Pride and prejudice - a comparison of consumer preferences for country-of-origins of imported organic foods in Germany and China

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Abstract
The aim is to investigate why and when consumers in an emerging economy vs. an economically developed country prefer imported to domestic organic food products. A domestic country bias has been found mostly in developed countries. Three studies were conducted with organic consumers in China and Germany: In-store interviews, focus groups and an online survey. A strong domestic country bias for organic food products is confirmed in Germany, and to a much lesser extent in China. German consumers prefer products imported from countries that are geographically and culturally close. Food safety and health concerns are the primary reasons for Chinese consumers buying organic food. Hence, organic products from developed countries are preferred because of institutions they trust will secure high and credible organic standards. This gives economically developed countries a competitive advantage on the world market.

Keywords: *Economic development, organic food, country-of-origin*

Track: *Exporting & International Marketing*

1 Introduction

There is a growing demand for organic food products in both economically developed and emerging economies (e.g., C. L. Wang, Li, Barnes, & Ahn, 2012; O. Wang, De Steur, Gellynck, & Verbeke, 2015). This creates a need for international trade. A domestic country bias (Balabanis & Diamantopoulos, 2004) among consumers is one of the most persistent findings of research on consumers' evaluation of a product's country-of-origin (COO), especially in developed countries (Verlegh & Steenkamp, 1999). Consumers in developing and emerging economies are sometimes found to prefer imported products from an economically developed country for similar products of domestic origin (Andéhn, Nordin, & Nilsson, 2016; Klein, Ettenson, & Krishnan, 2006). This has also been found to be true for food products, including organic food (e.g., Ortega, Hong, Wang, & Wu, 2016).

Consumer perception of COO effects in the context of organic food have only been studied little and recently (Thøgersen, Pedersen, Paternoga, Schwendel, & Aschemann-Witzel, 2017). Hence, there is a lack of knowledge of - and therefore a need for systematic research on - the reasons why the strength of the domestic country bias apparently depends on the country's level of economic development.

In order to contribute to filling this gap in knowledge, the aim of this paper is to investigate the reasons behind consumer preferences for imported organic food products from different countries in an emerging economy (China) vs. an economically developed country (Germany).

2 Prior research and research questions

Regarding food products, it has been found that preferences for domestic products are linked to higher perceived quality of domestic compared to imported products (Loureiro & Umberger, 2003). Also, consumers have been found to choose domestic products because they perceive them as healthier and more natural (Gineikiene, Schlegelmilch, & Ruzeviciute, 2016). When it comes to imported products, research suggests that consumers in general prefer products from an economically more developed country (Andéhn et al., 2016).

Studies on COO effects for organic food products are few and most of them have focused on preferences for domestic versus imported organic foods. Most of these studies were carried out in economically developed countries, and they confirm a domestic country bias (Dransfield et al., 2005; Schjøll, 2016; J. Xie, Gao, Swisher, & Zhao, 2015), which has been attributed to consumer ethnocentrism, implying a perceived moral obligation to purchase domestically made products (Shimp & Sharma, 1987). Some studies in developing countries also found a domestic country bias (e.g., Kledal, El-Naggar, Sirieix, & Auersalmi, 2011; Sirieix, Kledal, & Sulitang, 2011), whereas others found a preference for imported products for economically developed countries. For example, Ortega et al. (2016) found that consumers in Beijing were willing to pay more for Australian (but not for US) than for domestic (Chinese) beef.

Exploring this ambiguity in preferences between domestic and imports from a developed country with regard to organic food in Thailand, Thøgersen and Nuttavuthisit (2017) found that a domestic country bias co-exists with a higher trust in developed countries' organic standards and certification, compared to the home country. A similar finding has been made in Russia, where consumers prefer imported organic food products because of a higher perceived trustworthiness of certification and stricter standards for organic food production in developed countries (Bruschi, Schershneva, Dolgopolova, Canavari, & Teuber, 2015). These results fit well with findings from studies on consumer motives for buying organic food in developing countries. For example, the main reasons for purchasing organic food among consumers in China appear to be concerns about food safety (B. Xie, Wang, Yang, Wang, & Zhang, 2015) and traceability (Ortega, Wang, Wu, & Olynk, 2011; Zhang, 2012). These concerns have been fuelled by the numerous food scandals in China in recent years. Still, a comparative study of Brazil and China found that the basic motives for buying organic food are similar in the two countries – and similar to motives in the western world: that they are considered healthier, tastier and more environmentally friendly (Thøgersen, de Barcellos, Perin, & Zhou, 2015).

