

The Good Food Schema

*Effects of Compelling Messaging for
Locally Sourced Meat Products*

December 4th, 2014



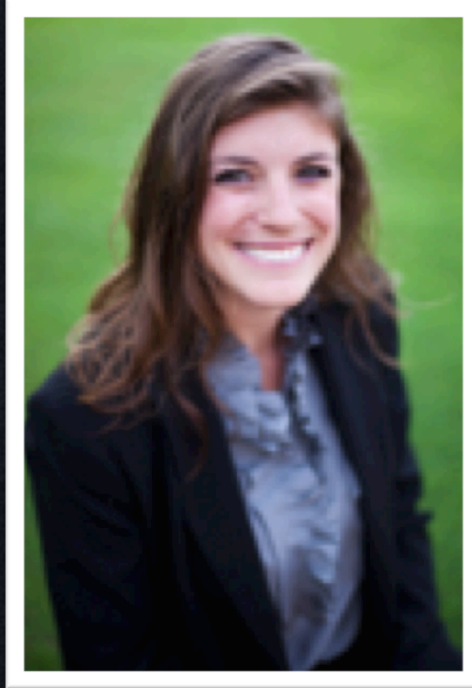
consumer innovation consortium
@NCSU



NC GROWING TOGETHER

Connecting Local Foods
to Mainstream Markets

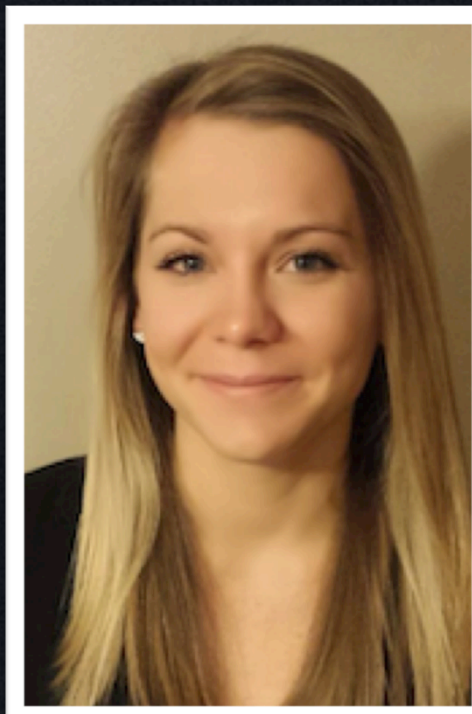
NCSU | NCA&T | NCDA&CS



Rachel Huffman is a 2nd year graduate student in the Jenkins MBA program and is a returning CIPster. In Spring 2014, she conducted ethnographic research for Bayer Crop Science in order to determine if Bayer had different customer segmentations within their lawn care business and how to ultimately communicate efficiently with them.



Himanshu Agrawal is a 2nd year graduate student at the Jenkins MBA program and also a returning CIPster. In spring 2014 semester, he worked with Ashton Wood Homes to revamp their pricing strategy and optimize profits for upgrade options within their product options-level pricing structure.

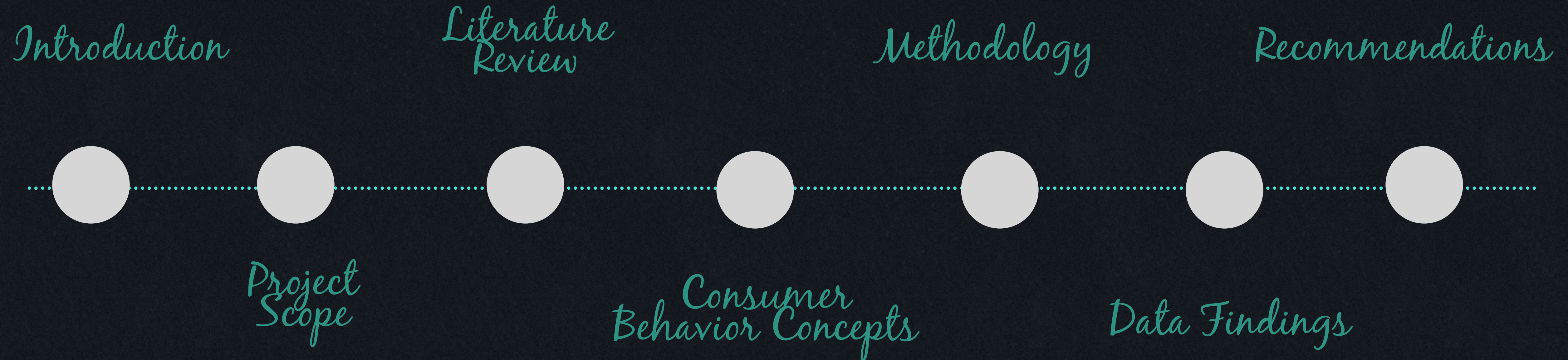


Kaitlin Strahler is completing her final semester in the Jenkins MBA program. She also is the Marketing Manger and Sustainability Coordinator for university dining services at UNC-Chapel Hill, where she is responsible for various initiatives, including the sourcing of local products, communication of farmer and local supplier partnerships and the collaboration between university organizations and corporate entities.



Our Story

Agenda



Consumer Innovation *Consortium*



The purpose of the Consumer Innovation Consortium (CIC) is to build **academic-corporate partnerships that deliver state-of-the-art consumer research** to corporate leaders in marketing and design innovation, and provide recruiting access to a generation of uniquely trained business graduates who combine strategic consumer behavior knowledge with the latest research and design techniques. The Consumer Innovation Consortium has worked with the following renowned companies:



Center for Environmental *Farming Systems*

About CEFS

Center for the study of environmentally sustainable farming practices in North Carolina & leader in the local food movement




Goal: **Bring more locally-grown foods -- produce, meat, dairy, seafood -- into mainstream retail and food service supply chains, thus enhancing food security by increasing access to local foods and by strengthening the economics of small to mid-sized farm and fishing operations.**

This project is supported by the Agriculture and Food Research Initiative competitive grant no. 2013-68004-20363 of the USDA National Institute of Food and Agriculture.



consumer innovation consortium
@NCSU



*Provide retailers with
unbiased, rigorous
research using
experimental
methods & analysis
to make decisions
about whether and
how to offer locally
sourced meat.*



