The Good Food Schema
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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.

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.
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:
Farming Systems

About CEFS

Goal:

NC GROWING TOGETHER
Connecting Local Foods to Mainstream Markets

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

Key Insight: Retailers Assume High Involvement Consumers

CIC Targeting: Low Involvement Consumer

Garner Interest: Higher Profit & Improved Store Perception

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Objectives

Good Intentions

Product placement & merchandising for optimal messaging

Key Influences

Local meats influence on consumer's purchasing behavior

Purchasing Behavior

Project Objectives
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

Distributor Perspective
Concepts

Perception  Schema  Persuasion  Involvement
• Information processed through the 5 senses
• Does customers' perceptions change about the store when organic/local food is present?
Concepts

Perception Schema Persuasion Involvement
Concepts

Perception  Schema  Persuasion  Involvement

• An attempt to influence a person's attitudes, intentions, motivations or behavior

• How can we persuade customers to buy local?
Concepts

- Perception
- Schema
- Persuasion
- Involvement

High Involvement Consumers: strong arguments, attention to details.

Low Involvement Consumers: catchy arguments, affect, color, pictures.
Review

1. Onozaka

2. Grunert

3. Maynard

4. Dekhili

5. Typhina

• Ambiguous term
• 50-mile radius is considered local
• 300-miles is considered regional

Grunerts
Onozaka
Dekhili
Maynard
Typhina
Review

1. Onozaka
2. Grunert
3. Maynard
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5. 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
2. Effect of Extrinsic Cues
3. Importance of Convenience
4. Emphasis on Origin
5. Habitual Buying Through Persuasion

Grunerts
Onozaka
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Review

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Consumers willingness to pay increases up to 20% for convenient food.
Due to recent events in the news regarding food borne illnesses, consumers are more concerned on the origin of their food.
Review

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

1. Onozaka
2. Grunert
3. Maynard
4. Dekhili
5. Typhina
Customer Segmentation

Time-Pressed Convenience

Sophisticates

Middle Americans
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

Intentions
Variables

1. Likelihood of
2. Purchasing
3. Store Perception
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
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.
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.
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.
Development

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 Mendoza from Argentina; $11.99
- 2013 Malbec Alamos from Argentina; $15.99
- 2013 Malbec Robert Mondavi from Argentina; $12.99
Development

This store...

<table>
<thead>
<tr>
<th></th>
<th>Rating</th>
<th></th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>...has a poor selection in products</td>
<td>⬜️ ⬜️ ⬜️ ⬜️ ⬜️</td>
<td>... has a good selection in products</td>
<td>⬜️ ⬜️ ⬜️ ⬜️ ⬜️</td>
</tr>
<tr>
<td>... has a focus on pre-packaged goods</td>
<td>⬜️ ⬜️ ⬜️ ⬜️ ⬜️</td>
<td>... has a focus on fresh goods</td>
<td>⬜️ ⬜️ ⬜️ ⬜️ ⬜️</td>
</tr>
<tr>
<td>... is not very clean</td>
<td>⬜️ ⬜️ ⬜️ ⬜️ ⬜️</td>
<td>... is very clean</td>
<td>⬜️ ⬜️ ⬜️ ⬜️ ⬜️</td>
</tr>
<tr>
<td>... does not have a nice decor</td>
<td>⬜️ ⬜️ ⬜️ ⬜️ ⬜️</td>
<td>... has a nice decor</td>
<td>⬜️ ⬜️ ⬜️ ⬜️ ⬜️</td>
</tr>
<tr>
<td>... has good customer service</td>
<td>⬜️ ⬜️ ⬜️ ⬜️ ⬜️</td>
<td>... has poor customer service</td>
<td>⬜️ ⬜️ ⬜️ ⬜️ ⬜️</td>
</tr>
<tr>
<td>... has an unpleasant atmosphere</td>
<td>⬜️ ⬜️ ⬜️ ⬜️ ⬜️</td>
<td>... has a pleasant atmosphere</td>
<td>⬜️ ⬜️ ⬜️ ⬜️ ⬜️</td>
</tr>
<tr>
<td>... has low prices</td>
<td>⬜️ ⬜️ ⬜️ ⬜️ ⬜️</td>
<td>... has high prices</td>
<td>⬜️ ⬜️ ⬜️ ⬜️ ⬜️</td>
</tr>
<tr>
<td>... has unknowledgeable staff</td>
<td>⬜️ ⬜️ ⬜️ ⬜️ ⬜️</td>
<td>... has knowledgeable staff</td>
<td>⬜️ ⬜️ ⬜️ ⬜️ ⬜️</td>
</tr>
<tr>
<td>... has unsatisfied customers</td>
<td>⬜️ ⬜️ ⬜️ ⬜️ ⬜️</td>
<td>... has satisfied customers</td>
<td>⬜️ ⬜️ ⬜️ ⬜️ ⬜️</td>
</tr>
<tr>
<td>... overall quality is low</td>
<td>⬜️ ⬜️ ⬜️ ⬜️ ⬜️</td>
<td>... overall quality is high</td>
<td>⬜️ ⬜️ ⬜️ ⬜️ ⬜️</td>
</tr>
</tbody>
</table>
Our Results