Even though published evidence exists regarding the importance of trust in an exporting country's ability to regulate and control organic food production for consumers' attitudes and buying intentions regarding imported organic food products (Nuttavuthisit & Thøgersen, 2015), it is still under-researched what determines consumers' preferences for imported organic products and different COOs. Previous studies of COO effects on organic food have focused on either developed or developing countries. This study investigates and compares consumer preferences for imported organic products in a developed and a developing country: the biggest organic market in Europe, Germany, and the biggest organic market in Asia, China.

Specifically, the aim is to answer the following research questions: (1) To which extent and why is the COO of imported organic food important to consumers in a developed and an emerging economy? (2) What are consumer's COO preferences for imported organic food products in a developed and an emerging economy, and why?

3 Method

To enhance the validity of the findings and reduce the impact of inherent method biases, three studies were conducted: In-store interviews, focus groups and a survey. The three methods differ in reach, representativeness and depth as well as in characteristics of the data collection situation.

In Germany, the survey used a nationally representative sample in terms of gender, age, and geography, while the in-store interviews and focus groups were conducted in three cities: Hamburg, Münster and Munich. In China, the survey used a representative sample of consumers from the three biggest cities: Beijing, Shanghai and Guangzhou, while the qualitative data were collected only in Guangzhou. The limitation to big cities in China is due to the market for imported organic food products in China in practice being limited to the big cities.

For the in-store interviews, a total of 255 consumers in Germany and 38 consumers in China were intercepted in March 2016, while 41 more interviews were carried out in China in March 2017. In Germany, the in-store interviews were conducted in two retail chains: the large, conventional retailer Rewe and the largest chain of specialty stores for organic products, denn's Biomarkt. In China, interviews were carried out in 15 different stores, which were a mix of supermarkets and larger specialty stores with an assortment of organic products. Interviews were conducted at the aisles of the grocery stores. The structured interview guide (in German and Chinese, respectively) contained six questions plus socio-demographics and was designed for each interview to last approximately five minutes. The interviewer briefly introduced the study without revealing its actual aim. Questions were asked about the importance of COO and why as well as the person's attention to COO information on food products, attitude towards COOs, preferences for imported products' COO and why. Interviews were audio recorded with consent. 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.

The focus group interviews were conducted in March 2016 with two in each city (hence, six in Germany and two in China). Participants were screened for being at least partly responsible for grocery shopping in their household and for having bought at least one organic food product during the past two weeks. A semi-structured interview guide covered three topics of interest: Country associations, match between country and food products and organic food products including knowledge of and trust in organic labelling. Various stimulus materials and techniques were employed to reveal participants' less accessible perceptions, associations and attitudes (Malhotra, Birks, & Wills, 2012) regarding COOs. The focus groups lasted between one and two hours, were moderated by native speakers, audio recorded, transcribed, translated to English and checked by another translator. Participants received a gift as appreciation for their time and effort. Content analysis was performed (using Nvivo 11) and initial open coding was carried out following an inductive approach. Next, categories were developed focusing on positive and negative associations to various countries and reasons for preferences for COOs of organic food products.

The online survey was conducted in May 2017 with a sample of about 1300 adult consumers in each country screened for (at least partial) responsibility for the household's shopping and knowledge of organic food. Participants were asked questions about trust in the home country and some foreign countries as producers of organic food. Consumer ethnocentrism (CE) was measured with five items from the CETSCALE (Shimp & Sharma, 1987), while participants' subjective knowledge of organic food was also measured with five items, adapted from the instrument proposed by Flynn and Goldsmith (1999). Additional socio-economic background characteristics and questions not pertinent to the present study were also asked. All theoretical constructs had excellent reliability (Cronbach's alphas above .88 in both countries). The questionnaire was developed in English and translated to German and Chinese. A back-translation to English was conducted by a different person and the authors of this article controlled the back-translations, comparing them with the original English version and settled all uncertainties and ambiguities with the translators. Participant recruitment, data collection online and the organisation and presentation of the data in an SPSS file was handled by YouGov, who sampled participants from their panels in Germany and China.

4 Results

The share of participants in the in-store interviews stating that they pay attention to COO information was almost the same in the two countries: 71% in China and 75% in Germany. Also, the COO of organic food was important to a majority of participants in both countries, but to different degree. In Germany, 76% found the COO important, while only 58% in China.

Further, in Germany, the interviews revealed a preference for imported organic products from countries geographically close to Germany such as Austria (preferred in Munich), The Netherlands (preferred in Münster) and to a lesser extent, Denmark (preferred more in Hamburg). The primary reasons given were the negative effects of transportation, trust in standards, and (positive) image of the origin country. In China, participants preferred imported organic products from developed countries, such as Australia, New Zealand and USA, which they had positive associations to. The main reasons were food safety, trust in standards and environmental concerns.

