Determinants of Trust in Imported Food Products: Perceptions of Channel Members

John Knight, David Holdsworth and Damien Mather
Marketing Department
Otago School of Business
University of Otago

Contact: Dr John Knight
Marketing Department
Otago School of Business
University of Otago
PO Box 56
Dunedin, NZ
Phone: 64-3- 479 8156
Fax: 64-3-479 8172
Email: jknight@business.otago.ac.nz

About the Authors

John Knight is a Senior Lecturer in Marketing at Otago University, New Zealand. His current research interests concern public acceptance of biotechnology and international marketing.

David Holdsworth is a Lecturer in Marketing at Otago University, New Zealand. Academic and consulting interests are modelling consumer preferences in eco-tourism and education.

Damien Mather is a Lecturer in Marketing at Otago University. Research interests include heterogeneous choice, Rasch and general linear mixed models.
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Abstract

**Purpose:** To determine the key factors which influence gatekeepers in the food distribution channel when deciding which countries to source food products from.

**Methodology:** In-depth interviews were conducted with key informants of seventeen European food distribution companies and industry organisations.

**Findings:** Factors involving confidence and trust in production systems, the integrity of regulatory systems, and the integrity of suppliers appear to be the major determinants of product-country image as viewed by gatekeepers of the food distribution channel. These specific factors appear to over-ride more general perceptions of country image based on social and environmental factors.

**Practical Implications:** Exporting countries need to take great care to maintain a reputation for trustworthiness on the part of products, companies and intermediaries in order to protect their reputation as a source country for food products.

**Originality/Value:** This paper clarifies the determinants of trust as perceived by gatekeepers in the food distribution channel. This is an area which has been largely overlooked previously.

**Keywords:** trust, food imports, perceived risk, country image, gatekeepers

**Paper type:** Research paper
Introduction

Within Europe, food-related suspicions have dominated the news media in recent years – in part due to the enthusiasm of tabloid journalists for maximising the impact of bad news. This role of the media, termed “social amplification” (Slovic, 2000), magnifies public perceptions of risk and erodes trust – a phenomenon which has been particularly pronounced in the UK. According to Firth (1999, p.41), “whereas genuine outbreaks of food poisoning are not uncommon, the reactions in Britain seem particularly out of line with the threat.” The handling of the bovine spongiform encephalomyelitis (BSE) outbreak, and the vivid symbols associated with it, contributed in a major way to the public reaction (Harris and O'Shaughnessy, 1997). “The ongoing inquiry … caused the complete collapse of public faith in food-regulating authorities, such as the Ministry of Agriculture Fisheries and Food (MAFF) and the Department of Health, as well as in politicians and scientists” (Firth, 1999, p.41).

Given the recent history of food-related concerns, it is to be expected that interest in where food products originate may have intensified in Europe. Food distribution channel members could well be hyper-sensitive to issues which concern their business customers, and in turn their end-consumers.

Country of origin (COO) effects have been intensely studied over the last three decades (Bilkey and Nes, 1982, Nebenzahl et al., 1997, Han, 1989, Han and Terpstra, 1988, Al-Sulaiti and Baker, 1998, Papadopoulos and Heslop, 1993). Stereotypes associated with a given country engender “mythological narratives” in the minds of people of other countries; the “dimensions of place, product, market context and usage context are central to understanding contextualised product-place images” (Ger et al., 1999, p.165). COO is used by consumers to reinforce, create and bias
initial perceptions of products (Johansson, 1993). Many studies have documented negative attitudes on the part of consumers toward developing countries and their products (Heslop and Papadopoulos, 1993). Agarwal and Teas (2001) concluded that extrinsic cues such as COO, brand name, store name interact with price to influence perceptions of product quality. Combined assessment of product quality, sacrifice and risks determine consumer perceptions of product value (Agarwal and Teas, 2001). Liefeld’s meta-analysis indicated that purchasing agents place even more importance on COO in their product evaluations than do consumers (Liefeld, 1993).

