ROMANIAN-HUNGARIAN CANNED FOOD BUYING BEHAVIOR

Ghassan Shakhshir, PhD Candidate, "Babeş-Bolyai" University of Cluj-Napoca

Abstract: Although neighbouring countries, consumers of canned food products in Romania and Hungary have a similar behaviour when choosing a canned food product from a retail shop but totally different factors influence them in choosing a certain brand in the same category. This paper represents a quantitative research, among Hungarian students, analyzing the consumer behaviour of canned food products in Hungary in comparison with the Romanian consumers. Being a market more dominated by modern retail the presentation of products is different and it is less possible for the producers and food brand owners to determine the buyer to choose their brand at the shelf, unlike in Romania where small locally owned shops still represent a high share of the market and suppliers have a stronger influence. In Romania the study was made in the year 2011, having a sample of over 750 questionnaires. The Hungarian research was done in the year 2013 using an online questionnaire. Results of the research will show that the consumers still prefer the taste and price as main determinants in choosing a canned food brand. As to external influencing factors you can see that television and internet have totally different score in the two countries.

Keywords: food market research, Romania research, Hungary research, canned food

1. Introduction

Since the political and economic transition (the beginning of the nineties) in Hungary, a rapid change has taken place in food retailing and it became similar to structure of the developed countries, which had already been prevailing for decades. The international food chains appeared in Hungary and at the same time or slightly later the chains in Hungarian property have also been established.

Parallel to this the relationship of the producer-retailer has changed radically and we can say that this has „shocked" the producers as they had much less time for adaptation than in the countries of similar traditions. Following the accession to the European Union the food import increased and this obviously manifested itself in the food stores, however, the international food chains are not fully „responsible" for the import, since there are also other import channels. As a consequence of the above the producers feel that they are captured, however it is all about competition, the traders are not to blame for the disadvantages.

2. The Hungarian retail market

In the 21st century retailing is the most developing sector of Hungarian national economy. The structure of food retailing has changed significantly over the past 19 years due to foreign direct investments, that is more and more international hypermarkets, supermarkets and discount stores were established. The structure of retailing is frittered in Hungary unlike in West– Europe and similarly to the South– European states, such as Italy, Greece and Spain. Shops with large surface area are popular in France, Belgium and Norway instead of small shops. The market share of Hungarian grocery stores below 200 m2 is 38%, which exceeds the average rate of the EU (AcNielsen Research Institute). So it can be said that there is a duality in food retailing just like in the national economy of Hungary: beyond the large multinational companies small firms are also very dominant. (Juhász, Béládi, Kertész, Kőnig, Kürti, & Stauder, 2005)

Hypermarkets have the largest market share in the market of fast moving consumer goods (FMCG). This rate fell in the last year, but analysts think that their dominance will increase in the next few years. Supermarkets could intensify their positions just like small shop-chains in 2009. However experts are pessimistic about the future and think that the

market share of small shop-chains and independent small shops will fall dramatically. Considering other future predictions for 2013 discount stores will increase their market share since the acceptance of this kind of shops becomes higher and higher among Hungarian society and more and more new companies appear and spread all over the country. What is more due to the economic crisis the solvent demand decreases, which means that the price becomes more and more important in purchasing food and customers turn to cheaper products, especially to the commercial (private label) brands of discount stores.

In the last decade we can see that on a global scale private labels have increased their share all around retail shops (ter Braak, Dekimpe, & Geyskens, July 2013). Lincoln et al (2008) have related in their article that in the last ten years private label has increased market share at twice the speed of national brands on a global scale. Between 1975 and 2005, in Great Britain the market share of private label has increased from 18% to 40% from the whole retail market, while national brands, among which even the most notorious, have slightly declined. (Lincoln & Thomassen, 2008)

	2003	2004	2005	2006	2007	2008	2009	2013
hypermarkets	21.0%	22.0%	23.9%	24.1%	24.7%	23.3%	24.0%	25.0%
supermarkets	14.0%	15.0%	13.7%	14.7%	14.8%	16.6%	19.0%	22.0%
discount stores	15.0%	15.0%	16.5%	17.3%	18.3%	18.4%	17.0%	22.0%
cash & carry	4.0%	4.0%	3.3%	3.3%	3.0%	2.7%	2.0%	1.0%
small shop chains	14.0%	16.0%	14.6%	14.5%	13.6%	14.4%	14.0%	13.0%
independent small shops	21.0%	17.0%	16.2%	15.0%	14.6%	13.7%	14.0%	10.0%
drug stores	1.0%	1.0%	1.9%	2.2%	2.1%	2.2%	3.0%	3.0%
other	10.0%	10.0%	9.8%	8.9%	8.9%	8.7%	9.0%	4.0%

