



# The impact of organic certification and country of origin on consumer food choice in developed and emerging economies

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## ABSTRACT

The effects of organics and country of origin (COO) on consumers' food choices have mostly been investigated separately. In order to investigate the joint effect of these two credence quality cues and when they influence choice, a choice-based conjoint (CBC) experiment was conducted in Germany, France, Denmark, China and Thailand. In each country, a sample of about 1000 consumers participated after being screened for responsibility for their household's shopping, consumption of the case product, and knowledge of organic food. A full factorial design with four COOs, three different organic label conditions and three price levels gave 36 different choice options. They were bundled in 12 choice sets of three alternatives, which were presented in random order. The product was either drinking milk or pork chops (random assignment). The study revealed a general preference for organics over conventional and for domestic over imported products, with exceptions to the latter in emerging markets. Among imported foods, there is a tendency to prefer foods from economically developed over less developed countries, also in the two Asian countries. Adding consistent quality cues have a decreasing marginal effect, but a favourable cue can compensate for an unfavourable one. The extent to which consumer choice is influenced by organic labels and COO depends on environmental concern, trust in countries as producers of organic food, and ethnocentrism.

## 1. Introduction

The world market for certified organic foods is growing rapidly, passing EUR 80 billion in 2016 (Willer & Lernoud, 2018). About 90 percent of this market is concentrated in North America and Europe, while almost 150 countries outside these regions (i.e., countries in Africa, Asia and Latin America) produce organic foods exclusively or primarily for export to North America and Europe (Willer & Lernoud, 2018). However, the organic foods market is growing faster in other parts of the world where the estimated market share has increased from 3 percent in 2006 to 10 percent in 2016 (Willer & Lernoud, 2018; Willer et al., 2008). Most of this growth has happened in emerging economies in Asia, partly fuelled by increasing imports also here (Willer & Lernoud, 2018). Actually, it appears from the same sources that countries in Europe and North America increasingly export their surplus production of certain organic products to these emerging markets. Hence, an increasing share of the world production of organic foods is produced for export, and an increasing share of the products offered to consumers are imported.

The differentiating characteristics of organic foods are their production methods, something which consumers cannot assess or verify

on their own, neither before nor after the purchase, making organics a credence characteristic (e.g., Fernqvist & Ekelund, 2014). To credibly communicate this characteristic, all developed and an increasing number of developing countries have at least one certified organic label. For example, in Europe, food products marketed as organic from and in countries that are members of the European Union are mandated to carry the EU's organic logo, in addition to logos certified by national and/or farmer organizations. Organic products imported from Non-EU countries can also display EU's organic logo together with information about where the agricultural raw material was farmed. It seems likely that informing consumers about the equivalence of organic standards, especially when labelling products from different countries using the same organic logo, will reduce consumers' differentiation between organic products from different countries (Janssen & Hamm, 2012b; Xie, Gao, Swisher, & Zhao, 2016).

Consumers differentiate between origin countries, among other things, because they believe that country of origin (COO) is linked to quality (Carneiro & Faria, 2016; Josiassen, Lukas, Whitwell, & Assaf, 2013; Steenkamp, 1990; Usunier, 2006) in the same way as the brand name, the price, and various product labels (Dekhili & Achabou, 2014; Essoussi & Zahaf, 2009; Grunert & Aachmann, 2016; Liu & Johnson,

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2005; Mauracher, Tempesta, & Vecchiato, 2013). There is plenty of evidence that the COO affects consumers' food choices and that they are more willing to buy food products originating in some countries than in others (Ahmed et al., 2004; Chrysoschoydis, Krystallis, & Perreas, 2007; Hoffmann, 2000; Newman, Turri, Howlett, & Stokes, 2014; Onozaka & Mcfadden, 2011; Pouta, Heikkilä, Forsman-Hugg, Isoniemi, & Mäkelä, 2010; Thøgersen, Pedersen, Paternoga, Schwendel, & Aschemann-Witzel, 2017).

Few studies have investigated the joint effect of the COO and organics for consumer food preferences and choice (Thøgersen et al., 2017). Those that have generally find that the COO is more important to consumers than organics (e.g., Schjøll, 2017). In addition, although some research suggests that organic consumers put more emphasis on the origin of the products (Hempel & Hamm, 2016a), most research concludes that the COO is less important to consumers when other quality cues, such as an organic label, are present as well (Newman et al., 2014). For example, Ortega, Hong, Wang, and Wu (2016) found a negative interaction between Australian origin and both organic and "green food" labelling for beef in Beijing, China. A significant interaction between various foreign country labels and organic labelling was also found in USA for broccoli (Xie et al., 2016), apples and tomatoes (Onozaka & Mcfadden, 2011) and in Norway for minced veal (Schjøll, 2017), but in these cases the interaction was positive. These differences have not been studied systematically until now. We suggest that they may be due to the difference in preferences for domestic versus foreign origin found in these studies. In the former case, the foreign origin had a positive and in the two latter cases, a negative value for consumers, which means that in all cases the effect of the COO (domestic or foreign) on product preferences was smaller for organic (and "green food") than for conventional produce. In this article, we will test the generality of this proposition.

