INVESTIGATION OF BEHAVIOR, WISH AND OPPORTUNITIES OF OPERATORS AND CONSUMERS FOR ORGANIC PRODUCTION DEVELOPMENT IN BULGARIA

Ekaterina Arabska
University of Agribusiness and Rural Development
78, Dunav Blvd. Plovdiv 4003 Bulgaria, katya_arabska@abv.bg

Abstract
The paper presents an investigation made in Bulgaria on behavior, wish and opportunities of operators to develop in organic sector and on those of consumers to seek for and buy organic products. Three types of questionnaires were prepared: for producers, processors and traders, for organic operators (producers, processors and traders in organic sector) and for consumers. The aim was to cover different groups and to determine the extent of organic products' penetration on the market. The data collected about the motivation for organic production and trade, consumers' demand and provision of information needed led to some important recommendations for future development of organic sector in the country. The main problem was found to be the lack of information and motivation which was proposed to be overcome through organizing informational campaigns and establishing mobile information and consulting centers.

Keywords: *organic, production, demand, operators, information*

Introduction

Bulgaria is one of the richest European countries regarding biological and landscape diversity. In combination with soil and water pureness, this is a prerequisite for successful development of organic production. Unfortunately, negative trends in last few decades led to changes in land function and its big fragmentation, as well as to abandonment of small villages. Now, when ways are actively sought for effective use of the country's potentials in agriculture, the methods of organic farming as a multifunctional system which integrates economic and social issues with those of environmental protection, turn to be a proper alternative for producers, processors and traders to find the best solution for organization, management and development of their farms, production or trade enterprises and to find markets for their products. This paper examines the behavior, wish and opportunities of operators and consumers for organic production development in the country in connection to the strategic goals of sustainable development and is provoked by the progressive development of the sector worldwide and increasing demand of organic products on one hand, and on the other – by the favorable prerequisites which exist in the country, as well as of the opportunities that this sector provides to small and medium business, rising its competitiveness and fostering rural development.

The paper studies the organic sector development from the point of view of the following characteristics of organic production: sustainable management of natural resources, high standards for food quality and safety; human attitude towards animals, economic effectiveness, employment opportunities and rural development. The investigation takes into account the economic and social impact of alternative food networks and community supported agriculture in particular as a way of reaching a positive economic growth, increasing employability and reviving of rural regions, establishing places for social activities and rising society consciousness in addition to other outcomes - providing of fresh, tasty and healthy food, protection of environment and positive impact for the local businesses.

Materials and methods

Three types of questionnaires were prepared – for local operators (producers, processors and traders), organic operators and for consumers. The ambition of the author was maximal clarification, clear and correct answers achieving real participation of the interviewees. Bearing in mind, that in many cases the interviewees give answers that are in fact the wish of the interviewers, the interviews were conducted in personal aiming at establishing feelings of trust and safety into the interviewees. To he goal of reliability contribute as well the structure of the questionnaires - some of the questions checking the answers of others. This way the examination attempted to stay aside any preliminary expressed opinions and reached conclusions. The goal was to embrace different groups and to determine the penetration of organic products on the local markets, to collect information about wishes for organic production and trade, consumers' choice and the level of information provided. The interviews were made in the period September 2011 – September 2013. To the many of the questions more than one answer was given.

Results and discussion

1. Investigation of behavior, wish and opportunities of operators (producers, processors and traders) for organic production development

Two types of questionnaires were prepared: for producers, processors and traders and for those in organic production. The data presented below embrace 56 interviewees.

