



Are expectations being met? Consumer preferences and rewards for sustainably certified fisheries



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ABSTRACT

The paper evaluates the potential consumers' response from the United Kingdom and Denmark to the introduction of certification for the sustainability and quality of seafood products. Broadly speaking, it was found that consumers were willing to pay a price premium for and buy more of hypothetically labelled products. Fifteen years on, drawing on the experience of the fisheries that have already actually been certified, the paper evaluates the effectiveness of certification and conclude that consumers are still willing to pay premiums for certified seafood products but few fisheries have in fact achieved the size of predicted price premiums or increases in sale volumes predicted and that the product and geographic variation is particularly marked.

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1. Introduction

Traditionally, the focus of fisheries management has lain with supply-side measures and attempts to use these measures to promote responsible and sustainable fisheries management. Such measures have included the determination of total allowable catch, quotas and individual transferable quotas, licenses and technical conservation measures. They have also included international initiatives (UNCLOS, the Rio Declaration, UN Agreement on Straddling Fish Stocks and Highly Migratory Fish Stocks, FAO Code of Conduct for Responsible Fisheries, and the Common Fisheries Policy) as well as national policy measures. Over the past few decades, however, there has been a growing recognition that traditional supply-side measures have proven insufficient on their own to adequately address many of the management challenges facing fisheries management, particularly over-exploitation [1–3].

Reflecting this, both academics and fisheries management stakeholders started to look to the potential of complementary demand-side measures [1–4], building on a growing body of literature exploring the market for seafood products [5–9], the determinants of the consumption of fish and shellfish [10–14] and

the relationship between price, consumption and product attributes [15,16].

One of the principal areas of research during the latter half of the 1990s targeted the eco-labelling of seafood products [17–20]. Traditionally there had been little differentiation among seafood products, such that consumers were largely unable to exercise choice as to the location and state of the fishery their seafood came from and how it was caught. Researchers were, therefore, interested in establishing whether product labelling could influence consumer choice and could be used, inter alia, to enlist consumer support for, and reward, desirable fisheries management and product processing practices. Within the policy arena, this interest was paralleled by the creation of the Marine Stewardship Council (MSC) in 1996 through a joint initiative between the World Wide Fund for Nature (WWF) and Unilever [21] following the collapse of the Grand Banks cod fishery that was once the largest fishery in the world. The MSC quickly set about spreading sustainability certification (and associated ecolabelling) to eligible fisheries around the world. In April 2013 the European Parliament registered support for the introduction of an EU-wide ecolabelling scheme for fish and aquaculture products,¹ requesting

¹ Regulation (EU) No 1379/2013 of the European Parliament and of the Council of 11 December 2013 on the common organisation of the markets in fishery and aquaculture products, amending Council Regulations (EC) No 1184/2006 and (EC) No 1224/2009 and repealing Council Regulation (EC) No 104/2000.

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the Commission to submit a feasibility report on options for a Union-wide ecolabel scheme (for which a public consultation took place between April 2015 and July 2015).

It is now over 15 years since the creation of the Marine Stewardship Council and over 10 years since the first MSC certified products started to enter the retail market. Other certification schemes have also been developed covering seafood and its sustainability, as with Friend of the Sea, the KRAV label in Sweden, Icelandic Responsible Fisheries, and Naturland (Association for Organic Agriculture) in Germany, among others [22–26]. Despite these efforts and the success in the introduction of seafood labels, some authors have recently debated about the credibility of labels and authority who issues these labels. For example [23] have evaluated the challenges in maintaining credibility, accessibility and evolution process of certification by organisations such as MSC. The authors argued that MSC certification should adopt tiered system alongside already established metric based principle indicator system. Similarly [25], also evaluated the credibility issue in tuna sustainability labelling by two certifier (MSC and Dolphin Safe). The authors concluded that the credibility of label is greatly helped by the authority of the standard setter. Interestingly, authority of the standard setter appears to be more important than credibility of the label. Some authors argued that certification system perhaps does not adequately address the sustainability issue and broadly speaking standards appears to be less stringent.