High & Low *Consumer Involvement*

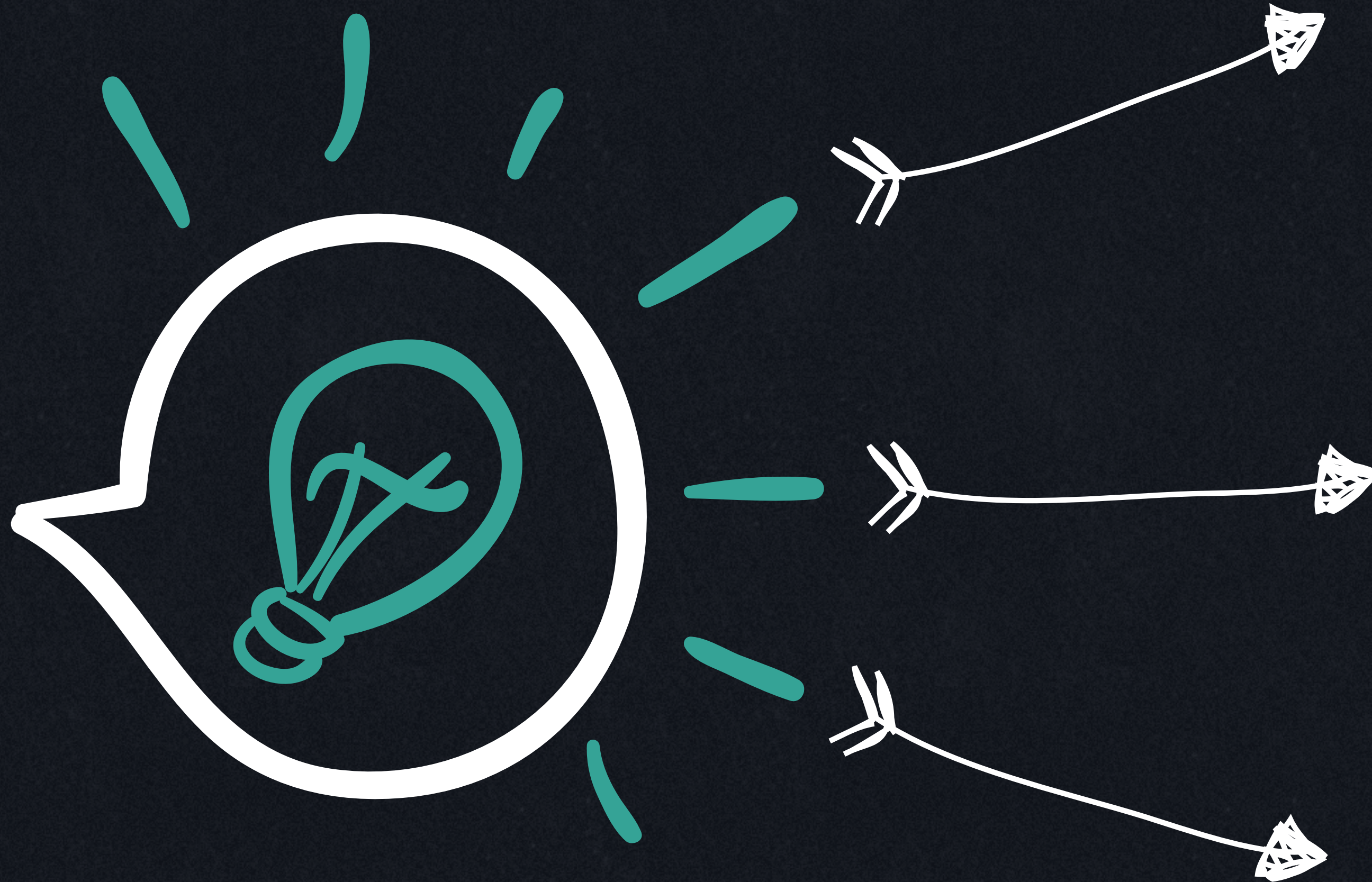


————— ★ —————

Task: Create an innovative approach to CEFS research question



Project Objectives



Good Intentions ★

Key factors that impact consumers' intention to purchase and willingness to pay

Key Influences ★

Product placement & merchandising for optimal messaging

Purchasing Behavior ★

Local meats influence on consumer's purchasing behavior



Initial Research

Distributor Perspective

About FHF



- **Firsthand Foods (FHF):** NC Distributor that sources local meats from a network of farmers that raise their animals humanely and without by-products, antibiotics or added hormones.
- Grocery retail success highly dependent upon:
 - Sampling events
 - Training & product knowledge of employees
 - Messaging & merchandising
 - Brand awareness
- Opportunities:
 - Unique local food destination within grocery stores
 - Better distributor / supplier relationship



Consumer Innovation *Concepts*



Perception



Schema



Persuasion



Involvement



Consumer Innovation *Concepts*



Perception

- Information processed through the 5 senses
 - Does customers' perceptions change about the store when organic/local food is present?



Schema



Persuasion



Involvement



Consumer Innovation *Concepts*



Perception



Schema



Persuasion



Involvement

- High and Low Cultural Capital



Consumer Innovation *Concepts*



Perception



Schema



Persuasion



Involvement

- **An** attempt to influence a persons attitudes, intentions, motivations or behavior
- How can we persuade customers to buy local?



Consumer Innovation *Concepts*



Perception



Schema



Persuasion



Involvement

- High Involvement Consumers
 - strong arguments, attention to details
- Low Involvement Consumers-
 - catchy arguments, affect, color, pictures



Literature Review

1 Perception of Local Foods

Onozaka



- Ambiguous term

2 Effect of Extrinsic Cues

Grunerts

- 50-mile radius is considered local

3 Importance of Convenience

Maynard

- 300-miles is considered regional

4 Emphasis on Origin

Dekhili

5 Habitual Buying Through Persuasion

Typhina



Literature Review

1 Perception of Local Foods
Onozaka

2 Effect of Extrinsic Cues
Grunerts

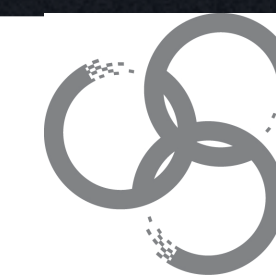
3 Importance of Convenience
Maynard

4 Emphasis on Origin
Dekhili

5 Habitual Buying Through Persuasion
Typhina



- Low Involvement Consumers
- Shopping decisions are made in 20 seconds or less
- Visual cues affecting the subconscious evoking mental imagery



Literature Review

1 Perception of Local Foods
Onozaka

2 Effect of Extrinsic Cues
Grunerts

3 Importance of Convenience
Maynard

4 Emphasis on Origin
Dekhili

5 Habitual Buying Through Persuasion
Typhina



Consumers willingness
to pay increases up to
20% for convenient food



Literature Review

1 Perception of Local Foods
Onozaka


2 Effect of Extrinsic Cues
Grunerts

3 Importance of Convenience
Maynard

4 Emphasis on Origin
Dekhili

5 Habitual Buying Through Persuasion
Typhina

Due to recent events in the news regarding food borne illnesses, consumers are more concerned on the origin of their food



Literature Review

1 Perception of Local Foods Onozaka

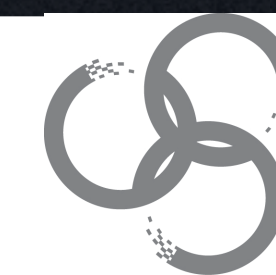
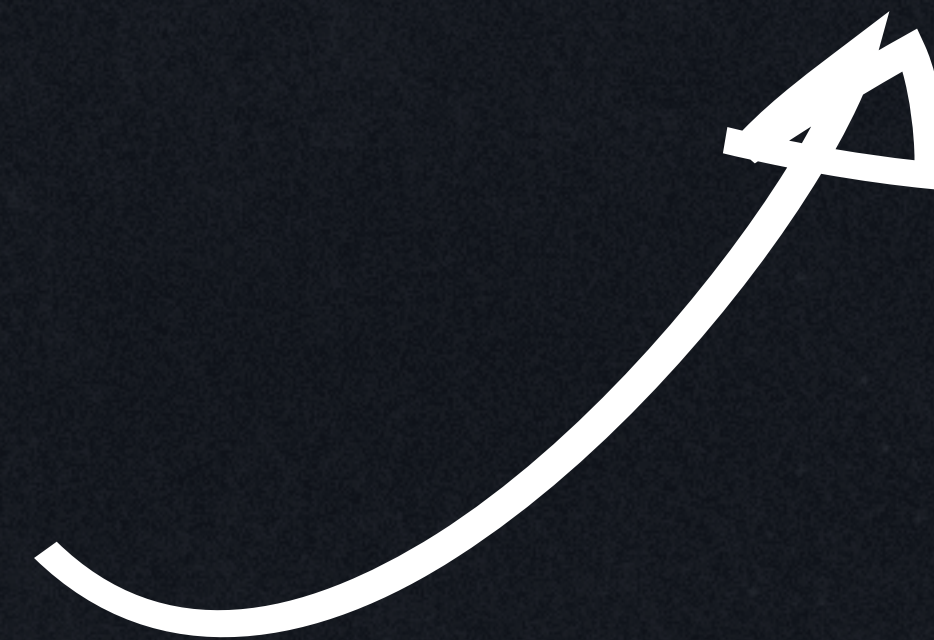
2 Effect of Extrinsic Cues Grunerts