Producers, processors and traders: The bigger part of the interviewees in this group (70%) is between 25 and 60 years old. Gender distribution is almost equal. 70% are married. 60% have children. Members of the families vary from 1 to 4 (almost equal percentages) and 5 – for only 2%. Monthly income per family member for 64% is above 300 euro, for the rest – between 200 and 300 euro. 78% have higher education, the rest – high school diplomas. 36% live in regional centers, 38% - in small towns, 26% - in villages. 60% are traders of raw materials and/or products, 36% are agricultural producers, 4% - processors. The interviewees use different ways of financing their activities. All use their own money, 42% - bank credit/s, 30% - European funds and programs. Concerning products' realization all checked the country, only 14% - foreign markets. In the country 48% indicate open markets, 38% - mixed stores, 32% sell directly to the customer, 18% - big trade chains. 86% of the interviewees know for the existence of organic production methods, but only 56% are acquainted with the essence, principles and advantages of organic production. On the question "In your opinion, organic production provides:" the interviewees give more than one answer. 56% indicate "healthy food", 48% - "tasty food", 36% - "human attitude towards animals", 32% - "environmental protection". 86% have no idea of the rules of control and certification in organic production. Only 4% have ever been involved somehow in organic production. 96% respond that they are not in the field of organic and among the most important reasons for that indicate the following: 13% of them are not convinced of this production way, 38% point bigger production expenses, 52% wish but do not have money to invest in it, only 8% check "impossibility to sell". 42% would invest in organic production or trade and explain why: 81% - because of higher prices of organic products, 57% - because of the contribution to health protection, 38% - positive image, 38% - environmental protection. 52% would enter trainings in the field of organic production, processing and trade. 88% prefer short seminars, 54% - on-the-job training, 27% - short courses, 15% - long-term courses, 12% - higher education. Among the most preferred topics in training are: organic trade, organic production, pricing, legislation, advertising and promotion. The interest towards environmental protection is the smallest (fig. 1).

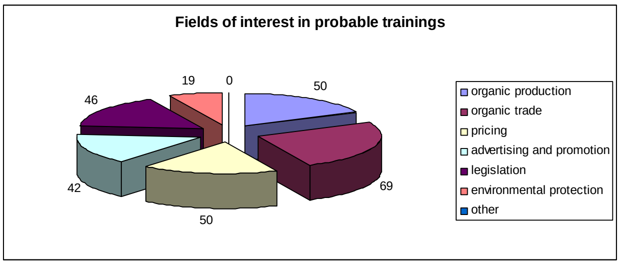

Fig. 1 Fields of interest in probable trainings of operators under investigation

Organic producers, processors and traders: Half of the interviewees are between 25 and 45 years old. 83% are married, 67% have children. 66% are in families with 4 members, none – with 5. 67% have monthly income per family member over 300 euro, the rest – between 200 and 300 euro. 67% have higher education, the rest – high school diplomas. 83% live in towns, 17% - in villages. All finance their activities with own money and European funds, 33% have bank credits too. 67% produce mostly organic products (over 90% of the produce), for the rest 33% the share of organic products is between 50% and 90%. All would recommend organic business to friends and people they know. Among the fields in which they face difficulties, the interviewees indicate first production and processing, second – profit making, third – sales (fig. 2).

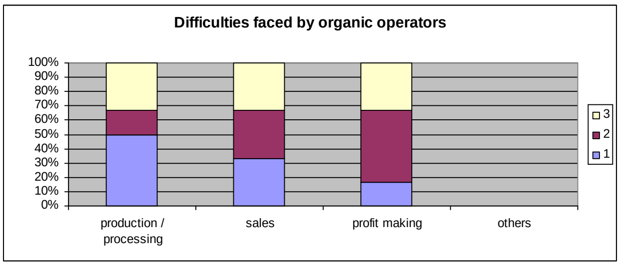

Fig. 2 Difficulties faced by organic operators

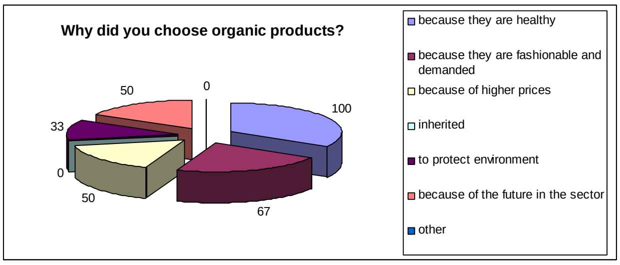

Fig. 3. Reasons of the interviewees (organic operators) to be involved in organic sector

