Regional loyalty matters
The impact of product-specific attributes on consumer loyalty

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Abstract

Food consumption trends change continuously. A noticeable trend in Sweden and the western world is consumers’ need for knowledge about the food they consume and where it originates from. Moreover, consumers appreciate food products produced close to home. The interest towards locally produced food has lately increased amongst today’s consumer, as has many researchers’ interest in the topic.

The purpose with this dissertation is to investigate how and if product-specific attributes attached to a locally produced food product, like Price, Quality, Brand and Organically produced can lead to that consumers’ are loyal towards a region. A deductive research approach is applied for this dissertation.

Based on the theories of consumer loyalty, and by regarding current food trends, the theory of regional loyalty as a concept is developed. The product-specific attributes Brand, Price, Quality and Organic are examined and tested. A model and hypotheses are developed in order to understand the relationship better. By using a quantitative method and conducting a questionnaire, the consumer’s attitudes were examined. The research was conducted in the municipality of Kristianstad and 130 questionnaires were handed out outside the biggest grocery stores in town.

The findings indicate that there is a positive correlation between the variables attached to locally produced food products and regional loyalty. The results show that all these attributes are related to regional loyalty except of price, regardless of age, income or current occupation.

According to the authors’ knowledge, since no study has been conducted on regional loyalty or product-specific attributes affecting this, the results of this dissertation will bring new knowledge to this area of research. The results may also be useful for executives when marketing locally produced food products.

Keywords: Regional loyalty, Brand, Price, Quality, Organic, Locally produced food.
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1. Introduction

Chapter one will introduce the reader to the topic of this dissertation. In this chapter, background and problematisation will be explained, and the impact of the food products’ region of origin and consumers’ loyalty towards a region is introduced. In addition, the purpose and the research question are outlined. The chapter end with a description of the theoretical limitation in the research and finally, the outline is also presented.

1.1 Background

The trends regarding food consumption are continuously changing, and for the moment we are experiencing an era where the region of origin has been given a greater appreciation (Nieminen, 2003; LRF, 2010). Consumers spend increasingly more time to search for information and want to acquire knowledge about the food they are consuming and where it is originated (Lantbrukarnas riksförbund, 2010). National and regional ethnocentrism, when a consumer favours a product from the own country or region, has become more frequent in research concerning consumer behaviour (Siemieniako, Kubacki, Glinksa & Krot, 2011). From having an interest of the national origin of a food product, the focus has been extended further and has now changed towards the region of origin of the product (van Ittersum, Candel & Meulenberg, 2003). Ribeiro and Santos (2008) found that the region of origin has had an effect on pricing of the regional food products and that region has a great significance to the consumer. Hence, the region has now become an important indicator for consumers concerning food consumption. As a result of region of origin effect, the geographical indicators have also become a notion of quality (Adinolfi, DeRosa & Trabalzi, 2011). This has been observable even in the actions of the European Union. By regulating the procedures of production and protecting regional indications, the producers have been able to differentiate their products (Chyrosou & Giraud, 2007). Consequently, the producers’ possibility of differentiating their products has led to variation of products on the markets as well as increased awareness among consumers’ in food consumption
(Johnson & Bruwer, 2007; Ribeiro & Santos, 2008). There seems to be a growing interest towards locally produced food products, especially in Sweden and the remaining western world (Nieminem, 2003). Consumer Agency, the Board of Agriculture and Food Agency in Sweden (Konsumentverket, Jordbruksverket and Livsmedelsverket) have all highlighted that locally, and organically, produced food is something of importance (Svensson & Ängerfors, 2010). The awareness of purchasing and eating locally produced food products shapes the new generations requirements of receiving and consuming high quality products. This has pushed entrepreneurs to put more and more weight on highlighting the origin of their products to attract customers and making them loyal to their company.

More and more companies have realized that the most beneficial customer is the loyal customer, there is a link between customer loyalty and profitability according to Bowen and Chen (2001). A loyal customer repurchases a certain product because of the satisfaction he/she has experienced of the product purchased and in return the loyal consumer also improves the company’s revenues. It is said that satisfaction might be a determining factor in order to receive a loyal consumer (Ekström, 2010). Now, this raises a crucial question. What makes the customer loyal, and loyal enough to buy food products from a local producer?

National loyalty has been proven to be affected by certain product-specific attributes, consumers infer the certain attributes to the product based on a country stereotype and their experiences from that country (Bruning, 1997). Since the region of origin is said to operate in almost an identical way as the country of origin (van Ittersum et al., 2003) it could be assumed that regional loyalty could carry the similar features. Accordingly, it is of interest to study which products-specific attribute could be of concern if the consumer shows tendencies of being loyal to a region, and if there are any significant differences of the impact the attributes have on a specific food product.
1.2 Problematisation

Consumer loyalty is a diverse topic, and has been researched from different angles and perspectives. A consumer can be loyal to a product or image (Souiden & Pons, 2009), a brand (Jensen & Hansen, 2006) or a store (Bloemer & de Ruyter, 1998). As mention in the background, the popularity of local brands and products has been on the rising, and consumers give value to the origin of the food product. In conclusion, consumer behaviour concerning food products is in a face of evolution. To exemplify, price that has been a crucial attribute affecting the purchase decision, has been proven to not be a significant factor when it comes to locally produced food products. The new group of consumers are not as sensitive to price and price fluctuations, which makes them agreeable to pay higher price for the local, traditional food products (Ribeiro & Santos, 2008).

However, despite the rising interest towards the region of origin, and the tendencies shown towards consumers’ ethnocentrism (Siemieniako et al., 2011), regional loyalty has not been researched as a designated concept, according to our knowledge. Therefore, it is of relevance to introduce this concept and reflect on which product feature can contribute to regional loyalty as an output. To clarify, a gap has been found in the research concerning the consumer’s loyalty towards a specific region. This dissertation however focuses on the product-specific attributes given to affect this concept.

1.3 Purpose

The purpose with this dissertation is to explain the influence product-specific attributes attached to a locally produced food product, like price, quality, brand and organically produced may have on regional loyalty.

1.4 Research question

Which of the product-specific attributes attached to food products contribute to regional loyalty?
1.5 Theoretical limitation

Regional loyalty is not a designated concept-yet. Since there is no previous literature on this definition specifically, it could both limit and benefit our investigation. Regional loyalty as a concept is hard to measure, which could limit the research. Furthermore, an additional limitation could be that this dissertation only focuses on some product-specific attributes that may affect regional loyalty, not regarding for example psychological factors in consumer behaviour.

1.6 Outline

This dissertation is divided into six chapters. The first chapter introduces the background, problematisation, purpose, research question and the theoretical limitation. The second chapter explains how the research is provided, in other words, the methodology. In chapter three the theoretical framework will be reviewed, reflecting over concepts as consumer behaviour, consumer loyalty and product-specific attributes. The fourth chapter will consist of the empirical method, in other words, how the data and survey is collected and provided. Chapter five will conclude the results and analysis of the investigation and finally, the sixth chapter will include the discussion.
2. Research Method

Chapter two contains the research method. In this chapter, the research philosophy and the research approach can be found. Furthermore, the choice of method and the choice of theory are described.

In order to acknowledge a deeper understanding about the underlying research and the analyzing procedures, we are using the approach of the research onion presented in Saunders, Lewis and Thornhill (2009). This research onion has its foundations in different layers. The layers consist of research philosophies, research approach, research strategies, research choices, research time horizons and for the last, data collection and data analysis. By peeling of bit by bit, the researcher attains deeper understanding about his research.

2.1 Research philosophy

Research philosophy relates to the nature of the knowledge and knowledge development in a particular field. The research philosophy contains the assumption of the way in which the world is seen; the choice of research philosophy is depended on the research question proposed in the research and the chosen philosophy will be influenced by practical considerations. There are four main types of perspectives of research philosophy; pragmatism, positivism, interpretivism and realism.

Pragmatism is according to Creswell (2007) and Saunders et al. (2009) unrealistic to use, since it concludes just one form of research. Instead, the researcher should freely choose a mixture of different philosophies, both qualitative and quantitative methods are possible to utilize (Saunders et al., 2009). The philosophy of positivism is to create a research strategy where it is necessary to collect data from already existing theories in order to develop new hypotheses. The hypotheses ought to be tested and confirmed or
refuted, which in turn might lead to a further development of a theory and be later on tested by future researchers (Saunders et al., 2009). Interpretivism argues that it is essential for a researcher to understand differences between humans as social actors. The researcher has to adopt an empathetic stance according to the philosophy. The philosophy of interpretivism is said to be suitable for business research, especially in fields as complex as Human resource management, marketing and organisational behaviour (Saunders et al., 2009). The philosophy of realism is based on that the senses show us what we in reality later interpret as the truth; the objects have an existence independent of the human mind. The philosophy has a scientific approach to the development of knowledge and underpins the collection of data and the understanding of the data (Saunders et al., 2009), which is similar to the research philosophy of positivism.

This dissertation has applied a positivistic research philosophy due to the explanatory purpose of the research, aimed to find a relationship between the variables investigated. This philosophy allows us to find statistical correlations between variables and demonstrate the relationship between these, and also to develop a model and hypotheses from already existing theories. The hypotheses are tested, and the outcomes analyzed.

### 2.2 Research approach

There exist two kinds of research approaches, the deductive and the inductive approach. The question is whether a deductive approach or inductive approach should be used. Developing a theory and hypotheses and finally designing a research strategy to test the hypothesis are included in the deductive approach, the inductive approach is when you collect data and develop theory as a result of your data analysis (Saunders et al., 2009). According to Hyde (2000), the inductive approach is considered building a process, while the deductive approach is considered testing process.

In this dissertation, a quantitative method with a deductive approach is used since the research conducted is derived from already existing theories and previous research. The quantitative enquiry will most commonly adopt a deductive process, while a qualitative often adopts an inductive approach (Hyde, 2000).
2.3 Choice of theory

The focus in this dissertation lies on consumer loyalty, which is derived and explored from consumer behaviour. The theory of region of origin will also be reflected on, as well as the theories around different product-specific attributes such as brand, price, organically produced and quality from different marketing theories.

2.4 Choice of method

The purpose with this dissertation is to bring understanding in how specific product attributes can contribute to a regional loyalty. As previously mentioned, the field of study has not been a topic of research in wide extent. There are areas in this study that are still not covered. Nevertheless, there has been research done on ethnocentrism, loyalty and product-specific attributes that has raised our interest, and is applicable as framework for this dissertation. Therefore, it is of relevance for this research to use the deductive approach to develop own assumptions. A model will be created to strengthen the four hypotheses proposed in theoretical framework.
3. Literature review

Chapter three presents the theoretical framework. Here, the literature used is reviewed, starting with introducing consumer behaviour, consumer loyalty and presenting the developed concept of regional loyalty. Finally, in the last part, the focus is on the product-specific attribute brand, price, organic and quality.

