

# Consumer characteristics and incentives to buy labelled regional agricultural products

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## Abstract

**Purpose** – Rooted in the social identity theory (SIT), the study analysed the effect of consumer ethnocentrism as well as other factors on the purchase of labelled regional agricultural products together with the readiness to purchase the labelled regional products at a premium price in Germany.

**Design/methodology/approach** – The determinants of the consumption of labelled regional agricultural products and the readiness to pay a premium price for the same in Southwestern Germany were analysed via both probit and ordered probit regressions, respectively.

**Findings** – Consumer ethnocentrism influences the purchase of labelled regional agricultural products as well as the readiness to purchase at a premium price. Also, consumer socioeconomic and product characteristics and knowledge and perceived benefits of regional products had a divergent influence on the purchase and readiness to purchase labelled regional agricultural products at a premium price.

**Research limitations/implications** – In terms of limitation, even though the sample size was proper, it could be improved in other studies to validate the findings. Also, the study was limited to a limited number of counties in Southwestern Germany; hence future studies could explore a more extensive geographical space within the region.

**Practical implications** – The results can serve as a good source of information for improving the marketing of regional agricultural products. This study recommends that regional producers and marketers brand regional products with the region's name to capitalise on consumers' ethnocentric tendencies in the region. Further, regional products have to be sold in places where consumers with a certain degree of ethnocentrism are present. Results provided by this study are commonly applicable for all products, regardless of the type and regional origin, so that product-specific studies are no longer necessary, which reduces redundancy and marketing research costs, which are difficult to bear for small producers.

**Originality/value** – Germany has benefited immensely from the boom of regional marketing in Europe. Likewise, in Southwestern Germany, there is a growing interest in the production and marketing of regional products. As a result, several studies have investigated the factors influencing the purchasing of regional products in Germany. Nevertheless, literature and studies on the effect of ethnocentrism on the purchasing of regional agricultural products in Southwestern Germany are scanty.

**Keywords** Ethnocentrism, Regional products, Marketing, Social identity theory

**Paper type** Research paper



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## 1. Introduction

In Europe, the “region of origin” has striking impacts on international trade and consumers’ view of quality products (Loureiro and McCluskey, 2000). The European Union does not protect regional products [1] as such but has developed labels for high-quality agricultural products based on the region of origin since 1992 (Babcock and Clemens, 2004). Therefore, several studies investigated the importance of and how to capitalise on regional marketing to improve the competitiveness of foods produced in the union (Fernandez-Ferrin *et al.*, 2018; Aprile *et al.*, 2016). Considerable importance of regional marketing includes stimulation of new networks and community actions by promoting stronger competition against imported products (Tregear *et al.*, 2007); improving regional competitiveness (Messely *et al.*, 2010); supporting the unique selling proposition for products (Kuznesof *et al.*, 1997); promoting the perceived guarantee of healthy food; and preservation of quality (Aprile *et al.*, 2016). For example, Germany has benefited immensely from the boom of regional marketing in Europe as they have registered over 500 regional marketing projects. Germany is also a known significant producer and consumer of food and agricultural products globally (USDA, 2019). The country accounts for about 83m of the world’s wealthiest consumers, and it is recognised as the biggest market for food in the European Union (USDA, 2017). Likewise, in Southwestern Germany—in the region around the Swabian Jura—a large number of regional food products are being produced and directly marketed: the respective markets being high-income markets of the industrial areas around the Baden-Württemberg capital, Stuttgart. Among these products are locally produced lentils, buffalo meat and cheese (Albbueffel GmbH, 2017); juices and schnapps from traditional local fruit; regionally produced and distilled whiskeys (Schwarz, 2017); and even escargots (Goller, 2017). As a result, several studies have shown a growing interest in local food products and consumers’ readiness to pay higher prices for sustainable locally or regionally produced agricultural products (Federal Ministry of Food and Agriculture, 2014; Paustian *et al.*, 2016; USDA, 2017; USDA, 2019). Consequently, in recent times, regional products in the retail food trade are prevalent in Germany (Kullmann, 2007). A crucial significant factor that regional marketers capitalise on is consumer ethnocentrism. Consumer ethnocentrism is the preference of consumers for domestic products vis-à-vis a preference for imported products (Huddleston *et al.*, 2001). Ethnocentric individuals have a sense of belongingness and identity (Shimp and Sharma, 1987). Thus, the higher the relevance rendered to domestic products, the higher the tendencies of ethnocentrism. Ethnocentrism begins in marketing research when a study on the factors influencing the behaviour of consumers is sought (Javalgi *et al.*, 2005). In response, several studies have investigated the relationship between consumer ethnocentrism and purchasing in Europe: for instance, Rašković *et al.* (2020) in Central and Eastern Europe, Fernández-Ferrín *et al.* (2018) in Spain, Bryła (2019) in Poland, Maksan *et al.* (2019) in Croatia, Uzdavinyte *et al.* (2019) in Lithuania, Zafer Erdogan and Uz Kurt (2010) in Turkey, Nadiri and Tümer (2010) in Cyprus and Orth and Firasova (2002) in the Czech Republic. In all these studies, the majority were not based on regional agricultural products. Similarly, in Germany, Evanschitzky *et al.* (2008) delved into the repercussion of the motherland effects on regional products, whereas Grebitus *et al.* (2013) studied the effect of transportation distance on purchasing local foods. On regional agricultural products, Paustian *et al.* (2016) investigated the effect of consumer ethnocentrism on the purchase of regional meat products.

