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Does Organic Labelling Affect Restaurant Choice? A Study on the Danish Organic Cuisine Label

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***Selected Poster prepared for presentation at the 2022 Agricultural & Applied Economics Association
Annual Meeting, Anaheim, CA; July 31-August 2***

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Does Organic Labelling Affect Restaurant Choice?

A Study on the Danish Organic Cuisine Label

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Objective

Following the growth in the demand for organic food in many Western markets, restaurants are following up by using organic produce in their meal preparation. We conduct a study investigating the role of information on use of organic role produce in consumers' restaurant choice, and the role of a state-certified labelling scheme in this context, using the Danish Organic Cuisine Label (OCL) as an example.



Background

Organic production is a credence characteristic of food and in promoting credence characteristics credible communication is of utmost importance (Fernqvist & Ekelund, 2014). For organic foods aimed at in-home consumption, 3rd party certified labelling schemes have been introduced by governments, supra-national bodies like the EU, and NGOs promoting organic production (Janssen & Hamm, 2014; Wu, Yin, Xu, & Zhu, 2014) and the implementation of effective labelling systems has been shown to be a major factor explaining differences in organic growth in different countries (Thøgersen, 2010). Such labelling systems are typically only aimed at the market for foods to be consumed at home, not at the restaurant business. However, it has been argued that restaurants may gain competitive advantage from adopting organic labels, underlining their beliefs in green practices as consumers adopt more pro-environmental behaviours (Jimenez-Chavez, Connors, & Josiam, 2016; Lu & Gursoy, 2017). This might be particularly relevant for Scandinavian markets, where organic foods have become significantly popular. In Denmark, the relative share of organics of the total food market is more than 10%. On this background, the Danish government, which successfully introduced the state-controlled Ø-label for organic food many years ago, introduced in 2009 the Organic Cuisine Label (OCL) in order to promote the use of organic produce in the food service sector. It is a labelling scheme with three levels – bronze, silver and gold, depending on the share of organic produce used in meal preparation



Methodology

Our study consists of two parts: a preparatory qualitative focus group study and a quantitative survey with a discrete choice experiment. In the discrete choice experiment, respondents were 12 times presented with pairs of hypothetical restaurant descriptions and had to indicate which of them they would choose if they were to eat out. All 24 restaurant descriptions were individually constructed for each respondent by drawing random samples from a factorial universe defined by 13 different attributes that can play a role when choosing a restaurant. One of the attributes was use of organic ingredients, either indicated by one of the three levels of the OCL or by the information that the restaurant was using organic ingredients, but did not have the OCL. The choice experiment forms the basis for the segmentation analysis. In order to validate the segments, we measured intention to eat at a OCL certified restaurant in the future.

Results—focus group study

Our study consists of two parts: a preparatory qualitative focus group study and a quantitative survey with a discrete choice experiment. In the discrete choice experiment, respondents were 12 times presented with pairs of hypothetical restaurant descriptions and had to indicate which of them they would choose if they were to eat out. All 24 restaurant descriptions were individually constructed for each respondent by drawing random samples from a factorial universe defined by 13 different attributes that can play a role when choosing a restaurant. One of the attributes was use of organic ingredients, either indicated by one of the three levels of the OCL or by the information that the restaurant was using organic ingredients, but did not have the OCL. The choice experiment forms the basis for the segmentation analysis. In order to validate the segments, we measured intention to eat at a OCL certified restaurant in the future.

Conclusion and Implication

The results of our focus group study suggested that the use of organic ingredients is not a major consideration in the choice of restaurants. The results of the survey study confirm this in the sense that, for the whole sample, the impact of the OCL and of the use of organic ingredients on restaurant choice was minor. However, we also find that there was a small segment, 10% of the respondents, where the organic attribute was really important for their choice. For the remaining 90%, the OCL played a small, but still significant role.

This result has to be seen in the light of the fact that a restaurant is a service, the quality of which is by definition unknown until the service has been delivered. Restaurant descriptions of the type we used as stimuli in the choice experiment can therefore be viewed as cheap talk, advertising-type messages promising something that cannot be verified before actually visiting the restaurant. The cue utilization framework of quality perception suggests that consumers in such a situation use cues as indicators for the uncertain quality. Certified labels can have such a cue function, as the external certification gives them more credibility than non-committal advertising language. Research on the demand for organic food for home use suggests that the organic label indeed is used as a cue by which consumers infer expectations on the overall quality of the product. For this reason, one could expect that the OCL has impact in the choice experiment, even though the organic attribute was regarded as a minor part of the overall restaurant experience in the focus group study.



Results—choice experiment

Attributes	Whole sample	Price conscious	Quality conscious	Interested in organics
Segment size		58%	32%	10%
Origin of ingredients	6%	5%	15%	4%
Local ingredients	0.11	0.11	0.11	0.11
Fresh ingredients	-0.00	-0.00	-0.00	-0.00
Fresh and local ingredients	0.16	0.16	0.16	0.16
No info on origin of ingredients	-0.27	-0.27	-0.27	-0.27
Preparation	7%	4%	13%	3%
Prepared from scratch	0.18	0.18	0.18	0.18
No info on preparation	-0.18	-0.18	-0.18	-0.18
Taste	6%	5%	7%	2%
Especially good taste experience	0.18	0.24	0.10	0.08
No information on taste experience	-0.18	-0.24	-0.10	-0.08
Novelty	3%	2%	5%	1%
Offers dishes that are new	0.07	0.07	0.07	0.07
No info on novelty	-0.07	-0.07	-0.07	-0.07
Health	4%	3%	9%	2%
Offers healthy dishes	0.12	0.12	0.12	0.12
No information on health	-0.12	-0.12	-0.12	-0.12
Service	3%	2%	6%	2%
Accommodating	0.03	0.03	0.03	0.03
Fast	0.02	0.02	0.02	0.02
Fast and accommodating	0.07	0.07	0.07	0.07
No info on service	-0.12	-0.12	-0.12	-0.12
Competence	1%	1%	2%	2%
Competent	0.03	0.03	0.03	0.03
No info on competence	-0.03	-0.03	-0.03	-0.03
Space	5%	4%	7%	5%
Ample space	0.18	0.22	0.10	0.29
No info on space	-0.18	-0.22	-0.10	-0.29
Lighting	4%	4%	3%	4%
Warm and agreeable	0.14	0.19	0.03	0.19
No info on lighting	-0.14	-0.19	-0.03	-0.19
Acoustics	3%	3%	3%	5%
Good for conversation	0.11	0.13	0.04	0.25
No info on acoustics	-0.11	-0.13	-0.04	-0.25
Price level	35%	50%	11%	11%
< 200 kr.	1.35	2.26	0.06	0.43
200-400 kr.	0.28	0.35	0.13	0.35
> 400 kr.	-1.63	-2.61	-0.19	-0.78
Organics and OCL	16%	11%	8%	52%
OCL gold	0.60	0.50	0.08	2.74
OCL silver	0.39	0.34	0.06	1.65
OCL bronze	0.15	0.16	0.04	0.41
No info on organics	-0.71	-0.61	-0.15	-2.99
Uses organics but is not OCL certified	-0.43	-0.39	-0.03	-1.81
Food safety certification (smiley)	9%	7%	12%	8%
Top	0.30	0.35	0.19	0.37
Good	0.02	0.02	-0.01	0.14
Adequate	-0.32	-0.37	-0.18	-0.51