

## CHANGES IN CONSUMER BEHAVIOR ON THE MARKET WITH FOOD

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### Abstract

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Czech Republic has experienced significant changes on the market with food in last two decades. The paper presents summary of results of conducted analyses focusing on changes in levels of most important food categories, changes in consumer preferences, and suggests what trends we can expect in the near future. The analyses were based on data from Czech Statistical Office Yearbooks, EU-ROSTAT, INCOMA and GfK, and data from primary researches conducted on sample of total 2522 households in the Czech Republic through questionnaire researches in 2005, 2006 and 2007. The results show that in the Czech Republic, the ratio of expenditures for food out of total consumer expenditures is slowly decreasing and advances to (still lower) level typical for traditional EU countries. We have experienced growth of demand for products with higher added value; customers put more emphasis on perceived quality, longer durability and special product characteristics. Czech consumers increase their consumption of vegetables and fruit, bottled beverages, wine and alcoholic beverages, cheese, they decreased their consumption of meat (in total), milk and potatoes, stagnation was typical for bakery products, sugar and fats and oils. Development in all social classes was very similar. For the future, we can expect growing interest for food products in smaller packages and targeted at specific needs, growing demand for food products with higher added value, consumption of food formerly unusual for the Czech, more frequent out-of-home eating, and growing differences between individual segments of social groups, mainly due to uneven income distribution.

changes, consumer behavior, Czech Republic, food, habits

The objective of the paper is to present results of research of changes in consumer behavior on the market with food in the Czech Republic. In last 20 years, Czech Republic went through significant changes, not only politically, but also economically, socially and culturally. The changes are noticeable also in the way people buy and consume food. Food consumption from the perspective of amount and structure influences not only the health conditions of a person, but also his/her psychological well-being and life span. Food intake should be appropriate to activities that a person performs, thus his expenditure of energy and health conditions. This may vary a lot among individuals. Nevertheless, we can still identify certain regional eating habits, which are influenced by demographic, economic, cultural and environmental factors (Turčínková, 2008).

Solomon (2004) defines consumer behavior as behavior of ultimate consumer. Understanding the way

how consumers think, feel, evaluate, choose from alternatives, how they are influenced, how they behave before, during and after purchase decision-making process, how they are limited by their knowledge and abilities to process information, what motivates them and differ their methods of decision-making depending on involvement, importance of the purchase and interest for a product. This all can help significantly to adjust marketing mix, marketing strategies and prediction of consumer reactions to them. Shiffman and Kanuk (2004) summarize that the analysis focuses on consumer behavior when searching, shopping, using, evaluation and getting rid of products, which serve for satisfaction of their needs.

According to Smith (2000), behavior of individuals is very difficult to predict, however, somewhat easier it is to predict behavior of a group. Trommsdorff (2002) points out that from marketing perspective, it is as important to analyze activities connected

to consumption as it is to focus on analysis of characteristics of potential customer. He recommends use of term "consumer" rather than customer. However, the problem is that this term has to include more roles: decider, buyer and influencer.

Study of consumer behavior helps us to better understand and predict not only what consumers purchase, but also why, when, where, how and how often (Shiffman, Kanuk; 2004).

One of the basic premises of current consumer research is the fact that consumers buy products not only for their core function, but also for what the products mean to them. (Solomon, 2004). Consumers no longer evaluate the product mainly on the basis of core utility, but on the basis of the real product, its particular features, and extended product, thus intangible factors which provide the customers with perceived advantage – image of product user, assistance, after-sale services, etc. (Foret, Procházka, Urbánek; 2005).

Relationships are also of growing value in the marketing management. Consumers create relationship to a product. A product can help a user to create his/her identity, it can bring memories of the past, a product can become a part of consumer's daily life or create a different emotional bond (Solomon, 2004).

Solomon (2004) also identifies 4 distinct types of consumption activities:

- *Consumption as experience* (emotional or esthetic reaction to a product consumption)
- *Consumption as integration* (use of particular products helps us integrate in a society)
- *Consumption as classification* (the choice of product influences how we are perceived by others)
- *Consumption as play*.

Consumer behavior is also influenced by his/her involvement. Consumer decision-making process has typically 5 stages: (1) problem recognition, (2) information search, (3) evaluation of alternatives, (4) product choice and purchase, (5) post-purchase behavior. However, not all decisions lead to a purchase and not all purchase decisions pass through all the above mentioned stages consciously. Kardes (1999) mentions consumers sometimes prefer simple procedures to complex solutions of a particular situation, and they tend to base their decisions on just a few criteria.

