

## STRUCTURA LOIALITĂȚII FAȚĂ DE CONSUMATOR A PIEȚELOR FERMIERILOR ÎN LITUANIA

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*Fiind dezamăgiți de calitatea alimentelor în supermarket-uri, oamenii sunt în căutare de produse sănătoase în alte locuri. Piețele fermierilor sunt adesea considerate ca o alternativă. În prezent, piețele fermierilor câștigă popularitate în Lituania, precum și în multe alte țări. Cu toate acestea, concurența în rândul fermierilor este de asemenea în creștere. În timp ce loialitatea clienților devine unul dintre obiectivele fundamentale pentru cea mai mare parte a organizațiilor, aceleași reguli pot fi adaptate, dacă considerăm agricultura ca fiind o companie. Cunoscând structura de fidelizare a clienților în piața agricultorilor, fermierul poate fi ajutat în luarea măsurilor optime pentru păstrarea clienților fideli și să exceleze pe piață.*

*Cuvinte cheie: loialitatea clienților, piețele fermierilor, etapele de loialitate, structura.*

**Introduction.** Intense processes of globalization are leading to many changes in human lives, their behaviour as citizens and consumers. People become more educated not only in terms of technology, but in healthy lifestyle, as well. The emergence of a more reflexive and discerning customer has created inter alia a demand for 'better' food (i.e. quality and 'authenticity') in terms of sourcing, processing, and specialist distribution/retailing [1].

Farmers' markets are often considered as a way to healthier life-style. Farmers' markets continue to rise in popularity as consumer demand for obtaining fresh products directly from the farm increases; as a result, farmers' markets have become an increasing visible part in the urban-farm linkage [2]. However, growing popularity creates a background for the increases in competition, as well: contemporary consumers are becoming stricter, more concerned about the quality, and more demanding to products they buy. On the other hand, the field for customer loyalty formation can be envisioned.

Considering the phenomenon of customer loyalty, its succession has to be mentioned. The previous research [3, 4] enabled to identify four stages of customer loyalty: (1) 'Neutral customer', (2) 'Potentially loyal customer', (3) 'Unconsciously loyal customer', and (4) 'Genuinely loyal customer'. Moreover, every customer independently of his/her loyalty stage can terminate the relationships with the organization: can stop choosing the brand (product/ service/ store). Such customers can be called 'Lost'.

The determination of the customer loyalty structure in accordance to loyalty stage can help farmers in their market segmentation, forecasting future sales, planning their product portfolio.

## FARMERS' MARKETS' CUSTOMER LOYALTY STRUCTURE IN LITHUANIA

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*Being disappointed with food quality in supermarkets, people are searching for healthier products in other places. Farmers' markets are often considered as an alternative. Nowadays, farmers' markets are gaining their popularity in Lithuania, as well as in many other countries. However, the competition among farmers is increasing as well. As customer loyalty is becoming one of the fundamental goals for the main part of organizations, the same rules can be adapted if considering farmer as a company. Knowing the customer loyalty structure in farmers' market can help a farmer in taking optimal measures for keeping loyal customers and excelling in the market.*

*Key words: customer loyalty, farmers' markets, loyalty stages, structure.*

*JEL Classification: F63, L23, N2, N5, N54*

Moreover, many benefits of loyal customers are presented and analyzed in scientific literature; e.g., loyal customers bring stabile (or even growing) revenue [5]; loyal customers are less price sensitive than non-loyal customers [6]; loyal customers spread positive word-of-mouth [7].

The scientific literature suggests that in order to be effective, marketing efforts have to correspond to specific needs of a customer loyalty stage. Thus, it can be stated that recognition of customer loyalty stage and the fulfilment of specific needs would result in benefit for farmers.

Knowing the specific customer characteristics and needs in every loyalty stage, farmers can plan and implement marketing programmes best corresponding to specific individual customer's needs. Accordingly, the scientific **problem** solved in the article is: what is farmers' markets' customer loyalty structure in Lithuania?

The **object** of the research is farmers' markets' customer loyalty stages.

The **aim** of the research is to determine the loyalty stages of farmers' markets' customers in Lithuania.

Achieving to reach the aim of the article, questionnaire research was provided. Descriptive statistics was applied to analyze the research results. Obtained results helped to draw a structure of farmers' markets' customer loyalty in Lithuania.

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**Research methodology and organization**

On purpose to determine the stages of farmers' markets' customer loyalty in Lithuania, questionnaire survey was provided. The model of the determination of customer loyalty stage [4] was adopted to fit the research object. The questionnaire was composed of five questions.