Figure 1: The market share of different types of shops from the turnover of FMCG Source: (GfK Research Institute, 2009)

As we can see in the figure above, independent small shops or shops that are not connected to a retail chain represent only 15%-16% of all shops in Hungary. In Romania, the traditional market represents over 45% of the market (in sales volume). So there is a great difference between the approaches towards Romanian market and the one towards the Hungarian Market. (Juhász & Stauder, 2006) (Buzilă, 2012)

Hungary is a harder market to enter since retail chains have a higher bargaining power than independent shop owners, so this is the most difficult part for the market entry period. However the retail chains give a brand the opportunity to be spread all around the country and to many shops due to only one negotiation.

3. Comparison with the Romanian market

Based on an ACNielsen study of the East-European market we can see below the Key differentiating factors determining store choice. As we can see the consumer behavior is

slightly different, Hungarian preferring a wide product range unlike Romanians who prefer interesting promotions. We will see more details in my study in the next chapter. (ACNielsen, 2005)

Figure 2: Key differentiating factor determining store choice. Source: (ACNielsen, 2005, p. 6)

Going more into detail and looking at the retail trade and food trade development in both Romanian and Hungarian market, we can see that both countries were affected by the 2007-2008 financial crisis, Romania having a higher instability.

HUNGARY RETAIL SALES ANNUAL | ROMANIA RETAIL SALES ANNUAL

— HUNRETAILSALESYOY   - - - ROMRETAILSALESYOY
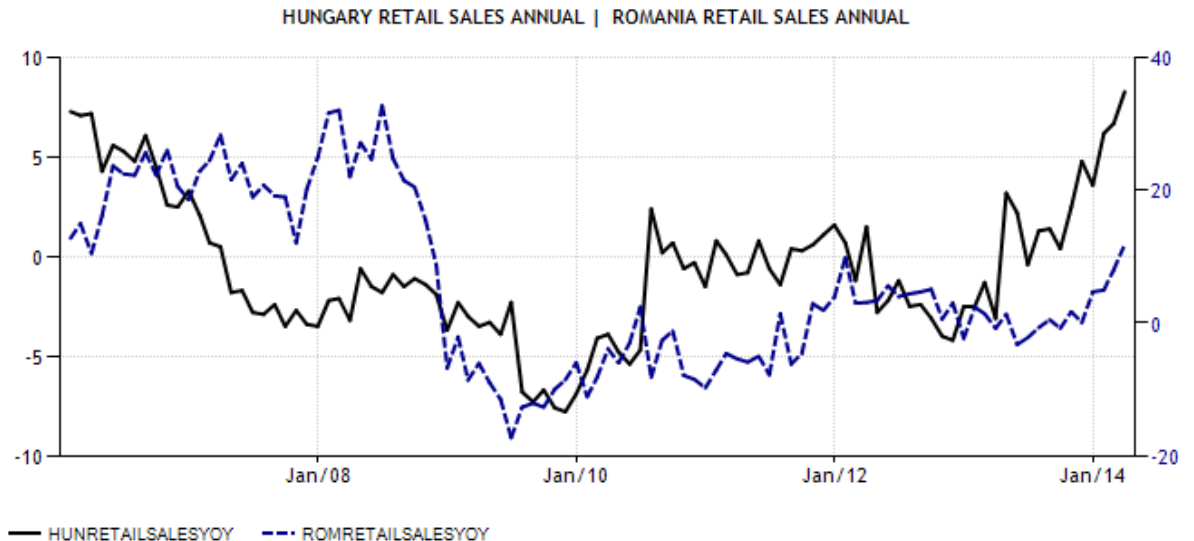
Figure 3: Retail market YoY development 2006-2013 Source: (TRADING ECONOMICS, 2014)

