ASSESSING DOMESTIC DEMAND FOR ORGANIC AND LOCALLY GROWN PRODUCE ON AN “ORGANIC ISLAND”: DOMINICA’S DILEMMA

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PRELIMINARY RESULTS: PLEASE DO NOT QUOTE


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ASSESSING DOMESTIC DEMAND FOR ORGANIC AND LOCALLY GROWN PRODUCE ON AN ORGANIC ISLAND: DOMINICA’S DILEMMA

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ABSTRACT

With the intent of improving agricultural revenues and solidifying her place as an eco-tourism destination, it has been proposed that the island nation of The Commonwealth of Dominica convert all agricultural activities to organic production. This study explores Dominica’s current and potential domestic demand for organic and/or locally grown fruit and vegetables. Surveys were conducted with 200 Dominican consumers to assess their opinions and willingness-to-pay (WTP) for these products. Descriptive and binomial logistic regression analyses were used to evaluate survey data. Overall this study found that, on average, Dominican consumers are willing to pay a slight margin (~3%) for organic and locally grown produce. These results were found to vary significantly across various segments of the sampled population. Results from this analysis suggest that, from the perspective of domestic consumers, Dominica should explore the possibility of becoming an “Organic Island.”

MOTIVATION

Dominica faces a unique set of challenges. As with many other Caribbean nations, Dominica has historically been dependent upon agriculture. Over the past several hundred years, the island’s economy has been largely supported through the concentrated mono-cropping of a variety of export-oriented crops. Today, approximately 45% of Dominica’s labor force is employed in the agricultural sector (FAOCAVA, 2008).

While neighboring countries have economically benefitted from tourism, due to its lack of white sand beaches, Dominica is not a typical tourist destination and has instead catered to eco-wellness tourists. Bridging its agricultural foundations with the ecological preservation needed to support its tourist industry, the government of Dominica has signaled its interest in transforming Dominica into an Organic Island (‘Organic Dominica’) by 2015.

OBJECTIVES

The objectives of this study are two-fold. First, through the use of consumer, retailer, and restaurant surveys, this study examines the potential domestic demand for organic and “locally grown” produce in Dominica. Second, this study introduces an alternative approach of eliciting willingness to pay (WTP) values. This approach bridges the commonly used open-ended question and dichotomous choice question formats while seeking to minimize the limitations of both approaches.

DATA AND METHODS

Three surveys were developed, pre-tested and used to collect business and consumer demographic characteristics and information on willingness to pay for organic and locally grown foods on the island. The first survey focused on consumers, while the second and third survey collected data from food service operators and food vendors respectively.

Data was collected during the summer of 2009. Surveys were administered through subject interviews at nine urban, suburban and rural sites across the island of Dominica. A random market intercept approach was used to recruit consumer participants in this study. Data was collected from all food service operators and food vendors in each sampled site who were willing to be surveyed. In total 200 Dominican consumers, 31 food service operators and 16 food vendors were surveyed. Descriptive statistics and binomial logistic regression analyses were used to evaluate survey data.

RESULTS

A summary of demographic characteristics of those who completed the consumer survey are presented in Table 1; this table also summarizes mean consumer WTP more for organic produce. Table 2 presents the outcomes of regressions that examine consumer WTP for organic and locally grown fruit and vegetables.

Implementation of organic standards through a registration program will also enable more farmers and processors to enter into organic production, will open the possibility of exporting organic produce to other Caribbean islands, and may provide an additional draw for Dominica with eco-tourists. Based on the survey results it would appear that should organic produce become more widely available, some population segments will demand and be willing to pay for these products.

CONCLUSIONS & FUTURE RESEARCH

Implementation of organic standards through a registration program will enable more farmers and processors to enter into organic production, will open the possibility of exporting organic produce to other Caribbean islands, and may provide an additional draw for Dominica with eco-tourists. In Dominica, demographic factors that affect WTP for organic food are similar to those found in other studies (Giovandasmy and Italia, 2001; Thompson, 1998; Angulo et al., 2003; and Loreto and Hine 2002). Based on the survey results it would appear that should organic produce become more widely available, some population segments will demand and be willing to pay for these products. Results from this analysis suggests that, from the perspective of domestic consumers, Dominica should continue to explore the possibility of becoming and “Organic Island.”

There is need and much opportunity for additional research on this topic. As a starting point, to further assess potential demand, research which examines the demand and willingness to pay for organic produce on other Caribbean islands is needed. This is especially true of Dominica’s current and potential trading partners. Research is also needed to determine the demand for specific organic demand in Dominica. Combining this information with willingness to pay estimates information could permit a reallocation of Dominica’s agricultural land to products with the greatest profit potential.