Міжнародна Фінансова Корпорація
International Finance Corporation

Проект розвитку агробізнесу в Україні
Agribusiness Development Project in Ukraine

Consumers' Survey in Kyiv supermarkets: SPECIFICS OF CONSUMER DEMAND FOR VEGETABLE PRODUCTS

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Kyiv—2003

Канадське агентство з міжнародного розвитку
Canadian International Development Agency

Sida Шведське агентство з питань міжнародної співпраці та розвитку
Swedish International Development Cooperation Agency

Rationale of the Survey

It is widely recognized that demand in each specific consumer market should be studied and market capacity estimated in order to achieve effective production and distribution of produce. In addition, one should bear in mind, that it is important both to derive quantitative indicators of consumer demand, for example, measure potential capacity of every market, and investigate its qualitative side, i.e. determine needs and expectations of consumers with regard to quality of produce, its appearance, size etc.

Vegetable produce market is evolving very rapidly, its growth being spurred by (i) growing demand for high quality produce in the domestic market; (ii) expanding variety of vegetables on offer and (iii) further diversification of this market. Fresh vegetables and fruit may be purchased today not only in local farmer market and specialized vegetable stores, but also from numerous retail outlets and street vendors. However, food supermarkets and large specialized vegetable stores that have mushroomed in the Ukrainian market over the last few years, had a huge bearing on the specifics of trade with these produce, particularly, assortment and seasonal character of sales, moreover, it introduce new requirements to this produce quality.

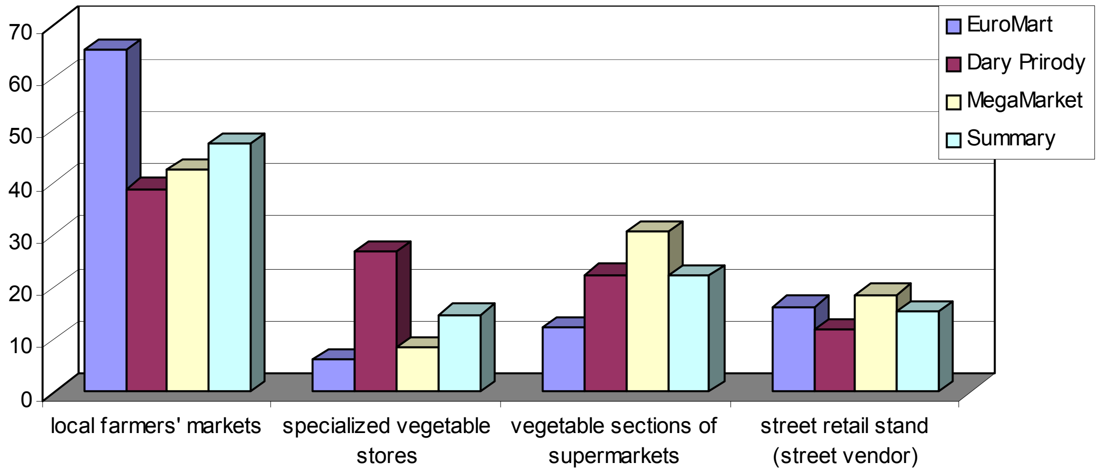
At the end of 2002, Agribusiness Development Project in Ukraine undertook a consumer survey in supermarkets and specialized stores to study characteristics of consumer demand for vegetable produce. This report analyzes findings of a questionnaire-based survey of 144 respondents in three Kyiv supermarkets: “Euromart” (46 respondents), “Megamarket” (43 respondents) and “Dary Prirody” (55 respondents).

We’d like to note, that the insignificant number of respondents and restricted quantity of selling points may raise a fair question about representativeness of the received findings. At the same time, in many instances similar answers given by the majority of respondents in all three survey sites allow to derive clear conclusions on the specifics of demand for fresh vegetable produce in the country’s capital.

Where do people shop?

High quality requirements presented by retail supermarkets to vegetable produce supply is one of the major preconditions to their competitiveness in the fresh vegetable market. As was noted by 22% of respondents, vegetable sections of supermarkets are the places where they regularly shop for vegetables. Almost half of respondents (48%) purchase fresh vegetables at local farmer markets while another 16% of respondents buy from street vendors. The remaining 15% of the surveyed consumers give preference to specialized vegetable stores.