AGÉ DISTRIBUTION

INCOME DISTRIBUTION
Our Results
Our Results

SHOPPING FREQUENCY

1x/ Month 2x/ Month 3x/ Month 4x/ Month More than 4x/ Month
Our Results

EMPLOYMENT STATUS

Employee for Wages 160
Student 25
Retired 9
Self Employed 8
Unemployed 3
Results

6

Findings

1. Store

2. Purchasing

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.
Segments

Less than $120,000: 135
$120,000 or More: 70

Average Income High Income
Perception

- Store Cleanliness
- Store Decor
- Knowledgeable Staff
Perception

AI & HI Shoppers + Local with Fresh Cues

Store Perception

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

...
Perception

AI & HI Shoppers + Local Meats

HI Shoppers + Local with Fresh Cues
Perception

AI & HI Shoppers +
Local with Fresh Cues
Behavior

- Purchasing Behavior
- Likelihood to Purchase
- Product Prices
- Total Basket Price
Behavior

- HI Shoppers + Local Condition
- AI Shoppers + Fresh Cues

Likelihood to Purchase

Purchasing Behavior

7-Point Likert Scale

Branded: 4.81
Local: 5.50
Behavior

$35.07  $38.25

8.3%

Increase Per Basket Per Consumer
Behavior

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

Total Basket Price

Product Prices

Likelihood to Purchase

Purchasing Behavior
Behavior

- Visual Cues Increase Purchase Likelihood
- 8.3% Increase In Revenue Per Consumer
- Attractive Yet Inexpensive
Recommendations
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

Lowes Foods Stores 150 Mile Radius
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
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!
Convenient Location
How to Reach Millennials

- "Cause Branding"
- Use of Social Media (e.g., 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."

Cultural Campaigns
Lookbook Utilization

Product messaging: Effective product messaging in grocery stores can be tailored to not only generate positive memories about the store among customers, but also persuade them to shop more frequently at the store. Studies have shown that messages such as “wholesome selections,” “freshly produced,” and “locally grown” can drive positive associations about the store. Consumers who perceive the store as more welcoming, transparent, and environmentally friendly are more likely to experience increased trust in the store. This can lead to an increase in consumer recommendation by up to 20%. Premium products such as beef, steak, and sausage.

Optimal Obstacles:
- Noise topography of the grocery store
- Multidimensional signage that pop and dominate 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

Magnificent Merchandising

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

Product Placement: By placing a locally grown meat product within a visually appealing area of the store, consumers are more likely to make a purchase. This is because visual cues, such as attractive packaging and鲜艳 display, can influence consumer perceptions of product quality. For example, a visually appealing product can create a positive first impression, which can lead to increased purchases. Consumers who perceive the store as environmentally friendly are more likely to experience increased trust in the store, which can lead to increased purchases of local products.

C.C. Ausman believes that the availability and premium cutting of local beef is highly above the commodity product, especially in a period of fluctuating meat, wine, and cheese, as well as a time when baby boomer generations have gone back to the store and have reduced

consumer innovation consortium @NCSU
Project Overview

Strong Incentive for Grocery Retailers to Offer Local Meat Products