Picture by Neil Palmer (CIAT)

Consumer Preferences and Market Segmentation for Differentiated Beef with Less Environmental Impact

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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

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Introduction

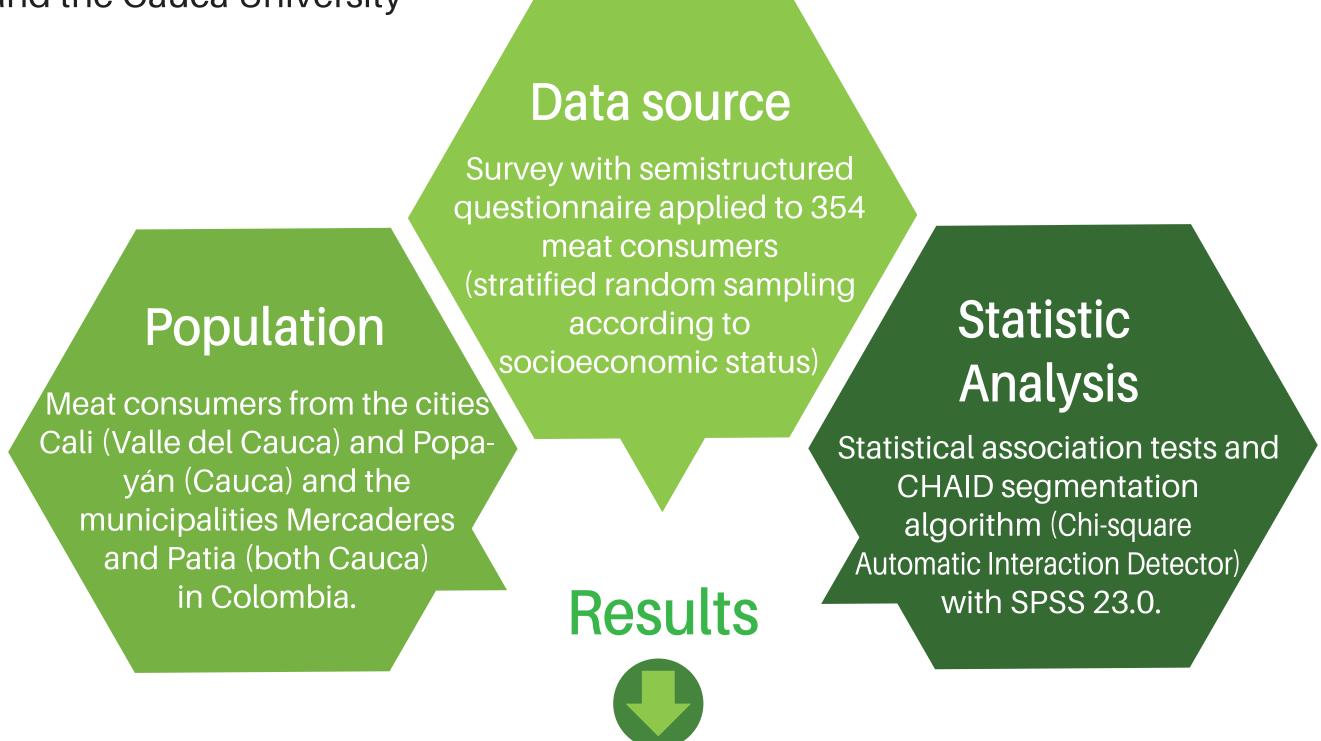
- In Colombia, beef production is characterized by its extensive management, with low levels of productivity, low soil use efficiency and a significant negative environmental impact
- production with a potential to mitigate and adapt to climate change by increasing productivity at the same time
- The implementation of these technologies however, implies a higher initial investment resulting to be a major adoption constraint
- and higher environmental awareness
- of incentives, supporting producers in the adoption of more environmentally friendly technologies

Objetives

- To identify the consumer segment(s) interested in beef with less environmental impact
- To determine the consumers' willingness to pay (WTP) for beef produced with less environmental impact

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



- 70% of the surveyed consumers state to be willing to pay a price premium for beef with less environmental impact
- The potential consumers are on average willing to pay US\$ 0.31¹ price premium per pound (13.9%) at a purchase price of US\$ 3.32 per pound (confidence level 90%, standard error 4%)
- The variables "education level", "socioeconomic status", "age", "per capita income" and "level of knowledge of environmental impacts in beef production" are significant to determine the profile of potential consumers for beef produced with less environmental impact

Table 1 Correlation between willingness to pay and socio-demographic variables

	Price premium	
Age	-0.131*	*The correlation coefficient is significant at p<0,05; ** The correlation coefficient is significant at p<0,001; *** The correlation coefficient is significant at p<0,01
Education level	0.338***	
Socioeconomic status	0.224*	
Per capita income	0.161***	
Level of knowledge of environmental impacts	0.286***	

¹ Prices in USD - /USD/COP XRT: 08/22/2016

References

Escobar, M. (1998). Las aplicaciones del análisis de segmentación: El procedimiento Chaid. Metodología de Ciencias Sociales 1:13-49. Tsakiridou, E., Boutsouki, C., Zotos, Y., & Mattas, K. (2008). Attitudes and behaviour towards organic products: An exploratory study. International Journal of Retail and Distribution Management 36(2):158-175

















