

Globalization versus Economic Localization: Examining the Dynamics of Consumer Choice of Food Using Market and Ecological-Based Prices

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Introduction

Food is the most fundamental consumer demand that exists, yet the supply chain by which food is procured is remarkably complex as illustrated by various articles compiled in Bourlakis and Weightman (2004): nearly half of all fruit sold in the United States is imported (Pirog 2001); domestically grown North American produce travels an average of 2000 kilometers from source to point of sale..

Even so, interdependence between global food suppliers and local markets has prompted two opposing visions of development: global trade/distribution that is predicated on cost efficiency, and local production that is based on sustainable interdependence. The opposing characteristics of these differing visions hold considerable implications for where we buy, what we eat, and how we consume our resources. This study aims to assess consumers' dispositions towards imported versus local products with particular attention to price-thresholds that determine possible trade-offs between them.

Historically, consumers have based their food choices on affordability (prices), availability (channels), compatibility (life styles), and benefits (quality). Few consumers questioned the origin of food items or amount of energy used in their production and delivery to point of sale. Only recently, awareness about such environmental and social externalities has entered into mainstream marketing. Safeway claims that 30% of produce in stores is locally sourced. Tesco now labels many products with "food miles," and Swedish consumers now see carbon labels on many grocery and restaurant foods (Rosenthal, 2009). However, the impact of these new labels on consumer choices is not clear.

The success of these new marketing strategies is predicated on consumers' dispositions and acceptance of them. This, in turn, depends on whether the awareness of ecological issues, in particular, translates into a willingness to purchase such products at a higher price. To date, the research literature is equivocal on such issues. Specifically, scholars have only started to investigate whether purchasing behaviors are influenced by food and apparel labeling (Sirieux et al, 2008; Hustvedt and Bernard (2008), Goswami (2008), and Pirog and Schuh (2002). Although individuals are more sensitive to such issues when given training (Wakeland et al, 2008), for the casual consumer, food purchases are not typically preceded by information seminars. Likewise, there is little understanding on what type of labeling will drive consumer behavior, as shown by Howard and Allen (2006). Moreover, many studies have employed small convenience samples and methods

that limit generalizability. More concerning is that many studies have advocated a particular direction, thus inducing possible response bias that may affect the results.

Research Questions and Methodology

This project explores at what point (if any) would the average consumer shift away from readily-available and cheaper products (from trade) to potentially higher prices but that reflect ecological use and local production? Specifically we examine four core questions:

- Will the hyper-rational consumer opt for the cheaper product, regardless of origin (assuming all else are equal)?
- How will latent predispositions, such as risk taking, information seeking, and innovativeness affect the choice-set?
- Will a price-conscious or an income-constrained consumer select cheaper products, regardless of his/her awareness of international trade and ecological issues?
- At what price threshold might consumers switch from one type of product to another?

Methodology

The study will present findings from a general survey to be administered in several classes across the SF State campus in the spring of 2010, reaching approximately 400 participants from different majors and degree programs. From prior studies, we think that SF students will well represent the general population because of their diversity (that is consistent with Bay Area demographics) and because most of them are primary consumers of their food-products.

We have adopted standard questions from marketing literature used to discern consumers' tendencies to make innovative purchases, seek knowledge about a product, exhibit risk-taking, and employ general marketing habits. We also ask opinions about international trade, mixing pro, anti, and neutral stances, and will collect demographic information, such as gender, ethnicity, age, and size of household and estimates of their monthly food expenditures.

Results to Date

At present we are still awaiting IRB approval. However, we expect to have completed our surveys and performed the subsequent analysis by June, in time to share with conference attendees. Ultimately we expect our findings from the completed project will have important consequences for public policy and corporate strategy.

Sample References

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