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SARE Sustainable Agriculture Research & Education

Linking Southern Buyers' Attributes with Labeling Preferences for Local Fresh Produce

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SSARE Project: Economic Benefits and Marketing Implications of Co-Labeling Strategies for Small Organic Producers

Research objectives

- To estimate **consumers' perceptions, intention to purchase and willingness to pay** using several co-labeling strategies and to determine resulting market segments. These scenarios will serve as inputs for analytical approaches in the third objective.
- To **evaluate communication content effectiveness in conveying sustainable values for various labels** (i.e. Georgia Organics, Georgia Grown and other specific "locally grown" programs), to determine market coverage effectiveness in terms of direct marketing channels accessed (i.e. farmers' markets, CSAs, and online), and to gauge geographical reach (within Georgia and surrounding states).
- To determine **comparative net economic returns** that producers may realize under co-labeling strategies and for different produce (enterprise and stochastic budget, projections and simulations).

Acknowledgement of partners

- Athens Land Trust
- Augusta Locally Grown
- Georgia Organics

- Crystal Organic Farm
- White Hills Farm
- Adderson Inc.
- Little Rose Farm
- Jones Creek Farms

- Lola’s Organic Farm
- Brown's Place Farm
- J and L Farm and Stables
- Byne Blueberry Farms
- Rodgers Greens and Roots (RGR)
- Hearts of Harvest Farm

Outline

- Literature background
- Profile of buyers surveyed
- Factors affecting purchase from local farmers
- Preferences on labeling
- Real Organic Project; assessment
- Trusted source of information
- Discussion

Background

- 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**.

Profile of buyers surveyed (1)

For interviews (N=22):

- 16 final consumers + 6 intermediaries (restaurants, caterers, aggregators…)
- 7 regular, 15 occasional
- 12 less than 5 years, 10 more than 5 years

For online survey (N=1820):

- Age
    - 38.4% less than 35 years old
- Location
    - 1/6 Georgia, Alabama, Florida, N Carolina, S Carolina, Tennessee

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Profile of buyers surveyed (2)

For online survey (N=1820):

- Purchase of F&V
  - 27.9% at farmers' market
  - 6.4% online farmers' market
  - 3.9% CSA
  - 11.2% grow their own produce
- Expenses on F&V
  - 75.3% primary shoppers and 19% shared equally
  - 68.9% purchase less than $50 per week and per household

For online survey (Cont.):

- Frequency of USDA Organic purchase
  - 32.7% purchase once a week and 14.9% more than once a week
- How far they would drive to get fresh produce from a local farm
  - 40.8% would drive "within their county"
  - 36% would drive "within 10 miles radius"
  - 11% would drive "within 50 miles radius"
  - 4.6% would NOT buy from a local farm.

Factors affecting purchase from local farmers (1)

From interviews:

Final buyers	**Intermediaries**
High quality (Taste, Cleanliness, Freshness)	High quality
Local / Local growers	Local (Georgia)
Organic	Sustainability
Certified Naturally Grown (CNG)	Close working relationship
Other labels (pesticide free and GMO free)	Organic practices or CNG
Convenience (Online purchase)	Seasonal products
Trust in farmers' ethics	
Interaction at farmers' market	

