Introduction

Previous research conducted by the Center for Agribusiness and Economic Development (CAED) found Georgia consumers have significant preferences for fresh produce that is grown in Georgia. The CAED decided to investigate whether a similar preference existed for foods processed in Georgia. A statewide survey of over 200 Georgia residents was used to collect information pertaining to preferences for Georgia processed foods.

Executive Summary

• 48% of Georgia consumers indicated that they would be willing to switch supermarkets to purchase foods processed in Georgia.
• 53% indicated that the availability of Georgia processed foods influences where they shop.

• 88% indicated that they would purchase foods processed in Georgia over competing processed foods if competitively priced and equal quality.

• 90% felt that labeling should be used to identify Georgia processed foods.

• 77% indicated they would like information showing were foods were processed.

• 48% indicated that a special logo identifying the food processed in Georgia would be very useful when they shop.

• 64% indicated that they would be willing to pay a slightly higher price for processed foods that were labeled as being processed in Georgia to cover the cost of labeling.

• Georgia consumers appear to be more likely to pay more for processed foods labeled “processed in Georgia” than they are for food labeled as organically or naturally processed.

**Georgia Oil Seeds**

• Over one-half of the Georgia consumers interviewed would be willing to pay more for oil seeds processed in Georgia. It appears that consumers are most likely to pay up to 10% more for these oils.

• Georgia consumers are likely to pay more for peanut and canola oils processed in Georgia than they are for cottonseed and soybean oils that are processed in Georgia.
Summary

The results of this study indicate that a “processed in Georgia” marketing campaign or tie-in with the Grown in Georgia campaign has the potential to significantly impact Georgia’s food processors while increasing retail sales of Georgia processed foods. Georgia consumers appear to be loyal to state businesses and would prefer to purchase Georgia processed food over foods processed elsewhere.

Georgia’s retail outlets should be made aware of shoppers preferences for Georgia processed foods and the potential impact the program might have on their sales. According to the survey results, a significant number of shoppers reported they would switch stores to be able to purchase food processed in Georgia. This information provides leverage for Georgia’s food processors. Retail outlets that choose not to participate in the program would take the chance of losing customers and losing the increased potential sales that can be generated from consumers preferences for purchasing additional Georgia foods.

Only a small number of shoppers (8%) were aware of the “Always in Good Taste,” marketing campaign prior to the time they were interviewed. However, 88% of the respondents indicated they would purchase food processed in Georgia over competing products if it was competitively priced and offered similar quality. Ninety percent of the shoppers indicated that special labels should be used to identify Georgia processed foods, while over eight-in-ten Georgia consumers would like to have Georgia processed foods labeled throughout the year, not just during a special promotional period. Given the potential impact of this marketing program,
additional resources and efforts should be directed to educate and inform consumers about Georgia processed foods and its impact on the state economy.

A survey of state marketing programs by CAED found that many states offer generic advertising programs aimed at increasing residents awareness of food products produced in-state. Businesses that are members of these promotional programs benefit from this generic advertising and increased consumer awareness. Business members typically incorporate the state promotional logo into their marketing material to establish their association with being produced in-state and the state marketing program. Many food processors do not typically have the resources needed to advertise their products on television and radio. Georgia has implemented an advertising program directed by the Georgia Department of Agriculture to promote Georgia fresh produce. The state’s generic television and radio advertising benefits all fresh produce growers who have included the state’s logo in their marketing material. A similar program should be considered for foods processed in Georgia.

**Implan Analysis**

Vegetable processing is a key component of Georgia’s agriculture and manufacturing sectors. Further processing of Georgia’s raw vegetables is necessary to provide a market for the vegetables grown in the state. Further, processing of vegetables adds jobs and value to Georgia’s economy. An input-output model called IMPLAN (Impact Analysis for PLANing) was constructed for Georgia. IMPLAN measures the effects of an industry on output (sales), employment and tax revenue. Input-output models work by separating the economy into its various sectors, such as agriculture, construction, manufacturing and so on. An IMPLAN model
will show each sector and industry in the specific region’s economy. The model can capture how one industry (for example, vegetable processing) affects output and employment in other industries.

