



NC GROWING TOGETHER

Connecting Local Foods  
to Mainstream Markets

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## Building Local Foods Sales in Retail Settings

# Authenticity and Success in Marketing “Local”

### Review and Recommendations<sup>1</sup>

Previous research and the experiences of other initiatives around the country indicate that strong and transparent in-store promotional materials that communicate a package of characteristics including **value/affordability**, **freshness/quality**, and **direct social impacts** can increase local food sales. Specific findings that should inform authentic and successful store marketing initiatives are listed below.

- North Carolinians are interested in purchasing local food that is *clearly labeled* (Kirby 2007).
- Labels and marketing materials should emphasize the *convenience* of local offerings in stores and the *health benefits* of eating *fresh* food, keeping in mind that “Customers want to purchase local products – namely the local products that they tend to associate with their own health – but they don’t want to go out of their way to get them” (Grabowski 2013). For example, retailers could emphasize that it offers a farmers’ market all day, every day (taking a cue from Good Natured Family Farms – see below).
- Local labels should always emphasize *freshness*, information should secondarily focus on the social benefits of local food (Wolf 1997, Leopold Center 2003, Buy Fresh Buy Local Campaign experience).
- It is not only the availability of local items in stores, but also the “perceived product availability” (prior to entering a store) that affects whether customers will purchase local items (Campbell 2011). In other words, advertising campaigns that lead people to know to expect local produce even before they set foot in a store could be effective.
- Marketing materials should also create “perceived consumer effectiveness” (Campbell 2011, Thilmany et al. 2008, Vermeir & Verbecke 2006, Nurse & Thilmany 2010). Grocery store customers should feel that even their own small purchases contribute to real, tangible social and/or environmental impacts. Making information about the benefits of buying local available in

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<sup>1</sup> For the full report including an annotated bibliography of research studies, see *Authenticity and Success in Marketing “Local” in Retail Grocery Settings: A summary of research findings and the experiences of local food retailing projects* under the Resources/Research tab at [ncgrowingtogether.org](http://ncgrowingtogether.org).

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stores could be beneficial – particularly if they are authored by third parties, which may be seen as more trustworthy. Diagrams showing the money spent in a store that goes back to the local community could also increase customers' perceived effectiveness.

- Similarly, it is important to prove that products “do what they should” (Nurse and Thilmany 2010). In other words, if they are marketed as “fresher” or “better for the community,” it is important to prove or communicate that they actually are.
- Effective in-store displays have been found to be the best way to increase local food purchases – even more so than promotions (sales) and increased customer service. However, sales increase most when there is a combination of all three factors (Campbell 2011).
- Handing out information on the social and environmental benefits of local food can increase both intent to purchase and actual purchasing (Hanns and Bohm 2013).
- When farmers/vendors visit stores, the goal should not only be for them to interact with customers, but also to talk with store staff so that they know how to market items to customers on a daily basis (Personal communication DeLuca 2013). Retailers might benefit by setting up events for staff to meet local farmers and other producers.
- Farmers should always be well prepared for “meet the farmer” events (Personal communication Pirog 2013, Thilmany 2013). Retail stores can use the handout prepared by the research team to communicate expectations and opportunities to farmers (see Appendix).
- A positive sensory and search experience can increase willingness to pay a premium for locally grown food. One intervention could include setting up local produce outside the store “farmers’ market-style,” where consumers can enjoy browsing, smelling, and touching local produce (Avitia et al. 2012).
- In stores in low-income, rural areas, it would be wise to promote freshness, value and benefits to the local community (playing up community loyalty factors in close-knit, low-income communities) (Webber and Dollahite 2008).
- Creating signage that communicates, “remember to look for local labels” could increase purchasing, particularly among low-income shoppers. While low-income rural shoppers included in focus groups associated positive benefits with local food (Webber and Dollahite 2008), they were not accustomed to actively seeking out local labels in stores (Zepeda and Leviten-Reid 2004).
- To compete with Wal-Mart, grocery retailers should remember that their competitor has been successful by creating an image of American family values and “humbleness” (Arnold et al. 2001). Instead of pursuing a “superior” or more elite image, grocery retailers could resonate with some shoppers by emphasizing that their offerings are affordable, local and resonant with family values.
- Offering cheap, local lunch days (food giveaways) in stores can be an effective promotion and means of establishing ties with the community.
- Regularly advertising weekly local specials on TV is effective.

