A Preliminary Exploration of Local Food Marketing in Australia: A Value Co-creation Lens

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Abstract
Consumer interest and demand for local food is growing rapidly. Increased levels of consumer health and environmental consciousness, along with popular media, have sparked this growth. Yet, little marketing specific research focuses on local food. The purpose of this conceptual paper was, therefore, twofold. First, it sought to explore some of the existing gaps in local food marketing research. Second, it aimed to offer fresh perspective on marketing local food as framed by the value co-creation concept. It was found that local food marketing is fragmented across multiple disciplines; little research exists in an Australian context; and that there is little cohesion in terms of how local food is defined in marketing contexts. The paper contributes to theory and practice by suggesting opportunities for value co-creation as a platform to enhance local food marketing strategies, and also encourages consideration of challenges that may arise.

Keywords: local food marketing, food marketing, value co-creation
Track: Food Marketing

1.0 Background
Over the last two decades, the ‘local food movement’ has gained considerable attention amongst consumers. Research has revealed that over three-quarters of global consumers make a conscious effort to purchase some local food (Marketline, 2011). Consumer interest in quality local diets, demand and willingness to pay more for organic food, increases in the number of farmers markets, environmental concerns for food miles, food security and food related tourism are a few trends that exemplify the growth of the local food movement (Boyne, Hall and Williams, 2003; Latacz-Lohmann and Foster, 1997). Popular culture has made terms like, “farm-to-fork” and “paddock-to-plate”, familiar phrases that symbolise the local food movement in mainstream media (Byker, Rose and Serrano, 2010). In Australia, there are over 120 regularly held farmer’s markets (South Australia Food Centre, 2010). At the corporate level, Australian grocery store retailer Woolworths has developed and implemented a local food strategy (Marketline, 2013). These trends indicate the market credence of the local food movement. Marketing research on local food, however, remains scant—particularly within the Australian context.

Derived from Vargo and Lusch’s (2004, 2008) service-dominant logic (SDL) perspective, value co-creation is the marketing focus of this research. It centres on equalising the roles of stakeholders in marketing experiences for the mutual creation of value. Value co-creation has seen considerable uptake in the marketing literature of recent, illustrating its theoretical relevance (Archol and Kotler, 2012). This conceptual paper aims to highlight some of the existing gaps, and extend the theory and practice by exploring marketing local food via a value co-creation lens. To do so, a brief review of the local food marketing literature is provided, followed by an overview of the value co-creation concept. Next, some potential opportunities and challenges of marketing local food within the scope of value co-creation are offered. Finally, a conclusion with future research directions is drawn.

2.0 Local Food Marketing
Despite the growing popularity of the local food movement, traditional academic outlets have failed to explore marketing it in detail. This may be a result of three issues observed within the literature. First, the nature of food marketing research is fragmented. Lawley (2014) exemplifies this point with a review of the term “food marketing” in the ProQuest database. The results yielded work from a wide spectrum of disciplines outside of marketing, including agriculture, tourism and hospitality, nutrition and dietetics, and geography (Lawley, 2014).

Second, there is a deficiency in research conducted in an Australian context. The majority of food and local food research is conducted in the US and UK. Bhasakaran, Polonsky, Cary and Fernandez (2006) confirm this deficiency in their work on sustainable food production and marketing in Australia. General research on food marketing that is conducted in an Australian context, tends to focus on the effects of food marketing on children and public policy (e.g. Hebden, King, Kelly, Chapman and Innes-Hughes, 2010); and upholds the aforementioned trend of dissemination outside traditional marketing outlets.

Third, discrepancies in definitions of ‘local food’ may also contribute towards the absence of marketing focused research. Feagan (2008) and Dunne, Kimberlee, Chambers, Giombolini and Schlegel (2010) opine a lack of cohesion towards defining local food from the marketing and retail perspective. Some tend to encompass the definition of local food as a component of sustainable food practices (e.g. Byker, Rose and Serrano, 2010). Others define local food as part of a broad set attributes that consists of growing, processing, purchasing and consuming within a certain geographical proximity (e.g. Food and Agriculture Organisation, 2010). Some definitions do not give specific geographic parameters, but rather imply them by emphasizing the term “local” in the supply chain (i.e. food that is locally produced, processed and consumed) (Blake, Mellor & Crane, 2010). Various inferences of local food definitions creates issues with marketing local food. Specifically, local food connotations that focus on supply chain constraints (e.g. spatial parameters), fail to consider stakeholder relationships in market exchanges (Dunne et al., 2010).

