Writing a Recipe for Craft Food: What it means for food to be craft and why consumers are purchasing craft foods

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Two experiments test the prediction that access to information has led consumers to distrust mass-produced, highly-processed foods and shift to consuming craft foods. Experiment 1 documents the information that consumers use to determine whether products are craft and finds that flavor profile provides the strongest indication, followed by distribution and description of process. Data also uncovers three consumer segments based on food consumption behaviors, concluding that among those who actively seek out information about their food, description of process provides a stronger indication of craft, relative to other segments. Experiment 2 shows that consumers purchase craft foods to avoid the negative health consequences associated with mass-produced food, which they learn about through the Internet and media.

INTRODUCTION

Most notably experienced in the beer category, the craft food movement has expanded its reach over the past few years to cover grocery categories from bread to cheese to coffee. While craft does not have a strict definition, many brands have marketed themselves as craft products, sometimes used interchangeably with the descriptions "specialty" or "artisanal."

Many consumers are attracted to these craft brands that often offer unconventional flavor profiles and authentic brand stories that buck the trend of mass-produced foods, all while commanding a premium price. Threatened by consumers switching to these craft products, mass-manufactured food companies ("Big Food") have responded by acquiring craft food brands or attempting to create their own craft brands [1]. But are these Big Food craft brands authentically craft? What are the factors that consumers consider when evaluating whether a brand is craft or not and why are those factors important? This paper aims to understand the influence of product attributes on consumer perceptions of grocery products as craft, as well as the underlying consumer motivations that fuel the craft food movement.

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HYPOTHESIS

I propose the hypothesis that increased access to information is the catalyst for consumers' distrust of mass-manufactured, highly-processed foods and shift to consuming craft foods. According to the U.S. Census Bureau, 74.4% of Americans reported Internet use in 2013, compared with 54.7% in 2003 [2]. News and information travel at a greater velocity and volume through the Internet, and consumers can now easily learn about the food they purchase. Now that the U.S. food system resembles an industrialized factory more than a small family farm, food processing scandals (e.g., McDonalds pink slime, are exposed on a common basis, fueled by the Internet [3]. Because Big Food producers often are not transparent about their production processes, these scandals have led consumers to distrust mass-produced food products and react by avoiding highly-processed products.

CRAFT FOOD DEFINED

Just as food producers can market their products as "natural" due to the lack of United States Food and Drug Administration regulation over the term, so too can manufacturers freely use the terms "craft," "artisanal," or "specialty" to describe their products, due to the lack of both legal regulation and industry certification [4-5]. With no formal definition of craft, consumers and producers' definitions of craft can be misaligned, leading to confusion over what is and is not craft food.

For example, with its distinct orange taste, evocative name, and rustic-looking label, the massively popular beer Blue Moon is considered by many to be a craft beer [6]. However, according to the Brewer's Association, a trade group consisting of self-designated craft breweries, Blue Moon should not be classified as a craft beer. Why? Blue Moon is a beer produced by The Molson Coors Brewing Company, one of the largest breweries in the world, and the Brewer's Association deems that for a beer to be designated as craft, no more than 25 percent of the company can be owned or controlled by a non-craft brewer. Because The Molson Coors Brewing Company produces more than 6 million barrels of beer per year, the Brewer's Association does not consider it a craft brewery, and thus Blue Moon falls under the same designation [7].

This disconnect between consumer and industry definitions leads to confusion over which brands are genuinely craft. Craft is a subjective term that can evoke different definitions for different consumers. Thus, this paper does not aim to provide a strict definition for craft food. Rather, this paper aims to provide general guidelines for attributes that many consumers associate with craft products, in a manner that is descriptive rather than prescriptive.

Overall, common attributes of craft foods identified through desk research are products made by small-scale producers with unique flavor profiles and less-processed ingredients [8-9].

DESCRIPTIONS AND GROWTH RATES OF KEY CRAFT FOOD CATEGORIES

While the craft food movement is perhaps most widely-publicized in the beer category, it can also be seen in the coffee and cheese categories.

Beer

The Brewer's Association defines a craft brewery as one that is small, independent, and traditional. It must produce less than 6 million barrels of beer annually, be independently owned or less than 25% owned by a non-craft brewery, and utilize traditional or innovative brewing ingredients and fermentation methods [7].

In 2015, the U.S. craft beer category generated $22.3 billion in dollar volume, comprising 12.2% of the overall beer market. In a market where overall beer production volume declined by 0.2%, craft beer production volume grew 12.8% in 2015, indicating that consumers are trading-up from conventional to craft brands [10].

Of note is the fact that this data only includes craft beer production and sales from brewers deemed craft by the Brewer's Association. Because consumers and trade groups' definitions of craft beer can differ, these statistics may present artificially deflated growth and production because the statistics exclude beer brands that some consumers deem to be craft.

<u>Key Players</u>: Among American breweries certified as craft by the Brewer's Association, the largest five include: D.G. Yuengling and Son, Inc; Boston Beer Company; Sierra Nevada Brewing Company; New Belgium Brewing Company; and Gambrinus [12].

Coffee

Whereas the Brewer's Association provides an outspoken opinion about the definition of craft beer, the specialty coffee (i.e., craft coffee) industry is muddled with confusion about the definition of craft, even among trade groups. The Specialty Coffee Association of America ("SCAA"), a trade group representing firms throughout the specialty coffee supply chain, refers to three different definitions of craft coffee, indicating that it does not have a strong grasp on the definition of the very industry it aims to represent.

In one instance, the organization describes the category as "coffee that has met all the tests of survival encountered in the long journey from the coffee tree to the coffee cup," providing several grading scales it uses to judge bean, roast, and preparation quality [12-13]. In another instance, the SCAA describes specialty coffee shops as "as businesses deriving 55% or more of total revenue from the sale of coffee, coffee beverages, and coffee accessories," regardless of bean quality [14]. This definition would include mass-market coffee producers such as Starbucks. Finally, the SCAA provides several statistics on specialty coffee consumption and sales, but references data on gourmet coffee beverages ("GCB") from the National Coffee Association of America. The National Coffee Association of America defines GCB as a catch-all phrase encompassing drinks from traditionally brewed coffee made with premium-priced beans to iced/frozen blended coffee [15].

