Investigation of local product consumption habits and their impact in the Kecskemét sub-region

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Abstract

Promoting the production and consumption of local products is at the heart of both the European Union and the Hungarian rural development programme. Significant support is allocated to help small producers to gain a foothold. Yet the question of consumer preference for locally produced products remains open.This research in-vestigated the preference of consumers in the micro-region of Kecskemét for local products and the proportion of different food products purchased from local producers, markets, local shops and supermarkets. Three hypothe-ses were put forward: a large proportion of respondents are cautious about buying Hungarian products; they are generally willing to pay more for a certified Hungarian and local product; and they are more likely to buy products directly from producers or from local markets.

Based on the data collected in the online questionnaire, 82% of respondents indicated that they are consciously buying Hungarian products, while 85% are willing to pay more for a certified Hungarian product. The results showed that the vast majority of shoppers prefer supermarkets and international grocery chains, but often prefer markets or local producers for specific food products. This means that there is still potential for sales at markets and producers, especially for vegetables, fruit, pickles and meat products. The results of the research show that the most important product characteristics for consumers are reliable information, Hungarian origin and good product quality. The results of the research can contribute to the development of local producers and markets and to the development of sustainable agriculture and rural life in the Kecskemét micro-region.

Keywords: local products, agriculture, consumer habits, rural development, short supply chain

JEL: Q13, R11

Introduction

Among the objectives of the EU and Hungarian rural development policy high priority has been given to the marketing and distribution of local products. Its support in rural development programmes is steadily increasing. For example, in the Hungarian rural development programme 2014-2020, the budget for supporting the development and strengthening of short supply chains was 66 million Euro (Reszkető, 2015).

Among the objectives of the EU and Hungarian rural development policy high priority has been given to the marketing and distribution of local products. Its support in rural development programmes is steadily increasing. For example, in the Hungarian rural development programme 2014-2020, the budget for supporting the development and strengthening of short supply chains was 66 million Euro (Reszkető, 2015). Rural resilience and development opportunities in disadvantaged areas can be improved if a local producer can sell his product nearby (Ritter, 2014). This is highlited by the research of Salánczi and Fekete (1985) as well, where employment was examined as a primary factor. Their results show that in settlements where employment is limited, the population moves away, and the settlement does not develop. This is influenced by the presence or, where appropriate, the absence of agricultural, industrial, and other employment opportunities. Industrialisation has been found to have some effect on population retention, but this effect is not universal. The results of their study suggest that municipalities that can develop, with higher employment, gross per capita income and annual wages, more modern housing, better retail facilities, health, and education facilities, have a higher population retention capacity and can increase their population. In addition, the role of agricultural employment/livelihoods has been explicitly highlighted in the research of Ritter (2008), who examined the links between agricultural opportunities and spatial development.

However, in many rural communities selling only products produced using artisanal methods cannot guarantee a secure livelihood. Therefore, the number of producers of local products is not increasing at the same rate as the amount of money available for the seven-year rural development programming periods. It is important to underline that the barriers to marketing local products are not only caused by the lack of producers/producers. Because of the price-depressive effect of the large multinational super and hyper markets, smaller producers and manufacturers are being squeezed out of the market or their market position is being increasingly eroded. Local producers who sell their products to buyers have long been in a vulnerable position, as buyers have a strong influence on the purchase prices. Producers who sell their products on local markets are also in a vulnerable position, as they must compete with the prices of supermarkets and hypermarkets. The latter can only rely on the survival of the old "market shopper" habits.

Based on this the main objective of the primary research presented here was to explore the shopping habits in the Kecskemét micro region. The research covered, among other things, the sources from which consumers obtain their general food products and the proportion of these products from local producers. Another objective was to investigate the extent to which consumers' purchasing habits are influenced by price, quality, environmentally friendly packaging, place and method of production. The aim of the research is to provide a snapshot of current consumer habits in terms of their focus on producer products.

