

An Analysis of Customer Willingness to Pay a Premium for Ethically Sourced or Farm-to-Table Menus and the Resulting Perception of the Restaurant's Service Integrity

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1. Introduction: The Ethical Dining Imperative

The global food landscape is undergoing a significant transformation, driven by a consumer base that increasingly values transparency, sustainability, and ethical considerations alongside taste and quality [Nielsen, 2018; Talukder et al., 2025]. The Farm-to-Table (F2T) movement, a philosophy emphasizing local, seasonal, and direct sourcing, has emerged as a key response to this demand, dramatically shortening the supply chain [Ganesh, 2024; AGRITECH, 2024]. This paper investigates two critical dimensions of this trend in the restaurant sector: the Customer Willingness to Pay (WTP) a Premium for these ethically sourced or F2T menus, and the subsequent impact on the Perception of the Restaurant's Service Integrity (RSI).

1.1. Research Context: The Indian Landscape and Bundelkhand

In India, a country with a rich and diverse agricultural heritage, the F2T trend is gaining traction, with a reported 60% increase in the concept in 2023 [ET Hospitality, 2024]. The movement is a natural fit, allowing restaurants to honor local farmers and promote indigenous, often more nutritious, grains like millets [Restaurant India, 2024]. The Bundelkhand region—known for its agricultural challenges, particularly concerning food insecurity and water scarcity [ResearchGate, 2020]—presents a compelling, high-stakes locale for this study. Here, ethical sourcing is not merely a marketing strategy but a potential pathway for economic stability for local farmers, thus amplifying the socio-economic implications of F2T practices.

1.2. Research Objectives

This study aims to:

- Analyze the factors influencing a customer's WTP a premium for ethically sourced/F2T menu items.
- Determine the correlation between the adoption of F2T practices and the customer's perception of a restaurant's Service Integrity, including transparency and trust.
- Evaluate the challenges and opportunities for implementing F2T and ethical sourcing models in the specific socio-economic context of the Bundelkhand region.

2. Literature Review: Theoretical Underpinnings

2.1. Willingness to Pay (WTP) for Ethical Food

Customer WTP for food attributes beyond taste and price is a well-established area of study. Research consistently shows that consumers are willing to pay a premium for attributes related to health consciousness, sustainability, and social justice [Shin et al., 2018; Li & Kallas, 2023].

- **Health and Quality:** A primary driver for WTP is the perceived benefit of quality, freshness, and healthiness associated with locally and ethically sourced food, with some studies showing a WTP premium of up to 30.7% for healthier foods [PMC-NIH, 2023]. Consumers perceive locally-grown food as being of higher quality [Brown, 2003].
- **Community and Social Values:** The desire to support the local economy, small-scale farmers, and engage in socially responsible consumption is a significant non-monetary value that translates into WTP [Penn State, 2018; Frash et al., 2015]. The act of supporting ethical sourcing is viewed as an affirmation of cultural and community heritage [ResearchGate, 2020].
- **Signaling Theory:** Customers often use price as a signal of quality. Counterintuitively, some research suggests a slightly higher price for local food can increase customer interest, as it acts as a price signal supporting the "local" label and reinforcing the perception of superior quality [ResearchGate, 2012].

2.2. Farm-to-Table, Transparency, and Service Integrity (RSI)

Service Integrity in the restaurant context is the perceived trustworthiness, honesty, and reliability of the establishment. The F2T model inherently enhances this integrity through two main mechanisms:

transparency and Corporate Social Responsibility (CSR).

- **Transparency and Trust:** The F2T model drastically reduces the supply chain length, fostering a direct relationship between the producer and the restaurant, and by extension, the consumer [Alpine College, 2024]. This transparency, often communicated via menu details (e.g., listing the farm), positively impacts customer trust in the restaurant [ResearchGate, 2020]. Knowing exactly where their food comes from reduces perceived risk and builds greater trust [Shafieizadeh & Tao, 2020].
- **CSR and Ethical Judgments:** F2T is an observable act of CSR, demonstrating a restaurant's commitment to environmental stewardship, local economic support, and social fairness [ResearchGate, 2020]. Customers' ethical judgments are strongly shaped by these community-oriented social values, leading to a perception of the restaurant as a socially responsible entity [Frash et al., 2015].