Main places for purchasing vegetable produce
(as percentage of overall number of responses)



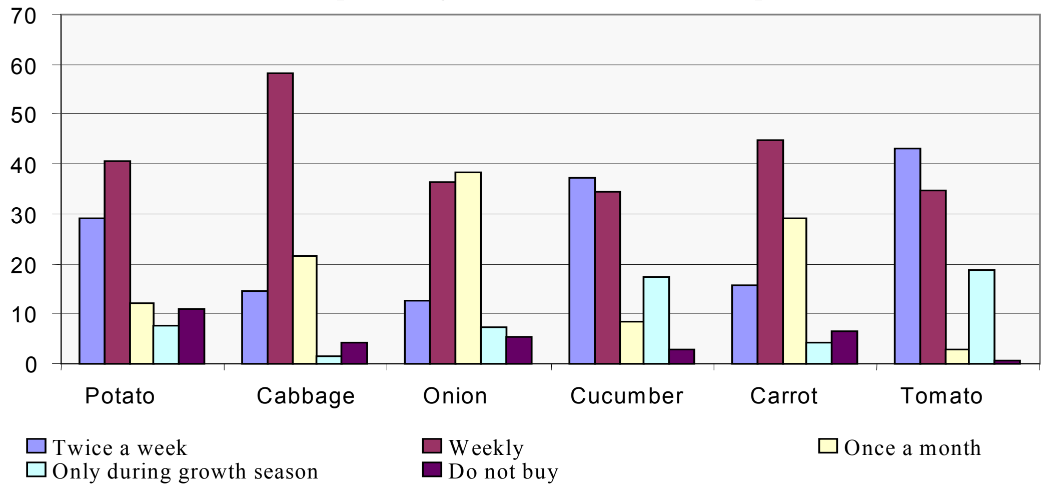
Despite respondents' clear preference for local farmers' markets, the distribution of responses received in different survey sites vary. 30.5% of respondents at Megamarket supermarkets selected vegetable sections of supermarkets, while 27% of respondents at "Dary Prirody" picked specialized vegetable stores. One of the explanation to this variation may be that respondents fail to understand the difference between these two categories of stores. Combined, 37% of respondents choose to shop for vegetables in stores (supermarkets and specialized stores).

We'd like to note that even those respondents who buy vegetable produce at supermarkets also frequently shop at local farmer markets. This is first of all true for such vegetable produce as cucumbers and tomatoes, which the buyers (almost half of respondents) tend to buy at least twice a week.[1] It is important to say, however, that more affordable prices for vegetable produce is one of the major explanations for farmers markets and street vendors enjoying bigger appeal for buyers, particularly, during the season.

Regularity of Shopping and Primary Quality Requirements to Produce

How often people buy vegetables depends on the type of vegetable. In general, bigger portion of respondents mentioned purchasing tomato and cucumbers twice a week – 37% and 43% respectively. At the same time, 34% and 35% of respondents admitted purchasing vegetables weekly. Potato, cabbage, and carrots are normally bought once a week (40%, 58% i 44%, respectively). 36% of respondents buy onion once a week, while 38% do it once a month. It is certain that the storage time for each of these products affects the regularity of shopping. As for the regularity of shopping depending on the growing season, it is important to explain that cucumbers and tomatoes are consumed in bulk during their season, while consumption of such produce as onion and potato does not experience significant seasonal fluctuation.