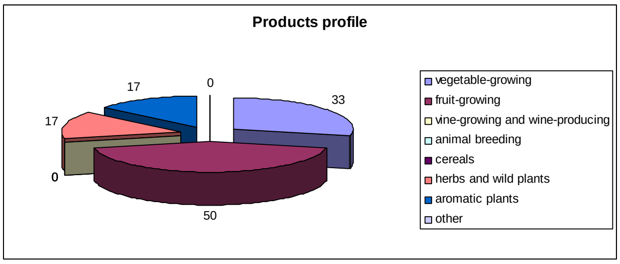

Fig. 4. Products produced by the interviewees

On the question “Why did you choose organic products?” all answer ‘because they are healthy’, for 67% they are fashionable and demanded on the market, 50% - because of the higher purchase prices, 50% think that there is future in the sector, 33% - because of the significance for environmental protection (fig. 3). 50% are in fruit-growing sector, 33% - vegetable-growing, 17% - aromatic plants, 17% - herbs and wild plants (fig. 4). 83 % sell abroad, 33 % - in the country. The sales in the country are in big trade chains and directly to the consumers. All answer that they would like to expand their activities in organic sector. On the question why they are in organic production all the interviewees point higher purchase prices and bigger opportunities for sales on the market, 40% - health concern, 40% - environmental concern.

All the interviewees have passed some training in organic production, processing or trade less than a year ago. All are ready to enter additional trainings. All prefer short seminars, on-the job trainings and short courses, 67% - long-term courses, 50% - higher education. All check all training topics in the questionnaire: organic production, storage, processing, organic trade, pricing, advertising and promotion, legislation, environmental protection. All the interviewees need special consulting services; they know where they can find such and all are consulted.

2. Investigation of behavior, wish and opportunities of consumers to search for and buy organic products

Profile: 40% of the interviewees are between 15 and 25 years old, 52% - between 25 and 60. 53% are women. 52% are married. 67% have no children. Members in the families vary from 1 to 4 (not significant differences). 36% indicate monthly income per family member between 200 and 300 euro, 27% - over 300 euro, 25% - from 125 to 200 euro, 12% - from 75 to 125 euro. 72% have high schools diplomas, the rest – higher education. 65% live in regional centers, 25% - in small towns, 10% - in villages.

As their preferred place of shopping the interviewees indicate first bid trade chains, second – open markets, third and fourth – trade markets and small mixed stores (fig. 5). 40% use Internet for purchasing. 53% do not believe in products' packages.

55% do not know about the existence of organic production ways. The rest 45% who know it as main sources of information indicate friends, people they know, colleagues, special sites in Internet, TV, radio and newspapers and magazines (fig. 6). 72% are not acquainted with essence, principles and advantages of organic production. 43% think that it provides tasty food, 37% - healthy food, 27% - it protects environment, 28% - human attitude towards animals. 92% of the interviewees are not acquainted with the rules of control and certification in organic production either. 80% do not distinguish the labels of organic products. 87% do not know where to submit a signal when there is a doubt about 'imitations'.

88% do not actively search for organic products. 77% have never visited specialized stands or organic shops. 78% have not visited specialized Internet site for organic products. 66% have never bought organic products, 15% - buy rarely, 7% - very rarely, 5% - often, 7% - very often (fig. 7). From those who have bought organic products 39% did it less than a year ago, 28% - less than a month ago, 22% - more than a year ago, 11% - more that 2 years ago (fig. 8). 72% point specialized stores as the place they have bought organic products, 72% - supermarkets, 17% - other (Internet) (fig. 9). Among the preferred organic products are the following: fruits and vegetables, baby products, milk and milk products, cereals, medicines and cosmetics (fig. 10). As main reasons of refraining from organic products buying the interviewees check the following: 60% do not know what this is, 30% do not know where it is sold, 37% - because of the higher prices, 25% do not trust in the origin, 18% do not trust in quality (fig. 11). 59% could not compare the organic products' prices to those of conventional. 23% think that they are higher, for 8% - they are comparable, for 7% - pretty higher, for 3% - lower (fig. 12).

Only 42% of the interviewees answer to the following questions: "Would you buy organic products if their prices are not higher than that of conventional?" and "If you have bigger incomes", and all the answers are positive. 72% of them prefer the country origin, 64% - organic products from abroad.