However, despite the growing body of literature on regional products and consumer ethnocentrism, there is a dearth of research on the effect of consumer ethnocentrism on the purchase of labelled regional agricultural products in Southwestern Germany. Further, the effect of ethnocentrism on readiness to purchase labelled regional agricultural products at premium prices has received less attention in the literature. Given the aforementioned, this research work examined the components affecting the purchase of regional agricultural products and the effect of consumer ethnocentrism on the readiness to pay premium prices for the same.

### *1.1 Theoretical framework*

The social identity theory (SIT) is used as the theoretical foundation to underpin the study. The SIT is accredited to [Tajfel \*et al.\* \(1979\)](#). The theory was developed to essentially understand discrimination, conflict and prejudice within intergroups in the society ([Hogg, 2016](#)). Operationally, an attempt is made by people to build and improve on their self-esteem and self-image through series of social categorisation by forming out-groups and in-groups that have social acceptance ([Huang \*et al.\*, 2008](#)). However, whether being a member of a group could have an interplay with the behaviour of intergroups depends on the member's level of identification with the group ([Zeugner-Roth \*et al.\*, 2015](#)). The SIT explores the relationship of members within a group and understands their behaviour towards members within and without the group ([Sindic and Condor, 2014](#)). Under this SIT, two forms of identity – the personal identity and social identity – are known ([Scheepers and Ellemers, 2019](#)). In detail, personal identity is formed by the consolidation of domains such as interpersonal and educational domains, whereas social identity is influenced by being a member of a group ([Albarello \*et al.\*, 2018](#)). Also, the SIT proposes that individuals have strong feelings and a tendency for positive social identity, which could be seen by joining social groups ([Lantz and Loeb, 1996](#)). Consequently, each member of the group (in-group) develops staunch support, which causes them to reproach members of other groups (out-group) due to their not owing allegiance to the former. As such, in marketing, it is revealed that in groups, members tend to think that the purchase of foreign products is unethical because it causes loss of jobs and hurts the economy domestically ([Huang \*et al.\*, 2008](#)). Therefore, in this study, we propose that consumer ethnocentrism towards regional products is rooted in SIT. Thus, we argue that the consumer ethnocentrism tendencies indicate that consumers in their home country would have a tremendous preference for domestically produced foods (in-group) because they always would want to fight for their positive social identity relative to foreign-produced foods (out-group).

## **2. Literature review**

### *2.1 Concept of regional marketing*

International trade and interregional trade are seen as increasing economic welfare, as specialisation according to comparative advantages and trade with other regions or nations optimises costs and efficiency ([Morris, 1990](#)). However, recently, researchers and politicians argue that concentration on intraregional production and trade (in particular, in the field of agri-food products) can yield economic benefits beyond interregional trade – economic benefits – such as local income, as a larger amount of the value chain stays within a region and, thus, supports employment and economic growth ([New Economics Foundation, 2011](#)). Further, less environmental burdens (through the reduction of global transport); the fact that local agri-food products are often produced in small local systems instead of industrialised agriculture; and better quality and product information are arguments towards a more regional and autarchy-based agri-food system ([Danneck \*et al.\*, 2020](#)). However, much as regional and local production and marketing are beneficial in ecological and social terms, production costs are often higher for these products than for conventional products. For instance, as the EU prohibits regional subsidies due to competition and free-trade obligations, regional products have to earn higher production costs on free and competitive markets ([Danneck \*et al.\*, 2020](#)). In this context, regional marketing has become an important marketing tool, especially for small-scale producers. Regional marketing conveys the concept of localised strategies to increase the economic viability of local farmers and their communities while increasing consumer awareness about the origins of their food, given the challenges associated with the dominance of local markets by giant agribusiness firms ([Derden-Little and Feenstra, 2006](#)). Thus, regional marketing can be explained as a form of cultural capital

