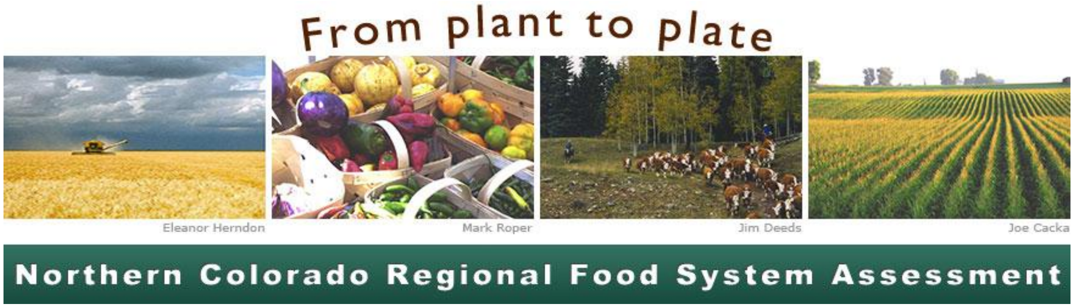



www.larimer.org/foodassessment/

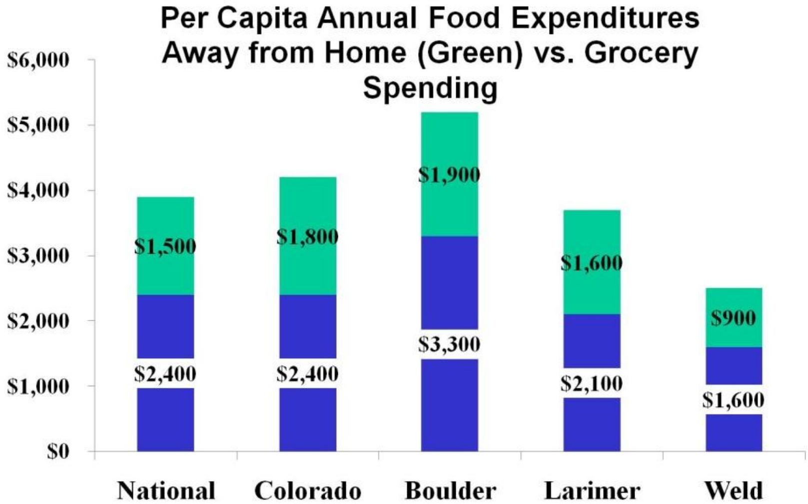
## Northern Colorado Regional Food System Assessment

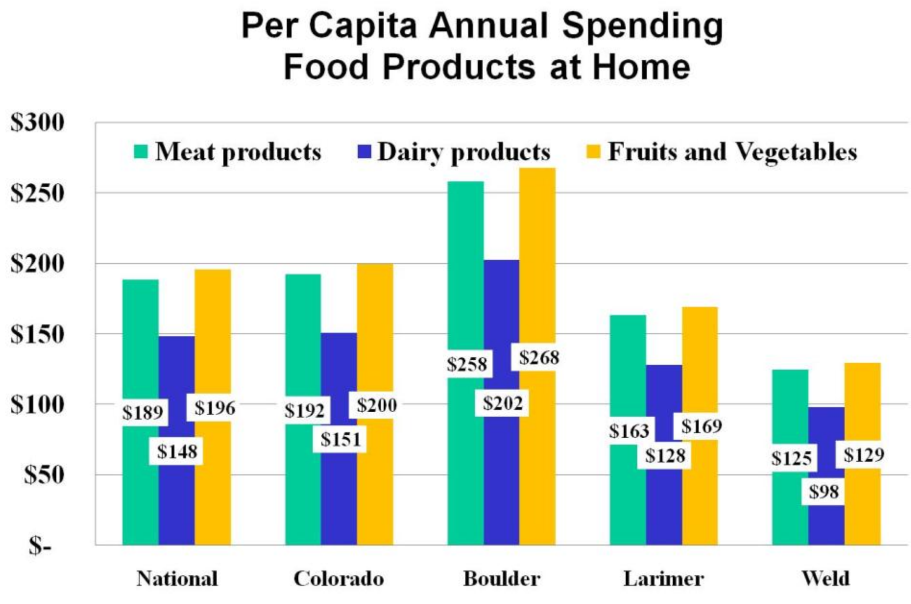
# Food Consumers

Food remains one of the basic spending categories for consumers, but an increasing share of food dollars are being spent away from home. For food at home, a significant share of consumers value and purchase local food, and it is becoming more common for those purchases to be directly from producers (at farmers markets or through other options). Among food buyer values, there is high concern about the importance of protecting local farmland and supporting the local economy. Moreover, the growing number of shoppers who utilize farmers markets suggests a growing opportunity for producers to sell their products directly, and educate consumers on their production and processing practices (some of which are officially certified). Within local food systems, these certifications appear to be growing in importance as a quality signal to food buyers.