Nevertheless, in analyzing the food trade development we can see that since the year 2009 the numbers have been increasing in the Hungarian market, unlike the Romanian where food trade has been decreasing. Romania has seen a mean of -3,2% development in food retail trade whilst Hungary has had an increase of 6,7% in the last 5 years. (Hungarian Central Statistical Office, 2014) (Institutul National de Statistica, 2014) We can see the graphic representation of the food trade development in the below figure.
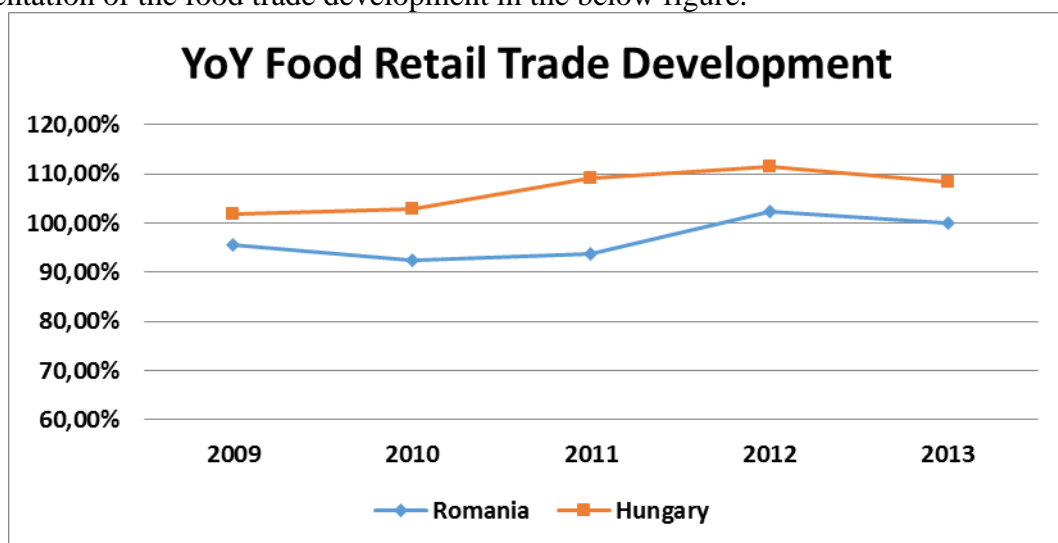

YoY Food Retail Trade Development

Figure 4: Year on Year Food Retail Trade Development Source: (Institutul National de Statistica, 2014) (Hungarian Central Statistical Office, 2014)

4. Market research

4.1 The research plan

In order to understand the Hungarian shopping behaviour when selecting a food brand I have made an internet based empirical research using www.esurveyspro.com and send it to several universities and student groups as well as friends in Hungary who have shared the survey with their university colleagues. In Romania the main buyers are young people (over 55% are under 34 years) with higher studies (60%) as we can see in the following tables. (Shakhshir, 2009). I have chosen to analyze canned fish consumers behaviour, since I already have a

Therefore I have obtained information from primary sources by questioning the final consumer. The market research sample size is made of 101 students from different Hungarian universities.

The research resulted a **Non-probable Convenience Sample** with an **error margin of 9.7%** ($e = 1{,}96 \cdot \sqrt{0{,}5 \cdot 0{,}5 / 273}$) **corresponding to a confidence level of 95%.**
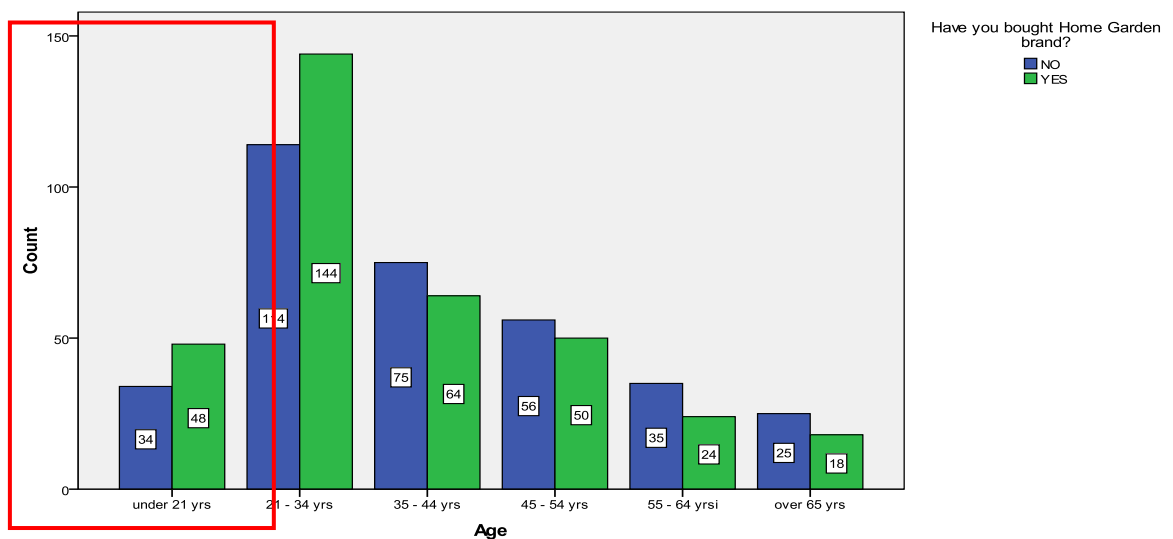

