

## Research Note

# A COOL Effect: The Direct and Indirect Impact of Country-of-Origin Disclosures on Purchase Intentions for Retail Food Products

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**Abstract**

Retailers recently became required to provide specific country-of-origin information for muscle cuts of beef, chicken, pork, lamb, and goat. Drawing from the consumer inference and activation theory literatures, hypotheses are offered regarding how consumers use country-of-origin labeling (COOL) to draw inferences related to specific product attributes and how these inferences, in turn, lead to differences in mediation effects for purchase intentions. Results from a pilot study and two experiments reveal that consumers are more likely to purchase meat when it is identified as a U.S. product. Furthermore, the relative strength of the mediating effects of perceived food safety, taste, and freshness differs as expected. The authors show how the direct and indirect effects of the country-of-origin disclosure are attenuated by the presentation of objective information about the meat processing systems of competing countries. Given the recently mandated COOL disclosures, results have important implications for food retailers, members of the supply chain, and consumers.

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**Keywords:** Retail product information disclosures; Retail consumer decision-making; Mandatory country-of-origin labeling; Food safety; COOL effects

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**Introduction**

Recent legislative changes now require U.S. retailers to provide country-of-origin labeling (COOL) for most meat and poultry products. The mandated label must identify the country in which the animal was born, raised, and slaughtered. The goal of this new rule is “to provide customers with information upon which they can make informed shopping choices” (*Federal Register* 2013, p. 31376) when making purchase decisions at the retail point-of-purchase. Given the substantial amount of meat and poultry consumed by U.S. consumers, this ruling has important implications for both retailers and their supply chains. The average American consumed approximately 202 pounds of meat in 2014 (*National Chicken Council* 2015). Much of this food was imported (*U.S. Department of Agriculture (USDA)* 2014); in 2013, 2.25 billion pounds of beef and 124 million pounds of chicken were from farms and ranches outside the U.S., including

Mexico, Canada, and Australia. The implementation of the new COOL labeling requirements is a costly undertaking for retailers and wholesalers. It is estimated that the implementation of these labeling requirements will cost \$123.3 million (*Federal Register* 2013). This estimate includes the combined costs of labeling changes for retailers and the elimination of the existing commingling flexibility among processors. These costs will be shared by an estimated 33,350 retail and processing establishments owned by 7,181 firms (*Federal Register* 2013).

Although the aim of this new COOL requirement is to help retail customers make more informed purchases, the potential benefits to consumers are unclear. On one hand, some research suggests that consumers do not value U.S. labeled meat products more than products labeled as products of North America (*Federal Register* 2013; Tonsor et al. 2013). In fact, evidence within the broader COOL literature suggests that the impact of country-of-origin on consumers’ attitudes and behaviors is diminishing (Ganesan et al. 2009). Other findings suggest that typical U.S. consumers are unaware of these labeling requirements and generally ignore COOL on meat products (Tonsor et al. 2013). On the other hand, some studies have found that COOL on meat and poultry products can potentially influence consumer attitudes (Gaedeke 1973; Mennecke et al. 2007;

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Newman et al. 2014) and willingness-to-pay (Loureiro and Umberger 2003; Umberger et al. 2002, 2003). Thus, results of prior research on the effects of COOL are mixed.

Given the high cost of compliance for retailers and questions regarding the consumer benefits associated with this new labeling requirement, the purpose of this research is to better understand how COOL impacts consumers' purchase intentions through three proposed mechanisms (i.e., food safety, taste, and freshness). Using the consumer inference and activation theory literatures as our theoretical foundation (Andrews, Netemeyer, and Burton 1998; Ross and Creyer 1992), the effects of COOL on products from the U.S. and Mexico are compared. These countries were selected because of: (1) concerns and arguments regarding the potential relative effects of the disclosure, especially among countries in North America (*Federal Register* 2013; Tonsor et al. 2013), (2) the significant amount of meat and poultry from Mexico obtained by retailers (USDA 2014), and (3) the differences in perceptions of food safety from these two countries (see Appendix A available online).

