

Organic food and its position in retail stores in Slovak Republic

Andrea Kubelaková¹, Ingrida Košičiarová²

Slovak University of Agriculture^{1,2}

Faculty of Economics and Management, Department of Marketing and Trade

Trieda A. Hlinku 2

Nitra, Slovak Republik

e-mail^{1,2}: a.kubelakova@gmail.com, ingrida.kosiciarova@gmail.com

Abstract

Factors such as healthy lifestyle, interest in green economy and a favorable impact on the environment continue to affect consumer behavior in relation to the food. Consumers tend to buy more and more organic food in Slovak Republic as well. Retail outlets are aware of consumers' needs and therefore to their portfolio of products slowly but surely classify organic foods and so facilitate consumer purchases and contribute to better availability of organic food. The aim of this paper is to point out the secure position of organic food in retail in Slovak Republic. Purpose of the paper was supported by the primary information that has been obtained on the basis of the questionnaire survey implemented in the Slovak Republic. Based on the results obtained, we found out that most consumers buy organic products currently in various supermarkets and hypermarkets. A significant factor which influences the purchase of organic food is age. We can state that consumers in retirement age buy organic food at least. This fact is based on the assumption that their purchasing power is low and consumers in this age do not like to change their normal consumer behavior. On the contrary, more young consumers are in favor of these products and are much more accessible to the changes and use different ways to be sufficiently informed and compared with pensioners, their purchasing power is higher.

Key words: bio products, consumer, organic food, retail, Slovak Republic.

JEL Classification: M31

1. Introduction

Constantly growing awareness of the Slovak population and demands on product quality changes the consumer behavior. Slovak consumers increasingly trust in products that have a beneficial impact on the environment and these organic products slowly become established in retail chains as well. One of the factors why the Slovak consumers trust in buying organic food are different food cases which affect consumer behavior in relation to organic food. The previous consumers' problem was to find a way to get to the organic products, as in most cases they could be found only at organic farms, at a yard sale or in specialized stores. Present has been somewhat lenient and organic food are slowly, but surely building up a solid position in the retail sector. Only major obstacle of buying organic food by final consumers remains the price of these products, which is higher compared with ordinary food, as the costs of their production are higher.

Surveys of various agencies refer that demand for organic products in Slovak Republic is increasing. For this reason, organic products are slowly becoming established in the retail and the consumer gets to them easier.

Consumers are becoming more informed and their attention slowly draws to a healthy lifestyle and therefore in most cases more and more foods that are organically produced are beginning to appear on the tables at households, their production is environmentally friendly and therefore are suitable for consumers. Consumers' information are still not sufficient and it is the lack of information which is a kind of gap in consumer purchases of organic food.

1.1 Characteristics of organic food

Under the term "organic" food we mean a food which has been made under production rules of organic farming. Thus, here we can also include meat, sausages, milk and dairy products, eggs, beer, wine, fruit and vegetables, bakery products and baby food. These are groceries originated as natural as possible, but in a controlled manner in organic and sustainable agriculture.¹

Organic food is basically common food that may not be chemically treated, must not contain any genetically modified ingredients, while in the cultivation of organic crops there must not be used any pesticides and there must not be used any growth hormones or antibiotics by the animals.²

When there have to be followed all these rules and standards, the price of the product is increasing due to increasing labor and production costs. For the producers this means that they do not produce more products but they produce more quality products.³

Quality is one of the major phenomenon, a driving power and at the same time motivating factor of application on the market of business legal entities through its competitive products. Nowadays we can understand quality as a summary of characteristics, whether a product or service which gives them the ability to meet the needs of consumers. According to ISO 9000, quality can be characterized as a set of characteristics of a product or service that are required and expected by customers.⁴

The present is marked by various trends of healthy lifestyle but also of the positive impact of organic farming. These facts have the effect that organic products are increasingly found in the shopping cart of Slovak households. Based on the survey conducted by GfK Slovakia, we can claim that the interest in organic foods is growing mainly in dairy products such as cheese, yogurt, as well as other products. Gradually, the other products, such as dried fruits, tea, flour, as well as edible oils are discovered and more wanted. The primary segment attacked by organic products is household with young housekeeper at the age up to 34 years. Based on the results of numerous surveys we can also claim, that organic products are purchased more in the cities than in the village, since rural consumers can grow organic products themselves.⁵