The definition of a local product is not an exact concept. Each country has its own definition and set of rules for interpreting local products. In Hungary, the National Chamber of Agriculture's formulation is the closest to the definition of a local product adopted in the domestic legal relations system: "its main characteristic is that the production, processing and marketing and the consumer are as close as possible to each other, the supply chain is short. However, the distances may vary, depending on the product, the region, and the circumstances. It is important that the circulation of local products and the strengthening of the demand for local products develops the local economy, helps, and supports local actors and leads to sustainable farming in environmental and social terms" (Szomi, 2016: p. 2.).

The domestic legal definition of a local product can be found in the supplement to the Decree 123/2009 (IX.17.) FVM § 1 (2) "m) "local product: a non-industrial product produced locally, locally indigenous or locally produced from raw materials, produced by traditional or typical technology and procedures of the given region, or a product produced and processed by micro or small enterprises using manufacturing technology and procedures". However, this Regulation does not specify the distance within which a product sold may still be called a local product.

The exact definition of the local product is laid down in the Small Producers' Act No 52/2010 (IV. 30.) of the Ministry of Agriculture and Forestry of the Republic of Hungary, which deals with the subject in a more practical approach: "a small-scale producer supplies small quantities of basic products produced by him or wild products harvested and collected by him directly to the final consumer or to a retail or catering establishment (hereinafter together referred to as catering establishment) within the region or within a distance of no more than 40 km as the crow flies from the place of the farm in Hungary" (52/2010. (IV. 30.) FVM § 1 a.).

As defined by the sources cited above, local products are mainly sold within a radius of 40 km and play an important role in local economic development and even in public catering. They are also characterised by the fact that there are not many traders between the production and sale of the product, most of them being sold by the producer himself or at most with the help of a trader. This brings us to the issue of short supply chains.

The short supply chain (hereinafter SSC) develops and operates a new or improved form of marketing in cooperation with farmers, involving at most one intermediary, which becomes a regular form of sales for its members (Reszkető, 2015). One of the advantages of SSC is that there is no, or at most only one, trader between the producer and the end user. The consequence of this is that the customer can even get a better price for the producer's product and the producer can sell his products with a higher profit. An earlier study by the OECD (1995) also identified REL as one of the potential development opportunities for areas or rural peripheries. This conclusion has also been reached by domestic studies (see e.g., Ritter, 2017).

REL can be a solution for both smaller and larger producers, as the increased revenues can make the financial balance sheet of businesses more secure (Benedek, 2014). According to Balázs and Simonyi (2009) there is also an increasing willingness to buy locally produced products based on familiarity and local knowledge.

Together, the actors of the SSC sales and marketing channel are an autonomous organisation whose purpose and function are to sell the goods produced through as few intermediaries as possible (Kotler and Keller, 2006). A model of this distribution channel is shown in Figure 1.