The chosen methodology for the determination of customer loyalty stage helps in dividing consumers into four segments based on the stages of their loyalty: (1) 'Neutral customer', (2) 'Potentially loyal customer', (3) 'Unconsciously loyal customer', and (4) 'Genuinely loyal customer'. The algorithmic model of the research is provided in Figure 1.

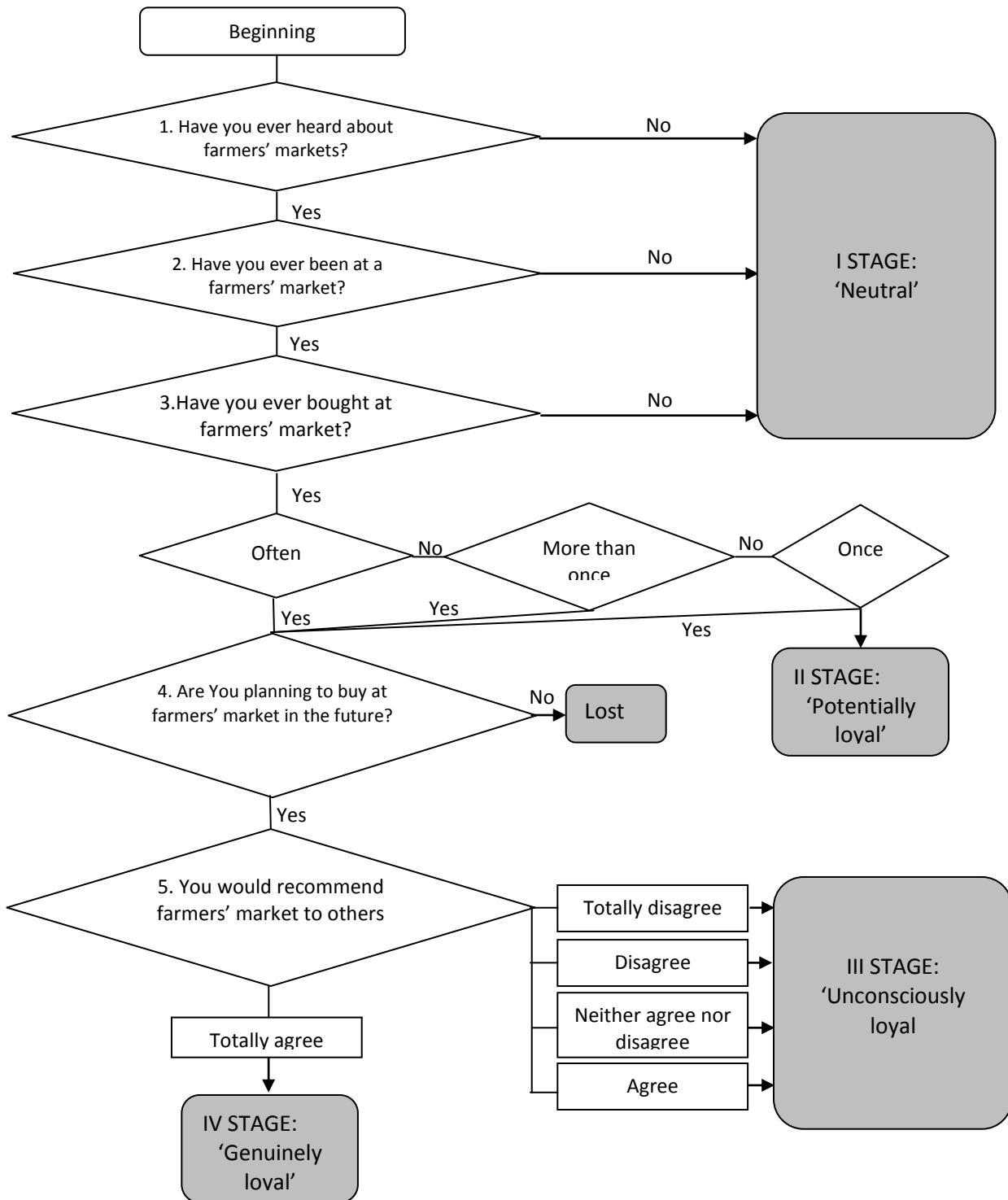


Fig.1. Algorithmic model of identification of customer loyalty stage

As it can be seen in Figure 1, two initial questions (with possible answers 'Yes' or 'No') in the questionnaire were intended to identify 'Neutral customers'. Questions displayed, if customers had heard about the existence of farmers' markets (first question), had visited any of farmers' markets (second question). Those respondents who had never heard or been at farmers' market were called 'Neutral', meaning that they had no real possibility to form their opinion about the research object. The third question (*Have You ever bought anything at farmers' market?*) also helped in determining whether the respondent belonged to the first loyalty stage; however, this question had four answer possibilities. If the answer was 'No', it indicated the respondent's belonging to the first loyalty stage. Those respondents, who indicated that they had bought something at farmers' market *once*, were called 'Potentially loyal' – the second loyalty stage. Moreover, those respondents who had chosen the answers 'Yes, several times' and 'Yes, I often by products at farmers' market' were supposed to belong to higher than second loyalty stage.

The fourth question in the questionnaire (Figure 1) was aimed to indicate 'Lost' consumers. Respondents were asked if they were planning to buy products at farmers' market in the future. Those respondents who chose the negative answer were considered as 'Lost'.

The final question in the questionnaire helped in dividing respondents into third and fourth loyalty stages. The emotional bond with the organization can be expressed by customer's intentions to recommend [7].

Therefore, the fifth question-statement in the questionnaire was indicating the respondent's intentions to recommend farmers' markets to others (see Figure 1). This question-statement is the ultimate in loyalty measurement. The question is effective in many industries, while determining the state of customer loyalty. Accordingly, customers emphasizing the highest intentions (provided the answer 'Totally agree' in Likert scale) to recommend can be attached to the ultimate stage of loyalty, and called 'Genuinely loyal'; all other respondents (who have chosen the answers 'Totally disagree', 'Disagree', 'Neither agree nor disagree', or 'Agree') were called 'Unconsciously loyal'.