The aim with this paper is to explain how certain attributes related to regional products leads to a particular kind of consumer loyalty. Consumer loyalty has been discussed in numerous studies (Bennet & Bove, 2002; Matzler, Grabner-Kräuter & Bidmon, 2008), and has been found a considerable factor when analyzing consumer behaviour and product evaluation. In order to be loyal, the consumer must find the value of the purchase and become a frequent buyer. The number of consumers favouring regional products is increasing every year (Ribeiro & Santos, 2008). By reflecting over the past decade, and regarding the importance of locally produced food products (Levrén, 2008) where region of origin matters for the consumer (Johnson & Bruwer, 2007), a new type of loyalty seemed to have emerged, the loyalty towards a region.

In this chapter, the consumer behaviour is introduced briefly. Consumer loyalty, which is a part of consumer behaviour, contributes to understanding the possibilities of a potential regional loyalty. The idea of regional loyalty evolved from the studied effect that the region of origin provides, and this is presented in the theoretical framework. Since regional loyalty is the main focus of this dissertation, it is of importance to find relevant factors which contribute to developing regional loyalty. Therefore, product specific-attributes are described and explained one by one in order to understand which of these attributes may be a driving factor in the development of regional loyalty.
3.1. The region of origin

To be able to acknowledge regional loyalty as a concept, it is of relevance to present the underlying theories. For that reason, this section will briefly introduce the fundamentals of the region of origin.

Bruning (1997, p.59) states that “Arguments are proposed which identify national loyalty as a component of the country of origin effect, whereas the country of origin serves as a signal of product quality when information is present or not. It is the basic argument of this research that a component of the country of origin effect relates to group affiliation and offers a unique influence on consumers’ perceived product quality, purchase intentions and actual purchase behaviour”. The interest in country of origin (COO) effect and the consumers’ product evaluation goes many decades back in time. The first study on country of origin effect was introduced by Schooler in 1965 (Schaefer, 1995). Since then, many researchers have put a lot of effort into investigating this effect and how it has contributed to a certain consumer product evaluation pattern. Researchers have introduced several attributes and factors which with COO can play a significant role in the purchase decision of a product. The most utilized factors are the name of the brand and price (Insch & Florek, 2008) which are going to be introduced more thoroughly later in this chapter. When a country has a favourable COO, the products that are labelled with this favourable COO will be evaluated more positively by consumers (Ahmed et al., 2004). The country of origin has been analyzed to a wide extent and for that reason it has contributed to develop another concept, region of origin (ROO). The influence of a product’s region of origin was originally acknowledged by van Ittersum et al. (2003). As earlier remarked, ROO and COO involve similar processes, although ROO has some unique aspects such as the image consumers have of a product’s region of origin, and most of all, the ability to be differentiated amongst both foreign and domestic competitors on the market (van Ittersum et al., 2003). The region of origin has been mainly observed to be of importance regarding wine consumption (Johnson & Bruwer, 2007). However, wine consumption is more complex than food, because of the growing self-education within the area and for broad extent of regional branding of regions such as Bordeaux and Chianti (Famularo, Bruwer & Li, 2010).
The region of origin can create a competitive advantage for firms that are established in a high valued region or in van Ittersum’s et al. (2003, p.216) words: “A product matches a region if the regional image positively influences the evaluation of the product by consumers”. Previous research has come to the agreement that region of origin affects the consumer’s product evaluation (van Ittersum et al., 2003). With the understanding of its effect, especially food producing companies have exploited the country image to improve their turnovers.

3.2. Consumer behaviour and loyalty

Consumers’ behaviour has become important for marketers in order to understand how consumer loyalty is created. Consequently, it is necessary to start by explaining the part where consumer behaviour turns into consumption behaviour.

There are numerous different definitions on consumer behaviour (Ekström, 2010; Galloway, 2009; Blackwell, Miniard & Engel, 2001). Consumer behaviour can be defined as “The dynamic interaction of affect and cognition, behaviour, and the environment by which human beings conduct the exchange aspects of their lives” (Ekström, 2010,p.32). In situations where consumers have a choice in how they behave, their behaviour is governed by various factors. These include; their needs and desires, their attitudes and expectations, their understanding of what is available and their financial resources as well as their decision process (Ataman & Ülengin, 2003). Consumer behaviour is a set of actions consisting of stages. These stages are aimed to help consumer chose the most favourable product which in the later stage can be consumed by the consumer (Bartosik-Purgat, 2007). Consumer behaviour is a wide subject area and affects many aspects. One important aspect of concern in this dissertation is consumer loyalty.

Consumer loyalty occurs from a satisfactory purchase which makes the consumer buy the same product again (Mitchell & Imrie, 2011). Wong and Sohal (2003) simply state that consumer loyalty is a purchase behaviour. Consumers become loyal when they frequently purchase a product or service, as well as, when they develop a beneficial attitude towards a product or service. Consumer loyalty is identified to be an
organizational key to success (Divett, Crittenden & Hendersen, 2003); this is because consumers who are loyal towards a specific product tend to spend more money and repurchase the same product (Divett et al., 2003; Wong & Sohal, 2003). When consumers are loyal, they are also less inclined to switch to competitors’ products. For that reason, consumers’ loyalty towards a product may be a potential weapon against other companies’ products (Pepe, Abratt & Dion, 2011). The loyalty of a consumer can be expressed in many different ways and a single indicator cannot possibly catch all these ways. This means that loyalty is multidimensional and is affected by several indicators (Ekström, 2010). To easily capture what loyalty is, there are two recognized dimensions; loyal behaviour and loyal mentality.

These two dimensions of loyalty, is loyalty as behaviour and loyalty as mentality (Söderlund, 2006; Ekström, 2010), are divided into different aspects. Loyal behaviour consists of behavioural aspects such as relationship duration, frequency of visits, volume of consumption, depth of consumption and customer share. All these five aspects, can be correlated with each other but do not necessarily need to go hand in hand (Ekström, 2010). Loyal behavioural aspects is easily measured and captured when examining the loyalty of a consumer. Loyal mentality, also associated as attitudinal loyalty, refers to what may exist in consumers’ mind; that involves attitude, preferences, commitment, involvement and intentions towards the product (Ekström, 2010; Söderlund, 2006). Intentions are highlighted as one of the more important ones and are often carried out by researchers as a specific loyalty indicator. Intentions are an individual purpose of a future behaviour and intention of re-purchase is a regular behaviour. Explicitly of the re-purchase intention and satisfaction of the consumer are referred correlated with this intention. Since there are no studies confirming satisfaction as the only indicator affecting the re-purchase intention (Ekström, 2010), other factors could also be affecting consumer loyalty.

3.2.1. Regional loyalty

In the previous section, the theory of consumer behaviour and loyalty was discussed. In this section, the focus is now on regional loyalty. Thereby, the development of new trends in food consumption will start to introduce this topic. This is relevant to mention
because of the new trend towards buying locally produced food products. Ethnocentrism, which later will be introduced in this chapter, is as a part of consumers’ morality of buying foreign-made products (Siemieniako, Kubacki, Glinska and Krot, 2011). It is considered to be a contribution factor in emerging a new type of regional patriotism. In order to get a comprehensive picture of the current trends of food consumption in Sweden, the following section presents the emerging food trends.

Consumers spend increasingly more time to search for information and want to acquire knowledge about the food they are consuming and where it originates from (Lantbrukarnas riksförbund, 2010). The number of consumers buying locally produced products is increasing every year. It is a very diffuse and tricky question to define what locally produced food is. There is no specific definition of locally produced food, however, as reported by the Swedish Competition Authority, in order to be called local, the production and consumption of the food products should take place within a limited area. This area between the producer and the consumer should not exceed a distance of 250 km (Swedish Competition Authority). Locally produced food does not only meet the geographic distance criteria but it also takes into account other aspects such as environment, ethics, health quality and support of the local economy. Motives for “buying local” include perceived quality and freshness of local food and willingness to support the local economy (US department of agriculture, 2010). Locally produced products are often associated with environmental ethics, which has been proven to be an important factor for today’s consumer, and they often want these to be a part of the product itself (Nordic council of ministers, 2006).

During these last years, there have been an increasing number of small locally owned firms providing domestic and foreign markets with regional high quality products (Ribeiro & Santos, 2008). Local and regional food not only engages small firms, but even medium – size businesses have started to see opportunities in the added value of local food products (Levrén, 2008). As big global companies have strived towards standardizing their products, a contra reaction has evolved amongst the consumers; the demand for local products and variety. There has been an increasing interest in local products over the last decade, and it is seen as a positive development (Nieminen, 2003). A few of the main reasons according to Levrén (2008) could be the willingness
to encourage employment in the region, environmental issues, and the quest for a rural prosperity for the own region.

Lately, there has been a lot of attention drawn to both national and regional ethnocentrism. Consumers often choose products, services and activities over others because they associate these attributes with a certain lifestyle, self-image and ascribed status, formally known as identity-based evaluation (Ekström, 2010). People tend to believe that they do not need to seriously weigh the pros and cons of certain choices before deciding, they know who they are, and who they are directs their choices. In this case we could define the choices as identity-based or identity congruent (Oyserman, 2009). The consumer attempts to preserve or enhance their self-image by buying products that they believe are coherent with their self-image and by avoiding products that are not coherent (Sirgy, 1982). Self-congruence process discussed by Onkvisit and Shaw (1987), states that consumers tend to compare their own self-image with the product images in the pre-purchase stage of the decision-making process. The brand correlation with the self-image is according to Ataman and Ülengin (2003) highly observable. Consumers are even likely to identify themselves with a region, in other terms, be ethnocentric (Siemienanko et al., 2011). The outcomes of ethnocentrism are that consumers prefer regional and national products over foreign ones, so to say, being regionally loyal. There is no research on regional loyalty yet, but there have been investigations on local patriotism and ethnocentrism in relation with regional food products that give indications on loyalty towards a region. According to Siemienanko et al. (2011) there have been increasing interests in regional identities and ethnocentrism, and a relationship between local patriotism and the choice of locally produced brands has been found. Hence, ethnocentrism appears to be strong and consumers tend to take country of origin (COO) into consideration when evaluating products (Ahmed, Johnson, Yang, Fatt and Boon, 2004). The region of origin (ROO), operates in a similar way as COO (van Ittersum et al., 2003) and therefore, it could be presumed that the region would be observed by the consumers similarity.

In addition, the term “loyalty” has been involved in a subtle change. One of the fundamental reasons for this change is that consumers can behave in a loyal fashion without a feeling or an attitude of devoted attachment as before (Rundle-Thiele, 2006). Trends are frequent phenomenon in consumer behaviour, and it is apparent that a
current trend is to find value in locally produced products (Nieminen, 2003; Levrén, 2008).

