

**The Effects of Avian Influenza News on
Consumer Purchasing Behavior:
A Case Study of Italian Consumers' Retail
Purchases**

By

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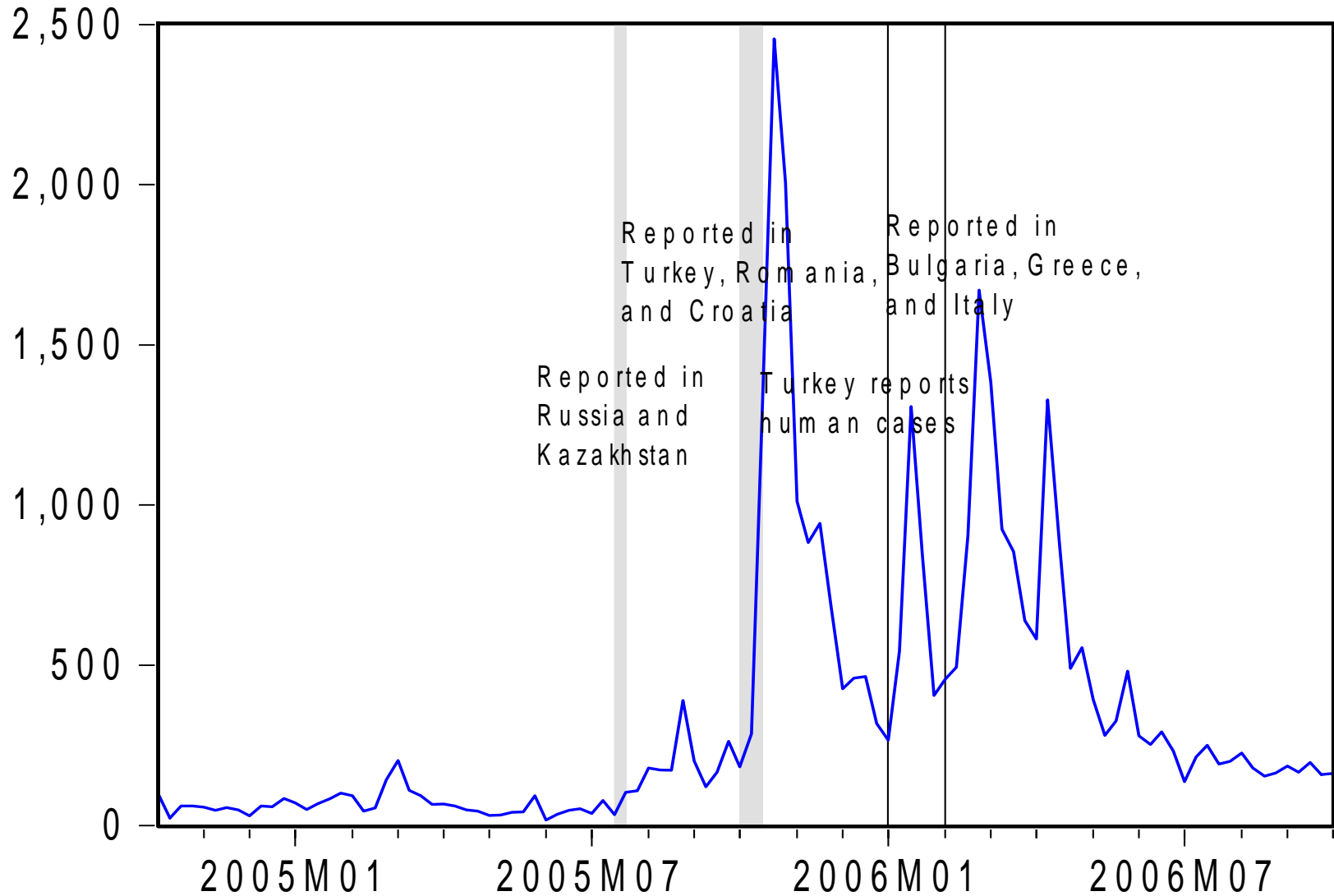
Introduction

- **Background statistics on bird flu**
- **Reported impacts on poultry demand**
- **Puzzle—Are consumers' responses out of proportion to health risks?**