When deciding, consumers are influenced by a great number of factors: personal (those that are typical for a particular consumer), psychological (motivation, attitudes, perception, etc.), social (reference groups, opinion leaders, family), cultural (e.g. values) and situational (social surroundings, physical surroundings, temporal effects, etc.) (Kotler, 2001; Brown, 2006).

One of the determining factors when choosing among food products are the physiological needs of a person. Balance between hunger (stimulating taste) and food consumption (taste satisfying and activating feeling of satiety) controls our nervous system. The feeling of satiety is essential in securing

energetic balance. The feeling of satiety depends on taste of the food, thus sensory characteristics of the food products, and individual perception of particular consumer. Eating habits of consumers influence their health conditions. Majority of population shows deviations from a state that is considered as "ideal" (Turčínková, 2008).

## MATERIALS AND METHODS

In order to achieve the above state objective to identify changes in consumer behavior on the market with food in the Czech Republic, following analyses were conducted:

- Analysis of food consumption trends in the Czech Republic and analysis of food consumption per year development in the most essential food categories per 1 inhabitant in last 20 years.
- Analysis of factors, which influence consumer behavior on the market with food in the Czech Republic.
- And identification of trends on the market with food.

For the analyses, very important source were data from Czech Statistical Office Yearbooks, EURO-STAT, INCOMA and GfK, and data from primary researches conducted on sample of total 2522 households in the Czech Republic through questionnaire researches in 2005, 2006 and 2007.

## RESULTS

Results of conducted analyses show that the greatest differences in the structure of consumption expenditures of households are between northwest Europe and new EU member states (central European countries and Baltic countries), and between north Europe and south European countries. Establishment of common market on January 1, 1993 has lead to approximation of price across the market; however, it has not eliminated different price levels in individual EU member states. The reasons stem from differences in taxes, transportation costs, information costs, regional and national preferences, different structures of retail channel, level of competition, and a fact that certain products have regulated prices (e. g. energy). Great differences in prices are typical for product with strong regional and national preferences.

With growth of net incomes, we experience approximation of food expenditures ratio out of average total household consumer expenditures in the Czech Republic to current levels of EU countries. In EU-27, the highest ratios out of total household consumer expenditures (in 2005) were represented by accommodation and energy expenditures (21.7%), followed by transport expenditures (13.5%), and expenditures for food and non-alcoholic beverages (12.8%). In 2005, the average expenditures for food represented approximately 20% out of total consumer expenditures in the Czech Republic.

Results of time series of consumption development of selected food categories suggest changes in consumption food patterns and shopping habits. If we try to summarize trends in consumption of the most important food categories in the Czech Republic per head in last 20 years, we have experienced **growth of consumption** of poultry, fish (however, only very slight), cheese (since 1993), sour milk products, and both vegetable fats and oils. As positive we can evaluate the growth of fresh vegetable consumption – the most dramatic growth pace took place in 90's (since 2000, we are experiencing a slight decrease). Higher is also consumption of pulses, a valuable source of proteins, and fruit consumption. Initial significant growth of exotic fruit consumption in early 90's was replaced with slight drop after 1995. There was a growth of more exotic, earlier not available fruits, and also the fruits of temperate zone (more evenly through entire year). The fact of more even availability and consumption of fruits through a year is very positive, nevertheless, we experience seasonal variations.

A significant raise in level of consumption took place in category of bottled non-alcoholic beverages, including bottle drinking water (despite the fact that bottle water quality doesn't reach the quality level of tap water), mineral water, juices and other beverages (such as cola-like drinks, coffees) replacing the essential source – drinking water. Mild growth of beer consumption doesn't reach the growth rate of increase in wine consumption, including the fact that consumers move their demand to higher quality wines. The consumption of roasted coffee has increased too.

In the category of bakery products, there was an increase in consumption of wheat and whole-grain bakery products. New technologies allow finishing the baking process directly at the point of sale, or at home, and new recipes have significantly extended the assortment. Other category with growing consumption is pasta (nearly 130%), which becomes more popular also thanks to domestication of Italian cuisine in the Czech Republic (people have learned how to prepare great variety of pasta meals), and also thanks to its easy preparation, which is due to current lifestyle a very valuable feature.

From the health perspective, it is not so positive to see increasing consumption of smoked meats (mainly sausages, salamis, etc.) despite their growing prices. An increasing consumption is visible in trend analysis for chocolates and chocolate sweets, cocoa (the highest rate among senior citizens) and ice cream.