Since consumer loyalty is affected by perceived value, perceived quality and customer expectations (Kuusik, 2007) it ought to be assumed that the product-specific attributes presented below could have an effect on regional loyalty. Quality and brand as such have been noted to affect consumer satisfaction (Kuusik, 2007) Research have even shown that a consumer might choose products from their own country even if their quality is significantly lower than the foreign ones (Siemieniako et al., 2011). Organically produced food have been noted to give a high value (Zakowska-Biemans, 2011) and price to affect the purchase decision itself, according to Cannon (2005) consumers may be influenced by patriotism when motivating themselves to buy expensive food products.

3.2. Product-specific attributes

Bian and Moutinho (2011) suggest that the consumers’ purchase intentions depend on product involvement, product knowledge and brand image. In order to explain regional loyalty this dissertation focuses on product-specific attributes. The consumer uses product attributes in the decision-making process, and a positive image between the perceived attributes and the product image has been found coherent with the purchase decision. Regional brand, price, organic production and the quality have been found to affect loyalty (Jensen & Hansen, 2006). The model presented below, demonstrates the correlation between these attributes and regional loyalty.
Brand name and price are cues that are seen as important and in general strongly influencing the decision making and purchasing of a product (Ahmed et al., 2004). Although brand and price are the most noticeable product attributes affecting the purchase decision, this dissertation will also introduce organically produced and quality as relevant attributes since they are current topics. Brand and price cues, together with country/region of origin are very valuable attributes when evaluating products, but all the product-specific attributes may be as much of importance as the rest of them.

When analyzing a consumer’s behaviour towards a product, it is important to know that consumers often make an estimation of the products’ value and therefore, it is reasonable to get familiar with and obtain an understanding for what a cue is. A cue can be defined as; “all informational stimuli available to the consumer before consumption” (Ahmed et al., 2004, p.104). There are two types of cues to be acknowledged; intrinsic and extrinsic. The intrinsic cues can be categorized as a part of the physical product.
itself. That can be such as taste, colour and design and these features cannot be changed without changing the product itself. The characteristics of an intrinsic cue are often unnoticed because of the lack of information provided on the product or simply by the consumers’ ignorance of getting familiar with the product (Acebrón & Dopico, 1999). The brand, the price and the country of origin (COO) are categorized as extrinsic cues. Although these are not physically part of the product, their characteristics are (Acebrón & Dopico, 1999). Intrinsic cues are valued differently compared to extrinsic ones. This is due to the comprehensive information that a consumer perceives from the extrinsic cue compared to the intrinsic ones. To be affected by a cue, whether it is an intrinsic or extrinsic, may be a long and complex process. The same concerns taking advantage of the acquired product perception of the cue (Acebrón & Dopico, 1999). This is due to these various impressions each cue can provide a consumer with. Since cues provide different impressions for each consumer, this may also affect consumer evaluating products differently. It has been confirmed that COO is an attribute often used in evaluation products. Therefore, it is of interest to acknowledge how the other informational cues affect consumers’ purchase decision (Ahmed et al., 2004).

After getting acquainted with intrinsic and extrinsic cues, the following section will introduce the product-specific attributes of importance for this dissertation and these are quality, regional brand, price and organically produced.

3.2.1 Quality

Research has shown that consumers are paying attention to the quality of the products more and more. The awareness of products’ origin and how they are produced is increasing (Dimara & Skuras, 2005). According to Hansen (2005) the perceived quality of products has been proved to affect the perceived value, satisfaction and loyalty. To achieve the understanding of consumers’ quality perception, it is significant for producers and retailers to take into consideration the meaning of quality (Hansen, 2005). McCutcheon et al. (2009, p 214) states that “perceived quality is critical to a consumer’s decision of purchase”. Search, experience and credence are attributes which characterizes the quality of products (Dimara & Skuras, 2005). To determine a product’s quality, the search attribute provides the consumer with information to
examine the product before buying. The experience attribute can be determined after a consumer’s purchase decision, while the credence attribute concerns the product’s properties and cannot be decided by the consumer (Dimara & Skuras, 2005).

An effective way of accomplishing a quality signal is to label products. Labelling informs the substantial information about search, experience and credence attributes. The aim of labelling is a direct support to consumers for making their purchase decision easier (Dimara & Skuras, 2005). Consumers’ perception of quality may also be related to price, and it can be reflected over when consumers perceive higher quality of a product when products have a higher price. This can be explained by an example; since quality costs, the products in return will have better quality and when consumers search for more qualitative products, the demand will raise which will force the price to increase (Hansen, 2005).

The quality of a product is an attribute that is associated as an extrinsic cue. Brand name, country of origin, as well as region of origin are used to infer the quality of a product (Ahmed et al., 2004; Johnson & Bruwer, 2007). According to Johnson and Bruwer (2007) the region within a country plays a particular role in quality perception. Ahmed et al. (2004) argues that consumers even tend to buy local products with low quality compared to imports with higher quality, due to their ethnocentrism. This indicates that all products which are regionally denominated do not necessarily have to be affiliated with high quality (Dimara & Skuras, 2005). However, when it comes to developed countries, consumers prefer to purchase their own locally produced products because these products are automatically considered as better (Ahmed et al., 2004). It is suggested that countries and regions with positive reputation should give more visible labels on their products due to consumers’ quality perception of the products (Ribeiro & Santos, 2008). Therefore, the region has been considered as an indicator of quality. The authors Tsakiridou, Zotoas and Matts (2007, p 159) state that, “Issues such as quality and safety in food attract consumer interest and affect buying behaviour”. Loyalty, satisfaction and perceived value have all been shown to be affected by the perceived quality of a product (Hansen, 2005).

As previously mentioned, a distinguished region plays a significant role in quality perception. Hence, if perceived quality can cause loyalty as an output, it is now
reasonable to identify if it is possible to capture consumers’ loyalty towards a region. Taking this into consideration, the interest is to understand if quality as a product-specific attribute can be linked together with regional loyalty. This leads to the following hypothesis:

Hypothesis 1: A high level of perceived quality of regional products can positively affect consumers’ regional loyalty.

3.2.2. Regional branding

Moilanen and Rainisto (2009, p.6) state that “a brand is a promise of something”. The significance of a brand has been widely recognized among marketers and has become a core competitive asset to differentiate products. A consumer’s loyalty to a brand is built up when a product lives up to, or even better, exceed the customer expectations (Levrén, 2008). The characteristics of a brand can be defined as “name, term, symbol, sign, or design, or a combination of them in order to be distinguished among its competitors” (Kotler & Gertner, 2002, p.249). A brand creates a reaction and represents a promised value for the consumers, and the perceived information is later on stored in their memories (Koll & Wallpach, 2009; Kotler & Gertner, 2002; Koubaa, 2007). Previous experiences, known as, inferences, can affect consumers’ evaluations of products. This is related to the effect brands provoke in consumers beliefs, emotions and behaviours (Kotler & Gertner, 2002; Koubaa, 2007). These beliefs and impressions held in the consumers mind and with the help of the products’ cues, an image is shaped. This image is associated as the brand image. The brand image consumers have formed in their mind may influence future evaluation of new products introduced on the market (Lampert & Jaffe, 1998; Koubaa, 2007).

Regional image seems to have a similar effect on consumer behaviour. “Place brands are based on absorbed info of the place, own experiences and received information” (Moilanen & Rainisto, 2009 p. 17). Regional branding is a current topic proposing to utilize the region’s image and its reputation to marketing products (Bruwer & Johnson, 2010). The indication that a product comes from a specific region may work similarly to a strong brand name. Using the region as an brand could even be an easier way to
market, since no associations has to be created, as the consumers may have their own associations with the region already (van Ittersum et al., 2003). Regional branding has a strong impact on consumers and it can be used as a tool in protecting the locally produced products (McCutcheon et al., 2009). Alonso (2011) recognizes that highlighting regionalism is important, particularly when promoting attributes of food products. Nowadays, according to Espejel, Fandos and Flavian (2008) there are even PDO (protected designation of origin) labelled products, that is, legal frameworks defined in the European Union to protect the names of regional food (European commission, agricultural and rural development, 2011). By this, regional brand images have been established and are for some consumer indicators of quality (Bruwer & Johnson, 2007). Quality on the other hand, can be related to consumer satisfaction (Skuras & Vakrou, 2002), which in turn could be noted to be an indicator to loyalty (Ekström, 2010). In most studies, brand loyalty is demonstrated as either a component or an outcome of brand equity (Nguyen, Barrett and Miller, 2011).

Thus, if a brand is a promise of satisfaction to the consumer, a strong brand could work as a trigger for a loyal behaviour. As earlier noted, it is said that a region could operate in the same way as a brand name if the regional image is positive (van Ittersum et al., 2003). A strong brand awareness can be considered as an antecedent of brand loyalty (Nguyen et al., 2011). It is now of interest to analyze whether it is possible that a regional brand could induce the consumer to become a frequent buyer. This leads to the following hypothesis:

**Hypothesis 2:** A higher brand awareness of a regional product can positively affect consumers’ regional loyalty.

### 3.2.3 Price

The food industry is characterized by large-scale systems where it is difficult for small-scale producers to compete with price. Therefore, it is necessary to focus on a niche where consumers base their purchases on other added value than price measure. Basic requirements for the customer to choose a locally produced product or a product coming from a specific region, is that the consumer is aware of the additional value that the product carries (Levrén, 2008). Consumers who are willing to pay a higher price for
locally produced food products place importance on product quality, nutritional value, methods of raising a product, and their effects on the environment, and support for local farmers (US department of agriculture, 2010).

Region of origin is said to have a significant impact on price (Ribeiro & Santos, 2008). The evolution of loyalty in relation to prices is an interesting topic for discussion according to Corsi, Rungie and Casini (2011). In their investigation, they found a correlation between price and loyalty values concerning wine consumers in Italy. Moyarty, Kimball and Gay (1983), found that a loyal consumer, is more likely to be less price sensitive that a non-loyal one. The loyal consumer has even been found less deal prone (Bennett & Bove, 2002). However, recent investigation has shown that the consumer who wants to buy locally produced products, or products from a specific region, are not as price sensitive (Ribeiro & Santos, 2003). Research has shown that a consumer would pay at least as much for a locally produced food product, given that the product holds the same quality level as a non-local one. Nevertheless, it is stated by Nieminen (2003) that the price is still a decisive factor, but its effect has been reduced.

To summarize, studies indicate that loyal consumers are not as deal prone (Bennett & Bove, 2002) and that loyal consumers are less price sensitive. This means that they will buy the product they desire regardless of price. If the consumer favours products from a specific region and this assumption is true, we could suppose that the price is not an attribute affecting loyalty towards a region. This leads to the following hypothesis:

**Hypothesis 3:** The price does not have an influence on consumers’ regional loyalty.

### 3.2.4. Organically produced

The increasing awareness among food consumers has not only affected the demand of quality food products, but it has also extended the interest in organic food. Organic food has traditionally been focused on special niche markets, but the pattern has changed. Nowadays, it has become one of the most required elements among food retailers’ offers (Jones, Clarke- Hill, Shears & Hillier, 2001). The author Zakowska-Biemans (2011) claims that the organic food market has been one of the most growing sectors in
the European Union. However, the European market still struggles to keep up with future development of organic food products (Magistris & Gracia, 2008). The challenge lies on the price levels and sales channels of organic products (Zakowska-Biemans, 2011).

