

CIFREM SEMINARS

Using flexible taste distributions to value collective reputation for environmentally friendly production methods ***(with Mara Thiene and Francesco Marangon)***

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In this paper, we investigate consumer preferences for various environmentally friendly production systems for carrots. We use discrete choice multi-attribute stated preference data to explore the effect of the collective reputation of growers from an Alpine valley with an established reputation for its environmentally friendly production: Val di Gresta 'the valley of organic orchards.' Data analysis of the panel of discrete responses identifies unobserved taste heterogeneity for organic, biodynamic, and place of origin along with extra variance associated with experimentally designed alternatives. The assumed parametric taste distributions are each tested using the semi-nonparametric specification proposed by Fosgerau and Bierlaire, while the null of normality cannot be rejected for organic and biodynamic production methods, though it is for the place of origin. The latter is found to be bi-modal, with modes at each side of zero. The use of a flexible taste distribution increases the plausibility of this form of heterogeneity and it appears promising for future applied studies.