

Kosovo beer markets - Consumer preferences and buying behaviour

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Abstract: This paper analyzes and presents important findings on the consumers buying behaviour and their preferences for beer. The paper also tests whether there is dependency of frequencies buying beer with demographic and economic factors. The data were entered and processed in Statistical Program for Social Sciences (SPSS), while common statistical models have been used for interpretation of results and tested hypotheses. A research was part of the project "Marketing Support of Food Products in Kosovo" which was founded by European Agency for Reconstruction. The aim of this project was to support Kosovo producers of food industry by offering them relevant information on beer market, consumers buying behaviour and their preferences.

Keywords: Kosovo, beer market, consumer behaviour, factors, hypotheses

Introduction

It is very well-known that information on consumer's behaviour and their preferences are key factors which create efficiency in business management (Bytyqi et al., 2008; Gjonbalaj et al., 2009). Development of beer industry into a Kosovo beer market

is becoming more and more complex. In recent years the competitiveness in Kosovo beer industry has increased enormously by the emerging foreign new brands, with higher standards, quality and wider assortment. How the domestic competitors of this industry compete in this marketplace remains a

challenge as well a good chance for them to get better position into a beer market.

Domestic businesses of this industry can be competitive and yield more profit if they understand correctly why and how consumers buy this product. Thus, understanding customer needs, wants and factors that determine shopping behaviour helps businesses to improve their marketing strategies through market segmentation and price differentiation.

The aim of this research was to identify the profile of beer consumers by gender, age, income and region. In addition to demographic and economic factors the intention was as well to understand the influence of such factors on consumer's buying behaviour.

Previously, the concept of marketing was to produce cheap commodities for the market. Nowadays, new market approach and "contemporary marketers have broadened the concept of marketing to include the study of transfer behaviour as well as transaction behaviour". Having more information on customer needs and wants will help businesses of this industry "to choose their target market (s) and tailored marketing programs" (Kotler, 2002; Solomon, 2006). Knowledge of the factors influencing consumer behaviour in beer market is much more limited compared to wine consumer behaviour (Hajdu, 2007).

Research Methodology

The main objective of this paper was to examine beer market in Kosovo as well as on the study of consumer's behaviour of Kosovo consumers. A questionnaire was designed (Ian, 2004) by the researchers and used as a

tool to gain a consumers view with regard to the research questions. The research was conducted during the period June-July 2007, while the interviews with consumers were attained by students of Agriculture Faculty-University of Prishtina. There were $n=1,212$ realized questionnaires by random sampling of respondents. The distribution of this sample size was extended in each of the Kosovo's region. The consumer's judgment was gained through direct interviews with respondents (face to face). Statistical Program for Social Sciences (SPSS) version 10 has been used for entering and performing data analysis. The descriptive statistics and common tests like Chi-Square (χ^2), Asymp.Sig (2 sided), Likelihood Ratio (G^2) and Cramer's V were used for the assessment of differences in consumers attitudes and significance level of tested hypotheses.

Presentation of Research questions and Stated Hypotheses

Statistical analyses performed in this paper were focused in the responses of five key questions such as:

- a) Market place - where do the consumers buy beer?
- b) How often do they buy this product?
- c) How do they rate product attributes like: retail price, brand name, package design, quality, origin and confidence in product?
- d) How do they get information?
- e) Are they willing to buy and consume more this product, if their income increases?

The study also examines, whether there is dependency between frequencies of purchasing beer as dependent variable with

economic and demographic factors as independent variables.

Results and Interpretation of tested hypotheses

The intention of this study was to find out, whether the demographic and economic factors have an effect on beer consumption. The research result has shown that 51% or 619 out of 1.212 respondents consume beer. When asked "where do they usually buy beer", 24.6% of respondents declared that supermarkets were the most frequented market places for purchasing beer. While 19.6% of respondents noted retail stores are the most frequented market places for beer, followed by 6% buying from wholesale stores. Less than 1% of respondents buy beer at ambulant traders and producers.

Regarding the frequentness of buying beer, 256 respondents or 21.1% stressed that they buy beer twice a month, 13.3% buy beer once a week, while 10% of the respondents buy beer twice a week. Only 4.8% of the respondents buy beer on a daily basis, as it was expected.

As market become more and more complex with cheap, higher quality and wider assortment, it requires that for better businesses of this industry a new market approach having wider spectrum of data concerning consumer preferences is created. Getting information from consumers on the evaluation of product attributes helps businesses of this industry to improve customer relations, product quality, package design and other product attributes.

In relation to the question of "how they rate product attributes like: price, brand, packaging, quality, origin and trust", 536 or

44.1% of respondents highlighted that price is a very important form them when buying beer, 38% consider price as important. Only 7.4% of respondents consider it as not very important while, 6% stressed that price of beer is not important for them. These results indicate that producers must pay close attention on purchasing power in an economy, on current income, prices and consumer-spending patterns (Kotler, 2002; Richard, 2006).