Whether the data accurately captures data on craft coffee specifically, it is still clear that Americans are increasingly consuming craft coffee. The overall U.S. coffee industry is projected to reach $17.93bn by 2020, representing a 5.7% compound annual growth rate ("CAGR") from 2011 and consumers are reporting higher consumption of specialty coffee [16]. The National Coffee Association reports that, in 2010, just 24% of survey respondents reported drinking specialty coffee on the day prior to being surveyed. From 2011 to 2015, this proportion rose year-over-year to a high of 34% in 2014 before tapering off at 31% in 2015 [15].

Industry reports also note a strong consumer shift from conventional coffee (e.g., Maxwell House, Folger), to gourmet coffee (e.g., Starbucks), and now to specialty coffee. This growth of craft coffee is often referred to as the "Third Wave coffee movement." Consumers have come to associate Third Wave coffee with high-quality coffee beans, high prices, premium flavor profiles, and small batch processes [9].

Key Players: Three of the largest Third Wave coffee roasters are: Stumptown Coffee Roasters, Intelligentsia Coffee & Tea, and Blue Bottle Coffee [17].

Cheese

Of the three craft categories mentioned in this paper, the specialty cheese category is perhaps the least well-defined. According to the American Cheese Society, a trade group of U.S.-based cheese producers, "the nature of specialty cheese is derived from one or more unique qualities, such as exotic origin, particular processing or design, limited supply, unusual application or use, and extraordinary packaging or channel of sale. The common denominator is its [sic] very high quality" [18].

Natural and specialty cheese is a larger category that can be used as a next best alternative to measure growth of specialty cheese-specific sales, although this category contains products produced by Kraft and Sargento, two mass-produced cheese brands. Sales in this category reached $17.4bn in the U.S. in 2015 and is projected to reach $20.7bn in 2020, representing a CAGR of 3.53%. From 2011 to 2015, the category experienced a CAGR of 4.1%, showing that the category is growing, albeit at a slower rate [19].

Key Players: Due to the perishable nature of cheese, many craft producers are small local firms and the category is highly fragmented. An example of a large craft firm is BelGioioso [19].

Other Categories

Bread, meat, ice cream, and chocolate are all categories that show subjective evidence of the craft movement, but because many of the craft players in these categories sell directly to consumers in independent brick-and-mortar stores, data on industry growth is not easily available for analysis.

STUDY 1: CONJOINT ANALYSIS OF GROCERY PRODUCT ATTRIBUTES

Research was conducted in two phases, incorporating both quantitative and qualitative data. The first phase consisted of a conjoint analysis to test the influence of select grocery store product attributes on consumer perceptions of craft. Next, an in-person focus group was conducted to understand the underlying motivations that lead consumers to seek out craft foods, providing human context for the insights extracted from the conjoint analysis.

Method: Attribute Selection

To tease out the influence of attributes on consumer perceptions of grocery products as craft, a rating-based conjoint analysis was conducted through an online survey. Three grocery product attributes were selected for conjoint analysis: distribution, flavor profile, and description of process.

These three attributes were identified during expert interviews and desk research as the most common indicators of craft when one is evaluating grocery products. Other attributes considered but not selected were price, serving size, ingredient sourcing, and packaging/label art.

Price was not selected because price points differ depending on craft category (e.g., beer vs. cheese). Price could have been categorized into high, medium, and low prices, but this scale would be subjective and thus lead to biased responses. The serving size attribute also suffers from the same issues as price.
The ingredient sourcing attribute is not practical to test, as ingredients change depending on craft category, and the number of ingredient combinations possible to test is immense.

Packaging/label art is also not practical to test, as evaluation of art is subjective, and the attribute relies on visual interpretation, so graphics would need to be incorporated into the survey. In addition, the ingredient sourcing and label art attributes would be potentially redundant given the inclusion of the description of process attribute, which encompasses the former attributes.

Overall, it is unlikely that the ranking of conjoint partworths would change significantly had the survey included other attributes such as price, as the attributes tested encompassed the three most influential attributes associated with craft.

TABLE I
CONJOINT ANALYSIS ATTRIBUTES AND ASSOCIATED LEVELS

Distribution	*Flavor Profile*	*Description of Process*
National	Mainstream	No description
Regional	Unique	Limited description
Regional, sold by national brand	Strong	Detailed description

Method: Attribute Level Selection

Attribute levels were determined with the current craft environment in mind. Specifically, levels were modeled after the levels seen in brands within craft beer, coffee, and cheese categories (see table I). Number of levels per attribute was limited to three to minimize the length of the survey. Even so, the selected levels capture the variance between craft and conventional brands, and among craft brands themselves. Additional levels could have been created to capture a slightly greater variance in brands, but at the significant expense of survey length. For example, distribution could have been further segmented into even smaller regions, such as state-wide distribution.

Using these attribute levels, a full-factorial design with 27 profiles was created, from which a fractional-factorial design with 9 profiles was extracted. The resulting design is balanced; each attribute level appears an equal number of times across profiles (see table II).

TABLE II
CONJOINT ANALYSIS PROFILES TESTED

	Distribution	*Flavor Profile*	*Description of Process*
Profile 1	National	Mainstream	Detailed
Profile 2	National	Strong	Limited
Profile 3	National	Unique	None
Profile 4	Regional, sold by national brand	Mainstream	Limited
Profile 5	Regional, sold by national brand	Strong	None
Profile 6	Regional, sold by national brand	Unique	Detailed
Profile 7	Regional	Mainstream	None
Profile 8	Regional	Strong	Detailed
Profile 9	Regional	Unique	Limited

Method: Data Collection

Using Qualtrics survey software, survey participants were first shown a description of the survey research objective, a description of the three attributes tested in the conjoint analysis, and instructions on how to evaluate conjoint profiles. Instructions incorporated a timer mechanism where respondents could not progress until 10 seconds had passed, encouraging participants to diligently read the instructions before proceeding.

Next, participants were shown each conjoint profile in a randomized sequence, one at a time, and asked to indicate the degree to which they perceived each profile to be a craft grocery product, on a 1-100 scale, with 100 representing a stronger perception of craft.

After the conjoint analysis, participants were shown several statements related to their personality and asked to rate the extent to which they agreed that the statements described them. A survey validity check was utilized in this survey section, asking the respondent to select a specific answer to the question (i.e., “please select slightly agree”) (see fig. A in the appendix).

114 responses were collected from the survey, from which two responses were dropped due to validity check failure and 11 responses were removed due to dropout survey data.

