Problems and perspectives of sustainable marketing development on the Russian food market

S.G. Bozhuk¹, K.V. Evdokimov²*, T.D. Maslova ³, N.A. Pletneva ⁴
¹, ⁴Peter the Great St.Petersburg Polytechnic University, St.Petersburg, 195220, Russia
²Saint-Petersburg State Agrarian University, St.Petersburg, 196605, Russia
³Saint-Petersburg State University of Economics, St.Petersburg, 191023, Russia
Corresponding author *: ekvmanager@mail.ru

Abstract Nowadays the modern market of food retail is going through a transition period. Consumers tend, on the one hand, to reasonable savings, on the other hand, to meet the need for quality products. Retailers have a difficult task – to follow the concept of sustainable development, while maintaining profitability. The authors of this article, using the methods of content analysis of consumer reviews, observation, online survey, assess the implementation of environmental programs by representatives of retail chains, identify consumer interest in the concept of Zero Waste, and evaluate the satisfaction of the product retail on key attributes.

Keywords: Sustainable development, food market, content-analysis, evaluation of satisfaction, consumer loyalty, Zero Waste conception.

1. Introduction
The Russian food market is in a favorable position due to the nature of consumer demand for food products. However, significant changes are also taking place in this market. “The share of Russian-made products in stores increased from 60% to 80% for 4 years of the food embargo,” Dmitry Vostrikov, director of the Association of Producers and Suppliers of Food Products, announced such data. In some categories, the share of Russian products reached 95-100%. Despite the successes in the field of import substitution, today understanding comes that the stage of producer support at the expense of the internal consumer has been passed [1].

The dissatisfaction of a part of consumers with the quality of the offered products, the gradual spread of global trends in responsible consumption, actualize the use of the sustainable development marketing concept in order to gain new competitive advantages.

Today the development of the concept of "sustainable development" has a long history. A common understanding of sustainable development as processes of change, in which resource exploitation, investment direction, technological development orientation and institutional change are in harmony, increase the value of current and future potential in order to meet human needs, puts pressure on changing strategic business priorities [14]. A certain challenge to the theory of marketing was thrown out by the understanding that, in conditions of limited resources, marketing strategies can lead to an unstable state not only in the economic sphere, but also in the social and environment-spheres. Therefore, more and more “claims” are being made of marketing as a business philosophy related to stimulating excess consumption. [2, pp. 166-172].
The emergence of a new type of consumption - responsible consumption is caused by the presence of environmental, social and economic problems of our time and arose as a reaction to the excesses of modern consumerism. [3, pp. 11-18].

2. Methods

Empirical studies were conducted using the methods of content-analysis of consumer feedback, observation, online survey.

The method of content-analysis of consumer feedback was based on five main attributes of customer satisfaction: product quality, breadth of product range, level of service, location and prices [15-17]. Each attribute was evaluated on a three-point scale: 1 - the minimum level of the embodiment of the attribute; 2 - medium level; 3 - the maximum level of the embodiment of the attribute. Processing of the results was carried out according to the formula:

\[
O_i = \frac{3n_{1i} + 2n_{2i} + n_{3i}}{n_{3i} + n_{2i} + n_{1i}},
\]

where \(O_i\) is evaluation of the embodiment of the \(i\)-th attribute, \(n_{mi}\) is the number of mentions of the \(i\)-th attribute in each \(m\)-cell of the scale, \(m=3\).

The customer satisfaction score was calculated as the sum of attribute scores. In this paper, the influence of attribute importance was not taken into account when calculating.

The selection of reviews was carried out as a simple random selection. The sample size was calculated by the formula:

\[
n = \frac{t^2 \times p \times (1 - p)}{\Delta^2}
\]

where, \(n\) is the sample size, pcs.;
\(t\) is normalized deviation (at 95% confidence level \(t = 1.96\));
\(p\) is the found variation of the total population in % or in fractions;
\(\Delta\) is the admissible error (5%)

The volume of the calculated sample was 385 units.

