



Australia's National
Science Agency

The Premiumisation Roadmap

Consumer willingness to pay
for Australian organic beef

China | UK | Vietnam





What is this study about?

We wanted to better understand which factors predicted an increased willingness to pay (WTP) for Australian certified organic beef.

We also wanted to better understand whether traceability was independently valuable to consumers, and specifically, whether they would pay an additional premium for traceable Australian organic beef.

Method

Online survey of 3200 consumers across China, the UK and Vietnam.

1303

China

Middle class
Urban sample

1057

UK

National Sample

760

Vietnam

Middle class
Urban sample

Confidence in certification providers differs across countries

In the UK, local certifiers are most trusted. Whereas, international certification providers are most trusted in China and Vietnam. This insight can help inform Australia's export activities and marketing that builds consumer trust.

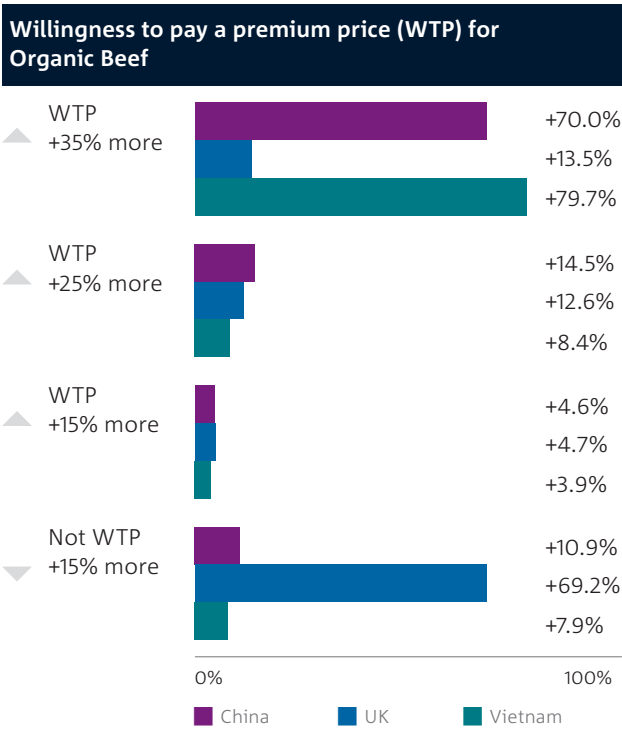
Confidence by choice		
China	UK	Vietnam
1 st International Certification Agencies	1 st Local Certification Agencies	1 st International Certification Agencies
2 nd Local Certification Agencies	2 nd International Certification Agencies	2 nd Exporting Country Certification
3 rd Exporting Country Certification Agencies	3 rd Exporting Country Certification Agencies	3 rd Exporting Country Government Organisations
4 th Exporting Country Government Organisations	4 th Exporting Country Government Organisations	4 th Local Certification Agencies



Consumers are willing to pay a premium price, but market matters

Most participants from Vietnam (79.2%) and China (70%) would be willing to pay 35% more for Australian organic beef as compared to Australian conventional beef.

In contrast, 69.2% of UK participants were not willing to pay 15% more for Australian organic beef.