In this research note, we first present results from a pilot study that provides insight to both retailers and processors regarding consumers' perceptions of food safety across ten different countries and five meat and poultry products. Then, in the two main studies, both the potential direct and indirect effects of COOL and the attenuating effect of objective information about the *relative* quality of meat processing practices across different countries are examined. Finally, the implications for retailers, members of the retail supply chain, and consumers are discussed.

## Theory and Hypotheses

### *The Inference Process and Effects on Attribute Perceptions*

When evaluating products in a retail store environment, consumers must often construct product evaluations without complete information. Until recently meat and poultry products did not present nutrition information, like that typically found on most packaged food products, because they were exempt from the requirements to do so. In addition, the packaging of meat and poultry products has typically provided little detailed attribute information because the clear plastic wrap on packaging is designed to show the product, leaving little package space for product promotions or nutrition information. In such restricted information provision environments, consumers seem likely to make attribute-related inferences when country-of-origin information is disclosed. The inference making process concerns construction of meaning and judgments beyond the information explicitly provided about the product (Andrews, Netemeyer, and Burton 1998; Ross and Creyer 1992). That is, inferences pertaining to evaluations of specific 'missing' attributes for the product not directly available from the package are likely to be made based on the available information, including the country-of-origin. While consumers may have limited objective information about conditions in which the animals are raised and processed in countries outside the U.S., we anticipate that consumers' general perceptions of a country lead to inferences about specific

product attributes, including food safety, taste, and freshness.<sup>1</sup> Inferences about these attributes, in turn, should affect retail purchase intentions.

The inference formation conceptual framework is consistent with an activation theory for concepts in memory (Andrews, Netemeyer, and Burton 1998). According to activation theory, memory is a network of interconnected or linked concepts. When a specific concept is activated, the activation is spread through the network of linked concepts (Andrews, Netemeyer, and Burton 1998; Collins and Loftus 1975). We propose that a country-of-origin label activates general perceptions based on the specific country-of-origin which influence product-related inferences. Specifically, inferences related to food safety, taste, and freshness should be relatively positive for some countries and less positive for other countries. These attribute related inferences should, in turn, affect purchase intentions.

Others suggest that COOL is used as a cue in the assessment of food-related attributes (Hoffmann 2000; McCarthy and Henson 2004). Consumers typically tend to trust U.S. health standards more than the health standards of other countries and believe that food safety inspections, regulations, and standards are less rigorous outside the U.S. (Umberger et al. 2003). Similarly, a study of Swedish consumers found that COOL influences consumers' evaluations of food safety, animal welfare, and antibiotic use (Hoffmann 2000). Thus, both the inference and activation theories and previous research suggest that COOL may impact inferred product-related attributes.

As mentioned above, the direct and indirect relationships between COOL of meat products and purchase intentions of U.S. consumers have not been previously examined. Research has shown that households report they are willing to pay more annually for a mandatory COOL program and for meat labeled as "U.S. Certified" compared to an unlabeled control (Loureiro and Umberger 2003). Thus, we propose that COOL will have similar effects on purchase intentions; consumers will have higher purchase intentions for meat labeled "born, raised, and slaughtered in the USA," compared to both Mexico and an unlabeled control. Formally, we predict:

**H1.** The country-of-origin disclosure for meat products affects inferences related to perceived (a) food safety, (b) taste, and (c) freshness. Meat disclosed as born, raised, and slaughtered (BRS) in the U.S. will be perceived as safer, tastier, and fresher than both meat (1) without a label (control) and (2) labeled as BRS in Mexico.

**H2.** The country-of-origin disclosure for meat products affects purchase intentions, such that purchase intentions will be greater

<sup>1</sup> The meat-related attributes of safety, taste, and freshness were initially selected because extant literature suggests that these specific attributes should be considered in studies focusing on COO (as discussed below). However, a pilot study was also performed to support the use of these three focal attributes. In the pilot study participants rated the importance of seven different meat-related attributes (safety, taste, freshness, leanness, cut type, feed type, and tenderness). The results revealed that safety, taste, and freshness were perceived as more important than each of the other attributes ( $p < .001$  for each comparison).

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