

# The Willingness to Pay of European Consumers for Jointly Produced Israeli-Palestinian Products

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## BACKGROUND

- Ethical aspects of food products become increasingly important for European consumers
- Example for ethical consumption attributes are "peace products":
  - commodities jointly produced and marketed by people from Israel and the Palestinian Territories
  - Both parties benefit equally
  - Revenue for promotion of social and reconciliation projects between both parties
- Consumers might support peaceful coexistence of Israel and the Palestinian Territories by buying such goods

## OBJECTIVE

- Investigate EU consumers willingness to pay for peace products for different olive oil and cherry tomato attributes in different countries.

## METHOD

An online questionnaire in March/ April 2012 with an discrete choice experiment was used to elicit consumers willingness to pay for peace brands.

- 1,456 respondents from Germany (781) and Great Britain (675) were included in the analysis

### Experimental Design

Levels of Attributes in the Choice Experiment

Attribute	Levels olive oil	Levels cherry tomatoes
Organic	Yes, No	Yes, No
Country of origin	Israel, Palestinian Territories, Peace Brand, Italy	Israel, Palestinian Territories, Peace Brand, Netherlands
Prices GER (€)	3, 6, 10, 15	1, 1.75, 2.50, 3.25
Prices GBR (£)	2, 4, 8, 12	0.8, 1.40, 2.00, 2.70

Example of a Choice Card

Characteristics	Olive Oil A (500ml)	Olive Oil B (500ml)	Olive Oil C (500ml)	None of them
Organic	Yes	Yes	No	
Origin	Peace Brand	Palestinian Territories	Italy	
Price	10 Euro	3 Euro	6 Euro	
I choose... (please click on)				

### Estimation Method

Random Parameter Logit Model

→ Probability of choosing one alternative over another is determined by characteristics of the alternatives and the individual



## RESULTS

- 55.7% of the respondents are female
- The age is between 17 and 67 years, with a mean of 42 years
- 49.8% of the respondents completed upper secondary school or possess an university degree
- Most respondents (15%) earned an household income between 1041-1500€ in Germany and 831-1180£ in Great Britain (second income decil)
- Average political orientation is 4.86 (measured on a 10 point scale, where 1 is left wing and 10 right wing orientated)

Random Parameter Logit Model Olive Oil

	Germany		Great Britain	
	Coef.	Mean WTP (lower/upper CI)	Coef.	Mean WTP (lower/upper CI)
ASC <sup>1</sup> 1	1.58***		2.27***	
ASC 2	1.96***		3.08***	
ASC 3	1.49***		2.34***	
Organic	0.89***	2.84 (2.35/3.35)	0.56***	1.09 (0.77/1.42)
Peace Brand	0.58***	1.87 (1.27/2.41)	0.78***	1.51 (1.04/1.91)
Israel	-0.15*	-0.50 (-1.09/0.09)	-0.11	-0.21 (-0.64/0.21)
Italy	0.86***	2.77 (2.05/3.45)	1.11***	2.13 (1.64/2.61)
Price	-0.31***		-0.52***	
Observations	15620		13500	

<sup>1</sup>ASC-Alternative Specific Constant

Random Parameter Logit Model Cherry Tomatoes

	Germany		Great Britain	
	Coef.	Mean WTP (lower/upper CI)	Coef.	Mean WTP (lower/upper CI)
ASC 1	2.38***		3.70***	
ASC 2	2.95***		4.37***	
ASC 3	2.25***		3.73***	
Organic	1.40***	0.99 (0.86/1.12)	0.79***	0.32 (0.25/0.40)
Peace Brand	0.57***	0.40 (0.25/0.54)	0.76***	0.31 (0.21/0.41)
Israel	0.19**	0.14 (0.00/0.27)	-0.01	-0.01 (-0.09/0.08)
Netherlands	0.91***	0.65 (0.49/0.79)	0.74***	0.31 (0.20/0.41)
Price	-1.42***		-2.41***	
Observations	15,620		13,500	

- A positive willingness to pay for the European products exists
- Israeli-Palestinian peace products are preferred compared to products are produced only in one of those countries
- Consumers of Great Britain would support peace products and cherry tomatoes from the Netherlands in the same manner, instead of a single country product
- In both countries a higher willingness to pay is found for organic instead of non organic products

## REFERENCES & CONTACT INFORMATION

For references and further information see: Wendler, C.; U. Liebe, R. Ihle and S. v. Cramon-Taubadel (2012) on AgEcon SEARCH (<http://purl.umn.edu/126727>).

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