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Consumers' willingness to pay price premium for seafood: The effects of food safety incidents in China

Yang Han and Xiang Bi

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Chinese Academy of Fishery Sciences

Consumers' willingness to pay price premium for seafood : the effects of food safety incidents in China

Yang Han* & Xiang Bi**

*Associate Researcher, Chinese Academy of Fishery Sciences;

**Assistant Professor, Food and Resource Department, University of Florida

Introduction

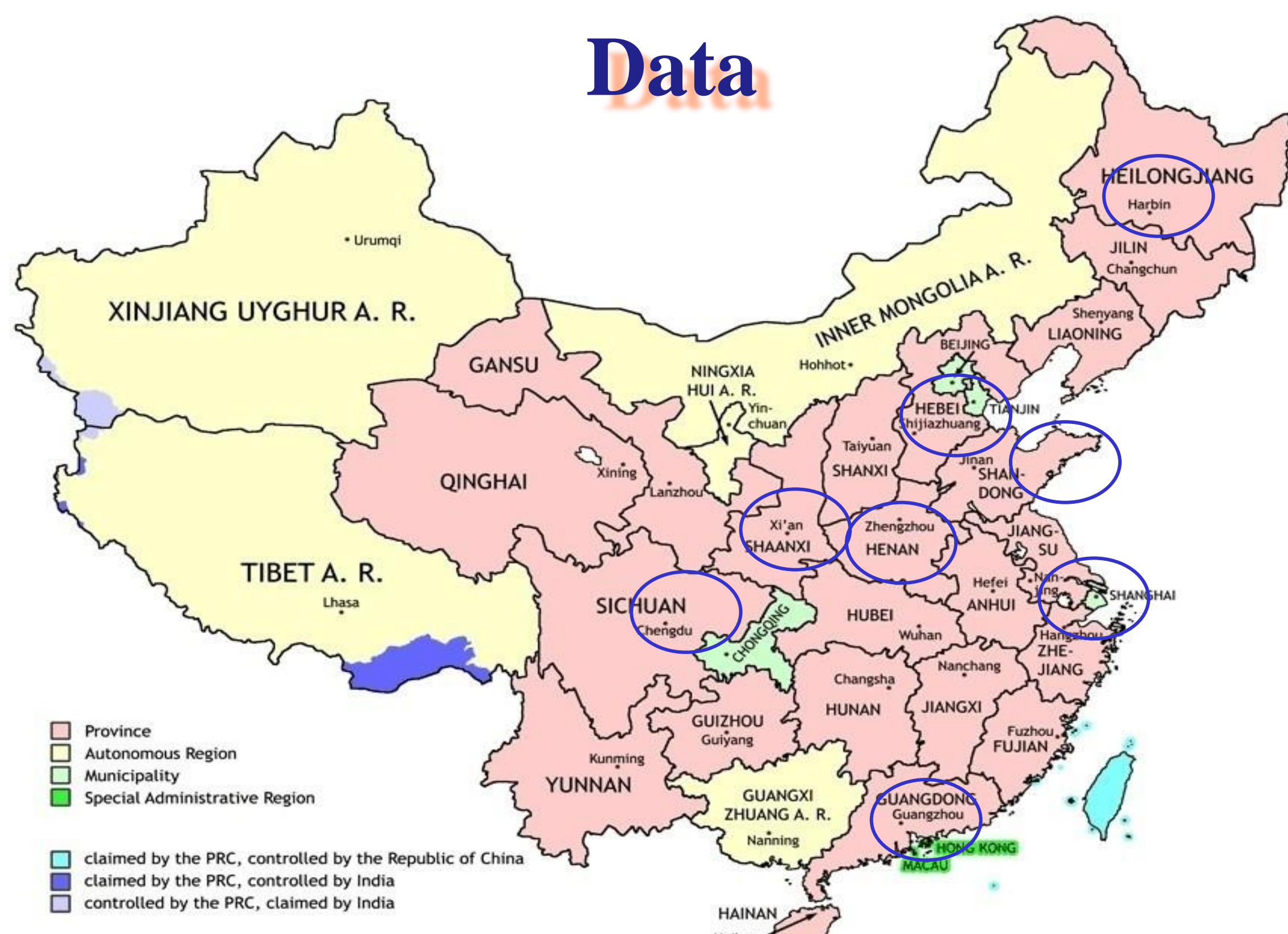
- Rapidly rising demand for seafood in China
- Currently supplies almost 70% of the world's fish food
- Seafood safety issues
 - Antibiotics (tilapia, grouper, mackerel, carp and crabs)
 - Pathogens (poor process control in preparing the fish)
 - Toxic metal (lead in kelp)
- Consumers' Demand and Behavior
 - There have been an increasing number of studies conducted on food safety issues, consumers' attitudes, behavior, WTP.
 - Few research on the effects of food safety incidents on consumer's willingness to pay a price premium for seafood

