

# Exploring Serbian consumers' attitude towards ethical values of organic, fair-trade and typical/traditional products

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## Abstract

The new Millennium has seen a renewed and intensified interest in issues of business ethics and corporate social responsibility (CSR). This has been partly driven by a wave of concern about conduct and governance of business and partly reflects a growing interest amongst consumers, policy makers and businesses, in forms of production and consumption that are more sustainable and more ethically oriented. This is typified by growth in demand of products encompassing ethical values such as organic and Fair Trade products. However, research knowledge base about consumers and their behaviour and attitude from an ethical perspective is relatively weak. Consumer attitude to foods is mainly influenced by concerns (e.g. food safety, human health, environmental impact) and commodity attributes (e.g. quality, taste, freshness and packaging). The objective of this paper is to get an insight on Serbian consumer attitude towards agro-food products with ethical values (AFPEV) namely organic, Fair Trade and typical/traditional products. This paper is based on the literature and an online self-administered questionnaire, carried out from December 2010 through June 2011 with 104 Serbian adult consumers, dealing with understanding of and knowledge about AFP and relationships with ethical values; AFPEV buying frequency; main criteria and reasons for buying AFPEV; opinion about AFPEV price and consumer willingness to pay; potential impacts on animal health and welfare as well environmental, economic social and civic impacts of buying AFPEV; purchasing channels; and main sources of information about AFPEV. Serbian consumers have a good knowledge about AFPEV that are bought by 98% of the sample. Most of the respondents relate ethical values to the respect of environment (73.5%) and organic production (49.0%). The main reasons for buying AFPEV are quality (35%), organic certification (17%), and taste (15%). Price seems less important. The main sources of information about AFPEV are mass media, newspapers and magazines (summing up 46%). However, the majority of Serbian consumers prefer to get information directly from the supply chain actors mainly sellers and/or producers. AFPEV are bought mainly from the specialized shops (34%) and supermarkets (26%) to achieve personal satisfaction, for health, safety, natural resources conservation, and environment protection. Consumers do not always buy sustainable products as consequences of environmental concern or to benefit the community or due to personal beliefs but mainly to give priority to health. Ethical factors are important in some cases, but they may be overstated. Results indicated that most Serbian consumers perceived that AFPEV as healthier and portray a positive attitude towards AFPEV thus showing a high willingness to pay higher prices. Serbian consumers seem to have a positive attitude towards organic, fair trade and typical products due to the sustainable benefits that they can bring about. Therefore, institutional and domestic market conditions should be improved for insuring long-term market development and information campaigns should be organised to increase Serbian consumers' awareness and consciousness and to strengthen their positive attitude towards AFPEV.

**Key words:** Serbia; Consumer; attitude; agro-food products; ethics.

## Introduction

There was a renewed and intensified interest in issues of business ethics and corporate social responsibility (CSR) in the new Millennium. This has been partly driven by a wave of concerns about conduct and governance of business in the wake of some ethical scandals. It also partly reflects a growing interest amongst consumers, policy makers and businesses themselves in more sustainable and more ethically oriented production and consumption. This is typified by growth in demand of some products such as organic and Fair Trade ones (Brinkmann & Peattie, 2008).

Consumers often preferred products for reasons other than classic economic calculation. They connected consumption with their religious, ethnic, racial, national, class, and other identities. In recent decades, consumers' product choice has been increasingly influenced by a growing concern for transnational and global issues of justice, care for the environment, and human right. Global movements and network mobilize consumers to make political and ethical purchase (Micheletti, 2003).

