

# **A COOL Effect: The Direct and Indirect Impact of Country-of-Origin Disclosures on Purchase Intentions for Retail Food Products**

## **Executive Summary**

Recent legislative changes now require U.S. retailers to provide country-of-origin labeling (COOL) for muscle cuts of beef, chicken, pork, lamb, and goat. The mandated label must identify the country in which the animal was born, raised, and slaughtered. Given the substantial amount of meat and poultry imported and consumed in the U.S. as well as the cost of compliance, this ruling has important implications for both retailers and their supply chains.

Although the aim of this new COOL requirement is to help retail customers make more informed purchases, the potential benefits to consumers are unclear. Some research suggests that consumers do not value U.S. labeled meat products more than products labeled as products of North America. However, other studies show that COOL on meat and poultry products can potentially influence consumers' attitudes and willingness-to-pay. Given the high cost of compliance for retailers and mixed results regarding the effects of COOL on meat and poultry products, the purpose of this research is to better understand how COOL impacts consumers' purchase intentions through three proposed mechanisms (i.e., food safety, taste, and freshness.) Using the consumer inference and activation theory literatures as our theoretical foundation, the effects of COOL are examined in a pilot study and two experiments.

The pilot study provides insight for retailers and meat processors regarding consumers' perceptions of food safety across ten different countries and five meat and poultry products. Specifically, meats from countries such as Mexico, India, Brazil, New Zealand, Nicaragua,

Russia, Thailand, and China were perceived to be less safe than meat from the U.S. or Canada. The first experiment shows that COOL of meat products influences inferences of food safety, taste, and freshness, which positively affect purchase intentions. For example, consumers infer that meat born, raised, and slaughtered in Mexico is less safe, tasty, and fresh than meat from the U.S. For this reason, they are less likely to purchase meat from Mexico. Thus, it appears that when product-related information is limited, consumers use COOL disclosures to make attribute-related inferences based on their general perceptions of the countries of origin.

Contrary to most consumers' expectations, audits conducted by the USDA's Food Safety and Inspection Service indicate that the meat processing systems in the U.S. and Mexico are relatively similar. In a second experiment, findings show that when consumers are *not* presented with information about the relative equivalence of meat processing systems in the U.S. and Mexico, consumers' product-related inferences are more positive and their purchase intentions are higher for meat from the U.S. However, when consumers are informed that the meat processing systems are similar, consumers infer that meat from Mexico and the U.S. are similar in terms of safety, taste, and freshness. Because they infer that the meat from the U.S. and Mexico are relatively similar in terms of meat-related attributes, their purchase intentions are no longer higher for meat from the U.S.

Based on the results of these studies, the authors present several insights for retailers and their supply chains. For example, COOL may be used as a promotional tool if appropriately presented and positioned. A retailer might promote itself as selling *only* meat and poultry products born, raised, and slaughtered in the U.S., which may influence consumers' subsequent evaluation and choices of meat products. If consumers show a strong preference for meat and poultry from countries with positive perceptions like the U.S., then demand at the retail level will

impact retailers' stocking decisions. Processors and distributors of meat from less desirable countries will be at an obvious disadvantage. However, retailers promoting meat from less desirable countries may design promotion programs using retail signage or posters to inform consumers about the equivalence of meat processing systems between countries. These disclosures should be effective in increasing attribute-related inferences and purchase intentions.