

KEEPING UP WITH CONSUMERS:
UNDERSTANDING THE POLICY IMPLICATIONS OF A CHANGING LANDSCAPE
JANUARY 28-30 JANVIER 2015 • CHÂTEAU LAURIER • OTTAWA

ÉVOLUER AU MÊME RYTHME QUE LES CONSOMMATEURS :
COMPRENDRE LES EFFETS D'UN ENVIRONNEMENT EN ÉVOLUTION SUR LES POLITIQUES

Estimation of Willingness to Pay for the Added Value of Food Items from a Hypothetical Internet Survey that takes into account Heterogeneous Strategic Behavior

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Understanding consumers' needs and the added value of food products with social and environmental attributes (local production, animal welfare, sustainable production) is important to ensure that agricultural policies are aligned with consumers' needs and that the constraints imposed on producers are economically viable. Non-hypothetical experimental auctions (NHEA) are the preferred method to determine these values because they have been demonstrated to be more reliable than hypothetical methods. However, NHEA approaches are more costly and cannot be undertaken for all goods. In this study, we seek to improve the precision of willingness to pay (WTP) hypothetical methods considering the strategic behaviour of respondents. Two online surveys, one using a NHEA approach ($n = 122$) and the other using an open question ($n = 128$), are used to estimate willingness to pay for free-range chicken eggs and status-quo eggs. The inclusion of a question on the respondents' perception on the usage of the survey allowed the identification of two strategies: *price signals* and *political signals*. As predicted, strategic behavior is present only in the open-question survey (hypothetical) and corresponds to the behavior predicted by the theory of utility maximization.

The price signal strategy is observed in the willingness to pay (WTP) for status quo eggs and free-range eggs. Consequently, the hypothetical bias introduced by the observed price signal strategy is eliminated when calculating the added value (WTP free-range eggs - WTP status quo eggs). The analysis of distributions also reveals that the calculation of the added value appears also to cancel other unmeasured heterogeneous behaviours. These results suggest that as an alternative to an experimental approach using mean or median results, an internet survey with a hypothetical scenario that takes into account strategic behaviors identified by internal validity tests—which is a flexible and inexpensive tool—can provide a reliable estimate if the added value is calculated from a standard good.