Consumers are looking for an easier way of getting to organic food. Retail outlets themselves are increasingly becoming aware of this interest in organic quality food. Their aim is to continually expand the range of products that meet these consumer demands. Various retail companies adapt their products to consumers. However, goods are not the only thing that they try to reach consumers with. They exploit the other methods to do it also. One of them is the arrangement of organic food in one place so that the consumer does not have to look for organic products throughout the whole sales area, but has everything in one place.⁶

2. Data and Methods

The aim of this paper is to point out the secure position of organic food in retail in Slovak Republic. As we can claim, based on different surveys in other European Union countries, organic food has already a stable position in the retail outlet but in Slovak Republic its place has to be consolidated yet. To obtain primary information a questionnaire survey was conducted on a sample of 228 respondents approached throughout the whole area of Slovak Republic.

¹ Worldwide Grosses. [online]. [2016-02-15]. Dostupné na: <http://www.slneznica.sk/resources/File/biopotraviny.pdf>.

² Worldwide Grosses. [online]. [2016-02-15]. Dostupné na: <http://dobrezdravo.sk/bio-a-ci-nebio/>.

³ Worldwide Grosses. [online]. [2016-02-15]. Dostupné na: <http://dobrezdravo.sk/bio-a-ci-nebio/>.

⁴ Kollár, V. *Manažment kvality*. 2013. VŠEMvs, Bratislava, s. 197.

⁵ Worldwide Grosses. [online]. [2016-02-15]. Dostupné na: <http://www.retailmagazin.sk/produkt/potravinarsky-sortiment/951-bio-produkcia-oslovuje-hlavne-mlade-domacnosti>.

⁶ Worldwide Grosses. [online]. [2016-02-15]. Dostupné na: <http://www.retailmagazin.sk/produkt/potravinarsky-sortiment/951-bio-produkcia-oslovuje-hlavne-mlade-domacnosti>.

The questionnaire survey was aimed at determining whether Slovak households buy organic products, and especially on whether the products are purchased in specialized shops or they reach them easily and precisely by the purchase at a retail outlet.

The object of the investigation were the inhabitants of Slovak Republic. The questionnaire survey was divided into two parts. In the first part, we seek information about respondents and the aim of the second part was to obtain primary information about buying of organic food in the Slovak Republic.

The information that we used during the preparation of this paper can be divided into primary and secondary. The primary information becomes those acquired through our previous questionnaire survey, which was conducted in the period January-February 2016.

In evaluation of the questionnaire survey, there was used not just the graphic and tabular processing of the received data, but also the opportunity to test the statistical dependence between variables; when the following methods have been used – Pearson's chi-square test, Mann-Whitney U-test, Fisher's exact test and Cramer's contingency coefficient. For this reason, the following hypotheses were formulated:

- H₁ H₀: There is no relationship between education and the purchase of organic food.
H₁: There is a relationship between education and the purchase of organic food.
- H₂ H₀: There is no relationship between sex and the purchase of organic food.
H₁: There is a relationship between sex and the purchase of organic food.
- H₃ H₀: There is no relationship between age and the purchase of organic food.
H₁: There is a relationship between age and the purchase of organic food.
- H₄ H₀: There is no relationship between residence and the purchase of organic food.
H₁: There is a relationship between residence and the purchase of organic food.

3. Results and Discussion

Based on the information obtained from the questionnaire survey the most represented age group in the survey was between 18 and 25 years and it was up to 54 %. For the purpose of the survey, the sample of this age is very interesting because of the reason that this group has significant potential to change their consumer behavior and purchasing power is changing and significantly increases with their age. The smallest group in the survey were respondents over 66 years and they present only 3 %. In terms of research, this segment is not very important for us because it has some well established consumer behavior which it does not usually change and its purchasing power is low.

For this question we have set out the hypothesis, which's aim was to determine whether there is a relationship between the respondents' age and purchasing of organic food. Based on the results of Pearson chi-square test, we can conclude that there exists a relationship between age and purchase of organic food. This means that at the significance level of 5 % we accept hypothesis H₁ and H₀ is rejected. If the dependency was confirmed, our next step was to check if the variation is significant. Based on the results of the Mann Whitney U-test, we can claim that this dependency is not very significant. This fact is also confirmed by Crammer's test, which confirms that the mentioned dependence is not significant. (0.038147)

Our questionnaire survey further showed that from the total number of respondents were even 60 % females. Women are more careful and more informed in relation to the purchases for the household. Women also prefer a higher quality food and products which they bring into the home for their families and it is also due to the fact that they try to bring for their families only the best products.

