Consumer Willingness to Pay (WTP) for Organic Cabbage in Chegutu, Zimbabwe

Manyere Savanhu H., Mapfumo Alexander, Katema Tererai, Hanyani-Mlambo Benjamin, Mhaka Nyasha P., Mupaso Norman, Wiri Moudy and Muberekwa Justice

Abstract

An assessment of consumer willingness to pay for 'novel' products is critical because it determines the market entry point for a business venture. A research study was conducted between July and September 2023 in Chegutu to analyse consumers' willingness to pay for organic cabbage with the conventional cabbage as the benchmark. Data from 200 respondents was collected using a mall-intercept survey from the 4th of July to the 10th of September 2023 using convenience sampling. The study targeted consumers that are 18 years and above as the primary grocery shoppers of their households. This paper represents the first attempt to analyse the consumer willingness to pay for organic foods in Zimbabwe to the knowledge of the researcher. The modern approach to consumer demand theory (The Attribute/Lancaster Model) regards consumption as an activity with goods as inputs yielding output in terms of a pool of attributes. Unlike the traditional economic demand theory, it is able to explain why some consumers prefer highly priced organically produced foods to the cheaper conventionally produced alternatives. A double-bounded contingent valuation approach was used to determine the price premium while logistic regression was used to analyse the factors affecting willingness to pay. An average price premium of 61% was established. Lifestyle and organic source of information (agricultural fairs or exhibitions) were shown to negatively affect willingness to pay. On the other hand, consumers who had high ethical values and were married had a high probability of a willingness to pay for organic cabbage. In future, willingness to pay should be measured through actual purchase of these credence foods at the point of sale.

Keywords: Organic foods, Willingness to pay, Price premium, Contingent Valuation, Logistic regression