Conference Proceedings „Innovative development of agricultural business and rural areas“, 28 – 29.09.2023, Sofia
DOI: https://doi.org/10.37075/idara.2023.20

CONSUMER PERCEPTIONS TOWARDS LOCAL PRODUCTS: THE CASE OF KOSOVO

GJOKAJ , EKREM[1]
KOPEVA, DIANA[2]
SALLAHU, SOKOL[3]

Abstract
Kosovo's agricultural development is influenced by favorable policies and attributes relevant to consumer demand. The more we know about the important attributes of the local consumer towards agricultural products, the better policies are designed to support farmers and value chains to adapt to changes in consumer preferences. Empirical insights gleaned from research on consumer preferences for both agricultural products and locally sourced goods offer invaluable evidence. This empirical foundation equips policymakers with the knowledge required to strategize improvements within the national and local food and agricultural systems. It also lays the groundwork for the conceptualization of a forward-thinking, consumer-centric agricultural model that is characterized by innovation, productivity, and responsiveness to consumer expectations. These expectations encompass various facets, such as food availability, ease of access, safety, high quality, taste, and other locally pertinent consumer attributes. The primary aim of this study lies in the comprehensive analysis of consumer preferences concerning local food products. It seeks to delineate the pivotal attributes that guide consumers in their decision-making processes. Additionally, the study aims to identify the informational and institutional gaps that must be addressed to bolster consumer confidence in locally produced food items. In doing so, it aims to provide policymakers with a robust foundation upon which they can construct a visionary concept for a consumer-driven agriculture framework. This framework should stand as an essence of innovation, productivity, and adaptability, aligning closely with consumer expectations regarding food accessibility and simultaneously addressing the unique consumer attributes that hold national relevance. Kosovo's agricultural development is involvedly tied to the interplay of conducive policies and attributes resonating with consumer demands. The study comprehensively explores these essential attributes, and its findings set the stage for crafting policies that offer substantial support to farmers and value chains. This support is vital for their ability to navigate evolving consumer preferences. By conducting research into consumer preferences, we offer empirical evidence that serves as a guiding compass for policymakers in their mission to enhance national and local food and agricultural systems. Furthermore, it ignites the spark of innovation, productivity, and responsiveness in the realm of consumer-driven agriculture. Ultimately, this pursuit aligns the agricultural sector with consumer expectations, ensuring that it thrives in an environment defined by accessibility, safety, quality, taste, and other locally relevant attributes.
Keywords: agricultural products, consumer perceptions, rural development, Kosovo
JEL Code: *Q10, Q13*

[1] Associate Professor, University of Prizren, Faculty of Life and Environmental Science, Prizren, Kosovo, e-mail: ekrem.gjokaj@uni-prizren.com
[2] Professor, PhD, University of National and World Economy, Sofia, Bulgaria; e-mail: dkopeva@unwe.bg
[3] PhD Candidate, University of National and World Economy, Sofia, Bulgaria, e-mail: sokolsallahu1@gmail.com

Introduction

The consumer research data opens the floor for discussions on how to better design export-promotion and local-food promotion policies, are there any unfulfilled demands on the local market and how to address them, how the redefined support may induce sustainable rural development Wongprawms, R. et al., 2018. Kosovo agricultural development is influenced by favourable policies and attributes relevant to consumer demand Gjokaj, E., et al., 2018. The more we know about the attributes important to the local consumer towards agricultural products, the better policies are designed to support farmers and value chains to adapt to changes in consumer preferences (Kerolli-Mustafa, M. Gjokaj, E., 2016). The knowledge obtained through research of consumer preferences for agricultural products and locally produced agricultural products, provides empirical evidence for policy makers to decide on how to improve national, local food and agricultural systems, design a concept for consumer-driven agriculture that is innovative, productive, responsive to consumer expectations on food availability and easy-accessibility, safety and high quality, taste and other nationally relevant local consumer characteristics Imami et al., 2021. Because of the perceived benefits of freshness, better flavour, and superior quality, many consumers are interested in local goods (Pirog, R., 2004); (Bodini, A., 2004). Local goods appear to include greater „emotional quality“ than goods from other countries or unknown origins. Products are positioned emotionally like brands by bearing their place of origin. The provenance can occasionally be more significant than any other quality cue when consumers judge regional quality labels (Alvensleben von, R. , 2000).