3 Importance of Convenience Maynard

4 Emphasis on Origin Dekhili

5 Habitual Buying Through Persuasion Typhina

- Dispositional Innovative Consumers
- Use of Fogg Behavior Model (motivation, ability, trigger)
- Trigger through social media campaigns and creation of “elite groups”



Lit Review

Customer Segmentation

Time-Pressed Convenience

- Young, urban, mostly single, demographic with low or moderate income
- More prone to visual cues in grocery shopping
- Prefer online shopping and self-checkout counters

Sophisticates

- Middle age, mostly married, higher income demographic
- More discriminating in grocery shopping
- Focus on quality and service

Middle Americans

- High school graduates – blue collar demographic
- Pricing is the biggest factor
- Nutritional and health information highly important
- Active community participants



Consumer Survey *Intentions*

- To determine merchandising influences on purchasing behavior of local meats
- To determine how local purchases influence shopping basket of consumers in regards to premium products
- To assess demographic influences on purchasing behavior within various market settings



Outcome *Variables*

- 1 *Likelihood of Purchase*
- 2 *Purchasing Behavior*
- 3 *Store Perception
Demographic Impact*



Consumer Survey *Development*

- Established shopping-like experience for respondent
- Scenario:
 - Consumer has moved to new area
 - Visiting unfamiliar grocery store
- 3 experimental conditions in which consumers saw 1 of 3 packaged meat display pictures



Condition 1: Branded Meat Products



The refrigerator unit is clean and the lighting is good. You can clearly read the labels on the packages. The prices are prominently displayed and the meat products displayed are from Swift Black Angus.

Condition 2: Local Meat Products – Fresh Cues



The refrigerator unit is clean and the lighting is good. You can clearly read the labels on the packages. The prices are prominently displayed and you can see the brand. The meat being sold in this section is locally produced at the Henry and Nina's farm in Granville County, North Carolina.

Condition 3: Local Meat Products – No Cues



The refrigerator unit is clean and the lighting is good. You can clearly read the labels on the packages. The prices are prominently displayed and you can see the brand. The meat being sold in this section is locally produced at Henry and Nina's farm in Granville County, North Carolina.

Consumer Survey *Development*

- Purchasing decisions questions in various other product categories:
 - Fruit & Vegetables
 - Wine & Dessert
 - Household Item
- 8 different shopping basket variables with 4-5 pricing options in each
- Product Selection Question: Wine Selection

After you have selected all the vegetables for your dinner, you go to the wine section to buy a bottle of wine. Below are some of the choices that you see. Please select the one you would prefer to purchase.

- ☐ 2013 Malbec Conquista from Argentina; \$9.99
- ☐ 2013 Malbec Bodega Elena De Mendoz from Argentina; \$11.99
- ☐ 2013 Malbec Alamos from Argentina; \$15.99
- ☐ 2013 Malbec Robert Mondave from Argentina; \$12.99



Store Perception

This store...

...has a poor selection in products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	... has a good selection in products
... has a focus on pre-packaged goods	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	... has a focus on fresh goods
... is not very clean	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	... is very clean
... does not have a nice decor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	... has a nice decor
... has good customer service	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	... has poor customer service
... has an unpleasant atmosphere	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	... has a pleasant atmosphere
... has low prices	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	... has high prices
...has unknowledgeable staff	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	... has knowledgeable staff
... has unsatisfied customers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	... has satisfied customers
... overall quality is low	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	... overall quality is high

