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Effects of Socio-economic and Demographic Variables on Vietnamese Households' Expenditure for Dairy Products

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Abstract

In this study, Vietnamese households' expenditure on dairy products for home consumption is analysed using the latest Vietnamese Household Living Standard Survey datasets from 2010 (VHLSS 2010). Vietnam is the 20th most important importer of dairy products in the world and it is foreseeable that the demand continues to rise. This makes Vietnam become a highly potential market for investors in the dairy industry. The aim of the paper is to analyse the effects of socio-economic and demographic variables on Vietnamese households' decision to purchase dairy products and how much to spend per capita on these items. Three double-hurdle models are estimated to accommodate non-normal and heteroskedastic errors for fresh milk, milk powder and yoghurt. The parameter estimates for the purchase and demand decision variables are presented. The results suggest that the effect of income on household expenditure on dairy products is positive and significant. Household characteristics are found to be significant in affecting dairy products' expenditure. For instance, urban households, female-headed households, and households that have children aged under seven years old, all have a greater preference than other households. Age and education have positive effect on the probability of consumption and quantity of products consumed. The results of this study help to understand how the changing socio-economics and demographics of the Vietnamese population impacts households' dairy products expenditure. This understanding may help policy makers to implement policies related to the dairy industry, nutrition and food security. The results also are useful for dairy product marketing, for planning and developing strategies, because they will understand the influence of household characteristics on the decision if products are consumed and how much is consumed.

Keywords: Dairy products, double-hurdle model, household expenditure, VHLSS, vietnam