

# **Local Product Labelling as an Option for Promoting Locally Produced Products**

The case of Söderslätt Sweden

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## **Abstract**

The use of a label for locally produced products is seen as a good way of promoting these products in Söderslätt and, thereby, promoting regional development. The only common meaning of the concept “local” is the reference to a geographical area, even though the size of the area differs. Local products are associated with characteristics such as environment, ethics, health, quality and support of the local economy. Surveys on consumer interest in local products and how these products should be visualised show that an interest in these products exists and that consumers would pay at least as much for a locally produced food product as for a non-local food product, at the same quality level. Between the two investigated consumer groups, local inhabitants and tourists, it was found that whereas locals were mainly interested in food products to be promoted as local, tourists also showed an interest in local non-food products. Both consumer groups were positive towards labelling of local products, although local inhabitants stated a preference to using text in addition to symbols. Tourists claimed to need only symbols. In general, there is also an interest in paying a moderate premium price. The most preferable place to purchase locally produced products is in the grocery stores. One way to increase the visibility of labelled local products is for producers of local products to cooperate with retailers and thereby reach a large number of consumers.



## **Executive Summary**

Global competition and shareholder demands for increased profits have led to radical changes in companies. Many companies have rationalised their activities by closing smaller entities and concentrating production into bigger units. At the same time companies have pushed suppliers to reduce the costs for supplied raw material. This development is similar in the agriculture sector: bigger and more efficient farms have developed and smaller entities have disappeared. This development has had negative effects, especially on rural areas. Many people have lost their jobs and they have been forced to move away for work. Also the strong competition between local suppliers has made the climate tense between the local inhabitants in the rural areas. The attractiveness of rural areas has decreased, and the local population have lost some of their local identity.

Söderslätt is an area consisting of four municipalities on the south coast of Sweden, which have a strong agricultural identity. Söderslätt has faced the problems mentioned earlier. To be able to stimulate the opposite development the municipalities at Söderslätt has started to co-operate. As a result, a pilot project is underway to develop criteria and rules for a local label scheme, aimed at promoting local products and thereby leading to regional development. The success of the local label is dependent on Söderslätt's local consumers. If consumers are interested in the local products promoted by the label this might have a positive effect on the region. This development is not only positive in the economic sense but might also strengthen the local identity and increase the knowledge of its own culture and region.

The consumers are a heterogeneous group with different interests and values, which have been formed by the environment they live in. These values and interests of the consumer are shaping consumption behaviour. The consumer tries to fulfil a certain need, when they are going to purchase a product or a service. The reason for buying a product is not necessarily to satisfy only one need; there might also be other reasons for buying a specific product.

Interest in food quality is growing among consumers due to new values and preferences, issues such as environment, ethics, health and support of domestic economy playing an important role for many consumers. Price is important and it is usually the decisive factor, but it's meaning has been reduced. There are many different ways of informing the consumers of product characteristics, and one efficient way - especially for food products - is labelling. Food labelling helps the consumer to recognise the characteristics they want in a product, and to avoid those they do not want. There are two types of labelling: mandatory and voluntary, and they can consist of, e.g., pictures, symbols or trademarks. Mandatory labelling is used to inform consumers of food properties whereas voluntary labelling is mainly used as a promotional or informative tool. Voluntary labelling is seen as a potential tool to enhance the sales of locally produced products. Although labelling is seen as an effective way of informing consumers about food characteristics, it is also associated with problems concerning the huge amount of different labels (in form of logos and symbols) on the market. Some consumers have problems understanding what the label stands for, and this reduces their usefulness.

There is a growing interest towards locally produced products in the Western world, but there is no fixed definition for the word 'local'. The definition of 'local' may be very widely interpreted by consumers; the only common denominator being that it is a geographical area. The definition of the word local can today be defined according to the needs of the user. The reason for the interest for locally produced products is mainly because of the characteristics they are associated with, such as quality, ethics, environment, and health and support of the domestic economy. These are issues currently rated as important among consumers, due to different crises the food industry has faced and due to rising awareness amongst consumers.

However, although local products are associated with these characteristics, this does not necessarily mean that they will sell. The local products must at least have the same quality as non-local products. To reach the majority of the consumers, local products must be offered in places where consumers normally purchase their products, e.g. grocery stores. Increasing the sales of local products by using a label seems to be a functioning concept: it not only supports the increase of economical welfare in the area, but it may also help local inhabitants to be aware of the local culture and make the area more interesting to tourists.

Local consumers at Söderslätt are the target group, as they will mainly contribute to the success of the local product label at Söderslätt; however tourists visiting the area are to a certain extent contributing to its success. Local consumers at Söderslätt are interested in locally produced products, especially in food products such as fruits and vegetables, meat and other kind of food products. These products are also the most interesting products for tourists, with one addition: tourists are also interested in non-food products. The majority of the local consumers are interested in buying locally produced products for a price (actually even with the non-local products) but almost half of the local consumers would pay a moderate premium price for the local food products. The majority of the tourists would pay a premium price for locally produced food products. But a precondition for this is that the quality is at least as good as that of the non-local product. The main reason for local consumers to buy locally produced products at Söderslätt is to support the local economy. Both local consumers and tourists prefer to buy the local food products from grocery stores. Tourists interested in locally produced non-food products prefer to buy them directly from the producers. The means by which the local consumers would like to hear of locally produced products is by advertisement or as text on the local products. Tourists expected to gain information through a symbol on the product or information in shops. The attitude towards a local product label is positive, the majority of consumers would like to have a label on the locally produced products.

The following recommendations can be given for the developing of the local product label. Reflecting back to the problem of logos and symbols and creating a label which is easily understood both by tourists and local consumers: the solution could be a symbol combined with a text, so that in this way the label would be easier to understand. It is also of importance to promote the local label both among local consumers and tourists; in this way they would easily identify the label when they purchase products.

To be able to reach the majority of the consumers, producers should co-operate with wholesalers so consumers would have the possibility to buy the local food products where they buy all other products. The sales of local food products in grocery stores would also make the consumers more familiar with them, and barriers to buying them could become lower.

Due to the lack of a generally accepted definition of 'local', a creation of an independent organisation could be an answer to ensure that a product is originating from a specific area. The organisation could have the character of type 1 label, which comes from the ISO 14024 standard. This organisation could administrate and grant the local label for local products and thereby ensure that the products, which carry the label, would fulfil the organisation's criteria. The support of the local economy could be stressed when organisations criteria's are developed because it is seen as important of the Söderslätt consumers.

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# **1. Introduction**

## **1.1 General background**

Free trade and the free movement of goods throughout the world have led to a wave of mergers within industry and a concentration of production to fewer plants. This takes place in the name of reduced production costs for manufacturers and lower prices for consumers. This development has also taken place in both food and non-food sectors. After the Second World War, European policy was to make Europe self sufficient in food. European policy has succeeded but the consequences of this development have not been entirely desirable. Centralisation and the search for efficiency in production chains has in some cases had devastating consequences, especially within the food production. As a reminder we have the mad cow disease scandal a few years ago and reduced biodiversity in many agricultural areas.

The concentration of production to bigger units has led to the closing of smaller entities and loss of jobs, especially in the rural areas where this resulted in unemployment and movement of people to larger cities. Due to this, development has had a negative economical impact on rural areas e.g. by loss of tax income. The need of transportation has increased with the centralisation of production units due to longer distances between consumers and plant. This has had an adverse environmental impact due to increased transport emissions.

Concentration has also caused more competition among raw material suppliers, which in some situation lead to hard internal competition among local suppliers, in turn having a negative impact on internal community relationships. The previously rich supply of local products has decreased and diversity of locally produced goods has been reduced. This development has also had a negative effect on the local identity and culture.

Although centralisation continues to progress, there seems to be a growing interest towards locally produced products, especially in the Western world. This seems to be an opposing reaction towards the centralisation trend and its adverse effects. This development can be seen around the world as an increase in organisations that support local producers in their ambitions to offer consumers locally produced products. The methods of promoting local products vary from using special labels for locally produced products to farm sales.

The interest towards locally produced products is seen as positive development in rural areas. How successful this development will be will depend on the degree of interest among the consumers. Locally produced products might be a bit more expensive than other non-local products. The reason for the higher price is the higher production costs, which are usually related to small-scale production.

The centralisation process and competition has led to a decline in the economy in some areas; therefore few regions have started to promote the development in their areas. Different methods are used to create new business opportunities in these regions, e.g. by utilising the special characteristics of the area such as farming. Creating new businesses that utilise products from the regions reduces the need of imported goods from abroad or another part of the country. This creates not only employment in the producing entity but also amongst raw material producers. This has a direct impact on the local economy, which in turn generates welfare amongst the inhabitants. Creation of new business does not only increase employment but also might increase the wellbeing of inhabitants by enabling shorter work travel and fresher food products of higher quality. Regional development has also environmental impacts by reducing the need for transportation in turn having positive

environmental effects. This topic has been discussed by Dickens, Tansey, Worsley and Enright.

## **1.2 The Söderslätt context**

In the south west of Sweden lies an area called Söderslätt, consisting of the four municipalities: Skurup, Svedala, Trelleborg and Vellinge, which have a strong agricultural identity. This area has been affected by industrial centralisation, which has had negative impacts on Söderslätt's local economy and identity. This has led to poorer relationships between producers in the region and decreased the supply of local products, having negative impacts on relationships between local inhabitants. The reduced amount of local supply has also decreased the number of jobs in the area, which directly reflects on the local economy. The import of products produced outside the region and transportation distances have increased, thereby influencing the environment, e.g. air emissions. To counteract these effects and to stimulate alternative development, action has been taken by the four municipalities in launching a labelling project under the name of "Gåsamärkt".<sup>1</sup>

The Gåsamärkt project is performed in co-operation with the International Institute of Industrial Environmental Economics and the municipalities at Söderslätt, and is financed by the Swedish Business Development Agency (Verket för Näringsutveckling, NUTEK). The purpose of the project is to stimulate and renew local economical development and to increase local identity. The use of a label for locally produced products is seen as an opportunity to make these more visible for the consumers. The labelling of local products is expected to contribute to positive economical, social and environmental impacts within the region, in turn leading to regional development. In the long run the use of local labelling is expected to create a brand, giving local products a stronger position compared to other products and thereby leading to a flourishing local economy. The stimulation of the local economy will lead to a more flourishing countryside and a stronger identity among the inhabitants in the area. In the short run the creation of a local label is expected to increase the amount of local products offered on the market, which most probably will create new jobs particularly within the local food production and tourism sectors.<sup>2</sup> The creation of a local label helps the consumers to identify those products locally produced; it is then easier for the consumers to make a purchasing decision, which supports the local economy. Locally labelled products may create a stronger local identity among the local consumers in the area when they recognise the local products. They may feel proud of the local supply of the so-called 'own' products. The local product has also many other positive effects for the area: there are shorter transportation distances leading to less environmental impacts, and the possibility of offering products having a shorter durability, which would not be possible otherwise. The positive environmental impacts are not only limited to shorter transportation but also less environmental impacts in the production phase.<sup>3</sup>

Consumers in this area consist mainly of local inhabitants, but because Söderslätt has several tourist attractions in form of historic places, beaches and sights, tourists are also seen as potential consumers for buying locally produced and labelled products.

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<sup>1</sup> Gåsamärkt, ett pilotprojekt för lokal produktmärkning.

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

### **1.3 Overall objective and research question**

With Söderslätt as a case study, the **overall objective** of this thesis is to identify customer attitudes towards local products and local product labelling, with the purpose of defining specific preferred characteristics and willingness to pay as a basis for the further development of a local product-labelling scheme.

In order to achieve the overall objective of this thesis following research questions are set out:

- What factors in general are influencing the consumers purchasing behaviour and how do they relate the local products?
- What is the role and limitations of product labelling in context of promoting local products?
- What are the characteristics of local products that attract consumers?

### **1.4 Scope and limitations**

This thesis will focus on the present conditions to implement a local label at Söderslätt, which could enhance the positive economical development, social impacts and increase the local identity in the area of Söderslätt. The main focus is on the local inhabitants at Söderslätt because they are the group that will mainly contribute to the success of the local product label. Tourists' interest towards locally produced products will also be examined as they contribute to a certain economical welfare in the area through consumption and work creation. However due to the mobile character of tourists the possibility to gain information regarding their behaviour is limited.

The Söderslätt area has a lot of different products to offer, ranging from food to non-food products but this thesis will mainly focus on food products. The analysis of local food products can be seen as a first step analysis of local products, which can serve as ground for further research in local product labelling.

The local label under development at Söderslätt is a kind of voluntary label and therefore there are no ambitions to study mandatory labelling deeply although this will be shortly presented to give an overview of its purposes. Consumers from the Nordic countries will be in focus when labelling attitudes are presented, as the attitudes of Nordic consumers are more homogeneous compared with other countries.

Due to the fact there is no information of locally produced products or official local labels available within Söderslätt, two surveys were conducted among local consumers and tourists there. The information gained from the consumer survey is classified as representative for the area, however the tourist survey does not fulfil validity criteria due to the number of interviewed tourists. Regardless, it still provides hints as to what tourists think about local products and local labels.

### **1.5 Methodology**

To be able to answer the research questions in this thesis different approaches were used, such as empirical studies and literature reviews. A literature review was performed to gain theoretical knowledge of consumer behaviour and how labels are used to inform consumers

of certain product qualities. Empirical data were collected by several surveys and interviews to gain knowledge of attitudes and experiences of local products and labels.

From the literature review on consumer behaviour it is possible to see what factors are influencing people when they make the purchasing decision, and as such, indicates what type of people could be potential consumers for locally produced products. The labelling literature and surveys describes different types of labels, why labels are used, what kinds of labels consumers look for and what kind of problems and possibilities are associated with them. The information also gave hints as to when a label is an appropriate tool to promote locally produced and labelled products.

To understand what consumers associate with the word 'local', many literature sources were investigated. The meaning of local is important; if there is no common understanding of local it will evidently be harder to promote local products.

To be able to form an overview of how a local product label scheme functions in reality and what kind of problems and possibilities are associated with them, it is of importance to compare other local labelling schemes with similar purposes, i.e. to stimulate regional development through the promotion of local products. Therefore two local label schemes that have been implemented in other regions of Europe. Contact persons in these label schemes were interviewed over e-mail or telephone using a set of pre-designed questions. This questionnaire focused on identifying the contact persons' experience of the local product label scheme (See Appendix 2).

Because culture and habits are different in all countries, it is of importance to ensure that the experiences in other places are comparable to Söderslätt. Therefore two separate surveys were undertaken at Söderslätt. One survey was of local inhabitants whereby a marketing research company performed telephone interviews in the area of Söderslätt to identify peoples' attitudes towards local products. (See Appendix 3) The other survey was conducted among tourists in Söderslätt by interviewing them personally in the four municipalities of Söderslätt. More detailed information of the surveys can be found in chapter 6.2.

## **2. Consumer behaviour**

The purpose of this chapter is to give a general overview of the issues that influence the consumer's decision making before a product is bought.

### **2.1 Decision making process**

When purchasing decisions are made there are many issues behind these decisions. To be able to gain preliminary knowledge as to why people buy as they do, it is of importance to know what kind of consumers there are, what kind of factors are influencing their purchasing decision and how consumers think and behave when making the decision.<sup>4</sup> Before diving into consumer behaviour it might be interesting to know how consumer behaviour is defined. Engel et al defines the consumer behaviour as:

*“Consumer behaviour is those activities directly involved in obtaining, consuming and disposing of products and services including the decision processes that precedes and follows these actions. “*

Solomon defines consumer behaviour as:

*“the processes involved when individuals or groups select, purchase, use, or dispose of products, services, ideas, or experiences to satisfy needs and desire”.*<sup>5</sup>

The time consumed to make a decision is a good way of dividing a consumer decision into categories. According to Engel a first time decision is often complex and time consuming, and can therefore be called extended problem solving (EPS). A less time consuming and complex decision-making is called limited problem solving (LPS). Complexity and time consumption in between EPS and LPS is called midrange problem solving. When the decision is made on a regular basis and made easier by choosing the same product, it becomes habitual.<sup>67</sup> Solomon is also using the same categorisation as Engel et al.<sup>8</sup> with an exception that he does not classify midrange solving.

When the consumer faces a more demanding and detailed task EPS will likely be used. It is also used in the initial phase of purchasing a new product, but generally is used when more expensive products are being bought. LPS is more often used when the consumer has a lack of time, resources or interest to focus on the product purchasing. LPS consumers have the habit of using a certain rule that buy the same familiar brand or the cheapest product. The LPS consumer does not put a lot of time into evaluating the product because it is not seen as an important matter to the consumer. Midrange problem solving occurs between LPS and EPS, where not much information searching is required, e.g. choosing from a paper which theatre is going to be visited.<sup>9</sup> Another type of problem solving situation is routine problem

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<sup>4</sup> Swarbrooke, J. (1999). *Sustainable Tourism Management*. CABI Publishing. United Kingdom, p. 6.

<sup>5</sup> Solomon, M, R. (1992). *Consumer Behaviour: Buying, Having, and Being*. Needham Heights: Allyn and Bacon, p. 4.

<sup>6</sup> Engel, J, F. Blackwell, R, D. & Miniard, P, W. (1995). *Consumer Behaviour*. Eighth Edition. International Edition. The Dryden Press. Harcourt Brace College Publishers, p. 151.

<sup>7</sup> Solomon, M, R. (1992). *Consumer Behaviour: Buying, Having, and Being*. p. 243.

<sup>8</sup> Ibid.

<sup>9</sup> Engel, et al. (1995). *Consumer Behaviour*. p. 156-157.

solving (RPS)<sup>10</sup> or habitual decision making, in which the consumer buys products they are already familiar with. The products are well known products, categories or brands. In this part of purchasing the consumer does not need to search for a certain product in their memory, as these are already clear in their mind.<sup>11</sup>

There are two other ways of purchasing, which are different from the earlier mentioned: impulse buying and variety seeking. Impulse buying is done without any special plan and can be initiated by, for example, on-site advertisement. Variety seeking can often be recognised when there are many similar alternatives available and the product is consumed often.<sup>12</sup>

There are many different models in consumer decision-making. Although these models handle the same issues from many different aspects, they are very similar.<sup>13</sup> During the years much consumer behaviour research has been done to identify what issues are influencing the purchasing decision. The purchasing decision is often seen as a problem solving process. The problem solving decision is said to be “*thoughtful, consistent action undertaken to bring about need satisfaction*”. Solomon explains that the problem can be seen in three stages: recognition of the problem, information search and evaluation of the choices.<sup>14</sup>

Individuals make their decision according to internal motivations and according to external impacts such as social pressure and marketing. The buying decision is based on rational or hedonic driven decision, or both. The rational decision means that the consumers weigh and evaluate the decision from so-called commonsense perspective, e.g. what product gives best value for price. Hedonic can be seen as a more emotional decision, referring to pleasure.<sup>15</sup> It is also important to take into consideration that the decision made by the consumer is reflecting also future decision making, based on the kind of experience the consumer had resulting from the decision.<sup>16</sup>

## 2.2 Consumer differences

How people behave in a decision-making situation is dependent on many different factors. Different authors have different way of presenting the consumer’s decision-making process, although they present the same thing in a slightly different way. According to Engel et al. there are three different variables that shape decision-making: the individual differences, environmental influences and psychological processes. Solomon categorises the same behavioural factors, but in a different way.

### Individual differences

The individual differences are divided in five different categories, consisting of consumer resources, knowledge, attitudes, motivation and personality, values and lifestyle. These differences explain people’s special characteristics. Every consumer has different resources of

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<sup>10</sup> Holmberg, C. (1996). *Stores and Consumers-Two Perspective on Food Purchasing*. Stockholm School of Economics, p. 94.

<sup>11</sup> Ibid.

<sup>12</sup> Engel, et al. (1995). *Consumer Behaviour*. p. 160.

<sup>13</sup> Holmberg, C. (1996). *Stores and Consumers-Two Perspective on Food Purchasing*. p. 11.

<sup>14</sup> Solomon, M, R. (1992). *Consumer Behaviour: Buying, Having, and Being*. p. 240.

<sup>15</sup> Ibid. p. 142.

<sup>16</sup> Ibid. p. 240.



time, money and information and processing capabilities when a purchasing decision is made; therefore customers behave differently when they choose what to buy and how the purchasing is done.<sup>17</sup> Prior knowledge of the product, that is, the qualities, attributes, the terminology or beliefs of the product determine how much time and effort is put into the decision to buy or reject the product.<sup>18</sup> Also what kind of attitudes the consumer has strongly shapes the consumer's behaviour. Attitudes are formed through beliefs and through feeling towards the products. The attitudes towards products can range between positive and negative, and once an attitude is formed it is hard to change it.<sup>19</sup> Although the lack of resources might influence the consumers decision making.<sup>20</sup> The motivation to behave in a certain way may be open or hidden. The motivation to act in come certain way, might be known of the consumer when the hidden motivation is affecting the consumer without him being aware of it.<sup>21</sup> A consumer's personality, values and lifestyle influence the consumer behaviour. Every individual has his or her own way of living, shaped from e.g. values, beliefs, preferred behaviour patterns.<sup>22</sup> A person might have multiple different roles, for example, a person might have certain behaviour at work, but at home the behaviour changes to something else.<sup>23</sup> Desire creates the motivation to purchase certain products: e.g. the desire to look nice at a party might create a need to shop for new clothes.

### The environmental influences

People's behaviour is influenced by its environment, including culture, social class, personal influence, family and situation. Every country and even every region within a country has a culture, which more or less affect the way people behave. Differences exist according to the social class people belong to, although within the social class people behave quite homogenously. One other strong behavioural steering factor is personal influence. People with whom we are in close contact have a certain way of influencing our consumption behaviour and people in our surrounds try to live up to set norms.<sup>24</sup> Also the desires to be like a certain reference group influences behaviour.<sup>25</sup> Additionally family has a great impact on what is consumed. An important element, highly influencing how we behave, is the unexpected situation, such as unexpected unemployment or sickness to mention a few.<sup>26</sup>

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<sup>17</sup> Engel, et al. (1995). *Consumer Behaviour*. p. 143-144.

