

CONSUMER CHOICE FOR LOCAL FOOD: EXAMPLE OF LATVIA AND LITHUANIA

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Abstract. Currently, there are two opposing processes in the market development. On one hand, globalisation brings new choices; border is not a barrier anymore to obtain a desired good or service. On the other hand, the society increasingly starts to recognize the importance of sustainable development and, consequently, importance of the process opposite to the globalisation – localisation. This is particularly the case in the food industry, where people start to pay more attention to the origin of products. The purpose of this article is to explore the consumers' choice of the local products on the example of Latvia and Lithuania. In 2017, the authors conducted a survey in Latvia discovering that the origin of food is important to the people, and the local food increasingly becomes important for the consumers. Similar pilot study has been launched in Lithuania to compare the attitudes and preferences of the citizens of two neighbouring countries in favour of the locally produced food. The survey method, logical-constructive method, monographic and graphical methods are used in this research. As a result, it has been concluded that similar tendencies are observed in the two geographical areas of study – the consumers prefer the products of the local domestic producers. However, there are also some discrepancies, mainly due to the different levels of territorial development.

Keywords: consumers choice, domestic producers, Latvia, Lithuania, local food.

Introduction

Localisation develops alongside the global processes, which means that the local products and ingredients are preferred. Mostly, the beneficiaries of the globalisation process are wealthy population and international companies with high turnover and profits. In localisation, the society sees the opportunity to ensure incomes from both the company's and the individual's point of view. Production and processing of the local products and ingredients have a positive impact on the development of the local economy.

The food industry is one of the economic sectors with the fastest growth, and the demand is constantly growing, too. According to the statistics, the revenue in the food and beverages sector amounts up to 107.792 million USD in 2019 (The Statistics Portal, 2019).

The authors aim to explore the consumers' attitudes towards the domestically produced products. This research provides an opportunity to indicate the market trends in Latgale region (Latvia), which is one of the regions with the lowest income level, the fastest emigration rate, and the highest unemployment rate. Similar research has also been launched in Kaunas city, one of the largest cities in Lithuania. This article compares the results of the survey.

The aim of the article is to explore the consumers' choice in favour of the local products on the example of Latvia and Lithuania.

Materials and Methods

The article summarizes the results of the authors' research regarding the choice of the local products. In the framework of the research, the previously published studies carried out by the authors, as well as scientific and practical findings of other authors (see references) are used.

The monographic, logical constructive, and graphical method, as well as the survey method are used in the research.

A questionnaire was developed with the aim to identify to what extent the consumers select the local food products. The initial study was carried out in Latgale region (Latvia). The survey was conducted in January and February, 2017. In total, 504 valid questionnaires were received. According to the data of the Central Statistical Bureau, in 2016, the number of total population of Latgale region was 276 358 inhabitants. Using a simple sampling method, the required number of respondents to claim that the data obtained is reliable and represent the general population with 95% probability is 384. As a higher number of the respondents was surveyed (504), it can be stated that the data obtained represent the extent to which the people choose the local food products with probability of 95% (Raosoft, 2004). The authors have launched a similar study in Kaunas, Lithuania, to compare the trends observed in neighbouring countries. The survey in Kaunas city was launched in December 2018, where according to the official statistics the number of population is 288 466 inhabitants (Kaunas City Municipal Administration, 2019). When processing the data, to have 95% reliability, it is necessary to obtain 384 questionnaires

(Raosoft, 2004). At the moment, only 115 questionnaires are obtained and processed. Therefore, in this article, the authors will compare the results just by indicating the trends in Lithuania, since the number of questionnaires collected is not sufficient, but at the same time, the trends can be observed.

Results and Discussion

The concept "local food" is widely used, but there is no uniform and formal definition of it (Litavniece et al., 2016), therefore, there are differences in understanding of the concept – is it local according to the origin (regardless the origin of ingredients), or is it local according to the origin of ingredients.