Although there is no common definition of organic food (Zakowska-Biemans, 2011), consumers often define an organic food product as a product which is friendly to the environment, prevents natural resources, applies high level of animal welfare, improves taste and flavour and uses techniques that considers the cultivation process (Zakowska-Biemans, 2011; Tsakiridou et al., 2007; Magistris & Gracia, 2008; Fillion & Arazi, 2002). The authors Jones et al., (2001) argue that there exist arguments both for and against the consumption of organic food products. Arguments for organic food are that products include the environmental benefits such as healthier eating, improved welfare for animals and higher quality of food. However, it is argued that the claims are not being proven and there is not enough information to state that organic food is different (Jones et al., 2001). After all, the beneficial arguments are enough satisfying for consumers, which is shown by the increased demand after organic food (Jones et al., 2001).

Consumers, who are concerned about the beneficial criterion mentioned above, are more willing to buy the organic food products (Magistris & Gracia, 2008). However, there might be consumers searching for this type of products without being able to recognize what an organic food product really is. The reason for this is that consumers may not clearly differentiate the unique attributes of an organic food product (Magistris & Gracia, 2008), therefore, the demand of organic food can be affected negatively. It is also clear that the individual factors are of importance, and they appear to be country specific and/or time specific. The socio-demographic profile; which refers to age, gender, income, level of education, is another factor and it is assumed to affect the attitudes and buying behaviour towards organic food (Tsakiridou et al., 2007). Yet, previous researches shows that the socio-demographic factors is not as strong as individual lifestyle is, which influence more consumers’ decision making in the purchase of an organic food product (Magistris & Gracia, 2008). Since 1990s, Sweden is one of the leading countries in Europe in the development of organic food products (Tsakiridou et al., 2007). The reason of this progress is Swedes concern, strong
awareness of the environment (Tsakiridou et al., 2007) and better taste believed to be provided from organic food (Zakowska-Biemans, 2011).

Organic food and local food often go hand in hand. Consumers associate almost the same features to both local and organic food products (Tsarikidou et al., 2007; Levrén, 2008). With this knowledge, it is now interesting to know how organic food can be correlated with regional food products, and if organic food as an attribute can give a possible development towards regional loyalty. This leads to the following hypothesis:

*Hypothesis 4:* Organically produced products are positively related to consumers’ regional loyalty.
4. Empirical method

Chapter four concentrates on the data collection and presents how the empirical method is conducted. In this chapter, the operationalisation process in thoroughly reviewed and the validity and reliability of the dissertation discussed.

4.1 Sample

It is seldom possible to collect the answers from an entire population. Therefore, it is needed to select a sample. The method used in this dissertation is the convenience sampling, appertained to the non-probability technique, since it involves to randomly selecting cases that are easiest to obtain for the investigation. By using convenience sampling the researcher finds respondents that are voluntarily willing to participate in the study. The response rate ought to be 100 per cent amongst the respondents at all times; this means that is it necessary to continue gathering questionnaires until the sample size chosen has been filled (Saunders et al., 2009). The preferred number of respondents is at a minimum 130, the reason for this is that in order to conduct satisfactory tests we need as many respondents as possible.

The research was conducted in the municipality of Kristianstad, located in the southern part of Sweden. Kristianstad is known for its strong agricultural identity and locally produced food products (Kristianstads kommun, 2011). This location was chosen to carry out the questionnaires in order to be able to analyse the consumer attitudes towards locally produced products. The questionnaires were handed out at various places in Kristianstad. We decided to collect them outside some of the biggest grocery stores, which are ICA Kvantum, Willy’s, ICA Maxi and Domus the 11th and the 12th of May 2011, from morning until afternoon. Since the number of elderly respondents was high, we also decided to hand out some of the questionnaires at Restaurant Metropol which is located nearby Kristianstad University. This is because we found it relevant for us to gain a larger age spreading, to be able to investigate if there were any differences between age groups in the region. The locations and the time of the research were carefully chosen for achieving the relevant respondents for our questionnaires.
4.2 Questionnaire Operationalisation

Operationalisation can be defined as “the translation of concepts into tangible indicators of their existence” (Saunders et al., 2009 p.597) or in other words, when the facts derived from a theory is converted into measurable items aimed for a quantitative study (Saunders et al., 2009)

4.2.1 Background

It is of importance to choose the right type of questionnaire. A questionnaire can be designed dependently on how it is administrated. Since our questionnaire is completed by the responder, it is referred to as a self-administrative questionnaire. Assessing this type of structure on the questionnaire, it is possible to deliver it to the responder by hand and collect the data after it has been completed (Saunders et al., 2009). The survey in this dissertation was constructed as a questionnaire and conducted according to the structure previously mentioned above.

There are a number of existing variables to decide between. According to Saunders et al. (2009), there exist three different types of variables; dependent variable, independent variable and control variable. These variables help to structure and design the questionnaire in a proper way. It is important to be able to distinguish the meaning between these variables. “When a variable changes in response to changes in other variables”, it is referred to as a dependent variable (Saunders et al., 2009, p. 367). The independent variable leads to changes in a dependent variable, and the control variable is as an alternative support is explanation of the independent variable/-s but may also affect the dependent variable (Saunders et al., 2009). In the following section, these three variables are deeper presented and explained.

There are 16 statements in the questionnaire, which are all presented below. The statements are numbered in the order presented in the chapter. Five questions contained statements on regional loyalty, which is the dependent variable. The questionnaire also consists of three questions on price, brand, organic and quality.
4.2.2 Dependent variables

The research conducted is trying to measure whether certain product-specific attributes could lead to an output of regional loyalty. The dependent variable in this dissertation is therefore the concept of regional loyalty. We measure regional loyalty with five questions:

- *I am a frequent consumer of locally produced food products.*
- *It is important for me to buy locally produced food products.*

In the first two statements, the respondents take a stand if they are frequent consumers, and how important it is for them to buy locally produced food products. With these statements, the consumers declare whether the local food products are amongst the products they consume frequently. It is of interest of our investigation if the respondents have a tendency to be regionally loyal.

- *When I buy food products, the region of origin of the product affects my purchase decision.*

By answering this statement, we get a clarification of whether the origin of the product plays a significant role in the purchase decision whatsoever. If the respondent answers positively on this statement, it will indicate a high awareness of product origin.

- *When I buy food products, I prefer to buy products originating from my own region.*

The favoring of the own region, can also be defined as ethnocentrism. The more bound the respondent may be to buy locally produced food products from their own region, the more likely it is that he/she is loyal to his/her region.

- *When I have bought locally produced food products, it has made me satisfied and making me want to buy locally produced food products again.*
The final statement in this part is to reflect over the level of satisfaction the respondent has perceived getting when purchasing a locally produced product in the past. If the purchase has been pleasant, the respondent has most likely bought the product again.

4.2.3 Independent variables

The independent variables consist of four product-specific attributes: price, brand, organically produced and quality. The respondents were asked to reply on 16 statements concerning these attributes. Below we present thoroughly the four attributes and the questions presented in the questionnaire in order to capture answers for the hypotheses in the dissertation.

4.2.3.1 Price

- *The price is not important when I buy locally produced food products.*

The aim with this question is to clear up if the price is a decisive factor for the consumer or vice versa. If a consumer does not find the price on a locally produced product an important factor, he/she will buy the product no matter the price.

- *I only buy locally produced food products when there is a price deal.*

This statement is rather direct, and gives us an idea on how the price sensitive the respondents are regarding locally produced food products. By making this statement, it will facilitate the analysis of the forthcoming questions about the attitudes towards the price of locally produced food products. The following question will on the contrary stress the attitudes towards non-locally produced food products.

- *I buy locally produced food products regardless of the price offers of non-locally produced food products.*
This question reflects the dedication towards a locally produced product that can make the buyer neglect other products regardless of a cheaper price or a better deal. It is concluded that a loyal consumer is less deal prone (Bennett & Bove, 2002). A positive answer could indicate loyalty towards a local product.

### 4.2.3.2 Brand

- **When I buy locally produced food products, I pay attention to the local brand on the products.**

  This question provides us with the knowledge if the respondent pays more attention to the regional labeling on the product. By replying, we will get an answer on however the respondent has paid any attention to the regional brand the product tries to convey. According to van Ittersum *et al.* (2003) the indication that a product comes from a specific region may work similarly as a strong brand name. Using the region as a brand could even be an easier way to promote the product.

- **When I buy locally produced food products, the fact that I recognize the local brand is important.**

  This statement clarifies the importance of the brand for the consumer. It is of importance to unravel if the consumer reflects over the origin of the product before purchasing. According to Moilanen and Rainisto (2010) a brand promises something to the consumer. A regional brand could be a promise of quality if the consumer has a positive image of the region the product comes from.
I consider myself to have good knowledge about local brands.

This statement shows that the consumer pays has previous knowledge about the regional brand when making a purchase. If the consumer shows high knowledge about a brand, this could possibly lead to a purchase decision.

4.2.3.3 Organically produced

When I buy a locally produced food product, it is important that it is organic.

According to Jones, Clarke- Hill, Shears & Hillier (2001), organic food products has lately been one of the most required elements among retailers. This has also led to affect consumers’ consumption pattern. This question has two aspects which go hand in hand. It can be assumed as a condition for buying the locally product food product. The condition being that the consumer could consider buying the locally produced food products, but only if they are organic.

When I buy organic food products, I only buy them if they originate from my own region.

It is stated that awareness among consumers consuming organic food products increasing and a ethnocentrism as a phenomenon has been observed amongst food consumers. This question is aimed to answer whether the buying pattern of organic food can be confirmed or not. Additionally, a pattern concerning loyalty towards organic food products can be identified designing this type of question.
Organically produced food products give me incentives to buy from a local producer.

There might be a mix-up between organically and locally produced food products among consumers. Consumers are searching for organic products without being able to recognize what an organic food product really is. The reason of this is that consumers may not clearly differentiate the unique attributes of an organic food product (Magistris et al., 2008). Therefore, this statement will inform us if consumers relate organically product food products positively with the locally produced food products.

4.2.3.4 Quality

When I buy locally produced food products, I expect them to have a high quality.

Since quality is an important factor for many consumers, the locally produced food products may be associated with high quality. This question is aimed to answer if consumers buy locally produced food products due to the quality. The question will also answer consumers’ perception regarding the quality of Scanian food products. Quality has, according to many researchers, coherence with loyalty.

When I buy locally produced food products, the quality of the product is important for me.

