

CONSUMER BEHAVIOUR IN THE BREAD MARKET IN LATVIA

Aija Eglite¹, Dr. oec., asoc. professor; **Daiga Kunkulberga**², Dr.sc.ing;⁺

¹ Latvia University of Agriculture, Faculty of Economics and Social Development

² Latvia University of Agriculture, Faculty of Food Technology

Abstract. The consumption of bread per capita sharply declines in Latvia, which increases competition among bread producers. In this situation, consumers become determiners of the market, demanding cheaper products of higher quality. To raise their competitiveness, it is important that bread producers analyse consumer behaviour. The research aim is to identify the latest trends in consumer behaviour concerning bread consumption. The present research involved a sociological survey of consumers. The questions were asked about consumption changes, motivations, knowledge, expectations, satisfaction and loyalty. The survey showed that price competition among kinds of bread and bread producers prevailed in Latvia. Bread quality was perceived as a permanent value. It was observed that consumers chose wheat bread by price, while rye bread by producer.

Key words: consumer behaviour, bread market

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Introduction

A family and a household are two units playing a huge role in consumer behaviour. First, families and households contribute to private consumption, which is the largest share of all purchases and of total consumption (Eglite A., 2009; 2011). Second, families have the greatest influence on consumer behaviour, and individuals learn to be consumers particularly in their families and households.

Already since the 1990s, the average consumption of bread per capita has declined in Latvia. In 1996, the consumption of bread per capita was 89.68 kg, while in 2013 it reached only 38.62 kg (National Statistics Committee ..., 1997). Also in 2013, according to the latest statistical report, the consumption of wheat bread fell by 520 g/capita a year, while that of rye bread declined by 500 g/capita (Central Statistical Bureau..., 2014). The changes mainly affect bread producers, as not only the consumption of bread per capita but also the number of population decrease in Latvia.

The Latvian Bakers Association, which is the only professional organisation in this industry, actively functions in Latvia for 20 years. The association unites about 70% of all bread

⁺ Corresponding author. Tel.: + (371 294 36 211); fax: + (371 630 84987).
E-mail address: (aija.eglite@llu.lv).

producing enterprises. Its members are united by common interests in developing the bread production industry, and its functions involve the defence and representation of bread producer interests at national government institutions. The association annually holds and invites bread producers to participate in various activities, for instance, Riga city festivals and milk, bread and honey festivals in Jelgava aimed at popularising bread as a valuable product. At these activities, consumers get familiarised with the bread producers, their products; the consumers may taste and purchase bread there. Customers can also get information on bread in tours at bread-baking plants, for example, Laci Ltd, Lielezers Ltd, Liepkalni Ltd and others. Some bread producers, for example, JSC Hanzas Maiznica and Laci Ltd, have published books for children that explain the process of bread production. In addition, a bakery Laci annually holds a contest "Bread Academy" for school children, delivering educational lectures and familiarising with the bread-baking plant. Yet, these activities are insufficient, as no increase in bread consumption is observed in Latvia.

The research aim is to identify the latest trends in consumer behaviour concerning bread consumption. Research tasks: 1) to theoretically describe the factors affecting consumer behaviour; 2) to identify the specifics of behaviour of bread consumers in Latvia in the bread market.

The present research, conducted within a project, is based on the economics of consumer choice. Demand and, in its turn, output and sales are based on needs and wants. As regards market segmentation, a fundamental classification of consumers is as follows: consumers that consume bread and those who do not do it. It is also important to know changes in consumption: at what time bread is consumed? Where bread is consumed? What are the ways of consuming bread? What quantities of bread are consumed? At any stage of decision-making, such personal variables as gender, age, income, lifestyle and character make influence on purchasing and consuming goods.

It is important to examine the personality characteristics, personal values and lifestyle of consumers. When making a decision on a purchase, consumers have their own individual motivation that may be explained by the uniqueness of every personality. Personality may be defined as reactions on external stimuli. Values also determine the individual distinctions among consumers. A lifestyle is the way individuals live, spend their time and money. A lifestyle is a result of interaction among various economic, social and cultural drivers.

