

THREATS AND OPPORTUNITIES FOR RURAL RETAIL IN THE CONDITIONS OF DUNAJSKA STREDA DISTRICT¹

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Hrozby a príležitosti vidieckeho maloobchodu v podmienkach okresu Dunajská Streda

Abstract: *The paper focuses on opportunities and threats for rural retail in the Dunajska Streda District. The District of Dunajska Streda is located in Trnava Region and it belongs to Danube Region and also to gravitational area of the city of Bratislava. The aim of this paper is to highlight the threats that are perceived by both retail sales professionals and consumers who represent buyers for the farmers' markets in the District of Dunajska Streda. The theoretical part of the article mainly uses the scientific method of analysis and induction to formulate conclusions. The practical part of the paper is a questionnaire survey among consumers in the District of Dunajska Streda. The main conclusions of this paper are evaluations of the shortcomings of farm markets on the basis of consumer surveys and at the same time this paper provides an overview of identified opportunities and threats in accordance with the European Union's rural development programs.*

Keywords: *Rural retail, district of Dunajska Streda, opportunities, threats*

JEL Classification : M 31, O 18, R 00

Introduction

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Considering the transformation and changes within rural retail, consumer interest in the development of rural retail is growing. The most widespread forms of alternative food networks for rural retail in Slovakia include local or farmer markets. For many farmers, income from farm and local markets is currently representing alternative distribution channels, which only provide additional income for them. The problems encountered by retailers in rural conditions are not easy to remove and it is therefore important to identify specific problems for the recognition of the macro-environment of rural retail in Slovakia. Properly developed SWOT analysis can help both future and current farmers to improve their competitiveness. Clark, P., Martinez, L. [1], Chamberlin, J., Ricker-Gilbert, J. [3] are concerned within their works with examining the farmers' markets as alternative distribution channels. In some cases, new markets or improvements to existing markets in rural areas can help overcome many of the economic challenges and threats currently faced by farmers. The volatility of prices and the spatial distribution of rural retail as a threat to its development have been addressed by authors such as Kaminski, J., Christiaensen, L., Gilbert, CL. [5], Smith, VH. [7]. Similar issues are dealt with by Xiao, L., He, Z., Wang, Y., Guo, Q. [8], Liu, J., Liu, Y., Yan, M. [6].

The paper focuses on the identification of threats by both professionals and consumers that hinder the development of rural retail and on the identification of opportunities that farmers and small food producers can use for their own development.

1 Opportunities for Rural Retail

The Rural Development Programme 2014 – 2020 has been developed in close cooperation with rural development programs established by the European Union in order to take advantage of the offered rural development opportunities in Slovakia. Based on this Program, six priorities have been identified:

- *Priority no. 1* Knowledge transfer in agriculture and forestry
- *Priority no. 2* Competitiveness of agriculture, vitality of farms
- *Priority no. 3* Organization of the food chain, risk management in agriculture
- *Priority no. 4* Preservation of ecosystems dependent on agriculture and forestry
- *Priority no. 5* Effectiveness of resources
- *Priority no. 6* Creation of job positions and development of rural areas. [10]

Table 1 shows detailed opportunities for rural retail sales in the conditions of the Slovak Republic and in compliance with the European Union regulations.

Table 1

Rural Development Opportunities 2014 – 2020

<i>Socio-economic situation in rural areas</i>
the implementation of cooperative projects will enhance the contribution of agricultural research, improve the cooperation of the VVZ with the practice and increase the level of innovation
The development of an agricultural advisory system and streamlining the transfer of knowledge and skills between research and production sphere
improving the planning, coordination and quality of lifelong learning that will respond flexibly to the needs of employers in agriculture and rural areas
wider rural business development within non-farmers which will provide new jobs for unemployed and especially young people, thereby boosting economic growth
improving the quality of life and attractiveness of the countryside through the renovation and modernization of technical and social infrastructure
increased tourist inflows into the countryside and growing demand for accompanying services within agrotourism and recreation
development of cross-border and transnational cooperation
development of electronic services in rural areas
<i>Sector section</i>
the growth potential of selected food trade unions
making production more efficient using technological advances, specializations, spatial deployment of production and efficient use of irrigation,
promoting the consolidation of agriculture through vertical integration
an increase in the share of domestic production with higher value added and a higher form of processing
the development of direct sales within local and regional farmer markets coupled with smaller domestic producers and processors
greater diversification of the activities of agricultural and forestry entities
reducing agricultural losses through the use of risk management tools
development of the land market, availability of land to young farmers
<i>Environment and climate</i>
more effective support and protection of biodiversity
better protection of water resources from pollution coming from agriculture
more effective protection of soil from degradation
improving prevention systems and reducing the negative impacts of natural disasters
an increase in the production of biomass and other RES from agriculture and forestry and their use for energy and heat generation, higher rates of waste utilization for energy production

Source: [9].