The relationship between these concepts is often mediated by the communication strategy, where menu information about local sourcing and the restaurant's narrative play a crucial role in translating practices into perceived integrity [ResearchGate, 2020].

3. Methodology and Conceptual Framework

3.1. Conceptual Model

The study operates on the premise that perceived ethical sourcing acts as a key antecedent to both WTP and RSI. This is mediated by factors such as health consciousness and social values.

Perceived Ethical Sourcing/F2T Practices \rightarrow WTP Premium \leftarrow Perceived Ethical Sourcing/F2T Practices \rightarrow Perceived Transparency \rightarrow Service Integrity \leftarrow Health Consciousness/Community Attachment \rightarrow Attitude \rightarrow WTP Premium

3.2. Proposed Research Design (Revised)

The proposed design is a mixed-methods approach, combining a quantitative survey utilizing a Discrete Choice Experiment (DCE) with rigorous qualitative case studies. This approach allows for the estimation of marginal Willingness to Pay (WTP) for specific attributes while contextualizing implementation challenges.

Quantitative Component: Discrete Choice Experiment (DCE)

The DCE will be administered to restaurant patrons in urban centers of the Bundelkhand region (e.g., Jhansi, Khajuraho). This method is crucial for quantifying the trade-offs customers are willing to make between price and non-monetary attributes (ethical sourcing, transparency).

The DCE will use an orthogonal design comparing a "Standard Menu Item" (control) against two alternatives varying across three core attributes and their respective levels. The baseline price for a standard dish will be ₹250.

Attribute	Level 1 (Baseline/Conventional)	Level 2 (Mid-Level F2T)	Level 3 (Premium F2T)	Link to Objective
Price Premium (WTP)	₹250 (0% Premium)	₹300 (20% Premium)	₹350 (40% Premium)	Measures WTP
Sourcing Transparency (RSI)	"Ingredients sourced from certified regional suppliers."	"Ingredients sourced from a local Farmer Producer Organization (FPO) in Banda District."	"Ingredients sourced from Farmer Ram, Banda. Fair Wage Premium of 15% guaranteed."	Measures Trust/Integrity
Agricultural Practice	Conventional farming practices.	Focus on local, seasonal produce.	Focus on local, climate-resilient millets/grains (e.g., Jowar,	Measures Ethical/Social Value

			Bajra).	
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The survey will also utilize a 7-point Likert scale (ranging from "Strongly Disagree" to "Strongly Agree") to measure the core psychological constructs: **Health Consciousness**, **Community Attachment**, and **Service Integrity** (Trust and Honesty sub-scales).

Qualitative Component: Semi-structured Interviews & Case Study

The qualitative component targets key stakeholders: restaurant owners/chefs known for F2T efforts (n≈5) and leaders of local FPOs/farmers (n≈10).

The interviews will serve two purposes:

1. **Integrity Verification:** To ground-truth the F2T claims and assess the economic impact on farmer livelihoods (verifying the "Socio-Economic Impact" in Section 6).
2. **Challenge Identification:** To detail the supply chain inconsistencies, logistics costs, and consumer education challenges specific to the Bundelkhand region (as discussed conceptually in Section 6.3).

Interview data will be analyzed using **Thematic Analysis** to systematically identify, analyze, and report patterns (themes) within the data, ensuring that the qualitative insights directly inform the interpretation of the quantitative DCE results.

Component	Method	Target Group	Objective
Quantitative	Structured Survey (DCE & Likert Scale)	Restaurant patrons in Bundelkhand cities	Quantify WTP and measure perception of RSI, Health Consciousness, and Community Attachment.
Qualitative	Semi-structured Interviews & Case Study Analysis	Restaurant owners, chefs, and local farmers/FPO leaders.	Identify operational challenges/opportunities and verify the integrity and impact of F2T claims.

3.3. Key Measurement Variables

WTP Premium: Elicited through scenarios comparing a 'Standard' menu item (e.g., ₹250) with an 'F2T' menu item (e.g., ₹250, ₹300, ₹350) for the same dish using the DCE.

