food system gaining grounds
 - Increased number of farmers markets and community supported agriculture (CSAs)
 - Conscious consumers making social statements with their purchase decisions
- Research and Educational Grants
 - Priority topics
 - New programs that support food systems
- Colorado State University Projects
 - Local produce consumer study (2006 to 2008)
 - Local, organic, and environmental studies (current)
- Summary and future research directions



Locavores: An Overview

- Many potential factors driving consumer trends
 - Perceptions of quality (nutrition, fresh)
 - Assurances of safety and health benefits
 - Support for the local economy, farms
 - Environmental benefits, farmland preservation
- More broadly, what are private and public attributes consumers seek? Are there research and policy implications?



Research Priorities



- Consumer valuation and behavior
 - Strategic pricing and market access
- Economic and environmental benefits from local and reinvented food systems
 - New Ecosystem agency
 - Rural development and Be Local efforts
- Effective business strategies and target markets for values-based supply chains

Complementary Efforts



- Relationship between local and organic or other food certification programs
- The role of direct markets and market access in local food system development
- Food safety and nutritional aspects of more localized production/consumption
- Building farmers, entrepreneurship and vocational training for producers

Research Programs New or Recently Focused



- NRI/AFRI
 - Economic Viability of Small & Mid-sized Farms
 - Markets and Trade, Rural Development
- Community Food Projects
- Value Added Producer Grants
- Farmers Market Promotion Program
- Federal State Marketing Improvement
- SARE and WCRME regional grants

Consumer Research Studies

Overview of CSU's projects



- Buying behavior of Produce Consumers (2006)
- Explore dynamics between organic and local foods, consumer perceptions (2008)
- Case studies of effective values-based supply chains with UC-Davis (2009)
- Past studies from which we drew
 - Colorado Homestead Ranches-natural meats
 - Farm to Chef Distribution
 - Niche meat, agritourism and Building Farmer curriculum



2006 CSU Organic Produce Study



- Funding of this research project by USDA/CSREES NRI grants #2005-55618-15634 and 2008-35400-18693 are gratefully acknowledged.

Summary



- National Survey in May 2006
 - Conducted by NFO/My Survey, n=1549
 - Demographics fairly well aligned, dominated by female as directed to primary food shopper
- Cluster Consumers by Similar Buying Behavior and Motivations (1549 respondents)
 - Two clusters, Quality Assurance and Quality and Safety Consumers may be local buyers...
 - Local more highly valued than organic in all groups especially among these two clusters

Exploring Motivations



"You may not feel any healthier right away, but you'll definitely feel more smug."

Willingness to pay for melon

(base-priced at \$0.59 per pound)



- One melon identified as “locally produced and sold direct by producer”
 - Mean reported premium was 38.6%
- Importance of pesticide free & locally grown positively associated with local premia
 - But negative association with convenient location, packaging and value prices
 - The role of transaction costs: may alleviate credence information costs, but consumer may incur additional search costs