## Tracking our Food Dollars: Consumer Buying Patterns and Expenditures

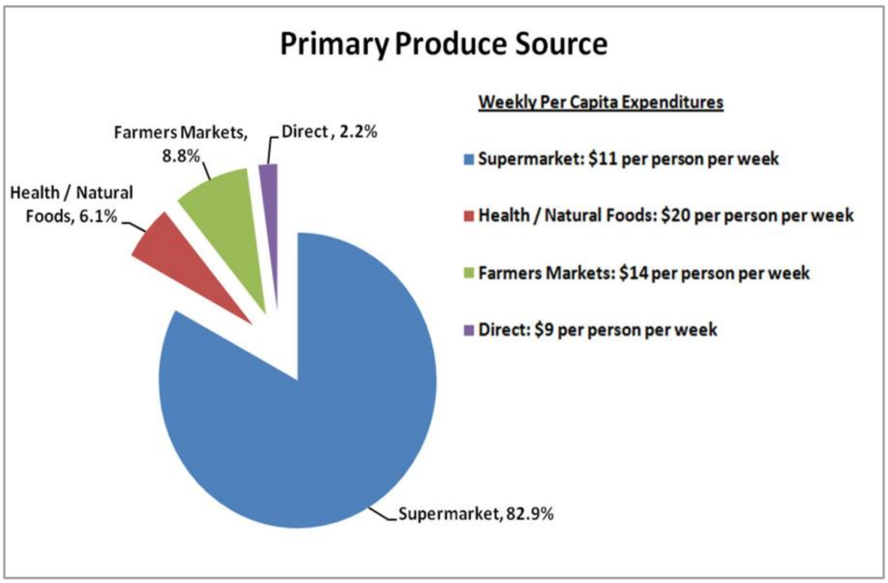
Consumers have many options when it comes to purchasing foods and fresh produce. Moreover, the pace and activity levels of Americans have resulted in an increasing share of food being eaten away from home. Although Coloradoans have similar grocery expenditures compared to the country as a whole, they do spend a higher share of their food dollars away from home. Since there are no county data available, we assume similar trends exist in each county (altered somewhat by the disposable income of each county). Of the money spent for food eaten at home, a similar proportion is spent on meats and fruits/vegetables, with milk representing the other major foods that are purchased in a fairly raw/lightly processed form.



