

## **Consumer evaluation of imported organic food products in emerging economies in Asia**

### **Introduction**

Consumers in emerging economies such as China and Thailand are starting to demand organic food products – for food safety and other reasons (Ortega, Wang, Wu, & Hong, 2015; Roitner-Schobesberger, Darnhofer, Somsook, & Vogl, 2008; C. L. Wang, Li, Barnes, & Ahn, 2012; O. Wang, De Steur, Gellynck, & Verbeke, 2015). However, since the domestic organic market is still not well-established in these countries, import is often needed to satisfy consumer demand. Hence, there is a huge potential for export of organic food products to these markets from countries that produces a surplus of organic products.

It is well-known that consumers are more willing to buy products originating from some countries than others and that they perceive some favourite brand-country combinations in every product category (Pappu, Quester, & Cooksey, 2006, 2007). A country-of-origin-effect strong enough to drive purchasing decisions appears when a country's image is favourable and there is a good product-country match (S. A. Ahmed, d'Astous, & Petersen, 2011; Herz & Diamantopoulos, 2013; Roth & Romeo, 1992).

Country of origin (COO) has consistently been found among the extrinsic cues consumers use in product evaluations, along with, e.g., price and brand name (Dekhili & Achabou, 2014; Essoussi & Zahaf, 2009; Liu & Johnson, 2005; Mauracher, Tempesta, & Vecchiato, 2013), shaping consumers' perceptions, preferences and purchase behaviour (Newman, Turri, Howlett, & Stokes, 2014). Further qualifying our knowledge of COO effects, a wide range of contingencies and moderators has been identified (Pharr, 2005; Verlegh & Steenkamp, 1999) – also for food products (Z. U. Ahmed et al., 2004; Chrysochoidis, Krystallis, & Perreas, 2007; Hoffmann, 2000; Mauracher et al., 2013).

Although there are many studies of consumer preferences for COO on the one hand and organic food on the other, research on COO effects in the context of organic food is scarce (Thøgersen, Pedersen, Paternoga, Schwendel, & Aschemann-Witzel, 2017). More specifically, there is a lack of research on how consumers in emerging markets evaluate imported organic food products. A few studies have focused on understanding and comparing preferences for domestic versus imported organic foods (Dransfield et al., 2005; Schjøll, 2016; Xie, 2015). These studies confirm that a domestic country bias is also – maybe even especially – evident in the case of organic food products. However, one study find that consumers in developing countries sometimes prefer imported to domestic products (Sirieix, Kledal, & Sulitang, 2011), including for organic food products (Ortega, Hong, Wang, & Wu, 2016). Part of the reason might be that they trust the food (including organic food) control in some foreign

countries more than in their home country (Nuttavuthisit & Thøgersen, 2017). However, the published research investigating consumer preferences for (i.e., evaluation and choices of) imported organic products from different countries is extremely scarce.

Contributing to filling this gap, this study explores the combined effect of organic certification and COO on consumer preferences for organic food products in Thailand and China. These two countries are comparable in terms of geography and economic development, and the consumer demand for organic products is comparable as well and evolving in both of the two countries. In sum, the aim of this paper is to obtain a better understanding of consumers' preferences for imported organic food products in general and specifically in these two different emerging economies in Asia.

## **Method**

Data were collected in big cities of Thailand (Bangkok, 8.2 mill. residents) and China (Guangzhou, 17 mill. residents) since both the supply and demand of imported organic products was assumed to be higher in big cities. The study focused on organic vegetables (carrots), meat (pork), and dairy products in order to capture potential differences between product types. Two types of data collections were conducted; in-store interviews and focus groups. There were several reasons for this multi-method approach: It allowed access to different types of consumers (such as those volunteering for a focus group and those who agree to a short in-store interview) and in different situations. The in-store interviews were carried out in the natural setting of food choice, which is the ideal setting for uncovering the choice characteristics that are salient to consumers in the actual choice situation and the cues they use to assess these characteristics. A focus group interview is ideal for uncovering the reasons and reasoning consumers use to explain and justify their choices, in hindsight, in conversations with peers. The study design also allowed within-method data triangulation, because data were collected from a number of places (different stores and two focus groups in each country) and at various times (different days and time of day). Also, several in-store interviewers were used in order to balance the possible influence of an interviewer on informants. This triangulation enhanced the validity of the findings and reduced inherent method biases.