<sup>18</sup> Ibid. p. 338.

<sup>19</sup> Ibid. p. 366.

<sup>20</sup> Paladino, A (2001). *Examining Why Consumers Intend To Purchase Ecologically Sound Products*. Paper for the Australia and New Zealand Marketing Academy Conference, Auckland, New Zealand. [Online]. Available: <http://www.management.unimelb.edu.au/staff/staffPage.cfm?StaffId=15> p.4

<sup>21</sup> Lindén, A-L, Moisander, J., Thelander, Å. & Uusitalo, L. (1997). *Environmental Values Attitudes & Behaviour: Perspectives on Consumption as a Social project*. The European Science Foundation (ESF) TERM Programme. Perspective on Consumption as a social project, Workshop 3: Consumption, Everyday Life, and Sustainability, Exchange 3. [Online]. Available: <http://www.lancs.ac.uk/users/scistud/esf/lind1> p.5

<sup>22</sup> Ibid. p. 144.

<sup>23</sup> Solomon, M, R. (1992). *Consumer Behaviour: Buying, Having, and Being*. p. 208.

<sup>24</sup> Ibid. p. 144-156.

<sup>25</sup> Solomon, M, R. (1992). *Consumer Behaviour: Buying, Having, and Being*. p. 354.

<sup>26</sup> Engel, et al. (1995). *Consumer Behaviour*. p. 144-146.

## Psychological processes

Psychological processes concern how people handle the situation, and can be divided into three basic processes: information processing, learning, and attitude and behaviour change (or attitude change as Solomon says.<sup>27</sup>). The three parts of psychological process examine how people handle received information and how they react to that.<sup>28</sup>

These variables strongly influence consumer behaviour, and all of these variables are in turn influenced by each other. These parts show that the purchase is not random behaviour, but is built up of many different parts interacting with each other. The consumer decision process is influenced by these variables; the time used to purchase a product is also dependent on what kind of product is going to be bought. The consumer is influenced by many different factors and there is no typical stereotype of a consumer to whom it would be easy to sell products. Although the type of consumer may be categorised it would not necessarily be probable to predict how he or she would behave due to changing situations, such as impulse, variety seeking or changing situations in life, e.g. unemployment. However, of course, a total behavioural change does not happen overnight.

The decision-making process is the same for locally produced products as for any other product. The decision-making process for locally produced products can to a certain extent be related to ecologically produced products. Both types of products have properties, which are similar like less impact on the environment. The consumers can have primary or selective motives when products are bought. The primary motives can be e.g. to buy products, which has less impacts on the environment, when the selective motive can be to support the producers of local products. The local products are also often associated to have less environmental impact than non-local products. The motivation is not the only factor that are influencing if a local product is bought, the consumer must have the ability, the resources and the opportunity to do that but also the external factors must be correct. There might not be interest to buy locally products although the consumers would have the motivation if e.g. there were a lack of resources. The consumers of local products or ecological products may want to satisfy many goals, the individual goal and the collective long-term goals, like environmental protection or regional development.<sup>29</sup>

## Trends of today

The way of purchasing has changed during the time and it is dependent on the way we live and how the trends are changing. Today in Sweden it is possible to identify four main trends, which are influencing the consumer behaviour when food is bought; globalisation, individualism, experience and ready made food.<sup>30</sup>

The **globalisation** is increasing among food companies, which are creating markets of similar products. The big multinational food companies want to offer the consumers similar branded food products worldwide and thereby to make it easier for the consumers to choose what products is going to be bought, this makes the products more standardised and the variety of products disappears. Towards this globalisation development there is a contra reaction,

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<sup>27</sup> Solomon, M. R. (1992). *Consumer Behaviour: Buying, Having, and Being*. p. 163.

<sup>28</sup> Engel, et al. (1995). *Consumer Behaviour*. p.145-146.

<sup>29</sup> Lindén, A-L (1997). *Environmental Values Attitudes & Behaviour: Perspectives on Consumption as a Social project*. p. 5-10.

<sup>30</sup> Hansson. K. (2003). Framtidens mat: en fråga om kvalitet och etik. [Online.] Available: <http://www.miljo-eko.nu/framtidsmat>. [2003, October 8].

consumers are not happy with only standardised products. This contra reaction has created a demand for locally produced products among consumers, which stands for variety.<sup>31</sup>

**Individualism** is a strong trend today, consumers want to be diversified from the mass, and thereby they choose products, which differs from the so-called normal products. These consumers often want to have a broad variety of products in the shops and they want to be engaged in influencing what is sold in the shops. These consumers wish e.g. to buy ecologically or locally produced products in the shop and thereby state their difference. Many consumers want also to **experience** new kind of food products, which are different in some way, they don't want to buy similar products all the time, they want to have variety. The consumers want e.g. to try foods from different cultures and areas. Also the locally produced products are often offering a variety in form of non-standardised products and products, which are culturally anchored. The last visible trend is the **ready food**; the reason for this trend can be related to the society we live in today. Consumers are convenient and have often little spare time, they don't want to spend a lot of time cooking after work, they prefer food, which is easily made and therefore, ready made food attract consumers. At the same time the need for fresh and tasty food is growing.<sup>32</sup>

The local food products can fulfil the needs of the most consumers. The individualists can find products, which may offer characteristics, which fulfil their specific needs like ethical, environment or support for the local economy issues. The consumers who want to experience new kind of products can find them in local food products with often non-standardised taste and regionally specific products. The consumers who dislike the standardised and global brand foods find an option in local food products, which is also seen in the growing interest in local products. The local food chain is more transparent, which is important for the consumer, especially when issues like ethics, health and hygiene are valued. These trends are enabling a market for the local products.<sup>33</sup>

## **2.3 Chapter summary**

The purpose of buying a product is to satisfy a certain need. The need might only be to satisfy hunger with the cheapest product or it might also be to fulfil other needs at the same time. These other needs could be to support the local producer or organic production. The environment of the consumer influences the needs by many different means, such as through learning, experience, culture or social situation. Food purchasing is strongly influenced by individual preferences, environment and the psychological processes. Behaviour in the Nordic countries is in general quite homogenous compared with many other countries, especially due to social and economic situation. We, for example, do not have any strongly differentiated social classes, although there are many differences in the consumer behaviour because of cultural differences. Local products can to a certain extent be compared with ecological products because they often have qualities, which are similar. Consumers, who consume ecologically produced products, might due to their values consume locally produced products. The current trends in food sector, globalisation, individualism, experience and ready food, are based on consumer behaviour. These trends are giving local food products an opportunity to increase their share on the market by offering consumers qualities, which many of the consumer's value.

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<sup>31</sup> Ibid.

<sup>32</sup> Ibid.

<sup>33</sup> Hansson. K. (2003). Framtidens mat: en fråga om kvalitet och etik.

The time spent making the purchasing decision divides the consumer purchasing behaviour into two main groups: LPS and EPS. Most food products can be classified as LPS products - the consumers buy these products all the time and usually they do not spend much time on thinking why these products should be bought. Once a consumer has found the product they prefer given their values, they often stick to this product. If locally produced products fulfil the preferences of the consumer as well, e.g. price or quality, they will probably buy it as any other product. Local food might be more than a LPS if a tourist buys it, because they often search for specialities when they travel and spend more time to decide what to buy.<sup>34</sup>

Locally made non-food products like crafts and art belong certainly to the category EPS, when the consumer needs time to think before purchasing due to often-higher prices. Although, food products can be classified as impulse buying and variety seeking, when consumers want to try something new.

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<sup>34</sup> Rijsselbergh, M. (2003, July 29) Telephone interview.

### 3. Labels to guide consumers decision making

This chapter will give an overview as to what a product label is, what kind of labels there are and why they are used. The chapter will also present the issues the consumers relate to food products and what kinds of problems are associated with labelling. By having knowledge of the different types of labels and why and how they are used, it is easier to understand the type of possible problems the local product label could face and therefore the potential it has.

#### 3.1 Role of product labelling

There are many parties engaged in shaping the information presented on the products, which is directed towards consumers. The parties can be the producers of the products, authorities or different organisations. The way the information is communicated by these parties to the customers can be done in various ways, such as term of agreements, marketing or by using a product label. For food products, product labelling is seen as the most important tool to inform the consumers.<sup>35</sup>

The purpose of product labelling is to inform the consumers of different qualities of the product, e.g. price, environmental status, place of origin, content, qualities and volume. The label might also be there to advertise the product.<sup>36</sup> Labelling can be in different forms, as the Nordic Council of Ministers presented in their report: *“Specifications, information, trademarks, pictures or symbols relevant to a food and appearing on packaging, documents, signs, labels or tags of any kind that accompany or refer to a food”*<sup>37</sup>

The interest towards labelling of food products among consumers has grown and there are many reasons why labelling of products has become more important than earlier among consumers.<sup>38</sup> For example, free trade within EU and freer trade globally has increased the movement of goods between countries. This development has both positive and negative consequences for consumers; positive effects are often cheaper prices and broader selection of products, and negative consequences may include the higher environmental impacts from transportation and faster spreading contaminated food.

Consumers are today more interested in health, environment and ethics, which to a certain extent have to do with recent food crises, the state of the environment and the introduction of gene-modified foods. People wish to receive more information concerning the food they consume. Labelling of products is seen as a way of providing consumers with information, giving the consumer the possibility to choose the product that reflects their values or preferences.<sup>39</sup>

Some definitions will be presented to give an example of what product labelling is. The purpose of food labelling is according to Nordic Council of Ministers:

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<sup>35</sup> Statens Offentliga Utredningar. (1999) *Märk väl: Betänkandet av utredningen gällande konsumentinformation om dagligvaror*. SOU 1999:7. Stockholm: Statens Offentliga Utredningar. p. 141-142.

<sup>36</sup> Ibid. p. 142.

<sup>37</sup> Nordic Council of Ministers. (2000). *Food Labelling: Nordic Consumer's Proposals for Improvements. A pan-Nordic survey of consumer behaviour and attitudes towards food labelling*. TemaNord 2000:573. Copenhagen: Nordic Council of Ministers. p. 12.

<sup>38</sup> SOU. (1999). *Märk väl*. p. 142.

<sup>39</sup> Nordic Council of Ministers. (1998). *Food Labelling*. TemaNord 1998:577. Copenhagen: Nordic Council of Ministers. p. 20.

*“Labelling should allow the consumer to judge a products contents, quality, use characteristics and nutritional value. It should be possible to evaluate the product in relation to its price, so to consumer can compare it with other products and make an informed choice based on personal references, needs and economy.”<sup>40</sup>*

Nordic Council of Ministers refers to EU’s general labelling directive definition on food labelling, which is:

*“The prime considerations for any rules on the labelling of foodstuff should be the need to inform and protect the consumer.”<sup>41</sup>*

### **3.2 Different types of labelling**

There are two main types of product labelling: mandatory and voluntary labelling. Voluntary labelling is in some cases partly regulated by legislative regulations. The labelling is primarily directed towards the consumer, who can make their purchasing decision according to own preferences.<sup>42</sup> The labelling presented below is focused on food labelling.

#### **Mandatory labelling**

Authorities in different countries demand certain labelling on food products, e.g. date marking, list of ingredients, alcohol content and name of the food. There is not any common regulation worldwide as to what kind of labelling a product should have although harmonisation is being undertaken in the EU. Food labelling in the EU is regulated by 40 different EU laws and is seen to be complicated.<sup>43</sup> The labelling demanded by the authorities is there to protect and inform the consumer of certain qualities of the product. There are also labels demanded by the authorities only in certain situations.<sup>44</sup> Authorities also have voluntary labels that can be used as an advertisement on the product, an example of which is the symbol “Gröna Nyckelhålet” (The green keyhole) which informs that the product consists of a lot of fibres. The purpose of such labels is to steer consumption in a certain direction, e.g. the green keyhole tries to promote healthier eating habits.<sup>45</sup>

#### **Voluntary labelling**

Declarations, which are beyond legislation, are called claims. Nordic Council of Ministers refers to the Codex definition<sup>46</sup> on a claim:<sup>47</sup>

*“A claim is any representation which states, suggests, or implies that a food has particular characteristics relating to its origin, nutritional properties, nature, production, processing, composition or any other quality”*

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<sup>40</sup> Nordic Council of Ministers. (1998). *Food Labelling*. p .11.

<sup>41</sup> Ibid. p. 27.

<sup>42</sup> Ibid. p. 15.

<sup>43</sup> Rubik, F. Scholl G. (2001). *Environmental Product Information Systems (EPIS) in the Member States of the European Union and in Norway- Preliminary Findings and Conclusions-*. Berlin. Institut für ökologische Wirtschaftsforschung GmbH, p. 16.

<sup>44</sup> Nordic Council of Ministers. (1998). *Food Labelling*. p. 21.

<sup>45</sup> Ibid. p. 15.

<sup>46</sup> Codex=General Standard for the Labelling of Prepackaged foods, Codex Alimentarius Volume VI codex Alimentarius Commission, FAO/WHO Roma 1987 and associated guidelines.

<sup>47</sup> Nordic Council of Ministers. (1998). *Food Labelling*. p. 53.

These claims usually point out special features of the products, or compare themselves with other products. These products may claim special production methods or special features in the products. These methods can be divided in health and nutrition claims, and other claims. Health and nutrition claims concern the content of the food sold.<sup>48</sup> The other claims are descriptive, for example, description of taste and condition, quality and origin, geographic, environmental and ethical aspects. Some symbols are not directly connected with the product, some symbols just show that it is supporting a particular organisation, such as the Panda symbol.<sup>49</sup>

As an example of environmental claims the International Organization for Standardization (ISO) division of environmental claims can be presented. ISO divides the claims into three different types.<sup>50</sup> These claims are mainly for non-food products.

- *ISO Type 1.* The first type is a third party label is defined as “*a multiple-criteria based third party programme that awards a licence, authorising the use of environmental label on products indicating overall environmental preferability of a product within a particular product category based on life cycle consideration*”.<sup>51</sup> This label means that it is granted by an organisation that has ensured the product has fulfilled certain criteria. Examples of this kind of labels are the (Nordic) White Swan (non-food), the Norwegian Ø (ecologic food) and the Swedish Falcon (non-food).<sup>52</sup> The symbol of the organisation ensures that the product carrying this label fulfil the organisation’s environmental criteria for this particular type of product.<sup>53</sup>
- *ISO Type 2.* The type 2 label can be defined as, “*self-declared labels used by manufacturers to indicate the environmental aspects of a product or service. The label may take the form of statements, symbols or graphics on product or packaging, product literature, advertising or similar*”.<sup>54</sup> The claim is often based on one dimension, e.g. biodegradability. The producing company is free to claim certain issues, but there are laws regulating what can be claimed. There is no specific organisation supervising the correctness of claims, the company itself ensures that the claims are true, however every consumer has the right to the information on which the claim is based.<sup>55</sup>
- *ISO Type 3.* Type 3 label can be defined as “*a label licensed by independent organisations, serving as a report card and providing information on the possible environmental impact of a product, leaving it to the consumer to decide which product is best*”.<sup>56</sup> An example of the third type is an environmental product declaration (EPD), which mainly focused on informing other

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<sup>48</sup> Nordic Council of Ministers. (1998). *Food Labelling*. p. 53.

<sup>49</sup> Ibid. p. 62-63.

<sup>50</sup> Stø, E. Strandbakken, P. (2002). *Advantages and limitations of eco labels as consumer and environmental political instruments*: Report from the European DEEP project. IIASA workshop, Lifecycle Approaches to Sustainable Consumption, November 2002, Laxenburg, p. 18. Austria.

<sup>51</sup> ISO 14024.

<sup>52</sup> Strandbakken, P. (2001). *Environmental Product Information Systems (EPIS) in Norway*. Lysaker. National Institute for Consumer Research. p. 7.

<sup>53</sup> Stø, E. (2002). *Advantages and limitations of eco labels as consumer and environmental political instruments*. p. 18-19.

<sup>54</sup> Mont, O. (2003) Environmental Product Communication. Lecture handouts. IIIIEE. Lund.

<sup>55</sup> Stø, E. (2002). *Advantages and limitations of eco labels as consumer and environmental political instruments*. p. 19.

<sup>56</sup> Mont, O. (2003) Environmental Product Communication. Lecture handouts. IIIIEE. Lund.

companies of the environmental impacts of a certain product. These labels are not primarily directed to the end consumers because they consist of environmental information that may be hard for the normal consumer to understand<sup>57</sup>. Product groups using EPDs are so far mainly machinery, equipment and construction materials. An example where an EDP is used is on ABB power transformer TrafoStar.<sup>58</sup>

Another label type are brand names and they are usually used by companies to promote the sale of their products, which do not necessary need to be a special product but can be many different products. The brand is usually associated with certain characteristics such as quality, which makes it easier to sell.<sup>59</sup>

### **3.3 Surveys made on product labelling**

#### **3.3.1 Nordic countries in general**

It is useful to know what kind of information the consumers are looking for on the product before they purchase or reject it. This can give indications as to what kind of information the products should be labelled with, and to what kinds of labels are viewed as less important by the consumer.

There appears to be five different factors the consumers take into consideration when they purchase a product according to their preferences. These five factors are economic, ethic and environmental, health and patriotic. The consumers search for products, which indicates these factors when they purchase a product. These factors are issues that arose from a Pan Nordic study assigned by Nordic Council Ministers and made by Advice Analyse A/S and ACNielsen AIM A/S (see Appendix 1). Similar results are found in other surveys made in the Nordic Countries.

#### **Economic**

In general man is seen to be a very rational creature, referred to as the “Homo Economicus”, in the report of Nordic Council of Ministers.

*“the consumer is a rational, economical aware individual who primarily weighs price against quality in a given purchasing situation”*

According to a survey conducted in the Nordic countries the large majority (two thirds) of people who answered the survey thought price was the factor that usually decided if the product was purchased. Price labelling is indeed a very important factor when a purchasing decisions is taken but it is not exclusively the most important factor. Empirical studies, that the Nordic Council of Ministers undertook showed that it is not only limited to price, decision-making is also based on many other issues.<sup>60</sup>

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<sup>57</sup> Stø, E. (2002). *Advantages and limitations of eco labels as consumer and environmental political instruments*. p. 19.

<sup>58</sup> Environmental Product Declaration (2003). [Online]. Available: <http://www.environdec.com/epd.asp?id=26> [2003, September 4].

<sup>59</sup> SOU. (1999). *Märk väl*. p. 67.

<sup>60</sup> Nordic Council of Ministers. (2000). *Food Labelling*. p. 38.



## **Environmental and ethics**

“Softer” values like environment and animal welfare is of importance for the consumers<sup>61</sup>, e.g. the majority of consumers would be willing to pay extra if animal welfare would be taken into account in the production process. Also products produced in an environmentally friendly way would be bought by the majority even if the price was higher.<sup>62</sup> These consumers search for labels indicating that the products are produced according to certain environmental or ethical rules, e.g. KRAV labelled.

## **Health**

Health is valued high in our society and food is, to a great extent, influencing our health.<sup>63</sup> Therefore healthy food plays an important role for many consumers, particularly young women who often search for nutrition value and ingredients before selecting and buying a product. An example on a label indicating healthier food is the “Gröna Nyckelhålet” (Green Keyhole), which indicate fibre-rich content, already mentioned earlier in the chapter. Some customers are also looking for certain labelling in order to avoid certain products, which according to their beliefs has a negative effect on their health. These labels can be, for example, labels of gene-manipulated products or labels indicating place of origin.<sup>65</sup>

## **Patriotism**

Country of origin is a factor of increasing importance in the Nordic countries.<sup>66 67</sup> The reason for this development depends on many different factors. The main reason is to support domestic production, economy and employment. Other reasons for looking for the country of origin are the belief of purer and better food in the home country. There might also be a personal protest behind this issue, people wanting to show their opinion by boycotting certain products from certain countries or areas e.g. of Norwegian whaling or genetically grown products.<sup>68</sup>

The information that a customer looks for depends also on what kind of products the consumer wants to buy. When the customers buy perishable food they usually read more of the labelling compared with non-perishable food. In general the price, best before date and date of production are the most read labels. The country of origin is of great value especially in meat, cold cuts, eggs and fruits and vegetables. This is presumed to depend to a certain

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<sup>61</sup> Viinisalo, M. (2000). Consumer Expectations Regarding Foods. *9 th International Symposium on Animal Nutrition*, October 2000, Kaposvár, Hungary. p. 6-7.

<sup>62</sup> Nordic Council of Ministers. (2000). *Food Labelling: Nordic Consumer's Proposals for Improvements. A pan-Nordic survey of consumer behaviour and attitudes towards food labelling*. p. 40-41.

<sup>63</sup> The North Central Initiative for small Farm Profitability. (2001). *Attracting consumers with locally grown products*. Food processing Centre Institute of Agricultural and Natural Resources University of Nebraska-Lincoln [Online]. Available: [http://www.foodmap.unl.edu/report\\_files/local.htm](http://www.foodmap.unl.edu/report_files/local.htm). p. 3.

<sup>64</sup> Govindasamy, R, Italia, J & Liptak, C. (1997). *Quality of Agricultural Produce: Consumer Preferences and Perceptions*. Rutgers Cooperative Extension, p. 32.

<sup>65</sup> Nordic Council of Ministers. (2000). *Food Labelling*. p. 42-44.

<sup>66</sup> Viinisalo, M. (2000). Consumer Expectations Regarding Foods. p. 6.

<sup>67</sup> Nordic Council of Ministers. (1998). *Food Labelling*. p. 61.

<sup>68</sup> Ibid.

degree on the recent scandals in the meat industry. What product information is of most importance is, according to the survey, hard to say because different consumers have different preferences in certain situations. But it is evident that labelling is an important tool for all parties involved with food.<sup>69</sup> Labelling makes it easier to the customer to find the products, which fulfils their specific needs according to their preferences.

