

Globalisation issues and consumers' purchase decisions for food products: evidence from a lab experiment

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Abstract

A lab experiment is conducted to evaluate the impact of globalisation on consumers' willingness to pay for food products. Successive messages on the products' origin and the multinational firm's strategy are delivered to participants. Interestingly, the significant decrease in willingness to pay resulting from negative messages about foreign sourcing and the closure of processing facilities is reversed after the revelation of positive information linked to the multinational firm's new products/services and investments made in the domestic country. The experiment also studies the effects of two labels (geographic indication and fair trade). The introduction of labels increases the consumer surplus.

Keywords: experimental economics, globalisation, labels

JEL classification: C91, F15, Q18

Running title: Globalisation issues and consumers' purchase decisions

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