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How important is local food to organic-minded consumers?

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ABSTRACT

The study deals with German consumers' attitudes towards organic food and local food, their food purchase behaviour and their personal characteristics. The purpose is to investigate the differences in attitudes and willingness-to-pay values between consumers who consider the organic production of food (very) important and those who consider it less important.

This study combines a consumer survey with an in-store, discrete choice experiment. In the analysis, findings from the consumer survey were related to the choices made by consumers in the experiment. Consumers' preferences and willingness-to-pay values were estimated through random parameter logit modelling.

Organic-minded consumers (i.e. those who regarded organic food production as (very) important in the survey) have stronger preferences and estimated willingness-to-pay values for organic as well as local products. Locally produced food, as opposed to food from neighbouring countries or non-EU countries, is preferred over organically produced food by both consumer groups which demonstrates that organic-minded consumers do not only consider organic food production as important, but also value local food production in a purchase situation. Hence, it can be assumed that local food production complements organic food production for the group of organic-minded consumers.

This contribution is the first study dealing with local and organic food purchase behaviour in Germany that examines four different products and is carried out in rural as well as urban locations in four different regions. Due to the application of a choice experiment including no-choice options and binding purchase decisions, the results are expected to be closer to real purchase situations than results of direct questioning and choice experiments in online applications.

1. Introduction

Consumers' growing interest in local, as well as organic, food production has come to light over the last decades. The demand for more transparency in food production has grown due to increasingly complex, globalised food chains and news stories about food scandals around the world (Adams & Salois, 2010). Adams and Salois (2010) showed that organic and local food production have received quite similar attention in previously conducted, quantitative as well as qualitative, studies on these food trends. Both product attributes are associated with better quality, taste, and freshness; they are considered healthy foods that also provide environmental benefits (Adams & Adams, 2011; Bingen, Sage, & Sirieix, 2011; Campbell, Mhlanga, & Lesschaeve, 2013; Conner, Colasanti, Ross, & Smalley, 2010; Cranfield, Henson, & Blandon, 2012; Dunne, Chambers, Giombolini, & Schlegel, 2011; Grebitus, Lusk, & Nayga, 2013; Onozaka & Mc Fadden, 2011; Shafie & Rennie, 2012; Stanton, Wiley, & Wirth, 2012). Organically produced food, however, became part of the globalisation process when demand increased further and could not be met by national supply alone, as, for example, in many European countries (Willer & Lernoud, 2014), whereas local food represents, per definition, an opposite trend, leading to more proximity in food production.

In Germany, Austria, and Switzerland, these days more than 80% of consumers purchase local food several times a month (Warschun, Liedtke, Glusac, & Günther, 2014). About 80% of consumers, who maintain to strongly identify with their home region, purchase locally produced food on a weekly basis (Oekobarometer, 2013). In contrast, only 22% of the Germans claim to buy organic food products very often or exclusively and 52% only buy them occasionally (Oekobarometer, 2013). Interestingly, the Oekobarometer study (2013) reveals local food production as the most

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important reason for organic-minded consumers, since 87% of the respondents maintain to purchase organic food for that reason in Germany. Altogether, 92% of all respondents prefer local over organically produced food, while 77% favour a combination of local and organic food production (Oekobarometer, 2013).

While organic food is labelled with national and/or international organic certification logos, there are no common regulations or certification standards for local food. Therefore, it is more difficult to correctly identify local food than it is to identify organic food (Stanton et al., 2012). Nevertheless, many recent preference elicitation studies, including organic and local as two important food product attributes, have shown higher willingness-to-pay values for local than for organic food (Costanigro, Kroll, Mc Fadden, & Nurse, 2011; James, Rickard, & Rossman, 2009; Onken, Bernard, & Pesek, 2011; Wirth, Stanton, & Wiley, 2011). These findings imply that consumers do not necessarily rely on labels in the purchase decision, either because they do not trust them or because they do not know the standards behind the labels and are confused by the multitude of labels as, for example, in the organic market.

Many recent scientific studies have compared consumer preferences for organically and locally produced food by analysing the differences in willingness-to-pay values depending on sociodemographic characteristics, types of products, and places of consumption. So far, there has not been any agreement on whether or not consumers prefer one of the two product attributes over the other (Costanigro, Kroll, Thilmany, & Bunning, 2014; Gracia, Barreiro-Hurlé, & López-Galán, 2014). Acting on the assumption that some consumers might consider both product attributes in purchase decisions, these consumers will occasionally face trade-offs, in which they have to decide for one of them. This study aims at examining organic-minded consumers' purchase decisions in Germany, when they face the choice between products varying in their origin, their method of production, and the price. Furthermore, the aim is to get deeper information on how consumers who take both product attributes (namely origin and production method) into consideration for decision-making might differ from consumers who clearly prefer the close origin of food products. Information on attitudes as well as purchase behaviour is examined to identify potential attitude–behaviour gaps and compare these between both consumer groups. To draw a quite general picture, the study is conducted in conventional supermarkets where consumers can purchase both, organic food of different origins and non-organic food of different origins.