According to Johnson and Bruwer (2007), the region within a country plays a particular role in quality perception. Since region is considered to be an indicator of quality, this question is aimed to measure consumers’ perception on quality of locally produced food products.
4.2.4 Control variables

The questionnaire introduces the control variables to start with. The chosen variables conclude age, gender, education, occupation and income. These variables are of importance because of the influence they have on the outcome of our investigation, though they are not the variables in focus (Psychology world, 1998).

- **Age**
- **Gender**

By including these two control variables age and gender, we acquire information if these contribute to differences concerning consumption of locally produced food products. It could be assumed that especially the variable age could have an effect on preferences concerning food products, since food preferences evolves over time.

- **Education**
- **Income**
- **Occupation**

When reflecting over education and income, we believed that these features play a significant role when it comes to the decision choosing what food product to buy. In addition, it could be of relevance to if the respondents current occupation has an influence on preferences. If these variables affect the purchase decision of local products, is of interest for our investigation.

- **City of residence**

By including this variable, we see if there is a correlation between city of residence and preferences of food products. It could be of relevance for our investigation to see if there is any difference between habitants from different regions. Since the investigation is conducted is Scania, it is interesting to see if there is a difference between locals and ‘outsiders.’ However, this is not the main focus in the investigation.
4.3 Validity

Validity refers to whether or not that an indicator that is designed to measure a concept measures it correctly (Bryman & Bell, 2007). Validity can be defined as the degree to which a study accurately reflects or assesses a specific concept that a researcher is attempting to measure (Colorado State University, 2011).

There are five different types of validity according to Bryman and Bell (2007). These include: face validity, concurrent validity, predictive validity, construct validity and convergent validity. In this research, it is of significance for this investigation to use face validity. In face validity, the empirical research reflects the topic that is researched (ibid.), in this case, regional loyalty. Face validity does not necessarily have to rely on already established theories to support the research (Fink, 2003).

The questionnaire was tested on five persons with different education, age and employment before handed out, in order to get an objective statement about the questionnaire. Consequently, some improving adjustments were made, to make the questionnaire more comprehensible in terms of language and structure. By this, the questionnaire was to become more valid.

The questionnaire was based on reviewed theories about product-specific attributes and loyalty. When the questionnaire was formed, all questions were carefully operationalised to meet the way of measurement.

4.4 Reliability

The design of a questionnaire must not only be valid, but also reliable. Reliability is associated with consistency. High reliable questionnaire would receive similar answers if it would be done twice by the same respondents (Saunders et al., 2009). It is also important that the questionnaire will be understood in the same way by the responder, as it was intended by the researcher. In order to assess reliability in the questionnaire, there exist three different approaches; test re-test, internal consistency and alternative form. These approaches are important and should be considered at the questionnaire design stage (Saunders et al., 2009).
Internal consistency approach measures the correlation between each question in the questionnaire. The internal consistency predicts whether each question set in the questionnaire are measuring the same underlying attribute or not (Saunders et al., 2009; Pallant, 2007). In order to measure internal consistency statistically, Cronbach’s coefficient alpha is used. Cronbach’s coefficient alpha is one of the most applied techniques is statistics and is available in the statistic SPSS-program (Pallant, 2007).
Chapter five provides the results received from the questionnaires. From the obtained results, further analysis is made in order to achieve answers regarding the four proposed hypotheses.

The number of the respondents reached 130, and all found valid. Women accounted for the greatest share of respondents. 72 of the respondents were women (55.4 %), and 57 were men (43.8 %). The empirical data showed that one answer was undefined. The mean ages amongst women was 41.72 and amongst men 43.13. As a total sum among all 130 respondents, the average age was 42.33. The spread among respondents was from 19 years to 82 years.

The number of respondent that were higher educated (bachelor’s degree or higher) reached 39 (0.3%). Of the 130 respondents who answered the questionnaire, 31.5 % were students, 36.1 % currently employed and 23.8 % retired. The remaining 8.6 % consisted of people seeking job or had other occupation. The income level among respondents ranged from 0 SEK to 35 000 SEK.

The data was collected through a survey, in other words through a questionnaire conducted outside grocery stores in Kristianstad. In order to analyze quantitative data, there are various different test and analyses that could be adapted. We have chosen to focus on Kolmogorov-Smirnov, Cronbach’s alpha, Spearman’s Rank order correlation (rho), and Multiple regression analysis (Saunders et al., 2009; Pallant, 2007). These analysis techniques are aimed to contribute to exploring, describing and examining the data collected from the questionnaire, and also to display the relationship within the data (Saunders et al., 2009). Kolmogorov-Smirnov test is aimed for testing normal distribution of the sample. Cronbach’s alpha measures the reliability of our questionnaire and Spearman’s Rank order correlation explains the strength of relationship between our dependent and independent variables. Furthermore, Multiple regression analysis measures how much the dependent variable can be explained by the independent and control variables.
5.1. Description of the variables

Before we started to proceed with the tests, we had to observe whether the sample of respondents was normally distributed or not. Even though we made an objective analysis, we still obtained the same results; the samples were not normally distributed. The results provided us with the information about which test should be conducted. It is now known that non-parametric tests must be used to go further in the analysis. Non-parametric tests do not require as stringent assumptions as parametric tests do. Before moving on with these tests, the section below introduces Cronbach’s alpha.

We have used more than one statement to capture the same phenomenon, we investigated regional loyalty with five statements. The reliability concerning the respondents’ answer on these statements needs therefore to be tested. This is conducted with a Cronbach’s alpha test. This is the most commonly used statistical tool of measurement and provides an indication of the average correlation among variables (Pallant, 2007). The values observed range from 0 to 1, the higher the value, the greater the reliability. The minimum level recommended is between 0.65 and 0.7 (Pallant, 2007). By using the Cronbach’s alpha we could predict if it was possible to group the statements proposed into two dependent variables (regional loyalty) and four independent variables (price, brand, organically produced and quality). The dependent variable of regional loyalty was divided into two groups, since the statements made measured regional loyalty from different aspects. According to the results received from the Cronbach’s alpha test, the statements which concern the independent variables brand, organically produced and quality could be transformed into three individual variables. The Cronbach’s alpha value for brand is 0.853, for organically produced 0.759 and for quality 0.879, which are acceptable value for grouping statements. These results are also presented below in the table 5.1. The same procedure was applied to the dependent variable of regional loyalty. The achieved Cronbach’s alpha values were 0.881 for dependent variable 1 and 0.838 for dependent variable 2. The variable price was found to have a low Cronbach alpha value and for that reason, the statements of price are to be analysed by three separate variables.
A more specific explanation on the variables named dep1 and dep2, is that they are measuring regional loyalty but are formulated differently in the questionnaire. The dep1 focuses through questions on how frequent the consumer is in the purchase of locally produced food products and how important it is to buy locally produced food products. In this variable we also included the consumers’ satisfaction of the locally produced food product. The second variable dep2, measured whether or not consumers prefer buying food products originated from their own region and if the region has affected their decision in purchasing that certain product. Thus, dep1 measures frequency of the locally product food products whereas dep2 measures regions impact on consumers.

The table 5.1 summarizes our variables, statements and Cronbach’s alpha values. The Cronbach’s alpha value for each grouped variable is presented to the right in the table. The statements displayed are summarized and divided with the number of statements grouped in the variable. The variables defined below are used consistently throughout this chapter. In the table below, a column is presented with our statements from the questionnaire. Our statements in this column are organised in the same order they were presented in the questionnaire.

Table 5.1 Cronbach alpha coefficients

<table>
<thead>
<tr>
<th>Statement</th>
<th>Labelling of Variables</th>
<th>Cronbach Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional loyalty S1+ S2+ S5</td>
<td>Dep1</td>
<td>0.881</td>
</tr>
<tr>
<td>Regional loyalty S3+ S4</td>
<td>Dep2</td>
<td>0.838</td>
</tr>
<tr>
<td>Price S6</td>
<td>Independent variable, P1</td>
<td>Alone</td>
</tr>
<tr>
<td>Price S7</td>
<td>Independent variable, P2</td>
<td>Alone</td>
</tr>
<tr>
<td>Price S8</td>
<td>Independent variable, P3</td>
<td>Alone</td>
</tr>
<tr>
<td>Brand S9 + S10 + S11</td>
<td>Independent variable, Brand</td>
<td>0.853</td>
</tr>
<tr>
<td>Organically produced S12 + S13 + S14</td>
<td>Independent variable, Organic</td>
<td>0.759</td>
</tr>
<tr>
<td>Quality S15 + S16</td>
<td>Independent variable, Quality</td>
<td>0.879</td>
</tr>
</tbody>
</table>
We can also find in table 5.1 the product specific-attribute price. It is measured with three variables since they obtained low Cronbach’ alpha values. To give a more specific explanation, is that they are not completely similar with each other. The first price variable P1, was set to measure how great importance the price is on locally produced food products. The second price variable P2, concerning how the consumer would react if they found locally produced food on price deal, and the third price variable P3 measured if consumers would buy other locally produced food produced regardless the price offers on non-locally produced food. The price statement P1 was recoded in the analysis of correlation, since the scale for the statement was “reverse”.

In the table 5.2 below, the control variables are introduced. The control variables (age, gender, education, occupation, income and city of residence) were also included in the questionnaire. City of residence is not part of the analysis since 99 % of respondents came from Scania. The control variables gender, education and occupation were categorized dummy-variables. The gender was categorized as male and female, the variable education was categorized into basic education and higher education and occupation was divided into working or not working. The remaining two control variables, age and income, were kept as continuous variables.

Table 5.2 Control variables description

<table>
<thead>
<tr>
<th>Statement</th>
<th>Labelling of Variables</th>
<th>Variables value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>Control variable, Age</td>
<td>Continuous</td>
</tr>
<tr>
<td>Gender</td>
<td>Control variable, Gender</td>
<td>Dummy-variable (recoded to 0= male and 1= female)</td>
</tr>
<tr>
<td>Education</td>
<td>Control variable, Education</td>
<td>Dummy-variable (recoded to 0= basic education and 1= High education)</td>
</tr>
<tr>
<td>Occupation</td>
<td>Control variable, Occupation</td>
<td>Dummy-variable (recoded to 0= not working and 1= working)</td>
</tr>
<tr>
<td>Income</td>
<td>Control variable, Income</td>
<td>Continuous</td>
</tr>
</tbody>
</table>
5.2. Correlation analysis

By using Kolmogorov-Smirnov test of normality, we were hoping to provide support for that the data was normally distributed. The data collected was not found to be normally distributed. To be able to thoroughly review the normal distribution we decided to analyse all the grouped statements separately by interpreting the distribution of the samples using histograms. Looking at the normal distribution this way allows us to shape an objective view of the data. However, the grouped statements, which are our dep1, dep2, brand, organic and quality are still not normally distributed.