Turning to the scant amount of local food marketing literature that exists in the Australian context, two main research initiatives are apparent. One initiative is local and state government reports on the general state of food production (e.g. Birch, 2012; South Australian Food Centre, 2010). The other initiative is general studies that encapsulate local food into research focusing on consumer attitudes and buying behaviour towards fresh, organic or sustainable food (e.g. Bhaskaran et al., 2006; Pearson, Henryks, Trott, Jones, Parker, Dumaresq and Dyball, 2011). Parker (2010) offers an exception where the latter consumer behaviour constructs are focused on local foods, but the dissemination of the research occurs outside of the formal marketing literature. These existing areas of local food research are also typically consumer focussed. There is an absence of literature that examines holistic marketing perspectives from other stakeholders involved in the local food consumption process, such as organisations or the community. Thus, the existing research renders several gaps where opportunities exist to explore local food marketing in an Australian context. Value co-creation is one concept that may contribute to the latter gaps.

3.0 A Value Co-creation Lens

Value co-creation is the marketing premise that frames this research. As a salient premise of Vargo and Lusch’s (2004) SDL perspective, value co-creation has experienced accelerated uptake in the marketing literature over the last decade (Achrol & Kotler, 2012).
Central to value co-creation is the focus on managing the quality of the stakeholder relationships so that all benefit (Payne, Storbacka & Frow, 2008). That is, marketing with stakeholders instead of the traditional approach of marketing to stakeholders (Vargo & Lusch, 2008). This challenges the conventional nature of value creation, inviting organisations to conceptualise all stakeholders in marketing experiences as equal (Abela and Murphy, 2008). Given value co-creation’s current traction, it may provide a viable platform for enhancing local food marketing strategies.

Within the literature, some preliminary support can be drawn for exercising value co-creation in local food marketing. In the wine industry, for instance, value co-creation has been suggested as potential strategy because of increased levels of consumer involvement in the purchase of wine (Hollebeek & Brodie, 2009). Many consumers partake in more complex and involved decisions when purchasing wine; as opposed to its conventional classification as a fast moving consumer good (FMCG) with low levels of consumer involvement in the decision making process (Hollebeek & Brodie, 2009). Similarities can be drawn to the purchase of local food.

While most food purchases are classified as habitual or low involvement decisions, some consumers who purchase local food are driven by emotion and likely to be more involved in their decisions (Food Standards Agency, 2008; Weatherall, Tregear and Allinson, 2003). Recent studies have shown that consumers feel that local food is of better nutrition, quality and taste when compared to mass produced commercially grown food (Thomas and McIntosh, 2013). Some consumers also feel that local food provides a pathway to increased community awareness and education of food systems (Peters, Bills, Wilkins and Fick, 2008). Pearson et al. (2011) posit the more involved nature of purchasing local food, stating that consumers will often travel to specialty shops to buy certain local items for example. Other studies connect the purchase of local foods to more involved consumer behaviour attitude models (e.g. the Theory of Planned Behaviour) (Rainbolt, Onozaka and Thilmany, 2012). As value co-creation invites stakeholders to participate in mutually beneficial experiences, it may support more involved consumer decisions.

The direct nature of interaction between consumers and producers of local food is also conducive to value co-creation. Direct interactions symbolise the importance of relationships in marketing local food (Feagan, 2008), and are a cornerstone of value co-creation (Vargo and Lusch, 2008). The close proximity of local food marketplaces encourages more direct personal encounters between consumers and producers where relationships transpire (Feagan, 2008). As a result, a sense of mutual trust, connection and exchange of knowledge emerges between consumers and producers in local food marketplaces (Hinrichs, 2000); all of which are important in the co-creation of value (Abela and Murphy, 2008; Vargo and Lusch, 2008).

Given that some initial evidence is indicative of more complex purchase decisions and the importance of relationships in local food marketplaces, value co-creation lends itself well as rejuvenated marketing strategy. Involving all stakeholders in the mutual creation of value, encourages and facilitates consumers to interact more in an experience, and is conducive to more involved decision making and established relationships. To the author’s knowledge, no research has specifically explored marketing local food using value co-creation.

4.0 Opportunities and Challenges Marketing Local Food Using Value Co-creation

Value co-creation is a novel marketing approach that could be used to leverage opportunities in the growing local food sector. However, with the opportunities of revitalised
marketing initiatives, challenges arise. Guided by the literature, Table 1 presents some opportunities and associated challenges to local food marketing, as portrayed via value co-creation.