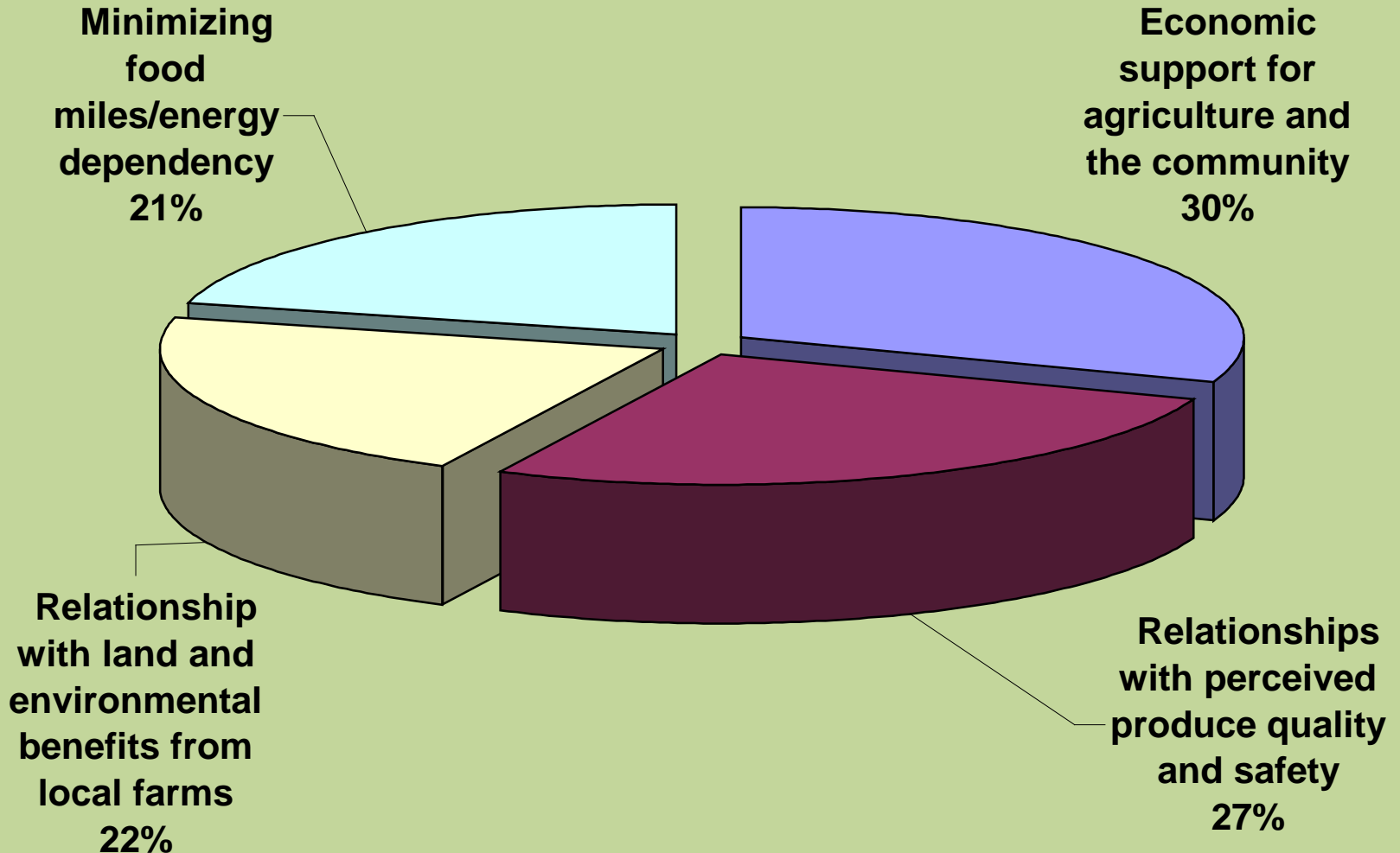


Motivators

- Each consumer asked to assign share of premium attributable to various motivators
 - Local purchases as well as Organic & Produce with Unique Color
- There are both private and public good aspects presented as reasons they might pay a premium

