



Credence quality coordination and consumers' willingness-to-pay for certified halal labelled meat



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ABSTRACT

This paper reports on halal credence quality coordination and Muslim consumers' willingness to buy and pay for certified halal labelled meat at the supermarket and the Islamic butcher. Cross-sectional data were collected through a survey with 202 Muslim consumers in Belgium. Findings indicate that more acculturated and female consumers are more in favour of purchasing certified halal labelled meat in a supermarket. Important conditions are that supermarkets can provide a guarantee of separating halal from non-halal meat and of the organisation of adequate verification and control. Results further show that more Muslim consumers are willing to pay a price premium (of 13% on average) for halal labelled meat at the Islamic butcher shop than at the supermarket. The higher the importance attached to a certified halal label and the more distrust in the actual halal meat status, the higher the likelihood that a Muslim consumer is willing to pay a higher price for certified halal labelled meat at the Islamic butcher shop. Gender and generation determine the actual premium Muslim consumers are willing to pay.

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1. Introduction

As a result of major food safety crises and incidents, consumers have become increasingly concerned about food safety, quality, origin and authenticity. This has yielded requests for more transparency in the food chain and reassurance about the wholesomeness of food through information on diverse quality characteristics. The halal (i.e. permitted for Muslim consumers) production method has become more and more demanded on an international and European level (Ahmed, 2008; Bonne & Verbeke, 2008a; Lever & Miele, 2012). As a product characteristic, halal refers to the nature, origin and the processing method of food designated for Muslim consumers. Halal is a typical credence process attribute, thus an invisible and intangible quality characteristic that can hardly be evaluated or ascertained by individual consumers, even upon or after consuming the good. The result is potential quality uncertainty during the pre- and post-purchasing stage. In such cases, consumers have to rely on the sellers' credibility or outside observers' opinions; they have to put their trust in the information source and information received; and that specific quality coordination mechanisms mainly based on personal trust may prevail (Verbeke, 2005).

For Muslim consumers, trust in halal meat relates to the certainty about the process attributes (i.e. the processing and handling of meat

leading to its halal status) and the safety in terms of meat wholesomeness. A lack of institutionalised trust in meat wholesomeness in many European countries, which may have grown again recently owing to frauds or cross-contamination issues, can fuel consumers' quality and safety uncertainty and increase the perceived risk to consume meat that is not in line with actual preferences (Verbeke, 2005). In the case of halal, this would refer to meat that is not halal in reality and therefore prohibited or haram in the case of Muslim consumers (Bonne & Verbeke, 2008a). Additionally, mass media and word-of-mouth communication about frauds in the meat supply chain in general, and concerning meat's credence quality in specific are detrimental for the general trust in meat.

In order to reduce risk perception related to the status of halal meat, immigrant Muslim consumers are buying meat primarily at the Islamic butcher in their neighbourhood of residence (Bonne & Verbeke, 2008b). Such buying behaviour is exemplary for behaviour where product authenticity and trust are mediated through personal interaction (Kjaernes & Dulsrud, 1998). This type of behaviour has also been reported in other studies on meat consumption in Spain (de Carlos, Garcia, de Felipe, Briz, & Morais, 2005) and Greece (Krystallis, Chrysochoidis, & Scholderer, 2007), where purchasing meat from a butcher topped meat purchasing from supermarkets for reasons of personal trust and confidence. A study with Muslim consumers in the United Kingdom (Ahmed, 2008) confirmed that Muslim consumers have low trust in supermarkets compared to local butchers for purchasing halal meat. However, Bergeaud-Blackler (2006) suggests that young Muslim

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consumers are gradually breaking with the shopping habits of their parents and increasingly desire formal certification and reliable labels to inform and reassure them about product quality, just like non-Muslim consumers permitting them to buy meat more conveniently at the supermarket instead of at traditional butcher shops.

A halal meat label could be the outcome of a quality assurance scheme so that it can serve as a reassurance information tool for Muslim meat consumers. The focus of quality assurance schemes has changed over time from management tools to assure food safety into more comprehensive approaches allowing the assurance and safeguarding of process standards, relating for example also to animal welfare and certified production methods (Ten Eyck, Thede, Bode, & Bourquin, 2006). The implementation of such a quality assurance system within the halal meat chain could shift the so-called civic and domestic coordination of quality towards an industrial or market coordination of the halal meat market in non-Muslim societies (Bonne & Verbeke, 2008a). For consumers this could not only mean reassurance of the status of halal meat but also improve convenience during shopping, a major challenge for today's halal markets in regions where fresh halal labelled meat is only rarely sold at mainstream food retail chains. The development and introduction of a formal halal certification strategy for the halal meat chain could ultimately generate consumer price increases for meat (Angulo & Gil, 2007). Therefore, it is relevant to investigate whether Muslim consumers are willing to buy and pay higher prices for additional quality assurance through a label that reduces the perceived risk of eating meat that is not permitted for religious reasons.