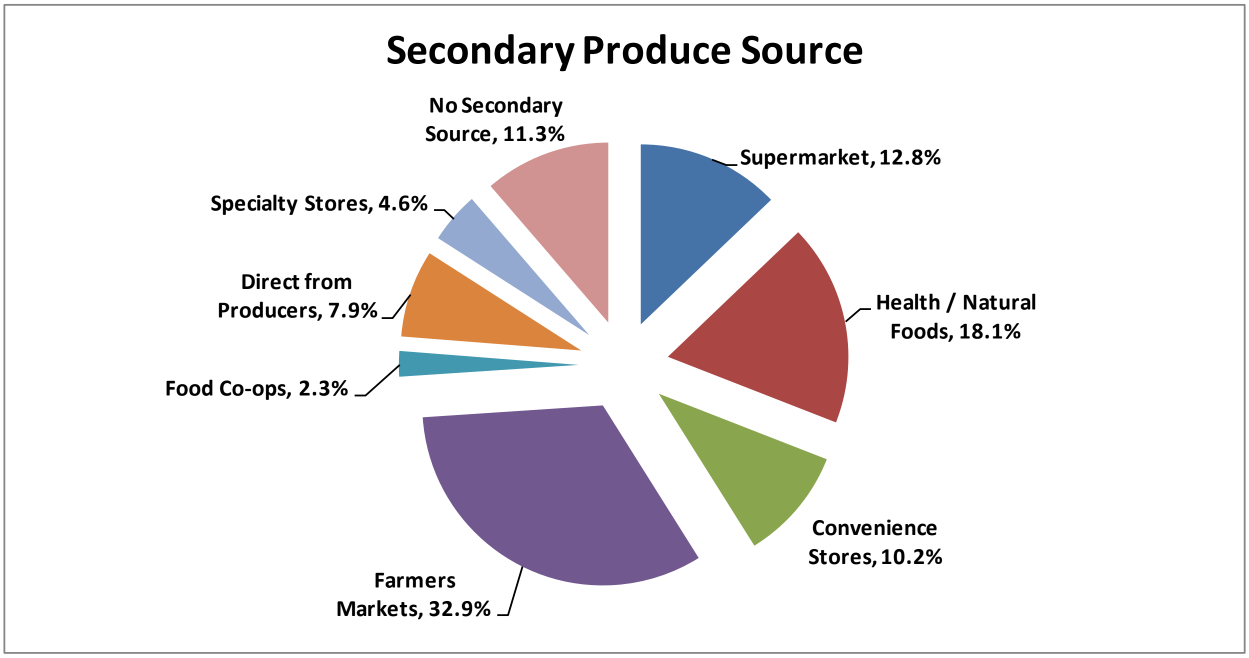




USDA estimates that, as of August 2010, the total number of farmers markets in the nation had reached 6,132, a 40 percent increase from August 2006. On the supply side of local food systems, the number of farms turning to direct sales within a broad context of options is growing at a similar rate. According to the 2007 Census of Agriculture, 136,817 farms (6 percent of all farms) sold a little over $1.2 billion in agricultural products direct to consumers. (Although this is only about 0.5 percent of total sales, it is a 50 percent increase in sales from just five years earlier (2002)). This growth translates into about 20,000 more farms selling engaged in direct marketing, with each farm selling about $2,000 more per farm annually. The importance of direct markets for small farms (under $50,000 of annual sales) appears to be significant; almost two-thirds of sales come from farms of this size, and these farms represent three-quarters of the growth in sales.

The following figures show the breakdown of produce purchases by primary and secondary sources, respectively, based on a 2008 national survey conducted by CSU. A large majority of respondents (82.6 percent) prefer supermarkets and supercenters as their primary fresh produce source (consistent with national statistics), but a growing share (8.8 percent) prefer farmers markets as their primary fresh produce source and 4.0 percent of respondents prefer natural and health foods stores (when compared to a similar 2006 survey).




The distribution of preferences for secondary fresh produce sources (defined as locations where 25 percent or more produce would be purchased) is more evenly spread among the categories. 32.9 percent preferred farmers markets as their secondary source of fresh produce, followed by natural and health foods stores (18.1 percent), supermarkets (12.8 percent), convenience stores (10.2 percent), direct from producer options (7.9 percent), specialty stores (4.6 percent), and food cooperatives (2.3 percent). Not surprisingly, may be more willing to go beyond their “normal” stores to get special items, but this shows the diversity of those alternative venues.



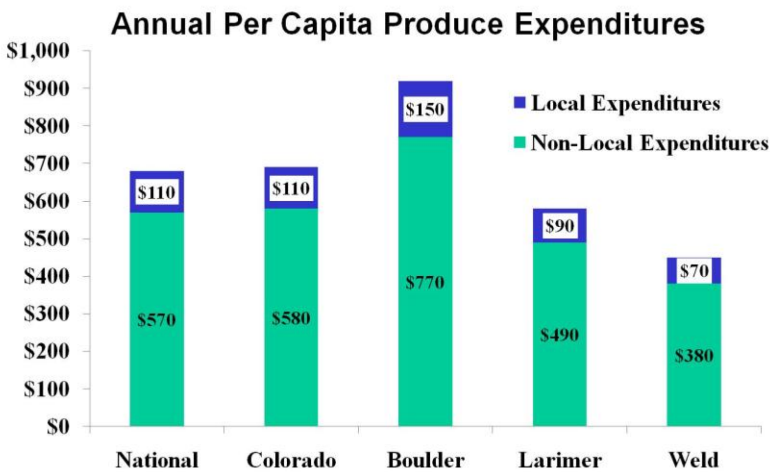

Many believe that there are significant differences in fresh produce expenditures made by consumers, depending on where they shop. Namely one might expect that those shop at health, natural, specialty or direct markets may spend relatively more for a variety of reasons. The table below shows that the largest share of people spend $0-20 each week on fresh produce, no matter where they shop.