Why individuals make purchases may be identified by analysing consumer motivations. Motivations to make purchases and to consume involve satisfying a need. Individuals may be driven by various needs – physiological, safety, health and other needs –, which contribute to their survival. A greater role is played by other needs not related to survival, for instance, enjoyment. Enterprises can motivate consumers by stimulating some need, for example, the need for healthy food. For many consumers, an effective stimulus could be a price cut or another stimulus, for example, that within consumer loyalty programmes. If the motivation system involves distinguished functional consequences, e.g. a product that improves human

health, the attributes that contain information on health promotion are of great importance. (Kraus A., 2015).

Consumer knowledge may be used in promoting goods. Consumer knowledge is what is kept in the memories of consumers. Key components of consumer knowledge are knowledge on the product (the bread), knowledge on the purchase, knowledge on the use and consumption of the product, knowledge on consumer opinions and knowledge about oneself. Examining this issue leads to many findings on problems, individuals' knowledge or unwanted knowledge (wrong stereotypes), which can influence the choice of goods. New or earlier unnoticed consumption ways may be also identified. It is also necessary to focus on where consumer knowledge is built up and whether this knowledge is based on personal experience.

Consumer behaviour theory stresses that it depends only on the satisfaction of consumers with their purchases whether they ever buy the goods again. A positive post-purchase assessment raises the probability of repeated purchases by consumers. The satisfaction of consumers is crucially important not only in customer retention strategies but also useful in attracting new customers.

Even though positive experience does not guarantee the loyalty of consumers, an opportunity that consumers remain loyal to an enterprise depends on the extent of satisfaction. It is not enough to only satisfy the needs of customers, it is necessary to "fascinate" customers, which is possible only at full satisfaction. The satisfaction of consumers also reduces sensitivity to price. Consumers are usually ready to pay more for the goods they highly appreciate. The goods having a higher appreciation level have lower consumer sensitivity to price. Consumers make their assessments before making their purchases, which allows them to decide what goods to buy and consume. Post-purchase and consumption assessments are made in a similar way. Enterprises examine consumer assessments from the perspective of consumer satisfaction (Goldsmith R., 2010). Information on consumer satisfaction is important for several reasons. The extent of satisfaction or dissatisfaction influence repeated purchases, oral communication and communication on the Internet as well as the level of complaints. By knowing the satisfaction or dissatisfaction of a competitor's customers, it is possible to attract the competitor's customers.

The satisfaction of consumers depends on product quality. Besides, it also depends on consumer expectations.

Expected consumption experience is not a less important factor. Satisfaction depends on pre-purchase expectations and a comparison of real consumption results. Dissatisfaction may arise not only from a negative result when a product does not meet consumers' expectations. Consumer expectations expand not only beyond the qualities of products but may be also attributed to the entire company producing or marketing the products (Tikkanen, I., Vääriskoski, M., 2010).

Making a decision on a purchase and consumption depends on the role played by one or another member of a household concerning the particular product. There are products that are bought by one member of a household or family, yet, the products are used by everyone, and there are goods that are used individually. Some member of a family may choose a product but the purchase is paid by another. If there are some special needs or necessities, the members of a family who do not participate in shopping may make purchase decisions (Blackwell R., 2007). Decisions on purchasing bread affect both a family's menu, choices of foods at home and eating rituals.

What determines a family's purchases? The factors are as follows: the roles of family members and partners and their influence on various decision-making stages; the employment factor; the influences of genders, the family's life cycle, the family's expenses and their distribution, the household's size and composition.