According to Brinkmann (2004): "*Business ethics...mainly with moral criticism...of business behaviour. Within a market economy, business behaviour is not independent from consumer behaviour and consumer acceptance... Rather than criticizing business alone...or passing on the blame to the market and to the consumer...it seems more fruitful to consider issues such as Organic, Fair Trade, social and environmental sustainability on one hand and consumer dishonesty on the other hand as a shared responsibility of business and consumer...*". Perception research combines elements of psychology, sociology, anthropology and economics (Albaum & Smith, 2005). A series of beliefs, which can be cognitive or evaluative, can combine to create an attitude (Heberlein, 1981). The link between attitudes, intentions and behaviour has been explained (Fishbein & Ajzen, 1975). Stakeholders and actors dealing with ethically-oriented products or marketing scholars seeking to better understand this process, are hampered by the fact that the research knowledge base about consumers and their behaviour from an ethical perspective is relatively weak (Aguer *et al.*, 2003). Research related to consumer attitude and preference for organic products is very imperceptible (Chinnici *et al.*, 2002). Consumer attitude to foods is mainly influenced by quality attributes. Ethical factors are important in some cases, but they may be overstated (Browne *et al.*, 2000).

In a market system economy, the price system model using the free forces of supply and demand decides production and consumption behaviours of society. By purchasing products consumers define products required by society and consumers' collective buying of such products sends signal to producers who are assumed to positively respond to

profit signals. Depending on the strength of the signal, producers will reallocate factors of production in favour of products that are in demand as manifested in votes by society through their purchasing power (Tshuma *et al.*, 2010).

The objective of this paper is to get an insight on Serbian consumer perceptions of and attitude towards agro-food products with ethical values (AFPEV) *i.e.* organic, fair-trade and typical and traditional ones.

This paper is based on secondary data, from the literature, and primary data collected through an online self-administered questionnaire (<https://www.surveymonkey.com/s/SK7HXQS>) conducted from December 2010 through June 2011 with a sample of 104 Serbian adults. Participation was entirely anonymous and responses have been analyzed only in aggregate. The sample interviewed for this preliminary explorative research was not equally distributed among women and men; majority were female (54.9%). Most of respondents (61.1%) were single. As for education, 72% of the sample has university education, 12.5% has secondary school level and only 6.7% has post-graduate level. The range of age was from 18 to 50 and above. Concerning the household composition, 8% of surveyed sample has people with health problems (*i.e.* allergy) (Table 1).

Table 1. Profile of respondents (n=104).

Items		Number	Percentage (%)
<i>Gender</i>	Male	47	45.1
	Female	57	54.9
<i>Age</i>	18-24	16	11.1
	25-30	25	27.8
	31-40	27	31.5
	41-50	22	22.2
	51 and over	14	7.4
<i>Family status</i>	Single	43	61.1
	Married	16	11.1
	Married with children	25	27.8
<i>Level of education</i>	Primary school	1	1
	Technical professional school	0	0
	Secondary school	16	15.4
	College/University	13	12.5
	Post-graduate (Master, PhD)	75	72.1
	Other	7	6.7
<i>Household composition</i>	Children	48	45.3
	Elders	53	50.5
	People with health problems	13	8.4
	None of above	23	18.9

The questionnaire was designed and made available in English and Serbian languages. The survey aimed at collecting data on: (i) consumer attitude towards AFPEV; (ii) attributes of these products that are important in choosing them; (iii) the level of confidence as in different sources of information and in the certification and control system. The questionnaire first section dealt with respondents' knowledge about AFPEV; if they buy AFPEV and buying frequency; main criteria and motivations for purchasing AFPEV; understanding of ethical consumption; main AFPEV bought; comparison of AFPEV taste with respect to conventional ones; opinions about AFPEV price and willingness to pay; if they pay attention to products labels; main reasons for not buying AFPEV. The second questionnaire section dealt with consumer perceptions and access to information about AFPEV in particular respondents were asked if they think that they have some impacts with their choice such as environmental impacts (*e.g.* decreasing food miles and CO<sub>2</sub> emissions; biodiversity and ecosystems conservation; minimising pollution and better natural resource use; local and regional supply chains and markets); impacts on animal health and welfare; social and civic impacts (*e.g.* food quality and safety contributing to human health; safe and equitable workplace; gender equity; transparent and trustworthy organic food systems; civic responsibility and care; human rights); economic impacts (*e.g.* fair and equitable financial return for farmers/producers, availability and affordability to consumers); level of knowledge on AFPEV; main sources of information; where they buy AFPEV; willingness to get more information about AFPEV and preferred communication methods and media. Data were submitted to a descriptive analysis, which gives a picture of frequencies of variable, thanks to the use of synthetic indicators (*e.g.* trend, means). Data collected were analyzed using Microsoft Excel.

