

# Consumers' Perception on Honey Risks.

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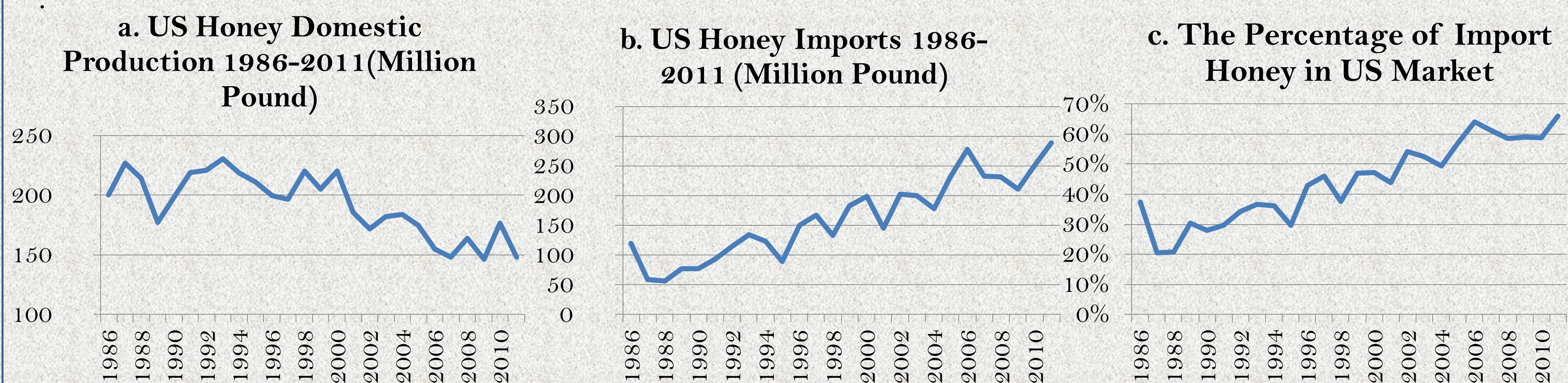
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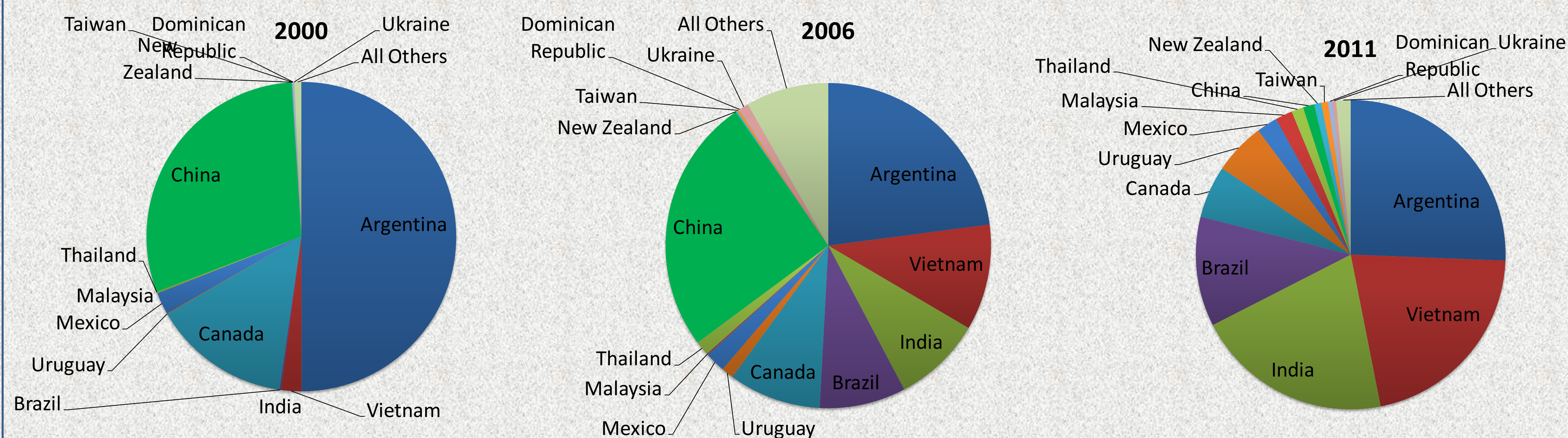
## Introduction

The US is one of the major honey producing countries in the world. In 2011, US honey production was 148.4 million pound, which is a 16 percent decrease from 2010. As we can see from the chart, honey production has been rather steady with a slight trend of declining. However, instead of falling, honey price was in a rising trend in the same period.



Sources: Honey, National Agricultural Statistics Service, USDA, and Bureau of the Census, U.S. Dept. of Commerce

With this large production, it cannot meet the larger demand. Most of the honey consumed in the US is imported from other countries. (Charts b and c) The leading origins of imported honey in 2000, 2006 and 2011 are shown in the following pie charts.