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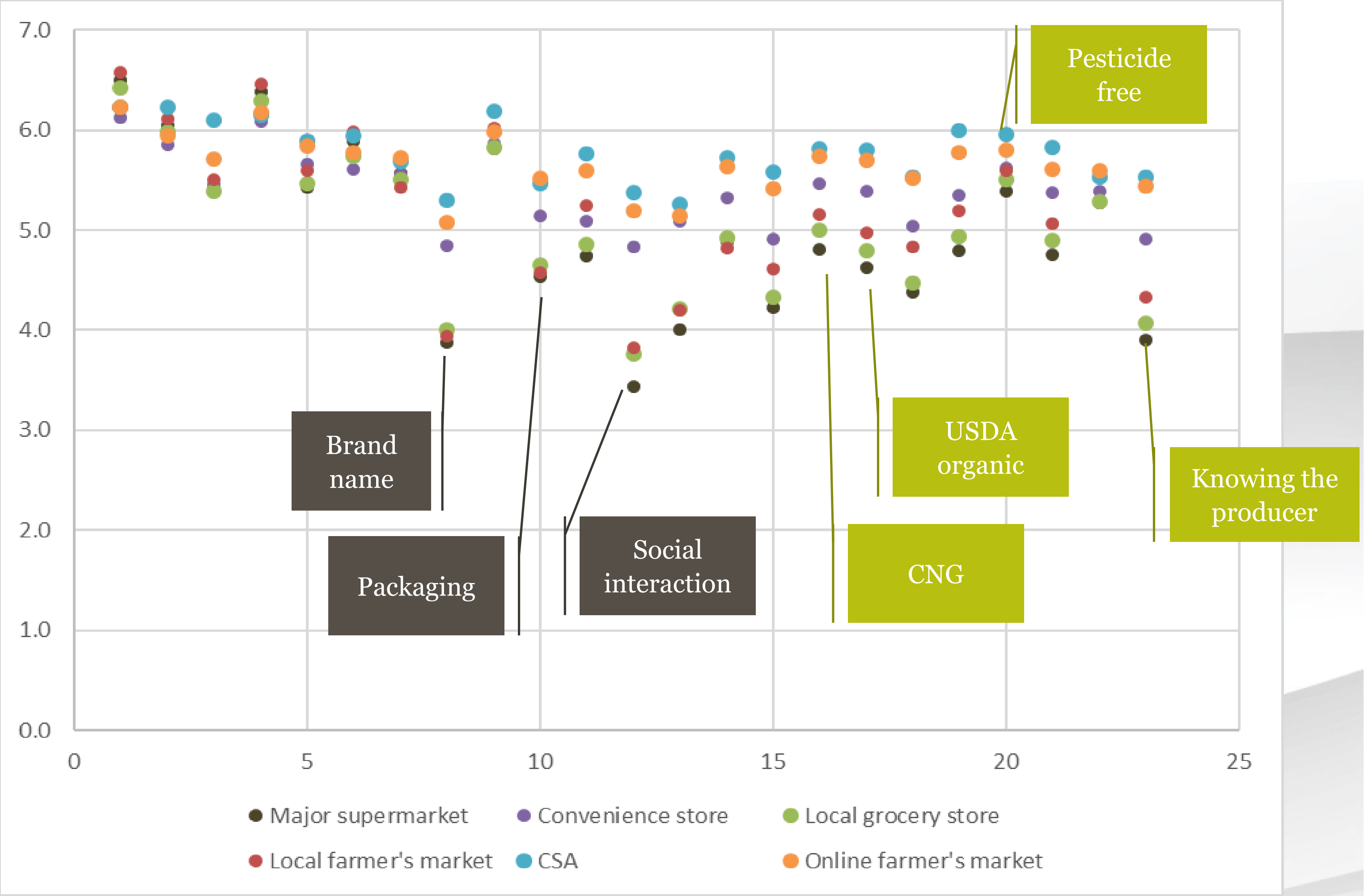
Factors affecting purchase from local farmers (2)

"first thing I want to know is if they are organic growers and a lot of the farmers won't pay for that certification. They say they are naturally grown, which is I guess it's a peer certification thing farmers do between themselves. And you have to decide whether you trust the guy or not. I mean, unless there's some sort of basic certification that you know that they're doing it. I've been to [...] farm several times and I've been there. I mean, seeing how he grows his garden. So I know what he tells me is true."

