



ECONOMIC AND MARKETING EXAMINATION OF TRADITIONAL HORTICULTURAL PRODUCTS AMONG THE CUSTOMERS IN HUNGARY

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ABSTRACT:

The high demands on the international food markets can only be fulfilled with added value products from either quality or food safety aspects. Our 'Hungaricum' products answer these requirements, which access to the market has to enhance via effective marketing activity. The paper looks for answers about the domestic market of Hungaricums and their possibilities on foreign markets. The main task of the future is to drawing the customers' attention to the special quality products and working out a strategy for their competitiveness.

Keywords:

economical and marketing analysis, traditional specialty products, SWOT analysis

1. INTRODUCTION

In the late eighties in the developed Western European countries started the process during which the consumer demand increased for the country/region specific, multi-generation, high quality products produced in a traditional manner. Hungarian horticulture and food industry based on it are one of the most important fields of the national economy. The standard and the position of food industry define the market possibilities of a national agriculture, the competitiveness of agricultural/horticultural products (Berde, 2003). In the world of globalization more and more people all over the world realise the importance of preserving local traditions. This especially applies to the products with excellent quality which represent national worth (Juhász et al, 2006). Hungary, by its geographical location, is especially suitable for the production of special food products with high quality (Ferencz, 2005). The globalization has brought new challenges for our food economy, therefore the use of the trademarks and geographical indications guaranteeing special quality should have a priority increasingly in order to step up the market competitiveness.

2. MATERIALS

2.1. The definition of Hungaricums

According to the survey, the cluster of Hungaricums is preferred and well-known among the Hungarian consumers. Taste, quality, traditional features of the product and personal experience are the most important factors of being named as Hungaricum.

In the Hungarian agriculture the usage of Hungaricum as a word is wide spread for groups of products. Generally Hungarian "inventions" or traditional methods, techniques are associated with this attribute. A precise definition is needed in agriculture and food industry to determine the borders of Hungaricums to be able to use it as an affective marketing tool.

The following definition can be applied:

"An animal species, a plant variety, a food industrial process, technique that is linked to the Hungarian people, the Hungarian characteristic, Hungarian result, the producing culture and a product that is derived from the above listed features which has been for long centuries, for long generations or in the past became proved that it belongs to Hungary, it is acknowledged ion foreign countries and can be associated with Hungary"

In case of Hungaricums the geographical indication also very important. The European Unions' system of geographical indications, such as PDO, PGI is close terms and some of these products are nominated for and under the process of gaining the protection.

2.2. METHODS

The questionnaire is the most important tool of the primary market research. During the qualitative research standardised survey was used, which suited to give numerical data. The standard

characteristic of the questionnaire made possible the comparability of the answers of different consumers (Churcill, 2000).

The data collected during primary research were evaluated by a mathematical-statistical method. In the investigations SPSS 10.0 for Windows and LISLER 8.30 program package were applied. The gathered data were evaluated by the following procedures: multidimensional scaling, correspondence analysis and confidence interval.

Multidimensional scaling (MDS) is analysing quality variables. The substance of MDS is based on the distance matrix. There are two criteria for MDS grouping:

1. If the data concerns one thing (variable or object) than MDS is one kind.
2. If there are two aspects to consider: objects and variables, it is a two way MDS.

In this research the second type was used. (Füstös et al, 1986)

Perceptual maps were created by correspondence analysis using both nominal and ordinal variables. Correspondence analysis is a descriptive, explorative technique which analyses one or two variable cross tables and explores relationships between them (Jobson, 1992).

In surveys the expression of result in percentage is not always adequate and sometimes misleading because seemingly different observations are not always statistical different (Lévai et. al, 2000). The calculation of confidence intervals is especially useful when socio-demographic sub-samples are in different size. This kind of assessment is statistically more reliable than point assessment.

3. RESULTS

3.1. The SWOT analysis of Hungaricums

STRENGTHS	WEAKNESSES
The products have good and excellent characteristics and are delicious. Their quality exceeds of the competing substitute products.	The integration is low in case of vegetable and fruit products.
The rural regions have traditional growing and production processes.	There is a lack of product brand development.
Experience and professional skills in production, processing and occasionally in research are typical.	The promotion activities are not enough. Liquidity problems exist, mainly for the small farmers.
Quality is determined by the features of the production sites, the soil and weather conditions.	The product revenues are not concentrated therefore there are no funds for marketing promotion.
A latent demand exists for special, country-style food products both on the local and on the international markets.	The processing level of some specialty products is low.
Several products have their own event, and certain products even have other marketing tools.	Deficiencies exist in packaging and brand development, primarily in the fields of vegetable and fruit production.

