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

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This poster is being presented at “Tropentag 2016: Solidarity in a competing world — fair use of resources”; September 18 - 21 2016, Vienna, Austria

Introduction
• With 9.5% of the global anthropogenic greenhouse gas (GHG) emissions, cattle production has a considerable environmental impact
• By introducing more sustainable production systems, it is possible to substantially reduce the sectors’ carbon footprint and provide other environmental services, but adoption is hindered by investment and management costs
• To encourage livestock producers in implementing such systems, the market potential for the resulting differentiated products should be known and communicated

Objectives
By using focus group discussions and a Discrete Choice Experiment (DCE), this study contributes to:
• Determine the consumers’ Willingness to Pay (WTP) for beef with an “eco-friendly” and an “animal welfare compliance” label
• Estimate the effect of information on the WTP for eco-friendly beef

Materials & Methods
This study is part of the research program “Development and implementation of forage resources for sustainable bovine production systems in the Cauca department, Colombia” between the International Center for Tropical Agriculture (CIAT) and the Cauca University, and was conducted with meat consumers from Cali (Valle del Cauca Department, Colombia)

Results
• Income and education levels are significant factors for determining the price of a potential eco-friendly beef consumer
• Potential consumers declare a need of certifying labels that guarantee “eco-friendly” production or “animal welfare” compliance, but they don’t fully trust the veracity of such labels
• There exist awareness of some environmental impacts of beef production – Reflected by the use of technical terms such as “CO2 emissions” and “agricultural frontier expansion”. Nevertheless, the knowledge level of the magnitude of impacts is low
• Potential consumers are willing to pay:
  17.6% more for beef with an “animal welfare compliance” label
  15.5% more for beef with an “eco-friendly beef” label
  24.9% more for beef with an “eco-friendly beef” label after being exposed to information

Table 1 WTP for “eco-friendly” and “animal welfare compliance” labeled beef

<table>
<thead>
<tr>
<th>Label</th>
<th>No information</th>
<th>With information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eco-friendly</td>
<td>$0.74</td>
<td>$1.18</td>
</tr>
<tr>
<td>Animal Welfare</td>
<td>$0.83</td>
<td>$0.84</td>
</tr>
</tbody>
</table>

• Consumers are willing to pay price premiums for “eco-friendly” and “animal welfare compliance” labels in the city of Cali. This serves as a reference for other big cities in Colombia, revealing a potential for developing those markets
• Further research is needed to determine WTP in medium-sized cities
• Information, even in form of a brief introduction, results in a significant increase in the WTP for eco-friendly beef highlighting the importance of consumer education and information

Conclusions

References

Acknowledgements
This work was funded by the Sistema General de Regalías, Colombia
We acknowledge the support of the Cauca Regional Government
We acknowledge the support of the University of Cauca
This work was undertaken as part of the CGIAR Research Program on Climate Change, Agriculture and Food Security (CCAFS), which is a strategic partnership of CGIAR and Future Earth.
This work was done as part of the CGIAR Research Program on Livestock and Fish.
We thank all those who globally supported our work through their contributions to the CGIAR system.