### 3.3.2 Attitudes in Sweden

Swedes especially want country of origin labels on meat, cold cuts and eggs. The majority of Swedish consumers, as the rest of Nordic consumers, have an interest in buying domestic products and products that they are familiar with.<sup>70</sup> Swedes are worried mainly about mad cow disease, genetically modified food and different bacteria. Swedes are used to symbols and logos on food products and they have no problem in understanding them. Swedes are more positive towards logos and symbols on the products than the Nordic average, although there is still a majority in Sweden that prefer text instead of logos and symbols (56 %).<sup>71</sup> Also according to EC Commission Consumer directorate, Swedes are positive towards the use of symbols on products. According to this report the date labelling and the country of origin was the most read label.<sup>72</sup> The weakness in the use of logos and symbols according the report from Nordic Council of Ministers is that they do not contribute enough information,<sup>73</sup> but according to a Norwegian study in Norway, consumers especially prefer simple symbols instead of text sections on environmental products.<sup>74</sup>

### 3.4 Problems with labelling

Though labelling is a useful tool to inform about the product characteristics it is also associated with some problems. The sold products often carry many different labels that consumers might have problems understanding; especially different symbols and logos might cause problems,<sup>75</sup> although symbols make products more easily comparable with each other.<sup>76</sup> A weakness with the use of logos and symbols is that they do not contribute with a similar amount of information that a text could give.<sup>77</sup> This makes it hard to find and understand all the information the labelling wants to express, especially when the amount of voluntary labelling increases.<sup>78</sup> Another problem is that consumers might become confused as to which label information is objective or subjective.<sup>79</sup> Consumers also have problems in understanding

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<sup>69</sup> Nordic Council of Ministers. (2000). *Food Labelling*. p. 30-31.

<sup>70</sup> Ibid. p. 83.

<sup>71</sup> Ibid.

<sup>72</sup> SOU. (1999). *Märk väl* p. 81.

<sup>73</sup> Nordic Council of Ministers. (2000). *Food Labelling*. p. 92.

<sup>74</sup> Jönsson, K. (2000). Communicating the Environmental Characteristics of Products: The Use of Environmental Product Declarations in the Building, Energy and Automotive Industries. p. 49.

<sup>75</sup> SOU. (1999). *Märk väl* p. 143.

<sup>76</sup> Nordic Council of Ministers. (2000). *Food Labelling*. p. 51-52.

<sup>77</sup> Ibid. p. 92.

<sup>78</sup> SOU. (1999). *Märk väl* p. 143.

<sup>79</sup> Ibid. p. 141.

the content of the information provided on the food packaging, and may feel overloaded with information.<sup>80</sup>

Why people in general do not read product labels is due mainly to that people buy products they are already familiar with.<sup>81</sup> Especially elderly people, who more seldom read labels, and normally just buy familiar products. Consumers in general read labels when they buy a new product, after which they do not pay attention anymore to the labelling.<sup>82</sup> People are habitual creatures and they usually stick to certain brands that they have chosen according to their personal preferences. Consumers seldom change their preferences and therefore it is not important to read the labelling of the product every time a purchasing decision is made.

### **3.5 Chapter summary**

The consumers are more interested in food qualities than ever and they want to know more about the products before they buy it. Price is not the only factor that influences the purchasing decision although it is an important factor. Consumers want to buy products that fulfil specific needs. Consumers are today interested in, for example, environment, ethic, health and domestic welfare, and these factors are influencing which products are bought.

The most effective way of informing the consumers of food qualities is by product labelling. The product label informs the consumers of the product's qualities and this way the consumer can make a purchasing decision according to their preferences. However the consumer might have problems in understanding the meaning of a product label if it is presented in form of a logo or symbol, especially when there are many different voluntary symbols and logos within the market.

The labelling of local products could be an opportunity to promote local produce taking into consideration the present trend, and that local products have the similar attributes as domestic products. But it is of importance that the locally produced products fulfil the criteria expected of them. If certain properties are related to this locally produced label it might become a brand, which are then associated with certain qualities and makes it easier to sell the product.

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<sup>80</sup> Nordic Council of Ministers. (2000). *Food Labelling*. p. 27-28.

<sup>81</sup> Nordic Council of Ministers. (2000). *Food Labelling*. p. 26.

<sup>82</sup> *Ibid.* p. 65.

## 4. Locally produced products

The purpose of this chapter is to define what the word local can mean and explain which qualities consumers expect from local products. The problems associated with the local products are discussed and the preferred outlets for locally produced products are presented.

### 4.1 Introduction

Locally produced food products are today seen as a new interesting area in many countries, on the forefront of being developed as a new growing market. For example, in the UK there is an increasing interest towards locally produced food at a governmental level, and within academia and the media. The British “Policy Commission on the future farming and food” expects that local food will step into the mainstream in the short future.<sup>83</sup> Food is not only seen as a life-supporting tool that must be purchased for the cheapest price; it has also to fulfil customer specific needs before it is purchased.

With the economical prosperity of the consumers - especially in the Western world - new values are emerging; issues such as ethics, health and environment begin to play a more vital role among the consumers. The goal of only fulfilling the basic human needs is no longer the top agenda of the Western world consumer. Moral, origin, culture and history are also penetrating the thoughts of the consumer in food consumption. This change in behaviour is opening new business opportunities for new and old market actors, especially for the countryside possibly leading to its revival.<sup>84</sup>

The quality and origin of food are becoming more important to the customer than previously, and the crises within the food industry during recent years have particularly made consumers more sceptical towards large-scale production, viewed as not sufficiently transparent. Local food production is more transparent and therefore it is easier to build up a closer relationship between the consumers and the producers, increasing the reliability of a food product<sup>85</sup>

Locally produced products are closely associated to the earlier mentioned issues and therefore are an area that interests people. Customers in general consider that locally produced food products are fresh, tasty and healthy, and that they are traditionally and more naturally produced than mass-produced products. Locally produced products can also be identified with a beautiful countryside and to a certain local identity. This interest in locally produced products has a positive impact on the countryside, for example, it spares the rural views by sustaining local farming, it increases flow of money to the local economy and decreases the need for transportation and therefore air pollution.<sup>86</sup>

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<sup>83</sup> Kneafsey, M. Ilbery, B. & Hein, R. (2003). *Local Food Activity in the West Midlands*. Coventry University. Available: [Online] [http://www.localfoodworks.org/Web/SA/SAWeb.nsf/b663df7c7f96694580256bd8003b9129/b30721a9a9e9287080256c6005308a7/\\$FILE/West%20Midlands%20Local%20Food%20Activity%20Report.pdf](http://www.localfoodworks.org/Web/SA/SAWeb.nsf/b663df7c7f96694580256bd8003b9129/b30721a9a9e9287080256c6005308a7/$FILE/West%20Midlands%20Local%20Food%20Activity%20Report.pdf) [2003, July 3]. p. 19.

<sup>84</sup> Sevebrant, Elise. (1998), *Vad tycker konsumenterna om närodlat*. Examensarbete 184. Svenska Lantbruksuniversitetet. Uppsala p. 1.

<sup>85</sup> Ohlsson, T. (2003). Regional Culinary Heritage: A European Network for Regional Foods. *In: Local Food & Tourism International Conference*, November 2000, Larnaka, Cypros. p. 133.

<sup>86</sup> Rural tourism: (2003). *Advice pack a*. [Online]. Available: <http://www.ruraltourism.org.uk/index.php?s=4&p=introduction> [2003, June 14].

## 4.2 Definitions of “local”

But what is locally produced? Every consumer has an opinion as to what is locally produced depending for example on where they live and on their attitudes, beliefs and values. For one person local may mean Skåne and for another it may mean a single municipality. Also different organisations promoting locally produced products have their own version of locally produced. There is no particular right or wrong definition for ‘local’, and the term depends on who uses it and for what purpose.

For example, in the UK producers are very interested in creating a legal definition of the term ‘locally produced’ because this way the producers are able to prove that it is locally produced. When there is a reliable way of reassuring the consumer that the product is local, producers believe their sales will increase.<sup>87</sup> Some countries such as Italy have introduced a legal definition on local products on certain products like wine and food to ensure the origin is local.<sup>88</sup> The word local will probably be a floating concept for many consumers although it may eventually get a legal definition. According to Sevebrant, consumers are not aware of the differences between, for example, local products and organic products,<sup>89</sup> which shows that the term local is not only confusing in terms of the geographical area.

Especially in countries where there are no legal definitions on local products, different organisations have been established to promote locally produced products by, for example, creating own product labels for locally produced products. Every organisation has its own criteria for what local products are and what must be fulfilled to receive the local product label.<sup>90</sup> In the Waddensee area in the Netherlands there is an organisation with a local label called “*Waddenproducten*”. This organisation requires that the product is produced within a certain area and that a certain percentage of different raw materials must come from within the specified area to obtain this label.<sup>91</sup> By using local product labels producers wish to reassure consumers that products are produced within a specific area and these may have qualities that differentiate them from non-local products.

To give an idea of what ‘local’ could mean, some examples of definitions will be presented of what certain organisations or persons think local or local produce is. According to the rural tourism organisation in UK, locally produced is

- “*food and drink that is produced in the local area or local speciality food that has a local identity.*”<sup>92</sup>

The definition includes farm gate sales, regionally branded and locally produced products, and special local products that are in some way distinctive to an area. Crafts can also be considered local products.<sup>93</sup>

Sevebrant defines local produce as: (free translation);

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<sup>87</sup> Kneafsey, et al. (2003). *Local Food Activity in the West Midlands*. p. 22.

<sup>88</sup> Mazzini, E. E-mail correspondence (2003, August 18).

<sup>89</sup> Sevebrant, Elise. (1998), *Vad tycker konsumenterna om närodlad*. p. 19.

<sup>90</sup> Kneafsey, et al. (2003). *Local Food Activity in the West Midlands*. p. 22.

<sup>91</sup> Rijsselbergh, M. Stichting Waddengroep (2003, July 29) Telephone interview.

<sup>92</sup> Rural tourism. (2003). *Advice pack b*.

<sup>93</sup> Rural Tourism. (2003). *Advice pack a*.

- *Local produce is where the production of raw material, processing, distribution and consumption are integrated within a geographical area, which is defined as close or local.*<sup>94</sup>

According to National Association of Farmers markets in UK:

- *Local is the area within a radius of 30 miles from the market, and for larger cities and coastal or remote towns and villages, a radius of 50 miles. The borders may be county boundaries or other geographic designations.*<sup>95</sup>.

According to Foundation for Local Food Initiatives:

- *“Local means the shortest and simplest route from field to plate. In some cases a set distance defines this. In all cases, a self contained local trading area with close contact between all parties and few middlemen.”*<sup>96</sup>

All of these definitions of local are of a very general type, but every one of these definitions is in some way connected to a certain geographical area. Behind every definition there are usually more specific rules as to what has to be fulfilled to be a local product.

### **4.3 Interest in local products**

Most of Swedes, as mentioned earlier, are interested in buying food products produced in Sweden, but only few are interested in buying locally produced food products. According to a survey Mathinsson et al. undertook in Sweden concerning vegetables (which Sevebrant refers to in her paper) only 10 % of the respondents preferred to buy locally produced products, while approximately half of the respondents preferred to buy Swedish vegetables.<sup>97</sup> Also Ekelund et al. in their survey on consumer attitudes towards locally produced vegetables reported that half of the people interviewed said they would buy Swedish grown whilst only 14 % stated that they would buy locally produced and one third of the people stated that they did not care from where the product originated.<sup>98</sup>

Sevebrant also refers to a mail survey regarding meat purchasing performed by Drake & Holm during 1989, wherein only 4 % said that they care if the meat is produced close by and one third of the people stated that they did not care from where the product originated. Taste and appearance were the main issues, more so than local production<sup>99</sup>. Today the situation might be different taking into consideration the different crises in food production that have occurred lately. These previous results would seem to indicate that local produced food products are not of interest for the consumers. Domestic products are in general more relevant than locally produced. This result is contradictory to the current trend. The interest in locally produced food products was, according to the surveys by University of Nebraska and the State University of New Jersey, much higher compared with the Swedish Surveys. The

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<sup>94</sup> Sevebrant, Elise. (1998), *Vad tycker konsumenterna om närodlad*. p. 1.

<sup>95</sup> Kneafsey, et al. (2003). *Local Food Activity in the West Midlands*. p. 19.

<sup>96</sup> Ibid.

<sup>97</sup> Sevebrant, E. (1998), *Vad tycker konsumenterna om närodlad*. p. 3.

<sup>98</sup> Ekelund, L. Fröman, E. (1991). *Konsumentattityder till grönsaker. En studie av konventionellt och ekologiskt odlade produkter*. Report 60. Alnarp: Institutionen för trädgårdsvetenskap. p. 4.

<sup>99</sup> Ibid. p. 4.

reason not for buying locally produced products in the survey undertaken within the United States appeared to be more lack of supply than demand.<sup>100</sup>

The reason for the lack of interest in locally produced products may have many different explanations. One reason for this might be that locally produced products are associated with higher prices compared with non-local products and therefore the interest is lower. The poor availability of locally produced products as mentioned earlier could also reduce the interest towards local products.<sup>101</sup> The lack of interest towards locally produced products could also to a certain extent depend on where the survey is performed. For example, according to Ekelund et al., consumers in Skåne prefer domestic vegetables to local as most fruits and vegetables within Sweden come from Skåne.<sup>102</sup> One other explanation for this development is that these Swedish surveys were carried out before the food sector faced many different scandals. Today the survey results may well be slightly different.

#### **4.4 Preferred characteristics of food**

In general there are certain prerequisites a food product must fulfil before a consumer buys it. To reveal the preferred characteristics of food, both the Swedish and foreign surveys were analysed. The survey results differ somewhat from each other due to the different objectives and parameters they were using, but it can be identified that the results were very similar. The main characteristic found in all surveys analysed to be of most or second most importance when food products were purchased was quality and freshness of the product.

Other qualities stressed by US consumers, according to the University of Nebraska and State University of New Jersey, included the taste, nutrition, health and price. Consumers interpreted the health aspect as meaning less use of chemicals in food production.<sup>103 104</sup> These qualities seem also to be of importance for Swedes, but the primary difference between the US and Sweden and other Nordic countries is that the majority of Swedish and Nordic consumers prefer to buy products domestically produced<sup>105</sup>, while the US consumers do not value country of origin as highly. The reason for this might be that the US has a huge agricultural sector and few agricultural products are imported to the US; therefore they do not see imported food products as important.

Swedes relate domestic production to quality; that is, they believe that Swedish grown food products have a higher and more consistent quality than that of imported products.<sup>106 107</sup> Another characteristic viewed as important when a purchasing decision is made, is the price of

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<sup>100</sup> The North Central Initiative for Small Farm Profitability. (2001). *Attracting Consumers with Locally Grown Products*. Food Processing Center Institute of Agricultural and Natural Resources University of Nebraska-Lincoln. [Online]. p.22. Available: [http://www.foodmap.unl.edu/report\\_files/local.htm](http://www.foodmap.unl.edu/report_files/local.htm).

<sup>101</sup> Rijksuniversiteit Groningen. (2001). *Streekgebonden producten in het Waddengebied*. EC 117. Groningen: Rijksuniversiteit Groningen. p. 7.

<sup>102</sup> Ekelund et al. (1991). *Konsumentattityder till grönsaker. En studie av konventionellt och ekologiskt odlade produkter*. p. 22.

<sup>103</sup> The North Central Initiative for Small Farm Profitability. (2001). *Attracting Consumers with Locally Grown Products*. p. 66.

<sup>104</sup> Govindasamy, et al. (1997). *Quality of Agricultural Produce: Consumer Preferences and Perceptions*. p. 32.

<sup>105</sup> Szatek, A. (2001). *Vägen till Marknaden ekologiska produkter*. Slutrapport: LRF och Ekologiska Lantbrukarna. LUI Marknadsinformation AB. p. 11-12.

<sup>106</sup> Ekelund et al. (1991). *Konsumentattityder till grönsaker. En studie av konventionellt och ekologiskt odlade produkter*. p. 9.

<sup>107</sup> Sevebrant, E. (1998). *Vad tycker konsumenterna om närodlat*. p. 14.

the product.<sup>108</sup> Price is often a decisive factor as to which product is bought, especially if both products have similar qualities.<sup>109</sup>

## 4.5 Price

Although the interest towards locally produced products is growing there are still certain obstacles to overcome, in order to make it more interesting to the larger consumer groups. Although locally produced products would fulfil the same requirements as non-local equivalents they would not sell as well as the non-local produced or grown products if the price were higher. According to the surveys of Sevebrants and Ekelund et al., the majority of the consumers are not willing to pay more for locally grown products. For example, according to Nebraska University approximately 40% of the consumers would pay a price premium for locally produced product. About half of the consumers would prefer to pay an equal sum for the locally produced or grown products compared with a non-local product.<sup>110</sup> Sevebrant came to similar results regarding the willingness to pay for locally produced products.<sup>111</sup> <sup>112</sup> This could be seen as an indication that the price of locally grown products must be in the same price bracket as the non-local products.<sup>113</sup> The willingness to pay is, according to the University of Nebraska, also depending on where consumers live; consumers living in urban or suburban are less price sensitive than consumers living in rural areas or in small towns.<sup>114</sup>

Locally produced product is some times more expensive than non-local due to higher production costs. Therefore it is of importance to diversify local products in some way in order to be able to sell them. According to the U.S. survey made by the University of Nebraska and the British Institute of Grocery Distribution, local products should have qualities that are superior to the non-local products<sup>115</sup>. It is not possible for the local producers to compete on the basis of pure goodwill. Local products must have something that differentiates them from the mainstream products.<sup>116</sup> By combining many different characteristics is it possible to get a higher price for the local product.<sup>117</sup> These characteristics could, for example, be environmental or ethical qualities.<sup>118</sup> These results seem to be a bit different to what was expected taking into consideration that local produce is many times associated with environmental, ethical and purer food. This, according to the Nordic Council of Ministers survey, is a reason for paying more for these kinds of products.

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<sup>108</sup> The North Central Initiative for Small Farm Profitability. (2001). *Attracting Consumers with Locally Grown Products*. p. 8.

<sup>109</sup> Ibid.

<sup>110</sup> The North Central Initiative for Small Farm Profitability. (2001). *Attracting Consumers with Locally Grown Products*. p. 16.

<sup>111</sup> Sevebrant, E. (1998). *Vad tycker konsumenterna om närodlad*. p. 15.

<sup>112</sup> Ekelund et al. (1991). *Konsumentattityder till grönsaker. En studie av konventionellt och ekologiskt odlade produkter*. p.4.

<sup>113</sup> Sevebrant, E. (1998). *Vad tycker konsumenterna om närodlad*. p. 13.

<sup>114</sup> The North Central Initiative for Small Farm Profitability. (2001). *Attracting Consumers with Locally Grown Products*. p. 66.

<sup>115</sup> Ibid. p. 3.

<sup>116</sup> Kneafsey, et al. (2003). *Local Food Activity in the West Midlands*. Coventry University. p. 23.

<sup>117</sup> Govindasamy, et al. (1997). *Quality of Agricultural Produce: Consumer Preferences and Perceptions*. p. 3.

<sup>118</sup> The North Central Initiative for Small Farm Profitability. (2001). *Attracting Consumers with Locally Grown Products*. p. 3.



## **4.6 Preferred place to purchase locally produced products**

The majority of the people are interesting in buying the locally produced products in a grocery store where all other products are bought, because it is much more convenient to buy everything from one place. According to Ekelund et al. on vegetables over 90% of the consumers always or most often buy them from the grocery shop.<sup>119</sup> The Sevebrant survey on locally grown products came to the similar conclusion that consumers would prefer to buy their locally grown products from the grocery shop.<sup>120</sup> To buy directly from a farmer or market is only an additional place to buy them, the reason for a purchase here appearing to be often scarcity of time.<sup>121</sup> According to Ekelund et al. only about a third of the respondents in survey would like to buy the vegetables directly from the farm.<sup>122</sup>

According to a U.S. study performed by the University of Nebraska a similar result to the Swedish surveys occurred: most of the consumers preferred to buy the products from the grocery store. But on the contrary to the Swedish survey, there seemed to be more interest in buying from a so-called farmers market and directly from the farmer. According to a survey undertaken in the Netherlands, there is an increasing demand in locally produced products within the grocery shops, which shows that consumers are interested in these products and they want to buy more of them in the grocery shops.<sup>123</sup> These results indicate that the most proper way of selling local produced products are in grocery shops.

## **4.7 Chapter summary**

The interest towards locally produced products grows, and there are many organisations that are promoting their products by implementing local labels to enhance their sales. There is no direct answer to the question of what local constitutes, because people associate local differently. No general definition has been created to answer what local is although there are many different proposed definitions. The creation of a legal definition of local would, according to some parties, increase the sales of local products by ensuring their local origin. The common denominator for local is that it is usually combined with some geographical area but the definition of local can be formulated according to the needs of the user. In spite of the fact that there is no common definition for the term 'local', there are great interests in local products and the values they present in the Western world. The characteristics associated with locally produced food especially in Sweden are freshness, quality and support to the local producers. However the interest in it is lower than in domestic products, which may depend on many factors such as higher price or availability of the local product.

Locally produced products are also associated, for example, with health, environment and ethics, and consumers are buying them in order to fulfil certain needs. The label proving that the product is locally produced is not enough to sell the product; the locally produced products must also fulfil certain criteria. The most important criteria is quality, which must be equal with the non-local products, otherwise the products will most probably not sell. To be able to sell a local product for a premium price, the local product must have more qualities than a non-local product. The majority of consumers are not willing to pay a premium price

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<sup>119</sup> Ekelund, et al. (1991). *Konsumentattityder till grönsaker. En studie av konventionellt och ekologiskt odlade produkter*. p. 20.

