The Effect of Knowledge Level about Organic Food on Willingness to Pay
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Abstract
Demand for organic food in the United States has grown enormously during the past ten years. The present study investigated the determinants of willingness to pay for organic food among students in Weber State University. A survey was conducted combined with an experiment. The Supply and Demand theory informed the research framework and hypothesis. Using OLS regressions, knowledge level about organic food and intervention between the two groups (Explain Group & Non-Explain Group) were modeled to impact intention or willingness to pay (WTP) for organic food. Knowledge level exerted significant and positive effects on WTP while the intervention was insignificant. This indicated that the emphasis of how to promote consumption in organic food for producers should be focused on impacting consumer knowledge level about organic food.

Introduction
Research Hypothesis:
Knowledge level about organic food
- Explain
- Non-Explain

Knowledge level
- Explain
- Premium
- Non-Explain
- Premium

Methods of Analysis
100 Surveys of WSU students
1st part: Demographic questions
2nd part: Knowledge test on organic food
e.g. Is organic farming better for animals?
3rd part: Premium on organic food
e.g. Bell Pepper, Spinach

T-test
- Intervention impacts consumers’ willingness to pay for organic food between two different groups
- Knowledge level about organic food

OLS Regression
Model 1: Only Survey
PREMIUM = β0 + β1 SURV + ε
Model 2: Only Score
PREMIUM = β0 + β1 SCORE + ε
Model 3: Survey, Score and interaction between Survey and Score
PREMIUM = β0 + β1 SURV + β1 SCORE + β1 SURV*SCORE + ε
Model 4: All the variables
PREMIUM = β0 + β1 SURV + β1 SCORE + β1 MALE + β1 AGE + β1 ETH + β1 MARTS + β1 EMP + β1 HWAGE + ε

Literature Review
- Educational attainment is growing and this is linked to organic food demand
  Zepeda and Li, 2007
- Experimental investigation between two groups
  Zepeda et al, 2006
  Voon et al, 2011
- Willingness to pay
- Contrast between organic food and conventional food
- Impact of most demographic variables
  Thompson, 1998

Empirical Results

Conclusions
- People with higher knowledge level about organic food are more willing to pay for them.
- There were differences in WTP for organic food under intervention on Explain Group and Non-Explain Group.
- There is no interaction between HScore and Survey.
- All the demographic variables do not have impact on WTP for organic food.

References