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***Why are consumers unaware about legislation on the health-benefits communications conveyed by claims?
An empirical survey***

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Abstract

Objective - This paper investigates the effectiveness of European regulations about information on beneficial effects attributed to functional foods (health claims). Recent studies on European and global market size of functional foods (Bech-Larsen and Grunert, 2003; van Trijp and van der Lans, 2007; Jago, 2009) agree on the rapid growth of the sector in the near future though, it requires the solution of the main aspects related to regulation and information (Vicentini et al., 2016). Consumers seem to be skeptical toward the purchase of functional foods (Krystallis and Chrysochou, 2012; Fenko et al., 2016), although the effects on health are based scientific evidence (Reg. EC 1924/2006). In fact, the natural characterization of functional foods as credence goods may create, in the absence of intervention, a market failure deriving from erroneous assessment by consumers of benefits. To mitigate the effects of information asymmetry it has been set up a European register of health claims (Reg. EC. 432/2012). After its adoption, some doubts remain in the literature about its efficacy.

We run an empirical survey to i) evaluate the efficacy of the health claims Public Register; ii) identify any systematic and deterministic components of trust and assessment problems, iii) define homogeneous consumer profiles with respect to the evaluation of the functional food for possible marketing strategies. Currently, in the economic literature, the studies about efficacy of rules are relatively sparse and not systematic. This paper aims to influence the debate on the regulation of a growing sector of particular importance in the food system.

Methodology - This paper reports an empirical survey to verify the existence of trust and assessment problems and to identify any exogenous factors systematically associated with them. The empirical survey was conducted on 203 consumers of Italian food products. The advantage of this approach is the ability to analyze the two issues separately. In particular, the questionnaire will analyze three areas of priority: i) knowledge of the legislation and the validation process of claims by third parties (EC registry); ii) interviewee's ability to estimate

correctly the probability that a claim is true or false (trust); iii) interviewee's ability to understand the meaning and implications of the claim (assessment).

Results - The results reveal how the efficacy of the information conveyed by health claims is undermined by two factors, based on information asymmetries in the market. The first, relates to an erroneous assessment of health claims by consumers. The second concerns the rules that producers must comply in order to obtain authorization for use of health claims. These rules, although stringent, seem to be unknown to consumers. The results show an i) identification of the elements that affect the trust and assessment of the claim; ii) a consumers profiling for assessing claims; iii) an evaluation of the influence rules on consumer choices. The results could represent for the decision maker, the prerequisite for improving the communication of health benefits, in order to mitigate skepticism towards functional foods and allow consumers to make informed purchase choices.

Keywords: Functional Food, Trust, Information, Health Claims, Credence Goods, Food Choice

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