

HOW DO ROMANIAN CONSUMERS PERCEIVE ORGANIC FOOD? A MARKET REVIEW

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Abstract

New trends in modern consumption are changing the main reasons that stand as determinants for the buying decision of food products. Social media, the internet, TV programs, newspapers and magazines, all promote the same directions, based on wellness concepts and green - environmental activities. Thus, this new approach has reorganize the way in which consumers see food, as eating habits are considered to represent the starting point in building a healthy and balanced human – environment lifestyle.

The main response of the modern food market to the new consumers' requirements is represented by the organic segment, a food segment that comes with multiple benefits but also with a higher financial cost for both producer and consumer.

In this context, the central objective of the present paper is to analyze how organic food is perceived by the consumers. Romanian organic food market was chosen as research region, previous studies identifying a gap between the level of production and the low level of consumption of organic food. The research method included a quantitative research (based on a questioner) and also a set of recommendations that could be applied for Romanian organic food market, in accordance with the questioner main findings.

The results show that Romanians are not totally aware of the benefits of organic food and production methods and also that they don't understand the cost – price relationship. The qualitative research points out a set of recommendations that can determine a more flexible market and an optimized cost – price ratio through governmental and legal support.

Keywords: Organic food, consumer requirements, modern buying determinants, Romanian organic food market, cost – price relation, organic food benefits.

JEL Classification: Q11, Q13, Q52, O13

Introduction

In the last decade, the organic food market has rapidly developed, transforming itself from a niche segment to an independent global market. In this context, the growth of the organic sector is evaluated exponentially higher than the registered values for many regions and the

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main question that researchers are raising is what causes the gap between the high level of production and complex benefits and the low level of consumption? (Manika, 2015)

The organic food market represents a dynamic sector in Romania, registering in the last year an ascending evolution, in both plant and livestock producing sectors (MADR, 2016). But, despite of the positive perspective, the Romanian market is seen by the international organizations as a highly export oriented one (IFOAM, 2016). Thus, Romanian consumers prefer conventional food instead of organic, most of the organic production being exported. Given this conditions, the main objective of the present paper is to identify and analyze the Romanian consumer's perception on organic food and how the price of these products influences their behavior. Past studies on Romanian organic food market have highlighted that price was one of the main determinants that conducted the buying decision and that Romanians are mainly unsatisfied by the high price of organic food (Toma, 2015).

Before the price subject, it is important to define the market overview, more exactly to find out if Romanian consumers are familiarized with the organic food concept, if they can differentiate an organic food product from a conventional one and other questions that can help in building their profile. The results highlight a generally uninformed public.

Nevertheless, the industry is permanently defending its position, in a very transparent manner. All food organizations and European Union organisms that are promoting organic food consumption provide educational materials and informational platforms in order to help consumers better understand the benefits of organic food products and the reasons that stand as a main cause for the higher prices values, in report with conventional food.

1. Romanian organic food market costs and benefits. Literature review

Organic agriculture and its market represent today one of the most important growing sectors at a global level, having a significant impact from both an economic and social point of view. All regions record a growing number of "green consumers" that integrate environmental considerations into daily purchases, asking for healthier, safer and higher quality foods (Behrens, 2015). But, beside this positive overview, organic agriculture is creating cross-cultural differences, generating acceptance issues. The main issue raised involves accepting the compromise of more rigid production standards (from producer's perspective) and higher prices (from consumer's perspective) in contrast with faster methods of production and cheaper food products.

Latest studies highlight that, in general, consumers have a positive opinion regarding organic food products, as they are associated with: superior taste, environment - friendliness, health, food safety and animal welfare. In the meantime, the following factors are identified as being the main barriers for organic purchase: high premiums prices, unavailability in all regions/stores, scepticism towards certification bodies and organic labels, insufficient marketing efforts and sensory defects (for example organic fruits or vegetables are smaller in dimensions than conventional ones) (Marian, 2014).

In this context, Romania, is characterized by increasing numbers in the organic production sector. Analyzing the plant sector, we can see that it has registered an upward evolution in the last 5 years, the total area used for organic agriculture reaching 289.251,79 ha in 2014, excluding the 1.78 million hectares from spontaneous flora harvesting (table no. 1).

