

**Perception of Restaurateurs on the Sustainability
of the Concept of Dining Out ‘Organically’
in New Zealand**

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Attestation of Authorship

I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person (except where explicitly defined in the acknowledgements), nor material which to a substantial extent has been submitted for the award of any other degree or diploma of a university or other institution of higher learning.

Signed by Albert Yau Kwong Yiu

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Ethics Approval

This dissertation reports on research involving participation of humans (i.e. restaurateurs), which therefore requires ethics approval. However, the researcher conducted only semi-structured interviews to collect the data; the dissertation is, as indicated by the Self Assessment of Ethical Risk, a low ethical risk project.

The research has been approved under the Ethics Application no. 08/69 on 22nd May, 2008 by Auckland University of Technology Ethics Committee (AUTEC). The ethics approval is valid for a period of three years until 22nd May, 2011. Ethics Approval is attached in the Appendix 1.

Abstract

Dining out ‘organically’ has become a global trend and is popular in many countries such as the United States of America (USA), Germany and Great Britain; however, it is only a niche dining concept in New Zealand. Most existing studies have focused on consumers’ attitudes and behaviours towards organic food consumption in New Zealand and very little research and literature discusses the perceptions of restaurateurs in the local organic food service industry. This study therefore seeks to explore how restaurateurs perceive the concept of dining out ‘organically’ and how they implement this innovative concept into their business operations within the local context.

The areas examined in the study include the general perception of the local restaurateurs on organic dining trends, their motivation to enter the organic food service sector, their business philosophy of implementing an organic dining concept into their business operation, their future view towards organic dining trends and their perceived needs for government assistance. The study employs a qualitative approach for research investigation. Data have been collected from semi-structured interviews, then grouped and analysed to develop themes based on the principles of grounded theory.

The study finds differences in the perception of the concept of dining out ‘organically’ between the two groups of samples (i.e. one high class restaurateur and four middle class restaurateurs). The high class restaurateur had no faith in the organic dining trend; he

promoted only a luxury gastronomic experience and inclusion of organic ingredients into his menu had no specific meaning other than a kind of new experience to customers. However, the middle class restaurateurs were pioneers in leading the organic dining trend. They strove to be financially sustainable, while seeking every possible way to increase market awareness by promoting the benefits of eating 'organically'. The study concludes that true organic restaurateurs not only face challenges from those who attempt to capitalise on the organic dining concept, but also the low market demands for organic dining that make it difficult for them to survive.

The study recommends that the New Zealand government increases funding to the organic farming industry in order to improve organic production and organises more market awareness programmes to educate consumers about the benefits of organic eating. Thus, the study supports the view that the organic food service industry will remain as a niche market, unless the government makes more effort to support the related industries.

Chapter I - Introduction

In recent years, dining out ‘organically’ has been recognised as a niche eating trend only and draws little attention from the general public in New Zealand. However, many consumers in the United States of America (USA) and other western countries have made the organic dining concept part of their regular eating patterns. It is therefore becoming increasingly difficult to ignore the importance of how local restaurateurs perceive the concept of dining out ‘organically’ and how they apply this innovative concept to their business philosophy. Perceptions of restaurateurs about the organic dining concept are an important component of their business approach, taking a key role in the development of the organic food service industry in New Zealand. Exploring such perceptions can provide an insight into the local industry’s understanding of ecopreneurship, a business philosophy specific to the organic food service industry. In particular, investigating the ways local restaurateurs put the concept of dining out ‘organically’ into practice can produce some useful guidelines for potential investors to evaluate the feasibility of the concept, which can be used as justifications for investment in the organic food service business.

A number of international studies have shown that consumers’ motivation for organic food can affect their dining out behaviour. Makatouni (2002) notes that organic consumers in the USA, Germany and Great Britain associate health benefits with their organic food consumption and some consumers stress their concerns about environmental protection and ethical awareness for their organic food choice (e.g. Duffort, 2006; Browne, Harris, Hofney-Collins, Pasicznik & Wallace, 2000). Consumers’ preferences for organic food have actually affected their menu selection when dining out. Mitchell (2006) discovered

that 35% of respondents from his American survey would order organically grown menu items when dining out. This suggests an increasing awareness of consumers towards the benefits they expect from consumption of commercially prepared meals. In fact, diners who ordered organic menu items had considered health issues first, and then expected a kind of culinary experience with less social guilt.

This shift in consumers' consciousness towards organic menus has urged food service operators to implement a new business philosophy. Pastakia (1998) called this kind of business philosophy 'ecopreneurship'. According to Anderson (1998), ecopreneurship is a merging of environmentalism and entrepreneurship. In the context of the hospitality industry, ecopreneurship would require food service operators to simultaneously pursue profit maximisation, environment protection and consumer satisfaction. Hence, Jamali (2006) states that 'ecopreneurs' need to be able to maintain a perfect balance of economic, environmental and social performance over a long period of time, while maintaining their belief about the sustainability of the concept of dining out 'organically'.

1.1 Research Problem Statement and Research Purposes

Although the general trend of organic food consumption is promising in the global markets, the organic food market is relatively small in New Zealand. Grice, Cooper, Campbell and Manhire (2007) point out that domestic organic sales were NZ\$259 million in New Zealand in 2006, which represented only 1.1% of the country's retailing sales volume. This market share is low when compared to many European countries; for example, it is about one-third of Denmark's organic sales which had over 3% of the market share in Denmark in 2005.

According to the New Zealand Consumer Lifestyle (2007) and the Gain Report (2005), New Zealanders are increasingly turning to commercially prepared meals and becoming aware of the benefits of healthy eating. Although local diners claim that they increasingly seek fresh and flavourful meal choices made with organic ingredients, the majority admit that they do not particularly look for restaurants offering an organic option. This indicates that the concept of dining out ‘organically’ has not reached mainstream recognition; it is still considered a niche dining concept.

In the past, most studies in the field of organic food production have focussed only on organic retailing in New Zealand, examining consumers’ attitudes and behaviours towards organic food consumption. So far, there has been little discussion about how local restaurateurs perceive the concept of dining out ‘organically’ and what they understand from ecopreneurship in relation to an organic food service business. Insufficient understanding of the organic dining concept will create a barrier to potential investors entering the industry, thus reducing the penetration of the concept of dining out ‘organically’ into mainstream food service industry in New Zealand.

In response to this problem, this study therefore aims to:

- a. Explore local restaurateurs’ perceptions about the reasons consumers order organic menu items;
- b. Identify what motivates local restaurateurs to enter an organic food service business;
- c. Find out how local restaurateurs seek equilibrium as far as profit, demands and the environment concerned when applying the organic food concept to their food service business;

- d. Identify sources of assistance local restaurateurs need to foster the development of the organic food service business in New Zealand.

1.2 Research Questions

In particular, this study will examine five main research questions. As noted, many existing studies examine the concept of eating ‘organically’ from consumer perspectives; however, there seems to be little research which investigates food service operators’ perceptions and reactions to the trend of organic food consumption. Therefore, the study raises and looks into the first two questions:

RQ1: How do local restaurateurs perceive the concept of dining out ‘organically’?

RQ2: What factors motivate local restaurateurs to enter the organic food service sector?

According to some studies, operating organic food service businesses requires operators with innovative thinking to apply the philosophy of ecopreneurship into their business operations. However, these studies conclude that a constant tension exists between running a viable business and staying true to ‘green’ beliefs. This tension may sometimes cause the business operators who are pure ideologists to fail, as they cannot maintain profitable businesses in reality. The study therefore proposes a third question:

RQ3: What is local restaurateurs’ business philosophy with respect to their determination to operate an organic food service business?

Kedgley, a member of parliament in New Zealand's Green Party, relates the green, clean and 100% pure image of New Zealand to the development of the organic sector in this country. However, at present the concept of dining out 'organically' is not widely accepted in the general public and has not been mainstreamed into the food service industry in New Zealand. She warns that the existing government policies about food production have a negative impact on the image and urges the government to foster the organic sector in order to maintain the true value of the image. This study therefore investigates the following two questions:

RQ4: How do local restaurateurs see the future of the organic food service business?

RQ5: What kind of assistance do local restaurateurs expect to foster the growth of organic food service business?

1.3 Synopsis of the Method

This study is exploratory and interpretative in nature; it employs a qualitative approach and inductive reasoning to help understand the local restaurateurs' perceptions about the concept of dining out 'organically'. The study is conducted in the form of semi-structured interviews, collecting data from five restaurateurs who were selected as a purposive and convenience sample. The researcher had in fact approached fifteen restaurateurs in the region of Auckland to be interviewed, however, only five of them accepted the invitation to the study. As the study attempts to examine an under-explored concept, it adopts grounded theory as a research strategy to analyse raw interview data, and from there draws conclusions.

1.4 Outline of the Structure

The overall structure of the dissertation takes the form of five chapters, including this introductory chapter. Chapter II begins by reviewing the results of other studies that explore organic food consumption in different countries and covers the four areas of perception, motivation, business philosophy and support. The third chapter is concerned with the methodology used for the study. The fourth chapter analyses the results of interviews undertaken during the course of the study, focusing on the five key themes such as perception, motivation, business philosophy, future view and support. It also includes a discussion of the implication of the findings. The final chapter draws the entire study together, giving a brief summary and critique of the findings. Finally, areas for future research are identified.

Chapter II – Review of Literature

2.1 Introduction

Organic food consumption has become mainstreamed in the food industry in the USA and in some European countries (e.g. Lockie, 2006). In these areas, a number of researchers conducted studies on the perceptions of consumers towards organic food, their motivations for eating ‘organically’ and the barriers preventing consumers from eating organic food (e.g. Duffort, 2006). Some studies also proposed some fundamental theories for operating green businesses aiming at balancing profitability and environmental sustainability (e.g. Jamali, 2006). However, there appears to be little research which examines the perception of local restaurateurs about the concept of dining out ‘organically’ in the New Zealand context.

This chapter presents a number of studies addressing the concept of eating ‘organically’ from consumer perspectives in different countries. It consists of eight sections, organised in a logical order reflecting the sequence of the research purposes as addressed in Chapter I, including the four areas of perception, motivation, business philosophy and support.

The first six sections (i.e. 2.2 to 2.7) describe aspects of consumer perceptions about eating organic food. They begin with the definition of organic food and a brief history of the development of organic food. They then proceed with a description of consumption trends of organic food in a global context and then specifically in the New Zealand context. By presenting the categorisation of green consumers suggested in *The Green Consumer*

Report (1991), organic food consumers are classified into three categories, followed by a summary of characteristics of consumers under each category. In sections 2.5 and 2.6, consumers' motivations for purchasing organic food is the main issue addressed and arguments for and against organic food presented, showing two extremes in the beliefs and values of consumers. Section 2.7 discusses the motivations and behaviours of consumers who dine out 'organically', together with a description of the organic food service industry in New Zealand.

The next section (2.8) addresses the merging of environmentalism and entrepreneurship and how this merges into the organic food service business. It presents a number of studies introducing the sustainability of ecopreneurship to reflect the balance of economic, environmental and social performance. It then discusses the challenges faced by organic food service operators when seeking investors who share their green beliefs and sustainable business philosophies. This section concludes that a constant tension exists between operating a viable business and staying true to green beliefs.

The last section (2.9) presents arguments about the existing governmental influences on the organic food industry in New Zealand. It shows how Kedgley relates the green, clean and 100% pure image of New Zealand to the development of the organic sector in this country. Based on Kedgley's arguments, this section concludes that the New Zealand government needs to foster the organic sector in order to maintain the true value of the image.

2.2 Organic Food

People define organic food according to their own knowledge and subjective interpretation (Lilliston & Cummins, 1998). When people attempt to describe how they recognise their feelings and formulate their thoughts about a stimulus in their environment, this involves a selective process whereby they choose to remember only the particular attributes of the stimulus that support their personal beliefs and feelings. Therefore, which attribute of food will be perceived as organic basically depends on individual perceptions. This means that what is considered organic to one consumer may be otherwise to another.

A national survey was conducted in the USA to determine what consumers thought the attributes of organic food should be. Results revealed that consumers believed organic food should be products with the following attributes:

- Without pesticides (78%)
- Without growth hormones (72%)
- Without genetically-modified organisms (68%)
- Fresh (59%)
- Have more nutrients (47%)
- Have better quality than conventionally-produced food (47%)
- Have better taste than conventionally-produced food (34%) (Whole Food Market Research, 2002)

It is clear that when consumers are exposed to the same organic food, they perceive the food very differently. Likewise, each consumer can see only some of the organic food's properties but not all of them.

2.2.1 Definitions of Organic Food

In order to avoid confusion about the meaning of the term 'organic', the National Organic Standards Board in the USA developed a full description of organic food in December of 2000. This description stated that organic food can be defined as food that has been produced from the following three sources:

- Crops grown without using pesticides, chemical fertilisers or sewage sludge;
- Animals raised without routinely using growth hormones and antibiotics; and
- Food processed without using genetically-modified ingredients, additives of any types and ionising radiation (National Organic Program, 2002).

As the foregoing description provides a more extensive meaning to the term 'organic', it is adopted throughout this study for consistency of terminology.

2.2.2 Organic Food, Natural Food, Local Food and Slow Food

There appears to be some confusion between definitions of organic food, natural food, local food and slow food (Schifferstein & Oude Ophuis, 1998; McDonagh & Prothero, 1997; Hutchins & Greenhalgh, 1997). The following therefore attempts to make clear what natural food, local food and slow food refer to and how they differ from organic food.

- Natural Food

Natural food refers to food that remains as close as possible to its original state and contains no refined or artificial ingredients such as preservatives, colourings and flavourings. Natural food is not necessarily organic food; however, it is sometimes erroneously interpreted as organically grown food (Lindeman & Sirelius, 2001).

Consumption of natural food, similar to that of organic food, is closely related to a fear of diseases and death and is therefore regarded as a kind of food choice ideology (Lindeman & Sirelius, 2001; Jenkins, Jenkins, Kendall, Vuksan & Vidgen, 2000). However, such benefits are arguable and are not supported by scientific evidence, as discussed in the following sections.

- Local Food

Local food refers to food that is locally or regionally grown. Local food is very often equated with unprocessed food or sometimes sustainable food and tends to be organic though it is not necessarily the case. Small local farmers and food activists even view food that is certified organic but not locally grown as possibly 'less organic' than locally grown organic food (Hinrichs, 2000).

Green politics encourage local purchasing because 'green' shopping decisions positively affect the well-being of local people, improve local economics, preserve cultural diversity and may be ecologically more sustainable (Feenstra, 2002). Behind the decisions to buy local food are preferences for seasonal and fresher food and an opposition to transporting

food in distances, thereby creating pollution and energy waste in eco-systems (Pirog & Larson, 2007).

- Slow Food

Carlo Petrini, an Italian, founded the Slow Food Movement in 1986 to combat fast food. The movement promotes eating locally grown food in an organic and sustainable way; its core value is to oppose global fast food operators and their degrading effects on the environment (Petrini, 2006 & 2007). Petrini has successfully associated the value of local food traditions with the benefits of organic farming practices so as to counteract fast food and fast life and supported the pleasures of cooking and eating local food in traditional ways. Although the movement has since expanded to include about 83,000 members in 122 countries, it has had little effect on heightening consumers' awareness of slow food (Organic Farming in the European Union – Facts and Figures, 2005). Shaw (2008) points out that Petrini's arguments against technology and globalisation fail his efforts to attract more members.

However, as the main concern for this study is organic food, it will not include any particular discussion about natural, local and slow food.

2.2.3 Brief History of Organic Food Development

Barton and Levstik (2004) stated that the purpose of learning history is to understand the causes and consequences of broad historical trends. Based on this view, learning the history of organic food development can help consumers and industrial operators see how

the trend of organic food consumption has been evolving and predict where the trend will proceed to in the future.

Generally speaking, organic food pre-dates non-organic food (i.e. chemically grown food). The organic eating trend therefore bears a strong resemblance to eating styles in earlier times when people stopped hunting and gathering and took up farming as a means of subsistence (Krarup & Russell, 2005; Korcak, 1992; Sansavini & Wollesen, 1992). Ancient people cultivated their lands by employing farming practices that focused on ecological harmony and environmental sustainability, as they did not have wide access to chemical additives to enhance growth.

At the time of World War II (WWII), agriculture started to adopt chemical farming practices, involving an increasing use of synthetic pesticides and fertilisers (Philips, 1982). Philips argues that the use of chemicals in agriculture can (a) speed up crop production for a growing population, (b) increase the size of agricultural operation but reduce production cost and (c) generate profit from the conversion of the excess explosives that were produced for warfare into nitrogen-based fertilisers.

There are two kinds of chemicals widely used in agriculture: pesticides and synthetic fertilisers. In fact, the concept of using pesticides is not new. Miller (2002) notes that human have used pesticides to protect their crops since before 2500 B.C. Miller mentions that the Sumerians used elemental sulphur dusting, the first known pesticides, to control mites and insects about 4500 years ago. By the fifteenth century, the Chinese were using mercury, lead and arsenic compounds to kill pests in crops. In the seventeenth century, the

Greeks and Romans extracted nicotine sulphate from tobacco leaves for use as an insecticide. By the late nineteenth century, American farmers used copper acetoarsenite (Paris green) to control pests in field crops. However, Miller states that use of pesticides with such inorganic substances was indeed limited in this period; most farmers still applied agricultural methods for pest control such as crop rotation and soil tillage. After WWII, the use of synthetic pesticides increased with the introduction of dichloro-diphenyl-trichloroethane (D.D.T.), benzene hexachloride (B.H.C.), aldrin, and dieldrin, etc. Murphy (2005) argues that the 'Pesticide Era' started in the 1940s.

Similarly, use of fertilisers can be traced back to three thousand years ago when the ancient Chinese used organic manures in agriculture, while the ancient Greeks and Romans also relied on animal manure for soil fertility (Beaton, 1993). In the seventeenth century, as chemical theories developed, chemists such as Glauber and von Liebig discovered the chemical needs of growing plants. In the eighteenth century, a number of chemists strove to formulate a complete fertiliser and Sir John Lawes was granted the first patent for a synthetic fertiliser. The synthetic fertiliser industry experienced significant growth after WWII, when explosives manufacturing facilities were converted to fertiliser factories. According to Stocchi (1990) and Kirschner (1997), the use of synthetic fertilisers can significantly improve the quality and quantity of food.

In the 1940s, an American scientist, Borlaug, initiated The Green Revolution, advocating the use of chemical controls and mechanisation in agriculture; his work drew both praise and criticism (Davidson, 1997). Almost at the same time, Rodale and Carson, American scientists and conservationists, led the organic movement against chemical agriculture. They criticised the short term monetary values that dominated food production, saying that

long term health and ecological values were being ignored. By the early 1970s, a growing number of people began to recognise the serious effects that the chemical agricultural farming system had had on their health and environment and sought to produce food in organic ways. Initially small numbers of people took up organic gardening to meet their own requirements and then small scale organic farms began operation. Today, large scale organic farming businesses produce various types of organic food in many countries. Various consumer groups around the world are now pressuring their governments to establish the regulation of organic production. This pressure has led to legislation and certification standards through the 1990s to the present date.