Figure 5: Age of Home Garden clients in Romania. Source: (Shakhshir, 2009)

Above we can see the age and below we can see the studies and occupation background of clients and research respondents in Romania. The research in Romania was done in December 2010 and had a sample of 701 people from shops randomly selected. The error margin was less than ±3,4 %.

4.2 Results

The outcome of my research has shown that the main factors influencing buying behaviour among both Romanian and Hungarian consumers consist of Taste and Price.

In the graph below, figure 6 representing Hungarian consumers, the factors influencing the purchase decision have been analyzed, being given a mark from 1, representing no influence, to 5, representing a huge influence on the consumer. As a fish can is bought for its consumption, the product taste is the factor given most importance, with an almost maximum mark (4.58). The next factors as importance are the price of the product, which is an element with great influence on all products that are not luxury ones, the label information, which gives valuable details to the customer about the fish inside, and the promotions, which are again linked to the price, but also to unanticipated purchasing decision.

Label design and product weigh are also important, having a mark which is higher than the average, but they can be overlooked if the other elements enumerated above are attractive.

The least 2 factors, which are under average when talking about their influence on the purchasing decision are the sampling activities and mass media, as these are products serving basic needs.
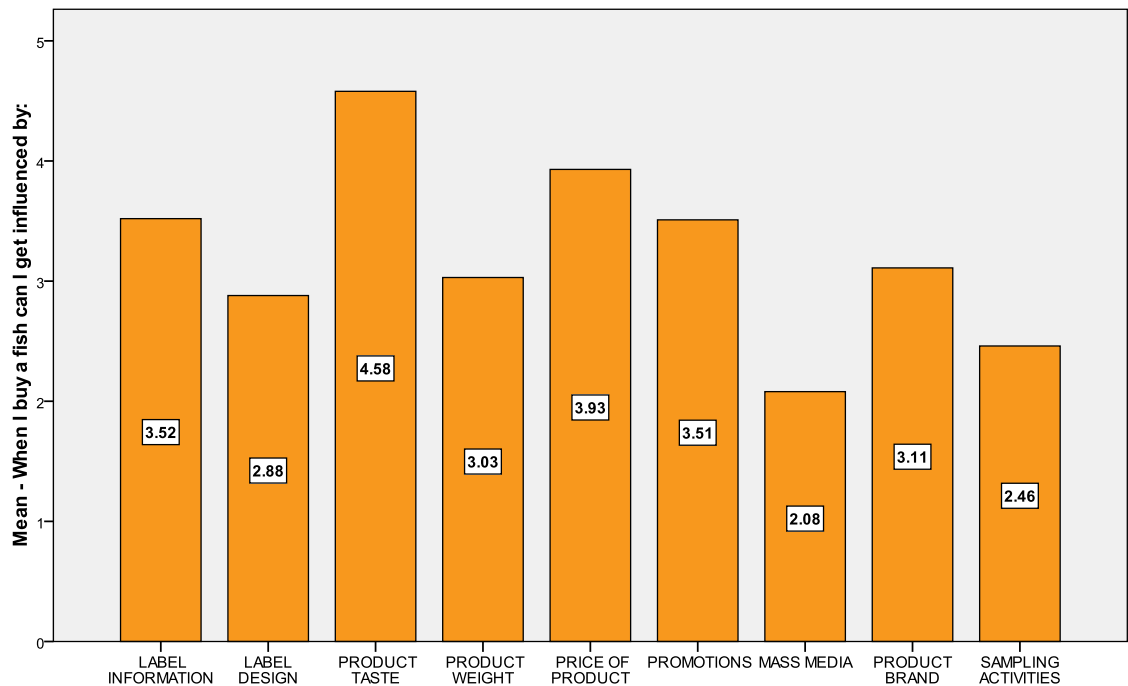