However, the concept "local identity food" is a common term in the food sector, which, according to the authors, provides a much more accurate understanding, due to it both emphasizes the importance of the territory and indicates that the origin of the ingredients and place of production are essential as well. The following authors have addressed this topic: G. Abate (Abate, 2008), M. D. Anderson (Anderson, 2009), P. Aurier, F. Fort, L. Sirieix (Aurier et al., 2005), Bahram (Bahram, 2003), M. J. Best, K. L. Wolfe (Best et al., 2009), C. Brown and S. Miller (Brown et al., 2008), C. E. Carpio and O. Isengildina-Massa (Carpio et al., 2009), T. Futamura (Futamura, 2007), D. W. Hughes (Hughes, 2007) etc.

In this study, attention is paid to the concept "local food", which combines two essential aspects:

- geographical (D. W. Hughes (Hughes, 2007), M. J. Best, Bahram (Best et al., 2003), P. Aurier, F. Fort, L. Sirieix (Aurier et al., 2005), G. Abate (Abate, 2008), M. D. Anderson (Anderson, 2009) etc.). In this concept, the distance between the producer and the consumer dominates (in line with the above-mentioned understanding of "local identity food");
- social and supply chain characteristics (T. Futamura (Futamura, 2007), C. E. Carpio and O. Isengildina-Massa (Carpio et al., 2009), C. Brown and S. Miller (Brown et al., 2008), P. Aurier, F. Fort, L. Sirieix (Aurier et al., 2005), G. Abate (Abate, 2008), M. D. Anderson (Anderson, 2009) etc.). The benefits of short product supply chains are related to the relationship between the consumer of the product and the seller.

Short product supply chains are characterized by spatial proximity, where the product is produced and marketed specifically for the region, and consumers are aware about the characteristics of the local product. (Litavniece et al., 2016).

Modern quality of life is described by the contemporary consumption trends and the local food. The quality of life, in turn, as it is claimed by the Dutch scientist F. Oort (Oort, 2005), is no longer a simple set of social indicators, but a complex concept that includes interdependent "objective" and "subjective" indicators in different areas of life. This still has not changed, as considered by the authors of the current research. Like society, the concept of quality of life changes and develops as well (Litavniece et al., 2017).

Seasonality of food still has an important role in food consumption. However, price of products and healthy lifestyle notions, including a healthy diet, should be considered as the main factors in the consumers' choice of food products, (Eglite, 2010).

Change of the consumers' behaviour involves not just financial phases but also life-cycle phases, along with personal growth.

During the empirical research in Latvia and Lithuania, the tendencies of choosing the local food products were identified.

65.7% of Latvian respondents are women and 34.3% are men, in Lithuania – 83% and 17%, respectively.

It is important that 67.5% of the Latvian respondents have their own backyard farm, which also indicates their preferences for the local product, i.e. the self-produced food with a certain origin; 42.6% of the Lithuanian respondents have responded positively to this. According to the authors, it is a comparatively high indicator, considering the fact that the respondents live in Kaunas, which is actually one of the largest cities in Lithuania.

Respondents have responded regarding the frequency of the local food purchases (See Fig. 1).