Observation of the territory and the shopping space was carried out on a sample of stores from retail chains Lenta, Auchan, and Karusel in St. Petersburg. 3 outlets were surveyed from each retail chain. Specific points for the survey are randomly selected. The authors believe that representatives of one retail chain have identical business processes [18]. Therefore, an increase in the sample will not lead to an increase in the accuracy of the results.

The online survey was conducted using Google service. The sample size was 197 people, 45% of whom are men and 55% are women, mostly living in St. Petersburg. The criterion for the selection of respondents was the age limit of 18 years.

3. Results

The following areas of the implementation of the concept of sustainable development are most relevant for food retail:
- the introduction of resource-saving, including energy-efficient technologies in the field of resource efficiency,
- the introduction of Zero Waste trade, the promotion of separate waste collection and recycling, competent disposal of hazardous waste in the field of pollution control,
- supporting environmentally responsible producers of organic products, fighting counterfeit products, promoting a healthy lifestyle in the area of quality of life,
- the formation of values of responsible consumption in the spread of sustainable development values.

The greatest clarity from the point of view of development perspectives is the direction in the field of
resource efficiency. For example, Ikea acquires wind power plants in France and Germany, which allows meeting its own electricity needs from renewable sources [5].

The introduction of the food embargo led to a sharp increase in prices, which caused consumer dissatisfaction and concern of Russian retail chains. The economic feasibility of introducing resource-saving technologies in order to reduce trade costs is no one in doubt.

Against the background of the aggravation of the problems of increasing the mass of garbage, especially a large proportion of plastic, and the complexity of its disposal, retail chains can make a significant contribution to the solution. In particular, minimize the generation of hazardous waste. Therefore, the conception of Zero Waste trade can be more widespread in Russia.

The growth in popularity of the trend is indicated by the dynamics of increasing content on this topic in social networks. Thus, according to February 2019, 2.2 million posts with the hashtag “#zerowaste” were published on Instagram social network; the number of posts increased by 18.2% to 2.6 million in April. The Russian-language hashtag “#nolothodov” is indicated in 17.6 thousand publications in February; the figure increased by 27.3% to 22.4 thousand in April.

In Russia, a number of retailers implement separate programs aimed at caring for the environment. These programs are also designed to increase customer loyalty and engage them in various environmental issues. However, in practice, the reality is significantly different from the declared principles. As part of the study, the authors conducted an audit of retail outlets in terms of their commitment to separate waste collection, facilitating the recycling of metal waste, used batteries and light bulbs. The results of the observation are presented in Table 1.

| №   | Estimation parameters                                      | Karusel | Auchan | Lenta |
|-----|------------------------------------------------------------|---------|--------|-------|
| 1   | The presence of boxes for separate waste collection in the store | no      | no     | no    |
| 2   | The presence of an in-store point of reception of waste batteries | no      | no     | yes   |
| 3   | The presence of an in-store point of reception metal waste  | no      | no     | no    |
| 4   | The presence of in-store collection points of used light bulbs | no      | no     | no    |
| 5   | The speed of detection of recycling boxes by consumers     | no      | no     | yes   |
| 6   | Ease of using boxes for recycling                          | no      | no     | yes   |

Comparing the obtained results during the observation with the data presented on the official websites of the retail chains, one can say that the environmental programs declared by the Karusel and Auchan hypermarkets do not correspond to the actual ones. During the observation, it was noted that the personnel of the retail chains were not always involved in the implementation of the environmental policy of the retailer. And if the employees of Auchan hypermarket received explanations about the termination of the implementation of projects for the collection of used batteries and light bulbs due to the enterprise’s lack of a license to conduct this activity, the Karusel hypermarket employees didn’t have such awareness.