The rationale for carrying out this research is that if AFPEV are to economically compete with conventional ones, market for these products must be guaranteed through effective demand that is not based on speculative shocks but rather consumers' driven. AFPEV market development in Serbia supposes consumers are well informed and aware of benefits and positive impacts of these products, and fully committed. Nevertheless, before any behaviour can be changed, it is necessary to evaluate the current state of consumer awareness and knowledge that's to say consumer attitude and perception. Regarding organic products, consumer perceptions define the potential market demand for organic commodities (Bhaskaran & Hardley, 2002).

## Results of research

As for the degree of knowledge about AFPEV, all the respondents seem to be well knowledgeable since just 5.1% of them do not know about AFPEV. Most of the interviewed Serbian consumers connect ethical values to the respect of environment (73.5%) and organic production (49.0%) (Fig. 1). An organic sector survey conducted in the spring of 2010 showed that around 230,000 ha of land are currently either organically certified or in the process of certification. The survey data suggest that at least 3,000 small-scale farmers are involved in organic production (März *et al.*, 2011). In the recent years there has been a growing concern and debate about ethical values linked to organic foods production and consumption. The growing interest in organic and ethical production and trade has been both consumer driven and trade driven (Browne *et al.*, 2000). However, the debate around the ethics of organic food has been framed around divide between production and consumption (Clarke *et al.*, 2008). AFPEV are bought by the 78% of the sample.

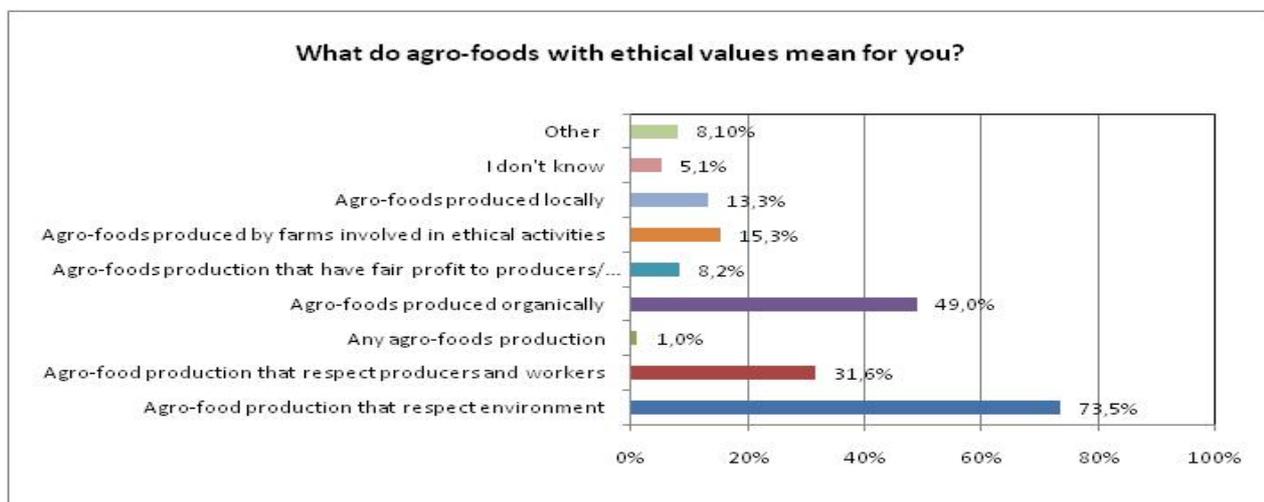


Figure 1. Consumer knowledge about AFPEV.

The main reason for buying AFPEV is quality (35%) followed by organic certification (17%) and taste (15%). Price seems less important than the previously mentioned reasons (Fig. 2).

