



Consumers' evaluation of imported organic food products: The role of geographical distance

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ABSTRACT

Country-of-origin (COO) effects and consumer evaluation of organic food products are rarely studied in combination. The aim of this study was therefore to investigate organic consumers' preferences for imported organic food products from different origins and the underlying reasons for these preferences, including how consumers' COO preferences depend on the geographical distance to the COO. We employed a multi-method, qualitative approach consisting of in-store interviews (N = 255) and focus groups (six, N = 38) with organic consumers in three German cities located in the north (Hamburg, close to Denmark), west (Münster, close to The Netherlands) and south (Munich, close to Austria). The interviews confirmed the well-known preference for domestic (also for) organic products. It also revealed a preference for geographically close countries as origin for imported organic products. The main reason for this preference is the perceived negative environmental impact of transportation, followed by trust in the country and general country image. Implications for exporters of organic food products are discussed, underlining the importance of building trust and supporting a positive country image, especially in geographically close export markets.

1. Introduction

The global organic food market has grown rapidly over the last decade (Sahota, 2018), passing EUR 80 billion in 2016 (Willer & Lernoud, 2018). Germany is the world's second largest market for organic products and the largest in Europe, amounting to EUR 9.5 billion in 2016, about 30 percent of total European organic retail sales (Willer & Lernoud, 2018). Despite the organic agricultural area being expanded and an increase in the number of organic producers (BÖLW, 2017), the demand for organic food has grown substantially faster than domestic production and supply, in Germany as in many other countries. This supply deficit has led to high import shares for many organic food products (Willer & Lernoud, 2018).

Hence, consumers in Germany (as in many other countries) have access to a variety of organic food products from different countries, both close by and farther away. Presumably, they evaluate product quality and develop preferences not only based on the organic labelling, but also based on other quality cues, including country of origin (COO) (Newman, Turri, Howlett, & Stokes, 2014; Thøgersen, Pedersen, & Aschemann-Witzel, 2018). Consumers' associations to a country, and the inferences generated by a COO label, are shaped through experience with the country and through media and other sources of information about the nature of its people, locations, products and services and

other things that the country is known for (e.g., Ahmed & d'Astous, 2008; Iyer & Kalita, 1997; Verlegh & Steenkamp, 1999).

Most studies of COO effects focus on consumer preferences for domestic versus imported, also regarding organic foods. Consistent with the existence of a general “domestic country bias” (Balabanis & Diamantopoulos, 2004), studies in a variety of national contexts, focusing on different products, have found that consumers prefer domestic to imported organic products (Dransfield et al., 2005; Schjøll, 2017; Xie, Gao, Swisher, & Zhao, 2016). However, some studies in developing and middle-income countries found that consumers prefer at least some foreign origins to domestic – usually an economically more developed country (e.g., Australian beef in China, cf. Ortega, Hong, Wang, & Wu, 2016).

Research on consumer origin preferences when choosing between imported organic products from different countries is scarce. Onozaka and Mcfadden (2011) and Xie et al. (2016) found that US consumers prefer organic tomatoes, respectively broccoli from Canada to Mexico, and broccoli from Mexico to China (Xie et al., 2016). Schjøll (2017) found that Norwegian consumers prefer minced veal from Denmark to Poland and Ortega et al. (2016) that consumers in Beijing, China, prefer beef from Australia to US.

None of these actually investigated the reasons for consumers' preferences regarding foreign origin. However, many inferred, or

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speculated, what the main causes of consumer preferences might be. For example, Schjøll (2017) suggested familiarity, geographical proximity and cultural similarity. Others have inferred that COO effects are influenced by geographical and socio-cultural distance (e.g., Lazzarini, Visschers, & Siegrist, 2017), and that geographical distance is important because it influences consumer familiarity with a foreign country and its products (Ahmed & d'Astous, 2008). However, none of these presented empirical evidence as to why consumers value some foreign origins of organic foods more than others. Instead, conclusions on this issue is limited to inferences and speculation based on a small selection of countries. Since any selection of countries differ on a host of characteristics, this method does not allow one to isolate the effect of one of these, such as geographical distance.

Further evidence suggesting that geographical distance matters comes from research on consumer preferences for local food (Feldmann & Hamm, 2015; Grebitus, Lusk, & Nayga, 2013), compared to both domestic and imported products (Hempel & Hamm, 2016a, 2016b). For example, Hempel and Hamm (2016b) found that German consumers prefer local (radius of 50 km) conventional food to organic food from outside their local region (domestic, from a neighbouring country, or from a non-EU country). However, in this stream of research it is not possible to disentangle distance from other factors that might be involved in preferences for local, such as sensory appeal and price (Hasselbach & Roosen, 2015) or support of the local economy (Grebitus et al., 2013).

