

Title Factors determining the decision to pay price premium for modified food by consumers of the republic of Korea

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Keyword Republic of Korea; price; consumer

Abstract

The paper examines factors influencing the decision to pay for changes in three food attributes, *i.e.*, nicer appearance, longer storability, and sweeter taste, using data obtained from a survey of 1,100 Korean women implemented in 2007. The respondents were primary meal prepares and resided in seven major urban areas of the Republic of Korea. The empirical investigation focuses on the decision to pay above the normal price faced by consumers for enhanced specific attributes, *i.e.*, nicer appearance, longer storability, and sweeter taste. The approach presupposes that the decision to pay a price premium implies the actual purchasing behavior. The three food attributes are commonly associated with fresh fruits or vegetables. The specified model identifies factor influencing the decision to pay a premium where the binary dependent variable is a yes/no decision. The explanatory variables account for the economic and socio-demographic respondent characteristics, household location, and respondent views regarding food production technology, concerns about nutrition and food safety, among others. The logit technique is used to estimate three equations. Results indicate some differences in the decision to pay more for the three attributes across major urban locations. Health and nutritional concerns expressed by respondents are primary statistically significant factors determining the decision to pay a premium for the three food attributes. Effects of significant variables have been quantified and show the change in the probability to pay a premium for a particular attribute.