2. Theoretical background

The growing consumption of organic food is not only supply-driven, but is also a result of the increasing availability of organic food in conventional food stores which has reduced the often stated inconvenience of organic food shopping. While availability and variety of organic products were two main purchase barriers identified in earlier, international studies (Adams & Salois, 2010; Padel & Foster, 2005; Shafie & Rennie, 2012), the globalisation, or conventionalisation, of the organic food market is a relatively new topic, which has been increasingly covered in recent studies (Lund, Andersen, & O'Doherty Jensen, 2013). The wider availability of organic products and the growing number of importing options have characterised the organic sector development in past years (Adams & Salois, 2010). A second major trend that has been evolving in parallel is the demand for locally produced food (Gracia et al., 2014; Wirth et al., 2011). Local production has emerged as an important quality indicator for food. There is an ongoing debate on how these two trends affect consumers' willingness-to-pay for food products and whether these trends complement each other or compete with each other. To better understand the determinants for organic and local food purchases, Wirth et al. (2011) recommend to identify characteristics for the segmentation of consumer groups to better target marketing strategies. However, first of all, further research should address the question of whether there are two separate consumer groups or rather one consumer group, which is in favour of both food trends, but to different degrees.

So far, the vast majority of publications on organic consumers have found weak relations between sociodemographic data and organic food consumption. The only tendency that can be recognised is a relation between gender, age, income, education and organic food consumption, partly due to the positive relation between age and income as well as education and income (Shafie & Rennie, 2012). Female consumers are repeatedly identified as being in favour of alternative and healthy foods, showing a preference for organic food exceeding that of male consumers. Shafie and Rennie (2012) stated that especially women purchase organic food because of environmental reasons. However, price and quality considerations (mostly referring to taste and freshness) remain by far more important determinants for purchase decisions (Hemmerling, Hamm, & Spiller, 2015; Padel & Foster, 2005). Consumers trade off quality considerations and moral beliefs (e.g. those influencing the choice for organically produced food) against financial considerations. This is especially true of younger consumers with lower income who postpone organic food purchases to a later stage in life (Aschemann-Witzel & Niebuhr Aagard, 2014). Price is the main barrier identified in studies on organic food consumption (Padel & Foster, 2005; Shafie & Rennie, 2012). Only consumers who purchase organic food quite frequently tend to be less price-sensitive and buy organic products, even if they perceive them as more expensive (Padel & Foster, 2005; Stolz, Stolze, Hamm, Janssen, & Ruto, 2011). The before-mentioned quality considerations and purchase barriers influence the formation of attitude–behaviour gaps, depending on the intensity and outcome of the trade-off process.

As in the case of organically produced food, female as well as older consumers are also more likely to purchase locally produced food because they are more sensitive to healthy and sustainable food products (Bellows, Alcaraz, & Hallman, 2010; Cholette, Ozluk, Ozsen, & Ungson, 2013; Gracia, deMagistris, & Nayga, 2012; Pelletier, Laska, Neumark-Sztainer, & Story, 2013). Support of the local economy and community, as one aspect of sustainability, was found to be a determinant for local food purchases by Roininen, Arvola, and Lähteenmäki (2006) and Dunne et al. (2011). However, in most studies on local food, quality and taste of the product were identified as the most important purchasing reasons (Adams & Adams, 2011; Bingen et al., 2011; Campbell et al., 2013; Cranfield et al., 2012; Dunne et al., 2011; Grebitus et al., 2013; Onozaka & Mc Fadden, 2011). In contrast to organically produced food, local food is not expected to be more expensive than non-local/conventional (Conner et al., 2010; Sirieix, Kledal, & Sulitang, 2011) and hence, the trade-off between quality considerations, moral beliefs and price, which is strongly affecting organic food choices, should be less distinct for local food.

Due to some overlap in the associations with organic and local food products and the determinants for organic and local food purchases (e.g. freshness, taste, healthiness, animal welfare, environmental friendliness, etc.), consumers who view one of both product attributes as important are more likely to also favour the other (Mirosa & Lawson, 2012; Robinson-O'Brien, Larson, Neumark-Sztainer, Hannan, & Story, 2009). Nevertheless, most studies that recently dealt with the comparison of consumers' willingness-to-pay for organic and local food revealed stronger