Some agribusiness analysts believe that conventional agribusinesses still dominate the agriculture industry in many wealthy countries. These agribusinesses involve large-scale and specialised farms, planting more uniform fields and relying heavily on agrochemicals and machinery to increase crop yields. According to Halweil (2002), farmers in these wealthy countries use 10 times more chemical fertilisers today than in 1950 and spend about 17 times as much on pesticides.

On the other hand, poor farmers in the Third World run small family farms and cannot afford chemical fertilisers and pesticides (Lomborg, 2001); they are therefore most likely to adopt traditional agriculture. This kind of agriculture is labour-intensive, relying less on the use of agrochemicals and machineries but focusing on crop mixtures and natural manure to replenish soil fertility (Mittal, 2003). However, the reality is that there is no way these poor farmers can compete with the large agribusinesses on efficiency and productivity; Mittal (2003) estimates about 600 farmers are forced off farms every day in Mexico.

The history of agriculture development shows that there are two powers opposite each other; one advocates the use of agrochemicals for rapid growth of crop yields and the other promotes organic agriculture without using chemicals to pollute natural resources and damage human health. This contradiction in farming practices might imply that there is also a conflict of business philosophy between those in the related industries such as food service industry. This study is therefore suspicious of a fact that traditional restaurants may still be leading dining trends and organic food service operators are likely to struggle to become viable in a competitive business market. This argument will be investigated and supported with evidence later in the study.

2.3 Organic Food Consumption

As noted in the previous section, some consumers prefer organic food. In fact, choosing food to eat involves a kind of complex mental process to make selections, during which a variety of interrelating factors such as sensory, psychological and physiological responses, socio-economic and environmental influences will affect the way people make their food choices (Murcott, 1998; Warde & Martens, 1998; Feunekes, de Graaf, Meyboom & van Staveren, 1998). Other factors such as the availability of food and the promotional activities of the food industry also impact on people's food choices, resulting in changes to their eating behaviour. Furthermore, how people perceive and select food affects their decisions about where they make purchases and how they acquire consumption (Furst, Connors, Bisogni, Sobal & Falk, 1996). For example, people who prefer organic food will buy groceries at organic specialty shops and dine at organic restaurants whenever they can.

Cox and Mela from The Institute of Food Research and Anderson and Lean from The University of Glasgow conducted a nationwide survey in Great Britain in 1997, using a set of questionnaires to a random sample of 2020 British adults, aiming to assess perceived attitudes and barriers to increasing fruit and vegetable intakes. Based on their findings, the researchers generalised the following factors that can affect the ways how consumers make their food choices:

- Appearance of food;
- Personal values, attitudes, knowledge and beliefs (relating to food and health, individual preference, social interaction with others and individual lifestyle);
- Prices and availability of food; and
- Gender, education and household income (Cox, Anderson, Lean & Mela, 1998)

However, based on the concept of the Hierarchy of Motives proposed by Maslow (Maslow, 1954), von Alvensleben (1997) views food choice behaviour as a set of motives. Von Alvensleben (1997) argues that people generally strive to satisfy lower motives before they seek higher motives. People primarily need to satisfy the most basic physiological motives such as hunger and thirst before they will seek to satisfy their nutritional needs of food. This means that when people are no longer hungry and thirsty, they will then start looking for food with certain nutritional substances their bodies need. Once these lower levels of motives are fulfilled, people will seek a second level motive that is about food safety. Von Alvensleben (1997) suggests that people may decide to eat organically as they consider organic food is both safe and beneficial to their health. After that, people will aim at a higher level motive. The third level motive, social motive, is about love, affection,

friendship and a sense of belonging. In the food choice behaviour, the social motive is linked to environmental concern; it is because people who prefer eating organically may to some extent seek ways to show their respect and love towards the planet, which places them at a higher level where they are not only concerned about the self, but also about society as a whole. Motives for luxury food and prestigious dining ambience are the highest level of motive, allowing consumers to show prestige and self-fulfilment. Von Alvensleben (1997) concludes that health, food safety and environmental concerns are the fundamentals of people's food choice, highlighting the growing trend of organic food consumption.

Clearly, Cox, Anderson, Lean and Mela (1998) describe only the factors that affect consumers' food choice and could not identify the reasons behind their choices. Von Alvensleben's typology of food choice is developed from Maslow's (1954) concept, which this study believes can provide a useful model to illustrate how consumers go through a psychological process when making their food purchase decisions. The typology will therefore be used as a backbone to the study to relate local consumers' dining behaviours to the adaptability of business philosophy established by local food service operators.

2.3.1 Organic Food Consumption Trend

Literally speaking, a trend is a general direction in which a particular market is heading; it is a current style of a particular concept. Likewise, the trend of organic food consumption shows the acceptability of organic food in the consumers' mind and the faith of food service operators towards such a dining concept. Understanding the organic food

consumption trend in the global context and the local context in New Zealand provides strong arguments to support the current and future views of organic food service businesses in a local business environment.

2.3.1.1 Global Organic Food Consumption Trend

Demand for organic food is growing in international markets and attracts more and more large-scale businesses to enter the organic industry. The Global Strategic Business Report (2006) reveals that countries such as the USA, Germany, Great Britain, Denmark, Italy and Austria are world leaders in the trends towards eating 'organically' because they have developed well-structured markets catering to organic food consumption.

The report also predicts that global spending on organic food will exceed USD86 billion by 2009 and perceived health benefits will dominate consumers' preferences for organic food. The report further notes that most of the world's regions are gaining high growth rates in organic consumption; amongst them, the USA, Germany and Great Britain enjoy the largest growth in dollar terms. Today, organic consumption is closely associated not only with health concerns, but also with social, economic and ecological sustainability. Agricultural and food industry experts agree that the peak of the organic food trend has not yet been reached and there is still plenty of international growth potential in the organic market (Ebrahimi, 2007).

Food industry experts anticipate continuing growth in organic food development in the global environment, revealing the fact that the benefits of eating 'organically' have been well recognised by the general consumers and the trend will encourage more and more

non-organic consumers to shift their preference towards organic food. This will provide a positive sign to potential investors to enter organic food businesses and in turn drive organic food prices further down as market demands increase and business competition intensifies.

(a) Germany

The trend of eating 'organically' continues to grow in Germany. Organic food sales reached USD7.2 billion in 2006, which equates to about an 18% increase in sales turnover compared to the previous year. Food industry experts estimate that there will be another 15% growth in the organic food industry and it was anticipated that total turnover would reach USD8 billion by the end of 2007 (Hamm, 2007).

(b) Great Britain

The Organic Market Report (2007) reveals that Great Britain has had an increase in organic food consumption in the recent years. Sales of organic food exceeded USD4.4 billion in 2006, which equates to an increase of 22% growth over the previous year, making Britain the second largest organic food market in Europe after Germany.

(c) United States of America

Mintel Organic Foods (2006) estimated that total organic food and beverage sales would reach USD13.8 billion in 2006, which equates to about 3% of total food consumption. In addition, Mintel expected that organic food sales will increase by 71% between 2006 and 2011 and foresaw that the concentration of large-scale farms and processors will significantly accelerate the market growth of organic food in retail and food service sectors. Similarly, Laux (2006) foresaw that daily use of organic food will be mainstreamed and routinised by 2025. Knudson (2007) notes that the market for organic food in the USA is growing considerably and forecasts continued growth of organics in all food categories.

2.3.1.2 Organic Food Consumption Trend in New Zealand

According to Ritchie and Campbell (1996), organic production in New Zealand received little attention at that time from its government who did not encourage growers to convert to organic production. However, during the 1990s, due to the large scale of organic exporting, there appears to have been not only an increase in the number of organic growers seeking organic certification, but also a substantial shift of conventional growers into the organic production.

Grice, Cooper, Campbell and Manhire (2007) conducted multiple surveys by posting questionnaires to 129 organic exporters, 42 domestic organic specialty shops and 1000 New Zealand residents between May and August of 2007, aiming to study the current state of organics in both domestic and export markets. They found that there is a steady and sustained growth in the domestic organic sector in New Zealand, showing a total sales value of about NZD259 million in 2006. However, this figure represents only 1.1% of the country's retail market share, which is low compared to many European countries.

Although organic food sales are not as high as those of counterparts in Europe and the USA, Grice *et al.* (2007) still view the future of the organic eating trend in New Zealand optimistically. They note that the continuing growth of organic food sales in the supermarket sector and the emerging niche of farmers markets have evidenced the steadily growing number of consumers of organic food.

As proposed by The Global Strategic Business Report (2006), organic food sales figures indicate that the movement of the organic food consumption trend is most likely driven by

the perception of consumers on the benefits of eating ‘organically’. Clearly, many consumers in the USA, Germany and Great Britain have generally accepted the concept of organic eating and made it a daily eating habit, while the majority of consumers in New Zealand do not have faith in organic food and their scepticism has slowed the movement of the organic eating trend in this country.

Knowing who the prospective organic consumers are and why they eat ‘organically’ can help local restaurateurs implement effective business strategies to stimulate market demands, thus pushing the organic food consumption trend upwards. In fact, consumers’ perception and motivation will affect their purchase behaviours, which have direct influences on the movement of the current trend and accordingly a firm’s business philosophy, investment intention and survival.

2.4 Organic Food Consumers

The growing organic food consumption in international market indicates that many consumers change their eating and purchasing behaviours according to their re-defined perception of the benefits associated with organic food.

An excellent typology is provided by Mintel, who classifies green consumers into three groups according to their willingness to buy environmentally friendly products: they are dark, pale and armchair greens (Mintel, 1991). This typology, called Mintel Classification of Green Consumerism, was designed after a range of surveys carried out in England, Scotland and Wales, showing the distinctive characteristics of each group of green

consumers. The typology enables people in the green industries to have a deeper understanding of their target markets. Although the typology is not specifically designed for organic food consumption, the main concept of the classification suits this study, because the typology focuses on green products and organic food is within the green category. Green products are those that are both environmentally and socially responsible, which means they have fewer impacts on the environment or are less detrimental to human health; organic food fits well into the green definition. Based on Mintel's classification, organic food consumers can also be divided into three groups according to their degree of willingness to buy organic food. They are dark, pale and armchair greens.

- 'Dark Green' consumers are commonly women of 35-44 with children; they seek out organic food very actively, tend to be quality-sensitive and prefer word-of-mouth advice when making purchase decisions.
- 'Pale Green' consumers are mixed sexes of 25-34 and 55-64; they buy organic food only when they see them and tend to be more price-sensitive than dark green consumers.
- 'Armchair Green' consumers are more likely men; they are generally price-sensitive and tend to take no action by purchasing organic food even though they claim to be concerned about the environment.

Several studies arrived at similar results to those of Mintel (e.g. Onyango, Hallman & Bellows, 2007; Storstad & Bjorkhaug, 2003; Koivisto-Hursti & Magnusson, 2003; McEachern & McClean, 2002; Torjusen, Lieblin, Wandel & Francis, 2001; Govindasamy and Italia 1999; Thompson & Kidwell, 1998). They all agree that women generally buy

larger quantities of organic food and do so more frequently than men. Women with children, higher education and higher income levels are most likely to buy organic food.

According to Beardsworth *et al.* (2002), Dobscha and Ozanne (2001), Sabo and Gordon (1995) and Wilkinson and Kitzinger (1994), the differing attitudes and willingness to pay for organic food between men and women are based on different beliefs, aspirations and lifestyles for each gender. Rappoport, Peters, Downey, McCann and Huff-Corzine (1993) find that women are more concerned about healthy food, while men seek more intrinsic pleasure in eating. Fagerli and Wandel (1999) further note that women are more inclined towards changes in diet than men and are also more knowledgeable about the effects of food on health.

Generally speaking, women are still the primary purchasers and preparers of their family's meals; they are more likely to prioritise the health of their family members when making food purchasing decisions. The nutritional needs of their family members therefore motivate women to learn more about the food they purchase and search for new solutions to their family health problems. Furthermore, women will become more conscious of their body's needs during pregnancy; having their first baby is the most important life-change stage for women, which is the time when many women discover organic food. Buying organic food for a new child is becoming more common for today's mothers.

Based on these data, women are indeed the important demographic segment local organic restaurateurs should target. Not only are women the final purchasers of organic food, they are also opinion leaders who can influence the eating behaviours of their family. Clearly,

gender is an essential factor in determining the movement of organic food consumption and influencing perceptions of restaurateurs on the organic dining concept this study will investigate.

2.5 Consumer Motivation towards Organic Food Consumption

Although consumer profiles depict the general purchasing pattern of organic food buyers, it is essential to understand what motivates these purchasing patterns so that food service operators can predict the eating behaviours of organic buyers (Hutchins & Greenhalgh, 1995).

Baourakis (2004) found that there are many reasons for and against the concept of eating 'organically'. The contradiction in the two extremes of opinions most likely depends on who providing the information. People who think they are benefiting from the consumption of conventional food will claim that organic food is no better than conventional food; while others who think they are benefiting from the consumption of organic food will support the ideas that organic food is healthier than conventional food.

Based on what Baourakis discovered, a contradiction occurs because of a psychological phenomenon called 'cognitive dissonance' (Festinger, 1957). Cognitions are defined as knowledge, attitude, belief or behaviour. Generally speaking, people feel uncomfortable or stressed when holding two contradictory ideas at the same time, which leaves them feeling dissonant. By trying to reduce the stress, people who are exposed to information that

increases dissonance are most likely to ignore, misinterpret or deny the one that is contradictory to their self-concept (Aronson, 1969).

This contradiction involves a process of selective retention and selective distortion. People choose to remember what matches their views and beliefs, but ignore ideas that are in contrast to their values and beliefs (for example, organic consumers avoid reading scientific evidence in opposition to the benefits of organic eating). In some cases, people even interpret information in a way that will support what they already believe (for example, organic consumers attach emotions to eating behaviours and believe that all organic food is benefiting their health even though they may have no knowledge of what organic food is). Tedeschi, Schlenker and Bonoma (1971) therefore suggest that maintaining cognitive consistency is to protect one's self-image; organic consumers would like to think of themselves as green people with social consciousness and environmental consciousness, which differentiates them from others.

The following section compares and contrasts the reasons consumers choose to eat 'organically' as well as they are against eating 'organically'. Tilley (1997) notes that a reason for any action is motivation; the motivation is based on an idea that people believe that the ways they act will meet their desirable needs (Punnett, 2004). Chrysohoidis and Krystallis (2005) propose that there are two values that govern consumer motivation behind the consumption of organic food: (a) internal values are the main motivators, such as healthiness and taste, while (b) external values are of lesser importance (for example, environmental protection and ethical concerns). This study is based on these two values to develop the following arguments.

2.5.1 Health Concerns

There have been several studies showing that one's personal health is the most important motive for consuming organic food, because many consumers perceive that organic food is healthier than conventional food (e.g. Makatouni, 2002; Zanolli & Naspetti, 2002; and Grankvist & Biel, 2001).

The report *Food, Nutrition, Physical Activity and the Prevention of Cancer (2007)* proposes that the leading causes of death in the USA, such as heart disease, cancer, stroke and diabetes, are linked to food and diet. The report notes that consumers are increasingly concerned about health risks; they believe that these diseases can be avoided if they change their diets to organic food consumption. Hutchins and Greenhalgh (1997) also note that consumers' anxiety over health problems may be the main reason for eating 'organically'.

Consumers from different countries can have the same understanding about the health concerns to motivate their organic eating; New Zealand is an example. A recent study was conducted in the University of Auckland in asking 390 medical students to complete an anonymous questionnaire about their health worries and food-related consumption; the results suggest that health worries are significantly associated with organic food consumption (Devcich, Pedersen & Petrie, 2007). The students think that organic food will protect them from disease-risks.

These research studies and reports unlikely provide solid scientific evidence to support the health benefits of organic food, because their results were based on consumers' personal knowledge and subjective interpretation, which may therefore contain a certain degree of

cognitive dissonance. However, they apparently propose a possible relationship between organic eating and prevention of diseases, which motivates some consumers to eat 'organically'.

This study relates health issues to the nutritional content of food, pesticide residues, food additives, genetically-modified organisms and food safety because they are all about the substances absorbed into the human body, which can improve or destroy the health of people.

2.5.1.1 Nutritional Content

Some studies suggest that organic food contains higher levels of vitamin C, essential minerals and antioxidants than conventional food. High intake of such nutrients is most likely to reduce the incidence of heart disease and some cancers (Asami, Hong, Barrett & Mitchell, 2003; Carbonaro, Mattera, Nicoli, Bergamo, & Cappelloni, 2003).

Two comprehensive studies have been conducted comparing the differences between organic and conventional food; both studies analysed around 40 previously published studies. One study was conducted by Heaton (2001) for the Soil Association in Britain and the other by Worthington (2001) in the USA. Both studies came to a similar conclusion, inasmuch as they found that organic food, on average, contains higher levels of antioxidants, vitamins C and essential minerals such as iron, calcium, chromium and magnesium.

To the contrary, Bourn and Prescott (2002) at the University of Otago reviewed about 100 studies to compare organic with conventional foods. They found no conclusive evidence to show that organic foods are more nutritious than conventional foods. Williamson (2007) also asserts that currently there is not enough scientific evidence of the nutritional difference between organically and conventionally grown foods.

There is a contradiction between the above two sets of research results about the nutritional content of organic and conventional foods. Actually, the main issue that needs to be investigated is what substances in food can profoundly benefit people's health. As stated in the Board Meeting held by the Food Standards Agency on 14 November 2002, it is the concept of bio-availability of nutrients after consumption that deserves further investigation. Therefore, the arguments about the nutritional content of food are probably not important. In addition, variations in nutrient levels of food largely depend on geophysical differences (i.e. soil and climate conditions), harvest, storage, transportation and process conditions; it is not solely determined by the way in which the food is grown.

2.5.1.2 Pesticide Residues

According to Baker, Benbrook, Groth and Benbrook (2002), organic food is less likely to contain pesticide residues than conventional food (13% of organic food sample versus 71% of conventional food samples contained a pesticide residue); eating 'organically' can therefore result in lower levels of chemicals to enter the human body.

Currently over 400 chemicals are regularly used in conventional farming; many studies show that conventionally grown foods contain pesticide and other chemical residues.

Repeated tests show that conventional food can carry a verifiable cocktail of chemical poisons (e.g. Curl, Fenske, & Elgethun, 2003; Baker *et al.*, 2002; Colborn, Dumanoski & Myers, 1996; and Short, 1994). Pesticide residues are known to disrupt the hormonal, nervous and immune systems, which are linked to increases in certain types of cancers such as lymphoma, leukaemia, breast, uterine and prostate cancers (Alavanja, 2003; Charlier, 2003; and Schreinemachers, 2000).

