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CONSUMERS' WILLINGNESS TO PAY FOR NATURAL FOOD: EVIDENCE FROM AN ARTEFACTUAL FIELD EXPERIMENT ON CHEWING GUM

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Abstract

Perceived risks related to additives and other synthetic substances in food have had considerable media coverage and consumers interest (Evans et al., 2010). Researches have shown that consumers are concerned about being exposed in their daily diet to synthetic substances, which are believed to be cause of diseases and environmental impacts (Dickson-Spillmann et al., 2011). As a result, consumers are increasingly demanding for food with 'natural' attribute (Lunardo and Saintives, 2013). Although there is no stringent definition of the term 'natural', consumers ascribe symbolic qualities to natural food perceiving it as tastier, healthier and more environmentally friendly (Rozin et al., 2004).

The aim of this study was to analyse consumers' interest and willingness-to-pay (WTP) for natural food in a non-hypothetical setting. Only recently scholars have started to investigate consumer preferences for natural food (Gifford and Bernard, 2011; Dominick et al., 2017; McFadden and Huffman, 2017); furthermore, to the best of our knowledge, no research has used incentive compatible elicitation mechanisms to study consumer WTP for natural food in Italy. To tackle the research question natural chewing gum was selected, as a food product holding two main characteristics: 1. it is familiar and well known to consumers; 2. consumers show low involvement when they buy chewing gums, thus the attribute 'natural' can be considered isolated from other possible choice motivations.

The study involved 201 participants (18-35 years old) in 25 experimental sessions (7 ± 2 individuals per session), lasting approximately twenty minutes each. The Becker-DeGroot-Marschak (BDM) (Becker et al., 1964) endow-and-upgrade incentive compatible mechanism, with product-related information treatments, was applied in a laboratory. The specific products used in the experiment were two (conventional and natural) identical 9-chewing gums packages (17 grams, standard commercial size), with no trademark, brand, or other information. During the experiment, consumers were endowed with the conventional

counterpart of the product and, after having been provided with information about the natural chewing gum, were given the opportunity to pay to upgrade to the natural product. Finally, a short questionnaire was administered, collecting socio-demographic data and investigating individuals' attitudes towards the environment and their general interest towards health.

Findings reveal that young adults seem to exhibit high environmental attitudes which affect their willingness to pay for natural chewing gum. In contrast, current results do not confirm previous researches that have identified product healthiness as one of the main motivations influencing consumers' attitudes towards natural foods. Our research shows that a large share of chewing gum consumers (over 68%) is willing to pay a premium price for natural chewing gum, especially those with a higher attention towards environmental issues. More specifically, consumers exhibited a willingness to pay of € 1.48 (± 0.84) premium for the natural chewing gum.

Keywords : Natural, BDM mechanism, Willingness to pay, Information, Italy

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