The strength and direction between two variables can be measured with a correlation analysis (Pallant, 2007). A correlation can be measured through Pearson’s correlation coefficient and/or non-parametric Spearman’s rank order correlation coefficient. The Spearman’s correlation coefficient measures the strength of the relationship between two ranked variables (Saunders et al., 2009). In this investigation, the Spearman’s correlation coefficients are relevant to use. This is due to the obtained results of Kolmogorov-Smirnov test which indicated on non-normality of distribution. Spearman’s correlation is used for the aim of exploring the relationship between the dependent and the independent variable. The values in the Spearman’s correlation vary from -1 to +1, of which the signs only indicate the direction of the relationship, not the strength of the correlation (Pallant, 2007).

The table 5.3 presents range, mean, standard deviation of the above described variables. This table is aimed to present the correlation between all variables that are part of the analysis. The correlation is also used to see if the hypotheses are rejected or accepted. All of the variables vary on a scale from 1 to 7 and the means vary from 3.6 to 5.37. The significance level is set to 5 %.
Table 5.3. Range, mean, standard deviation and Spearman’s correlation between the dependent, independent variables and control variables

<table>
<thead>
<tr>
<th>Variables</th>
<th>Range</th>
<th>Mean</th>
<th>SD</th>
<th>Dep1</th>
<th>Dep2</th>
<th>P1</th>
<th>P2</th>
<th>P3</th>
<th>Brand</th>
<th>Organic</th>
<th>Quality</th>
<th>Gender</th>
<th>Age</th>
<th>Education</th>
<th>Occupation</th>
<th>Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dep1</td>
<td>1 to 7</td>
<td>4.41</td>
<td>1.52</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Dep2</td>
<td>1 to 7</td>
<td>4.41</td>
<td>1.68</td>
<td>0.725**</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>P1</td>
<td>1 to 7</td>
<td>4.04</td>
<td>1.87</td>
<td>-0.19*</td>
<td>-0.177*</td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>P2</td>
<td>1 to 7</td>
<td>3.6</td>
<td>1.89</td>
<td>0.84</td>
<td>0.162</td>
<td>0.085</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>P3</td>
<td>1 to 7</td>
<td>3.41</td>
<td>1.78</td>
<td>0.569**</td>
<td>0.438**</td>
<td>-0.414*</td>
<td>0.057</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand</td>
<td>1 to 7</td>
<td>4.04</td>
<td>1.6</td>
<td>0.506**</td>
<td>0.618**</td>
<td>-0.198*</td>
<td>0.096</td>
<td>0.418**</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organic</td>
<td>1 to 7</td>
<td>3.41</td>
<td>1.44</td>
<td>0.266**</td>
<td>0.369**</td>
<td>-0.261**</td>
<td>0.394**</td>
<td>0.17</td>
<td>0.334**</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality</td>
<td>1 to 7</td>
<td>5.37</td>
<td>1.6</td>
<td>0.206**</td>
<td>0.492**</td>
<td>-0.094</td>
<td>0.189*</td>
<td>0.239**</td>
<td>0.489**</td>
<td>0.231**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td>0.56</td>
<td>0.50</td>
<td>0.170</td>
<td>0.127</td>
<td>0.091</td>
<td>0.129</td>
<td>0.009</td>
<td>-0.024</td>
<td>0.059</td>
<td>0.161</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td>42.33</td>
<td>18.443</td>
<td>0.111</td>
<td>0.227*</td>
<td>-0.128</td>
<td>0.077</td>
<td>0.168</td>
<td>0.253**</td>
<td>0.253**</td>
<td>0.139</td>
<td>-0.033</td>
<td></td>
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<td></td>
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<tr>
<td>Education</td>
<td></td>
<td>1.342</td>
<td>0.476</td>
<td>0.196*</td>
<td>0.116</td>
<td>-0.073</td>
<td>-0.103</td>
<td>0.236*</td>
<td>0.057</td>
<td>-0.036</td>
<td>0.049</td>
<td>-0.176</td>
<td>-0.041</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Occupation</td>
<td></td>
<td>1.378</td>
<td>0.487</td>
<td>0.030</td>
<td>-0.062</td>
<td>-0.079</td>
<td>0.006</td>
<td>0.101</td>
<td>-0.014</td>
<td>-0.100</td>
<td>-0.038</td>
<td>-0.022</td>
<td>0.052</td>
<td>0.138</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income</td>
<td></td>
<td>13.450</td>
<td>8114</td>
<td>0.135</td>
<td>0.147</td>
<td>-0.172</td>
<td>0.010</td>
<td>0.241**</td>
<td>0.186*</td>
<td>0.016</td>
<td>0.027</td>
<td>-0.095</td>
<td>0.474**</td>
<td>0.123</td>
<td>0.664**</td>
<td></td>
</tr>
</tbody>
</table>

p<0.001**  p<0.05*
Interpreting the correlation coefficients from the table 5.3, we can see some independent variables are closely correlated with each other. This might indicate that there exists quite strong relationship between those variables. The control variables do not assess any particularly strong relationship between those dependent variables and independent variables. The relationship between independent and dependent is further analysed below where we discuss each hypotheses separately.

5.2.1 Hypotheses testing

In this part the hypotheses are tested and analyzed. As previously noted, to be able to analyze and prove the significance of the hypotheses, the Spearman’s rank order correlation coefficient was used in this investigation.

5.2.2 Price

*Hypothesis 1:* The price does not have an influence on consumers’ regional loyalty.

The product-specific attribute *Price* was investigated on three statements, and was tested against the dependent variables 1 and 2 measuring regional loyalty. The statements P1 and P2 were found significant with both dependent variables, whereas P3 was not found significant. However, as earlier stated, P3 was recoded into a reverse scale (1 became 7) in order to match the other two statements. The fact that P1 was not found significant only strengthens the hypotheses proposed. By analysing the results, it could be observed that the price was not an important factor concerning the consumption of locally produced food products. The consumers are willing to buy locally produced food products regardless of price deals. This indicates that the proposed hypothesis is accepted.
5.2.3. Brand

_Hypothesis 2:_ A higher brand awareness of a regional product can positively affect consumers’ regional loyalty.

The products-specific attribute _Brand_ was measured against the dependent variables and was found significant. A positive correlation coefficient of 0.506 and 0.618 was noticed at a significant level of 0.001. Pallant (2007) suggests that a correlation coefficient between 0.5 up to 1 indicates a high equivalence between variables. This correlation coefficient value demonstrates a strong relationship between brand awareness and regional loyalty and this product-specific attribute appears to have the strongest relationship with our depended variables. Therefore, hypothesis two is definitely accepted.

5.2.4. Organically produced

_Hypothesis 3:_ Organically produced products are positively related to consumers’ regional loyalty.

The product-specific attribute _Organic_ was found to have a positive correlation coefficient of 0.266 and 0.369 against the dependent variables at a significance level of 0.001. Pallant (2007) suggests that a correlation coefficient between 0.1 up to 0.29 shows a small correlation and 0.3 up to 0.49 indicates a medium high equivalence between variables. In this case, the correlation coefficient implies that there is a relation between the variable organic and regional loyalty. However, though the variable organic is significant, it is not the strongest correlated variable against regional loyalty. To conclude, hypothesis three is accepted.
5.2.5. Quality

_Hypothesis 4:_ A high level of perceived quality of regional products can positively affect consumers’ regional loyalty.

The product-specific attribute _quality_ was found to have a positive correlation coefficient of 0.506 and 0.492 at a significance level of 0.001. These values demonstrate a medium high and high correlation. Hence, this correlation shows that there is a clear coherence between regional loyalty and the variable quality. To clarify, this independent variable appears to be strongly correlated with our dependent variables, as well significant, which only confirm that the hypothesis four is accepted.

5.2.6. Analysis of correlation tests

In the section above, four correlation tests about the product-specific attributes have been made for testing the hypotheses. From these correlation tests we could predict that, the attribute _price_, was found not to correlate with neither dep1 nor dep2 and as according to the hypothesis one, price does not influence on consumers’ regional loyalty. This means that consumers who choose to purchase locally produced products, will buy them regardless of price deals. This finding will support the statement made by Bennett and Bove (2002) that a loyal consumer is not bound to be deal prone, the consumer is more focused on the actual product than the price itself. If a consumer prefers to buy locally produced products, the price will not have an impact on the purchase decision.

Analysing the correlation result from hypotheses two, we could observe that a strong local brand was perceived as important. To be able to recognize the origin of the food products by looking at the brand was something that the respondents considered to be of weight. In table 5.3 a positive correlation was found between both the dependent variables and the products-specific attribute _brand_. By using regional labelling and branding, the purchase decision is ought to be made easier for the consumer (Dimatra & Skuras, 2005) and the consumer can start to associate a certain regional brand with good quality and satisfaction. Levrén’s (2008) claim that if a brand lives up to its expectations
it can contribute to a consumer’s loyalty, can thereafter be supported by the analysis made.

From the third correlation test, we could find that the correlation between the both dependent variables and the product-specific attribute *quality* was high. The quality was perceived as high when it came to locally produced products, and was found to have a connection with regional loyalty. Hansen (2005) stated that loyalty often is affected by the perceived quality of a product. According to Nieminen (2003) the interest of food quality is growing among consumers, and local food products are associated with characteristics such as high quality. The conducted correlation result of hypothesis three could confirm that a high level of perceived quality of regional products positively affect consumer’s regional loyalty.

Analyzing the fourth correlation test, the product specific-attribute organic was found to be important when buying locally produced food products. This indicates that the hypothesis four is accepted and confirms that organically produced products are positively related to consumers’ regional loyalty. Since organically produced food products are often associated with locally produced food and often even mistakenly taken for the same thing, it could be a reason for the strong correlation between organic and the dependent variables.

### 5.3. Multiple regression

To ensure the results further, a multiple regression was made. The multiple regression is a test which can be defined by the ability of a set of variables to predict a particular outcome, and through this process define which variable is the best predictor of an outcome of this is set (Pallant, 2007). This test also explains how much the independent and the control variables influence the variance in the dependent variable and give the ability to understand how great relevance each independent variable has. In our study we are interested to see how much the product-specific attributes can explain regional loyalty. To this we also add control variables in order to see if these variables have an influence on regional loyalty.

Important values to consider are tolerance and VIF. The tolerance should not undertake a value under 0.10 and the value of VIF (variance inflation factor) should not be higher
than 10, or else there is a risk of multicollinearity. Multicollinearity refers to a really high correlation between variables (ibid). Beta values which are also analysed in all our tables, refers to the independent variable that makes the strongest unique contribute to our dependent variables.

Table 5.4. Analysis of linear regression coefficients with dep1 and independent variables.

