CONSUMER PERCEPTION TOWARDS TRADITIONAL SERBIAN AGRICULTURAL AND FOOD PRODUCTS

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Abstract

Market success depends in large part on how well consumer behaviour and perception supplies understand. They need to understand how consumers evaluate products characteristics, gather information regarding various alternatives and use this information to select specific product.

The object of this research was to determine consumer perception of Serbian agricultural and food products and especially perception of home made products. In October 2008, a research was conducted in the Belgrade market on a sample of 338 persons. The results were analyzed using univariant statistical analyses.

The results of this research can be used by producers for defining marketing activities and by researchers to conduct further research in this field.

Key words: traditional agricultural and food products, territorial competitiveness, consumers, the Republic of Serbia.

Introduction

Production of agricultural-food products in Serbia is constantly increasing in the last few years, and there is a surplus in the foreign trade of these products (Zarić, 2008). However, most of these products are exported as "non-name" (Zarić, Vasiljević, 2007). At the same time in the domestic market there is significant number of products of foreign origin. Producers of agricultural-food products in Serbia will have a greater attention given to the requirements of customers if they want to stay competitive (Kotler, 2008).

Perception and requests of the consumers is possible to estimate by observing purchase and consumption or by research of consumer behaviour. Proper knowledge of the perception of consumers is one of the prerequisites for successful marketing agricultural-food products. Analysis of consumer perception is an important part of the research on the basis of which the formulation of commercial policy is made. Perception research combines the elements of psychology, sociology, anthropology and economics (Albaum, Smith, 2005).

Methodology

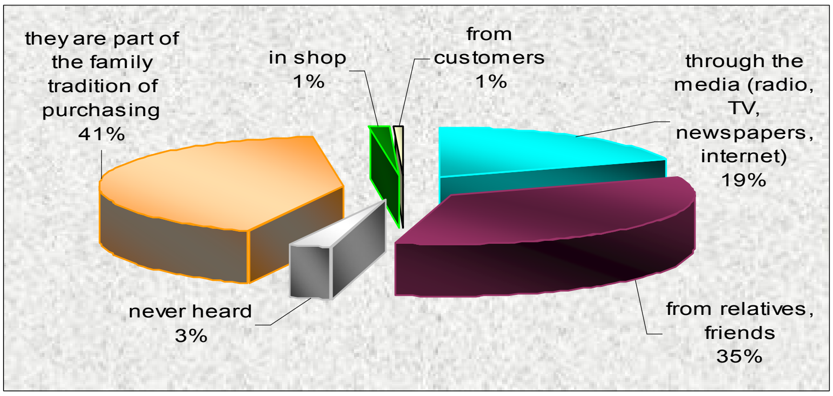
The aim of this paper is to determine the relationship of consumers to the traditional Serbian agricultural-food products. Data were obtained on the basis of the field research organized in two steps of which one was in the form of a closed type of survey, for consumers, and others, open type, intended for experts in the field of agricultural economics. The information obtained by survey were analysed using SPSS. Based on consumer perception the marketing strategy could be defined. Moreover expert opinion on trade marks and brands could help in product positioning (Zarić, et al 2008).

Results and discussion

Survey was conducted for customers in the territory of the city of Belgrade, on a random sample of 338 persons, among which there was more women, 64% and 36% man. Age structure was determined by category, below 17 years about 1%, the three groups of 18-30 years, 31-50 years, 51-65 years, were equally by 32% each and the group over 65 years some 4%. Most respondents had a higher and a high degree 57%, secondary education 37% and the remaining part the elementary education.

In most cases, purchase of domestic products is a part of tradition in households (Graph 1). The most common form of obtaining information about these products is from the mouth to mouth. These two ways of gathering information on the domestic products are dominant in the opinion of 76% of respondents. Advertising through different types of media is an important source of information for one fifth of respondents. Almost all respondents have awareness of local products that are listed in the survey.

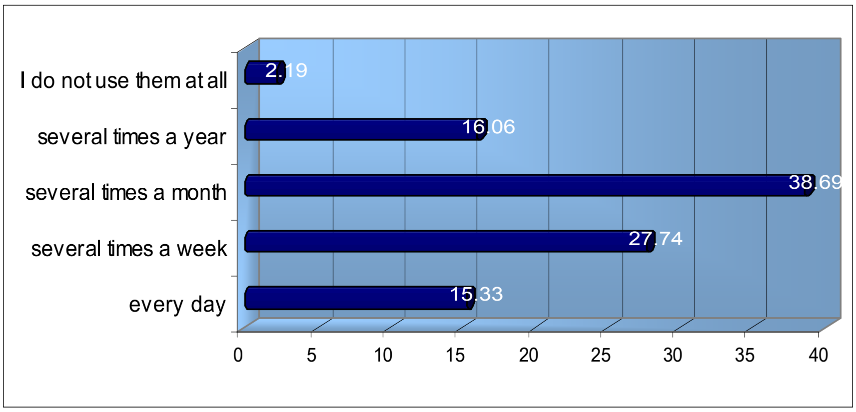
Graph 1 - Sources of information on traditional products



