

## MAIN FACTORS THAT DETERMINE CONSUMER BEHAVIOR FOR WINE IN THE REGION OF PRIZREN, KOSOVO

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### Abstract

*Sector of viticultural and wine production it has been and remains an important economic activity for many businesses in the region of Prizren, in Kosovo. Statistics attest to the wine production area and vineyards with high fluctuation. 90s register about 9000 ha of vineyards and a wine production of about 100 million liters (Official Statistics, 1991), of which about 35-40% exported, mainly to the countries of Yugoslavia and Germany.*

*In the last decade due to developments that Kosovo has passed this area as well as wine production have been reduced dramatically.*

*Meanwhile Free Trade Agreement (CEFTA) represents today an effective instrument for the development of competitive potential in the sector of Wine in Kosovo by creating real opportunities for the export of products of this sector.*

*Consumer behavior as regards the purchase of the wine affected by the a variety of factors as they social, psychological, demographic, as well as of incomes.*

*From this viewpoint, our study aims to identify the level of impact of factors on behavior of consumers. The study extends to both the Municipalities of Prizren and Orahovac.*

*As the basic data for the study has served interviewing by defining clearly the criteria for sampling. The study was realized during the period September-December 2014. Identify the key factors that determine consumer behavior will significantly affect the policies and business strategies by increasing the competitiveness of their products.*

**Key words:** grapes, wine, consumer behaviour, consumption, production

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### 1. INTRODUCTION

Wine production sector is considered as a sector with high growth potential in the region of Prizren, but also in some other parts of Kosovo.

This sector is concentrated mostly in the region of Prizren due to the suitability of weather conditions, the composition of the soil but also the current multiyear tradition (modern production establishments wine dating from the 50s of the last century).

In the context of dynamic time it has undergone dramatic changes mainly because of the problematic that has accompanied the development of Kosovo in the last two decades.

The structure of the vineyards, the majority of which are located in the region of Prizren is dominated by the cultivation of grapes for wine

in relation to for table consumption at the rate 75 vs. 25% (Ministry of Agriculture Forestry and Rural Development, Kosovo 2014) and referring to the same statistics a considerable amount of grapes (mainly for table) imported from Greece, Macedonia, Italy.

Consumption of grapes in Kosovo continues to remain at low levels of about 5.2 kg/capita and wine consumption is also lower by about 2.3 l/capita (Calculated from MAFRD Statistics 2014).

Consumer behavior as regards the consumption of the wine affected by a variety of factors as they social, psychological, demographic, as well of income also.

From this viewpoint, our study aims to identify the level of impact of factors on behavior of consumers. The study extends to both the Municipalities of Prizren and Rahovec.

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## 2. MATERIAL AND METHODS

The study extends to both the Municipalities of Prizren and Rahovec. To conduct the study, the main base has been direct interviews (face to face) of consumers.

The average duration of an interview with the customers was 25 minutes. During the interview of customers are taken into consideration basic characteristics such as gender, age, regional, ethnic, social and random selection of the sample. Each interviewee (customer) that has participated in the survey was asked to give an opinion based on structured questionnaire. Total number of sample was 100 customers.

During the processing and collection of data it is concluded that all persons interviewed (with small exceptions) from both genders have answered correctly questions raised. The data used in the study for analysis are collected through questionnaire method with wine consumers.

The collected data were analyzed by statistical program SPSS (Statistical Program Social Science, 20).

To analyze data is used descriptive statistics, linear regression model and logistic regression model. Use of these models is determined by judging the relationship between variables as well as the type of variables (metric vs categorical) and data collected.

## 3. RESULTS AND DISCUSSIONS

The wine industry is characterized by enterprises of various sizes and even heterogeneity technical level and technological as well as strategic position of each. This

phenomenon can be estimated as a normal occurrence of evolution of the industry in question, due to the different development models. This structural link complex finds reflection and its directly in segmentization of demand, The general tendency of which is to increase its qualitative wines with a higher price, which will seek to address the verification of fluctuations and dependence on consumption by the level of income. During question consumers regarding the consumption of wine in terms of gender, the results have been interesting.

The table below illustrates the respondents' answers.

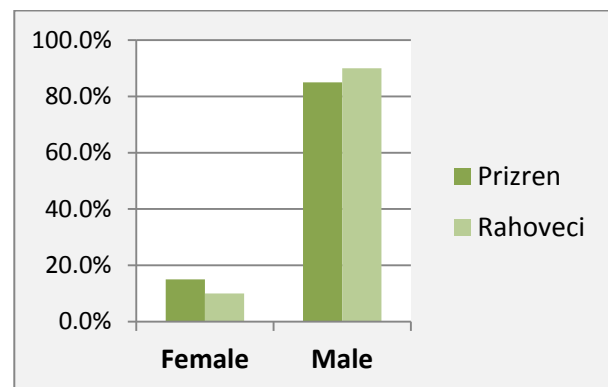


Figure 1. Wine Consumption according to gender

What we conclude from the respondents' answers is the fact that wine consumption is dominated by men with over 85% of consumption in both municipalities.

Wine is a sensitive product, decision-making for the consumption of which is very sensitive from a variety of factors. However we judge that a result justified visible from tradition, the menu consumption, as well as other elements of a social character.

As treated above we calculated the correlation between level of income and consumption, the analysis that we have operationalized in a few steps.

Regarding the structure of the sample in the analysis, the results show interesting figures.

