



## Opening the black box of food quality in the short supply chain: Effects of conventions of quality on consumer choice



Giuseppina Migliore<sup>a</sup>, Giorgio Schifani<sup>a</sup>, Luigi Cembalo<sup>b,\*</sup>

<sup>a</sup> Department of Agricultural and Forest Sciences, Agricultural Economics and Policy Group, University of Palermo, Italy

<sup>b</sup> Department of Agriculture, Agricultural Economics and Policy Group, University of Naples Federico II, Italy

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### ABSTRACT

In recent years new forms of food distribution organisation, known as short supply chains, have gained ground. The local nature of such distribution has positive effects on the environment and on the local economy. Consumers appear to trust the short supply chain, and it has achieved considerable success. However, the short supply chain has credence characteristics which, by their very nature, cannot be identified through a system of certification. The question we address in this paper is whether it is possible to identify the constituent elements of the credence trait in relation to food quality in the short supply chain. Our hypothesis is that the latter are linked to a range of socially constructed food quality criteria. To develop a more inclusive vision of how such criteria are coordinated in food quality assessment by consumers, use has been made of convention theory. In accordance with convention theory, quality is identified, in a social context and informally, as one of the spheres in which economic activity is regulated by procedures which go beyond regulation by price. The aim of our study was to measure the effects of coordinated conventions of quality in the context of one type of short supply chain: farmers' markets specialised in the sale of organic products. An ordered logit model was implemented. Our results allow credence characteristics to be classified within conventions of quality and could help support strategies aimed at spreading sustainable forms of food distribution and consumption. Future research might go to the direction of validating our results based on a single form of supply organisation. Moreover, additional efforts should be made understanding the effect of situational factors on socio-demographic variables such as gender. Finally, an attempt should be made to merge different theories to better understand the issue of consumer choice.

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### Introduction

A widely held opinion is that the quality of a food product should reflect the level of satisfaction which the consumer derives from it (Cardello, 1995; Moskowitz, 1995). This depends to what extent the characteristics of the product meet consumer preferences. Thus quality not only depends on objective product characteristics, but also on how it is perceived by consumers in satisfying personal needs and objectives (Steenkamp, 1990). Food quality is considered a complex construct, based on a variegated set of characteristics (Grunert, 1997; Oude Ophuis & Van Trijp, 1995). The first distinction to be made was between *search goods*, when quality may be assessed prior to purchase (e.g. size, colour, price),

and *experience goods*, when quality may be ascertained only after purchase (e.g. taste, flavour) (Nelson, 1970, 1974). Darby and Karny (1973) introduce a third set of characteristics termed *credence*, which cannot be ascertained either before or after purchase, and their assessment requires supplementary information costs (Andersen, 1994; Fernqvist & Ekelund, 2014). More precisely, perception of quality is extended to personal needs, such as food safety and the way in which food is produced in terms of impact on the environment, ethical content (fair wages, animal welfare), and the area where production takes place (Brown, Dury, & Holdsworth, 2009; Dowd & Burke, 2013; Kirwan, 2006; Lusk, Nilsson, & Foster, 2007; Moser, Raffaelli, & Thilmany-McFadden, 2011; Pascucci, Cicatiello, Franco, Panico, & Marino, 2011). As for the latter, a growing subset of consumers is in search of alternative sources of food produced close to their place of residence (Bougherara, Grolleau, & Mzoughi, 2009; Cembalo, Migliore, & Schifani, 2012, 2013; Cicia, Cembalo, & Del Giudice, 2011; Graziano & Forno, 2012; Migliore, Schifani, Dara Guccione, &

\* Corresponding author. Address: Agricultural Economics and Policy Group, via Università 96, 80055 Portici (NA), Italy. Tel.: +39 081 2539065; fax: +39 081 7755143.

E-mail address: [cembalo@unina.it](mailto:cembalo@unina.it) (L. Cembalo).

Cembalo, 2013; Nie & Zepeda, 2011). The spread in recent years of new forms of food distribution organisation, termed short supply chains (SSCs), could be linked to the increasingly important role played by credence goods in consumer preference formation. Indeed, the growing popularity of SSCs is to be attributed to a distributive model that allows consumers to support local agriculture and, at the same time, add fresh foods to their diet (MacMillan Uribe, Whinam, & Wharton, 2012; Migliore, Cembalo, Caracciolo, & Schifani, 2012).

In SSCs, however, credence goods are not clearly identifiable through a certification system, but are recognised as “a range of socially constructed food quality criteria” (Marsden, 1998: p.110). These criteria, which originate from face-to-face communication between farmers and consumers, are related to supporting local rural communities, trust in farmers and environmental conservation. As emphasised in the literature on SSCs, such criteria underline the process of food quality evaluation (Goodman, 2003; Ilbery & Kneafsey, 2000).

