

Chapter 6: What makes local food attractive to consumers?

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In order to understand the potential of local and regional food, we must first understand what it is about these goods that attract consumers. This chapter summarizes the research on what drives local food consumption, starting from an overview of the motivations of the consumers themselves and different descriptions of what characterizes consumers of local food ("locavore"), and continuing with potential explanations for underlying motives.

In recent years, there has been an increased interest in local and regional food: interest from researchers and government officials, but also from food producers. Local farmers markets are springing up in communities in many areas of the industrialized world, including the south Baltic region. This increase is coupled with an increased consumer demand in local and regional food throughout the region. In this chapter we investigate why consumers are now demanding local foods. An increased understanding would help to better understand the potential of local food from both a political perspective, and, from a marketing one, help to market existing and develop new local and regional food products.

Effective demand

Before discussing motivations, it is important to first define what is meant by saying that consumers have a *demand* for local food. Demand (or *effective demand*, to be more precise) is a technical term defined as a *willingness linked to an ability to pay for a good or service at a given price*. It should be separated from *having an interest in something* or in *preferring to have something only if it could be obtained at no additional cost*. I might have an interest in obtaining a luxury sports car, but I do not demand it, since I am neither able nor willing to pay the price at which it sells for.

As has become apparent, consumers do not only have an interest in local food, but are expressing an effective demand; despite the fact that buying local food is often more costly than alternatives – either in terms of higher (perceived) prices or in terms of availability – an increasing volume is actually consumed.



Figure 1. Locavores in action at a local food fair in Sweden 2015.

Does consumers or producers drive the demand for local food?

Two distinct perspectives on what drives consumer demand in general can be identified in the scientific literature. Demands can be alternatively seen as arising from the consumers or from the producers. In order to better understand local food, we must explore these contrasting theories on what primarily drives what we observe to be a demand expressed by consumers.

The first perspective was inspired by the Austrian economist, Leon Walras (1834-1910). Despite the groundbreaking work of the Scottish economist Adam Smith (1723-1790) decades earlier, the details of how market behavior in general and, in particular, of how equilibrium market prices arise, was not well understood in his time. Walras offered a solution by using mathematical analysis to describe the interplay between consumers and producers on a market. He was a firm believer in what would later be referred to as the law of *consumer sovereignty*, which states that consumer demand is the underlying and primary driving force determining how markets are organized, what goods are supplied and at what prices and qualities the producers supply (Lerner, 1972). Through the use of his models he argued that, in a competitive market, any producer not offering products that consumers demand will be forced into bankruptcy and substituted with a more responsive alternative. From Walras' perspective, the primary reason why local and regional foods are supplied is that the consumers see a reason for buying local foods even when they come at a higher cost than alternative products.

This might be perceived as uncontroversial to many readers, but it should be remembered that the argument works equally well in the other direction: The primary reason why globalized large scale industrial food production still has the largest part of the market is that most consumers do not see sufficient value in buying local foods at the price at which they are supplied. Why then should any official agencies (such as governments or the EU) promote local food?

In modern-day economic thought, Walras' perspectives are now often seen as an oversimplification of a much more complex situation (Bowles & Gintis, 2000). Nonetheless, the notion of true consumer preferences as the primary source of demand, and as determinants of market outcome, are still regarded as valid to a large extent within the economic tradition (e.g. Waldfogel, 2005).

A competing perspective is ascribed to the American economist John Kenneth Galbraith and was formulated in the 1950s (Galbraith, 1958). Galbraith acknowledged that consumer sovereignty might have been the dominant factor in a long forgotten past, but he believed that this ended when modern large corporations and advertising came along. According to Galbraith, modern day consumer demand does not originate with the consumers but from producers actively creating needs in the consumers through manipulation by advertising. Galbraith argued that this started as a consequence of the large increase in output created by industrial large scale production. From this perspective, the relative strength in consumer demand between local and industrial food is simply a matter of how manipulative the different types of food producers are. Since large scale industrialists have access to more

capital and marketing experts, they are expected to have an advantage in creating a need for their products in consumers. More controversially, later theorists have claimed that this artificial creation of needs through commercialism is not only present in advertisements, but has been seeping into more and more parts of society, creating an underlying “marketplace ideology” that exercises extensive control over consumer preferences and actions, see Arnould & Thompson (2005).

Many modern scientists are convinced that both the Walrasian and the Galbraithian perspectives offer some relevance. Marketing has an influence on consumer preferences, at least in directing more basic preferences towards specific goods or services. However, marketing literature often emphasizes that no amount of marketing could, during any prolonged period of time, lure consumers into consuming products not offering a perceived benefit to the consumer (Kotler & Keller, 2011). In this chapter, we will not take a definite position as to what extent preferences displayed by consumers have primarily arisen as consequences of actions taken by producers or the consumers themselves, but rather summarize some of the contemporary perspectives on how these preferences can be understood.