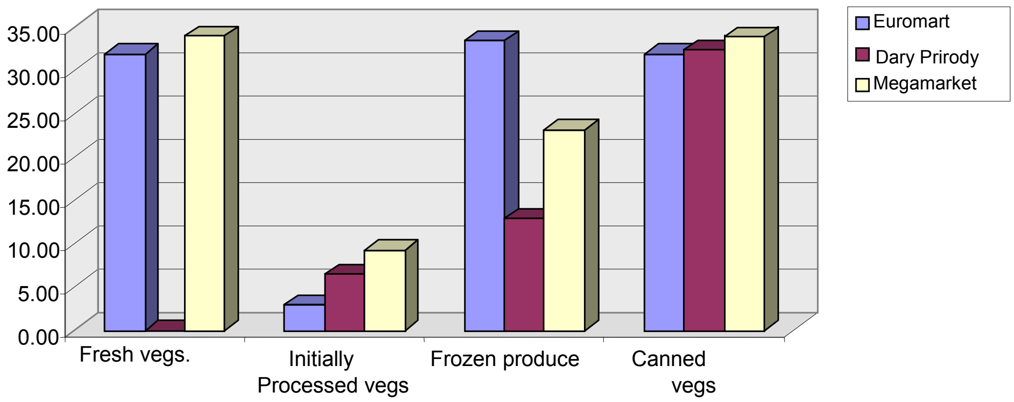
Regularity of Shopping for Vegetables in Supermarkets
(as percentage of overall number of responses)



What vegetable produce do people normally buy at supermarket? Fresh vegetables were on top of the purchases list for 38% of respondents. Nearly equal number of the surveyed (33%) said they buy canned vegetables while other 23% of respondents bought frozen vegetables. Only 6 percent of respondents noted they bought initially processed vegetables (washed and/or cut).

[1] Here we discuss regularity of shopping vegetables first of all during the growing season.

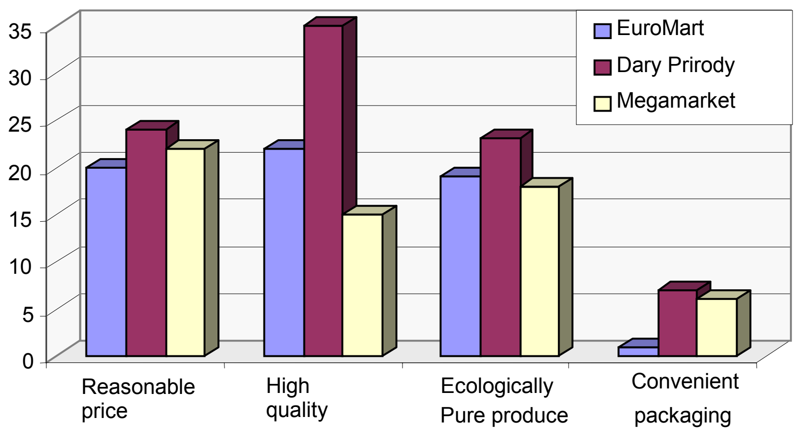
Produce people tend to buy at supermarkets
(as percentage of overall number of responses)



Main criteria and factors considered when buying vegetables

In the course of the survey, we were interested to know what were main criteria defining strengths of this or that vegetable produce. As was demonstrated by the survey results, 34 percent of respondents identified high quality as the decisive criterion for choosing the product. In addition, quality was a top-ranking factor for 39% of respondents shopping for vegetables in "Dary Prirody".

Considerations while Choosing Vegetable Produce
(as percentage of overall number of responses)



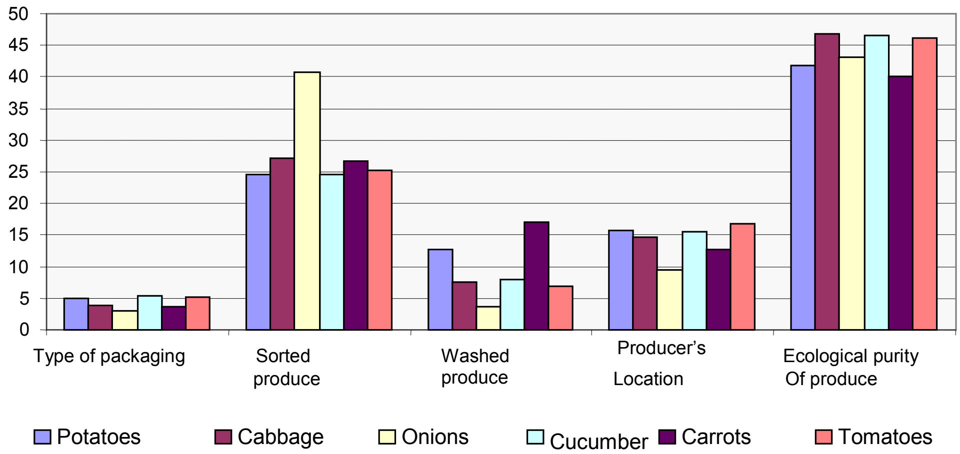
Reasonable price is second most important criterion for selecting vegetables. It was reported by 31% of respondents. Interesting enough, but it is due to the high price of cucumbers and tomatoes beyond their growing season, that a significant portion of respondents (17% and 19% respondents respectively) treat cucumbers and tomatoes as seasonal products buying them only during their growing season.