Figure 6: Hungarian consumers buying influence factors

If we compare the results with the ones taken out from the research made in Romania (Shakhshir, 2009) we can see that the influence factors are very much the same. Even the most influential factors are similar, being represented by taste and price.
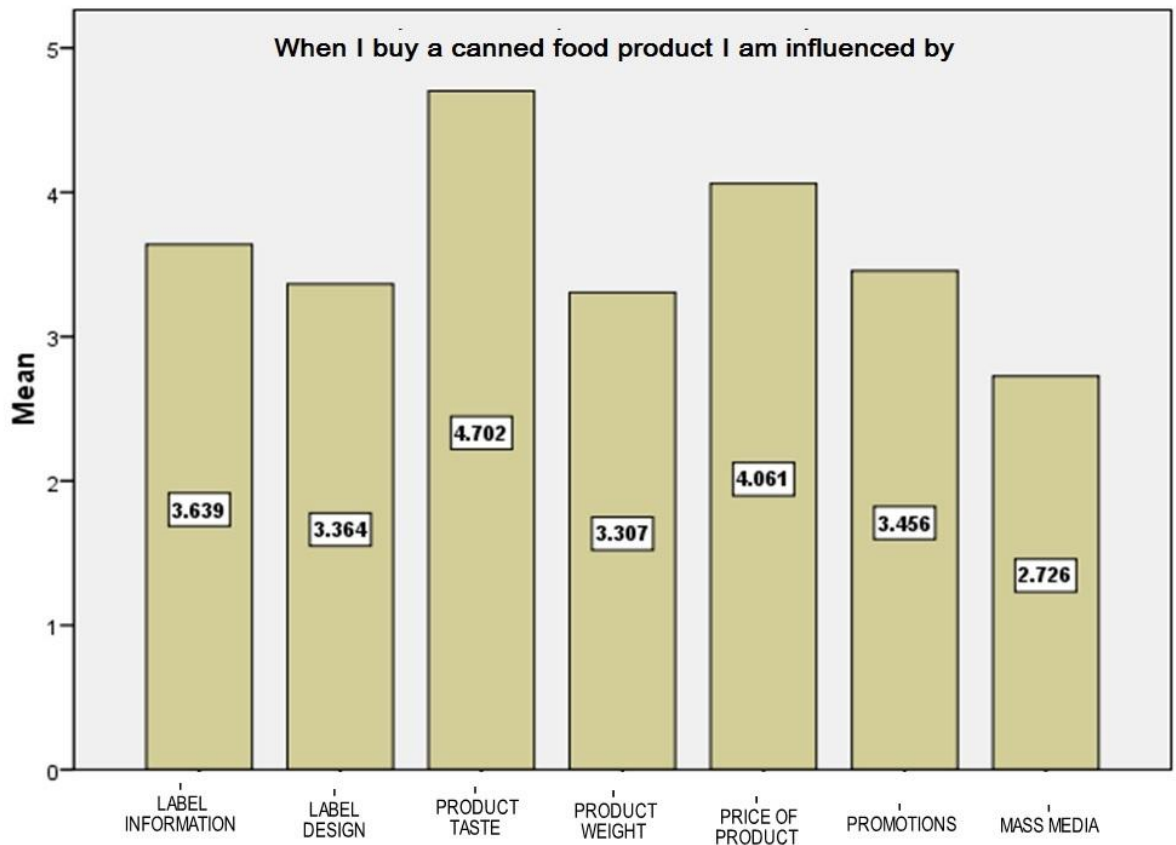
433

Figure 7: Romanian consumers buying influence factors (Shakhshir, 2009)

