Customer Preference for Consuming Organic Red Meat - Case Study of Albanian Market

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Abstract

Albania has recognized a notable customer behavior change after 1990 (Civici, 2003). These changes are still present in many aspects of customer preference, decision and continue to change dynamically. In this study we answered questions like do customers have some preference for meet originating from their localities? Is for our customers that have a relevant position for taking decisions in the family nucleus (i. e. father or mother), are most likely willing to pay price premium for organic meat? Finally, the price sensitivity also in this study persist as in important factor in deciding to purchase and pay more for organic meat. Other aspects are the need to extend the exploration in EU markets where Alania has concrete plans to become part of it, and how can undertake reforms toward becoming a full member of European Union (EU), and adopt rules and regulation to certify the organic meat. Pre-accession and later on EU accession require strict measures and a set of rules and regulations to be introduced, adopted and implemented in the agriculture sector. Food security and access in information through trusted labels are playing also a relevant role in this study.

Keywords: Organic food, meat preferences, Traceability Management Information Systems, Food Safety, Customer preference, Albania, willingness to pay.

Introduction

a)   Albania is facing serious problems with the national food safety control system in terms of legislation, food processing, transportation, (Lashi & Kapaj, 2016) trade and control as well as law enforcement, which pose real and perceived safety risks for consumers (Vercuni, et al., 2016). Among other daily challenges against organized crime, corruption, unemployment also European accession is an important milestone of Albanian government and a great challenge for Albanian citizens as well. Meeting standards for ensuring citizens for the quality of food they eat is part of the challenges the government foster to achieve, and citizen's straggle to make purchasing choice and decision. There have been major changes of customer preferences considering the poor choices of alternative foods during communism (before 1990), where the production of goods was planned, standardized and produced only by few state owned industries. Until Communists came into power in 1944, around 85% of the population's main source of income was through subsistence farming. Immediately following the Communists' rise to power, they immediately started a rapid industrialization of the country and the collectivization of agriculture. Significant economic growth was achieved during the 1960s and early 1970s as a result; however, by the late 1980s, the Albanian economy began suffering from problems associated with poorly managed collective farms and state-owned companies (Civici, 2003). Is highly important in the quality management during all stages of production for agro-food. A time past the concept of quality management has taken an unprecedented focus in the media and global society as an effect of globalization and particularly, due to numerous food scandals has stated (Kapaj, 2011). Specifically the food sector has a specific interest in customer behavior because of sensivity of the issue. With increase of incomes for majority of families in albania the attention toward quality has increased. Awerness of costumers for information related for with food orgine, food attributes, food control are in demand especially in urban areas where food trust is uncertain (Imami, Chan-Halbrendt, Zhang, & Zhllima, 2011). The increased awareness of food safety,

as well as changes in dietary and consumption patterns have attracted interest in studying safety perception toward food products (Grunert, 2005). These concerns, along with observed organic consumer behaviour has led, in part, to emergence of various groups of organic consumers, namely environmentalists, food phobics, healthy eaters, humanists, welfare enthusiasts, and hedonists (Davies, 1995) has stated in his study. In Albania these definition is true more for hedonists and healthy eaters that are becoming more present among the customers shopping meat in the market. In south of Albania customers prefer lamb meat with less fat concerning diseases related to cholesterol and they are sensitive to the meat price (Imami, Chan-Halbrendt, Zhang, & Zhllima, 2011). Based on the findings of (Bonti-Ankomah & K Yiridoe, 2006) is organized also this study where is stated that the future of organic agriculture will, to a large extent, depend on consumer demand. Thus, a consumer-oriented approach to understanding organic agriculture is important not only in its own right, but also in terms of response to shifting market dynamics. From a marketing perspective, it is important to understand our (human) conception of consumer decision-making regarding organically produced foods, and how consumption can be promoted (Shoqata Qengjat e Jonit, 2015). From the policy making prospective there is no recorded and organized initiative to promote organic food as in other countries like Turkey (Kenanoğlu & Karahan, 2002), but there is a natural interest especially in the developed urban areas in Albania offering food under "BIO" logo, or just claiming it as such. Restaurants, mini-markets, farms and sole farmers selling street food, sometime abusing under organic seal, are enforcing believe in Albanian customers that organic (or so-called bio food) is better for their health (Kortbech-Olesen & Larsen, 2001) and they must pay some additional premium for this commodities.

