Comparative Studies on the Effect of Consumer's Perceived Risk on Restaurant Behavioral Intention: Focusing on Socio-Demographic Variables in Mad Cow Disease Case

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Abstract

This study explored the relationship between meat consumers' perceived risk and behavioral intention in Korea, a major beef importing country. U.S. beef had the biggest share of the beef market in Korea until 2003 when the trade was halted because of mad cow disease. Despite massive public protests during 2008, U.S. beef was reintroduced into Korean market following a Free Trade Agreement. The study examined whether perceived risk had an influence on behavioral intention by the different socio demographic variables among beef consumers in Korea. In addition, the study investigated the influencing power of perceived risk on behavioral intention as enhanced by socio demographic variables. The study sample included 300 consumers from three different cities in Korea. Although financial risk was perceived at the highest level, it was social-psychological risk that was the most negative factor influencing Korean consumers' purchasing behavior towards U.S. beef.

key words : Mad cow disease, Behavioral intention, Free trade agreement, Risk perceptions, Beef importing

I. Introduction

The consumption of safe and healthy food is critical in people's lives because food plays an essential role in sustaining human health(Brom, 2000; Smith & Riethmuller, 2000). The recent outbreaks of Mad Cow Disease, Food and Mouth disease, Avian Influence, and other diseases all over the world have caused increased anxiety and uneasiness towards stock farm products.(Kim & Boyd, 2004). In particular, Mad Cow Disease has been addressed as a major world's food hygiene issue for 15 years(Leiss & Nicol, 2006) since its first discovery, in 1986, England. The origin of Mad Cow Disease was found in the stock feed produced using various offal and animal proteins infected with Scrapie, an infectious brain disease found

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in sheep and goats, and Bovine Spongiform Encephalopathy or BSE (Phillips et al., 2000; Leiss & Nicol, 2006). The first cattle infected with BSE were exported from England to Canada and USA. There, the cattle were used to produce more stock feed and in all three nations, the trade in stock feed became hazardous (Leiss & Nicol, 2006). The infected cattle are recognized as the cause of Mad Cow Disease and Bovine Spongiform Encephalopathy in humans (Wells et al., 1998; Comer & Huntly, 2004).

In 1966 the Spongiform Encephalopathy Advisory Committee (SEAC) announced that a lethal neurological disease known as Variant Creutzfeldt Jakob Disease (VCJD), was the causal factor in Mad Cow Disease. However, before the use of offal and other animal proteins in stock feed was illegalized, VCJD had already contaminated beef sold in the world markets (Comer & Huntly, 2004). By early 2003 the number of VCJD patients had reached and the number was expected to be increased (Comer & Huntly, 2004). After cows over the age of 30 months in England were found to be a risk to humans they were prohibited for sale. International trade continued to liberalize despite the unsolved issues of Mad Cow Disease. Thus, due to increasing number of internationally traded items and diversity of importing/exporting countries, strict safety standards for imported and exported food products require an urgent strategy to be launched worldwide (Mead et al., 1999). That is, Mad Cow Disease is not a problem for just the countries producing infected beef but an international danger of all nations.

A study by Korea Gallup (2001) examined the relationship between the insecurities of Korean consumers concerning Mad Cow Disease and the differing levels of beef consumption. The results showed that beef consumption had decreased 45.4% over a year (the period after Mad Cow Disease crises had swept Korea). Furthermore, the consumption of Korean beef and other imported beef had also declined while the sales of chicken increased by 30% despite the fact that the price of chicken had increased (due to the accelerating demands) by 50%. In 2003, beef sold in Korea included 293,000 tons of imported U.S. beef, which is 67.9% (the largest share) of Korea's beef market. However, after cases of Mad Cow Disease in 2003, the importing U.S. beef was prohibited. Between May of 2003 and August of 2006, there were seven cases of Mad Cow Disease in the USA. These events, in addition with the potentially increasing numbers of Mad Cow Disease cases, had a negative effect on the United States beef farms and its economy (Leiss and Nicol, 2006). As these trade transactions show, Mad Cow Disease is not a single problem of the exporting nation.

The Korean government started the Free Trade Agreement negotiations (FTA) with the USA in 2006 and continued to 2008. The agreements concluded with four settled conditions. As one of the conditions, Korea consented to the resumption of U.S. beef imports. This led to bitter conflicts between the Korean public and the national government. Heated debates arguing for and against the Korea-U.S.A FTA agreement were launched by different political parties and civic groups through the mass media for the public to see. As large scale protest gatherings, and candle light demonstrations increased against the Korean American FTA agreements, serious social conflicts continued. Furthermore, when the media reported the intention of the U.S. government to export beef from cattle over the age of 30 months, the conflicts between the public and the government escalated.

In this context, studies on consumers' perceived risk are essential because consumers' purchasing intention