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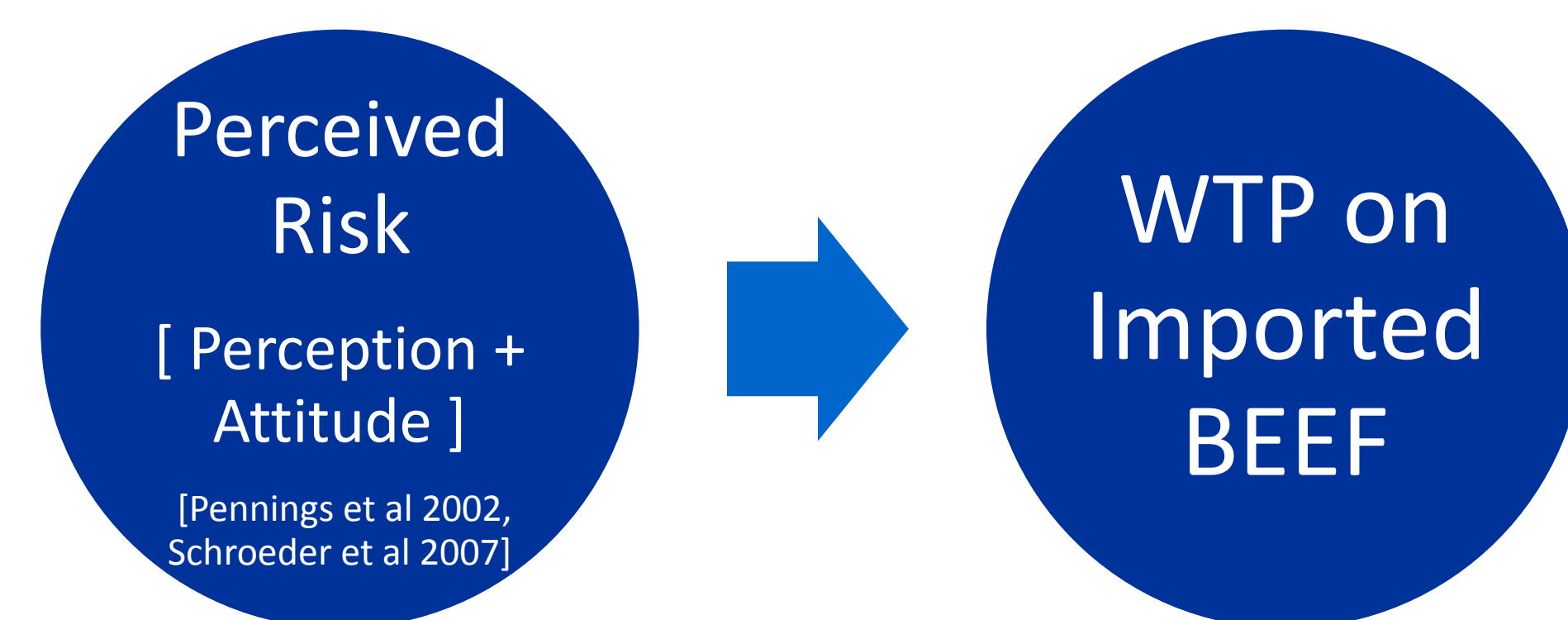
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## Introduction

- The U.S. country-of-origin labeling (COOL) provision requires fresh beef be labeled with its origin country.
- Several studies indicated that U.S. consumers were willing to pay less for imported beef, but the underlying reason is less well studied and understood.

## Objective



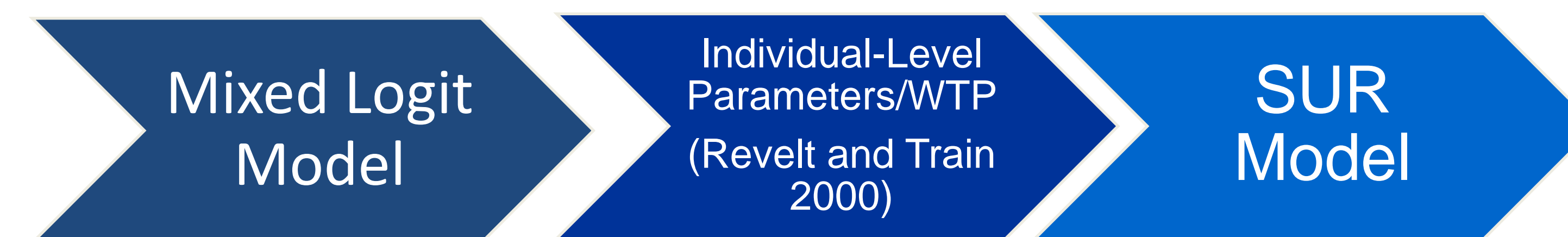
## Choice Experiment

- N= 1079
- 10-14 choices from each individual
- Fractional Factorial Design
- 191 choice sets

