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Are consumers willing to pay more for eco-friendly olive oils?

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Abstract

1. Objectives - Global food system is one of the main responsible for several environmental impacts such as greenhouse gas emissions, water pollution and consumption, soil erosion and degradation as well as biodiversity loss (Tilman et al., 2002).

Environmental sustainability has become a matter of growing interest not only for policy makers but also for consumers (Nash, 2009). More and more consumers are concerned with the environmental impacts of the products they purchase, and they are also aware that own consumption choices can contribute positively or negatively to the global environmental impact (Vermeir & Verbeke, 2006; Verain et al., 2012).

In this context, eco-labels emerged as an important tool to support consumers' food choices by providing information about whether a food product is more environmentally sustainable than others (Grunert et al., 2014). This also allows producers to differentiate food products on the basis of a further quality dimension depending on the presence of specific eco-friendly attributes. Therefore, eco-labelling shares the objectives of generating added value for consumers and competitive advantages for producers; at the same time, environmental impact of food production is reduced through a virtuous mechanism of market self-regulation.

In the food domain, organic label is well known but a plethora of other eco-labels have been also introduced (e.g. carbon footprint, water footprint, rainforest alliance, etc.). However, despite the growth in number of eco-labels, the level of their actual use remains substantially low mainly because consumers do not well understand their real meaning (Grunert et al., 2014).

In this study, we have tested consumers' preferences and willingness to pay for a set of eco-friendly attributes of olive oil. We focused on olive oil because this product has a relevant economic importance, and, particularly in Mediterranean countries, olive farming covers a large share of agricultural land. Moreover, depending on its level of management intensity, olive farming can have both positive and negative environmental effects (Gómez-Limón et al., 2012; Weissteiner et al., 2011).

2. Methodology - A choice experiment has been performed based on a consumer survey carried out in Italy from January to February 2017. A total of 1,060 participants were recruited with a stratified quota sampling in order to ensure the representativeness of the sample at national level. Because eco-friendly attributes are credence attributes, we have hypothesized the use of specific claims and logos on-pack so as to be easily understandable for consumers (Vlaeminck et al., 2014). Specifically, in the choice experiment, we compared four types of olive oils with different eco-friendly

attributes: i) organic olive oil, ii) olive oil produced in mountainous areas, iii) olive oil obtained from traditional olive groves with aged trees, and iv) olive oil obtained with sustainable practices of water use.

3. Results - Results show that, on average, Italian consumers are willing to pay a premium price for the different eco-friendly attributes of olive oil even if heterogeneity in consumer preferences is detected. These results demonstrate that consumers can actually contribute for a more environmentally sustainable olive oil production provided that producers are able to make recognizable the products with eco-friendly attributes through the use of signs (claims and logos on-pack) which are easily understandable for consumers.

Keywords : olive oil, willingness to pay, eco-friendly, labelling, Italy

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