STOWARZYSZENIE EKONOMISTÓW ROLNICTWA I AGROBIZNESU
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CONSUMER AND BUYING BEHAVIOUR IN FIELD OF DIRECT FOOD SALES

ZACHOWANIA KONSUMENCKIE I NABYWCZE W ZAKRESIE SPRZEDAŻY BEZPOŚREDNIEJ ŻYWNOŚCI

Key words: consumer behaviour, direct sales, market
Słowa kluczowe: zachowania nabywcze konsumentów, sprzedaż bezpośrednia, rynek

Abstract. Due to decreasing rentability of agriculture, farmers need to find new income generation opportunities again and again in order to increase their income. One way is the development of direct sales system. However, for a farmer to be successful in direct sales, to know consumer habits and factors that influence consumer food purchasing decisions is a must. Consumer and purchasing habits in direct sales that Hungarian consumers show are being analysed in this study.

Introduction

As agriculture is under stress from the concentration of the agricultural processing industry and its marketing channels, as well as from industries providing agricultural raw materials, farmers need to look for alternative income generation opportunities. Beyond food processing and rural tourism industries, direct sales may be regarded as a financially viable activity alongside agricultural production [Dax et al. 1995]. By reinforcing the price pressure, increasing food trade concentration also has the effect of lowering purchase prices, which in return is leading to a direct sales boom [Bálint et al.]. The definition of direct sales in scientific literature is diverse. Wirthgen and Maurer [2000] define the term as a procedure where farmers directly sell goods to consumers. This includes direct purchase from agricultural holdings (such as direct selling by certain farms; purchase from a farmland/pick your own fruit; farmer's shops, rural tourism directly linked to a farm) and structured sales nearby consumers, such as outdoor and indoor markets, home delivery and roadside sales. Kuhnert [1998] argues that direct sales include selling processed food to retailers as well.

The increase in direct sales, from a consumer standpoint, is due to many factors. Such a trend may be a result of consumer dissatisfaction towards the modern food industry induced by alleged or real food scandals of recent years. As an effect of globalization, complex product structures are often likely to be linked to environmental pollution, deterioration in taste and quality of agricultural products, as well as to a growing consumer concern for animal welfare. These have had a negative effect on consumers' perception of the sector as a whole [Wege zu…2003]. Such events have resulted in a growing need for safety and transparency among consumers, who now demand to know where products come from. Such needs can be met by a direct sales system [Hasan 2010].

In addition, the reputation of products sold through a direct sales force is positive. Freshness and quality of products are the main driving factors for consumer decisions. Such products, in comparison with conventional sources, are also seen as being tastier and more filling [Zenner et al. 2004].

There is a growing consumer need to personally check the quality of products (taste, freshness). Visually inspecting products may ensure they meet the required criteria while it may also give information about food-processing conditions. Personal experience helps consumers gather information about products and better understand how they were processed [Hasan 2010, Wirthgen 2003]. Moreover, emotional ties to geographic regions may also encourage consumers to support their local agricultural industries [Alvensleben 2000].

A growing number of consumers choose direct sales over conventional sources, because they believe that eliminating road transportation may decrease environmental pollution. In addition, personal contact with farmers can ensure that certain social needs of consumers are also met [Hasan 2010].

Szakály et al. [2006] argue that Hungarian consumers are increasingly looking for reliable, certified and allegedly healthier products and are willing to pay higher prices, if an effective marketing strategy is used. This tendency has been observed throughout Hungary.

Materials and methods

The Marketing Institute of Szent István University and Cognative Piackutató Kft. carried out a research on the role of certain direct sales methods and main factors that affect food purchase though applying a nationwide representative sample among the population. The aim of the survey was to find out what roles each direct sales method fulfils during food purchase in the population. Besides, a special analysis was conducted on the significance of direct sales in certain product groups.

Data gathering took place by the answers of 1015 respondents in September 2011 within the framework of Omnibus 2011, a research program of Cognative Piackutató Kft. The method of sampling was random walk using layered sampling along the type of settlement and region. The selection of the actual respondents was carried out by the birthday key method according to which, following the goals of the research, the person with the nearest birthday date was asked. The basis of multiple component data comes from the 2001 census data of KSH (Hungarian Central Statistical Office) according to age, gender, education, type of regions and settlements, resulting in representative sample in terms of the mentioned variants. After data collection entered and cleaned data were processed with the statistic software SPSS 16.0.

An analysis on the role of direct sales forms

The response to the question how often consumers purchase through any form of direct sales was researched throughout the consumer-side examination of direct sales. Results are displayed in figure 1.

