

Research Summary

Measuring Consumer Willingness-to-Pay for Great Lakes Aquaculture – Part 2: Consumer Engagement using Direct Analytical Methods
October 2020



Research Project

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Investigators

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Overview

This research will identify consumer preferences for aquaculture products in the Great Lakes region and explore a mixture of outlets and species.

Aquaculture producers can usually observe market prices to determine the profitability of growing existing products, however the profitability of new, unique or rare products can be hard to identify.

Thus, for example, it may be difficult for a producer or marketing company located in the Great Lakes region to assess the profitability of growing shrimp for local marketing.

Even if production capacity can be increased in the aquaculture supply chain throughout the Great Lakes states, the growth of the industry will be limited by the extent of the market. In order to sustain production, aquaculture businesses must be profitable.

Profit is affected by market price and thus consumers' willingness to pay (WTP), which in turn depends on the attributes of aquaculture products. This limitation has become especially important throughout much of 2020 in the wake of the COVID-19 pandemic, as distribution outlets such as restaurants and bars have closed for significant periods of time.

Social acceptance of aquaculture has been identified as one of the main barriers to

aquaculture expansion in the Great Lakes region and is coupled with the need for a better understanding of regional market conditions.

Objectives

By identifying knowledge gaps related to consumers' WTP and desired product attributes, this research can better inform producers' understanding of the revenue potential of various species reared, production systems and business models.

Methods

Two analytical methods will be used to quantify consumer preferences and perceptions of Great Lakes aquaculture products.

Method 1:

First, we will conduct experimental auctions at representative locations in the Great Lakes region. Experimental auctions are a common technique in the economics field used to identify how consumers evaluate and value specific attributes of a product. For example, previous research identified that consumers value the "localness" of seafood, so "localness" will be one of the key attributes that we will focus on in our evaluation.

Method 2:

Following the experimental auctions, discrete-choice experiments will be conducted via online surveys. These experiments are especially useful for inferring how consumer purchase decisions adjust to specific changes in the marketplace. We will also explore how different types of information (i.e. advertising) affect consumer demand for Great Lakes aquaculture products.

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Anticipated Outcomes

During these experiments, we will gain a better understanding of how consumers decide between Great Lakes aquaculture products and aquaculture products from elsewhere. A final report and scholarly papers will document consumers' WTP for aquaculture products produced in the Great Lakes region and results will be posted and shared through the GLAC website, researcher blogs and social media.

Great Lakes Aquaculture Collaborative

This research summary is from one of several projects supported as part of the Sea Grant Great Lakes Aquaculture Collaborative (GLAC). The GLAC is a three-year (2019-2022) National Oceanic and Atmospheric Administration-funded project that seeks to create a regionwide group to foster relevant, science-based initiatives that support aquaculture industries in the Great Lakes region that are environmentally responsible, competitive, and sustainable.

GLAC Website

greatlakesseagrant.com/aquaculture

GLAC Project Team

GLAC is led by the Minnesota Sea Grant program in collaboration with the Sea Grant programs of Wisconsin, Illinois-Indiana, Ohio, Michigan, Pennsylvania, and New York.