### Primary Produce Source by Fresh Produce Expenditure

| | Supermarket | Health/Natural Foods | Farmers Markets | Direct | Overall |
|---|---|---|---|---|---|
| **$0 - $20** | 67% | 42% | 63% | 74% | 65% |
| **$21 -$40** | 23% | 27% | 24% | 17% | 23% |
| **$41 - $60** | 7% | 15% | 5% | 9% | 7% |
| **$61 - $80** | 3% | 8% | 3% | 0% | 3% |
| **$81 - $100** | 0% | 2% | 0% | 0% | 0% |
| **> $100** | 1% | 6% | 4% | 0% | 1% |

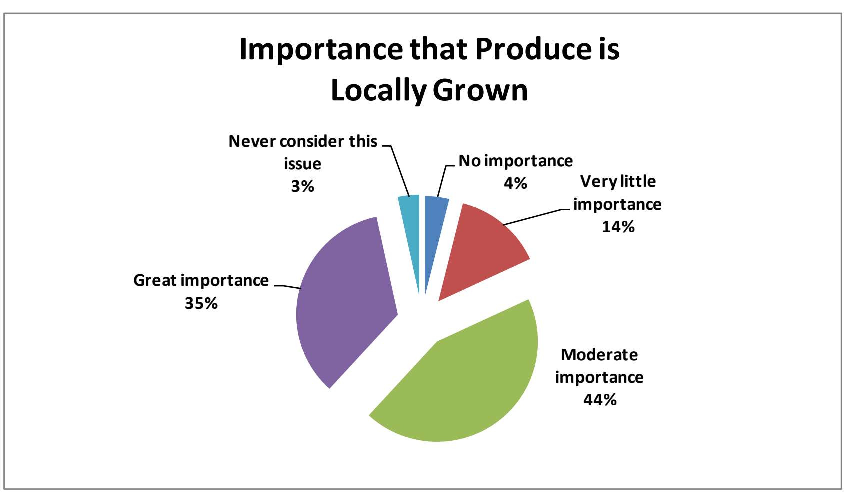
Overall, 65 percent of those sampled spend a maximum of $20 on fresh produce; an increase to $40 per week would capture 90 percent of the sample. As expected, those who spend relatively more are shopping at health/natural or direct outlets. These expenditures are likely a reflection of the share of all food purchases that are fresh produce among these shoppers, and perceived quality demands of these consumers that may raise the overall price points of their purchases. In contrast, direct purchasers reported relatively low expenditures, suggesting direct options (community supported agriculture (CSAs and roadside stands) are used by those who seek to spend less on fresh produce.

Given information on preferences for various food markets, we can estimate how much consumers are spending locally across food categories. For example, we see that a small share of dollars are spent locally on produce, but this is one industry sector that can grow without additional processing infrastructure, especially given the growing number of direct sales outlets and opportunities, such as CSAs and farmers markets.



