

The urban–rural gap in the demand for food safety in China: The role of food label knowledge

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Abstract

Despite the national promotion of food safety measures, a substantial urban–rural gap remains in the demand for food safety in China. To explain this gap, we explore the role of knowledge of food safety labels. We measure demand using the marginal willingness to pay (MWTP) for the green food label and the organic food label for rice and pork in urban and rural areas. We employ discrete choice experiments and the control function approach to control for potential endogeneity problems. The results show that the MWTP for the labels is significantly positive among people with label knowledge but insignificant or even negative among people without label knowledge, and the urban–rural gap in the MWTP is larger among the former than among the latter. These knowledge-related differences explain 8–29% of the urban–rural gap in the MWTP for the green food label. Our findings imply that improving knowledge about the green food label could potentially be effective in reducing the urban–rural gap, while our results also imply the existence of a future challenge for the government in promoting label knowledge more effectively in rural China.

KEYWORDS

China, food label, food quality, label knowledge, urban–rural gap

JEL CLASSIFICATION

D12, Q13, Q18

1 | INTRODUCTION

China—an emerging middle-income country—has been experiencing a shift in consumer demand for food quality in terms of food security (such as total calorie and protein intake), food safety and, recently, other quality aspects such as taste, appearance, and the use of additives (Gale & Huang, 2007; Guo et al., 2000; Popkin, 2006; Tian & Yu, 2013). This paper focuses on food safety, which has been aggressively promoted by the Chinese government since 2000. More specifically, the paper first considers how much of an urban–rural gap remains in the demand for food safety in China by conducting discrete choice

experiments in urban and rural areas. The paper then investigates the role of consumers' knowledge regarding food safety labels. Label knowledge matters because food safety is often apparently unclear to consumers, and thus, the demand for food safety is often observed as the demand for foods with labels that certify food safety. If label knowledge is lower in rural areas than in urban areas, the demand for foods with food safety labels may be lower in rural areas than in urban areas. Therefore, this paper focuses on an urban–rural gap in knowledge of food safety labels as a key explanation for the urban–rural gap in the observed demand for food safety.