Customer Segmentation



Respondent Profile

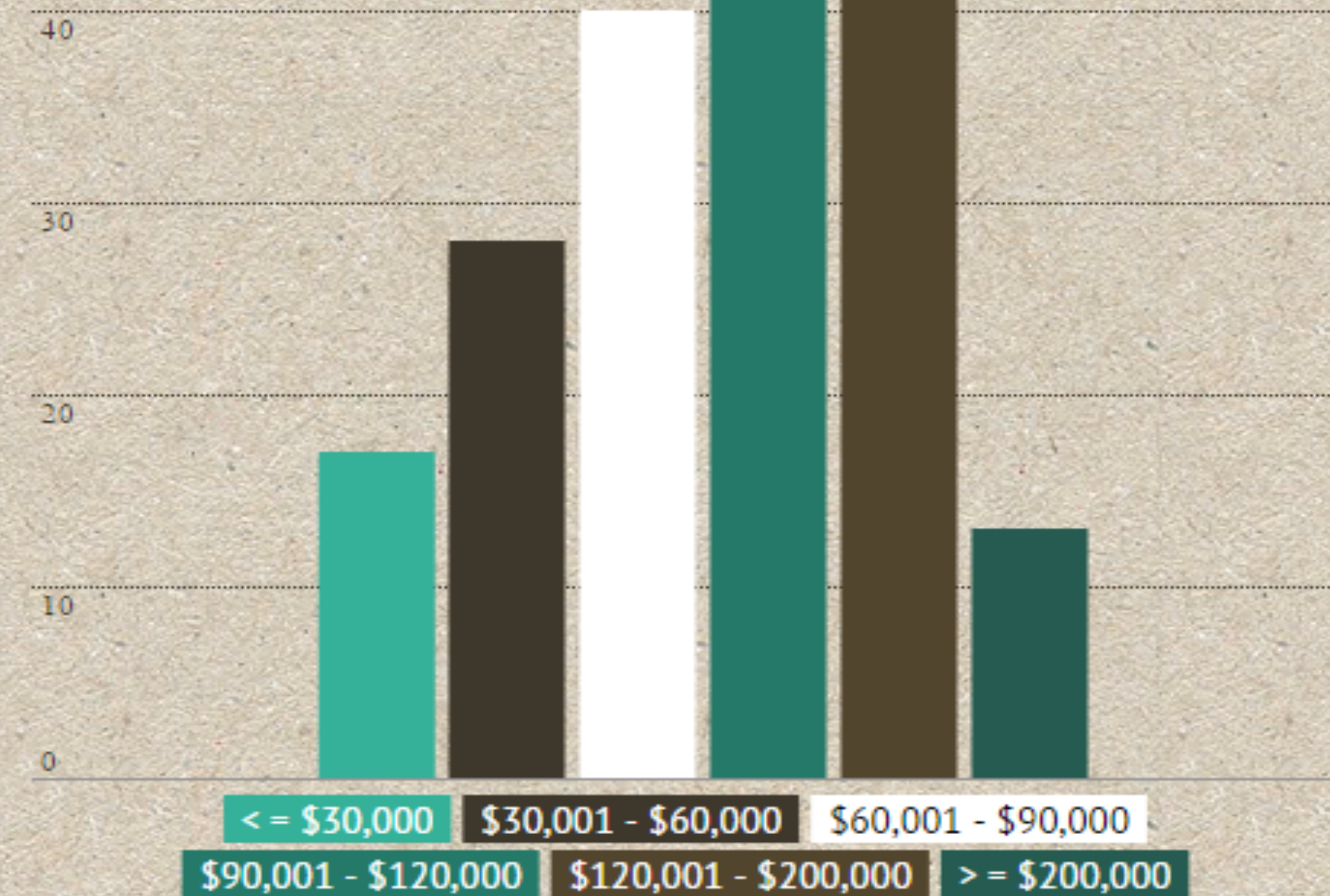
Our Results

AGE DISTRIBUTION



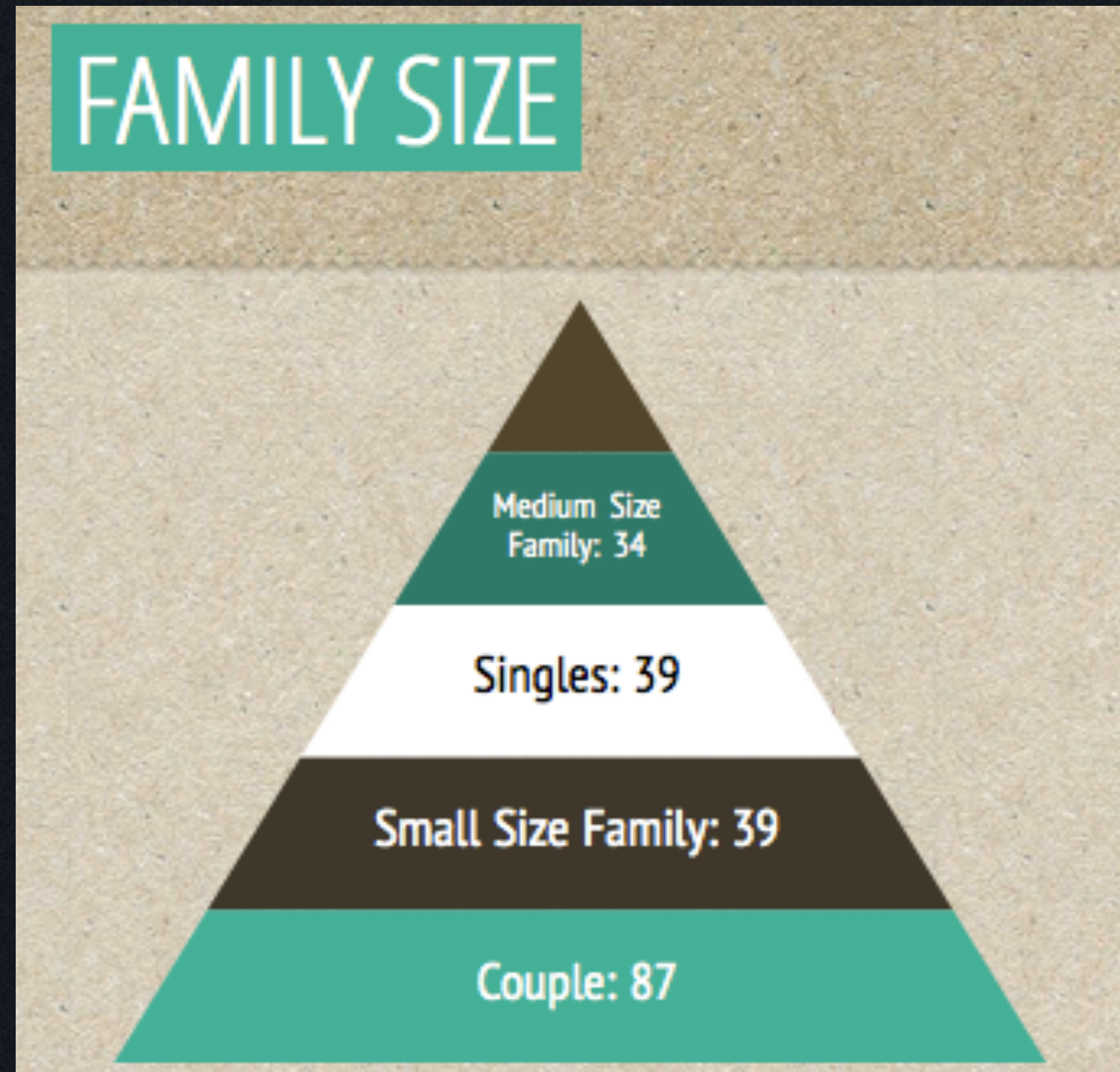
18 - 24 25 - 34 35 - 44 45 - 54 55 - 64 65+