Gender issue of our respondents was an another issue that has been analyzed through statistical tests. At this point, we have formulated a hypothesis that there is no relationship between the sex

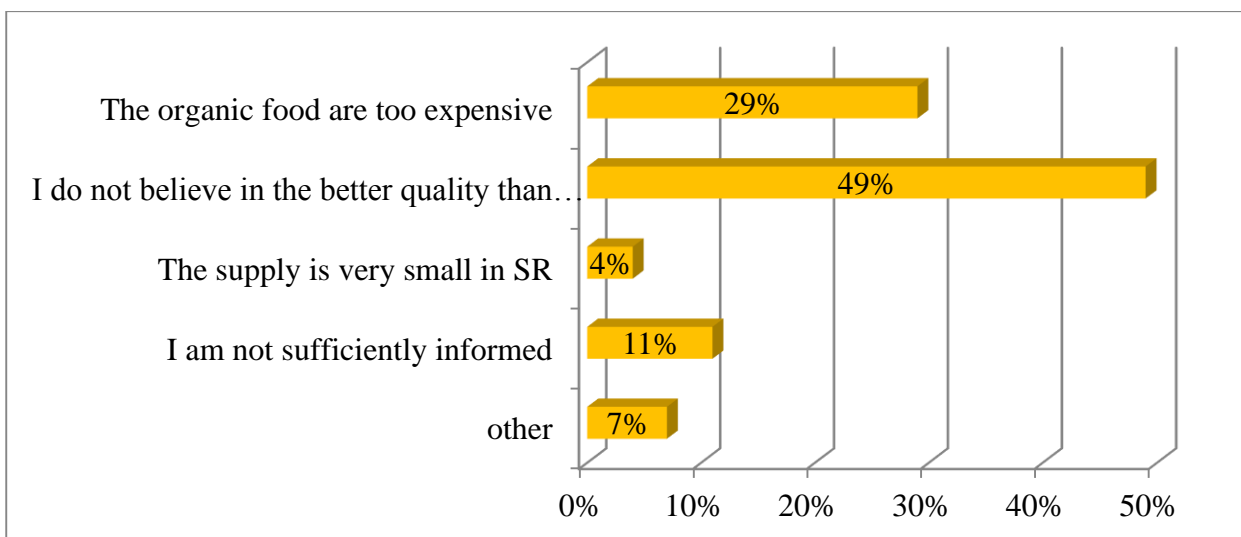
and purchase of the organic food. Based on the results of the Pearson chi-square test, we can conclude that the addiction has not been established and thus there is no relationship between the gender and the purchase of organic food. This is why we accept the H0 hypothesis. This fact we confirmed by using the Fisher's exact test as well, based on which we can actually confirm that the dependence between variables does not exist.

A significant factor affecting the consumer purchase is their income. From all surveyed respondents 47 % said that they are employed and thanks to their professional activity they earn income. 37 % from the remaining respondents were students. Education is a factor which at some extent can influence consumer purchase. Even 47 % from our respondents had completed higher education, whether first, second or third degree.

Based on primary information obtained through the questionnaire survey we can claim that 97 % of respondents know the term "organic food". But it is worse with the purchase of these products. 47 % of respondents which were asked the question relating to the purchase of these products said that in their household they do not buy organic food.

The main reason why they do not buy organic food is mainly their lack of confidence in the quality of this food. Consumers believe that the quality of organic food is the same one as of the ordinary food. The other reason is the high price of these products as well as the lack of awareness of consumers. One of the options which respondents could choose was also that the offer of organic food in Slovak Republic is too small and also that the consumers of organic food are not sufficiently informed. One of the reasons why they do not buy organic food is also their high price. Up to 29 % of respondents claim that organic food is too expensive. (Figure 1)