Price (\$/lb)	\$5.50	\$9.00	\$12.50	\$16.00
Country of Origin	USA	Canada	Australia	
Production Practices	Approved Standards	Natural		
Food Safety Assurance	None	Animal Tested	Traceable	Traceable and Animal Tested
Tenderness	Uncertain	Assured Tenderness		

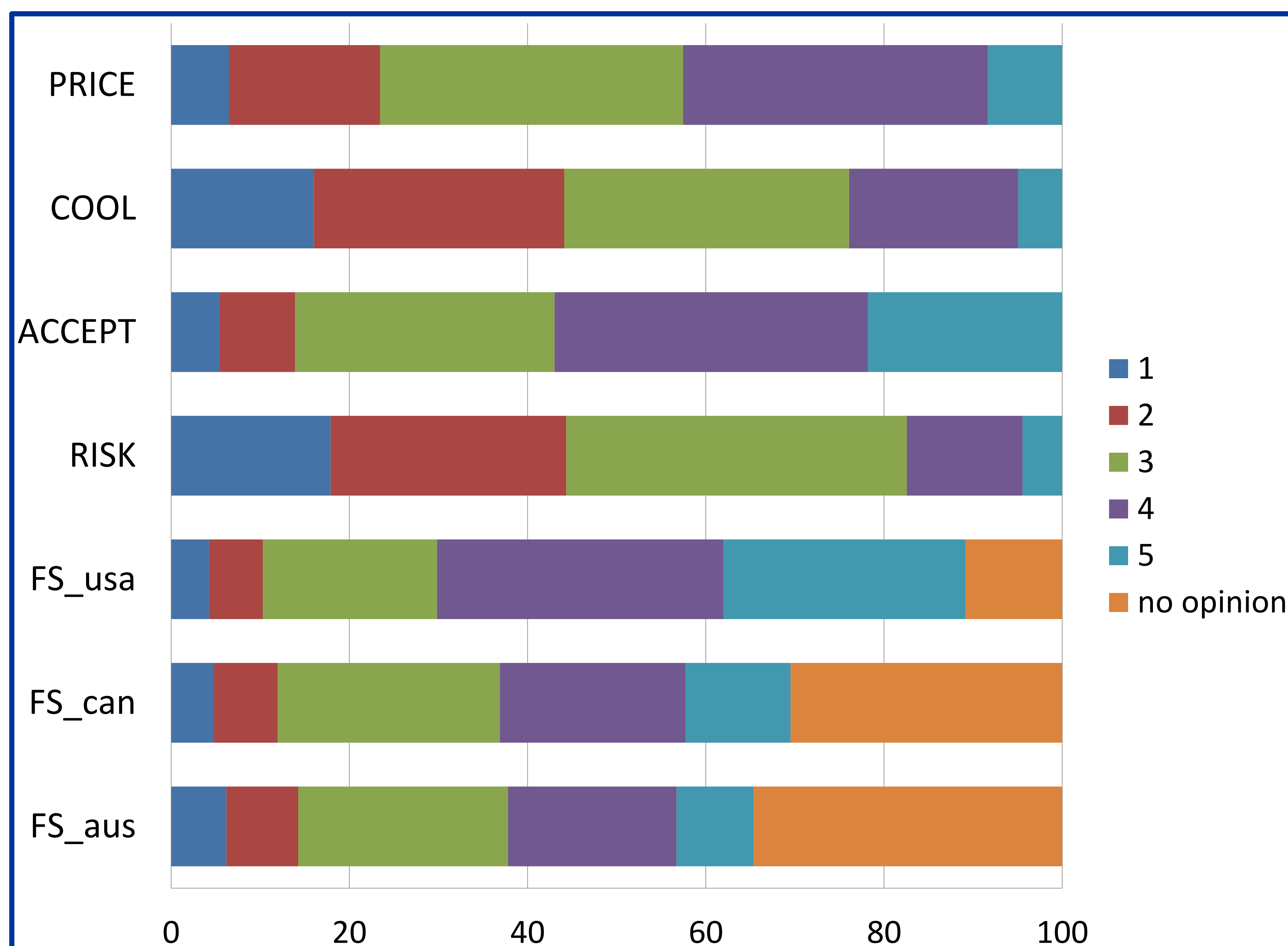
Steak Attribute	A	B	C
Price (\$/lb.)	\$12.50	\$16.00	I would not purchase any of these products
Country of Origin	Australia	Canada	
Production Practice	Approved Standards	Natural	
Tenderness	Uncertain	Assured Tenderness	
Food Safety Assurance	Traceable and Animal Tested	None	
I would choose ...	○	○	○