Many studies showed that the Serbian consumers that are 25-40 years old, urban and educated (and mostly female) are ready to buy and to pay more for certified organic agro-food products (OAFP) (Maslac, 2009). The Republic of Serbia; especially the Ministry of Agriculture, Forestry and Water Management (MAFWM); issued new regulations and laws dealing with geographical indications (GIs), organic production, wine and food safety (MAFWM, 2009).

A number of authors subscribe to the notation that a significant growth in production and demand for organic products is very apparent. Major reasons cited in favour of this trend range from, safety of consumers, nutritional value of organic food products and the environmental friendly component associated with organic production (Maguire *et al.*, 2001; Greene, 2001). Reasons of buying organic products could be grouped according to concerns (*e.g.* food safety, human health, environmental impact) and commodity attributes (*e.g.* quality, taste, freshness and packaging) (Yiridoe *et al.*, 2005). However, responds towards organic food products changes according to countries background, level of awareness, product availability and attitude changes. Nevertheless, consumers have positive attitudes towards organic products that are perceived as healthier than conventional ones (Chinnici *et al.*, 2002; Harper and Makatouni, 2002). Organic agro-food products are produced according to the precautionary principle, keeping pesticides, additives and other chemicals use at a very low level (Alrøe *et al.*, 2002), and many consumers perceive organic food as better for health than conventional one (Brandt, 2003). Others believe that the organic production methods are at least as safe as the conventional ones (Brandt, 2003). Yiridoe *et al.* (2005) have admitted that some of the general concerns with regard to consumer perception towards OAFP include food safety, environmental impact, human health, taste, nutritional value and visual appeal. Some researchers found that organic food consumers are less likely to consider price as important compared to consumers who don't and never purchase organic products before (Williams and Hammitt, 2000).

A consumer survey carried out by Zarić *et al.* (2009) showed that almost all Serbian respondents (98.52%) consider traditional products of good quality. In the same survey, Zarić *et al.* (2009) showed that purchasing decision is based on quality then price. Packaging size and sales location as well as consumer knowledge about products are less important. Serbian consumers still have positive attitude towards traditional domestic products. In fact, almost 80% of respondents think that they would buy the same traditional domestic products in the future, which shows that traditional products enjoy consumer confidence (Zarić *et al.*, 2009).

Consumers' confidence in quality and safety of products like meat, fruit, vegetables, bread and baked goods is far bigger in case of products sold in big chains and supermarkets, than in small shops that are not a part of any chain. This may be explained with bigger turnover, which necessarily leads to better quality of products (Barjolle *et al.*, 2009).