Table 1: Potential opportunities and challenges to value co-creation in local food marketing

<table>
<thead>
<tr>
<th>Opportunities for value co-creation</th>
<th>Challenges to value co-creation</th>
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<tr>
<td>Creating local food links with other industries (e.g. tourism, retail) which helps stakeholders coordinate and integrate their resources more effectively.</td>
<td>The coordination of multiple organisations within different industries - May lose local appeal and risk over-commoditising - Stakeholder roles lack clarification</td>
</tr>
<tr>
<td>Creating tangible relationships by connecting consumers directly with producers</td>
<td>Varying degrees of stakeholder impetus to have relationships with other each other in order for value co-creation to occur</td>
</tr>
<tr>
<td>Generating a platform for enhancing consumers’ knowledge and education of local food</td>
<td>The most effective method of knowledge creation and education in terms of generating awareness of local food - Creating stakeholder desire for knowledge and education of local food attributes</td>
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By way of Table 1, the first opportunity for value co-creation exists in the creation of links between local food and other local industries. Boyne, Hall and Williams (2003) and Birch (2012) note the enhanced visibility and awareness of local food to consumers when coupled with other local sectors such as tourism or retail outlets (e.g. specialised gourmet food shops). This provides opportunities for stakeholders in different, but complimentary, sectors to establish working relationships for mutual value creation. These B2B relationships are particularly important for value co-creation to catalyse in SMEs (Ngugi, Johnsen and Erdelyi, 2010), which typify local food producers. However, the coordination of stakeholders in various local sectors creates challenges. Issues such as disjointed infrastructure related to distribution within local industries (Birch, 2012; Boyne, Hall and Williams, 2003); a lack of clarity regarding stakeholder roles in the co-creation of value (Gronroos and Vioma, 2013); and the over-commoditising of local food where the notion of “localness” becomes overshadowed as a result of multiple industries integrating marketing strategies (Hinrichs, 2000), all present challenges.

Second, direct market interaction creates a natural opportunity to leverage relationships between local food producers and consumers (Table 1). In terms of value co-creation, enhanced stakeholder relationships may lead to more personalised experiences as consumers are given a more equitable role (i.e. more involved in the value creation process) (Ablea and Murphy, 2008). The notion of a more personal experience that creates a sense of meaningful stakeholder relationship is also conveyed in the local food context (e.g. Pearson et al., 2011). Forming strong stakeholder relationships via value co-creation may help support the higher level of consumer involvement that some research suggests is characteristic of local food experiences (Rainbolt, Onozaka and Thilmany, 2012). That said, the degree to which stakeholders will desire to partake in the development of relationships via value co-creation will vary and presents a challenge (Hilton, Hughes and Chalcraft, 2012). Not all stakeholders will view the notion of forming “local” relationships with inherent benefit. Better value co-creation opportunities may exist in more sustainable contexts beyond those that emerge via local stakeholder relationships (Born and Purcell, 2006). Awareness of the
various types of relationships sought by stakeholders, helps creates a better understanding of how mutual benefit can be derived through value co-creation.

Third, value co-creation offers a platform for the mutual generation of knowledge and education between stakeholders (Vargo and Lusch, 2008). As seen in Table 1, consumers have to know where local food can be purchased (i.e. when and at what places); while suppliers have to have knowledge of how to inform consumers of the latter (Hinrichs, 2000). The creation of this knowledge involves consumers and producers partaking in reciprocal communication, which is imperative for value co-creation to occur (Payne, Frow and Storbaka, 2008). For example, a community organisation may decide to host a local food market and utilise social media to inform consumers of the time and location for the market. Consumers could also use the platform to interact with local producers participating in the market and to share information with other consumers about the market. In this instance, stakeholders are co-creating knowledge together. This results in opportunities where additional layers of education can be shared between stakeholders regarding important attributes that differentiate local from mass produced food (Latacz-Lohmann and Foster, 1997). Some examples may be, conveying attributes like production techniques and local branding, that add intrinsic value to local food and benefit all stakeholders (Birch, 2012; Latacz-Lohmann and Foster, 1997); and taking a value co-creation approach to educating stakeholders on the seasonality, cooking techniques and the challenges that confront farmers would be constructive opportunities. However, individual stakeholders will likely have differing levels of willingness and desire to be educated. This is a challenge that entails developing marketing strategies that appeal to various degrees of co-creation. Further research is needed to understand stakeholder perspectives towards the viability of the suggested opportunities.

5.0 Conclusion and Future Research Directions

In short, the aim of this paper was to explore local food marketing in Australia through the lens of value co-creation. As a result, a snapshot of the gaps in the research and some of the potential opportunities and challenges associated with value co-creation and marketing local food were presented. Future research could be centred on investigating the opportunities and challenges that emerged where there is opportunity for theoretical and social progress. For example, it would be beneficial to derive a clear theoretical definition of local food from the marketing perspective. Understanding what factors influence degree to which other local industry stakeholders would be willing to work with the local food sector to co-create mutually beneficial marketing initiatives would provide further theoretical advancement. Future studies that clarified stakeholders’ roles in the co-creation of value in local food marketing experiences would also be interesting and help develop some practical strategies. Practical insight may then emerge regarding stakeholder relationships and degree of co-creation desired, and what marketing platforms are best to educate stakeholders about local food experiences. Thus, practicing value co-creation in local food marketing may act as an agent of change in the sector.

References


