

Extended Abstract

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Paper/Poster Title	Label Fatigue? Combining Geographically Protected Ham with Varying Nutri-Scores
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Abstract prepared for presentation at the 98th Annual Conference of The Agricultural Economics Society will be held at The University of Edinburgh, UK, 18th - 20th March 2024.

Abstract	200 words max
<p>Geographical indications (GIs) such as Parma ham are flagship EU products, but they are not always healthy. The European Commission aims to introduce new harmonized nutrition labels, which might affect the quality signal of GIs. However, the effects of colour-coded candidates such as the Nutri-Score on consumer evaluations of GI foods remain underexplored. In particular, it is unclear whether the utilities of labels are additive or whether there are interaction effects. If consumers suffer from label fatigue, combining GIs and good Nutri-Scores could result in a reduction of utility. Therefore, we conduct a discrete choice experiment with 492 German and 325 Dutch respondents to quantify empirically the willingness to pay (WTP) for better Nutri-Scores and GI labels on hams. We find that consumers are willing to pay a 48 cent premium for better Nutri-Scores, but at 72 cents the WTP is still considerably higher for the Protected Designation of Origin (PDO) of Parma ham. We do not find clear interaction effects between the two labels. Hence, label fatigue appears to be mild in this setting.</p>	
Keywords	Geographical Indications, Nutrition, Food Labelling
JEL Code	D12 Consumer Economics Q13 Agricultural Markets & Marketing; Cooperatives Q18 Agricultural Policy; Food Policy see: www.aeaweb.org/jel/guide/jel.php?class=Q)
Introduction	100 – 250 words
<p>Our paper's objective is to analyse the effects of novel nutrition labels on consumer evaluations of Geographical Indications (GIs). Our main contributions are as follows. First, we quantify the relative strength of the GI and better Nutri-Score labels in affecting consumer WTP, based on a large convenience, gender-balanced sample of more than 800 German and Dutch respondents. We find that the effect of the GI certification of PDO Parma ham, on which we focus, is stronger. Secondly, we investigate potential label fatigue and signs of related heuristics, such as disregarding certain labels, through an interaction effect of the PDO Parma ham with a comparatively better Nutri-Score D. We find a negative, but overall insignificant interaction between the GI and a better Nutri-Score label, indicating that there is neither additional benefit nor additional loss from combining the two labels. In our experimental setting, the average consumer shows no strong signs of information overload or label fatigue, as they generally consider and value both labels.</p>	

Methodology	<i>100 – 250 words</i>
<p>In a DCE, consumers choose repeatedly between different hypothetical options of a product. In our experiment, we consider three different product characteristics with differing levels. The first characteristic is 'Geographical Indication (GI)' which has two levels. Respondents encounter either PDO Parma ham or generic raw ham without a GI. The second characteristic is 'Nutri-Score (NS)'. The shown ham has either a Nutri-Score of D (orange) or E (red). To determine WTP and test our hypotheses, the third attribute is 'Price / 100 grams', which has three levels: 3€/100gr, 4€/100gr and 5€/100gr. We include an opt-out option (no purchase).</p> <p>We use a mixed logit model (MXL) for our data analysis to account for preference heterogeneity among consumers. To investigate label fatigue, we include an interaction term GI*NS.</p>	
Results	<i>100 – 250 words</i>
<p>We find a marginal WTP per 100 grams for the PDO ham of 72 cents and for a better Nutri-Score D of 48 cents. The interaction GI*NS is negative but not significant statistically or economically: adding up the main coefficients with the interaction shows that the sum (1.13 €) is somewhat smaller than the addition of the two main effects (1.20 €).</p> <p>There is a clear indication of preference for the PDO and better Nutri-Score on average. However, the significant standard deviations of our random coefficients reveal that there is heterogeneity regarding preferences in our sample. The preference heterogeneity in our sample is partially explained by gender, age, nationality and prior knowledge of the PDO label. For instance, consumers with prior knowledge of the PDO label have a stronger preference for Parma ham and a weaker preference for the Nutri-Score D.</p>	
Discussion and Conclusion	<i>100 – 250 words</i>
<p>To begin with, we confirm previous studies that highlight higher WTP for GIs and Nutri-Scores. In our study, the WTP for the PDO ham is considerably higher than for the Nutri-Score D. Hence, consumers are willing to pay more for a PDO certification than for a comparatively better Nutri-Score, at least in the case of the well-known Parma ham.</p> <p>The insignificant and negative interaction effect of PDO Parma ham with the better Nutri-Score D aligns with previous studies. Although multiple health and nutrition labels are positively valued individually, the study by Barreiro-Hurle et al. (2010) suggests that their combination does not result in additional benefits. Our study echoes these findings in the case of ham with different labels because overall, our respondents do not receive higher or significantly lower utility from the combination of labels but tend to value both independently. Consequently, our results do not indicate strong label fatigue or lexicographic heuristics. Consumers seem to be able to cope well with two labels at the same time as they consider both on average.</p>	