The objective of this paper is twofold. First, we discuss the socio-technical construction of halal meat quality and the economic quality coordination mechanisms that provide halal credence quality, in line with Bonne and Verbeke (2008a). Second, we investigate whether and how many Muslim consumers in a non-Muslim society are willing to pay for a label that certifies the halal status of meat. Willingness-to-pay (WTP) is defined as the sum of money representing the difference between consumers' surplus before and after adding or improving a food product attribute, a certified halal label in this case (Rodriguez, Lacaze, & Lupin, 2007). We therefore use a contingent valuation study with Muslim consumers in Belgium as a case study. This study also examines whether, when (under what specific conditions) and why (expected benefits) Belgian Muslim consumers would be willing to buy certified halal labelled meat at the mainstream supermarket compared to traditional Islamic butchers.

2. Halal quality coordination and role of labelling

Halal is a typical example of a socio-culturally constructed quality criterion (Kirwan, 2006), which incorporates not only the physical properties of the product but also the conditions under which it is produced, distributed, and retailed. The socio-technical construction of halal quality is informed by dietary laws, values or religious prescriptions in addition to legislative requirements (for an overview, see van der Spiegel et al., 2012), which act as a means of definition for the desired quality. This socio-technical construction is laid down in a set of principles, standards, and rules to be applied and monitored throughout the production process and the supply chain, such as proposed by Riaz and Chaudry (2004) and detailed by Bonne and Verbeke (2008a) using HACCP as an assurance system for halal quality.

Respecting predefined standards with proper verification from a certification organisation and a label signalling and certifying halal quality, is typified as industrial quality coordination within the economic Conventions Theory (CT) (Eymard-Duvernay, 1989). Conventions are a set of mechanisms and rules involving the content of product specifications, roles of third parties, strategies of product differentiation and labelling (Sauvé, 1998), and are used for defining and recognizing the quality of products and for solving problems related to quality uncertainty (Vannoppen, Van Huylenbroeck, & Verbeke, 2004). Four types of quality conventions and coordination mechanisms were

identified (Sauvé, 1998): industrial, market, civic, and domestic coordination. Industrial coordination is based on respecting standards; compliance with the standards signals quality. In market coordination, supply–demand relations and price act as quality signals. Civic coordination is based on a set of collective principles to which actors adhere. Domestic coordination is based on face-to-face relationships and on personal trust that has been established over previous transactions. Because of the intangible and credence nature of halal, domestic and civic conventions (driven by cultural and ethnical regulations) are likely to dominate depending on the degree of quality uncertainty in the market. The specification and monitoring of industry standards and norms, eventually followed by the establishment of a halal quality label, may shift the regulation of halal quality to a more industrial quality coordination mechanism.

As reported by Bonne and Verbeke (2008a), the dominant halal quality convention builds mainly on civic and domestic logics, especially in developing halal meat markets in non-Muslim societies. Buying at the Islamic butcher is exemplary for behaviour where product authenticity and trust are mediated through personal interaction, with a strong preference for transacting with individuals of known reputation. Trust is strongly based on the fact that the butcher is a Muslim who is considered to be responsible for his acts toward God. In this sense, meat sold by a Muslim is to be trusted even when information about the halal status is not directly available (Benkheira, 2002: 78). Whereas Islamic butchers are almost completely trusted, supermarkets are perceived with more vigilance since Muslim consumers lack information on the supply chain and cannot be reassured that no fraud or cross-contamination has occurred (Bonne & Verbeke, 2008b; van der Spiegel et al., 2012). Therefore, a major part of the quality convention is also related to the civic logic where the coordination of quality is based on a set of collective – in this particular case, religiously inspired – principles to which the actors adhere. The halal credence quality is linked to a common good or aim that the actors share and attempt to realize and for which they are prepared to reduce their own interests (e.g., convenience in purchasing). For example, Lever and Miele (2012: 532) describe how community commitment through donating part of the profits to a charity contributed to building consumer trust about the halal status of meat sold by a company in France.

Meeting consumers' need for information and quality reassurance has frequently been stressed as a determinant of today's meat consumption with trust being the key issue (Van Wezemael et al., 2012). Consumer demand for safe and wholesome food in general and meat in particular is the driving force for the introduction of information systems such as branding, traceability and quality assurance schemes (Gellynck, Verbeke, & Vermeire, 2006). The basic aim behind these strategies is to reduce consumer quality uncertainty and eliminate possible negative attitudes in terms of various credence characteristics of meat (Fearne, Hornibrook, & Dedman, 2001). Reliable quality assurance schemes can turn a credence attribute into a search attribute that consumers can evaluate prior to purchase by reading the label and using related information such as leaflets, brochures or websites. The central goal of labelling programmes is thus to provide consumers with information they may use in making purchasing decisions and to protect consumers by assuring the truthfulness of information applying either to a final product attribute, a process attribute or a combination of both (Caswell, 2006). Nevertheless, food labelling programmes can entail significant costs to industry and society (Roe & Teisl, 2007) leading to consumer price increases (Angulo & Gil, 2007). Although consumer interest in meat labelling information cues in general cannot be taken for granted (Verbeke & Ward, 2006; Verbeke & Roosen, 2009), yet several studies have shown that certain market segments are willing to pay more for food products carrying a label that identifies specific credence attributes (e.g. Van Loo, Caputo, Nayga, Meullenet, & Ricke, 2011; Hu, Batte, Woods, & Ernst, 2012; Kehlbacher, Bennett, & Balcombe, 2012).

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