that local farmers capitalise on for social and economic benefits (Tregear *et al.*, 2007). Against this backdrop, regional marketing provides an easy way for farmers to market and differentiate their products from others as the region is being sold via a regional brand to consumers (Messely *et al.*, 2009). One key reason why consumers in most developed countries (especially Germany) have welcomed regional marketing of agricultural products is the idea of safeguarding local jobs (Federal Ministry of Food and Agriculture, 2014). Besides, regional marketing stimulates new networks and community actions by promoting stronger competition against imported products (Tregear *et al.*, 2007), improving regional competitiveness (Messely *et al.*, 2010), supporting unique selling propositions for products (Kuznesof *et al.*, 1997), guaranteeing healthy food and preserving food quality (Aprile *et al.*, 2016; Hein *et al.*, 2006; Giovannucci *et al.*, 2010). Notwithstanding, it is revealing that regional products are marketed not only in the name of regionalism but also with a particular emphasis on quality (Ilbery and Maye, 2006). As such, the benefit of regional marketing is a combination of regionalism and product quality (Schamel and Anderson, 2003).

### *2.2 Factors influencing the purchase of regional products*

Understanding the factors that influence the purchase of regional products would enable stakeholders such as researchers, policymakers and practitioners to understand consumers' incentives and preferences behind the purchase of regional products and propose the necessary recommendation to improve the same. Also, it can aid in the design and implementation of marketing strategies for developing agricultural markets and improving their efficiencies. To this end, we examined several studies on the factors that influence the purchase of regional products. The reviewed references influenced the hypothesis in Table 1 (refer to the expected sign for details). Notable amongst these studies is the review of Kottala and Singh (2015), who found premium price as a deterring factor to purchasing regional products. Similarly, amongst the low-income cluster of consumers, price was a barrier to the purchase of regional organic wine (Schäufele and Hamm, 2018). In contrast, local-minded consumers, quality, health and environment-protection assurances have been reported to positively influence the purchase of regional products (Buder *et al.*, 2014; Schäufele and Hamm, 2018; Kamrath *et al.*, 2019; Ma *et al.*, 2020). Also, the promotion of regional products as regional brands positively influences the purchase of the same (Hermsdorf *et al.*, 2017). Thus, the branding of regional products under a well-known brand is reported to positively influence its purchase (Van Ittersum *et al.*, 2007). The study of Siegrist *et al.* (2015) revealed that health and trust in the food companies motivated consumers to purchase functional regional foods. Further, the empirical evidence of Bravo *et al.* (2013) revealed altruistic reasons such as animal welfare and eco-packaging, as the major factors influencing consumers' purchasing decisions for regional products. On the effects of the demographic characteristics on the purchase of regional products, Thiele and Weiss (2003) and Henseleit *et al.* (2007) recorded that household income and age positively impact the demand for regional products. In contrast, Howard and Allen (2006), Paustian *et al.* (2016) and Tregear *et al.* (1997) communicated that household size, gender and residential status negatively influenced the purchase of regional products. Moreover, the purchase of regional products had been revealed to be influenced by consumer ethnocentrism tendencies (Shankarmahesh, 2006; Fernandez-Ferrin *et al.*, 2018; Bannor *et al.*, 2020). In the same manner, concerns about the production method (extrinsic), freshness (intrinsic) and country of origin have been revealed to positively influence the purchase and consumption of regional products amongst German consumers (Guerrero *et al.*, 2012). The availability and the distance to conventional shopping centres (Pieniak *et al.*, 2009; Balogh *et al.*, 2016) are also stated to positively and negatively influence the purchase of regional products, respectively.