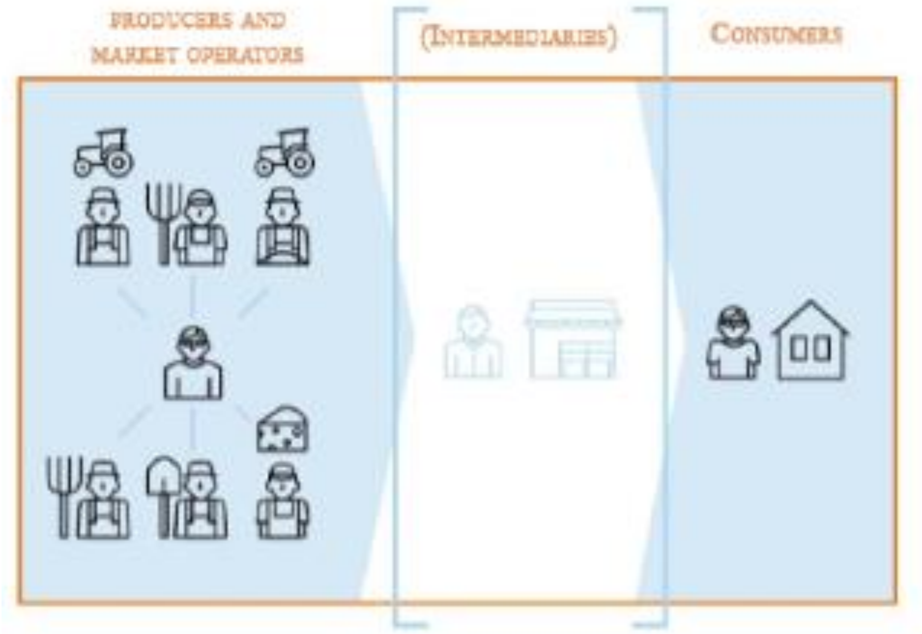

Figure 1: The SSC model

Source: Reszkető, 2015

According to the literature (e.g., Póla, 2014; Gorotyák, 2013 or Balázs, 2012) SSC sales include: door-to-door sales, roadside sales, pick-your-own promotions, sales and delivery at producer points, local product buying circles, consumer associations, internet sales, sales at events and sales of local produce during rural tourism.

According to Kuslits and Kocsis (2018) shoppers who want to obtain information about the product they are buying have two options. In the first case, they ask the producer about the origin, details, and other characteristics of the product. In the second case, where one is provided, the product description may be suitable for consumers. Usually, these products also have some kind of certification, such as organic, local, etc. These certifications are issued by an independent committee if an application is submitted and the product meets the criteria and requirements of the certification scheme (see Gallastegui, 2002). This raises the need to investigate the proportion of products that consumers purchase directly from producers (or from which commercial sources they purchase from non-producers) and the proportion of consumers' purchasing decisions influenced by, for example, the price of a product, its quality, the personal relationship with the producer, the information available about the product. The research presented here focuses on answering these questions.

Material and method

The aim and inspiration for my primary research (household questionnaire) on this topic was to find out what products consumers buy from local producers and local markets, and what proportion of the different food products they buy from local producers, markets, local shops, and supermarkets. How satisfied they are with the quality of local products and how important it is for them to buy from a place that is a traditional (multi-generational) seller. I also asked other questions related to food products and local products. I focused on the Kecskemét micro region (Figure 2). I chose this district because my doctoral research focuses on the same area and I am a farmer in the region, in Fülöpháza. Besides, my family has been living and farming here for more than 30 years.

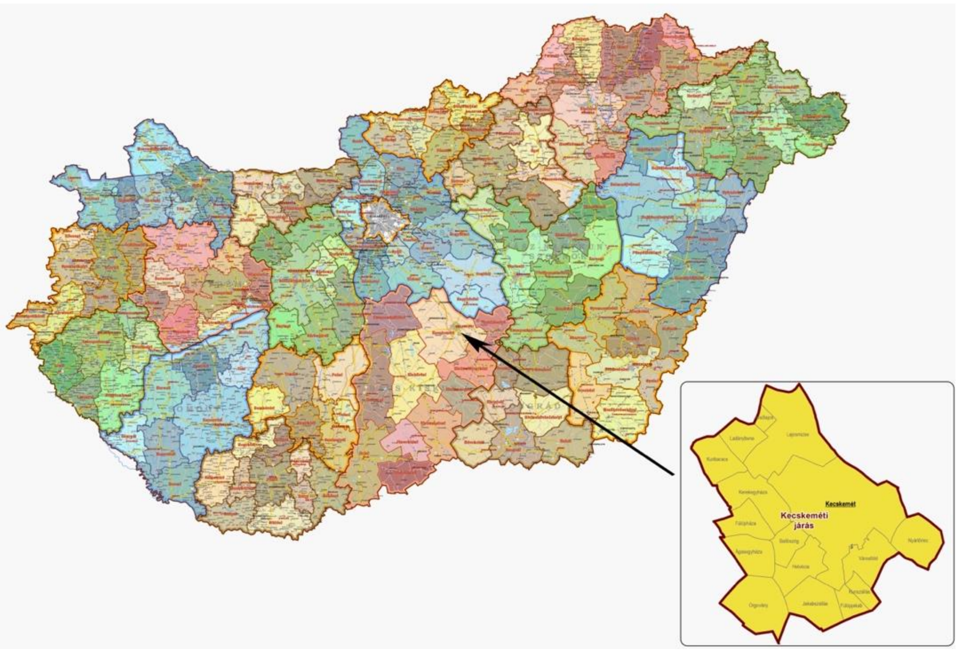

Figure 2: Location of Kecskemét micro region

Source: own edition based on TEIR, 2023

During a population survey, I formulated three hypotheses based on the literature and my previous research experience:

1. The people asked are generally careful to buy Hungarian products.
2. Respondents are generally willing to pay more for a proven Hungarian and local product.
3. Respondents are more likely to buy products that come directly from producers or from local markets.

