

An economic analysis of consumer preference towards organic produce

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Received : 23.09.2013; Revised : 26.01.2014; Accepted : 28.02.2014

ABSTRACT

Organic agriculture performs multiple functions. It is an important tool for achieving green productivity in agriculture and mitigates the negative impacts of conventional input-intensive agriculture by excluding the use of agrochemical inputs from the production system, minimizing environmental pollution, promoting reuse and recycling of organic farm waste and crop residues, improving biodiversity and enhancing soil productivity. Public interest in organically produced food is increasing throughout the world in response to concerns about conventional agricultural practices, food safety, human health, animal welfare and concern about the environment. This study was conducted to evaluate empirically the demographic characteristics which cause consumers to be more likely to purchase organic grown produce. This paper evaluated the consumer preference for organic produce that can help advising on policy issues related to implementing organic related programmes. Following the Lancaster consumer's demand theory, it was assumed that consumer's utility depends on product characteristics instead of the product itself. Consumer's choice for organic grown produce was analyzed within the random utility discrete choice model and a logit model was specified. The data were collected through a questionnaire conducted in the western region of Tamil Nadu in 2013. A hypothetical willingness-to-purchase as well as willing-to-pay models for organic grown produce were presented. Income and education were found to be the most significant determinants of willingness-to-purchase organic grown produce.

KEY WORDS : Organic produce, Environment, Logit, Consumer preference

How to cite this paper : Kiruthika, N. and Chandran, K. (2014). An economic analysis of consumer preference towards organic produce. *Internat. J. Com. & Bus. Manage.*, 7(1) : 33-37.

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