Variable	Description	Measurement	Expected sign
<i>Dependent variables</i>			
Purchase of a labelled regional product	The consumer bought a labelled regional product since the last six months	1 = Consumer 0 = Non-Consumer	
Readiness to pay	Premium price a consumer is ready to pay for labelled regional produce (<5%, >5–10% and >10–20%)	Increase in percentages	
<i>Independent variables</i>			
<i>Socioeconomic characteristics</i>			
Age	How old is the consumer	Number	+
Household size	Household members in count numbers	Number	-
Gender	Sex of the respondent	1 = Male, 0 = Female	-
Residential status	Place of stay of respondent	1 = Urban, 0 = Rural	-
Consumption frequency	Number of times regional foods are consumed in a month	Number	+
Sale centre distance	The distance between home and place of regional product sales	Kilometres	-
Discounter distance	The average distance from home to a conventional shop or discounter	Kilometres	-
<i>Knowledge and perceived benefits</i>			
Ethnocentrism	Pride in buying a regional product	Interval scale (1 = Very low to 5 = Very High)	+
Employment	The perception that buying of regional foods provide employment for locals	Interval scale (1 = Strongly Disagree to 5 = Strongly Agree)	+
Higher incomes	The perception that buying of regional foods help to increase regional farmers' income	Interval scale (1 = Strongly Disagree to 5 = Strongly Agree)	+
Culture	The perception that regional foods promote regional culture	Interval scale (1 = Strongly Disagree to 5 = Strongly Agree)	+
Traditional expertise	The perception that regional food production preserves traditional expertise	Interval scale (1 = Strongly Disagree to 5 = Strongly Agree)	+
Delicacy pork	The consumer knows Schwäbisch-HällischesQualitätsschweinefleisch pork	1 = Yes, 0 = otherwise	+
Rewe Regional	The consumer knows of <i>rewe</i> regional products	1 = Yes, 0 = otherwise	+
<i>Regional product characteristics</i>			
Tasty	Perceived good taste of labelled regional products	Interval scale (1 = Very low to 5 = Very High)	+
Expenditure	Expenditure on regional products per month	Amount in Euro	
Healthy food	Labelled regional product is perceived as a healthy food	Interval scale (1 = Very low to 5 = Very High)	+
Quality	Labelled regional product is perceived to preserve quality	Interval scale (1 = Very low to 5 = Very High)	+
Packaging	Labelled regional product is well packaged	Interval scale (1 = Strongly Disagree to 5 = Strongly Agree)	+
Availability	Availability of labelled regional products from major shops	Interval scale (1 = highly unavailable 5 = highly available)	
Price	Labelled regional product is perceived to be sold at low prices	1 = Yes, 0 = otherwise	+

**Table 1.** Variables in the probit and ordered probit regressions

**Source(s):** Authors' compilation

### 2.3 Effect of consumer ethnocentrism on the purchase of regional agricultural products

Many questions have been asked about the net impact of consumer ethnocentrism on the purchasing of agricultural products. Thus, consumer ethnocentrism could have either a positive link with the buying of local produce or a negative link with the buying of foreign produce (Shankarmahesh, 2006). A study in the Czech Republic reveals a strong positive stance of consumer ethnocentrism on the purchase of domestic yoghurt (Orth and Fırbasova, 2002). Concisely, Gineikiene (2016) finds consumers to have a positive ethnocentric behaviour towards domestic products such as yoghurt, apple, bread and tomatoes because they are healthy and have a natural feel. Likewise, other empirical studies revealed a positive link between consumer ethnocentrism and the buying of regional agricultural products (Zeren *et al.*, 2020; Salman and Naeem, 2015; Vadhanavisala, 2014; Almlı, 2011; Cutura, 2006; Acharya and Elliott, 2003).

Conversely, the empirical finding of Yildiz *et al.* (2018) reveals that consumer-ethnocentric individuals exhibit low tendencies to purchase local products in France. Seitz and Roosen (2015) also found a similar effect. Likewise, Wong *et al.* (2008) ascertained that consumers' level of ethnocentrism does not impact their purchase decisions in China.

From the initial literature review, the effect of ethnocentrism on the purchase of regional products is hypothesised as follows:

- H1. Ethnocentrism has a positive effect on the purchase of labelled regional products.
- H2. Ethnocentrism has a positive effect on consumers' readiness to purchase labelled regional products at a premium price.

## 3. Methodology

### 3.1 The study area

This research was conducted in Baden-Württemberg, southwestern Germany, in the region around the Swabian Jura. This is because, in this area, many regional food products are produced and directly marketed, with the respective markets being high-income markets of the industrial areas around the Baden-Württemberg capital, Stuttgart. Among these products are locally produced lentils, buffalo meat and cheese; juices and schnapps from traditional local fruit orchards; regionally produced and distilled whiskeys; and even escargots (Schwarz, 2017). Specifically, the study was done at three counties in Southwestern Germany, namely Stuttgart, Heidelberg and Tuebingen (in the latter county, two municipalities were considered: Tuebingen itself and the town of Rottenburg). These counties represent different economic and social strata, which could help segment markets. In particular, they represent a wide range of per capita income groups and different social strata. (Heidelberg and Tuebingen are university cities, whereas Stuttgart represents a middle-class income area. Rottenburg represents a high diversity of social and wealth strata.)