Due to the Covid situation, an online questionnaire survey was conducted from January to April 2021 in the district of Kecskemét. The population of the district is 155 686 inhabitants, the area is 1 212 km2, the municipalities belonging to the district are Ágasegyháza, Ballószög, Felsőlajos, Fülöpháza; Fülöpjakab, Helvécia; Jakabszállás, Kecskemét, Kecskemét - Hetényegyháza, Kerekegyháza, Kunbaracs, Kunszállás, Ladánybene, Lajosmizse, Nyárlőrinc, Orgovány, Városföld (TEIR, 2023). A total of 499 completions were achieved, which provided useful information. The questionnaires were anonymous. I was assisted in filling in the questionnaire by the Golden Sands Association, as well as by one of the most read local newspapers (Hirös.hu), which shared the link to the questionnaire, which I also helped to complete using the snowball method.

Results

I started the questionnaire with traditional questions (respondent's gender, age, education, and occupation), while the others included the following questions: shopping habits, consumer preferences and price sensitivity. In the second half of the questionnaire and the survey, I asked questions about local products, their distribution and availability, as well as about available food products and shopping habits. In the following I present the most relevant results of the research.

Over 86% of the participants in the study were aged between 26 and 65 years. A surprising fact for an online questionnaire is that the 56 to 65 age group represented 23.6% of the sample, while almost 10% of the respondents were over 65. This suggests that the older generation will be present in the virtual space in 2021, which is likely to have been influenced by the pandemic. At the same time, more than 50% of respondents were aged between 26 and 55. The proportion of women and men surveyed was 81% and 19% respectively, which is an advantage in that women are the main ones who are involved in food shopping. According to the literature (see Mundler and Laughrea, 2016) SSC consumers tend to belong to the middle class. According to Betz and Farmer (2016) most customers in such and similar schemes are women. According to Bakos (2017) and Balázs et al. (2016) households with one or more children typically use these services, and the educational attainment of these customers is higher: they tend to have a college/university degree (see Balázs et al., 2016 or Szabó, 2017). According to Balázs (2012) these customers tend to have higher incomes and prepare their food themselves, preferably in a healthy/healthier way. Nevertheless, they do not have a problem if they cannot find all food items in one place (see Galt et al., 2019).

The respondents can be divided into two major groups when looking at their educational level. College or university graduates accounted for 44% of the respondents, while those with a vocational or high school education accounted for 38% of the sample. The proportion of respondents with a primary school education was 4%, and the proportion with a vocational education was 14%. In my previous research, when I conducted a paper-based questionnaire survey of customers at the farmers' market in Kecskemét, I obtained very similar results (44% of respondents with a college or university education, 42% with a vocational secondary school or high school education – see Orbán, 2020). This raises the question (and the direction of further detailed research) whether the propensity to complete the questionnaire is higher among those with university/college and high school/secondary school education, or whether in fact the same proportion of buyers are also found among those with vocational and primary school education, as opposed to those with vocational and secondary school education. In terms of the distribution of respondents by occupation, the highest proportion of respondents was in the intellectual occupation, with 51%.

This was followed by physical occupations (20%) and pensioners (19%), students/students, unemployed persons (5%) and housewives (5%). My next question was whether they consciously buy Hungarian products. 2% of the respondents prefer foreign products to Hungarian products, and 16% of those who do not pay much attention to the product they buy - whether Hungarian or foreign. However, 82% of respondents indicated that they consciously buy Hungarian products. I investigated the proportion of respondents who would be willing to pay more for Hungarian products if they were guaranteed to come from Hungarian producers. The results show that 15% of respondents are not willing to pay more for a guaranteed Hungarian product. The next group was those who would be willing to pay up to 5% more: 33%. 30% of respondents would be willing to pay between 6% and 10% more, while 14% would be willing to pay between 11% and 15% more and 6% between 16% and 20% more for a Hungarian product. However, 7% of respondents would be willing to pay more than 20% more for a guaranteed Hungarian product.

