The Local Loyalty Project

Can positioning a regional grocery chain as a purveyor of local foods increase customer loyalty and local foods sales?

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American Public Health Association Annual Meeting
New Orleans, LA
November 17, 2014
Presenters Disclosure

- We have no relationships to disclose.
NC Growing Together – Consumer Research

- The goal is to investigate consumer behavior in retail groceries to learn whether there are promotions/interventions that can motivate consumers to purchase more locally grown foods

- Working with a regional grocery store chain interested in building its reputation as a local purveyor

- Project 1: Evaluation of Local Days Celebrations

- Project 2: Local Loyalty Promotion testing
‘Local Loyalty’ Project

- Previous research indicates that consumers perceive local foods to benefit their community
  - Not always aware of the local foods available in their grocery store

- Cultivating the demand for local food at grocery retailers embeds them in the communities they serve
  - Strengthening the loyalty of their consumer base
Intervention Strategies

- Multiple interventions ("promotions") being tested
  - Primary chain: 3 intervention stores; 3 matched comparison stores
  - Low-cost chain: 3 intervention stores; 3 matched comparison stores
  - Each disseminated for 1 month followed by 2-week washout period

- Promotions:
  - Social Norms Approach
  - Economic Messages
  - Farm Stand
  - *Others in development for the low-cost chain*
Data Collection

- Emailed pre/post surveys conducted among “loyalty” shopper panel
  - Frequent shoppers with store loyalty cards
  - Measuring intention to purchase local foods and self-reported local purchasing (previous 30 days)

- Store sales data will track local meat, dairy, seafood, and total produce
  - Produce managers will provide each store’s purchasing totals
    - Estimates of local vs. nonlocal produce sales

- Process evaluation strategies will determine acceptability of promotion strategies
  - In-store intercept surveys & store observations (intervention fidelity)
  - Panel surveys (e.g., “Did you see this sign? If yes, where?”)
  - Store manager feedback
Social Norms Promotion

- The **Social Norms Approach** is effective for influencing individuals’ behaviors within a group.
  - Successfully used to reduce binge drinking on college campuses.
  - A novel approach for influencing consumer behavior in a grocery store.

- Influence individuals to engage in the desired behavior (*purchasing local products*) because they wish to comply with the social norm.
Social Norms Promotion

- Collected data through in-store consumer intercept surveys (3 short questions):
  1. Do you prefer to buy locally grown foods (produce, meat, dairy, seafood) when they are available?
  2. If yes, why do you prefer to buy locally produced food?
  3. Which of the above is your primary reason for preferring to buy locally produced foods?

- Developed social norming messages based on consumer surveys
  - E.g., "The #1 reason Chapel Hill shoppers prefer to buy locally grown food is to support North Carolina farmers."

- Created grocery cart signs and place in the store
Social Norms Approach

Messages

- 3 simple messages about consumers selecting local products
- Displayed in grocery carts
- Consumers will see message on the inside of their cart and outside of other shoppers’ carts
- Subtle yet high level of exposure
Economic Benefits of Buying Local Promotion

Messages test whether shoppers are swayed to purchase local foods if they better understand the economic impact to their communities.

Signs placed in grocery store carts with one of these three messages:

1) WHY BUY LOCAL? Spending on local food keeps YOUR money in YOUR community.

2) WHY BUY LOCAL? Every $1.00 spent on LOCAL food = $1.63 TOTAL spending in YOUR community.

3) WHY BUY LOCAL? Your {store name} sold over $XX in local produce last year. More LOCAL means more of that $$ stays in YOUR community.
Farm Stand Within a Store Promotion

- Often difficult for customers to find local products in a large grocery store
  - Customers may not be aware of the types of local products available

- Placing all local produce in one location may make it easier for the shopper to find and buy local products

- Signage to prominently label the display as local produce

- Customers may be attracted to a display of all local produce
To determine the effectiveness of our promotions, we first collected baseline data from 282 participants (41% response rate) from the 3 intervention & 3 comparison stores.

- E.g., level of consumer intention to purchase local foods before exposure to promotions

Surveys are emailed to store customers directly by the company’s contractor.

Customers must meet the following criteria:
- shopped at the store in the last 30 days
- at least 18 years of age
- English-speaking
- has an email address on file

Follow-up surveys are distributed after each promotion to determine effectiveness of the promotion.
**Food Store Customer Baseline Data Collection**

The first questions we have are about your shopping habits and reasons for choosing to shop for groceries where you do. You can skip any questions you do not want to answer. Your answers will be confidential.