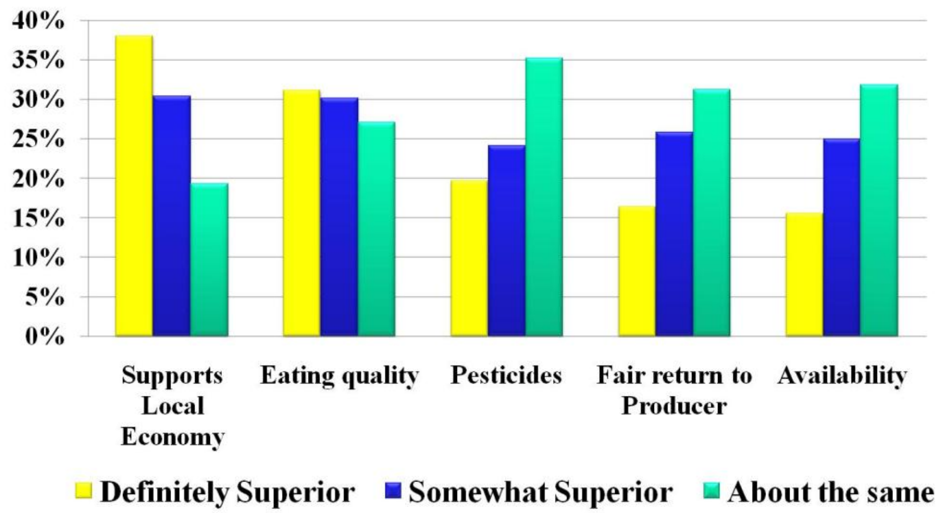

## The Role of Consumer Values and Perceptions in the Marketplace

Consumers' preferences for locally produced products have been growing in recent years (when comparing 2006 and 2008 CSU surveys). The figure above shows that a total of 7 percent of all respondents replied that they never consider or place any importance on whether the produce they buy is locally grown, while 35 percent indicated that it was of great importance and 44 percent said it was of moderate importance in their decision process.

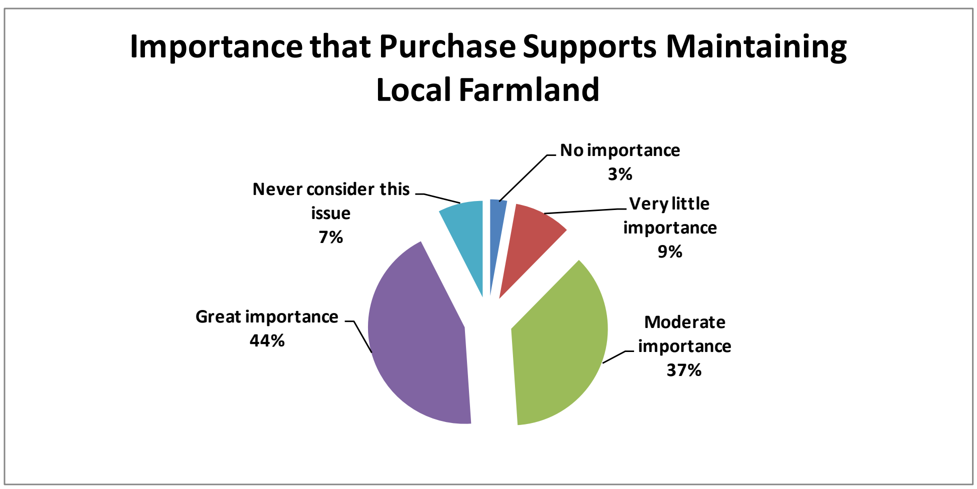


To better understand why consumers value local produce, shoppers were asked how local produce "stacked up" against produce from other sources. Local produce compared favorably on quality and support for the local economy, but consumers identified the availability of local produce as a weakness.

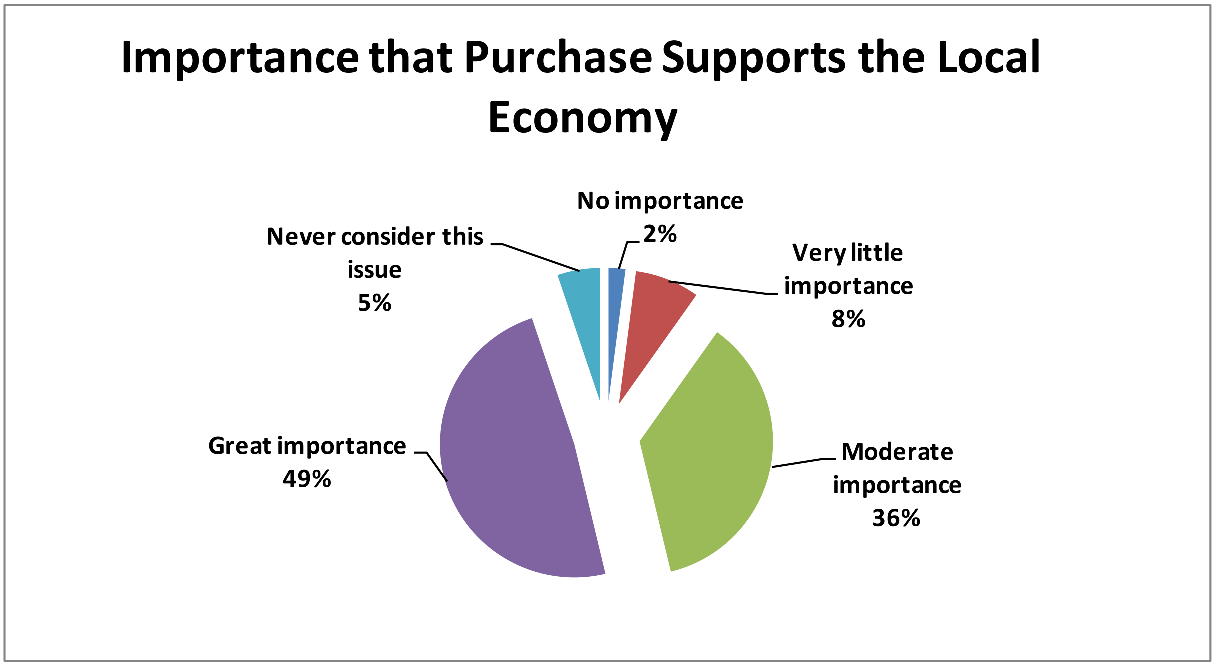
## Consumer Perceptions about Local Produce (relative to domestic supplies)