<table>
<thead>
<tr>
<th>Model/ Dep1</th>
<th>Beta</th>
<th>T</th>
<th>Sig</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>P1</td>
<td>0.077</td>
<td>1.177</td>
<td>0.242</td>
<td>0.804</td>
<td>1.234</td>
</tr>
<tr>
<td>P2</td>
<td>0.069</td>
<td>1.067</td>
<td>0.288</td>
<td>0.822</td>
<td>1.216</td>
</tr>
<tr>
<td>P3</td>
<td>0.349</td>
<td>5.006</td>
<td>0.000</td>
<td>0.703</td>
<td>1.423</td>
</tr>
<tr>
<td>Brand</td>
<td>0.184</td>
<td>2.384</td>
<td>0.019</td>
<td>0.575</td>
<td>1.739</td>
</tr>
<tr>
<td>Organic</td>
<td>0.141</td>
<td>2.027</td>
<td>0.045</td>
<td>0.703</td>
<td>1.422</td>
</tr>
<tr>
<td>Quality</td>
<td>0.420</td>
<td>6.035</td>
<td>0.000</td>
<td>0.704</td>
<td>1.421</td>
</tr>
</tbody>
</table>

F-value 28.290**


R² 0.559

p<0.001**  p<0.05*

The linear regression shows that almost all of the independent variables, which are the product-specific attributes listed in the left margin, are statistically significant towards the dep1 variable, regional loyalty. That means each of the independent variable has a unique contribution to the prediction of regional loyalty. It could also be noticed that P1 and P2 are not following the same pattern and are not statistically significant towards regional loyalty. However, this noticeable difference in P1 and P2 only strengthen our hypothesis and concludes that “The price does not have an influence on consumers’ regional loyalty”, is once again accepted. Interpreting this data further on, it could be noticed that the values of tolerance and VIF indicate a low risk for multicollinearity. This means and is explained by Pallant (2007 p. 156) as followed, “tolerance is an indicator of how much of the variability of the specified independent is not explained by the other independent variables in the model, and the VIF is the inverse indicator to tolerance”. In other words, there do not exist any multicollinearity among the independent variable and due to this, all could be retained and included in the same regression model. We can also interpret from the Beta value which of the independent variables contributes most to evolving regional loyalty. Comparing these values, it is
shown that quality has a value of 0.420 and seems to be the independent variable that contributes strongest to regional loyalty.

As it is apparent in the table above, the whole regression model is significant. The F value of 28.290 states that the higher the value, the more significant the model is. We can also see in the box adjusted R square, that the presented value is 0.559. This means that our model explains 55.9 per cent of the variance in dep1 variable. In other words, the regional loyalty can be explained 55.9 per cent by our independent variables price, brand, organically produced and quality together.

Table 5.5 Analysis of linear regression coefficients with dep2 and independent variables.

<table>
<thead>
<tr>
<th>Model/Dep2</th>
<th>Beta</th>
<th>T</th>
<th>Sig</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>P1</td>
<td>0.073</td>
<td>1.089</td>
<td>0.278</td>
<td>0.804</td>
<td>1.243</td>
</tr>
<tr>
<td>P2</td>
<td>0.015</td>
<td>0.232</td>
<td>0.817</td>
<td>0.822</td>
<td>1.216</td>
</tr>
<tr>
<td>P3</td>
<td>0.187</td>
<td>2.618</td>
<td>0.010</td>
<td>0.703</td>
<td>1.423</td>
</tr>
<tr>
<td>Brand</td>
<td>0.405</td>
<td>5.115</td>
<td>0.000</td>
<td>0.575</td>
<td>1.739</td>
</tr>
<tr>
<td>Organic</td>
<td>0.184</td>
<td>2.566</td>
<td>0.012</td>
<td>0.703</td>
<td>1.422</td>
</tr>
<tr>
<td>Quality</td>
<td>0.260</td>
<td>3.640</td>
<td>0.000</td>
<td>0.704</td>
<td>1.421</td>
</tr>
<tr>
<td>Constant</td>
<td>-1.427</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F-value</td>
<td>25.811**</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R²</td>
<td>0.536</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

p<0.001**  p<0.05*

In table 5.5, the analysis of linear regression is conducted. The linear regression shows that almost all of the independent variables, which are the product-specific attributes listed in the left margin, are statistically significant towards the dep2 variable, regional loyalty. In this table, as well as in table 5.4, we could notice that P1 and P2 are not statistically significant towards regional loyalty. Nevertheless, even though P1 and P2 were not significant in the regression, both of the variables predicted our hypothesis and prove once again that “The price does not have an influence on consumers’ regional loyalty”. Taking a step further on and interpreting the next values, it could be noticed that the values showed of tolerance and VIF indicate a low risk for multicollinearity among all the independent variables. Therefore, all the variables could also be retained.
and included in the same regression model. By analysing the Beta value in this table, we could see that brand with a beta coefficient of 0.405 is the independent variable which contributes the most and the strongest to evolve regional loyalty.

It is apparent in the table that the whole model is significant. The F value of 25.811 states that the higher the value, the more significant the model is.

Analysing the adjusted R square, we can see a presented value of 0.536, which is slightly lower compared to dep1. Adjusted R square explains that our model account for 53.6 per cent of the variance in dep2 variable. In other words, the regional loyalty can be explained 53.6 per cent by our independent variables together.

Table 5.6 Analysis of linear regression coefficients with dep1, P3, brand, organic, quality and all control variables.

<table>
<thead>
<tr>
<th>Model/ dep1</th>
<th>Beta</th>
<th>t</th>
<th>Sig</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>P3</td>
<td>0.303</td>
<td>4.015</td>
<td>0.000</td>
<td>0.763</td>
<td>1.310</td>
</tr>
<tr>
<td>Brand</td>
<td>0.212</td>
<td>2.396</td>
<td>0.019</td>
<td>0.555</td>
<td>1.801</td>
</tr>
<tr>
<td>Organic</td>
<td>0.049</td>
<td>0.645</td>
<td>0.521</td>
<td>0.771</td>
<td>1.297</td>
</tr>
<tr>
<td>Quality</td>
<td>0.445</td>
<td>5.642</td>
<td>0.000</td>
<td>0.701</td>
<td>1.142</td>
</tr>
<tr>
<td>Gender</td>
<td>0.012</td>
<td>0.177</td>
<td>0.860</td>
<td>0.933</td>
<td>1.072</td>
</tr>
<tr>
<td>Age</td>
<td>-0.064</td>
<td>-0.818</td>
<td>0.416</td>
<td>0.701</td>
<td>1.427</td>
</tr>
<tr>
<td>Education</td>
<td>0.081</td>
<td>1.148</td>
<td>0.254</td>
<td>0.876</td>
<td>1.143</td>
</tr>
<tr>
<td>Occupation</td>
<td>0.140</td>
<td>1.422</td>
<td>0.159</td>
<td>0.448</td>
<td>2.231</td>
</tr>
<tr>
<td>Income</td>
<td>-0.093</td>
<td>-0.857</td>
<td>0.394</td>
<td>0.373</td>
<td>2.679</td>
</tr>
<tr>
<td>Constant</td>
<td>0.086</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F-value</td>
<td>15.810**</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R²</td>
<td>0.581</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

p<0.001**  p<0.05*

The results presented in table 5.6 are as well conducted with a regression analysis. The variables chosen in this analysis are P3, brand, organic, quality and all the control variables towards dep1. We decided to exclude P1 and P2 since the other independent variables were only measured by one variable. We started the analysis by looking at the significance level of all the represented variables in the left margin. It can be seen that only three out of nine variables are significant towards variable dep1 at a significance level of 5%. The result might not be of a surprise, because making a regression analysis
of a large number of variables may be very difficult to accomplish. The values of all variables represented in the significance box are indicating that the control variables are not contributing to predict regional loyalty. However, we discovered that the variables Tolerance and VIF values were rather good, indicating on non multicollinearity among the independent variables and control variables. From this table we could also analyse the beta value, although we already had gotten the most significant results from the other values. The beta value shows which variable contributes the strongest to the dep1 variable measuring regional loyalty, and in this case, quality is still the dominating product-specific attribute.

In this table above, the F-value has obtained a value of 15.810 and is presented with a symbol. The symbol indicates that the whole model consisting of nine variables is statistically significant at a level of 1%. We have also included the value of adjusted R square and it indicates a value of 0.581. This value indicates that the regional loyalty measured with dep1 variable, can be explained 58.1 per cent of the variance by our P3, brand, organic, quality and control variables together.

Table 5.7 Analysis of linear regression coefficients with dep2, P3, brand, organic, quality and all control variables.

<table>
<thead>
<tr>
<th>Model/ dep2</th>
<th>Beta</th>
<th>t</th>
<th>Sig</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>P3</td>
<td>0.217</td>
<td>2.649</td>
<td>0.010</td>
<td>0.763</td>
<td>1.310</td>
</tr>
<tr>
<td>Brand</td>
<td>0.398</td>
<td>4.130</td>
<td>0.000</td>
<td>0.555</td>
<td>1.801</td>
</tr>
<tr>
<td>Organic</td>
<td>0.080</td>
<td>0.981</td>
<td>0.329</td>
<td>0.771</td>
<td>1.297</td>
</tr>
<tr>
<td>Quality</td>
<td>0.271</td>
<td>3.167</td>
<td>0.002</td>
<td>0.701</td>
<td>1.426</td>
</tr>
<tr>
<td>Gender</td>
<td>0.053</td>
<td>0.716</td>
<td>0.476</td>
<td>0.933</td>
<td>1.072</td>
</tr>
<tr>
<td>Age</td>
<td>0.021</td>
<td>0.241</td>
<td>0.810</td>
<td>0.701</td>
<td>1.427</td>
</tr>
<tr>
<td>Education</td>
<td>0.043</td>
<td>0.558</td>
<td>0.578</td>
<td>0.876</td>
<td>1.142</td>
</tr>
<tr>
<td>Occupation</td>
<td>0.046</td>
<td>0.429</td>
<td>0.669</td>
<td>0.448</td>
<td>2.231</td>
</tr>
<tr>
<td>Income</td>
<td>-0.043</td>
<td>-0.364</td>
<td>0.716</td>
<td>0.373</td>
<td>2.679</td>
</tr>
<tr>
<td>Constant</td>
<td>-1.071</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F-value</td>
<td>11.937**</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R²</td>
<td>0.506</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

p<0.001**  p<0.05*
Table 5.7 presents the results obtained from regression analysis measuring regional loyalty with the dep2 variable and P3, brand, organic, quality including the control variables. Here, the variables P1 and P2 are also excluded from the analysis. As it can be noticed, three out of nine measured variables are significant towards dep2 variable measuring regional loyalty. Comparing the result in this table against the results from table 5.6, we can only perceive small differences. Here, we can once again conclude that the control variables do not make any particular contribution to predict regional loyalty.

Above, the table also presents results of F-value, adjusted R square and constant. The regression, which analyses nine variables, is found to be statistically significant at a level of 1%. The adjusted R square has a value of 0.506 and this value means that dep2, measuring regional loyalty, can be explained 50.6 per cent of the variance by our P3, brand, organic and quality variables and control variables together.