In the meantime the results show us that mass media has a smaller effect in influencing food products procuring. On the other hand if we go forward with analyzing what are the most influential media means in food products buying behavior we will see that the results differ.
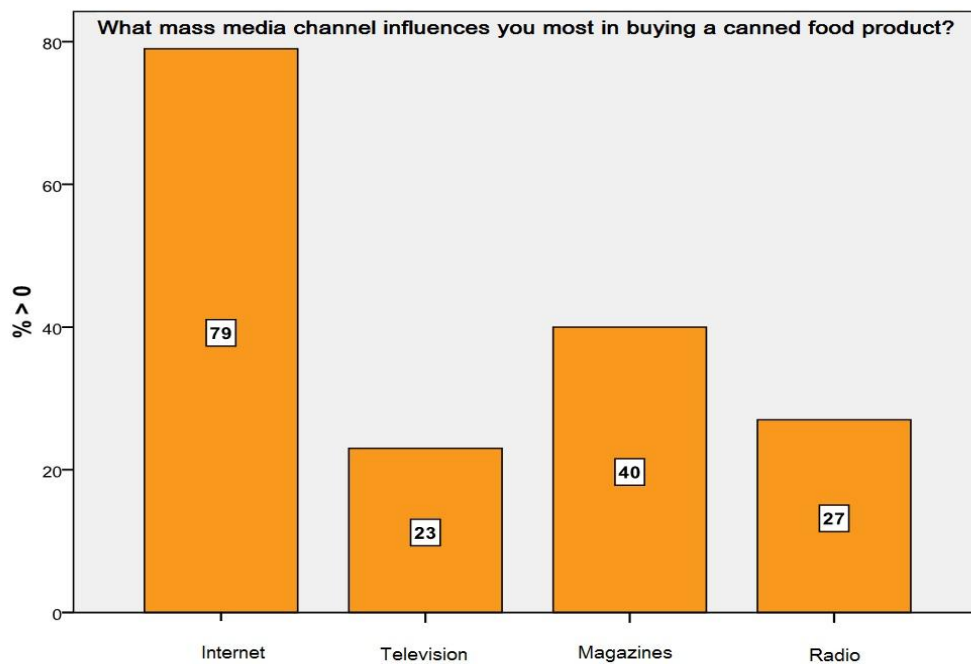

Figure 8: Most influential media channel influencing consumers when buying a canned product in Hungary

In this graph we can see that the majority of the correspondents spend their time on the internet and reading magazines, unlike Romania, where TV is the most preferred. Here TV gets the lowest scores and radio is not very much preferred as well.
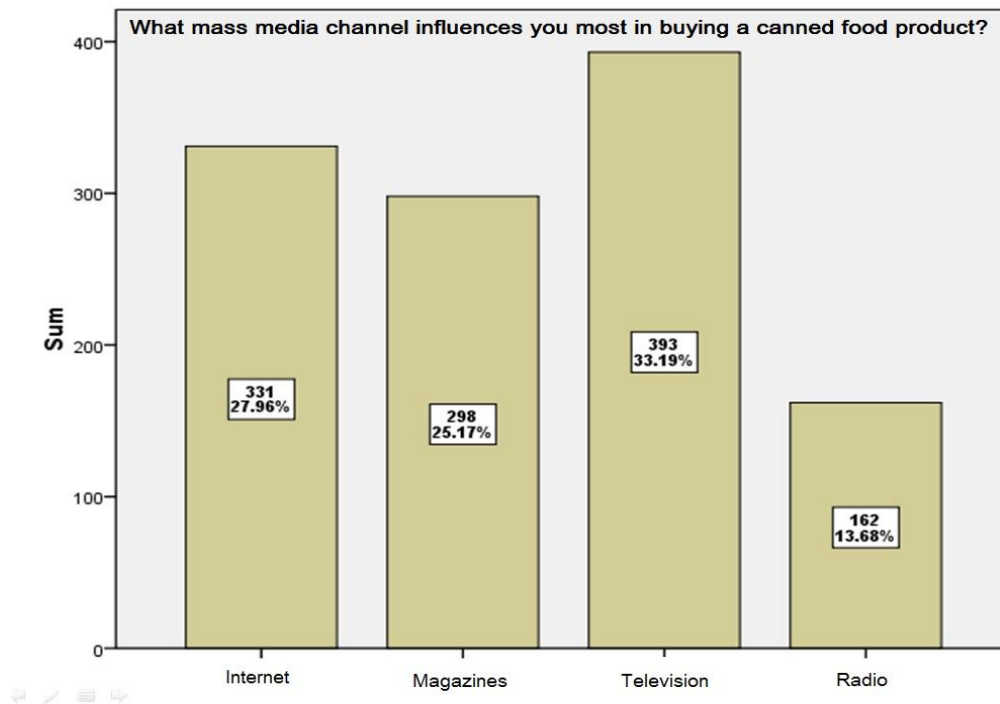