My next question asked respondents where they generally buy their food products (see Figure 3). The results show that 0.4% of respondents generally buy their groceries online, helped by the fact that nowadays all supermarkets offer online ordering and delivery, in the context of the Covid-19 pandemic. I note that the resulting rate is surprisingly low given that face-to-face contact was avoided during the pandemic.

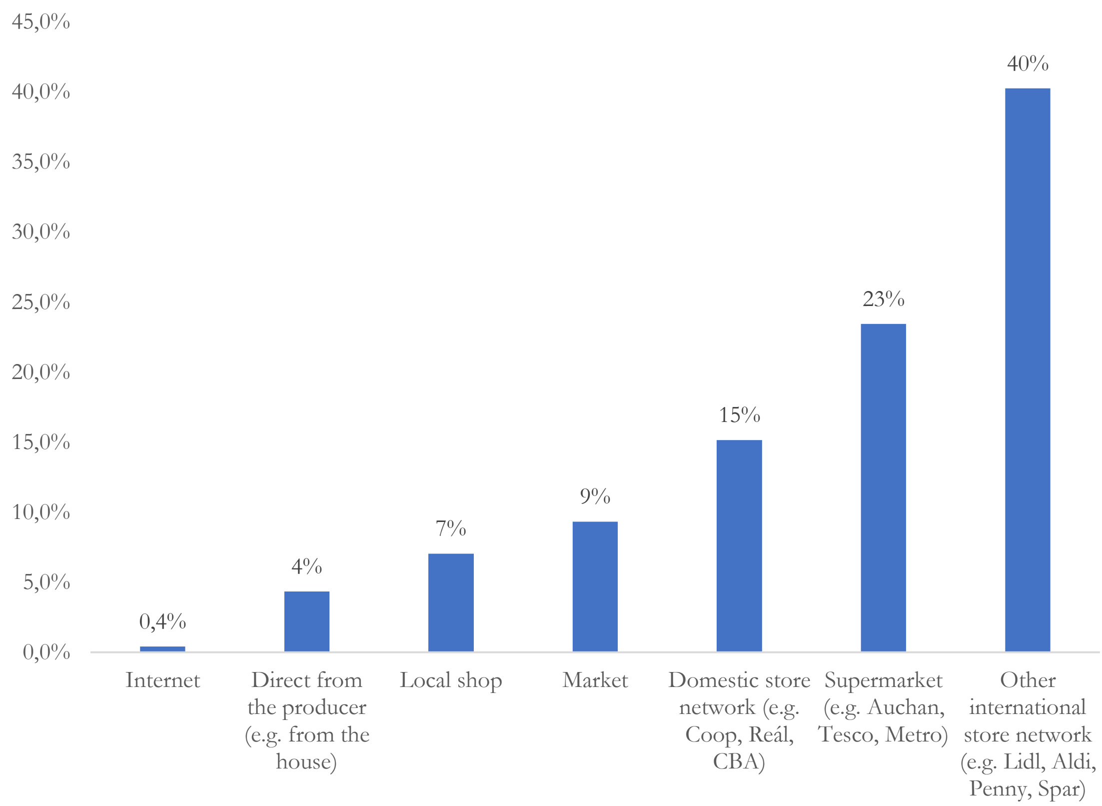

Figure 3: Distribution of respondents by most common place of purchase of food products (%)

Source: own research and editing 2023

4% of respondents generally buy their food products directly from the producer/household. The sample included 7% of respondents who mainly use local small shop sources, and 9% of respondents who most typically buy their food products from the local market. 40% of respondents generally source their food from other international grocery chains (e.g., Lidl, Aldi, Penny, etc.), with a further 23% preferring supermarkets (Auchan, Tesco, Metro, etc.). Purchasers from domestic grocery chains (Coop, Real, CBA, etc.) accounted for 15% of the sample. Overall, therefore, 63% of respondents generally source their groceries from supermarkets and international grocery store networks.