2 Threats to Rural Retail

The persistent threats of rural retailing are the stagnant population of the countryside and the prevalence of the aging population. The District of Dunajská Streda is a very interesting and rich region in terms of exploring its development, offering retail networks and developing the real estate market, as the development of small retailers depends largely on it. The development of the real estate market is closely linked, even nowadays, to the often-mentioned phenomenon – gentrification, which affects not only the development of real estate market prices, but also the development of retailers and the development of many municipalities. The concept of gentrification originated in the 1960s and names in general the modernization of housing in certain parts of the city and also the overall characteristics of the neighbourhood due to the inflow of investments [11]. Given the adverse effects of gentrification and the impact of the old population in this region, it is necessary to point out and deal with the following phenomena:

- There is a lack of health care in small villages.
- Insufficient access to healthy food in small villages
- The population buys the food in satellite cities where it is cheaper and more affordable.
- Insufficient living conditions for the elderly
- Slow development of retail.

Other significant threats to rural retailing based on the Rural Development Programme can be found in Table 2.

Table 2

Threats to rural development 2014 – 2020

<i>Socio-economic situation in rural areas</i>
Stagnant number of population and rural entrepreneurs, prevalence of the aging population, the unemployed and other disadvantaged rural groups and their low purchasing power
depopulation and marginalization of rural areas, young people moving to larger cities or foreign countries
the adverse impact of economic stagnation on rural employment, especially for young people and the low-skilled workers
lagging behind in the availability of broadband connectivity in rural areas and a negative impact on the spread of new information and services
<i>Sector section</i>
Not using the identified opportunities and the ineffective implementation of some RDP measures
a non-production support system insufficiently encourages primary producers to look for new ways of intensifying and improving production

business chain interests and pressure on manufacturers' sales prices lead to a decline in profitability and jeopardize self-financing of enterprise modernization
a decline in production due to a low level of utilization of factors of production, a drop in added value, a lack of innovation and investment in equipment and the workforce, the viability of enterprises may deteriorate
insufficient infrastructure for irrigation, reduction of yields and shortage of forage/grazing
the threat of a state's lack of funds to pay compensation for damage caused by natural disasters
Continuing of seizure of high-quality agricultural land for the construction of industrial, residential and transport infrastructure
high volatility in agricultural commodity prices, high competition from cheaper imports (commodities, especially meat) from the EU and from third countries
ownership of decisive capacities of the food industry by foreign owners who provide research and development in their parent country
<i>Environment and climate</i>
climate change will be reflected sooner or on a larger scale than assumed; insufficient water capacity and flood protection of the area will cause damage to habitats by floods or droughts
continued decline in biodiversity and degradation of agricultural land associated with reducing fertility
inadequate interest of farmers and forestry entities in maintaining Natura 2000 area without adequate compensation
insufficient renewal and care of forests, calamities, widespread pests and overall worsening of the health status of forest ecosystems, the creation of veldts and consequently a decrease in sequestration and growth of wood mass
Insufficient interest of farmers and foresters in measures to promote greenhouse gas emission reduction and carbon sequestration

Source: [9].

2.1. Overview of rural retail in the District of Dunajská Streda

The District of Dunajská Streda is located in the Trnava region, belongs to the Danube Region and falls into the gravitational area of the city of Bratislava (Dunajská Streda District Information Database, [4]). The District of Dunajská Streda represents an area of 1074,59 km². There are 67 municipalities in the District of Dunajská Streda, including four towns (Dunajská Streda, Veľký Meder, Šamorín, and Gabčíkovo) and 63 villages. The population on 31st of December 2016 was 120,085 people and the average occupation is 111 inhabitants per km² (DATA cube: Age groups – SR, regions, districts, towns, rural areas. [2], 2017). Based on statistical office data, it is clear that the population of the District of Dunajská Streda has been growing in the last five years and is the eighth most populous region in Slovakia.

Tables 1 and 2 define selected opportunities and threats to rural areas that have been identified within identifying the needs of rural areas to ensure their development. These opportunities and threats are defined for the entire territory of the Slovak Republic, which also includes the District of Dunajská Streda. This district is a transit region where there is present a flow of people travelling to work or school. Many of them travel to Bratislava but also to other big or smaller towns in the region.

Table 3

Development of the population in the district of Dunajská Streda

Year	2010	2011	2012	2013	2014	2015	2016
Population	118330	116538	117133,5	117643	118191,5	118902,5	120085

Source: [2].

