

BUILDING TRUST WITH CONSUMERS

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Marketing issues pervade contemporary society. In the private sector, marketing entails deciding what product to make or sell, how much to charge, how to distribute or handle the product, and how to promote it. (Aksoy and Kaynak 1993). In agriculture, marketing is further complicated by issues of timing, processing, handling and safety (Cornelius 1988). Thus, people are often convinced that marketing is a complicated subject requiring too much time and effort. However, marketing is fundamentally a simple concept that growers can and should understand. The objective of this publication is to demonstrate that marketing is essentially an exercise in building trust. It asserts that small farmers can benefit from developing a more intimate form of trust with their customers.

As one marketing specialist said, “Most modern marketers agree that the primary goal of the firm (or business) is to satisfy consumers’ needs and wants at a profit” (Yau 1994, p. 1). Making a profit by providing consumers with products they want to buy and making sure they are satisfied with their purchases is the foundation of marketing theory. Thus, a primary task of large firms’ marketing divisions is the collection and analysis of data on consumer characteristics and perceptions as they relate to each firm’s products or services. Firm managers recognize that all marketing decisions, such as what products to make and how to make them, must reflect consumer interests and wishes.

Hence, marketing concerns a relationship between buyers and sellers wherein a seller is sensitive to a buyer’s needs, desires, and hopes, and the buyer recognizes the profit-making objectives of the seller. For such a relationship to work, like all other types of human relationships, it must be based on trust. Trust is a particularly crucial issue in the cases of direct marketing and organic foods, where consumers are often exposed to conflicting claims about the safety of the foods they purchase and eat.



One of the great paradoxes of modern times is that as our society becomes increasingly complex, and it becomes more difficult to establish enduring relationships with the people we meet, trust becomes more necessary, yet more difficult to achieve. One of the causes of the numerous tax rebellions in recent years is citizens' lack of trust in the ability of policymakers to spend tax monies wisely. A similar lack of trust in the food industry and the government's ability to regulate food safety are factors propelling consumer interest in organic foods. My own research with Seattle-area consumers (Jussaume and Judson 1992; Jussaume and Higgins 1998) confirms that consumers who are most concerned with food safety are indeed less likely to trust the food industry and the government to ensure the safety of the food supply.

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This lack of trust is what leads to the creation and enforcement of standards for things like organic production practices. One of the primary roles of grades, standards, and consumer protection laws is to institutionalize trust. In other words, grades and standards allow parties who do not know each other well to have sufficient confidence in what the other will do so they can engage in an economic transaction. I illustrate this by using an example from the history of Washington State agriculture.

Food Grades and Standards Institutionalize Trust

Many readers are undoubtedly aware of the grading standards that exist for Washington State apples, such as the *Washington Extra Fancy* for which the state's apple growers are well known. These standards were instigated by the apple industry and codified by the state government in 1913 (Luce 1972). At that time, many apple growers and others in the industry believed buyers in major urban terminals such as New York and Chicago were rejecting rail shipments of apples without due cause. Buyers had the right to refuse a delivery of apples if those apples were damaged or were not of the quality they had contracted for. However, many in the

industry believed buyers were using the excuse of insufficient quality to avoid paying for apples they had ordered, but no longer needed due to shifts in demand. Buyers, meanwhile, were complaining that they were receiving apple shipments of inferior quality.

In 1913, the state of Washington created the Horticultural Inspection Service for inspecting and grading apples before shipment. In 1921, the state government entered into a cooperative agreement with the federal government whereby USDA inspectors could verify that apples being unloaded at an urban terminal were of the quality that had been agreed upon by the buyer and seller. In part, because of the physical distance between buyer and seller, distrust had grown within the marketing system. It became necessary to have government agencies inspect and enforce uniform grades so buyers and sellers could both be confident the apples packed onto a train met the agreed upon specifications.

State-administered organic production standards in agriculture serve a similar purpose. Consumers, some of whom are suspicious of the safety of the food they buy because they are skeptical of the ability of the food industry and the government to maintain a safe food supply, paradoxically rely on the same government to supervise the production and marketing of organic foods. In other words, the government acts to prevent deception and ensure consumers get what they believe they are paying for and to protect legitimate organic producers from phony ones. The organic standards enforce trust.