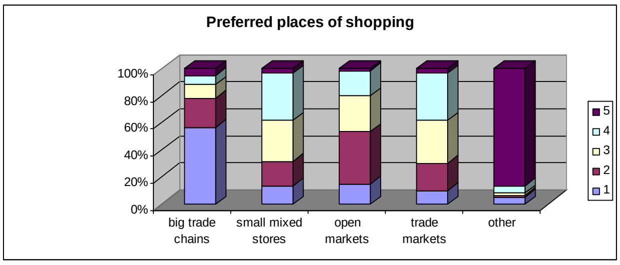

Fig. 5 Preferred places of shopping by the customers interviewed

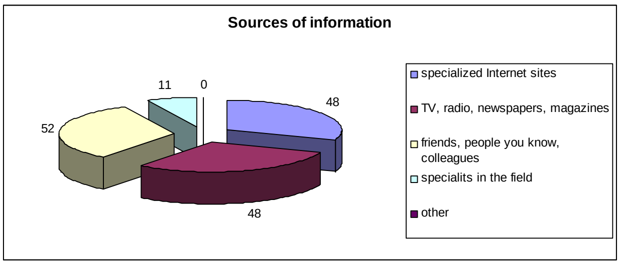

Fig. 6 Sources of information the interviewed consumers have about organic

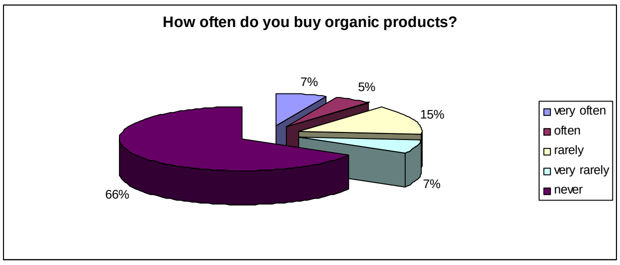

Fig. 7 Answers of the consumers about the frequency of buying organic products

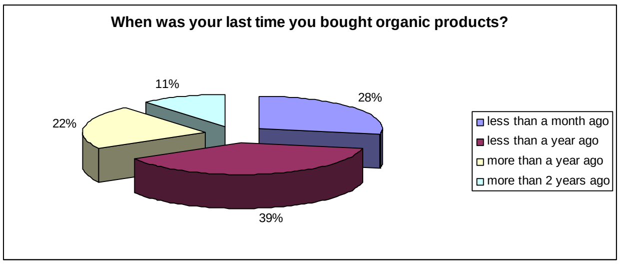

Fig. 8 Answers of the interviewed consumers about last time of buying organic products

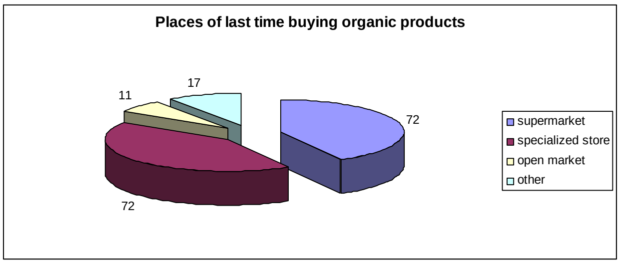

Fig. 9 Answers of the interviewed consumers about places of buying

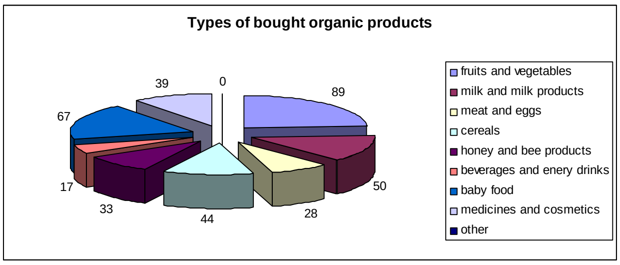

Fig. 10 Answers of the interviewed consumers about types of bought organic products

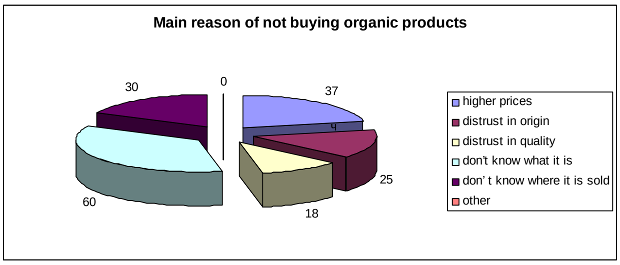

Fig. 11 Reasons of avoiding buying organic products by consumers

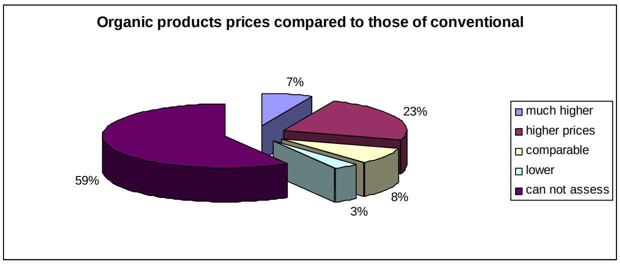

Fig. 12 Consumers' opinion about prices of organic products in comparison to conventional ones

