Consumer Preferences in Developing and Developed Country Markets and the Impact on EU and New Zealand*

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Understanding international consumer preferences and attitudes towards food is important for countries like New Zealand that depend heavily on food exports. New Zealand’s export focus has changed over the last few decades from almost all exports going to Europe, to more into Asian markets, in particular to China. It is therefore important that different cultures and preferences in these markets are considered and understood. This paper will present results from a pilot survey in six countries (UK, Korea, Japan, India, China and Indonesia) focusing on how consumers in different markets respond to different attributes and on how New Zealand producers can communicate those using smart technology and digital media in overseas markets. The results highlight the importance of food safety and health foods in these markets. In general, developing countries valued attributes more than developed countries. This included environmental quality in food which was also seen as key for underpinning food safety. In addition, the study examined the potential impact of varying levels of premiums for food attributes on there turns to the agricultural sectors of the EU (European Union-28) and New Zealand using the partial equilibrium Lincoln Trade and Environment Model (LTEM). Trade model projections showed that the potential impact on the revenue for agriculture was important.

Keywords: Food Sustainability, Developing Countries, Consumer Preferences, Cross Country Comparison, Trade Modeling

I. INTRODUCTION

The value that consumers place on different attributes in food products
is likely to vary across different countries and commodities. Credence attributes are qualities believed by a consumer to be present in a product even though they cannot be identified, experienced and inspected by consumers whether before or after purchase (e.g., food safety, animal welfare, environmental protection and cultural authenticity). The values and consumers’ attitudes and preferences towards credence attributes in food have been investigated in several studies worldwide (Saunders et al., 2013; Saunders et al., 2011; Eurobarometer, 2009; Synovate, 2007). However, the literature has tended to be concentrated on consumer preferences in developed country markets such as the United Kingdom (UK), and a few studies have been published on how consumers in emerging markets such as India, China and Indonesia evaluate different attributes of food products.

New Zealand is a developed country which is heavily dependent on its agricultural exports. Historically, New Zealand’s main export market has been the UK but in recent years, the focus of New Zealand exporters has evolved from almost all exports going to Europe, to more going to Asian markets, particularly China. It is therefore important that New Zealand exporters understand different cultures and preferences in these markets and how they differ from other markets in order to gain a premium for their exports but also how these can be communicated using digital media and smart technology.

This study is part of a wider research project ‘Maximising Export Returns (MER)’, a three year project undertaken by the Agribusiness and Economics Research Unit (AERU) at Lincoln University funded by the New Zealand Ministry for Business, Innovation and Employment (MBIE). This project aims to explore how export firms can capture price premiums by including credence attributes in products for overseas markets. It builds on previous work of the AERU which showed that overseas consumers (including those in the UK, China, and India) value different food attributes in New Zealand products (Saunders et al., 2013). The study particularly showed that food safety was the most important food attribute. Not surprisingly, India and China rated food safety certification as more important than respondents from the UK. However, more surprising was that in most cases Indian and Chinese consumers valued other credence attributes more than in the UK, including organic, environmental quality, animal welfare and recycle ability (Saunders et al., 2013). In this study, these findings are investigated in more detail by assessing important factors underpinning key attributes in food products. This study also included more countries (i.e., Indonesia, Japan and Korea) as well as the use of smart media and digital technologies to communicate with consumers in market. Hence, this study aims to investigate consumers’ atti-