In addition, 28 percent identified ecological purity as an important criterion. Since the prevailing majority of the surveyed respondents include high quality in the definition of ecological purity and visa versa, overall 62% of respondents pay a lot of attention to the quality of produce. Only 6.6% of respondents mentioned convenient packaging, while no one picked "the imported product" from the list of offered options impacting their buying decision. This may be interpreted as evidence of domestically grown vegetables being absolutely competitive in the local market.

Requirements to vegetable produce

Requirements consumers put forth to vegetable produce depend to a certain extent on the specific type of produce. However, general trends may be distinguished, too. When asked what factors they consider most when buying vegetables, over 40% of respondents identified ecological purity for every product. Closest second response was “sorted product”, which was important for every fourth respondent. Onions, though, stand out as the only exception: the sorting was important for 41% of consumers. Additionally, 17% and 13% of respondents respectively would prefer to buy washed potatoes and carrots. Available information on the product’s place of origin was important to only one tenth of the respondents (from 10% for onions to 17% for tomatoes). Nearly 6% of respondents were concerned about type of packaging, and it is first of all true for tomatoes, potatoes and cucumbers.

Main Factors to Consider while Buying Vegetables
(as percentage of overall number of responses)



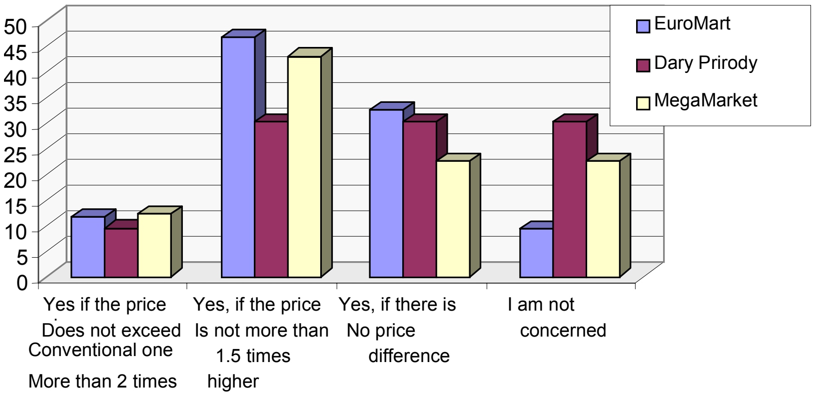
Organic Produce

Organic produce, grown free from mineral fertilizers and pesticides, is a new and yet unfulfilled segment of the fresh vegetable market[2]. However, it is widely known that the organic production is a lot more cost-intensive than conventional farming. In these conditions internal consumer market of organic produce may be limited to consumers with higher level of income. How much would consumers generally agree to pay for organic produce?

As was demonstrated by the survey, while many respondents would like to buy organically grown product, they are not prepared to pay for it a higher price. When asked to identify how much they would agree to pay for vegetables grown free from pesticides and other chemicals, 39% were ready to pay a price one and a half times higher than usual. 28% percent of respondents said they would buy organic product only if there were no price difference. At the same time, wealthier respondents (those with the income of 800-1000 Hr a month per family member) agree to pay double for organic produce (11% of respondents). The majority of respondents with income higher than 1000 Hr were not concerned about the price at all (21% of the surveyed).

[2] Ecologically pure produce is the one grown with the limited usage of chemicals (mineral fertilizers and pesticides) in order to minimize nitrate residues in vegetables.