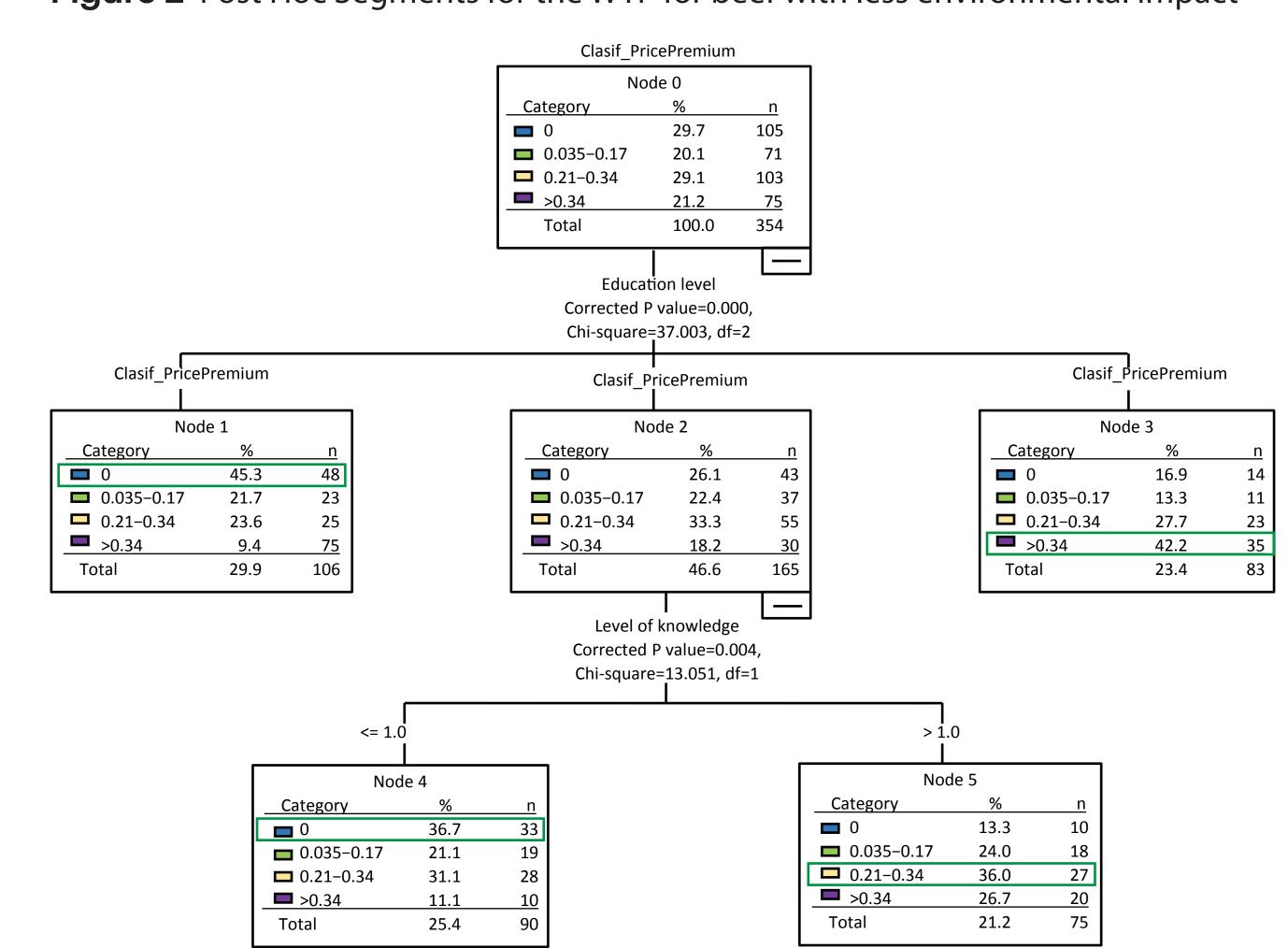




- Technologies such as improved pastures and silvo-pastoral systems are viable alternatives for a more sustainable
- Globally, demand is increasing for products differentiated by environmental characteristics as a result of consumer sensitization
- The identification of a potential market for beef with less environmental impact can serve as a basis for the creation

Figure 2 Post Hoc Segments for the WTP for beef with less environmental impact

Photo 1 Production system based on improved pastures in Cauca, Colombia



- Segment 1: (N=106; 29.9%) Consumers with a maximum level of incomplete secondary studies
- Price Premium willing to pay: US\$ 0 per pound (45.3%)
- Segment 2: (N=90; 25.4%) Consumers with completed secondary studies up to senior technician level, not knowing about the environmental impacts of beef production - Price Premium willing to pay: US\$ 0 per pound (36.7%)
- Segment 3: (N= 75; 21.2%) Consumers with completed secondary studies up to senior technicians level, knowing about the environmental impacts of beef production - Price Premium willing to pay: US\$ 0.21-0.35 per pound (36%)
- Segment 4: (N=83;23.4%) Consumers with education level superior to senior technician Price Premium willing to pay: US\$ > 0.35 per pound (42.2%)

Conclusions

- The results prove the existence of a potential market for beef produced with less environmental impact in the research area. Focusing on differentiated products might be an opportunity for the cattle sector
- The identification of the potential market serves as reference for decision makers for the formulation of policies that promote the adoption of superior forage technologies and can incentivize new investment sources

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 donors that globally support our work through their contributions to the CGIAR system

