The research was held in Lithuania from March to May, 2014. The population of the research was Lithuanian citizens of any age, living in five biggest towns of Lithuania: Vilnius, Kaunas, Klaipėda, Šiauliai and Panevėžys.

In all of the selected towns are several farmers' markets; therefore, citizens of latter towns had equal information about the object.

The simple random sampling method was applied, so all the members of population had equal possibilities to participate in the research. 250 questionnaires were distributed and 239 were returned. Hence, the level of the answerability is 95.6 percents. 102 men and 137 women participated in the research.

### Results

Following the research procedure, the results will be analyzed in accordance to respondents' loyalty to farmers' markets stage. Generally it can be stated that all the stages exist in the market. After generalizing the research results, following results were obtained.

**Stage I.** Respondents who were characterized as belonging to the first loyalty stage were called 'Neutral', because of their lack of knowledge about the farmers' markets. After generalizing the research results it can be stated that the first customer loyalty stage is quite large: even 12.1 percent of respondents (in general it results in 29 respondents) were attached to latter stage and called 'Neutral'.

While analyzing the structure of the first loyalty to farmers' markets stage, the results provided in Figure 2 were obtained.

As it can be seen in Figure 2 below, only 6 respondents (or 2.51 percent of the total sample) have never heard about the existence of farmers' markets. Latter respondent terminated their participation in the research after answering the initial questions. The assumption was made that they have not enough knowledge and experience to provide their opinion about the phenomena.

However, research results highlighted the existence of respondents who have never visited farmers' markets despite the fact that they knew about such a possibility. As it can be seen in Figure 2, 11 respondents (or 4.6 percent of the total sample) provided such answer to the question. Hence, their participation in further survey was terminated.

