



Consumer vs. citizen willingness to pay for restaurant food safety



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ARTICLE INFO

Article history:

Received 21 October 2013

Received in revised form 19 April 2014

Accepted 30 June 2014

Keywords:

Consumer–citizen duality

Restaurant food safety

Willingness to pay

ABSTRACT

Individuals may display different preferences for food regulations when acting as a voting citizen than as a buying consumer. In this paper, we examine whether such a duality exists between citizens and consumers in the willingness to pay for food safety standards in restaurants. Using a split-sample willingness to pay survey, we find that individuals exhibit a higher willingness to pay for improved food safety standards in restaurants when acting as voting citizens than as buying consumers. Relying on consumer studies that focus on the buying context may therefore underestimate the support found among the public for new food regulations. This finding is important for policy makers using consumer studies in decision support and for researchers attempting to understand individual preferences.

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Introduction

Individuals have multiple roles in life. For instance, in their role as consumers, they make purchases, while as citizens, they vote on laws that regulate the products they purchase. Vanhonacker et al. (2007) labeled this the consumer–citizen duality, and pointed out that the same individual may exhibit preferences as a citizen that differ from those expressed as a consumer. A recent example is the 2008 ballot proposition in California on animal welfare where Californians voted overwhelmingly in support of a proposition prohibiting battery-farm-produced eggs, which at the time of the vote were the most popular type of eggs purchased and consumed in California (Norwood and Lusk, 2011, pp. 264–5). This example alone suggests that when eliciting preferences over food characteristics, it could matter whether we approach respondents as consumers or citizens. In this paper, we investigate the degree of consumer–citizen duality in the context of food safety standards in restaurants.

With the exception of Hamilton et al. (2003), who investigate consumer–citizen duality in a study comparing consumer willingness to pay (WTP) for pesticide-free food and support for regulation to reduce pesticide use in agriculture, little research in food economics has focused on the notion of consumer–citizen duality. However, there has been an ongoing debate in the environmental economics literature (Ajzen et al., 1996; Blamey et al., 1995; Curtis and McConnell, 2002; Nyborg, 2000; Ovaskainen and

Kniivilä, 2005; Russell et al., 2003; Sagoff, 1990). Sagoff (1990), for example, argues that individuals pursue their own goals when they act as consumers, whereas as voting citizens they are also concerned about what is good or right for the community. On this basis, he argues that any attempt to capture environmental values through market-mimicking mechanisms or monetary valuation studies draws on the false assumption that the preferences an individual exhibits as a citizen are the same as those the individual displays as a consumer.

Following this argument in Sagoff (1990), a consumer is likely to be concerned about price, taste, and nutrient content when buying food. In contrast, the citizen is also likely to be concerned about issues such as the place of origin, animal welfare, environmental friendliness, and fair trade. This listing corresponds well with some of the recent food quality regulations intensely debated in Europe and the United States (US). Some of the more contentious proposals include: the total or partial elimination of antibiotic use in livestock production (Lusk et al., 2006), a ban on the use of swine gestation crates or battery cages (Tonsor et al., 2009), a reduction in the amount of pesticide residuals permitted in fresh and processed foods (Florax et al., 2005), a requirement for the mandatory labeling of genetically engineered food (Lusk et al., 2005), and mandatory country-of-origin labeling (Loureiro and Umberger, 2003). Oddly, even though many of these issues are prone to the consumer–citizen duality, and public regulations are often the preferred policy instrument, the exploration of citizen preferences in the literature is more or less nonexistent. Instead, market-mimicking mechanisms, such as choice experiments where consumers choose between products with different labels, or experimental auctions where participants bid for different

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products, are the chosen methods of most studies. As a result, the most common output is an estimate of the average price premium consumers are willing to pay for products with specific attributes in a market setting (Alfnes and Rickertsen, 2011; Carlsson, 2011).

A focus on consumer buying behavior, as in most of the food economics and marketing literature, is appropriate for the purposes of food retailers and producers, but does not necessarily give the correct preference measure for policy makers. For proper economic analysis and recommendations, it is instead very important to identify the objectives before designing a study. If the objective is to provide decision support to marketers, then we should examine consumer-buying decisions. However, if the objective is to provide decision support to policy makers, then in addition to consumer preferences, we should also consider citizen preferences.

We employ a split-sample survey to investigate consumer–citizen duality in WTP for new food safety standards in restaurants. More specifically, we assess the following four points. First, the degree to which consumers and citizens are willing to pay for reduced food safety risks in restaurants. Second, whether framing the WTP question as a citizen-oriented voting question or a consumer-oriented buying question affects the results. Third, whether the posted levels of risk reduction matters. Finally, whether there are demographic differences in the WTP for decreased food safety risk.

Since both voluntary and mandatory changes in food safety practices will result in increased food prices in restaurants, both the citizen-oriented voting question and the consumer-oriented buying question use restaurant price increases as payment vehicle. In the citizen oriented voting question, participants were asked if they would vote yes or no to new food safety standards if the new standards would result in restaurant price increases, while in the consumer oriented buying question participants were asked how much extra they would be willing to pay if a restaurant implemented new food safety standards.