However, the American Centre for Food Safety & Applied Nutrition (1999) analysed 3426 domestic food samples and 6012 import food samples and found that only 0.8% of the domestic and 3.1% of the imported foods had violative levels of detectable pesticides. Organic Produce (1998) suggests that the effect of consuming the tiny quantities of pesticide residues in food is likely to be small for most consumers. A survey monitored by the Ministry of Health in New Zealand shows that trace amounts of pesticides may be found in some conventionally grown fruits and vegetables; however, they are well below permissible levels and are continuing to decrease (Cressey, Vannoort, Silvers & Thomson, 2000). There is in fact no evidence that pesticide residues left on conventionally grown food will cause an increased cancer risk (Byers *et al.*, 2002).

Apparently, the arguments proposed by Byers *et al.* (2002) contradict the findings supported by Alavania (2003) who linked pesticide residues to the increases in cancer rates. The two extremes of opinions occur due to the cognitive dissonance of the researchers, who might have produced the results with a particular point of view in mind in order to protect the specific interest of the sponsorship they were granted. Therefore, their arguments are most probably biased and can only be seen as half-truths.

Baker *et al.* (2002) further note that organic food production uses no chemical pesticides and fertilisers, but relies on natural fertilisers such as composted animal manure. As manure is a potential carrier of human pathogens when improperly treated, eating organic food may lead to a greater risk of mycotoxin and *E. coli* contamination. A comparative analysis of organic produce versus conventional produce by the University of Minnesota in the USA in 2004 shows that organic produce had 9.7% positive samples had a presence of *E. coli* bacteria versus only 1.6% of conventional produce collected from farms in Minnesota (Mukherjee, Speh, Dyck & Diez-Gonzalez, 2004). The researchers conclude that organically grown produce is more susceptible to faecal contamination. They further note that people eating ‘organically’ often think organic food is safe from chemicals used in conventional food; however, they do not always realise that organic food does not ensure microbial safety.

These studies make the statement that people are more susceptible to microbial contamination when eating organic food, though they are safe from agrochemicals. However, they have actually missed the important point that people can avoid the risk of mycotoxin and *E. coli* contamination if they handle the organic food properly (for example, washing the food thoroughly before consumption). Eating organic food likely gives consumers peace-of-mind, but requires proper food handling procedures.

2.5.1.3 Food Additives

Erasmus (1999), Willet *et al.* (1993) and Triosi, Willet and Weiss (1992) note that food additives commonly used in conventional food production such as monosodium glutamate

(M.S.G.), aspartame and hydrogenated fats have been linked to allergic reactions, headaches, heart disease, cancer, skin disease and hyperactivity in children.

However, Bryers *et al.* (2002) argue that all food additives permitted for use in conventional food production are strictly controlled by rigid safety assessment and are usually used in small amounts in food. The authors note that there is no evidence associated with any increased risk of cancer by using these food additives in small quantities.

2.5.1.4 Genetically Modified Organisms

Meacher, a former Minister of State for the Environment in Great Britain, states that as the potential health effects of transgenic foods are still unknown, genetically modified organisms are totally banned from organic food. Pryme and Lemboke (2003) also note that health effects of these transgenes are unknown; consumers are better to avoid eating genetically modified food until their health effects have been properly tested.

However, according to Bryers *et al.* (2002) and Bezar and Connor (2002), some scientists use gene technology to modify the genetic properties of food and suggest that genetically modified food is unlikely to increase cancer risk. Avery (2006) further notes that genetically modified crops have the potential to allow greater productivity, reduced use of pesticides and increased nutrition, but the organic movement dismisses the whole technology as dangerous killer with all sorts of unknown potential problems. Baker *et al.* (2002) argue that organic food production will cause millions of people worldwide to suffer from hunger and starvation because of its lower yield. The authors further note that

successful implementation of genetic engineering techniques can improve the issue of food security.

Baker *et al.* (2002) make the statement that organic farming is not a reliable and efficient source of food supply; its low yield is unable to keep up with world population growth. Seemingly, gene technology is an alternative method of food production with the exact qualities that people desire; however, the majority of consumers tend to misinterpret or ignore the advantages of the technology because of some unknown emotional fears. This study suggests that, if crop productivity and distinctiveness of crop quality are taken into account, gene technology is most likely to benefit the majority of the world's population; organic farming only remains exclusive to the minority.

2.5.1.5 Food Safety

Some studies link the increasing food-related risks to contaminants from environmental pollution, claiming that use of agrochemicals, food additives, growth hormones and antibiotics in food production put people at health risks (Lu, Knutson, Fisker-Andersen & Fenske, 2001; Groth, Benbrook & Lutz, 1999; Wandel, 1994). For example, the recent outbreak of Mad Cow Disease in England and Avian Influenza in Vietnam and Thailand show that food safety has become an important issue and a cause of public concern (Nierenberg & Garces, 2004).

Serra (1999) points out that the food chain is so complicated that consumers cannot properly control its content. They buy food based on a kind of 'blind trust', which means consumers rely on the self-regulation of food industry and government approaches to the

food safety issues. Consumer confidence in safe food supply has recently been disaffected by a series of high-profile food scares and food-borne poisoning. Scholderer (2002) shows a recent chronology of food safety scares as follows:

1996	BSE/CJD link discovered
1997	Contagious swine fever in the Netherlands
1998	Arpad Pusztai and the GM potato hoax
1999	<ul style="list-style-type: none"> • Contaminated Coca-Cola in Belgium • GM maize kills Monarch butterflies
2000	BSE hits Continental Europe
2001	<ul style="list-style-type: none"> • Antibiotics and growth hormones in German pigs • Foot and Mouth disease all over Europe
2002	<ul style="list-style-type: none"> • E.Coli in ConAgra beef • Listeria in Pilgrim's Pride chicken

Source: Scholderer (2002)

Fonte (2002) argues that such food scares concern the contamination and adulteration of food with artificial substances (e.g. additives, chemical residuals, etc.), rather than from natural calamities. Murphy-Lawless (2004), Koivisto-Hursti and Magnusson (2003), Grunert (2002), Browne, Harris, Hofny-Collins, Pasiecznik and Wallace (2000) and Uzogara (2000) argue that consumers have lost trust in the workings of the food industry and the government's ability to safeguard the food supply.

Fonte (2002) further notes that consumers alternatively pursue a different kind of trust in food systems. This trust refers to a particular ecological perspective that links food to nature. In other words, heightening awareness of food safety has encouraged more

consumers to eat organic food. For example, food scares such as mad cow disease and contaminated milk have stimulated Japanese consumers to buy organic food in record numbers (Fitzpatrick, 2002).

This study agrees with the arguments of Fonte (2002), because it believes that consumers shifting their preference to organic food not only physically consume the organic food itself, but also attach their emotional feelings to the green image of the organic food that can assure them of being safe from food risks. They might have no knowledge about organic food; the term 'organic' has no specific meaning to them and it is only parallel to safe eating. Based on this thinking, these consumers do have 'blind trust' in organic food for maintaining their peace of mind when confronted with the food safety issue.

2.5.2 Parental Concern

Consumers are not only concerned for their own health, but are increasingly disturbed by the risks posed to their children because children are particularly susceptible to pesticides in food (Duffort, 2006, Makatouni, 2002). Pesticides used to kill pests in the agricultural industry can affect children's nervous systems, hormonal balances and immune systems. Pennycook, Diamand, Watterson and Howard (2004) note that pesticide residues left in food are the main concern for many parents.

Every day children have contacts with pesticide residues through the conventional food they eat and these pesticide residues can build up in their body tissue over time. However, their kidneys are immature and cannot excrete chemical toxins as fast as adults; children

are therefore particularly vulnerable to chemicals entering their bodies (Mott, 1997). Wiles, Cook, Hettenback and Campbell (1999) further state that the risk of cancer from pesticide residues most likely occurs in childhood. Although governments of many countries ensure that pesticide used on food is within legal limits, the safe level of pesticide used on food is determined by testing adult animals, which cannot be assumed to be relevant to children (National Research Council, 1993). Wiles *et al.* (1999) argue that just one serving of certain conventional fruits (e.g. apples) can possibly exceed the safe level for children.

A recent study by Curl, Fenske and Elgethun (2003) found that children who eat organic food are exposed to fewer pesticide residues through diet than children eating conventional food. The researchers recruited school children in Seattle and interviewed their parents who bought groceries in one of the two shops – one specialising in organic food, the other providing conventionally grown food. The researchers instructed the parents to create a food diary for what food they consumed and they collected the urine samples of the children in the next visit. The urine samples were analysed for the dialkylphosphate metabolites of organophosphate pesticides. They found that the school children eating conventional food were much more likely to exceed EPA safety limits for organophosphate pesticides than children eating organic food. The researchers concluded that eating organic food represents a simple means for parents to reduce their children's exposure to pesticides.

In addition, atopic diseases (or allergic hypersensitivity) are increasingly becoming one of the risks that raise much of the parental concern. The diseases may involve eczema, asthma and rhino-conjunctivitis, which commonly occur in childhood. For most children the atopic

symptoms are mild, but some will suffer death. The Worldwide Variation in Prevalence of Symptoms of Asthma, Allergic Rhinoconjunctivitis, and Atopic Eczema (1998) shows that the highest prevalence of atopic diseases is found in westernised and industrialised countries; for example, Australian and New Zealand children have the fifth highest global rates of atopic diseases.

In order to reduce the risk of allergic diseases in children, an Austrian scientist and philosopher - Rudolf Steiner developed the 'Anthroposophical Lifestyle'. This lifestyle promotes restrictive use of antibiotics, fever antipyretics and vaccinations and encourages higher level of organic food consumption. Alm, Swartz, Lilja, Scheynius and Pershagen (1999) conducted a cross-sectional study to measure the prevalence of atopic diseases in children in Sweden. The study compared 295 children aged five to thirteen from two anthroposophical schools in a village near Stockholm, Sweden with 380 children from two neighbouring state schools. The researchers gathered data on children's history of allergy and infection, use of antibiotics and vaccinations and lifestyle/environmental factors (e.g. breastfeeding, household pets, maternal smoking, and food). The result shows that the incidence of allergies was 50% lower in children from families following the anthroposophical lifestyle (which involves a higher level of organic food consumption).

Floistrup *et al.* (2006) also conducted a study to investigate the correlation between anthroposophical lifestyle and decreased risk of allergy among children. The study involved over 6600 children aged five to thirteen (4606 from anthroposophical schools and 2024 from reference schools) in five European countries (Austria, Germany, Sweden, Switzerland and the Netherlands) and compared the anthroposophical school children with

their non-anthroposophical counterparts who lived in the same region. The result shows that children raised in the anthroposophical lifestyle had a lower risk of allergy.

Though the results of the aforementioned studies showed that the incidence of allergies was significantly lower in anthroposophical school children; however, it remained unclear as to what extent the results were due to organic food consumption. Clearly, there were many lifestyle factors to involve in the studies between the two groups (e.g. lower levels of antibiotic and vaccination use, longer breast feeding, etc.); the specific reason behind the results has not yet been determined conclusively.

Generally speaking, parents tend to believe that organic diets can safeguard the health of their children; they therefore nourish their children with organic food. Although governments and food industry trade groups of many countries consider conventionally grown food safe, parental preferences for organic food always outweigh industry and government reassurances. Duffort (2006) suggests that concern for children's health is one of the likely motivators for consumption of organic food, at least for parents.

2.5.3 Taste

Taste is also one of the factors that attracts people to eat organically, because the taste of organic food is considered as more superior to that of conventional food (Lockie, Lyons, Lawrence, and Mummery, 2002; McEachern & McClean, 2002).

Duffort (2006) argues that organic food noticeably tastes much better than non-organic food and this motivates organic food consumption. In 1994, Reganold, Glover, Andrews and Hinman conducted research in the Yakima Valley in Washington State, USA, in which they grew apples using three different systems: conventional farming, organic farming and integrated farming. Results showed that organic apples were firmer and sweeter than conventional apples (Regnald, Glover, Andrews & Hinman, 2001). The researchers concluded that organic apples are basically grown in nutrient-rich soil, and the nutrients will naturally impart into the apples. The cell structure and sweetness of organic apples is concluded to be better than that of apples grown with chemical fertilisers.

However, Basker (1992) conducted research in the early 1990s, in which 460 assessments of nine different fruits and vegetables were made and found no difference in quality between conventionally and organically grown samples. The report “Chicken: What you don’t know can hurt you” (1998) reveals a taste test conducted in New York in March 1998, in which the researchers rated two brands of free-range chicken as average among nine brands tested. They concluded that organically grown foods are not inherently tastier than conventionally grown food. They believed that taste is influenced by freshness of food, which depends on the distance the food needs to travel. The researchers further suggested that there are unlikely to be any differences in texture and flavour between organically or conventionally produced foods.

Taste has a kind of organoleptic quality, which is in fact related to the sensory properties and quality attributes of a specific food. Although many researchers have attempted to measure the taste of organic food in well-designed and controlled sensory tests, results of

the tests might not be accurate. This is because measuring organoleptic quality is actually subjective and can especially be affected by the ‘halo effect’ of the organic label, which means that the expectation for better quality in organic food might have affected the panellists’ judgment and made them favour the organic food. In other words, the panellists’ unconscious biases are most likely to decrease the reliability and validity of the test results. In addition, differences in freshness and ripeness of the samples for tests can also impact the results of sensory tests. As objective results are unlikely to be achieved from sensory tests, it is unscientific to conclude that organic food tastes better than conventional food. However, some consumers choosing organic food ‘feel’ that organic food is tastier.

2.5.4 Environmental Concerns

When consumers choose to eat organic food, they are more likely to consider the benefits associated with their health than the impacts of organic farming practices on the environment. A number of studies show that health-related concerns outweigh environmental concerns when consumers are making their food choice decisions (e.g. Gil & Soler, 2006; Chang & Zepeda, 2004; Lohr, 2001; Schifferstein & Oude Ophuis, 1998).

Some organic food consumers may still consider environmental concern as one of the important factors motivating them to choose organic food, because they believe that organic farming is less harmful to the environment. Organic farming indeed encourages balance and biodiversity; it prohibits the use of herbicides and pesticides, so wildlife can

flourish. In addition, it uses natural fertilisers, which do not introduce potentially polluting chemicals to the soil.

However, organic farming practices can be challenged. Barrett (2002) argues that the high prices consumers pay for organic food are unlikely to benefit the environment by encouraging more farmers to use organic methods, but instead benefit the people who sell it. Barrett (2002) points out that the main reason they cannot interest farmers in switching to organic methods is due to the inefficiency of organic farming to meet the world's food needs. Goldberg of University of California in Los Angeles also notes that organic farming is an ineffective and impractical method to produce enough food to feed the current world population because of its low yield. Avery (2006) further notes that if organic farming needs to maintain the same level of food production by using conventional methods, it would require far more land for farming. Goldberg even argues that organic farming takes up much more land than conventional farming, which means that forests, parks and open spaces would not exist if all farming were organic.

It is true that organic farming practices using much fewer agrochemicals are beneficial to the environment; but, organic farming is not a reliable and efficient method for food production because of its low yield and large land requirement. This study argues that satisfying the food needs of the rapidly increasing world population requires immediate attention; arguments about prohibition of chemicals in agriculture are meaningless when people in poor countries die of starvation. Food technologists and scientists should put efforts in seeking alternatives to produce enough food to prevent people from starving, for example, a kind of 'safe' gene technology that can produce food at fast speed and that is

safe to people's health and the environment. Organic farming is good for environmental protection and food safety, but not good enough in the efficiency of food production.

2.5.5 Ethical Concerns

Duffort (2006) proposes that some people support organic eating for ethical reasons. This is because for those people, the act of organic consumption means much more than a simple act of acquiring food; they actually desire to support the livelihood of organic farmers by spending money on their food products (Browne *et al.*, 2000; Aristotle, 1999; Meier-Ploeger & Woodward, 1999). Duffort (2006) argues that ethical concerns are therefore consumers' awareness of the ecological system in the global food market and their desire to take social responsibility for the impact of consumption processes.

It is difficult to generalise consumer motivation for organic food consumption, because different consumers display different sets of motives. However, the main point is that consumers who favour organic food feel dissatisfied with conventional food (Saba & Messina, 2003). Superior quality and the significant benefits of organic food motivate consumers to choose organic food. Duffort (2006) suggests that organic food is in itself not a reason for people to buy and consume the food; it is the benefits associated with organic consumption that makes them purchase the food.

What Duffort (2006) suggests reveals a kind of unconscious belief among consumers in a specific market segment. These consumers develop their belief from an emotional feeling attached to the organic food. 'Organic' is only a technical term expressing something that

is simple and close to nature; it does not have any meaningful implications that can motivate consumers to adjust their eating behaviours unless the consumers attach their emotion to the term 'organic'. Organic consumers are basically seeking solutions to their health concerns and organic food is currently promoted as having benefits to improve their health. However, the health effects of these benefits are still arguable and there is no conclusive scientific evidence to support them. It seems that organic consumers believe in some half-truths; their emotional feelings for 'return to basics' reinforce their unconscious beliefs.

2.6 Barriers to Organic Food Consumption

People who eat organically have various reasons for their organic food consumption; similarly, those who do not consume organic food also often have specific reasons for their food preferences. Price premium and limited availability are the main reasons people are deterred from buying organic food (Jones, 2008; McEachern & McClean, 2002; Lockie et al., 2002; Worner & Meier-Ploeger, 1999; Latacz-Lohmann & Foster, 1997; Reicks, Splett & Fishman, 1997). In addition, satisfaction with conventional food (Roddy, Cowan, & Hutchinson, 1996; Mathisson & Schollin, 1994; Tregear, Dent & McGregor, 1994) and lack of marketing promotion for organic food (Worner & Meier-Ploeger, 1999) also appear to have negative influences on the buying of organic food.

2.6.1 Price Sensitivity

The price premium (typically 50% - 75% more than conventional food) is a major deterrent to the buying of organic food (Winter & Davis, 2006; Duffort, 2006; Willer & Youssefi,

2004; Grunert & Kristensen, 1995). Brown and Sperow (2005) estimate the cost of a diet using all organic ingredients would increase food expenditure by 49% for a family of four in the USA. In addition, McCoy (2002) and Pearson (2001) claim that the price premium for organic food seems to be the most important factor hindering the growth of demands for organic food.

Vlosky, Ozanna and Fontenot (1999) argue that excess prices need to be justified by the true value of the product. Based on the results of a focus group discussion in Australia, Chang and Zepeda (2004) found that both organic and conventional buyers believe that the higher price for organic food is generally justified by its lower yield and higher production cost. Consumers' willingness to pay high prices for organic food reflects their appreciation for the quality in organic food production (Smed & Jensen, 2003; Baltzer, 2003; Corsi & Novelli, 2002, 2003; Skuras & Vakrou, 1999).

Consumers' willingness to pay for organic food also depend on their socio-economic characteristics (such as gender, education level, household income and household composition), experience of organic food consumption, information source used and attitudes (e.g. environmental concerns, food safety concerns, nutritional concerns and price sensitivity). Unsurprisingly, 'pale' and 'armchair green' consumers claim that price differentials restrict their purchasing intention; but 'dark green' consumers hold an opposite view (e.g. Sanjuan, Sanchez, Gil, Gracia & Soler, 2002; "The Evolving Organic Marketplace" 1997).