Results and Discussion: *Full Dataset*

To create part-worths, a multiple linear regression was conducted based on respondents' ratings of grocery descriptions as craft. The regression output is statistically significant at an alpha of 0.01, with p-values of less than 0.0001 for all regression coefficients (see table III).

TABLE III
MULTIPLE LINEAR REGRESSION OUTPUT

Term	Estimate	Std Error	t Ratio	Prob>|t|
Intercept	18.258758	2.244332	8.14	<.0001
Regional Distribution	16.697021	2.076944	8.04	<.0001
Mixed Distribution	8.5683081	2.076944	4.13	<.0001
Unique Flavor	27.406592	2.076944	13.20	<.0001
Strong Flavor	18.225074	2.076944	8.77	<.0001
Limited Description	12.937294	2.07522	6.23	<.0001
Detailed Description	15.543903	2.076944	7.48	<.0001

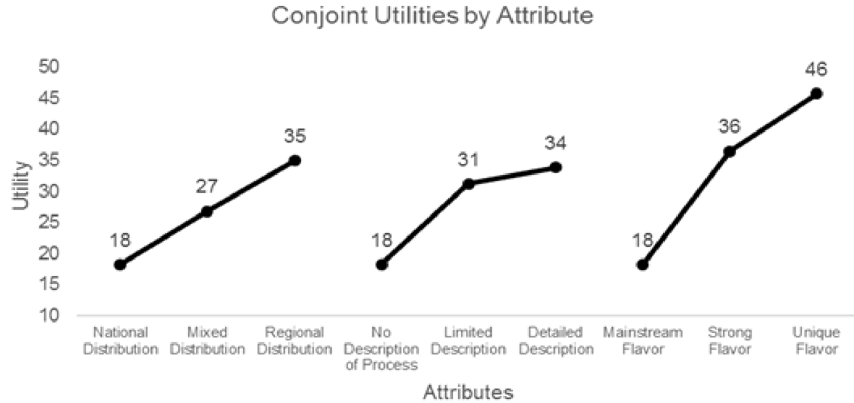
Attribute importance scores were then calculated to compare the relative influence of each attribute on consumers' perception of craft. To calculate attribute importance, attribute utility range, the difference between the minimum and maximum utility values, was calculated for each attribute. Each of these attribute utility ranges was then divided by the sum of all attribute utility ranges to determine each attribute's importance.

Interpreting the attribute importance scores confirmed our hypothesis that flavor profile provides the strongest indication of a craft product, among all other attributes. Flavor profile was the most influential attribute, with an attribute importance of ~46%. Distribution and process description were at parity, with attribute importance of ~28% and ~26%, respectively (see table IV).

TABLE IV
ATTRIBUTE IMPORTANCE AND CALCULATION INPUTS

Attribute	*Level*	*Utility*	*Attribute Utility Range (max-min)*	*Attribute Importance*
Distribution	Regional	34.96	16.70	(16.70/59.65) x 100 = 27.99%
	Mixed	26.83		
	National	18.26		
Flavor Profile	Unique	45.67	27.41	(27.41/59.65) x 100 = 45.95%
	Strong	36.48		
	Mainstream	18.26		
Process Description	Detailed	33.80	15.54	(15.54/59.65) x 100 = 26.06%
	Limited	31.20		
	None	18.26		
Sum			59.65	

FIGURE I
VISUALIZATION OF CONJOINT UTILITIES



Analyzing the utilities of each attribute level reinforced this importance hierarchy (see fig. I). Among the tested attributes, the strongest indicators of craft were:

1. Unique Taste
2. Strong Taste
3. Regional distribution
4. Detailed process description
5. Limited process description
6. Regional distribution, sold by national brand
7. (Tie: all are base cases) National distribution, no process description, mainstream flavor

Because craft food is a subjective term and consumers vary in their food preferences, data segmentation was then conducted to evaluate whether differences in consumer worldviews led to differences in conjoint part-worths.

Respondents were segmented first by their responses to food consumption and purchasing habits, then by Big Five personality traits.

<u>Segmentation by Consumption and Purchasing Habits</u>

Method

A factor analysis was conducted on responses to Likert-scale questions about food consumption and purchase habits, using the principal components method. From this analysis, three factors were uncovered. Three factors were created because the fourth factor would have an Eigenvalue of less than 1.00, explaining less variance than a single variable would (see fig. II).

Respondents' factor scores were then calculated and a 1.00 factor score cutoff point was used to create segments from those who scored highly in each factor. Three segments were created by analyzing each factor's components, resulting in Curious Health Enthusiasts (Factor 1), Adventurous Foodies (Factor 2), and Intuitive Traditionalists (Factor 3) (see fig III).

1. Curious Health Enthusiasts are interested in where their food comes from and how it is made, spending the time to research this information before making purchases. They believe that food is an important component of leading a healthy life (n=19).
2. Adventurous Foodies are self-described "foodies." They are the first to know about new foods among their friends, enjoy when people ask them for food recommendations, and like to try new foods (n=16).
3. Habitual Traditionalists believe that food should be made in a traditional manner. They do not like to try new foods and do not spend much time researching information before making purchases (n=19).

Seven respondents matched with two or more segments and 56 respondents did not match with any segment. Once separate conjoint analyses were run for each segment, attribute importance scores were calculated to compare the influence of attributes on segments' perceptions of profiles as craft.

FIGURE II
EIGENVALUES FROM FACTOR ANALYSIS

Number	Eigenvalue	Percent	20 40 60 80	Cum Percent
1	3.2699	36.332		36.332
2	1.5860	17.622		53.954
3	1.0881	12.090		66.044
4	0.8139	9.044		75.088
5	0.6884	7.648		82.736
6	0.6500	7.222		89.958
7	0.3952	4.391		94.350
8	0.2836	3.151		97.501
9	0.2249	2.499		100.000