Local production also fosters a sense of security and attachment to the community and its traditions (Bodini, A., 2004). Short distances allow consumers to satisfy not just their physiological nutritional demands (at the base of the pyramid), but also their hierarchically higher wants, including their nutritional worries. Different scholars in their research show that consumers are generally positive about locally produced food because they believe that by buying local products, they buy more authentic and more quality products (Boyle, D., 2003); (Lee, R., 2000), as well as fresh (La Trobe, H., 2001), more nutritious, more delicious and safer (Seyfang, G., 2004). Rural sociologists like Hinrichs et al. , 1998; (Hinrichs, C., 2000) identify that local food seeks relationships with farmers and food manufacturers, based on reciprocity, trust, and sharing values. Depending on them, certain main dimensions will characterize local food systems, such as it is ecologically and economically sustainable. In many studies, the term „local“ can be associated with these priority dimensions of the food system and when „local“ necessarily connects with them like Ahmadi Kaliji, S. et al., 2022, Miftari, I. et al., 2022, Pakseresht, A. et al., 2022.

Material and Methods

The research undertaking encompassed several key components and activities:

Literature Review: A comprehensive review of prior market and consumer studies pertaining to Kosovo was undertaken. In certain instances, this desk research was expanded beyond Kosovo's borders to facilitate comparisons with other countries.
Desk Research: This phase involved the examination of previous scientific publications, project reports, international database data collection, and subsequent analysis.
Farmer Interviews: In-depth interviews were conducted with more than 1250 stakeholders within the food chain, including wholesalers, retailers, and experts. These interviews aimed to gain a deeper understanding of issues related to consumer behaviour, market dynamics, and the development of the food supply chain.
Consumer Interviews / Random Citizens Interviews: A total of 1167 consumer interviews were conducted, with each focus group comprising participants from various socio-economic backgrounds.
Trader Interviews: A set of 50 interviews with traders was also conducted as part of the research effort.

The purpose of the research

The objective of this study is to evaluate the effects of the financial support program administered by the Ministry of Agriculture, Forestry, and Rural Development, and executed by the Agency for Agricultural Development, across various sectors within the scope of our investigation. In addition to assessing the influence of financial aid in the form of grants and subsidies, our aim was to shed light on other pertinent factors, including farm structure, daily operations, sales practices, distribution channels, and more. The questionnaire was designed to comprehensively cover a wide range of activities within the sectors under investigation. Its primary purpose was to collect a substantial volume of information that could be utilized for statistical analysis and in-depth analytical purposes.

Sample plan

The research occupies a stratified sampling approach, wherein data collection is segregated into distinct categories representing components of the sample. These four segments or sectors constitute integral elements of the sampling strategy, and the table below illustrates the number of surveys allocated to each respective segment or sector.

Table 1. Sample Distribution

No.	Segments	Number of surveys
1	Farmers	1,250
2	Citizens (buyers)	1,150
3	Dealers/vendors	50
4	Agri processors	50
Total		2,500

Source: own compilation

Data collection

Out of the initially planned 1250 surveys targeted for farmers, a total of 1253 surveys were successfully completed, resulting in an excess of 3 questionnaires. These additional surveys have not been excluded from the overall count. On the other hand, 1167 surveys were conducted with citizens (buyers/consumers), exceeding the planned number by 17. This surplus in surveys was introduced to maintain the total survey count as initially intended, compensating for the inability to complete the surveys with agricultural processing companies. The plan had outlined the execution of 50 surveys with agricultural processors. However, the full quota was not achievable due to a combination of factors, including a relatively short list provided by Kosovo’s Agriculture Development Agency and some instances of rejection where replacements were not feasible. Consequently, a total of 33 surveys were conducted with agricultural processors. In contrast, the surveys conducted within the trader's segment were successfully completed as planned, totalling 50 surveys. Table 2 provides a breakdown of the completed questionnaires distributed across different segments and regions.

Table 2. Completed questionnaires by regions

Regions	Completed questionnaires with farmers	Completed questionnaires with citizens/buyers	Completed questionnaires with dealers/traders/vendors	Completed questionnaires with agri-processors
Prishtina	327	336	13	5
Mitrovica	176	135	7	5
Gjakova	250	145	6	4
Ferizaj	100	125	6	2
Peja	154	145	7	4
Gjilan	112	121	5	4
Prizren	134	160	6	9
Total	1,253	1,167	50	33

Source: own compilation

Farmers

The questionnaire administered to farmers featured an extensive set of inquiries designed to comprehensively gather information regarding various aspects of their farming endeavours, including farm operations, financial standing, and the challenges they encounter in the course of their agricultural activities. Presented below are select findings derived from the variables contained within the Farmers Questionnaire.

