

Marketing Munchies Podcast Transcript

Episode #35

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Announcer: Welcome to the Marketing Munchies Podcast series hosted by Dr. Bridget Behe. Each week Bridget and her guests will share information, insights, research-based findings, and her 30 years of experience to help your horticultural business connect better with current and future customers. Now, let's join our host, Dr. Bridget Behe.

Dr. Bridget Behe: Hi, and welcome back to the Marketing Munchies Podcast. I'm your host, Dr. Bridget Behe. With me today is guest host, Dr. Trey Malone. Trey is an assistant professor at Michigan State in the department of Agricultural, Food, and Resource Economics. Welcome, Trey!

Dr. Trey Malone: Glad to be here! Excited to talk.

Dr. Bridget Behe: Yeah, I was really excited when you approached me about your interest in the podcast and trying to broaden the audience and reach out a little further. I just get so excited when I talk to other marketing people. It is a real treat to have you on—both this episode and some future episodes. Welcome aboard!

Dr. Trey Malone: Thank you.

Dr. Bridget Behe: Today, I thought we would talk about one of the topics that you and I discussed earlier, and that is Preferences versus Perceptions. What is a consumer preference?

Dr. Trey Malone: In economics, we usually assume that preferences are fairly stable. When we talk about preferences, what we really mean is that you can order what you like and what you don't like. I can say that I like blue sweaters more than red sweaters, and that is something I can say that I prefer one over another. In beer, which is one of my areas, I like IPAs more than I like Pilsners. I think the people are usually pretty consistent with that—at least understanding how that works. Now, even though preferences are stable, perceptions and beliefs tend to be a lot more flexible. Taste perceptions or the beliefs about safety of a product or the healthiness of a product, those are the things that I think as marketers they are a lot more easy to influence—if you want to think about it that way. The second paper of my dissertation was actually about, was trying to distinguish those two things in a really nice, clean, econometric model. I did it with two different products: one was meat, and one was beer.

Dr. Bridget Behe: Ah, two good ones!

Dr. Trey Malone: Yeah, I only study things I like.

Dr. Bridget Behe: As we all should.

Dr. Trey Malone: Yeah, so, the meat preferences study: we were looking at different proteins, and how people perceive the taste, the health, and the safety of the product.

Dr. Bridget Behe: Like chicken, pork, beef...

Dr. Trey Malone: Ground beef. We threw in beans and rice. We threw in deli ham. We can run our kind of standard choice models. What really gave that paper I think a little bit more richness is we could also show like what would happen to consumer choice if people saw deli ham as tasty as ground beef. Or, if they saw, the taste was actually the biggest component. That was one of the important things that I think we found was, for as much as we talk about the healthiness and the safety of a product, if consumers don't think it tastes well, it's going to be a really hard sell.

Dr. Bridget Behe: So, that taste is a perception, not a preference.

Dr. Trey Malone: Yes, in the way that we added that into the model. That's where kind of the "math-i-ness" gets is. Those two things are, what we call, endogenous. They are very much related and connected. The econometric model that we use is really trying to target a way to separate those two.

Dr. Bridget Behe: Then, perceptions are what we believe about something as a result of experience or just what is happening in the gray matter between our ears.

Dr. Trey Malone: Sure. If you think about that saying people say like, "tastes like chicken." That's exactly what they are doing. They are trying to induce you to think about the taste of the product in a way that is something that is more relatable and usually preferred.

Dr. Bridget Behe: They are trying to capitalize on your preference for chicken by talking about your perception of chicken.

Dr. Trey Malone: Basically. Well, trying to change your choice of chicken by changing your perception. Your preferences might still stay the same. An example of where I think it went wrong would be deli ham. In our survey, people saw deli ham as, by far, the least tasty meat. That, obviously, has a lot of implications, I think, for the pork industry. I think that the reason behind that is because we have this entire generation that was raised on that saying, "the other white meat." Which, if you have ever had pork, white meat (white pork) is not the good pork. It is the red, rich, juicy pork that really, I think, captures what people love about the taste of pork. They try to market towards the healthiness of the product while omitting the taste of the product.

Dr. Bridget Behe: Ah, and that was not as successful as they had hoped.

Dr. Trey Malone: It worked for a while, but now that people are not as afraid of saturated fats and everything else, it has really, I think, hindered a little bit of growth and demand for pork.

Dr. Bridget Behe: If we were to take some of your dissertation findings about preferences and perceptions, what would you tell marketers to do to really utilize some of the things that you found? What are some actionable ways that could put this difference in perception and preference into action?

Dr. Trey Malone: One of the important things, I think, as a marketer, is to think about what the perceptions of your product is. That's something that I don't know if we do enough in applied

settings. We might talk about what people think about cider or chestnuts or other kind of standard specialty crops. We don't necessarily think about how that influences their decisions.

One thing that I would recommend is just: think about almost a simple survey or almost trying to list those ways that people think about your product. From that list, start thinking about how those either help or hinder the sale of your product.

Dr. Bridget Behe: We have done some research that tries to address some of those perceptions: how do consumers perceive price relative to other things? How do consumers perceive that something was grown locally relative to whether it was imported? There is some literature that, some studies, that people can look back on to see some of those attributes, but we don't have big studies that put all the pieces together. You are kind of looking at snapshots, but trying to put these attributes into their right place. Then, what would a marketer do? Understanding something about those qualities, how do we affect choice? How do we affect preferences?

Dr. Trey Malone: In your stuff, with eye-tracking and everything else, is a perfect example of how to try to drill down, to identify the important pieces. There are halo effects too if you want to think about it that way.

Dr. Bridget Behe: Oh, yeah, that's a good term.

Dr. Trey Malone: I think one of my more favorite organic papers is they looked at how people prefer or perceive organic gummy bears to regular gummy bears. The sugar content was the same, the overall healthiness of the product was the same, but the perception, because of the organic label, was that it was a healthier product.

Dr. Bridget Behe: That is a great testimony to how perceptions really do influence preferences or choice. Capitalizing on what we know about those perceptions...we know people prefer local. We know people prefer fewer chemicals to more chemicals. Understanding some of those perceptions and putting that into marketing communications, to really help shape choice or focus choice or direct choice, really could be extremely helpful.

Dr. Trey Malone: You know, I think that it is important to highlight that price matters, but in the world of food and agriculture today, you can't lean too hard on price. One number that I like to throw out, and we will probably talk in another podcast about this, is that the average grocery store in 1975 had 8,000 choices. The average grocery store in 2015 had 46,000 choices.

Dr. Bridget Behe: Too much choice.

Dr. Trey Malone: Maybe. At least in terms of, as a marketer if you are going to lean into price, you are going to have to compete with a lot of different groups. There has to be something special about your product in order to sell it.

Dr. Bridget Behe: I agree completely. You live by price you are going to die by price.

Dr. Trey Malone: Exactly.

Dr. Bridget Behe: Wow, this was fun today, Trey. I appreciate you coming on the podcast and look forward to having you back another time!

Dr. Trey Malone: Yeah, happy to be here!

Dr. Bridget Behe: Thanks.

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Announcer: Thank you for joining us on this week's Marketing Munchies Podcast. For more information or to download the transcript of this podcast, please visit, connect-2-consumer.org. That's C-O-N-N-E-C-T, dash, the number two, dash, C-O-N-S-U-M-E-R, dot, C-O-M.

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