Cost of Organic
(as percentage of overall number of responses)

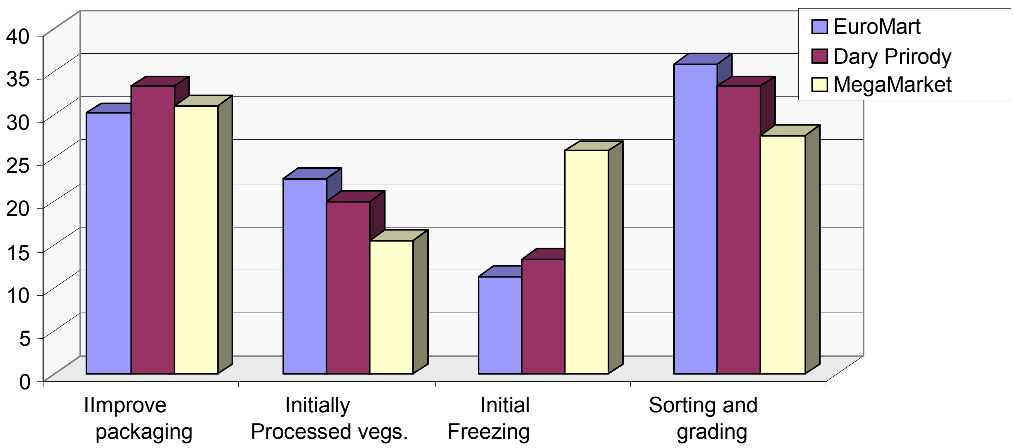


The interest in organically produced vegetables is not yet supported by the purchasing power of the majority of our respondents. While young people tend to be better informed about organic produce and therefore this age group is most likely to become consumers of organic produce, their income is not high enough reducing the premium they agree to pay for organic vegetables. But it may be assumed, that with this age group getting older their income may increase raising the customer base for organic products.

Possibilities to Improve Product Quality and Packaging

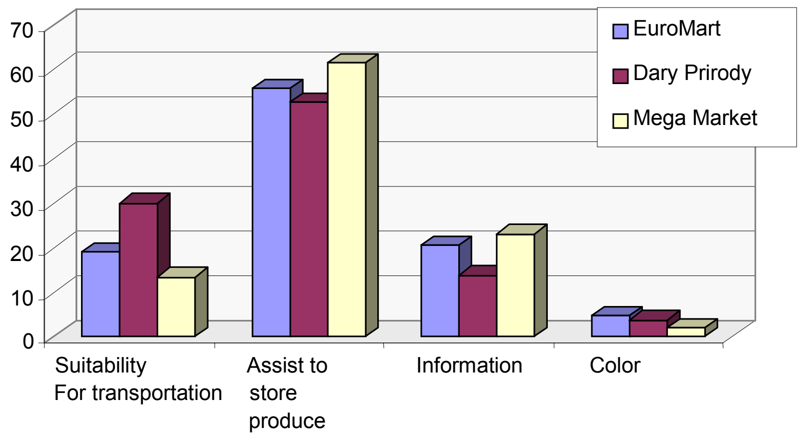
As was noted earlier, specific attention is paid to the quality of vegetables supplied to most Kyiv supermarkets. At the same time, in opinion of the surveyed buyers, possibilities to improve vegetable produce quality has not been fully realized. There are a few more ways to achieve better quality. Packaging of fresh vegetables, and their sorting were equally popular responses given by 32% of respondents in each case. Smaller portions of respondents, 19% and 17%, suggested that fresh vegetables should undergo initial processing (washed and cut) and initial freezing. These measures, in the opinion of consumers, would contribute to better quality of vegetables sold in supermarkets, and hence would increase sales.

Ways to Improve Quality of Vegetables Sold in Supermarkets
(as percentage to overall number of responses)