The majority of survey respondents also identified maintaining local farmland as an influencer to their fresh produce purchase decision. Forty-three percent considered maintaining local farmland to be of great importance, while 36 percent thought it was of moderate importance in their fresh produce decisions.




An even larger proportion of consumers considered supporting the local economy to be of great importance (49 percent), while 36 percent thought it was of moderate importance (for a total of 85% of all consumers surveyed); a clear message to producers and economic development professionals about the importance of defining and supporting local markets for agricultural products.




These responses signal that there are high expectations about the role local food systems may play in environmental (land preservation) and economic development outcomes for the region. However, some consumers still look to official certifications for assurances about product origin, safety, environmental footprint and other issues of current concern.

## Certifications Help Producers Convey their Product Values to Consumers

A rapidly growing share of US shoppers look beyond the price tag of the items they buy to consider the social and environmental attributes of their purchases. These consumers want to know that their purchases support their values. They want to know whether production is environmentally sustainable, whether employees are being paid a fair wage, whether animals are treated humanely, and whether local communities and cultures are being supported (Seyfang 2006; Vermeir and Verbeke 2006). Recent surveys find that over 70 percent of Americans believe that they can make a positive difference by buying from socially and environmentally responsible companies and most are willing to pay a premium for goods and services that address their values (Hartmann Group 2009).

A recent study by the Center for Fair and Alternative Trade (CFAT) confirms this trend: the majority of people in Colorado agree that consumers should take ethics into consideration in their purchasing and roughly 50 percent are convinced that values-based shopping can have significant positive impacts on society and the environment (Long 2009).

Despite significant variation in their missions, food certification programs primarily seek to define and support food quality, social and environmental attributes that are seen as undervalued in the food system (see the table below). While some programs are quite narrow in the types of enterprises, products, and regions that can be involved, a number are global in scope and encompass broad segments of the economy. Certification initiatives are the most plentiful and appear to be growing the most rapidly in the food and beverage sector because of the salience of this sector to consumers and because environmental and social concerns intersect so clearly here. However, as the table below shows, there are a growing number of certification programs for crop and livestock products which offer opportunities for producers to better communicate their values and improve market access which, in this case, would mean access to the growing markets for local food products.

## Certification Programs

| | Organic Production | Animal Welfare | Locally Grown | Ecologically Sustainable | Labor Issues | Family/ Co-op Owned | Products |
|---|---|---|---|---|---|---|---|
| American Grassfed | | ✓ | | | | | Livestock |
| American Humane Certified | | ✓ | | | | | Livestock |
| Animal Welfare Approved | | ✓ | | | | ✓ | Livestock |
| Certified Humane | | ✓ | | | | | Livestock |
| Certified Naturally Grown | ✓ | | ✓ | ✓ | | | Crops & Livestock |
| Demeter Biodynamic | ✓ | | | ✓ | | | Crops & Livestock |
| Domestic Fair Trade | | | | ✓ | ✓ | ✓ | Crops & Livestock |
| Family Farmed | | ✓ | ✓ | ✓ | | ✓ | Crops & Livestock |
| Food Alliance | | ✓ | | ✓ | ✓ | | Crops & Livestock |
| Predator Friendly | | ✓ | | ✓ | | | Livestock |
| Protected Harvest | | | | ✓ | | | Crops |
| Buy Fresh, Buy Local | | | ✓ | | | | Crops & Livestock |
| USDA Organic | ✓ | | | | | | Crops & Livestock |

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