

Consumer Willingness To Pay For Poultry Products From Biosecure Farms In Bali

Ria P. Yusuf

Department of Agribusiness, Faculty of Agriculture
Udayana University, Bali, INDONESIA

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Background

- Business world → change orientation from **product-oriented** to **market-oriented** → consumer's needs
- To maintain their existence, producers have to outdo their competitors → showing **best products** and fulfilling **consumers preferences** that always change dynamically.

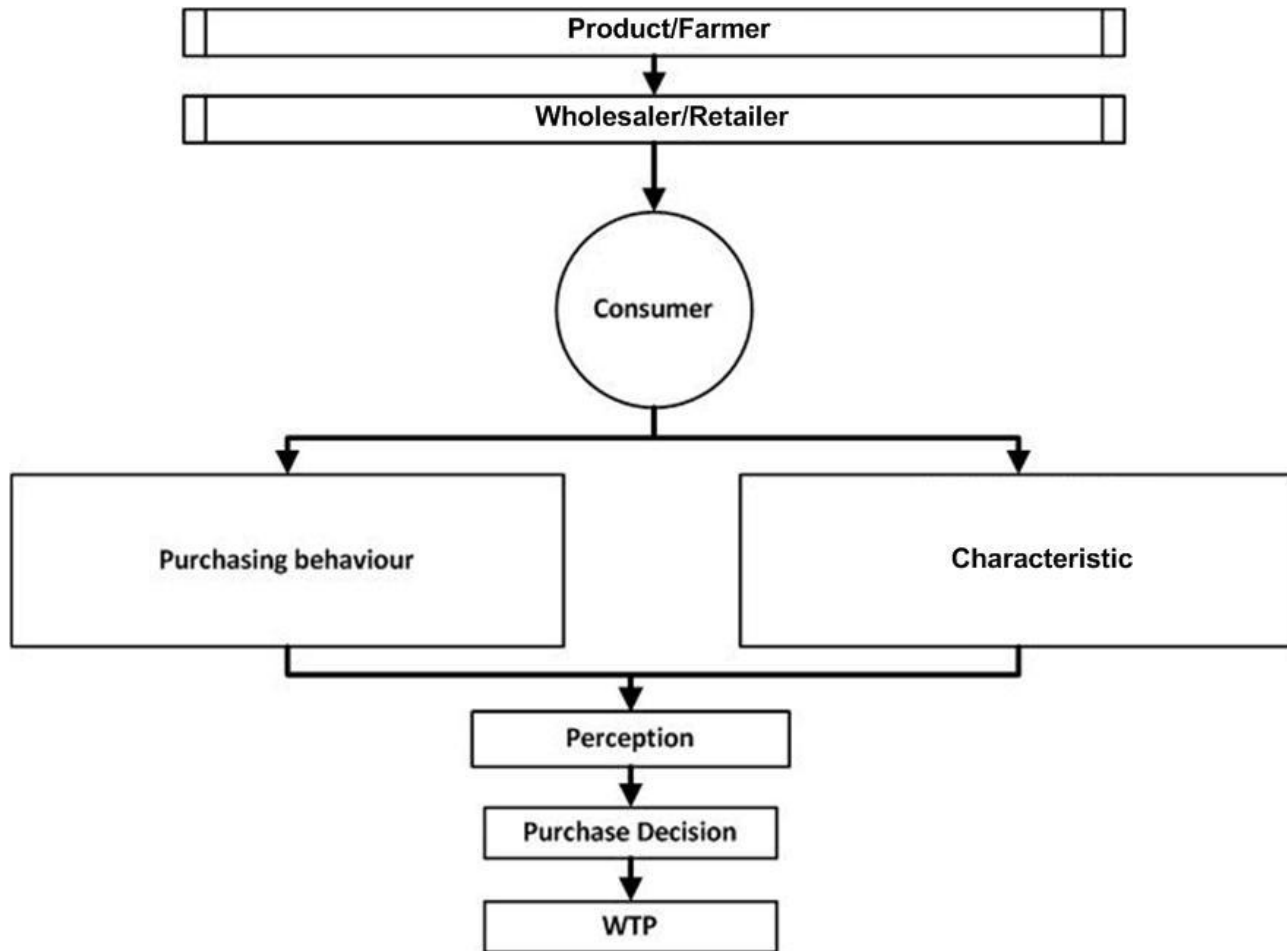
- **Marketing** : understanding **purchase behaviour** of consumer is complex →
- **Three step process** :
 - a) a set of beliefs about product
 - b) certain attitudes towards product
 - c) buying decision → affected by **consumer's perception**

- Poultry products → **chicken meat** and **eggs** → for protein value
- Consumer's knowledge about quality → by **appearance:**
- Meat → texture and flavour
- Eggs → shell colour
- → clean, safe and healthy → good quality products → higher price → willingness to pay

Aims Of The Study

- 1) analysing **consumer's perception** → purchase of clean and safe poultry products
- 2) analysing **consumer's willingness to pay** for clean and safe poultry products
- → relationship between WTP and consumer's characteristics

Conceptual Framework



Methods

Survey carried out in February 2010 at 4 supermarkets in Denpasar, Bali

- 1) Carrefour
- 2) Hypermart
- 3) Hero
- 4) Tiara Dewata

- 80 respondents: 20 at each supermarket → 10 of each, chicken meat and egg buyers
- Interview using questionnaire and photo showing
- Data analysed statistically using SPSS

