



## Consumers' WTP for beef direct sales. A regional comparison across the Pyrenees

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### 1-INTRODUCTION

Direct sale from producers to consumers is still in its infancy in Spain, while it has enjoyed a longer history in France. The degree of development of the different forms of direct sales may also vary among regions within the same country.

### 2-OBJECTIVES

This study applies the contingent valuation methodology to investigate consumers' willingness to pay for direct sales of beef across the Pyrenees. The aim is to detect the most receptive consumers' segment towards direct sales in beef.

### 3.- SURVEY

- Size: 1219 consumers (at least 299/region)
- Place: Main cities of Aragón and Cataluña in Spain, Midi-Pyrénées and Languedoc-Roussillon in France
- Date: September-April 2011
- Target population: Regular consumers of beef, involved in food shopping
- Main content: Purchasing and consumptions of beef  
Use of direct sales for food/beef  
Perceptions about direct sales

### Example of contingent valuation in Aragón

Considering that the average price of beef in Aragón is 9,25€/kg, are you willing to pay **46,25 € for the beef lot** (9,25 €/kg) home-delivered by the farmer? Yes  No

If your answer is **YES**: Are you willing to pay 50,88€ (10,18 €/kg)? Yes  No

If your answer is **NO**: Are you willing to pay 41,63€ (8,33€/kg)? Yes  No

#### BEEF LOT (5 Kg).



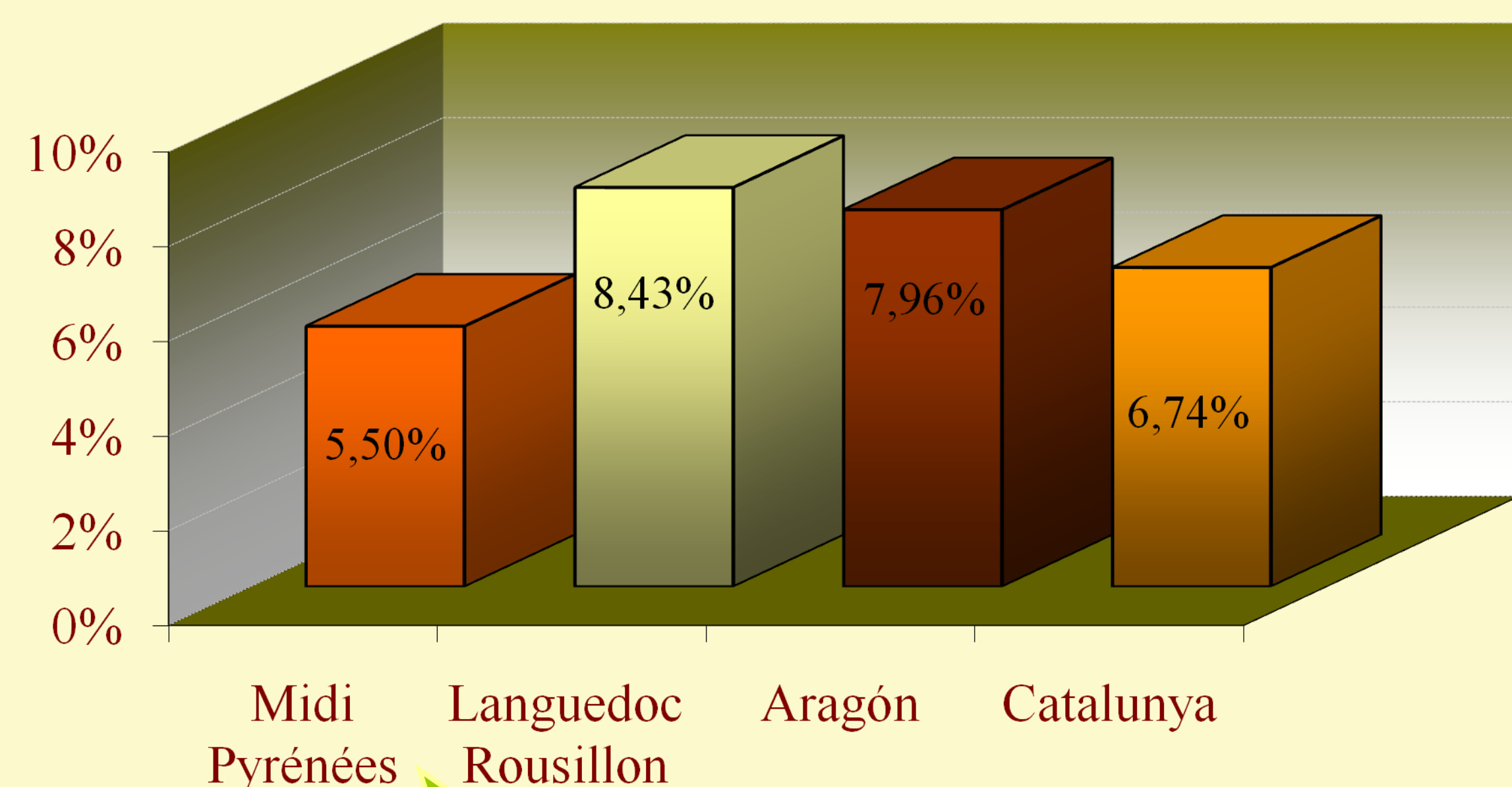
### 4.- METHOD

- Double-bounded model was estimated
- 10 initial bids ( $Bid_0$ ) were employed per region
- Average beef market price/region was used as reference
- $Bid_0$  was  $\pm 5\%$  the average and the own average
- If  $Bid_0 \geq$  Average price  $\rightarrow$  Next bid was modified by  $+15\%/-5\%$
- If  $Bid_0 <$  Average price  $\rightarrow$  Next bid was modified by  $\pm 10\%$

### 5.- RESULTS

#### WTP for direct sales in beef across consumer's segments and regions

% premium WTP over traditional distribution



French consumers in Midi-Pyrénées and Languedoc-Roussillon show the biggest differences