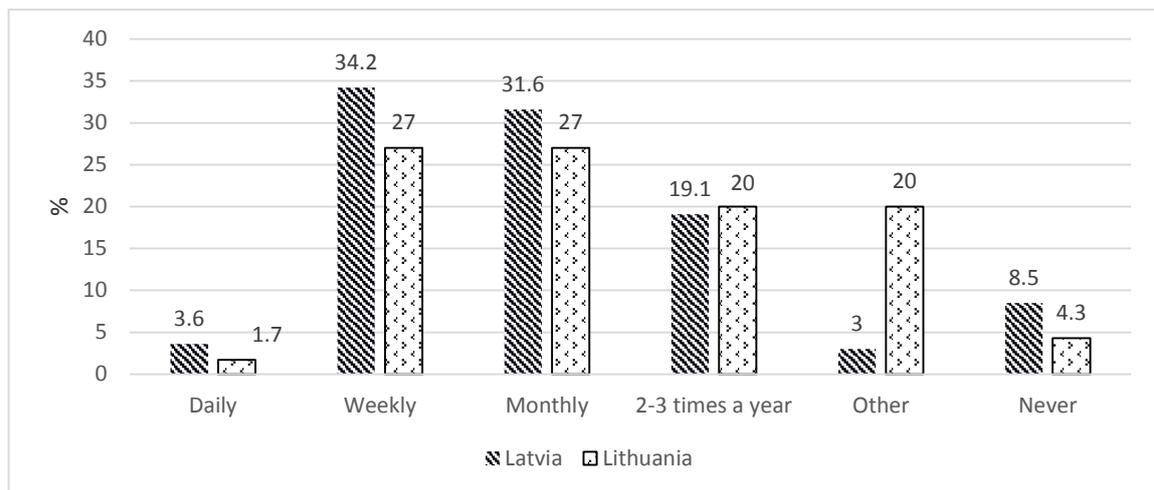


Figure 1. Frequency of purchase of the domestically produced foods (compiled by the authors based on the survey)

Figure 1 shows that the majority of Latvian respondents buy domestically produced foods weekly (34.2%) or monthly (31.6%). The situation is similar in Lithuania, where the majority of respondents buy the locally produced foods weekly

(27%) or monthly (27%). This shows that the domestic producers' production is demanded. The fact that the majority of the respondents buy the local food at the home producers' markets explains the frequency of shopping (See Fig. 2).

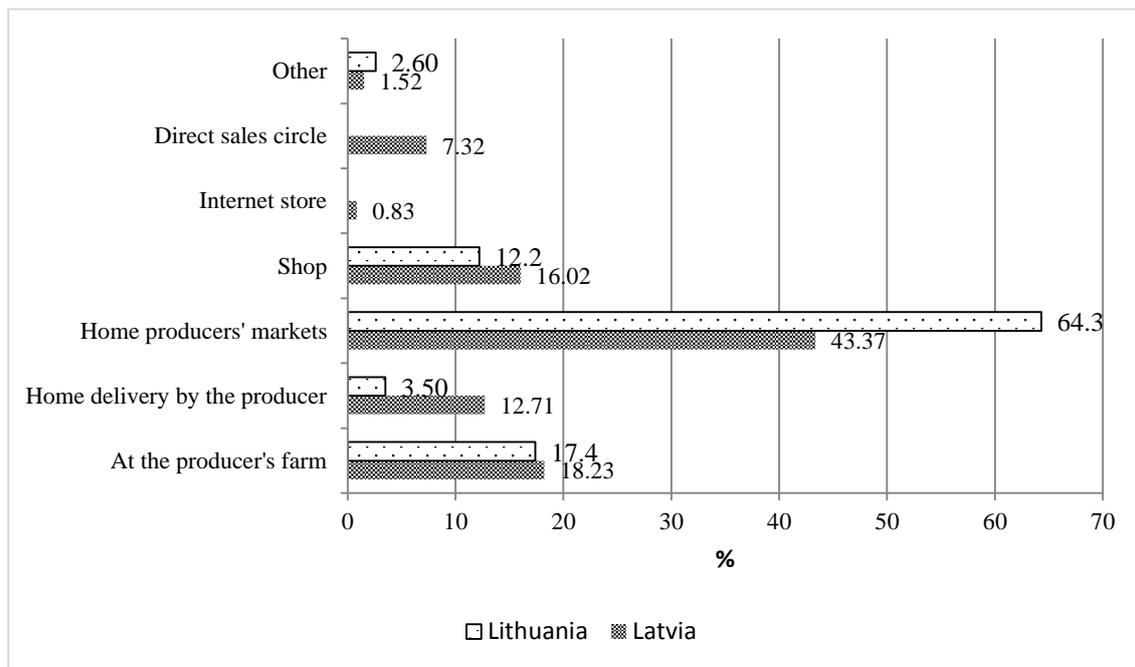


Figure 2. Places of purchase of the domestically produced foods (compiled by the author based on the survey)