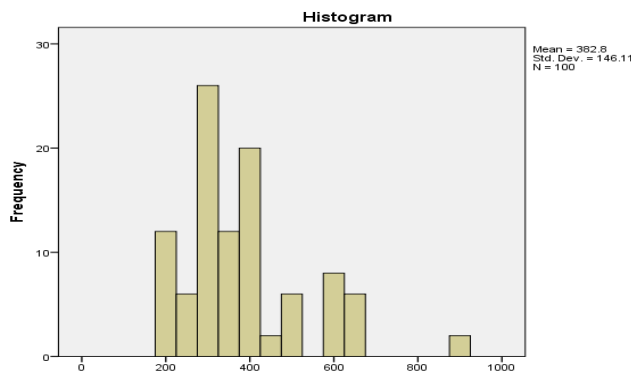


Figure 2. Income distribution

The data show an average income of about 383 Euro per family. As noted the highest concentration of respondents stands near these values.

That which seems important to the consumption function analysis in terms of income is the sensitivity of consumption in relation to them. For this purpose we have decided a logistic regression model by taking these results.

Table 3. Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	53.116 <sup>a</sup>	.557	.753

a. Estimation terminated at iteration number 8 because parameter estimates changed by less than .001.

Through the above table we verify if the full model predicts the outcome. We can easily verify, that both Cox & Snell R Square and Nagelkerke R Square values tell us that the model predicts well the outcomes.

From the table above we gathered the coefficient, their standard error, the Wald test statistic with associated degrees of freedom and the exponentiated coefficient (also known as an odds ratio). Values tell us statistically significance, equal 0.000.

Table 4. Variables in the Equation

	B	S.E.	Wald	df	Sig.	Exp(B)
Step 1 <sup>a</sup>						
Average monthly Incomes /family €	-.044	.010	19.446	1	.000	.957
Constant	14.154	3.197	19.597	1	.000	1403483.372

/ a. Variable(s) entered on step 1: Average monthly Incomes family €.

Increasing the level of income leads to a growing trend in the answers that affirm wine consumption and other grape products. In function the evaluation of the impact of income on the mass of wine consumption from a family per month, we used linear regression between variables "income monthly / family" as the independent variable and "level monthly consumption of wine / month" as variable dependent. Data presented in the tables below.

Table 5. Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.371 <sup>a</sup>	0.137	0.129	4.923	1.868

a. Predictors: (Constant), Average monthly incomes/family (€)

b. Dependent Variable: Average wine consumption/family

The R value represents the simple correlation that is 0.371 (the "R" Column), which indicates a good degree of correlation and the values of Durbin-Watson test are perhaps 1.9 (from 2 that are statistical condition).

The table indicates that the regression model predicts the dependent variable significantly well. If we look at the "Regression" row and go to the "Sig." column, it indicates the statistical significance of the regression model that is .000 less than 0.05, and indicates that, overall, the regression model statistically significantly predicts the outcome variable.

Table 6. ANOVA<sup>a</sup>

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	378.234	1	378.234	15.609	.000 <sup>b</sup>
1 Residual	2374.726	98	24.232		
Total	2752.960	99			

a. Dependent Variable: Average wine consumption/family

b. Predictors: (Constant), Average monthly incomes/family (€)

Table 7. Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-0.601	1.386		-0.433	0.666
1 Average monthly of household income (€)	0.013	0.003	0.371	3.951	0.000

a. Dependent Variable: Average wine consumption/family

The coefficients table provides us with the necessary information to predict consumption from family incomes. The b-values tell us to what degree the predictor affects the outcome. The beta coefficient values is 0.371, with a significance 0.000.

As we see from a general overview of the data collected from questionnaires of wine consumption also affected by other factors of social, of information, demographics, etc., analysis of which belongs to another study.

#### 4. CONCLUSIONS AND RECOMMENDATIONS

- Wine industry sector and other grape products remain a special importance in the region of Prizren and wider.
- The study of consumer behavior who consume grape products in general, it is a new approach to Kosovo, which in the future, requires attributed a special importance as the last resort before consuming of these products. This thing would come to the aid of companies building strategies of the wine industry, but also a right consumer orientation.
- Even though buyers and sellers know each other, they share little information and has little idea how to shorten the communication between producers-marketing and the last chain that is the consumer. Its consumer behavior during the purchase or not purchasing the grape products by consumers, comes as a result of the interaction of many factors, as physical, social, psychological and geographical affiliations (rural or urban).

- Wine consumption has a direct relation with the level of of monthly household incomes. This fact is explained by analysis of performed in the study. Conclusions reinforced if taken into consideration the characteristics of the product and its place in the consumer basket.
- Analysis has shown good results of in identifying the most influential variables that determine the behavior of consumers when buying or not grape products. Wine consumption is also determined by gender as well as the level of education.
- In order of a structural adaptation between the profile and size of the demand on the one hand as well as size and profile of supply from the other side would be the right approach for the development of the sector vineyards and wine industry in the region.
- It is important be noted, given the experiences of other countries, that the features of this product, emphasize the necessity of some form of special marketing of the product and keeping always in their function, in order to have a stable space in a market which is becoming more competitive, due to the liberalization and development of consumer trends.
- Signing of the agreements with the WTO and FTAs operation has brought a complex impact on the sector, clean effect of which is difficult to measure. On one hand, these agreements have brought to enterprises an opportunity for a best supplies with the raw materials, but on the other hand have put the domestic manufacturer opposite to imports by bringing an increased competitiveness of imported products with these countries.

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