

Is there a role for government in assuring production-derived food quality?

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INTRODUCTION

- Canadian consumers are increasingly interested in the health, social, and environmental consequences of food choices- consumer demand for production-derived food attributes extends beyond organic and includes things such as environmentally sustainable and pesticide-free production.
- Rapid expansion in the number and variety of production-derived claims has occurred; it is unclear if and how consumers see these claims as credible.
- Credible quality verification facilitates the functioning of market mechanisms and can improve social welfare.

Government may have a role if:

1. Consumers trust organizations differently to verify production-derived food quality,
2. Consumer willingness to pay for production-derived attributes is affected by the verifying organization.

METHODOLOGY

- Internet survey of 480 respondents – representative of English speaking Canadians.
- Comprised of attitudinal, socio-demographic, and discrete choice experiment questions.
- Respondents were asked to choose between different loaves of bread
- The loaves of bread contained wheat that was produced using environmentally sustainable and/or pesticide-free grains verified by different types of organizations: government, farmer, third party, supermarket, or bakery as shown:

Features	A	B	C	D
Organization verifying	Government Verified	Farmer Verified	Third Party Verified	Bakery Verified
Pesticide Free				✓
Environmentally Sustainable	✓	✓		
Price	\$2.99	\$4.99	\$2.99	

I would choose... Option A Option B Option C Option D

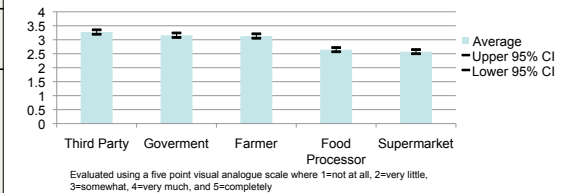
- A latent class multinomial logit model was used to analyze the data.

RESULTS

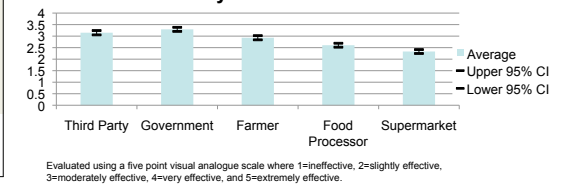
Willingness to Pay for Bread Attributes					
\$ per loaf of bread					
Class	Concerned Shopper	Independent Verification Seeker	Label Believer	Defer to Farmer	Not Interested
Pesticide free	10.26***	3.13***	2.27***	0.40***	-0.18***
Sustainable	6.34***	2.42***	1.45***	0.28*	0.07
Verified by:					
Government	5.13***	4.30***	0.06***	-0.39***	0.08***
Farmer	0.85	-1.05***	-0.34	1.22***	0.40
Third Party	-3.80***	3.34***	0.18***	-0.48***	-0.12***
Supermarket	-3.55***	-4.27***	0.22***	-0.68***	0.04*
Bakery ¹	1.37	-2.32	-0.12	0.34	-0.40
Average Class Probability	0.220	0.120	0.352	0.123	0.186

¹as the estimate for bakery= -org1-org2-org3-org4, significance is not applicable.
***, **, * denote significance at the 10 percent, 5 percent, and 1 percent level respectively for the attribute parameter in the WTP ratio

Level of trust in verifying organizations for accurate information about farming methods



Perceived effectiveness at creating an environmentally sustainable standard



- Government, third party and farmer organizations are equally trusted.
- A government standard is seen as most efficacious.
- Government verification is significantly valued by the *concerned shopper* and *independent verification seeker* classes; combined this represents 34% of respondents.
- Government verification is valued most by the *concerned shopper* class that most values bread with grains produced without pesticides or in an environmentally sustainable way
- Third Party and Supermarket verification have a negative value for the *concerned shopper* class.

POLICY IMPLICATIONS

- Government verification of production-derived food quality would provide significant benefit over the status quo of supermarket and third party schemes; government may have a role in quality assurance.
- The reasons for this benefit is unclear; trust does not explain everything, ensuring standards are accurate may contribute.
- Future research should more thoroughly examine the costs/benefits of specific roles for government in quality verification

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