

Are Thai Consumers' Willing to Pay More for Local Fairtrade Rice

Santi Sanglestsawai

Introduction

Rice is a major economic crop of Thailand.

- 65% of agricultural household growing rice
- cover > 50% of agricultural areas

However, the majority are poor with debt due to:

- high inputs cost
- overuse of chemicals
- unfair distribution of benefits along the supply chain.



One possible solution is to sale products under Fairtrade label, but

- Fairtrade market is very small and mainly in Europe
- the certification processes are very complicated and costly.
- not known by Thai consumers: They confuse with numbers of existing guarantee labels.

Research Question: Is it possible to develop local "Fairtrade Thailand" to solve farmers poverty problem?

Objectives

- To investigate consumers' understanding regarding safety and environmental friendly labels.
- To estimate Consumers willingness to pay (WTP) for "Fairtrade Thailand" label in Jasmine (Hom Mali) bag rice.
- To analyze the impact of knowledge on WTP to safety and environmental friendly labels.

Methodology and Data

- The data was collected from 407 consumers in Bangkok, Thailand.
- The choice experiment technique was employed and estimated by Mixed logit
- Attribute and levels are:

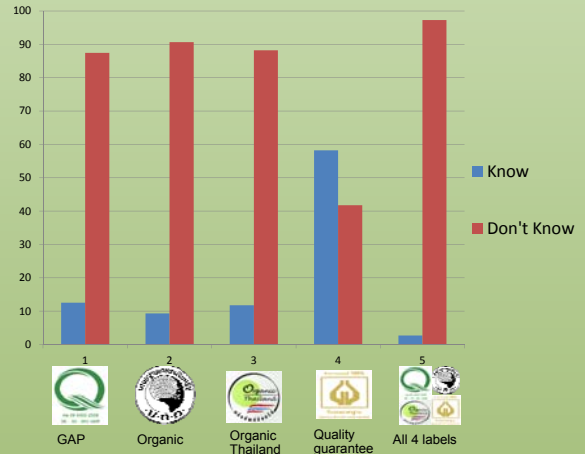
Attributes	Levels
quality guarantee label 	1.without 2.with quality guarantee label
Production quality certification  	1. without 2. without label but have organic claim on the packaging 3. with Good Agricultural Practice (GAP) "Q" certified label 4. with "Organic Thailand" certified label 5. with "Organic Thailand" certified label together with organic claim on the packaging
"Fair Trade Thailand" certification 	1. without 2. with "Fairtrade Thailand" certified label
Price (5 kg Bag Rice)	1. 200 Baht/bag 2. 220 Baht/bag 3. 250 Baht/bag 4. 300 Baht/bag

The empirical model was estimated with **the interaction between labels and knowledge** about those labels to see **the impact of knowledge on WTP**.

Example of choice task



Results



Percentage of Consumers who Know the meaning of Labels

Only **3% know Fairtrade Label**



about **93% support "Fairtrade Thailand"** concept

Attributes	Willingness to pay (Baht/bag)		Differences
	Do not know the meaning of label	Know the meaning of label	
	-	40.69***	-
	34.24***	38.55***	4.32
	13.21*	16.65**	3.44
have organic claim on the packaging	5.83	-4.60	-10.42
	23.79***	44.21***	20.42*
 + organic claim on the packaging	31.17***	41.43***	10.26

Main Conclusions

- Consumers are lack of knowledge/understanding about the meaning of certified labels.
- Consumers support the concept of "Fairtrade Thailand" and WTP for "Fairtrade Thailand" products to solve farmers poverty problem. It is possible to "Fairtrade Thailand" certification system
- Knowledge/understanding about the meaning of certified labels have an impact on consumers' WTP. Therefore, educate consumer about the label meaning will create the market for high standard food product.