



A calibrated auction-conjoint valuation method: Valuing pork and eggs produced under differing animal welfare conditions

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Abstract

This paper develops a valuation method which generates consistent and systematic estimates of people's preferences for complex multi-attribute goods by inextricably linking auction bids with conjoint ratings. The advantage of the valuation approach is that it permits the estimation of people's values for many potential goods, allows one to decompose people's values for a good into its sub-components, and permits the study of preference heterogeneity without distributional assumptions. We apply the method to an important and increasingly controversial topic: animal welfare. The method is used to determine people's preferences for eggs and pork produced from different production systems. Data from experiments conducted in three diverse U.S. locations (Chicago, IL; Dallas, TX; and Wilmington, NC) indicates that people are, on average, willing to pay \$0.95 more for a dozen eggs raised in an aviary, pasture system vs. a cage system, and are willing to pay \$2.02 more for two-pounds of pork chops raised in a pasture system as opposed to a crate system.

Keywords

- Animal welfare;
- Auction;
- Conjoint;
- Discovered preference hypothesis;
- Willingness-to-pay