Source: Survey

Domestic agricultural-food products, as shown in the graph 2 are relatively often consumed in households, because 43% of respondents said that they used at least several times a week, while 15% use them daily. There are negligible numbers of respondents who do not use these products.

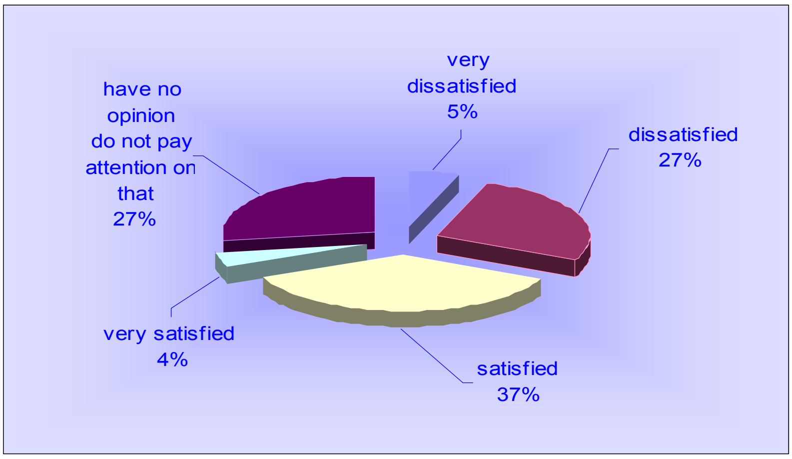
Graph 2 - Frequency of tradition product consumption/purchasing



Source: Survey

In terms of promotion of these products (Graph 3) it is interesting to point out that the small number of respondents (4%) are very satisfied, or dissatisfied (5%). Satisfied with promotion are some 37%. However most of the respondents were either dissatisfied or did not have any opinion on promotion. These research results point to the conclusion that marketing activities aimed at providing appropriate information on domestic products to consumer are one of the key factors for successful selling. Because the fact that almost one third of the respondents has no opinion about the promotion we could conclude that past activities in this field had not given satisfactory results.

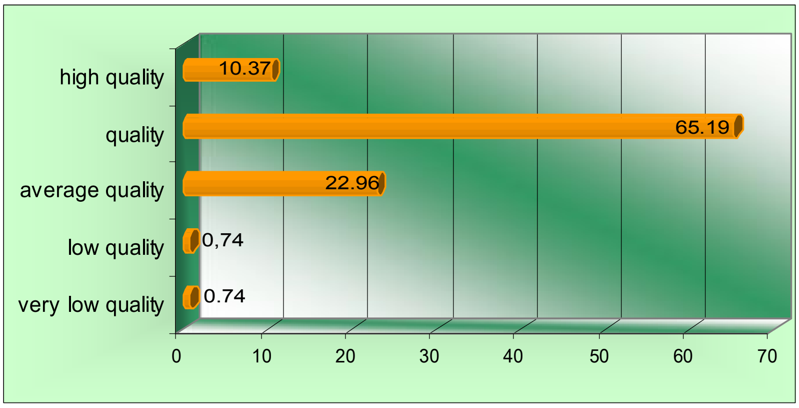
Graph 3 - Consumer opinion about promotion of traditional products



Source: Survey

In terms of quality (Graph 4) almost all respondents believe that local products are of good quality and some 10% of respondents believe that those products are extremely qualitative. However, almost half gave the assessment that the prices of domestic products are more than expected, while some 38% believe that the price is fair. In favour of this is the answer to the question "What would you change at the first place by the mentioned agricultural-food products?". The largest number of interviewed persons stated out that the price changes (42%) and packaging (22%) are most important. On the basis of this we can conclude that the domestic producers have to be very careful in the implementation of price strategy because it may lead to significant decrease of products consumption due to high prices. It can also be recommended to adjust commercial packaging to the buyer requirements.