After an analysis of the results it is found that on the consumer side famers‘ market is the most popular and frequented by 48% of respondents. In terms of purchase frequency further sales channels are well behind market sales: approximately 40% of the population chooses (even if occasionally) less popular forms such as farmland sales, farmer’s shop or roadside sales. As opposed to this, only 20% on average purchases through webshops, home delivery, automatic machines or by the ‘Pick your own’ movement as well as services provided by other community initiations showing that the role of these sales channels are insignificant.

In order to identify consumers in each sales channel from socio-demographic aspects, correlational studies have been carried out to show the level of coherence between purchases through each sales channels and socio-demographic attributes (gender, family status, age, education, employment, type of settlement).

Based on socio-demographic examination of purchases at farmers’ markets, the result is that there is no significant difference between the *household income* and purchase at the market (sig=0.716). However households with high level of income regularly purchases at farmers’ markets (Adj.res.=2.0). There is no significant difference between the *size of household* and the frequency of purchase either (sig.=0.066). Nevertheless, single-member households generally never (Adj.res.=2.5) and two-member households regularly purchase at markets (Adj.res.=2.0). The *presence of children in the family* does not have an impact on the frequency of purchase at farmers’ markets (sig=0.170).

Although there is no significant difference in the case of commitment to sustainability and purchase at markets (sig=0.095), consumers who are not committed to sustainability at all never purchase at markets (Adj.res.=2.4).

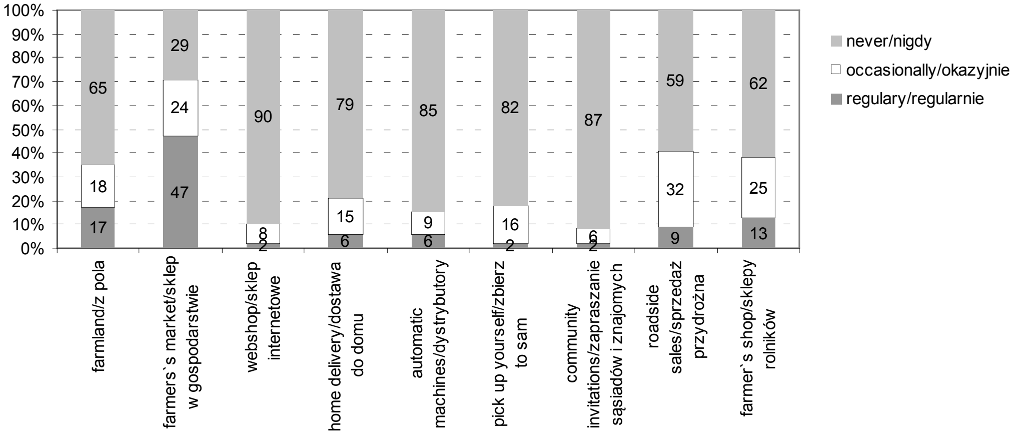

Figure 1. Frequency in direct sales purchase forms (value=%) (scales of measure = nominal)
Rysunek 1. Częstotliwość zakupów w formie bezpośredniej (w %) (scala pomiarowa = nominalna)
Source: own study
Źródło: opracowanie własne

Examining other socio-demographic attributes and the frequency of purchase, significant difference exists.

Significant difference appear between *gender* and the frequency of purchase (sig.=0.010): while women regularly purchase at the market, men generally never do so (Adj.res.=2.9).

There is also significant difference between age and frequency of purchase (sig.=0.00): people between the age of 15-24 and the retired never (Adj.res.=2.6; 2.0), people between 25-34 occasionally (Adj.res.=4.2) visit markets. Although the result of age group 15-25 is not surprising at all, the result of the retired is unexpected. The reason is that *retired* people from rural areas are overrepresented in the sample (Adj.res.=3.6), and there is also significant difference between residence and frequency of purchase (sig.=0.00). Furthermore, rural residents generally never purchase at markets (Adj.res.=5.2), partly because in many villages no markets are organized, and partly because rural residents often produce their own food. Main customers of markets are urban residents of cities with a population above 50,000 and cities with a population below 50,000 regularly attend markets (Adj.res.=4.7; 2.9;).

Significant difference was found between *educational level* and the frequency of purchase at markets (sig.=0.000), too: people with low level of education mostly never (Adj.res.=4.9), and with medium and high level of education regularly (Adj.res.=3.0; 2.8) purchase at markets.