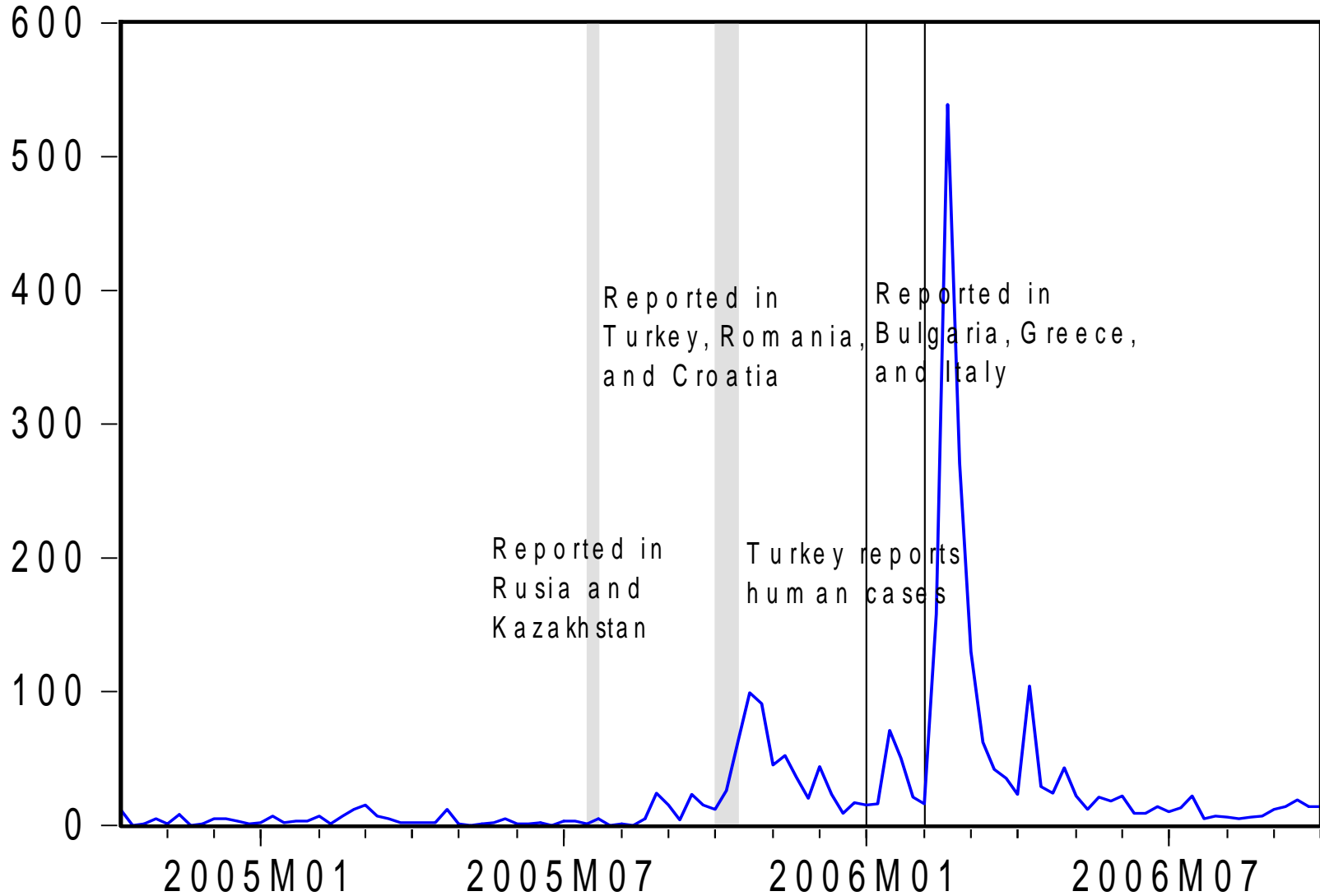
Research questions

- **Estimate the magnitude and duration of decreases in poultry demand from news media reports of bird flu**
- **Extrapolate from countries where bird flu was found to the U.S.**