- Being an active part of change helps people to feel more connected/embedded in their communities (Miller 2012). Engaging customers in a process of bringing local products into a store could help to increase their attachment to that retailer.
- If there are particular well-known farmers in a store's local area, they should be featured on in-store posters. This helps shoppers to know "what kind of farmer" the store supports (DeLuca personal communication). It helps to feature images of local farmers that match the diversity of communities.
- Having different local flags/logos (e.g., "grown within the county," "within the state," or "within the South") can help increase perceptions of authenticity and consumers' trust (perceived efficacy) (personal communication DeLuca).
- As mentioned above, many people are concerned with "private factors" related to food purchasing choices. A phrase like the following can help market local food to both these customers and the ones most interested in the social ramifications of purchasing decisions: *"...purchasing from local farmers helps the economy in the communities we serve. Local produce can be delivered to your store very quickly and faster shipping means even fresher produce for you. Items can be picked and packed at a more mature stage. This can really bring out the taste of the product. Eating locally grown food also means less fossil fuel burned in preparation and transport – and less energy needed to refrigerate during transportation"* (Stanton et al. 2012)
- Because people who enjoy cooking at home are most likely to purchase local food (Zepeda & Li 2006, Traeger & Ness 2005, Cranfield et al. 2008), interventions that encourage knowledge about and enjoyment in cooking may help boost grocery retailers' local food sales.
- Making stores a place where people can "congregate" and "socialize" will help to boost community embeddedness (and therefore, perhaps local and overall food sales). Interventions could include offering regular cooking classes, discussion groups, or even setting up a café spot for people to gather informally in the store.
- Because demonstrations of "social compliance" help to increase embeddedness, intervention stores could pilot taking part in non-food-related community events, or featuring particular products at certain times of the year (for instance, Irish food and beer when the community is celebrating an Irish heritage festival).

## ***What personal values and retailing strategies motivate people to purchase local food?***

### ***Will shoppers pay more for local food?***

The body of existing literature consistently indicates that “private factors,” which include freshness, quality, health benefits and food safety, are the primary factors motivating people’s local food purchases (Bond et al. 2008, Grabowski 2004, Nurse & Thilmany 2010, Ostrom 2008, and Schneider & Francis 2005). However, “public factors” are of primary significance to a smaller group of local food shoppers and of secondary (but still significant) importance to the group most concerned with private factors. “Public factors” include “giving back to the community,” “keeping dollars in the community,” “supporting small farmers,” “farmers receiving fair returns,” and various other social and environmental issues (Bond et al. 2008, Nurse & Thilmany 2010, Ostrom 2008, Schneider & Francis 2005). Some studies indicate that environmental factors are a less significant influence on people’s decisions to purchase local food than social factors. However, many people do associate the “local” label with being “natural” and “pesticide-free” (Ostrom 2006). One study found that low-income shoppers are mostly concerned with the health of their families when choosing food or considering local options, but that they also demonstrate high levels of concern for the well-being of their immediate communities (Webber and Dollahite 2008).

Research conducted by the Mintel marketing firm found that fresh produce is the item people are most inclined “buy local.” Following fresh produce are meat, honey/jam/preserves, and cheese and dairy products (Grabowski 2013).

The literature reflects a great ambivalence in terms of people’s willingness to pay a premium for local food. While many people have indicated that they believe local products are of greater value and are worth spending more money on (47% of Grabowski’s 2013 survey respondents), they are, nonetheless, not always willing to pay these premiums (Avita et al. 2010). Further, a majority of survey respondents indicated that lower prices would encourage them to purchase more locally produced foods (61% according to Grabowski). As Traeger and Ness (2005) describe, “pragmatic expectations” tend to underscore other feelings about local food’s value. However, other research has found that people are willing to pay extra for food that they believe supports a package of health, social, and environmental benefits (Darby et al. 2008, Grabowski 2013, Leopold Center 2013) and that people are more willing to pay extra for geographic labels than organic labels (Aprile et al. 2012, Costanigro et al. 2011, Jacob 2012).