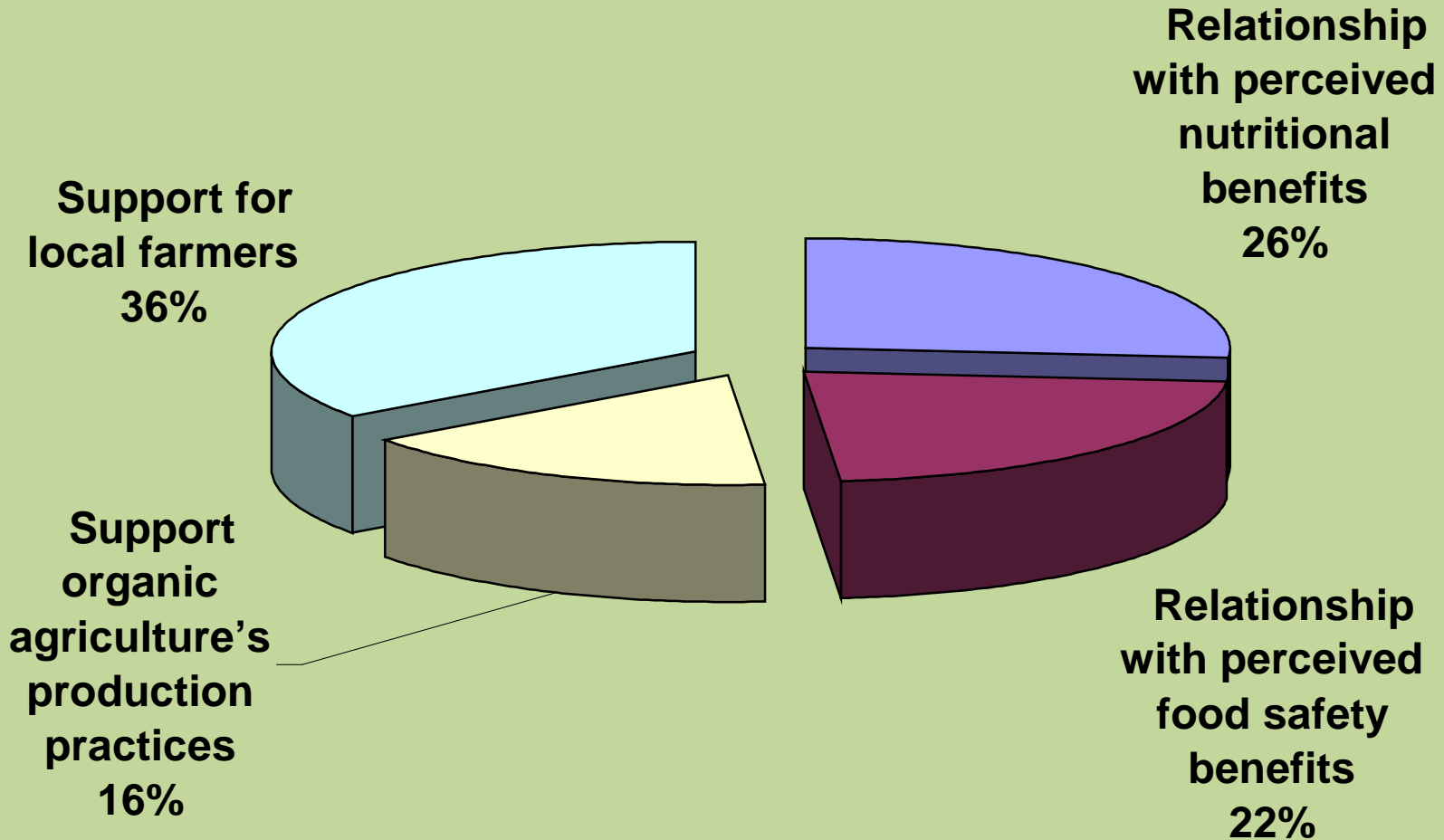
Fresh Produce Direct from Producer

Share of Premium attributable to:



