ABSTRACT

Farmers in many countries are adopting product differentiation strategies to achieve better incomes. The tomato market of Trinidad is differentiated based solely on the produce size, rendering any further variation in the tomato product redundant. This eliminates the potential for farmers to receive higher prices through further product differentiation. This project seeks to determine the degree of sophistication of local tomato consumers based on their willingness to pay for various types of tomatoes when marketed as differentiated products. This study focuses on three types of differentiation; Organic, Greenhouse-Hydroponic and Genetically Modified tomatoes. If consumers are willing to pay different prices for differentiated tomatoes, it implies that they are sophisticated enough to recognize the differences in product quality attributes. Then, there may be potential for farmers to engage in successful differentiation strategies. Using proportionate sampling, questionnaires were completed by 405 consumers in major towns of Trinidad. Data were analyzed using a logistic regression, ANOVA model, and Friedman test. Results indicated that consumers' age, area of residence, educational level, income range, and their perception of the health benefits derived from the consumption of differentiated tomatoes significantly influenced their willingness to pay for differentiated tomatoes. Most consumers were willing to pay premium prices for organic tomatoes, while half of the sample was willing to pay small premiums for greenhouse-hydroponic tomatoes. Consumers were willing to pay less for genetically modified tomatoes than conventional tomatoes. Results suggest that local consumers are sophisticated enough to recognize differences in vegetable product quality. Local consumers are willing to sacrifice more of their income to purchase vegetables of perceived higher quality. Results suggest that there are opportunities for local tomato farmers to engage in product differentiation strategies as evidently, a market segment exists for differentiated tomatoes.

Keywords *- Willingness to Pay, Differentiation, Organic, Greenhouse-Hydroponic, Genetically Modified, Contingent Valuation, Sophistication, Quality, Premiums*