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IS LESS MORE IN FOOD SAFETY INFORMATION PROVISION?

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al. 2013), they have received only limited adoption by beef producers (Tonsor and Schroeder 2015). Given that the technology is costly, its adoption depends, to a large extent, on consumer willingness to pay for beef products from cattle treated with vaccines which requires that these products are effectively differentiated in the retail market. What information should be provided on food labels to substantiate food safety claims in the case of cattle vaccines against E. coli? The challenge is that the word “vaccine” on a food label may elicit mixed reactions among consumers, from concerns about drug resistance in animals to the skepticism surrounding the long-term effect of vaccinations held by some. In addition, having the name of a bacteria such as “E. coli” on a beef label, may be subject to diverse interpretations.

To address these issues, the study developed a survey to collect information on consumer preferences for different food safety labeling cues and willingness to pay for such labels. Shoppers at five different grocery stores in Lincoln, Nebraska were recruited to participate in the survey between December 2016 and January 2017, yielding a total of 445 participants who were also beef consumers. The main part of the survey involved asking participants to choose between ground beef with the standard label (i.e., found on a typical ground beef product) and one that in addition to the beef with the standard label (i.e., found on a typical ground beef product) subsequently answered whether they would be willing to purchase option B at a discount. Those who were not willing to purchase option B at a discount were requested to provide a reason for their choice.

Survey results show that approximately two thirds of participants who received the food safety label displayed with the safer choice phrase and subsequent description without the words “vaccinated” or “E. coli” (Safer Choice/Enhance) opted for it. Similarly, nearly 60% of participants in the Safer Choice/Vaccinated group chose this option. In contrast, the label that showed E. coli in a red circle with the same information as the second (E. coli/Vaccinated) was the least preferred, with slightly less than half of those in that group choosing it. Empirical results show that beef consumers in the study were willing to pay an estimated average price premium of $1.63 for ground beef with an additional food safety label. However, WTP premiums among the three food safety labels for participants who chose option B differed. The highest average price premium was $1.77, recorded for the ground beef with the unsubstantiated food safety claim (Safer Choice/Enhance). Participants exposed to the Safer Choice/Vaccinated food safety label were willing to pay an average of $1.62 more for this option. Notably, participants in the third group who saw the E. coli/Vaccinated food safety label were willing to pay $1.44 as price premium for a pound of ground beef with this label, approximately 19% lower than the price premium for the Safer Choice/Enhance version, a difference that is statistically significant.
It is important to note that approximately a quarter of respondents chose the ground beef with the standard label which underscores the challenge in labeling food safety attributes. Among these participants, the majority indicated a willingness to purchase the ground beef with a food safety label at a discount, if that was their only choice. Reasons given by respondents who were completely opposed to ground beef with a food safety label, and would not purchase it even at a discount, echoed their aversion to vaccinations for a variety of reasons. These remarks exposed their doubts about the food safety labels, and insufficient knowledge of vaccines.

Overall, research findings show that labels that make positive but unsubstantiated claims of food safety could command higher premiums, compared to labels providing information to substantiate food safety claims. Results also suggest a potential market for beef products with additional food safety attributes, and a consumer segment willing to pay more for such products. Appealing to this segment will nevertheless require a tactful framing of information on such food labels; one that simultaneously alleviates consumers’ concerns and signals the enhanced safety of the product.

References: