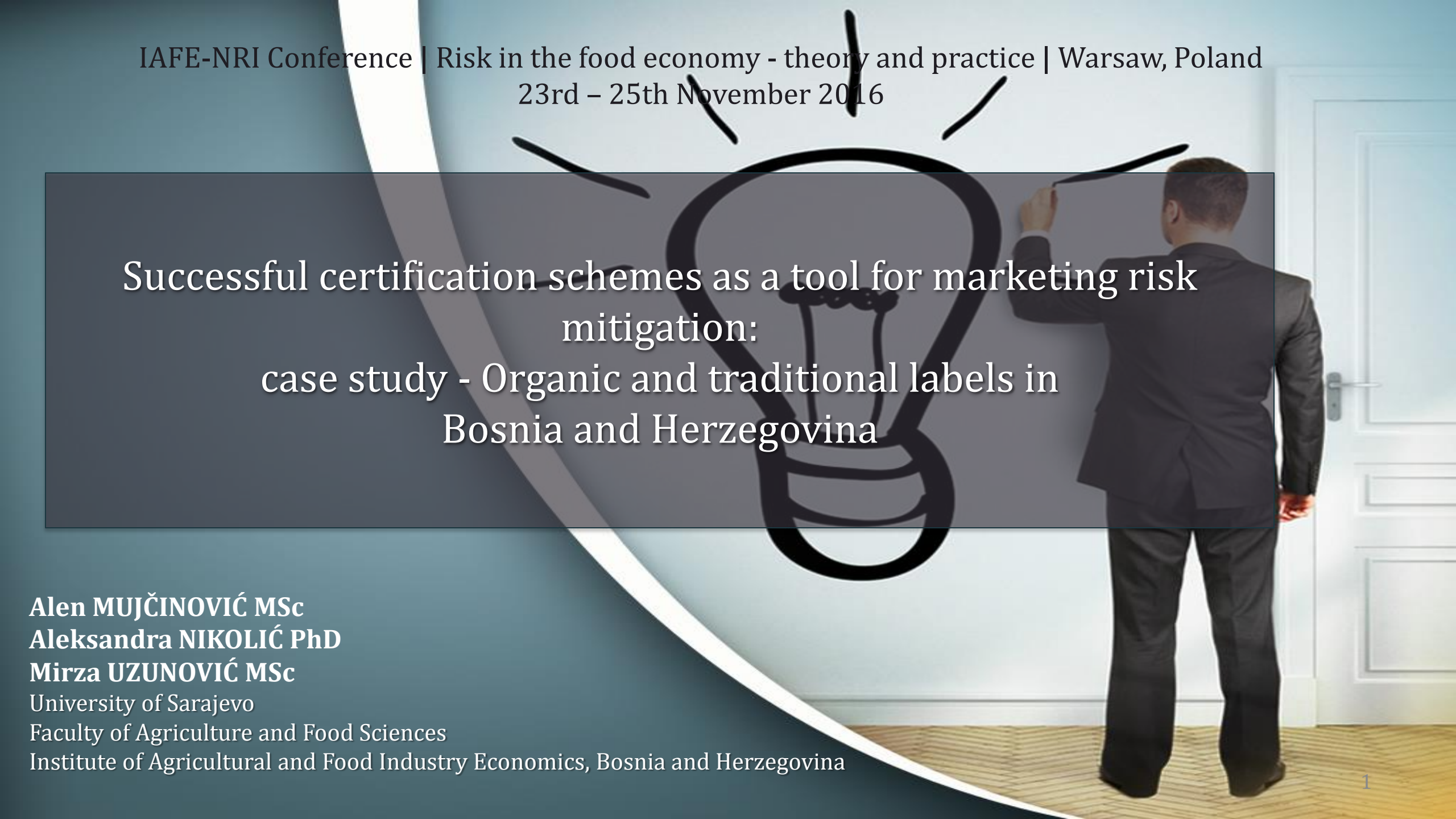
IAFE-NRI Conference | Risk in the food economy - theory and practice | Warsaw, Poland
23rd – 25th November 2016



Successful certification schemes as a tool for marketing risk mitigation: case study - Organic and traditional labels in Bosnia and Herzegovina

Alen MUJČINOVIĆ MSc
Aleksandra NIKOLIĆ PhD
Mirza UZUNOVIĆ MSc
University of Sarajevo
Faculty of Agriculture and Food Sciences
Institute of Agricultural and Food Industry Economics, Bosnia and Herzegovina

Content

Introduction

- Agriculture is described as a key sector for economic growth of most developing countries (Venkat, 2012), while organic agricultural production (both land use and demand for products) represent fastest growing market in a world (Morgera, Caro, & Durán, 2012; Willer & Lernoud, 2016).

- Bosnia and Herzegovina is considered as the suitable one, and organic farming has been indicated as competitive advantage of this country (FMPVŠ, 2015).
- Organic sector still remain small. – why??

Part of PhD thesis – Impact of Public Policies on the Quality of the Organic Farmers Business in Bosnia and Herzegovina - Organic Production of Medicinal and Aromatic Plants Case Study

- Agriculture and food industry experience fierce competition of the global markets, while new market result with new opportunities, but also with a new dimension of uncertainties and risks (Ritchie and Brindley, 2000).

Introduction

Radical changes

Quick market evolution

Food system

Transactions move from the domestic sphere to the supermarkets

Growing information asymmetry

Understanding the consumers' behavior and expectations

Marketing management

Communication with consumers

Successful certification schemes

Certification schemes

Problem arise when the market is still undeveloped

Risk mitigation

Key factor for future development

Research Objective

(i)

To analyse efficiency of eco-labels as a tool for marketing risk mitigation

(ii)

To analyse the factors that influence consumer behaviour toward organic and traditional products in developing countries.

Research method

Data collection

Primary data
Literature review

Secondary data
Questionnaire

Adapted Food Choice Questionnaire (FCQ) (Steptoe *et al.*, 1995);
7-point Likert scale;

Socio- demographic factors

Age | Gender | Household size | Education | Working status | Income | Busing habbits

Other factors

Health | Hedonism | Lifestyle | Information | Habbits | Convinience | Etnocentrism | Innovation

Data analysis

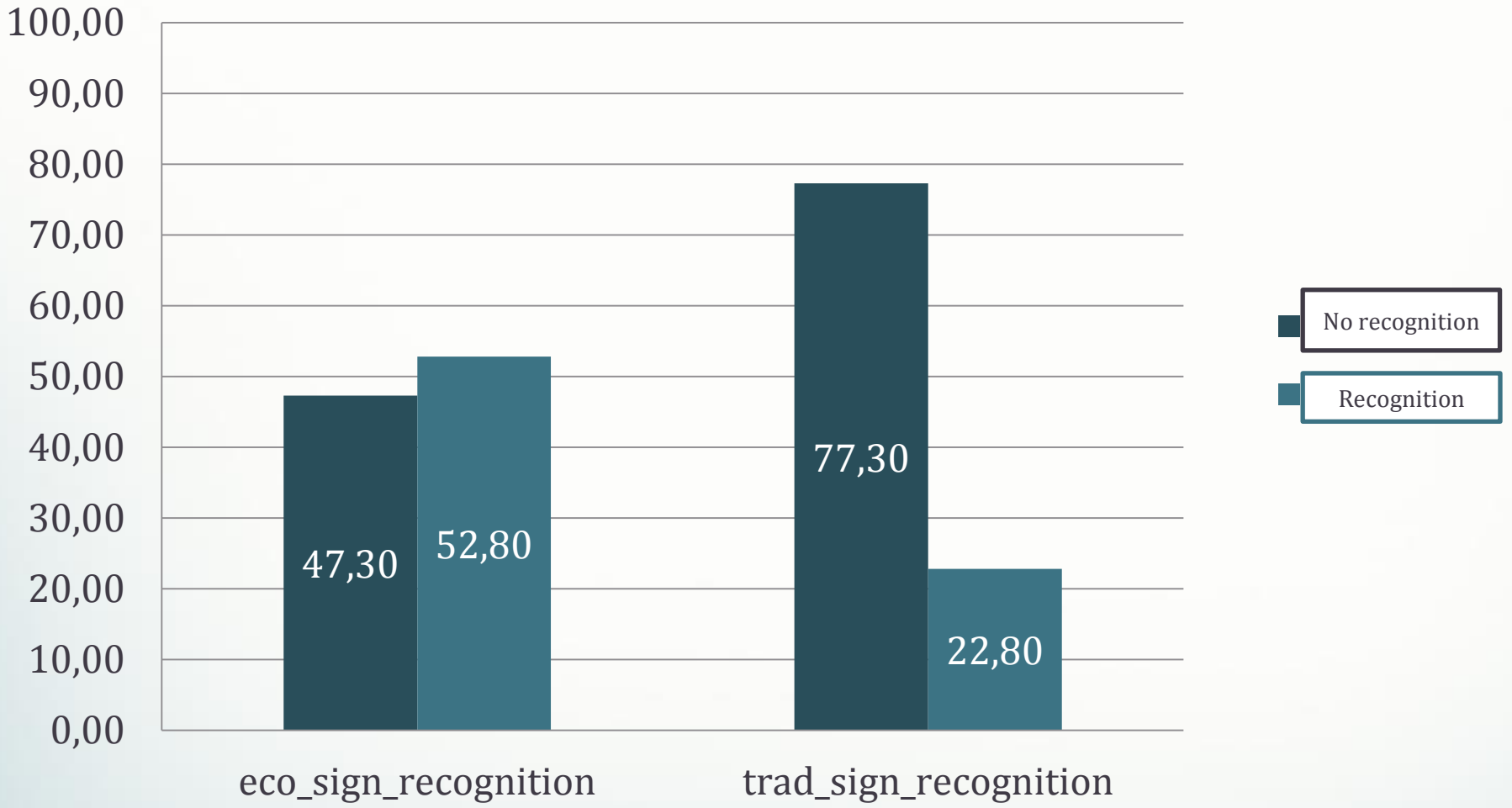
Randomly selected 400 samples

Descriptive statistics:
Chi-square test

Inferential statistics:
Reliability analysis;
Factor analysis;
Structural Equation Modeling;

Results and discussion

Figure 1. Overall recognition of organic and traditional sign



Results and discussion

Figure 2. Influence of Age on organic and traditional signs recognition

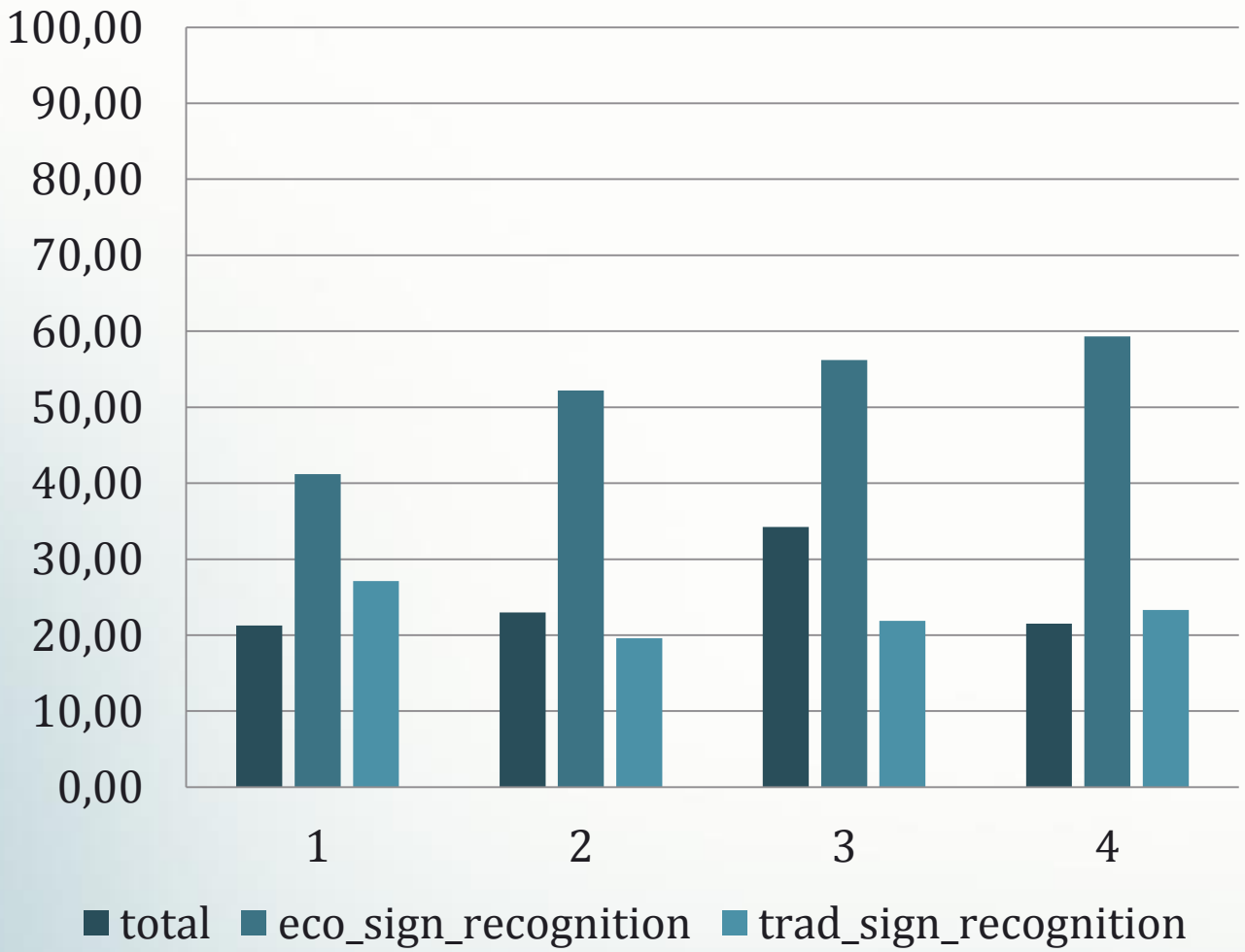


Table 1. Results of Chi-square test for Age

Pearson Chi-Square Tests			
		eco_sig_recognition	trad_sign_recognition
Age	Chi-square	6.718	1.498
	df	3	3
	Sig.	**.081**	**.683**

1 less then 25 years

2 from 26-35 years

3 from 36-55 years

4 over 55 years

Results and discussion

Figure 3. Influence of Gender on organic and traditional signs recognition

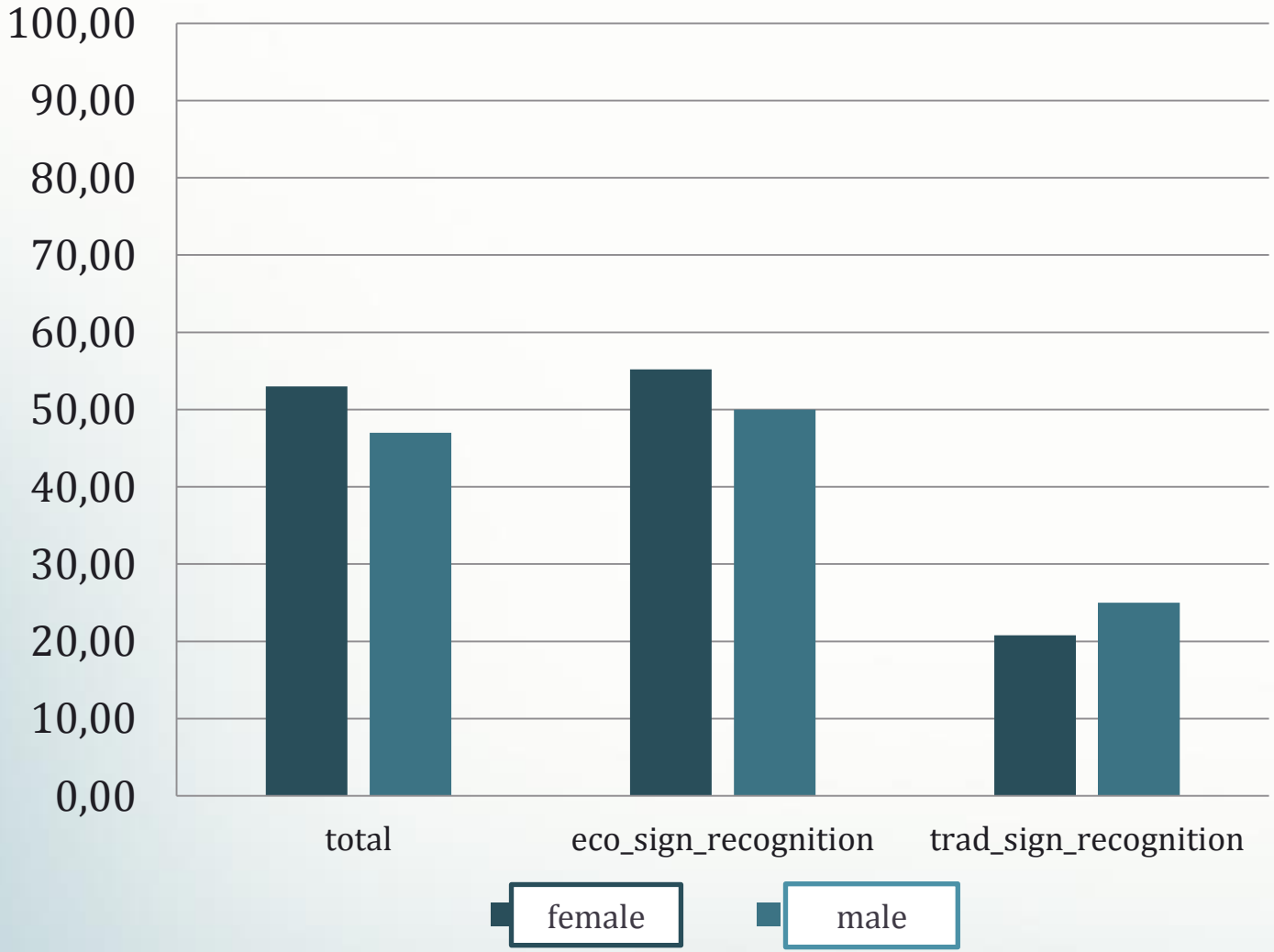


Table 2. Results of Chi-square test for Gender

Pearson Chi-Square Tests			
		eco_sig_recognition	trad_sign_recognition
Gender	Chi-square	1.076	1.022
	df	1	1
	Sig.	**.300**	**.312**

Results and discussion

Figure 4. Influence of Education on organic and traditional signs recognition

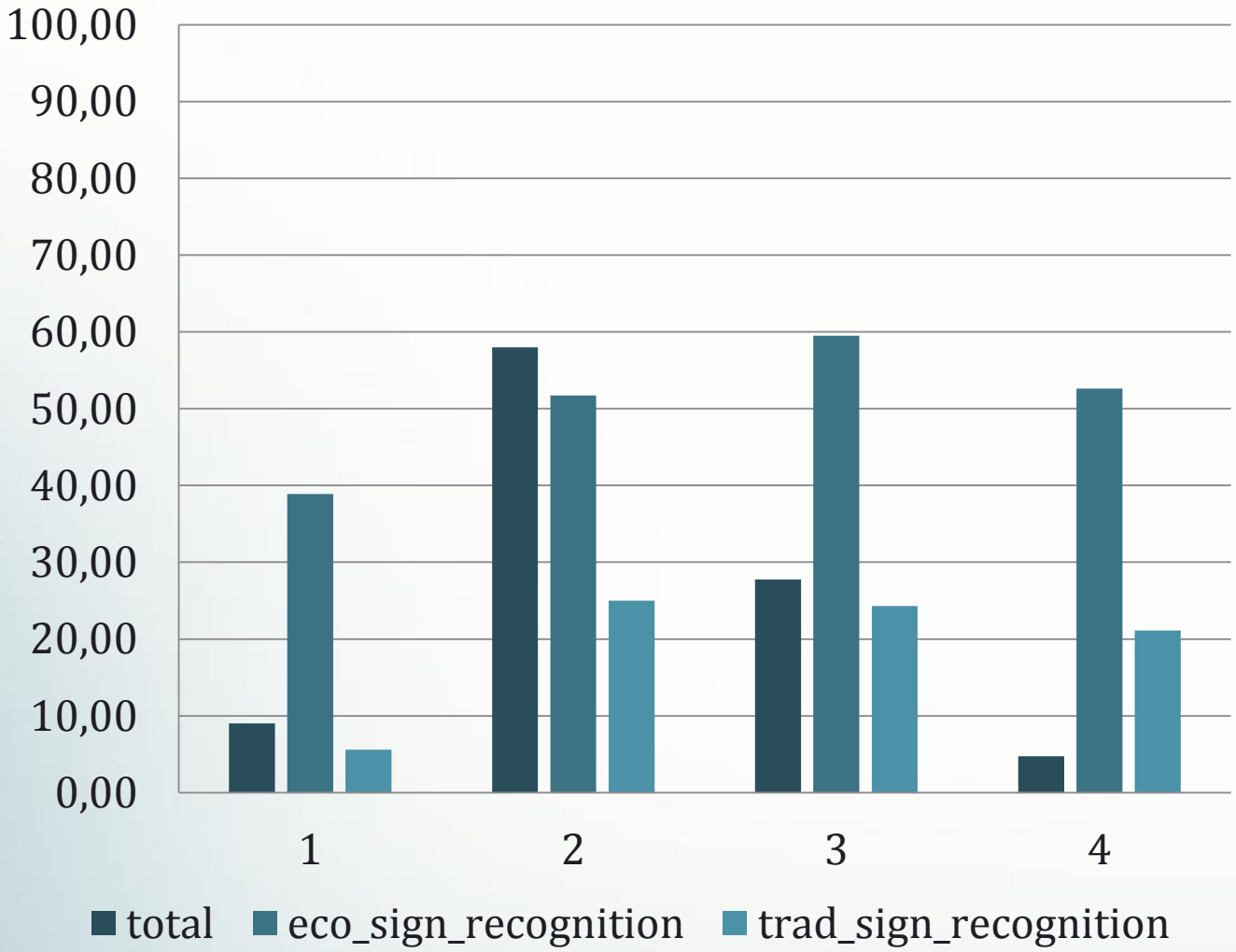


Table 3. Results of Chi-square test for Education

Pearson Chi-Square Tests			
		eco_sig_recognition	trad_sign_recognition
Education	Chi-square	4.884	7.501
	df	4	4
	Sig.	**.299[a,b]**	**.112[a,b]**

1 primary school

2 secondary schoold

3 faculty

4 higher degree

Results and discussion

Figure 5. Influence of Employment on organic and traditional signs recognition

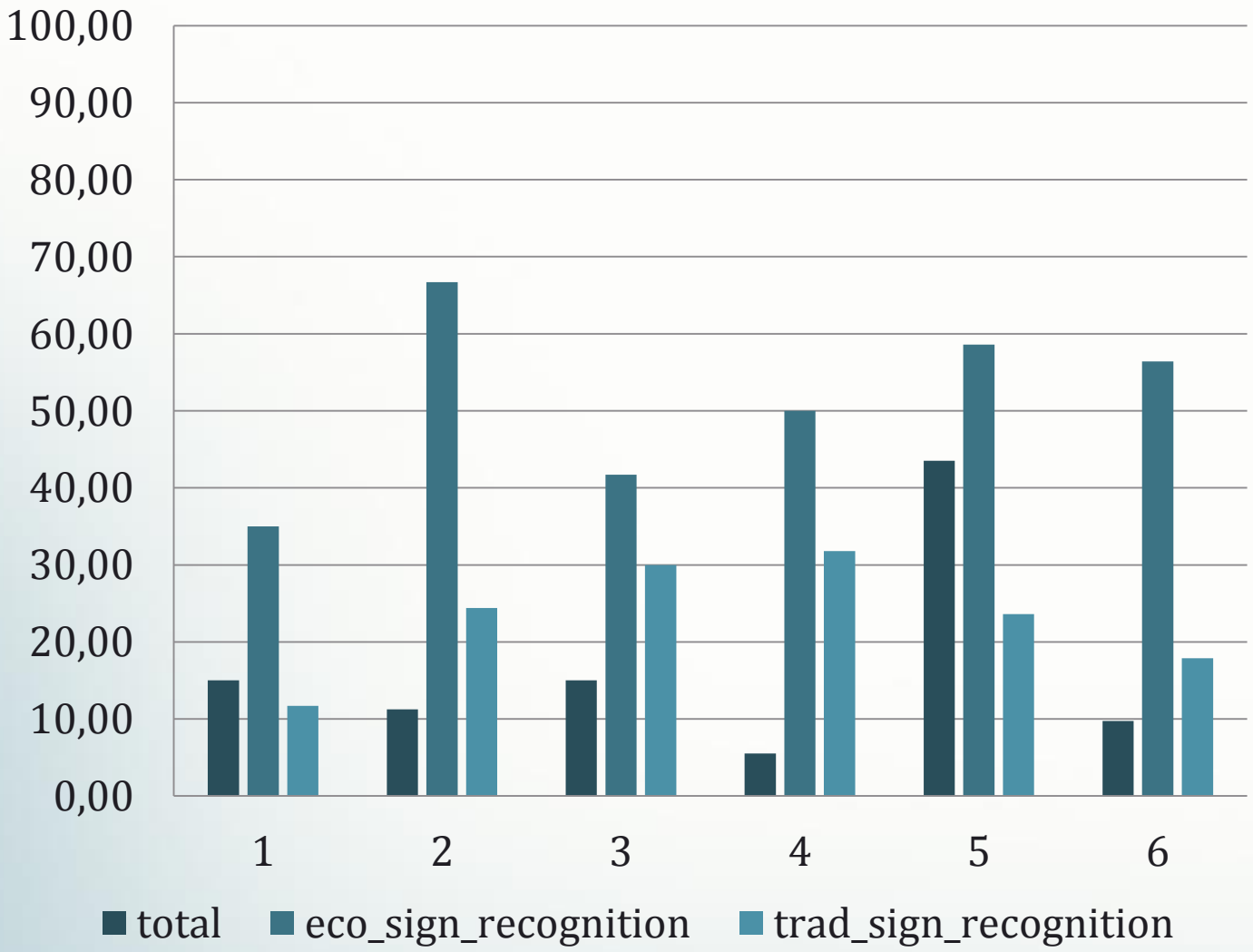


Table 4. Results of Chi-square test for Employment

Pearson Chi-Square Tests			
		eco_sig_recognition	trad_sign_recognition
Employment	Chi-square	16.721	7.668
	df	5	5
	Sig.	**.005***	**.175**

1 unemployed
2 house worker
3 student
4 temporary worker
5 employed
6 retired

Results and discussion

Figure 6. Influence of Household size on organic and traditional signs recognition

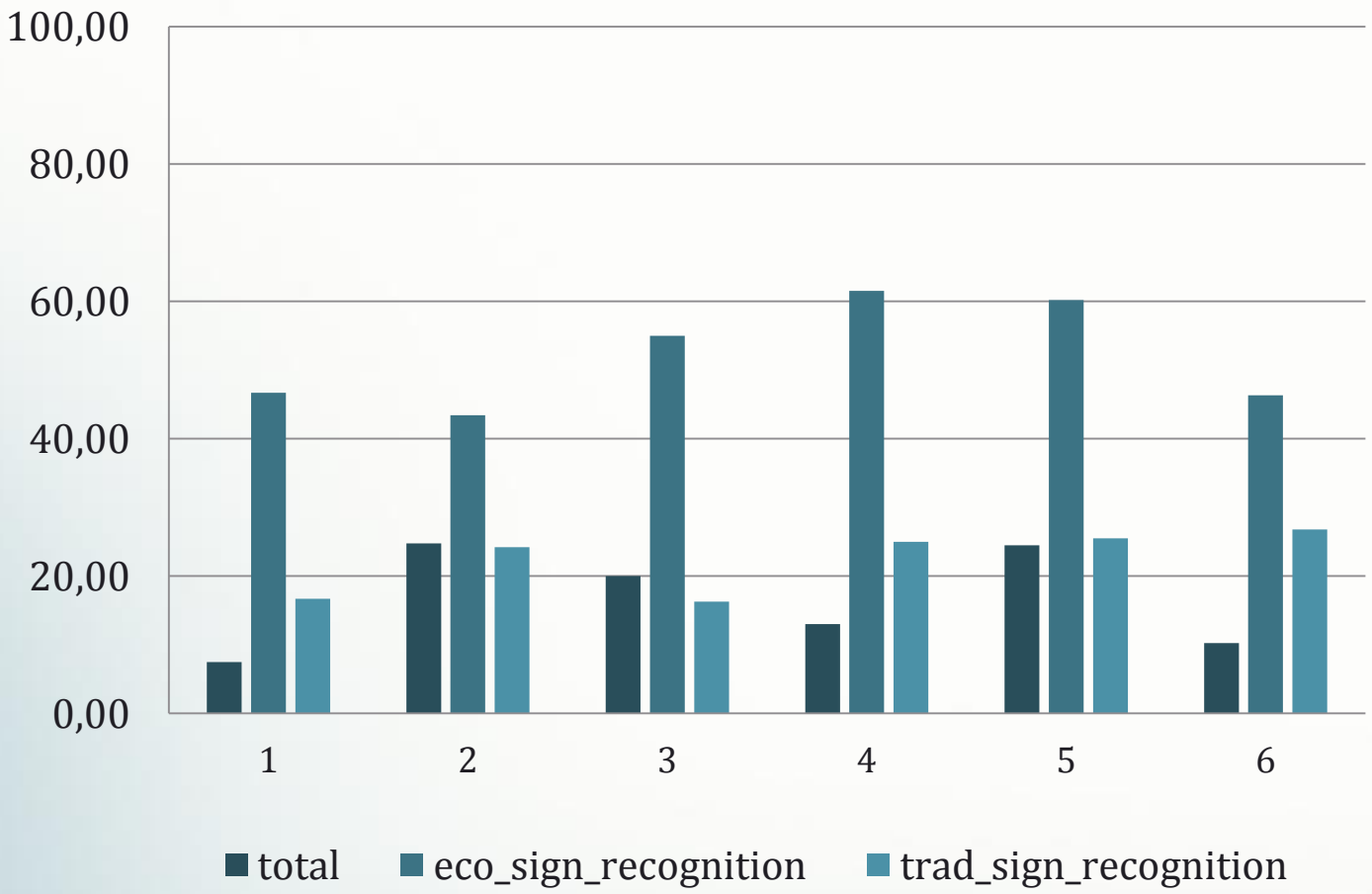


Table 5. Results of Chi-square test for Household size

Pearson Chi-Square Tests			
		eco_sig_recognition	trad_sign_recognition
Household_size	Chi-square	8.527	3.643
	df	5	5
	Sig.	**.130**	**.602**

1 Living alone

2 Living with parents

3 Living with spouse

4Living with spouse and one children

5 Living with spouse and two children

6 Other

Results and discussion

Figure 7. Influence of Buying frequency on organic and traditional signs recognition

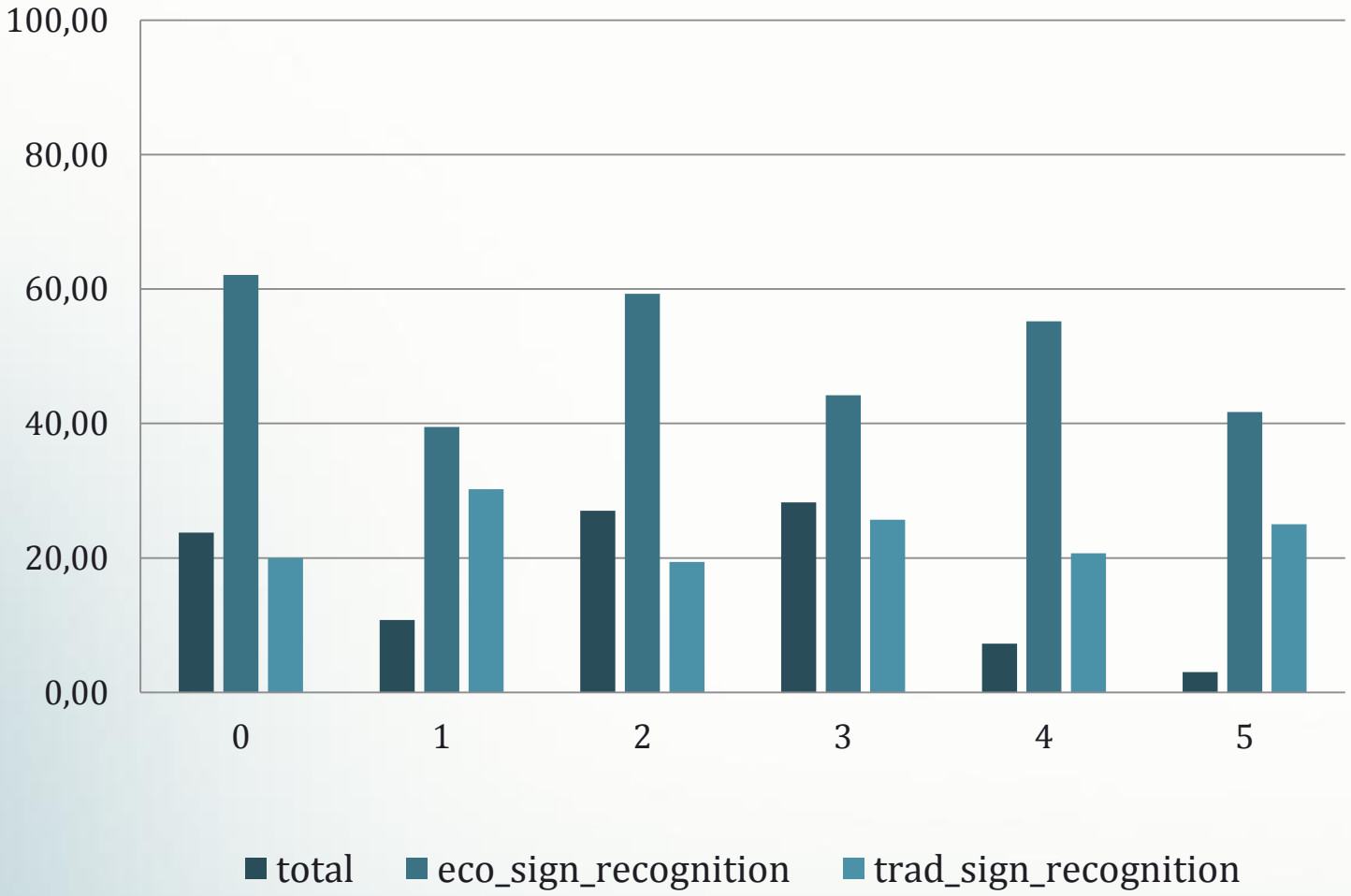


Table 6. Results of Chi-square test for Buying frequency

Pearson Chi-Square Tests			
		eco_sig_recognition	trad_sign_recognition
Buying_frequency	Chi-square	12.122	3.101
	df	5	5
	Sig.	**.033***	**.684**

1 Me only 2 Mostly me 3 Often me

4 Rarely me 5 Never me

Results and discussion

Figure 8. Influence of Income on organic and traditional signs recognition

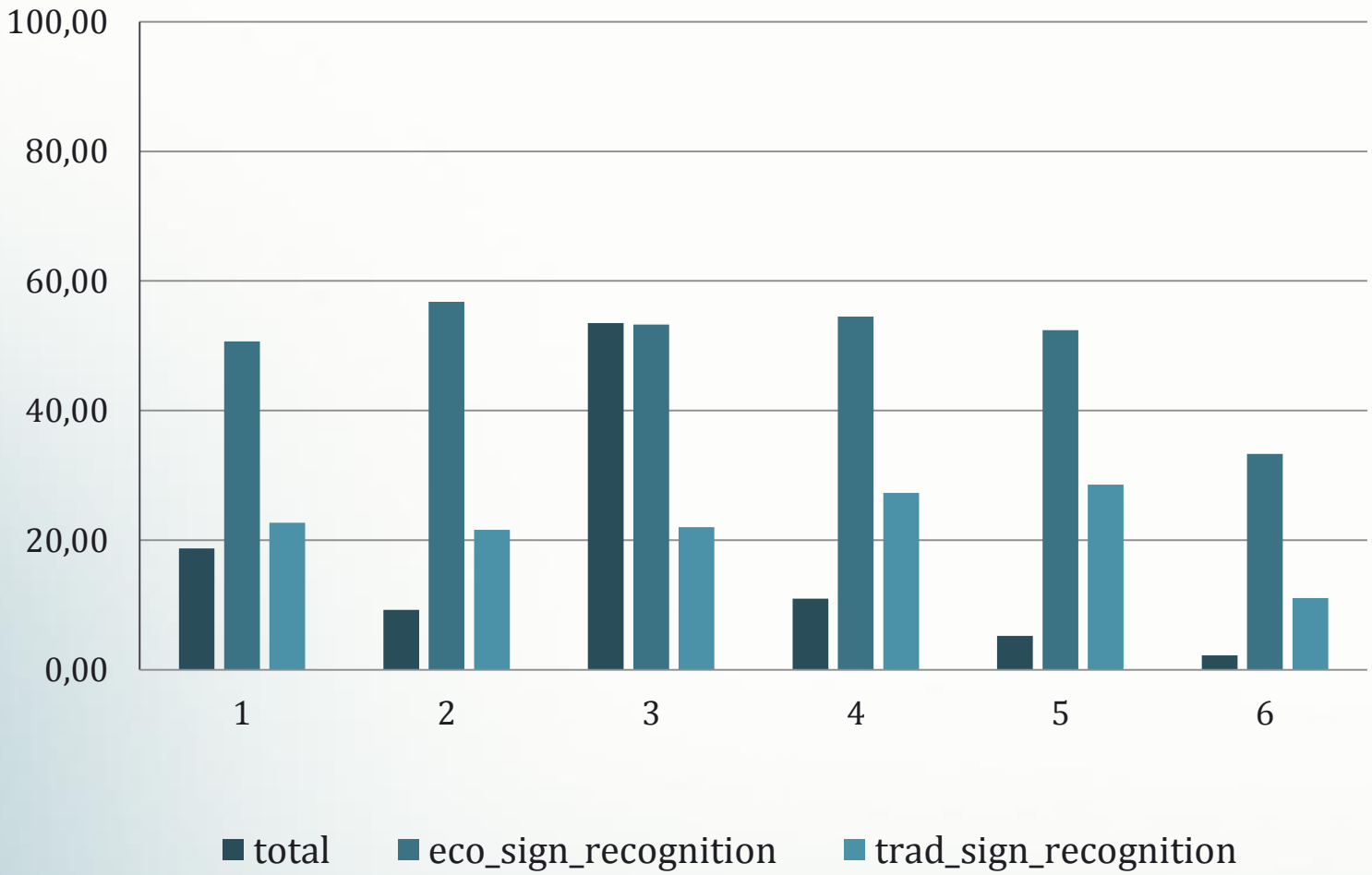


Table 7. Results of Chi-square test for Income

Pearson Chi-Square Tests			
		eco_sig_recognition	trad_sign_recognition
Income	Chi-square	1.812	1.713
	df	5	5
	Sig.	**.875**	**.887**

1 Significantly lower then country average

2 Lower then country average

3 Country average

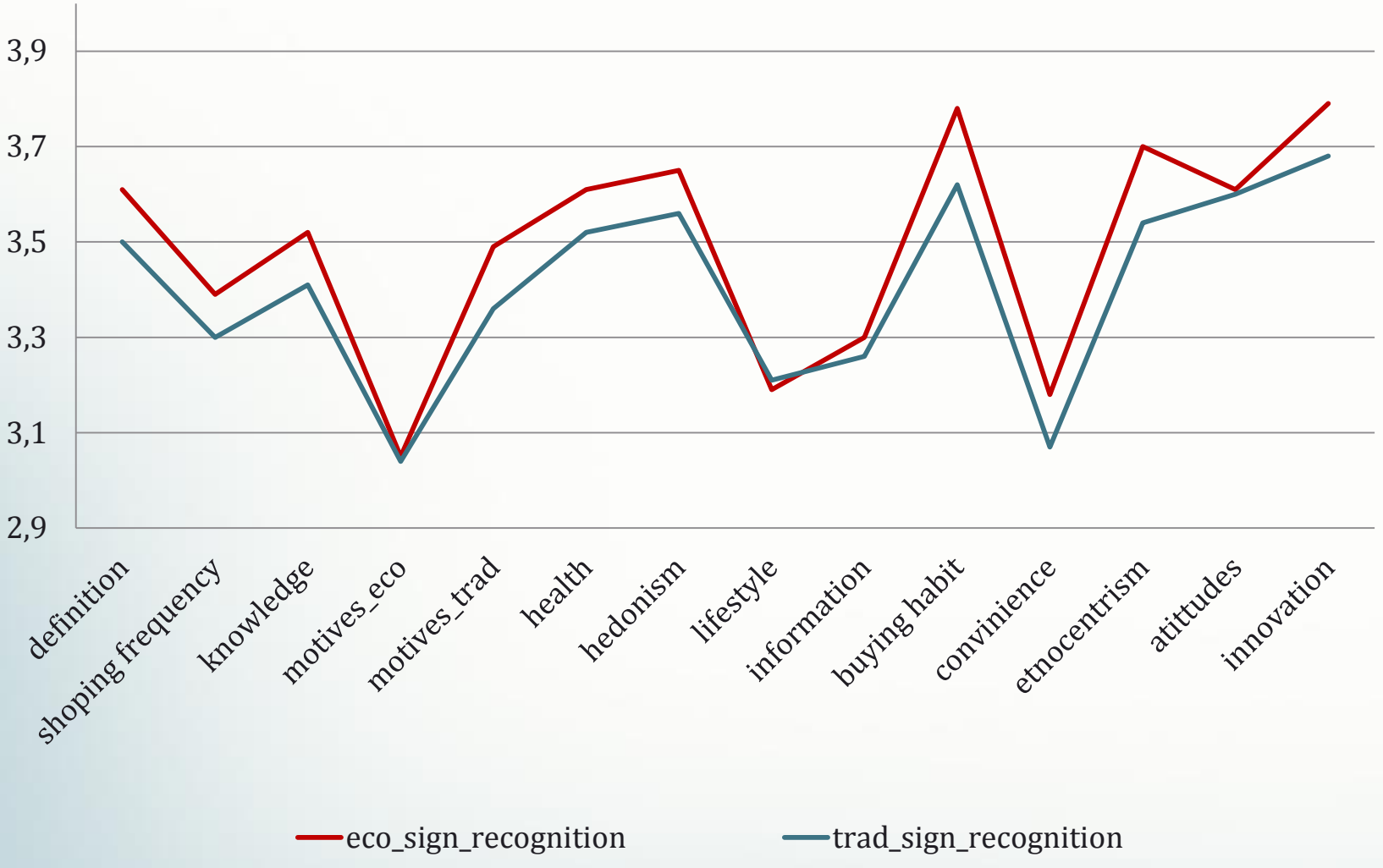
4 Higher then country average

5 Significantly higher then country average

6 Other

Results and discussion

Figure 9. Importance of other factors which influence consumers behaviour



1 Do not agree,

2 Partly disagree,

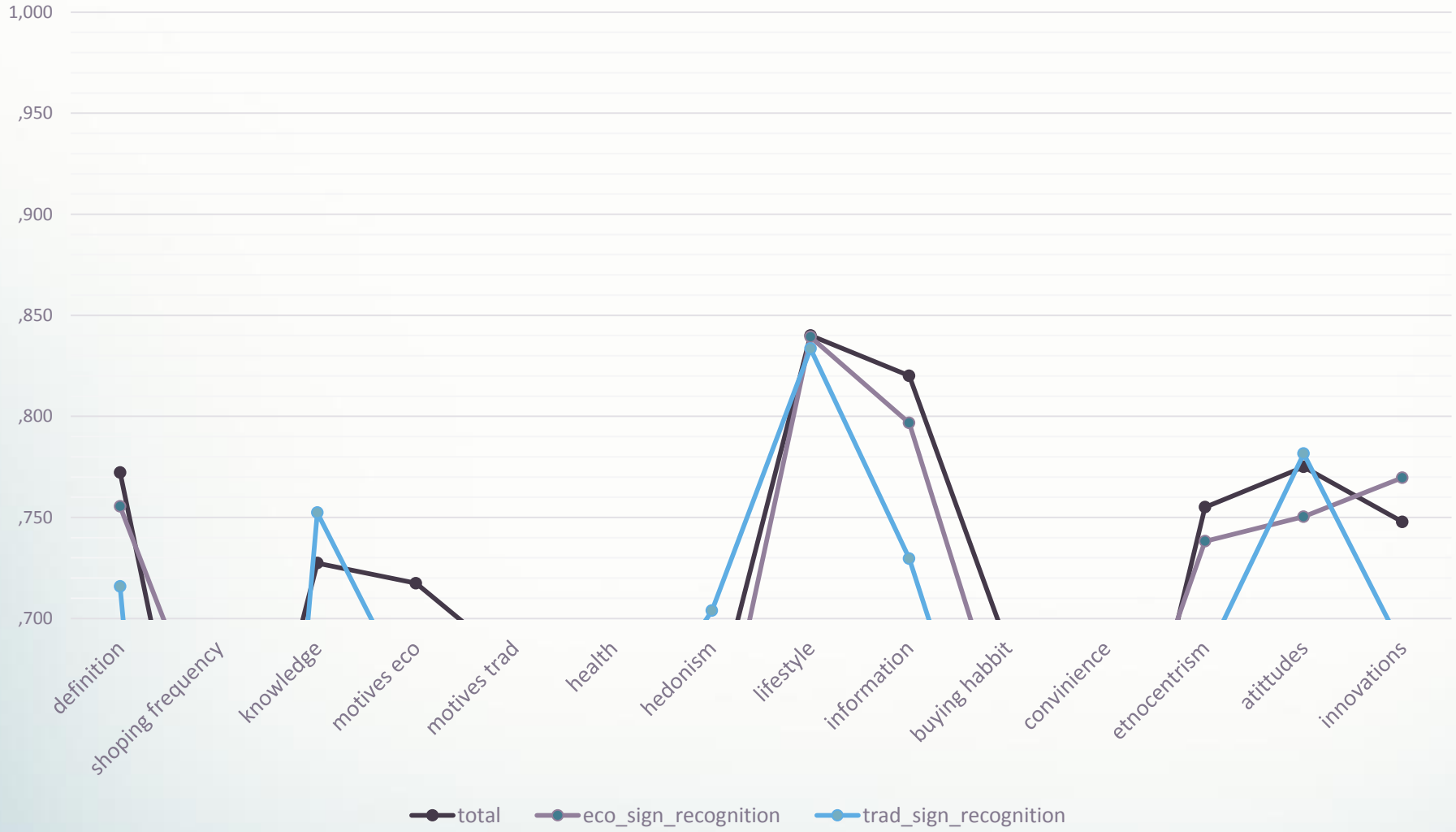
3 Neither agree nor disagree,

4 Partly agree,

5 Agree completely

Results and discussion

Figure 10. Crombach α reliability analysis

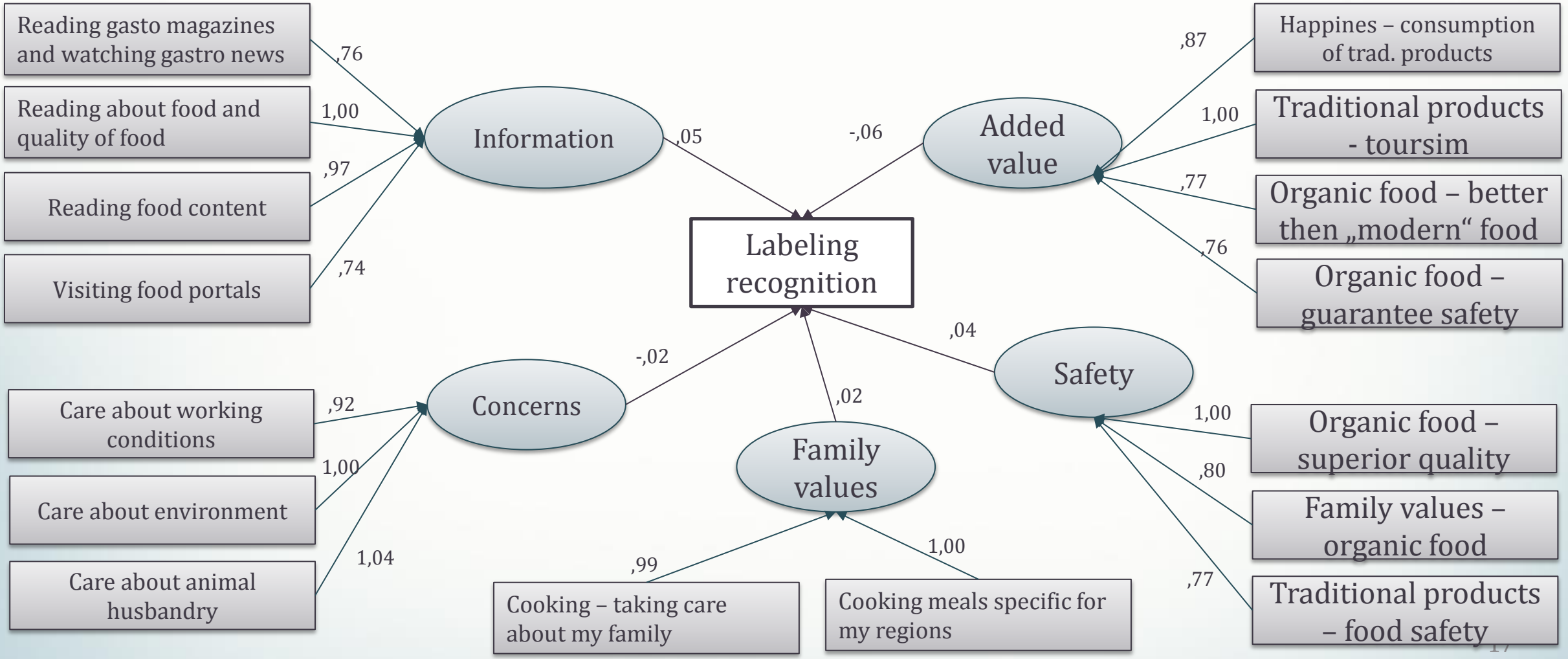


Important:
All values below minimum threshold of 0.70 (Nunally 1978) are excluded from model.

Results and discussion

Structural equation modeling - SEM

GFI = ,865



Conclusion

- In this paper we address issue of effectiveness of organic and traditional labels and their role as an instrument of direct aid in purchase decisions.

- In order to mitigate marketing risk by targeting more efficiently consumers, we need to provide a more precise and useful profile of organic food consumers, who they are, what they eat, how they buy, where they buy, and why they eat organic.

- In order to achieve maximum labeling efficiency it is necessary to conduct public information campaigns on organic logos used in that country, and these campaigns should be carried out both by governments and by economic agents (farmers, distributors, retailers, processors, certification organizations, etc.) involved in the market of organic food products (Atănăsoaie, 2013).

Risk management strategies have to include the integrated approach to decrease possible losses from one or few types of risks or their combination.

Reference list

- Alessandro Banterle, Laura Carraresi and Stefanella Stranieri, (2008) An Innovative Tool to Assess Marketing Capabilities of Traditional Producers within the European Food Industry, 110th EAAE Seminar 'System Dynamics and Innovation in Food Networks' Innsbruck-Igls, Austria.
- Atănăsoaie, G. S. (2013). Eco-Label and its Role in the Development of Organic Products Market. Economy Transdisciplinarity Cognition, 16(1).
- FMPVŠ (2015). Srednjoročna strategija razvoja poljoprivrednog sektora u Federaciji Bosne i Hercegovine za period 2015. – 2019. godina., Federalno Ministarstvo poljoprivrede, vodoprivrede i šumarstva. Retrived from:http://www.parlamentfbih.gov.ba/dom_naroda/bos/parlament/propisi/usvojeni_p_14_18/Prijedlog%20Srednjorocne%20strategije%20razvoja%20poljoprivrednog%20sektora.pdf
- Gerasymenko, N., & Zhemoyda, O. (2009, September). New Challenhes for Risk Management in Agri-food Industry. In EAAE 113th Seminar, September(pp. 3-6).
- Kohli, A. K. and Jaworski, B.J. (1990). Market orientation: The construct, research propositions Journal of Marketing, 54(2), 1-19.
- Mohd Nishat Faisal, D.K. Banwet, Ravi Shankar, (2006),"Supply chain risk mitigation: modeling the enablers", Business Process Management Journal, Vol. 12 Iss: 4 pp. 535 – 552 http://dx.doi.org/10.1108/14637150610678113
- Morgera, E., Bullón Caro, C., & Marín Durán, G. (2012). Organic agriculture and the law. Retrieved from http://www.fao.org/docrep/016/i2718e/i2718e.pdf
- OECD. Publishing. (2009). Managing Risk in Agriculture: A Holistic Approach. Organisation for Economic Co-operation and Development.
- Ritchie, B., & Brindley, C. (2000). Disintermediation, disintegration and risk in the SME global supply chain. Management Decision, 38(8), 575-583.
- Venkat, K. (2012). Comparison of Twelve Organic and Conventional Farming Systems: A Life Cycle Greenhouse Gas Emissions Perspective. Journal of Sustainable Agriculture, 36(6), 620–649. https://doi.org/10.1080/10440046.2012.672378
- Willer, H. and Lernoud, J. E. (2016). The World of Organic Agriculture 2016: Statistics and Emerging Trends. FIBL & IFOAM - Organics International. https://doi.org/10.4324/9781849775991

Thank you for your attention!