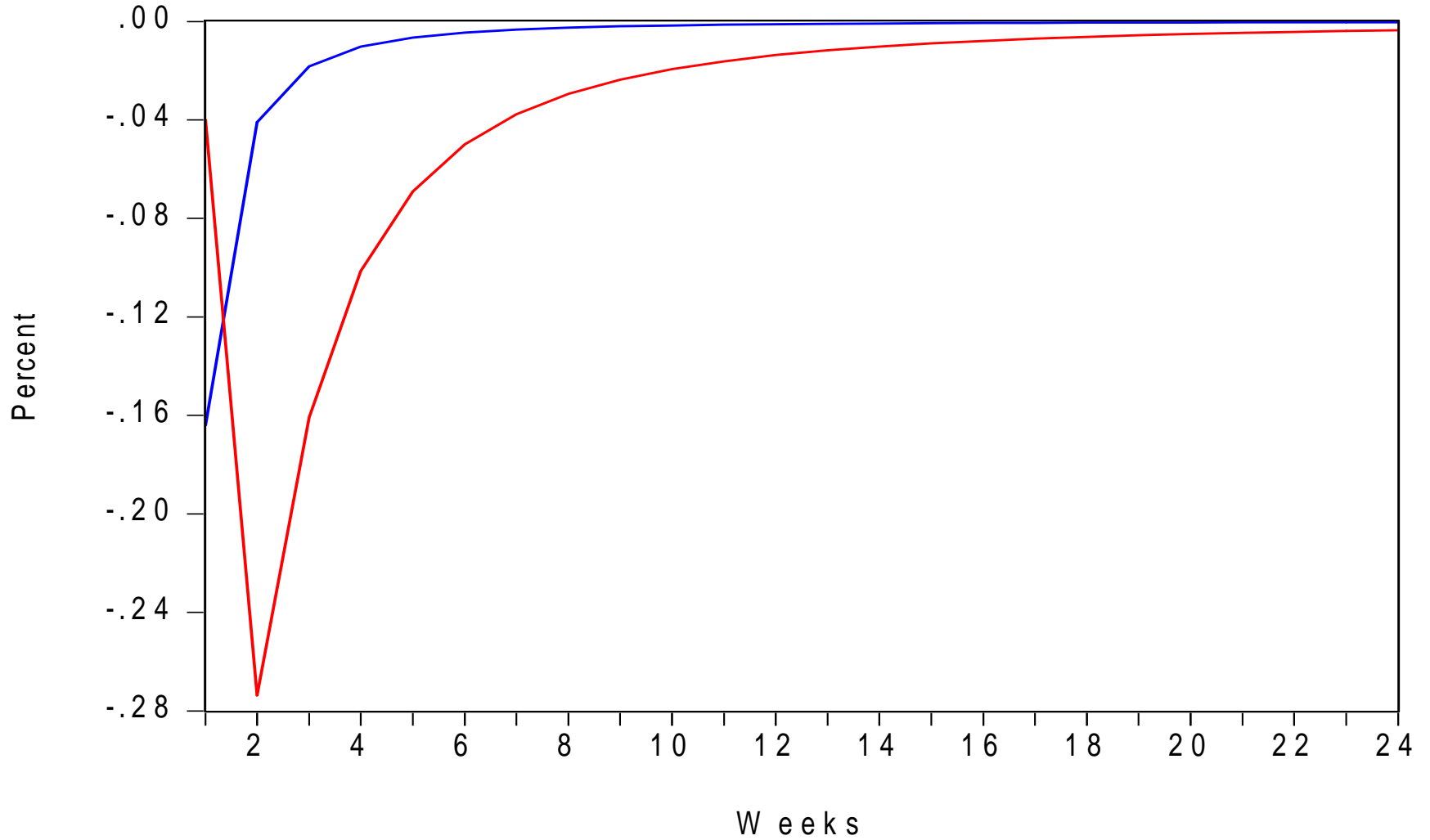
Number of weekly non-Italy-specific newspaper reports about bird flu



