UNIVERSITY OF GEORGIA EXTENSION

Agribusiness and Economic Development

Linking Buyers' Attributes with Labeling Preferences for Georgia's Local Fresh Produce

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SARE Sustainable Agriculture Research & Education

Introduction

Direct market shoppers value credence dimensions more in their food buying decisions (Naasz, Jablonski and Thilmany, 2018). In past economic studies, **locally grown has been highlighted as the most important production attribute** by "Direct Primary purchasers" (Bond, Thilmany and Bond, 2006). Meas et al. (2014) (cited in Jensen et al., 2019) found **strong substitution between organic and local production claims** in consumers' willingness to pay for these products. Furthermore, they underscored that **consumers associate products from small-scale producers with some of the same features as local and organic**.

Sponsored by Southern Sustainable Agriculture Research and Education (SSARE), our study focuses on **a further understanding of buyers' preferences and perceptions on labeling and co-labeling strategies in the South** when purchasing fruits and vegetables with a particular emphasis on direct marketing from local farms. This study is part of a bigger project aimed at increasing small producers' long-term profitability and buyers' retention.

Methodology

An online survey was administered equitably in six Southern states; Alabama, Florida, Georgia, North Carolina, South Carolina and Tennessee, in December 2021, using a panel provider, Qualtrics. In addition to this online survey, **we partnered with 10 small Georgia farms who provided a list of their final and business buyers**.

SPECIFIC OBJECTIVES:

1. ONLINE SURVEY: A sub-part focused on labeling preferences. Using a 7 point-Likert scale, 1820 respondents were prompted to rate **the importance of several intrinsic and extrinsic product characteristics on their purchasing decision**. Respondents were also asked to rank several combinations of two labels, one related to geographic origin and the other related to production practice.
2. INTERVIEWS: 16 final buyers and 6 business buyers (restaurants, caterers and aggregators) were interviewed between September 2021 and May 2022. Respondents were asked to establish the most important factors when deciding to purchase produce directly from a local farm. Additionally, they were to point out if they specifically look for a particular label and provide details about the value that it represents in their opinion. A comparison between labels was established by the respondent in order to identify their perceptions.

References

- Bond J. K., Thilmany D. and Bond C. A., 2006, Direct Marketing of Fresh Produce: Understanding Consumer Purchasing Decisions. *Choices*, Vol. 21, No. 4, pp. 229-235.
- Jensen J. D., Christensen T., Denver S., Ditlevsen K., Lassen J., and Teuber R., 2019, Heterogeneity in consumers' perceptions and demand for local (organic) food products. *Food Quality and Preference*, #73, pp. 255-265.
- Naasz E., Jablonski B. B.R. and Thilmany D., 2018, State Branding Programs and Local Food Purchases. *Choices*, Vol. 33, No. 3, pp. 1-6.

SURVEY Results

- ✓ ***Among the primary sources for purchasing fruits and vegetables*** (Georgia sample, N=303 – Respondents could check several choices): 25.1% checked farmers' market; 7.6% online farmers' market and, 4.6% Community Supported Agriculture (CSA). 7.9% mentioned that they grow their own produce.
- ✓ To the question: "***How much does your household spend weekly on fruits and/or vegetables?***", majority of respondents (39.6%) spend between \$25 and \$49; 27.4% between \$50 and \$99; 25.7% spend less than \$25 and, 7.2% spend \$100 or more.
- ✓ If they were to buy your fresh fruits and/or vegetables from a local farm on a regular basis, 37.3% would drive within their County lines and 35.3% within 10 miles radius. 13.9% would go up to 50 miles radius and the rest of the sample would drive beyond 50 miles.

