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### The More-is-less Phenomenon in Contingent and Inferred Valuation for Food Products

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Growing consumers' interest in quality food products has prompted numerous studies that compare various aspects of quality foods and conventionally produced foods. The purpose of this paper is to determine consumers' willingness to pay (WTP) for quality food products, namely products of Protected Destination of Origin (PDO) and products of Organic Agriculture. We chose two popular quality products of the national market, that is, extra virgin olive oil and apples of "starking" variety.

To determine consumers' WTP we use traditional methods (Contingent Valuation - CV) as well as novel method (Inferred Valuation - IV) (Lusk and Norwood 2009a, 2009b). The IV method was proposed as a solution to the problem of social desirability that is inherent in methods of hypothetical valuations. Although the method has been demonstrated to have several desirable properties, researchers should scrutinize its properties against traditional method such as Contingent Valuation.

In this paper we test the compatibility of the two valuation methods with micro-economic theory by scrutinizing their robustness to tests of preference reversals. Following the experimental setup of List (2002) we check whether we can replicate the "more is less" phenomenon with the two valuation methods. With respect to the "more is less" phenomenon, results lend support to the fact that the phenomenon is strongly related with the type of the low quality product used. The phenomenon can be turned on and off by altering the salience of the low quality product. However, we find that IV generates much higher valuations than CV which questions the generalizability of the IV method.

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