Objectives

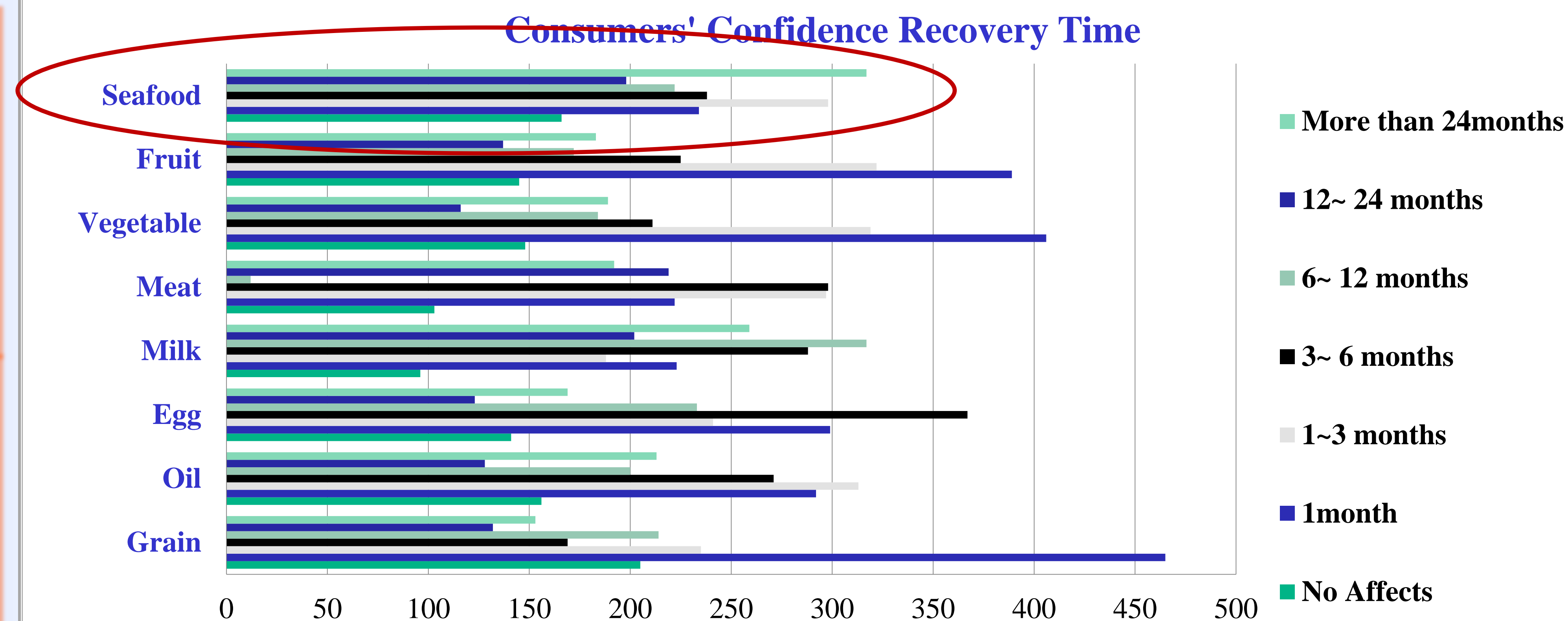
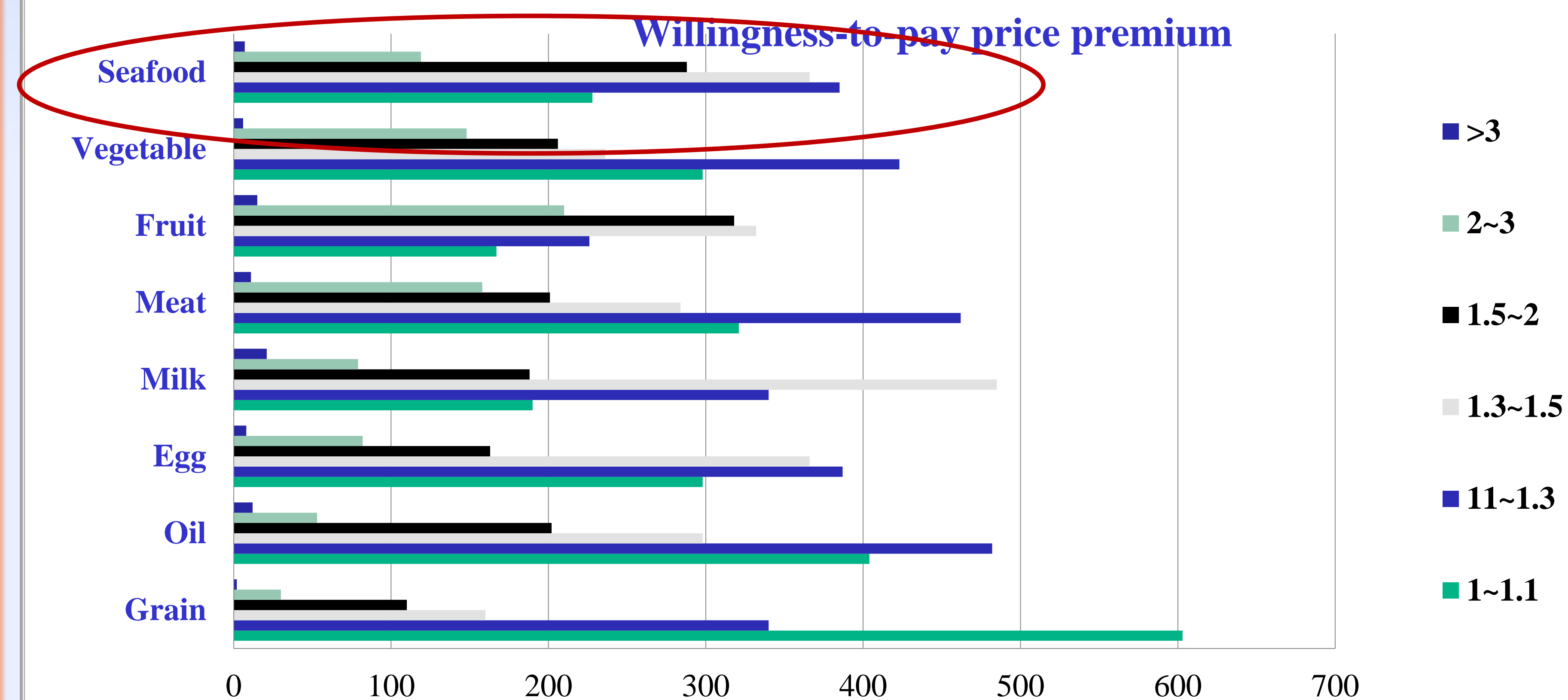
- How seafood safety incidents affect consumers Willingness to pay price premium?
- How long it took a consumer to recover her confidence from a seafood safety incident?