Graph 4 - Quality of traditional products

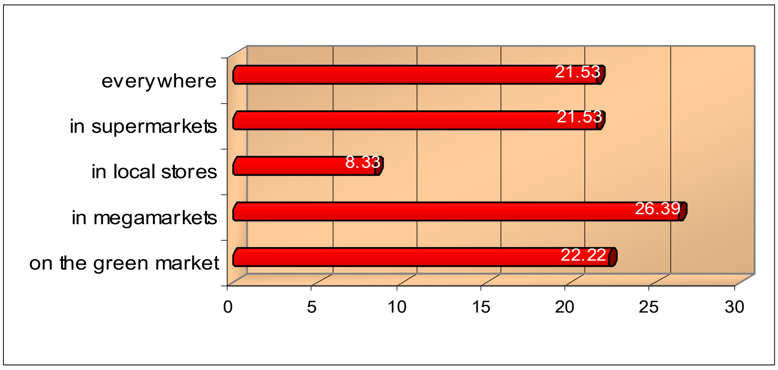


Source: Survey

Purchasing decision is based on quality (average score 4.67) and then on price (3.97). Packaging size and location of sales have a moderate impact on the decision to purchase, while consumer awareness of products has a small role. Evaluation of the above mentioned characteristics was carried out on a scale of 1-5, where 1 indicated the lowest importance and 5 the highest.

Products of domestic origin are usually purchased in mega markets (26%) and almost equally in super markets (22%) and green markets (21%) or on any other place (22%). On the basis of this (Graph 5) can be concluded that domestic producers must dispose of the product with sufficient amount of standard quality during the entire year so that their product could be offered in the larger commercial chains. Given the small importance of small corner shops in selling traditional products (8%), manufacturers can not count on this channel of distribution.

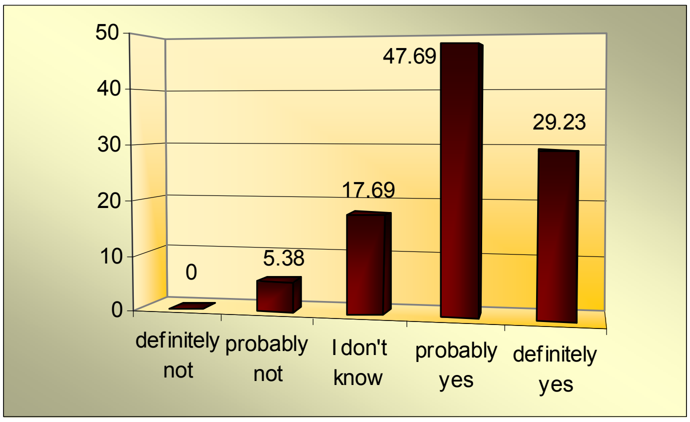
Graph 5 - Purchasing places of traditional products



Source: Survey

Almost 80% of respondents believe they would buy the same traditional domestic products in the future, which shows that products enjoy confidence. Perhaps the results depend partly on marketing activity of the Serbian government over the Ministry of Trade "Buy domestic products" which was carried out. At the same time, there is a higher confidence in product than in trader, because some 64% of respondents answered that they change place purchasing, but could not provide answer how often.

Graph 6 - Willingness to buy traditional products in future



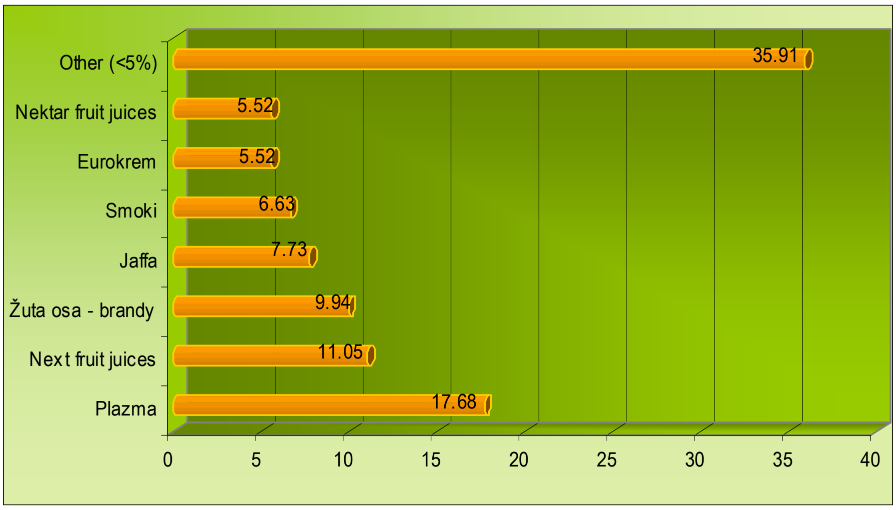
Source: Survey

All respondents would recommend some of the domestic products, and there are also a large number of products that are known only at the local level. It is interesting to point out that there are groups of consumers, some 20%, which only buy imported products, which is an additional challenge for domestic producers and traders. However, this group stated out that reason to buy foreign products is the absence of domestic in supply, such as olive oil.