To develop a more inclusive view of how socially constructed criteria are coordinated in processes of food quality assessment by the consumer, convention theory (CT) has been used (Kirwan, 2006; Nygård & Storstad, 1998; Wilkinson, 1997). Convention theory introduces sociological considerations into economic analysis (Boltanski & Thevenot, 1999). It contributes to the development of neo-classical economic theory language, allowing it to describe behaviour (Rallet & Motlow, 1995). In this framework individual behaviour is not only based on rational decisions but also depending on societal pressure as a factor.<sup>1</sup>

In accordance with convention theory, quality is identified, in a social context and informally, as one of the spheres in which economic activity is regulated by procedures which go beyond regulation by price (Sylvander, 1995). In contrast with neo-classical theory in which the price mechanism incorporates all the information inherent in a product (Wilkinson, 1997), convention theory describes quality as a concept underlying the analysis of economic life. In other words, through CT quality is identified as an endogenous social construct which contributes to coordinating economic activity. More precisely, CT allows quality to be recognised in two ways: the introduction of formal rules for quality (such as through certification), or through informal rules that contribute to the acknowledgement of forms of local ties among actors that allow them to communicate and negotiate (Renard, 2003). In reality, these two instruments often combine and overlap (Murdoch & Miele, 1999; Renard, 1999; Sylvander, 1995).

Through convention theory it is possible to classify some credence characteristics of food within specific conventions of quality. Choices about eating and drinking are complex behaviours, influenced by situational factors that affect perception (Köster, 2003, 2009). Köster claimed that “the same person will appreciate the same food very differently in different situations” (Köster, 2009: 79). Following this line of reasoning, the situational factors embedded by SSCs could also be explained through conventions of quality. To the best of our knowledge, no empirical studies have been conducted which have measured the effect of conventions of quality on purchase choices. Instead, knowledge of the effects of conventions on SSCs may provide insights into the definition of food quality. The aim of our study was to measure the effects of conventions of quality in the context of SSCs. One type of SSC, farmers’ markets specialising in the sale of organic products, was the focus of our empirical strategy. Our decision to survey organic farmers’

markets arises from our need to measure the effect of two credence characteristics, namely organic certification and distribution organisation. In particular, when the purchase choice at SSCs involves products environmentally certified by a third party, it is not clear whether, and to what extent, conventions of quality affect this choice. Our hypothesis is that informal social mediations (convention of quality) and their formal counterparts (certifications) are combined in purchase choice. It is worth noting that the study is dedicated to measuring the effects of conventions of quality on consumer choice as part of a wider set of variables affecting consumer’s choice.

Our empirical research started with data collection, directly administering a face-to-face questionnaire to 270 consumers who make their purchases at organic farmers’ markets in Sicily (southern Italy). By applying an ordered logit model we identified the main conventions of quality that govern transactions within farmers’ markets and their effects on the consumer’s choice to purchase a larger proportion of local and organic food. The results of this study suggest some implications in defining food quality, making more accurate strategies possible when supporting the spread of sustainable forms of distribution and consumption of food at the local level.

### Conventions of quality in short supply chains

Convention theory initially arose as an instrument to analyse organisations and factor markets (Salais & Storper, 1992), and was then adapted to contribute to defining agri-food product quality (Kirwan, 2006; Orléan, 1991; Renard, 2003; Wilkinson, 1997). Within market exchanges various conventions can be identified (Boltanski & Thevenot, 1999; Renard, 1999; Wilkinson, 1997), each of which is associated to a set of criteria or social norms. The dominance in economic systems of some conventions of quality over others reproduces the result of social dynamics. Such criteria are, at the same time, ambivalent and socially constructed, i.e. they are the result of a process of interaction between individuals who interpret and coordinate quality during market transactions.

On this basis it is reasonable to suppose that food quality evaluation and any consequent choice, is also carried out within SSCs through informal conventions, such as *civic, domestic and regard* (Kirwan, 2006). The present case study examines an SSC in which products with organic certification are sold. The presence of a convention (*institution convention*) originating from formally recognised institutions is thus only to be expected (Renard, 2005).

As for informal conventions, they take their cue from relations of proximity, trust, local needs, culture and regional traditions. Indeed, various studies associate food quality to particular economic, social and political contexts where quality construction is conveyed by a set of ethical and social criteria which propose a change in meaning connected with food (Ilbery & Kneafsey, 2000; Kirwan, 2006; Murdoch, Marsden, & Banks, 2000; Murdoch & Miele, 1999; Sage, 2003; Schifani & Migliore, 2011).

In *civic convention* participants in the transaction evaluate quality in terms of benefits for society as a whole. Such networks are recognised by consumers as being able to generate ecological benefits, including low food miles and carbon emissions (Curtis, 2003; Morris & Kirwan, 2011; Tregear, 2011), as well as seeking to increase social and economic justice in rural communities (Cranfield, Henson, & Blandon, 2012; Feenstra, 2002; Migliore et al., 2013; Zepeda & Leviten-Reid, 2004). On this point, Winter (2003), according to a critique of a study by Murdoch et al. (2000), adds that the *turn of quality* contributes to exercising, on the part of consumers, a sort of *defensive localism*.

*Domestic convention* is based on arguments that stress the importance of tradition, of locality and personal ties to establish a particular order of values. In SSCs, it has been amply proved that

<sup>1</sup> As pointed out by a referee, CT is not free of criticisms (Rallet & Motlow, 1995). One of the main criticism is that it seems difficult to believe that CT will be able to renew economic analysis without challenging its foundations. However, authors firmly believe that, despite some limitations related to CT, this study provides insights in consumer behaviour.

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