According to Heslop and Papadopoulos (1993) “good products are seen to be produced by people who have refined taste, and are likeable, trustworthy and admirable for their role in world politics” (Heslop and Papadopoulos, 1993, p.67). Whether perceptions of trustworthiness in relation to particular countries necessarily translate into purchasing behaviour on the part of either industrial buyers or consumers is a question of great importance for exporting nations. To what extent do perceptions of country image, and perceptions of trust associated with that image, influence purchasing of food products from that country? These are questions investigated in this study.

The Importance of Trust

According to the Shorter Oxford Dictionary trust is: “faith or confidence in the loyalty, strength, veracity etc of a person or thing; reliance on the truth of a statement etc without examination.” Trust is a concept that is generally understood by the public, yet academics in several disciplines have devoted much effort to defining it. In social psychology trust has been defined as “a generalized expectancy held by an individual that the word of another … can be relied on” (Rotter, 1967, p.651) and has been viewed as “a state of perceived vulnerability or risk that is
derived from individuals’ uncertainty regarding the motives, intentions, and prospective actions of others on whom they depend” (Kramer, 1999, p.571). In the context of relationship marketing, trust has been considered as “willingness to rely on an exchange partner in whom one has confidence” (Moorman et al., 1992, Moorman et al., 1993). Ballantyne succinctly describes trust as “a composite judgement made by one party of another” (Ballantyne, 2004). Morgan and Hunt (1994, p.22) conceptualised trust as existing when “one party has confidence in an exchange partner’s reliability and integrity” (Morgan and Hunt, 1994). Trust goes beyond a promise not to harm the interests of the other party (Govier, 1994, Hosmer, 1995) to include the expectation of a positive implied undertaking to act in the best interests of the trusting party. In a climate of trust, the trusting party may be able to tolerate uncertainty through its expectation that the trusted party will endeavour to reduce its vulnerability to unexpected events. This is not to say that the trusted party can be expected to “eliminate their self interest” (Hosmer 1995, p 395), but it does imply that they will use their best endeavours to protect the trusting party’s interests.

A related issue is the concept of reputation. Blois (2003, p.186) points out that “reputation is built on past behaviours but trust involves assessments of how the other party will behave in the future.” Such assessments necessarily involve consideration of the interests, not only of the trusting party, but also of the trusted party (Blois, 2003). These various views of what constitutes trust focus on the actions of parties involved, rather than on “things” as allowed for in the dictionary definition above. So, in evaluating trust in imported food products, is it trust in the products themselves, in the brand associated with the product, in the farmers that grow the raw materials, in the companies that process and supply the products, or in the country from which the products originate? If trust is in the country, what elements of the image of that country instil such trust?
Country of Origin of Food Products

It is commonly acknowledged that country of origin information influences consumers in buying food products (Skaggs et al., 1996, Hoffmann, 2000). An example might be perceptions that New Zealand is “clean and green”, and/or that the Lord of the Rings movies filmed in New Zealand portray a beautiful landscape, leading to the “inferential belief” (Verlegh and van Ittersum, 2001) that New Zealand food will taste better. Juric and Worsley (1998), surveying a random sample of New Zealand consumers, found that national image seemed to act as a halo in the evaluation of unknown foreign food products. Ratings of American and Australian products appeared to reflect consumer knowledge about products they buy regularly, whereas prevailing public perceptions about less-developed countries may have influenced the observed negative perceptions of products from Thailand and Hungary (Juric and Worsley, 1998). Skaggs et al. (1996) point to the importance of overall impressions of a country influencing perceptions of food products from that country: “If a consumer had never tried food products imported from China but had an image of China as a country that uses prison labour to produce exports and condones copyright infringement (as has been broadcast on recent news reports), it may cause the consumer to question the business ethics and ingredients used to produce food products there” (Skaggs et al., 1996, p.594).

Country of Origin and Perceptions of Risk

Consumer perception of risk associated with food products has intensified in recent years, despite significant advances in food quality and food security (Bergman, 2002). This paradox can be ascribed in part to the emergence of a risk-sensitised society, in which risk messages are subject to distortion and social amplification (Slovic, 2000). Consumer perceptions of what constitutes
risk in food differ markedly from country to country. For example, French consumers prefer cheese made from unpasteurized milk and are willing to accept the higher associated health risks from *Listeria* contamination, whereas the US bans sale of most unpasteurized cheese, despite this constraining consumer choice (Buzby, 2001). There has been little research on the relationship between perceptions of risk of food products and country of origin. Hampton (1977) examined perceptions of US consumers of risks involved in buying products made by US firms in other countries. Food products (canned peas, instant coffee and cooking oil) made in a high-risk country were perceived as having high risk compared to domestically-produced products, and a perceived risk hierarchy for countries was evident.