Research results and discussion

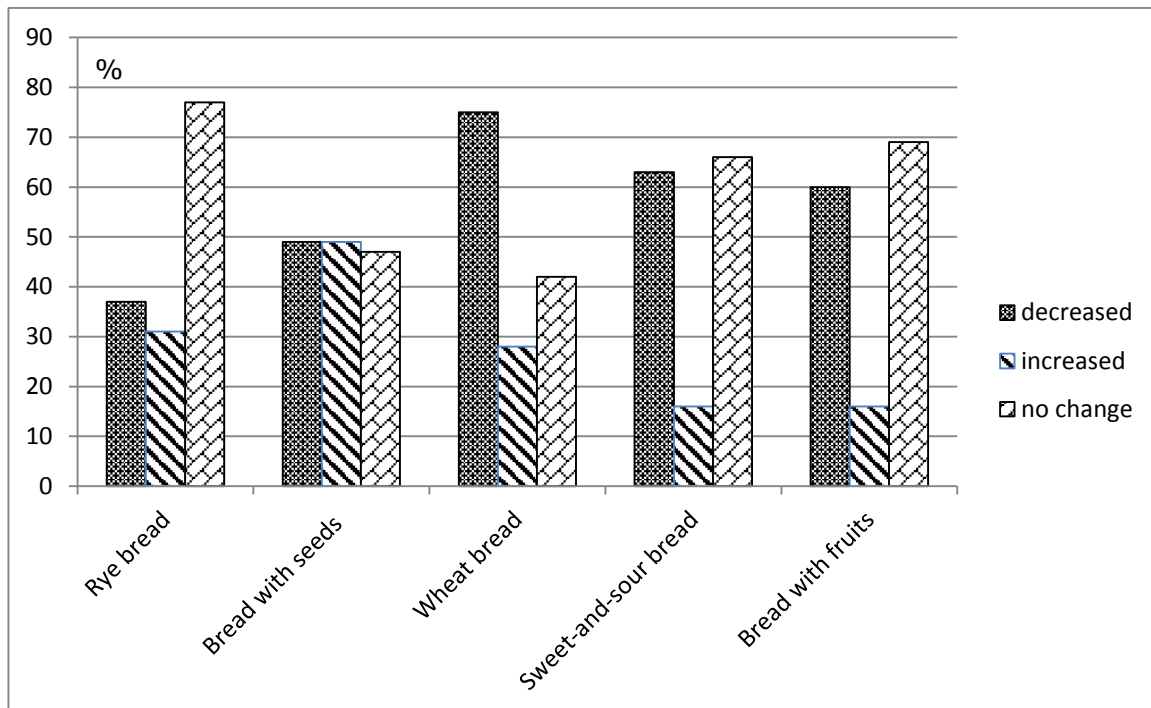
In the autumn of 2014, a survey of residents on bread consumption habits was carried out in the form of questionnaires and interviews. The questions were asked about consumers' knowledge, their perception of healthiness of bread, trends regarding consumption, bread quality, purchases, purchase sites and the choice of producers. The survey findings were presented to the bread producers that assisted in explaining some relationships and acquired ideas for popularising their bread as well.

A non-probability sample population with entry quotas for three different population generations, which covered the whole territory of Latvia, was selected for the survey. Questionnaires were filled out on the Internet. In the questionnaires, 138 respondents – adults – revealed data on themselves – 44 men and 94 women (32% were men and 68% were women). Of the respondents, 52% had higher education, 43% had secondary or secondary special education and 4% had primary education. The individuals with primary education were mostly retirement-age residents mainly from rural areas. Of the respondents, 38% were employed as specialists or government officials, 27% were students, 9% pensioners and 9% were managers as well as there were solely proprietors, housekeepers, performers of physical work, an unemployed individual and farmers.

Almost half (45%) of the respondents had a monthly income, measured per household member, within a range of EUR 201-400, while 17% had an income less than EUR 200 and 15% had an income of more than EUR 601. The respondents represented the entire Latvia. Of them, 40% lived in rural areas, 12% in Riga, while 48% lived in other Latvia's towns and cities. Of the respondents, 10% lived alone, 23% were two-people households, 24% were three-people households, while 43% of the households had 4 or more members. The same percentage of households (43%) had under-age children.

Changes in the consumption of bread. As regards the changes in bread consumption over the last few years, approximately two fifths believed that in general the consumption of bread

had not changed, while the other two fifths supposed that it declined, and one fifth was convinced that the consumption of bread had not changed in their household. On the whole, the consumption of bread has decreased. The most stable consumption, according to the respondents, was specific to rye bread, sweet-and-sour bread and bread with fruits.



Source: author's construction

Fig.1. Changes in consumption by sort of bread

The respondents most often pointed that particularly the consumption of wheat bread declined. The respondents also said that the consumption of such kinds of bread as sweet-and-sour bread and bread with fruits decreased as well. As regards rye bread, the respondents most often mentioned that the consumption of this sort of bread had not declined. The most stable positions belonged to bread with seeds, as the respondents equally frequently mentioned a decrease, an increase and no change in consumption.