### *In-store interviews*

Data collection took place in 15 different grocery stores in Guangzhou and 16 different stores in Bangkok. The stores were a mix of supermarkets and larger specialty stores with a bigger supply of organic products. A total of 139 face-to-face in-store interviews were conducted with organic consumers in China (70 in March 2016 and 69 in March 2017). In Thailand, 81 in-store interviews

were conducted in August 2016. The interviews lasted approximately 5 minutes each and were conducted inside the grocery store next to either the meat cooler or dairy shelves or in the fruit and vegetables section. The interviews were conducted by MBA-students from local universities, who were thoroughly instructed by the authors. They followed a structured interview guide developed to obtain reliable answers and allow comparison between participants and to elicit consumer knowledge of and associations to COO and organic products and the importance, preferences and reasons for buying organic products. By intercepting consumers in the shopping situation, the conditions are optimal for uncovering what is top-of-mind in the buying situation. At the beginning of the interview, the interviewer introduced him- or herself and briefly explained that the answers were needed for a research project. The actual aim of the study was not revealed in order to avoid a potential bias due to priming associations with the topic. Before starting the interview, permission was asked to audio-tape the interview. The audio recordings were transcribed by the interviewers and translated to English. Another native speaker checked the audio recordings, the transcriptions and translations for inconsistencies.

#### *Focus groups*

Focus groups were also conducted with consumers in both countries. In Bangkok, two focus groups were conducted in August 2016 with 8 and 9 participants, respectively, with five females in each. The participants' age range was 25 to 59 years old and the majority held masters' degrees. In Guangzhou, two focus groups were conducted with 9 and 10 participants (5 and 6 females, respectively) in March 2016. The participants' age range was 25 to 37 years old and the majority held masters' degrees.

The focus groups were audio recorded with the consent of the participants, and the participants were informed that they were allowed to leave the focus group at any time. The semi-structured interview guide contained the following themes: country associations, match between country and food products and organic food products including knowledge of and trust in organic labelling. The focus groups lasted between 1 and 1.5 hour and were moderated by native speakers. The audio recordings were transcribed in the native languages by a native speaker that was present during the focus group and then translated to English by another person. Then the moderator compared the audio recordings, the transcriptions and the English translations to ensure consistency.

#### *Data analysis*

Content analysis using Nvivo 11 was conducted for each data collection method in each country – both by native speakers and by the first author. First an open coding was conducted, then a thematic coding

following the themes in the interview guides followed. Then the analysis for the two different data collection methods were compared for each country and then compared across the two countries – hence, the triangulation had several layers.

## **Results**

The analyses of both in-store interviews and focus groups revealed both similarities and differences between the two countries in the role of COO for consumers' buying intentions when it came to organic products.

In both countries, organic consumers underlined the importance of trust in the organic certification; whether the certification was correct and lived up to stated standards. This was more important than the COO per se. There was a very strong orientation among both Thai and Chinese organic consumers towards organic products from developed countries (for instance Australia, New Zealand and Europe), since organic production was perceived as better established here and with better and more independent control- and certification authorities than in Thailand and China. The distrust in domestic organic certification was most pronounced in China, where most consumers stated they did not trust the Chinese organic labelling and the control system. Even if the labelling was foreign (such as USDA), but written with Chinese letters, many did not trust it. A certification in English was perceived more trustworthy. Also in Thailand, there was more trust in products labelled with international certifications (such as the American organic label, USDA). There was not much trust in domestic organic products, but some participants preferred organic products from Thailand – especially if they were a part of the "Royal Project".

In both Thailand and China, many of the consumers perceived products' COO as important, but price, brands and familiarity with the product also influenced their decision. COO was especially considered when evaluating the quality and safety of the products.