According to a survey by Urena, Bernableu and Olmeda (2008) in Spain, organic consumers are generally willing to pay an extra 10% for organic food compared with conventional food. Percentages of the extra payment do vary in what men and women are willing to pay: an average of 9.5% for women and 11.4% for men; the maximum extra of 20% for women and 25% for men. The researchers found that men are willing to pay greater price premium than women for organic food compared with conventional food. However, women have a better knowledge of organic food than men and therefore demand more information and take greater advantage of discounts when doing organic food shopping.

Clearly, there exists a different food spending habit between men and women. As men generally tend to seek pleasure and convenience from eating food, they therefore consider eating organic food occasionally a kind of luxury experience and are less aware of price comparisons when making purchase decisions. In fact, they are more likely to pay extra for a feeling of self-indulgence (i.e. not for the food itself). However, women are naturally more cautious than men in their spending habits. They are more concerned about their health than men and are keen on searching for more information on organic food. As women are mindful of value, they are more likely to compare the prices of the food before they make purchase. According to “Men and Women’s Buying Habits” (2004), an analysis of the Britain’s buying power and habits, women are less confident of their ability to spend in the future, so they tend not to pay extra for anything other than the value of the food they buy.

Gender is actually one of the main factors to affect food purchase decisions as discussed in Urena, Bernableu and Olmeda (2008). By using the classification method as defined in Mintel (1991) to relate men and women's food spending habits to the attributes of organic food consumers, it can be found that women who are most likely the dark green consumers are generally less price-sensitive to the organic food. However, women are naturally fond of price comparison and will set the 'reasonable price' for the organic food they buy. The limit of the price is much related to the value of the health benefits associated with the food. Women are cautious purchasers and will keep their grocery shopping within that 'price limit'. To the contrary, men are more likely pale and armchair green consumers. They do not actively seek organic food for health improvement; they occasionally eat organic food or dine in organic restaurant for experiencing a kind of new 'gastronomic adventure'. Although they are price-sensitive to the purchase of organic food, they are actually impulsive food purchasers and are willing to pay extra for that 'feeling of self-indulgence in the gastronomic adventure'. To men, organic food is more likely an eating luxury than a food; they do not bother doing price comparison for organic food, because they eat or buy it when the foods are conveniently available and when they feel like it sometimes (but women are most likely to eat or buy it every day). Clearly, there is a relationship between gender and its motivations to buy organic food, which may form a major part of the perception of restaurateurs on the organic dining concept and will be investigated in this study.

Furthermore, Duffort (2006) comments that the acceptability of a price premium is largely dependent upon consumers' financial situation; consumers with relatively higher disposable income would take organic food consumption as a luxury, provided that price

premium of organic food can be justified by their superior quality. This study agrees with Duffort's points of view. It believes that organic food is exclusive to consumers of high socio-economic group because of its high price (i.e. low yield and high production cost contribute to the high prices of organic food). Organic food cannot compete with conventional food in price and may not be afforded by the majority of consumers. As socio-demographic and economic factors are some of the determinative factors to affect consumers' intentions to buy organic food, restaurateurs therefore need to find out how these factors are related to the consumers' purchase behaviours. This study seeks to investigate how consumers with different social status and spending power go through different psychological processes that affect their purchase decisions and dining behaviours.

2.6.2 Availability

Chang and Zepeda (2005), Lockie *et al.* (2002) and Turnbull (2000) found that a lack of shopping venues is another major obstacle to organic food demand. Turnbull (2000) also suggests that the number and convenience of shopping venues affect the search cost and availability of organic food.

Cheeseman and Breddin (1994) found that retail convenience is the most important factor to influence organic food buyers' purchase decisions. Generally speaking, consumers buy most of their groceries in supermarkets where they are offered one-stop shopping (Yuen, Caffin, Hunter, Newton & Haynes, 1994). However, Kortbech-Olesen (2003) and Thompson and Kidwell (1998) note that organic food shopping is usually restricted to

health food stores, food cooperatives and farmers, because these outlets are likely to have a greater variety and concentration of organic food than conventional supermarkets.

The Green Living Report (2008) notes that limited penetration of organic food retailers into the mainstream retailing sector seems to be a major obstacle to the growth of organic food sector, because most consumers are unwilling to go out of their way to find organic food products. For example, consumers in New Zealand rely heavily on supermarkets for their grocery shopping. As large New Zealand supermarkets supply anything and everything from fresh produce to household items, consumers therefore feel it easy to buy all the week's food requirements in one place. Each chain of supermarkets in New Zealand has its own particular focus, so the range of groceries and food products available may differ from one another. However, in recent years, consumer demands for organic food in supermarket have grown; most of the supermarkets have moved to offer organic produce alongside standard items in order to adapt to a social change. Although the demands for organic food products continue to increase and supermarkets have indeed offered a larger organic variety than ever before for convenience of grocery shopping, organic food still remains a small portion of the food products available in supermarkets.

Supermarkets are not willing to keep larger shelf spaces for organic food because of the small scale of economies due to small market volume and consumer scepticism about the credibility of organic certification system and organic labels (Green Living Report, 2008; Murphy, 2008; Pearson, 2001). Consumers' scepticism about organic labels is directly linked to the lack of education programmes provided to consumers. Consumers with insufficient knowledge about organic food will try to avoid consuming the food, which

will in turn reduce the product penetration in the market and adversely affect the survival of the related industries such as organic food service sector.

2.7 Dining out at Restaurants

Consumers' general perceptions about eating organically and their motivations for buying organic food have been discussed in the previous sections. This section will show how the concept of eating 'organically' influences the consumers' motivations and eating behaviours when they dine at restaurants.

2.7.1 Brief Background

Weinberger (2006) notes that the USA is the world's largest food service market and is expected to reach USD685 billion in 2010 or 30 percent of the global market share. The trends of dining out in the USA are important points for discussion in this section.

The National Restaurant Association in the USA conducted surveys about individual meal consumption away from home in 2000. The results published in Meal Consumption Behaviour (2000) show that a typical American consumes 4.2 commercially prepared meals per week, resulting in a total annual consumption of 53.5 billion commercially prepared meals. The report predicts that consumption of privately prepared meals will decline, while eating out at commercial settings will increase.

The Gallup Study of Home Meal Replacements (2005) in the USA shows that number of meals prepared at home continues to drop, falling from 64% in 2003 to 58% in 2005; while

meals eaten at restaurants has risen to 23% in 2005. The Restaurant Industry Forecast (2007) notes that as Americans generally spend about 47.9% of their food budget on eating out at restaurants, the restaurant industry sales in the USA are therefore very promising and are expected to reach USD537 billion in 2007 (or a 5 % increase over 2006 sales).

2.7.2 Profile of Diners

Meal Consumption Behaviour (2000) found that eating out behaviour can be largely influenced by socio-demographic factors of consumers. Significantly, different genders have different eating out patterns. Men are more likely than women to consume commercially prepared meals; about 22% of commercially prepared meals are consumed by men, compared to 18% for women. In addition, the report also shows that men eat out more frequently than women.

It is apparent that women are less likely to dine out regularly. According to Social and Demographic Trends (2006), a survey conducted by Pew Research Centre in the USA, people who enjoy cooking are less likely to dine out regularly. The survey found that more women than men like to cook, implying that women are more likely to dine at home. In addition, women are more concerned about their appearance and health; they put much effort into their weight maintenance and calorie control. A research conducted by Tufts University in Boston discovered that people who dine out more frequently have more body fat, because they consume more fat, calories and less fibre than those who eat at home. Lin, Frazao and Guthrie (1999) argue that home cooked meals are generally much healthier

than commercially prepared meals, which also encourages more women to eat home cooked meals.

Besides gender, age and income also affect eating out behaviour. Meal Consumption Behaviour (2000) found that men between the age of 25 and 34 eat out most frequently, while women under the age of 18 have the highest average among females. In terms of incomes, consumers with household income of USD75000 or more eat about 4.9 commercial meals per week, compared to 3.2 meals a week for those with an income of less than USD15000 (“Americans’ Dining-Out Habits,” 2000).

This profile appears to provide useful marketing implications for organic food service operators. As mentioned in the previous sections, men focus more on eating for pleasure than the health benefits of food, but eat out more frequently than women. Women who have more concerns about health are not always willing to pay more for organic food. Clearly, this remains a dilemma for market segmentation of organic restaurants. However, consumers with higher household incomes eating out more than those with lower household income provide a positive sign for organic food service industry because organic food is more expensive than conventional food.

2.7.3 Motivation for Dining Out

Generally speaking, socialising is the main reason people enjoy meals in restaurants. Warde and Martens (1998, 2000) state that people who eat out are seeking a sense of pleasure, which involves social relationships, perceptions of treats and luxuries, and sets of

values and judgments about food. They further note that consumers who eat out at restaurants are also expecting more exciting culinary experiences than ever before; restaurants are more likely to be promising to deliver such experiences. Riley (1994) also points out that eating out is a kind of behaviour that satisfies the need to socialise, to impress, to reaffirm status and to relieve boredom.

According to Maslow's Hierarchy of Motives (Maslow, 1954) and von Alvensleben's typology of food choice (von Alvensleben, 1997), people dining at restaurants seek to fulfil their social needs. Social needs are higher-order human needs that exceed the needs for eating and the needs for health and well-being; in other words, social needs are about psychological considerations involving emotionally-based relationships. People need to feel a sense of social acceptance and belonging through interacting with others. Without being socially accepted, people most likely feel lonely, anxious or even depressed. Dining out at restaurants provides one medium to make this social interaction happen and is the most welcome way to have social connections without worrying about the cooking hassles.

Apart from the needs for socialisation, other reasons like convenience, lack of cooking skills, time constraints and boredom with eating-in at home also motivate people to dine at restaurants. Some people even choose to dine at high class restaurants because they need to engage themselves to a luxury image for a sense of respect from the others. They actually seek a sense of self-esteem and psychological comfort to improve their view of themselves. In fact this is a much higher need than the social needs as discussed earlier.

2.7.4 Dining Out 'Organically'

According to National Restaurant Association (2006b), the Health Focus July Report (2006b), AC Nielsen (2005a) and Technomic (2005b), half of American diners try to eat healthier when dining out at restaurants. This is reflected in the increasing number of organic claims in restaurant menus.

A survey sponsored by the Produce Marketing Association in the USA shows 35% of respondents were more likely to order organically grown menu items when dining out (Mitchell, 2006). The report Nutrition and Eating Out (2006) also reveals that about 50% of restaurant diners surveyed expressed their positive feelings of consuming organic food or beverages at restaurants. The other half of the restaurant diners were sceptical about the goodness of healthy menus and about one-third did not worry about nutrition when they dined in restaurants. The report concluded that about 45-47% of restaurant diners planned to eat more organic food in the future.

Diners' increasing interests in organic menus appear to reflect a major shift in consciousness of consumers, which has accelerated the movement of conscious cuisine and provoked a kind of less-social-guilt in their culinary experience. The Chef Survey (2006) reveals that organic produce was one of the top three preferred menu trends. The survey also shows that 52% of the fine dining restaurants that served organic menu expected higher sales in 2007, 42% of casual dining restaurants expected organic food choices to grow, while 27% of family dining restaurants saw the strong sales potential of organic menu selection.

According to Perlik (2005) by the Restaurants and Institutions in the USA, 69% of fine dining restaurants use organic products on the menu and 33% of casual restaurants offer organic menu. Perlik shows that the top reason for restaurateurs to purchase organic products for their menus is because of the better quality of organics (at 29%), while customer demand is the second most common reason to motivate them to provide organic menu (at 27%). However, about half the study's participating restaurateurs said that they did not offer organic menu. Higher prices for organic ingredients was the most common reason given for not opting for organics (at 34%) and organic items not fitting their menu was a second (at 21%).

Perlik notes that although many restaurateurs who offer organic items tend not to indicate them on menus, some still think that an organic menu is a point of pride and an opportunity to educate consumers. The study also reveals that organic items seldom account for menu majorities; organic items most often make up less than 20% of the restaurant menus. Only 17% of the participating restaurateurs offer organic items that make up about 50% of their menu offerings. The restaurateurs note that limitation of supply forces the organic items out of menus. However, the Health Focus July Report (2006b) predicts that dining out 'organically' will become more popular than ever before, though the organic agricultural industry is not really flourishing yet.

As mentioned before, the American food service market is the largest in the world; this study therefore views that findings of the studies that were conducted in the USA may be able to reflect a general trend of organic dining in other countries.

2.7.5 Organic Food Service in New Zealand

The Consumer Foodservice – New Zealand Report (2007) reveals that the food service sector in New Zealand enjoyed ‘better-than-expected’ growth in 2006 due to the introduction of healthier menus and improvement of outlet environments. However, rent and wage growth has put more pressure on food service operators and driven many of small operators out of the market.

The biggest challenge New Zealand food service operators face is that costs are rising without an accompanying increase in selling prices. Although cost pressures and fierce competition remain in the food service market, the Consumer Foodservice – New Zealand Report (2007) foresees a slow but strong growth in the future; prices will rise and discretionary income will continue to increase.

According to Foodservice Facts (2007), the total annual sales for the food service industry in New Zealand reached NZD4800 million in 2007, within which the sector of restaurants and cafes is the largest contributor (75.8% of the total, or 5% increase over the previous year). In terms of market share by region, Auckland leads the rest of New Zealand and takes about 40% of the whole national food service market. In its 2004 Household Economic Survey, New Zealand Statistics also reported that increase of national food expenditure is mainly driven by increased spending on eating out.

Consumer Lifestyle New Zealand (2007) notes that New Zealanders have recently become more concerned about the benefits of a healthy lifestyle, which is reflected in their growing interest in healthy menus when dining out. They believe that organic food is not only good

for their health, but also for the environment. However, consumption of organic food is still much less than that of non-organic. This is because organic food items are priced substantially higher, which makes consumption of organic food at restaurants unaffordable for many New Zealand households. Standard and traditional non-organic foods still dominate the menu and provide food service outlets' main source of revenue. The Consumer Lifestyle New Zealand (2007) further predicts that there seems little prospect of providing generally affordable organic menus in New Zealand over the coming years.

As mentioned in the previous sections, a number of research studies have examined the issue of organic food consumption from the perspectives of consumers. Some examined how consumers perceived and evaluated organic food and others identified what factors motivated them to buy organic food in retail and when dining out at restaurants. The following section, however, focuses on the perspectives of food service providers (i.e. organic restaurateurs). It investigates why restaurateurs enter the organic food service business and how they maintain their businesses with the concept of dining out 'organically'.

2.8 Business Philosophy of Organic Food Service Business

Friedman (1982, p.253) argues "Corporations are designed for profit and their employees are trained to create wealth. They are not equipped to deal with public policy decisions which would include social and environmental considerations. Corporations are not democratically elected; therefore, they do not necessarily represent the 'will of the people'". Simply put, the ultimate goal of businesses is to make as much profit as possible

for their shareholders. It is inappropriate for the businesses to pursue social or environmental goals at the expense of profitability.

(Lim, 2007) Lim Boon Heng, Minister in the Prime Minister's Office of Singapore, stated in his speech on the 18th October, 2007 that he agreed with Friedman (1970/1993; 1982), that wealth creation is certainly the primary goal of businesses. However, he emphasised that profit is only the means, not the end for businesses. He noted that businesses have to look beyond making profits; he recognised that economic activities are for the benefit of people and the community. In other words, an ethical and socially responsible business should make a profit by doing something better for the community at large; being ethical does not prevent a business from being financially successful.

Lim (2007) basically proposed a kind of societal business philosophy; the core of the philosophy requires a firm's organisational determination not only to identify and satisfy customer needs, but also at the same time preserve society's long term best interests and remain profitable. Lim (2007) cited many large enterprises that are very successful in applying the societal philosophy into their businesses, such as Canon in Japan and Coca Cola in the USA. However, he did not recognise an important point that businesses (especially those small and medium-sized enterprises) practising the societal philosophy are at inherent disadvantage to their competitors who do not. This is because the societal philosophy requires businesses to acquire a more in-depth awareness of how their business operations impact their surroundings (i.e. economic activities, environmental protection and market and product development), but, small and medium-sized enterprises are more likely to lack the knowledge base and human and finance resources to do so.

Lim (2007) however provides a background for discussing the business philosophy of operating organic food service in the following section. It is important to note that societal thinking creates ecopreneurship that is being widely practised in the food service industry. Success of ecopreneurship largely depends on the interaction between various external and internal factors, such as organisational determination, organisational knowledge, returns on investment, market demands, efficiency of supply chain and governmental policies on environment.

2.8.1 Ecopreneurship

An organic food service business could be viewed as a green business with societal thinking in its business operation, moving towards environmental friendliness and sustainability. It carries out economics activities that generate profit for its shareholders, create employment opportunities and provide healthy eating alternatives for the people of the community, while preserving the environment at the same time.

In theory, organic food service business can be seen as environmentally friendly. This is because these businesses use organic ingredients on the menus to cater those consumers who are health-conscious and environment-conscious (Hendrickson and Tuttle, 1997). In order to reflect the true value of socially and environmentally responsible enterprises, the organic food service business is founded on the principle of natural capitalism – the food service operator’s simultaneous pursuit of profit maximisation, environmental protection and consumer satisfaction (Hawken, Lovins & Lovins, 2000; Isaak, 1998; Elkington, 1997).

However, the basic assumption is that environmental considerations need to be entrenched in economic decision-making.

An organic food service business most likely involves environmentalism and entrepreneurship. According to Anderson (1998), environmentalism is oriented towards collectivism and communitarianism, while entrepreneurship is individualist and consumption orientated; both of them are seemingly incompatible. However, Anderson further argues that environmentalism and entrepreneurship actually share some commonalities in terms of perception of value.

Environmentalism is about the increasing concern about the damage made to the environment because of the selfish pursuit of economic growth. It is a reaction against the material changes due to the expansion of industrial capitalism that uses and increasingly dominates nature. As environmentalism focuses on quality of life rather than standard of living, it is therefore profoundly anti-industrial and thus anti-entrepreneurial. Smith (1993) notes “environmental concerns run counter to the dominant, finance-based, business paradigm”. In contrast, entrepreneurship is often recognised as a concern on economic growth created by selfish and materialistic individuals (Casson, 1995a; Casson, 1995b). It is primarily individualistic economic action about continuous growth and increasing consumption, involving an outside force that dominates and conquers nature (Schumacher, 1973). Hardin and Baden (1977) note that individual self-interest of entrepreneurship runs counter to the common good such as preservation, sustainability and conservation.

Superficially, the two concerns are intrinsically opposed to each other. Environmentalism is a social process deeply embedded in the theme of communitarianism, aiming to foster a commitment to the welfare of the community or civil society at large. The communitarian philosophy is antithetical to the distrust of individualism that focuses on the material growth for its own sake. Anderson (1998) argues that both concerns are founded on two subjective and conflicting values; however, the recent social shifts blend the two values well together. Ingelhart (1989) notes western politics have gradually shifted their political concerns towards the ways to improve the quality of human life; while Granovetter (1985) mentions that entrepreneurs are human as a part of the same ecological system as that of environmentalists, they may consequently be driven by the power of their moral attitudes to share the same environmental concerns. Such a social shift encourages creation of environmental values for new entrepreneurial opportunities. These opportunities pull together the power of individuals for an improved social whole. Klein (1984) concludes that entrepreneurially environmental firms extract not only economic value from their businesses, but also moral value from the operations of their businesses. These firms are more likely viable in the long run, because moral value represents both marketing opportunities and entrepreneurial driving force.