Quote from (1) final consumer

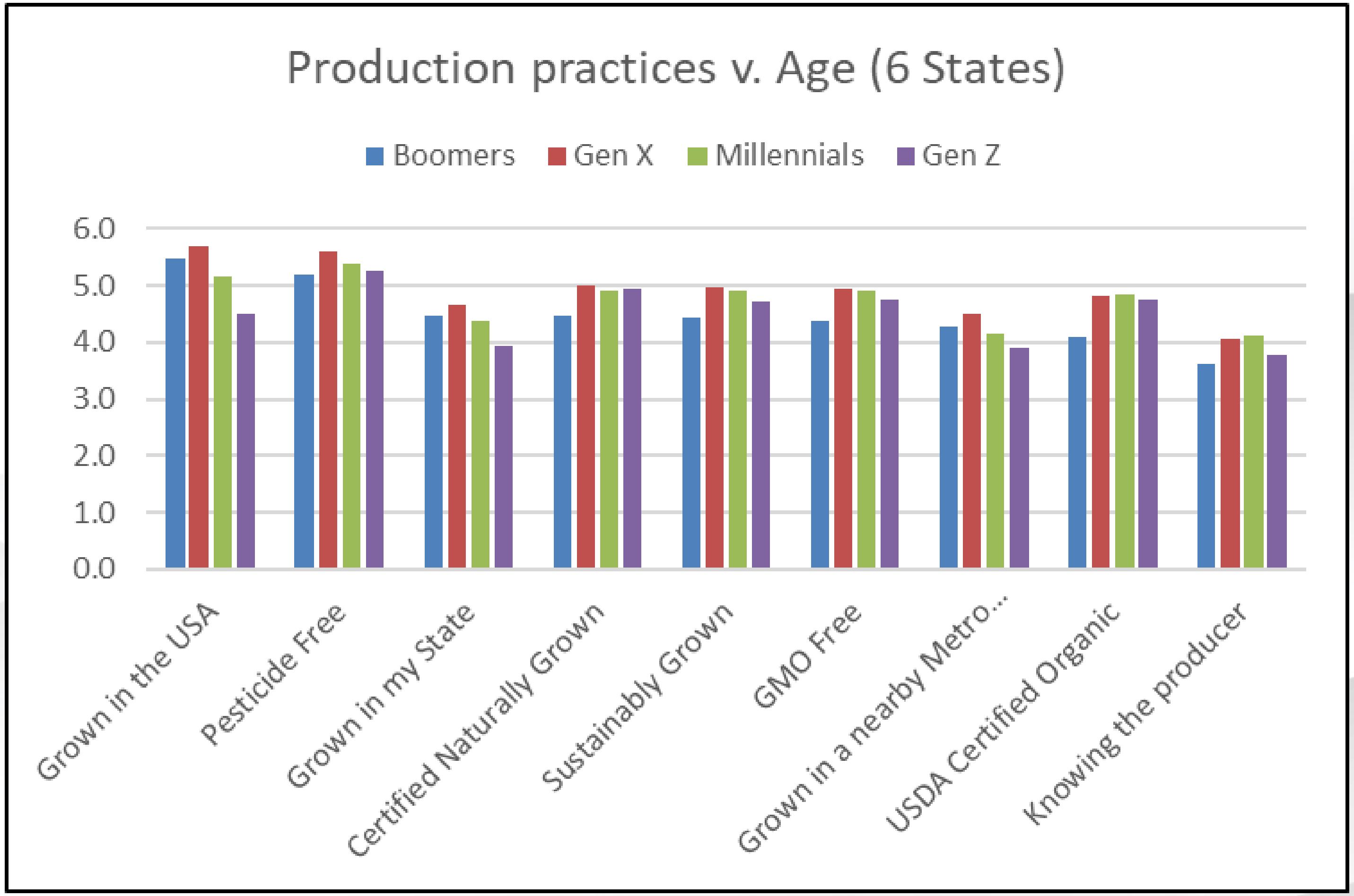
Factors affecting purchase from local farmers (3)