INCOME DISTRIBUTION



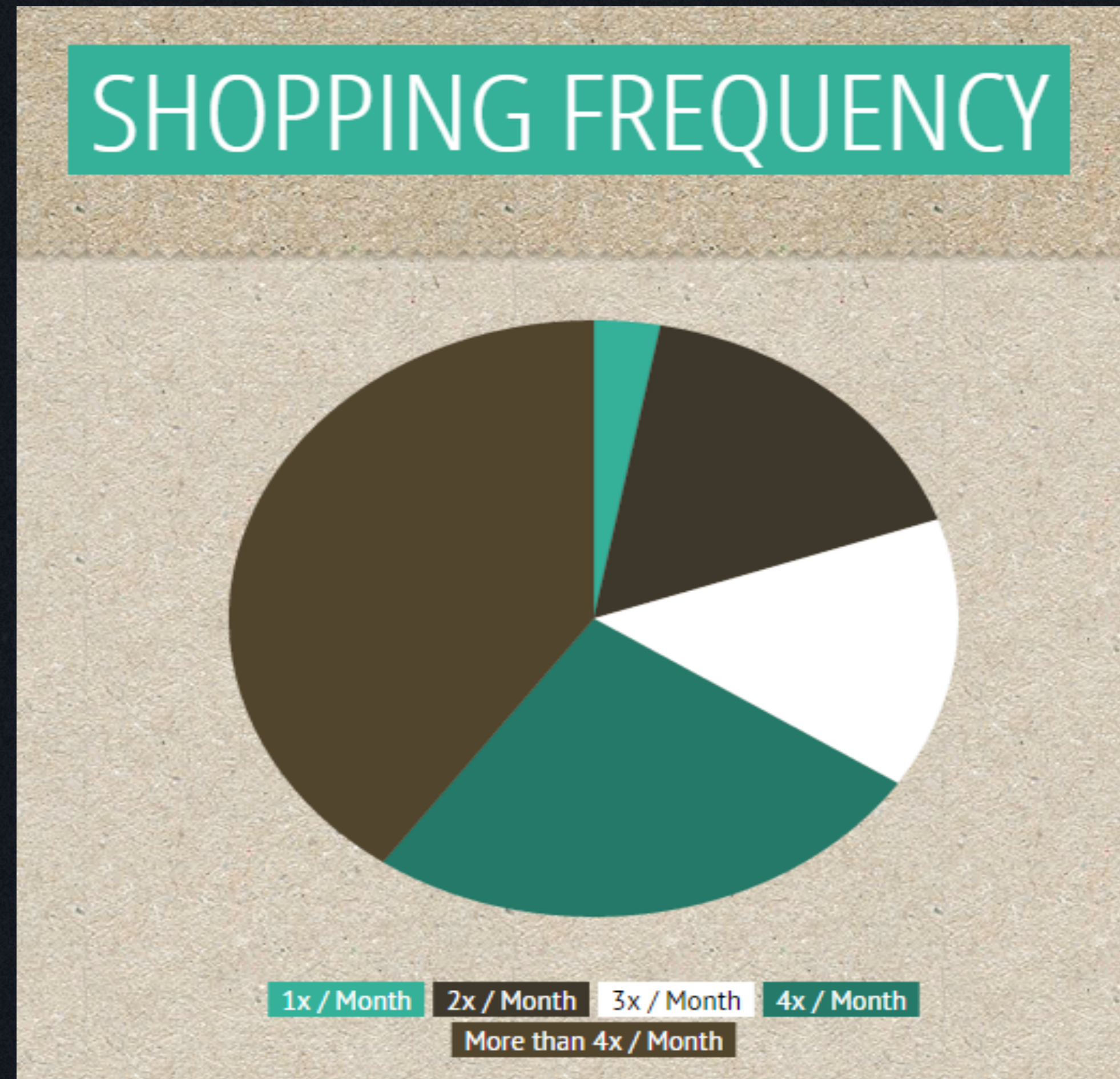
Respondent Profile

Our Results



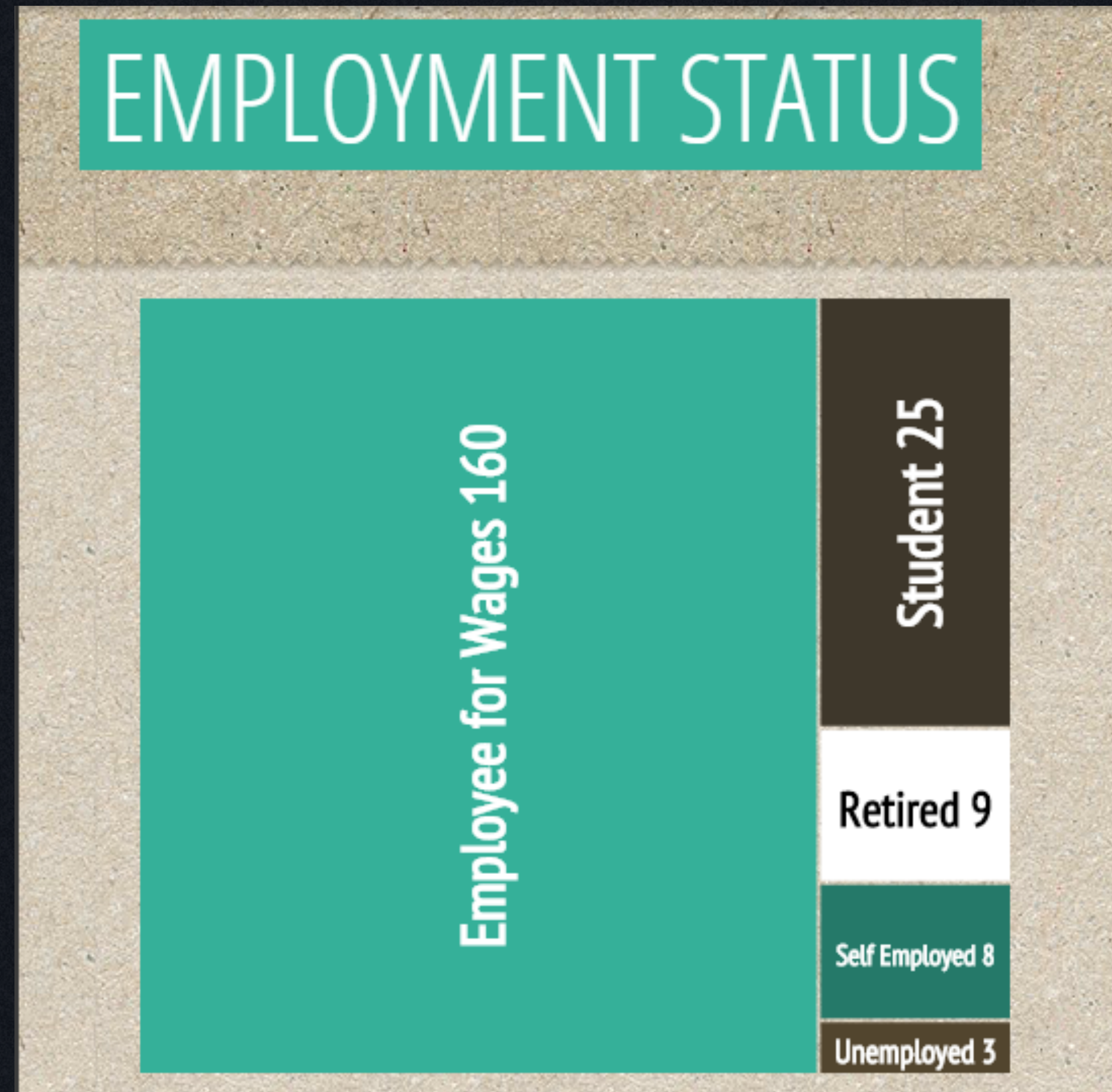
Respondent Profile

Our Results



Respondent Profile

Our Results



1 *Store Perception*

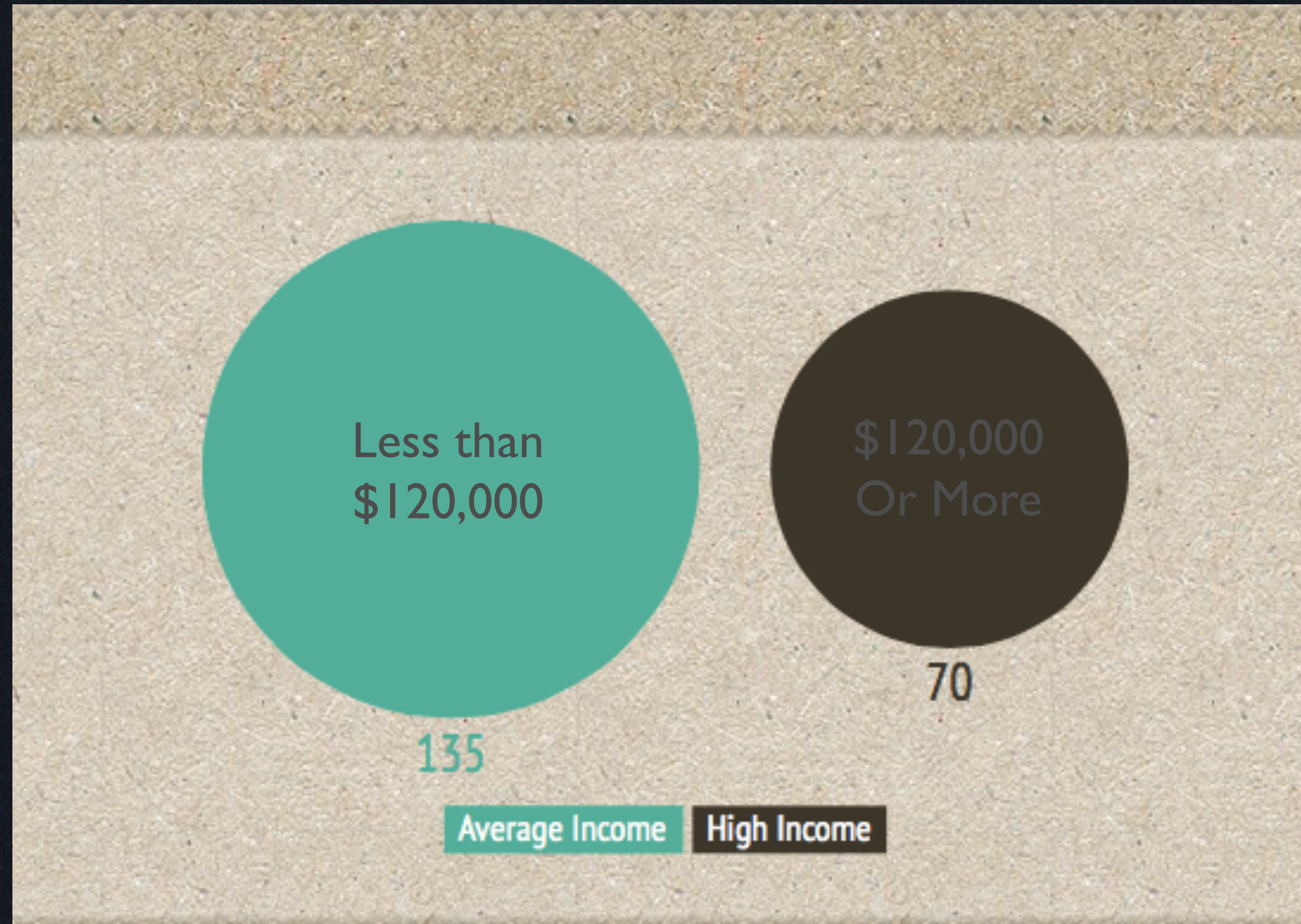
2 *Purchasing Behavior*

Results

- Through a statistical analysis of the survey results, we found 6 distinct facets that agree with both our hypotheses and literature review findings. All of these key findings can be grouped into these two main categories.