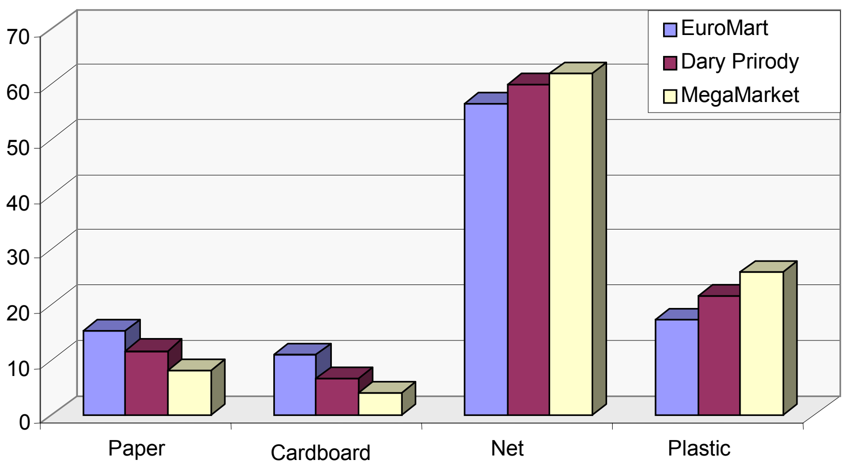
Good packaging is just another important factor to improve quality of vegetable produce sold in supermarkets. In connection with this, we attempted to clarify what particular requirements consumers in the country's capital present to packaging. 56% of respondents believe that assisting with storing the product is a major function of packaging. A smaller portion of the surveyed, or 22% of respondents, expect packaging to be convenient for transportation of the produce. Availability of information on the packaging, i.e. provision of additional information about the product ranked third among most important functions of packaging. 19% of respondents said they would like to obtain information about the produce from the packaging. Of note, only 4% of respondents are concerned about such qualities of packaging as shape and color (usage of more than two colors).

Primary Functions of Packaging
(as percentage to overall number of responses)



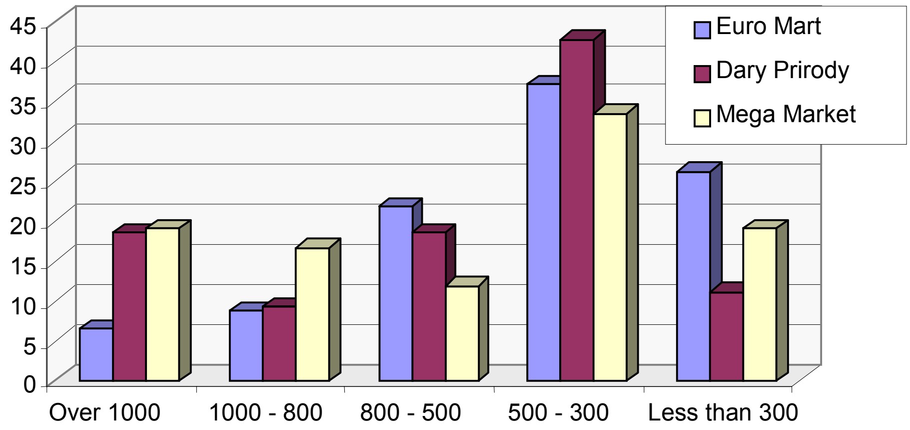
Respondents were also requested to identify what type of packaging is most convenient for sale of such vegetables as carrots. As becomes evident from responses, two thirds of respondents give strong preference for netted packaging, suggesting that majority of respondents believe that netted packaging is the best option for storing, transportation and sale of produce. Plastic, the second most frequently preferred packaging, raised 22% of votes. With all concern about ecologically clean produce, the ecologically clean types of packaging did not score high: paper received 11.5% while cardboard – only 7% of responses.

Types of Packaging Preferred for Vegetables
(as percentage to overall number of responses)



In this survey we also attempted to make up a demographic and social profiles of respondents. This was instrumental in determining typical characteristics of an average buyer in supermarket. As was demonstrated by the survey results, typical buyers in the capital supermarkets are young Kyivites with the average income ranging from 300 Hr to 500 Hr a month per family member. This level of income was reported by 38% of the surveyed. Only 15% of the respondents had incomes higher than 1000 Hr. These data allow to debunk a common myth about supermarkets being visited by exclusively well-off buyers.

Level of Monthly Income per Family Member
(as percentage of overall number of responses)



So, as proven by this survey findings, in parallel with the development of vegetable market, customers' requirements to quality and variety of vegetables sold through supermarkets, also grow. Ecological purity of grown produce, information on the produce place of origin, expansion of product mix via initial freezing and vegetables supplied beyond their growing season, as well as storage with help of new types of packaging – gain increasingly bigger importance. Given proper regard is given by supermarkets to all these requirements, they may both become more competitive and attract new customers with incomes above medium level.

For more detailed information about survey findings,
including statistical tables, please contact:
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