Results and Discussion

Characteristics of Household

Table 1: Characteristics of households

Variable	Chicken meat consumer	Chicken egg consumer
Age (year)	37.2	35.0
Number of family members	3.9	3.5
Education (%):		
<i>High school</i>	37.5	32.5
<i>Diploma Degree</i>	17.5	10.0
<i>Bachelor Degree</i>	45.0	50.0
<i>Post graduates</i>	0	7.5
Occupation (%):		
<i>Housewife</i>	22.5	10.0
<i>Government employee</i>	15.0	12.5
<i>Private employee</i>	62.5	77.5
Income (Rp.million per month)		
<i>Less than 3.0</i>	32.5	42.5
<i>3.0 – 4.99</i>	47.5	32.5
<i>5.0 – 7.49</i>	7.5	10.0
<i>7.5 – 10.00</i>	2.5	2.5
<i>More than 10.0</i>	10.0	12.5

Purchasing Behaviour

Table 2: Places to buy poultry products

No.	Places	Chicken meat		Chicken egg	
		Person	Percentage	Person	Percentage
1	Traditional market	4	10	35	88
2	Supermarket	36	90	5	12
3	Other places	0	0	0	0
	Total	40	100	40	100

Source: primary data

Purchasing Behaviour

Table 3: Most important reasons for buying products at the super market

No.	Reason	Chicken meat		Chicken egg	
		Person	Percentage	Person	Percentage
1.	Easy to access	8	20.0	3	7.5
2.	Comfortable	8	20.0	3	7.5
3.	Cheaper	1	2.5	3	7.5
4.	Clean	11	27.5	10	25.0
5.	Good quality	10	25.0	10	25.0
6.	Good packaging	1	2.5	3	7.5
7.	Good service	1	2.5	0	0.0
8.	Other reasons	0	0.0	8	20.0
	Total	40	100.0	40	100.0

Source: primary data

Perception

Table 4: Consumer's perceptions of clean and safe chicken meat



Attributes	Attitude*					Total	Score	Category
	5	4	3	2	1			
No smell	40	0	0	0	0	200	5.0	Very high
Fresh	40	0	0	0	0	200	5.0	Very high
Light colour	36	0	4	0	0	192	4.8	Very high
Good texture	32	8	0	0	0	192	4.8	Very high
Contains no pesticides	36	4	0	0	0	196	4.9	Very high
Non-chemical process	36	4	0	0	0	196	4.9	Very high
Attractive packaging	16	16	12	8	0	136	3.4	High
Government licensed	36	4	0	0	0	196	4.9	Very high
Producer label	12	0	16	8	4	128	3.2	Moderate
Overall value							4.5	Very high

Source: primary data

* 5: strongly agree, 4: agree, 3: moderate, 2: disagree, 1: strongly disagree

Buying Decision

Table 5: Decision whether to pay a higher price for a guarantee of product safety

No	Decision	Chicken meat		Chicken egg	
		Person	Percentage	Person	Percentage
1	Do not purchase	6	5.0	9	19.5
2	Purchase	34	95.0	31	81.5
	Total	40	100	40	100

Source: primary data

Willingness to Pay

Table 6: Consumer willingness to pay for guarantees at various higher prices

No.	Accepted price increase (Rp. whole chicken)	Chicken meat		Chicken egg	
		Person	Percentage	Person	Percentage
1	5,000	32	94.1	15	48.4
2	5,000 –10,000	1	2.9	15	48.4
3	More than 10,000	1	2.9	1	3.2
	Total	34	100	31	100

Source: primary data

Relationship

Table 7: Relationship between willingness to pay and consumer characteristics.

Variable	Egg		Meat	
	Coefficient	T-test	Coefficient	T-test
Constant	-0.526	-0.463	-0.600	-0.313
Consumer characteristics:				
Age	0.010	0.396	0.035	1.346
Education	0.085	1.447	0.158	1.160
Occupation	-0.056	-0.088	0.239	0.258
Income	0.203	1.419	-0.448	-2.030*

Remark: R^2 for eggs=0.120

R^2 for meat=0.194

*= significant at 95% level

**= significant at 99% level

Relationship

Table 8: Relationship between willingness to pay and selected consumer characteristics.

Variable	Egg		Meat	
	Coefficient	T-test	Coefficient	T-test
Constant	-0.260	-0.291	1.403	0.108
Consumer characteristics:				
Age			0.046	2.155*
Education	0.084	1.500		
Occupation				
Income	0.225	1.744	-0.433	-2.048*

Remark: R^2 for eggs=0.115

R^2 for meat=0.161

*= significant at 95% level

**= significant at 99% level

Conclusion

- 1) Consumer in Bali has a **very good perception** of clean and safe chicken meat and eggs
- 2) Consumer willingness to pay for the whole chicken meat is IDR 5,000 higher than the existing price, and IDR 5,000 to 10,000 for kg of eggs
- 3) **No significant relationship** between WTP and consumer's characteristics

Recommendations

- 1) Findings will motivate and challenge poultry producers and other key players in the market chain to:
 - a) fulfill the consumer's needs
 - b) build a niche market for a high quality commodity
- 2) The study and its results is not perfect: lack of data and information and other limitations → correction and suggestion are welcome

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