Fresh Produce production practices

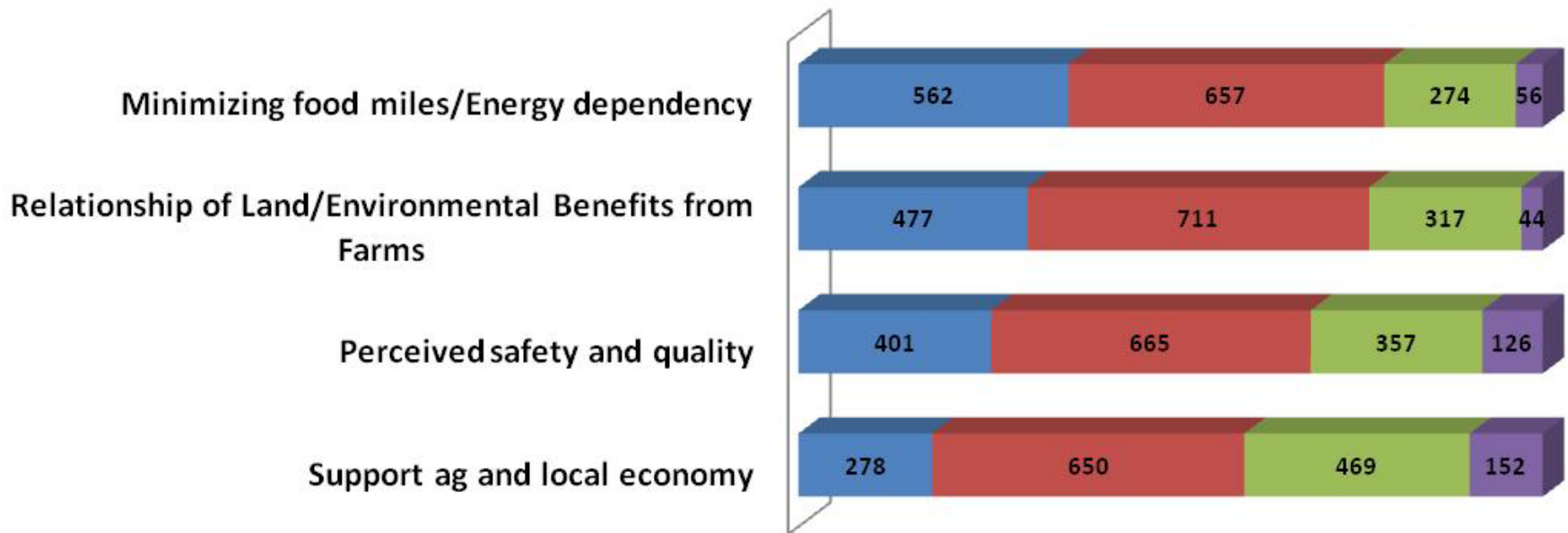
Share of Premium attributable to:



Why Buy Local?

Share of Local Price Premium Attributed to Motivations to Buy Direct

■ up to 10% ■ 10-24% ■ 25-49% ■ 50-100%



**Support for ag and local economy seems most important.
Food miles does not seem to be driving locavores.**

New Red Fire



Selected for
Nutritional Benefits!

PRICE: \$2.99

New Red Fire

Vegetables like red leaf lettuce, that contain dietary fiber, vitamin A, and vitamin C may reduce the risk of coronary heart disease and some types of cancer.



Excellent source of vitamin C,
an antioxidant nutrient

Selected for
Nutritional Benefits!

PRICE: \$2.99

Organic Label and Claims



- Respondents **differentiate** between products on the basis of label claims
 - The non-specific claim of reducing risk of a human health condition is the **most highly valued** stand-alone attribute
- Bundling of attributes may **add or subtract** value depending on the specifics
 - There is **positive correlation** between valuation of nutritional attributes and organic attributes
- Valuation of claims **varies significantly** across individuals

Organic, Locality, and Food Miles – Implications for Trade, Supply Chains, Environment, and Consumer Welfare