Consumer–citizen duality

Public and social choice theory suggests individuals have multiple preference orderings and that the one they use depends on the particular context (Arrow, 1951; Harsanyi, 1976; Mueller, 1987; Russell et al., 2003; Sagoff, 1990; Sen, 1977). Here, we are interested in the consumer–citizen duality found when individuals exhibit different preferences when they vote on regulations than when they act as consumers (Vanhonacker et al., 2007).

When voting individuals respond as citizens, they tend to place greater emphasis on public value than when making choices as consumers. For example, individuals tend to express more altruistic preferences when they assume the role of a citizen than when they assume the role of a consumer (Ajzen et al., 1996; Blamey et al., 1995; Hamilton et al., 2003; Harvey and Hubbard, 2013; Ovaskainen and Kniivilä, 2005; Wiser, 2007). For instance, in analyzing consumer preferences for a public good, Blamey et al. (1995) found that the responses in a referendum were influenced by citizen judgment concerning social goals. On this basis, they argued that this was because the referendum had more in common with political choices than consumer decisions in the market. On the contrary, a study by Curtis and McConnell (2002) found no difference in WTP between altruistic and purely private preference in a referendum to control deer population in the USA.

Some of the possible reasons for the discrepancy in preferences between citizens and consumers include trust, free riding, and the relative emphasis on prices in different contexts. For example, individuals are only willing to pay if they trust that the premium paid will contribute to improving the public good (Harper and Henson, 1999; Toma et al., 2011). For goods with a public good element, it is

in the individual's best interest to free ride and let others carry the cost of the public good. This results in individuals only being willing to pay when they are sure everybody else also is paying (Harvey and Hubbard, 2013). For instance, Wiser (2007) found respondents were willing to pay a higher premium when confronted with a collective payment mechanism than with a voluntary payment mechanism. Likewise, Loureiro and Hine (2004) found that participants were willing to pay a higher tax rate to support a mandatory versus a voluntary labeling system for genetically modified (GM) products. Also Carlsson et al. (2007) found that consumers preferred free-range eggs produced under regulations where battery-cage-produced eggs were banned to those produced under regulations where they were not. Furthermore, it could be that individuals perceive cost differently in different contexts. In a grocery store for example, the individual receives direct feedback when making the purchase, hence the consumer concentrates on all attributes, including price. In contrast, in a voting booth, there is no direct feedback on cost, and therefore a citizen could concentrate more on the non-price attributes when making a voting decision (Lusk and Norwood, 2011).

A number of studies assessing the consumer–citizen duality are included in the literature on public and semipublic good valuation (Ajzen et al., 1996; Blamey et al., 1995; Curtis and McConnell, 2002; Hamilton et al., 2003; Nyborg, 2000; Ovaskainen and Kniivilä, 2005; Russell et al., 2003; Wiser, 2007). With the exception of Curtis and McConnell (2002), who find no difference in WTP between citizen and pure private preference, the results of these studies indicate that respondents given citizen-oriented WTP questions exhibit a higher WTP than those given consumer-oriented WTP questions. These results indicate a willingness to regulate away, even at cost, something they would not willingly pay extra for to avoid as a consumer. For example, Wiser (2007) found a higher WTP for renewable energy when participants were confronted with a collective payment mechanism than with a voluntary payment mechanism. Elsewhere, Ovaskainen and Kniivilä (2005) found that participants in a citizen role gave fewer zero-WTP responses and indicated a higher WTP to sustain conservation areas. Lastly, Hamilton et al. (2003) reported that some participants who supported the ban on use of pesticides in agriculture were somewhat inconsistently unwilling to pay a premium for pesticide-free food.

A related literature focuses on the differences between the attitudes and actions of individuals (the so-called attitude–behavior gap). Here, individuals say that they are concerned about ethical issues, such as animal welfare, fair trade, and sustainability, but these concerns are to a lesser degree expressed in buying behavior (Bray et al., 2011; Cowe and Williams, 2000; de Barcellos et al., 2011; Harper and Henson, 1999; Harvey and Hubbard, 2013; Verbeke et al., 2010).

Food safety and regulatory issues

Safety is one of the most important characteristics of food in most countries (Alphonse and Alfnes, 2012; Lusk and Briggeman, 2009). Most public policies relating to food safety are the outcome of a complex trade-off between the interests of different groups affected by the policy (including consumers, farmers, consumer groups, retailers, manufacturers, and taxpayers).

We can divide the literature on preferences to food safety into a number of strands. One of the strands, including Hayes et al. (1995), Nayga et al. (2006), and Teisl and Roe (2010), consider the WTP for food treated using some new method to reduce the risk of foodborne pathogens. For the most part, they find a significant and positive WTP in supporting measures to reduce such risks. Another strand in the literature assesses the WTP for a reduction in

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