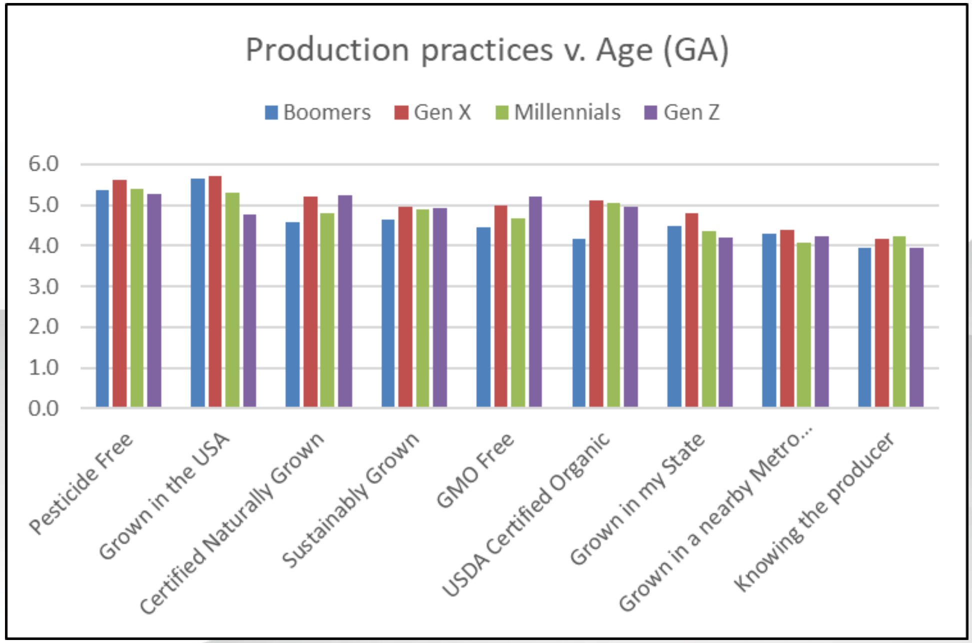


List of factors:

1. Freshness
2. Appearance/Quality
3. Variety available
4. Taste
5. Vitamins
6. Firmness&Texture
7. Price
8. Brand name
9. Safety
10. Convenient Packaging
11. Locally grown
12. Social interaction
13. Recommendation from family, friends and/or colleagues
14. Convenient preparation/ Ready to eat
15. Grown in a nearby Metro area or County
16. Certified Naturally Grown
17. USDA Certified Organic
18. Grown in my State
19. Sustainably Grown
20. Pesticide Free
21. GMO Free
22. Grown in the USA
23. Knowing the producer

Factors affecting purchase from local farmers (4)





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Preferences on labeling (1)

From interviews:

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

Preferences on labeling (2)

“we say we consider the state of Georgia to be local and our neighboring state to be regional. So, we start in and around Atlanta and Athens to find your food, and then we fill in the gaps statewide and then regionally if local or regional is not available. We will then choose non local non regional organic as another alternative.”

Quote from (5) intermediary

Preferences on labeling (3a)

Online survey: 10 options were randomly presented to respondents

- *Locally grown & USDA Certified Organic*
- *Locally grown & Certified Naturally Grown*
- *Locally grown & Unspecified production practice*

- *Grown in the U.S.A. & USDA Certified Organic*
- *Grown in the U.S.A. & Certified Naturally Grown*
- *Grown in the U.S.A. & Unspecified production practice*

- *Imported & USDA Certified Organic*
- *Imported & Certified Naturally Grown*
- *Imported & Unspecified production practice*