Figure 2 shows that the most popular place to purchase the domestically produced food in both countries is the market (in Latvia 43.37%, in Lithuania 64.2%). Markets are usually held on holidays or before the holidays. People have more free time or have a desire to buy something different to put on a festive table. Both in Lithuania and in Latvia, the respondents buy products directly from the home producers (18.23% and 17.4% respectively). In the world, there is a tendency that parallelly to rapid development of the shopping centres, increasingly more shops of the domestic producers are opened. This is confirmed by the

respondents' answers, i.e. that 16.02% of Latvian and 12.02% of Lithuanian respondents purchase the local food at the specialized stores of the domestic producers. As Latvian respondents come from the Latgale region, where a home producer could actually be located in distance no more than 50 km from his potential customer, it can be observed that 12.71% of the respondents use home delivery of the foods by the domestic producers. In Lithuania, comparatively fewer respondents (3.5%) purchase the products using the home delivery by the producers. There is an active direct sales movement in Latvia. The individuals who want to purchase

local products directly from the producers form the purchase groups (circles). The customer makes his order electronically, the producer delivers the

product to the specified address on the relevant day of the week, and the customers arrive to pick up the purchase themselves.

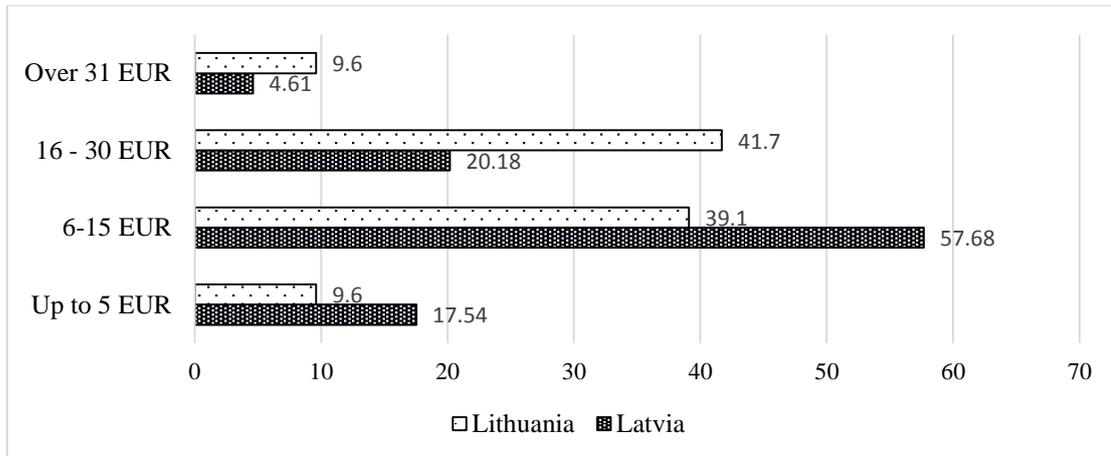


Figure 3. Volume of spending during the visit to the local producers' market (compiled by the author based on the survey)

In Latvia, most respondents spend 6-15 EUR (57.68%) on average during the visit to the home producers' market, while in Lithuania most of the respondents spend 16-30 EUR (41.7%) per visit. In Latvia, a relatively large number of respondents (17.54%) spend up to 5 EUR per visit to the local producers' market, while only 9.6% of Lithuanian respondents do so. According the authors, this is

connected with several factors. Thus, the standards of living and the purchasing power of the Lithuanian population is higher than in the Latgale region (Latvia). This is also supported by the fact that relatively more Lithuanian (9.6%) than Latvian (4.61%) respondents spend above 31 EUR per visit to the market. The income levels and average food prices influence the level of spending.