Changes in quality. As regards the quality of bread, more than two thirds of all the respondents believed that it remained the same as in the last year. Bread quality was regarded as a constant value. Better quality, according to the respondents, was specific to bread with seeds, as they (30%) said that the quality of bread with seeds rose. The number of positive replies exceeded that of negative ones regarding rye bread. The respondents' opinions on the quality of sweet-and-sour bread were the most stable, as most of them believed that the quality of it was constantly high, while the positive and negative opinions, according to the respondents' experience, in terms of number, were in balance and did not exceed one eighth of the total respondents. The most negative opinions on quality changes were attributed to wheat bread. Although most of the respondents supposed that the quality remained the same, yet, more than a fourth of them believed the quality of wheat bread declined. Perhaps, it is

associated with the previous question on bread consumption decreases, as the respondents believed that the greatest decline was observed for wheat bread.



Source: author's construction

Fig.2. Changes in bread quality from the perspective of respondents in the last year

For 54% of the respondents, the bread purchase sites were supermarket chains Rimi, Maxima and Super Netto, national stores (Lats, Top and Aibe) were in the second place, while small stores took the third position.

The respondents mentioned that they mainly bought the bread produced by large enterprises. More than half of them (52%) purchased the bread mainly produced by Latvia's largest bakeries (JCS Hanzas Maiznica, Fazer Latvija Ltd or JSC Latvijas Maiznieks). Of the respondents, 23% preferred the bread baked at small bakeries. One tenth preferred the bread baked on the spot at supermarkets, for instance, Rimi.

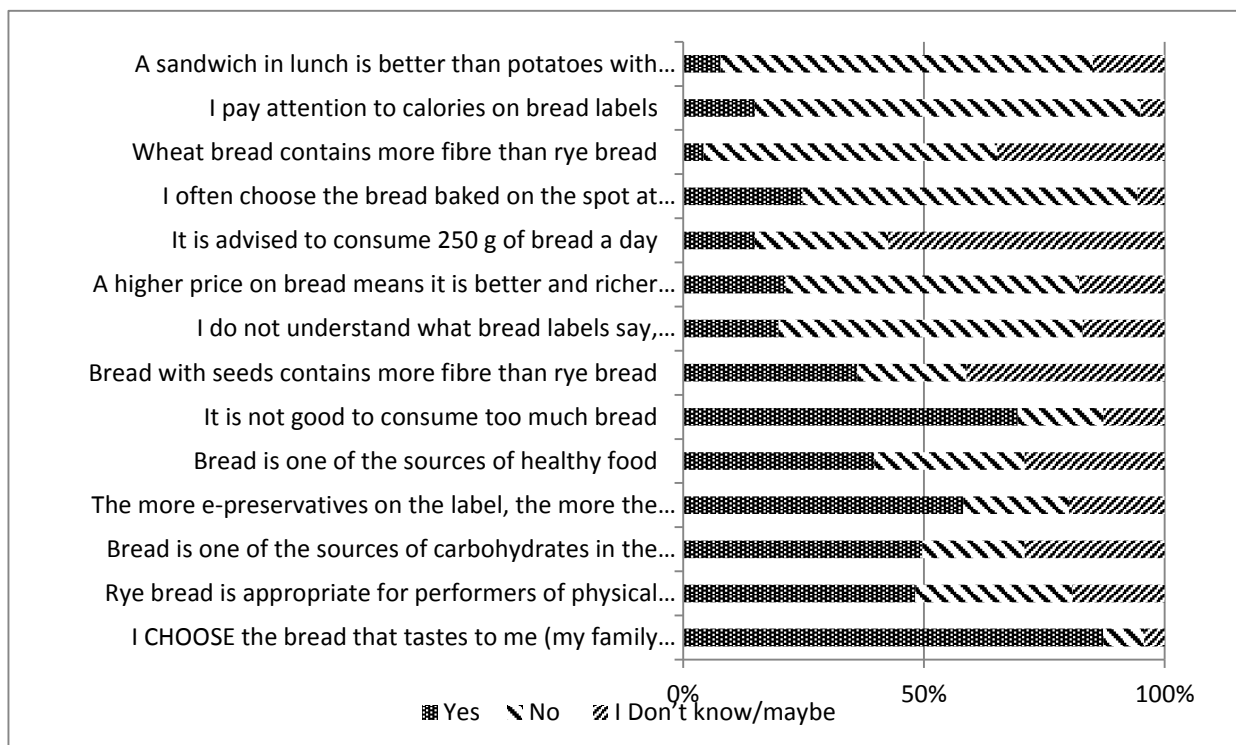
Bread's nutritional value and the respondents' knowledge. The percentages of the respondents for whom bread's nutritional value was important and unimportant were equal (29%), while in general almost half (46%) said it was important or very important. Bread's nutritional value did not play the most important role in the choice of bread, as the average rating was 3.3 on a five-point scale (1 – unimportant; 5 – most important). Only 11% of the respondents mentioned it as unimportant.

