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# Markets and agriculture linkages for cities in Asia



## From consumers' requirements to market demands

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# Introduction: The industrialization of food sector

The industrialization of food sector can be seen as a process of distancing man from his food:

- **Geographic distancing** : more products come from far away origin (ex. : imported milk powder, orange juice, apples)
- **Cognitive distancing** : people do not know what are new products, how they are produced (ex : Sodas)
- **Technical distancing** : production and processing become more complex (ex : GMO, irradiated fruits)
- **Economic distancing** : Multiplication of intermediaries in the supply chains (ex : traders, processors, retailers)

# The consequences of distancing

- In the villages, people produce, mostly, their own food. They know the origin of their food, they control themselves the quality.
- With the development of food markets, consumers must **learn how to trust** :
  - Unknown actors they cannot see (producers from other countries, from other culture or communities) and who are suspected to prefer making money and not to care about quality.
  - Labels, quality signs on tags.
  - New technologies.
  - New retail systems (shops, self service)
- Learning trust is not obvious. It is an anxiety-provoking process and it causes reactions (desire for proximity)



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## A. WHAT DOES “FOOD QUALITY” MEAN?

# The multi-functionality of food

- Food can satisfy different functions. These functions are biological, hedonic (i.e. that deals with pleasure), socio-cultural, related to identity and user-friendliness/convenience.
- Quality : the **ability of food to fulfil these different functions.**

## Biological function

- feeding, maintaining health
- Nutritional quality
- Safety,
- Dietary properties )

## Hedonic function

- aesthetic, gustative)
- Food appearance: colour, shape, packaging
- Organoleptic aspects: taste, smell, texture
- Digestive quality (feeling of satiety: *rice sticks to the stomach*)

## Socio-cultural function

- Geographical origin,
- Social differentiation
- Fair-trade product/  
environmentally-friendly product.

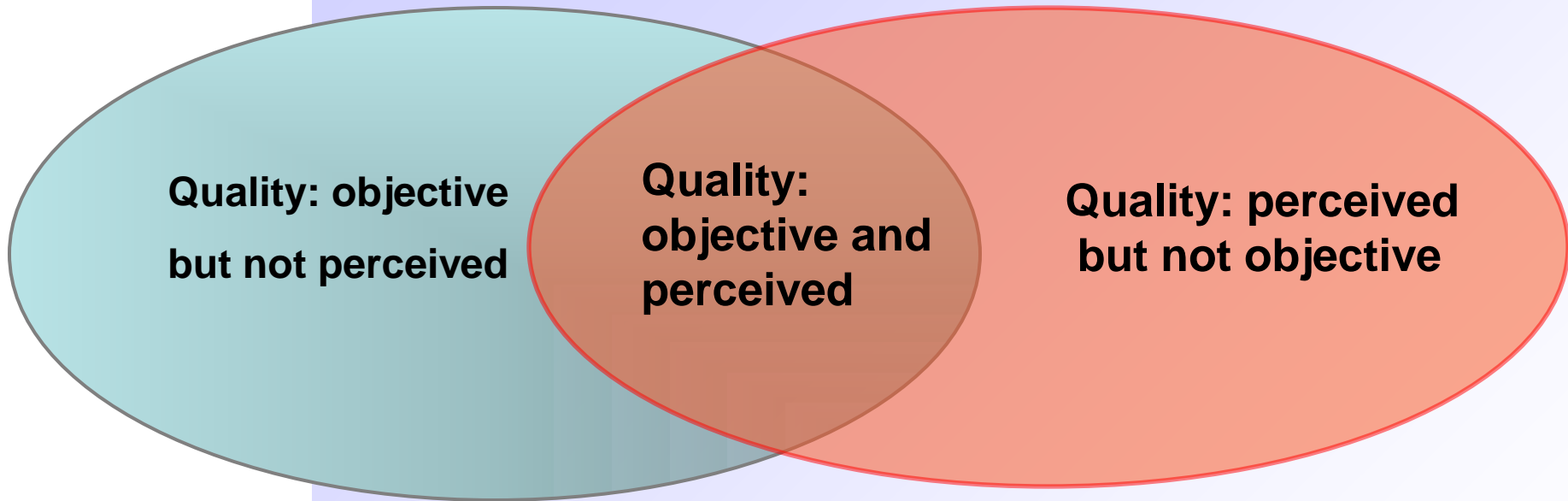
## User-friendliness/ convenience

- Purchasing convenience: packaging
- Convenience of use: easy to cook or to store
- Other aspects: preparation time, stability of the texture
- Information and traceability of the product

## “Objective quality” vs. “perceived quality”.

- Quality is relative to a function. It is also relative to a user and the perception of this user.
- Objective quality refers to measurable and verifiable superiority based on some predetermined ideal standards.
- Due to asymmetric information, the consumer may not perceive dimensions of the quality included in the product. However, he may also attribute qualities which are not in fact present in product.

