



# Food Safety Risks and Consumers' Demand for Credence Characteristics

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### FOOD SAFETY DIMENSION

- heavy metals
- pesticides
- chemical residues
- microbiological safety

### NUTRITIONAL DIMENSION

- vitamins
- fat
- fiber, etc.



## Definition of Food Quality

### SENSORY DIMENSION

- freshness
- taste
- appearance
- tenderness

### USE DIMENSION

- package size
- food preservation

### PROCESS RELATED DIMENSION

- animal welfare
- environment
- quality system
- traceability

### PACKING DIMENSION

- material
- information
- degradable



## Theoretical framework: Economics of information

Akerlof (1970) model: The markets for "lemons": quality uncertainty and the market mechanism

If information between market actors is asymmetric – seller has information advantage over buyer – this leads to so called adverse selection

If there is a lack of information in the market, and quality cannot be signalled to consumers only lower quality will be available

Darby and Karni (1973): Credence quality - buyers cannot assess quality attributes by them



## Method: Contingent valuation

### *Aim of the study*

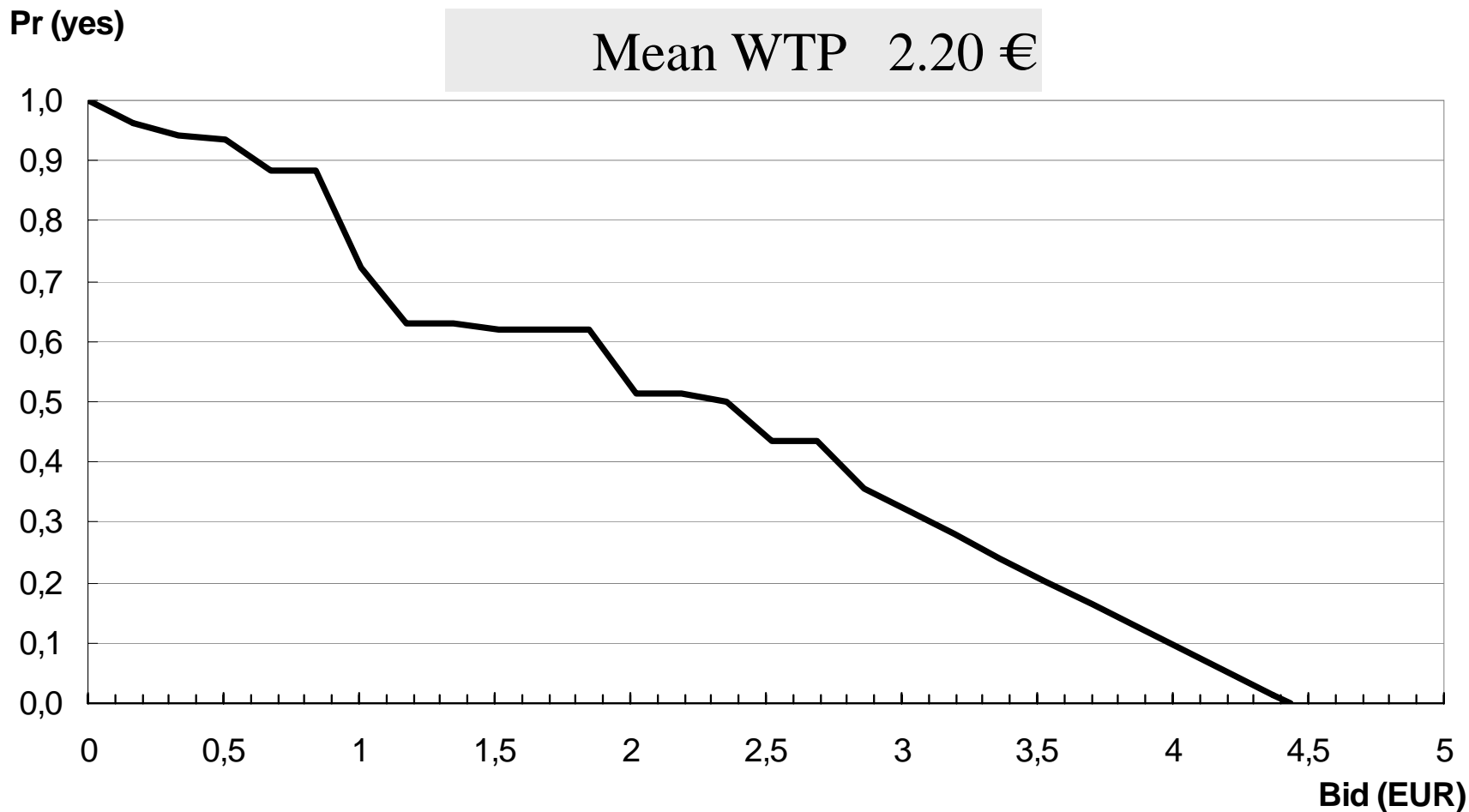
*Are consumers willing to pay for additional information about beef quality and safety?*

“The contingent valuation method was applied. In this method consumers are asked *ex ante* their willingness to pay (WTP) in order to obtain a perceived benefit, which is presented in a hypothetical scenario concerning the good in question”

A non-parametric approach based a theorem of Ayer et al. was used to estimate WTP distribution.



# Results: The empirical survival function





## *Results*

- 59 % of consumers are willing to pay more to get information about safety and quality of beef products
- Within this group the mean WTP was 2.20 EUR
- Consumers need for additional information:
  - (1) The control of food of animal origin
  - (2) GMO in animals
  - (3) Country of origin
  - (4) Use of hormones



## *Conclusion*

*Towards more consumer oriented food chain  
and higher quality food markets, we need...*

... better information of quality attributes of food products, giving special emphasis to credence attributes

... by using electronic databases and other electronic business means of modern information technology





*Thank you for your attention!*