

The Preference for Locally Produced Goods

A Psychological Explanation of the Preference for Locally Produced Goods

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Abstract

Building on the Greenwald model, we hypothesize that a connection to the self via shared location influences product preferences by means of valence transfer. The experiment demonstrated that if a locally produced product can create an association to the self as a result of sharing the same location, then valence transfer to the product occurs leading finally to a higher willingness to pay for the product. Further, this effect increases the stronger individuals identify with the geographical location the goods were produced.

Introduction

People's behavior is driven by their values and preferences, but why do people prefer certain things over others? Does it make a difference how people think about themselves when they face a decision? Research on the self-concept suggests that a connection to the self indeed influences unconscious processes on day-to-day or even major life decisions. The “implicit egotism” effect states that positive and unconscious associations can influence people's feelings and evaluations about various things that they associate with their identity (Pelham *et al.* 2002). Thus, people might unconsciously prefer things they associate with themselves. In combination with insight from past research about the influence of the self, the purpose of this article is to investigate if these effects could also apply to locally-produced goods when there is a connection between the self-identity and the location and if this effect spills over to people's willingness to pay for such a product.

H1: A connection to the self via shared location influences product preferences by means of valence transfer.

Method

The experiment consisted of a single-factorial, between-subject design with two conditions (Chocolate: local and non-local). The dependent variable was the amount people were willing to pay for the chocolate. The independent variables were “Locality” (coded: 1 = local, 0 = non-local), the mean ID scale representing the strength of identification with Basel, and their interaction term.

Participants each received a piece of chocolate for the study which was emphasized to be theirs. Then, they read a description of the received chocolate and were asked to think about their personal value for this piece of chocolate based on the description and to put that amount of money into an envelope (They received 15 Swiss Francs for the study). Finally, each person filled out an ID scale which measured the strength of their identity related to Basel

Figure 1 displays the relationship between the amount participants were willing to pay and the strength of identity with Basel.

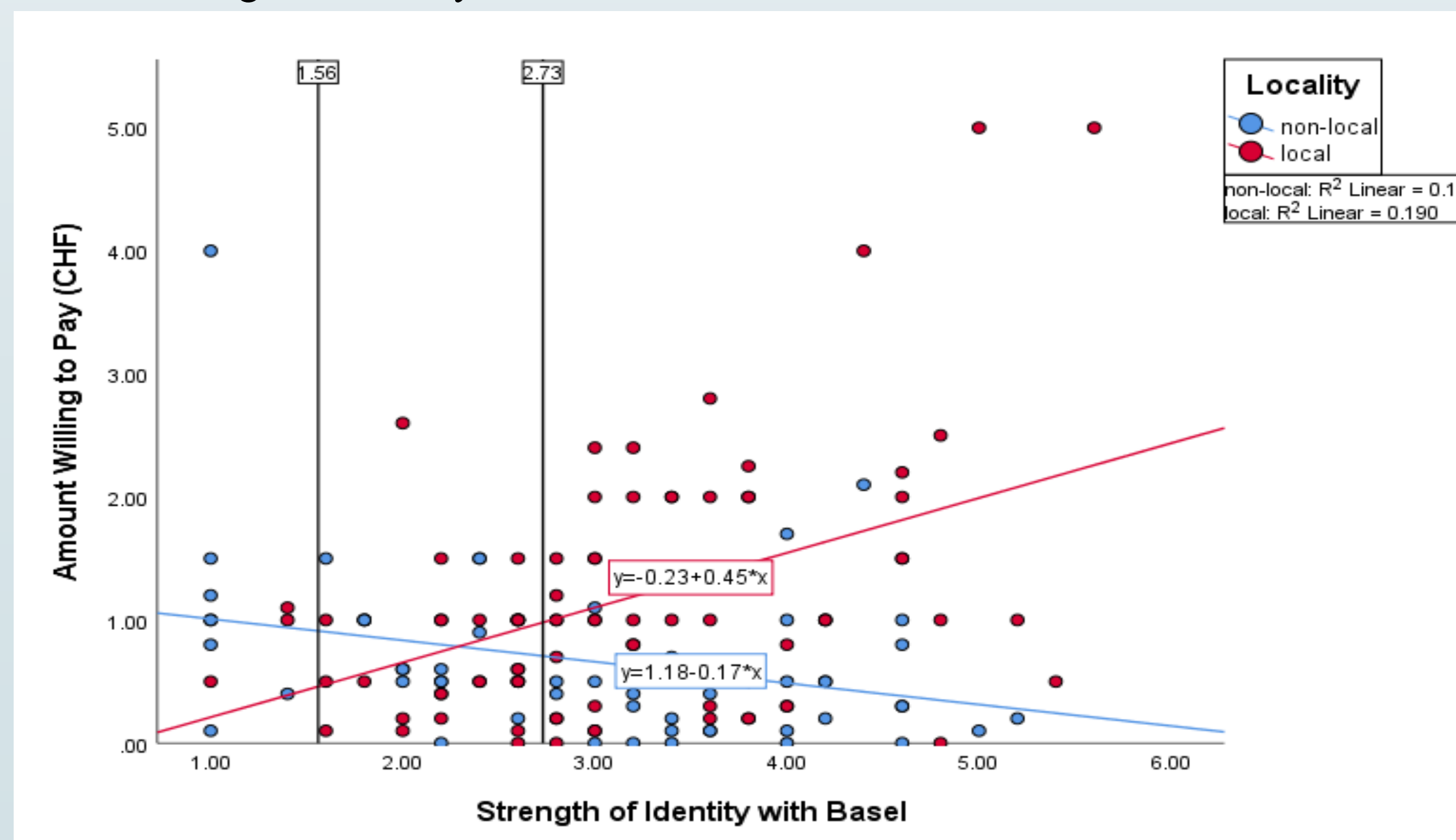


Figure 1: Grouped Scatterplot of Amount Willing to Pay (CHF) by Strength of Identity with Basel by Locality

Results and Discussion

An independent samples t-test revealed that participants were willing to pay significantly more for the product which was produced locally (M = 1.17 Swiss Francs, SD = 1.02) compared to the non-locally-produced product (M = 0.66 Swiss Francs, SD = 0.62, F = 9.93, t(144) = 3.62, p = 0.002). These results align with past research showing an increased willingness to pay for locally-produced food compared to products produced in a different place. A regression was run to examine whether or not consumers are willing to pay more for the locally produced chocolate if they have a strong connection to the same location. The regression showed a significant interaction between the locality of a product and the strength of identification of a person to Basel ($\beta = 0.62$, SE = 0.12, t(142) = 5.02, p < 0.001).

The results showed that if people share a connection with products through a shared location, then people are more likely to pay a price premium for these locally produced products. Furthermore, this effect increases the stronger individuals identify with the geographical location the goods were produced.

Important References

- Greenwald, Anthony G., Mahzarin R. Banaji, Laurie A. Rudman, Shelly D. Farnham, Brian A. Nosek, and Deborah S. Mellott (2002), “A Unified Theory of Implicit Attitudes, Stereotypes, Self-Esteem, and Self-Concept,” *Psychological Review*, 109 (1), 3–25.
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