# “objective quality” and “perceived quality”.



**Objective quality**

**Perceived quality**



## Social dimension of quality

- Marketing researchers refer to the “4Ps” (perception / person / place / products), which is another way of underlining the fact that quality is a perception process.
- Quality may have a different content for different people, products & places
- Food quality can be considered as a social construct: criteria for quality vary over time, space, social norms.



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## **B. HOW TO RECOGNIZE QUALITY: CONSUMERS' QUALIFICATION PROCESS**

# How do consumers identify quality?

- ✓ The freshness of a product can be assessed through a sensory experience (sight, smell)...
  - or by referring to the shelf-life written on the package. In this case, this presupposes trust in the agency which issued the information.
- ✓ Another example is when consumers look for red meat as an aesthetic dimension of quality ...or because this colour is an indicator of the freshness of the meat.

# QUALITY ATTRIBUTES

A product can be view as a “bundle of attributes” (Lancaster, 1966): related to:

- Price
- Availability: in space (points of sale) and in time (seasonality, regularity)
- Quality

# 3 types of quality attributes

<b>Research attributes</b> (or knowledge attributes).	<b>Experience</b> quality attributes	<b>Credence</b> quality attributes
Consumers can identify these attributes when buying the product	Consumers can only know them after buying the products.	Consumers cannot assess the presence of this kind of attribute on their own
Smell, Appearance, .....	Taste Freshness Convenience .....	Healthiness Naturalness Environment-friendly practices .....

## DIRECT AND INDIRECT QUALIFICATION PROCESS

- **Direct qualification** refers to the possibility for consumers themselves to assess the required quality of a product or some proxies for this quality
- **Indirect qualification** Consumers can only rely on the information from a third party.
- *Trust becomes essential in an indirect qualification process. It replaces the senses, skills and experiences called on in direct qualification processes*

### 3. SOME EXAMPLES OF CONSUMERS' REQUIREMENTS AND QUALIFICATION PROCESSES IN VIETNAM

- How do Vietnamese shoppers mobilise direct and indirect qualification processes?
- **Water morning glory:**
  - crunchy after cooking
  - “green, but not too green”
  - Smell
  - Insects, holes (proxy)
- **Pork meat:**
  - Good colour (red muscle),
  - Skin with fair colour without spot
  - White fat, thick layer of fat
  - Little intra-muscular fat

# Qualification process in a supermarket

- It is quite a different process. Most products sold in supermarkets are pre-packed, or served by employees wearing gloves. The process is more indirect. Trust is based on the reputation of the supermarket and of the brand name. Higher prices may also be considered as an indication of higher quality for some consumers.
- Supermarkets successful with less experienced shoppers like men or young customers.. who have less skills to distinguish poor-quality foodstuff.





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## C. CREDIBILITY OF QUALITY SIGNS

## How to trust in quality ?

- Issuing quality signs is not enough to inform consumers. Consumers' trust in the agency responsible for issuing the signs is essential to guarantee the credibility.
- According to Sylvander (1995), trust in food relies on **quality conventions**:
  - common beliefs between sellers and buyers, facilitate agreement on the quality
  - and thus make the transaction possible.