Number of weekly Italy-specific newspaper reports about bird flu

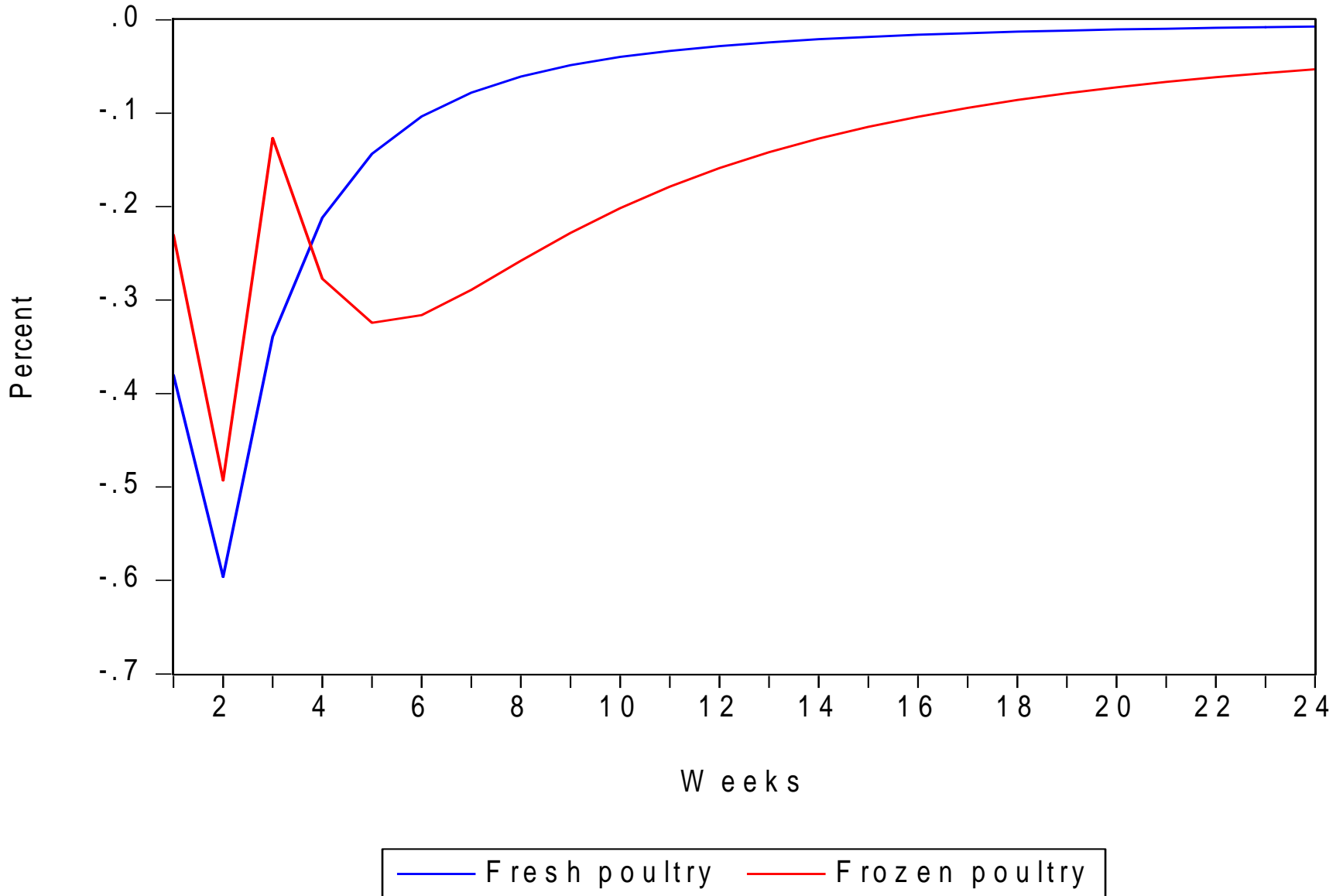


Weekly reduction in poultry purchases associated with a marginal increase in non-Italy-specific newspaper reports