Figure 9: Most influential media channel influencing consumers when buying a canned product in Romania (Shakhshir, 2009)

5. Conclusions

We can see therefore that the two markets are very close with regard to consumer behavior of food products. The main difference comes regarding mass-media channels influence. We have seen that the most influential factor in Hungary is the internet while the television is situated on the bottom of the list. Contradictory to this Romanian consumers are most influenced by television when buying a food product.

Finding out what are the main activities in the influencing the Hungarian consumer helps us know which are the best channels where marketing promotional activities can be directed. Thus, the internet is a cheap and very efficient channel for the promotion of a new brand, this fact being reaffirmed in Hungary by the fact that in earlier graphs we saw that mass media has the least effect on purchase decision.

Furthermore analyzing the market situation (Buzilă, 2012) (Juhász, Béládi, Kertész, Kőnig, Kürti, & Stauder, 2005) we can consider the following successful strategies to be adopted by food suppliers in Hungary and Romania markets:

- In Romania it is important to have salesmen present in the field and all around the cities to be present in the traditional market. When your product is present in the traditional market, your brand becomes known to the public and afterwards is needed in the modern retail.
- In Hungary, however, it is important to have a good negotiation team to contact the retail chains in the country, list as many products, with as little taxes and costs as possible, with a higher profitability. The most people should be merchandisers who

must always be present in the retail chains to improve orders and make visibility better to the final consumers.

6. Bibliography

ACNielsen. (2005). *Emerging Markets Retail and ShopperTrends.* ACNielsen.

Buzilă, N. (2012). The Romanian Retail Market-Present And Perspectives. *Anale. Seria Stiinte Economice*, (pp. 390-393). Timisoara.

GfK Research Institute. (2009). *Market research on FMCG market.* GfK Research Institute.

Hungarian Central Statistical Office. (2014, April 24). *Hungarian Central Statistical Office: Sales of retail trade*. Retrieved May 11, 2014, from Hungarian Central Statistical Office: http://www.ksh.hu/docs/eng/xstadat/xstadat_infra/e_okfa001a.html

Institutul National de Statistica. (2014, March). *Institutul National de Statistica:Cifra de afaceri in comertul cu amanuntul*. Retrieved May 11, 2014, from Institutul National de Statistica: http://www.insse.ro/cms/ro/content/cifra-de-afaceri-comertul-cu-amanuntul

Juhász, A., & Stauder, M. (2006). Concentration in Hungarian Food Retailing and Supplier-Retailer Relationships. *International Association of Agricultural Economists Conference.* Gold Coast.

Juhász, A., Béládi, K., Kertész, R., Kőnig, G., Kürti, A., & Stauder, M. (2005). Market Power Tendencies in the Hungarian Food Sector. *Studies in Agricultural Economics, Number 3* (p. 141). Budapest: Agrárgazdasági Kutató Intézet.

Lincoln, K., & Thomassen, L. (2008). *Prvate Label:Turning the Retail Brand Threat Into Your Biggest Opportunty.* Philadelphia: Kogan Page Limited.

Shakhshir, G. (2009). Orienting communication-promotion activities in the preserved food field – Home Garden study case. *Bachelor Thesis* . Cluj-Napoca, Cluj, Romania.

ter Braak, A., Dekimpe, M. G., & Geyskens, I. (July 2013). Retailer Private-Label Margins:The Role of Supplier and Quality-Tier Differentiation. *Journal of Marketing* , 86-103.

TRADING ECONOMICS. (2014). *Trading Economics*. Retrieved 05 13, 2014, from www.tradingeconomics.com: http://www.tradingeconomics.com/hungary/retail-sales-annual