<sup>120</sup> Sevebrant, E. (1998), *Vad tycker konsumenterna om närodlad*. p. 14.

<sup>121</sup> Ekelund, et al. (1991). *Konsumentattityder till grönsaker. En studie av konventionellt och ekologiskt odlade produkter*. p. 22.

<sup>122</sup> Ibid. p. 4.

<sup>123</sup> Rijksuniversiteit Groningen. (2001). *Streekgebonden producten in het Waddengebied*. p. 6.

for the locally produced products. Although local products are popular it seems that domestic products are more interesting in the eyes of the Nordic consumers, however this does not necessarily mean that people do not like local products.

The most preferable outlets for locally produced food products are, according to the consumers, the grocery shops. People prefer to buy all products in the one place because they think it is more convenient. There is however a minority interested in purchasing products directly from the producer. The grocery shops are places where the majority of the consumers are reached and therefore it seems to be a proper place to sell locally produced products.

## **5. Experience of local product labels**

This chapter gives an overview of two local product schemes, one in the Netherlands and one in Italy. The experience of the local labels in these schemes will be presented to gain knowledge of the problems and the possibilities associated with them.

### **5.1 Introduction**

To gain knowledge of how local product labels are functioning in real life it is of importance to study how other local product labels have succeeded. There are many different local product labels all over the world, of different sizes and consisting of different products. For this study two different local labels have been chosen, the Waddenproduct label in Netherlands, and the Wine and Flavours Route of Imola Hills in Italy. These local labels have been chosen because they differ to a certain extent from each other in the way the local products are sold, but both share the same function of promoting locally produced products. The goal of these labels is to promote the sales of local producers' products and thereby support the local economy and increase the local identity of the area. These two labels are directed both toward tourists and local consumers. The Italian local label has slightly more focus on tourists than the local label in the Netherlands. The local Label in the Netherlands is promoting its products also outside of the local area.

The information for this study was collected from the Italian counterpart via e-mail and as a telephone interview with the counterpart in the Netherlands. The questions asked are summarised in Appendix 2. Additional information about these labels has been gained by using the Internet and available literature concerning these labels. This chapter will shortly introduce the product's labels in respective country and then summarise the results from the survey.

#### **5.1.1 Waddenproducten**

Waddenproducten has its roots on Texel Island in the Waddensee area, which is the coastal area in the northwest part of the Netherlands, which reaches up to Denmark in the north. The area is characterised by its special nature, which attracts a lot of tourists. A local product label called the Texel label was introduced 25 years ago on the island.<sup>124</sup> The purpose of the label was to promote the local producers' products on the Island of Texel. Today there are three different organisations "Stichting Stimuleren Texel Products", "Vereniging Texels Product Promotie" and "Stichting Waddengroep" with different local labels active in the area. All these three different labels have a slightly different approach to local products. All three organisations focus both on tourists and local consumers. The organisation Stichting Stimuleren Texel Products tries to support the creation of new companies, especially focusing on the traditional lamb and sheep product chain. The Vereniging Texels Product Promotie assists producers on the Island in promotion of their products. These products: are based on recipes originating from Texel; or consist of raw material of which at least 75% comes from, or is produced on, the island." The members of Stichting Waddengroep with the label Waddenproducten are selling their products also outside of Texel Island, whereas the two

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<sup>124</sup> Rijsselbergh, M. Stichting Waddengroep (2003, July 29) Telephone interview.

other initiatives focus on Texel's consumers. The products these organisations sell are both food and non-food products.<sup>125</sup>

Waddenproducten was introduced because the Texel label had to loosen regulation of the percentage of products that should consist of local raw materials, at the same time that the production area was increased. The products, which also are sold outside the Dutch Waddensee area by the Stichting Waddengroep, are mainly food products coming from Texel Island or the first 25 kilometres of mainland bordering the Waddensee. According to the rules 51% of the product should come from this certain area; this percentage is only a minimum level for a certain products, which are not produced in the area. All Stichting Waddengroep food products are produced by organic or bio-organic farms.<sup>126</sup> The main market area is the Waddensee area but they are also sold all over The Netherlands, and in 600 shops in Belgium and Germany. The producers pay 5% of their turnover to a trust that takes care of product development, advertisement and distribution channels. The products produced by the organisation are usually differentiated from other products outside the Wadden sea area to make them special and interesting.<sup>127</sup> The Waddenproducten has become a brand associated with certain properties, which attracts the consumers.



Figure 1 Logo of Waddenproducten

### 5.1.2 The Wine and Flavour Route of Imola Hill

The Wine and Flavour Route of Imola Hills is situated in the northern part of Italy. The area consists of 10 municipalities: Imola, Castel S. Pietro Terme, Dozza, Castel Guelfo, Ozzano dell'Emilia, Castel del Rio, Casalfiumanese, Borgo Tossignano, Fontanelice, and consists of 787 sq km with a population over 100,000 inhabitants. The main city in the area is Imola with 60,000 inhabitants.<sup>128</sup> The area consists of both industrial and rural areas. Industry consists of wine and food factories, mechanical and ceramic companies. In rural areas vegetables and wine are produced, and sheep, cows and pigs are bred. The idea of starting the association for wine and food promotion was pushed by Imola municipality who wanted especially to promote tourism with gastronomic itineraries. By offering local consumers and particularly

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<sup>125</sup> Van der Ruim, R., Caalders, J., Cordero, A., van Duynen M. & Ritsma, N. (2001). *Developing sustainable tourism: The case of Manuel Antonio and Texel*. Buiten Consultancy, Utrecht/Department of Environmental Sciences; Socio-spatial analysis/Recreation&Tourism Wageningen University and Research Center/Latin American Faculty of Social Sciences (FLASCO), San José. 101.

<sup>126</sup> Van der Ruim, R., et al. (2001). *Developing sustainable tourism*. p. 102.

<sup>127</sup> Rijsselbergh, M. Stichting Waddengroep (2003, July 29) Telephone interview.

<sup>128</sup> Systema Informativo Turismo. (2003). [Online]. Available: [http://193.109.105.5/stai/home\\_e.htm](http://193.109.105.5/stai/home_e.htm) [2003, August 10].

tourists locally produced products would it be possible to support the local economy.<sup>129</sup> To become local, a product has to be connected with the specific geographical area and it should be characterised by high standard of quality. The definition of local is specified in the regional and national laws. The products sold in the Italian scheme are food, wine and handicraft targeting mainly tourists.



*Figure 2 Logo of the Wine and Flavour Route of Imola Hill*

### **5.1.3 Comparative analysis of the local label schemes**

A description of the results from the e-mail interview and the telephone interview on Waddenproducten and the Wine and Flavour Route of Imola Hills will be presented below according to main question groups, which can be found in Appendix 2. After presentation, the results will be summarised. The Italian label for the Wine and Flavour Route of Imola Hills will, due to its long name, be called the 'Italian label' in this summary. For the local label from the Netherlands the country name (the Netherlands) and Waddenproduct will be used in parallel with its organisation, Stichting Waddengroep.

#### **Defining of local products**

The two local labels have clearly a different way of defining a local product; the Italian label is strictly steered by legislation, whereas the Waddenproducten follows the rules developed by the organisation. According to the Italian scheme the local products are connected with a geographical area, which is characterised by high quality. The regional and national laws classify different products (e.g. wine and food) into different categories with different abbreviations e.g. I.G.P, meaning a certification of geographic origin. These products should have, for example, a certain cultural and historical traditions to be a local product.

The organisation for the Waddenproducten, Stichting Waddengroep has created certain rules, appointing the criteria for becoming a Waddenproduct. Waddenproducts are products that come from Texel or the first 25 kilometres of mainland bordering the Wadden Sea. At least 51% of the raw material must be from this specific area, but the percentage varies in accordance to the product in question. The 51% level is only for products whose ingredients are impossible to produce in the area, such as sugar. The similarities between these definitions are a certain geographical area.

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<sup>129</sup> Mazzini Elisa (2003, August 18). E-mail interview.

The product types, which may be granted the local label within these two schemes, are similar. According to the Italian scheme the products suitable for local labelling are food, wine and handicraft products. The products that can be granted the Waddenproduct label are food, drinks and crafts. The Waddenproduct has had some problems in defining what a local craft is due to its special character. There are no direct rules for products as crafts, as there is a problem in defining a local craft. In illustration, is it enough that the product is produced in the area, or should the raw material come from the area, or should instead the craft be special for the area?

The main sales period for the local products differ between these two schemes. The products sold in Italy are mainly sold as seasonal products because they sell a lot of perishable agricultural products. The Waddenproducts are to some extent seasonal too, but the production is developed in a way that the producers can change the type of products they sell according to the season.

The sales area is also different between these two schemes. In Italy the products are mainly sold within the local area, with some exception of some wine and fruits, due to the perishable type of the products and the low production capacity. Due to the type of Waddenproducts these can be transported outside the local area.

### **Consumer demands for locally produced products**

The attitudes towards the locally produced products are positive among local consumers and tourists both in The Netherlands and Italy. According to the Italian organisation the local products are seen as qualitative, healthy and are associated with a certain local identity. The Waddenproducts are considerably unlike mainstream products, having a certain character for merely originating from the Wadden area. Because Waddenproducts are both sold outside and inside the production area, the products must have certain characteristics diversifying them from other similar products, particularly when they are sold outside the production area. Therefore the products may consist of certain raw material, typical of the Waddensee area, to make them different. Tourists visiting the area consider the Waddenproducts to be generally special and not in need of any other characteristics than that they are from the Wadden sea area. The Waddenproduct gives tourists a holiday feeling and are consider being nice products to give as presents. The negative attitudes the locally produced products face are related to the quality. Due to many small producers there may be problems to maintaining consistent quality, although this is regarded as a minor issue.

The consumption of the locally produced products is quite evenly divided between the consumers and tourists both for food and non-food products in Italy. The majority of products sold within the Waddenproduct label are food but it is not presently possible to specify the sales to local consumers and tourists due to seasonal production and export.

Both local consumers and tourists in both the schemes buy the locally produced products. The non-food products in Italy, which interest tourists, are products with Italian design. The qualities for local products stressed by the Italian scheme are the freshness of the product and better quality than non-local products. The superior quality of the products was not seen as important for the Stichting Waddengroep as it was for the Italian counterpart. The most important factor for Waddengroep was that it was local; of course the quality has to be sufficient to interest also the local people.

## **Labelling of products**

The main reason for using the local product label in Italy is to create a new way of promoting sales of the products in the region, particularly by offering a route in the area along which tourists can travel and purchase local products on the way. The purpose of the label is also to ensure a high quality of local products and to support the Italian economy. For Waddenproducten the most important issue is to make the local production known and thereby promote the sales of local products both in the Wadden sea area as well as outside this area.

There are various kinds of producers taking part in these schemes, from cover producers to vegetable growers. The main focus of these schemes is small enterprises, but within the Stichting Waddengroep scheme are there also large enterprises.

## **Place and price**

The local label is not limited to use in one specific place; the label is used in various places mainly on the product package. In Italy the local label is also used along roads to mark where the local products are sold, and in brochures to stimulate the consumption of the local products. The Waddenproduct label can be shown on restaurant menus, if the restaurant is offering a typical Wadden Sea food consisting of Waddenproduct ingredients.

In Italy the locally produced and labelled products are sold in various places, such as shops, supermarkets, farms and restaurants. According to the Italian scheme the most preferred place to buy the labelled products are farms and shops. The Waddenproducts are mainly sold in shops and restaurants all over and outside of the country.

The prices of locally produced and labelled products are more expensive than non-local products. The prices level differs a lot between the two schemes, in that the Waddenproducten are considerably more expensive compared with the Italian scheme. The price is up to 60% more expensive compared with non-local products. The reason for this is that the Waddenproducten are grown by organic or bioorganic farms; otherwise the product would cost approximately 30 % more. The prices in the Italian scheme are about 20% higher than non-local products. Tourists are especially interested in buying locally produced products in both schemes, but local consumers are also interested in these products, despite that the products are more expensive.

Product differentiation takes place according to the product labelling schemes. According to the Italian scheme the locally produced and labelled products should be differentiated if they are sold in shops or supermarkets, and should have an evident quality brand, label and style. But when the local products are sold on farms they do not need to be differentiated in any special way due to the lack of competition. The Waddenproducts do not need to be differentiated in any special way if sold to tourists, as it is enough that the consumers identify that they originate from this specific area. For other consumer groups the products must be differentiated in some certain way, e.g. by using some raw material in the food particular to the Waddensee area. The Stichting Waddengroep is continuously developing new products that can be launched on the market.

## **Experience from developing the labelling scheme**

Both the Italian and Dutch labelling schemes have undergone positive development. The sales of participating companies have risen in Italy, the scheme has increased interest in local and

cultural traditions, and it has promoted natural and agricultural features. Additionally it has developed a new kind of tourism, for example, interest in cooking courses and visits to typical production sites. The problem with the product labels occurring for both the Italian scheme and the Waddenproducts is in maintaining high and consistent product quality.

The Waddenproducts have been a great success and the majority of the companies taking part in the organisation have enjoyed splendid economical growth. The Italian organisation is still quite young and it is hard to determine concrete results yet; however there seems to be an increasing interest in this concept.

The local product label has been a very good way of promoting local production to both schemes, especially among tourists. The labelling of the local products is also a way of making the products known outside the specific area. The recognition of these local labels also opens markets for sales outside the specific area.

## **5.2 Chapter summary**

The labelling of the products seems to be a good way of promoting locally produced products among local consumers and tourists. These local product labels have had a positive effect on the region by bringing money to the local producers and making their products and area more known amongst consumers. Especially in Italy these have created a new kind of tourism and made people more interested in their culture and traditions. The local product labels have also enabled to charge a premium price for the products, especially as tourists are willing to pay a higher price for the locally produced product without having any special characteristics other than that it is from the special area, although this does not mean that the product quality is less important. If the local products are going to be purchased of local consumers and customers outside the production area, then the products must maintain a certain quality. A problem particularly associated with small-scale production of local produced products is upholding high quality. To make the products more attractive they should have some special characteristics differentiating them from other products, especially if the products are sold outside the production areas for a premium price as the Waddenproducts are. The labelling of the products occurs mainly on the product packaging, but the label can also be used in places where the local products are sold. The most preferred place to purchase the products seems to be in shops or directly from the producers.

The sale of a local product does not necessarily mean only income for the producer; it might have more far reaching consequences. Local products can increase interest in own culture and it can also increase the knowledge of the production area amongst tourists, which increases the interest in the region. The creation of a local product label additionally incorporates continuous development to keep the products attractive and qualitative, in order to satisfy future consumer needs.



## **6. Söderslätt consumer surveys**

This chapter will present the target consumers for the planned product label: local consumers and tourists at Söderslätt. It will briefly explain tourism in the Söderslätt area and certain characteristics of tourist behaviour. Furthermore the results from a local consumer and tourist survey carried out at Söderslätt will be presented with figures and comments.

### **6.1 Context**

The concept of a local product label is not a new idea. It has already been tested in the Söderslätt area as a pilot project, and has had positive results. But to be able to launch the project on a larger scale and make it more official, regulations and rules must be developed for this concept. Also consumer attitudes towards locally produced products must be investigated as what kind of local label would be appropriate for the area.

Who will purchase the locally produced and labelled products? The key consumers are the local inhabitants, consisting of about 102,000 persons spread over whole Söderslätt. Local consumer interest towards locally produced products will determine if the locally produced products and the local product label will contribute to regional development. Another group of people with purchasing power are tourists, who can contribute to regional development by consuming products in the area, especially locally produced products. Tourists are often interested in product produced locally, and by offering such products marked with a local label, enables them to choose locally produced products. Tourists often want to try something considered typical of the area and different to what they are used to. They usually purchase both food and non-food products. Although the Söderslätt area is not commonly known to be a typical tourist area, the municipalities in this area have plans to make it more attractive and by offering local products to the tourists they hope this will contribute to positive regional development.

### **6.2 Survey methodology**

This section will describe how two different customer surveys were performed and the kind of results produced. This part of the chapter starts with an explanation of the survey and what kinds of consumers were interviewed. Thereafter the results of the survey will be presented and analysed. These results, together with the earlier analysed material, will provide data to support or reject the support of a locally produced and labelled product at Söderslätt.

The best way of finding out what the local population and tourist think about locally produced products and a local product label, is to conduct a survey among local people and tourists at Söderslätt. Even if many survey results have been analysed about locally produced products, and different labels and interviews have been conducted concerning local product labels in Europe, it is not enough to presume what local people and tourists in Söderslätt might specifically think about a local product label. Therefore two surveys were undertaken, one directed to local consumers and one to tourists in the area of Söderslätt.

The questions in the questionnaire used for tourists and local consumers consist mainly of multiple-choice questions, but there were also open questions to gain more information from the respondents. Most of the questions are pre-coded answers to make it easier to process the data on the computer. The same questions were used both for the tourists visiting Söderslätt as for the local consumers with some exceptions: all questions did not serve the tourist survey.

The questionnaires used in both surveys can be seen in Appendix 3. The questions presented in the survey are freely translated from Swedish to English by the author.

The tourist questionnaire, conducted face-to-face, did not necessarily give an accurate picture of consumer attitudes and behaviour for all tourists in the area due to the limited amount of interviewees and the specific time of the interviews. However it gave a hint of what tourists think, and the results could be compared with other surveys to ensure the reliability.

Some of the respondents thought it were hard to answer some of the questions because they were not specific enough, concerning specific products. But taking into consideration the type and the time limitation of this study it was not possible to discuss this on a very detailed level. To get a clearer picture of what people generally think, single answers or answers with only a few supports were omitted. The questions and answers are presented below with comments. All respondents answered questions 1-3 and 7-10 (see Appendix 3) but those who were interested in products produced at Söderslätt answered all questions. The term food includes meat, fruit and vegetables and “other food products”. ‘Other food products’ used in the survey means normal grocery and diary products excepting meat, fruit and vegetables.

## **6.3 Local consumer survey**

### **6.3.1 Interviewees**

The survey directed towards local consumers consisted of 200 telephone interviews conducted during July 2003 by a market research company called Gfk Sverige. The questions were produced from co-operation between the market research company, the author and the supervisors of this thesis. The market research company randomly chose the interviewees from the local telephone catalogues of the four municipalities at Söderslätt. The results of this survey can be classified as representative for this area, because the numbers of interviewed persons can be considered adequate.<sup>130</sup> The survey was conducted during July, the holiday month in Sweden, which may have certain effect on the final results although not so much as to be unrepresentative. The company, processed the results with a SPSS program from which, the data was extracted. The survey and the results were recorded in Swedish.

In the telephone survey a total of 200 persons were interviewed. Of the 200 persons 40% persons were men and 60% were women. The age divisions as follows: 34% of the persons were under 34, 33% were between 35-49 and 34% were over 50 years. The educational structure was: 12% of the respondents had compulsory school, 54% upper secondary school, 7 % were at university but had not finished their exam and 28% had a university degree. The size of the household were divided as follows: one person households 18%, two persons 32%, three persons 15%, four persons 53% and five or more person households 10% of the respondents. 74% of the respondents were employed, 8% were entrepreneurs, 4% students, 12% were retired, 2% were working home and 2% were unemployed.

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<sup>130</sup> Hansson, R. (2003, June 11). Personal interview.

### 6.3.2 Questions and response

#### Where do you prefer that the products you buy are produced?

58% of the respondents prefer that the products they buy are produced in Sweden and 21% prefer local production. 21% of the respondents do not care where the products are produced.

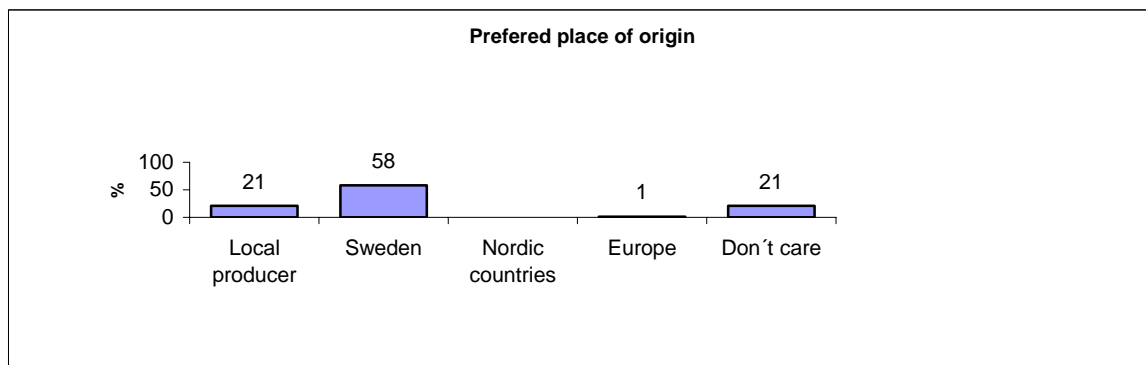


Figure 3 Preferred place of origin

#### What do you think of when I say locally produced products?

The things local consumers associate with locally produced products are quite widespread in this open question; most respondents mentioned that the products were produced in Skåne or in the southern Skåne 12%. Home production or production in the surrounding region was suggested by 11% of the respondents. 9% of the respondents said that the product was produced close, 8% said 'vegetables', 6% of the respondents thought these supported the local economy. Other issues, which received 5% of the answers, were: produced in the neighbourhood, less transportation, environmentally friendly, Swedish products.

#### Would you like to buy products, which you know are produced at Söderslätt?

Of the 200 respondents, 89% answered that they were interested in buying products from Söderslätt and 11% said that they were not interested. Of those who were not interested in buying local products, it was added that it did not matter where the product were produced, that it was the price which was of greatest importance.