# Whom do I trust ?

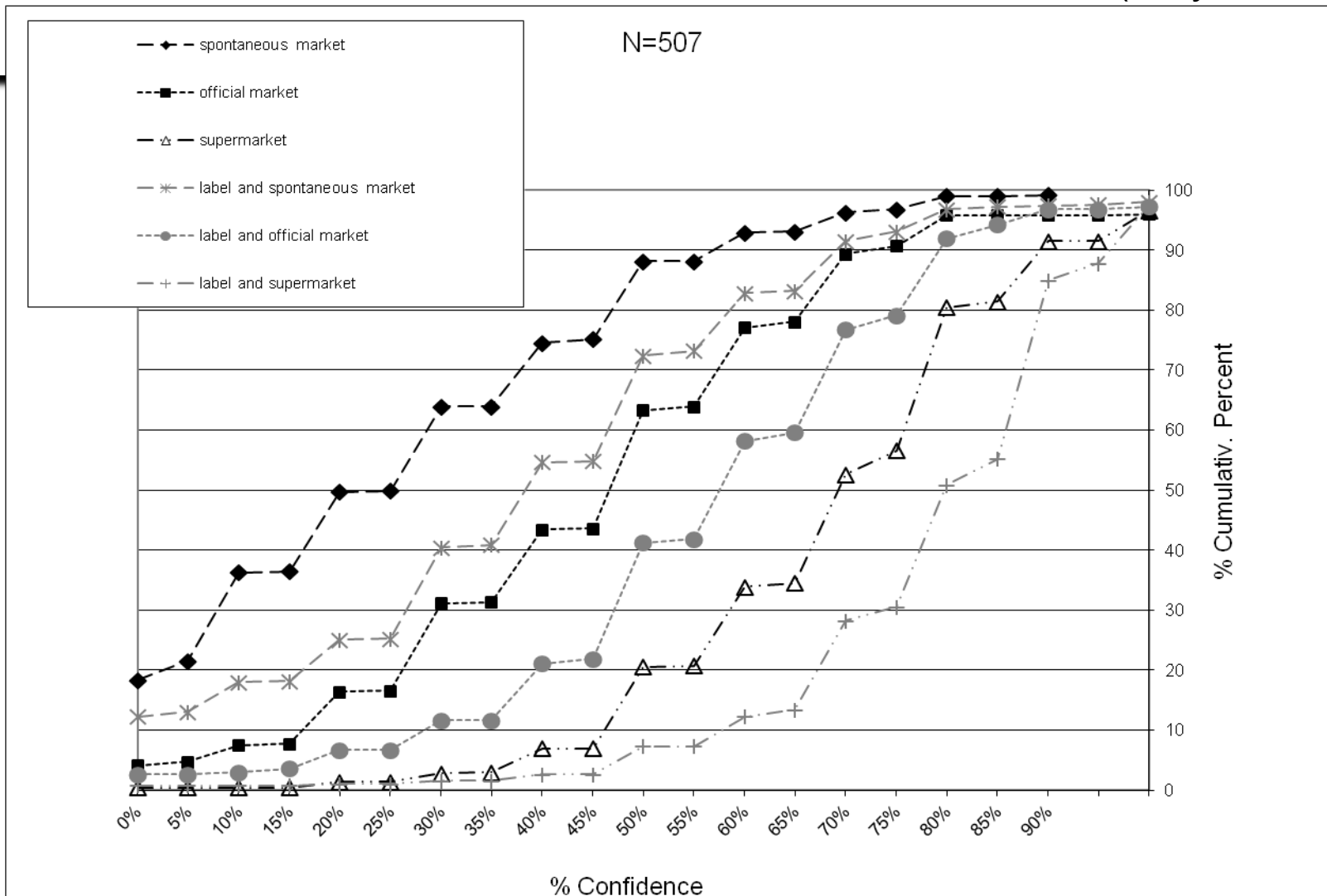
## 5 quality conventions

Market convention	Based exclusively on market relations and <b>price</b>
Domestic convention	The co-ordination among actors is based on <b>personal trust</b> established during previous transactions
Civic convention	The coordination of actions is based on the actors' adherence to a core of <b>collective principles</b>
Industrial convention	The coordination and exchanges are based on the respect of <b>standards</b> .
Opinion convention	The quality of a good is judged exclusively by the <b>opinions of others</b> and the reputation of the operators

# Confidence in the sanitary quality of vegetables

sold with or without a “clean” label, according to the point of sale:  
spontaneous market, official market, supermarket

(Mayer J., 2006).





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**CONCLUSIONS: FROM  
CONSUMERS' REQUIREMENTS  
TO MARKET DEMAND**

# Limitations of consumers' surveys

- .The link between consumers' requirements (including price, availability, convenience etc.) and consumers' demand for marketed products is not quite as direct as we might think
  - pesticide residues on vegetables.
  - premium price for higher quality of pork meat .

# Conclusion

- **Quality** does not refer to objective standards but to a **multitude of uses and users**.
- Consumers' requirements relate to
  - set of characteristics included in the products
  - include a demand for reliable quality signs and for **trustable institutions**
- Emerging countries = quick industrialising . Consumers have to shift from direct qualification processes to indirect ones **very quickly** .

# Key take-home messages

## for market and consumer research

Quality = A **judgment** . Depends on the uses and the users.

- *Start with qualitative interviews, focus groups, to identify key attributes*
- *Base your sample on market segments/ types of users*
- *Final use must be taken into account in surveys*
- *Domestic practices must be considered in the surveys*

Quality = A matter of **trust** : Who qualifies, on which basis, is he credible ? Trust in label is not obvious

- *Consumer perception of the “stakeholders and institutions in charge of food quality” has to be taken into account.*



# Thank you !

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