Table no. 1: Dynamics in organic farming sector Period: 2000 – 2014

Indicator	2010	2011	2012	2013	2014
Total Organic Operators	3.155	9.703	15.544	15.194	14.470
Processors	84	95	103	88	61
Total organic land (ha):	182.705	229.945,7	288.260,8	301.148	289.251,79
- Grains	72.297	79.166	105.148	109.105.3	102.531
- Protein Crops	5.560	3.147	2.764	2.397	2.314
- Root Plants	504,3	1.074.9	1.124,9	740,75	626,99
- Industrial crops	47.815,07	47.879,68	44.788,73	51.770,78	54.145,17
- Green crops	10.325,4	4.788,49	11.082,93	13.184,14	13.493,53
- Vegetables	34,32	914,08	896,32	1.067,67	1.928,36
- Vineyards	3.093,04	4.166,62	7.781,33	9.400,31	9.438
- Grasslands	31.579,11	78.197,51	105.835,57	103.701,5	95.684
Spontaneous flora*	7.294,35	33.8051	1.082.138	944.546,2	1.787.548

Source: Ministry of Agriculture and rural Development official data

Apart from these numbers, Romania ranks as one of the 10 leading countries for: global largest wild collection area, global largest number of organic beehives, European largest number of producers (FiBL, 2016). So, from a production point of view, Romania represent an important player on the global and European organic market. But, moving forward to the consumption area, Romanians are characterized as having low awareness on organic quality and not willing to pay a higher price for organic food. Also, consumers don't ask for certified products, even if they buy and use organic produces, a wide spread assumption existing, that home-grown products are in fact organic products (IFOAM, 2016).

There is a general misunderstanding regarding the reasons that determine higher costs for organic food. Consumers, in general, consider organic food as being more expensive based on the extent of the new movements on environment protection and healthy lifestyle. A set of guidelines must be establish from the beginning, regarding certified organic food and their higher prices than their conventional counterparts (FAO, 2016):

- organic food supply is limited as compared to the global demand;
- production costs are higher because of greater labor inputs per unit of output and because greater diversity of enterprises means economies of scale cannot be achieved;
- post-harvest handling of relatively small quantities of organic foods results in higher costs because of the mandatory segregation of organic and conventional produce, especially for processing and transportation;
- marketing and the distribution chain for organic products is relatively inefficient and costs are higher because of relatively small volumes;
- prices of organic food include not only the cost of the food production, but also a range of other factors that are usually not captured in the price of conventional food, such as: environmental enhancement and protection, higher standards for animal welfare, avoidance of health risks to farmers due to inappropriate handling of pesticides (and avoidance of future medical expenses for the government), rural

development by growing employment rate at the local farms and assuring a fair income to producers.

The above principles are also applicable for Romanian organic food market. But, as we can see from figure no 1, these principle are not understood by the consumers, which prefer conventional food products. Romania ranks among the last positions in the consumption level per capita, measured as EUR spent/year. As it can be seen, other European countries like Denmark or Austria are exceeding 100 EUR/capita yearly. Also comparing the 4 EUR/capita consumption level with the total sales for Romania, 80 mil EUR, we can confirm the assumption that Romania's organic food market is highly export oriented.

	2006	2011	Difference		2006	2011	Difference	
			€	%			Mio €	%
Austria	64	127	63	98	496	1 065	569	115
Belgium	23	40	17	72	258	435	178	69
Bulgaria	0	1	1	900	1	7	6	775
Cyprus	2	2	1	33	2	2	1	33
Czech Republic	3	7	4	104	27	59	32	109
Denmark	80	162	82	103	434	901	467	108
Estonia	-	-	-	-	-	-	-	-
Finland	11	22	11	105	57	120	63	112
France	26	58	32	120	1 700	3 756	2 056	121
Germany	56	81	25	45	4 600	6 590	1 990	43
Greece	5	5	0	0	55	58	3	5
Hungary	2	3	1	67	20	25	5	25
Ireland	16	22	6	40	57	99	42	72
Italy	19	28	9	46	1 130	1 720	590	52
Latvia	-	2	-	-	-	4	-	-
Lithuania	-	2	-	-	-	6	-	-
Luxembourg	85	134	50	59	41	68	27	66
Netherlands	28	46	18	64	458	761	303	66
Poland	1	3	2	131	50	120	70	140
Portugal	-	2	-	-	-	21	-	-
Romania	1	4	4	700	10	80	70	700
Slovakia	1	1	0	0	4	4	0	- 7
Slovenia	5	19	14	280	4	38	34	850
Spain	2	21	19	1 213	270	965	695	257
Sweden	42	94	52	124	379	885	506	134
United Kingdom	42	30	- 12	- 16	2 557	1 882	- 675	- 16

Figure no. 1: Changes in organic consumption per capita (left) and total sales in EU Member States between 2007 and 2011 (per year)

Source: EU - Development of the EU organic sector and the world market in organic products

Thus, a more deeper understanding is require on what determines this situation; if Romania produces in terms of organic agriculture, why aren't the Romanian consumers willing to buy these products, despite of their wide range of benefits?

Previous studies identified price as main a reason for not purchasing organic, mainly for urban population. The most common reason in Romania is that most of the consumers produce their own food (a wide part of Romania's population comes from rural regions where land and all necessary conditions are available) (Bogza, 2015).