All would like to know more about organic products. 60% prefer Internet and specialized informational campaigns, 52% - products presentations, 48% - radio, TV, newspapers and magazines, 28% - friends and people they know (fig. 13).
On the question "Which of the following products would you prefer to be organic rather than conventional independently of price?': 92% answer 'fruits and vegetables', 56% - milk and milk products, 56% - baby products. None checks beverages and energy drinks (fig. 14).

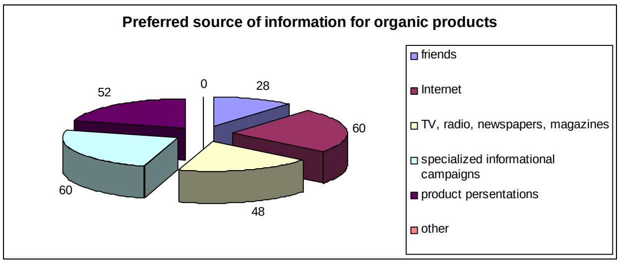

Fig. 13 Preferred sources of information for organic production

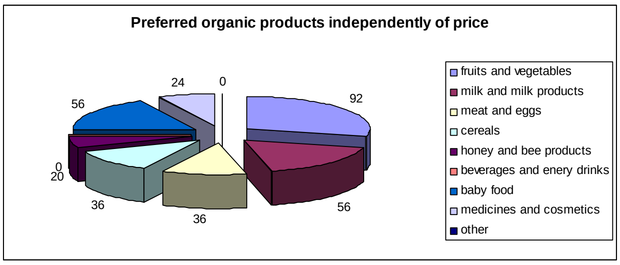

Fig. 14 Preferred organic products independently of price

Summary of investigation

The investigation embraces a comparatively good extract of producers, processors and traders relying mostly on own money for their business. Hesitation in bank credits and distrust in European funds is observed. Sales of the products are mostly in the country – open markets, mixed stores or directly to the consumers. Most of the interviewees know about the existence of organic production methods, only very little over the half of them are acquainted with essence, principles and advantages of organic farming. Among the reasons not to be in organic are the lack of money and the higher production expenditures. Among the most important reasons for possible investment in organic production and trade are indicated higher purchase prices and health protection. The interviewees express their readiness for training in organic production, processing and trade. Most of them prefer short seminars and on-the-job trainings, less is the interest in short and long-term courses, very little is the percentage of those who would enter higher education. Among the preferred training topics are: organic trade, organic production methods, pricing, legislation, advertisement and promotion. The least is the interest towards environmental protection. All this shows a common uncertainty and doubts in possible development in organic sector, born by the lack of sufficient information, knowledge and motivation.

It was very difficult to interview producers, processors and traders in organic sector. Questionnaires have been sent via e-mail because of the small representation of this group in the country as a whole and with the goal to include a bigger number in investigation but this did not work well. Personal contacts were established with agricultural producers from Plovdiv region which are well-experienced in the sector under examination. All the interviewees from this group point that they finance their activities with own money and European funds, only 1/3 have bank credits. All answer they would expand their organic activities. The realization of produce is in the country and abroad but the second predominates. For the country they point big trade chains or directly to the consumers. The interviewees face difficulties in production and processing mainly. They are involved in organic because of the higher purchase prices and bigger opportunities for sales on the market. All the interviewees have passed some training in organic production, processing or trade less than a year ago. All express readiness for additional training preferring short seminars, on-the-job trainings and short courses. All realize that they need extended service and are consulted.

In contrast to the first group, organic producers know very well organic production opportunities, they have successful businesses and they are motivated to develop them. The problems are mainly in the lack of money to invest in facilities and equipment for storing and processing the produce mainly because of the small sizes of the farms. One of the interviewees underlined the importance and recommend (based on his own experience) the associations for storing, processing and marketing – in order to provide enough money for making investments in facilities and equipment and sufficient quantities for entering international markets, higher quality provision and establishing trust in customers.