### 3.2 Sampling and data

A multistage sampling procedure was used to select the consumers for the study. Data collection was done from June 2018 to August 2018. Various retail outlets of regional products were identified, as well as other supermarkets in the study area. One hundred and fifty (150) consumers were selected from different shopping outlets such as Edeka, Kaufland and Marktladen. Prior to the interviews, managers and owners of the various labelled regional product outlets in the study area provided the enumerators with the average number of people who usually patronised the shops. Given this, every seventh consumer that patronised the shop was interviewed. Out of the one hundred and fifty (150) consumers interviewed, the data for one hundred and forty-seven (147) [2]

consumers were used for the analysis as there was missing information regarding the responses from the remaining three consumers.

Specific, well-known regional products in the study area were used as prompts on the meaning of regional products: in particular, a knowledge of well-known regional delicacy pork (*Schwäbisch-HällischesQualitätsschweinefleisch*) in Baden-Wuerttemberg, knowledge of the national Regionalfenster eV label, Rewe Regional brand and *Qualitätszeichen des Landes Baden-Württemberg*. After respondents understood what the researchers meant by regional products, the questionnaires were administered with the respondents' permission.

### 3.3 Method of data analysis

Consumers' preference for labelled regional products was analysed by the use of probit regression. In contrast, the ordered probit regression model was used to analyse the readiness to purchase labelled regional products at a premium price. The ordered probit model can be written as follows:

$$P_i^* = \beta_1 Q_{i1} + \beta_2 Q_{i2} + \dots + \beta_n Q_{in} + U_i \quad (1)$$

$$P_i^* = \sum_{z=1}^n \beta_a Q_{ia} + U_i \quad (2)$$

where  $P_i^*$  is usually referred to as the latent variable, and the Qs are the explanatory variables with the  $U_i$  as the error term.

Further, supposing we have  $a$  independent consumers and they face  $I$ -ordered alternatives, such that:

$$P_i = 1, \text{ if } P_i^* \leq g_1 \quad (3)$$

$$P_i = 2, \text{ if } g_1 < P_i^* \leq g_2 \quad (4)$$

$$P_i = 3, \text{ if } g_2 < P_i^* \leq g_3 \quad (5)$$

$$P_i = n, \text{ if } g_{n-1} \leq P_i^* \quad (6)$$

where  $g_1 < g_2 < g_3 \dots < g_{n-1}$

That is, an individual  $P_i$  is observed in one of the  $g$  categories. The categories are separated by cut-offs, the  $g_n$ s. To rephrase it, the boundaries of the varied categories are defined by the threshold parameters (Gujarati, 2015).

From Table 1 are the variables used in the models which were twenty (20). The researchers hypothesised different explanatory variables under three main sub-headings: socioeconomic characteristics, knowledge and perceived benefits and product characteristics which would influence the purchase of labelled regional agricultural product and readiness to purchase labelled regional products at a premium price of less than 5%, >5% but <10% and >10% of the current price (dependent variables). From Table 1, under socioeconomic characteristics, aside from age and consumption frequency, the rest were hypothesised to have a negative impact on the dependent variables. Likewise, under the knowledge and perceived benefits category of variables, they were all hypothesised to positively impact the dependent variables, most importantly, consumer ethnocentrism. Similarly, all the regional product characteristics were hypothesised to positively impact the two dependent variables.

#### 4. Results and discussion

From Table 2, age distribution showed that, out of the 147 consumers interviewed, the mean age was approximately 45 years. The average household size among consumers was three (3). Further, from the table on the average figures, the consumers perceived that regional products that are of labelled preserve product quality. Similarly, consumers perceived labelled regional agricultural products to be healthy food (3.9) and of good taste (4.3). In contrast, consumers were averagely neutral (2.782) on the pride in buying regional products.