According to the foregoing statements, Anderson (1998) is suggesting a moral value that enables environmental concerns to develop into entrepreneurial action. This value involves a kind of green belief, requiring the sacrifice of short-term financial growth for an unpredictable long-term benefit to the community. This would likely be altruistic as in Buddhist idealism, which is against the economic goals of most of the businesses. This contradiction is evident in the limited numbers of organic food service outlets in New

Zealand. Anderson's argument is only true when some pioneers, who have higher order of moral preferences and courage to face change, may still see the power of green ideology as a unique marketing opportunity and use it entrepreneurially. However, such pioneers serve only the niche market segments and do not yet make up the mainstream of the business world. In fact, success of these pioneering enterprises depends on the coordination of internal factors (such as moral value, corporate culture, human assets and financial capability) and external factors (such as market demands, stability of supply, investment environment and political regulation). Although there are greater numbers of organic restaurants in the USA and Europe, it is difficult to distinguish the real environmental entrepreneurs from the speculative opportunists. There also lack studies investigating what factors are correlated to the success or failure of organic restaurants in these countries.

Clearly, Anderson's (1998) argument stays true in niche marketing where environmentalism and entrepreneurship are merged as in the case of organic food service businesses. Within this re-defined philosophical framework, organic food service businesses can be further regarded as ecopreneurship. Pastakia (1998, 2002) refers ecopreneurship to "a process by which entrepreneurs introduce eco-friendly (or relatively more eco-friendly) products and process into the marketplace". Pastakia (1998) argues that ecopreneurship is in fact a kind of environmental 'grass root' movement and the ecopreneurs act as agents to change the existing consumption and production patterns. They conduct entrepreneurial activities, focusing on the individual initiatives to realise market success with environmental innovations.

Schaltegger (2005) further mentions that the ecopreneurs create the market dynamics of environmental progress, which means they generate the kind of products and services that substantially reduce environmental impacts and increase the quality of life. It is likely that the environmentalism and the entrepreneurship will work well together in the organic food service business; their common factor is that they sell immaterial culture (i.e. the concept of eating out organically) and at the same time extract both financial and moral value (Anderson, 1998). The organic food service operators actually build a bridge between environmental progress and market success.

2.8.2 Sustainable Development

It can be said that organic food service operators are inspired by a growing appreciation for the need of sustainable development. Brundtland (1987, p.43) defines sustainable development as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”.

In fact, sustainable development is a worthy goal for ecopreneurship. A number of research studies note that sustainable development involves an organisation’s ability to maintain a perfect balance of economic, environmental and social performance over a long period of time (Jamali, 2006; Sauvante, 2002; Panapanaan, 2002; McDonough & Braungart, 2002; Windsor, 2001).

Savitz and Weber (2006) further argue that, in pursuit of sustainable development, business operators need to have a long-term thinking strategy in recognition of a fact that

natural resources are not limitless and technology cannot fix any problem or challenge people might have created for themselves. They further assert that their children and grandchildren are facing financial, environmental and social crises that have been created and for which there are no easy solutions. They argue that sustainable business operators will eventually have to change their way of looking things and be prepared for trade-offs between short-term costs and long-term benefits for future generations.

2.8.3 Investment Environment for Organic Food Service Business

The biggest challenge the ecopreneurs are most likely to face is the creation of favourable investment environment.

The Perception Barriers (2002) points out that ecopreneurs very often find it difficult to find investors who share the same green beliefs and sustainable business philosophy. Similarly, many investors presume that ecopreneurs lack sufficient knowledge about the realities of investment community. It appears that investors and ecopreneurs fail to grasp the mutual interests; the gaps of perceptions actually create obstacles for both parties to placing and obtaining capital.

Furthermore, the Perception Barriers (2002) also notes that typical venture capitalists may expect to exit their investment after two or three years; however, many ecopreneurs express the need for a longer period of investment for innovative eco-concepts to become commercially viable. As a result, there appears to be a contradiction in expectations for returns on investment between both parties. Randjelovic, O'Rourke and Orsato (2002)

therefore estimate the size of green venture capital in the global investment environment remains only 0.1 per cent of the mainstream. Linnanen (2005) also argues that it is very difficult to sell investors a niche business concept containing positive environmental beliefs. There is a constant tension between running a viable business and staying true to ideals (Dixon & Clifford, 2007; Hall & Vredenburg, 2003).

2.9 The Role of New Zealand Government

In the Anholt-GMI Nation Brands Index Survey of 2006, New Zealand was judged the fourth most desirable country in the world to visit and also the fourth most popular country where people would like to work and live. These figures show the great success of the New Zealand's international image as a clean, green and 100% pure country. New Zealand Ministry for the Environment (2001) related the image to the spectacularly beautiful landscape and the natural resources of this country and suggested that it is worth at least billions of dollars.

Sue Kedgley (a member of parliament in the Green Party of New Zealand) in her public speech about food production linked the image to the development of organic agriculture and stressed that the image does not match the real situation (Kedgley, 2006). She pointed out that 0.24% of New Zealand's agricultural land in organic production lags well behind European countries such as Sweden, Germany and Austria. She further pointed out that New Zealand has had a lack of financial support from the government; as a result, the organic sector remains small in New Zealand. She criticised the government for favouring conventional agriculture and providing no incentive to encourage industrial investment

into the organic sector. This has inevitably resulted in limited availability and the price premium of organic food, which concomitantly have prevented organic food from becoming mainstreamed into the food service industry in New Zealand.

Jeanette Fitzsimons, a New Zealand politician and environmentalist, notes that the New Zealand's green image exists only by good luck rather than by governmental management (Fitzsimons, 2002). She further warns that New Zealand risks losing its green, clean and 100% image unless it moves towards more sustainable development. Hughes (1993) also mentions that New Zealand's clean and green image is totally dependent on how successfully the government assumes its environmental responsibilities. Kedgley (2006) argues that New Zealand needs to switch its political direction towards the organic sector, in order to give real meaning and true credibility to the green, clean and 100% pure image.

Clearly, the clean, green and 100% pure image has different values to different people who may have their own interest in it. For people in tourism industry, the current image has reached its economic and marketing goal; the growth in the number of international visitors is satisfactory. However, people who have strong green beliefs and those who are seeking environmentally entrepreneurial opportunities may feel that the value of the current image is unlikely to reflect their interests. Indeed, the New Zealand government is probably facing a political dilemma when attempting to find compromises between the pressures imposed by environmental groups and large food producers. The government is unlikely able to afford damaging the 'inherent' economic interest of the large food producers who support the country's major exports with their conventionally-produced food. Furthermore, the government would not promote organic farming with a large

financial budget merely for the interest of a small group of people who cannot provide conclusive scientific evidence of the benefits of organic food. This study argues that if organic farming were practised in the whole country, the New Zealand government would likely face the hard challenges such as food scares and smaller volume of food exports. It is ideal to retain the image of clean, green and 100% pure as it is and keep the organic sector as a 'niche' to add some values to the image.

2.10 Summary

In recent decades an organic eating trend has emerged across international borders, involving change of people beliefs and attitudes about organic food. Research indicates that organic food is generally perceived as food without agrochemicals and growth hormones and simply an alternative to conventional food. Organic food is one of the fastest growing segments of the food market in Europe and the USA; however, due to political favouritism, the New Zealand organic food market is most likely to remain underdeveloped in comparison with the USA and other western countries.

Generally speaking, people buy and consume organic food mainly for health reasons. But, a broader sense of environmental issues, better taste, increasing awareness of food safety and ethical and moral reasons are also motivations for people to buy organic food. The main barrier preventing consumers from buying organic food is the price; others such as lack of availability, consumers' satisfaction with conventional food and lack of educational programs and marketing campaigns promoting organic eating also restrict the growth of organic food consumption.

In examining consumers' dining out behaviour in restaurants, some studies found that about 35% of restaurant diners in the USA choose organic menu items and about 50% of them have positive feelings towards organic dining. A high percentage of restaurateurs also expect organic menus to have a greater sales potential in the future. However, dining out 'organically' is still a niche market concept in New Zealand; traditional food items remain dominant on restaurant menus. A number of researchers are not optimistic about the growth of dining out 'organically' in New Zealand, unless the government and the industry experts put greater efforts together in running educational programmes and marketing campaigns informing consumers of the benefits of organic food and organic farming in general.

Furthermore, operating organic food service businesses involve a different philosophy, which requires not only ecopreneurship, but also a vision of sustainability to balance the different corporate responsibilities for maintaining profit, consumer satisfaction and the environment at the same time. In fact, entering the organic food service business is a challenge in New Zealand; operators face pressures of rent and wage growth, consumers' poor knowledge about the benefits of eating organic food, their unwillingness to pay price premium for organic menus and unstable supplies of organic ingredients. All of these pressures have created a constant tension between reality and ideology, indicating a potential dilemma the restaurateurs are being trapped in when making business decisions. Similarly, the New Zealand government is also likely to face a political dilemma when trying to balance the pressures imposed by environmentalists and conventional food producers, the country's largest profit contributors, on the issue of the value of the clean, green and 100% pure image of New Zealand.

Based upon the literature, there likely exists a knowledge gap in the perception of local restaurateurs about the concept of dining out ‘organically’ in New Zealand. This study therefore examines the issue by conducting research as described in the following sections.

Chapter III - Methodology

3.1 Introduction

This chapter details the methodology used for conducting this study. Firstly, the research approach and reasoning will be discussed. After this, the research procedures including sample selection, data collection method and data analysis approach will also be discussed.

3.2 Research Paradigm

This section provides an outline of the theoretical propositions within which this study will be situated. These propositions involve the approach used to build up the framework of the research, the inquiry process and the theory applied to develop the conclusions. Based on the paradigm, the researcher will develop a sampling technique, a data collection method and a data analysis approach.

3.2.1 Qualitative Approach

Given the paucity of research in studying the perception of restaurateurs on the concept of dining out ‘organically’, a qualitative exploratory approach is employed in this study. Reasons for using a qualitative approach will be discussed as follows.

Basically, there are three approaches to research – qualitative, quantitative and the mixed method by combining qualitative and quantitative approaches. According to Rose (1994), a

qualitative study seeks to portray the reality of the area under investigation and to promote an understanding of individual perceptions; it does not prove a preconceived theory nor involve the quantification of facts. Furthermore, qualitative study emphasises the points of views of individuals as encountered in real-life situations. In contrast to qualitative study, Creswell (1994, p.2) notes that a quantitative study is “an inquiry into a social or human problem, based on testing a theory composed of variables, measured with numbers and analysed with statistical procedures, in order to determine whether the predictive generalisations of the theory hold true”.

Clearly, the qualitative approach places the emphasis on understanding the meaning of people’s words through discovering the general patterns which emerge from the data presented in people’s own words; to the contrary, the quantitative approach focuses on testing hypotheses through analysing the data for mathematical significance.

Given the definitions of these approaches, the qualitative approach is well suited to the aim of this study. This is because:

- (a) The research problem needs to be explored and there are no theories to test;
- (b) The research questions of this study lead to the need for an understanding of the meaning of the participants’ words;
- (c) Research for this study requires participants to freely express their thoughts and experience.

Furthermore, since this study attempts to investigate the nature of a little-understood perception of the restaurateurs in the organic food service industry, it is clear that the study

is exploratory in its nature. According to Aaker, Kumar and Day (1998) and Matthews, Matthews and Speltz (1989), an exploratory study often involves a qualitative approach. Hence, a qualitative approach is considered the most appropriate research method for this study.

3.2.2 Inductive Reasoning

As mentioned earlier, this is an exploratory study; it therefore uses inductive reasoning through a qualitative approach to examine a little-understood issue and arrive at conclusion.

According to Manktelow (1999, p.2), inductive reasoning is “what you do when you arrive at a conclusion on the basis of some evidence”. It is a logical process of drawing useful conclusions from a limited number of observations of particular facts. Inductive reasoning actually moves from specific premises to general conclusions. Engel and Schutt (2005) argue that a qualitative approach is often exploratory and therefore inductive. They point out that by using inductive reasoning researcher interviews a few samples in depth, develops an explanation for what has been found and finishes with discovering patterns, which may lead to some conclusions.

Based on the definition given by Manktelow (1999) and Engel and Schutt (2005), this study employs inductive reasoning by which it gathers specific information from several restaurateurs and then draws some interesting conclusions which may predict what the organic dining trend will look like in the future. However, it should be noted that there is only one high class organic restaurant and four middle class organic restaurants to

participate in this study; the sample size is most likely too small to be sufficient for inductive reasoning to produce conclusions that are representative of all the organic restaurants in New Zealand.

3.3 Research Strategy

Although there are many research strategy alternatives available for selection such as experiment, grounded theory, survey, case study, ethnography, modeling and action research, grounded theory is chosen as being the most appropriate approach for this study.

As mentioned in the previous section, the logical reasoning process of this study is to move from the specific to the more general, indicating that the conclusion is inductively developed from the data. It is most likely that such logic can be thought of as a theory that is grounded in the restaurateurs' everyday experiences. Strauss and Corbin (1990, p.23) define a grounded theory as one "that is inductively derived from the study of the phenomenon it represents, and is discovered, developed and provisionally verified through systematic data collection and analysis of data pertaining to that phenomenon".

According to Baker (2002), grounded theory is a qualitative research strategy in which the researcher collects data about a subject previously unexplored or under explored. The data sets are then grouped and analysed to identify common themes. Clearly, the theory is grounded in the data rather than the data having been collected to test a pre-existing theory. The intent of using the grounded theory strategy in this study is to generate or discover theory about a phenomenon, which is consistent with the main theme of the study so as to

produce new knowledge about restaurateurs' perception on the concept of dining out 'organically' in New Zealand.

3.4 Research Procedures

This section provides information about how samples were selected, how useful data were collected and how findings were analysed.

3.4.1 Sampling

The desired populations for this study are those restaurants that offer organic menus throughout New Zealand.

3.4.1.1 Sampling Technique

This study uses a purposive sampling technique to target restaurants that advertise themselves in the Yellow Pages and on the internet as being able to offer organic cuisine in the region of Auckland. This means that these restaurateurs are selected to reflect their particular qualities and their relevance to the topic of investigation in this study.

According to Gray, Williamson, Karp and Dalphin (2007, p.105), purposive sampling is a sampling method in which "the researcher purposively and subjectively selects certain groups or individuals for their relevance to the issue being studied". They further note that purposive sampling is most appropriate "for studies of social phenomena that are too rare to be dealt with effectively using a representative cross section of the population".

As in this study, the organic restaurateurs are selected subject to the researcher's own knowledge and judgment of the characteristic of the sample. In theory, biases may be introduced in purposive sampling when preconceptions of the samples being researched are inaccurate; however, the researcher investigated the businesses of the samples by studying the related industrial magazines and the web pages of the samples before approaching them. The researcher focused on the samples' mission statement, the reasons they established the restaurants, their menu structure and processes of their purchasing strategy; he was therefore assured of that the background of the samples met the purpose of the study. In fact, use of purposive sampling can save cost and time involved in acquiring the appropriate sample and is particularly useful for exploratory studies in which the main concept is little-understood.

The application of the sampling technique used in this study is based on the four factors of relevance, feasibility, convenience and size.

a. Relevance

Yin (1994) defines relevance as the extent to which the sample selected for the study suits the purpose of the study, which means the sample's position in relation to the research questions. For this study, the five restaurateurs selected provide organic menus, showing a possible interest in environmentally sustainability and entrepreneurship. Therefore, they have the potential to provide useful information for making interesting conclusion of the study. Taking this factor into consideration, the five participating restaurateurs are most likely the suitable samples for the investigation into the concept of dining out 'organically'.

b. Feasibility

Yin (1994) notes that the samples selected need to provide appropriate managerial and operational support in order to ensure successful completion of data collection. For this study, the factor of feasibility is determined by the restaurateurs' willingness to participate in the study and to provide the required information. During informal discussions prior to the data collection and the formal interviews with the five restaurateurs, they all have expressed their interest in the research and showed their intent of co-operation.

c. Convenience and Sampling Size

Due to cost and time constraints, this study requires the participating restaurateurs to be within reasonable reach of the researcher's home base (i.e. Auckland), which demonstrates the advantage of applying convenience in selecting samples.

The researcher had approached fifteen restaurateurs in the region of Auckland for doing the research interviews, these restaurateurs included European, Japanese, Thai and Chinese; however, most of them refused to take part in the research. The researcher then decided to include whoever would grant an interview; this study had only five restaurateurs recruited and interviewed. Among them one is the high class waterfront restaurant in Auckland City and the others are middle class restaurants and cafes in famous commercial areas such as Newmarket and Parnell in Auckland.

Sandelowski (1995) argues that it is not possible to give any meaningful guidelines on sample size in studies based on qualitative data, because the main issue is the quality of information obtained per sampling unit but not the number of the samples. Nachmias (1996) also argues that the aim of a qualitative study is to explore the quality of the data

not the quantity. In this study, although the five participating restaurateurs meet the sampling criteria and are most likely able to provide some useful and interesting data for understanding the concept of dining out ‘organically’ in New Zealand, due to the small sampling size, their opinions might not be representative of all high class and middle class organic restaurants in New Zealand.

3.4.2 Data Collection

Interviews were utilised to facilitate an exploration of how restaurateurs perceived the concept of dining out ‘organically’ in New Zealand.

The interviews were designed as semi-structured, because this kind of interview offers the possibility of modifying the researcher’s enquiry, following up interesting responses and investigating underlying motives (Fontana & Frey, 1998; Carspecken, 1996). During the interviews, a series of open-ended questions were asked. Use of open-ended questions in this study allowed the restaurateurs being interviewed more freedom to provide as much detail and meaning as possible, so that the researcher was able to look into the restaurateurs’ true meanings on their perceptions and attitudes towards the organic food service business in New Zealand. As noted in the following Interview Guide, all the questions were specially devised to cover the issues raised in the research questions, which guided the conversations to flow on from the initial leading questions. Each restaurateur would have responded to a similar series of questions, which had ensured that common themes of the data collected could be developed and analysed.

The restaurateurs had been given the details of the research study by e-mail during their booking interview, so that they were well informed to make a choice about whether to participate. All the interviews were scheduled at times and locations convenient to the restaurateurs. As the researcher considered that the restaurateurs would be busy and could not assign lengthy time for interviews, all the interviews were set at between 30 minutes and 45 minutes, which were considered sufficient time to extract the information needed. According to Blaxter, Hughes and Tight (1996), an interview under half an hour is unlikely to be valuable and an interview that goes much over an hour may be making unreasonable demands on busy interviewees and could reduce the number of persons willing to participate.