Perceived Ethical Sourcing: Measured by items like "The restaurant sources ingredients that support local farmers" or "The menu is seasonal and fresh."

Service Integrity: Measured using scales for Trust ("I trust the restaurant's sourcing claims") and Transparency ("The restaurant is honest about where its food comes from").

4. Analysis of Customer Willingness to Pay a Premium

4.1. Factors Driving WTP

In the context of the Indian market, WTP is often a function of a blend of personal benefits and social consciousness.

Factor	Description	Expected Impact on WTP (Conceptual)	Relevance to Bundelkhand
Health Consciousness	Desire for fresh, nutritious, additive-free food.	High Positive: Direct personal benefit.	High, given a national push for millets and organic farming for health [Restaurant India, 2024].
Community Attachment	Desire to support local farmers and the regional economy.	Moderate to High Positive: Strong social responsibility.	Highly relevant, given the region's agricultural

			dependency and known rural distress [ResearchGate, 2020].
Perceived Quality	Belief that F2T implies superior taste and freshness.	High Positive: Aligned with fundamental dining motivation.	Fresh, local produce is demonstrably of higher quality due to reduced food miles [FlavorFulz, 2024].
Income/Affluence	Financial capacity to absorb the premium cost.	Positive: Higher disposable income correlates with higher WTP [Shin et al., 2018].	Likely to be concentrated in urban centers of the region.

4.2. Magnitude of the Premium (Conceptual Discussion)

Based on general consumer trends, WTP for sustainable products is often found to be in the range of 10% to 30% above the price of a conventionally sourced alternative [Li & Kallas, 2023]. Given the strong cultural and community value associated with supporting local agriculture in India, it is hypothesized that the WTP for an explicitly Farm-to-Table/ethically sourced menu in Bundelkhand may skew toward the higher end of this range for specific demographics.

However, the price sensitivity of the broader population—especially given the region's socio-economic profile—remains a critical constraint. Transparent pricing that clearly justifies the premium as an investment in local welfare (e.g., "A 20% premium ensures a fair wage for the farmer") is essential for maintaining integrity and converting WTP into actual purchase.

5. Perception of the Restaurant's Service Integrity (RSI)

The adoption of F2T is a powerful signal that transcends the physical quality of the food; it directly influences the customer's perception of the restaurant's ethical character.

5.1. F2T as a Mechanism for Transparency and Trust

The core mechanism linking F2T to RSI is transparency. By detailing the origin of ingredients—even going so far as to name the farm or farmer—the restaurant provides tangible evidence of its sourcing claims [Alpine College, 2024].

- **Verifiable Claims:** F2T shifts the customer's judgment from an abstract concept of 'organic' to a concrete, verifiable claim: "This wheat is from Farmer Ram in a village 20km away." This direct connection is paramount for building trust [ResearchGate, 2020].
- **Counteracting "Greenwashing":** In a market where ethical claims can be easily exaggerated (greenwashing), a credible F2T model serves as a necessary antidote. The integrity of the service is perceived as higher because the sourcing is more difficult to fake and is often supported by visible acts (e.g., photos of the farm, farmer meetings).

5.2. Role of the Menu and Service Staff

The menu and the restaurant staff are the primary communicators of F2T integrity.

Communication Medium	Integrity Element Communicated	Impact on RSI
Menu Description	Farm Name, Sourcing Story, Seasonal Changes.	Enhances Transparency and culinary Authenticity.
Service Staff	Ability to answer sourcing questions, knowledge of the farmer.	Enhances Trust and perceived Honesty of the organization [ResearchGate, 2020].
Open Kitchen/Display	Visible, fresh	Reinforces Quality and

	produce/ingredients, traditional cooking methods.	Truthfulness of ingredient claims.
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Customers who perceive a high level of transparency in sourcing are significantly more likely to trust the restaurant and, consequently, select it over competitors, positively impacting the long-term RSI [ResearchGate, 2020].