In the analyzed period, the no significant change, or better to say **stagnation in consumption** was typical for pork meat (after certain increase on the break of 80's and 90's, consumption returned to approximately same level as at the beginning of the analyzed period). No significant change took place in total consumption of fats, tea, bread and custard.

On the other hand, a **drop in consumption** registered for total consumption of meat (most of all sig-

nificant decrease in consumption of beef and veal, fat meat and offal). Dramatic decrease of milk and dairy products took place at the beginning of 90's. Since then, we are experiencing a slight growth (although mainly due to dairy products), the milk production dropped to its half since the beginning of the analyzed period. As a positive, one could consider decreased consumption of eggs and grease in 90's. Decreasing consumption of butter (mainly thanks to massive campaigns stressing margarines as "healthier" alternative) didn't stop until end of 90's, when it experienced certain revival.

Czech consumers have been replacing potatoes with other side dishes, which lead to decrease in their consumption. Besides that, it is typical for potatoes to see yearly fluctuations due to different price and harvest levels. Low is also consumption of preserved food and syrups. Czechs eat less non-chocolate sweets. Lower level of self-supplies probably both due to changes in lifestyle (people devote less time to gardening), and better availability of food in retails within the whole year.

A big phenomenon in last years is the dramatic increase of demand for organic food. The development in the Czech Republic is rather lagging behind the development in more advanced economies; in 2006 and 2007, the Czech Republic reached the highest growth rate in Europe. Within 2005 and 2007 it represented 153% increase and the growth continues. Organic food is the fastest growing food category in the world.

Consumption in kind didn't experience any significant changes; however, its level is slightly decreasing over the analyzed period. It shows fluctuations mostly due to harvest and price level variations and also an economic convenience of self-supplies. Household expenditures for out-of-home eating are increasing year-by-year. The reasons stem from changes in lifestyle, when people spend more time out of their homes, also the time pressure least to eating meals often in a rush. With decreasing average household size, it is becoming less efficient to prepare meals at home due to higher average costs and invested efforts. We can assume that the trend increasing share of eating out-of-home will continue.

We can summarize that within the analyzed period we have experienced growth of food product with higher added value (despite the fact that it is not so clear when using only statistical sources from Czech Statistical Office, the assortment of purchased products within the consumer basket has transformed), customers put more emphasis on perceived quality, longer durability and special product characteristics.

The trends within all social classes are very similar. Nevertheless, we can identify some differences among them: the highest average consumption is typical for households of pensioners and farmers, the lowest average consumption in households of entrepreneurs. Farmer households have the highest share of consumption in kind, relatively higher intake of animal fat and vegetables and fruits.

The lowest average consumption per head is typical for households of families with children. The reasons are a lower consumption volume and higher rate of eating out-of-home.

In individual regions of Europe, there are big differences in food and beverages consumption. However, the increase of traveling abroad leads to better transfer of information about food and beverages in foreign countries, and along with development of international distribution channels, it results in approximation of consumption patterns and habits in these product categories.

The structure of grocery retail in the Czech Republic has began to change at very beginning of 90's, mainly due to price liberalization, followed with process of privatization and entry of international retail chains, which influenced structure from the perspective of average area of the outlet (in square meters) – the number of large scale stores was increasing along with decreasing number of small outlets (mostly local convenience stores). Concentration on the grocery retail market still continues. A small number of retailers have a major share on total turnover on the market. Most of them have foreign participation.

With this changing structure, growing competition and widening assortment of products on the market, the consumer behavior has changed too – not only in the preferred location for shopping, but also consumer expectations and requirements on quality and provided services. The most preferred type of outlet for purchases of food product is currently hypermarket. The interest culminated in 2003, at the moment, it is the most preferred place when shopping for food for approximately 35% consumers in the Czech Republic. After a boom at the end of 90's, supermarkets are loosing customers now. Also the number of customer of convenience stores decreased. On the contrary, discount stores experience the highest growth.

Czech customers, when choosing a store for a purchase of food, use these following criteria: (1) location, whereas stores with convenient and easy access have been gaining more and more customers (it is due to the fact that people are busier and they are not willing to waste time traveling to shopping centers out of their residency areas, and population is getting older in general), (2) price level, (3) width of assortment. Besides these, they consider as important freshness and quality of foods.

Demand for food products is very much influenced by following factors:

- Level of household incomes (most of all the level of disposable income) – it is obvious that with

growing household incomes the requirements on characteristics of consumed and growing interest for satisfaction of needs in higher levels in Maslow pyramid.