To better understand what preconceptions and stereotypes prevail in Latvia's society regarding bread's nutritional value, the present research used several assertions. An absolute majority of the respondents (87%) agreed that they chose the bread that tasted to their family members. Of the respondents, 70% believed that it was not good to consume too much bread (before it was 53%) (Eglite A., Kunkulberga D., ... 2008). Some 58% supposed that the more

e-preservatives on the label, the more the bread was harmful (this opinion remains at the same level). About half of the residents agreed with an assertion that bread was the most significant source of carbohydrates in diets (50%) and that rye bread was better suited for performers of physical work (48%). Earlier, two thirds of the population regarded rye bread as “bread of labourers”. Of the respondents, 36% believed bread with seeds contained more fibre than rye bread. Still 80% of the respondents did not pay attention to the amount of calories specified on bread labels, and only 15% did it. Some 70% supposed that a lunch meal might not be replaced with sandwiches. Almost two thirds (63%) of the respondents admitted that they did not understand what was written on bread labels, hence, they did not read them.

Approximately a third also admitted that they were not aware of such ideas as “bread is one of the sources of healthy nutrition” and “bread is the most essential source of carbohydrates in diets” as well as the issue of which bread contains more fibre – wheat bread or rye bread. Latvia’s population considered bread with seeds and rye bread the healthiest sorts of bread.

Education of the population. The respondents were asked about the best way of educating people on bread’s nutritional value and its role in diets, and their opinions were as follows:



Source: author's construction

Fig.3. Replies to the question „Do you agree with an assertion...?”

The most effective way, according to the respondents, was degustations held at stores, in which people might taste a product as well as get information on its nutritional value and how it was healthy and important in the daily diet. A third of the respondents thought this way. The second most effective way of spreading information, according to the respondents, was articles on the Internet. It has to be added that this opinion was specific to the respondents aged under 54. The third most popular point of view ... was that TV shows could educate a lot of

people on bread's nutritional value, and this point of view was widespread among all age groups. More than a tenth of the respondents, mainly aged over 45, viewed articles in newspapers as the most useful.

Among other proposals, the respondents mentioned complex activities at which children could be educated on nutritional value at kindergartens and schools and which involved all the above-mentioned activities. A few respondents believed that "it is not a good idea to educate people about that" because "everyone can decide on what and how to eat".

Factors affecting the choice of bread at stores. The most important factor in the choice of bread, for all the sorts of bread, was price. It was especially important for the choice of wheat bread. In Latvia, wheat bread is a sort of bread with the broadest assortment and with comparatively similar taste properties. The second most important factor was bread's expiry date, especially for wheat bread, bread with seeds and sweet-and-sour bread. Yet, as regards rye bread, in terms of importance, the price was followed by the producer, which was the second most important factor for this sort of bread. Probably it may be explained by the diverse and wide assortment of rye bread as well as every bakery's special products and special niche. Rye bread features the most diverse taste nuances intended for the broadest range of tastes and the highest range of prices. For all sorts of bread, the third factor was the producer, with the exception of rye bread, for which expiry dates were in the third place. This may be explained by the fact that rye bread usually has longer expiry dates.

The fourth most important factor in the choice of wheat bread and bread with seeds was the external appearance, which involved its visual assessment. Rye bread's external appearance, according to the respondents, was not so important because the fourth place was taken by consumers' loyalty – people bought the same bread they bought always, even if it sometimes was not visually attractive. The most loyal consumers were observed particularly for rye bread and bread with seeds; if they had found the most attractive and tastiest bread, they sought to buy it again. The design and layout of packaging was the least important criterion in the choice of bread, while it was more important for wheat bread and bread with seeds than for the other sorts of bread.