However, before continuing in describing consumer views on local food, it should be noted that our objective in this chapter is to understand consumers’ preferences and what consumers value. We will not focus on the extent to which the perceived advantages are objectively true, or even rational, for an observer external to the individual consumer. A consumer might demand a specific food because they perceive it as being healthier or more environmentally friendly than the alternative even if an external expert would determine it to be a less advantageous in this respect. This contrasting perspective need not influence preferences as long as the consumer remains convinced of their original view.

Who is the local food consumer?

Some initial insight into what consumers of local food value in these products can be obtained from studies of how consumers motivate their local food consumption. Many consumers state that they consume local food for altruistic reasons, they see buying locally as a way of supporting either their local communities overall or the local farmers and food producers. Some studies even rank this as the single most important factor. Many of the local consumers perceive the local food as more environmentally friendly and as being of higher quality, with better freshness and taste (Swedish Board of Agriculture, 2010; Pearson et al., 2011; Thilmany et al. 2008).

Studies have also compared consumers who consume local food (“locavores”, see Figure 1) with those who state that they do not in order to observe differences between the two groups. Contrary to conventional wisdom, there is no clear relationship between income and the probability of consuming local food; local food is not a luxury bought only by the affluent (Louié & Hine, 2002; Thilmany et al., 2008; Zapeda & Li, 2006). Instead, studies show that locavores put more emphasis on factors such as animal welfare and the environment, and have greater concerns

with what they perceive as problems with modern industrial food production (Weatherell et al., 2003). Local food consumers are also described as having an above average interest in food and cooking (Zapeda & Li, 2006).

Another perspective can be obtained by investigating why other consumers do not buy local food. These consumers often describe local food as expensive and overly difficult to obtain (Khan & Prior, 2010). Additionally, it seems as though consumers who describe themselves as more price sensitive are less likely to buy local food (Weatherell et al., 2003; Thilmany et al. 2008).

In summary, when asking consumers themselves, the local food consumers stand out as a group more concerned with quality than price and as a more interested, concerned and unselfish group. As we will see, other studies have tried to challenge this view.

Other methods of understanding consumers

Trusting what people say is not always the best way of understanding the genuine underlying motives of local food consumers. In part, because we are aware that there is a gap between how people act and what they say in interviews and surveys. Consumers might state that they buy locally when they do not, or give motives other than what actually drives their consumption. This commonly-termed *value-action gap* is often observed when asked about sensitive topics where respondents have a clear image about what is generally perceived as the “preferred answer”, such as might well be the case with local food consumption. There are different perspectives of what causes this gap, consumers might want to present themselves as more virtuous, or consumers might simply not be aware of their own motivations. Regardless of why it arises, this gap forms a major obstacle in understanding local food consumption. Two main methods have been used to circumvent this problem.

Economics tends to solve the dilemma by focusing on what people actually purchase. If a consumer decides to buy a local carrot instead of the conventional alternative, they have taken an action that reveals a preference for this local carrot, an action much more informative than a hypothetical or retrospective answer to a survey question. This *revealed preference* methodology might seem compelling; however, it is often difficult to interpret exactly how different factors interact. Did the consumer buy the carrot because it was local or because it was more colorful? Or did they buy it simply because they happened to walk past it when visiting a farmers market to meet a friend? Studies using revealed preferences have therefore not yet offered any significant insight into the motivations of local food consumption.

Another alternative is for researchers to carefully analyze how consumers of local food describe their intention and use different *critical theories* to unmask the “real” intentions or preferences of the consumers. This is equally risky since it puts less emphasis on empirical data and more on abstract theories, and the value of any theory is dependent of how closely it describes empirical observations. These methodological difficulties must be kept in mind when reading the suggested interpretations of consumer motives that follow.

Using theory to understand local consumers

Different perspectives have been postulated on how to interpret preferences displayed by consumers. Older theories were often based on the Maslowian hierarchy of needs, which states that humans consume goods and services in order to satisfy *needs* in a certain pre-defined order, starting with basic physiological needs such as food and shelter and successively moving on to more advanced ones such as safety, belonging, self-esteem and self-actualization. Modern consumption scientists, however, are critical of the Maslowian perspective since our modern experience tells us that these different types of values are more intertwined; consumption tends to address all levels in the hierarchy simultaneously, without order (Slater, 1997). Food consumption, as an example, is used in satisfying basic physiological needs, for comfort, and, on a more abstract level, showing where one belongs and for gaining the respect and admiration of others.

A comprehensive review of aspects that drive consumption falls outside the scope of this chapter, those interested find relevant reviews by Slater (1997) and Arnould and Thompson (2005). Instead, the rest of the chapter will discuss some aspects that have been suggested as of particular importance in understanding local food consumers.

