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Consumer Testing for the Local Food Start-Up

Catherine Durham^a, Ann Colonna^b, Deng Long^c, and Sarah Masoni^d

^aAssociate Professor, Applied Economics, Food Innovation Center, Oregon State University, 1207 NW Naito Pkwy, Portland, Oregon, 97209, USA. ^QTel: 508-872-6671. Email: cathy.durham@oregonstate.edu

^bSensory Program Manager, Food Innovation Center, Oregon State University, Portland, Oregon, 97209, USA

^cGraduate Research Assistant, Applied Economics, Oregon State University, Portland, Oregon, 97209, USA

^dProduct Development Manager, Food Innovation Center, Oregon State University, Portland, Oregon, 97209, USA

Abstract

Consumer tests are utilized by medium and large food companies to evaluate new products or test new product formulations on potential buyers. The typical objective is to examine various sensory attributes for liking and to examine whether adjustable product attributes such as saltiness, sweetness and texture are “Just About Right” or need reformulation, but packaging, message, and purchase intent questions can be incorporated or emphasized to evaluate the market. These pieces of information may help a company market its product to retailers or distributors by proof of liking or willingness to purchase. However, though this information is perhaps needed even more by those interested in starting-up a food company. A consumer test could help avoid serious losses in launching a product that consumers either don’t like sufficiently or which will require a price which consumers aren’t willing to pay. A consumer test can also help discover if small adjustments in formulation are needed. Properly executed such a study can also provide evidence to start marketing to retailers or look for financing. Unfortunately the costs of a professionally executed test can be prohibitive.

Conducting a professional consumer test starts at around \$10,000 when panelist payments, facility rental, and the professional sensory staff time to prepare the survey, recruit the panelists, run the test, and analyze and report on the data collected are included. Large, well established companies don’t have a problem paying for this type of research and many run consumer tests regularly for new products or reformulations, but generally entrepreneurs are unable to do so.

A self-executed consumer test protocol for food entrepreneurs has been designed and is undergoing testing in Portland, Oregon. The key elements of the protocol are a template and instructions for development and execution of a survey, and a spreadsheet which automatically produces useful tables and charts from the survey data. The protocol was developed to allow entrepreneurs to evaluate their product and its market potential on a small, local scale.

The survey template begins with standard consumer test questions assessing concept and liking and evaluating sensory attributes, how they would utilize the product (check all that apply and fill-in), and if desired, open-ended likes and dislikes. The second page begins with set of priced purchase intent questions. A price range (six prices) is listed and consumers are asked to indicate their willingness to pay for the product at each price. The results for these purchase intent questions can be used to produce a pseudo-demand curve of the proportion of the consumers surveyed willing-to-buy the product at each price. This question has been effective and fairly accurately answered. These are followed with a check all that apply question on production and ingredient preferences relevant to the product (for example attributes such as organic and gluten-free). The next question asks about the quantity they would buy per year at a specific price. This provides a means by which to project a total annual demand if combined with information on where the product would be offered. Finally, there are demographic questions (age, gender, income, education). Together these questions can provide entrepreneurs with crucial information about their product or their market niche.

The survey protocol has been beta-tested at a craft market and three farmers markets with four different products. These beta testers all have recently started their small, local business with limited funds. Three have sold their products in farmers markets and at a small number of local retailers. One was still in product formulation stage.

While entrepreneurs can discover a great deal of information from such tests, there are some lessons to be learned from the beta testing. One is that it is difficult for entrepreneurs not to market their products by providing consumers with information, beyond what was contained on the package. The goal is to replicate a point of purchase scenario, not a trade show display to buyers. Thus the entrepreneurial spirit may reduce the accuracy of the consumer test. One of the entrepreneurs (the only one who was selling the product at the same time) gave out samples without asking the consumer to fill out the survey first-which both reduced the consumers desire to take the consumer tests, and interfered somewhat with evaluation of the concept. On the other hand sometimes team members are not bold enough to ask people to take the survey. Finally, we find that the connection to a regional university seems to be important. This is particularly true in getting permission to conduct a test, and signs announcing the university's involvement in the consumer test helps in getting consumers to take the survey. These factors may indicate that the involvement of cooperative extension will be critical to the success of this protocol for the start-up that does not yet have a retail buyer or location already established. Further beta tests are expected to take place at a grocery store and at a restaurant. The protocol is expected to completed and available at the end of 2015.

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