



Organic labelling systems and consumer confidence

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A research analysis suggests that a state certification and labelling system creates confidence in organic labelling systems and consequently green consumerism. Danish consumers have higher levels of confidence in the labelling system than consumers in countries where the state plays a minor role in labelling and certification.

Organic consumption is an example of the way in which the market can be used to contribute to greening production and consumption.

Green consumption is often associated with higher consumer prices and therefore consumers must have trust in producers when they claim that a good is produced in an environmentally friendly way. Unless the transaction between the producer and consumer is face-to-face and the production methods are transparent for the consumer, green

consumption requires an institutional set-up which can guarantee to consumers that producers are complying with certain environmental production standards. The organic food sectors provides valuable experiences from which governments may benefit when designing green certification and labelling systems.

Four investigated countries

In 2008, we undertook a survey on consumer confidence in organic labelling systems in four countries: the United

States, United Kingdom, Sweden and Denmark. These countries were selected with care because they operate different certification and labelling systems.

The US certification and labelling system relies on private certifiers, but these must be accredited by the US Department of Agriculture. By March 2005 56 domestic and 41 foreign certifiers were accredited and 64 had applied for accreditation.

In the UK, the state also sets the organic standards

and leaves certification and labelling to private bodies. The Soil Association is by far the most important certification body in the UK, certifying over 80% of all organic food being sold in the UK.

In Sweden organic certification and labelling is delegated to the private association KRAV which is state accredited. Organic farmers are not required to be KRAV certified to receive government subsidies for organic farming but to market produce as organic through commercial sales channels KRAV certification is needed.

Finally, in Denmark, the state operates the certification and labelling system (the Ø-label). The state label is the sole national organic label and only state-certified farms are allowed to market organically labelled products and receive state support.

State and private labels are trusted differently

A key question is thus whether the institutional set-up of certification and labelling systems influences consumer confidence. Do consumers have more confidence in a state operated system, like the Danish system, compared to various systems operated by private bodies?

Further reading

You can read more on the website of the DARCOF III research project, COP:

www.cop.elr.dk/uk

ICROFS is involved in the EU project CERTCOST on improving the organic food certification system in Europe:

www.certcost.org



"You can trust that products marketed as organic actually are organic in the majority of the cases"		
Country	Completely or partly agree (%)	Completely or partly disagree (%)
United States	54.4	22.4
United Kingdom	54.4	20.4
Sweden	58.4	21.6
Denmark	81.6	10.0
N = 3,858		

Table: The share is significantly higher/lower in Denmark compared to the other countries in both columns ($P < 0.001$). No significant differences is found between the other countries ($0.37 < P \leq 1.00$). Source: COP survey.

The table above sheds light on this issue. Column 1 shows the share in each country who fully or partly agrees that products marketed as organic actually are organic (on a 5 point scale). Column 2 reports the share who completely or partly disagrees in the statement.

Clearly, the Danes have higher levels of confidence in the labelling system. 4 out of 5 Danes express confidence while the shares in the other countries are less than 3 out of 5. Likewise, the share expressing low confidence is 10% in Denmark while it is about twice as high in the other countries.

Reasons for higher Danish trust in organic labels

This finding triggers a new question: can a state certification and labelling system successfully be applied elsewhere?

To answer this question we need to establish what explains this difference? Does a state certification and labelling system by itself produce more consumer confidence than privately operated system, or do other factors explain the difference?

Possible explanations

Several factors other than the labelling system could potentially contribute to explain this difference. It could be, for example, that Danes are more gullible,

optimistic or trusting than citizens in the other countries.

Several studies show that Danes are among the most trusting people in the world, having high levels of trust in other people and, more importantly, in institutions like the courts and the government. This may have

a significant effect on the comparatively high level of confidence in the Danish organic state label.

General trust in institutions

Our survey confirms that Danes indeed have high levels of trust in institutions in general and that this

contributes to explaining confidence in the labelling system. Therefore, the high confidence in the Danish labelling system is not just an effect of the existence of a state labelling system, but also an effect of a high level of confidence in government institutions.

Nevertheless, our analysis shows that Danes still have an extraordinary high level of confidence in the labelling system after taking their level of general institutional trust into account—as well as other factors that might explain trust in the labelling system (e.g. environmental values, income, and level of education).

This means that state certification and labelling by itself have an impact on consumer confidence, but not as significant as a first glance at the above table might lead one to think.

Hence, whether state certification and labelling can be successfully applied universally is ambiguous. Our analysis suggests that a state certification and labelling system raises consumer confidence and thus creates green consumerism. On the other hand, the analysis also shows that this effect will be much greater if the model is applied in countries where the citizens trust the institutions in general.



Photo: Organic Denmark