OPPORTUNITIES	THREATS
The changes in consumer trends aid the introduction of the products on the market.	The consumers do not get familiar with and do not accept the product.
The demand can be increased by the introduction of modern packaging with distinguishing features identifying the origin.	Counterfeiting may worsen the general view on certain products.
The market can be influenced by integration and concentrated supply.	The profitability of product preparation does not increase.
The demand for the products can be increased by a prepared media package.	The threat that consumption trends having an opposite effect may result in the influx of import products (the specialties of foreign countries).

3.2. The consumers' evaluation of Hungaricums in Hungary

According to the results of our Hungarian researches there is correlation between the age of the consumer and the buying frequency. Researches show that people aged 36-40 are the most frequent consumers of special, Hungarian products.

In the questionnaire it was also studied where the buyer prefers to purchase the Hungaricum products see on Figure 1. They give preference the specialist shop where the consumer faces the factors influencing the value judgement relating to the quality of the product. The communication of these explored values towards the consumer is a task of major importance in order to increase the consumer awareness and competitiveness of the product. It is apparent that the consumer found the assortment of the specialist shops satisfactory in all cases. They criticized that there are not enough of these specialist shops at national level.

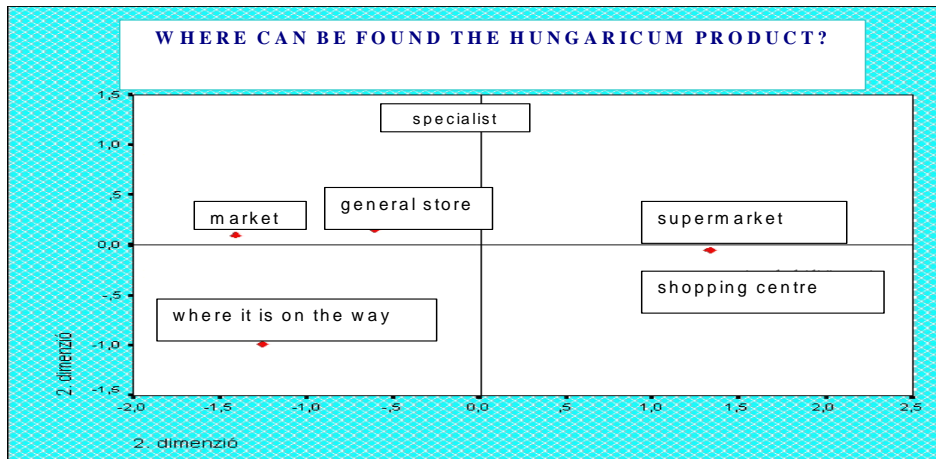


Figure 1. The place of purchase of the Hungaricum products

Specialized shops are mainly in bigger cities and only for processed food, such as Pick’s salami shop, Palinka shop. There is a big gap between horticultural almost unprocessed products and processed, convenient food.

Fruits and vegetables are in worse position on the market about 50% of them sold on traditional markets without packaging and one can be never sure what buys. There is an initiative nowadays that the biggest Hungarian Producers’ organization is standing up a shop chain for their famous fresh fruit and vegetables.

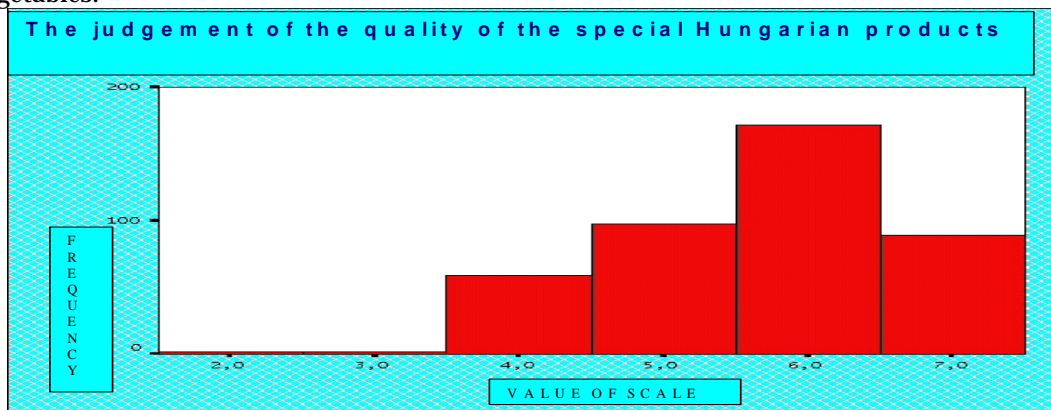


Figure 2. The judgement of the quality of the special Hungarian products

Figure 2 demonstrates the uniqueness and general quality of Hungaricum products. According to the data consumers like and appreciate these products. Uniqueness has also high value although there are dozen of fake or similar products on the market. The general quality judgement is quite good although the food scandals of the last few years made it worse than before. Consumers do not believe in food quality as easy they did a decade ago. The first few top features of Hungaricums are Hungarian, traditional, the part of our gastronomy and safe. These characteristics can only be used as marketing tools in the domestic market; on foreign markets they may be only useful as a piece of special gastronomy. Only a few percent of the questionnaires mentioned them as possible export products which are regrettable and hopefully is not true.