Further, the consumers revealed that the prices of regional products are low. However, labelled regional products are usually unavailable at the major shops in their locality. The average figures on the perception that regional products promote the culture and employment for locals were generally high among the consumers. Equally, the opinion that the purchase of regional products means increasing the incomes of local producers was also high, with an average value of approximately 3.54. Surprisingly, knowledge of *Rewe Regional*, a brand for regional products, was not well known by many consumers. For well-known regional products, the consumers were asked to indicate their knowledge of delicacy pork (Schwäbisch-HällischesQualitätsschweinefleisch) in Baden-Württemberg, and the results revealed that, most of the consumers knew the delicacy pork as a significant regional product (averagely, 0.52).

The determinants of the consumers' taste for labelled regional produce are given in Table 3. The results are the output from the probit regression model. From the table, a male consumer was about 24% more likely to consume a labelled regional product, compared to a female consumer. The relationship could be attributed to the very nature of male consumers. Whereas they are more likely to buy products of high prices without much bargaining, women – who were of the view that regional products' prices are exorbitant – might not buy. Moreover, product types such as alcoholic and other speciality beverages might, instead, attract male than female consumers. The results are consistent with Howard and Allen (2006), who argued that men were almost twice as likely as women to prefer local or regional products.

Variables	Mean	Std. Dev	Min	Max
Age	44.80	18.772	19	86
Household size	3.163	1.716	1	9
Quality	3.946	0.710	1	5
Healthy food	3.694	0.888	1	5
Ethnocentrism	2.782	1.214	1	5
Packaging	2.864	0.799	1	5
Tasty	4.333	0.753	2	5
Price	0.340	0.475	0	1
Traditional expertise	3.279	1.157	1	5
Availability	2.150	0.946	1	5
Culture	3.517	1.023	1	5
Employment	3.605	0.872	1	5
Higher incomes	3.524	0.975	1	5
Sale centre distance (km)	1.191	1.107	0.001	6
Discounter distance (km)	2.198	2.081	0.0001	10
Expenditure on regional products (EUR)	94.806	72.689	5	300
Eaten delicacy pork	0.524	0.501	0	1
Rewe Regional	0.374	0.486	0	1

Source(s): Authors' computation, 2018

**Table 2.** Summary statistics of respondents

Variables	Coefficient	Robust Std. Err	P value	Marginal effect
<i>Socioeconomic characteristics</i>				
Age	-0.002	0.012	0.836	-0.001
Household size	-0.164	0.116	0.158	-0.034
Gender	1.289	0.392	***0.001	0.240
Urban location	0.762	0.460	*0.098	0.165
Sale centre distance	-0.057	0.083	0.945	0.028
Discounter distance	0.137	0.152	0.366	-0.012
<i>Knowledge and perceived benefits</i>				
Ethnocentrism	0.435	0.208	**0.036	0.089
Delicacy pork	-1.037	0.438	**0.018	-0.198
Rewe regional	1.169	0.409	***0.004	0.251
<i>Product characteristics</i>				
Low prices	-0.147	0.239	0.951	-0.003
Expenditure	0.011	0.004	***0.007	0.002
Quality	0.999	0.381	***0.009	0.204
Healthy food	0.477	0.291	*0.103	0.098
Packaging	0.578	0.250	**0.021	0.118
Good taste	-0.298	0.297	0.920	-0.006
Constant				5.651
Prob>chi = 0.0024		Wald chi2(15) = 35.05		Log Pseudo
pseudo likelihood = -31.222121				R <sup>2</sup> = 0.4035
<b>Note(s):</b> Significance; 1% = ***, 5% = **, 10% = *				
<b>Source(s):</b> Authors' computation, 2018				

**Table 3.**  
Determinants of the preference for labelled regional products

Interestingly, consumption of regional products seems to be positively correlated with an urban location. Generally, urban dwellers do appreciate the differences between regional products than the rural dwellers. Again, promotion of the importance of the regional products to health and rural economy has been well understood by urban dwellers; hence, they were more likely to buy a labelled regional product than rural dwellers. Besides, the regional label is one sure way of verifying the validity of regional products in Germany. The rural dwellers, however, mostly consume local products and hence, see no variance in what they eat aside the high cost of labelled regional products. It, therefore, suggests that there is an opportunity to persuade urban dwellers to purchase labelled regional products. The result contradicts earlier findings by [Bannor et al. \(2020\)](#) but validates [Narine et al. \(2015\)](#). Additionally, the purchase of labelled regional products is also positively influenced by the availability of regional products at major shops. It is indicative that the wide availability of labelled regional products close to consumers can be a good marketing strategy to achieve the necessary gains. The results moreover revealed that regional pride (ethnocentrism) increases the probability of buying a labelled regional product by 8.9%. The positive association between consumer ethnocentrism and the purchase of regional labelled agricultural produce is in line with the findings of [Bannor et al. \(2020\)](#) and [Paustain et al. \(2016\)](#). Moreover, when consumers perceive a regional product as well packaged, it moves a step upwards by one and the probability of buying regional produce increases by 11.8%. This finding is consistent with [Hollywood et al. \(2013\)](#), who claimed that packaging could attract the attention of prospective buyers, which increases the chances of buying a product.