1. **How often do you shop at [store]?**
   - Every time I shop for groceries
   - Most of the time
   - Sometimes
   - Almost never
   - Never
   *This is my first time at a X Food Store (for in-store data collection only)*

2. **Why do you shop at [store]?** (Check all that apply)
   - It’s a North Carolina-based company
   - It’s affordable
   - It sells local products
   - It’s close to where I live
   - It’s where all my friends/family shop
   - Its products are good quality
   - For their sales or events
   - Other:
     - I don’t usually shop at Lowes

3. **It seems to me that [store] makes local food a priority.**
   - 1 - strongly disagree
   - 2 - disagree
   - 3 - no opinion
   - 4 - agree
   - 5 - strongly agree

4. **[Store] stocks more local food than other grocery stores.**
   - 1 - strongly disagree
   - 2 - disagree
   - 3 - no opinion
   - 4 - agree
   - 5 - strongly agree

5. **[Store] is an important part of my community.**
   - 1 - strongly disagree
   - 2 - disagree
   - 3 - no opinion
   - 4 - agree
   - 5 - strongly agree
Demographics of Customer Panel at Baseline

- 51.8% live in a two-person household
- 73.4% live in a household with NO children under 18
- Skews to older respondents – 80% over age 45
- 96% white; 2.5% African American
  - <1% Hispanic/Latino respondents
- 85% female
- Most respondents reported an annual household income between $50,000 and $150,000
Baseline Reasons for Shopping

The most common responses for why customers shop at the grocery store chain were (*could choose more than one answer*):

- Its close to where I live (64%)
- For their sales or events (62%)
- Its products are good quality (56%)
- It sells local products (43%)
Baseline Feelings About the Store

- 84.75% of respondents agree or strongly agree that the grocery store supports local farmers and food producers.
- 70% agree or strongly agree that shopping at the grocery store directly impacts their community’s local economy.
- 67% agree or strongly agree that shopping at the grocery store supports farmers in their community.
- 63% agree or strongly agree that the grocery store is an important part of their community.
- 61% agree or strongly agree that the grocery store connects community members with local farmers and food producers.
- 60% agree or strongly agree that the grocery store makes local food a priority.
Baseline Attitudes About Buying Local

■ 45% of respondents say they buy locally grown, caught, or produced foods “most of the time” and 43% “sometimes”

■ 86% of respondents agree or strongly agree that it is important to buy local foods

■ 93% of respondents prefer to buy local produce over non-local produce. Respondents generally prefer to buy local meat, dairy, and seafood, but not as strongly as they prefer to buy local produce
Exposure to first promotion

- When asked, “Have you seen store promotions (e.g., signs) encouraging the purchase of local foods in your [store]?” (Y/N)
  - Mean “Yes” response in test stores = 91.73%
  - Mean “Yes” response in comparison stores = 79.64%

- “Have you seen a [farm stand] display like this in your [store] promoting local produce?” (Y/N)

<table>
<thead>
<tr>
<th>Location</th>
<th>% Yes</th>
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<tbody>
<tr>
<td>Chapel Hill</td>
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<tr>
<td>Greensboro</td>
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<td>Sanford</td>
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<td>Hickory</td>
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<td>Mooresville</td>
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<tr>
<td>Morehead City</td>
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*Correctly identified
Exposure to first promotion

- Low percentage of respondents who reported seeing correct messaging in their store

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<tr>
<th>City</th>
<th>Economic</th>
<th>Social Norms</th>
<th>Economic</th>
<th>Sham</th>
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<td>*11.8%</td>
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<td>0.0%</td>
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<td>6.7%</td>
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</tbody>
</table>

*Correctly identified

- Also low percentage accurately reporting where they saw the messages (i.e., grocery cart sign)
Lower-cost store consumer research

- Test the promotions in the lower-cost stores where the same renovations and re-branding will not contaminate the research to learn:
  - How can we strengthen ties between NC farmers and lower-income consumers?
  - How can we increase the amount of fresh, locally produced, healthy foods available to lower-income consumers?

- Work in 3 “test” stores & 3 “comparison” stores, matched for important characteristics
  - Starting with in-depth interviews with customers of the 3 intervention stores to inform the promotions
  - Conduct baseline consumer surveys
  - Implement multiple promotions
    - E.g., Social Norms Approach + economic messaging, Produce Packs, local product placement.
  - Conduct follow-up surveys to determine effectiveness of promotions
Produce Packs Promotion (low-cost stores only)

- Produce from small, local farmers bundled into dollar amounts corresponding to WIC Cash-Value Voucher amounts

- Marketed to WIC/SNAP clients and others

- Facilitates healthy cooking (FV consumption)

- Has the potential to significantly elevate consumption of locally grown fruits and vegetables while modeling a new pathway between local growers and consumers in low-income areas
Challenges of working with grocery store chains

- The corporate structure can be complicated to navigate to obtain permissions
- Contamination of ‘Local Loyalty’ promotions by other store activities
Questions?

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