The next question asked, like the previous question, about the source of food products, but in this case more detailed, and the source of food products that are essential or necessary for daily nutritional needs (see Figure 4). It can be observed that in general there is a significant discrepancy between the details of foodstuffs and the details of foodstuffs necessary for daily needs. Respondents' answers suggest that most of them buy their bulk purchases from a supermarket or hypermarket, but if they only need to buy a specific food product, they often prefer to buy from market or local producer sources.

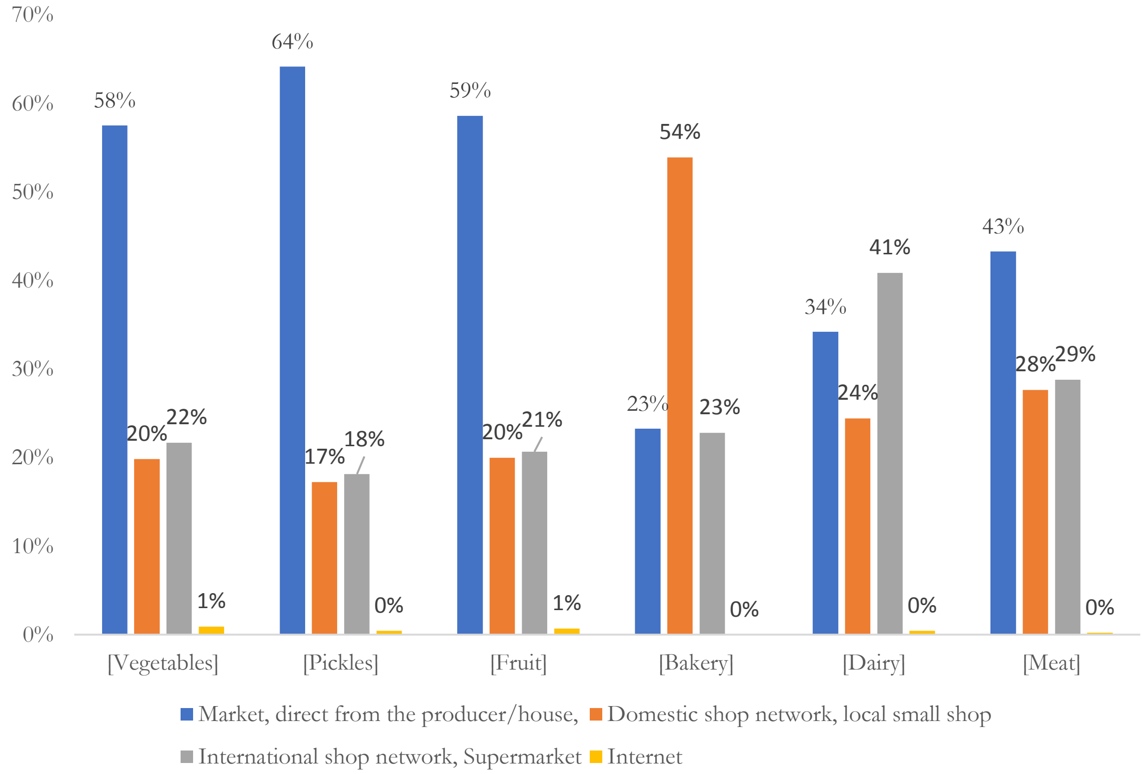

Figure 4: Distribution of respondents according to the place where they buy specific food for their daily needs (%)

Source: own research and editing 2023

Compared to the results of the previous question, consumers surveyed are less focused on hyper and supermarket sources only. 43% of respondents purchase meat products from markets or direct from farm/household sources compared to 29% from supermarkets and hypermarkets. For dairy products, market and direct from producer/household sources were 34% and hyper and supermarket sources were 41%. One of the surprising figures was for bakery products, where the home shop network/local retailer accounted for 54% of sources compared to 23% for market and producer/household and 23% for hyper and supermarket sources separately. For vegetables, pickles and fruit, direct sources accounted for almost 60% compared to around 20% for hyper and supermarket sources. Thus, it can be said that there is still potential for market and producer/household sales, especially in the vegetable, fruit, pickles, and meat product markets.

