

Jin and Leslie - Hygiene grade cards

The effect of information on product quality :
Evidence from restaurant hygiene grade cards

Ginger Zhe Jin and Philip Leslie's study examines the effect of an increase in product quality information to consumers on firms' choices of product quality by analysing data set for restaurants in Los Angeles. In this case, product quality information is shown in a form of 'hygiene grade cards' guaranteed by DHS, Department of Health Services. The main research question of the article is "does an increase in the provision of information to consumers about quality of the product cause firms to improve quality of their products? ". Grade cards are effective in terms of an impressive decrease in foodborne illness hospitalization. Without the information disclosure, hygiene grade cards revealed at the window of the restaurant, the one who knows more about product quality is ' restaurant' itself. Thus information asymmetry may not only prevent restaurants with good quality from profiting from it but also discourage them to improve the products' quality. The result of the study shows that product quality provision causes people to change their purchase decisions and cause firms to improve their product quality so the number of food-related hospitalization is dramatically deducted. However, it is unprofitable for restaurants to disclose hygiene quality information to their consumers.