Research on both consumer preferences for organic and COO are thriving (Aschemann-Witzel & Zielke, 2017; Hemmerling, Hamm, & Spiller, 2015; Newman et al., 2014), but research on their combined effect is scarce (Thøgersen, Pedersen, Paternoga, Schwendel, & Aschemann-Witzel, 2017). The COO serves as a cue to product quality for consumers (Verlegh & Steenkamp, 1999), but its impact on consumer evaluation and choice tends to be attenuated if there are other quality cues available as well (Newman et al., 2014). It has been argued that this reflects a decreasing marginal effect of additional, consistent cues to quality (Thøgersen et al., 2018). Consumers also use organic labels as a cue to product quality (e.g., Hemmerling et al., 2013; Loebnitz & Aschemann-Witzel, 2016; Marian & Thøgersen, 2013), which suggests that consumers should be less sensitive to the COO when choosing between organic and conventional food products (e.g., Lazzarini et al., 2017; Schjøll, 2017).

However, there is also research suggesting that the COO might be more important to consumers when choosing between organic and conventional food (e.g., Nuttavuthisit & Thøgersen, 2017). Organic is a credence characteristic, and organic food production is generally perceived as more environmentally friendly than conventional (e.g., Lazzarini et al., 2017; Tobler, Visschers, & Siegrist, 2011). These characteristics are likely to increase both consumer uncertainty and involvement in the choice, which might make them more attentive to other quality cues, including the COO of organic products (Nuttavuthisit & Thøgersen, 2017).

A few studies assessed the joint effect of COO and organic labelling by means of choice experiments. A significant, positive interaction between various foreign country labels and organic labelling was found in USA for broccoli (Xie et al., 2016), apples and tomatoes (Onozaka & Mcfadden, 2011) and in Norway for minced veal (Schjøll, 2017). However, a negative interaction was found between Australian origin and organic labelling in Beijing, China, for beef (Ortega et al., 2016). Finally, a study using samples from three European and two Asian countries found both positive and negative interactions between organic labelling and foreign origin for milk and pork chops (Thøgersen et al., 2018). The different signs of these interactions seem to be linked to consumers' evaluation of the foreign origin. Specifically, it seems that an organic label reduces the positive effect of a preferred COO and the negative effect of an undesirable COO.

Research on consumers' evaluation of foreign countries often use the term "country image" (Josiassen, Lukas, Whitwell, & Assaf, 2013; Roth

& Diamantopoulos, 2009). Much research on country image in the food area discusses specific country-product matches (like Columbian coffee) (Kotler & Gertner, 2002). Another large stream of research discusses the level of economic development as a general image factor (Manrai, Lascu, & Manrai, 1998; Verlegh & Steenkamp, 1999). This stream also includes research on organic food products. A key finding in this research, not limited to (organic) food (e.g., Verlegh & Steenkamp, 1999), is that consumers generally prefer products from an economically more developed country to products from a less developed country (Nuttavuthisit & Thøgersen, 2018; Onozaka & Mcfadden, 2011; Thøgersen et al., 2018). However, this research is obviously mute about how and why consumer preferences differ between countries at the same level of economic development, which accounts for a large share of international trade in organic food.¹

In sum, it seems that geographical distance matters as reflected, for example, in locally produced food being preferred to food produced farther away and products from neighbouring countries being preferred to products from more distant countries. However, there is a lack of direct (as opposed to indirect or inferential) evidence on the importance of geographical distance and why geographical distance matters to consumers. This lack of evidence is not limited to organic food but is general. Prior research has discussed this issue primarily based on inferences from quantitative studies, typically using choice experiments or other conjoint approaches. Hence, there is a lack of research that investigates origin preferences and their underlying reasons in a direct way and in more detail.

On this background, it is the objective of this study to investigate if and why consumers prefer imported organic food products from some countries compared to others, in particular countries at the same level of economic development, and which role geographical distance plays in this connection. By doing so, this study fills a gap in current knowledge about consumer preferences for organic food and COO in general, and in particular regarding the role of geographical distance in this connection.

To reduce the risk of demand effects and response biases, we approach this topic by means of two different open interview formats, using qualitative, individual and group interviews in different geographical locations. We collect information about consumer attention towards the origin of organic food products and about their preferences for imported organic food products from different origins, and reasons for these preferences, in the actual buying situation as well as in a situation that is similar to everyday conversations with acquaintances. Specifically, we aim to answer the following research questions:

- (1) Which role does the COO play for organic food consumers when evaluating organic food products, and if any, why?
- (2) Do organic consumers prefer certain CsOO for imported organic food products over others, and if so, why?
- (2a) More specifically, do preferences for certain CsOO for imported organic food products depend on the geographical distance to the COO, and if so, why?

Germany was chosen as the location for the study because (a) it is the second largest market for organic food in the world, (b) it is surrounded by countries that are similar in cultural and economic characteristics and are major exporters of organic food products to Germany, and (c) it is large enough to offer locations with a

¹ Take Denmark as example, due to its unusually detailed national statistics on the matter. Germany is Denmark's most important export market for organic products, accounting for 39 per cent of total organic exports in 2016, followed by Sweden (19 per cent), China (12 per cent) and France (8 per cent) (Danmarks Statistik, 2017). The most important origin countries for imported organic products to Denmark are Germany (22 per cent), the Netherlands (19 per cent) and Italy (16 per cent) (Danmarks Statistik, 2017).

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