For a new approach, the authors have conducted a questionnaire based research, during January – March 2016, on a group of 90 respondents, age between 20 -35 years, form urban

regions. The main objective was to identify the degree of acceptance of organic food. The respondents were chosen on voluntary basis and were targeted in supermarkets, universities and companies. In the following section of the article the research results are disseminated and brief development proposals are be pointed out, for Romanian organic market.

2. Case Study – Rumanian consumer’s perception on organic food

Because of the human nature, the buying process is influenced by certain determinates that are different from individual to individual, based on economic, social or cultural aspects. Thus, the authors have proposed an exploratory attempt, for the Romanian region, an agricultural region that has a high potential for the organic sector.

Analysis of the results shows that all respondents consider themselves familiarized with organic food products, even if 1% of the respondents are not sure they have consume such products (figure no. 2). Taking into consideration the age of the respondents and the urban residence this was a general hypothesis that we could assume. Nowadays, the access to information triggers a general state of knowledge and self-confidence.

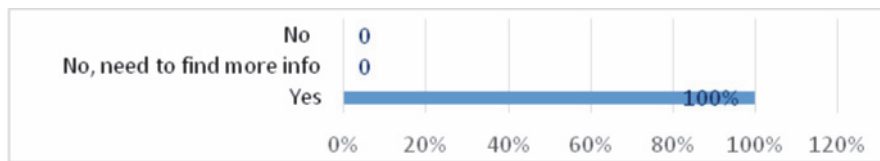


Figure no. 2: Consumer’s awareness of organic food products

Moving forwards, the respondents were asked to shortly define or provide key words that would describe organic food in their perspective. The most encountered key words (68% of the responses) were health/ healthy, natural, without chemical adding, free of food preservatives, protecting the environment (figure no. 3).

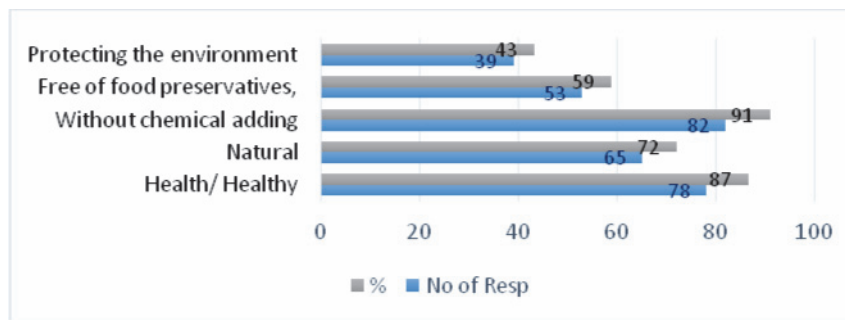


Figure no. 3: Consumer’s perception on organic food products – key words

As it can be seen, the main perception that Romanian consumers have on organic products is closely related to the general health condition and their way of production. None of the respondents mentioned terms like: certification, legislation, specific labels and logos, which are the most important key words in identifying an original organic food product.

One can observe that, despite the consumer’s acceptance of being familiarized with organic food products, Romanians don’t have basic knowledge regarding this sector. This hypothesis is proved by the results of the next question, where the respondents were asked to mark from a given list, the words that they associate with organic food (figure no. 4).

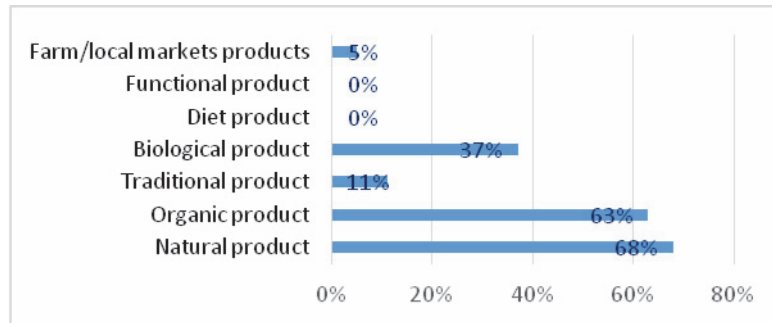


Figure no. 4: Associated words for ecologic food

Most respondents marked the correct answers (organic and biologic) that are equivalent with biologic in Romanian legislation, but most of them connected the subject with other terms like traditional or natural food. One of the biggest confusions encountered on the Romanian market is associating the term natural with food. Only 21% of the respondents have equated ecologic with only organic and biologic terms.

Two type of consumers were identified: that differentiate organic products from conventional ones and that don’t know the differences. At this point, 90% of the respondents didn’t know how to identify an organic product, most of them adding the price or the energy content as a differentiation marks.