Significant difference also exists between *status of employment* and frequency of purchase at markets (sig.=0,.01): housewives visit markets occasionally (Adj.res.=2.1), while students and the retired never (Adj.res.=3.7; 2.5) purchase at markets. Furthermore, there is significant difference between *people with employed/unemployed status* and frequency of purchase at markets (sig=0.003): people in an unemployed status never visit markets. (Adj.res.=3.2). This result matches with the result of employment status, since the unemployed mainly consist of the retired and students. It also harmonizes with results of examination based on age and the reason is possibly the overrepresentation of retired people from rural areas.

An examination by product groups on the role of direct sales

Allocation of purchases directly from farmers is in figure 2 by product groups.

Examining the role of direct sales within a product group it is found that main products purchased from farmers are eggs, honey, fruits and vegetables and milk. These products are regularly purchased by approx. 30% of consumers directly from the farmer. In the case of poultry meat, other meat products and dairy products the percentage is around 20%, and the lowest is vine with only 12%. In the form of occasional purchase the most popular products are fruits and vegetables (44% and 40%), while to buy honey or eggs occasionally is less common (35% and 33%). Examining occasional and regular purchases directly from farmers, results show that the percentage is the highest in fruit purchases – 74% of customers buy fruits directly from farmers on a regular basis. Fruits are followed by vegetables (71%), then eggs or honey (67%-67%) in this rank. In the circle of examined products vine is purchased directly from the producer the least: possibly due to strict regulations 64% of consumers never buy vine directly from producers.

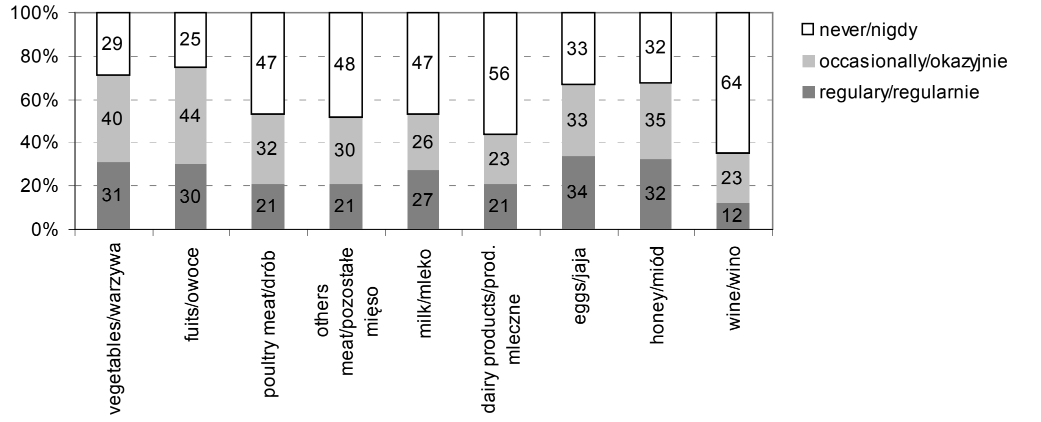

Figure 2. The frequency of purchases directly from the farmer by product groups (value=%) (scales of measure = nominal)

Rysunek 2. Częstotliwość zakupów w formie bezpośredniej od rolnika wg grup produktów (w %) (scala pomiarowa = nominalna

Source: own study

Źródło: opracowanie własne

Conclusions

Examining the role of direct sales in agriculture the result is that that among different direct sales channels both on the producer and on the customer side the most popular and most widely-spread form is the market. Other sales methods play a considerably smaller part both in terms of producers and consumers. Producers who use direct sales as their main sales channel have a comparatively smaller plant size, they produce their products on their own land and employ family members as main workforce. Besides, they often develop a conscious range of product according to market needs. Farms which consider direct sales as their marginal sales channel tend to consider direct sales as one form of diversification and they use it in order to increase the security of sales and in order to reach a higher sales price compared to other sales channels.

In order to increase the success of farms which use direct sales it is inevitable to define characteristics and habits of the group of consumers who can be considered their target groups. Consequently, further research focusing on the factors which define consumer behaviour in connection with direct sales is necessary.

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Streszczenie

Z powodu malejącej rentowności rolnictwa, rolnicy zmuszeni są poszukiwać nowych możliwości zwiększania dochodów. Jednym z tych sposobów jest rozwój systemu bezpośredniej sprzedaży. Jednak aby odnieść sukces w sprzedaży bezpośredniej, niezbędna jest wiedza na temat zachowań nabywczych konsumentów oraz czynniki, które wpływają na decyzje nabywcze konsumentów. W artykule przedstawiono analizę zachowań nabywczych konsumentów na rynku żywności na Węgrzech.

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