



Marketing Potential for a Locally-grown Oyster in Hawai'i

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Motivation

- 85-90% food imported
- need and opportunity to grow local
- potential shellfish industry
- price of imports < cost of local production



Clams

Chefs-resources.com



Oysters

Island Fresh
Buy Local  **It Matters**
Join the movement!

Questions:

- What can farmers charge for local oysters?
- Is this price sufficient to outweigh farming costs? (i.e. is a local oyster industry viable?)

Objective:

Elicit restaurant chefs' willingness to pay (WTP) for locally-grown oysters in Hawai'i by investigating preferences for different shell stock oyster attributes



Survey design: Choice experiment

Select the most attractive option or “NONE” if you would not choose any of these.

Freshness (2)	Frozen	Fresh	Frozen	Fresh	NONE: I would not choose any of these.
Origin (3)	Foreign	Mainland	Hawaii	Foreign	
Supply consistency (2)	Supplied on a set schedule	Supplied when available	Supplied on a set schedule	Supplied when available	
Price (4)	\$24/dozen	\$15/dozen	\$21/ dozen	\$18/dozen	
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

- 4 profiles + “choose none” option
- 20 choice tasks

Data collection and analytical method

Mail survey:

- Sent to 135 Oahu restaurants that serve oysters
- 9 returned (6.7% response)
- Called remainder + neighbor islands
- 18 more collected

Current sample size: 27

Random parameter (mixed) logit model



Results

	RPL coefficients	CL coefficients
Price	-0.494(0.039)***	-0.257(0.021)***
Set schedule	-0.718(0.214)***	0.035(0.122)
Local	2.592(0.320)***	1.467(0.168)***
Mainland	1.403(0.265)***	0.670(0.175)***
Fresh	3.336(0.322)***	1.947(0.154)***
None	-6.121(0.690)***	-2.135(0.387)***

*** p < 0.01

As available	Foreign	Frozen
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Attributes	Set schedule	Local	Mainland	Fresh	None
WTP (RPL)	-1.45	5.25	2.84	6.76	-12.40
WTP (CL)	0.13	5.70	2.60	7.57	-8.30

Values in US\$/dozen

- Locally-grown aspect important to chefs
- Differentiate local product
 - Market that!
- Negative utility for set schedules = good sign for local farmers





Fried Oyster



- Respondent fatigue
- Restaurant heterogeneity
- WTP and interactions between variables
- Cheap talk script
- Include farming method as attribute

Conclusion

- WTP:
 - \$5.25/dozen more for local
- Chefs prefer:
 - Local>mainland>foreign
 - Fresh>frozen
 - Oysters as they become available, not on set schedule
 - Oysters>no oysters, would pay \$12.40

Take home message:

Locally-grown oysters possess attributes preferred by chefs → industry viable



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Thank you!
Questions/comments?