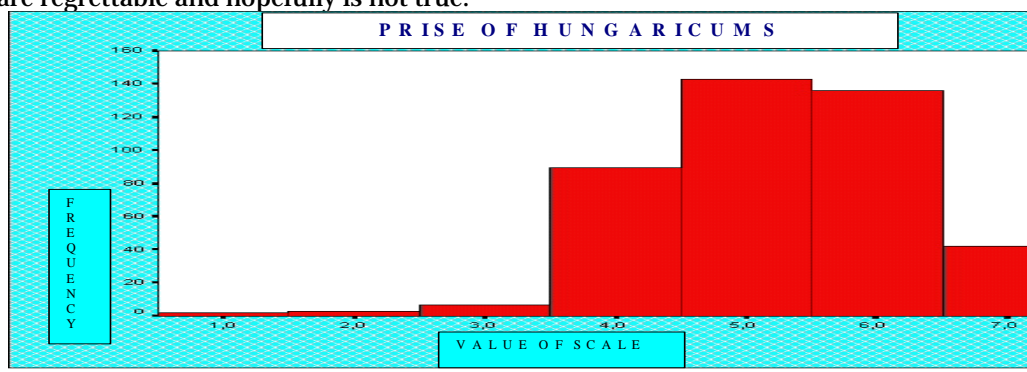


Figure 3. The price of the special Hungarian products

In Hungary the price of a product is still an important buying decision factor. It has smaller, but recognisable influence in case of special products, on niche markets like Hungaricums. Consumers agree on that Hungaricums have higher price offering a price premium for their producers, but feel that the current difference is too high, difference can be from 20-100% (Figure 3.).

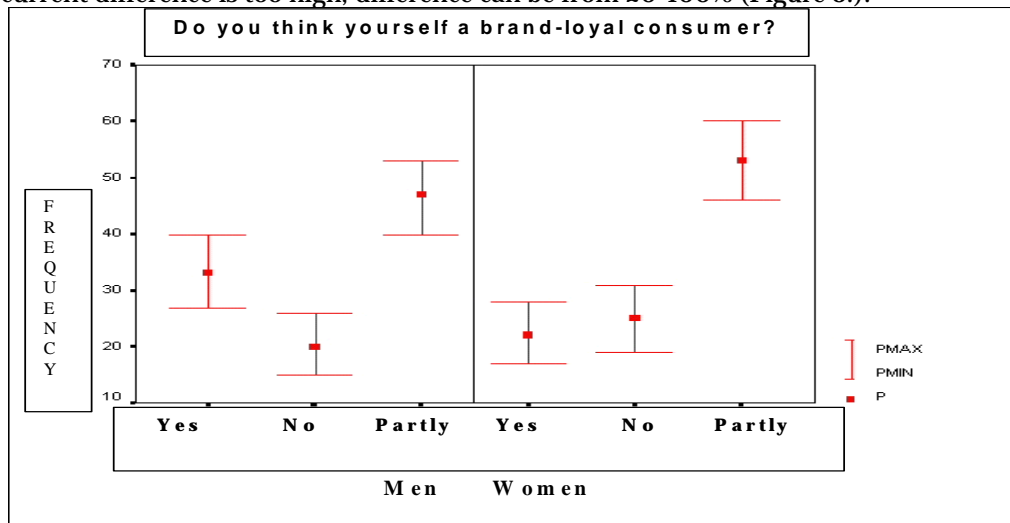


Figure 4. Brand loyalty broken down by sex

The most influential factors of their buying are packaging, price, knowledge and experience. They find very important the effect of advertisements. The consumers meet the advertisements of these products primarily on TV, in press, at exhibitions and fairs. In their opinion these advertisements influenced them in buying these special products, but they find the amount of these advertisements insufficient, require more, and would use more types of incentives. To sum up, it can be stated that market demands the rise of applied marketing means and give special importance to information and advertisement message. In the field of information there is so much to do in Hungary. The superficial knowledge of consumers can become the barrier of market improvement; therefore our results should be spread out widely. The brand loyalty is the consumer's attachment to a given brand. It helps the consumers to process the information and to motivate their decisions (Olin, 200). The genders think themselves partly brand-loyal to the same proportion on the perceptual map in Figure 4. Significant difference cannot be identified between the sexes among the non-brand-loyal consumers. A bigger proportion of the males called themselves brand-loyal. According to a previous survey Hungary-loyal consumers were higher ratio than brand-loyalist, 62% of the answers said that a Hungarian brand (with controlled quality) has to be launched to the market, and in our opinion Hungaricums are able to serve this demand.