Different reasons were stated for buying imported organic products. The most pronounced reason in both countries was consideration for their family's (especially children's) and their individual health. Especially in China, many participants mentioned different food scandals that had jeopardized health, and imported organic products were perceived as more safe and clean and thereby a means to avoid jeopardizing health. The mentioning of scandals was not as pronounced in Thailand and a number of Thai consumers stated that choosing imported organic products was justified if the product else could not be bought on the Thai market.

Thai participants preferred organic products from Japan, Australia and New Zealand and they primarily mentioned food safety and quality control as reasons for doing so. These were also the main reasons for Chinese consumers to choose organic products from Australia, New Zealand and Europe.

However, also environmental concern played a role. The country's image regarding animal welfare and pollution also influenced some Chinese participants' attitudes towards organic products from different COOs.

## Discussion

The results suggest that there is awareness among well-educated big-city Chinese and Thai consumers about organic products – including the imported ones, and that these are associated with food safety and quality control in both countries. The study also provides evidence of the array of variables influencing consumer preferences for foreign COOs. These findings expand the scarce research on COO effects on organic food preferences and choices. In particular, this study offers actual and potential exporters of organic products insights into how imported organic products are perceived in the important emerging markets of China and Thailand. The findings suggest that there is a potential for organic exporters from the more mature organic markets (Europe, Australia, New Zealand) to export surplus organic products to these emerging markets. The results further suggest that the focus should be on promoting organic food products as safe, emphasizing the high quality and the control by trustworthy authorities. Future research should aim at a fuller understanding of the causal relationships underlying COO evaluations in emerging markets.

## References

- Ahmed, S. A., d'Astous, A., & Petersen, H. B. (2011). Product-country fit in the Canadian context. *Journal of Consumer Marketing*, 28(4), 300-309. doi:doi:10.1108/07363761111143196
- Ahmed, Z. U., Johnson, J. P., Yang, X., Fatt, C. K., Teng, H. S., & Boon, L. C. (2004). Does country of origin matter for low-involvement products? *International Marketing Review*, 21(1), 102-120.
- Chrysochoidis, G., Krystallis, A., & Perreas, P. (2007). Ethnocentric beliefs and country-of-origin (COO) effect: Impact of country, product and product attributes on Greek consumers' evaluation of food products. *European Journal of Marketing*, 41(11/12), 1518-1544. doi:doi:10.1108/03090560710821288
- Dekhili, S., & Achabou, M. A. (2014). Towards Greater Understanding Of Ecolabel Effects: The Role Of Country Of Origin. *Journal of Applied Business Research*, 30(2), 433.
- Dransfield, E., Ngapo, T. M., Nielsen, N. A., Bredahl, L., Sjöden, P. O., Magnusson, M., . . . Nute, G. R. (2005). Consumer choice and suggested price for pork as influenced by its appearance, taste and information concerning country of origin and organic pig production. *Meat Science*, 69(1), 61-70. doi:10.1016/j.meatsci.2004.06.006
- Essoussi, L. H., & Zahaf, M. (2009). Exploring the decision-making process of Canadian organic food consumers : Motivations and trust issues. *Qualitative Market Research: An International Journal*, 12(4), 443-459. doi:10.1108/13522750910993347
- Herz, M. F., & Diamantopoulos, A. (2013). Country-specific associations made by consumers: a dual-coding theory perspective. *Journal of International Marketing*, 21(3), 95.