Discussions

Consumer perceptions toward local products are summarized as follows: generally, there is a strong inclination toward domestic food products. Consumers tend to trust domestically produced food more than imports, with the exception of products originating from the EU. The specific region within Kosovo where a product is produced holds significance for consumers. For fresh fruits and vegetables, consumers prefer purchasing from large farmers' markets or green markets over supermarkets. These markets are perceived as offering more affordable and fresher produce. When it comes to fruits and vegetables, consumers favor uniformity in size, shape, and specific varieties. Buyers of fruit often base their purchase decisions on seller information and brand reputation. Key attributes for fruit buyers include freshness and the cleanliness of the sales outlets. Consumer concerns are raised about the use of pesticides on fruits and the residue left on them. Additionally, consumers express worries about soil contamination affecting their fresh produce. These concerns about pesticides and soil contamination are linked to a preference for organic food. A separate survey addressing organic food yielded the following findings: Many consumers are familiar with the terms „bio“ or „organic“ but lack a clear understanding of their meaning. Most consumers are aware that organic production involves limitations on common agricultural practices, such as abstaining from the use of agro-chemicals and hormones. Consumers generally hold positive opinions regarding organic food, particularly in terms of its environmental friendliness, safety, taste, and freshness (for fruits and vegetables). The primary reason for preferring organic food products is the perception of their safety for human consumption. However, various significant barriers hinder consumers from purchasing organic food, including limited availability in stores and the perception of high prices. Although many consumers express willingness to pay a premium, the average premium falls below 20%, with considerable variation among consumers, potentially indicating an overestimation. Table 3 provides an overview of the gender distribution among farm owners/managers in the sample. It presents the frequency, percentage, valid percentage, and cumulative percentage for each gender category. The majority of farm owners/managers in the sample are male, accounting for 86.9% of the total respondents. Female farm owners/managers make up a smaller proportion, comprising 13.1% of the total. The total sample size consists of 1,253 respondents, with 100% representation in the table, indicating no missing data. This table effectively summarizes the gender demographics within the context of farm ownership/management, providing valuable insights into the gender composition of the surveyed population.

Table 3. Gender of the Farm Owner / Manager

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	1,089	86.9	86.9	86.9
	Female	164	13.1	13.1	13.1
	Total	1,253	100	100	100

Source: own compilation

Table 4 provides a detailed breakdown of the study sectors under investigation, showcasing the frequency, percentage, valid percentage, and cumulative percentage for each sector. The most prevalent sector among the study participants is „Mixed farms (arable crops and livestock),“ accounting for a substantial 33% of the total responses. Following closely are „Cereals“ at 17.9% and „Vegetables“ at 13.4%, representing significant proportions of the surveyed sectors. „Fruits“ and „Livestock“ sectors contribute 10.5% and 11.4% to the total, respectively. Other sectors, such as „Vineyards,“ „Bees,“ and „Poultry,“ make up smaller fractions of the study, with „Specialized farms“ and „Others (specify)“ being the least represented at 0.2% and 0.1%, respectively. The table encompasses a total of 1,253 respondents, reflecting a comprehensive representation of the various sectors explored in the study. This table effectively delineates the distribution of study sectors, shedding light on the relative prevalence of each within the surveyed population.

Table 4. Study Sectors

In which sector is this study / interview conducted?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Cereals	224	17.9	17.9	17.9
	Fruits	132	10.5	10.5	28.4
	Vegetables	168	13.4	13.4	41.8
	Vineyards	126	10.1	10.1	51.9
	Livestock	143	11.4	11.4	63.3
	Mixed farms (arable crops and livestock)	414	33	33	96.3
	Specialized farms	2	.2	.2	96.5
	Others (specify)	1	.1	.1	96.6
	Bees	35	2.8	2.8	99.4
	Poultry	8	.6	.6	100
	Total	1,253	100	100	

Source: own compilation

Table 5, titled „Selling Place," provides an insightful breakdown of responses regarding the sale of products produced on the respondents' farms over the past decade. Among the 1,253 respondents, a majority of 73.0% have indeed sold products that were cultivated or produced on their farms within the last 10 years. Conversely, 27.0% of respondents reported that they had not engaged in selling products from their farms during this period. This table effectively presents the distribution of responses, offering a clear view of the extent to which farm-produced goods have been commercialized among the surveyed population.