Again, from [Table 3](#), the perceived notion of regional food being healthy food increases the probability of buying regional foods by 9.8%. The favourable relationship between the two variables affirms the results by [Aprile et al. \(2016\)](#) but is at odds with [Bougherara and Combris \(2009\)](#). As anticipated, knowledge of a regional product label increases the

probability of consumption of a regional product by 25%. The results seem to suggest that consumers perceive regional brand such as *Rewe Regional* to validate the authenticity of a regional product, hence, the readiness to purchase. The result corroborates earlier findings by *Van Ittersum et al. (2007)*.

The determinants of the readiness to purchase labelled regional products at a premium price are reported in *Table 4*. The results show that a consumer's age positively influences the purchase of labelled regional products at a price increase of 5–10% but 0.7% less likely to purchase when the price goes beyond 10% of its original price. Similarly, *Henseleit et al. (2009)* and *Bannor et al. (2020)* revealed that age positively influences the purchase of regional products. Likewise, *(Rašković et al., 2020)* revealed that consumer ethnocentrism is low among young adults.

This may be ascribed to the high probability of older people being more rooted in their culture and origin compared to young ones. Conversely, the likelihood that a consumer would buy a labelled regional product at a price exceeding 10% of its primary cost is positively influenced by age. Even though ethnocentrism (regional pride) is a significant determinant of consumers' readiness to pay a premium price for a regional product, they are only 24.4% more presumably to pay for a premium price increase of 5%–10% and 26.7% less likely to pay when prices increased beyond 10%. It is suggestive that, even though regional products evoke a sense of culture, tradition and pride in consumers, a price above a certain boundary will not be stomachached by consumers. Similarly, *(Lee et al., 2021)* suggested that the use of ethnocentrism to sell regional products should be advanced with caution as any violation of its assurance (which could be the price in this context) could lead to the snubbing of the products. The perception that the purchase of a labelled regional agricultural product promotes the uniqueness of a locality's culture increased the probability of buying a regional product by 18.4%, even if the price increased beyond 10% of the original price. Likewise, the likelihood of purchasing regional products increased by 11.3%, with an increase in the perception that buying regional products promotes locals' employment. Consumer association with the buying of regional products with particular social outcomes is consistent with the findings by *Aprile et al. (2016)*, who revealed that the purchase of regional products is a means of supporting local farmers and sustaining local farmland. The implication is that intensive promotion of regional/local products is crucial for marketing,

Variables	<5% increase	>5%–10% increase	>10% increase
<i>Socioeconomic characteristics</i>			
Age	0.0006 (0.0006)	0.0062** (0.0032)	–0.0068** (0.0035)
Consumption frequency	–0.0005 (0.0004)	–0.0054 (0.0017)	0.0059*** (0.0016)
<i>Knowledge and perceived benefits</i>			
Ethnocentrism	0.0230 (0.0205)	0.2438*** (0.0822)	–0.2669*** (0.0851)
Culture	0–0.0160 (0.0173)	–0.1685** (0.0789)	0.1844** (0.0887)
Employment	0.0279 (0.0237)	0.2948*** (0.1132)	–0.3227*** (0.1147)
Higher incomes	–0.0190 (0.0164)	–0.2002** (0.1062)	0.2192 (0.1099)
Traditional expertise	–0.0021 (0.0082)	–0.0217 (0.0814)	0.0237 (0.0894)
Rewe Regional	–0.0327 (0.0215)	–0.2715** (0.1378)	0.3043** (0.1423)
<i>Product characteristics</i>			
Price	–0.0064 (0.0077)	–0.0679 (0.0449)	0.0743 (0.0500)
Tasty	–0.0204 (0.0167)	–0.2149** (0.0921)	0.2353** (0.0927)
Availability	–0.0116 (0.0123)	–0.1226 (0.0648)	0.1342* (0.0713)