## Econometric Method

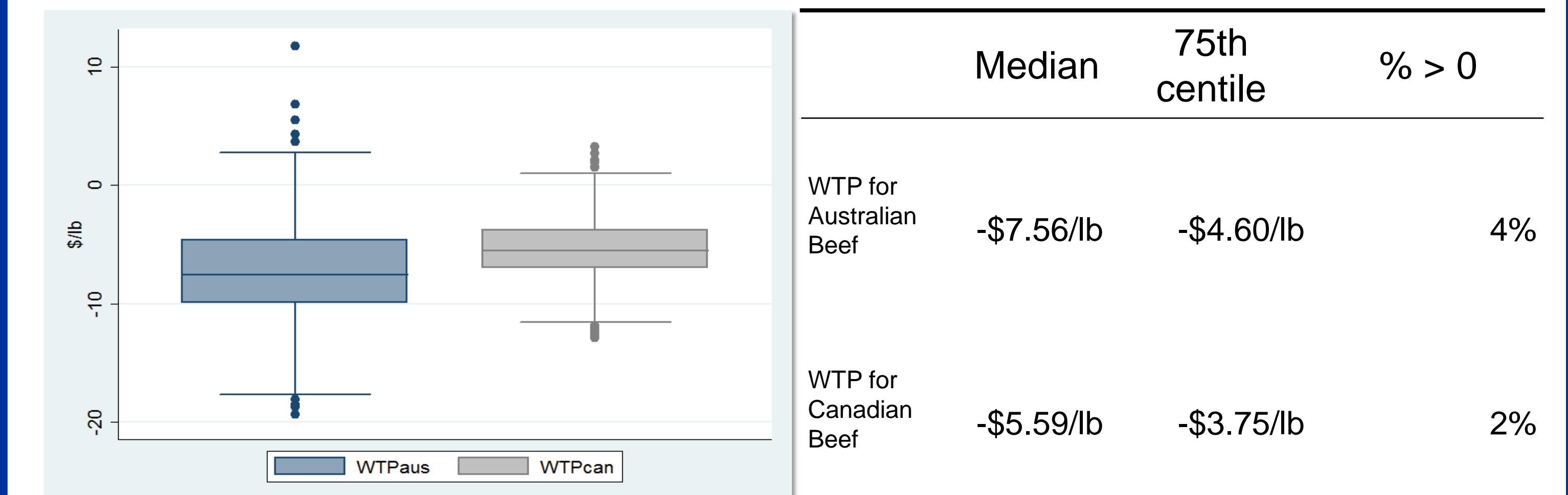


## SUR Regressors

Variable	Corresponding Survey Question
COOL	I purchase meat based on country of origin (1 = strongly disagree ... 5 = strongly agree)
PRICE	I purchase meat based on price (1 = strongly disagree ... 5 = strongly agree)
RISK	When eating beef, I am expose to ... (1 = very little risk ... 5 = a great deal of risk)
ACCEPT	I accept the risk of eating beef (1 = strongly disagree ... 5 = strongly agree)
FS_can	What is your perception of the level of food safety of beef by country of origin? (1 = very low ... 5 = very high)
FS_au	
FS_usa	



## Individual-Level WTP



## SUR Result

	WTP for Australian Beef	WTP for Canadian Beef
Age	-0.02**	-0.02***
Income	0.00	0.00
Education	0.18***	0.07*
Male	-0.11	0.03
Child	-0.08	0.02
Perceived food safety level on beef by country of origin (FS_au / FS_can)		
Very Low	-1.83***	-0.98***
Low	-0.55	-0.09
Moderate	-0.55**	0.49
High	1.69***	0.98***
Very High	1.23***	1.05***
Buy based on COOL	-0.45***	-0.19***
Buy based on PRICE	0.34***	0.14*
Beef is RISKY	0.01	0.15*
ACCEPT risk in beef	0.28**	0.12
Constant	-12.10***	-6.48***
R <sup>2</sup> for WTPaus	0.07	
R <sup>2</sup> for WTPcan	0.11	
Bruesch-Pagan Test Chi(1)	60.32***	

\*\*\*, \*\*, \* correspond to significance at 1%, 5%, and 10% level

## Conclusion

- Consumers are willing to pay modestly less for imported beef than domestic beef.
- Perceived safety level is strongly correlated to WTP for beefsteak from both countries.
- WTP for Canadian beef is positively correlated with risk perception: the more one perceived beef is risky, the higher WTP for Canadian beef.
- WTP for Australian beef is negatively correlated with risk aversion: the higher the willingness to accept risk, the higher the WTP for Australian beef.
- Perceived Risk appears to be promising in explaining WTP for risky food.
- Risk Communication, i.e. convincing that beef from Australia and Canada is as safe as domestic beef could increase WTP.

## References

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