**Research Questions**

The background of consumer mistrust resulting from food scares prevailing in major markets opens opportunities for food exporting countries to build confidence in their country images by developing mental associations between specific country of origin and aspects of quality assurance and food safety. In order to do this, it is important to understand the elements of country image that influence consumers when making choices of food products. Even more important are the elements of country image that influence gatekeepers of the food distribution sector. A relatively small number of gatekeepers make food buying decisions on behalf of food importing and distribution companies that supply millions of end consumers. What are the elements of country image and country reputation that instil trust in these industrial buyers? What is the span of influence of the reputation of a country, compared to the individual reputations of companies from within that country?
**Methodology**

In-depth face-to-face interviews were conducted with key informants of companies and organisations deemed by New Zealand Trade Commissioners to be key players in the European food distribution sector. Nine respondent companies were importers and distributors of meat, seafood, fruit or manufactured food products. Two were meat and/or seafood-based products manufacturers who import the raw ingredients for further processing. Two were buyers for major supermarket chains, and one for a major food service sector supplier. Two were industry organization representatives, and one was the publisher of leading trade magazines for the meat and seafood sectors in Italy.

**Interview Procedure**

The interviews resembled the “unstructured ethnographic” format in which the researcher uses various probes to build a “conversation-like dialogue rather than asking questions that impose categorical frameworks on informants’ understanding and experiences” (Arnould and Wallendorf, 1994, p.492). Interviews of between 60 and 120 minutes were based on an interview schedule that set forth the major areas of inquiry (Denzin and Lincoln, 2000, Kvale, 1996, Merton et al., 1956, McCracken, 1988). Questions were open-ended, and “intentionally couched in such terms that they invite subjects to refer to virtually any aspect of the stimulus situation or to report any of a range of responses…An unstructured question is, so to speak, a blank page to be filled in by the interviewee” (Merton et al., 1956, p.15).

Ideally this approach would be complemented by “observation of behaviour in context” (Arnould and Wallendorf, 1994, p.488), but it seems unlikely that high-level business informants would acquiesce to such a degree of intrusion in their business activities. Despite this limitation, the
desired outcome was a “richly textured interpretation” having credence for the reader, which is
the aim of market-oriented ethnography (Arnould and Wallendorf, 1994, p.495).

Within the unstructured ethnographic format, steps were taken to minimise the risk of social
desirability bias (Schuman and Presser, 1981, Fisher, 1993), the “basic human tendency to
present oneself in the best possible light” (Fisher, 1993, p.303). Indirect questioning – a
projective technique in which respondents are asked to provide opinions from the perspective of
another person or group, was used. The interviewer took care to ask informants how they
considered others would respond to issues – both their industrial customers and the end
consumers. This allows respondents to “describe their own feelings behind a façade of
impersonality” (Simon and Simon, 1975, p.586). Evidence that this technique was successful
came in the form of respondents distancing themselves from the answer – indicating that this is
not how they themselves think, but how they believe most of their business customers or end
consumers would regard a particular issue.

Data Collation and Analysis

In accordance with Coffey and Atkinson 1996, data analysis aimed to preserve “the storied
qualities of qualitative textual data, that is the ways in which social actors produce, represent and
contextualize experience and personal knowledge through narratives and other genres” (Coffey
and Atkinson, 1996, p.54). The taped interviews were transcribed and comments coded (Coffey
and Atkinson, 1996). According to Seidel and Kelle 1995 (pp55-56) the coding process has three
components: (a) noticing relevant phenomena, (b) collecting examples of those phenomena, and
(c) analysing those phenomena in order to find commonalities, differences, patterns and
structures (Seidel and Kelle, 1995). This thematic analysis was undertaken to build a logical chain of evidence (Miles and Huberman, 1994).