6. Case Study: Ethical Sourcing in Bundelkhand (Conceptual)

While a full-scale empirical study is beyond this scope, a conceptual case study based on the unique socio-economic realities of Bundelkhand—a drought-prone, agriculturally stressed region in Central India—illustrates the dual impact of F2T.

6.1. Case: 'Dhaanya' (The Grain) – A Conceptual Restaurant in Jhansi

Concept: A mid-to-high-end restaurant in Jhansi city focused on reviving local, drought-resistant crops like millets (Jowar, Bajra, Ragi) and utilizing traditional Bundelkhandi vegetables.

Sourcing Model: Direct procurement from a Farmer Producer Organization (FPO) in the neighboring Banda district, which is known for high food insecurity [ResearchGate, 2020]. The restaurant buys at a guaranteed minimum price, providing a stable income stream to farmers struggling with climate variability.

Menu and Pricing: The menu is explicitly seasonal and highlights the millet-based nature of the dishes.

- **Sample Dish:** Bundeli Millet-Roti Platter (Conventional price equivalent: ₹200; F2T price: ₹280)
- **Justification:** The 40% premium is justified on the menu as covering a 15% Fair Wage Premium for the FPO and costs associated with traditional, sustainable farming.

6.2. Analysis and Conceptual Findings

Dimension	Observation in 'Dhaanya' Case (Conceptual)	Impact on Customer
WTP Premium	The 40% premium is accepted by urban, middle-to-high income clientele.	Driven by Community Attachment (feeling of supporting local farmers) and Health Consciousness (millets are healthier) [Penn State, 2018].
Service Integrity	The restaurant hosts a "Meet the Farmer" weekend event and displays the FPO's contact information.	RSI is very high. Transparency is verifiable, fostering deep trust in the ethical claims [Alpine College, 2024].
Socio-Economic Impact	The FPO reports a 25% increase in annual net income and a shift towards more sustainable, traditional cropping patterns due to stable demand.	F2T is a mechanism for sustainable rural development in a fragile economic region [ET Hospitality, 2024].

6.3. Regional Challenges in Bundelkhand

The implementation of F2T in this region faces significant challenges:

- **Supply Chain Consistency:** The semi-arid climate and unpredictable monsoons mean small farms struggle with supply consistency, complicating menu planning [FlavorFulz, 2024].
- **Cost and Logistics:** The higher cost of sustainable, small-scale farming and the logistics of direct farm collection (cutting out established, albeit exploitative, middlemen) drives up the input cost for the restaurant [FlavorFulz, 2024].
- **Consumer Education:** For F2T to succeed, customers need to be educated on the value proposition, specifically why supporting the local FPO in Banda merits the premium price.

7. Conclusion and Implications

7.1. Summary of Findings

The analysis strongly supports the conclusion that the F2T and ethical sourcing models are a powerful

twin mechanism for achieving higher customer WTP and superior perceived Service Integrity. Customer WTP for a premium is significantly driven by perceived personal benefits (health, quality) and ethical/social values (supporting the community). Crucially, the premium is justified and maintained only when the restaurant demonstrates radical transparency, effectively translating the ethical sourcing practice into perceived Service Integrity [ResearchGate, 2020; Alpine College, 2024].

7.2. Managerial and Regional Implications

- **For Restaurateurs:** F2T is not a mere trend but a strategic differentiator that builds brand trust and justifies premium pricing. Success hinges on a robust communication strategy that highlights the "story" and the "sustainability" on the menu and via staff.
- **For Policymakers in Bundelkhand:** Encouraging F2T models provides a sustainable market link for local farmers, particularly those focusing on traditional, drought-resistant crops. This is a crucial strategy for tackling localized food security and rural income distress [ResearchGate, 2020].

7.3. Limitations and Future Research

This paper is based on a synthesis of international and national F2T research and a conceptual case study specific to the Bundelkhand region. Future research should prioritize:

- **Empirical Measurement:** Conducting the proposed quantitative and qualitative study in cities like Jhansi and Khajuraho to establish concrete WTP values and verified RSI scores.
- **Farmer Impact:** Longitudinal studies tracking the socio-economic change in Farmer Producer Organizations (FPOs) linked to F2T restaurants in the region.

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