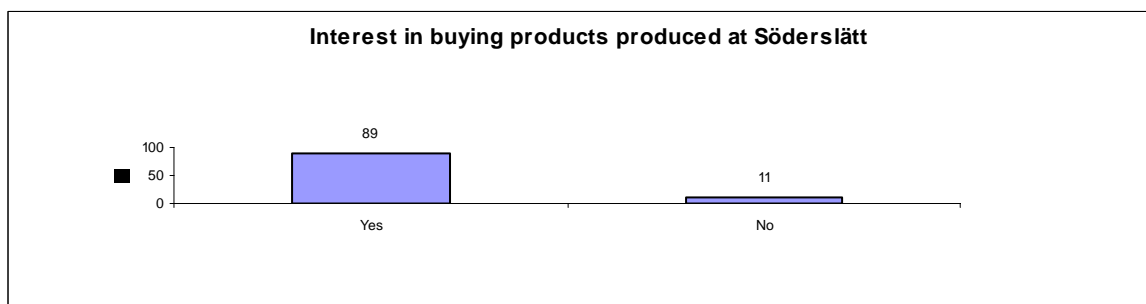


Figure 4 Interest in buying products produced at Söderslätt

### Why are you interested in products produced at Söderslätt?

The main reasons given for purchasing products from Söderslätt were to support the local area and economy, as said by 42% of respondents. 13% of the respondents answered shorter transportation. 12% of the respondents said that local products had the best quality and that they knew where the products came from. The other answers given were very diverse amongst the respondents.

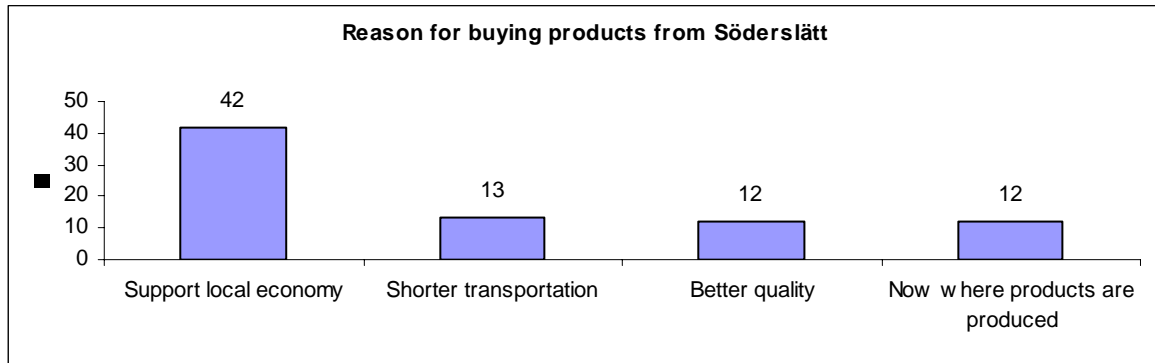


Figure 5 Reason for buying products from Söderslätt

### What type of locally produced products are you interested in?

The products of most interest in this open question were, according to consumers, fruits and vegetables, which 60% of the respondents mentioned. 44% of the respondents mentioned meat and other food products. Very few respondents mentioned non-food products; the most mentioned non-food product were handicraft products, which was given by 3% of the respondents.

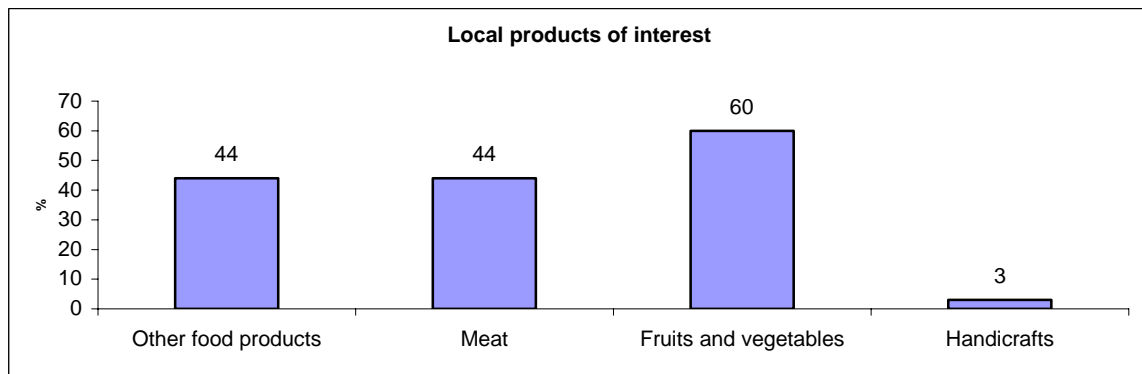


Figure 6 Local products of interest

### What kind of qualities should other food products have compared with non-local food products, such that you would buy them?

To this open question 47% respondents said that quality and freshness were very important factors in determining if the product will be bought. 13% answered that no pesticides should be used. 12% answered that the price difference should not be too big between non-local and local products. 8% said that the products should be organic.

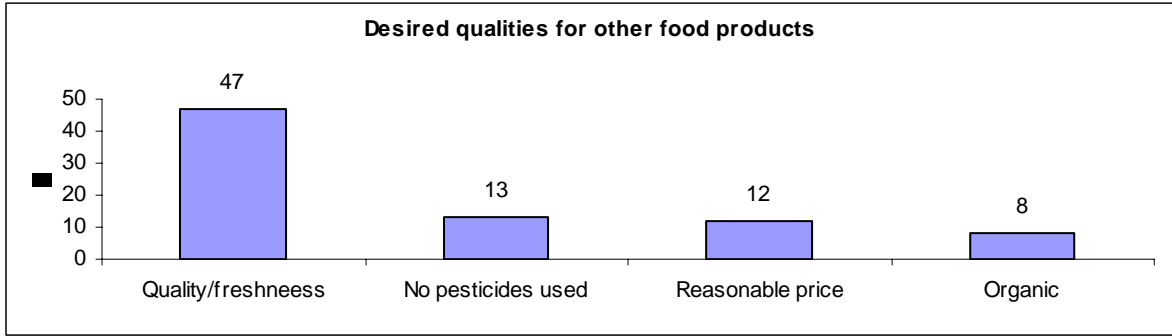


Figure 7 Desired qualities of other food products

**What kind of qualities should meat have compared with non-local meat, such that you would buy it?**

The most important argument, as stated by the respondents for buying locally produce meat in this open question was that the animal care is good and that the quality was good. The third most important reason, which 9% mentioned, was the minimal use of medicines.

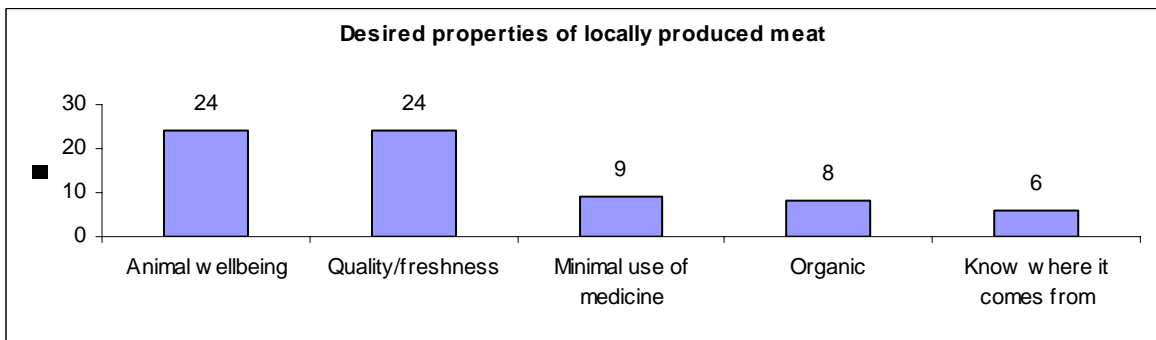


Figure 8 Desired properties of locally produced meat

**What kind of qualities should the locally produced fruits and vegetables have compared with non-local fruits and vegetables such that you would buy these?**

For fruits and vegetables the most important reason is to purchase them with good quality and freshness as stated by 40 %. 24% wanted to have pesticide-free products and 20% wanted to have ecologically grown fruits and vegetables. There were many other arguments regarding the properties products should have but the above-mentioned were the most mentioned

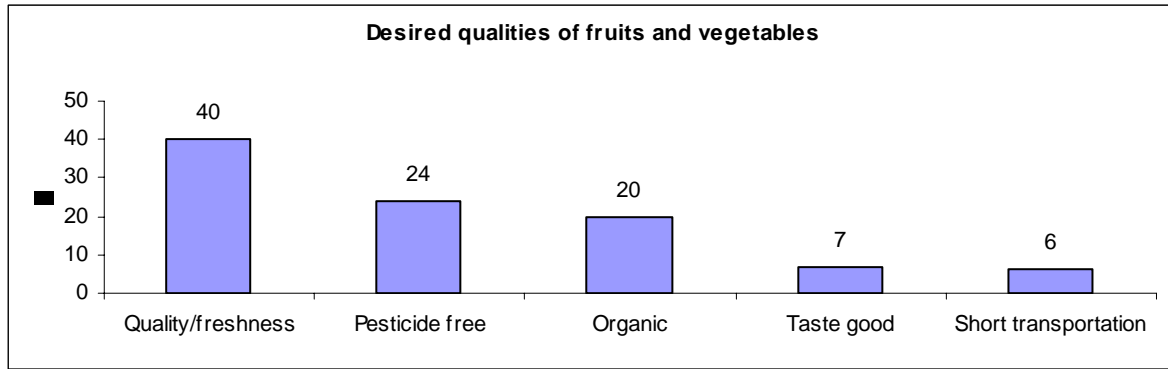


Figure 9 Desired qualities of fruits and vegetables

**Where would you expect to be able to buy local food product produced at Söderslätt?**

Many respondents suggested a variety of alternatives to this question: 83% answered that they would expect to find locally produced products in grocery shops, 16% expected to find the products in farm shops and 7% on the marketplace. 4% respondents did not know or could not answer.



Figure 10 Where the consumers expect to find locally produced food products

**Where would you expect to be able to buy local non-food product produced at Söderslätt?**

Although the respondents were not as interested in buying non-food products as food products, 37% answered that they expected to find local non-food product in grocery shops, 20% suggested special shops and 16% suggested by the producers. 15% could not answer.



Figure 11 Where the consumers expect to find locally produced non-food products

**How much would you pay for a locally produced food product?**

8% of the respondents said that they would pay less for a locally produced food-product, on average a price 20-29% lower. 46% of respondents would pay an equal price for a local food product as for a non-local product and 47% would pay more, in average 10-19% more.

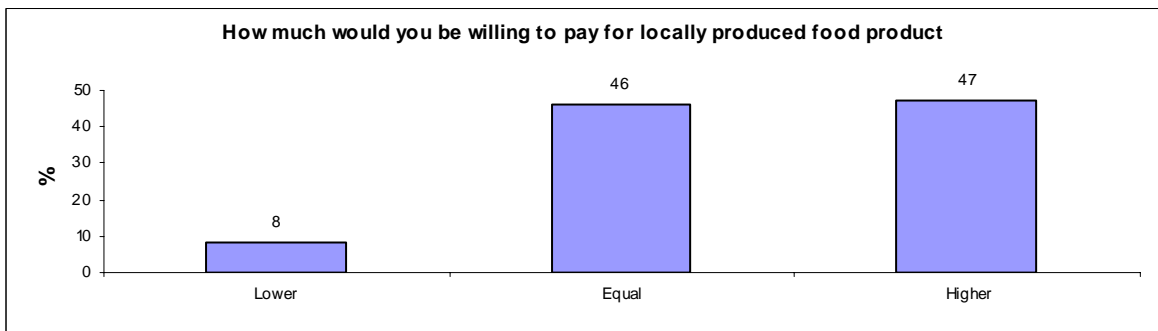


Figure 12 Willingness to pay for locally produced food products

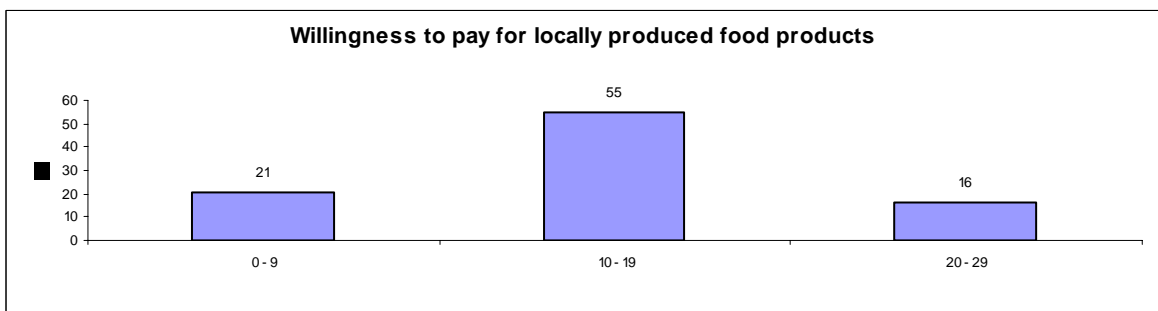


Figure 13 Willingness to pay a premium price for locally produced food products

**How much would you pay for a locally produced non-food product?**

27 % of the respondents would be prepared to pay an average premium price of 15% for locally produced products, but the majority of the respondents (64%) would pay an equal sum for the local product as for the non-local. 9% of the respondents would pay less, on average 18%.

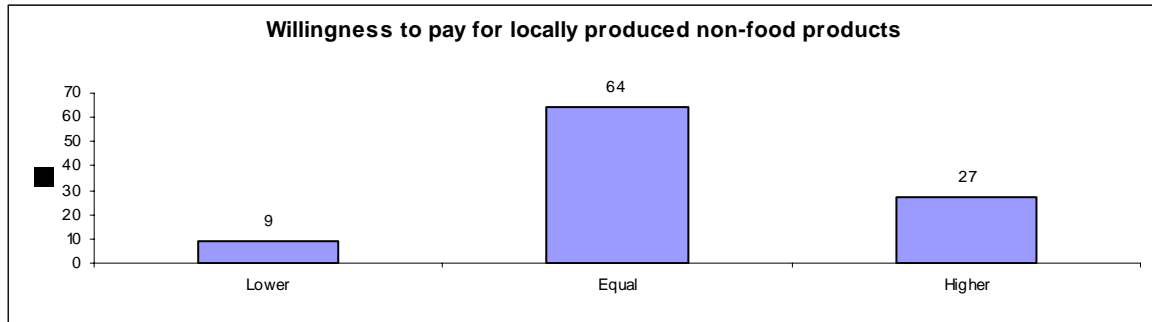


Figure 14 Willingness to pay for locally produced non-food products

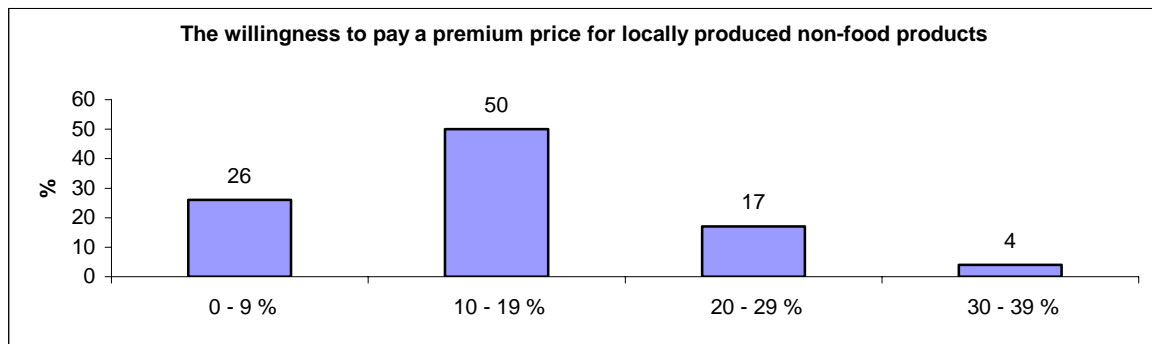


Figure 15 Willingness to pay a premium price for locally produced non-food products

**If the price of a locally produced food product was 10%/5% higher than for a non-local-food product, how probable would it be that you would buy it?**

56% of the respondents said that they would absolutely or most probably buy the product if the price was 10% higher than a non-local product. 26% of the respondents would maybe buy the product. When the price was 5% higher, 79% would absolutely or most probably buy the products. Compared with the question how much the respondents were willing to pay more for local food product, only 47% persons were willing to pay a premium price.

**If the price of a locally produced non-food product was 10 %/5 % higher than for a non-local product, how probable would it be that you would buy it?**

If the price was 10% higher for a locally produced non-food product would 33% of the respondents most probably or absolutely buy the product. If the price was 5% higher would 61% of the respondent buy the product and if the price was equal with a non-local product 94% would buy the product.

**How do you expect to receive information that the product is locally produced?**

According to the respondents the best way of receiving information of a locally produced product would be by advertising as proposed by 40%, but almost as many (38%) suggested text on the product. Other alternatives supported were information in the shops with 29% of suggestions and a symbol on the product with 11% of the suggestions.



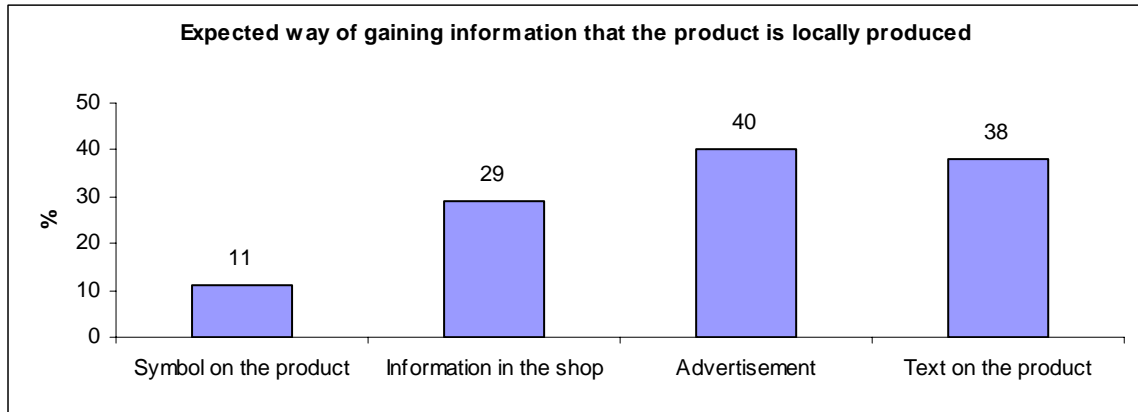


Figure 16 Expected way of gaining information of a locally produced product

There are plans to implement a label of locally produced products at Söderslätt. The label would probably be in form of a symbol, placed very clearly on the product. What is your opinion to such labelling?

The local consumers were very positive towards the plans to implement a local product label. Of all 200 respondents 67% thought it was a very positive idea and 25% thought it was a positive idea.

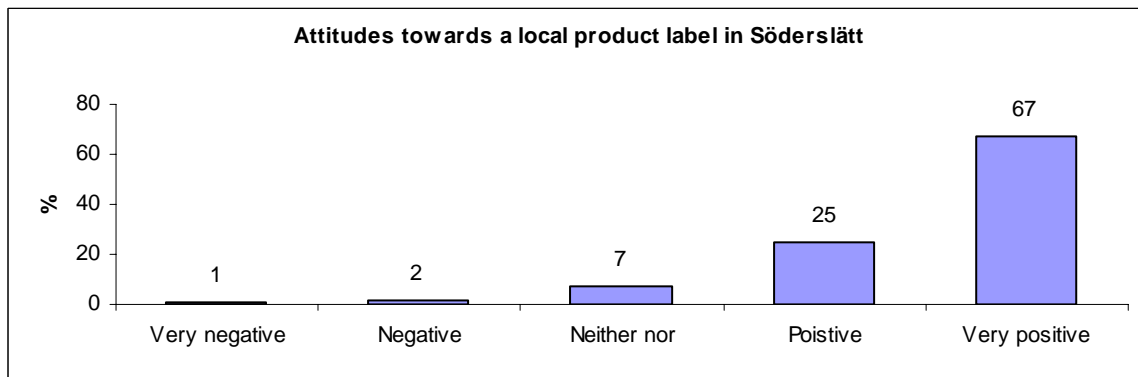


Figure 17 Attitudes towards a local product label from Söderslätt

## 6.4 Tourism survey

### 6.4.1 Interviewees

Tourists are interesting targets for regional development because they spend a lot of money on transportation and accommodation, and also consume food and goods wherever they move. Tourists usually spend more money on consumption when they are travelling than they do at home,; some estimate that it is up to double compared with what they spend at home.<sup>131</sup> International tourism brings money to the country and domestic tourism contributes to transfer of money within the country. Tourism can contribute to revival, diversification or

<sup>131</sup> Lönnäng, R. (2002). *Förslag till formaliserat samarbete för turismutvecklingen på Söderslätt-Skurups, Svedala, Trelleborg och Vellinge Kommuner. Simrishamn*. Konsultfirma Gröna Nyckeln. p. 19.

creation of new business.<sup>132</sup> Tourists are therefore an interesting consumer group supporting local production together with the local consumers.

What is tourism? It is not an easy task to define tourism, because it is a very multidimensional, multifaceted activity, influencing many people's lives and many economic areas.<sup>133</sup> Many parties have tried to define tourism in many ways, but still today there are no official definition. For example Swarbrooke et al. defines tourism as "*short-term movement of people to places some distance from their normal place of residence to indulge in pleasurable activities*" The most used definition of tourism is the definition the World Tourist Organization uses:<sup>134</sup>

*"Tourism comprises the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited."*<sup>135</sup>

The main reasons for tourists to visit the Söderslätt area are mainly sunshine and beaches; however visiting family and friends together with nature and wildlife are also important reasons for visiting Söderslätt.<sup>136</sup> This kind of tourism is limited to a certain time of the year.<sup>137</sup>

The majority of tourists visiting Söderslätt are from Skåne and the second largest group of tourists are from other parts of Sweden. The majority of the tourists are one-day visitors. The one-day visitor usually visits a certain sight; activity or meal, resulting in that the consumption of the one-day tourist is usually less than a tourist staying overnight.<sup>138</sup> Because of epidemics and terror attacks around the world many Swedish tourists choose today to travel domestically,<sup>139</sup> which could enhance Söderslätt's tourism.

