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## Consumers' Attitude, Willingness to Pay and Preference Towards Organic Vegetables in Kathmandu Valley: A Conjoint Approach

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### Abstract

Demand of organic vegetables has been increasing in the Kathmandu and niche markets are established. Several factors leading to rise in demand are increasing purchasing power of the consumers, health and environment awareness, tourist inflow and education. However, organic vegetables are not certified and market is running in truth basis. Realizing the need to study how consumers perceive organic vegetables, at what extent consumers would be willing to pay, what factors make consumption appealing to consumers and what consumer values take priority over others in terms of socio-demographics, present investigation was carried out at Kathmandu valley using conjoint full profile approach with 3 attributes (vegetable types-organic/non-organic, quality- good/poor and price-high/low) and ordinary least square regression was applied for finding part-worth utilities. Questionnaire based on conjoint analysis technique was developed after pilot study and 90 consumers from organic and inorganic markets were interviewed. Original ranks were first aggregated and utility function model was developed and later market segmentation was done to form homogeneous groups and simulation was made accordingly.

Study demarcates that most of the consumers are aware about quality of organic vegetables; however, knowledge about their availability in the market is poor. On an average, the willingness to pay for unlabelled and labeled organic vegetables is NRs 5.07 and 8.47 per kg over non-organic vegetables respectively. Multiple regression result shows that socio-economic aspects of the consumers such as education, personal affiliation in job and family income play crucial role in willingness to pay for organic vegetables. The estimation of the relative importance suggests that vegetable purchase decision is basically governed by the attribute price; lower is the price of the vegetables, better will be the chance that most of the consumers would prefer and buy. Utility function model envisages preferential differences in terms of market types, family size, education and income. The study shows that niche organic vegetable markets should be developed targeting certain segments of the consumers who would be willing to pay more for organics and certification should be initiated to give credence to the consumers and provide benefit to the producers.

**Keywords:** Conjoint analysis, Nepal, organic vegetables, part worth utility, willingness to pay