Small Farmers Can Develop a Personal Brand of Trust with Customers

Enforced trust leads to a dilemma for small organic growers who rely on direct marketing. The establishment of state-enforced standards helps legitimize organic production in the eyes of consumers and makes it easier for small growers to sell products to a broad consumer base. However, it also creates possibilities for large processors and shippers to compete directly against small growers in the expanding market for organic foods. Recognition of this dilemma is one reason why a large percentage of Japanese growers who are engaged in direct marketing of organic foods *oppose* national organic food standards in Japan.

Japanese growers have a long history of direct marketing, and the market for organic foods has been expanding steadily in that country, much like in the United States. The importance of trust in business relationships also

has been recognized for generations, and is a key element in the direct marketing of agricultural products in Japan. One Japanese grower I know produces beef, eggs, and processed food products for direct sale to families in a nearby city. He uses a variety of means to direct-market, one of which is to allow customers to pick up their orders at his farm if they so desire. This way, customers can do their own visual inspection of the farm and how the animals are treated. In addition, when some of the hens are no longer able to lay, the grower invites customers to the farm for an afternoon chicken barbecue. This “family event” helps strengthen the emotional bonds and the trust that exist between this producer and his customers.

This kind of social interaction is a method of building trust with customers that producers who market through standard food chains cannot duplicate. In the eyes of many Japanese growers, direct marketing helps foster a sense of trust that does not need to be supervised or enforced by the state. In other words, many small Japanese organic growers who direct-market believe their customers will trust them to provide safe food based on their personal relationship. Therefore, these growers also believe they do not need the government to create or enforce that trust via standards. These growers believe state regulations and standards can only benefit large competitors.

Of course, there are other reasons why Japanese growers do not want organic standards—such as distrust in their own government. I would certainly not recommend the state of Washington’s organic standards be abandoned. However, I believe this case confirms the importance for small producers who engage in direct marketing to move beyond relying on official grades and standards. This can be illustrated with examples from western Washington State growers who use various strategies to promote trust between themselves and their customers.

Western Washington Farmers Use Trust-Based Direct Marketing

One strategy is free samples. Providing free samples not only help entice a customer to try a food product they are unfamiliar with or may not be inclined to buy, but also demonstrate to the customer that the farmer is confident in his or her product and feels the customer is sure to come back for more once the product is consumed. Many farm stands utilize a self-service approach by leaving a money box for customers who pick produce from an unsupervised roadside stand to drop their payment in (although many money boxes

have locks on them). While this strategy is convenient for growers who do not have the time to always be at their stands, it also promotes the development of a trust relationship as it demonstrates the grower trusts the consumer will pay for any products he or she purchases.

Consumer Supported Agriculture (CSA) arrangements also require a great deal of trust to succeed. The customer has to trust that the farmer will supply a reasonable amount of produce each week, and if a sliding fee scale is used, the farmer has to trust that customers are adequately fitting themselves onto the scale. Many CSA farmers will also include a bonus amount of vegetables when the harvest is especially abundant to demonstrate they wish to share abundant harvests. The customer reciprocates by accepting smaller amounts of produce when conditions restrict yield.

A final example comes from a grower near Olympia. She reports one of her strategies of building trust is to be forthcoming with consumers about her produce. This is especially important when it comes to informing customers of when an item was harvested. People want to know if what they are buying was picked that day, or a few days earlier and stored in the cooler. She recommends, *“Be honest and tell them when you picked it; invite them to look at it and taste it. Speak with confidence; let them know that you feel good about what you are selling. Consistency in product quality is essential to keep people coming back. Give information about a product; talk about problems in the field without whining or sounding defensive. My prices are high and sometimes people want to know why. I tell them frankly that I am not getting rich; I work very hard and live a simple life-style. I give consumers an opportunity to see that I am farming for a living and that I am not ‘out to get them.’”*

One natural advantage of small producers, particularly those who can engage in direct marketing, over large producers and retailers, is their ability to produce crops using certain horticultural practices. Any strategies small producers can develop to enhance their relationships with consumers will also help them differentiate themselves from participants in the conventional food marketing system and enable them to compete for customers on favorable terms.

Conclusion

What can we learn from these examples? First, trust is the essence of marketing, and any practice that enhances the trust that exists between buyers and sellers will

benefit both parties. Second, growers who direct-market their goods have an opportunity to establish a personal brand of trust with consumers that eludes producers who market through wholesalers and retailers. Among other advantages, this strategy will help growers adapt more readily to changes in customer expectations and concerns because they will “know” their customers

more intimately. Thus, while it is useful for small producers who direct-market to follow grades and standards, their “comparative advantage” lies in their ability to develop strong, trust-based relationships with their customers. This advantage is one producers should not hesitate to exploit.

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