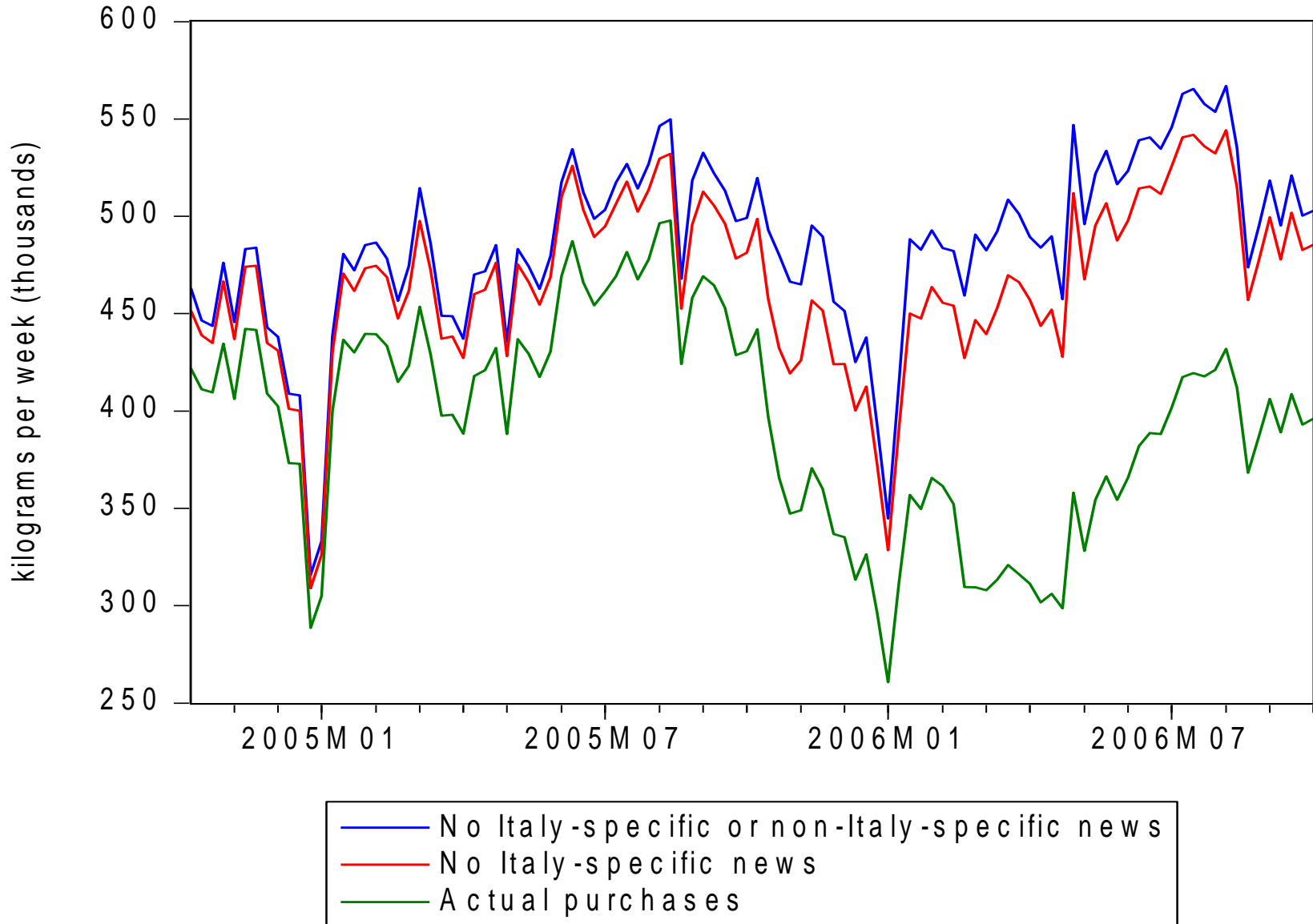


— Fresh poultry — Frozen poultry

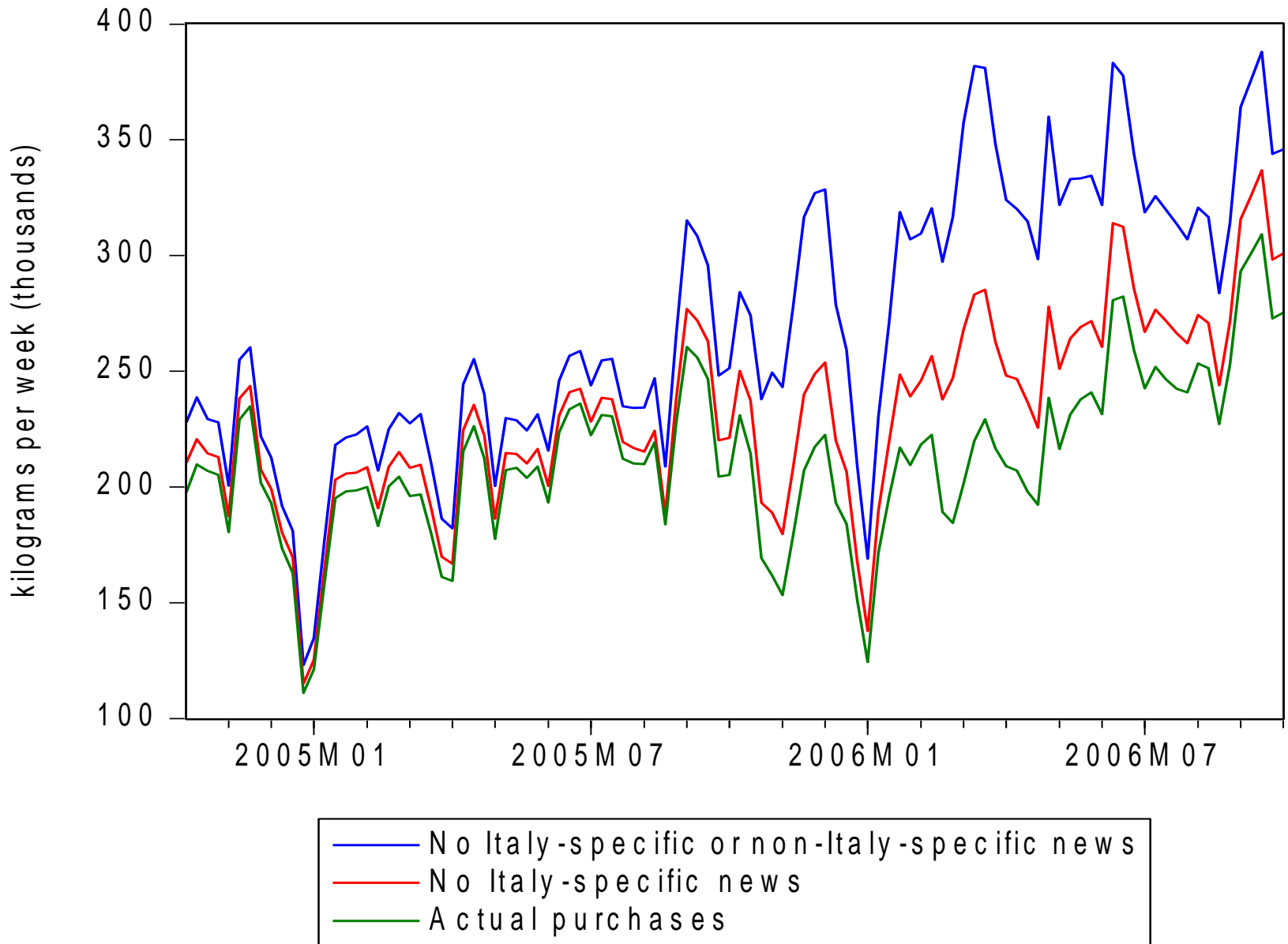
Weekly reduction in poultry purchases associated with a marginal increase in Italy-specific newspaper reports