A preliminary version of the research findings was submitted to the interviewees for “checking how accurately participants’ realities have been represented in the final account” (Cresswell and Miller, 2000, p.125), a process regarded as “the most crucial technique for establishing credibility” (Lincoln and Guba, 1985, p.314). Changes were made in response to respondent requests in two instances. In addition, two eminent academics in the UK and one in the USA were enlisted to review the draft report, from which the results reported here are derived. Changes were made in response to input from the referees to ensure that the conclusions and recommendations were a valid reflection of the data collected.

**Results**

Trust in hygiene standards, trust in production methods, lack of microbial contamination, freedom from antibiotics (e.g., chloramphenicol in shrimps) and Marine Stewardship Council sustainability certification were identified by seafood importers as key determinants. A German fruit distributor considered New Zealand apples and kiwifruit to be “the Mercedes Benz among the fruit basket”, but based this evaluation on his perception of quality control standards, low pesticide residues, taste and appearance of fruit, and high packaging standards rather than perceptions of the country itself. However, an Italian meat distributor (Respondent J, Table I) felt a country name could become important as a proxy for “trustworthy”.

**Take in Table I.**
Naturally, trust in the supplier is a major factor in any business transaction, whether in a domestic market or internationally. Several respondents mentioned reliability of suppliers as an important consideration – particularly in regard to delivering what they said they were shipping, and also in regard to perishable goods arriving in perfect condition (see for example, comments from respondents F and J, Table I). Two components of this were identified: first, the use of superior packaging technology by certain countries (e.g., inert-gas flushing of vacuum-packed meat) leading to extended shelf-life and greater confidence in the safety of the product; second the reputation for dependability of companies from certain countries. In this case the reputation for trustworthiness established by individual companies appears to transfer to the image of the supplying country.

In relation to hygiene standards and freedom from chemical contamination, certain countries were trusted much more than others, as can be seen from the quotes from companies C and D in Table I. Is this to do with practices of individual companies, or is it to do with government regulatory systems and their ability to implement them? Respondent E (Dutch food service sector) expressed the view that it was at the company level that trust had to be established: trust in the company first and foremost, trust in the traceability systems second, and trust in the country third.

Of particular concern to some distributors was the increasingly common practice of food producers in a well-regarded country sending bulk shipments to a low-cost country for processing before finally exporting to Europe (e.g., quote from Respondent D, Table I). The implication here is that hygiene and quality control standards might be much lower in the third country – at least in the eyes of the end consumer. However, Respondent B (German seafood products
manufacturer) indicated that what the tourist sees and smells on the street in an underdeveloped country may be very different from the reality in the factories – which can be very modern and of the highest standard. Negative perceptions of such a country of manufacture, acting as a halo, may over-ride trust in the quality and hygiene standards of manufacturers, or of governmental agencies.

Traceability of food products emerged as an important consideration for food distributors, as already seen in the case of the Dutch food service company (Respondent E). Respondent H indicated that the importance of this mechanism was to be able to deflect criticism from “the sanitary police” when they came testing for spray residues (which they did while the interview was taking place). Being able to trace production back to the individual grower was seen as a major advantage in sourcing produce from a country that operates such a sophisticated traceability system. Respondent O mentioned the lengths that supermarket chains are going to in auditing processing plants and monitoring farm assurance schemes in source countries. This practice appears to be a direct response by UK supermarkets in order to restore consumer confidence shattered by the BSE epidemic. To a considerable extent, consumers rely on supermarket chains and other retailers to take care of such considerations on their behalf: “Tesco sells it so it must be okay” (Respondent O). Supermarket house brands were mentioned by several respondents as a mechanism used by supermarket chains to build trust amongst end consumers (e.g. Respondents L and O). Two respondents indicated that the perception in relation to house brands spilled over to perceptions of products in general in that supermarket chain, even though branded products have not normally been subjected to the same rigorous scrutiny as house brands. The comments of Respondent O indicate that UK supermarket chains have become extraordinarily vigilant in the post-BSE era in monitoring farm production and food processing
practices in supplying countries. Respondent J emphasised the importance of trust in the veterinary service of supplying countries – something that seems particularly important in the post-BSE era. In particular, having credibility with the EU veterinary authorities was noted as a major positive factor. Presence of corruption is some countries was noted as a major reason for erosion of trust in certification from such countries.