**Note(s):** Significance; 1% = \*\*\*, 5% = \*\*, 10% = \*. Standard errors are in the parenthesis

**Source(s):** Authors' computation, 2018

**Table 4.**  
Determinants of consumers' readiness to buy regional products at a premium price

particularly for the characteristics that local or regional products support employment, land use patterns or specific social groups. Also, how frequent a household consumes regional products positively influences the likelihood of buying regional produce at a premium price of more than 10%–59%. These results imply that aggressive aggrandisement of regional/local product is crucial for marketing. Finally, knowledge of a brand such as *Rewe Regional brand* positively influenced the likelihood of consumers' readiness to purchase a labelled regional product at a premium price. The result exposes that the branding of regional products with a well-known regional brand could significantly affect the promotion of regional products, which implies that branding and promoting the brands are crucial. Accordingly, retail brands could benefit from placing reputable regional products under their brands (Basfirinci and Cilingir Uk, 2020).

### 5. Conclusions and implication for practice and research

Consumer ethnocentrism influences the purchase of regional agricultural products and the readiness to purchase regional products at a premium price in Southwestern Germany. Also, consumer socioeconomic and product characteristics and knowledge and perceived benefits of regional products had a divergent influence on the purchase and readiness to purchase the same at a premium price. In total, findings from earlier studies could be corroborated, which implies that strategies can be based on the study findings that will hold for a wide range of regional products. Implications for practice are that communication and information policy in marketing have to address the identified consumers; in this case, male consumers, who are likely to purchase regional products. Information and communication also have to focus on those characteristics of regional products that serve as incentives to buy the same and increase the readiness to pay a premium price.

Obviously, important factors to influence consumers' purchase decisions are availability itself, packaging and the fact that the products have to be sold in places where consumers with a certain degree of ethnocentrism are present. Availability means to organise logistics and distributions to market outlets – which is not easy with small-scale producers and diverse supply chains, and the aspect of ethnocentrism can be addressed through offering regional products at places where such customers come together, such as regional fairs or regional centres in national parks or the likes. Results on the packaging imply respective investments and a particular professional business environment, which might impose a bottleneck to small-scale producers of regional products especially when there seems to be a price limit. It suggests that even if the packaging is done, the costs must be managed tightly and reduced if actors want to increase sales.

The study provides valuable insights for strategy development in regional product marketing and research literature and provides practical suggestions for active marketing and communication policies for, in particular, small marketers and producers of regional products. Results provided by this study are commonly applicable for all products, regardless of the type and regional origin, so that product-specific studies are no longer necessary, which reduces redundancy and marketing research costs, which are difficult to bear for small producers. As far as the implications for theory and research are concerned, the study contributes to confirm and consolidate existing knowledge about regional products, which had not yet been quantified in the way the present study has done. Further research might focus on consumer market segmentation and distribution policies, such as logistics, and on communication policies in marketing. Also, it would be of interest how shrinking markets affect the above-discussed segments. At present, we have looked at the micro-economic situation of increasing income, which implied also growing markets for regional products. The recent COVID pandemic has further shifted the demand for regional products upwards for various reasons. However, with a downturn of these trends, for example,

through post-pandemic economic recessions, it would be of interest how the regional product sector is affected and what changes in marketing strategies this would imply.

### Notes

1. Regional products, in this study, are conceptualised as agricultural products that are produced within a limited geographical area and by the people located within the said area.
2. The total population in the study area is reported to be 936,323 (Statistisches Bundesamt Deutschland, 2019). Considering that not all the population is above 15 years of age, the targeted population could be low. Given the sample size according to Yamane (1967):  $n = (N/1 + Ne^2)$ , the derived margin of error of the sample is 8.25% (implying 91.75% confidence level). Implication is that there is 91.75 confidence in the results obtained for this study. Therefore, the sample could be said to be representative of the population.

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**Table A1.**  
Premium price  
payment  
characteristics

Variables	Labelled regional product non-purchasers		Labelled regional product purchasers		Pooled respondents	
	Freq. (N = 67)	Percent %	Freq.(N = 80)	Percent %	Freq. (N = 147)	Percent %
<i>Readiness to pay a higher price</i>						
Otherwise	19	28.4	9	11.3	28	19
Readiness to pay higher price	48	71.6	71	88.7	119	81
<i>Increase percent consumer is ready to pay</i>						
0–5%	36	53.7	19	23.8	55	37.4
>5–10%	17	25.4	21	26.2	38	25.9
>10–20%	14	20.9	40	50.0	54	36.7

**Source(s):** Authors' computation, 2018

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