

Consumer preferences for organic and welfare labelled meat

**A natural field experiment
conducted in a high class
restaurant**

National Institute for Consumer Research (SIFO)
Norwegian University of Life Sciences

Objective with paper

1. How a natural field experiment can be conducted in a high class restaurant without interrupting the daily running of the restaurant
2. How manipulations about organic, animal welfare, and price affected customers' choices in the restaurant

An example of a natural field experiment

Features:

- *Open to public*: Everyone could enter the restaurant
- *Level of info. given*: Not mentioned that an experiment was going on to the restaurant guests
- *“Natural” commodity for setting*: Most veal in Norway is eaten in restaurants
- *Natural environment*: Restaurant guests expect to choose courses

Advantages by doing a restaurant experiment



- The menu is all info. that is communicated to customers \Rightarrow no need to design a package for the product
- Participants do not know they are monitored:
 - \Rightarrow Real behavior
 - \Rightarrow No Hawthorne effect
- Experiments usually outperforms stated preference choice in accuracy

Disadvantages by doing a restaurant experiment



- Cannot control everything as in the lab. I.e. “non-sterile” environment
- Changing in menu may be confusing for waiters
- Have no screening of participants
- Should not disturb the guests unnecessary ⇒ we were not allowed to interview them after eating

The product tested

- *Veal*: A very unfamiliar product for Norwegians
- *Organic*: Only 1.2 percent of food consumed in Norway is organic
- *Animal welfare*: Norwegian do care about it, but think it is a governmental task to ensure it
- *Brand*: Used veal from Grøndalen farm, known for animal welfare

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Selv mord: Hvordan leve videre **20**
Skisålen som reddet Norge **30**
Å mobbe er arvelig **44**



Description of experiment

- Conducted in a restaurant in Radisson Blu Plaza Hotel, Oslo
- A good restaurant with 62 seats
- Lasted two weeks in June 2010
- N=462, no. of main courses sold (38 percent of these were veal)
- Two types of customers dominate:
 - Weekdays: Business people
 - Weekends: Tourists
- Every second day we changed description of veal course holding everything else constant



Variables and their values

Independent:

1. *Organic* (whether the word was used or not):
0=Not organic, 1=Organic
2. *Animal welfare* (whether a description was given or not):
0=No description, 1=Description given
3. *Price* (price level of veal course):
Low = NOK 245 (€ 30)
Medium = NOK 274 (€ 34)
High = NOK 310 (€ 38)
4. *Weekend* (type of day veal course was sold):
0=Weekday, 1=Weekend

Dependent:

Purchase of veal course (dummy)

Menu descriptions

| Organic? | Animal welfare? | Menu text |
|-----------------|------------------------|---|
| No | No | Trio of veal from Grøndalen farm. |
| Yes | No | Trio of organic veal from Grøndalen farm. |
| No | Yes | Trio of veal from Grøndalen farm from happy calves that have received much care and exercise |
| Yes | Yes | Trio of organic veal from Grøndalen farm from happy calves that have received much care and exercise |

Logit regression results

Full sample

| Independent variables | Coefficient | Standard error | P value |
|-------------------------|-------------|----------------|-----------------------|
| Constant | -0.34 | 0.22 | 0.127 |
| Organic | 0.10 | 0.22 | 0.65 |
| Animal welfare | 0.34 | 0.21 | 0.109 |
| Low price | -0.37 | 0.24 | 0.116 |
| High price | -0.78* | 0.28 | 0.006 |
| Weekend | -0.04 | 0.21 | 0.865 |
| | | | |
| N | 462 | | |
| Log likelihood | -302.280 | | |
| P value, X ² | 0.022* | | |
| Pseudo R ² | 0.021 | | *= Significant at 5 % |

Logit regression results

Weekdays only

| Independent variables | Coefficient | Standard error | P value |
|-------------------------|-------------|----------------|-----------------------|
| Constant | -0.60* | 0.27 | 0.024 |
| Organic | -0.92 | 0.56 | 0.101 |
| Animal welfare | 2.08* | 0.68 | 0.002 |
| Low price | -1.78* | 0.58 | 0.002 |
| High price | 0.57 | 0.70 | 0.41 |
| | | | |
| N | 262 | | |
| Log likelihood | -167.582 | | |
| P value, X ² | 0.001* | | |
| Pseudo R ² | 0.054 | | *= Significant at 5 % |

Summing up

Experience from doing a restaurant experiment:

- Do not know much about choices within a menu. A restaurant experiment seems ideal to get more knowledge
- No difference between lab and real world since lab = the real world \Rightarrow real behavior

Results from our experiment:

- Low exploration power in general
- Huge deviation between business and tourist guests in choices
- Setting the veal price to low hurt sales
- Animal welfare has a significant effect on sales, organic not

Thank four your attention