Jumping to the next questionnaire section (Main determinates that drive the consumer buying decision) the results highlighted that most of the respondents buy organic food because it is healthier than conventional food. Also, the lack of chemicals and genetically modified organisms was mentioned, by more than half of the respondents (figure no. 5).

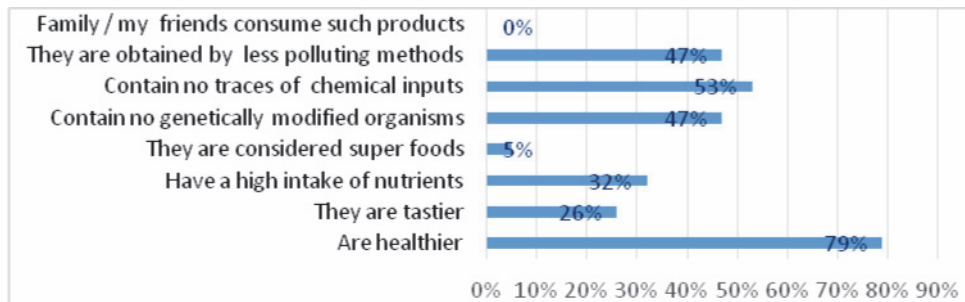


Figure no. 5: Main reasons that determine the buying decision

As resulted from other researches, the price is one of the main barriers for the consumers (figure no. 6). Only 26% of the respondents, considered that the price is a fair one.

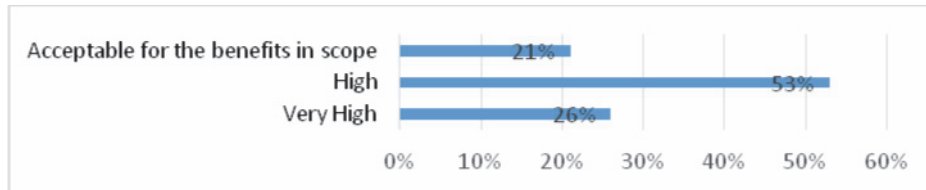


Figure no. 6: Organic food price perception upon Romanian consumers

Based on the above results a series of recommendations have been projected, that can help to a better customer - market relationship and that can make the Romanian food market more flexible to both consumers and producer’s demands. The two main direction that were identified were transposed into the below recommendations:

- a well-structured educational program addressed to all consumers, that can help them better understand the organic market’s role in both their personal and environmental health. This educational programs must be sustained by the legal organisms from Romania, like the Ministry of Agriculture and Rural Development, Ministry of Health, Ministry of Environment, Waters and Forests and the Consumer Protection Authority. All these organisms can highlight, from their own perspective, the benefits of organic food consumption and can bring in the consumer’s attention important aspects like: certification process of organic food, the guarantees that this certification brings and also the strict legislation system that regulates this sector. This educational program should be targeted to all consumer categories and should be communicated by all means and resources, starting with school and university programs, to social media and internet platforms.
- a lower VAT rate for organic food and a lower tax for producers that operate respecting the organic standards. At this point the VAT rate for food products in Romania is 9%, but it can further lower down for certain products that can bring future social benefits like lower governmental costs on the heath sector or lower investments in environment recovery. Only by implementing such directives, the causes that determine a low consumption level for organic food will be supervised and kept under control. At a lower price and with an informational back-up, the consumers will accept to buy and experiment organic products’ benefits, actions that will convince them of the superior quality of these new products.

Conclusions

Apart from the benefits that organic food consumption can bring to all individuals and to the environment, this market is driven by the same economic mechanisms as all global good markets, mechanisms that can induce a negative trend if the consumers are not correspondingly informed. This assumption was demonstrated in the present study, on Romanian organic food market. Romania’s situation is characterized by a gap between the 2 main levels of production and consumption. Romanian organic market is developing fast, but not driven by the internal demand of such products, as it is an export-orientated market. In this sense, the present article identified the main reasons that stand for this situation and outlined some general directions of improvement. For Romanian consumers we can state the lack of knowledge regarding organic food and organic food prices, even if they auto characterize themselves as being familiarized with these concepts. Organic food was created to satisfy an emerging need of the modern consumer; thus the product must be adapted to the consumer’s demands also from an informational point of

view, so that any potential consumer can easily identify it and understand its destination. The result of the study identified some serious confusions: for example, consumers, when confronted with different terms such as organic, biologic or ecologic, understand different senses, in spite that these terms designate the same notional aspects, the only dissimilarity being that each EU country can choose by legislation the term for national usage. Nevertheless, by integrating a clear educational - informational program, Romanian organic food market would adapt to the consumer's demands and the product lifecycle can be extended throughout a permanent-interactive relationship between consumer and product.

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