



The Effects of Voluntary Versus Mandatory Menu Calorie Labeling On Consumers' Retailer-Related Responses

Christopher Berry^{a,*}, Scot Burton^b, Elizabeth Howlett^c

^a Department of Marketing, College of Business, Colorado State University, Fort Collins, CO 80523, United States

^b Department of Marketing, Sam M. Walton College of Business, University of Arkansas, Fayetteville, AR 72701, United States

^c Department of Marketing & International Business, Carson College of Business, Washington State University, Pullman, WA 99164, United States

Abstract

Restaurants with 20 or more locations will soon be required to disclose calorie information on menus and menu boards. Retailers not included in this mandate can choose to voluntarily provide calorie information. To better understand the implications of this major policy change for food retailers, this research examines how consumers' retailer-related responses are affected by menu calorie labeling. A framework based on the attribution theory and the health halo literatures is developed, and three primary studies, including a field experiment, are used to test the proposed direct, moderating, and mediating effects derived from this conceptualization. Findings across the studies show that menu calorie labeling has a positive direct effect on perceptions of the restaurant's concern for customers' well-being and positive indirect effects on attitudes toward the restaurant and patronage intentions. However, these direct and indirect effects are attenuated when the restaurant is perceived to be more (vs. less) healthful and when menu calorie labeling is mandatory (vs. voluntary). The implications of these findings for retail and restaurant management are discussed.

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Introduction

Two-thirds of adults are either overweight or obese, and this has created a public health crisis in the United States (CDC 2017). Consequently, there is currently substantial interest in marketers' communication of nutrition information to consumers. While the disclosure of calorie and nutrient information on packaged food products has been required for over 20 years, retailers who offer food prepared for immediate consumption have been exempt from this requirement (Food and Drug Administration (FDA) 1993). This was a big omission from this important legislation because sales of away-from-home foods account for over half of the \$1.59 trillion that Americans spend on food each year (ERS, 2017) and a third of consumers' total calorie consumption comes from these foods (Lin, Guthrie, and Frazão 1999). In addition, research has found that meals pre-

pared outside the home are typically higher in calories than meals prepared at home (Guthrie, Lin, and Frazão 2002; Nestle 2003; Todd, Mancino, and Lin 2010). Consumers are often unaware of this fact which means that they may frequently underestimate the calorie content of their away-from-home meals (e.g., Burton et al. 2006; Wansink and Chandon 2006). The large expenditures on food prepared outside the home (i.e., \$800 billion in 2015; ERS, 2017), coupled with the high calorie content of those meals (Variyam 2005), has focused attention on the potential role restaurants can play in the fight against obesity (Downs et al. 2013).

More specifically, chain restaurants and other retail food establishments (e.g., convenience stores, grocery store delis, and coffee shops) with 20 or more locations will be required by the Patient Protection and Affordable Care Act (ACA) of 2010 to provide calorie information on menus and menu boards by May of 2018 (FDA 2014, 2016, 2017). This requirement will affect an estimated 278,000 retailers at an initial cost of \$315 million; ongoing annual costs are expected to be about \$44 million (FDA 2014). Small retailers and chains not covered by this leg-

* Corresponding author.

E-mail addresses: chris.berry@colostate.edu (C. Berry), sburton@walton.uark.edu (S. Burton), betsy.howlett@wsu.edu (E. Howlett).

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isolation may elect to voluntarily disclose calorie information on their menus and menu boards by registering with the FDA (FDA 2014). Not surprisingly, this mandate initially faced heavy industry opposition from some large chains. Not only did retailers argue that mandatory calorie labeling was too expensive to implement, many chains feared that they would lose business once the high calorie levels of their food became public knowledge (Goldman 2015; Roberto, Schwartz, and Brownell 2009; Rudd Center for Food Policy and Obesity 2008; VanEpps et al. 2016c). In contrast, proponents of mandatory calorie labeling argue that consumers have the right to know the calorie content of the food they consume so they can make more informed, potentially more healthful, food choices (Bassett et al. 2008; Burton et al. 2006; Pomeranz and Brownell 2008; Long et al. 2015; Wansink and Chandon 2006).

