

CMD 524

524 – Willingness to pay for functional foods: An experimental approach

Researchers: Maurice Doyon – Laval University

Research Summary

This project consists in analyzing a database that was gathered in France and in Montreal through May 2006 and April 2007. This database includes response from questionnaires linked to experimental economics (auction) to assess willingness to pay for functional foods according to the level of information, the level of functionality as well as health factors and perceptions variables. Impact of cultural differences will also be considered. Participants were first asked to fill out a short socio demographic survey that also contains health related questions. Then four types of yogurts were auctioned: 1-traditional [0], 2-bifidus [1], 3-Omega-3[2] and 4-phytosterol [3] . For each type of yogurts, 3 levels of information exist: 1-minimal, 2-normal, 3-specialized. Thus, individuals participate in 12 auctions (4x3) and only 3 auctions, randomly selected at the end of the last auction, among 12 are selected for transactions.

Significance of Research

Consumers are getting more and more concerned with the link between food and health, as well as with the potential of certain foods to reduce the risk or to mitigate the effect of chronic health problems (Milner, 2002, 2000; Hilliam, 2003). This context is favorable to the development of functional foods (FF) and represents an opportunity for the agrifood sector. However, limited information exists on consumer behaviour and determinants of FF consumption. More specifically, critical information on the link between health benefits information of FF and consumers' willingness to pay for FF is scarce. Improved knowledge of this link would enable government to better regulate FF divulgation of information (claim) to insure that consumers receive quality information that matter to them. As an illustration, preliminary results indicate that with information generally available (second level of information), French consumers have a very positive attitude toward Phytosterols and are willing to pay a large premium for it. However, the divulgation of consumption restrictions (published by the manufacturer but not well indicated on the product) (third level of information) drastically reduced willingness to pay and willingness to buy for young and middle age consumers, while having little effect on older consumers. These types of results are of interest in Canada where Phytosterols are not yet sold due to regulation constraints, while results on traditional, Omega-3 and Bifidus yogurts have a direct implication. Moreover, such results would be of interest for other network members in their analysis, to improve their research designs or to improve their data collection through the combined use of experimental economics and questionnaires.