All the conversations in the interviews were tape recorded; no handwritten notes were taken during the interviews. By recording the interviews, the researcher was able to concentrate on the process of the interviews, focus attention on the interviewees and engage in appropriate eye-contact with interviewees. All the audio tapes were transcribed by a qualified transcriber and the transcription copies were sent to the researcher for analysis.

Interview Guide

A. Perception

- a. How do you define organic food?
- b. How would you describe the current trend of dining out organically in New Zealand?
- c. Describe the age, gender, ethnicity, and likely occupations of your customers. How much do they spend on average per visit at your restaurant?
- d. Do your customers tell you why they eat organic food at your restaurant? If so, what are their reasons?
- e. Do you come across any difficulties selecting organic menu items? If so, what are they?

B. Motivation

- a. Why did you enter the organic food service business?
- b. What key motivators affect your business decisions?

C. Business Philosophy

- a. What do you understand about environmental sustainability?
- b. How can you relate environmental sustainability to your business decisions?
- c. In your present business, which category do you fall into best: an environmentalist, a profit-maker or a marketer?
- d. How do you balance environmental responsibility and the need for profit?
- e. Describe your business philosophy.

D. Future

- a. What do you think is the future for the organic food service business in New Zealand?
- b. Are there any particular obstacles that may prevent organic food service businesses from growing? If so, what are they?
- c. How might the organic food service business go mainstream in New Zealand?

E. Support

- a. How does New Zealand's green, clean and 100% pure image relate to organic food?
- b. Do you think the organic food service business should become a part of this image? If so, why?
- c. What government or other assistance would help you develop your organic foodservice business?
- d. Are the existing government policies sufficient to encourage investment in organic food service business? If not, what else is needed?

3.4.3 Data Analysis

As mentioned earlier, grounded theory was chosen to develop and analyse common themes of the data, in which data coding was the key to guide the entire analytical process. Data coding involves breaking down, grouping and categorising data, then proceeds to making connections between categories and selecting the core category. The coding can further indicate the categories that need refinement and subsequent data collection. The analysis process continues until a theoretical understanding of a phenomenon has emerged.

To begin with the analysis process, the researcher listened to the tapes and read the transcripts very carefully (the participating restaurateurs were offered the opportunity to check the transcripts; however, they mentioned it would not be necessary in this case). The process of data analysis for this study was carried out in the following steps:

Step One: The first step was to code the transcript of the initial interview. Each line, sentence or paragraph was assigned one or more descriptive codes without any preconceived notion. These codes represented themes or ideas with which each part of data was associated and were written on the hard copies of the interview transcript next to the related sections, paragraphs or sentences. Similar coded segments were reviewed again in order to ensure the consistency of application and adherence to the definition of the code. A separate file was used to record the codes and their definitions for a clear decision trail.

Step Two: As soon as the coding was completed, the researcher started looking for connections between each descriptive code. The codes that had common elements were merged to form categories, for which specific labels were assigned. The definitions of categories and the codes placed within them were recorded in a separate file for consistency check.

Step Three: The data collection and analysis processes were repeated for the remaining interviews, adding the new codes as necessary and comparing the emergent categories with those from the previous cycle. The categories were then clustered around each research question to which they were related. When all the research questions had been allotted with the related categories, the information pertaining to each question was examined and reviewed to develop a conclusion. The entire process was continued until no further new information was found, which was consistent with the grounded theory approach.

3.5 Summary

This chapter has explained that this study used mainly the qualitative approach and was inductive in terms of theory generation to investigate the local restaurateurs' perception on their role of being green in the food service industry and on the concept of dining out organically. As the study attempted to examine an under-explored concept, it employed grounded theory as the primary research strategy seeking to make a conclusion that is grounded in the restaurateurs' everyday experience. Because of the qualitative nature of

this study, it applied purposive and convenience sampling technique in sample selection. The study conducted interviews to collect primary data, then categorised and analysed the data to develop common themes; from there conclusions were drawn.

Chapter IV – Analysis of Findings

4.1 Introduction

Sample results were obtained by analysing the written transcripts of the audio-taped interviews. The results captured, with minimal bias, the five areas of perception, motivation, business philosophy, future view and support, which underlie the core themes of how restaurateurs perceive the concept of dining out organically in New Zealand.

Data collected in the interviews were coded and categorised around particular themes according to the relevant research questions.

4.2 Description of Participants

This study involves the following five restaurants and cafes. Among them are a high-class restaurant in the central business district and a middle-class restaurant and three middle-class cafes in the commercial areas.

In this study, restaurants and cafes are referred to as commercial establishments where food and drink are prepared and served to customers. Classes of these food service outlets are mainly determined by location, ambience, variety and prices of menu offerings, demographic and socio-economic attributes of customers and average amounts spent per head per visit. Thus, high-class restaurants and middle-class restaurants and cafes can be defined as follows:

a. High-class Restaurants

These restaurants are usually located and highly visible at the centre of the most important financial and commercial districts, surrounded by lots of tourist attractions such as museums, art galleries and theatres. They offer the most sophisticated menus, which are accompanied by extensive wine lists. Customers who patronise these restaurants are most likely business professionals from high society and wealthy circles; they expect gastronomic cuisine in a luxury and formal dining atmosphere and are willing to pay about NZ\$100 per head per meal.

b. Middle-class Restaurants and Cafes

These restaurants and cafes are conveniently located in commercial areas, serving customers who work at offices in surrounding areas. These outlets normally offer snacks, light blackboard meals and a limited choice of beverages in an informal and trendy environment. Most of the customers dining at these outlets are educated white-collar employees with above-average disposable incomes and can afford about NZ\$25 for a light blackboard meal or NZ\$10 for snacks per visit.

4.2.1 Restaurant A

This long established restaurant sits at the heart of Auckland's waterfront and is recognised as one of the best in the world. It serves clientele of high socio-demographic group, as reflected in the sophistication of its menu and wine selection, the ambience of the restaurant and the high amount spent per capita. The restaurant promises to provide organic ingredients wherever possible and emphasises the best of luxury dining experience.

4.2.2 Restaurant B

This restaurant is situated in the retail and commercial area, a few blocks from Auckland central city. The restaurant has been in operation for about one year, specialising in pizzas and pastas made from organic ingredients; it is the first one of its kind in New Zealand. The restaurant targets professionals from the middle class with a middle income level and more awareness about their health and the value of healthy eating. The high prices of its menu items reflect its use of expensive organic ingredients in the food it produces. It promotes organic eating concept, which sets this restaurant apart from traditional pizza restaurants.

4.2.3 Café A

This newly opened café is located in a commercial area on the outskirts of Auckland central city, in one of the Auckland's heritage buildings. It has a strong commitment to and vision of eco-sustainability; therefore, this café bases its purchasing criteria on environmental policies, fair trade and sustainable practices of its suppliers. As this café specialises in allergen-free cuisine, it provides a predominantly organic menu to adapt to different dietary restrictions such as diabetic-friendly, pregnancy-friendly, lactose-free, gluten-free and dairy free. It targets professionals and families with a middle income level and sets its menu items with economically viable prices that are slightly higher than that of traditional cafés. By doing this, it supports like-minded people and businesses and encourages other people to follow the organic eating practice.

4.2.4 Café B

This is a small café offering organic menus in a shopping area close to Auckland central city. It has been in the organic catering business for about two years, promoting a healthy and conscious eating concept that is highly appreciated by its consumers. It supports the local farmers by sourcing locally grown organic ingredients for its menus and always communicates to the public a message that the sustainable and organic farming practices are good for the environment and beneficial to their next generation. This café serves customers of a middle socio-demographic group and charges reasonable price for its organic menu items.

4.2.5 Café C

This is a small but classically decorated café in an up-market area for the artistic set, just adjacent to Auckland central city. It roasts its own organic coffee beans and offers organic food menu wherever possible. Besides the café business, it also operates a catering business to supply retail organic food packs that are available in several retailing shops across Auckland. The management of this café holds a strong belief about business transparency and green values, which means that the cafe does business with integrity and honesty to the consumers and the environment. It targets a diverse range of people with a middle income level, as reflected in the prices the customers spend per head.

4.3 Results

The following table displays the themes and the related sub-themes which emerged from the analysis of the data collected from the interviews:

Table 1: Theme and Categories for the Analysis of the Concept of Dining Out ‘Organically’

Theme	Categories	Definition
Perception	Organic Definition	Organic foods’ most important attributes
	Trend	Degree of market penetration of organic dining out
	Target Market	Core attributes of the particular market segment
	Organic Menu	Formation and marketability of the menu
	Dining Motivation	Reasons why people go dining out organically
	Supply Difficulties	Factors to hinder the supply of organic ingredients
	Motivation	Why they entered the business
Key Motivators		Reasons for introducing organic menus
Business Philosophy	Business Role	Characteristics the organic restaurateurs share
	Prime Business Goal	Organic restaurant businesses’ most important aim
	Overall Objectives	Other objectives the organic restaurateurs hope to attain
Future View	Organic Forecast	Market position of organic restaurants in future
	Market Obstacles	Reasons for preventing organic restaurants from growing
	Market Penetration	Factors to help organic restaurants go mainstreaming
Support	Organic/NZ Image	Relationships between organic and New Zealand’s green, clean and 100% pure image
	Assistance	Opinions about government assistance

4.3.1 Perception

This section shows the knowledge of the participants about organic food, their confidence in the trend of organic dining, the market segments they target, the formation of their menus, their understandings of why their customers dine out ‘organically’ and the possible challenges of organic supplies.

4.3.1.1 Definition of Organic Food

Although all the participating restaurateurs proposed a variety of descriptions of organic food, they had a basic understanding of organic food. They described organic food as natural without man-made fertilisers, pesticides, herbicides, additives and genetically modified ingredients. Some had more extensive knowledge about organic food; they acknowledged that organic food should be related to sustainable agriculture, creating natural balance among crops, soils and organisms. Some had even correlated organic food to fair-trade, business integrity and allergen-friendliness.

They all recognised that organic food resulted in better quality, better taste, higher nutritional levels and better environment protection. One participating restaurateur's quote could have summarised the general knowledge of many of the participants about organic food,

“Something free from cross-contamination ..., the best quality food, the most natural preservative-free and least additive food ..., organic to me is about back to grass roots and so as least intervention as possible.”

Apparently, all the participants have a clear understanding of organic food; their descriptions of organic food included all the important elements of what the organic food should be, which corresponds to the definition as proposed in the National Organic Program (2002).

4.3.1.2 Confidence in the Trend of Organic Dining

All the participants were able to define ‘organic food’ with proper meanings, however, they had different points of view when they were asked to express their opinions about the current trend of dining out ‘organically’.

The majority of the participants strongly believed that the organic dining trend was already evident in the local food service context. A direct quote from a participant that encapsulated this was,

“We’ve seen a significant and noticeable trend towards organic food ..., and we’re seeing a huge switch towards healthier eating of organic foods.”

They referred their views to the cause of increasing consumer awareness of health and lifestyle. However, they pointed out that most of the consumers did not have sufficient knowledge about the benefits of organic eating, which would have prevented the trend from mainstreaming into the present food service industry.

“It’s taking a while to gain momentum ..., the majority of consumers I think still don’t have a good grasp of the benefits of organics.”

In contrast, Restaurant A demonstrated negative attitudes towards the current trend of dining out organically. The participant proposed that the current market conditions were not adequate enough to create the trend,

“It’s not trending towards you have to have organic ..., there’s not the selection to be able to do that.”

Actually the discrepancy between the two views towards the trend of organic dining may represent the different values and beliefs they integrated into their business philosophy. As discussed by Festinger (1957), people will interpret the information in the way that supports what they have already believed. This has resulted in a situation that some participants are confident in the trend of organic dining, because they are ecopreneurs who actively promote the benefits of organic eating. Their positive views also correspond to what is noted in the Consumer Lifestyle New Zealand (2007), which reveals that New Zealanders have recently become more aware of the benefits of a healthy lifestyle and more interested in healthy menus when dining out.

4.3.1.3 Target Market

Even though there were two different views about the organic dining trend, all participants agreed that consumers had always been a major force driving the trend. Therefore, a study of the diners whom the participants targeted, especially their socio-economic and demographic factors, could reveal which core attributes of the diners had determined the trend.

All the participants targeted professionals from middle to high social classes with ages ranging between 25 and 65. These professionals were better educated, more consciously aware of healthy eating and significantly with higher spending power. The average amount spent was approximately NZD25 – 30 per head per visit at most of the participating restaurants, with an exception that consumers spent about NZD100 per head at Restaurant A. The participants admitted that the expensive organic supplies had foiled their attempts to lower the menu prices for consumers from lower income level.

“Unfortunately there are some sections of the community at the moment that could not afford organic. You know, they can’t even afford the local bread ..., the price is the problem.”

When they were asked to answer a question regarding the ratio of men and women who had frequented their restaurants, the majority of the participants responded that they had more female customers than men (about 60% women and 40% men).

“Women are definitely more aware of it ..., I think that’s why women do tend to be more informed because they are seeking options for their children and for their family as a whole.”

However, Restaurant A catered more men than women; it was probably because the formal and luxury ambience of the restaurant, the price and the selections presented in the menu are most likely attractive to high-ranked businessmen who attempt to impress their business guests.

According to the discussions presented by Meal Consumption Behaviour (2000), it is true that men dine out more frequently than women as in the case of Restaurant A. This also implies that men seek intrinsic eating pleasure and experience while dining out in a luxury environment, which matches the ideas proposed in Rappoport et al. (1993). On the other hand, Fagerli and Wandel (1999) and Mintel (1991) note that women are dark green consumers who are more concerned about their health and seek more healthy eating options. Their ideas are consistent with the facts revealed by most of the participants. In addition, this study found that the expensive prices make organic dining a choice exclusive

to consumers with higher household income, which is exactly the same finding of the American Dining-Out Habits (2000).

4.3.1.4 Formation of Organic Menus

The confidence of the participants in the development of organic dining trend could definitely have impacted on the formation of their menus, which had reciprocally affected the consumption patterns of their customers.

The majority of the participants asserted that organic eating was the foundation of their business concept; they promoted themselves as organic restaurants or organic cafes at all times.

“Mostly we try to do the menu because that is the concept that we are trying to do.”

They had put much effort to maintain that as much as 75 percent of their menu items were made from organic ingredients. They revealed that it was impossible to provide a completely 100 percent organic menu because of the limited availability of organic supplies.

These findings contradict what Perlik (2005) proposes. Perlik mentions that organic items often make up only 20% of the restaurant menus; however, this study finds that the majority of the participants’ menus are organic items. This contradiction occurs because most of the participants in the study are organic pioneers who are confident in the development of organic eating trends and have single business focus on organic concept.

They do not view organic menus as marketing gimmicks but the fundamental of their businesses.

4.3.1.5 Motivations for Dining Out ‘Organically’

The participants further mentioned that customers who visited their restaurants had different reasons for doing so. However, only a small percentage of customers who dined at organic restaurants had true organic beliefs. One participant articulated this well by stating,

“Only 25 to 30 percent are really clear about that organic side of it. They care more about the fact that we provide highly nutritional food, the healthier option, tasty food, it is presented nicely, and that it is not deep fried and all of those yucky things ..., they come here specifically because it is organic and they have heard about us.”

Café A even considered that there were inadequate food options for people suffering from food intolerances; they therefore brought a new dimension to organic menu by including allergen-free food choices into the menu selection.

“They don’t have the option of eating out in many cases and especially not eating out safely ..., so that is why we incorporated the allergen friendly side of it and organics to me just goes hand with hand with that.”

The customers had also other reasons for visiting the organic restaurants, such as the interior design (*“I mean if you look at the décor of the café, it has been done in a natural way, recycled timber, and it feels very organic.”*) and the cooking skills of the chefs (*“Because here they can eat things that they can’t make at home themselves.”*).

However, Restaurant A revealed that their customers visited them just for the luxury gourmet experience; they had not bothered about the organic menu.

“I just asked the waiters, has anybody ever asked you if the food is organic or requested organic? Never, not one ..., they just come, they order off the menu and they don’t talk about the organic.”

Clearly the participants target two different market segments. Restaurant A provides a kind of luxury gastronomic experience to the customers of high socio-demographic group, while the other participants promote healthy eating options to the customers of middle social group. According to Maslow’s Hierarchy of Motives and von Alvensleben’s typology of food choice as discussed in Chapter II, customers visiting Restaurant A actually seek a higher order of psychological needs to show prestige and strengthen their high social class identity. However, customers who patronise the other participants’ food service outlets attempt to satisfy a lower order of psychological needs such as food safety and health concerns. In fact, all the participants target customers who have satisfied themselves with the most basic level of physiological needs but seek to fulfill the higher levels of needs.

4.3.1.6 Challenges of Organic Supplies

Actually, sourcing organic supplies was the main challenge to all the participants. Seasonality of produce, limited varieties of organic ingredients, high prices resulted from low economies of scale and lack of professional business knowledge of the small and the private organic suppliers had contributed to the supply difficulties. Therefore, compiling an organic menu often involved a time-consuming process to seek a large number of suppliers just for one item. This had resulted in necessarily high prices because there was no bulk

purchasing that could gain the economy of scale. Furthermore, most of the organic suppliers were farmers; they had not had sufficient business knowledge to establish the efficient marketing and delivery systems for their produces.

“In the last two years, I haven’t had one person come and try and sell me something organic. I don’t get anybody ring me up and say ‘Hey, I have got organic this, organic that.’ Not one person.”

One participant could have clearly summarised the supply difficulties as,

“You have to deal with so many different suppliers it is very difficult from our supply perspective to (a) manage them, and (b) drive the costs down because you are using so many different ones ..., they are not used to service delivery, they have no idea, you know, they deliver when it suits them.”

The participants agreed that it could be quite a challenge to get everything organic that they needed; they would be constantly amending and changing the menu to try minimising the difficulties.

“We have a little clause on the menu that says our produce may vary subject to seasonal availability ..., now if we can’t get organic produce ..., then we will get the next best thing that is either spray-free or hasn’t been modified in any way.”

The participants actually describe the effects of limited supply of organic ingredients; however, they cannot identify the causes that raise the problem. In Chapter II, Green Living Report (2008) and other literature (Murphy, 2008; Pearson, 2001) propose that consumer skepticism about the credibility of the organic certification system and organic labels create the problem. Clearly, increase of consumer awareness of healthy food

options can stimulate market demands for organic food, which will in turn encourage more farmers to invest in organic food production.

4.3.2 Motivation

All the participants had their own reasons for entering organic food service business. One participant had a family member suffering from food intolerance, which stimulated her intention to open an organic restaurant for those desperately seeking allergen-free food. The other participant was inspired with the success of many organic restaurants in Australia, while another participant admitted that the deteriorating environmental conditions raised her interest to establish a kind of organic businesses with an attempt to make contribution towards the good of the society. It was clear they had specified a common thinking – a kind of consciousness related to the healthy eating concept and of the environment protection.