- Hoffmann, R. (2000). Country of origin - a consumer perception perspective of fresh meat. *British Food Journal*, 102(3), 211-229. doi:10.1108/00070700010332304
- Liu, S. S., & Johnson, K. F. (2005). The Automatic Country-of-Origin Effects on Brand Judgments. *Journal of Advertising*, 34(1), 87-97.
- Mauracher, C., Tempesta, T., & Vecchiato, D. (2013). Consumer preferences regarding the introduction of new organic products. The case of the Mediterranean sea bass (*Dicentrarchus labrax*) in Italy. *Appetite*, 63, 84-91. doi:<http://dx.doi.org/10.1016/j.appet.2012.12.009>
- Newman, C. L., Turri, A. M., Howlett, E., & Stokes, A. (2014). Twenty years of country-of-origin food labeling research: A review of the literature and implications for food marketing systems. *Journal of Macromarketing*, 34, 505-519. doi:10.1177/0276146714529306
- Nuttavuthisit, K., & Thøgersen, J. (2017). The importance of consumer trust for the emergence of a market for green products: The case of organic food. *Journal of Business Ethics*, 140, 323-337.
- Ortega, D. L., Hong, S. J., Wang, H. H., & Wu, L. (2016). Emerging markets for imported beef in China: Results from a consumer choice experiment in Beijing. *Meat Science*, 121, 317-323. doi:<http://dx.doi.org/10.1016/j.meatsci.2016.06.032>
- Ortega, D. L., Wang, H. H., Wu, L., & Hong, S. J. (2015). Retail channel and consumer demand for food quality in China. *China Economic Review*, 36, 359-366. doi:<http://dx.doi.org/10.1016/j.chieco.2015.04.005>
- Pappu, R., Quester, P. G., & Cooksey, R. W. (2006). Consumer-based brand equity and country-of-origin relationships. *European Journal of Marketing*, 40(5/6), 696-717. doi:10.1108/03090560610657903
- Pappu, R., Quester, P. G., & Cooksey, R. W. (2007). Country Image and Consumer-Based Brand Equity: Relationships and Implications for International Marketing. *Journal of International Business Studies*, 38(5), 726-745. doi:10.1057/palgrave.jibs.8400293
- Pharr, J. M. (2005). Synthesizing country-of-origin research from the last decade: Is the concept still salient in an era of global brands? *Journal of Marketing Theory and Practice*, 13(4), 34-45. doi:10.1080/10696679.2005.11658557
- Roitner-Schobesberger, B., Darnhofer, I., Somsook, S., & Vogl, C. R. (2008). Consumer perceptions of organic foods in Bangkok, Thailand. *Food Policy*, 33(2), 112-121. doi:<http://dx.doi.org/10.1016/j.foodpol.2007.09.004>
- Roth, M. S., & Romeo, J. B. (1992). Matching Product Category and Country Image Perceptions: A Framework for Managing Country-of-Origin Effects. *Journal of International Business Studies*, 23(3), 477-497.
- Schjøll, A. (2016). Country-of-origin preferences for organic food. *Organic Agriculture*, 1-13.
- Sirieix, L., Kledal, P. R., & Sulitang, T. (2011). Organic food consumers' trade-offs between local or imported, conventional or organic products: a qualitative study in Shanghai : Local and imported organic product. *International Journal of Consumer Studies*, 35(6), 670-678. doi:10.1111/j.1470-6431.2010.00960.x
- Thøgersen, J., Pedersen, S., Paternoga, M., Schwendel, E., & Aschemann-Witzel, J. (2017). How important is country-of-origin for organic food consumers? A review of the literature and suggestions for future research. *British Food Journal*, 119(3), 542-557. doi:10.1108/BFJ-09-2016-0406
- Verlegh, P. W. J., & Steenkamp, J.-B. E. M. (1999). A review and meta-analysis of country-of-origin research. *Journal of Economic Psychology*, 20, 521-546. doi:10.1016/s0167-4870(99)00023-9
- Wang, C. L., Li, D., Barnes, B. R., & Ahn, J. (2012). Country image, product image and consumer purchase intention: Evidence from an emerging economy. *International Business Review*, 21(6), 1041-1051. doi:<http://dx.doi.org/10.1016/j.ibusrev.2011.11.010>

- Wang, O., De Steur, H., Gellynck, X., & Verbeke, W. (2015). Motives for consumer choice of traditional food and European food in mainland China. *Appetite*, 87, 143-151. doi:<http://dx.doi.org/10.1016/j.appet.2014.12.211>
- Xie, J., Gao, Z., Swisher, M., & Zhao, X. (2015). Consumers' preferences for fresh broccolis: Interactive effects between country of origin and organic labels. *Agricultural Economics*, 47, 181-191.