Price is one of the most crucial factors in the spread and wider uptake of local and Hungarian products. This was confirmed by Nagy (2019) in a representative survey. Based on the results of his online questionnaire survey, it can be stated that for one in five shoppers, the price of the product is the most important variable. Thus, a significant proportion of customers are price sensitive or price conscious. In the next set of questions, I asked respondents to treat their answers as if they were comparing the characteristics of a product. Respondents were given the opportunity to rate their answers on a Likert scale. The scale was numbered from 1 to 6, with 1 being the worst and 6 being the best they could choose. When the responses were evaluated, the average scores of the results obtained are shown (Figure 5).

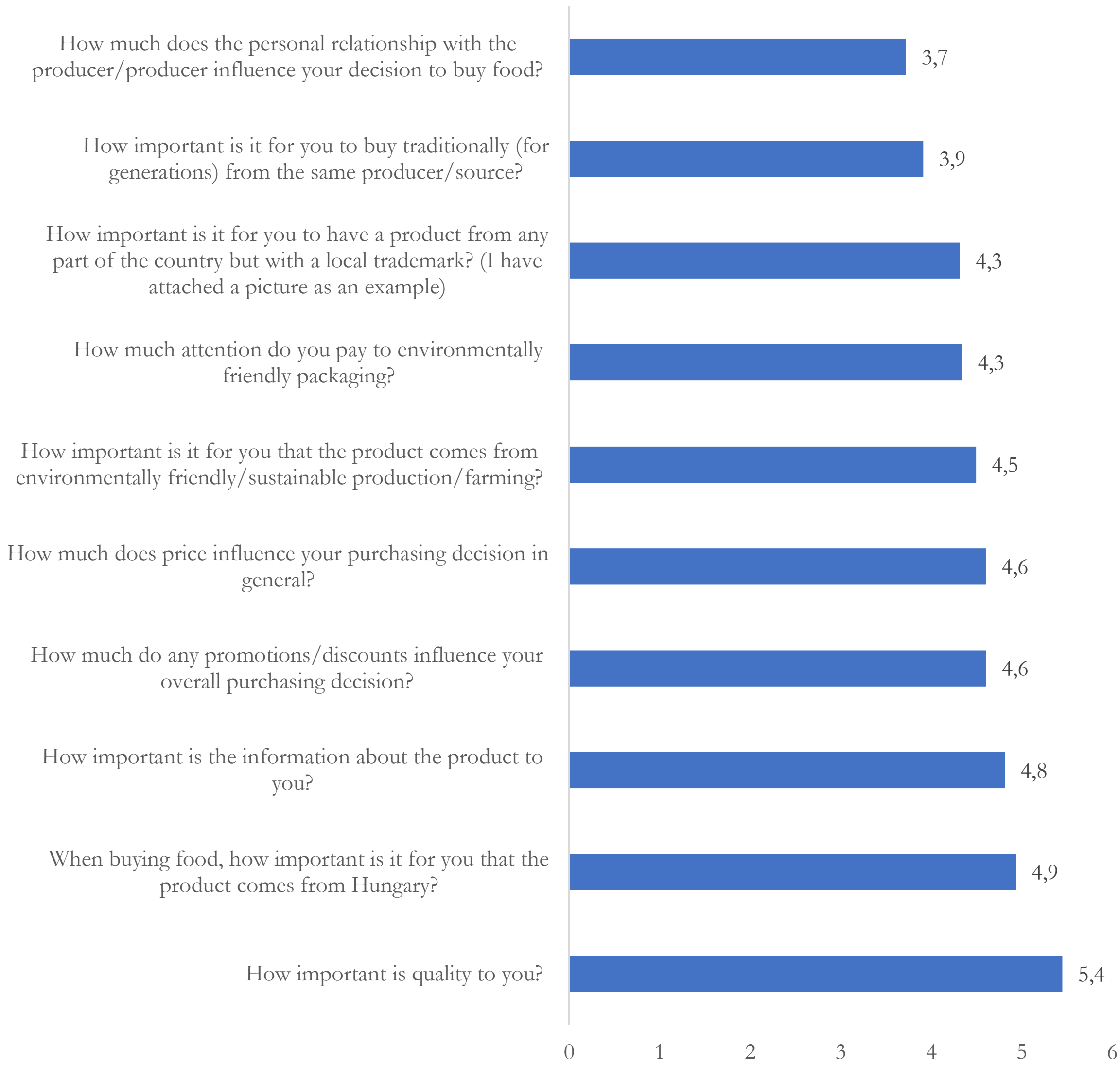

Figure 5: Average perception of certain product characteristics based on respondents' views

Note: On a scale of 1 to 6, where 1 = being the worst and 6 = being the best to choose from.

Source: own research and editing 2023

The least important characteristic was the personal relationship with the food producer, which produced an average score of 3.7. Another less important characteristic for respondents was buying from the same customer for several generations. The following characteristics, such as products with a local product label and environmentally friendly packaging, produced an average score of 4.3, which is more in the less important category. However, contrary to the results of the literature references, in the present study the importance of the price of the products was not particularly high. With a score of 4.6, respondents rated the importance of environmentally friendly packaging and the importance of discounts/deals as almost equal. The three most important characteristics for consumers when buying a product are that they receive reliable information about it, that it comes from Hungary and that the quality of the product is good. Among the product characteristics, product quality was the only one to achieve an average score of more than 5.

Implications and recommendations

I started my doctoral research because I am a farmer, and my family is also involved in agriculture. Fortunately, more and more young people around me are shifting to the mindset that agriculture is not just a dying profession of necessity but are consciously planning their lives to include agriculture and rural life. I want to prove that agriculture can provide enough opportunities to make the farms that are currently operating self-sustaining. I am looking for opportunities that will not only benefit my environment, but even rural life. Along these lines, my attention has shifted towards local products and short supply chains.

During the partial research presented here, my aim was to map the habits of consumers in the Kecskemét district and to find out how regularly and in what proportion they use local sources of production, compared with other sources of food.