Vegetable processing in Georgia has sales of $504 million. These sales in turn, generate another $369 million in sales in other industries. Thus, the total value of the vegetable processing industry in Georgia is $873 million. This includes the additional value that is generated at the farm as raw vegetables are procured.

The vegetable processing industry employs 4,500 individuals in its plants and offices. Sales from the vegetable processing industry create another 4,000 jobs. Thus, total employment that can be attributed to the vegetable processing industry in Georgia tops 8,500.

This short analysis highlights the importance of vegetable processing in Georgia. Without this processing, both Georgia’s agricultural and manufacturing sectors would suffer, along with all the industries supported by vegetable processing.

Objectives

The CAED surveyed over 200 Georgia consumers to determine their interest in labeling and identifying food products processed in Georgia. In addition, the study measured consumers’ willingness to pay for seed oils processed in Georgia.

Methodology

The CAED wanted to measure shoppers awareness with the “Always in Good Taste” marketing campaign, as well as, evaluate the campaign’s impact on shoppers’ purchase decisions. To accomplish these goals, the CAED conducted a statewide telephone survey with
Georgia consumers during January 2002. Respondents were randomly selected and asked to complete a simple questionnaire. A total of 225 Georgia consumers completed the telephone survey.

“Always in Good Taste” Promotion Awareness

It is important to measure the awareness level of a marketing campaign as part of its evaluation process. The respondents were asked whether they were familiar with Georgia’s “Always in Good Taste” marketing campaign. Very few (8%) respondents were aware of the campaign, see Figure 1.

Given the low level of consumer awareness, there is plenty of opportunity to increase Georgia consumer’s awareness with the “Always in Good Taste” marketing campaign. The
incentive for increasing Georgian’s awareness with the program by playing on consumer’s loyalties to businesses operating in the state and tapping into consumers preferences for products produced in the state. The campaign will allow Georgia processed foods to “stand out” in the marketplace and differentiate themselves from competing products and provides an incentive for consumers to purchase these over competing products.

**Georgia Consumer Loyalty**

One of the most important functions of the “Always in Good Taste” program is to increase Georgia consumers’ awareness of Georgia’s processed food products. The results of this study indicate that the vast majority of Georgia’s consumers are willing to purchase foods processed in Georgia over non-Georgia processed foods given they are similarly priced and offered comparable quality (Figure 2). This provides a great point of differentiation for Georgia processed foods which may be leveraged to increases sales. For example, when a shopper is faced with two competitively priced, quality processed food products, Georgia consumers are more likely to select the product identified as being processed in Georgia. Therefore, the simple act of labeling or identifying Georgia’s products provide them with a competitive advantage in the marketplace over non-Georgia processed foods.
In addition to determining Georgia consumers’ opinions on labeling processed foods, it is important to determine the impact of labeling on consumers purchasing decisions. The respondents were asked whether a logo identifying foods that are processed in Georgia would influence their purchase decisions (Figure 3). Nearly three-quarters (74%) indicated that a logo identifying Georgia processed foods would influence them to purchase food processed in Georgia as opposed to only 20% who indicated that such a logo would have no influence on their purchasing decision. This supports the idea that labeling processed foods provides a competitive advantage and has the potential to increase sales by Georgia’s processed foods.
Over 81% (the very and somewhat useful responses) of Georgia consumers interviewed indicated that a logo identifying Georgia processed foods would be useful to them when they shop, Figure 4. Again, consumers would like to have information on where their foods are processed. Labeling or identifying these products will satisfy consumers need for information as well as allowing these business to take advantage of state loyalty.
Identifying food products by either labeling or creating a logo is important as Georgia consumers would like to have their processed foods labeled, revealing their point of origin. Nearly all (90%) of those interviewed indicated that they would like Georgia processed foods labeled and 64% of them are willing to pay slightly more to cover the cost of labeling. In addition, nearly half (48%) of Georgia consumers indicated they would be willing to switch supermarkets in order to purchase foods that are processed in Georgia, while 53% reported that the availability of foods processed in Georgia impact their decision where to shop (Figure 5).