Locavore identity

It is often argued that consumption – for better or worse – is an important aspect in building individual identities. Furthermore, it is a defining characteristic of modernity that consumption is readily available in helping us in constructing our identity. In the pre-industrial world, identity was predominantly conferred by the profession or social position of the parents. The son of a miller was a miller and would always be seen as a miller. Formal law and informal rules existed to punish millers trying to pass themselves off as something else, for example, until the 18th Century, Swedish law had strict laws against commoners dressing like priests or noblemen, or even using colors or materials seen as too ostentatious when belonging to a lower social class (Ahlberger, 1996). These days, the miller's son can dress in a suit and eat dumplings in order to be perceived as a successful member of our modern financial nobility, or dress in hemp and eat local food to be perceived as a sustainable and morally worthy locavore. It is worth noting that this individual does not need to be an expert in financial analysis, or have any real or honest interest in local food in order to buy into these identities, all he needs is the money for buying the necessary goods and services⁴. From this perspective, local food consumption can be seen as an attempt to build an identity. However, it is an oversimplification to believe that

⁴ This is obviously an oversimplification, sociologists have pointed to the importance of developing practices to communicate participation in a group or class, and these are not as easily consumed as goods or services. However, even if not always easy, it is arguably easier in modern times to build identity using consumption.

local consumers are all buying into the same static and stereotypical locavore identity. It is a well-known apparent paradox that large numbers of consumers are able to construct what they perceive as individual identities using the same mass-produced goods such as branded trainers and rock band t-shirts. Researchers have argued that similar motivations drive local food consumers. Smithers et al. (2008) asserts, based on the widely varying motivations consumers give for buying locally, that consumers are buying local foods as a tool in their own very diversified identity projects with constantly changing objectives. Locavores are thus a heterogeneous group with more differences than similarities: some are using it to build an identity as food savvy, others as environmentally friendly or supporters of local communities, and the same consumer might fluctuate between these while continuing to consume the same types of local food. This view is further supported by the finding that consumers are never very clear on how to define the term 'local food'. This implies that local food producers or associated organizations have little to gain in presenting consumers with a clear definition of what constitutes authentically local food, since this would only risk limiting the meanings consumers themselves give the term.

Escaping modern food production

Many consumers are deeply concerned with the modern world in general and how it has transformed food production in particular. Under modernity, the individual may have been freed from the oppressive rule of tribal or feudal society (such as laws determining what he or she could wear based on estate) but many feel that something has been lost in the process. The classical sociologists argued that modern man feels ill at ease in this new modern state, either because of the oppressive and de-humanizing conditions of modern society or the lack of its clear rules of conduct.

Critiques of the modern world do not argue that the old ways were necessarily better in all ways, these societies were oppressive, child-mortality was high and starvation was a constant risk for the majority of the population, but it is often argued that there was a stronger emphasis on community and that there existed a more personal relationship between buyers and sellers - in particular between food producers and food consumers. The modern interest in local food production can therefore be interpreted as a method used by consumers to react against the loss of personal relationships with food producers. Consumers perceive the large scale industrial food production that dominates large sections of the market as difficult, even impossible, to form personal relationships with, and instead choose to shop at the farmers market or at a local farm where they are on first-name terms with both the farmers and their children.

Furthermore, the technology used in large scale agriculture and food processing are unfamiliar and somewhat alien to many consumers, and bear little resemblance to the consumers own idealized view of how food production should be performed. Murdoch and Miele (1999) argue that consumers use local food as an escape route, in fleeing from what consumers themselves perceive as an over-technological food

production. Following a similar line of thought, Winter (2003) asserts that consumers use local food in order to take a defensive stand against modern food production. A similar interpretation of the growing interest for local food production is that of it being a consequence of a nostalgic view of food production (Autio et al. 2013). Consumers associate local food with the traditional ways, with the artisan way of production and with their idealized view of how food was traditionally produced and consumed: local food can thus be consumed in order to return, at least figuratively, to a rose-tinted past.

It has been argued that this passive or evasive method of meeting well-grounded concerns of conventional food production is anything but constructive, as it puts too little focus on the demanding and complex question of how to design efficient and sustainable food production systems, and more emphasis on passive patriotism and localism (Winter, 2003).

Implications for local food producers

As seen from the discussion above, the more theoretically influenced studies have a much less optimistic view of the local food consumer. Where the locavores describe themselves as altruistic consumers improving both environment, communities and production ethics, the theoreticians in contrast, highlight more selfish and unconstructive motives.

The interpretation of what drives local food consumption will most likely continue to differ. Nonetheless, what is becoming apparent is that local food is in demand and that consumers tend to assign many different meanings to it. What implications then, does this have for the potential of local food for the future? First, in marketing local food, the term “local food” must not always be well-defined. The food producers need not – or should not – explain the advantages of local food production to the consumer, since this only risks limiting the many different meanings that consumers can associate with the term. Secondly, local consumers are not a homogeneous group in terms of motivations or demographics. Producers of local food must keep an open mind when identifying prospective customers.

- Local food consumers often state altruistic motives such as support for local communities and the environment, and concerns of unsustainable industrial food production as reasons for buying local.
- Local food consumers are not a static homogeneous group, they differ over time, in demographics and in their motivations for buying locally.
- Several critical perspectives on local food consumers have been presented, emphasizing the nostalgic, nationalistic or defensive aspects of local food preferences.

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