FIGURE III
FACTOR LOADINGS FROM FACTOR ANALYSIS

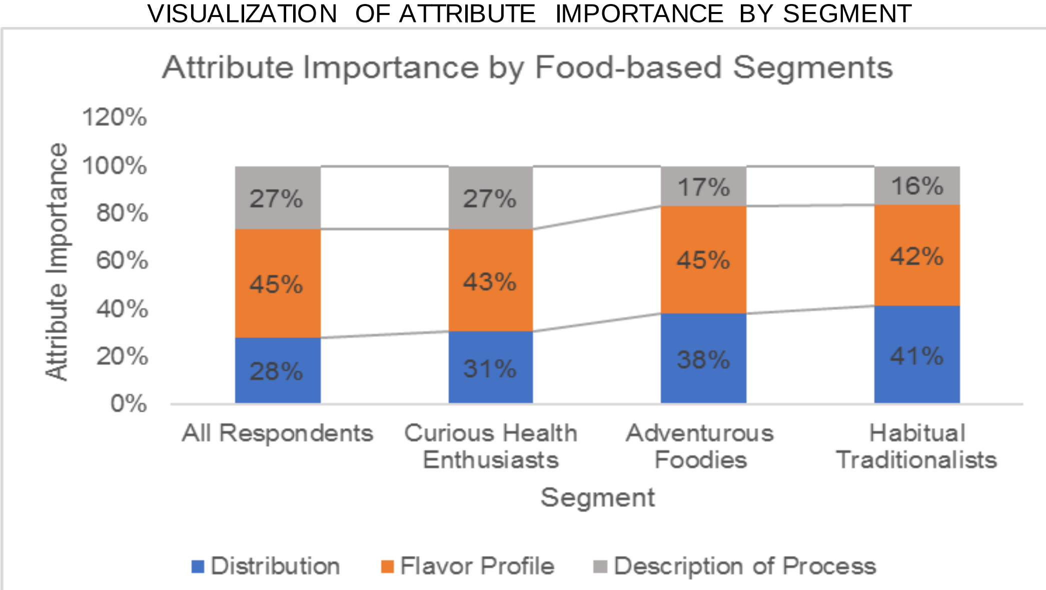
	Factor 1	Factor 2	Factor 3
-I am interested in where my food comes from	0.862307	0.144420	0.054147
-I believe the food I eat is an important part of my health	0.851539	0.086277	0.068140
-Among my friends, I am the first to know about the newest foods	0.087516	0.865091	0.005057
-I enjoy when people ask me for food recommendations	0.176475	0.759543	-0.149014
-I consider myself a "foodie"	0.076541	0.737154	0.106675
-I like to try new foods	0.339602	0.542524	-0.556283
-I believe food should be made in a traditional manner	0.262910	0.061233	0.770724
-When making purchases, I do not spend much time researching information	-0.595828	-0.026962	0.445057
-I do not care how my food is made as long as it tastes good	-0.696976	-0.228495	-0.120951

Results and Discussion

I wrote the survey questions for the factor analysis with the hypothesis that there existed three segments of craft food consumers: taste seekers, status seekers, health seekers, as well as those who do not seek out craft foods. The factor analysis generated factors similar to this hypothesis.

When analyzing attribute importance, Curious Health Enthusiasts' consumption and purchase habits matched with their conjoint ratings. These individuals perceive description of process to be more indicative of craft and distribution to be less indicative of craft, relative to Adventurous Foodies (+10% and -7%, respectively) and Habitual Traditionalists (+11% and -10%, respectively) (see fig. IV). Process descriptions enable this segment to learn more about where their food comes from and how it is made, which aligns with their information-seeking personalities. Adventurous Foodies and Habitual Traditionalists had similar attribute importance scores across all three attributes, which was an unexpected outcome due to their vastly different personalities. In future research, additional survey questions could be asked to uncover additional segments. Doing so may have produced a result where two segments did not have as similar attribute importance scores.

FIGURE IV
VISUALIZATION OF ATTRIBUTE IMPORTANCE BY SEGMENT



Segmentation by Big Five Personality Scores

Method

Worldviews and personalities were also hypothesized to affect respondents' conjoint ratings. The Big Five personality traits model was utilized to understand respondents' general personalities and supplement the food-based behavior segmentation conducted.
Personality traits measured included: Extroversion, Agreeableness, Conscientiousness, Neuroticism, and Openness to Experience. Scores can range from zero to forty.

- Extroversion (E) is the personality trait of seeking fulfillment from sources outside the self or in community. High scorers tend to be very social while low scorers prefer to work on their projects alone.
- Agreeableness (A) reflects much individuals adjust their behavior to suit others. High scorers are typically polite and like people. Low scorers tend to 'tell it like it is'.
- Conscientiousness (C) is the personality trait of being honest and hardworking. High scorers tend to follow rules and prefer clean homes. Low scorers may be messy and cheat others.
- Neuroticism (N) is the personality trait of being emotional.
- Openness to Experience (O) is the personality trait of seeking new experience and intellectual pursuits. High scorers may daydream a lot. Low scorers may be very down to earth. [20]

A median split was used to group respondents into high- and low-scorers for each personality trait. Those with personality scores between zero to 20 were classified as low-scorers and those with personality scores between 21 and 40 were classified as high-scorers. Multiple linear regressions on conjoint ratings were then run based off each personality-based segment.

Results and Discussion

I. Segmenting by Extroversion Score

41 respondents fell into the low-scorer segment and 60 respondents fell into the high-scorer segment. When compared to those with low Extroversion scores, those with high Extroversion scores perceived distribution to have a greater influence on craft (+6%) and description of process to have a lesser influence (-6%). The importance of description of process was at parity across both segments (see fig. V). As extroverts, high-scoring individuals may enjoy getting to know their local producers and thus place a greater emphasis on distribution, as regional (i.e., local) distribution would allow these individuals to interact with the producers on a personal level.

II. Segmenting by Agreeableness Score

44 respondents fell into the low-scorer segment and 57 respondents fell into the high-scorer segment. When compared to those with low Agreeableness scores, those with high Agreeableness scores perceived flavor profile to have a greater influence (+5%) on craft and distribution to have a lesser influence (-5%). The importance of description of process was at parity across both segments (see fig. V). Those with high Agreeableness scores are more likely to conform to a group and refrain from making negative statements. They may rely on the most discernable and basic difference in food, flavor profile, to make decisions on whether a product is craft, as it is the most obvious.

III. Segmenting by Conscientiousness Score

42 respondents fell into the low-scorer segment and 59 respondents fell into the high-scorer segment. Conscientiousness did not have a significant effect on respondents' conjoint ratings; attribute importance levels were at parity regardless of segment (see fig. V).