Research conducted with South Carolinians found that they were willing to pay an average of 27% more for local produce and 23% more for locally raised animal products (Carpio and Isengildinia-Massa 2009) than for non-local options.

According to Tsoodle and colleagues (2011), people chose grocery stores based on quality, followed by cleanliness, price, and concern for supporting local business.

### ***How do people define and perceive “local food”?***

There has been a disagreement over the definition of “local” amongst activist networks, non-profit organizations and marketing campaigns. Some analysts have feared this lack of consistent definition will lead to a watering down of the local food movement’s social goals (Hinrichs and Allen 2008). However, researchers have found reasonable consistency in customers’ perceptions and expectations of local labels. The majority of people do not think of “local” food as coming from beyond state boundaries, and many think it should come from within the county or surrounding counties (Ostrom 2006). People also associate “local” with a variety of social values, such as supporting family-farmers and keeping money

within the community. In other words, value-based characteristics often overlap with geographic ones in people's perceptions of local food (Campbell 2011). Respondents to a Missouri study indicated that they did not define local in terms of "state" but rather in other, smaller geographic niches that sometimes crossed state lines (Brown 2003).

### ***What are the demographic dimensions of local food purchasing perspectives and behaviors?***

While it is often believed that attitudes and behaviors toward local foods vary widely amongst demographics, researchers have found it difficult to categorize these attitudes in relation to traditional demographic categories. Several studies have found that women are slightly more likely to purchase local food than are men (Grabowski 2003, Jekanowski et al. 2002), with one study indicating that it is because women are more likely to be impacted by social influence (Gracia et al. 2012). Some researchers also suggest that connection to agriculture/living in a rural area may increase disposition to purchase local food (Brown 2003, Cranfield et al. 2008), and Brown suggested that people with higher education and income levels are more likely to purchase locally produced food. A North Carolina survey found that white families, lower income families, families in rural areas, families with children who ate 5 or more servings of veggies a day, and families with children in poor health were more likely to purchase local food (Racine et al. 2012).

However, a larger number of studies indicate that typical demographic factors are not consistent in predicting a person's likelihood of purchasing local food and that "attitudinal factors" (such as "liking to cook") are much more relevant (Cranfield et al. 2008, Traeger & Ness 2005, Zepeda & Li 2006). Indeed, a systematic review of many studies (Verain et al. 2012) confirmed that personality characteristics, lifestyle, and behavior are the best predictors. For example, one study found that enjoying cooking was a better predictor of buying local food than even environmental or social values (Zepeda and Li 2006).

### ***What makes a store "community-embedded," and can being so, or cultivating an image of "localness," increase customer loyalty?***

Embeddedness of a food system in its local communities is said to arise when there are strong relationships between suppliers, producers, workers, processors, brokers, wholesalers and retailers (Jarosz 2000). Researchers examining low-income urban areas have found that creating a perception of "community engagement" is important for creating trust between people and supermarkets in locations where people have previously mistrusted chain stores or corporations. Partnerships between supermarkets and Community Development Corporations have been identified as ways to increase engagement (Policy Link undated). One study found that socializing actions, reciprocity and social compliance (of stores) affects patronage, but that congregation and utilitarian values mediate these relationships. For example, if people feel a sense of reciprocity between the store and themselves/their community, they are more likely to feel that the store's products are of a high utilitarian value and will be willing to pay for them. By reciprocity, we mean here a sense amongst customers that the store both relies on them for support and contributes to the local community in turn (for instance, through donations to local organizations, or by offering locally-important products that people cannot find otherwise). Creating social compliance (offering products that are locally relevant and also appearing knowledgeable about community happenings) and facilitating spaces for social congregation (bringing people together in stores for reasons aside from shopping) can help to increase patronage (Landry et al. 2005). In contrast to these encouraging findings, another report found that even when a store works hard to be community engaged, customers might pass it by for "perceived deals" at other big-box stores (Tsoodle 2012).

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