During the research I formulated three hypotheses. My first hypothesis was that consumers in the research generally tend to consciously buy Hungarian products. The answer to this statement is clearly yes, as nearly 82% of the respondents indicated that they consciously buy Hungarian products. These results suggest that the respondents in my research are very attentive to buying products from our country.

My second hypothesis was that the consumers in my research are basically willing to pay more for a proven Hungarian product than for a similar but cheaper product of foreign origin. I also consider the second hypothesis to be confirmed, as 85% of the respondents would be willing to pay more for a Hungarian product if it was from a proven Hungarian producer.

My last hypothesis was that the research subjects are more likely to buy products that come directly from producers or markets. This assumption was only partially confirmed, as I received contradictory data on two questions. The first of these questions asked respondents to indicate the source of their major purchases, for which the percentage distributions of producers and markets were negligible compared to the sources of supply from supermarkets and hypermarkets. However, when I asked respondents to indicate the sources where they only purchase certain food products such as vegetables, pickles, fruits, bakery products, dairy products and meat products, respondents indicated a much higher percentage of purchasing from markets or from the producer/household, Specifically, meat products were chosen as a source of supply with 43% compared to 29% for hyper and supermarket sources, and vegetables, pickles and fruit products, in some cases with over 60% compared to an average of 20% for supermarkets and hypermarkets. Given the paradoxical nature of the results obtained, I therefore consider this hypothesis to be partially justified.

Comparing the different product characteristics, I obtained surprising results. According to the average value of the answers, the most important was the quality of the products, followed by the origin of the products in Hungary, and the third most important was the information about the product. Respondents also considered the above-mentioned product characteristics more important than other product characteristics such as price or the importance of promotions and discounts.

Overall, several new questions have emerged during the preparation of the survey and further investigation is needed. Further research should be carried out in locations (and platforms) where consumers can be interviewed, even on a larger scale (nationally), about their purchasing habits of local produce. As an organic farmer, I consider this to be extremely important from both a practical and a scientific point of view.

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