Figure 1: The reasons for not buying organic food



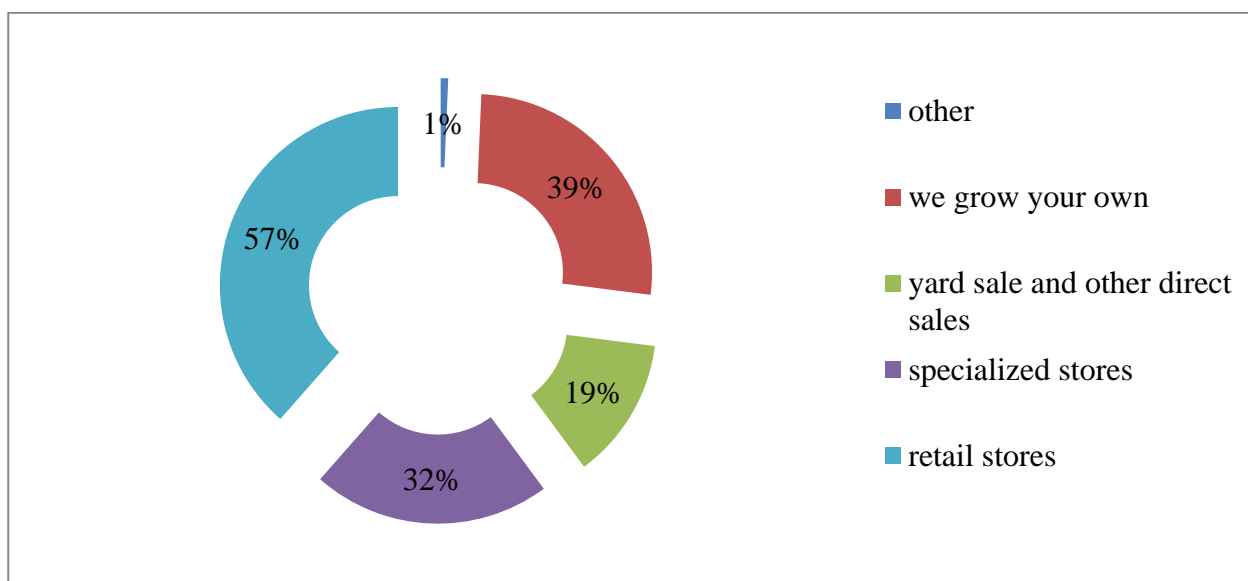
Resource: Own processing, 2016.

The remaining 53 % of respondents who buy organic food see as their main positives that this food is tastier, better, more environmentally friendly, but also that it is slowly becoming part of the lifestyle of consumers.

The frequency of purchases varies, but most respondents said that they buy organic food occasionally. Only 34 % of respondents claim that they buy organic food regularly.

Consumers make purchases in different places but most often they buy organic products in supermarkets, hypermarkets – in retail operations. This alternative was chosen by 57 % of respondents. High percentage at responses had also shops with organic food and healthy eating. One of the options of getting consumers to organic food are also farms or yard sale of small farmers, who in this way sell their products. (Figure 2)

Figure 2: The point of purchase of organic foods



Resource: Own processing, 2016.

One way of getting consumers to organic food is the fact that they can grow them themselves. This alternative, however, tend to favor families living in the villages, which have better access to the cultivation of this type of crop. From the surveyed respondents up to 58 % live in a village.

For this issue we also established hypothesis whose aim was to determine whether there is a relationship between the individual purchases of organic food and respondents' residence. Based on the results of the Pearson chi-square test we can claim that there is no correlation between the purchase of organic food and respondents' residence. This means that organic food can be equally bought by a customer in the countryside, but also in the city.

One of the factors that influence consumer purchase in relation to the organic food is the awareness of consumers. Consumers enrich their awareness with information which they find on the Internet. This alternative was chosen by 64 % of respondents. A significant factor that can influence consumer purchase in relation to organic food are also the references from friends. This option was chosen by 16 % of our respondents.