Consumer survey showed the most promising areas of environmental activity of retail networks; more than half of respondents recommended retail chains to adhere to three main measures. In the first place in popularity, there are separate collection and delivery for recycling. According to consumers, retail should take on the issue of collecting recyclable materials (glass, paper, plastic, household appliances) and hazardous waste (batteries, fluorescent lamps, etc.). In second place in popularity, there is the fight against plastic bags through the implementation of reusable bags and bags of recycled materials. The third place occupies the installation of energy-saving equipment in the shopping spaces.
The implementation of the Zero Waste trading conception is currently facing difficulties. The main players in this market sector are the online stores Buy Right, Zero Waste Shop, Zeero and BioGradProduct. The first three online stores have developed channels of interaction with customers in social networks (such as VKontakte, Facebook, Instagram groups). Shops “Buy Right” and “Zero Waste Shop” also have permanent offline points (“Buy Right” - in St. Petersburg; “Zero Waste Shop” - in Moscow). Shop “Zeero” has an offline showroom, time visit of which needs to be approved. Data on assortment positions offered in the Zero Waste format are shown in Table 2.

Table 2. Comparison of the product range of online stores with the Zero Waste conception in Russia

| Product range             | Online store | Zeero | Zero Waste Shop | BioGradProduct |
|---------------------------|--------------|-------|-----------------|----------------|
| Eco bags and eco sacks    | +            | +     | +               | +              |
| Cleaning brushes          | -            | +     | +               | -              |
| Wax napkins              | -            | +     | +               | +              |
| Reusable tubes           | -            | +     | +               | +              |
| Cutlery                  | -            | +     | -               | -              |
| Bottles, thermoses, food containers | - | +     | +               | +              |
| Personal care products   | +            | +     | +               | +              |
| Intimate hygiene products| -            | +     | +               | +              |
| Care cosmetics           | -            | +     | +               | +              |
| Household chemicals      | -            | -     | +               | +              |
| Food                     | +            | -     | +               | -              |

An online consumer survey showed a fairly high interest in the concept of Zero Waste trading. More than half of the respondents are familiar with this phenomenon. The leading product group in the product range is reusable bottles and (or) food containers, then household goods, eco-bags, household chemicals. The least interest is the purchase of goods for personal hygiene and food. The leading motive for the purchase of goods in the format of Zero Waste trade is cost savings. Alternatively, options were considered: fashion, environmental care. The most important restrictions for consumers are the distance of retail outlets and/or their absence within the nearest metro stations. The format of online food trading is also unusual for consumers. There is also a misunderstanding regarding the organization of the process of buying food in its container in an online store. No more than 10% of respondents agreed to buy eco-products from an online store. Even respondents, who buy eco-products and pay attention to the presence of plastic and recyclability of packaging, would prefer the offline store for the most part, since in online purchases they encounter problems with delivery and mismatch in the description of the goods. Even fewer respondents agreed to completely abandon plastic, although 90% recognize its harm to the environment.

Another trend in the food retail sector is related to the popularity of healthy eating. McKinsey & Company expert group on consumer goods has made a rating of trends in the sector of consumer goods until 2020. Along with the demographic shift and the active use of digital technologies in the selection and purchase of goods and services, the leading position of the seven main trends in demand is taken by the environmental awareness of consumers and the popularity of healthy lifestyle [6, pp. 8-14].

Deloitte Company’s research showed similar results. Traditional criteria of consumer choice in the food market - price, taste and quality - are now complemented by a new group of criteria - health & wellness, safety and transparency (consumers want to know exactly what they consume) [7].

The market for organic products is one of the fastest growing in the world. From 2000 to 2017, it has grown more than five times (from 18 to 90 billion dollars).

According to Grand View Research, in 2019 - 2020 the market will continue to grow at a rate of 15–16% per year and reach about 212 billion dollars in 2020–2022. The market volume of organic products is
planned to range from 15 to 20% of the global market for agricultural products by 2025. [8, pp. 200-205].

The Russian market, following the markets of other countries, is beginning an active movement towards new consumer needs. According to a global Nielsen study, 67% of consumers in Russia actively monitor their diets to prevent various diseases, and 39% of respondents limit the amount of sugar and fat in their diets. Changing dietary habits has a direct impact on consumer behavior. So, 74% of Russians carefully study the composition of food and beverages before purchasing them. At the same time, about 70% of Russians declare their readiness to pay more for products that do not contain undesirable elements [9, pp. 96-109].

The most significant sales channel for organic products in the Russian Federation are supermarkets, whose share in the overall structure is more than 50%. Organic specialty stores are also popular - their share reaches 20-25%. Promising centers of trade in organic products are Moscow and St. Petersburg, they currently account for more than 70% of sales (approximately 70% of which are Moscow, 30% are St. Petersburg) [10, pp. 2110-2117].

