

# The US Consumers' Willingness to Pay for Best Management Practice Labels

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Best Management Practices (BMPs) are potential mitigation strategies to reduce nonpoint surface water and groundwater pollution associated with agriculture production. Besides existing government cost-share programs to induce BMP adoption, market incentives such as higher prices for BMP-labeled products may increase producers' net returns and, therefore, the BMP adoption levels, potentially improving environmental outcomes. This study estimates consumer willingness to pay (WTP) for three hypothetical BMP labels indicating the products are from farms adopting BMPs. The study also compares WTP for products with BMP labels vs. USDA organic and Good Agricultural Practices/ Good Handling Practices (GAP/GHP) labels. We further measure the effects of alternative informational messages about agricultural practices on the WTP. A "positive" information message emphasizes the importance of agricultural inputs; a "negative" message focuses on the potential adverse impacts of agricultural inputs on the environment; and a balanced message combines the positive and negative information. An online consumer survey of a nationally representative sample shows that consumers perceive "protection of soil, water, and air" (i.e., environmental sustainability) as the most important characteristic of sustainable agricultural practices. This is followed by the "product quality and safety" (economic sustainability) and "prohibition of child and forced labor" (social sustainability.) Consumers are willing to pay a higher premium for the environmental labels (BMPs, Organic) than food safety labels (GAP/GHP). Besides, information messages can significantly alter the WTP for BMP labels. Consumers facing balanced information have the highest WTP for the BMP labels, compared with the WTP for other informational messages or the control with no message. The findings suggest that the BMP labels have potential market value compared to existing popular eco-labels in the market. However, appropriate messages should be identified and used to promote the consumption of products with environmental labels such as BMP labels.

**PRESENTER BIO:** Uddin is a third-year Ph.D. student at Food and Resource Economics Department. He is interested in the non-market valuation of environmental resources and the marketing of environmental commodities. He is currently working to explore the marketability of the BMP label and the adoption of BMPs among small and medium specialty crop growers.