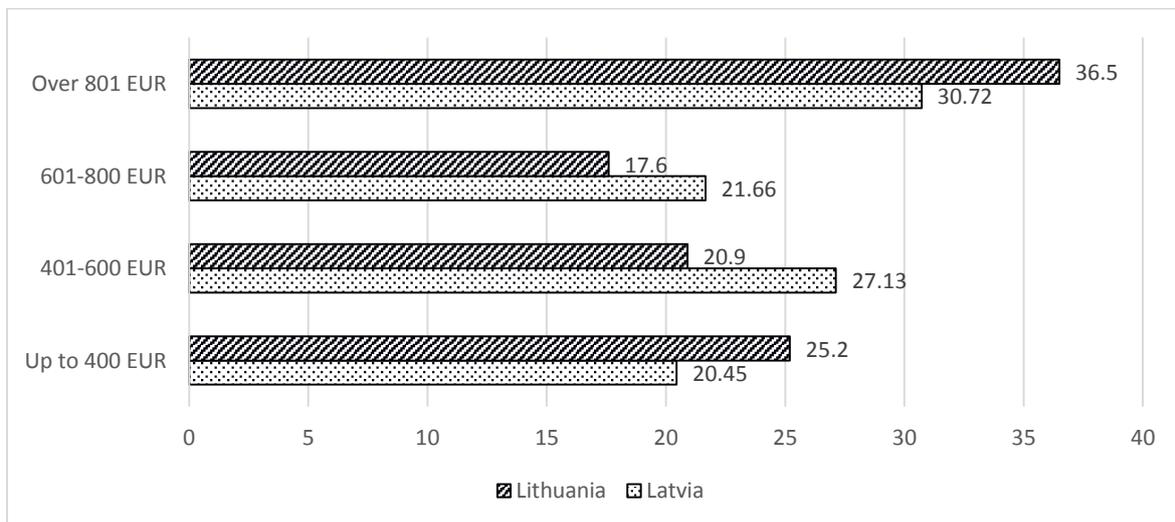


Figure 4. Level of incomes (compiled by the authors based on the survey)

Figure 4 shows that there are relatively more Lithuanian respondents with a level of income below 400 EUR (25.20%), but at the same time a high proportion of respondents with an income level above 800 EUR (36.5%). This demonstrates that the people's polarization is more pronounced in Lithuania. In Latvia, the comparatively equal number of respondents represent all income groups.

Domestic products is relatively more expensive than the products in supermarkets (See Fig. 4), and people with lower incomes can spend comparatively lower share of their income for food.

More than 31 EUR is spent by a relatively small number of respondents because of the short expiry date of the local food products.

Every consumer has his/her own motivation and reasons to buy local food (see Fig.5).