The interviewed customers represent a very good extract of people of different ages, with different family statuses and incomes living mainly in towns and regional centers. As a preferred place of shopping they put big trade chains, then open markets, trade exchanges, small mixed stores. A big part use Internet for shopping. Over half of them do not believe in products' packaging and do not know about the existence of organic production methods. Among the organic products that would be preferred independently of price are fruits and vegetables, milk and milk products, baby foods which shows concern about own health and family members' health.

The lack of information about essence, principles and advantages of organic production is very prominent. Most of the interviewees associate organic products with tasty and healthy food. Very striking are the results about the knowledge in rules of control and certification, labeling and complaining procedure if imitations or products of low quality are faced. Main reasons of avoiding buying organic products according to the results are that the interviewees do not know what these are and where they are sold. The bigger part of the interviewees has no idea of organic products' prices. As a result of all this organic products are not actively searched for. Most of the interviewees have never visited specialized stands or organic shops, as well as specialized Internet sites. This explains the high percentage of interviewees who have never bought organic products. However, the wish of getting more information is expressed. As a result of the low level of information, difficulties in identification and low incomes, the consumers avoid searching and buying organic products.

Conclusions and recommendations

This investigation shows a big gap between the first two groups (operators and organic operators) and the group of the consumers. Consumers prefer shopping in big trade chains while a very little part of examined operators sell their produce to them. One of the problems is the requirements of big chains for having fresh produce all over the year and providing variety of products in order to satisfy consumers' needs. This is a problem for both organic and conventional producers in the country. Orientation of the consumers' choice to big chains, because of a number of reasons (advertising, campaigns, comfort, trade marks, quality, etc.), leads to the lack of market not only for local organic products but for local agricultural produce as a principle. Thus, the question of providing demanded quality is not only the case for organic producers. But the problem of reaching high enough prices in order to cover production expenses and make a profit, as well as the certainty in produce sales, orientate the organic producers to markets abroad. The problem here is in providing enough quantity in order transport expenses to have sense.

The approach to rely on the increasing demand of healthy food of high quality is wrong for organic sector development. The above underlined lack of information in some general directions shows that this way one could not expect any substantial changes in the near future. Furthermore, one of the most important challenges which organic producers will continue to face in the future is the negative impact of the imported produce. The low purchasing power in the country is a basic factor too. The export orientation of organic production in the county (especially of raw materials) leads to import of processed products from the raw materials but the prices are higher. These processed products however are searched for by the customers because of the understanding that they are of 'higher quality'. The wrong approach to export raw materials which at first sight makes a profit in fact turns to be disastrous for economic development of the country as a whole and hence for the quality of life, as well as for the employment.

That way the common presumption that the country has pure nature and expanding organic land would contribute to its protection and improvement, i.e. people would live in a healthy environment, is threatened first by the fact that the leading role in the decision to purchase is of the prices (especially for food) and hence great consumption of unhealthy and low-quality foods is observed. And second, because much more conventional producers and processors would prefer avoiding "surplus" expenditures for environmental protection (despite law requirements). This in its turn would not guarantee the necessary conditions for development and certification of organic farms especially regarding escape of the contamination with non-permitted substances because of the great fragmentation of agricultural land and small distances which increase the risks.

Bearing in mind that the legislative frame is available as well as the necessary soil, climatic, natural and other resources, the crucial role for organic sector development will have the increase in the level of information and motivation amongst business sector, non-profit sector and consumers about the potential of organic production for achieving sustainable growth, entrepreneurship encouragement and cooperation in storage, processing, marketing and sales. The need of development a brand new strategy and a plan for organic sector development based on the integrated approach and including clear, real and effectively controlled objectives and actions is more prominent than ever.

Financial obstacles that are usually stated as the basic ones for organic sector development in fact require a completely different approach – leaving the expectations from the state or the EU. By the way, this is a problem not only for organic sector development. Reaching financial independence is a slow process. Good practices show that this is the right way. Unfortunately, the common wish falls in the two extremes: making great profit in a very short term and avoiding investments in business or living on credits, “draining” European money and some other things like these. The selfish behavior of large scale businessman and consumer of putting personal wishes and welfare at the first place leads not only of their dissatisfaction because they are growing permanently but to economic decline too. Life quality is dependent on society in which people live, not of that they are striving after or of the money they have.