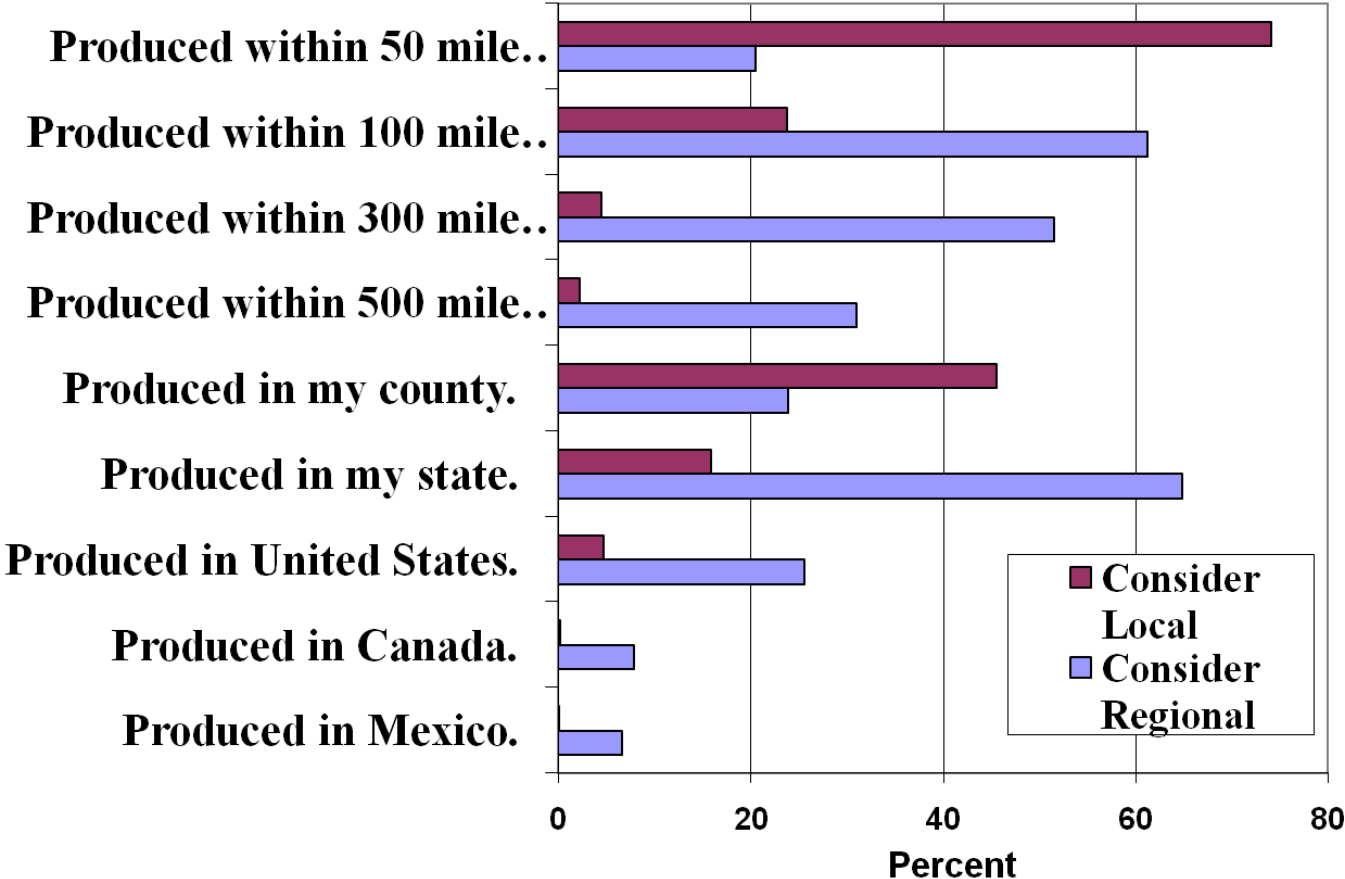
Yuko Onozaka and Dawn Thilmany McFadden

Initial Results for Fall 2008 Local Foods Survey

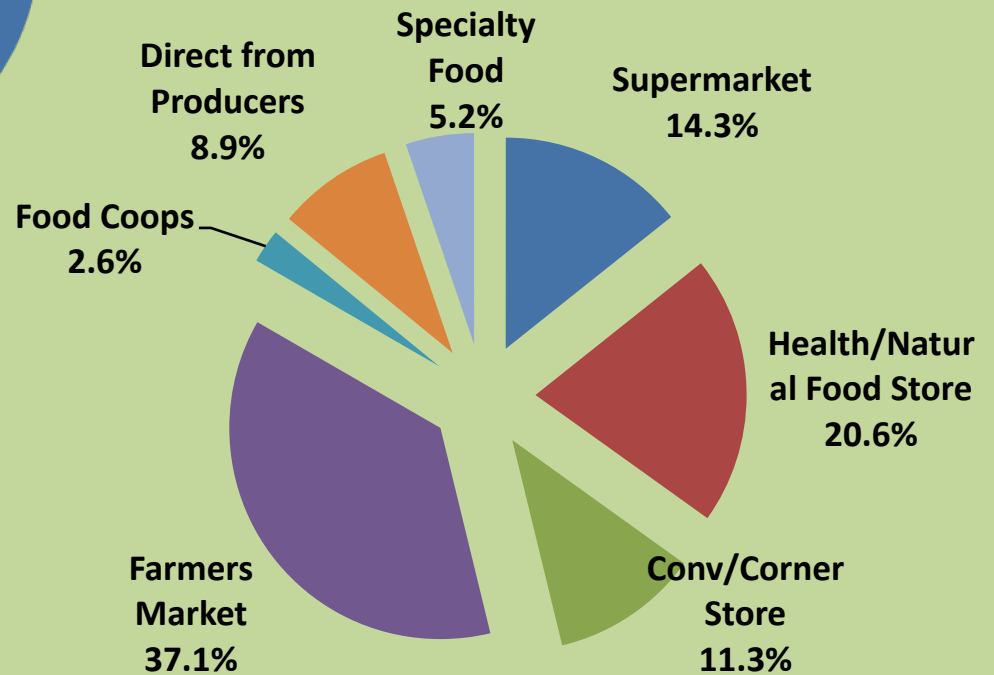
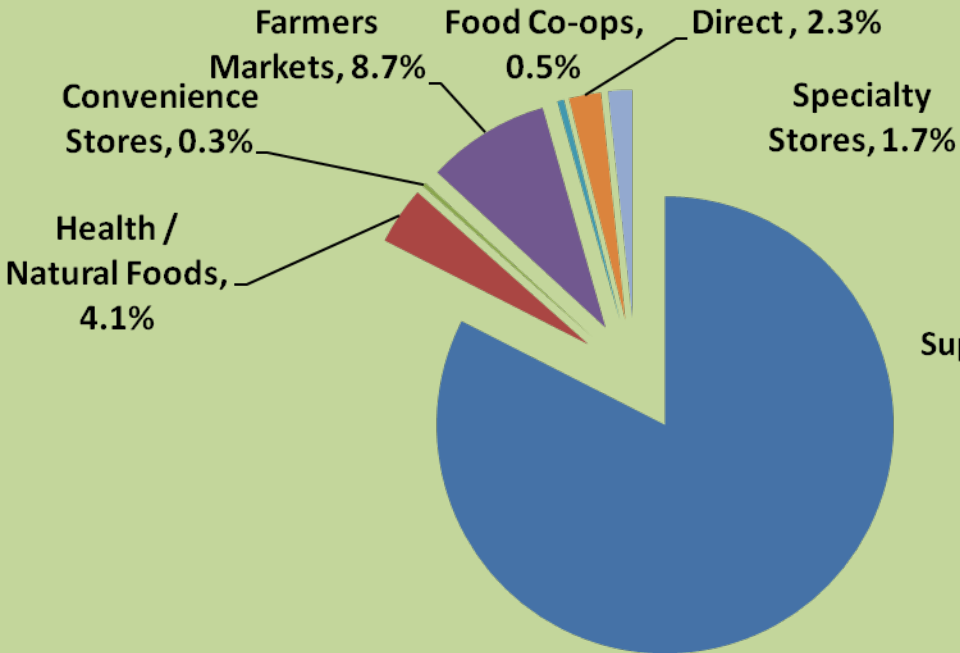


- Much higher penetration for local foods (over 80%), than organics (over 50%), with significant share buying both (over one-third)
- County and/or 100 mile radius seem to be majority perception of local
- Expense and availability as most commonly cited “barriers”

What is “Local”?



Fresh Produce Source



Sample Choice Set

Apple 1



\$2.69/lb

Product of Chile



I will buy this apple.

Apple 2



\$3.49/lb

Locally Grown



I will buy this apple.

Neither.

Initial WTP Estimates (\$ per lb)



		Certified Organic	Certified Fair Trade	Carbon Footprint	Locally Grown	Imported
Gala Apples	Mean	0.14	0.17	-2.85	0.16	-0.67
	Median	0.07	0.19	-3.04	0.14	-0.63
	St. Dev.	0.40	0.18	1.82	0.25	0.72
	Maximum	1.52	0.60	2.25	0.85	0.72
	Minimum	-1.13	-0.26	-8.95	-0.46	-2.27
	N	527	527	527	527	527
Red Round Tomatoes	Mean	0.29	0.13	-0.37	0.17	-0.56
	Median	0.28	0.14	-0.33	0.15	-0.55
	St. Dev.	0.29	0.21	0.34	0.37	0.44
	Maximum	1.21	0.68	0.40	1.19	0.51
	Minimum	-0.66	-0.35	-1.42	-0.84	-2.01
	N	554	554	554	554	554

