

Risk and Fairness Preferences in Community Supported Agriculture Membership *

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Abstract

Consumers care more and more for how food is produced. Community supported agriculture (CSA) whereby a group of consumers contracts with a local farmer is developing. We aim to elicit consumers' preferences for attributes of CSA contracts and their determinants, especially risk and fairness preferences. We combine two incentivized field experiments with a stated choice survey. Risk preferences are elicited from several *binary lottery choices*. Fairness preferences are elicited using an *allocation experiment* where subjects rank several given allocations of a constant amount of money between three agents: the subject him/herself, a CSA farmer and a non-CSA organic farmer. We use a *stated choice survey* to determine consumers' preferences for three attributes of CSA contracts: duration, loss in basket size due to production risks and price change. We face-to-face interviewed 81 CSA members. We show that: (1) CSA consumers express altruism towards CSA farmers as well as advantageous inequity aversion but a taste for disadvantageous inequity, (2) CSA consumers prefer longer contracts probably to avoid transaction costs rather than for fairness or risk attitude reasons, and (3) fairness in CSA contracts is associated with paying a "fair price" rather than long term commitment to the farmer.

Keywords: CSA; Stated choice; Field experiment; Risk preferences; Fairness preferences

JEL Classification: C93; D63; D81; Q18

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