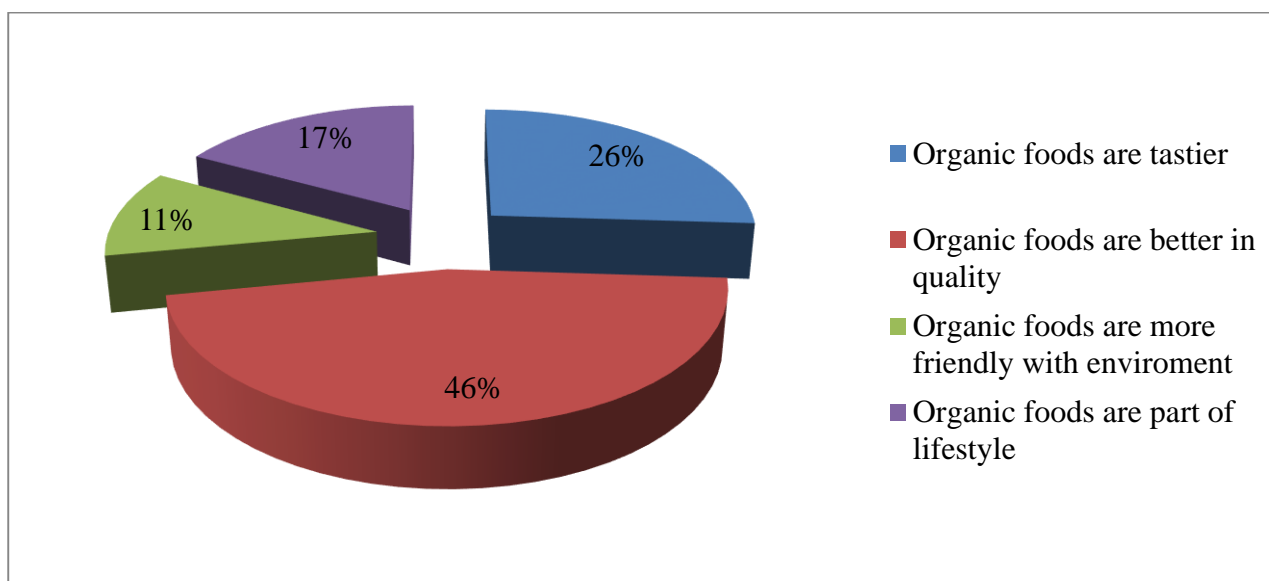
Slovaks proudly manifest the fact that they are patriots in buying of Slovak products. Therefore, the country of origin of the product is significant factor affecting consumer purchase. 35 % of respondents said that country of origin affects them when buying organic food; but 6 % of respondents chose the option that the country of origin of the product never affects them when buying organic products.

The main reasons which would force the Slovak consumers to purchase organic food more is particularly the lower cost of organic food (39 %). Another option selected by respondents was if Slovak Republic had better product availability (27 %), as well as broaden of the width of the range of products (16 %). As it was mentioned above, income is economically significant factor affecting consumer purchase. For this reason, 18 % of respondents chose the option that in the case of increased household income, they would increase the frequency of their purchases of organic food as well.

Consumers can see some advantages and disadvantages when buying organic food. Consumers' views differ in relation to the purchase of organic food. Certain part of consumers prefer this food

to another food, they claim it is tastier, better quality, but emerging trends is also a healthy lifestyle, which gives priority to consumption of these products. (Figure 3)

Figure 3: Advantages of organic foods



Resource: Own processing, 2016.

On the other hand, there are some consumers who are skeptical of organic food and they do not believe that the quality of organic food might differ from the quality of other food. The price is very significant factor, which influences the purchase of organic food.

4. Conclusion

The aim of this paper was to point out the secure position of organic food in retail in Slovak Republic. Consumers see many positives in buying of organic food and also they can distinguish them from conventional foods. But on the other hand, we can also find opponents of these products who do not believe that the quality of this food can vary and could be much better than the quality of ordinary food.

Based on primary data that we obtained through the questionnaire survey, we can claim that we have met the aim of the present paper, because up to 39 % of all respondents stayed that they purchase the organic food only in various supermarkets and hypermarkets. The second most frequently chosen answer was that they grow these products themselves (26 %). The downside for consumers, however, is the fact that not everyone can grow their own products, as consumers do not have all the essentials to do so.

One of the fundamental factors affecting the consumers in a negative direction is the high price of these products compared to the prices of another food. As another factor that affects consumers in buying of organic food we can mention the lack of consumer awareness of what the positives organic food brings.

Producers of organic food should their clients, but also the future customers inform a little more and so get organic food and their beneficial effects to their awareness. It is therefore necessary to influence the consumers' decision by appropriate advertising, but also by delivering the necessary information about the products that are organically produced and their production has no negative impacts on the environment.

Organic food in the future will certainly be part of the diet of each consumer. In the past, the bioproduct was almost everything that the consumer has grown himself. This trend is once again becoming living and consumers are slowly returning to the fact that organic food is gaining on their tables.

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