In the focus groups, participants wrote down their associations for a number of countries (in Germany: Austria, the Netherlands and Denmark; in China: Australia, Japan and Denmark). German participants had the most positive associations to Austria, which they described as socially responsible, culturally similar to Germany and as a skilled, trustworthy producer of organic products of high quality. As in the in-store interviews, participants stated that short transportation distances, trust in standards and environmental image were the main reasons for their COO preferences.

In China, participants had the most – and the most positive – associations to Australia, which also exports a lot of food products to China. Participants stated a clear preference for organic food from countries with a trustworthy certification system and documented food safety. As one participant put it: *"I think meat from developed countries has better quality and the food monitoring is stricter."* Food safety and trust in standards was the main reason for choosing imported organic food from developed countries mentioned in the focus groups in China.

In the online survey, participants stated their trust in their home country as an organic producer. Here, participants on average tended to trust their home country as an organic producer (*M* = 4.91 in Germany, *M* = 4.53 in China on a scale from 1 to 7). However, the trust in the home country is higher in Germany than in China, the difference being statistically significant ($t = 6.201$, $p < .01$).

Participants also ranked eight countries in terms of their trust in them as organic producers (both developed countries: Denmark, Germany, the Netherlands, Austria, Australia, Japan, and emerging countries: China, Thailand). Table 1 shows which countries were trusted the most, second and third most, and least. It appears that the home country is most trusted in both countries, but that there is a huge difference in the share of respondents picking the home country as the most trusted ($X^2 = 326.4$, 18 df., $p < .001$) again reflecting a substantially lower trust in the home country in China than in Germany. Further, in both countries, the 2nd and 3rd most trusted countries are developed countries. In Germany, one of the two emerging countries, China, is singled out as least trusted while in China, this position is occupied by Japan, presumably due to historically based animosity.

Table 1: Trust and distrust in countries

Trust ranking	**Germany**	**China**
Most trusted	Germany (78%)	China (36%)
2nd most trusted	Denmark (8%)	Denmark (30%)
3rd most trusted	Austria (6%)	Germany (13%)
Least trusted	China (65%)	Japan (30%)

The statistical analysis of the ethnocentrism scale showed that German consumers tend to be more ethnocentric than their Chinese counterparts (*M* = 4.67 in Germany, *M* = 4.189 in China, $t = 7.940$, $p < .01$). Finally, consumers' own perception of how knowledgeable they are regarding organic food was analysed. Given Germany's longer history with regard to organic food and also organic food's substantially higher market share in Germany, it is surprising that consumers' subjective knowledge about organic food is significantly lower in Germany (*M* = 3.72) than in China (*M* = 4.82; $t = -19.884$, $p < .01$).

5 Discussion

This study has investigated consumer preferences for imported organic food, and the reasons behind the preferences, in two countries at different levels of economic development: China and Germany. Past research has found that consumers in developed countries have a strong domestic country bias – also regarding organic food products. However, this bias is not always prevalent in developing countries. The findings of this study confirm a domestic country bias for organic food products, and a secondary preference for nearby COOs in Germany, but a more diverse picture in China. German consumers trust Germany as a producer of organic products whereas Chinese consumers to a substantially lesser extent trust their home country. It seems that Chinese consumers are ambivalent about their own country as an organic producer. On the one hand, they would like to be proud and trust their own country as an organic producer, but, on the other hand, they feel that their expectations regarding food safety and trustworthiness of organic standards are not met by Chinese organic producers. This might also explain why they are less ethnocentric than their German counterparts.

By triangulating results obtained by three methods, this study confirms and extends prior research finding a domestic country bias – also in developing countries. Preferences for COO of imported organic food products vary between the two studied countries, German consumers preferring products from geographically close countries, while Chinese consumers prefer imported organic products from developed countries – except Japan – and the distance to the COO being less important.

It is surprising that the Chinese participants are more confident in their knowledge about organic food than German consumers. This might be due to the Chinese sample being limited to the three biggest and most advanced cities where consumers, who can afford the relatively expensive organic products, are also relatively well-educated and are able to obtain knowledge about what they are buying. Another possibility is that consumers in a newly emerging organic market have a simpler understanding of organic food than in a more mature market and therefore also question their knowledge less.

In conclusion, this study confirmed that the COO is an important factor influencing consumer preferences for imported organic food products both in economically developed and emerging countries. A domestic country bias exists both places, but the tendency to prefer products from developed over products from developing countries suggests that the COO is also used as a quality cue in emerging economies. This is a source of competitive advantage for developed country exporters to emerging markets.

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