The results of the study show that consumers are ready to support trade in environmental goods, subject to the satisfaction of their interests [11, pp. 1234-1242]. Therefore, customer satisfaction with the work of food retail is an important component of its competitive advantage. The content analysis survey examined retailers in St. Petersburg who positioned themselves as selling natural products (VkusVill, Compass Health, Azbuka Health), and also as vegan and vegetarian food stores.

Among the factors that had an impact on the Russian market of vegan products and, in particular, on the market of St. Petersburg, the global trend was most strongly influenced by the growing importance of environmental factors for both the individual and society as a whole, which is confirmed by the constantly increasing motivation to the consumption of vegetables and fruits, milk produced in safe areas and not containing chemical additives, hormones, antibiotics and pesticides, that is, are environmentally friendly.

According to Rusbase Publishers [12], the Russian market for specialized products for vegans was estimated at 80-100 million rubles by manufacturers in 2017. At the same time, there is a general trend, both for the Russian market of vegan products, and for the St. Petersburg market, of its annual growth by 30%, which is mainly due to the emergence of new companies, rather than expansion of production to existing ones. In St. Petersburg, as in Russia as a whole, mostly small companies operate, there are few medium-sized companies and no large players at all because of a limited audience (in the city, according to various estimates, there are about 4-5 thousand vegans).

In St. Petersburg, there are about 15 specialized stores; "ADI", "Veganika", "Jagannat", "B12 Vegan shop", "Barbaris" were taken for the study of reviews.

The results of the evaluation of customer satisfaction are presented in Table 3.

| Attributes                   | VkusVill | Compass Health | Azbuka Health | ADI | Veganika | B12 Vegan shop | Jagannat | Barbaris |
|------------------------------|----------|----------------|---------------|-----|----------|----------------|----------|----------|
| Prices                       | 1.73     | 1.67           | 1.45          | 2.51| 1.29     | 2.00           | 1.13     | 2.93     |
| Location                     | 2.33     | 2.37           | 2.31          | 1.4 | 2.98     | 2.64           | 2.51     | 1.86     |
| Quality of goods             | 2.65     | 2.23           | 2.23          | 1.69| 1.97     | 2.10           | 2.97     | 1.26     |
| Breadth of the product range | 2.14     | 2.22           | 2.17          | 1.45| 2.85     | 2.55           | 2.47     | 1.33     |
| Service level                | 2.47     | 2.31           | 2.10          | 2.3 | 2.06     | 2.84           | 1.38     | 1.97     |
| TOTAL                        | 11.32    | 10.8           | 10.26         | 9.35| 11.15    | 12.13          | 10.46    | 9.35     |

The Vkusvill store has the highest total score, reflecting the level of satisfaction with the work of grocery
retail, and the smallest — ADI and Barbaris stores. Customers are most satisfied with the quality of goods in the stores “Vkusvill” and “Jagannat”, the location of the stores “Veganika”, “Compass Health” and “Azbuka Health”, prices in the stores “Barbaris” and “ADI” and the level of service in the store “B12 Vegan shop”.

4. Conclusions

Based on the conducted marketing research, the following conclusions can be drawn:

Modern society is not ready for the full implementation of Zero Waste trading, primarily because of the contradiction between safety and waste-free consumption. A sensible solution, which has already begun to be introduced by some Russian retailers, may be to encourage consumers to use their own packaging.

In addition, retailers need to increase awareness of such environmental initiatives by posting information not only on online resources, but also at points of sale.

At the same time, since the digital environment is a driver to increase customer awareness and increase the popularity of the trend [13], the presence of an online store on social networks plays an important role in allowing interacting with potential buyers on a personal level, which increases trust in the seller and product. The social network Instagram is most suitable for the implementation of these goals, because there is a greater number of blogs focused on relevant topics and an active target audience.

Consumer’s eco-products stores are still considered something exotic; therefore the presence of original products in the range that is few in the Russian market gives a competitive advantage.

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