This is the main idea of the three aspects of sustainable development – to live bearable, equitable, viable, with a clear consciousness about the future, not ‘day by day’, ‘month by month’, ‘year by year’ or as long as one could. So, the main problem stays to be adjustments and stereotypes in the society especially in relation to the understanding that the state is obliged to take care of everything. Undeveloped civic society in the county has impacts on all other spheres which directly or not influence organic sector development.

Organic production is a simple and a realistic way of achieving sustainable development. Furthermore, it has great opportunities to integrate with a number of other economical and non-economical activities.

Organic production examined by the three pillars of sustainable development provides:

- economic sustainability – competitiveness increase, strong market orientation and increase in incomes;
- social sustainability – bigger responsibility towards consumers’ needs, improving quality and safety of food, regional development;
- ecologic sustainability – a common frame, effective application, control, development of standards of environmental protection, health and welfare.

The above described situation shows that it is not enough only to set the global goals in terms of strategies, plans and laws, but to point the concrete actions for their implementation which could be executed only if they have a broad social support.

If one attempts to make a short analysis of conditions and opportunities of organic production development in Bulgaria, it will be easily concluded this: strengths – potential for achieving sustainable growth, weaknesses – limited channels for distribution in the country, opportunities – attracting new customers, threats – consumption shrinkage.

The main problems are connected to the low information provided about organic products, low average income in the country, limited product choice, difficult identification of organic products and the lack of consumers’ trust. Lack of information, weak social attention, undeveloped trade with local organic products in local markets and the predominance of foreign trade marks certified organic products are among the negative factors for organic sector development.

Recommendations for encouragement of demand, supply, organic production and trade:

Organizing information campaigns about opportunities and advantages of organic production is absolutely necessary.

A new strategy for organic production development is needed based on the current state of the sector and it should be permanently revised. It should include not only direct financial support measures but mainly measure for motivation and provision of information, trainings, science research activities, transfer of innovations, etc.

This is in close connection to the need of qualified staff which is very prominent in the sector. Training and motivation activities should start from the kinder gardens, through primary, high and vocational schools and training centers and expand to all university levels. Practical training should be the main approach. Good practices of farm visits for children and adults should be applied. The transfer of new knowledge should not be a linear process and networking is very significant in that case too.

Establishment of specialized mobile centers for consultations and entrepreneurship encouragement in the field or organic production is very important. This initiative will have success only if stakeholders in the sector unite their efforts and activities - at the moment the established structures lack coordination and are far away from the problems of the operators because they are based in regional centers. The efforts should be in the following aspects: creating favorable administrative and social environment for organic sector development, a common marketing strategy for local markets, popularization of ecosystem services – the real price of saved nature and effective, long-term and sustainable use of resources.

Other crucial point is the provision of effective control of quality in order to assure consumers trust. A system should be created for administrative and consulting services in this respect for organic producers, processors and traders having an accent on risk assessment and prevention.

Because of the leading role of prices in consumers' choice, it is important to underline the quality and the significance of organic products for health and environment protection. Big chains which dominate as a preferred shopping place to expand their assortment towards organic products and to attract the attention of consumers by their advertising campaigns in order to increase motivation for demand and purchase of organic products. Restaurants and public institutions could also contribute. Integration of organic production with alternative tourism is another opportunity that should be used and targeted to foreign tourists.

Establishing co-operations, associations, networks – this process should start with provision of information about why and how to do that, presenting good practices, etc.

Development of e-trade in the examined sector would contribute too because of its opportunities to attract well-educated, motivated and solvent customers.

For organic production development it is necessary to reach financial independence - not relying on state and European support. The state should contribute to decrease in administrative burden and creation of favorable business environment. Alternative food networks and community supported agriculture in particular are the alternatives for future development that could provide necessary financial resources for organic production development. Organic production provides many opportunities for applying the concept of community supported agriculture and this is the way of assuring its development in the country. Associations between organic farms (producers) and the society (consumers) in a partnership will provide direct economic and social connections between food production and consumption. On one hand this is the way of assuring sustainable agricultural development with sure incomes, on the other – healthy and safe food, pure environment and places for tourism, rest and/or training, providing information and motivation, social contacts, etc. This is the right way in the situation of small distances between towns and villages, for small and medium-size business development and increasing the competitiveness of local produce.