

Rattiya Suddeepong Lippe 2010: Determinants of Consumer Preferences Towards and Willingness to Pay for Safety Fresh Fruits and Vegetables in Bangkok and Chiang Mai Urban Areas. Doctor of Philosophy (Agricultural Economics), Major Field: Agricultural Economics, Department of Agricultural and Resource Economics.  
Thesis Advisor: Associate Professor Somporn Isvilanonda, M.A. 208 pages.

Food systems are undergoing a profound change. In particular, the rising demand for fresh produce with specific quality attributes has induced some notable transformation in national and international food markets and along the market chain. Understanding consumer food demand and consumers' valuation and their underlying determinants is an important prerequisite for designing food agricultural policies. It would enable the food sector as a whole to respond effectively to changes in consumers' preferences and meet forecasted or targeted demand. This study analyzes household food demand patterns and demand for fresh fruits and vegetables, disaggregated according to the product and process attributes that characterize the emerging supply chain sectors. These are "place of purchase", "safety and quality indications", "convenience attribute" and "source of production". Consumers' willingness to pay for certain safety and quality attributes was also estimated and the underlying determinants of consumers' preferences were identified and described. The analysis is based on data from a comprehensive survey of 500 households in urban areas of Bangkok and Chiang Mai.

The aggregate demand analysis of entire food bundles demonstrates the shift in urban household food consumption patterns from staple foods towards high-value foods such as fruits, vegetables and meats. A further analysis, of demand for disaggregated fresh fruits and vegetables reveals that demand for fresh produce from modern retailers, fresh produce with formal indications and minimally processed fresh produce have a relatively high income, own-price and education elasticities, compared to traditional ones. Lower income households consume domestic fresh fruits and vegetables in higher quantities. Urban households have a positive willingness to pay for safety and quality attributes of cabbage and NamDokMai mango, which the study selected as representatives of fresh vegetables and fresh fruits, respectively. Preference for pesticide-safe cabbage and NamDokMai mango is related to higher household income, the education of household head and certifications of safety and quality. These suggest that a rapid economic development and higher education levels would likely spur a trend in domestic demand for fresh fruits and vegetables toward a greater emphasis on product safety, quality and convenience.

The findings hold important implications for supply actors and policy makers. The significant change in consumers' preferences presents an opportunity for producers to grow the products that have an increasing demand. For the retailers, traditional retail outlets could build on the favorable situation to create customer trust and raise their competitiveness by developing safety and quality standards and upgrading fresh produce. Modern retail outlets, on the other hand, should maintain their reputation and improve product lines with premium standards to reach consumers in the higher class segments. Development strategies for fresh produce should include product differentiation in terms of safety attributes. Farmers could try to directly access the end consumer markets by making direct sales of fresh produce in the local markets. Economic growth and development, and policies that foster income growth and better education as well programmes that strengthen the competitiveness of the agribusiness sector will contribute to better nutrition, higher food quality and further dietary diversification. Government support and intervention would ensure effective communication with consumers by establishing reliable and credible certification and labeling systems.

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