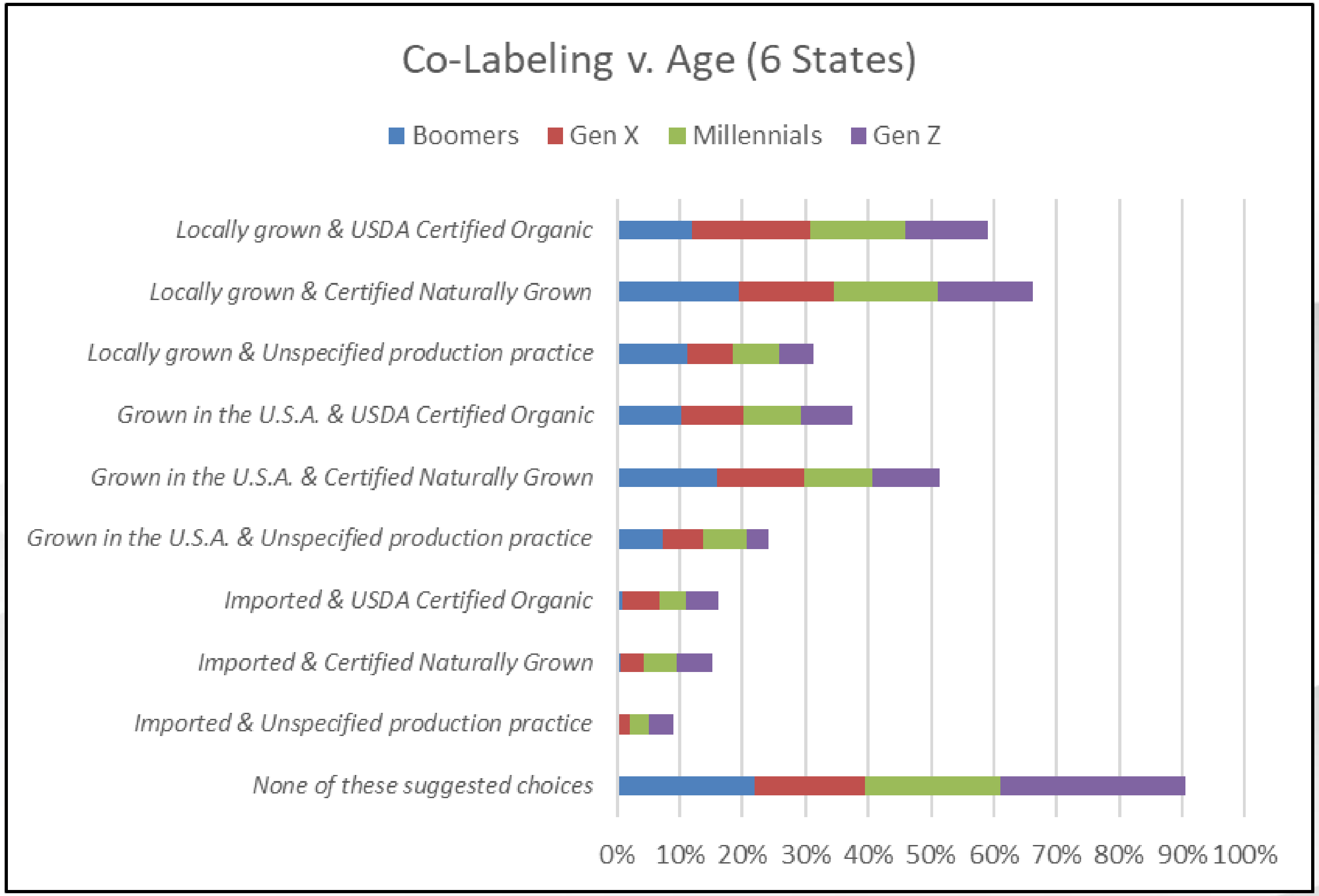
- *None of these suggested choices*

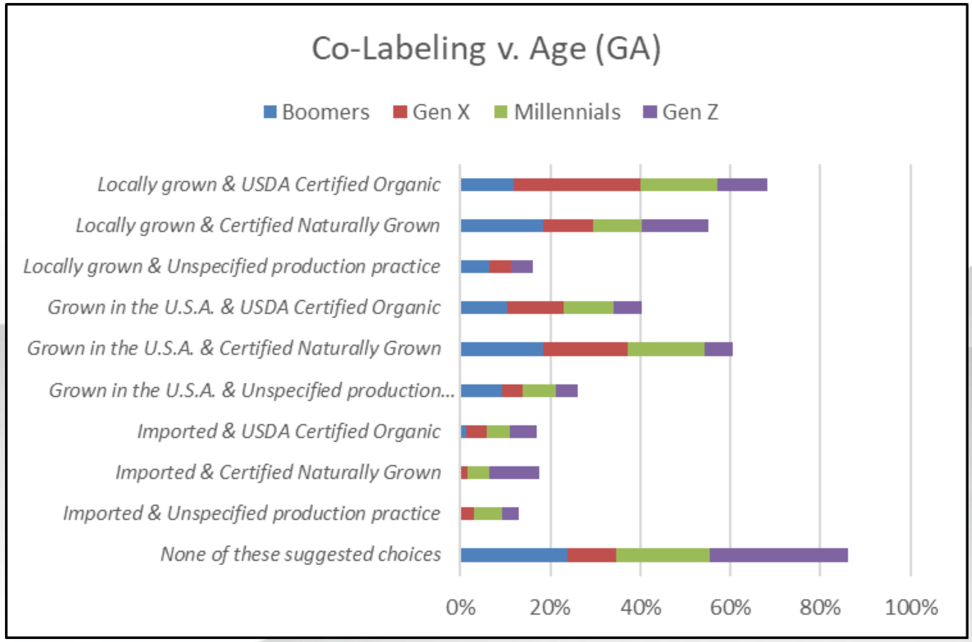
Preferences on labeling (3b)

(Online survey results)

- "None of these suggested choices" got the highest #1 vote (22.3%) and also the highest #10 vote (46.4%).
- "Locally grown & Certified Naturally Grown" got the highest response rate for #1, #2 and #3 ranks (16.6%, 17.8% and 13.9% respectively) among the 9 other options.
- "Locally grown & USDA Certified Organic" got the second highest response rate for#1, #2 and #3 ranks (14.8%, 16% and 13.6% respectively) among the 9 other options.
- "Grown in the U.S.A. & USDA Certified Organic" and "Grown in the U.S.A. & Certified Naturally Grown" got the highest response rate for ranks #4 and #5 (13.5% / 14% for option 4 and 15.2% / 12.6% for option 5)

Preferences on labeling (3c)





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Real Organic Project; assessment (1)

- None of the buyers interviewed were aware of the Real Organic Project (ROP) but they provided some insights about its potential attractiveness.

Final buyers

Would be more attractive

Don't know much about it

Not aware

Intermediaries

Interesting

Sceptical

Not sure about additional value

Not aware

Real Organic Project; assessment (2)

Respondents (online survey) were presented the following text:

"The Real Organic Project was started by farmers to protect the meaning of organic. We grow food in the soil, not hydroponically. We raise livestock on pasture, not in confinement. In this time of concern about the erosion of integrity in the USDA, Real Organic remains exactly what organic was always intended to be." Source: https://www.realorganicproject.org/

Then, they were asked to **rate their interest in seeing the ROP label** when purchasing fresh produce on a scale of 1 to 7 (1 when "Not at all important", 4 when "Moderately important" and 7 when "Extremely important").

Their average rating was 5.19/7

Real Organic Project; assessment (3)

Respondents (online survey) were presented the following picture with cherry tomatoes, USDA organic label and the ROP label.

They were asked to answer the following question:

The average retail price for a pint of cherry tomatoes USDA Certified Organic is $5. How many more cents would you pay to make sure the cherry tomatoes are also certified "Real Organic project"? (Leave at $5 if you would NOT pay an additional amount for the Real Organic Project certification)

- **The average price established based on the whole sample is $6.57.**
- **16% weren't willing to pay more than 5 dollars.**
- **More than half (53.6%) of respondents stated a WTP between 5 and 6 dollars.**
- **7% were willing to pay 10 dollars.**

Trusted source of information

From interviews:

Final buyers	**Intermediaries**
Farmers (on certifications) Farmers (ethics and commitment) Certification itself/ Inspection Community Other online sources	Farmers (their philosophy/ production practices) GA Organics GA Grown

"let's say if [...] told me tomorrow I'm no longer going to use USDA label. it wouldn't matter. Because I know [...] and his way of farming"

Quote from (1) final consumer

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Discussion

- **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).

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.
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Thank you!

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