Concerning brand as one of the product attributes, 16.4% of respondents evaluate it as very important, 48.1% as important, 17.8% of respondents consider brand as not very important and only 9.6% consider it as not important. Research results showed that 14.85% of respondents' evaluated package design as very important, most of them consider it as important, 20.9% stated that package design is not very important and 17.1% evaluate it as not important.

It is as well worthy to emphasize that majority of the respondents, 81.4% consider quality of this product as very important while, less than 1% evaluated it as not important. Regarding the confidence in the product, 77% of respondents highlighted that this is a very important for them; only 4.2% consider it as not important. Some analysts argue that origin of the product does not influence the market demand. However, the results of this study show that origin of the product was highly significant. Concerning question "whether they prefer domestic or imported brands", 52% of respondents prefer domestic brands, surprisingly 5.8% declared that they prefer foreign brands when buying beer.

Nowadays marketing information system is becoming a very important factor which helps marketers to reach the consumers needs through adaptation of

market segmentation and price differentiation. Marketers must be careful with targeted communication and distribution channels. They need to be aware how the consumers come to know of new brands in the market, what the most frequent information channels used by them.

With reference to information issue a research has shown that TV was the most frequently used information channel by consumers with 47% of the respondents, 26.7 of respondents are informed through the press for new brands in the market. While, most rarely information channel used by consumers was radio with only 9.1% of the respondents. In questioning "whether they are willing to buy-consume more this product if their income increases", 88.2 % of respondents were declared with "Yes" and 10.3% of respondents stated that they are not willing to buy-consume more, even if their income increases (Field, 2000; Desmond, 2003; Gupta, 2007). This willingness possibly will create a large market for beer industry in the future, if trends in income and consumer spending increases as well.

The analyses of tested hypotheses help in identifying variables which may have influence in the frequencies of purchasing beer by consumers. In hypothesis 1, research result has not shown any dependency between gender and frequencies of buying beer, even though by observing frequencies count it seems to be dependency between these two variables. The P-value of this test was not statistically significant $p = 0.057 > 0.05$, retained H_0 . Results testing the second hypothesis were not statistically significant. The P-value of this test was $P = 0.07 > 0.05$, retained H_0 . It can not be stated that there is dependency between ages of respondents and frequencies of

purchasing beer. Surprisingly, in the third hypothesis a research result has not shown dependency between respondent's income and frequencies of buying beer. The P-value of this test was $p = 0.941 > 0.05$, this high P-value gives strong support for H_0 . Based on the statistical results, region was one of the independent variable which influences the frequencies of purchasing beer. Statistical result has shown that there is a dependency of region where respondents are coming from and frequencies of buying beer. Statistical result was highly significant with $P = 0.005 < 0.05$, this small P-value gives strong support for H_1 . Based in the frequencies count, Peja and Gjakova were main region's contributing in the high value of Chi-square test $\chi^2 = 36.944 > 28.82$.

Concluding comments

Domestic competitors of this industry need to be aware of the effect of global changes, advanced technologies and trends. These radically changes have created different needs and wants by consumers. Copping with these changes of consumers behaviour is one of the challenges of domestic competitors. Marketers of this industry have to apply a set of marketing tools "Marketing Mix: Product, Price, Promotion, Place" in order to meet and satisfy target costumers' needs and wants.

Understanding the consumer's buying behaviour is not easy. There are many factors influencing the consumer buying decision process such as: demographic, economic, cultural, social, personal and psychological factors. Each of these factors contributes in segmenting consumer markets.

Factors like demographic, geographic, psychographic and economic which are

related to consumer characteristics and their behaviour provides a base for segmenting consumer markets. Research result has shown that there is dependency of frequencies buying beer and region's where the respondents were coming from. Therefore, domestic competitors of this industry should pay attention to this region variation, and divide the market into different regional units.

Variables as gender, age and income have been usually used to segment consumer markets. It was frequently stated by many researchers that consumer's wants and preferences change with age, gender and income. Surprisingly, a research results have not

shown dependency of the age, gender, and monthly income of respondents with frequencies buying beer.

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Table1. Hypotheses to test the effect of demographic and economic factors on frequencies of buying beer.

Hypotheses	The Null Hypotheses of Independence	The Alternative Hypotheses of Independence
H ₁	H ₀ : Gender of respondent and frequencies of buying beer are independent.	H ₁ : Gender of respondent and frequencies of buying beer are dependent.
H ₂	H ₀ : Age of respondent and frequencies of buying beer are independent.	H ₁ : Age of respondent and frequencies of buying beer are dependent.
H ₃	H ₀ : Respondent's monthly income and frequencies of buying beer are independent.	H ₁ : Individual monthly income and frequencies of buying beer are dependent.
H ₄	H ₀ : Region where respondent comes from and frequencies of buying beer are independent.	H ₁ : Region where respondent comes from and frequencies of buying beer are dependent.

*Presented hypotheses were tested at 5% level of significance. The dependent variable used was: *How often do they buy beer?* As independent variables used were: respondent's gender, age, monthly income and region.

