

## **ALBANIAN CONSUMER'S BEHAVIOR TOWARD ETHICAL VALUES OF AGRO-FOOD PRODUCTS: A SOCIO-ECONOMIC ANALYSES**

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### **ABSTRACT**

The aim of this work was to analyze and find out the relation between socio-economic characteristics of Albanian consumers and their behavior toward agro-food products with ethical values. Organic, fair-trade and typical/traditional agro-food products were ethical products object in this study. Information was collected by face-to-face interviews with 311 adult Albanian consumers concentrated mainly in the central, south-eastern, south-western and northern part of Albania. The Logit model is used to study correlation between consumers' behavior and their socio economic characteristics such as: origin, age, gender, marital status, family size, children and elder presence, family monthly income, employment, level of education and their knowledge about ethical agro-foods. Logistic regression is used to predict a categorical (usually dichotomous) variable from a set of predictor variables. Analyses demonstrated that only "Education", "Age" and "Knowledge level about ethic food" have a significant contribution to their behavior (p 0,05). The correlation between Albanian consumers' behavior and last three variables is significant.

**Keywords:** *consumer, agro-food, ethical values, socio-economic, logistic regression, Albania.*

### **INTRODUCTION**

More recently food scandals driven by a desire to drive down costs and increase profit have hit the supermarket shelves – 'horsegate' being one notable example. On top of this political and economic turmoil international organizations including the World Bank and the UN told us about the 'perfect storm' of climate change, resource constraint and population growth. These three factors, they warned, will undeniably place great strains on society and on the businesses that operate within it. It is needed to meet these difficult issues face on; the strength to rise to the challenge and create new business models and new food systems that are fit for a new world (Barling L. 2015).

Ethical consumption, the successive term of "green consumerism" (Elkington and Hailes, 1989) could be part of the answers to these challenges. As a form of

critical consumption, in the present paper, it refers to the consumer's behavior of purchasing products and services produced in a way that minimizes social, animal welfare and/or environmental impacts, while avoiding (boycott of) products and services considered having a negative impact on three mentioned dimensions. It encompasses a broad range of ethical issues including matters of conscience such as animal welfare and fair trade, labor standards, self-interested health concerns (Cowe and Williams, 2000), deep-seated problems of people of third world (Shaw and Clarke, 1999), people of minorities, right of workers, children's labor, product transportation distances, (Harrison *et al.*, 2005), environment etc.. Products that respond to each of ethical issues there is relatively wide such as vegetarian, vegan, organic, kilometer zero, cruelty-free not tested on animals, fair trade, those not use children's work, those from minorities or other people communities in need, territory/local products, etc. Literature identifies three waves of consumerism (Lang and Hines 1993). The third wave, ethical consumerism is described as "a marriage of environmentalism and citizenship (Tallontire *et al.*, 2001). The rise of ethical consumption thus connects to a broader popular critique focused on a range of concerns around environmentalism, anti-materialism, and unsustainable lifestyles (Lewis, 2012; Horne *et al.*, 2015).

Ethical products and services are experiencing growing market shares and this phenomenon is not restricted only in Europe (Freestone and McGoldrink, 2008). The UK publication "The ethical Consumer: Markets Report 2014", that assesses changes of "ethical spending" in UK for a time-span of 15 years, reports a shift from about 12 billion pounds in 1999 to about 75 billion pounds in 2013 (Consumer Data Research Centre, 2014). The main factors that helped to the development of this market are the economical shift of post-industrial area (consumerism) (Martinengo, 2012), government policies, and consumer information (Freestone and McGoldrink, 2008). The shift toward values of social responsibility can be find explanation in the Maslow's hierarchy of needs, and corresponds to self-actualization and self-fulfillment. Not to be forgotten other factors such as consumer culture and sub-culture together with socio-economic factors: incomes, education, family structure (presence of children) and age. Then particular food poisoning episodes of listeria, salmonella, e-coli and Bovine Spongiform Encephalopathy or "mad cow", have damaged consumer faith in the food industry and especially factory farming. The conditions of animals in chicken batteries, veal calves and pigs have also helped to turn people against mass-production methods (Cowe and Williams, 2000).

However the share of ethical consumption is still very low compared to the today's market size (Freestone and McGoldrink, 2008; Tallontire *et al.*, 2001). It is hampered by other barrier factors such as brands and big companies, already well known to be influencing factors in the markets. The syndrome of 30:3 for ethical products (English case but even global phenomena) suggests that about a third (30%) of consumers declare to care about ethical issues (companies' policies and records on social responsibility), but ethical products rarely achieve more than a 3% of the market share (Cowe and Williams, 2000; Stolle and Micheletti, 2013).

Recently, at a global level, there is a huge research about ethical consumption analyzing consumer behavior and attitude toward ethical values as well as assessing their trends in the market share. Despite the growing popular currency of the concept, there have been relatively few large-scale academic studies of ethical consumption though, perhaps not surprisingly, a number of large national and international surveys have been undertaken in the field of marketing (Lewis, 2012; Horne *et al.*, 2015). Various in-depth qualitative studies have also begun to emerge on specific aspects of ethical consumption, including Fair Trade products, food and fashion while a number of geographers have conducted research on commodity 'chains' or 'networks', situating consumption globally and articulating ethical consumption within the politics of production, marketing and retail practices and policies (Lewis, 2012; Horne *et al.*, 2015). However, there is still need for further research due to new dynamics in this kind of consumption, continuous increase of its market share and because of particularity of local factors which brings to different dynamics in different countries and regions. The benefit of results of international studies not always can predict or explain what happens in particular countries: usage of ethical products due to particular characteristics and values is influenced by local factors independently from the fact that it is influenced by factors that are known from general marketing theory. Results of surveys can offer information on consumers behavior in the market, their believes and motivations stay behind their behaviors, factors that influence more the choice for certain products that have ethical values in a territory, country, region etc.. Information and conclusion of analyses from such surveys can serve to market experts, to businesses oriented in ethical issues as well as to policy-makers. Government can benefit of this information and take actions in order the mainstream manufacturers could adopt "ethics" and transform "ethical markets" from niche to mainstream markets. The Government might offer tax incentives to help build ethical markets, or require companies to publish the kind of reliable information about their social and environmental performance which ethical consumers need. Companies also need to be encouraged to move beyond activities supporting communities to embrace social responsibility throughout their business (Cowe and Williams, 2000).

Coming to Albanian reality, there is few literature and research on consumer's behavior toward agro-food products and almost not at all research which deal with particular aspects of ethical consumption. To the best knowledge of authors of the present paper, the studies dealing with Albanian consumer's behavior refer to individual products such as wine, lamb meat, olive oil, table olives, apple fruits and milk. They take into consideration the different attributes of products in general and no one of them has studied consumer behavior, knowledge, perceptions and attitudes toward ethical products. Some preliminary results of current work presented previously showed a positive attitude of Albanian consumers toward products with ethical values especially those originated from organic, natural and local production (Driouech *et al.*, 2013). The present work is aiming to contribute to fill this gap through consumer behavior analyses. The objective was to find out the relation between socio-economic characteristics of Albanian consumers such as

geographical origin, family incomes, age, gender, employment, education and their knowledge about ethical food and their behavior toward agro-food products with ethical values.

### **MATERIAL AND METHODS**

The 311 face-to-face questionnaires were applied to adult individuals selected randomly in urban areas near or inside the commercial centers, supermarkets, small markets, small shops and farmer's markets. Study includes four different areas of Albania with the scope of different economic and social distinguished characteristics: central Albania (Tirana, Kruja and Durrës), northern part (Tropoja and Kukës), south-western part (Berat) and south-eastern part (Gramsh and Korçë). The respondents were chosen randomly composing a sample that was belonging to different ages, gender, education, origin, family status and size. The questionnaires had three main sections: a) socio-economic data; b) consumer's behavior in the market c) knowledge, beliefs, motivations and attitudes toward ethical products, sources of information and knowledge about them and the channels of communication they would prefer in the future.

a. The first section related to socio-economic data collected information like: origin, age, gender, level of education, employment, marital status, family size, children and elder presence, family monthly income; b. The second one dealt with questions related to consumer's behavior in the market: what type of product they buy, in what basis, how often, and where they buy; whether they read and what they search in the label, willing to pay, what type of products would prefer, to what extension and frequencies would buy, etc; c. The last section asked respondents on: what does mean ethical product, what is the contribute of organic, fair-trade and local/typical products to ethical issues such as environment (decreasing food miles and emissions, biodiversity and ecosystem conservation, better natural resource use), consumer's impact on animal health and welfare, social and civic impacts (food quality and safety, safe and equitable workplace, gender equity, transparent and trustworthy food systems, civic responsibility and care, human rights), economic impacts (fair and equitable financial returns for local farmers/producers, etc.

The Logit model from the SPSS 20 software was used to study relation between consumers behavior and their socio economic characteristics such as: age, gender, education, family incomes, employment and their knowledge about ethical foods. As dependent variable we have used "Consumer Behavior", assuming that the Albanian consumer do or do not eat ethical food. At the beginning of this study we considered a larger number of explaining (independent) variables, such as "Geographical origin", "Gender", "Age", "Education", "Employment", "Income", "Family status" "Family size", "Presence of children and elders" and "Knowledge level about ethic food". After the first data analysis some of these variables, precisely "Family status" "Family size, "Presence of children and elders" and "Geographical origin", were left out of the model due to the very poor correlation between them and "Consumer Behavior".

So, in the further analyses we have used as predictor the following variables: “Gender”, “Age”, “Education”, “Employment”, “Income”, and “Knowledge level about ethical food” (equivalent to long expression “Knowledge level about products that during production and all chain from producer to consumer take care for ethical issues such as environment, animal welfare, human rights”), while “Consumer behavior” was dependent variable.

Logistic regression was applied to predict a categorical (usually dichotomous) variable from a set of predictor variables. With a categorical dependent variable, logistic regression is often chosen if the predictor variables are a mix of continuous and categorical variables and/or if they are not nicely distributed (logistic regression makes no assumptions about the distributions of the predictor variables). For a logistic regression, the predicted dependent variable is a function of the probability that a particular subject will be in one of the categories. The Hosmer-Lemeshow tests the null hypothesis that predictions made by the model fit perfectly with observed group memberships. Cases are arranged in order by their predicted probability on the criterion variable. A chi-square statistic is computed comparing the observed frequencies with those expected under the linear model. The Wald statistic and associated probabilities provide an index of the significance of each predictor in the equation. The Wald statistic, tests the unique contribution of each predictor, in the context of the other predictors -- that is, holding constant the other predictors -- that is, eliminating any overlap between predictors.

### **RESULTS AND DISCUSSION**

Respondents consisted of respectively 58% male and 42% female. Most of them were married (71%); 58.7% of interviewed had children; 91.9% had the education at least at secondary school level. The range of age intended was from 18 to above 50 : 65.5% of respondents belonging the age between 31- above 50 years old, the age that in general do more shopping. Most respondents (63.4%) were working ( 52.4% employed and 11% business-runner); 23.2 % were students and housewives , only 12.2% were retired and 1.2 % unemployed (Table 1).

Table. 1. Respondents profile for demographic and economic characteristics

Characteristics		Percentage %	Characteristics		Percentage %
Gender	Male	58.0	Family size	Till 2 members	11.1
	Female	42.0		3 members	11.1
Age	18-24	19.0	4 members	32.5	
	25-30	15.0	5 members	24.4	
	31-40	18.0	6 members	13.0	
	41-50	21.0	More than 6 members	7.8	
	51 and over	27.0	Employment	Student	15.0
Level of education	Primary school	8.50		Employee	52.4
	Technical professional school	37.8		Businessman	11.0
	Secondary school	39.0		Housewife	8.2
	College/University	10.0		Retired	12.2
	Postgraduate (Master, PHD)	5.1		Unemployed	1.2
	Other	0.00	Family income (Albanian currency/Mont h) <sup>9</sup>	Less than 20 thousand	7.2
Family status	Single	29.0		21-40 thousand	26.5
	Married	12.3		41-60 thousand	33.7
	Married with children	58.7		61-100 thousand	22.3
Household composition	Children	77.7		More than 100 thousand	10.2
	Elders	47.0			
	People with health problems	6.0			
	None of above	12.0			

\*Source: Driouech et al., 2013

It was noticed that most of Albanian consumers have not clear concept about ethical products but only 20% of them declared to not know what “ethical products” means. Furthermore, the Albanian respondents give the same meaning to the terms: “ethical”-“organic”-“natural” and “farmer’s products”. About 82% of the Albanian interviewees declare that buy ethical products (Fig.1) while about

<sup>9</sup> The calculation of income from Albanian currency into euro is done dividing it with 140

50% of them declare buy this products in weekly basis (mostly any product but not all, directly from farmers, from extensive agriculture or wild).

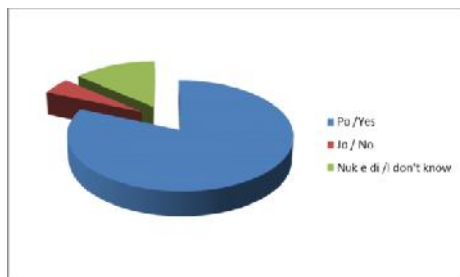


Fig.1. Consumers that consume ethical

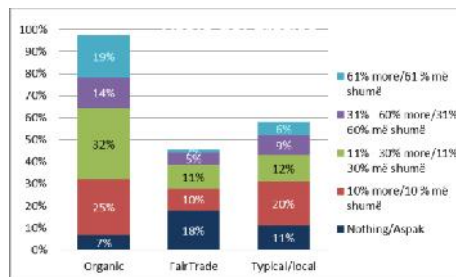


Fig. 2. Consumer's readiness to pay more products

This means that 82% of them declare that buy ethical products that they think are “organic”: the term “organic” in their understanding is a mix of organic (certified), natural (wild or extensive) and directly from farmers; from the other side to the Albanian consumers when they buy this products, buy because think are healthier. Ethical products that respondents buy more as “organic” are: olive oil (50%), fruits (47%), cereals and pulses (40%), processed food (39%), vegetables (35%) and meat (31%).

Albanian consumers, in general, have positive attitude toward ethical agro-food products but particularly toward organic products. This emerged from the answers they offered evidencing that they think “organic” products are healthier and tastier. To understand better the link between their positive attitude and behavior toward ethical products (preference of organic products or directly from the farm) and their awareness for the impact of their behavior: 67% responded positively/they were aware, but only 17.7 % of them have ethical motives behind (4.7% for protection of natural resources, and 13% for social concern and helping farmers).; the most important motive for buying were food-safety and health.

Consumers would like to buy more organic food but the price and especially the availability are the limiting factors; compared to the conventional products they would pay more even for the other ethical products. Summarizing what written above the answers related to the willingness to pay premium price offered these results: 90% of respondents would pay more for organic products, 28% of them would pay more for fair-trade products and 48% of them for typical/local products (Fig.2). According to the literature, the most important factors influence the willingness to pay premium price for ethical products are level of income, awareness for the ethical issues of the products (knowledge) and market characteristics of the product (Tallontire *et al.*, 2001).

The Logistic regression was used to understand which of the socio-economic factors (“Geographical origin”, “Gender”, “Age”, “Education”, “Employment”, “Income”, “Family status” “Family size”, “Presence of children and elders” and “Knowledge level about ethic food”) could influence Albanian consumer's

behavior toward ethical agro-food products. the very poor correlation between “Consumer behavior” dependent variable and the factors like “Family status” “Family size” “Presence of children and elders” and “Geographical origin” suggested to leave out from further analyses. The other remaining variables: “Gender”, “Age”, “Education”, “Employment”, “Income”, and “Knowledge level about ethic food” fitted to the model for further analyses. “Gender” is measured in Female and Male, “Employment”, “Income”, “Age” and “Education” in Likert scale from 1 to 5, and “Knowledge level about ethic food” as a Dummy variable with Yes/No.

Table 2. Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	288.758 <sup>a</sup>	.268	.495

a. Estimation terminated at iteration number 4 because parameter; Estimates c/

The Nagelkerke that does range from 0 to 1 is a more reliable measure of the relationship. Nagelkerke’s R<sup>2</sup> will normally be higher than the Cox and Snell measure. The Nagelkerke R Square is quite good, 0,495 meaning that 49,5% of the variability in the independent variable is counted for independent variables. In our case it is 0.495, indicating a moderate relationship of 49,5% between the predictors and the prediction. The test of the full model against a constant only model was statistically significant, indicating that the predictors as a set reliably distinguished between do and do not consume ethical agro- food. Nagelkerke’s R<sup>2</sup> of .495 indicated a moderate relationship between prediction and grouping. Prediction success overall was 91,6%. The Hosmer-Lemeshow tests (Table 3) and a non-significant chi-square statistic indicated that data fit well to the linear model.

Table 3. Hosmer and Lemeshow test

Step	Chi-square	df	Sig.
1	9.475	8	.304

The Wald statistic tested the unique contribution of each predictor, in the context of the other predictors eliminating any overlap between them. According to our results the predictors “Gender”, “Employment” and “Income” have not significant values and contribution to the Albanian consumer’s behavior. In the contrary for the predictor “Age”, “Education” and “Level of Knowledge” we have significance values less than .05 showing that the variable does make a significant contribution.



Table 4. Variables in the model

	B	S.E.	Wald	df	Sig.	Exp(B)
Gender	.020	.604	.001	1	.0973	1.020
<b>Age</b>	.301	.259	5.348	1	<b>.0246</b>	1.351
<b>Education</b>	.066	.027	5.867	1	<b>.015</b>	0.351
Employment	.358	.275	1.687	1	.194	1.430
Income	.058	.532	.012	1	.913	1.51
<b>Level of Knowledge</b>	1.813	.377	23.146	1	<b>.000</b>	6.128
Constant	-29.129	8182.631	.000	1	.997	.000

The Exp(B) column in Table 4, presents the extent to which raising the corresponding measure by one unit influences the odds ratio. We can interpret EXP(B) in terms of the change in odds. If the value exceeds 1 then the odds of an outcome occurring increase; if the figure is less than 1, any increase in the predictor leads to a drop in the odds of the outcome occurring. For example, the EXP(B) value associated with Age is 1.351. Hence when age is raised by one unit (year) the odds ratio is 1,3 times as large and therefore consumers are 1,3 more times likely to belong to the take offer group.

At the end we can summarize that the Albanian consumer's behavior towards ethical products is strongly affected by age, education and level of "Knowledge" about these foods. Similar research on consumer behavior toward ethical products in England confirms that active consumers cross most socio-political boundaries. Their behavior is not defined by political party affiliation, social class, gender and less defined by age. Ethical consumer group participations are defined mainly by their attitudes to and behavior on ethical issues, and not by standard socio-demographic criteria (Cowe and Williams, 2000).

## CONCLUSION

Albanian consumers have positive attitude toward ethical products especially for organic and farm/typical/local agro-food products. The logistic regression analysis was conducted to predict behavior of 311 Albanian consumers towards ethical agro-foods. The socio-economic characteristics of consumers such as "Gender", "Employment" and "Income" have not any influence on Albanian consumer's behavior regarding ethical agro-food products. The logistic regression and Wald criterion applied for socio-economic characteristics "Education", "Age" and "Knowledge level about ethic food" as predictors, demonstrated that "they have a significant contribution to prediction ( $p < 0,05$ ) which means that Education", "Age" and "Knowledge level about ethic food" influence the consumer behavior toward agro-foods with ethical values. Changing social patterns of Albanian consumption, however, will eventually make a difference. Once individuals begin to understand how their purchases are connected within a global framework (e.g. environmental costs of production), they can demand new, sustainable methods of

production. Living with fewer "things" and assuring that all resources, including labor, are used wisely and fairly will help create a more equitable and ecological world. Finally, advocacy of conscience consumption may raise fundamental questions about the ethical capacities of market-driven societies and whether it is possible to develop a sustainable consumer culture.

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