Actual and simulated frozen and processed poultry purchases in Italy

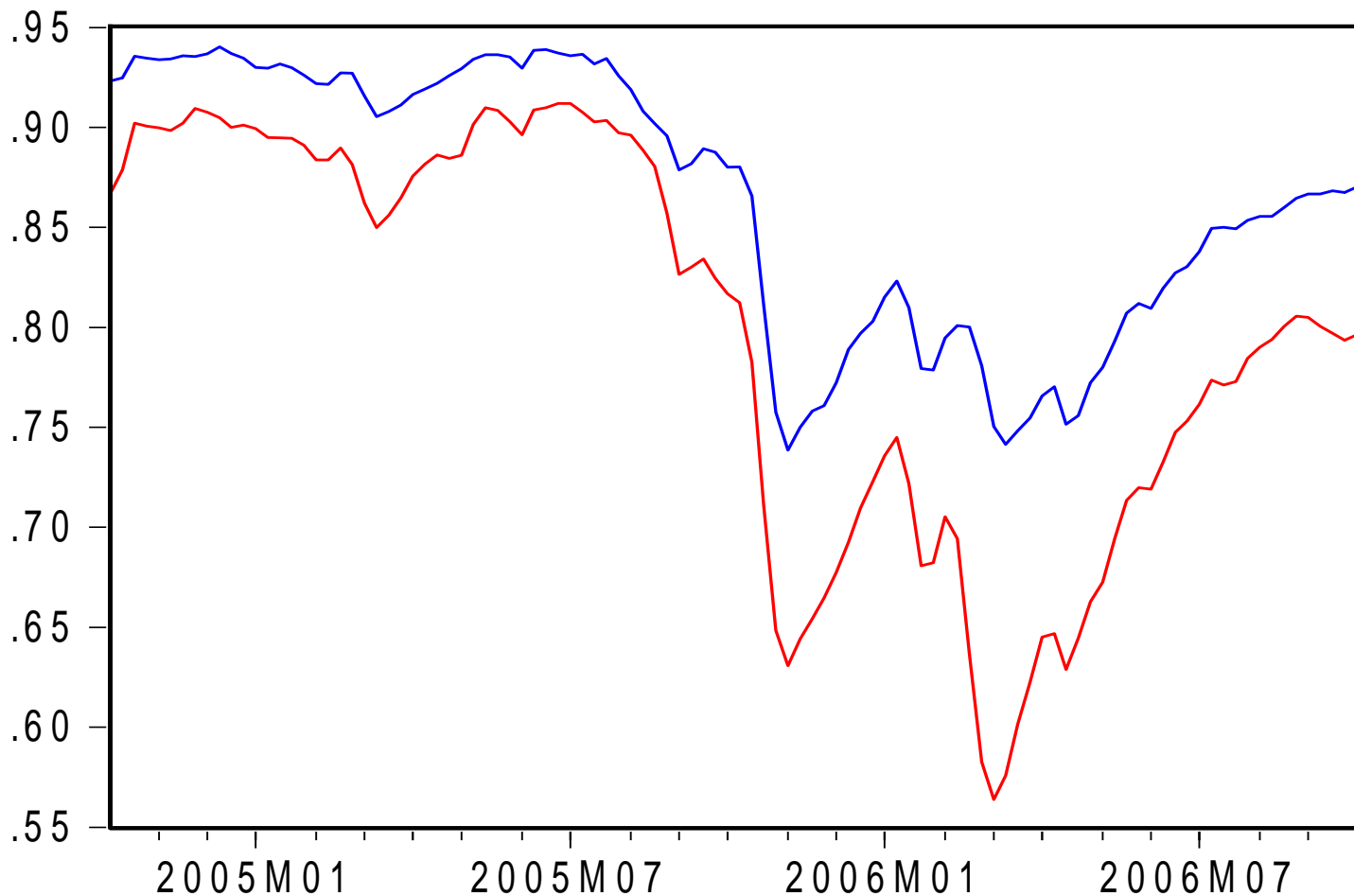


Actual and simulated fresh poultry purchases in Italy



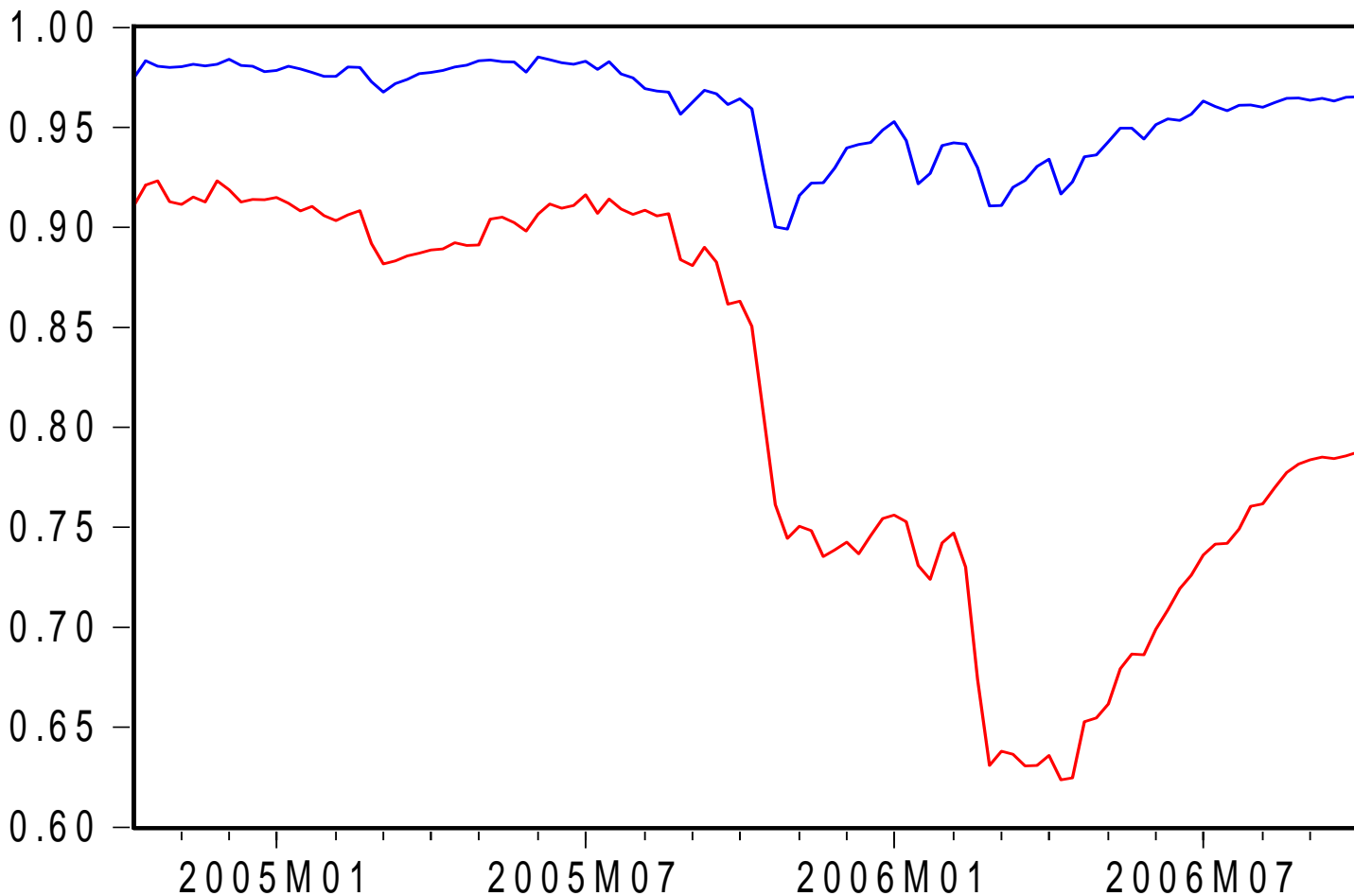
Proportion of baseline fresh poultry purchases remaining with AI news impacts

Purchases with news impacts as a proportion of purchases without news impacts



Proportion of baseline frozen and processed poultry purchases remaining with AI news impacts

Purchases with news impacts as a proportion of purchases without news impacts



Food demand in Italy and the U.S.

	Italy	U.S.
Poultry consumption	23.5 lbs.	60.4 lbs.
Food share of all spending	16.6 %	9.7 %
Income elasticity for meat	0.340	0.110
Price elasticity for meat	-0.275	-0.089

What does news do?

- **May lead consumers to think food is riskier than before**
 - **Consumers are likely to purchase less when risks rise**
- **If consumers already know food is not risk-free, news may not be news**
 - **News might be irrelevant to food demand**

**Complete details are available in a new ERS
report**

**Robert H. Beach, Fred Kuchler, Ephraim Leibtag, and
Chen Zhen. The Effects of Avian Influenza News on
Consumer Purchase Behavior: A Case Study of Italian
Consumers' Retail Purchases, Economic Research
Report Number ERR-65, ERS, USDA, August 2008,
www.ers.usda.gov/publications/ERR-65.**