The products Söderslätt can offer tourists are mainly crafts and locally grown products. Also the food culture of Skåne is widely known throughout Sweden, due to many well-known Swedish people. The food from Skåne has been influenced by local agriculture, fisheries, Danish food culture and historical traditions of inns and castles. Although Skåne cuisine incorporates foreign influences today, traditions are still maintaining their positions within Skåne's food culture.<sup>140</sup>

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<sup>132</sup> Cooper, C., Fletcher, J., Gilbert, D., & Wanhill, S. (1999). *Tourism, Principles and Practice*. Second edition. Harlow, Essex: Addison Wesley Longman Limited. p.125.

<sup>133</sup> Cooper, C., et al. (1999). *Tourism, Principles and Practice*. p. 8.

<sup>134</sup> The definition of the World Tourist Organisation is a very general definition of tourism and it is absolutely not exhaustive one.

<sup>135</sup> World Tourism Organization. (2003). [http://www.world-tourism.org/statistics/tsa\\_project/TSA\\_in\\_depth/chapters/ch3-1.htm](http://www.world-tourism.org/statistics/tsa_project/TSA_in_depth/chapters/ch3-1.htm) [2003, August 13].

<sup>136</sup> Bahar, K. (2001). *Public Survey in Vellinge*. Report. Vellinge: Balder Cultural Heritage Management Project. Annex 2.

<sup>137</sup> Lönnäng, R. (2002). *Förslag till formaliserat samarbete för turismutvecklingen på Söderslätt-Skaurups, Svedala, Trelleborg och Vellinge Kommuner*. p. 20.

<sup>138</sup> Ibid. p. 19.

<sup>139</sup> Turistdelegationen. (2003). Pressmeddelande från turistdelegation.om Svensk turistnäring 2002. <http://www.tourist.se/download/Pressmeddelande%20030623%20om%20TSA.pdf> [2003, July 10]. p. 2.

<sup>140</sup> Lönnäng, R. (2002). *Förslag till formaliserat samarbete för turismutvecklingen på Söderslätt-Skaurups, Svedala, Trelleborg och Vellinge Kommuner. Simrishamn*. p. 7-8.

Tourists visiting new places are often interested in special characteristics of the area; food and handcrafts typical to the area can be seen as specialties that they often want to buy and experience.<sup>141</sup>

Tourists often seek new experiences when they are visiting new areas and local food particular adds special value for the tourist, which they remember.<sup>142</sup> Tourists travelling in Europe usually ask two questions:<sup>143</sup>

*“What do they eat here and how do I find it”*

This indicates that tourists are interested in local foods and want to try something new, but it also informs us that tourists want to find it easily. A local product label could be a good way of informing about the local product.

The domestic tourism seems to be increasing in Sweden due to the instable situations within many countries, and due to diseases and terror attacks round the world. This is an opportunity for the Söderslätt area to attract more tourists. <sup>144</sup> This worldwide instable situation could increase the tourists visiting the area and thereby have a positive impact on the local producers at Söderslätt if their products are marketed properly.

Tourism plays an important role in local economies: it creates jobs, brings money to the local actors and thereby also contributes to community income. Due to the free movement of goods today and the spread of international influences over the world, international foods are penetrating local tables, maybe reducing the possibility to promote local foods. However many tourists seek specialties of the region to fulfil their thirst of gaining a sense of the area. Much of the products offered to tourists are imported from outside the area, which reduces the positive economical impact of the area. An increased use of locally produced products would benefit the area economically and also environmentally by supporting small scale production and reducing transportation needs. The Söderslätt area has rich art, handicraft and agricultural production, which enable Söderslätt to provide a greater amount of local products. It appears that most of the tourists are from Skåne and thus there might be a chance to sell more food products to this tourist group as they usually visit more often than other tourist groups. Both local consumers and tourists are important in support of the regional development, because both consume products produced in the area, albeit with certain distinctions in the type of products. To know what the consumers are interested in especially in the Söderslätt area, better knowledge must be acquired of both consumer and tourist preferences.

To gain knowledge about the tourists visiting the area of Söderslätt, a survey was conducted on the 4<sup>th</sup>, 5<sup>th</sup> and 8<sup>th</sup> of August 2003. The main purpose of this survey was to identify consumer attitudes towards locally produced products at Söderslätt, what qualities these should have, where tourists wish to buy them, how should locally produced products be promoted, and tourist willingness to pay for locally produced products. Tourists were personally interviewed in the area of Söderslätt at ten different places consisting of cities, beaches, historical sights and camping areas. Due to time constraints for the thesis work, the

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<sup>141</sup> Enright, P., Morrissey M. & Chisholm, N. (2000). Import Substitution Potential for the Food Sector in Rural Tourims: A Case Study. In: *Local Food & Tourism International Conference*, November 2000, Larnaka, Cypros. p. 101.

<sup>142</sup> Rijsselbergh, M. Stichting Waddengroep (2003, July 29) Telephone interview.

<sup>143</sup> Ohlsson, T. (2000). Regional Culinary Heritage: A European Network for Regional Foods. 132.

<sup>144</sup> Turistdelegationen. (2003). Pressmeddelande från turistdelegationen om Svensk turistnäring 2002. [Online]. Available: <http://www.tourist.se/download/Pressmeddelande%20030623%20om%20TSA.pdf> [2003, July 10]. p. 2.

sample selection consisted of 100 tourist households visiting the area of Söderslätt. The tourists were randomly chosen. Although the survey does not give a totally reliable outcome, it still gives a view as to what tourists think.

The survey was conducted at the beginning of August; this meant that most tourists from Sweden and the other Nordic countries had decreased, as July is the traditional holiday season in the Nordic countries. In turn, the amount of tourists from central Europe had increased because August is traditionally their holiday month. During the interview period, most tourists in towns and camping places were from other countries, while the majority of the Swedish tourists were found at beaches. Most Swedish tourists were from the nearby region. The majority of tourists (68%) were from Sweden, 17 % came from Germany and 11 % were from northern or central Europe.

The survey respondents consisted 54 % of women and 46 % of men between 16-78 years. The interviewed age categories were divided as follows: 31 % of respondents were under 34 years, 31 % respondents were between 35-49 years and 38 % of respondents were over 50 years old. Educational levels were divided as follows: compulsory school 15 % of the respondents, upper secondary school 31 % of the respondents, not finished university studies 10 % of respondents and university education 44 % of the respondents. Academically educated people were slightly overrepresented in the survey being 44 % of the total persons interviewed. Of the respondents 64 % were employed, 3 % were entrepreneurs, 15 % students, 15 % retired, 2 % working from home and 1 % were unemployed.

The term tourist refers to persons who are visiting the area of Söderslätt. Most of the survey questions will be presented below as graphs and figures.

## 6.4.2 Questions and response

### Where do you prefer that the products you buy are produced?

31% of the respondents said that they prefer locally produced products. 45 % of the respondents said they preferred to see products produced in Sweden and 19 % did not care where the product was produced or could not answer the question. Only 5 %, wished to see that the product would be produced in the Nordic countries or in other parts of Europe.

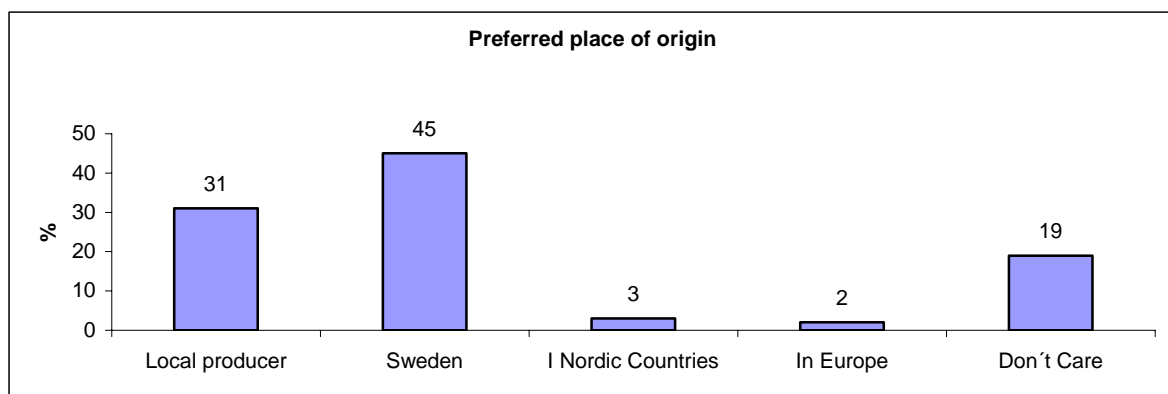


Figure 18 Preferred place of origin

### What do you think of when I say locally produced products?

In this question the respondents had the chance to give several answers. People associate local produce to positive things; the most often mentioned thing was quality, which 33% of people stated. 25% of the respondents mentioned support of local producers and 18% said the environment or ethics. 9% persons associated local to safety, 8% to that they know what they get and 5% said that it was different. 13% of the respondents gave single suggestions and 14% could not say anything. The word locally produced gave people positive indications of quality and support of the local producer, and environment and ethics also proved important. Very few could see any negative indications; only price was mentioned by 2%.

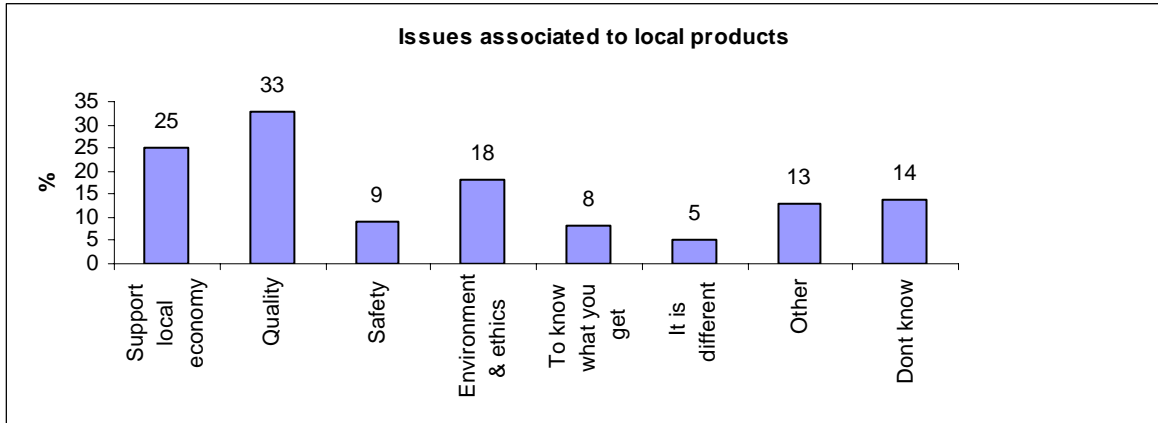


Figure 19 Issues associated to local products

### Would you like to buy products that you know are produced at Söderslätt?

To the question if the tourist was interested in buying locally produced products at Söderslätt 88 % answered yes and 12 % were not interested. The majority of those who were not interested in the locally produced products said they thought it was expensive or they had no time to find them.

### Why are you interested in products produced at Söderslätt?

This question was answered only of those persons who said that they would be interested to buy products produced within Söderslätt. The most important arguments for buying products from Söderslätt were that they were regarded as quality (so said 27% of the respondents). 17% of the respondents wanted to support the local producers and 11% of respondents thought the products were different to things at home. Other issues mentioned were, for example, that you know what you get, and environmental and ethical issues. 3% of the respondents could not answer the question. The result from this question might differ from local consumers, because the question was probably posed differently compared with the local consumer survey.

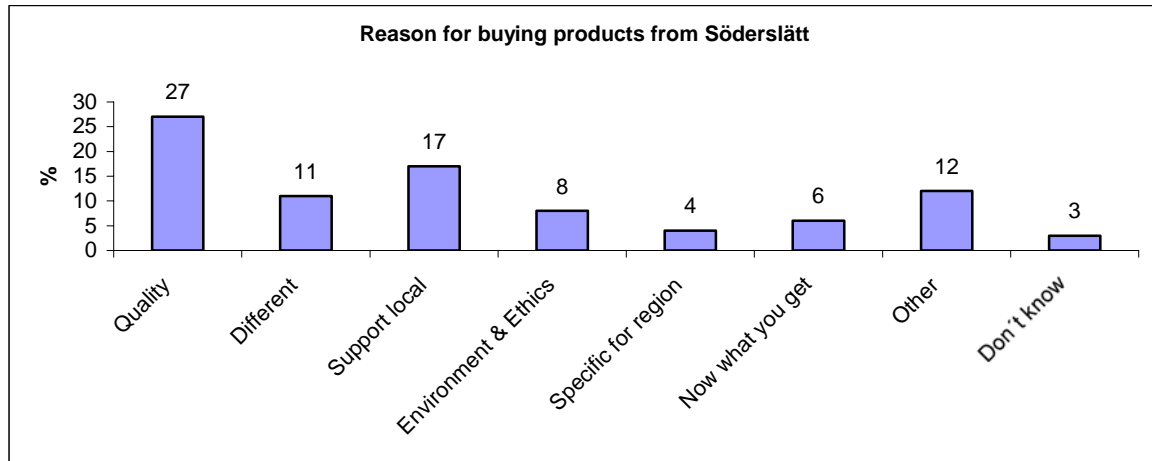


Figure 20 Reason for buying products from Söderslätt

### What type of locally produced product are you interested in?

This question was a multiple-choice question to which the respondent could give several answers. Over half of the respondents said that they were interested in food products, 82% mentioned other food products, 50% mentioned meat and 56%, fruits and vegetables. Of the non-food products, art crafts were mentioned by 41% respondents, and crafts by 36% of the respondents.



Figure 21 Local products of interest

### What kind of qualities should the products have, compared to a non-local product, in order for you to buy it?

The qualities important to the tourists, was quality in all product categories. Freshness together with quality ranked as the most mentioned qualities among food products. Another important quality required of grocery products was that they differed in some way from what the respondent is used to. Also safety was mentioned to be important. The environmental issues were mentioned by many respondents in relation to the food products. The special characteristics of the area's crafts and art crafts were mentioned by many respondents.

### Where would you expect to buy local food products produced at Söderslätt?

The respondents gave many different alternatives concerning purchasing places, but the most preferred place to buy locally produced products was in grocery shops, with 77% from a total of 88 respondents. Farm shops were expected places to buy local products, as stated by 34% of the respondents.

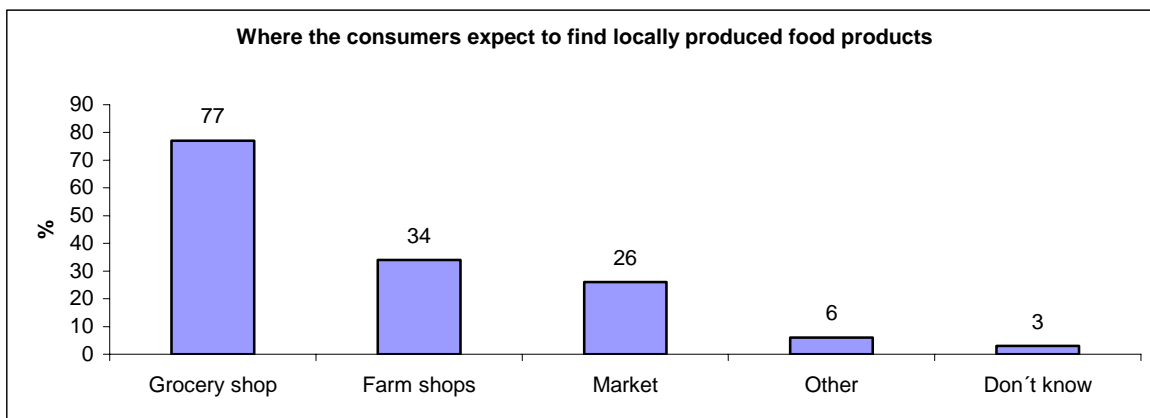


Figure 22 Where the consumer expect to find locally produced food products

### Where would you expect to be able to buy local non-food products produced at Söderslätt?

Places suggested for the purchase of locally produced goods were more widespread than among locally produced food products. The most interesting places for purchasing goods were directly from the producers as said by 45%, and in special shops, as 44% respondents answered. 11% of the respondents suggested also the grocery shop as an alternative.



Figure 23 Where the consumers expect to find local non-food products.

### How much would you pay for a locally produced food product?

70% of the respondents would be willing to pay a premium price for locally produced food products. 20% of the respondents thought they could pay an equal amount for locally produced as for a non-local food product. 6% said that they would pay less for local food products. 4% persons did not know how much they wanted to pay.

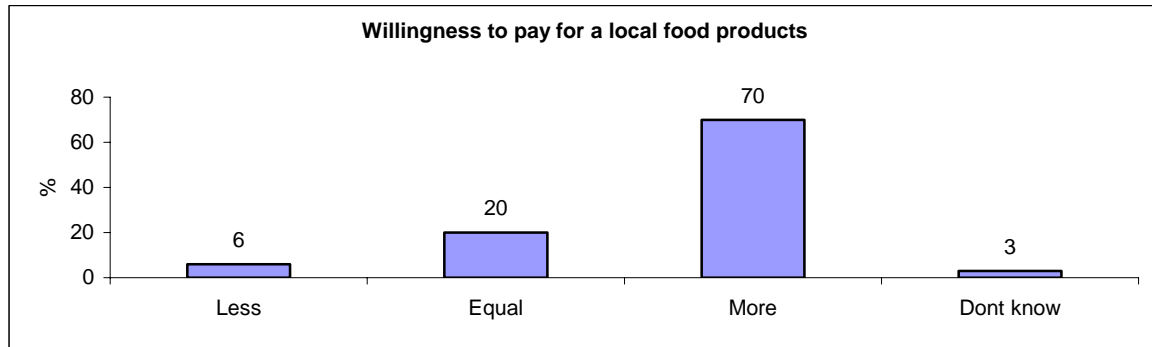


Figure 24 Willingness to pay for locally produced food products

19% of the respondents would be willing to pay a premium price between 0-9% more for locally produced food products. 59% of the respondents would pay 10-19% more and 17 % would pay between 20-29% more for locally produced products. 4% of the respondents would be willing to pay more than 30% for a local food product. 1% did not know how much extra they would consider paying.

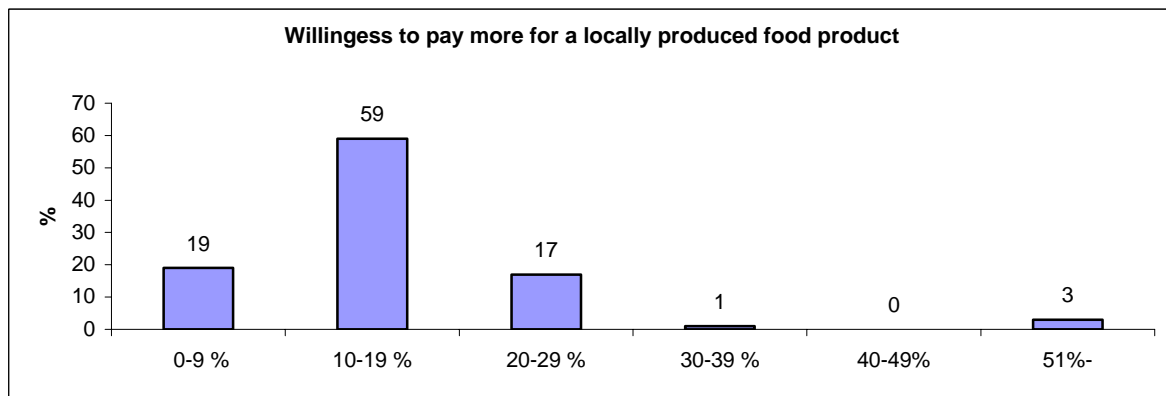


Figure 25 Willingness to pay a premium price for locally produced food products

### How much would you pay for a locally produced non-food product?

Local non-food products follow the same track as local food products: 62% of the respondents would pay more for a local non-food product and 27% would pay the equal sum with a non-local product. Only 2% of the respondents would not be willing to pay more for a local product as compared with a non-local product. 9% respondents did not know how much they wanted to pay. Only 59% of the respondents could say how much they would pay for the product, and they stated that there was no special limit if they liked the product. Of those who would pay more, 11% of the respondents would pay 0-9% more and 56% would pay 10-19% more. 18% of the respondents would pay 20-29% more and 2% would pay 30-39%, and finally 8% would pay more than 51%. 5% of the respondents could not indicate how much they were willing to pay.