More Survey Results



- Food miles is not commonly known term (less than 20%) while carbon footprint and climate change well known (over 60%)
- Assurances on “outcomes” (preserving farmland, fair returns to producers, supporting local economy) were of greater interest than broader claims (organic, local)
- Local does well in perceptions on support of local economy, but fairly ambiguous in terms of carbon footprint

Changes in Perceptions of Food System Partners after 2008 Food Safety Events



Marketing and Policy Implications



- Diverse consumer perspectives and buying behavior within local, direct markets
 - Not closely aligned with organic movement
 - 3rd party vs. Direct from source verification?
 - Support for ag and local economy and perceived environmental benefits
- Will farmers markets grow or will conventional supply chains try to emulate their culture of producer interactions?

Future Directions for Local Foods Research



- Exploring the mixed public and private good aspects of food products and shopping venues
- What role do farmers markets and other direct venues have in the dynamics of the food supply chain?
- How could future marketing/certification effectively leverage and verify these consumer perceptions to secure value?



Appendix



Fall 2008 Survey



- Administered October 17 to November 20, 2008 by Knowledge Network Inc., a contracted third party.
 - 1,269 people in consumer panel solicited; 1052 usable responses. Oversampled people in intermountain region (CO, AZ, UT)

	Supermarket	Health/Natural Foods	Farmers Markets	Direct	Overall
\$0 - \$20	67%	42%	63%	74%	65%
\$21 - \$40	23%	27%	24%	17%	23%
\$41 - \$60	7%	15%	5%	9%	7%
\$61 - \$80	3%	8%	3%	0%	3%
\$81 - \$100	0%	2%	0%	0%	0%
> \$100	1%	6%	4%	0%	1%

Income by Primary Produce Source				
	Supermarket	Natural Foods	Farmers Markets	Direct
<\$25,000	19.0%	12.5%	26.1%	21.7%
\$25,000-\$39,999	18.2%	21.9%	20.7%	8.7%
\$40,000-\$74,999	35.3%	20.3%	32.6%	39.1%
\$75,000-\$124,999	19.8%	31.3%	13.0%	17.4%
>\$125,000	7.9%	14.1%	7.6%	13.0%

Data and Methods



- 2006 National Consumer Survey conducted by National Family Opinion (NFO)
 - 1549 responses, 48.86% response rate
 - May 2006, may be some seasonal bias
- Demographic data as well as purchasing habits and attribute preferences for food and produce
 - Fairly representative, low on Hispanic buyers




Summary Statistics for the 2006 Survey

Table 1. Summary Statistics for the Demographic Variables (n = 1549)

Variable Name	Description (Coding)	Mean	Standard Deviation
Age	In years	51.07	14.70
Gender	1 if female, 0 if male	0.74	0.44
Weekly Grocery Expenditures	1 = < \$50, 2 = \$50 - \$99 3 = \$100 - \$149 4 = \$150 - \$199 5 = \$200 - \$299 6 = \$300 or more	2.36	1.01
Market Size (persons)	1 = Under 100,000 2 = 100,000 - 499,999 3 = 500,000 - 1,999,999 4 = 2,000,000 and over	3.03	1.08
Household Income	1 = < Under \$30,000 2 = \$30,000 - \$49,999 3 = \$50,000 - \$74,999 4 = \$75,000 and Over	2.49	1.17
Race	1 if Caucasian, 0 if otherwise	0.90	0.30
Spanish Origin	1 if Spanish Origin, 0 if otherwise	0.03	0.16
Household Size	Actual number in household, range: 1 to 7 members	2.41	1.34
Life Stage	1 if single, no children, 0 otherwise 1 if couple, no children, 0 otherwise 1 if couple, at least one child in household	0.26 0.40 0.32	0.44 0.49 0.47

Label Descriptions



Label	Name	Current Status
	<p>Certified Organic What does it mean?</p>	<p>Exists</p>
	<p>Certified Fair Trade What does it mean?</p>	<p><i>International:</i> Exists <i>Domestic:</i> Under consideration</p>
	<p>Carbon Footprint Carbon emission level (grams of carbon emissions per pound of product) <u>Larger number means <i>more damages to the environment</i></u> What does it mean?</p>	<p>Under consideration</p>