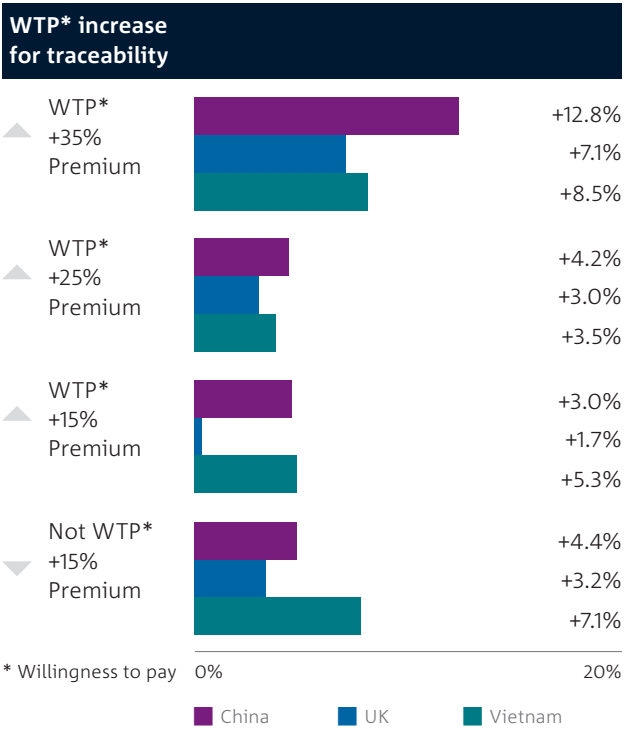
The premium price drivers for Australian organic beef

To help realise the price premiums that consumers expressed their willingness to pay, marketers and brands need to design consumer experiences that align with the drivers identified in the top row (35% premium) below.

Willingness to pay Key drivers		
China	UK	Vietnam
<p>+35%</p> <ul style="list-style-type: none"> • Saw org. beef while shopping • Health benefit • Org. food not too costly • Support org. production conditions • Better taste • Social norm 	<p>+35%</p> <ul style="list-style-type: none"> • Saw org. beef while shopping • Food safety concern • Org. food not too costly • Better taste • Social norm • Health benefit 	<p>+35%</p> <ul style="list-style-type: none"> • Saw org. beef while shopping • Health benefit • Org. food not too costly • Support org. production conditions • Better taste • Social norm
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Who pays for future traceability?

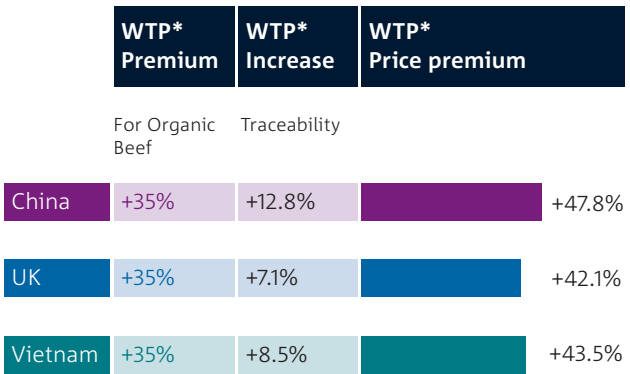
Traceability may offer consumers additional confidence to support their purchase of organic beef. This assurance leads to additional value above and beyond the premium they are already willing to pay for Australian organic beef.



In summary: Big insights

In Vietnam and China, a majority of participants in this study clearly expressed their willingness to pay a 35% premium for Australian organic beef.

In addition, those who were already willing to pay the premium for Australian organic beef were willing to pay an additional premium for traceability.



* Willingness to pay

A series of beliefs, such as health benefits, animal welfare, environment and social norms, positively predicted this willingness to pay. By targeting these beliefs, there is a significant opportunity for industry to tap into higher price premiums, which may contribute to the Australian agriculture industry's \$100bn farm gate revenue goal by 2030.



Implications for industry and government

To realise the maximum price premium, industry and government need to work together to:

1. Align industry practices to the drivers identified below
2. Clearly communicate these practices to target consumers

Price Premium Roadmap

Conventional Australian beef

Align practices and effectively communicate with consumers

Price premium for Australian organic beef

+35%*

*Excluding traceability

Price premium drivers

China

+35%

- Saw org. beef while shopping
- Health benefit
- Org. food not too costly
- Support org. production conditions
- Better taste
- Social norm

UK

+35%

- Saw org. beef while shopping
- Food safety concern
- Org. food not too costly
- Better taste
- Social norm
- Health benefit

Vietnam

+35%

- Saw org. beef while shopping
- Support org. production conditions
- Org. food not too costly
- Better taste
- Social norm

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