



REES Department Seminar — Winter 2018

Organic grapes or organic wine: unpacking consumer preferences in presence of certification standards information

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Abstract: As consumers pay more attention to various certification standards, it becomes important to consider how knowledge of different production practices affects consumer demand. Using a lab experiment with 127 nonstudent participants, we elicit consumer willingness to pay (WTP) for conventional wines, organic wines, and wines made from organic grapes, providing various degrees of information on the associated production practices. Participant bids are supplemented with mouse-tracking data that allow us to independently measure consumer choice confidence. Our results suggest that while providing any information about production processes generally reduces WTP for wines, providing information only on organic wine certification standards has the strongest negative impact on consumer demand. When information about conventional winemaking practices is also available, WTP rebounds only for organic wine. Finally, we find consumer ambivalence to have a significant impact on WTP for the three different types of wine.