At the same time, the open-type survey was carried out whose aim was to obtain expert opinions on agricultural-food products no matter how they are produced industrially or in households. This poll was conducted on symposium of agrarian economists with international participation on the occasion of 45 years of the Department for Agricultural Economics, University of Belgrade in October 2008.

On the basis of this survey the following results were obtained. The most popular brand-food agricultural products are: "Plazma", "Next", "Zuta osa", "Jaffa", "Smoki", "Eurokrem", "Nektar" (Graph 7). It is interesting to note that the Jaffa and Smoki are most popular in the older population, while the Next juice is known in the younger generation. All other stated products are popular independent of age of pulled person. All other agricultural-food products that are mentioned in the survey have less than 5% of the votes of respondents.

Graph 7 - The most popular domestic agricultural and food products recognized as trade marks and brands in Serbia



Source: Survey

The most successful domestic manufacturers of agricultural-food products are Imlek, Stark, Bambi, Carnex, Swisslion Takovo, PKB, Rubin Krusevac and Vital. All the manufacturers have better position among the older population, while Stark by younger population. The biggest difference is by PKB (awareness by older 20% and 3% by young responders).

In the survey it was a question regarding main characteristics of domestic agricultural products (Table 1). The answers indicate that the quality of the product is in the first place, following by package design and in third place is a good advertisement. Price is important for some 6% of respondents. All other characteristics are of minor importance having less than 5% answers.

On the question "What are the main prerequisites for the creation of successful brands?" on the first place was given the product quality, followed by good advertising and packaging. Market observation, product placement and appropriate price policies are also important.

Table 1 - Main characteristic of trade marks and brands

Characteristics	**%**
High quality	35,66
Packaging, design	13,95
Advertising	12,79
Product price	5,81

Source: Survey

The most important advantages of domestic brands agricultural-food products (Table 2) are quality, tradition in the production, domestic origin of products, favourable price and safety. Consumer confidence, regional specifics and environmentally friendly production do also play an important role.

Table 2 - The most important advantages of domestic brands

Advantages	**%**
Quality	34,53
Tradition in production and domestic origin	12,23
Favourable price	10,79
Safety	10,07
Consumer confidence	7,91
Regional specifics	7,91
Environmentally friendly	6,47

Source: Survey

The greatest disadvantages of domestic brands of agricultural products (Table 3) are poor marketing, changeable and not the highest quality, as well as, inadequate packaging. In terms of opportunities for the creation of brands, attention should be primarily taken for the development of marketing and production of invariable quality and finally the existence of an appropriate business environment.

Table 3 - The most important disadvantages of domestic brands

Disadvantages	**%**
Poor marketing	35,38
Changeable and not high quality	17,69
Inadequate packaging	16,92
Inappropriate state policy	9,23
Narrow assortments and low demand	8,46
Lack of human resources	6,92
High prices	5,38

Source: Survey

The greatest potential (Table 4) to become brands in the opinion of the respondents have Serbian brandy, cheese and traditional delicatessen. It is interesting to point out that in terms of potential there is a lot of uniform distribution of answers by groups of products.

Table 4 - Possible brands of agricultural and food products

Products groups	**%**
Brandy	13,61
Cheese	10,06
Traditional delicatessen	10,06
Milk Cream - kajmak	9,47
Ajvar	7,10
Wine	5,92
Raspberry	5,92
Products of fruit and vegetables	5,92
Fresh and dried fruit	5,33
Frozen finished products	4,14

Source: Survey

Conclusions

On the basis of this research the perception of consumers towards the Serbian agricultural and food products are determined and for those manufactured in households or produced in the industry.

Most consumers have positive attitudes towards products manufactured in the households. Consumers believe that these products have a high quality, are produced in the environmental friendly way and would gladly recommend them to others.

As the possibility of improving characteristics the most important are unchangeable qualities, more marketing activities and improved packaging design. As with traditional product made in households, industrial products enjoy consumer confidence and there are brands that are widely known.

On the basis of research results in could be concluded that the price is less important parameter than product quality. However, it must be taken into account that the answers in terms of price are adjusted to society opinion that product quality is crucial by decision making. However, purchasing decisions could be quite different to these findings.

Respondents believe that there is a large number of products that could become a brand but having in mind the structure of answers one could concluded that neither one of them have enough potential for success.

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