Shopper Segments



Store Perception



Store Decor



Knowledgeable Staff



Store Cleanliness



Store Perception



Store Decor

AI & HI Shoppers +
Local with Fresh Cues

Average Income Shoppers

Branded = 3.17

Local with Fresh Cues = 3.68

Local with No Cues = 3.25

High Income Shoppers

Branded = 3.23

Local with Fresh Cues = 3.41

Local with No Cues = 3.13

5-Point Likert Scale



Store Perception

Average Income Shoppers

Branded = 2.88
Local with Fresh Cues = 3.29
Local with No Cues = 3.27



Knowledgeable Staff

AI & HI Shoppers + Local Meats

HI Shoppers + Local with Fresh Cues

High Income Shoppers

Branded = 3.04
Local with Fresh Cues = 3.33
Local with No Cues = 3.16

5-Point Likert Scale



Store Perception

Average Income Shoppers

Branded = 3.80
Local with Fresh Cues = 4.02
Local with No Cues = 3.82

High Income Shoppers

Branded = 3.76
Local with Fresh Cues = 3.85
Local with No Cues = 3.64

5-Point Likert Scale

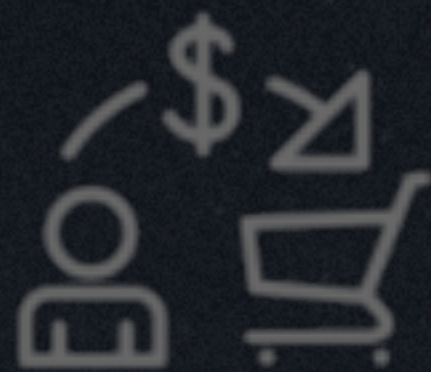


Store Cleanliness

AI & HI Shoppers +
Local with Fresh Cues



Purchasing Behavior



Likelihood to Purchase



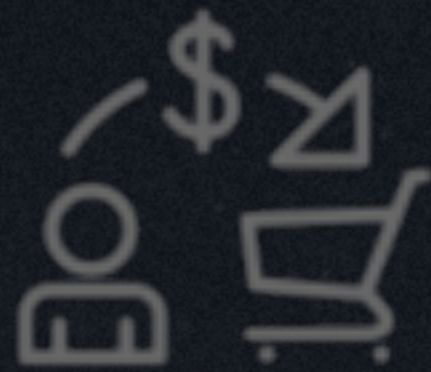
Total Basket Price



Product Prices

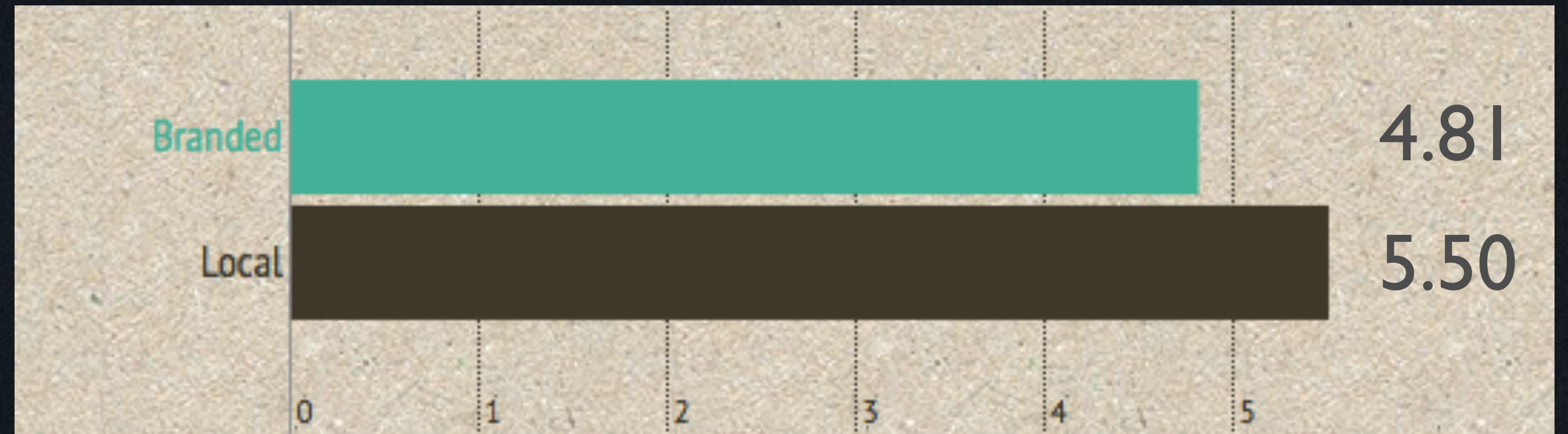


Purchasing Behavior

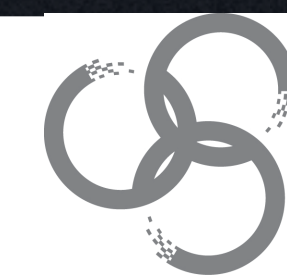


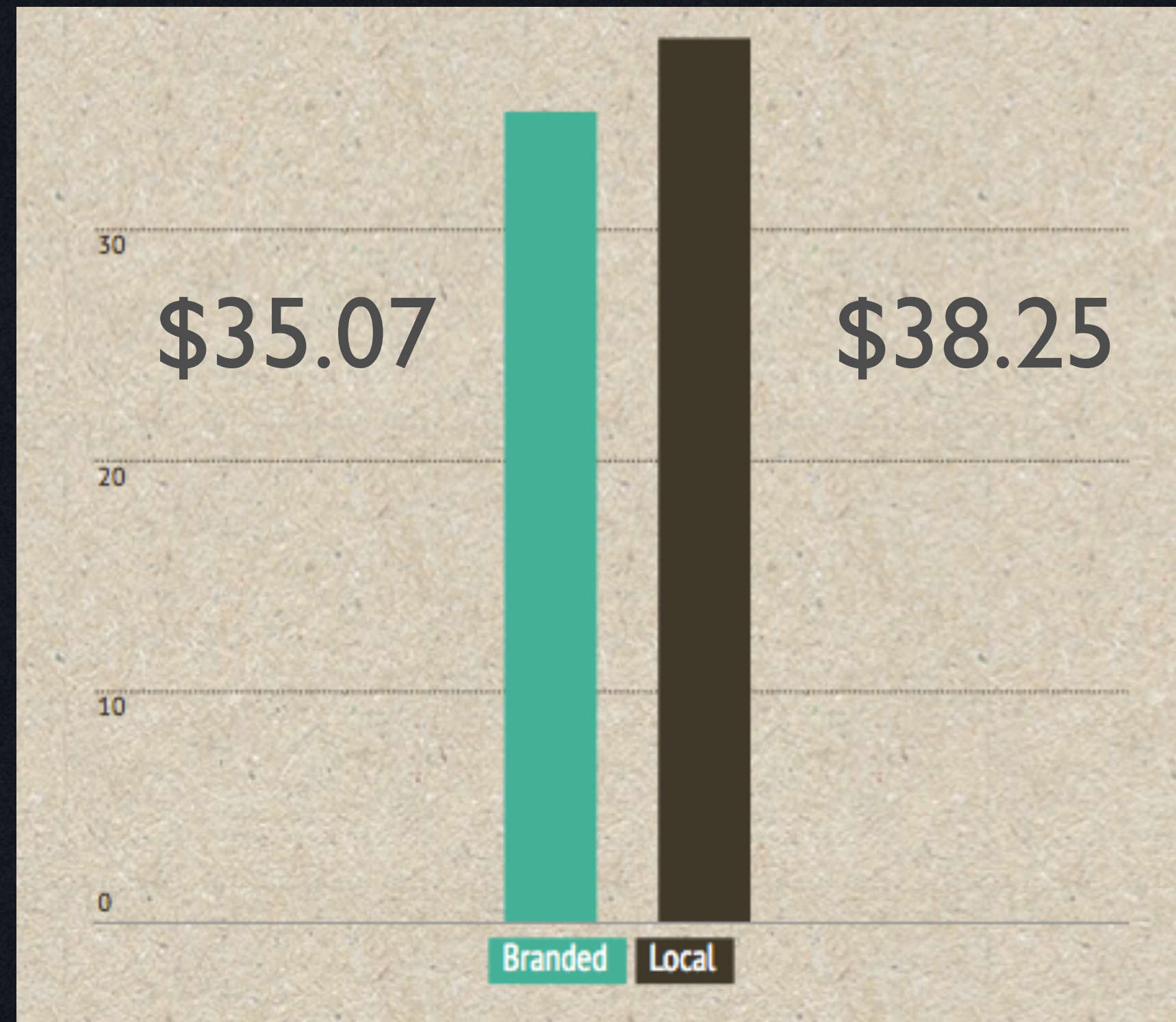
Likelihood to Purchase

HI Shoppers + Local Condition
AI Shoppers + Fresh Cues



7-Point Likert Scale





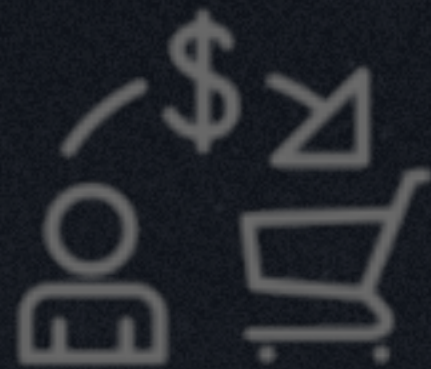
Total Basket Price

HI Shoppers Local
Condition +
= Higher Basket Price

8.3%

Increase Per Basket
Per Consumer





Likelihood to Purchase



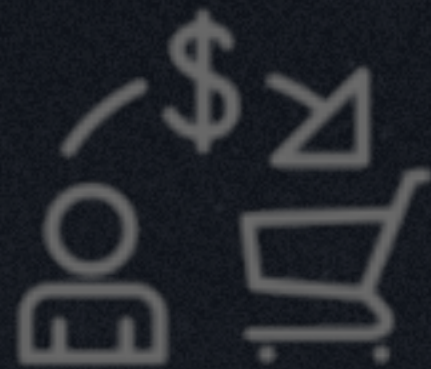
Total Basket Price



Product Prices

Use of Fresh Cues –
Does Not Change Price