IV. Segmenting by Neuroticism Score

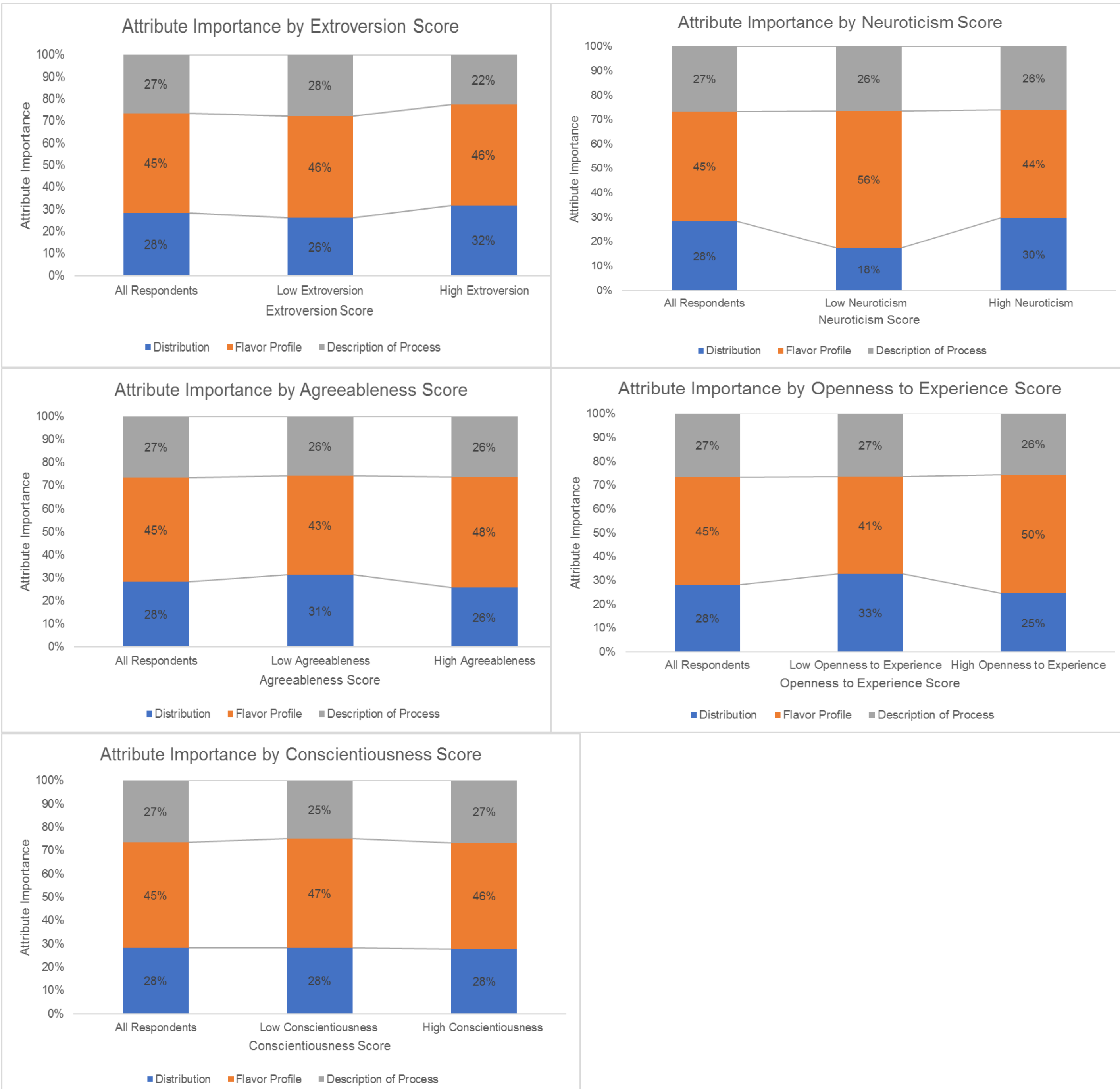
14 respondents fell into the low-scorer segment and 87 respondents fell into the high-scorer segment. When compared to those with low Neuroticism scores, those with high Neuroticism scores perceived flavor profile to have a lesser influence (-12%) on craft and distribution to have a greater influence (+12%). The importance of description of process was at parity across both segments (see fig. V). Those with low Neuroticism scores are less emotional, so they may value the tangible product attributes (i.e., flavor profile) more than the intangible attributes (i.e., distribution, description of process). However, due to the small sample size of individuals with low Neuroticism scores, these results may be due to randomness.

V. Segmenting by Openness to Experience Score

46 respondents fell into the low-scorer segment and 55 respondents fell into the high-scorer segment. When compared to those with low Openness to Experience scores, those with high Openness to Experience scores perceived flavor profile to have a greater influence (+9%) on craft and distribution to have a lesser influence (-8%). The importance of description of process was at parity across both segments (see fig. V). Those with low Openness to Experience scores do not seek out new experiences, so they may perceive

flavor profile to be less indicative of craft, as they do not seek the unique flavor level that is included in the flavor profile conjoint attribute.

FIGURE V
COMPARISON OF ATTRIBUTE IMPORTANCE BY BIG FIVE PERSONALITY SCORE SEGMENTS



STUDY 2: FOCUS GROUP

Once I understood the information (i.e., attributes) consumers use to determine whether a food is craft, I wanted to understand why this information is important and why consumers are purchasing craft foods.

Method

A focus group was conducted to test the hypothesis that access to information fuels a distrust of Big Food firms which leads consumers to switch from mass-produced foods to craft foods. Participants who self-identified as "foodies" were recruited through a Facebook social media post and received a $12 payment incentive for their participation in the hour-long focus group. The focus group was conducted at the Stephen M. Ross School of Business Behavioral Lab where video and audio was recorded for analysis.

Five individuals participated in the focus group, of which four were females and one was male. All participants were undergraduate students at the University of Michigan and the average age of participants was 22.

During the focus group, I acted as the moderator and led the group discussion with five prepared questions and follow-up probe questions based on responses (see fig. B in the appendix).

Results and Discussion

Three key themes arose from the focus group, which provided evidence to back the hypotheses of consumer motivations for purchasing craft food, with additional nuance.

<u>Theme #1: Craft food consumption is primarily driven by health concerns about mass-produced food</u>

While there was some heterogeneity on the amount and frequency of craft food purchases, there was agreement across the focus group on the reasoning for buying craft food. All but one participant repeatedly mentioned an aversion to additives and mass-manufacturing processes as primary reasons for consuming craft food. Participants did not trust conventional food manufacturers to produce food that is healthy. Even if conventional producers produced the same exact products as craft producers, all five participants stated that they still would not trust or purchase the product manufactured by a mass-produced food firm. In their views, it is impossible for a mass-manufactured product to be healthy, as large corporations will prioritize profits over the quality of the product, skimping on ingredients to reduce costs. Consumers take cues from mass-manufactured food prices; food cannot be sold at a low price without sacrificing quality of ingredients and without the use of additives.

