Chapter 6

Food Consumption Patterns in Times of Economic Recession

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ABSTRACT

The aim of this study is to identify the factors influencing consumers’ purchasing behaviour for food, in times of crisis. Intercept survey was conducted in a random selected sample consisted of 553 consumers between January and May 2016 in the Prefecture of Thessaloniki. Multivariate data analysis was performed to explore the factors influencing consumers’ purchasing behaviour, identify consumers with similar behaviour based on their socio-demographic characteristics and their attitudes towards food consumption in times of crisis. Results demonstrate that the factors affecting consumers’ purchasing behaviour are (a) Product’s Feature and Natural contents, (b) Economic issues, (c) Identity & Sensory Appeal, (d) Mood, (e) Weight Control & Health and (f) Convenience. Furthermore, cluster analysis was employed to classify consumers with similar buying behaviour towards food, five groups of consumers were identified: (a) neutrals, (b) influenced by psychological issues, (c) influenced by economic issues, (d) low diet/healthy eaters and (e) influenced by availability and easy access.

INTRODUCTION

In the last 60 years, more than 400 economic crises occurred to over 200 countries all over the world, affecting consumer behaviour in several ways (Duquenne and Vlontzos, 2014, Dutt and Padmanabhan, 2009). Health and living conditions of the populations were influenced by an unstable economy. According to Rajmil et al., 2014 and Rico and Blakey, 2012, the impact of crisis in each country depends on

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the type of recession and the factors affecting it such as duration and intensity, the speed and the types of changes that occur, the period prior to the recession, various measures taken by the governments as an answer to the crisis, and the effect community and family have on every individual.

As the global financial crisis continues to become deeper and deeper, hunger is likely to increase as the poorest people buy less and less products, because of reduced incomes and higher unemployment. While economies continue to fall apart, incomes decrease and people become unemployed, families are cutting back and in some special occasions, they stop eating crucial nourishing food. Some are cutting meals and substituting with less nutritious food (WFP-World Food Programme, 2012).

Increases in the cost of food often lead to changes in the quantity and type of food that is purchased. This may result in a reduction in the quantity of food consumed and/or the substitution of higher priced food for less expensive food which is often less nutritious and of lesser quality. Over a prolonged period, such changes may have negative consequences for nutrition, both through the quantity of food consumed for maintaining energy balance and for the quality of food consumed for maintaining sufficient intakes of proteins, fats and micronutrients such as vitamins, minerals and trace elements (Thompson, 2012).

According to Mansoor and Jalal 2011 and Flatters and Willmott 2009, in a period of economic crisis, consumers’ behaviour is described by consumption smoothing at various levels. People are not so willing to pay more for products that can be replaced by cheaper ones. Consumers have redefined what they consider as “necessities” and what are considered “luxuries.” This can be verified by the annual research of Boston Consulting Group in 2011, which claims that 73% of the surveyed consumers declared that will purchase only the absolutely necessary goods. Furthermore, the hierarchy of consumers’ “values” has changed with the “savings”, “health”, “value for money”, and others to be in the top (Tsourgiannis et al., 2014).

In Greece, economic crisis in 2008, caused a deep recession in its economy. The social consequences of this crisis are very discouraging, with the unemployment rate continuously increasing without knowing until now when and where it will reach its peak. When the crisis started (2008), the official unemployment rate was 14.8%, in June 2011 was 17.2% (Frangos et al., 2012, EL.STAT, 2012), and in September 2014 increased up to 26.1%. The biggest percent of unemployed people exists between 20 and 35 years old, which is almost 50%, while the total number of unemployed people are over one million (Eurostat, 2014).

Consumption to both private and public sectors took a big hit resulting in major reductions which affected every sector of the economy, even the food sector (Karelakis et al., 2013, ELSTAT, 2012). Facing decreased wages up to 30% with average annual household income to be estimated at 13,000 euros and at the same time 20% of people live on 6,500 euros per year (OECD, 2011), increased taxation and recession, low and middle income households have difficulty to even keep the regular accounts (Frangos et al., 2012). Because of the failure to implement working programs through the years, a significant large percent of the population (35.7%, 2015) is living near or below poverty level, with the majority of them to be pensioners, unemployed, immigrants and even former entrepreneurs (KEPE – Centre of Planning and Economic Research, 2012, Vlontzos et al., 2017).

Amid the economic crisis in Greece, the examination of the factors affecting Greek consumers’ purchasing attitudes during turbulent economic times is very important because most of our knowledge about consumers’ attitudes regarding food consumption (nutritious food and fast food) is mainly derived from studies that have been conducted before the economic crisis period. Also, according to Tsourgiannis et al., 2014, Michalopoulos and Demoussis, 2001, Kupiec and Revell, 1998 and Kotler, 1994, different economic, cultural, demographical, and social characteristics affect consumers’ purchasing behaviour in a different way.