Perceptions for Store Overall





Likelihood to Purchase

Visual Cues Increase
Purchase Likelihood



Total Basket Price

8.3% Increase In
Revenue Per Consumer



Product Prices

Attractive Yet
Inexpensive



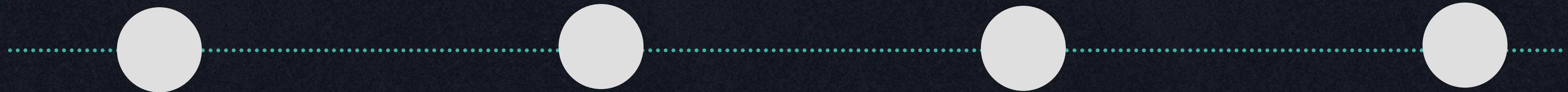
Our Recommendations

Defining
Local

Extrinsic
Cues

Convenient
Locations

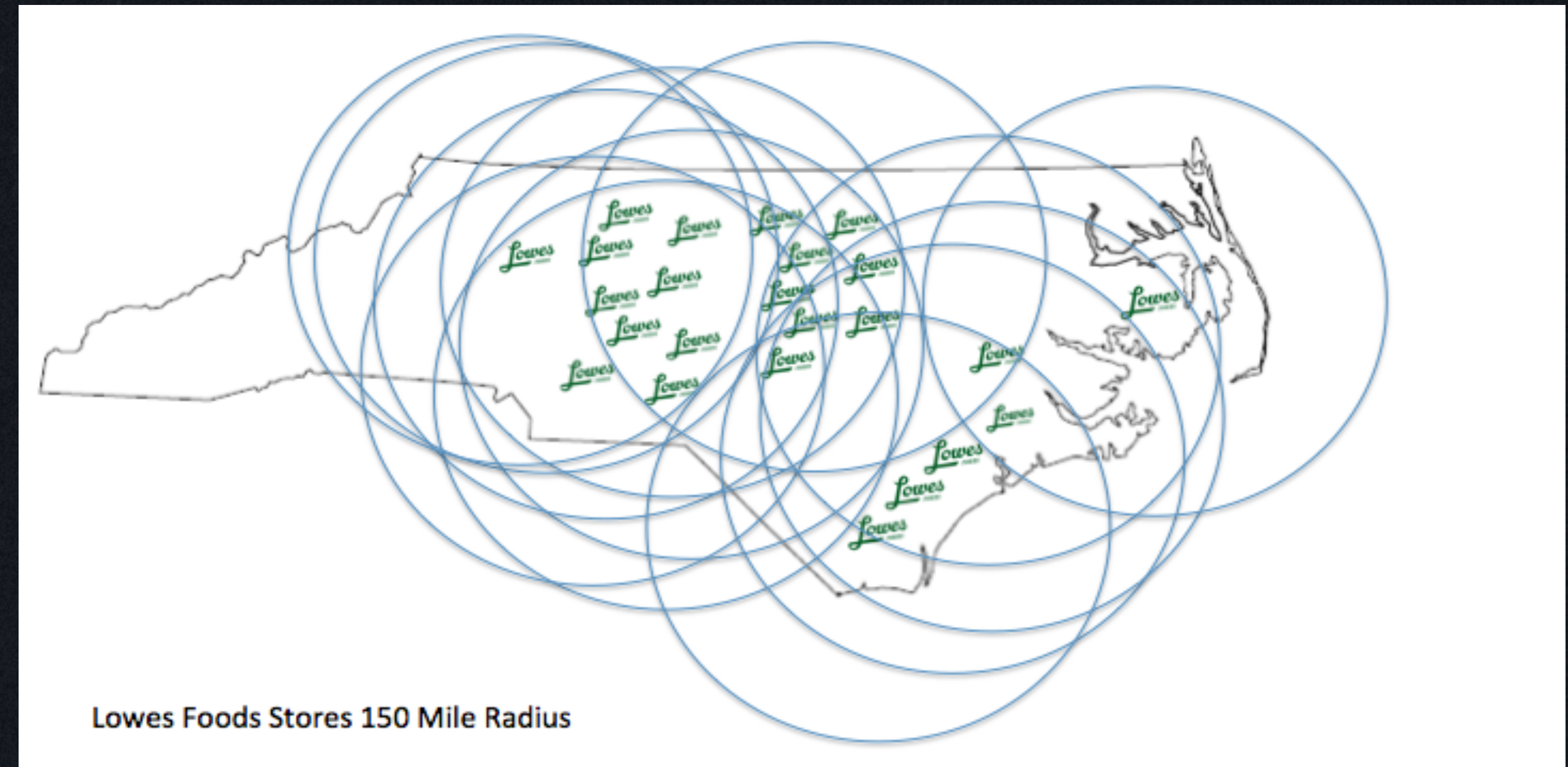
Cultural
Campaigns



Our Recommendation

Defining Local

- Literature review documents mention a tangible distance when describing local products and we believe that by giving consumers a definitive number that they will then resonate more with local farmers within that specific distance.
- 150 Miles = Local
- 300 Miles = Regional
- 50 Miles = Homegrown



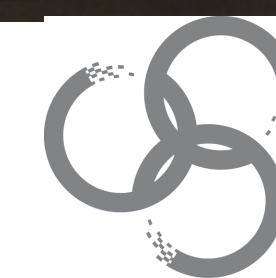
Our Recommendation

Extrinsic Cues

According to the American Marketing Association, merchandising encompasses "planning involved in marketing the right merchandise or service at the right place, at the right time, in the right quantities, and at the right price."

Visual Cues in the following areas can help increase customer purchase of local food products:

- Product Placement
 - Greenery, herbs, vegetables
- Store Environment
 - Cleanliness
 - Store Décor
 - Trendy/Cool Facets



Our Recommendation

Extrinsic Cues Communication

- Importance of the Origin of Meat
 - Placement of placards that help personify the farmer

“Two conditions that are necessary when using both region and country origins: a significant portion of the target market must be aware of the regions and the associations must be relatable and relevant”

“helps local farmers, higher quality”

“I am all for locally grown products. It makes me feel better to know that I am supporting my community.”