Table 5. Selling Place

Have you sold products that have been produced on your farm over the last 10 years?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	915	73.0	73.0	73.0
	No	338	27.0	27.0	100.0
	Total	1253	100.0	100.0	

Source: own compilation

Table 6, titled „The Amount of Products Sold," presents data pertaining to whether the quantity of products sold has experienced an increase due to financial support received through grants or subsidies. Among the 50 respondents surveyed, a minority of 36.0% reported that the amount of products sold had indeed increased as a direct result of financial support in the form of grants or subsidies. In contrast, the majority of 64.0% indicated that the amount of products sold had not seen an increase due to such financial support. It is worth noting that no data were missing for this particular question, with all 1,253 respondents providing responses. This table effectively conveys the distribution of responses, shedding light on the impact of financial support on the quantity of products sold within the surveyed population.

Table 6. The amount of products sold

Has the amount of products sold increased as a result of financial support through grants or subsidies?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	18	1.4	36.0	36.0
	No	32	2.6	64.0	100.0
	Total	50	4.0	100.0	
Missing	0	1203	96.0		
Total		1253	100.0		

Source: own compilation

Table 7, titled „Contractual Form," provides valuable insights into the contractual arrangements between respondents and their primary buyers. Among the 915 respondents included in this analysis, a notable proportion (20.2%) reported having written contracts as the basis for their transactions with main buyers. A substantial majority (73.8%) of respondents indicated that their contractual agreements were of a verbal nature, with no formal written documentation. A smaller fraction (6.0%) mentioned „Other" forms of contractual arrangements. Importantly, there were no instances of missing data, with all 1,253 respondents providing responses. This table effectively delineates the distribution of contractual forms used in transactions between respondents and their primary buyers, offering valuable insights into the prevalence of written and verbal contracts within the surveyed population. Furthermore, contract farming increases chances for better financial management Hoxha, A. et al., 202.

Table 7. Contractual form

What is the contractual basis with the main buyers?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Written contract	185	14.8	20.2	20.2
	Verbal contract	675	53.9	73.8	94.0
	Other	55	4.4	6.0	100.0
	Total	915	73.0	100.0	
Missing	0	338	27.0		
Total		1253	100.0		

Source: own compilation

Table 8, titled „Contract Termination," presents data related to instances in which buyers cancelled shipments in 2018 due to insufficient product quality. Among the 915 respondents included in this analysis, a very small fraction (.8%) reported that buyers had indeed cancelled shipments during 2018 due to quality concerns. The overwhelming majority (99.2%) indicated that such cancellations did not occur within their business transactions during that year. It's important to note that there were no missing data points, with all 1,253 respondents providing responses. This table effectively communicates the distribution of responses regarding contract terminations due to insufficient product quality. It illustrates that such cancellations were infrequent within the surveyed population during the specified time frame.

Table 8. Contract terminations

Has it ever happened to you during 2018 that the buyer canceled the shipment due to insufficient quality?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	7	.6	.8	.8
	No	908	72.5	99.2	100.0
	Total	915	73.0	100.0	
Missing	0	338	27.0		
Total		1253	100.0		

Source: own compilation

Conclusions

The increasing domestic demand for food presents both opportunities and challenges. The heightened emphasis on food quality and safety serves as a clear signal for local food companies to adapt. Failure to do so may result in continued imports, negatively impacting the agricultural sector's sustainability. Market intelligence information plays a crucial role in connecting farmers and their produce with the appropriate market segments. The concept of utilizing market information for production decisions is relatively novel to farmers and supply chain actors transitioning from centrally planned economies. While private businesses must leverage this market information for success, it is not sufficient on its own. Policymakers bear the responsibility of creating conditions that ensure the sustainability of farms and agribusinesses, facilitating a mutually beneficial outcome for consumers and producers. It's worth noting that in Kosovo and other Balkan countries, direct relationships between consumers and producers persist due to historical trust developed over generations. However, with the emergence of modern retail stores and supermarkets, these close relationships are likely to erode. Consequently, alternative mechanisms must be established to install trust in consumers who have migrated to urban areas or have urban upbringings. The key to fostering a competitive and innovation-driven agro-food sector in emerging economies lies in building human capacity capable of generating science-based knowledge related to food supply determinants. Government intervention is crucial in funding institutions and public goods and services, including agricultural extension services, to transform Kosovo and other Balkan countries into exporters while effectively competing with imports. Furthermore, there is a pressing need to develop and widely disseminate soft infrastructure, such as quality management principles, approaches, and procedures. National Minimum Standards (NMS) should be established in the horticulture sector, aligning with European Union (EU) standards. Institutional coordination and interorganizational communication must also be enhanced to provide valuable information and support to farmers, particularly for the implementation of national minimum standards and Good Agricultural Practices (GAPs).