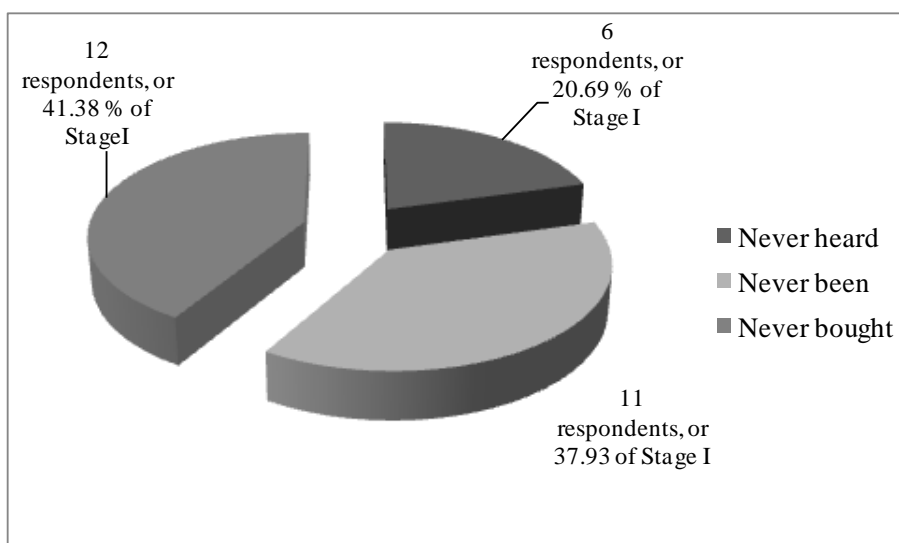


Fig. 2. The distribution of Stage I, N = 29

Furthermore, 12 respondents (or 5.02 percent of the total sample) indicated that despite that they have visited farmers' markets before, have never bought anything there. Consequently, these respondents also terminated their participation in further research.

**Stage II.** Respondents who were characterized as belonging to the second loyalty stage were called 'Potentially loyal'. The assumption is made that those customers who try to buy a product or service at least once, have a possibility to form their opinion about it. The marketer's task is to make their first experience positive. Knowing the existence of latter segment and their needs and expectation can help in making better first impression.

However, research results highlighted that latter segment is the smallest one. Only 16 respondents (or 6.7 percent of the total sample) indicated that they have bought something at farmers' market just once. Moreover, even 7 respondents (or 2.93 percent of the total sample) stated that they are not going to buy there again. While analyzing results in relative terms, it does not look very bad; however, it can be stated that even 43.75 percent of new customers are disappointed and do not intend to come back again. Such respondents were re-characterized and called 'Lost'.

Moreover, customers who were attached to the second loyalty stage were asked to indicate their willingness to recommend farmers' market to others. The obtained results are provided in Figure 3.

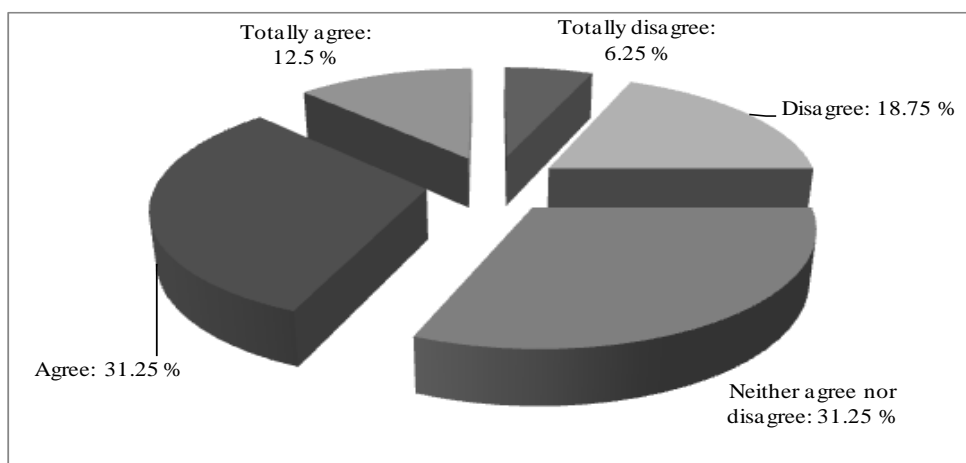


Fig. 3. The intention to recommend farmers' markets of Stage II customers, N = 16

As it can be seen in Figure 3, even 31.25 percent of respondents belonging to the second loyalty stage still lack opinion about farmers' markets. The obtained evaluation mean was 3.25 (out of 5), meaning that first impressions are not forming general opinion. Such results can indicate the lack of customer-oriented managerial decisions.

As it can be noticed in Figure 3, even 12.5 percent of 'Potentially loyal' customers indicated that they totally agree to recommend farmers' markets to others. However, such their position cannot be considered as equitable. Their experience is too weak to provide such a strong positive opinion.

**Stage III.** Respondents who were characterized as belonging to the third loyalty stage were called 'Unconsciously loyal'. Such respondents have bought products in farmers' markets more than once; however, they still do not totally agree to recommend. Research results reveal that even 28.9 percent of customers can be characterized as being 'Unconsciously loyal'. However, 4 respondents (5.8 percent of all customers belonging to the third stage or 1.67 percent of the entire sample) stated that are not going to purchase in farmers' markets in the future. Such respondents can be called 'Lost'. While analyzing the willingness to recommend, results provided in Figure 4 were obtained.