This distrust is deeply engrained in participants' worldviews. When recalling situations where they were forced to consume conventional foods rather than craft foods, participants expressed feelings of eating food that was less healthy and "putting a bunch of chemicals in [their] bodies." In a hypothetical world where craft food did not exist, participants imagined that the world would gain significant body weight and consumers would cook their own meals instead of relying on processed food.

Conversely, participants placed a great deal of trust in craft food producers. Craft food is associated with producers who are passionate about --and place the highest priority in-- the quality of the products they create. One participant trusted craft producers to not use preservatives and additives so much so that she purchases shelf-stable craft foods (e.g., jams) in smaller quantities because she believes the products will spoil quickly if not consumed.

<u>Theme #2: Access to information facilitates the shift from consuming mass-produced foods to craft foods</u>

Access to information can lead consumers to purchase craft foods either proactively or reactively. When participants became aware of craft alternatives to conventional foods, they proactively purchased craft foods out of interest; whereas when participants became aware of the negative production processes associated with mass-produced foods, they reactively switched to craft foods out of disgust.

As an example of information leading to a proactive change in behavior, one participant learned about alternatives to conventionally-produced peanut butter (e.g., almond butter) through social media. Upon purchasing and tasting the almond butter, the participant began exploring other craft foods and researched craft alternatives to foods she ate beyond peanut butter.

More commonly, participants began purchasing craft food as a reaction to negative information they learned about mass-produced foods. Three participants watched documentaries (e.g., Food, Inc.) and read articles about the food industry that exposed scandals such as the poor treatment of animals raised for meat and the chemicals used in the mass-production of food. This information led consumers to make a conscious effort to change their consumption habits and avoid mass-produced foods.

Increased access to information about conventional food producers has also led consumers to seek information from craft producers to verify that they are in fact craft, not conventional. Meeting the producer to gain information has a strong influence on consumers' purchasing decisions. Participants wish to verify information with producers about the production process and the ingredients used in creating the food. Participants stated that craft producers should not use large industrial machinery and should have a deep understanding of the ingredient sourcing.

When meeting the producer is impossible or not feasible, all participants stated that they take cues from the product packaging—the list and origin of ingredients as well as the description of the producer and production process. Information can also be gleaned from product attributes beyond writing. Packaging that looks hand-made, not pristine; sales quantities that are limited, not enormous; separate shelving locations in grocery stores, not integrated with mass-produced brands; and distribution in specialty groceries, not large supermarkets are all informational cues for consumers that a brand is craft.

Theme #3: Consuming craft food generates social currency

Craft food can help generate social currency for consumers by strengthening the bonds in their social network. Two participants mentioned how craft food provides a sense of exclusivity for those who consume it. Focus group participants reported sharing craft food with their friends and enjoyed being "the foodie" in their friend groups; when others came to them for advice, participants enjoyed suggesting their favorite craft foods that were unique. Due to the small-scale nature of craft food producers, these participants who discover craft food first are the most informed and become those "in the know."

Second, craft food consumption occasions are often tied to social settings. All participants recalled fond memories of spending time with friends and family at farmer's markets and going to unique restaurants that serve craft foods. In doing so, craft food is used as a means of creating shared memories and bonding with others.

Finally, respondents stated that purchasing craft foods provide them with a sense of community pride for supporting the "little guy." Large corporations were described as entities that do not need the support of consumers and participants were willing to pay higher prices for craft products in order to support small local businesses. Because craft food is often produced near or within close proximity to the locations they are sold at, consumers feel more connected to craft food producers than to faceless corporations (i.e., Big Food).

General Discussion

Two experiments show that increased access to information has led consumers to distrust mass-produced, highly-processed foods and shift to consuming craft foods. Experiment 1 documents the information that consumers use to determine whether products are craft and finds that flavor profile provides the strongest indication of craft, followed by distribution and description of process. Data also uncovers three consumer segments based on food consumption behaviors: Curious Health Enthusiasts, Adventurous Foodies, and Habitual Traditionalists, concluding that among those who actively seek out information about their food (i.e., Curious Health Enthusiasts), description of process provides a stronger indication of craft, relative to the other segments. Upon segmenting respondents based on Big Five personality scores, I found that some segments perceive either flavor profile or distribution to be more influential, but distribution remained relatively uniform in influence across segments.

Once I understood the information (i.e., attributes) that consumers use to determine whether a food is craft, I wanted to understand why this information is important and why consumers are purchasing craft foods. Experiment 2 shows that consumers purchase craft foods to avoid the negative health consequences associated with mass-produced food, which they learn about through the Internet and media. Participants expressed that their health was the primary reason for purchasing craft food and the information they sought served to either inform them of craft foods to eat or non-craft foods to avoid. Craft food also generates social currency for participants. They purchase from craft food vendors to support their local communities and enjoy the feeling of being the most informed, or "in-the-know," that results when purchasing from small-scale vendors.

Overall, the experiments show that consumers are information-hungry due to distrust of mass-manufactured food, caused by an increase in access to information. The information they seek to determine whether a product is craft most heavily lies in the flavor profile, but also in distribution and description of process.

Implications

This research has implications for food manufacturers who wish to market their products as craft. When creating a craft product, firms should first focus on flavor profile, developing a product that is unique or strong in taste. Without this crucial component, consumers are unlikely to believe that the product is craft.

In marketing communications, the firm should provide information to the consumer to convince her that the brand is transparent and is deserving of her trust. Communications should emphasize how the production process differs from conventional food production as well as the small-scale, local nature of the producer. The firm should also leverage the Internet to enlist its current consumers to share their knowledge of the product offering and to convince new users to try the product.

FUTURE RESEARCH

In future research, the conjoint analysis could utilize a more advanced conjoint method, such as Hierarchical Bayes, instead of a basic rating-based conjoint. This would allow the researcher to generate more advanced statistical analyses and would better emulate the real-world shopping experience by incorporating multiple choice consideration. The sample size and number of profiles tested could also be increased to enable statistical analyses of differences in part-worths between individual respondents and between segments. This extension would provide a quantitative method of evaluating differences in part-worths, rather than the purely qualitative method that was utilized for this paper.

If time had allowed, conversations from the focus group should have been transcribed and coded to analyze the frequency and valence of statements. Doing so would provide stronger evidence for the claims made in this paper.