b)   Factors that affects purchase of organic meat

c)   As mentioned above, we should define clearly what organic meat is, the main attributes perceived from customers for the conventional food (Lancaster, 1966), we understand the customer behavior only from the demand analyses and finally are Albanian customers willing to pay for these products? In our study we focused on understanding these factors, directly or indirectly through questions conducted in a survey. During august 2016 a survey was conducted in urban and suburban areas of Tirana. 280 questioners are filled in face to face interview and online questioners. Questions related with knowledge and awareness for food safety are made to different group of costumers focusing specifically on meat and meat stuff. The interest to change and adopt new and modern ways to get information about the food they consume is also explored. Let's have some information about interviewed population:

d)   45. 1% Female and 54. 9% Males.

e)   Looking the influence of head of families in Albania for taking decisions on almost all natures in the family, food purchase included we have also asked the position they hold in the family as presented in the following table 1.

	Frequency	Percent	Valid Percent	Cumulative Percent
1. Femily Head him selves	124	45. 1	45. 1	45. 1
2. Wife/Husband	90	32. 7	32. 7	77. 8
4. Doughter/Son	55	20. 0	20. 0	97. 8
5. Sister/Brother	1	. 4	. 4	98. 2
6. Soninlaw/ Daughter-in-law	4	1. 5	1. 5	99. 6
8. other	1	. 4	. 4	100. 0
Total	275	100. 0	100. 0	

Table 1. Family head relation status

Level of education for the interviewed customers where 15% has secondary education, 36% has high school education and 48 % hold an university degree
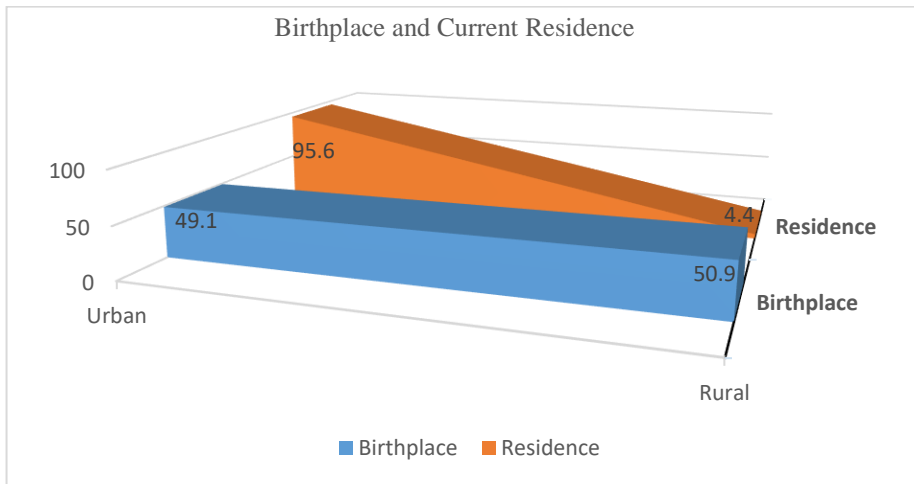
The provenience of the population birthplace and actual living location (Residence) of meat customers, see graphic 1:

Graphic 1. Birthplace and Residence

There is a relevant believe that customers have some preference for products produced in their area of origin. With are of origin referring also to other relevant studies in the filed we consider a distance from 40 -50 km (Chambers, Lobb, Butler, Harvey, & Traill, 2007). This especially for those that get birth in rural areas. They trust more the famers of their area and believe that the food has a better taste. As you can see from graph 1 there is a huge migration from the rural areas directed in the urban areas, and is interesting that even new generations that are grown in urban areas still conserve that believe (source: this study). Other relevant information are collected such us the net income per month for the entire family creating five main clusters, for salaries starting from 200 euro and more than 2000 euros. In order to assess the awareness of interviews regarding meat processing standards and firms trading them, we asked if they know about HCCAP and ISO standards, ISO is better known from Albanian meat customers, and they know less about HCCAP. The awareness for reading the label in a Likert scale (Matell & Jacoby, 1971) from one to five, where one is never and five is always customers read the label. Other questions are related with perception of importance of the meat origin for local, imported meat and imported from EU country members specifically. Relevance of price in regard of the quality and finally the survey collected information about the willingness to pay a higher price for organic food.

Methodology and Results

Based on data processed using statistical descriptive, correlation bivariate test to see how the concepts are linked, factor analysis to achieve variable reduction and finally a binary logistic regression (Stranieri & Banterle, 2009) is tested. During the process of factor reduction main factors derived from a vast number of variables emerged in six main variables, with a cumulative variance of 65. 4 %. Factors regarding purchase responsibility, cultural influence, awareness for processing standards, demographic distribution, meat origin reputation and price sensitivity. These six factors are used to model the binary logistic model where the dependent variable is the willingness to pay for organic food. After the tests, indicators shows that the majority of the interviews are willing to pay for organic meat. The model required some arrangements in order to fit the significance level. Different reduction step wise tests are used until three significant independent variables remained in the model. The backward stepwise (likelihood ratio), is used to identify this group of variables that remains in the model. The model has the following final form:

$$p = \frac{1}{1 + e^{(purchase\_responsability + origin\_reputation + price\_sensitivity)}}$$

The results indicate that if purchase responsibility decrease with one unit the willingness to pay for organic meat will probably decreased with . 275 point percentage. In the same analogy, if the origin reputation is decreased with one unit the

WTP for organic meat decrease with . 361 point percentage, and finally if the price sensitivity increase with one unit the WTP for organic food probably will decrease with . 384 point percentage.

Based on the results it is evident that better educated people, more mature and in a position to decide what food purchase in the family are more willing to pay for organic meat. Origin of meat from locations that Albanian customers perceive as good, mostly the Albanian origin and not imported goods, and possibly meat from their origin, if they do not recognize such attributes in the meat also is decreasing the willingness to pay and finally if price sensitivity is increasing at means family income decrease and the impact of report between quality and price is accented so they are not willing to pay for higher quality for every price unit, the WTP decrease as well. Other factors are not statistically significant, thus they are not part of these results.

Conclusions

Education level, family position, origin reputation and price sensitivity are important factors to understand Albanian customers how they perceive the organic meat and their willingness to pay for it. As a matter of fact also in other studies the price sensitivity in global markets (Jolly, 1991), and especially in Albanian market is a critical factor when dealing with WTP. Organic food is very much misunderstood and in many cases is confused with biologic production or is abused from farmers and traders using BIO logo for products that have not reliable labels that certify such attribute. Animal welfare is a concept under development in our region and guaranties for having well established value chains that ensure the organic food are still not monitored and perception and trust of customers reflected in this study enforce this fact. Albania would like to enter in larger markets like EU and north America and also has some food welfare restrictions to meet before EU accession (EC, 2014), but ensuring that labels and traceability systems are in place satisfying all standards (Folinas, Manikas, & Manos, 2006) remains still a challenge for Albanian meat producers and traders (UNDP Albania, 2005). There can be different options to support the food production sector (Yang, et al., 2016), using subsidies or other cost amortization methods for them as well as promoting the organic meat production. Enforcing by laws and regulation in the conditions where law enforcement is not in the well performing mechanisms doesn't resolve the issue, even more increase chances for abusive use of organic farming (Lashi & Kapaj, 2016). Increasing public awareness to make them more willing to pay can lead to proactive investments from food industry. Ensuring the modern methods for controlling and monitoring the production value chain process from farm to fork will increase chances to be accepted in European markets and return the investment (Volk, Rednak, & Erjavec, 2010) for organic food success in larger markets.

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