Table 2. Results of statistical tests by tested hypotheses.

Independent/ Dependent Variables	Observed χ^2	Tabulated χ^2	D.f	P-value	Value of G ²	Cramer's V	Retained Hypotheses
H ₁ : Gender of respondent/ Frequencies of buying beer	7.53	7.81	3	0.057	7.79	0.112	Retain H ₀
H ₂ : Age of respondent/ Frequencies of buying beer	15.546	16.92	9	0.07	17.121	0.093	Retain H ₀
H ₃ : Respondent's income/ Frequencies of buying beer	3.507	16.92	9	0.941	3.542	0.044	Retain H ₀
H ₄ : Region of respondent/ Frequencies of buying beer	36.944	28.82	18	0.005	36.823	0.144	Retain H ₁

$P < .05$

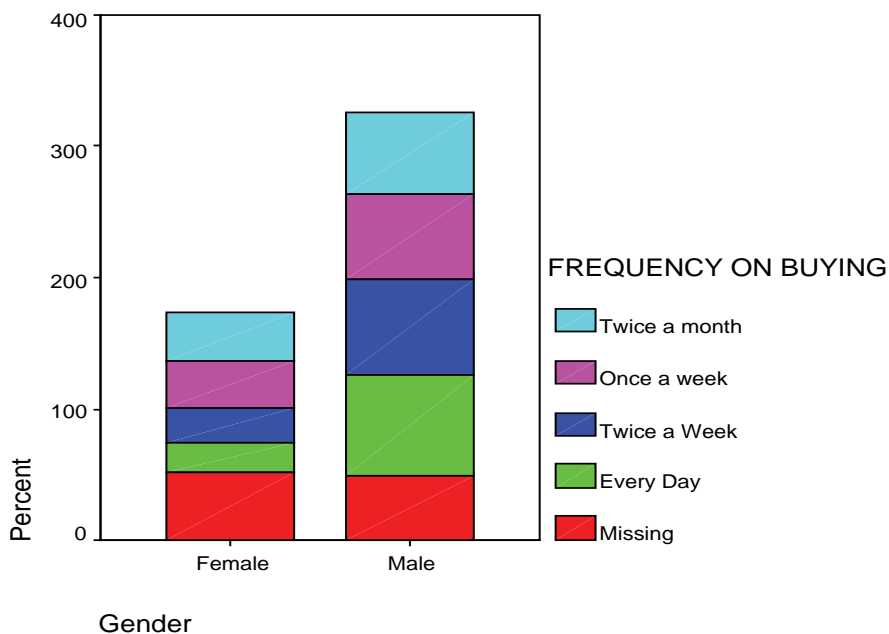


Fig.1 Frequencies on buying beer by gender

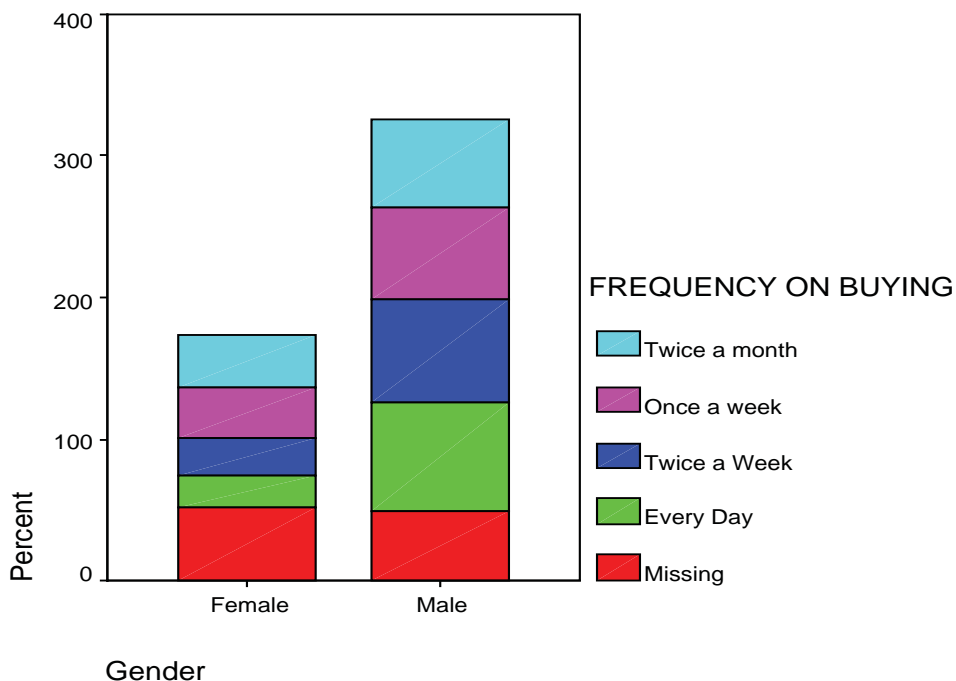


Fig.1 Frequencies on buying beer by monthly income