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## Are Thai Consumers’ Willing to Pay More for Local Fair Trade Rice

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### Abstract

This research aimed to investigate the feasibility to develop Fair Trade certified system specifically for Thailand under “Fairtrade Thailand’ label by analysing consumers’ perception toward the Fair Trade concept and willingness to pay for different types of certified labels on 5 kilogram Thai Hom Mali (Jasmine) bag rice. The analyses were based on data collected from 407 samples of Thai Hom Mali bag rice consumers in Bangkok. In order to know the impact of knowledge about certified labels on willingness to pay, two formats of questionnaire were used: explaining the meaning of labels before and after completing the choice tasks. The base case (status quo) was Thai Hom Mali bag rice with Thai Hom Mali standard guarantee label. The mixed logit model was used for analyses.

The results showed that consumers have a lack of understanding about existing certified labels. Only Thai Hom Mali standard guarantee label was known by the majority of consumers (58 %). The majority of consumers supported the “Fairtrade Thailand’ certified label idea. Consumers were willing to pay 20 % premium for Thai Hom Mali bag rice with “Fairtrade Thailand’. Without Thai Hom Mali standard guarantee label, the price for a bag of rice dropped by 19 % compared to the base case. For one who cannot differentiate between “Organic Thailand” label and Good Agricultural Practice “Q” label, the willingness to pay for “Organic Thailand” label was 12 % which was not significantly different from the willingness to pay for “Q” label with 7 % of the consumers in this study. For consumers knowing the meaning of both “Organic Thailand” label and “Q” label, the willingness to pay for “Organic Thailand” label increased to 22 % which is much higher than the willingness to pay for “Q” label of 8 %.

Based on these findings, it is feasible to develop a Fair Trade certified system specifically for Thailand under “Fairtrade Thailand’ label since the majority of consumers agreed and supported this concept. However, one of the most important things to do is to find a way to disseminate and to educate consumers about the “Fairtrade Thailand’ label as well as on other existing certified labels, in order to increase the value of high standard products.

**Keywords:** Bag rice, fair trade, mixed logit, Thailand, willingness to pay