Discussion

The Importance of Country of Origin

Once full account is taken of price, the most important considerations in the purchase decision relate to factors involving confidence and trust – not only in the tangible product and its packaging, but also in the exporting country’s government regulatory agencies, the supplying company, the transportation systems, and all the intermediaries including the agent or distributor in the destination country. Of increasing importance is the issue of traceability – being able to trace food products right back to the processing plant, and even to the farm or orchard gate. None of this comes as a surprise. These factors are of course well-known to international marketers, and some countries such as New Zealand have gone to great lengths to build trust and confidence relating to these issues. Country of origin in itself has emerged in this study as remarkably unimportant in many food categories and in several market segments – particularly those where raw ingredients are imported for further processing, but also in the food service sector. This is perhaps unsurprising, given that the COO of products and ingredients is commonly lost before reaching the end consumer in these situations. A similar finding in relation to industrial buyers was made by Olsen and Olsson, who observed that the relationship between product-country
image and industrial buying behaviour of Swedish seafood purchasing managers appeared weak (Olsen and Olsson, 2002).

A study of the importance of trust in the Danish bacon sector determined that “there are different types of trust (generalised trust, system trust, process-based trust and personality-based trust) and that each type of trust is a valuable strategic variable” (Lindgreen, 2003, p.322). Furthermore, if one type of trust is missing then it may be possible and necessary to draw on other types. When consumers have developed mistrust of the food industry, and/or of their domestic government agencies, then it may become necessary for foreign producers and importing distribution channel members to restore this trust by implementing their own trust-based marketing systems. Danish bacon producers installed their own meat assurance schemes for the UK market instead of relying on the British government (Lindgreen, 2003). Similarly, New Zealand food producers have established very elaborate quality assurance and traceability schemes to provide distribution channel members and end consumers with reason to trust the end product.

The present study provides evidence that such endeavours can transfer onto the country image of the source country, and that trust and country image can become closely linked. Figure 1 presents a contextual model which shows how these various elements appear to interact with one another.

**Take in Figure 1.**

A high percentage of New Zealand food exports leave New Zealand shores unbranded and not identified with New Zealand as the country of origin in the market place. Country of origin typically becomes unimportant and indeed unknown to the end consumer once such products enter food service channels for distribution to restaurants, hotels, hospitals, schools, institutions of many types. A German chef placing New Zealand venison on the menu is likely to hope that
the end consumer has visions of the Black Forest in mind, rather than images of green paddocks and two metre-high wire fences typical of deer farming in New Zealand. Also, country of origin is often lost when commodities enter the manufacturing sector, as raw materials or ingredients for processed goods.

In retail distribution channels, the cost of brand-switching for consumers in relation to supermarkets is often negligible – they can simply visit some other supermarket, so such outlets strive very hard to retain customers. Food buyers in these supermarkets place great store on purchasing from localities and companies they trust in order to avoid unhappy consequences – either from disgruntled consumers or from being caught out by regulatory authorities. In turn, consumers place their trust in the supermarket to source products from safe places. In certain product-specific areas, country-of-origin does become part of the brand of a product, or acts as a halo to enhance consumer confidence in the brand, but this does not appear to be the general case.

**Conclusion**

Perception of gatekeepers in European food markets regarding country image of supplying countries appears to relate more to factors involving confidence, trust and integrity of regulatory systems and suppliers, as shown in Figure 1, than it does to “clean green” or other mental stereotypic images of scenic or environmental elements. Risk to New Zealand’s “clean green image” in foreign markets for food products is often cited as a reason for New Zealand governmental policy and commercial strategy, most recently in regard to debate concerning commercial release of genetically modified organisms. However, in the eyes of gatekeepers of the food channel interviewed in this study, the role of country image (at least in a visual sense) seems secondary to more pragmatic considerations, as depicted in the model in Figure 1.
According to Skaggs et al. (1996, p.599) “product-country images that extend an aura of riskiness to food products are a serious problem for marketers, particularly when in direct competition with products perceived to be less risky.” Our study indicates that in the eyes of the food channel members interviewed, New Zealand is in the fortunate position of being perceived as “less risky” than many other countries, as a direct result of the efforts that have been made to institute the best quality control and traceability systems and technology available. Therefore, debate concerning governmental policy and commercial strategy should not rely on diffuse country images – at least in regard to food exports - but should build on the country’s reputation for quality in production and processing. Maintaining a reputation for trustworthiness on the part of products, companies and intermediaries is crucial in maintaining the reputation of the country from which food products originate.