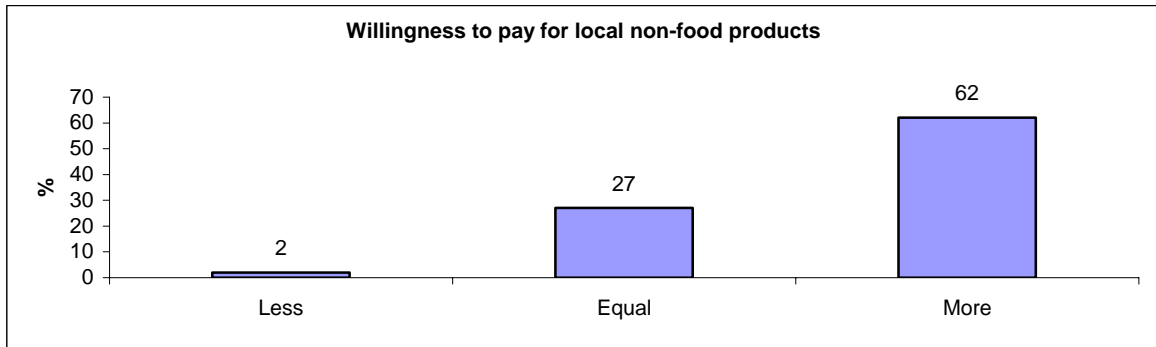


Figure 26 Willingness to pay a premium price for locally produced non- food products

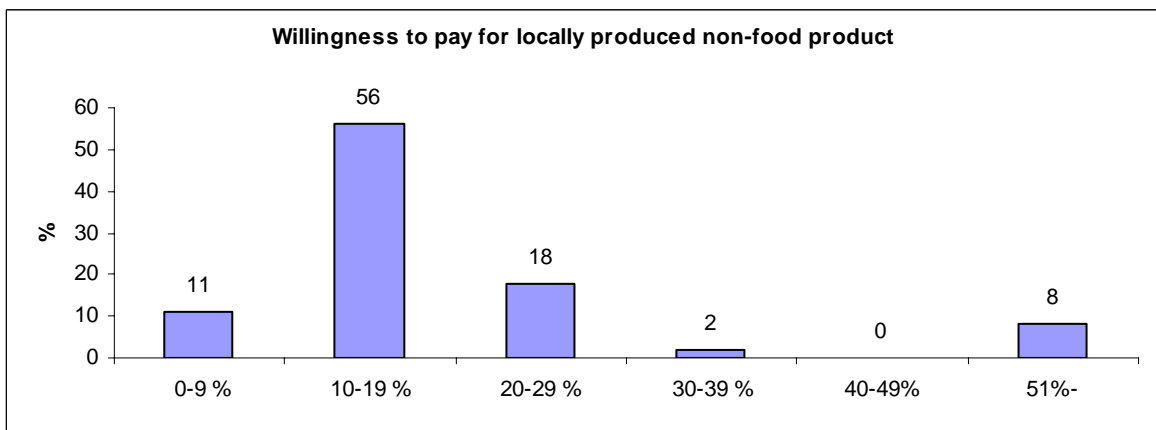


Figure 27 Willingness to pay for locally produced non-food products

**If the price of a locally produced food/non-food product were 10%/5% higher than for a non-local food/non-food product, how probable would it be that you would buy it?**

When asked if they would buy a local food product if the price were 10% higher than for a non-local product, a majority of tourists (70%) would most probably or absolutely buy the product. Those who were not prepared to most probably or absolutely pay 10% more were asked of their willingness to pay 5% more. Of these 15% were willing to pay more, which means that 85 % of the respondents are willing to pay a premium price for a locally produced food product. For local non-food products 63% would be absolutely or most probably willing to pay a 10% premium price for something locally produced. Additionally 16% of the respondents would pay a premium if the price were 5% higher.

**How do you expect to receive information that the product is locally produced?**

There seems to be many different ways as to how the tourists want to be informed of local products. Many respondents suggested different options; the most mentioned option being a symbol on the product packaging, which nearly 60% respondents suggested. The other options, which received 22-29% of suggestions, were information in shops, advertisements, and text on the product. Additional suggestions mentioned by many respondents, were information in tourist brochures, in tourist information and signs along the roads.

**There are plans to implement a label of locally produced products at Söderslätt. The label would probably be in form of a symbol, placed very clearly on the product. What is your opinion to such a labelling?**

When the respondent's were asked about their opinions of the future plans for Söderslätt to introduce a local product label in a form of a symbol, the response was very positive. Of the 100 respondents, 72% said that it was very positive and nearly 23% said that it was positive.

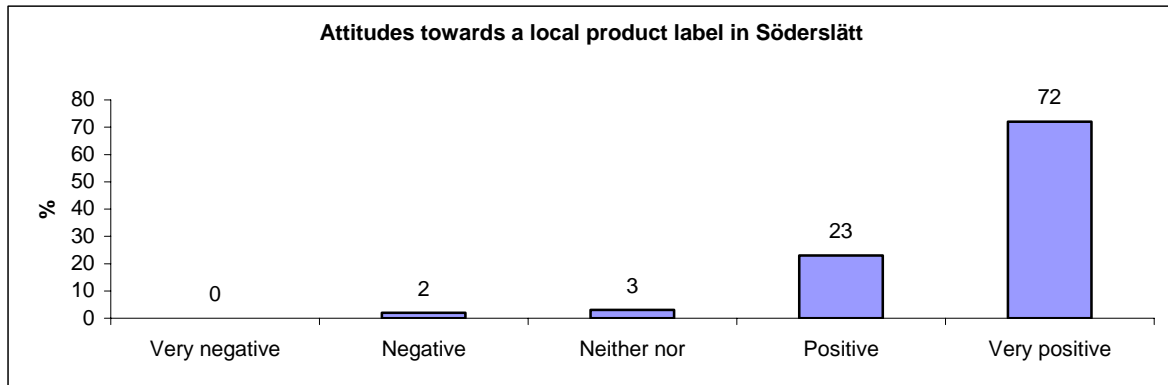


Figure 28 Attitudes towards a local product label from Söderslätt

**When you buy a product, do you look at the labelling of the products?**

To the question if the respondents look for product labels when they buy a product 90% responded yes and 10% said that they were not interested in labelling. The most mentioned label was country of origin, which 65% of the tourists mentioned, and second most mentioned with 61% was the expiry date.

## **7. Analysis of consumer survey**

### **7.1 Analysis of the local consumer surveys**

#### **Preferred place of origin**

It seems that the majority of local consumers prefer domestic production; only one fifth were interested in local products and one fifth did not care where the product was produced. These results support the surveys analysed earlier in this paper, that the majority of consumers prefer to buy domestic production. Also the demand of local produced products is in line with earlier shown results for locally grown food products. The importance of domestic production was also confirmed as 50 % of those consumers who read labelling stated that they were looking for country of origin. The high interest towards Swedish products could also be argued to be a bit misleading taking into consideration what Ekelund et al. explained, that is, that people from Skåne realise that cultivated products produced in Sweden mainly come from Skåne. This argument could be supported by the great interest in buying products produced at Söderslätt, when almost 90 % of the respondents would be interested in buying locally produced products from Söderslätt.

The interest in buying locally produced products is very positive; this gives already a good basis to continue working with local production. The small scandals with contaminated food in Skåne have not considerably affected people's attitudes towards local production.

Why consumers prefer domestic production instead of locally produced products is a bit unclear. As mentioned earlier in the paper the price is often a bit higher, especially for non-local foods, although half of the consumers in this questionnaire would be willing to pay more for locally produced products. The respondents might have interpreted the question differently. Indeed the lack of local production of some certain product might be one reason for answering that preferred place of origin is Sweden.

#### **A local product**

The answers regarding what the respondents associate with locally produced was very widespread; most of the answers related to a certain area such as "close by" or "Skåne". Other suggestions were shorter transportation and environmentally friendly, giving an indication that environmental issues are also on the consumer's mind. These results differ a bit from that Sevebrant found within her survey, specifically short transportation, fresh products and local employment. However the reason for this might be the way the questions were asked, despite the fact that there were answers that were similar.

At Söderslätt there seemed to be local patriotism, that is, the reason for buying locally produced products is mainly to support the local producers. This kind of behaviour is not unfamiliar, reflecting back to other surveys analysed in earlier chapters. The great amount of answers suggesting the support of local economy to be one of the reasons for buying locally produced products at Söderslätt is a new and interesting observation. This could indicate that consumers don't necessarily buy locally produced products to get the characteristics associated with local products e.g. freshness, better quality or more ethically produced products, but to support the local economy. Another suggestion might be that the local consumers associate local products with these earlier mentioned characteristics and the reason why they finally buy this product is because they want to support the local economy. This survey result seems to

manifest that the primary reason for buying locally produced products at Söderslätt is to fulfil the need of supporting the local economy at Söderslätt.

Other qualities mentioned by the respondents such as shorter transportation and quality issues are factors also seen as important by both local consumers at Söderslätt as in Sweden and in many other countries.

### **Products of interest and qualities of importance**

Local consumers seem to be most interested in buying locally produced food products; only a small minority expressed their interest to buy local non-food products. The reason for this minor interest for locally produced non-food products was not clarified. It is not possible to make any valid conclusions regarding this issue, but some suggestions can be presented. The area is not known to have any large consumer good production, meaning that most products are imported to the area. The existing consumer good production is only small-scale production with a focus on crafts, which might not be interesting for a normal consumer. The type of local products the consumers would like to buy from Söderslätt are mainly fruits and vegetables, the reason for this perhaps being that these products are special for the area and are easy to obtain. The qualities preferred of Söderslätt's fruits and vegetables are mainly quality, freshness, health and that they are environmentally friendly. The quality and freshness can be associated with shorter transportation distances, but health and environment are more related to how these products are grown. Other products that local consumers are interested in are meat and other food products.

The interest towards locally produced meat is contradictory to Drake & Holms survey mentioned in the earlier chapters, wherein according to them only few respondents preferred locally produced meat. Of course the survey questions were differently presented compared to the first question in this survey, "preferred place of origin". But it still gives some indications that locally produced meat is more preferred than previously. The consumers seem to be ethically and morally conscious of animal care; also, health and quality of the meat are important determinants if local products are to be bought. The impact of mad cow disease cannot be excluded from this result.

The required qualities for locally produced products are approximately the same for fruits and vegetables as for other food products (that is, quality, freshness and health issues). It seems that the quality and freshness of the products are the most important characteristics for all kind of locally produced products.

### **Where to buy local products**

The majority of consumers expect to be able to buy locally produced food products from a grocery store, which is in line with other surveys undertaken in Sweden. It seems that consumers prefer to buy all their food products within the same place. The reason for this is most probably the convenience for the consumers and lack of time to visit many different stores. Historically this can be seen when different food products were sold in many different places before as meat at the butchers, bread at the bakeries, now they have been concentrated to one specific shop e.g. a grocery store. However there are still people interested in buying products directly from farmers or from farmer's shops, and a trend in many countries appears to be that this interest has increased.

The same trend seems to be with local non-food products; the consumers expect to find the products in grocery shops. As no special local non-food product was specified in the question,

the consumers may have had different thoughts as what this could entail and therefore the answer might be misleading, although it still gives indications that locally produced products should be collected in one or a few places. Other suggested expected purchasing places were special shops or directly from producers.

## **Price**

Local consumer willingness to pay for a locally produced food product seems to be divided: nearly half of the respondents would pay between 10-19% more for a locally produced food product, and little less than half would pay as much as for a non-local food product. Only few respondents would pay less than for a non-local food product mainly because they think there are less costs with locally produced products. An interesting observation is that when the local consumers willingness to pay 5 % more for the locally produced food product was questioned, nearly 80 % of the local consumers would absolutely or probably buy the product. The reason for this behaviour cannot be clarified; it could possibly be that the question was presented in such way that it was easier to say yes to a certain proposed percentage than directly asking what percentage they would be willing to pay. Another explanation could be that consumers associate the local product to some specific product and not to local products in general. These results differ from the survey results presented in the earlier chapters, which stated that the majority would not pay a premium price for the products. The survey stated that the best chance of gaining a premium price was to differentiate the products from their non-local counterparts.

The willingness to pay for local non-food products differs from local food products. The majority of the consumers would be willing to pay only an equal amount for a locally produced non-food product as compared with a non-local product. Approximately one third of the respondents would pay a premium price for the product. The premium price consumers would pay for the local product is about 10-19 % more, a slightly higher price than for food products. The willingness to pay seems to have the same tendency as local non-food product; that is, when asked how willing one was to pay 5 % more for the local non-food product, 61 % of the respondents answered yes. As commented for the local food product this question may be easier to answer than to ask the consumer to suggest what they would pay. This result seems to indicate that if there were locally produced products that interested consumers; they would buy them for a slightly higher price. An interesting observation is that the local consumers are willing to pay more for a non-local product although they have no special interest in non-local products.

It has to be taken into consideration that consumers does not necessarily behave the way they say and therefore it is important to be careful to make any concluding conclusions about the results, but still the results give indications that consumers at least would pay the equal price for locally produced products.

## **Information of local products**

The most preferred way for the consumer to gain knowledge of a locally produced product is by advertisement and text on the local product, so said approximately 40 % of the respondents. Information in shops and a symbol on the product was also mentioned as alternatives. The respondents obviously want to identify the product easily; therefore advertisements, text on the product and information in shops regarding locally produced products seemed to be popular answers. The use of a symbol for locally produced products seems to attract some respondents, but as mentioned in the labelling chapter, consumers may have problems recalling what all symbols mean although Swedish consumers consider symbols

more positively than consumers in other Nordic countries. The interest in text on the product is also supporting earlier survey results.

Local consumers seem to be positive towards the use of a symbol for locally produced products. 91 % said that they were very or relative positive towards a symbol. Although only 85 % of the respondents read product labelling there seems to be an interest towards the labelling of locally produced products among those who do not usually read product labelling. The results seem to indicate that labelling of locally produced products is a good idea, however the question is; is a symbol the best alternative? When looking at the results, it could be a good option to use a symbol together with text to meet consumer demands.

## **7.2 Analysis of the tourist survey**

### **Preferred place of origin**

45 % of the respondents in the tourist survey preferred that the products were produced in Sweden and one third said that they preferred locally produced products. This result seems at first sight a little strange, why tourists should like to buy Swedish products. However taking into consideration that 68 % of the respondents were Swedish, it seems natural reflecting back to the local consumer survey. The interest toward locally produced products seems to be a bit higher than for the local consumers.

### **Local product**

It could be identified that tourists had very positive thoughts of locally produced products. When asked what tourists thought about locally produced products the most mentioned issue was quality, and during the survey tourists mentioned that the products are produced with care. Important issues were also support of the local economy and that the environmental and ethical issues received better care. The results seem to differ to a certain extent from the local consumer survey; this may depend on the way the questions were presented in these two surveys. The similarity between these two survey questions was that both tourists and local consumers thought that it supported the local economy.

The interest in locally produced products at Söderslätt is high, nearly 90 % of the respondents said that they would be interested in buying products from the Söderslätt area. It is known that tourists usually are interested in buying locally produced products at their target destinations but reflecting back that many of the tourists are Swedish 'one-day-tourists', it is interesting to see that many still are interested in the products produced at Söderslätt. The reason for buying locally produced products at Söderslätt is mainly because of the quality they have, but also to support the local producers and to get something, which is different or specific for the region. The tourists associate local products from Söderslätt with high quality, which seems to be the main reason for buying products from Söderslätt. It is interesting to see that many tourists want to support local area although not as many as of the local consumers the reason for this might be that the majority of the tourists are from Skåne and they want to support the regional development.

### **Products of interest and qualities of importance**

The most interesting types of local products are the food products as answered clearly over half of the respondents. Of these food products, other food products, meat, fruits and vegetables are the most interesting objects for tourists. It is of course inevitable that a tourist would manage without food, but the interest in these foods is due mainly to their opinion that

it is of good quality, fresh and safe. Also the joy of trying something different to what they are used to seemed to be an important reason. Differently from the local consumer survey, tourists are also interested in locally produced non-food products such as different types of crafts. Although the tourists are from other parts of Sweden or even from areas close by, tourists are interested in the non-food products, which tended to be an interesting observation. As mentioned in the earlier chapters tourists perhaps want to explore the culture by consuming products typical to the area.

### **Where to buy local products**

There seems to be a certain similarity between local consumers and tourists as to where they expect to purchase locally produced products from Söderslätt. Both tourists and local consumers expect to buy food products from the grocery shops, and as another option they prefer farm shops although tourists prefer farm shops more so than local consumers. In the preferred place for purchase of non-food products, tourists differ from local consumers. While local consumers expect to be able to buy the product from the grocery shop, tourist expects to buy the products directly from producer or in special shops. Usually non-food products as handicraft are expensive, a tourist needs more time to consider what is going to be purchased and they do not expect to find such products in a grocery shop. Tourists are usually not in a hurry and have time to visit producers or special shops. During the interviews many of the tourists said that they thought it was of great interest to see how the product is produced and what kind of surroundings it is produced in. These results indicate that the sales of non-food products to tourists should be directed to the producer or to special shops.

### **Price**

The majority of the tourists would be willing to pay a premium price for the local food products and non-food products produced at Söderslätt. The premium price for which the majority of tourists are willing to pay for local food products and non-food products would be at least 0-9 %. The willingness to pay for locally produced food and a non-food product is somewhat higher for tourists than for local producers, but the difference is not big. The reason that the majority of tourists are more willing to pay for locally produced products seems to be the quality and the freshness of the products, and or that they are special to the region. This is probably not the only reason; one other possible reason might be that tourists often spend more money than a local consumer. However how one-day tourists behave is not further investigated here. It is important here to take into consideration that consumers might say that they are willing to pay more than they do in reality.

### **Information of local products**

Most of the tourist's wish to receive information of a locally produced product through a symbol on the product, but also many tourists believes text on the product or information in a shop would be informative. Of the non-domestic tourists the majority wished to have a symbol on the locally produced product, but almost as many wished to hear of the locally produced products in a tourist office or tourist guidebook. This result differs a bit from local consumers' preferences; it seems that tourists want directly to see what is locally produced, whereas local consumers prefer to read about local products from advertisements or as text on the product. This seems to be logical because tourists probably seldom read local advertisements, particularly if they are foreign tourists as they seldom have the ability to read Swedish. A symbol, clearly mentioned in tourist offices and guides, seems to be a good option, especially for the non-domestic tourists.

The use of a label for locally produced product seems to be an excellent way of informing tourists of locally produced products. Taking into consideration that a symbol and text on the locally produced product was preferred by many tourists it seems that this would be a good solution for promoting locally produced products.

### **7.3 Chapter summary**

Local consumers, as well as tourists, at Söderslätt are predominantly interested in buying domestic products, but there seems to be a great interest towards locally produced products. An interesting observation in the survey was that the local consumers suggested that the support of local economy was the most important criteria to buy locally produced products at Söderslätt. This might indicate that the qualities associated to the local products, as e.g. quality and environmental issues are not as important or that the local products already are seen to have these qualities and the main decisive factor to buy this product is to support local economy. Local consumers are mainly interested in food such as fruits and vegetables, meat and other food products. Tourist interest is similar but with an exception that tourists are also interested in non-food products such as handicrafts. The main characteristics demanded by local consumers of food products are quality and freshness, but there is also a demand for 'clean food', such as pesticide or medicine free food. Other important characteristics for food were good animal care and minimal environmental impacts. Tourists stressed similar things, but additionally they wanted to experience different products that they were not used to at home. For non-food products the tourists wanted to purchase something characteristic of the area. For non-food products the most important characteristics are quality and differentiation.

The most preferable place to purchase locally produced food products are at the grocery store, but there is also a certain interest among tourist to buy products directly from farmer. The preferred place for buying locally produced non-food products was different between local consumers and tourists. Local consumers wish to buy non-food products mainly from the grocery store whereas tourists want to buy them directly from producer or from special shops.

The willingness to pay for locally produced food products is higher among tourists as compared with local consumers. About half of the local consumers would be willing to pay more, and almost the same amount would pay the same price as for a non-local product. Over two thirds of tourists would pay more for locally produced food products at Söderslätt. The interest in locally produced non-food products also differs between local consumers and tourists. The majority of local consumers would pay an equal amount for locally produced non-food products whereas only one third would pay a premium price, totally opposite to that of tourists. The price premium that local consumers and tourists are willing to pay is about 10-19 % for both food and non-food products. But it is important to take into consideration that consumers may behave differently compared what he or she has said in the interview.

The way that consumers prefer to be informed about locally produced products differs between local consumers and tourists. Local consumers want mainly to receive information through advertisement and text on the products. The majority of tourists prefer a symbol on the product, but additionally information in shops and text on the product was seen as important. The primary similarity between consumers is the interest in having text on products and information in shops. The majority of tourists and the local consumers have positive attitudes to the plan of introducing a local product label at Söderslätt.



## **8. Conclusions and recommendations**

This thesis has addressed factors influencing consumer attitudes, interest and willingness to buy locally produced and labelled food products at Söderslätt and thereby contribute to regional development. The results indicate that there is an interest towards locally produced and labelled products at Söderslätt, and therefore the conditions necessary to implement a local label are present.

### **8.1 Conclusion**

**What factors in general are influencing the consumers purchasing behaviour and how do they relate to the local products?**

The main purpose of buying a product is to satisfy a certain need or needs. The needs of the consumers vary due to many different things, as individual differences, what kind of environment the consumer lives in or in what way the consumer processes the information he receives. The purchasing behaviour of a consumer is created by a combination of these factors. The factors, which influence the purchasing behaviour in food, are many. One of the most important factors is how much money the consumers have to spend to satisfy the specific need; often this issue is seen as the decisive factor when a purchase is done. There seem to be a change in consumer attitudes towards food; the price is not necessarily the determining factor if a food product is purchased, although it is still important. Factors, which are reflected in consumers purchasing decisions today, are concerns over environment, ethics, health and the welfare of the country and region. The reason for buying a product may not be to fulfil one need but several at the same time e.g. as supporting local economy and gaining healthier food.

The interest in locally produced products is high. Local products fulfil by their qualities many of the consumer needs and thereby make them attractive for them. An obstacle for the locally produced products to reach the majority of the consumers is the convenience of the consumers. The majority of the consumers prefer buying all food products in the same place instead of visiting e.g. many stores. Due to strict wholesaler rules in Sweden the amount of local products in grocery stores are limited. Although the majority of the consumers at Söderslätt prefer domestic products, which is generally seen as normal behaviour, they still would buy locally produced products. Especially tourists are interested in locally produced products because the local products usually have characteristics of the specific area and differ from what they are used to. Tourists in general want to experience new things, which the local products often offer them.

The needs of the consumers are continuously changing. The current trends in the food sector are globalisation, individualism, experience and ready food. Many of these current trends support the values of local production and working against the globalisation.