References

Hoxha, A. Mulliri, J. Shahu, E. Imami, D. Zhllima, E. Gjokaj, E. (2023). Financial literacy for farmers – the case of vineyard farmers in Kosovo. *Die Bodenkultur: Journal of Land Management, Food and Environment,* Volume 74, Issue 1, 17–25, 2023. DOI: 10.2478/ boku-2023-0002 .

Ahmadi Kaliji, S. Imami, D. Canavari, M. Gjonbalaj, M. Gjokaj, E. . (2022). Fruit-related lifestyles as a segmentation tool for fruit consumers. *British Food Journal* , 124 (13) 112-142.

Alvensleben von, R. . (2000). „Zur Bedeutung von Emotionen bei der Bildung von Präferenzen für regionale Produkte“. *Agrarwirtschaft, 49,* pp. 399-402.

Bodini, A. (2004). La qualità dei prodotti da agricoltura biologica: uno studio transnazionale sulla percezione dei consumatori. *Bodini, A. (2004), La qualità dei prodotti da agricoltura biologica: uno stuMasters thesis at Università Politecnica delle Marche, Italy*.

Boyle, D. (2003). Authenticity: brands, fakes, spin and the lust for real life. *London: Flamingo.*

Gjokaj, E., Leeds, S., Halimi, K.,. (2018). The impact of fi nancial support program in creation on farm jobs, Kosovo's case. *Bulgarian Journal of Agricultural Science*, 24 (No 6), 933–941.

Hinrichs, C. (2000). „The embeddedness of local food systems: Notes on two types of direct markets. *Journal of Rural Studies* , 16 (3): 295-303.

Hinrichs, C. C., Kloppenburg, J.R.J., Stevenson S., Lezberg, S., Hendrickson, J., DeMaster, K. (1998). *„Moving beyond ‘global’ and ‘local’.* USDA Multi-State Project NE-185 Working Paper. http://www.ces.ncsu.edu/depts/sociology/ne185/global.htm.

Imami, D., Miftari, I., Kaliji, Sina, A., Canavari, M,. Gjokaj, E., (2021). Food safety consumer concerns in the context of post-conflict transition economy. *UNIBO – IRIS*, 1-7.

Kerolli-Mustafa, M. Gjokaj, E. (2016). Kosovo's Agricultural Policy Development and Assessment. *Joint Research Center*, 1-10.

La Trobe, H. (2001). „Farmers’ market: Consuming local rural produce“. *International Journal of consumers Studies* , 25(3), 181-192.

Lee, R. (2000). „Shelter from strom? Geographies of regard in the words of horticultural consumption and production“. *Geoforum, 31,* , 137-157.

Miftari, I. Haas, R. Meixner, O. Imami, D. Gjokaj, E. . (2022). Factors Influencing Consumer Attitudes towards Organic Food Products in a Transition Economy—Insights from Kosovo. *Sustainability (Switzerland)*, 2022, 14(10), 5873.

Pakseresht, A. Ahmadi Kaliji, S. Canavari, M. (2022). Review of factors affecting consumer acceptance of cultured meat. *Appetitethis link is disabled* , 170, 105829.

Pirog, R. (2004). Food Miles: A Simple Metaphor to Contrast Local and Global Food Systems, Marketing and Food Systems. *Research Program Leader, Leopold Centre for Sustainable Agriculture, Ames, Iowa* .

Seyfang, G. (2004). „Consuming values and contested cultures: A critical analysis of the UK strategy for sustainable consumption and production“. *Review of Social Economy* , 62 (3), 323-338.
Wongprawms, R., Canavari, M., Imami, D., Gjonbalaj, M., Gjokaj, E. (2018). Attitudes and preferences of Kosovar consumers towards quality . *Studies in Agricultural Economics*, https://doi.org/10.7896/j.1802 .