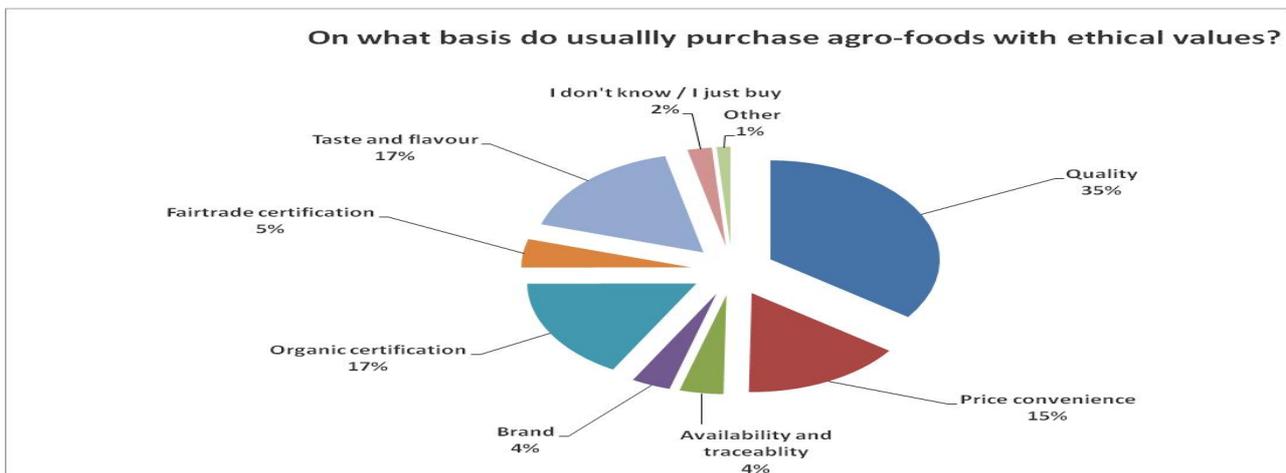


Figure 2. Reasons for buying AFPEV

As for information channels, it seems that indirect communication (mass media: TV, radio, internet, etc.) and newspapers and magazines (summing up 46%) are the most likely way to be informed about AFPEV. Direct channel of communication like educational institutions (25%), chatting with friends (18%) and in stores and shops (6%) are also quite important (Fig. 3). However, the surveyed people would preferably get informed by direct sources like those hosted directly by selling point, suppliers, and producers (summing up about the 46% of responses) and via labels (17%). Direct relationship with producers is still one of the preferred information channels (14%).

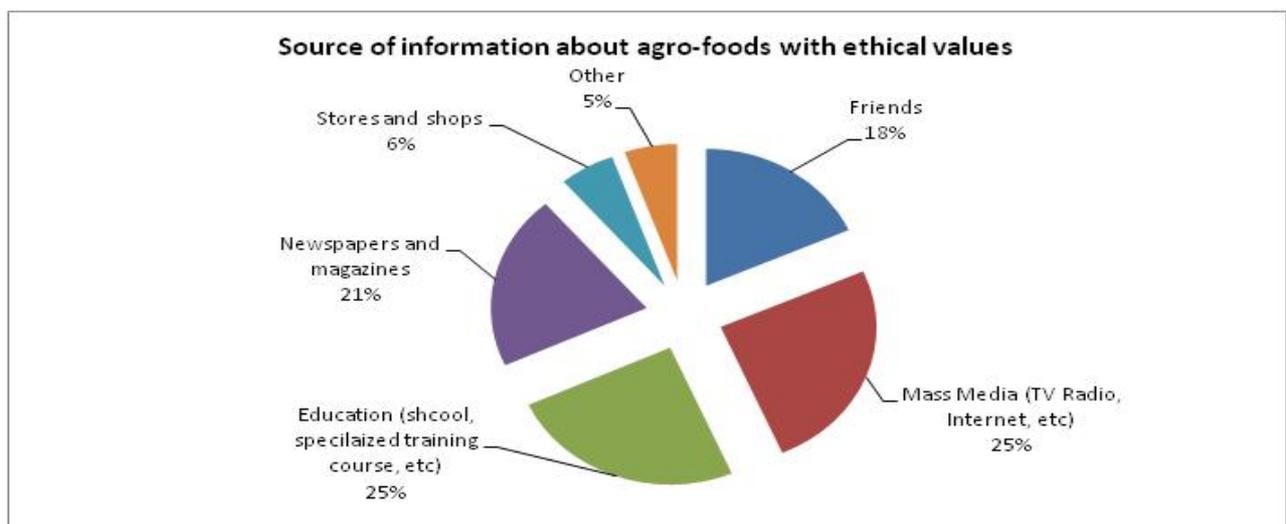


Figure 3. Sources of information about AFPEV

Empirical evidence shows that consumer's difficulty in locating environmentally directed products is partly due to lack of information (Brown & Wahlers, 1998). A survey carried out by Zarić *et al.* (2009) showed that in most cases, purchase of traditional products is a part of tradition in Serbian households. The most common forms of obtaining information about these products are via the "word-of-mouth" communication method (35%). Nevertheless, advertisement, through different types of media (*e.g.* radio, TV, newspapers, internet, etc.), is an important source of information (20%). Unfortunately, there is in Serbia no clear-cut distinction between ordinary domestic products and traditional ones with geographical indications. Serbian consumers mix between these two terms and consider them the same (Zarić *et al.*, 2009). Many Serbian producers use words as "eco", "traditional", "healthy food" and others for labelling and differentiating their products. According to the Geographical Indications Law and other regulations their use is not allowed but they can still be found on the markets.