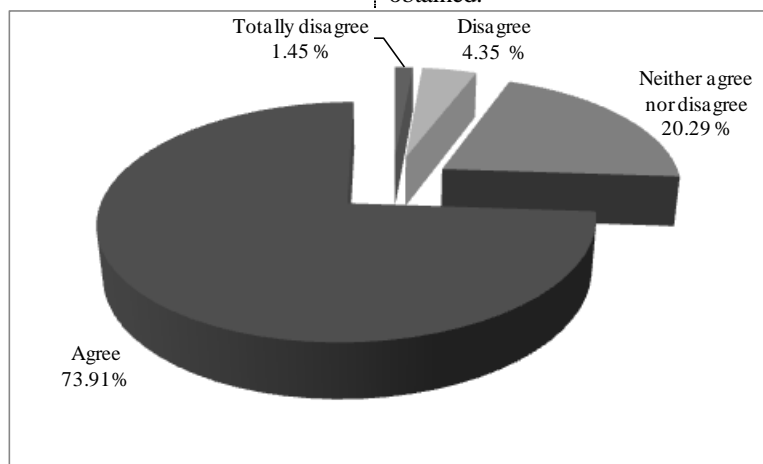


Fig. 4. The intention to recommend farmers' markets of Stage III customers, N = 69

As it can be seen in Figure 4, almost 74 percent of customers belonging to the third loyalty stage agree to recommend farmers' markets to others. Moreover, the obtained evaluation mean was 3.67 (out of 4). It can be stated that the correlation between customer loyalty and intention to recommend exists.

**Stage IV.** Respondents who were characterized as belonging to the fourth loyalty stage were called 'Genuinely loyal'. The main characteristics of latter respondents were purchase frequency and strong intention to recommend. These respondents have strong positive opinion about farmers' markets and are

willing to share this opinion with others.

Research results revealed that more than half – even 52.3 percent of respondents are 'Genuinely loyal' to farmers' markets. All of the respondents attached to the fourth loyalty stage indicated their willingness to return in the future.

The complete farmers' markets' customer loyalty structure in Lithuania is provided in Figure 5. As it can be seen, customers are willing to be loyal to farmers. However, the defection rate is still high. Moreover, the unsatisfied market segment exists; new market opportunity can be envisioned.

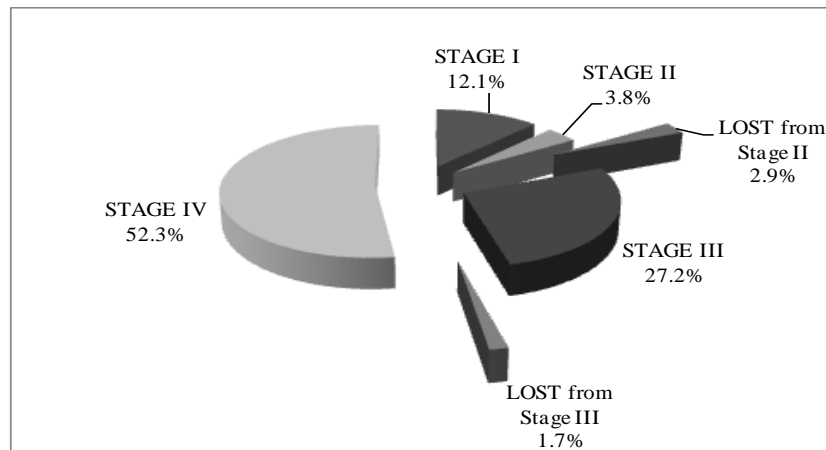


Fig. 5. Farmers' markets' customer loyalty structure in Lithuania, N = 239

Despite the high customer loyalty, the competition is intensifying, as it was mentioned in the beginning of the article. Endeavouring to keep this segment or even make it grow, marketers should take the necessary effort to be attractive. Customer loyalty is not a constant phenomenon; it may decrease, as well. Meeting customer needs and expectations is today's market's necessity. Only those marketers who will know their market structure and will take all the necessary measures to make customers satisfied will remain.

#### Conclusions

1. As people become more educated in health-related products, farmers' markets are often considered as a way to healthier life-style.

However, the competition is increasing even in this field.

The determination of the customer loyalty structure in accordance to loyalty stage can help farmers in their market segmentation, forecasting future sales, planning their product portfolio.

2. Farmers' markets' customer loyalty structure in Lithuania shows that customers are willing to be loyal. However, the defection rate is still high. Moreover, the unsatisfied market segment exists; new market opportunity can be envisioned. The determined farmers' markets customer loyalty structure can be used as a background for customer-oriented managerial decisions.

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