CONCLUSION

As consumers increasingly adopt craft foods, food manufacturers must understand what consumers yearn for in craft products as well as the underlying reasons for these behavioral changes. To effectively market craft food products, product development should focus on the attributes that consumers care for the most and marketing communications should emphasize how the product fulfills consumers' desires associated with craft foods. This paper suggests basic guidelines that companies should follow to best appeal to consumers when bringing craft food products to market.

APPENDIX

Figure A: Conjoint Analysis Survey Design

This research is being conducted by researchers at the University of Michigan. The purpose of this research is to understand how consumers perceive grocery products as “craft.” While “craft” does not have a strict definition, many brands in categories from beer to cheese have marketed themselves as "craft" products. "Craft" is sometimes used interchangeably with the descriptions "specialty" or "artisanal." Your responses will be kept confidential.

To ensure that instructions are communicated, the next button will appear after a few seconds. If you do not see the next button, please wait for it to appear.

When you are ready to begin the survey, please click the next button below.

CRAFT GROCERY PRODUCTS

When evaluating whether or not a grocery product qualifies as "craft," you may consider many different things. In this study, we specifically focus on the following attributes of grocery products:

- Distribution: widely distributed (national) or more narrowly (regional). Distribution can also be narrow, but sold by a national brand (regional, sold by national brand).

- Flavor Profile: mainstream flavor acceptable to a majority of consumers, more unique flavors, or more strong flavors.

- Description of Process: product packaging provides manufacturing process description (limited description), manufacturing process and ingredient source descriptions (detailed description), or no production process description.

We will show you 9 grocery product profiles, one at a time. Each profile refers to grocery products in general, rather than a specific category of products. Keep in mind that the differences among these descriptions are only the attributes shown to you. That is, other attributes not shown are identical among these vehicles and are all satisfactory to you.

Please indicate the degree to which you agree that this profile describes a "craft" grocery product.

Distribution: **National**
Flavor Profile: **Mainstream**
Description of Process: **Detailed production process description (manufacturing process and ingredient source)**

Please indicate the degree to which you agree that this profile describes a "craft" grocery product.

Distribution: **National**
Flavor Profile: **Strong**
Description of Process: **Limited production process description (manufacturing process only)**

Please indicate the degree to which you agree that this profile describes a "craft" grocery product.

Distribution: **National**
Flavor Profile: **Unique**
Description of Process: **No production process description**

Please indicate the degree to which you agree that this profile describes a "craft" grocery product.

Distribution: **Regional, sold by national brand**
Flavor Profile: **Mainstream**
Description of Process: **Limited production process description (manufacturing process only)**

Please indicate the degree to which you agree that this profile describes a "craft" grocery product.

Distribution: **Regional, sold by national brand**
Flavor Profile: **Strong**
Description of Process: **No production process description**

Please indicate the degree to which you agree that this profile describes a "craft" grocery product.

Distribution: **Regional, sold by national brand**
Flavor Profile: **Unique**
Description of Process: **Detailed production process description (manufacturing process and ingredient source)**

Please indicate the degree to which you agree that this profile describes a "craft" grocery product.

Distribution: **Regional**
Flavor Profile: **Mainstream**
Description of Process: **No production process description**

Please indicate the degree to which you agree that this profile describes a "craft" grocery product.

Distribution: **Regional**
Flavor Profile: **Strong**
Description of Process: **Detailed production process description (manufacturing process and ingredient source)**

Please indicate the degree to which you agree that this profile describes a "craft" grocery product.

Distribution: **Regional**
Flavor Profile: **Unique**
Description of Process: **Limited production process description (manufacturing process only)**

The next set of questions asks about your personality and opinions. Please indicate the degree to which you agree or disagree that each statement describes you.

The next set of questions asks about your personality and opinions. Please indicate the degree to which you agree or disagree that each statement describes you.

	Strongly disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly agree
I am the life of the party.	❍	❍	❍	❍	❍
I feel little concern for others.	❍	❍	❍	❍	❍
I am always prepared.	❍	❍	❍	❍	❍
I get stressed out easily.	❍	❍	❍	❍	❍
I have a rich vocabulary	❍	❍	❍	❍	❍
I don't talk a lot.	❍	❍	❍	❍	❍
I am interested in people.	❍	❍	❍	❍	❍
I leave my belongings around.	❍	❍	❍	❍	❍
I am relaxed most of the time.	❍	❍	❍	❍	❍
I have difficulty understanding abstract ideas.	❍	❍	❍	❍	❍

The next set of questions asks about your personality and opinions. Please indicate the degree to which you agree or disagree that each statement describes you.

	Strongly disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly agree
I feel comfortable around people.	❍	❍	❍	❍	❍
I insult people.	❍	❍	❍	❍	❍
I pay attention to details.	❍	❍	❍	❍	❍
I worry about things.	❍	❍	❍	❍	❍
I have a vivid imagination	❍	❍	❍	❍	❍
I keep in the background.	❍	❍	❍	❍	❍
I sympathize with others' feelings.	❍	❍	❍	❍	❍
I make a mess of things	❍	❍	❍	❍	❍
I seldom feel blue.	❍	❍	❍	❍	❍
I am not interested in abstract ideas.	❍	❍	❍	❍	❍

The next set of questions asks about your personality and opinions. Please indicate the degree to which you agree or disagree that each statement describes you.

	Strongly disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly agree
I start conversations.	❍	❍	❍	❍	❍
I am not interested in other people's problems.	❍	❍	❍	❍	❍
I get chores done right away.	❍	❍	❍	❍	❍
I am easily disturbed.	❍	❍	❍	❍	❍
I have excellent ideas.	❍	❍	❍	❍	❍
I have little to say.	❍	❍	❍	❍	❍
I have a soft heart.	❍	❍	❍	❍	❍
I often forget to put things back in their proper place.	❍	❍	❍	❍	❍
I get upset easily	❍	❍	❍	❍	❍
I do not have a good imagination.	❍	❍	❍	❍	❍
Please select "Somewhat disagree"	❍	❍	❍	❍	❍

The next set of questions asks about your personality and opinions. Please indicate the degree to which you agree or disagree that each statement describes you.