Positive perceptions towards direct selling influence positively consumer's WTP

Familiarity and search for variety account amongst the most influential characteristics on WTP

		Midi Pyrénées	Languedoc Rousillon	Aragón	Catalunya	Mean Difference between segments
Frequency of use of direct sales for food	At least once every fortnight	69.62	71.18	51.76	54.53	4.05%
	Otherwise	67.10	68.65	49.88	52.46	
Use of direct sales for beef	At least once	70.42	72.20	52.93	55.92	7.12%
	Never	65.97	67.75	49.62	52.28	
Producer's income in direct sales...	is better	68.02	69.70	50.48	53.00	3.01%
	is not better	66.13	67.82	49.08	51.46	
Freshness in direct sales...	is better	68.41	69.93	50.75	53.45	4.21%
	is not better	65.78	67.31	48.80	51.30	
The amount of product required to buy in direct sales..	is worse	65.96	67.92	49.09	51.75	-2.79%
	is not worse	67.70	69.66	50.39	53.18	
The guaranty of the whole production process in direct sales...	is better	68.71	70.39	51.20	53.80	3.93%
	is not better	66.25	67.93	49.37	51.79	
Frequency and variety of beef products consumed	At least three types of beef are consumed monthly	67.87	70.08	50.61	52.97	5.02%
	Less than three types are consumed monthly	64.73	66.94	48.28	50.41	
Experience with purchasing, cooking and consuming beef	Moderate to high in at least two of these actions	68.52	70.35	51.01	53.67	3.21%
	Less than moderate	66.52	68.35	49.52	52.03	

- Relevant differences are found between countries, but mainly within regions of the same country
- Consumers already involved with direct market chains in food purchases in general and beef in particular are more willing to pay a premium over a traditional distribution system
- The same occurs with those who regularly consume a large variety of beef cuts or are high-experienced at purchasing, cooking and consuming beef
- The belief that direct sales improve freshness, the guarantee of the whole process, the producers' income also induces a positive premium differential
- These findings are promising for the development of the market at the South of the Pyrenees