These results support the promotion and identification of Georgia processed food products. Georgian’s would like to have their processed foods labeled not only during special promotional periods but throughout the year.

**Figure 5. Georgian’s Ideas on Labeling Georgia Processed Foods**

<table>
<thead>
<tr>
<th>Response</th>
<th>Percent Mentioned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Should Label GA Processed Foods</td>
<td>80%</td>
</tr>
<tr>
<td>Like Information About Where Processed Foods Were Produced</td>
<td>77%</td>
</tr>
<tr>
<td>Availability of GA Processed Foods Impact Where You Shop</td>
<td>84%</td>
</tr>
<tr>
<td>Willing To Pay for Labeling GA Processed Foods</td>
<td>48%</td>
</tr>
<tr>
<td>Like To See “Processed in GA” Label Throughout the Year</td>
<td>41%</td>
</tr>
<tr>
<td>Switch Supermarkets to Purchase Foods Processed in GA</td>
<td>53%</td>
</tr>
</tbody>
</table>

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TAG Line Preferences

Different catch phrases or tag lines were tested to determine their impact on consumer purchasing decisions. “Processed in Georgia,” “organically processed,” and “naturally processed” were the three tag lines that were tested. About 40% of the respondents are willing to pay more for products that are produced in Georgia. Similar numbers were willing to pay more for products that were labeled as organically or naturally produced (Figure 6). It is important to keep in mind that about half of those interviewed would not be willing to pay more for processed foods with any of the proposed labels.
Georgia consumers are more likely to pay for products labeled as processed in Georgia than they are for products labeled only as organically or only as naturally produced. It appears that Georgia consumers are loyal to products produced in the state and are willing to back-up their loyalty by paying slightly more for these products. However, given the large member of respondents who would not be willing to pay for processed in Georgia products, the largest gain in sales could be obtained by keeping prices competitive and depending on the loyalty factor as a means of increasing sales and market share.

**Georgia Oil Seeds**

There is an interest in determining Georgia consumers perceptions about seed oil processed in the state. A series of questions were asked to assess consumers willingness to pay more for seed oil products processed in Georgia. Given the importance of consumers loyalty toward Georgia processed food products, it is logical to assume that a significant percentage of the population would be willing to pay more for seed oil products processed in state. The results are very similar to the willingness to pay for organic and naturally processed foods.

The results suggest that consumers are willing to pay more for peanut and canola oil than cotton seed and soybean oil produced in Georgia (Figure 7). Nearly fifty percent of the respondents indicated they would be willing to pay more for these products processed in Georgia. Approximately 30% of Georgia consumers are willing to pay up to 10% more for peanut and canola oil compared to 20% who would be willing to pay up to 10% for cotton seed and soybean oil. Interestingly, a few consumers, about 5%, are willing to pay up to 15% for these products. Remember, about 50% of those interviewed would not pay more for these products suggesting loyalty as a more effective means of increasing sales and market share.
Conclusion

Consistent with the Georgia-Grown fresh produce study, it appears that Georgia consumers are very loyal to products produced in the state. They would like to have products labeled to indicate where they are processed, i.e., a logo that would identify Georgia products year around. Labeling Georgia products has the potential to significantly influence consumers shopping decisions to buy, where to shop for, as well as choosing these products over non-Georgia processed food products, given they were similarly priced and offered comparable quality.

Currently, Georgia consumers have a very low level of awareness with the “Always in Good Taste” marketing campaign. It would benefit all foods processed in Georgia to increase
consumer awareness with the program and allow the various Georgia food processors to piggy-back their individual marketing programs with the Georgia marketing program.

There appears to be a preference for Georgia processed seed oil products as indicated by the willingness to pay more for these products. Again, it appears to be a loyalty issue but will only work if these products are of similar or greater quality and the price differential is not greater that 10%.