**What is the role and limitations of product labelling in context of promoting local products?**

To be able to fulfil a certain need or needs the consumers must be able to identify the products, which have the characteristics he or she wants. It has been recognized that the most important way of informing consumers of the characteristics of a food product is by product labelling. Labelling informs the customer of the products characteristics, e.g. where it is produced, how it is produced and what the product contains. The labelling can be in different

forms e.g. symbols, logos or text on the product. Labelling helps the consumers to find the product they need or want to avoid.

There is mandatory and voluntary labelling, the mandatory labelling is mainly used to protect and inform the consumer when the voluntary labelling is more used as a promoting tool. The attitudes of consumers are changing due to different crises in food industry and due to increased awareness of the health and environment. The change of attitudes has made people more interested in food qualities and they want to know more about the products they buy. In the Nordic countries consumers mostly look for labels, which informs of price, environment and ethical status, health and origin.

A local product label is a form of voluntary labelling, which purpose is to promote the sales of locally produced products. Because local products are often associated with qualities, which are interesting or important for consumers like e.g. fresher products, different from normal or ethically produced, it seems that a local product with a local label could satisfy several consumer needs at the same time and thereby offering a good promotional tool for the local producers. The majority of the consumers at Söderslätt are positive towards an implementation of a local product label to inform about the local products. The labelling would help them to find the local products easier. The local consumers in Söderslätt would like to have a text on the product while tourists would like to have a symbol. From experience from other labelling scheme the combination of a symbol and a text on the products is a functioning concept.

Labelling of products is also associated to certain problems especially if logos or symbols are used. Consumers might have problems in understanding the meaning of a symbol or a logo, especially when there are a great amount of voluntary labels on the market. Labelling also cause problems when the consumers don't know if the information is subjective or objective.

Before a local product label can be used it is important to clarify what local means. Due to no generally accepted definition of local, it is up the promoting organisation to define and inform of the characteristics of a local product. Additionally to the problems with labelling of products, there seems to be problems with defining rules within a local labelling scheme for both food and non-food products. The problems occur especially when the labelling organisation tries to define how much of the product should originate from the area. All raw materials are not necessarily available from the specific area, how much of local raw material should then the product consist of to become a local product? The problem occurs especially with art and handcraft. E.g. should the paint of a painting be local or should the scenery be local to become a local product. Other problems, which can cause problems is to be able to keep an even quality, especially when there are many small actors in the local labelling scheme. Poor quality of the locally labelled product may reduce the attractiveness of the local products.

There might also be certain problems to increase the sales of the local products if there is a limited market and the costs of marketing of the local products might cause restrictions due to limited amount of paying participants in the labelling scheme. The benefits of a local label for the region can decrease, especially if the availability of raw material is restricted. The more raw materials are available for the local product the more the region benefits from the local label.

### **What are the characteristics of local products that attract consumers?**

The consumers have different needs and the local products many times offer characteristics, which fulfil these specific needs of the consumer. There seem to be a change in consumer attitudes towards food; the price is not the most important factor determining if a food

product is purchased, although it is still important. The needs of the consumers are changing. Consumer concerns over environment, ethics, health and the welfare of the country and region, are often reflected in the purchasing decisions and these issues are often associated with local products. The production of local food products is seen to be more transparent than non-local food products and the local food products are also associated to be healthier, fresher and better tasting.

The local food products are supported by two of the existing food trends, individualism and experience, which search for specific products. By purchasing locally produced products the consumer can fulfil some of the consumers' specific needs. But a local product must fulfil certain basic characteristics before it is bought, e.g. the quality must be of at least equal quality as a non-local product. The majority of the consumers in Söderlång would be interested in buying locally produced products if they cost as much as non-local products. But there seems to be consumers who would be willing to pay a premium price for the locally produced food products even if the price difference was moderate. Tourists are especially interested in paying more for locally produced food and non-food products. Especially tourists are interested in the products, which are typical for the area and differ from what they are used to back home.

The main reason for the local consumers to buy locally produced products at Söderlång seems to be strongly related to local patriotic reasons. The characteristics, which are normally related to local products are not the primary reason to buy products at Söderlång but it is to support the local economy. This observation indicates that when a local labelling scheme for promoting local labels is developed the physical characteristics of the product is not in the main focus but the origin of the product.

## **8.2 Recommendations**

In the light of this thesis' results, a local product label seems to be an option to promote regional and sustainable development at Söderlång. But there are many different issues that should be taken into consideration before local labelling is launched.

To make the local label work it is necessary to create a trustworthy organisation, which would administer the local label, and develop clear regulations and rules for what can be classified as a local product. The concept of ISO type 1 label could be an option for locally produced products, consisting of an independent organisation that would administer the label and ensure that the products fulfil the criteria. As mentioned earlier in the thesis there is no official definition of local. If no clear rules are created there might be a risk of losing the meaning of the term local product, leading to mistrust among consumers towards local products.

To make a local product label scheme strong, it might be of importance to involve many different local producers into this scheme both from food, non-food sector, and also possibly from the local service sector. Many paying participants can ensure that the administrative entity has a more efficient control of the origin of the product and more money can be spent on promotion of the products. The local product label could also co-operate over the local borders with other local producers and thereby strengthen the organisation financially. By having more producers involved the stronger the organisation would be.

The local labelling scheme should stress factors, which are important for the consumers at Söderlång when the rules and regulations are been build up for the local label. The fact that the consumers want to buy locally produced products mainly for supporting the local economy indicates that regulations must be created that focus most on the origin of the raw material. Other issues, which could be stressed when rules and marketing arguments are

created is the current interest of the consumers, such as, environmental, ethical, health and specialities from the region. By including many of these factors in a local product label the interest of the locally produced and labelled products would increase. The chance of gaining a premium price for the locally produced and labelled products would increase, although certain willingness for paying a premium price already exists. The labelling scheme could use strict rules regarding local raw material content in the local labelling scheme for a local products, this way it could benefit the local communities more so than loose regulations. The more local raw material is demanded in the local products, the more it would benefit regional development.

The local labelling scheme should also ensure continuous development of local products, meaning that new local products should be developed to keep the local products interesting for the consumers. Changes in the offered local products could keep the consumers interest high. If the local product label is associated with certain characteristics and becomes well known amongst consumers it might become a brand, helping product sales against other competing non-local products. This will especially happen if the brand is going to be sold outside the local area, as then the local label would become a promotional tool outside the area but at the same time it would loose its local character.

That the whole region would benefit more of the local product label the producers could try to map the raw material resources in the area and see if there would be more local raw materials available or opportunities to start producing locally certain raw materials. The local traditional products and other special characteristics of the region could be mapped to be able to see what products are special or typical for the region. This way the products would be diversified and thereby made more attractive among local consumers and tourists. Producers could also try to identify if they could co-operate with each other in order to supply more and new local products.

Reflecting back to the problems with logos and symbols, the labelling of the local products should be planned very well. The meaning of the label should be easy to understand both for local consumers and tourists. An option for Söderslätt might be text and a symbol; this way it would be easier for both local inhabitants and tourists to learn the meaning of the label. If co-operation with other local labelling schemes would be launched a common symbol could be used combined with a text, which would tell from, which area the product comes from.

To be able to offer the local products to as large a population as possible, it is of importance to negotiate with wholesalers in the Söderslätt area to gain entrance to the grocery shops with more locally produced products. By offering the locally produced products in grocery stores, the consumers would become more familiar with them and the barrier to buy the local products might be lowered.

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Brant, W., Käsestrasse. (2003, July 21), Telephone interview

Brezet, H., Delft University (2003, August 2), Personal Interview

Terpstra, P., Swedish Tourist Authority, (2003, July 27), Telephone interview

## Appendix 1

### Background information on surveys used in various sections of the thesis

Rutger Cooperative Extension	1990	Mail survey	1200 persons were randomly collected from <i>the New Jersey</i> phonebook of which 656 responded
Food Processing Center, Institute of Agricultural and Natural Resources, University of Nebraska-Lincoln.	2001	Telephone interview	100 household in Nebraska 150 household in Iowa, 150 household Wisconsin and 150 household in Missouri
Sevebrant Elise	1998	Personal interview in shops	200 persons interviewed in Stockholm and Kristianstad
Eklund, Lena and Fröman Eva	1991	Personal interview	429 persons interviewed in Umeå, Stockholm and Skåne
Wetenschapswinkel voor Economie RuG	2000	Mail interview, telephone interview and personal interview	Waddensee Islands
Nordic Council of Ministers Nielsen AIM A/S	2001	Personal interviews of people who finished their shopping in supermarkets or discount supermarkets	The Nordic Countries 1.343 persons



## **Appendix 2**

### **Questions used for the local label questionnaire**

The term food includes wine, spirits and other drinks.

- 1. Defining local products**
- 2. Consumer demands for locally produced products**
- 3. Labelling local products**
- 4. Place and price**
- 5. Experience from developing your labelling scheme**

#### **1. Defining local products**

1. What is the definition of a local product according to your scheme?
2. What are the criteria for becoming a local product?
3. How local must the product be in terms of its production chain?
4. What products are suitable for being classified as local products?
5. Are the locally produced products mainly seasonal or all-year around?
6. How far away can local products be sold?

#### **2. Consumer demands for locally produced products**

1. Are the attitudes towards locally produced products positive or negative and why?
2. What kind of locally produced products is the local consumer buying in your area? (And if possible a % differentiation between food and goods)
  - a. Food
  - b. Goods
3. What kind of locally produced products are the tourists buying in your area? (And if possible a % differentiation between food and goods)
  - a. Food

- b. Goods
- 4. What kind of properties should the product have for the local consumer to buy it e.g. freshness, better quality or unique local design?
  - a. For food
  - b. For goods
- 5. What kind of properties should the product have for the tourist to buy it e.g. freshness, better quality or unique local design?
  - c. The food
  - d. The goods
- 6. Who are more interested in the locally produced products, the local people or the tourists?
  - a. Why is it so?
  - b. How is this noticeable?

### **3. Labelling local products**

- 1. Why has your organisation chosen to use a label for your local products?
- 2. Which products in the following product groups are included in your labelling scheme?
  - a. Food
  - b. Goods
- 3. What type of producers is the local labelling scheme targeting? (And what is the size of the targeted companies?)
  - a. Bakeries?
  - b. Farmers, type farmers?
  - c. Drink producers?
  - d. Handcraft producers?
  - e. Others?

### **4. Place and price**

- 1. On what is the local label used?
  - a. On the product packaging?
  - b. On posters where the products are sold?

- c. Other places or ways?
2. Where are the locally labelled products sold?
3. Where do consumers prefer to buy the locally labelled products?
4. Do locally produced and labelled products cost more than the so-called “conventional product”?
  - a. If more expensive how much approximately (%) compared with a conventional product?
    - i. Food
    - ii. Goods
5. Does the locally produced and labelled product need to be differentiated from the conventional products in order to sell? If yes in what way?
6. Are consumers willing to pay a premium price for a locally labelled product?
  - a. Local consumers?
    - i. What kind of products?
  - b. Tourists?
    - i. What kind of products?

## **5. Experience from developing your labelling scheme**

1. What was the reason for starting promote locally produced products by labelling?
2. Did you make a consumer survey to explore what consumers (local people/tourists think about locally produced products before you started implementing the local product label?
3. What kind of positive experience do you have with the local product label?
4. What kind of problems is associated with the local product label?
5. Has the effort put on the local product label paid back, meaning has it been worth investing in it? How does it appear?
6. Is there any evidence that a locally produced and labelled product is an efficient way of promoting local production?
7. What is the overall impression of the use of the local product label, has it e.g. created local jobs, increased the local identity?
8. Is labelling of a locally produced product a good way of informing people of the local produced products to tourists and the local people, why?
9. Is the label used outside your region to promote the sales of your product?

I thank you very much for answering this questionnaire; the findings will be of great importance for my thesis work. I will send you the resulting thesis report when it is completed in the fall.

## Appendix 3

### Interview questionnaire for local consumers and tourists at Söderslätt

**Ifylles av GfK:**

Inkommet den \_\_\_\_\_ / \_\_\_\_\_ 2003 \_\_\_\_\_  
Logikkontrollerat av \_\_\_\_\_  
Bearbetat av \_\_\_\_\_  
Genomförandet kontrollerat av \_\_\_\_\_



© GfK Sverige AB

Proj. nr.: 030269                      RIHA/LIJA                      Int. nr.: \_\_\_\_\_

Hej, jag heter ... och ringer från GfK Sverige AB. Vi genomför just nu en undersökning på uppdrag av Lunds universitet och jag undrar om det går bra om jag ställer några frågor till dig? Temat för undersökningen är lokal produktion av varor och intervjun kommer att ta ca 10 minuter.

**1. Var vill du helst se att varor du köper är producerade**

- (1) Av en lokal tillverkare
- (2) I Sverige
- (3) I Norden
- (4) I Europa
- (5) Ingen betydelse

**2. Vad kommer du att tänka på när jag säger "lokalt producerade varor"?**

**För varje svar: Är detta positivt eller negativt?**

Positivt: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Negativt: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**3.a Med lokalt producerade varor menar vi alla typer av varor som är producerade på Söderslätt. Är du själv intresserad av att kunna köpa varor som du vet är producerade på Söderslätt?**

- (1) Ja        → **Ställ fråga 3.b, gå sedan till fråga 4.**
- (2) Nej      → **Ställ fråga 3.c, gå sedan till fråga 7.a**

**3.b Varför är du intresserad av att köpa på Söderslätt lokalt producerade varor?**

\_\_\_\_\_  
\_\_\_\_\_

**3.c Varför är du INTE intresserad av att köpa på Söderslätt lokalt producerade varor??**

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**4. Vilka typer av lokalt producerade varor är du intresserad av?**

**5. Vilka egenskaper hos ... (varutyp enligt 4.) är viktiga för att du skall föredra att köpa en lokalt producerad vara istället för motsvarande vara producerad någon annanstans?**

**4. Typer av varor**

**5. Viktiga egenskaper**

- |   |       |
|---|-------|
| (1) Livsmedel, ospecificerat, bröd, mjölk mm. | _____ |
| (1) Kött                                      | _____ |
| (1) Grönsaker/frukt                           | _____ |
| (1) Andra livsmedel, kex, kakor               | _____ |
| (1) Hantverksprodukter/möbler etc             | _____ |
| (1) Konst                                     | _____ |
| (1) Konsthantverk                             | _____ |
| (1) Drycker, alkoholvaror                     | _____ |
| (1) Annat 1, nämligen: _____                  | _____ |
| (1) Annat 2, nämligen: _____                  | _____ |

**6.a Var skulle du förvänta dig att kunna köpa livsmedel producerat på Söderslätt?**

- (1) Vanliga livsmedelsbutiker
- (1) Gårdsbutiker
- (1) Torghandel
- (1) Annat, nämligen: \_\_\_\_\_

**6.b Var skulle du förvänta dig att kunna köpa andra varor producerade på Söderslätt?**

- (1) Vanliga livsmedelsbutiker
- (1) Special butiker
- (1) Hos producenten
- (1) I turistshoppar
- (1) Annat, nämligen: \_\_\_\_\_

**7.a Hur skulle du förvänta dig att priset på ett lokalt producerat livsmedel är, jämfört med priset på motsvarande livsmedel producerat någon annanstans? Skulle du förvänta dig att priset är högre, lika eller lägre?**

- (1) Lägre → Hur mycket lägre? Svara i %: \_\_\_\_ %  
 (2) Lika  
 (3) Högre → Hur mycket högre? Svara i %: \_\_\_\_ %

**7.b Hur skulle du förvänta dig att priset på en annan lokalt producerad vara är, jämfört med priset på motsvarande vara producerad någon annanstans? Skulle du förvänta dig att priset är högre, lika eller lägre?**

- (1) Lägre → Hur mycket lägre? Svara i %: \_\_\_\_ %  
 (2) Lika  
 (3) Högre → Hur mycket högre? Svara i %: \_\_\_\_ %

**7.c Hur mycket skulle du själv betala för lokalt producerat livsmedel?**

- (1) \_\_\_\_ % mindre än för livsmedel producerat någon annanstans  
 (2) Samma pris som för livsmedel producerat någon annanstans  
 (3) \_\_\_\_ % mer än för livsmedel producerat någon annanstans

**7.d Hur mycket skulle du själv betala för andra lokalt producerade varor?**

- (1) \_\_\_\_ % mindre än för en vara producerad någon annanstans  
 (2) Samma pris som för en vara producerad någon annanstans  
 (3) \_\_\_\_ % mer än för en vara producerad någon annanstans

**7.e Om priset för ett lokalt producerat livsmedel skulle vara..., än för motsvarande livsmedel producerat någon annanstans, hur troligt är det att du skulle köpa det? (Om svarsalternativ 4 eller 5 → fortsätt med fråga 7.f, övriga fortsätter med nästa prisnivå)**

**Om priset för ett lokalt producerat livsmedel skulle vara..., än för motsvarande livsmedel producerat någon annanstans, hur troligt är det att du skulle köpa det? (Om svarsalternativ 4 eller 5 → fortsätt med fråga 7.f, övriga fortsätter med nästa prisnivå)**

**Om priset för ett lokalt producerat livsmedel skulle vara..., än för motsvarande livsmedel producerat någon annanstans, hur troligt är det att du skulle köpa det? (Fortsätt med fråga 7.f)**

	Skulle absolut inte köpa	Skulle troligen inte köpa	Skulle kanske/kanske inte köpa	Skulle troligen köpa	Skulle absolut köpa
10 % högre	(1)	(2)	(3)	(4)	(5)
5 % högre	(1)	(2)	(3)	(4)	(5)
Lika	(1)	(2)	(3)	(4)	(5)

- 7.f Om priset för en annan lokalt producerad vara skulle vara..., än för motsvarande vara producerad någon annanstans, hur troligt är det att du skulle köpa den? (Om svarsalternativ 4 eller 5 → fortsätt med fråga 8, övriga fortsätter med nästa prisnivå)**

Om priset för en annan lokalt producerad vara skulle vara..., än för motsvarande vara producerad någon annanstans, hur troligt är det att du skulle köpa den?  
(Om svarsalternativ 4 eller 5 → fortsätt med fråga 8, övriga fortsätter med nästa prisnivå)

Om priset för en annan lokalt producerad vara skulle vara..., än för motsvarande vara producerad någon annanstans, hur troligt är det att du skulle köpa den?  
(Fortsätt med fråga 8)

	Skulle absolut inte köpa	Skulle troligen inte köpa	Skulle kanske/ kanske inte köpa	Skulle troligen köpa	Skulle absolut köpa
10 % högre	(1)	(2)	(3)	(4)	(5)
5 % högre	(1)	(2)	(3)	(4)	(5)
Lika	(1)	(2)	(3)	(4)	(5)

- 8. Hur förväntar du dig att få information om att en viss vara är lokalt producerad?**

- (1) Märkning i form av symbol på varan
- (1) Information i butiken
- (1) Annonsering
- (1) Text på varan
- (1) Annat, nämligen: \_\_\_\_\_

- 9. Det finns planer på att introducera en speciell märkning av varor producerade på Söderslätt. Märkningen skulle förmodligen vara i form av en symbol väl synlig på varan. Vilken är din inställning till en sådan märkning?**

- (1) Mycket negativ
- (2) Ganska negativ
- (3) Varken eller
- (4) Ganska positiv
- (5) Mycket positiv

- 10. Brukar du titta efter andra märkningar när du handlar? Med märkningar menar vi t ex miljömärkning, rättvisemärkning mm. Om ja: Vilka märkningar brukar du titta efter?**

- (1) Ja
  - (1) Svanen
  - (1) KRAV
  - (1) Ursprungsland
  - (1) Bra miljöval
  - (1) Nyckel märkning
  - (1) Sista försäljningsdag
- (2) Nej



BAKGRUNDSDATA	
<b>Kön? (Fråga ej)</b>  (1) Man (2) Kvinna  <b>Ålder?</b>  _____ år  <b>Hushållsstorlek?</b>  (1) En person (2) Två personer (3) Tre personer (4) Fyra personer (5) Fem personer eller fler  <b>Hur många år har du sammanlagt bott på Söderslätt?</b>  _____ år  <b>Är du den i ditt hushåll som ansvarar för hushållets inköp av dagligvaror?</b>  (1) Ja, till mer än 50 % (2) Ja, till ungefär 50 % (3) Ja, till mindre än 50 % (4) Nej, inte alls	<b>Utbildning?</b>  (1) Förgymnasial (2) Gymnasial (3) Universitets-/högskolekurs (ej hel examen) (4) Universitets-/högskoleexamen  <b>Huvudsaklig sysselsättning?</b>  (1) Anställd (2) Egenföretagare (3) Studerande (4) Pensionär (5) Hemarbetande (6) Arbetslös  <b>Hur stor är hushållets sammanlagda årsinkomst före skatt?</b>  (&) Vill ej svara/Vet ej (1) - 59 999 kr/år (2) 60 000 - 79 999 kr/år (3) 80 000 - 99 999 kr/år (4) 100 000 - 139 999 kr/år (5) 140 000 - 179 999 kr/år (6) 180 000 - 199 999 kr/år (7) 200 000 - 259 999 kr/år (8) 260 000 - 299 999 kr/år (9) 300 000 - 399 999 kr/år (0) 400 000 - 499 999 kr/år (1) 500 000 - kr/år

Om du undrar något i samband med registreringen av dina personuppgifter är du välkommen att ringa 0200–22 23 25. Det kostar bara en markering.

**TACKA IP FÖR DELTAGANDET OCH AVSLUTA INTERVJUN MED ATT Fylla i uppgifterna på sista sidan!**

Namn: \_\_\_\_\_

Adress: \_\_\_\_\_

\_\_\_\_\_

Postnr: \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ 115-119 Ort: \_\_\_\_\_

Telefonnr: \_\_\_\_\_ / \_\_\_\_\_

**Att intervjun har genomförts enligt givna instruktioner försäkras härmed:**

Datum: \_\_\_\_\_ Intervjuarens namnteckning: \_\_\_\_\_

Intervjuarnummer: \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_