Sample City	Beijing	Guangzhou	Shanghai	Zhengzhou	Chengdu	Xian	Harbin	Qingdao
No.	300	300	200	200	200	200	200	200

Data

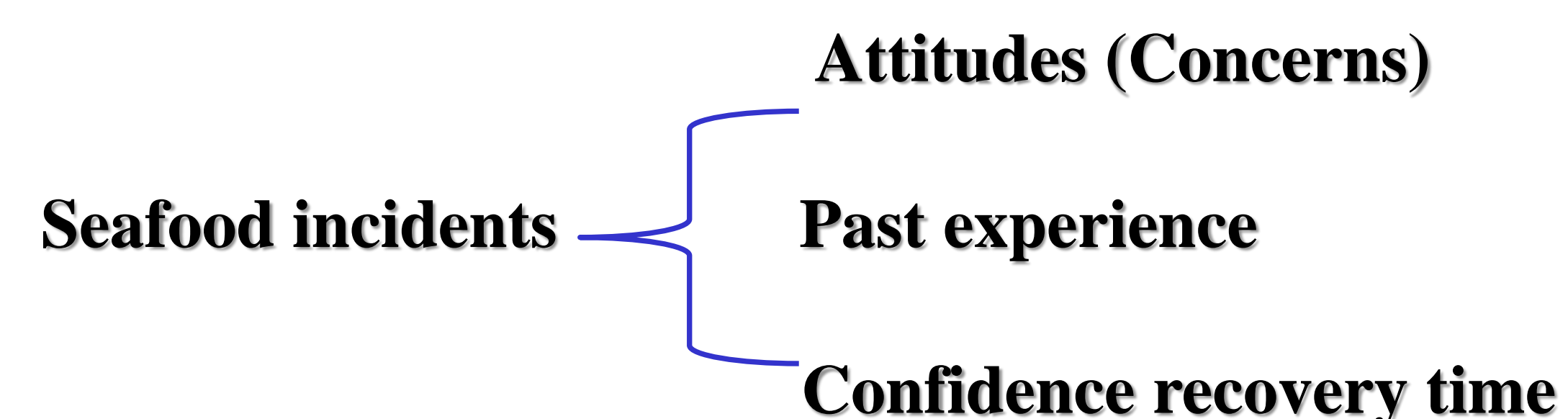


- 1800 Total samples; 1573 Effective Samples
- Survey Areas: Southeast, Southwest, Middle, Coastal Cities, North west, Northeast.
- Survey place: Supermarket, Food shops, Convenience store, others.
- Survey time: Aug-Nov., 2011



Methodology

To explore how food safety incidents affect consumers' willingness to pay price premium for seafood, the paper uses a Multiple Logistic Regression (MLR) model to compare the following aspects about seafood safety:



Characteristics of Respondents

- Gender distribution: Women often play more important role in household food purchasing decision. In the survey, 54% of the respondents are women.
- Age structure: Nearly 95% of the respondents were between 18 and 60 years old.
- Education: The majority of the respondents have bachelor degrees
- Family structure: Over half of the respondents have children under 15-year-olds and less half of the respondents have elders in the households.
- Monthly average household income: Nearly half of the respondents have a household income ranging between US\$159-US\$476 and about 20% ranging between US\$476-US\$794. According to exchange rate in 2011

Results

- 88% respondents 'willingness to pay price premium for seafood safety label.
- All other variables being controlled, income and education level significantly affect consumers' willingness to pay price premium for seafood
- Concerns for safety incidents do not significantly affect consumers' willingness to pay price premium for seafood
- Past experience with a food safety incident and confidence recovery time significantly affect decrease consumers' willingness to pay price premium for seafood

Contact: Hany@cafs.ac.cn

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