

The True Costs of Food: Effects of Informing Consumers About External Environmental Costs

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The True Costs of Food: Effects of Informing Consumers About External Environmental Costs

Abstract

We study a novel form of retailer communication about the sustainability of food production. The German discounter Penny tested displaying two prices for a product: The actual price and a hypothetical price that consumers would have to pay if the external environmental costs of the product were included, i.e., the “true costs”. We conducted a survey-based experiment to investigate the effects of informing consumers about the true costs of food products on category incidence, product choice, and the retailer’s image. We find that the retailer is successful in encouraging consumers to buy products with lower external environmental costs, without negative consequences for category incidence and price image. Yet, we do not find an improvement in the retailer’s sustainability image.

Subject Areas: *Pricing, Retailing*

Track: Retailing & Omni-Channel Management