Figure 1

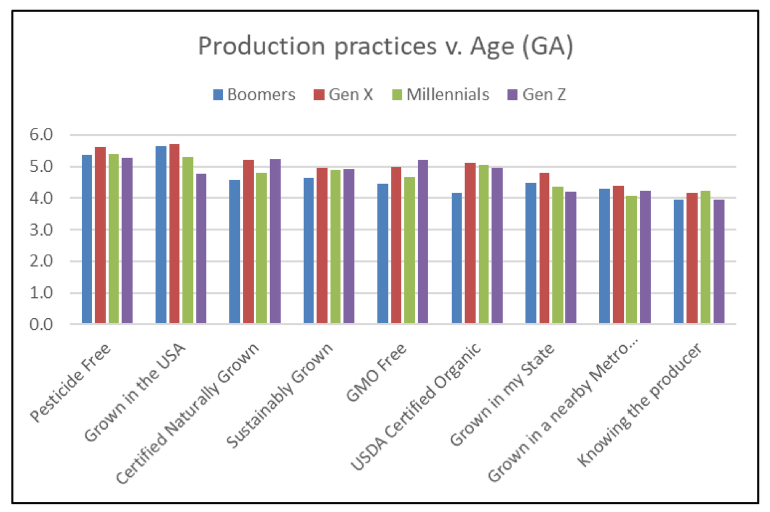
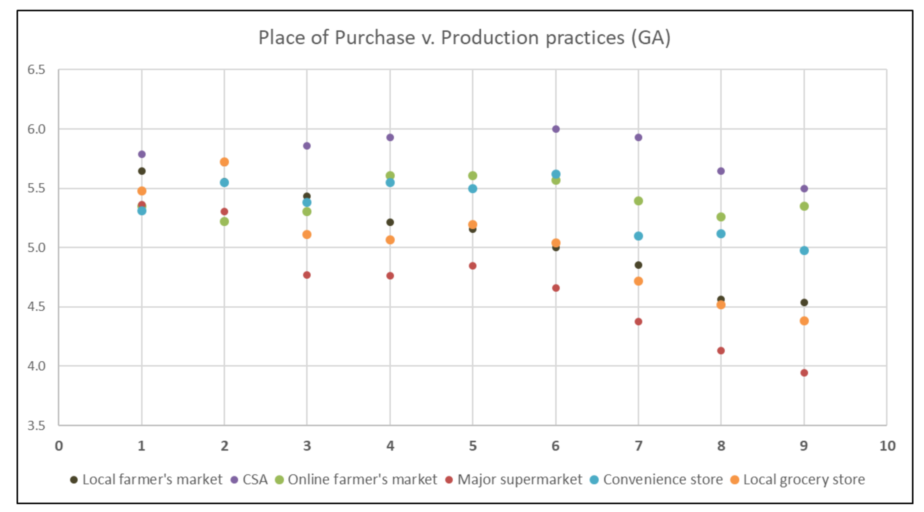
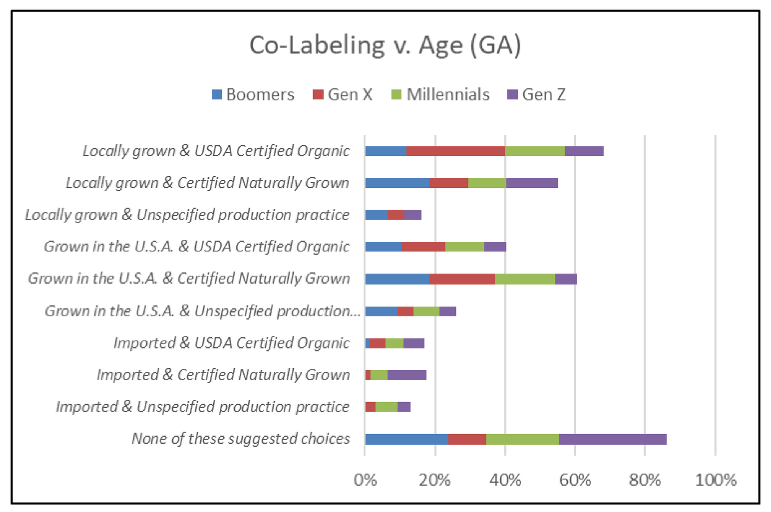


Figure 2



1	Grown in the USA
2	Pesticide Free
3	Sustainably Grown
4	USDA Certified Organic
5	Certified Naturally Grown
6	GMO Free
7	Grown in my State
8	Grown in a nearby Metro area or County
9	Knowing the producer

Figure 3



(Georgia sample, N=303, Rated 1 to 7 - 7 being the most preferred – Average is presented).

- ✓ **Figure 1** describes generational preferences for different production practices.
  - › Older generations show a preference for "Grown in the U.S.A." and "Pesticide free"; Younger generations show an additional preference for Certified Naturally Grown (CNG) and USDA Certified Organic. GenZ shows an additional preference for "GMO free ".
- ✓ **Figure 2** describes production practices preferences according to the place of purchase.
  - › Homogeneous preferences for "Grown in the U.S.A.", "Pesticide Free" and CNG across the different places of purchase.
  - › Respondents have higher preferences for most or all production practices when buying through a CSA system, an online farmers market and a convenience store than at a local grocery store or at a major supermarket.
- ✓ **Figure 3** summarizes responses to the question: "When purchasing fruits and/or vegetables at your usual retailer, how do you rank your preference for these characteristics?" (Georgia sample, N=303 – Order of choices was randomized) according to respondents' generation.
  - › Homogeneous preferences for "Locally Grown" and "Grown in the U.S.A." associated with CNG for boomers. GenX and Millenials favor origin and USDA Certified Organic whereas GenZ prioritizes CNG. 1/5 of the respondents would not prioritize any of the suggested choices.

INTERVIEWS Results

The analysis of 22 final and business buyers interviews provides insights on their production practices preferences.

Table 1:

Final buyers	Business buyers
1. *Trust in farmers' ethics/ prod practices (regular buyers)*	1. *Trust in farmers' ethics/ prod practices (regular buyers)*
2. *Organic*	2. *Local (Georgia, Southern region)*
3. *Certified Naturally Grown (seen as same or substitute for organic)*	3. *Organic (especially new buyers)*
4. *Local*	4. *Certified Naturally Grown (seen as same or substitute for organic)*

Our results highlight that **trust in farmers' ethics and practices is preferred by regular buyers**. Additionally, there is a difference in preference between business buyers favoring primarily origin and final buyers whose decisions are more influenced by certified production practices (USDA Organic or CNG) when buying directly at local farms.

Discussion

Based on these results, it seems that establishing co-labeling strategies for family farm businesses in Georgia increases consumers' patronage. There are several components of the strategy that should be considered:

- **Buyers' preference on a combination of farm reputation, indication of "local" origin and a well-known production practice certification** such as CNG or USDA Organic.
- **Younger generations favor local over country origin combined primarily with CNG then USDA Organic.** This represents an opportunity for local producers to build on in order to retain their young buyers.
- **More information on origin and production practices is recommended** when selling directly to buyers (farmers' market, a CSA share or through an online farmers market).