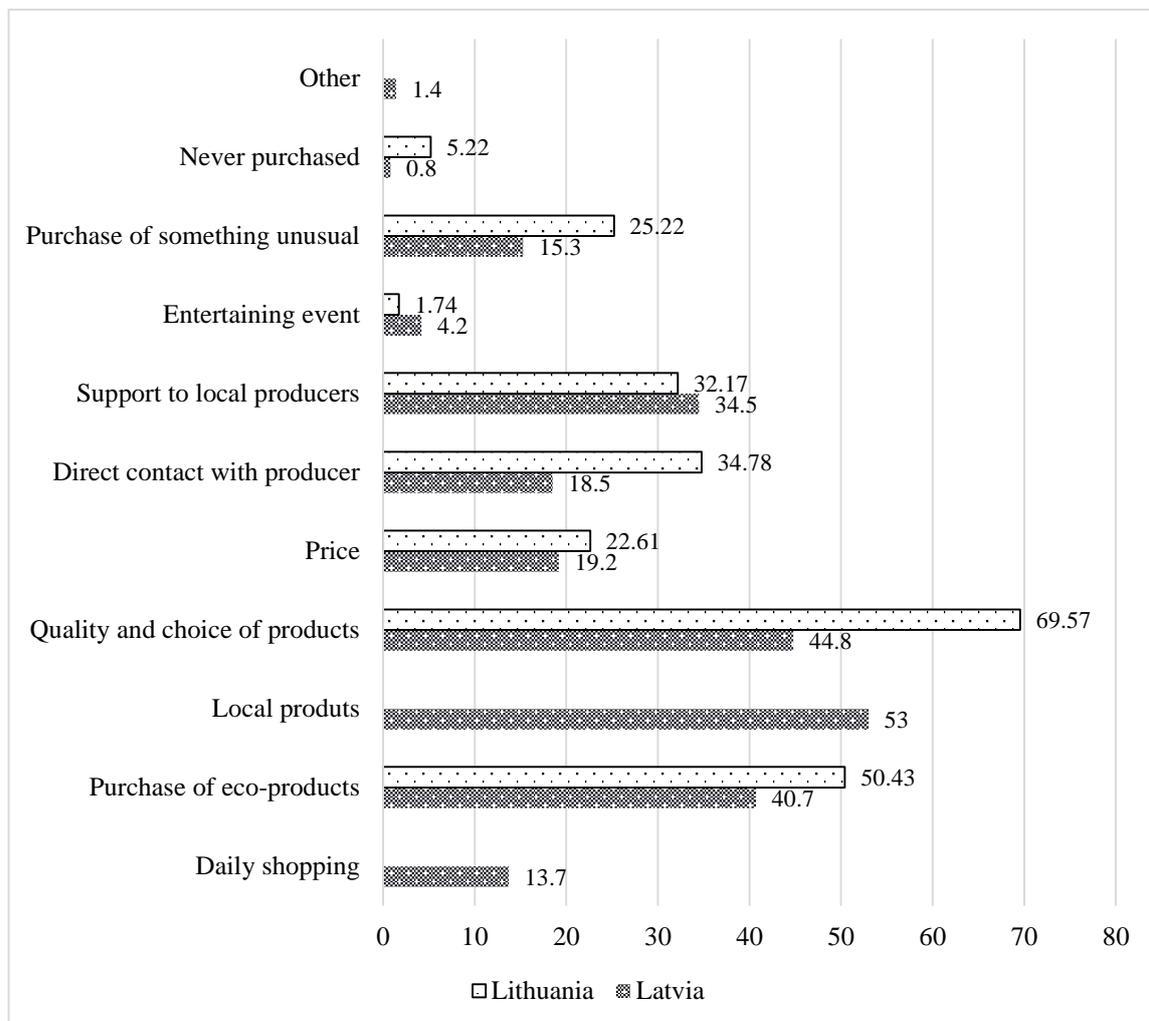


Figure 5. Motivation to purchase the products produced by the domestic producers (compiled by the authors based on the survey)

Figure 5 shows the summarised respondents' responses regarding their motivation to buy the local homemade food. Respondents were able to choose more than one of the offered answers. The findings demonstrate that there are some significant differences between Latvian respondents and Lithuania. Latvian respondents emphasize that the most important motivation is the awareness that a local product is purchased (53%) and the possibility to support local producers (34.5%). This shows that the origin of the product as well as strong economic thinking is important to the respondents, as they support local producers buying the local foods. Lithuanian respondents have not chosen the answer "local product" at all; still 32.17% of respondents are motivated by the possibility to support local producers. It is significant that in Latvia 13.7% of respondents perceive the purchase of food from local producers as an everyday shopping process. This is very important because it reflects the lifestyles of the respondents and shows that the purchase of local homemade products is not fragmentary, but it is a regular process. At the same time, in Lithuania, none of the respondents has chosen

such a response, which indicates the fragmentary nature of local thinking. Both in Latvia and Lithuania, a relatively large number of the respondents perceive the products of domestic producers as ecological (40.7% in Latvia, 50.43% in Lithuania), and consider that they have a better quality and wider choice (44.8% in Latvia, 69.57% in Lithuania). The latter confirms that massive use of various "E-number" substances in the industrial food, providing the product with a certain taste, leads to a very similar taste of all industrially produced food that are sold in supermarkets. Home producers manufacture small amounts of food and the technological processes are different, "E-number" substances providing the product with other taste are not added to the products (or are added in small quantities).

The buyers often use the price as an indicator to determine an apparent quality of a particular product. Survey data show that the price also serves as a motivator to buy local homemade products (19.20% of Latvian and 22.61% of Lithuanian respondents). A relatively large number of Lithuanian respondents (5.22%) have not purchased local domestically-produced products ever, compared to only 0.8% of

Latvian respondents. Here again, it can be noted that the development and operations of the domestic producers is actively promoted in Latvia. Many municipalities of Latgale region initiate organization of the home-producers' markets in certain days of the month and distributes information about these events (for example, association LEARN of Rezekne Municipality). The

local producers' markets are becoming increasingly popular, as evidenced by the involvement of the supermarket chains *Rimi* and *Maxima*, allowing to install home-market stands in their parking lots. The authors believe that the data could somewhat differ if the respondents were from a region that was relatively underdeveloped rather than a metropolitan area.