In the choice of bread, young consumers preferred bread's taste and expiry dates, followed by bread's aroma, price and food additives (e-preservatives). However, the producer, packaging and weight of bread were less important for them when buying bread.

Preconditions for greater bread consumption. The respondents were requested to choose the factors and tell under what conditions they would use more bread in their diet. The present research used several assertions: lower price, tastier bread, greater price discounts, if I would be informed this bread is healthy, wider assortment, longer expiry dates for bread, appropriate packaging (weight/kind) for me is available, better visual appearance of bread.

Even though *rye bread* was the most popular among the respondents, yet, the most important reason for buying more rye bread was, first, a better taste and, second, a lower

price. The respondents expressed their opinions most actively regarding rye bread. The respondents also allowed for the possibility that they would consume more rye bread if they carried a greater physical burden or if the packaging of bread met their requirements.

The reasons for a greater consumption of bread with seeds were different. First, a lower price would be a reason for making a purchase as well as a broader assortment, according to the consumers, would be necessary. Also, if the consumers were convinced that bread with seeds was the healthiest and had knowledge that consuming the bread would result in better health. If the bread were tastier, sold at discount prices more frequently and had a better external appearance, its consumption would also increase. Bread is consumed in greater quantities with increase in physical activities among consumers. One has to conclude that bread with seeds had the most ambiguous assessments. All the factors were equally attributable to the choice of this bread.

A potential increase in the consumption of wheat bread, according to the respondents, should be associated with information on how healthy and necessary in the daily diet this bread is as well as longer expiry dates are needed for the bread; the third aspect is as follows: if the taste of wheat bread were improved, it would be consumed more. Wheat bread is the only bread, the assortment of which the respondents do not object to or do not want to broaden.

Assessing the prospects for increasing the consumption of sweet-and-sour bread was the most difficult to the respondents. Most of them had no definite opinion. The key suggestions were a lower price and tastier bread. More frequent discount prices and appropriate packaging could encourage consumers to buy more sweet-and-sour bread.

Lower prices as well as an argument that rye bread is tastier could convince pensioners to consume more rye bread and sweet-and-sour bread. For pensioners, the external appearance and more physical activity were the least important factors, which would not be a reason for greater bread consumption. Students would use more bread in their diet if there were more frequent discount prices on rye bread and if wheat bread and rye bread were tastier. If bread with seeds had a broader assortment, it would be possible to find the one that is special and tasty.

Conclusions, proposals, recommendations

1. The behaviour of consumers and changes in consumption are affected by consumers' motivations, knowledge, experience, personality, household needs and traditions, self-respect and loyalty.
2. Latvia's residents still buy the bread that is tasty to them and their family members. They mainly buy bread at supermarket chains. Latvia's residents still believe that a warm lunch meal may not be replaced with bread.
3. Of the respondents, 80% do not read product labels, as the majority of them do not even try to understand what is written on the label. In Latvia, consumers believe that the

quality of bread is mainly constant; they attribute an improvement in quality to bread with seeds but sometimes they attribute a decrease in quality to wheat bread. In addition, they attribute the greatest decline in bread consumption to white bread.

4. Price competition among sorts of bread and bread producers prevails in Latvia. Consumers choose wheat bread by price, while rye bread by producer. Many consumers are in search of their bread with seeds as a source of healthy food.

5. Consumers are loyal to their sort of bread and their bread producer, even if sometimes the quality of bread (for a short period) has been poorer.

Proposals

1. Consumers have to be informed more about the kinds of bread, bread's nutritional value, bread consumption and bread producers.

2. Transdisciplinary research on the role of bread in the diet has to be conducted engaging scientists and the public.

Enterprises can shape consumer expectations by effective marketing strategies, for instance, advertising. They just do not have to promise too much. Expectations may depend on the price of goods. A high price usually causes higher requirements and greater expectations. The expectations and satisfaction of consumers can be affected by other techniques, for instance, a banal participation in a survey on consumer opinions increases the satisfaction of consumers. This is because consumers feel appreciated if being asked about their opinion; half of consumers feel more satisfied due to it. Consumers believe that a product is important but this is not the only factor for their satisfaction.

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