“Store providing local meat products provide a benefit to the consumer, farmer and community. I perceive local products as healthier and safer.”

Meet Our Local Farmers *Henry & Nina Poore*



Where: Granville County, NC
Our Products: Angus Beef
Fun Fact: We have 13 grandchildren!



Meet Our Local Farmers *Murray & Esta Cohen*



Where: Silk Hope, NC
Our Products: Simmental-Angus Beef
Fun Fact: We also raise pork, laying hens
& seasonal vegetables!



Our Recommendation

Convenient Location

How to Optimize Store Display

- Within Store
 - Separation of Sustainable
 - Specialized Sections
 - Optimal Obstacles
 - End Cap
- Location of Store
 - Purchasing Perspective
- Correlation of Lowes & Farmers Market
 - Transparency “Establishing Trust”



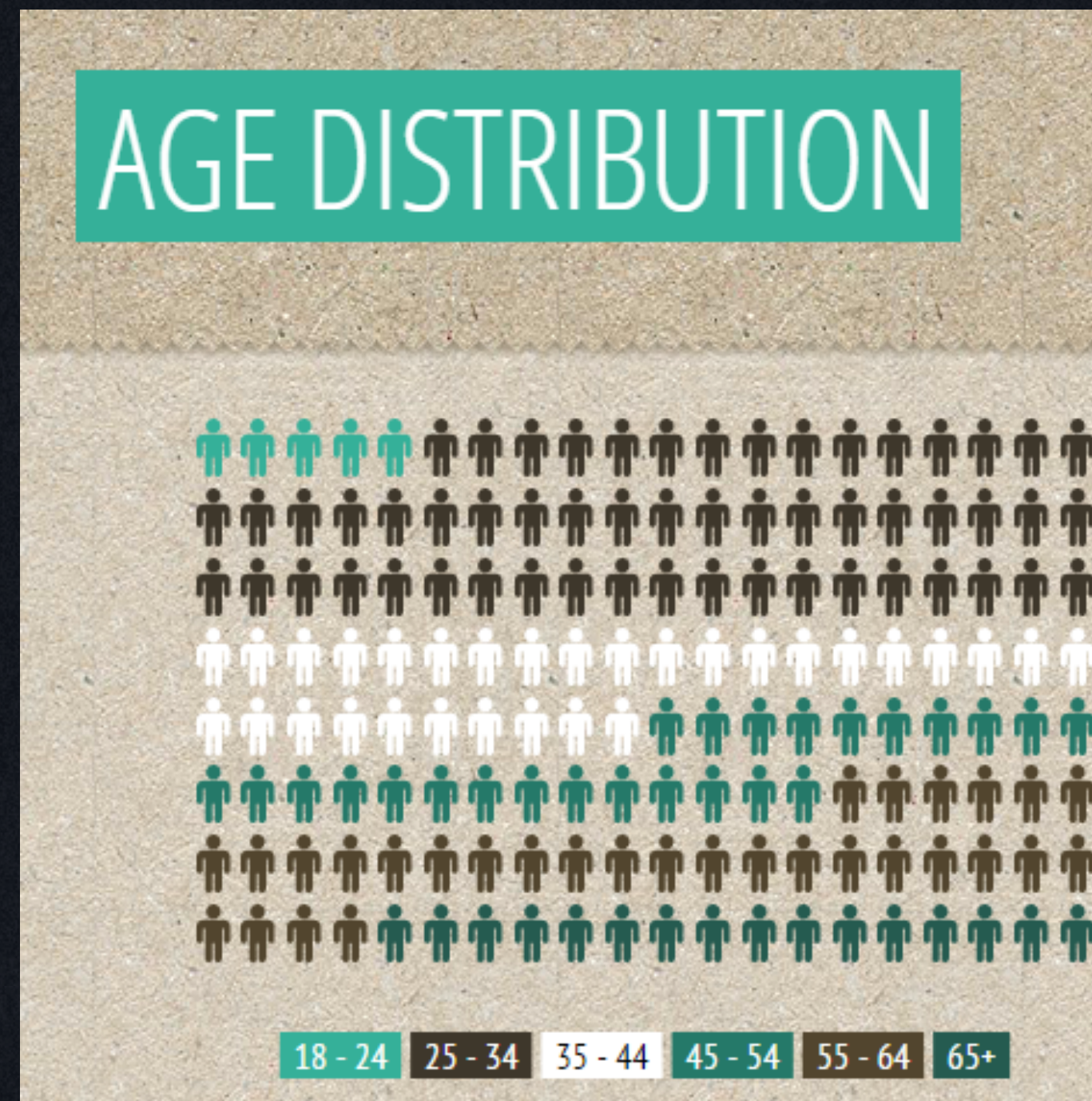
Our Recommendation

Cultural Campaigns

How to Reach Millennials

- “Cause Branding”
- Use of Social Media
 - Instagram
 - Hashtags
- Creation of “Elite Groups”
- Transparency / Authenticity
- Introducing Customers to “Local Farmer”

“I like to purchase local products, assuming they are reasonably priced, just in case it supports the local economy, i.e. I'm not exactly sure of the impact it would have.”



CrossFit

Forging Elite Fitness

TOMS

One for One

Mission Mondays

We are driven by our desire to give back to those in need. We strive to always increase our reach and, to date, have donated over \$800,000 to various charities.

Digital drives brand decisions!

262% more likely to be influenced by smartphone apps

247% more likely to be influenced by blogs or social networking sites

216% more likely to be influenced by in-store touch screen displays

Self-reliance rules the day!

46% more likely to use at-home beauty treatments to save money


31% more likely to cook from scratch or with limited convenience foods to save money

18% more likely to self-treat where possible to save on doctor visits



Our Recommendation

Lookbook Utilization



Product messaging is a very powerful tool that the grocery store can utilize to not only generate positive emotions about the store among its customers, but also persuade them to shop more frequently at the store. Multiple researches (Thilmany et al, 2008; Grunert et al & Roininen et al, 2006; Maynard et al, 2003) have indicated that messages such as "humanely raised", "no hormones", "anti-biotic free", "locally produced", etc develop positive emotions about the store. Consumers perceive the store to be more farmer friendly, more supportive of the local economy and environmentally friendly. Such messaging has also led to an increase in consumers' willingness to pay a 20-50% premium on locally produced meat such as beef, steak, and sausage.



CIC Researchers found that the availability and premium cueing of local leads to higher sales in complimentary product categories such as fruits and vegetables, breads, wines, and deserts, as well as unrelated daily household items like papertowels and toilet paper.

Magnificent Merchandising

The application of visual cues highly influences consumers' decisions to buy local meat products.



Product Placement provides a grocery store with an innovative opportunity to distinguish itself from its competition and to attract more grocery shoppers. Extrinsic cues that elicit feelings of wholesomeness, quality and value positively contribute to a shopper's product perception and purchasing behavior. An impression of fresh cues not only informs the consumers about the origins of the meat, but also generates a feeling of "local", "fresh", "quality" that increases consumers likelihood to purchase the meat. Since shopping decisions are made quickly, on average in 20 seconds, it is important that the product placement use messages that are subtle but impactful.



Optimal Obstacles:

Make topography of the grocery store multidimensional. Use signs that pop and stands that interrupt the walkway.

Shelf Curations



Specialized Sections:

Combining various local and sustainable products in one section of the store may encourage consumers to bundle local purchases as well.

Custom Cases



Our Recommendation

Project Overview

Impact of Local Meat

- 8.3% increase in shopping basket expenditures for High Income Shoppers
- Increased store perception for High Income & Average Income Shoppers

Strong Incentive for Grocery Retailers to Offer Local Meat Products

Best Practices

- Merchandising Cues
- Categorization of Displays
- Reaching Millennials



Thank You!

Questions?