The two regressions further supported our overall argument of the thesis, that product-specific attributes have an influence on regional loyalty. However, in the regression we do not find support for “hypothesis organic”, but the others are supported. Although the hypothesis organic was not supported in table 5.6 and table 5.7 regression, we could find it supported in the table 5.4 and table 5.5. This can conclude that all hypotheses were supported and found to influence regional loyalty.

5.3.1 Analysis of multiple regression

In the section multiple regression, we conducted four regression analyses. The aim of these tests was to further strengthen our hypotheses which all already were accepted by the correlation test. It can be observed that tables 5.4 and 5.5 only contained our four independent variables price, brand, organic and quality. The other two tables, 5.6 and 5.7, contained results from regression analyses which were set to measure all control variables and all independent variables together. The control variables age, income, gender and occupation were concluded in these tables in order to be able to analyse if they made any significant contribution towards regional loyalty.

To begin with table 5.4 and 5.5, we could find that brand, quality and organic, as well as P3, were significant towards both the dependent variables. The aim of these analyses was to find support for the set hypotheses and to see a full picture of the attribute that is
the most significant towards regional loyalty. As it could be concluded in these regression tests, as well as in the correlations tests, all these independent variables positively contributed to regional loyalty. However, comparing tables 5.6 and 5.7 to tables 5.4 and 5.5, it could be found that the independent variable organic behaves in a different way. In both tables 5.6 and 5.7, the results show that the independent variable, our product-specific attribute organic is not significant. This means that this product-specific attribute would not contribute to regional loyalty. The reason for this deviant result could depend on the amount of variables concluded in the regression analysis. With too many variables included in a regression analyses might often give misleading results. Therefore, this could be a reasonable explanation why the product-specific attribute organic was not found to contribute to regional loyalty in this table. In tables 5.6 and 5.7, we could also notice that none of the control variables have a significant value. This means that the control variables do not act as a contributing factor towards regional loyalty.

5.5. Summary of analysis

To conclude, a Spearman’s rho correlation was made to test the hypotheses proposed. All the four hypotheses proposed in this dissertation were accepted. Finally, a multiple regression analysis was made to strengthen the assumptions made. The results demonstrated that the dependent variables of regional loyalty, and the independent variables of products-specific attributes are strongly related.
6. Conclusion

In chapter six the conclusion is presented. The findings of the research are discussed followed by implications and criticism. Finally an area of future research is proposed.

There are four attributes in this dissertation assumed to affect a consumer’s loyalty towards a region, when it comes to food products. These are brand, organic, quality and price. These product-specific attributes were all assembled in a model and four hypotheses were proposed.

The arguments for the product-specific attributes were derived from previous studies. The attributes price (Corsi, Rungi & Casini, 2011; Moyarty, Kimball & Gay, 1983; Bennett & Bove, 2002, Ribeiro & Santos, 2003), brand (Nguyen, Barrett & Miller 2011;) and quality (Hansen, 2005; Jensen & Hansen, 2006) had previously been linked to a consumer’s loyal behaviour. Since organically produced food products are often associated with locally produced products, for the time being the fastest growing sector in the European Union (Zakowska-Biemans, 2011), it was of relevance to include this attribute in the investigation.

Several tests were conducted in order to get a comprehensive picture of the product-specific attributes in question have any effect at all on regional loyalty. It could be observed that consumers that purchase locally produced products and find the region of origin an important factor, are affected by all these attributes, except for price. According to the results obtained from the analysis, a strong regional brand, a high level of quality and organic production is of importance for the consumer when purchasing locally produced food products. Furthermore, the attribute price was not found to influence on consumers’ regional loyalty. Brand and quality have the strongest effect. This was previously identified by Kuusik (2007), in a research concerning factors affecting consumer loyalty.
An interesting aspect is that there were no differences found between age, income, gender or occupation. This became even clearer after a regression analysis (see table 5.6 and table 5.7). However, individuals with higher education showed tendencies of being more loyal to a region. According to Dennis, Merrilees, Jayawarda and Wright (2009) this could depend on, that people with higher education usually engage more in gathering and processing information and use more information to make decisions, whereas less well educated people rely more on fewer information cues. The more educated people may reflect more on the origin of a product. Origin is perceived as an extrinsic cue (Acebrón & Doprico, 1999).

The concept of regional loyalty was developed due to the trends observed to exist in Sweden and the western world. The tendencies observed of consumers’ ethnocentrism towards regions (Siemieniako, Kubacki, Glinksa & Krot), the increasing demand for locally produced food products (Niemenen, 2003; Levrén, 2008), and the marketers’ growing interest towards regional branding (Moilanen & Rainisto, 2009) made it apparent that there was a need for a new concept. The results of our investigation confirmed our hypotheses. Thus, the existence of regional loyalty could be confirmed.

6.2 Implications

The research is the first of its kind; therefore it could benefit forthcoming research on locally produced food products and could be used as groundwork for future studies regarding consumer behaviour towards regions, nations and places. Since it has become more common to utilize the region as a marketing strategy, the study could even be used as support for marketers aiming to find strategies to make their food products stand out, by recognizing consumer behaviour regarding regional food products. This dissertation could even help small-scale local producers to identify their competitive advantages, in order to compete with larger food producers.

As previously mentioned, regional loyalty is not a designated concept, but developed from the evolving trends of food consumption and consumer behaviour. Locally produced food products are a rising trend which ought to be studied carefully. By drawing attention to that product-specific attributes could affect regional loyalty, we aim to encourage further research on this topic.
6.3 Criticism

The criticism against this dissertation lies in the fact that regional loyalty is not yet a complete concept. As mentioned in the introduction, the product-specific attributes may not be the only factors contributing to regional loyalty. There may be several underlying psychological factors that affect a consumer’s behaviour, as for example background and socio-demographic factors that could explain why a consumer chooses to buy food products from a specific region.

Moreover, it was found that all the variables investigating the products-specific attributes in the survey were correlated – even with each other. This may reflect that the statements proposed were too similar. As mentioned in the theoretical framework, some of the attributes may even be related to each other. To exemplify, the quality can be linked to a regional brand (Bruwer & Johnson, 2007).

6.4 Future research

There is a lot of room for future research in the area of regional loyalty. First, it could be of interest to spread the area of research, and investigate if there are any differences between different groups in society. It could also be of relevance to investigate if background or ethnicity could contribute to differences towards regional loyalty and preferences of locally produced products.

It could also be relevant to study this phenomenon through the entrepreneurs’ point of view, by conducting a qualitative research. This could help us understanding this phenomenon from both sides.

Furthermore, the reasons why the popularity of locally produced products has emerged in the western countries could be examined, and why more and more consumers demand products from regions close to home. Could this be a sign of increasing protectionism?
List of references


Chyroscou P. and Giraud G. (2007). "Is designation an important cue driving consumer loyalty behaviour? Evidence from scanner data on dry-cured ham".


Kuusik A. (2007). "Affecting consumer loyalty: Do different factors have various influences in different loyalty levels?". Faculty of Economics and Business Administration. Tartu: Tartu University Press.


Swedish Competition Authority (Konkurrensverket), [online] Available at: <http://www.kkv.se/t/Page____4932.aspx>(cited 2011-04-25)


Appendix 1- Questionnaire in English

I am a: [ ] Man [ ] Woman

Age: __________

Education, (please, select only one answer):

- Elementary school
- High school
- Bachelor’s degree
- Master’s degree
- Higher than Master’s degree
- Other

Your current occupation, (please, select only one answer):

- Student
- Employee
- Jobseeking
- Retired
- Other

Your monthly income (after tax): __________

Your city of residence: __________

1= Disagree  4= Indifferent  7= Totally Agree

<table>
<thead>
<tr>
<th>Question</th>
<th>1</th>
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</thead>
<tbody>
<tr>
<td>1. I am a frequent consumer of locally produced food products.</td>
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<td>2. It is important for me to buy locally produced food products.</td>
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<td>3. When I buy food products, the region of origin of the product affects my purchase decision.</td>
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<td>4. When I buy food products, I prefer to buy products originating from my own region.</td>
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Turn the page
5. When I have bought locally produced food products, it has made me satisfied and making me want to buy locally produced food products again.  

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6. The price is not important when I buy locally produced food products.  

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7. I only buy locally produced food products when there is a price deal.  

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8. I buy locally produced food products regardless of the price offers of non-locally produced food products.  

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9. When I buy locally produced food products, I pay attention to the local brand on the products.  

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10. When I buy locally produced food products, the fact that I recognize the local brand is important.  

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11. I consider myself to have good knowledge about local brands.  

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12. When I buy a locally produced food product, it is important that it is organic.  

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13. When I buy organic food products, I only buy them if they originates from my own region.  

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14. Organically produced food products give me incentives to buy from a local producer.  

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15. When I buy locally produced food products, I expect them to have a high quality.  

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16. When I buy locally produced food products, the quality of the products is important for me.  

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</table>

Thank You for Your participation!
Appendix 2- Questionnaire in Swedish

Enkät

Jag är en: □ Man □ Kvinna

Ange ålder: __________

Ange utbildning, (kryssa i ett svarsalternativ):

- Grundskola
- Gymnasialexamen
- Kandidatexamen
- Magisterexamen
- Högre än magisterexamen
- Annat

Ange Din nuvarande sysselsättning, (kryssa i ett svarsalternativ):

- Studerande
- Arbetande
- Arbetssökande
- Pensionär
- Annat

Ange Din månadsinkomst (efter skatt): __________

Ange Din boendeort: __________

1= Instämmer inte alls       4= Håller med varken eller       7= Instämmer helt

<table>
<thead>
<tr>
<th>1. Jag köper närproducerade livsmedel.</th>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>2. Det är viktigt för mig att köpa närproducerade livsmedel.</th>
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<tr>
<th>3. Om jag köper närproducerade livsmedel, då har ursprungsregionen påverkat mitt köp.</th>
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<tr>
<th>4. Om jag köper närproducerade livsmedelsprodukter, föredrar jag att köpa produkter från min region.</th>
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5. Om jag har köpt närproducerade livsmedel, har jag blivit nöjd och det har fått mig att köpa dessa produkter igen.  

6. Priset är inte viktigt när jag köper närproducerade livsmedel.  

7. Jag köper bara närproducerade livsmedel när det finns något priserbjudande.  


9. Om jag köper närproducerade livsmedel, lägger jag fokus på det lokala varumärket på produkten.  

10. Om jag köper närproducerade livsmedel, är det viktigt för mig att jag känner igen det lokala varumärket.  

11. Jag anser mig ha god kännedom om lokala varumärken.  

12. Om jag köper närproducerade livsmedel, är det viktigt att de är ekologiska.  


15. Om jag köper närproducerade livsmedel, räknar jag med att de har en hög kvalité.  

16. Om jag köper närproducerade livsmedel, anser jag att kvalitén på produkten är viktig.  

Tack för Din medverkan!