	Strongly disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly agree
I talk to a lot of different people at parties.	❍	❍	❍	❍	❍
I am not really interested in others.	❍	❍	❍	❍	❍
I like order.	❍	❍	❍	❍	❍
I change my mood a lot.	❍	❍	❍	❍	❍
I am quick to understand things.	❍	❍	❍	❍	❍
I don't like to draw attention to myself	❍	❍	❍	❍	❍
I take time out for others.	❍	❍	❍	❍	❍
I shirk my duties.	❍	❍	❍	❍	❍
I have frequent mood swings.	❍	❍	❍	❍	❍
I use difficult words.	❍	❍	❍	❍	❍

The next set of questions asks about your personality and opinions. Please indicate the degree to which you agree or disagree that each statement describes you.

	Strongly disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly agree
I don't mind being the center of attention.	❍	❍	❍	❍	❍
I feel others' emotions.	❍	❍	❍	❍	❍
I follow a schedule.	❍	❍	❍	❍	❍
I get irritated easily.	❍	❍	❍	❍	❍
I spend time reflecting on things	❍	❍	❍	❍	❍
I am quiet around strangers.	❍	❍	❍	❍	❍
I make people feel at ease.	❍	❍	❍	❍	❍
I am exacting in my work.	❍	❍	❍	❍	❍
I often feel blue.	❍	❍	❍	❍	❍
I am full of ideas.	❍	❍	❍	❍	❍

The next set of questions asks about your personality and opinions. Please indicate the degree to which you agree or disagree that each statement describes you.

	Strongly disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly agree
I like to try new foods	❍	❍	❍	❍	❍
Among my friends, I am the first to know about the newest foods	❍	❍	❍	❍	❍
I do not care how my food is made as long as it tastes good	❍	❍	❍	❍	❍
I enjoy when people ask me for food recommendations	❍	❍	❍	❍	❍
When making purchases, I do not spend much time researching information	❍	❍	❍	❍	❍

The next set of questions asks about your personality and opinions. Please indicate the degree to which you agree or disagree that each statement describes you.

	Strongly disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly agree
I believe food should be made in a traditional manner	❍	❍	❍	❍	❍
I believe the food I eat is an important part of my health	❍	❍	❍	❍	❍
I am interested in where my food comes from	❍	❍	❍	❍	❍
I consider myself a "foodie"	❍	❍	❍	❍	❍

What is your year of birth?

What is the highest level of school you have completed or the highest degree you have received?
- ❍ Less than high school degree
- ❍ High school graduate (high school diploma or equivalent including GED)
- ❍ Some college but no degree
- ❍ Associate degree in college (2-year)
- ❍ Bachelor's degree in college (4-year)
- ❍ Master's degree
- ❍ Doctoral degree
- ❍ Professional degree (JD, MD)

What is your sex?
- ❍ Male
- ❍ Female

Information about income is very important to understand. Would you please give your best guess? Please indicate the answer that includes your entire household income in (previous year) before taxes.
- ❍ Less than $10,000
- ❍ $10,000 to $19,999
- ❍ $20,000 to $29,999
- ❍ $30,000 to $39,999
- ❍ $40,000 to $49,999
- ❍ $50,000 to $59,999
- ❍ $60,000 to $69,999
- ❍ $70,000 to $79,999
- ❍ $80,000 to $89,999
- ❍ $90,000 to $99,999
- ❍ $100,000 to $149,999
- ❍ $150,000 or more

Figure B: Focus Group Discussion Guide

Honors Thesis Research

Focus Group Discussion Guide
April 2017

Overview

Focus Group Objectives:
- Explore consumer motivations for consuming craft foods
- Understand how consumption motivations change depending on consumer segments identified during quantitative research
- Confirm craft foods definition and key attributes determined by conjoint analysis

Participant Screening:
- Must be craft food consumers and complete Qualtrics survey containing food-based personality questions from previous survey (e.g., I like to try new foods, I do not care how my food is made as long as it tastes good)

Introduction	**5 Minutes**

Good afternoon. Thank you for taking the time to join our focus group today. My name is Don Chao and I am a student from the University of Michigan conducting research on consumer perceptions of craft foods.

While craft doesn't have a formal definition, you might associate it with the words "artisanal" or "specialty." As foodies, I'm sure you are all aware of this trend in the beer category, but we also see it in products from meats to cheese to bread. When I refer to craft foods, please think of food products in general, not specifically craft beer.

During this focus group, I will be asking you about food purchasing and consumption habits. There are no right or wrong answers and your responses will be anonymized. I will be asking a series of open-ended questions. If you need some time to gather your thoughts, please let me know.

Craft Food Definitions	20 Minutes

- Jumping into the first question, when you are shopping for food, how do you know when a product is craft? For example, if I presented you with two beer brands, tell me about the process you would take to determine whether one is craft?
- On the other hand, how do you know when a product is NOT craft?

Craft Food Consumption Motivation	30 Minutes

- Thinking of your experiences both at school and at home, what craft foods do you eat and where do you go to purchase or consume craft foods?
  - Probe: If the same product was sold in traditional grocery stores (e.g., Meijer), would you still buy it?
    - Probe: How important is it that you learn about the producer when buying craft food?
      - Probe: Does the same apply for non-craft foods? Why isn't it important for you to learn about the producer when buying non-craft food?
        - Probe: Could a mass manufacturer ever produce a craft product? Is there something that a craft producer can do that a non-craft producer cannot do?
      - Probe: If you met the people that produce your food, would that influence your perception of the product as craft? Why?

- Try to remember the first craft food you purchased or consumed. What was it and was it a completely new food you had never eaten before or was it something that you normally eat?
  - How did you learn about this food? How did you know that it existed?
  - Probe: Tell me what went on in your mind when you purchased or consumed your first craft food. What led you to make a change from the product you usually purchase?
    - If taste, what are some other reasons? Prioritize these reasons.
  - Probe: Was there something about the old brand that you didn't like? Would your old brand ever be able to win you back if it emulated the same attributes?

- Even though we enjoy eating craft foods, we don't always have the option of doing so. Think about a time where you choose a non-craft brand over a craft brand. What happened and why did you make the decision that you ultimately made?
  - Probe: Did it make you feel bad to purchase non-craft? Why?
  - Probe: If craft food did not exist anymore, how would the world be different tomorrow? Is there something that would take the place of craft food in your life?

- Many of you have mentioned that food is an important part of your health. Does craft food play a role in your health specifically?

Conclusion	1 Minute

Thank you again for your time. We really appreciate the insights you provided today. If you have any additional thoughts you'd like to share after today, we will be sending you a follow-up email that will include our contact information.

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