The majority of the participants displayed social considerations in their business decisions; they had strong beliefs in organic eating and attempted to conduct their food service businesses in a responsible and sensible manner that would have benefited the customers, the environment and the next generation as well. Through their unique type of business operations, they had actually sought to offer a kind of healthy eating alternative to the consumers who were not satisfied with the traditional food service industry. In fact, these consumers were increasingly aware of how the true value of the food could affect their health. Apart from satisfying the demands of those who had the same belief of organic eating, the participants also believed that their business actions could have encouraged the general public to become more aware of the impact of their eating behaviour towards the

environment. One participant related the reason for establishing an organic café to that of environmental protection.

“I don’t want to live in a polluted world with a gas mask ... and I don’t want my children to live in a world like that ..., I believe that every person can do their little bit for the environment.”

A direct quote from a participant could have clearly summarised the general motivation for opening organic food service business,

“You know, wanting to minimize my impact on the environment and if I can do this and encourage other people to become more aware about the environment and appreciate what we have today and try and improve it for the future.”

Although Restaurant A did not have a positive attitude towards the organic dining trend in the local food service context, the participant claimed that organic menu could establish a point of difference over the traditional menu. Such a difference was, however, developed based on pure marketing perspective and did not include any of environment concerns or any sense of education for future generations. The participant was clearly motivated by the ‘halo effect’ of the organic materials which could bring the menu to a unique dimension to satisfy the curiosity of its customers for a kind of new gastronomic experience. Therefore, the inclusion of organic selections in the menu was only to create a talking point and strengthen the marketing power of its quality brand.

“Because I want our menu to have a point of difference over other people’s menus and by sourcing some organic produce that gives us a difference ..., I can’t really see how it would have anything to do with the environment ..., but it is certainly not

a reason why I am purchasing organic food. I am not purchasing organic to save the world. My intention is to put a beautiful meal on a plate.”

It is most likely that all the participants’ reasons to enter the organic food service industry are also their reasons to target the particular market segments. In other words, the participants entering the organic sector are motivated by the market demands. When customers seek a new gastronomic experience, Restaurant A enters the organic sector and includes organic items in its menus. While some participants discover there are customer demands for healthy eating options, they enter the industry bringing in the organic menus to satisfy the customer needs. Clearly they follow a marketing principle that is to do the right thing to the right people.

4.3.3 Business Philosophy

Motivation was an integral part of the fundamental principles underlying the formation and operation of all the participants’ organic food service business, which also dominated the way in which the participants implemented their business strategies. The majority of the participants shared some common characteristics as entrepreneurs. They had an enthusiastic vision for the growth of organic dining in New Zealand, which was supported by a bold idea of merging eating behaviours with environmental concerns in a marketplace where the traditional restaurants had long dominated. They had a strong sense of green values and responsible business ethics, which enabled them to courageously explore the niche market so as to persistently create and lead the organic dining trend.

The participants preferred to be labeled as ‘conscious businessmen’ because they were faithful to their business intention and they were also concerned about a financially viable business model.

“So it is all very well and good having very green environmentally friendly green philosophies and everything, provided you have put your business model first, that is viable.”

One participant described the prime goal of the organic dining business,

“You have to be financially sustainable ... and it is about financially sustaining this business.”

Another participant held the similar thinking,

“Profit is first, because without profit I have no business. So we are striving for profit through using a philosophy of sustainability and organic by using organic products.”

Their interpretation of financial viability of business was that the profit that they had made from the business needed to be strong enough for them to survive in a highly competitive market where the conditions of supply and demand were not yet mature.

“Profit has to come first in order to survive in the real world.”

At the same time, the participants also pointed out that access to sufficient reserve capital would be equally important to make the business with new concept to be viable.

“It is a niche market. And there is a lot of restaurants have set up and failed within the first six months. You have got to have a bit of financial clout to sustain the lean times.”

One participant had revealed that,

“It is a fact of life, when you go into this business; you go in with enough capital to back you because you don’t then you are a bad business person also ..., and if you don’t have the backing for that you are going to fail in business.”

These participants all noted that the organic food service business was primarily a kind of business that was similar to all the other commercial activities, being financially sustainable could remain the business in the industry. However, they had taken a bold action to integrate the belief of social consciousness into the business. While they watched the financial budgets, they offered healthy eating options to the markets as well as educated the next generation about the impacts of their eating habits on the environment.

One direct quote from a participant supported their philosophy,

“We are doing this to educate the next generation and to offer a service to the community. As part of that, everyone needs to eat and if you do your job well and if you have strong convictions about what you do and you can build a support network around you, you will be sustainable in your own right. So the financial sustainability will come with it eventually.”

Although they had embraced some environmental concerns in their business activities, they did not claim to be environmentalists.

“My philosophy is that we do what we do which is organics and we do it well. But we don’t make a song and dance about it ..., every business should be doing what they can to be sensitive to the environment and not try and trade off that and market that to the public.”

“Simply being an environmentalist or indeed adhering to well recognised environmental philosophies would not be sufficient to succeed in this business ..., environmental responsibility would account for say 50% of our mind set.”

However, Restaurant A mentioned that the major element of his philosophy was to set new trend by introducing customers to new products. In his mind, organic food was only one of the ingredients that made up the gastronomic pleasure he offered to the customers. It was probable that the nature and the class of his restaurant business was to promote a luxury of dining experience and the participant only focused on the aesthetic presentation and palatability of the dishes; the impact of food production toward the environment was therefore out of his business considerations.

“My intention is to put a beautiful meal on a plate ..., something that tastes fantastic. I am happy to put organic things on because my customers know that my restaurant is going to give them a different experience, so long as it tastes great ..., I am not purchasing organic to save the world, it is certainly not a reason why I am purchasing organic food. I can’t really see how it would have anything to do with the environment. I never thought about the environment until you said it. It is not my job to educate as a restaurateur, to make a market for organic food.”

Most of the participants have integrated ecopreneurship into their business operations; they strongly believe that they operate a socially and environmentally responsible enterprise. However, they understand that it is too idealistic to have profit, environment protection and customer satisfaction concurrently for the time being. They emphasise that they would prioritise profit generation in order to remain in the industry when the market for the organic dining concept has not yet been well developed. They reveal that they are suffering from short-term financial losses for maintaining their green beliefs in the business, but they are optimistic about the organic dining trend so that they have faith in their ability to pursue profit, environmental protection and consumer satisfaction all at the same time into the future. This is exactly what Anderson (1998) suggests as ecopreneurship – the participants embed their moral values in the entrepreneurial action and are prepared to sacrifice short-term financial growth for long-term benefits to the community. More importantly, this study finds that most participants recognise the need for sustainable development as discussed by Brundtland (1987); they try to minimise the environmental and social crises that future generations will face and they convey this message to the wider community through their business behaviour.

4.3.4 Future View

Most of the participants had certain degrees of confidence in the future of the organic dining trend in New Zealand. They suggested that the development of the organic dining trend would be greatly dependent upon how well customers were educated about the benefits of organic eating and how well the consumer market could achieve the balance of supply and demand. They all believed that the organic dining concept would remain as a kind of niche trend in the upper socio-market for the time being. However, the concept

would eventually be widely accepted by consumers from different socio-classes, but it would take several years for consumers to realise it.

“It is a long term thing; it is not a quick change.” “The trend is catching ..., you know rich people have time and money to indulge in trends, but I don’t think with this trend that is what is happening.”

The main point was that although the demand for organic dining was increasing, it was not great enough to get the demand to a point that the pricing could reach normal everyday pricing.

“What is costing more at the moment is because there is not enough of it to get those economies of scale up.”

The participants had seen that there were plenty of New Zealanders who did not care about organics and did not think about what they ate at present. It therefore could not create a larger demand for organics, which was also coupled with a fact that the import of cheap foodstuffs from overseas had indeed driven the price of conventional produce down.

When they were asked to answer the question of how the organic food service could mainstream in the traditional restaurant industry, they suggested that consumers, especially children, should be educated about the concept of organic eating, which could stimulate the demand for organic dining. The increasing market demand could in turn attract more farmers and suppliers to enlarge the organic food production scale, so that market competition would eventually bring the price down to an affordable level. This could create more room for organic restaurants to survive and expand.

“If we educate people that this is the right thing to be doing for themselves and for the future of their children and their families ..., if we got the demand right, then the cost of organic should actually be on par if not cheaper than normal produce.”

A participant mentioned,

“It really comes down to how many organic producers there are in New Zealand ..., the more organic farmers there are or producers and products there are, that will bring the prices down ..., it will make it more widely available and therefore it will be easier for people to obtain organic products. And it won't be so niche.”

However, Restaurant A was not optimistic about the future of organic dining trend in New Zealand.

“I don't think it is going to happen, not for a long time anyway ..., I don't see any sign for the future, no.”

Restaurant A suggested that expensive prices and consumer preference had prevented the organic dining concept from mainstreaming into the traditional food service industry. He expected that the organic dining trend would remain a niche market for those consumers with higher disposable incomes. In addition, he did not believe that there would be more demand for organic food because consumers could not differentiate between organic and non-organic food in a blind taste test that he had held some time ago.

“It is up to the farmers to do it. It is only going to be a niche market. It is only going to be for people that can afford it because organic food is more expensive ..., it is a fashion of ‘I only eat organic’. But you have to be able to afford to say that, you know you have to have the money ..., from the business point of view, I won't

put much effort to promote the organics, I won't get more customers. I don't believe, because of the organic thing. ”

Restaurant A suggests that organic dining is not a continuous trend, but a kind of fashion that draws the focus of the market only for a short period. The trend will subside eventually when consumers lose their interests in it. The participant's argument is true in his particular situation. In fact, what Restaurant A promotes is a new gastronomic experience; it introduces new food ingredients to customers. To him, organic ingredients are just like marketing gimmicks that are always short-lived; the participant therefore has no faith in the continuous growth of the trend. Furthermore, Restaurant A has long reputation for luxury dining that has made proven profit for the business, the participant would not risk losing its established profitability for promoting a new item that he has no faith in it and his customers are not concerned about.

To the contrary, the other participants are pioneers in the organic dining concept, they strongly believe that the organic eating trend will continue and flourish in the future. However, they are not pure idealists without sensible thinking; their faith towards the organic dining is conditional. Consumer education about the benefits of eating 'organically' is the central element of their argument; without education, there will not be market demands and organic eating trend will not happen. But they are small businesses; they do not have sufficient financial resources and human assets to carry out large scale education programmes. As suggested by Kedgley (2006), there is no hope for organic food service industry to expand, unless the government is involved.

4.3.5 Support

All participants thought that organics should not be a part of the 100% clean, green and pure image that the New Zealand government has adopted to promote the country. They suggested that organics and the image should be two separate identities. Organics should be a part of the nature; it was not limited to New Zealand and it was not the only element to make the country clean, green and pure.

“I don’t think you necessarily need to say New Zealand is clean, green and we are organic. I think we just need to say well, we just need to be organic to keep this clean and green image.”

This opinion contradicts Kedgley’s arguments that link organics to the pure image of New Zealand (Kedgley, 2006). However, this study agrees with Kedgley’s thinking and would expand the view to a higher level. The clean, green and pure image should not only be interpreted from a material perspective, but also from an immaterial focus – that is the value of lifestyle. The image shows the way New Zealanders live their lives; the elements of clean, green and pure need to mean a single concept, which is the particular attitude of consumers towards the environment where they live. The study suggests that organics are interchangeable with basic nature, which is supposed to be purely clean without man-made chemical interference. Therefore, organics need to be a part of the clean, green and pure image.

When the participants were asked to express their opinions about the need for government assistance, all participants strongly stressed that they did not need the government to be involved into their businesses. It was because they did not believe that the government

would either grant them any business funds or formulate any policy beneficial to their businesses. However, they only hoped that the New Zealand government would implement some awareness programmes to encourage healthy eating, which they believed could create market demands for it.

In addition, they proposed that the government should make improvements regarding the organic certification of farms and growers because it needed lots of money and time to go through the certification process and it required the farmers to be very committed to be able to do that.

“So if the government was able to support those people then that would hopefully drive the price down to the consumer and then that would relieve us as well.”

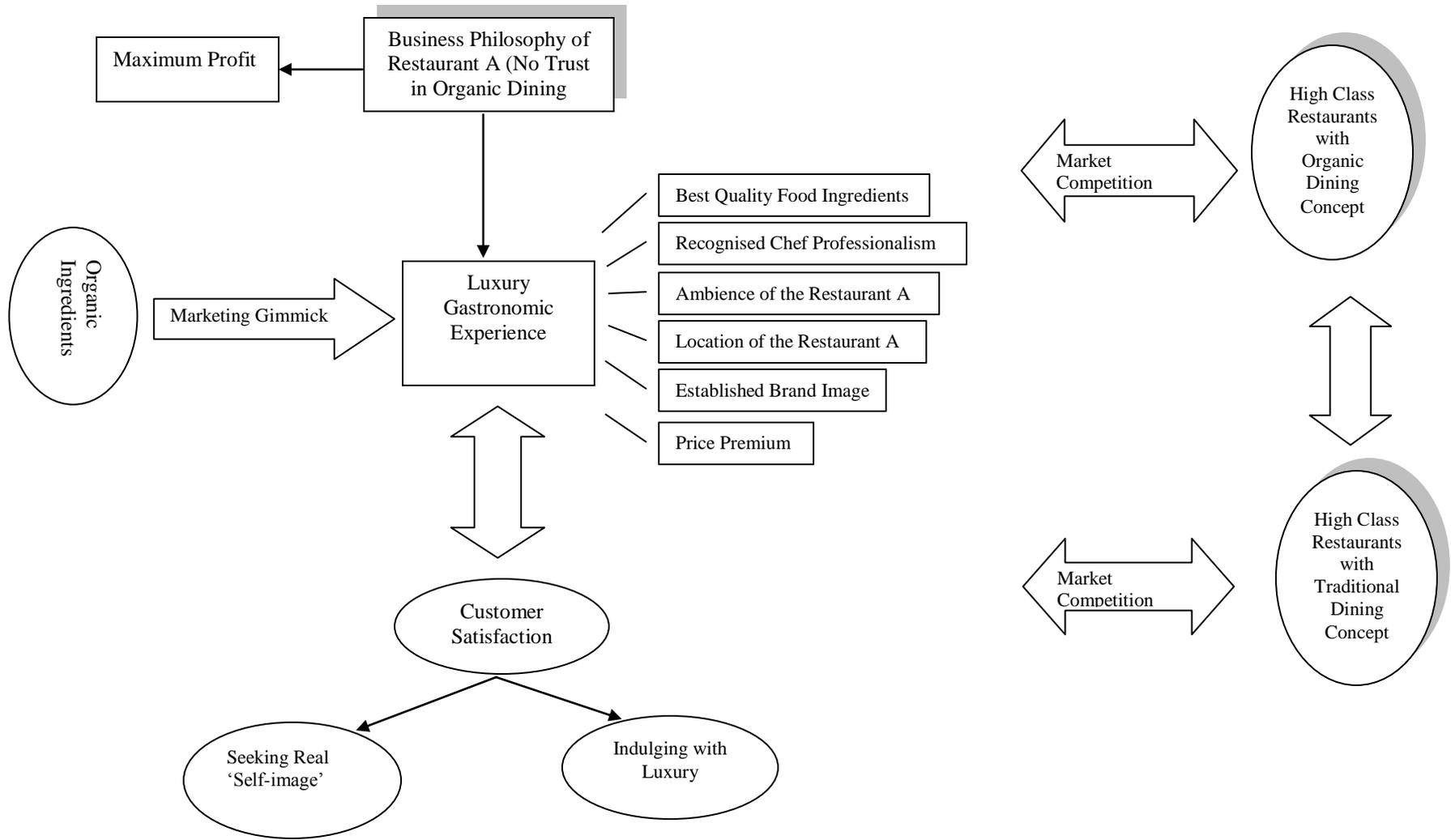
4.4 Discussions

Based on the above analysis, this study has discovered two different sets of perceptions on the concept of dining out organically between high class and middle class restaurants in New Zealand. However, as there are only five restaurants which participated in the study; results of the analysis are restricted to the particular situation of the participants and cannot be generalised to the entire organic food service industry in New Zealand.

The study proposes two conceptual models, as described in Figure 1 and 2, which are designed to show the overall process of how the participating restaurants perceive the development of the concept of dining out ‘organically’ in New Zealand. The models are believed to be able to contribute to the existing body of literature a basic understanding of how restaurateurs perceive the organic dining behaviours, how they coordinate the market

positioning with the principles of their ecopreneurship and how they react to the impacts of their bold market action on their business sustainability.

Figure 1: Perception of the High Class Restaurant A on the Concept of Dining Out Organically



4.4.1 High Class Restaurant (Restaurant A)

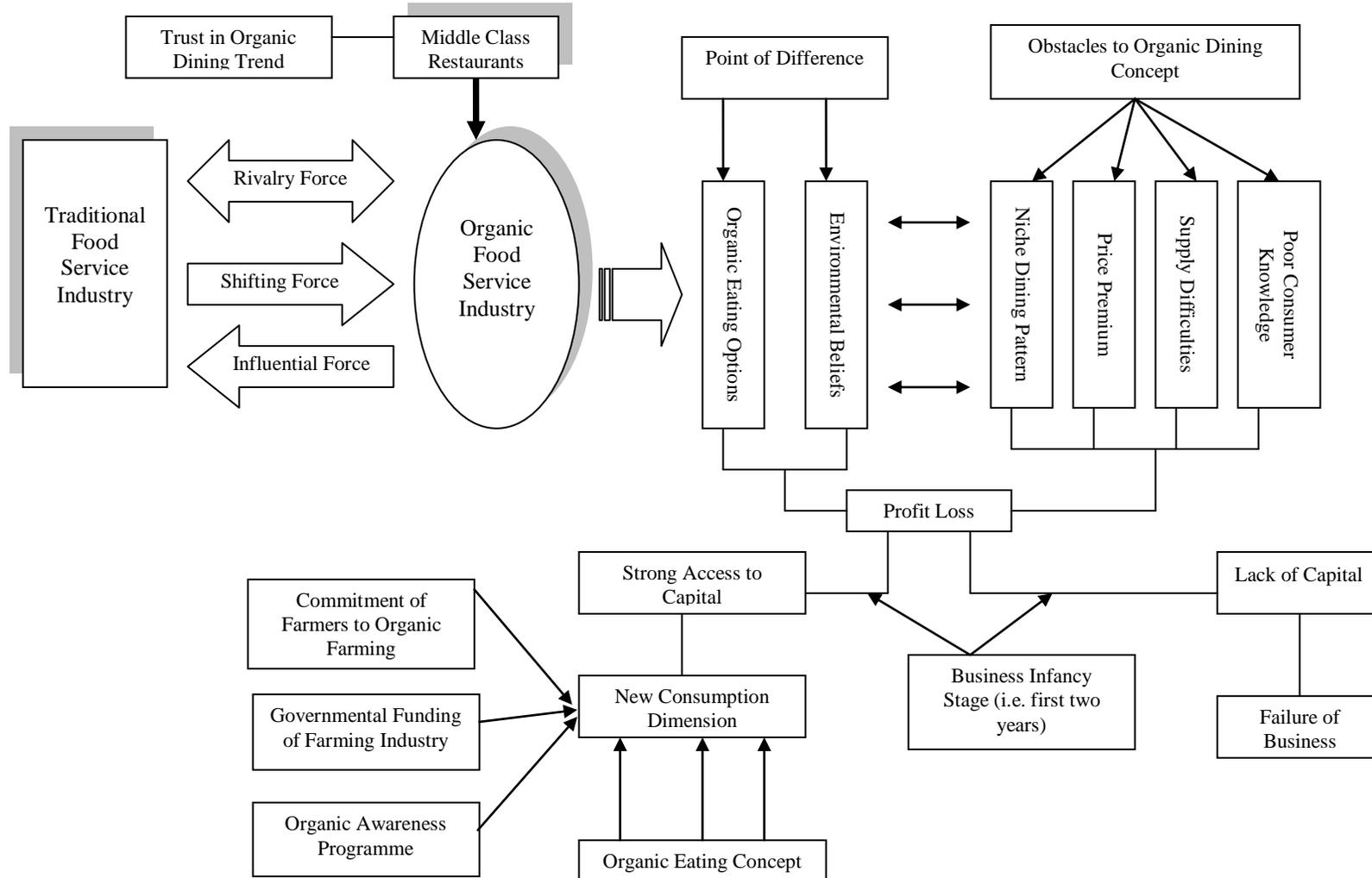
In this study, Restaurant A is a high class restaurant. As shown in the Figure 1, Restaurant A competes with other high class restaurants in a food service business environment where the traditional food concept is dominant. As Restaurant A positions itself in an up-scale market, it therefore embraces a kind of business philosophy that focuses on satisfying customers seeking a luxury gastronomic experience. Properties of the 'luxury experience' are intangible and are related to 'image' and 'emotion'; Figure 1 shows that the experience has several attributes, such as location and ambience of the establishment, the aesthetic and sensory appeal of the dishes, the professionalism of the chefs, the premium price of meals, the originality of ingredients and the history and the achievement behind the restaurant brand.