The surveyed consumers buy AFPEV mainly from the specialized shops (34%) followed by supermarkets (26%) while only 24% of respondents buy them directly from producers/farmers (Fig. 4). However, this result is probably influenced by the still reduced direct contact with producers. Moreover, fair trade products cannot be bought through direct channels, so probably the result refers mainly to organic food. According to a survey dealing with shopping habits in Serbia (Barjolle *et al.*, 2009), mini-markets, bakeries, small shops, green market and kiosks are the most frequently visited places for daily small shopping especially if the spent sum is lower than 12 €.

Some studies have identified that lack of organic food availability in stores is considered as one of the barriers to consumer purchase (Byrne *et al.*, 1991; Davies, 1995). Although the motivation or intention is high but it is impossible to transform the intention into practice due to low availability (Vermeir & Verbeke, 2004).

Market channels of the organic products in Serbia are on-farm selling, farmers green markets, large supermarket chains and specialized shops of healthy food (Maslac, 2009). The retail sector for organic food in Serbia is still underdeveloped. There are only a few specialised outlets in Belgrade and Novi Sad (März *et al.*, 2011). Consumers do not have many options for buying traditional products. They are usually channelled to big retail stores and markets. Products of domestic origin are usually purchased in mega markets (26%), supermarkets (22%) and green markets (21%) (Zarić *et al.*, 2009).

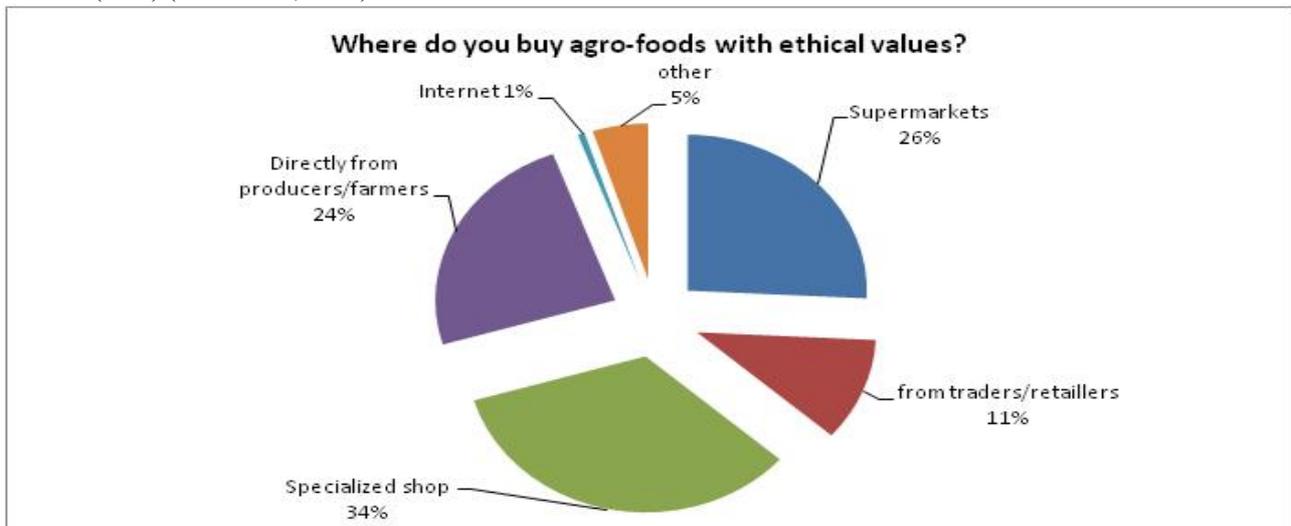


Figure 4. Places where consumers buy AFPEV.