Recently, there are news reports saying that large portion of imported honey is unsafe. "A third or more of all the honey consumed in the U.S. is likely to have been smuggled in from China and may be tainted with illegal antibiotics and heavy metals. A Food Safety News investigation has documented that millions of pounds of honey banned as unsafe in dozens of countries are being imported and sold here in record quantities." **Food Safety News**

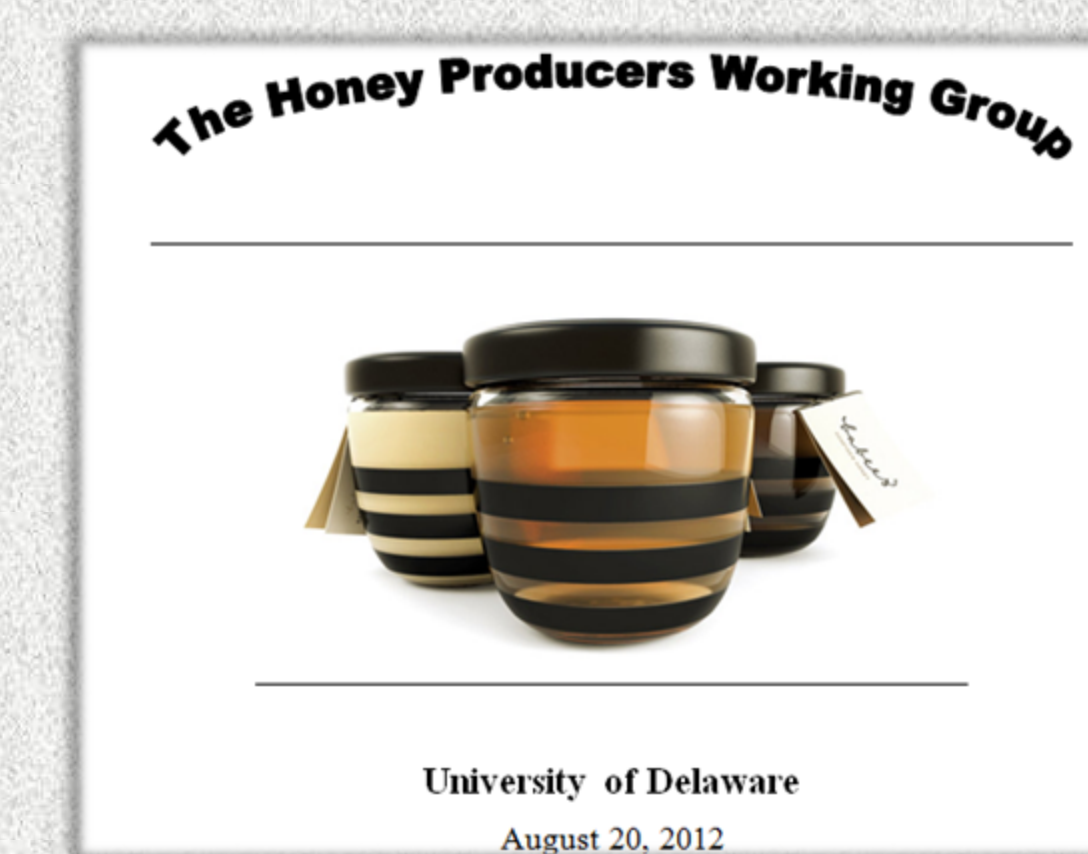
---- "Asian Honey, Banned in Europe, Is Flooding U.S. Grocery Shelves." Food Safety News, Aug 15, 2011

No need to argue the validity of these reports, it is a fact that consuming local have become trends in the past few years. USDA report indicates that direct to consumer sales reached \$1.2 billion in current dollar in 2007, compared with \$551 million in 1997.

In this context, will consumers have a price premium for honey that is produced locally?

## Methodology

This research builds on past work in experimental economics and extends them by incorporating both questionnaires and lab experiment to develop an econometric model on what influences consumers' willingness to pay for local products, if there is a premium.



We have organized a Honey Producers Working Group at the University of Delaware that consists 40 local or regional honey producers from Delaware, Maryland, Pennsylvania and West Virginia. In the working group, we demonstrated what an economic experiment is and why it is beneficial for this project.

In order to help local producers better understand the market and sell their honey, we organized them to discuss what aspects are the most important in marketing strategies. Most of the producers agreed on the following topics, and we will be examining them with experimental techniques under lab settings.



Packaging



Origin



Labeling

The format of the experimental auction will be sealed bid second price English auction. As part of the work of the lab for experimental and applied economics at the University of Delaware, we will be conducting computer based lab experiments with real consumer participants. During the experiment, we will give money to the participants and auction off different kinds of honey.

## Expected Results and Policy Implications

The primary beneficiary of the research is the honey producers in the Mid-Atlantic region. Based on the results of the project, education efforts on honey marketing and pricing strategies will be provided to honey producers in the Northeast region as part of Dr. Delaney's extension work. With this research, we will try to reveal if there is a price premium for local honey, if so, how large is the premium? What are the characteristics of these consumers? How could we improve the packaging and labeling process of local consumers? And many others ones.