References


Table 1. Determinants of trust at different levels of the supply chain

“Cleanness, the cleanness of the nature, the cleanness of the factories” Respondent A, German meat importer and distributor

“If I go to Vietnam, I see an environment which is catastrophe, and everything has a smell, but the production is 100% and the purest standard, and very modern … The one is what the consumer knows the country from and (the other is) what we see in our business trips” Respondent B, German seafood products manufacturer

“I must say that New Zealand has a very good image. I would say the best image worldwide for fruit, because New Zealand has had no scandals … In other countries you have to use a lot of pesticides, fungicides for the bananas for example, and the residues are a lot higher” Respondent C, German fruit importer and distributor

“We get a lot of shrimp from Bangladesh, Thailand and others, and then we have … a lot of bad news about chloramphenicol, and antibiotics and so on … If you had never left Europe you know where Norway is, but why does this product go first to China to come back to my plate in Germany?” Respondent D, German seafood sector organization

“The company is important, traceability is a hot item, and the country is the last issue. And I think it is more or less related to freight charges and doing the way of business.” “It is not stipulated to a country. We don’t say Spain is a safe or clean country. We source from a certain Spanish company which we know by heart. We know the owner, we know how they treat the product.” Respondent E, Dutch food service company

“Reliability, this is the most important thing, between our customers and the exporters, the New Zealanders…There is no problem with the containers, you know there won’t be even one will have a problem with quality…New Zealand is in the best position as far as meat is concerned” Respondent F, Greek meat, poultry, seafood importer and distributor

“There is a label on the apples from New Zealand …indicating the grower that has produced, and even on the kiwifruit…Because, when you have a problem with residues, the supermarket pretends that we can go back to the source to eliminate eventually the grower that is not replying to certain requirements” Respondent H, Italian fruit importer and distributor

“They trust also the companies. They buy because they trust the capacity of the exporters to assure a good product, to maintain quality, to maintain hygiene, to load in the container what was agreed … it’s a question of credibility…the credibility of the company, the credibility of your vet service. The New Zealand vet service … has a credibility among the European vet service. Your government, your MAF is exceptional. It’s not a question of mark, it’s a question to transfer to the EU your credibility” Respondent J, Italian meat importer and distributor

“Everybody thinks that any product in the supermarket has been tried, tested, irradiated, checked, you name it. Ten to one it hasn’t, certainly on branded products” Respondent L, UK importers of manufactured foods
“If you went onto a market … and saw a Greek product on some dodgy little stall, someone might question it and say: Oh, I’m not sure about that. If you saw the same product in the supermarket you’d just assume it’s fine to consume.” Respondent M., UK importer and distributor of specialty foods

“I don’t think it’s trust at government level – there’s nobody that trusts the government in this country anyway.” “If I’m going to sell wine it’s on personality. You sell it because people like you or they respect what you do … they like your brand, they’ve got to like the wine, they’ve got to like the presentation, but they’ve got to like you. If they don’t like you, they won’t deal with you.” Respondent N, UK based importer of Australian, New Zealand and South African wines

“They are there all the time, auditing plants … checking farm assurance schemes and not just taking the word or reading the documentation. They’re actually auditing farms basically. And traceability has become the absolute – that’s what we have taken out of BSE … we can’t move without traceability.” “They’re accepting the TESCO labels – TESCO sells it so it must be okay. It seems to be accepted – they accept the TESCO name as opposed to having a government minister standing up and using his charm” Respondent O, UK meat importer and distributor
Figure 1. Contextual representation of factors influencing purchase of imported food products by gatekeepers

Open arrows indicate inhibitory effects only.