Motivation for buying AFPEV comes from the idea that by simply purchasing them it is possible to have an ethical impact (85%). When interviewees were asked about options, they highlighted respecting the environment (*e.g.* minimising pollution, better natural resources use, climate change mitigation, biodiversity conservation) (Fig. 5). Similar consumer concerns and motives versus environmental issues have been reported in another explorative study in Southern Italy (Driouech *et al.*, 2010). The majority of consumers have realized that their purchasing behaviour has a direct impact on many ecological problems (Laroche, 1996). The growth of organic agriculture is seen as part of the emerging marketing trends where consumers demand to know what benefits a food could deliver before making a purchasing decision. People who purchase organic food have been classified into four groups (Davies *et al.*, 1995) namely: *greens* - people who are concerned with the environment; *food phobic* - those who are concerned about chemical residues in food; *humanists* - people who are preoccupied with factory farming methods and; *hedonists* - people who believe that a premium products must be better and importantly taste better.

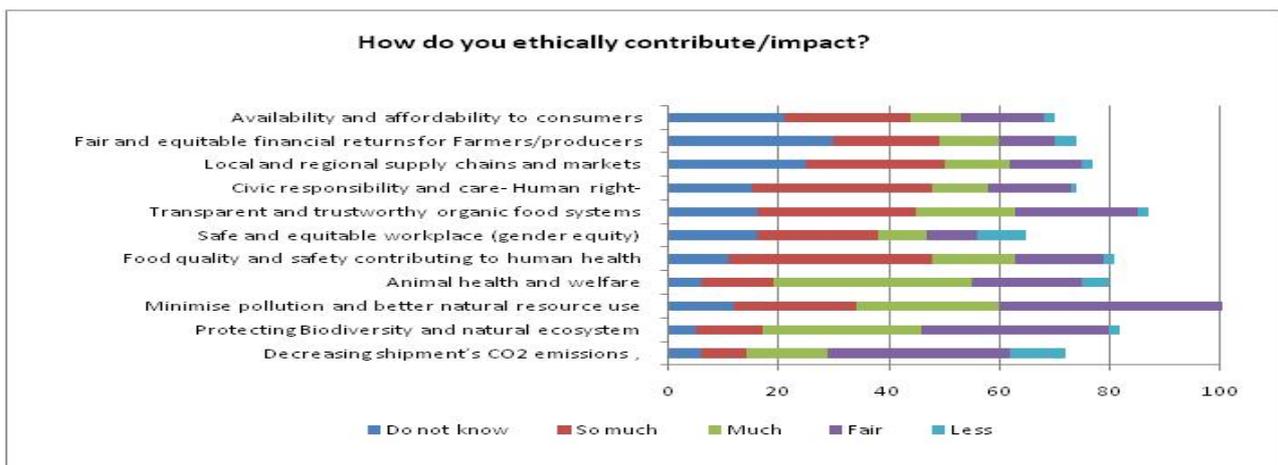


Figure 5. Different aspects of consumer ethical contribution/impact.

## Conclusions

This paper explored Serbian consumers perceived ethical values and impacts they may have through consumption of organic, fair trade and typical/traditional agro-food products. Serbian consumers are quite well informed about the benefits of AFPEV. Most of them relate ethical values to the respect of environment and organic production. The main reason for buying AFPEV is their higher quality while the main sources of information about AFPEV are mass media, newspapers and magazines. However, the majority of Serbian consumers prefer direct contact with sellers and/or producers. AFPEV are bought mainly from the specialized shops and supermarkets not only to achieve personal satisfaction, for health, safety but also natural resources conservation and environment protection. In order to broaden

the information available about AFPEV, it is important to establish information campaigns about the principles, the practices, the environmental and other benefits of AFPEV, especially organic products. The Serbian organic market is still young and the development of consumer recognition of and credibility for organic labels and confidence in the organic certification system needs more time.

All in all, it can be concluded that there is a potential for AFPEV in the Serbian market. Although Serbian consumer motivation for buying AFPEV is mainly based on health and environmental criteria, they are widely perceived to be ethical. However, Serbian market actors need to bear in mind that, unlike food safety issues, ethical and environmental issues related to agro-foods are relatively new for Serbian consumers.

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