Table 1. Comparison of the quality and price of the local domestically produced products with the supermarket products (compiled by the authors, based on the survey), %

Criteria	Latvia	Lithuania
Higher quality	74.14	56.6
Same quality	15.3	6.08
Lower quality	2.23	0
Difficult to say	11.11	2.7
Higher price	57.42	47.83
Same price	18.78	21.74
Lower price	15.07	26.09
Difficult to say	8.74	4.35

The majority (74.17%) of respondents believe that the quality of the domestically produced products is higher than that of supermarkets. 93.65% of respondents are satisfied with the quality offered by the local domestic producers, which shows that the output of domestic producers is of high quality and is competitive according to this criterion. In recent years, short food supply chains (direct sales farmer => buyer), farmers' markets, and

slow food movement becomes increasingly popular. Furthermore, organic food, which is still relatively more expensive, so its consumption is limited, becomes more available (Silicka, Litavniece, 2016). This is also confirmed by the results of the survey, as 57.42% of respondents believe that the price of the domestically produced food is higher than that of supermarkets.

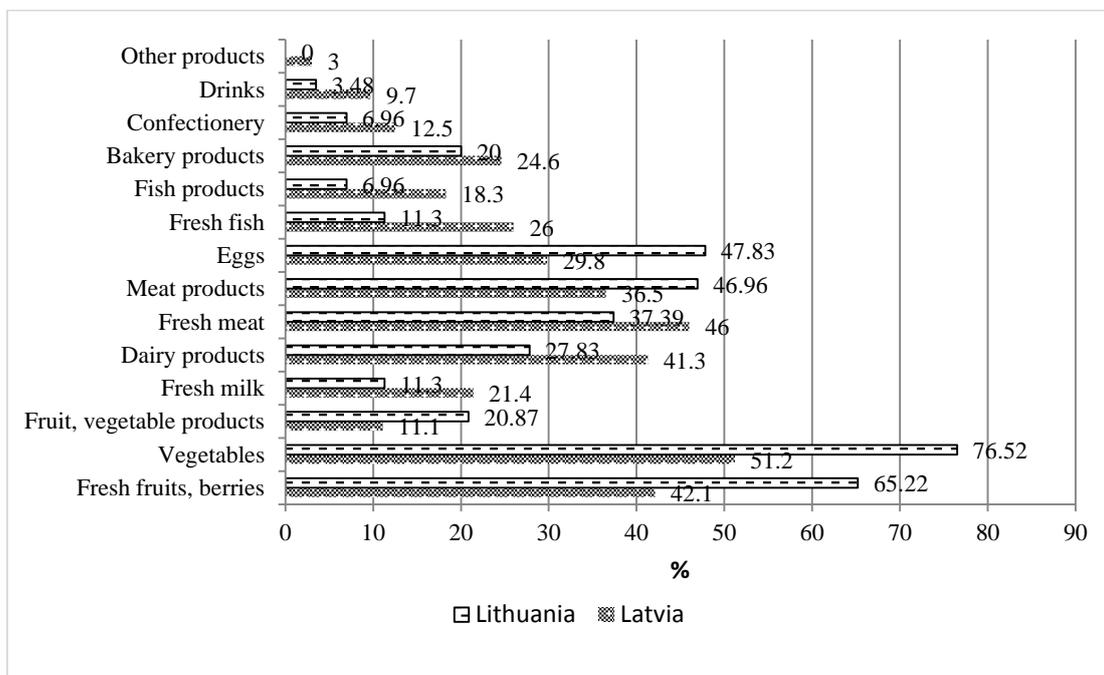


Figure 6. Types of the products offered by the local home producers (compiled by the authors based on the survey)

Figure 6 shows that Latvian respondents from the home-producers buy vegetables (51.25%), fresh

meat (46%), fresh fruit and berries (42.15), and dairy products (41.3%) the most. Comparatively,

the most popular products in Lithuania are home produced vegetables (76.52%), fresh fruits and berries (65.225), eggs (47.83%) and meat products (46.965). Differences can be attributed to the fact that in Latvia (Latgale region) the residents living in rural areas were mostly surveyed, while in Lithuania the city residents were surveyed, so the habits of

food consumption differ. For example, city dwellers buy fresh meat preparations.