- Household structure (number of members, their age, economic activity,...).
- Consumer attitudes (what they consider as necessary to own and consume).
- Product prices and anticipations of their changes (average increase or decrease of prices of particular food products has not proved it would directly lead to decrease of consumption when prices are growing, and on the contrary, influence of price on consumption of the entire category of food products was significant only in case of step changes, as soon as customers get used to the price level, demand usually gets back to similar level as before the price change).
- Habit (eating habits adopted from family and our surroundings, influence of time pressure, cultural habits of particular regions).
- Product quality (however, we must focus on the subjective perception of product quality, consumers usually select such products, which combination of price and quality and their expectations on product parameters are considered as adequate).
- Media influence (both health education, learning new products and its use, and spread of various startles).
- Widening of assortment and availability of food products (both locally, and from time perspective).

## DISCUSSION

Decision-making of a consumer is influenced by a great number of factors and with little exaggeration one could say that customers are often unhappy due to currently available wide assortment to choose from. This fact makes his decision-making more difficult, sometimes even stressing, because it requires quite complex mental process. It is caused by a fact that human short term memory can hold only limited amount of information (approximately  $7 \pm 2$  pieces), therefore, consumer must find a way how to simplify his decision-making. He chooses among product using certain key criteria, which help him to compare and make better decision. This leads to a routine decision-making eventually. Producers should be interested in learning more about their customers in order to provide them more convenience and higher customer value.

## SUMMARY

The conducted analyses provided us with information about changes and trends in average yearly consumption of most important food categories in the Czech Republic in analyzed period between 1988 and 2007. Consumer behavior on the market with food in the Czech Republic within the ana-



lyzed period changed. The shifts in demand resulted mostly from market transformation represented with price liberalization, distribution channels restructuring, entry of international chains, widening assortment of products and their availability within the whole year.

Consumers moved their demand to food product with higher added value; they put more emphasis on perceived quality, longer durability and special product characteristics. For the future we can assume:

- Growing interest for food products in smaller packages and targeted at specific needs (easy preparation, possibility to eat out of home, etc.).
- Growing demand for food products with higher added value (e.g. food with special characteristics, such as organic food, food stating positive influence on health, or brand products).
- Consumption of food formerly unusual for the Czech Republic (exotic ingredients, international meals, etc.).
- More frequent out-of-home eating.
- Both interest to connect shopping with entertainment for some (higher expectations on supplementary services), and at the same time growing preference for smaller local convenience stores with more personal contact and shopping atmosphere for others.
- Growing differences between individual segments of social groups, mainly due to uneven income distribution.

All these factors need to be reflected in adjusted marketing mixes of food producers and vendors.

## SOUHRN

### Změny chování spotřebitelů na trhu s potravinami

Provedené analýzy poskytly informace o změnách a trendech v průměrné roční spotřebě nejdůležitějších potravin v České republice ve sledovaném období v letech 1988 až 2007. Chování spotřebitelů na trhu s potravinami v České republice se v tomto období proměnilo. Změny v poptávce byly především důsledkem transformace trhu spojeného s liberalizací cen, změnami ve struktuře distribučních sítí, vstupem mezinárodních řetězců, rozšířením sortimentu produktů a jejich dostupností v průběhu celého roku.

Spotřebitelé svůj zájem přesunují k produktům s vyšší přidanou hodnotou, kladou větší důraz na vnímanou kvalitu, delší trvanlivost a speciální vlastnosti produktů. Do budoucna můžeme očekávat:

- růst zájmu o potraviny v menších baleních a zacílené na specifické požadavky (snadná příprava, možnost konzumace mimo domov atd.),
- růst poptávky po produktech s vyšší přidanou hodnotou (např. potraviny se speciálními vlastnostmi – bio potraviny, potraviny zdůrazňující příznivý vliv na zdraví, či značkové produkty),
- využívání potravin pro Českou republiku dříve netypických (exotické suroviny, mezinárodní jídla apod.),
- stále častější využívání veřejného stravování,
- jak zájem o spojení nakupování se zábavou u jedné skupiny spotřebitelů (rostoucí očekávání na doprovodné služby), tak rostoucí preference menších místních prodejen nabízejících osobnější kontakt a nákupní pohodlí pro skupinu druhou,
- rostoucí rozdíly v jednotlivých segmentech dle sociálních skupin zvláště z důvodu nerovnoměrného rozdělení příjmů.

Všechny tyto faktory by měly být zohledněny při tvorbě marketingového mixu jak výrobcí potravin, tak i jejich prodejci.

změny, chování spotřebitele, Česká republika, potraviny, zvyky

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