It is, therefore, timely to review the answer to a key question: whether product labelling is having the desired effect of enlisting consumer support for and rewarding desirable fisheries practices and, is this effect as expected? This paper addresses this question by starting with expectations formation by a study undertaken in the United Kingdom and Denmark in 2000 that, inter alia, estimated consumers' preferences and willingness to pay for and the quantity demand of labelled seafood products using expressed preference methods. The 1999–2000 study² was undertaken before the first MSC certified products gained any real presence in the market place and was designed to establish whether consumers in the two case study countries were likely to buy more or pay a premium for sustainably labelled seafood products. The survey employed choice experiments [27] to determine relative preferences for quality and sustainability labelling alongside other product specific attributes. Quality labelling was included as a comparator as consumers from many countries exhibit limited skills and confidence in identifying the quality of seafood from visual cues [13,28–32]. With few, if any, explicit cues available to help them at the time, and reports in the media addressing the potential health concerns of certain seafood (e.g. farmed salmon ([33]) and the risks of pathogenic *Vibrio spp.* and viruses in shellfish and *Listeria monocytogenes* in lightly preserved fish products ([34])), consumers were also likely to express preferences for quality and safety assurances ([30,35–37]). Here, we compare these fifteen year old consumer responses with a number of more recent studies, surveys and practices. As the EU wide ecolabelling initiative gains momentum, it is timely to review these studies to elucidate the indicated potential of labelling fish and other seafood products.

Using the 2000 consumer choice survey data in the UK and Denmark, it was evident that there was a marked preference among consumers for 'reassurance labelling' both in respect of quality and sustainability labelling and the other label formats incorporated within the study. It was also evident that there was likely to be marked inconsistency in the market take-up of quality and sustainably labelled fish and seafood products as they were

introduced. The significance, scale and willingness to pay varied between fish products, labels and consumer groupings. When the results for the two targeted label formats were interacted with the respondents' key socio-economic factors, it became evident that different food expenditure groupings exhibited preferences for certain product-label combinations as did different age groups and gender, with significant national differences also evident. In the UK, the labels actually exerted a smaller influence than generational distinctions in eating habits, an observation also true of the Danish results in terms of age. In terms of the influence of food expenditure on choice; this was more marked in the UK than in Denmark. However, when gender was analysed, there was less of a gender inspired difference in the UK than in Denmark.

The rest of the paper is comprised of five sections. Section two contains theoretical underpinning and specification of utility function and how discrete choice method is used to determine relative preferences for product attributes and to elicit willing to pay estimates. This section is further appended by brief summary of questionnaire design and delivery of survey. Section three contains empirical findings and the formation of expectations based on the analysis in term of what consumers revealed fifteen years ago, which is then followed by a section looking into what has actually transpired since 2000. The paper then concludes with a discussion and the presentation of conclusions and suggestions for future research on this issue.

2. Methodology

The application of self-explicated utility approaches (notably conjoint analysis) are not new to research characterising seafood markets, being used in 1980s and 1990s for salmon markets in the USA ([38,39]) and Japan [40] and striped bass [41]. Since 2000, a significant number of studies have used this method to determine relative preferences and willingness to pay without any geographic limitation (see Table 1 for a selection of studies that have used this method since 2000 for the food products in particular).

2.1. Theory of discrete choice method to determine relative preferences

To study consumer behaviour, one can present to an individual a set of alternatives with differing attributes from which they are asked to choose the most preferred alternative (i.e. a discrete choice scenario). Similarly, one can elicit from such individuals their socio-economic and demographic attributes. Depending upon whether the attributes of the alternatives or the attributes of the individual, or both, are expected to be important factors in

Table 1

Post 2000 selection of studies using choice experiment survey to determine relative preference and willingness to pay for labelled food products.

| Authors | Product | Country |
|----------------------------|--|---------|
| Alfnes [42] | Beef | Norway |
| Hu et al. [43] | GM foods | Canada |
| Rigby and Burton [44] | GM foods | UK |
| Alfnes et al. [45] | Fish | Norway |
| Carlsson et al. [46] | GM foods | Sweden |
| Loureiro and Umberger [47] | Beef | USA |
| Balcombe et al. [48] | Nutritional food | UK |
| Olesen et al. [49] | Fish | Norway |
| Van Loo [50] | Chicken | USA |
| Ortega et al. [51] | Food | China |
| Bitzios et al. [52] | Bread | UK |
| Chowdhury et al. [53] | Micronutrient-dense biofortified foods | Uganda |
| Aprile et al. [54] | Olive oil | Italy |

² Market-driven incentive structures for sustainable fisheries management (MISSFISH). EC FAIR-CT98-4255. December 1998–November 2000.

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