The traditional, unique property is the property originating from the traditional raw material, traditional technology and traditional composition used during the food production. It can be readable that the buyers of the unique, special products know the typical properties of these products because that is why they decide to buy them. In case of products of traditional, unique property the quality difference compared to the conventional products lies in the special production method most of the time (Neggi, 2007). There are several state-run programs in Hungary connected to food stuffs, but their marketing is not enough and the different but same purpose systems result misunderstanding among consumers in Hungary.

Quite important that the unique products of the country should remain real "Hungaricums" and behind Trademarks, constant guaranteed quality must appear. The national application of the European certification system of the protection of origin and special characteristic would ensure the legal protection of the Hungarian products in the single internal market of the EU against counterfeiting and use of other unfair marketing tools. The inclusion of our products with registered trademark in the list of the approved products by the European Commission would have a significant marketing value and it would help to increase the competitiveness of our products. It is therefore necessary to introduce this system in Hungary as soon as possible. The European Union provides assistance for the member states in the framework of its rural development policy to help the production and sales of the products with registered trademark. In order to help the evolution of these activities in the small settlements of rural areas where the only way of living is provided by the agriculture one mode of employment and so the permanent provision of the population's income can be the labour intensive production of the products with registered trademark. The 40-45% of the

answerers deliberately looks for Hungaricum products. As for men the percentage is higher than in case of women. This difference however is not significant. Therefore we can not say that men search there special domestic products more. An open question looked for the answer to know which Hungaricums are known the best. Tokaji Aszu proved to be the number one (like abroad). It is significantly different from any other mentioned Hungaricums. Pálinka won the second position, but it is not significantly better-known as onion (of Makó). Then the animal species and the products processed from them continue the list.

4. CONCLUSIONS, PROPOSALS

The identification of the resources available to us, the search for newer resources, the elimination of threats and the expansion of relationships are among the basic tasks. It is very important to evaluate the external environmental effects. The opportunities we will actually realise and the threats we will be able to prevent are to be seen after our internal resources are revealed. Generally it is practical to repeat the SWOT analysis every 2-3 years, or more frequently as needed, and to compare it to the previous examination results. Why is it important to deal with the production of the unique products with registered trademark and of special quality?

- ✚ Having observed the trends of the European Union and other developed regions of the world since the middle of the nineties, it can be experienced that the food quality has an emotional approach as well.
- ✚ The consumers evaluate not only the mg/kg but they demand that the product should be exactly the same as it has been produced for many lifetimes.
- ✚ The products representing characteristic regions, uniqueness, specialties differing from the others, high quality standard with registered trademark should be offered in the overstocked solvent market with the use of the appropriate marketing tools.

Specific tasks:

- ✚ To increase the popularity and the market revenues of the Hungaricums noted, and to simultaneously enhance the situation of the producers and the processors associated with the products.
- ✚ The processing of the products by preserving the Hungaricum nature to increase the added value that is recognised on the market.
- ✚ The application of well-selected marketing tools helps in the development of the regional and the national „image”. The Hungaricum products are not well marketable on their own, but together with the appropriate „historical and cultural background”.
- ✚ These are the tasks of major importance to make the consumers aware of the unique quality of the traditional products with registered trademarks and to develop a marketing strategy to increase the consumer awareness and the competitiveness of the products. In my opinion, the community marketing tools can be used to the efficient realisation of this aim.
- ✚ The consumer in this case does not purchase merely a product – products are available anywhere – but also flavours, aromas and traditions.

Tasks to meliorate the market situation of Hungaricums:

- ✚ Instead of mass production the assortment of traditional, special products should be broadened given the fact that experiences of the centuries-long production already brought up those „Hungaricums” which represent the outstanding qualities and national values of the countries;
- ✚ High-level professional skills, training and flexible marketing activities are needed;
- ✚ Origin, trade-mark and adept information must be indicated on the packaging of the products;
- ✚ Forming of support systems must be conducted in such a way that it could facilitate establishment of special production structures and concentrate on resurrection of the values of the country.

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