More than 70% of respondents believe that quality, expiry date, and price are the most important product characteristics that are being considered when purchasing a product.

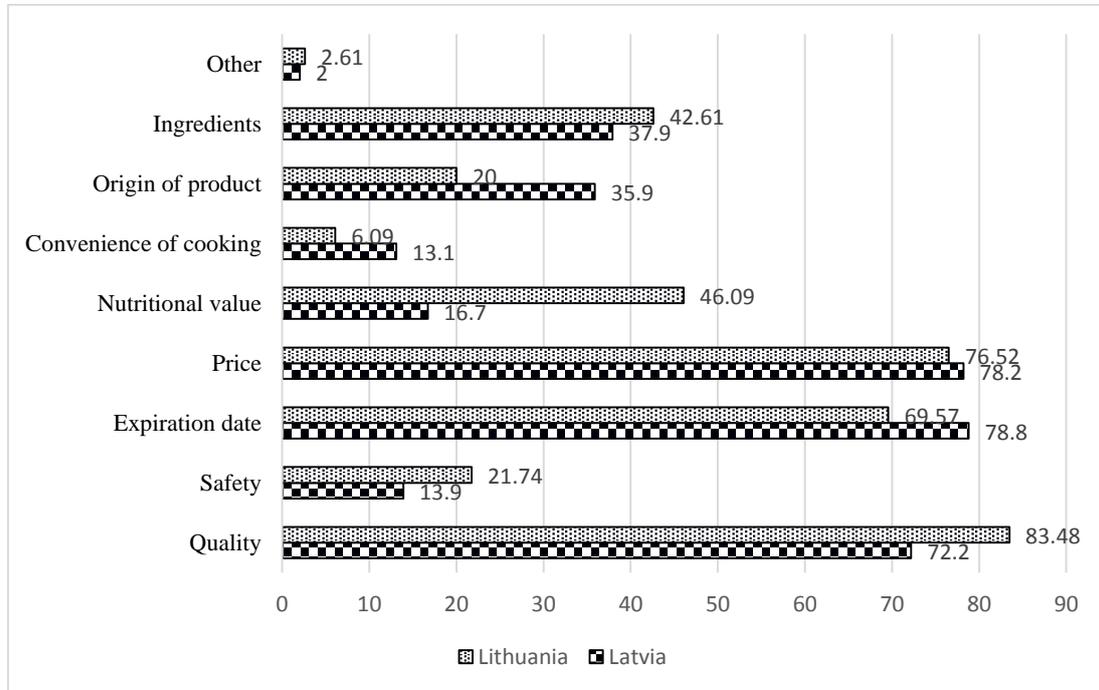


Figure 7. Characteristics that respondents pay attention to when purchasing local foods (compiled by the authors based on the survey)

Figure 7 shows that the three most important characteristics that Latvian respondents consider when purchasing the local food are expiry date (78.8%), price (78.2%), and quality (72.2%). The importance of other characteristics is relatively low. The above-mentioned characteristics are important for Lithuanian respondents. Yet, many respondents have indicated other characteristics as well. Considering that the respondents were able to choose several answers to this question, it can be concluded that there are several criteria influencing the consumers' decision at the same time.

Conclusions

Overall, it can be observed that the consumers are eager to choose the products of local producers in both geographical areas of study. However, the social and economic disparities showing that in Latvia and Lithuania consumers' decision is influenced by the traditions, income levels, purchasing habits and the area of residence should be taken into account. The residents living in the rural areas buy more vegetables, fresh meat, fresh

berries and fruits, and dairy products from the home producers, while city residents purchase vegetables, fresh fruits, berries and eggs. The people's consciousness on what they eat increases. Preferring local food, the consumers demonstrate the preference to the product quality. Historically, the food industry in Latvia and Lithuania was considered as a traditional processing industry based on the historical principles of operation as an integral part of the economy. At the moment, there is a revival of small producers – domestic producers in these countries.

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