As shown in the Figure 1, Restaurant A strives to maximise profit margins while strengthening and improving the luxury dining experience of its customers and at the same time trying to stand out from the competition. The figure illustrates that Restaurant A chooses to incorporate organic food ingredients into its menu, which will become a marketing tool to distinguish the restaurant from the competitors'. The study finds that Restaurant A does not promote the benefits of organic dining because the restaurateur has no faith in such a concept. In his mind, organic ingredients are only similar to other examples of points of difference such as Alaska crabs or Beluga caviar that he could use to satisfy the curiosity of his customers looking for a new gastronomic experience; which would bring his customers utmost enjoyment. Organic ingredients have no other use than that.

This study views that Restaurant A relates the self-image of his customers to the brand power of his restaurant. Generally speaking, customers who patronize Restaurant A, match the luxury feeling that is integrated into their gastronomic experience with their already respected social image. These customers are parts of high socio-economic group, visiting Restaurant A to seek the higher level of needs, such as psychological comfort and aesthetic appreciation. In fact, they have gained themselves the esteem and the respect of others, however, the feeling of esteem can only be completely strengthened in the environment where they can easily find their 'real' identities. Therefore, the luxury of Restaurant A where these customers dine at can meet their desire for a higher level of psychological comfort – they are where they should be. Furthermore, they seek a kind of pleasing experience, which can satisfy their desire for indulging themselves with the best of the best in order to push their feeling of esteem to its peak. According to Maslow's Hierarchy of Motives (Maslow 1954) and von Alvensleben's Typology of Food Choice (von Alvensleben 1997), these customers have overcome all their lower needs such as basic human bodily needs, financial security, personal well-being and social acceptance; they are in turn seeking to fulfill higher psychological needs – the feeling of being respected and the feeling of being indulged with luxury.

Obviously, a high class restaurant such as Restaurant A strives to maintain his brand image of a luxury gastronomic experience. He therefore constantly seeks food ingredients with unique and unusual qualities to satisfy his customer needs for that luxury feeling. Restaurant A uses organic ingredients just for marketing considerations but not based on any green beliefs or societal thinking. His success in business is measured by his ability to produce the high level of psychological effects much desired by his customers.

Figure 2: Perception of Middle Class Restaurateurs on the Concept of Dining Out Organically



4.4.2 Middle Class Restaurants (Restaurant B, Cafes A,B and C)

Except Restaurant A, the other participants operate middle class food service businesses. The ways in which the middle class restaurateurs integrate the concept of organic dining and environmental concerns into their business philosophy have in fact made them struggle in a difficult business situation. It is because organic dining is still a niche trend in New Zealand, they therefore need to explore a virgin market without any proven business models that they can take reference to.

As shown in the Figure 2, the middle class restaurateurs in this study are pioneers in the organic dining sector. They have faith in the concept of organic eating and have the courage to introduce the concept to a market where, as they claim, they encounter retaliation from the traditional restaurants and competition from new entrants who are either pioneers of organic dining or speculators shifting from traditional restaurant industry with an attempt to reap the first mover advantage in an unexplored market.

In marketing perspectives, marketers need to embed an innovative concept in a new product they promote when entering a new market. Similarly, for operating a new venture in a niche market segment, the middle class restaurateurs strive to differentiate themselves from others with some points of difference in the organic dining concept that they introduce into the market. The concept of organic dining that the restaurateurs integrate into their business activities involves the embodiment of the consumers' social consciousness in their consumption behaviour, which is indeed a 'soft' marketing tool to bring the consumers' inner cognition towards health and the environment to a point where the customers can completely satisfy their demands for higher orders of needs through

their eating behaviour. In fact, the success of the concept greatly depends on how much the customers are aware of it and how much the suppliers are committed to it; there is clearly a direct relationship between market awareness of the concept and potential obstacles to the concept. However, the figure shows that the current market does not favour the concept, which is attributed to the factors such as niche dining concept, expensive prices on organic menus, fewer and unstable supplies of organic ingredients and poor consumer knowledge about organic eating benefits.

This study views that consumers' psychological reactions to the organic food can have significant impact on market penetration of the concept of organic dining. According to the participants, there are only a small percentage of consumers who have sufficient knowledge about organic food to be able to respond to their social consciousness and display true belief in their organic dining behaviours. Therefore, this study argues that most customers who visit the middle class organic restaurants are actually seeking a sense of respect. According to Maslow's Hierarchy of Motives (Maslow, 1954), these pseudo-green customers, whose basic needs such as physiological needs, safety needs and social needs have likely been satisfied, start to engage themselves in organic dining activities to gain social recognition and respect from their peers. These customers are generally well educated with high disposable income to afford the premium prices of organic foods; however, they may not understand what organic food is and may not believe in organic eating. What really attracts them to organic eating is that the halo effect of the green image of organics that gives them a sense of self-value and self-respect, which as a result can create their unique status within their social circle. These customers are basically fashion-followers, who are likely to exit the market whenever they lose interest in organic dining and begin seeking a replacement for organic food.

As proposed in von Alvensleben's typology of food choice behaviours (von Alvensleben, 1997), the true green consumers might have satisfied all their basic needs such as human bodily needs, safety needs and social needs and are ready to move upwards to a higher level of needs; however, for some reasons these consumers likely feel that as their health and environment safety needs are no longer being met, they re-prioritise these lower levels of needs by eating 'organically'. They will not permanently regress to the lower level of needs, but will seek to move upwards to esteem level with the support of their organic eating behaviours. Obviously, the middle class restaurateurs promote organic menus to satisfy not only the true green customers who really believe in the benefits of organic eating, but also the pseudo green customers who eat organic food with an attempt to project to the public only an illusion showing a kind of social conscientiousness.

The figure further illustrates that the middle class restaurateurs as interviewed in this study usually suffer profit loss from their organic food service businesses within the first two years of their new ventures. The loss is incurred because the restaurateurs actually develop a new market with the innovative organic dining concept that is not yet widely accepted by the majority of consumers. Although the middle class restaurateurs are optimistic about the future of organic dining trend and are passionate to keep their green beliefs in the business operation, they are likely frustrated when facing a challenge of lacking financial and marketing capability needed to increase the market awareness about organic eating, thus expanding their market shares. As shown in the Figure 2, the middle class organic restaurateurs mention that the ones who are not financially strong will fail the businesses at the time when they cannot yield the sufficient profits during the infancy stage of the business. However, if the restaurateurs are able to gain strong access to capital, their businesses are likely to survive from the competition and succeed in creating a new dining

concept as well as new consumption behaviour. Based on the analysis of the interview data, this study finds that success of the organic dining concept in New Zealand requires efforts of the following three parties in order to flourish: consumers, suppliers and government. The government needs to host more organic awareness programmes to educate consumers about the benefits of eating 'organically'. Increase of consumer demands for organic supplies will in turn stimulate the interest of farmers to shift to organic farming. Governmental funding to farming industry will also encourage more farmers to commit themselves to organic farming and ultimately create a healthy circle of demand and supply.

Chapter V – Conclusions and Recommendations

5.1 Conclusions

This study was designed to examine the perception of the local restaurateurs on the concept of dining out organically, which covers the following research areas: (a) their understanding of the consumers, (b) their motivation to enter the organic food service industry, (c) their business philosophy and (d) their need for support. As the study attempted to understand the perception that had not yet been examined, it therefore employed a qualitative approach and grounded theory strategy to conduct the research. The study presents results from five interviews at a range of organic food service outlets around Auckland, from which the following conclusions can be drawn.

The study finds that there are two types of restaurateurs to be involved in organic food service industry in New Zealand: high class and middle class restaurateurs. It further discovers that these restaurateurs have different mindsets of how to operate their businesses with the innovative concept of dining ‘organically’ in a market place where the consumer demands for organic food are still low. Generally speaking, these restaurateurs have a clear understanding of what organic food should be – a food without chemical fertilisers and pesticides. Some have deeper knowledge and relate organic food to sustainable agriculture, natural balance and even business integrity. However, they have different views about how they see the trend of organic dining, what motivates their customers to dine ‘organically’, why they enter the organic food service sector, what principles they integrate into their business operations and what assistance they need to

foster the development of their businesses. However, it should be noted that there was only one high class restaurateur to be interviewed in this study; the conclusion made based on his opinions may not be representative of all restaurateurs who operate organic food service businesses in the upper end of the market. Similarly, there were four middle class restaurateurs to participate in the study, but, the sampling size is still so small that their opinions about organic dining concept are likely restricted to their particular situations and may not be able to apply to the whole industry.

5.1.1 High Class Restaurateur (Restaurant A)

The high class restaurateur in this study had no faith in organic dining and argued that the market conditions would not be adequate and mature enough to create the organic dining trend. His negative attitudes towards organic dining greatly depended on the focus of his business principles and the market segment he targeted.

The customers who patronised Restaurant A were business professionals of high socio-economic group; they could afford the extremely high menu prices the restaurant charged for their meals. The restaurateur revealed that there were more men than women visiting their restaurants. He admitted that the luxury and formal ambience of his restaurant was attractive to highly ranked businessmen who would show respect to their guests. Furthermore, the customers dining at his restaurant were actually seeking intrinsic eating pleasure and a new gastronomic experience. They had a strong desire for psychological comfort – to reaffirm their real identities through eating behaviours in an environment where they should be.

As the restaurateur aimed to provide a kind of luxury and a new gastronomic experience to his customers, he therefore included organic ingredients in his menus and promoted them as a new eating experience. Clearly he did not blend social consciousness in his business principles; he included organic items in his menus only from marketing perspectives. He strove to produce the dining experience through displaying his culinary skills for profit; ingredients such as organics were only the medium to express the sophistication of the experience.

The restaurateur did not have confidence in the future of the organic dining trend, because he saw the organic eating concept as ‘fashion’ that would subside eventually when customers lost interest in it. He felt that his long established reputation was strong enough to secure profitability of the restaurant; he therefore did not think he needed any of the government assistance for his business.

5.1.2 Middle Class Restaurateurs (Restaurant B, Cafés A,B and C)

The middle class restaurateurs in this study were confident that the trend of organic dining had occurred in New Zealand and would continue to grow. They attributed the growth of the trend to the increasing consumer awareness of personal health, food safety and lifestyle. But they revealed that only a small percentage of customers who visited their restaurants believed the benefits of organic eating, the others tried to be different from their peers by eating ‘organically’ so as to gain that respectful green image for self satisfaction. Their customers were professionals with higher spending power who could afford the expensive prices of organic menus and on average more women than men

visited their restaurants. The restaurateurs admitted that women were more inclined to healthy eating options and would especially consider the effects of how organic food improved their children's health because they saw their safety needs had not yet been met.

They further pointed out that the supply difficulties made it impossible to reduce their menu prices for the consumers of lower socio-economic group. Seasonality and limited varieties of organic produce, inefficiency of delivery systems and low economies of scale all created the price challenge they needed to face all the times. Despite of the supply difficulties, the restaurateurs strove to maintain a menu with as much as 75% organic items because organic dining was the principle of their businesses.

The restaurateurs were true green believers; they integrated the societal thinking into their businesses. Their ultimate goal was to achieve balance of profit, environmental concern and customer satisfaction within their business operation. However, organic dining was still a niche concept in New Zealand; they were exploring a new market with a new product. Thus, they prioritised profit generation during the infancy stage of the business in order to survive from the severe competition against traditional restaurants. They were optimistic about the future of the trend of organic dining, but they suggested that the organic segment could only expand if the government would organise and promote the market awareness programmes in large scale to educate the consumers about the benefits of eating organics.

Taken together, these findings provide some interesting ideas of how local restaurateurs perceive the concept of dining ‘organically’ and how they put the principles of ecopreneurship into a real business environment. This may supplement the growing body of literature on the concept of organic dining in the local context.

5.2 Recommendations

This study finds that engaging in a business with a niche concept requires sufficient financial resources to make it viable in the market; however, the current low market demands for organic dining could not generate adequate profit margins for the businesses to survive, which inevitably make a certain numbers of organic businesses fail within the first two years of opening the businesses. This study views that the challenge of profit generation is much related to the difficulties the restaurateurs are facing, such as limited supply and poor knowledge of consumers about the benefits of organic eating. The difficulties are already reflected in the low market demands.

To overcome the above-mentioned difficulties, this study suggests that the New Zealand government should fund organic farming operators in order to encourage their commitment to the organic agriculture, which in turn ensures the possibility of higher level of organic production. In addition, the study also suggests that the New Zealand government needs to organise large scale market awareness programmes to educate consumers and even the children about the benefits of eating organics. This can stimulate the increase of market demands for organics in the long term. However, there is a dilemma in the government consideration; if the New Zealand government actively

develops the organic dining market, there may appear a possible challenge of land use against the increasing organic food consumption. This requires a further study in order to seek a compromise.

Expanding from these views, this study expects that the New Zealand organic food service industry will remain as niche as it is until the market conditions of supply and demand become mature, which might not be achieved without governmental involvement.

5.3 Limitation of the Study

There are some limitations of this study to be considered as relating to the analysis of the results. Firstly, the data collection was conducted in one location (i.e. Auckland), which did not take into account the situations in other cities. Secondly, this study examines only the perceptions of the restaurateurs who operated organic food service businesses and excludes the points of views of the restaurateurs from non-organic food service industry. With the single source of sampling, caution need to be applied, as the findings might not be generalisable to produce a complete picture of the concept of dining out ‘organically’ in New Zealand. In addition, the study recruited only five restaurateurs for study, conclusion of their opinions might not be able to represent the points of views of all the organic restaurateurs in the entire industry.

The following areas could therefore be of interest for further study:

- (a) Conduct a similar study but investigate a larger sample population to include non-organic restaurateurs from the major cities in New Zealand;

- (b) Conduct a similar study but investigate the points of views of the organic food suppliers in order to produce a more complete picture of the concept of dining out organically;
- (c) Conduct a similar study but investigate the points of view of the New Zealand government about the possible policy reform and the challenge of land use in respect of the development of organic dining concept;
- (d) Conduct a survey to assess the rate of success and failure of the organic food service outlets, based on that the study can identify and evaluate the true values of business philosophy that could be most practical in the organic food service business.
- (e) Some consumers are likely trend-followers. They do not have knowledge of the benefits of organic food, but eat organics because of the influence of some intangible factors such as the psychological comforts, the influence of advertisement or the advices of reference groups. This might involve a kind of ‘symbolic feeling’ that most likely unconsciously distorts consumers’ value perception towards food consumption and will consequently change consumers’ usual eating behaviour and produce a new consumption pattern. Therefore, it is also suggested that the issue of symbolic feeling deserves further investigation, which might be able to help organic food service industry to develop particular sets of strategies to affect consumers’ psychological process for defining their organic food preference. This may in turn increase the market demands for dining out ‘organically’.

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Appendix – Ethics Approval



MEMORANDUM Auckland University of Technology Ethics Committee (AUTEC)

To: Jill Poulston
From: **Madeline Banda** Executive Secretary, AUTEC
Date: 22 May 2008
Subject: Ethics Application Number 08/69 **Perceptions of restaurateurs on the sustainability of the concept of dining out 'organically' in New Zealand.**

Dear Jill

Thank you for providing written evidence as requested. I am pleased to advise that it satisfies the points raised by a subcommittee of the Auckland University of Technology Ethics Committee (AUTEC) at their meeting on 21 April 2008 and that I have approved your ethics application. This delegated approval is made in accordance with section 5.3.2.3 of AUTEC's *Applying for Ethics Approval: Guidelines and Procedures* and is subject to endorsement at AUTEC's meeting on .

Your ethics application is approved for a period of three years until 22 May 2011.

I advise that as part of the ethics approval process, you are required to submit the following to AUTEC:

- A brief annual progress report using form EA2, which is available online through <http://www.aut.ac.nz/about/ethics>. When necessary this form may also be used to request an extension of the approval at least one month prior to its expiry on 22 May 2011;
- A brief report on the status of the project using form EA3, which is available online through <http://www.aut.ac.nz/about/ethics>. This report is to be submitted either when the approval expires on 22 May 2011 or on completion of the project, whichever comes sooner;

It is a condition of approval that AUTEC is notified of any adverse events or if the research does not commence. AUTEC approval needs to be sought for any alteration to the research, including any alteration of or addition to any documents that are provided to participants. You are reminded that, as applicant, you are responsible for ensuring that research undertaken under this approval occurs within the parameters outlined in the approved application.

Please note that AUTEC grants ethical approval only. If you require management approval from an institution or organisation for your research, then you will need to make the arrangements necessary to obtain this.

When communicating with us about this application, we ask that you use the application number and study title to enable us to provide you with prompt service. Should you have any further enquiries regarding this matter, you are welcome to contact Charles Grinter, Ethics Coordinator, by email at charles.grinter@aut.ac.nz or by telephone on 921 9999 at extension 8860.

On behalf of the AUTEC and myself, I wish you success with your research and look forward to reading about it in your reports.

Yours sincerely

Madeline Banda
Executive Secretary

Auckland University of Technology Ethics Committee

Cc: Albert Yau Kwong Yiu aakj@pcombo.co.nz, .AUTEC Faculty Representative, Applied Humanities