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Willingness to Pay for Beef with a Reduced Environmental Footprint in Cali and Popayán, Colombia

Andres Charry[1], Stefan Burkart[2], Manuel Narjes[1], Karen Enciso[2], Cristhian David Puerta Rodriguez[2], Jhon Jairo Muñoz Quiceno[3], Lisbeth Rocio Ruiz[3], Jhon Freddy Gutierrez Solis[2], Nelson José Vivas Quila[3], Noé Albán Lopez[3], Sandra Morales Velasco[3], Michael Peters[2]

[1] *University of Hohenheim, Institute for Farm Management, Germany*
[2] *International Center for Tropical Agriculture (CIAT), Colombia*
[3] *University of Cauca, Department of Agricultural Sciences, Colombia*

Abstract

Cattle production contributes with nearly 15 % of all human induced greenhouse gas emissions, but given its current conditions it is a sector with high potential for mitigating the negative environmental impacts of human activity. In countries with extensive livestock systems (such as Colombia) the emissions per unit of production may be particularly high due to, among others, low productivity. The International Center for Tropical Agriculture (CIAT) and the research group for agricultural nutrition of the University of Cauca work on developing a combination of improved forages and management practices that substantially reduce the livestock sector's carbon footprint. These technologies and practices also allow for an increase in livestock productivity but require significant setup investments. For being able to motivate livestock producers in investing in such technologies, the market potential for a differentiated final product has to be known and communicated.

This study will provide a market assessment in order to identify potential consumers of beef with a reduced environmental footprint and to determine their willingness to pay for such a product. In detail, this study will assess the state of the art of the consumers' knowledge about the environmental footprint of beef production, identify consumer segments that are willing to pay a price premium for a more eco-friendly beef, and determine the extent of such a price premium. This information will help in connecting livestock producers that are willing to produce under more environmentally friendly conditions, with emerging markets for such niche products. Research area will be Popayán and Cali, two of the most important cities in the southwest of Colombia. Data will be obtained from April to July 2016, through a series of focus group discussions followed by a discrete choice experiment (DCE). The authors will test the hypotheses that the current consumers' knowledge of the negative impacts of livestock production is low, and that increasing income and education are significant factors for determining the consumer segment that may be willing to pay a price premium for beef with a reduced environmental footprint.

Keywords: Discrete choice experiment, improved forages, livestock production

Contact Address: Andres Charry, University of Hohenheim, Institute for Farm Management, Stuttgart, Germany, e-mail: charryandres@gmail.com