Given that many restaurants are now disclosing calories on menus and menu boards and others will soon be required to do so, the primary purpose of this research is to understand the impact of menu calorie labeling on consumers' retailer-related responses (e.g., patronage intentions). Many consumers are concerned about their health and diet (IFIC 2012; Trivedi 2011). For example, national public opinion polls show that approximately 83% of adult Americans favor menu calorie labeling (Rudd Center for Food Policy and Obesity 2008), a fact that has significant potential strategic implications for restaurants and other food retail establishments (Nielsen 2015). Therefore, in this research, we adopt a retail-focused perspective and draw from the discounting principles of attribution theory to examine the consequences of menu calorie labeling. Since calorie labeling is important to many consumers, it may be a beneficial strategic decision for retailers to disclose calorie information even if this action is not required. That is, consumers' perceptions of a retailer and their retail patronage intentions may benefit from favorable attributions that result from the voluntary provision of calorie information. However, the potential consequences of menu calorie labeling are also expected to be influenced by the restaurant's position in the market. More specifically, we posit that consumers' responses to calorie labeling may differ depending on the perceived healthfulness of the restaurant. Thus, to expand our understanding of these issues and to provide marketers in the restaurant industry with much-needed insights into the effects of menu calorie labeling, we draw from attribution theory to develop a conceptual framework and construct specific hypotheses concerning the direct, moderating, and mediating effects. Four studies, including a pilot study, two main experiments, and a restaurant field experiment, test these hypotheses and provide support for our conceptual framework. Finally, the retail implications associated with the findings of this research are discussed.

Conceptual Framework and Hypotheses

While calorie labeling on menus and menu boards is mandated for restaurants and other retail food establishments with more than 20 outlets, disclosure of this information is optional for retailers with fewer than 20 outlets (FDA 2014). Therefore, both restaurants who *must* disclose calorie levels on menus and

menu boards and restaurants who *choose* to do so voluntarily need to understand how consumers' perceptions and evaluations of retailers are influenced by the availability of this information. Many consumers report that they are highly concerned about their health and diet (IFIC 2012; Nielsen 2015; Trivedi 2011) and thus favor the disclosure of calorie and nutrient content information (Lando and Labiner-Wolfe 2007; Rudd Center for Food Policy and Obesity 2008). Therefore, consumers are likely to appreciate the voluntary provision of calorie information, especially in a complex choice environment (Newman, Howlett, and Burton 2014). In other words, we suggest that restaurants may benefit from the voluntary disclosure of this information.

Attribution theory offers a framework for understanding the potentially favorable effects of calorie disclosure on menus and menu boards (Folkes 1988; Jones and Davis 1965; Kelley 1967). Consumers make inferences about a retailer's decision motives via attributional processing (Friestad and Wright 1994). These specific attributions, in turn, may affect perceptions and evaluations of the retailer (Cheema and Patrick 2008; Ellen, Mohr, and Webb 2000; Forehand and Grier 2003; Newman, Howlett, and Burton 2014; Puccinelli et al. 2009). Drawing from attribution theory, prior research shows that consumers reward retailers that put forth extra effort, such as neatly organizing product displays, by increasing their evaluations and choice of these retailers (Morales 2005). In terms of the effort exerted to provide consumers with nutrition information, research on the front-of-package nutrition labeling of consumer packaged goods and point-of-purchase nutrition signage suggests that the voluntary provision of nutrition information has a positive influence on retailer-related outcomes (Achabal et al. 1987).

Drawing from the principles of attribution theory (Folkes 1988; Jones and Davis 1965; Kelley 1967), we posit that consumers will make favorable attributions about the retailer when calorie information is disclosed. Specifically, given the link between calorie consumption and consumer health, coupled with concerns related to increases in obesity, consumers are likely to believe that a restaurant is more concerned about the needs, wants, and well-being of its customers when calorie information is disclosed. In turn, the favorable effects calorie labeling has on consumers' perceptions of the restaurant's concern for its customers' well-being should positively extend to other retailer-related outcomes, such as attitudes toward the retailer and retail patronage (Achabal et al. 1987; Newman, Howlett, and Burton 2014; Pan and Zinkhan 2006). That is, we also suggest that there will be a positive mediation effect of calorie labeling on consumers' attitudes toward the restaurant and patronage intentions through perceived restaurant concern (cf. Andrews, Burton, and Kees 2011; Newman, Howlett, and Burton 2014). A conceptual model of these proposed relationships is shown in Fig. 1.

Furthermore, attribution theory suggests that people search for causes of specific events or actions (Heider 1958; Kelley 1967; Puccinelli et al. 2009). According to the discounting principle of attribution theory, the positive effects of a retailer's actions are substantially reduced when that behavior can be attributed to another actor or cause rather than the retailer itself (Folkes 1988; Kelley 1973). For example, consumers may believe that a retailer's benevolent behavior (e.g., charitable giv-

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