It is the objective of this article to extend the limited research on the joint effect of organic labelling and COO on consumer product choices. We do so by investigating (a) when choosing between organic and conventional food products, does the importance of the COO, and the preference for certain countries, differ between countries and especially between countries that vary in economic development and in geographical and cultural context (i.e., Europe vs. Asia)? (b) do consumer preferences for organic foods depend on whether a national or an international label (i.e., the EU "green leaf" label) is used to indicate organics? (c) are consumer preferences with regard to COO and organics independent or do they interact? (d) how are these consumer preferences rooted in attitudes, such as ethnocentrism, environmental concern and trust in countries as producers of organic food, and constraints, such as income? (e) do the interactions between quality cues and/or impacts of these broader consumer attitudes and constraints vary between countries and especially between countries at different levels of economic development?

## 2. Prior research and hypotheses

When faced with a choice set of available options, it is generally assumed that consumers' perceived relative value of the options (Sheth, Newman, & Gross, 1991) is the main determinant of their choice (Bettman, Luce, & Payne, 1998). However, consumers are not always motivated or able to deliberate extensively on the options before making choices – especially with regard to fast moving consumer goods (Hoyer, 1984) – and even if products are differentiated with regard to involving characteristics, such as organics (Thøgersen, Jørgensen, & Sandager, 2012). Dual process models of persuasion and decision-making, such as Chaiken's (1980) heuristic-systematic model, Fazio's (1990) MODE model, and Petty and Cacioppo's (1986) elaboration-likelihood model, suggest that in these cases consumers base their decisions on salient cues or heuristics that they process more or less automatically, using a minimum of time and cognitive effort. As an extension of these models, cue consistency theory proposes that the joint

effects of multiple quality cues depend on whether these cues are consistent or inconsistent (Miyazaki, Grewal, & Goodstein, 2005). Specifically, it is proposed that when cues are consistent (i.e., both suggesting either low or high quality), their effect is additive; however, when they are inconsistent (i.e., one suggesting low and the other one high quality), the negative cue dominates consumers' judgment (cf. Anderson, 1981).

Key factors influencing the (relative) level of quality that consumers associate to specific countries include country image (Andéhn, Nordin, & Nilsson, 2016; Dekhili & Achabou, 2014), consumer ethnocentrism (Balabanis & Diamantopoulos, 2004), geographical distance (Pedersen, Aschemann-Witzel, & Thøgersen, 2018; Rosenbloom & Haefner, 2009), cultural distance (Juric & Worsley, 1998), and trust in (products from) the different countries (Hoffmann, 2000; Nuttavuthisit & Thøgersen, 2018; Rosenbloom & Haefner, 2009).

Nagashima (1970) defined country image as the sum of consumers' impressions of and associations with a country (Andéhn et al., 2016). It is generally assumed that "the image attached to the country and/or the people enables consumers to make inferences about products from that origin" (Josiasen et al., 2013, p. 254). One of the most researched country image factors is economic development. It is generally found that consumers prefer products from an economically more developed country to products from a less developed country (Manrai, Lascu, & Manrai, 1998; Verlegh & Steenkamp, 1999). This applies across products, from basic food products (Nuttavuthisit & Thøgersen, 2018; Onozaka & Mcfadden, 2011) to technologically advanced ones (Sharma, 2011), and across countries (Dekhili & Achabou, 2014; Ortega et al., 2016; Sharma, 2011; Xie et al., 2016). Studies in developing countries have found that consumers sometimes prefer imported products from an economically developed country to similar products of domestic origin (Nuttavuthisit & Thøgersen, 2018; Ortega et al., 2016). Hence, we hypothesize:

*H1: Consumer preferences for different foreign COOs of organic food products is more dependent on these countries' level of economic development than on geographical and cultural distance.*

The mentioned negative interaction between organic or "green" labelling and Australian origin in China (Ortega et al., 2016) contradicts the proposition that consistent cues to quality have an additive effect (Miyazaki et al., 2005). Instead, it suggests a marginally decreasing effect of adding more, consistent quality cues when the product already has characteristics that function as a trusted cue to high quality. Similarly, the positive interactions between origins indicating inferior quality and organic labelling (Onozaka & Mcfadden, 2011; Schjøll, 2017; Xie et al., 2016) contradict the proposition that when multiple quality cues are inconsistent, consumer preferences and choices are guided only by the negative cue (Miyazaki et al., 2005). Instead, it suggests that a negative quality cue can actually be at least partly compensated by a positive cue. Hence, we hypothesize that

*H2a: The joint effect of two consistent, favourable quality cues (e.g., an organic label and a favoured COO) on consumer preferences and choices is smaller than the sum of their individual effects. That is, additional, consistent quality cues have a decreasing marginal effect.*

*H2b: Adding a positive quality cue (e.g., an organic label) to an option in a choice set that has a negative quality cue (e.g., an inferior COO), can partly or wholly compensate for the effect of the negative cue on consumer preferences and choices.*

In practice, quality cues may be interpreted differently in different contexts. For example, research in economically less developed countries, such as Thailand and China, have found that consumers often discount their national organic labels because of low trust in the certifiers and/or controllers (Grunert, Loose, Zhou, & Tinggaard, 2015; Nuttavuthisit & Thøgersen, 2017, 2018), whereas consumers in

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