3 Methodology

The paper combines a number of methodological approaches to achieve its main aim. The theoretical part of the article mainly uses an analysis that divides the issue into individual subtle phenomena. Subsequently, the synthesized conclusions were formulated, which, by means of induction, were generalized to the final conclusions of the paper. The practical part of the paper consists of a consumer survey in the form of personal inquiry in the district of Dunajská Streda. The survey was conducted in 4 towns of Dunajská Streda district – Dunajská Streda, Šamorín, Veľký Meder, and Gabčíkovo. The consumer survey lasted from 09/2017 to 11/2017. The survey was attended by 435 respondents. Questionnaire research was used to answer the research question:

- Research question no. 1: *Do the consumers of the rural retail sector of Dunajská Streda district perceive its threats?*
- Research question no. 2: *Consumers who consider the farmers' markets necessary for development of the region prefer to buy in such markets.*

Spearman's correlation coefficient, correlation coefficient, and frequency tables were used to verify the hypotheses. The Microsoft Excel and SPSS programs were used to process the results.

4 Results and Discussion

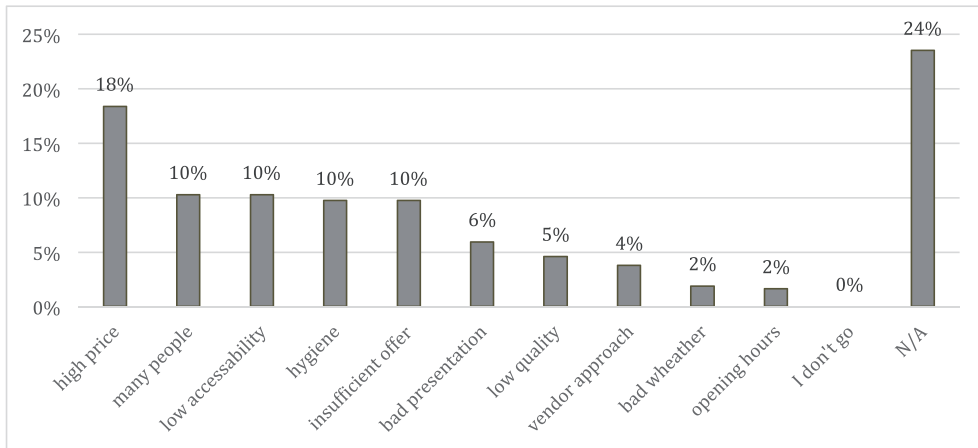
Farmers and small-scale food producers, as mentioned above, are confronted with various problems that adversely affect their trade. Therefore, the article also focuses on consumer insight and provides the looks at the weaknesses stated by the consumers of farm markets in the Dunajska Streda district.

Answer to the first scientific question: *Do the consumers of the rural retail sector of Dunajska Streda district perceive its threats?*

Based on the questionnaire survey, the following threats to rural retail were identified from the point of view of consumers in the Dunajska Streda district (the answers are based on consumer surveys).

Graph 1

Reasons for consumer dissatisfaction with farmers' markets in the District of Dunajska Streda



Source: Own research and own processing of the results.

The largest group is high price, where as many as 20% of consumers said that they perceived high price as the greatest threat associated with rural retail or the farmers' market. Up to 21% of respondents did not answer the question. Another factor that is disturbing to consumers is the fact that there are many people in the markets (11%). Insufficient offer, poor accessibility and hygiene represent 10%. Among other things, the seller's attitude (4%), poor weather (2%) and opening hours (2%) were included.

Table 4

Descriptive statistics

<i>Descriptive statistics</i>	
Mean	6,204597701
Standard Error	0,15695455
Median	7
Mode	8
Standard Deviation	3,273546677
Sample Variance	10,71610784
Count	435

Source: Own processing.

The most common view of dissatisfaction is the undefined reason that does not allow the identification of to-be-removed problems.

The answer to the second research question: *Consumers who consider the farmers' markets necessary for development of the region prefer to buy on these markets.*

The second research question was verified by the correlation coefficient and Spearman's correlation coefficient. In both cases, H1 and H0 were determined.

H0: Recognizing the farmers' markets necessary for development of the region is unrelated to the preference of buying on the farmers' markets.

H1: Recognizing the farmers' markets necessary for development of the region is related to the preference of buying on the farmers' markets.

Table 5

Calculation of correlation coefficient

		I prefer to buy food on the farmer's market.	Farming markets are needed for the development of the region.
I prefer to buy food on the farmer's market.	Pearson Correlation	1,000	0,221
	Sig. (2 - tailed)		0,000
	N	435	435

Farming markets are needed for the development of the region.	Pearson Correlation	0,221	1,000
	Sig. (2 - tailed)	0	
	N	435	435

Source: Own processing.

Table 6

Calculation of Spearman's correlation coefficient

Spearman's rho		<i>I prefer to buy food on the farmer's market.</i>	<i>Farming markets are needed for the development of the region.</i>
<i>I prefer to buy food on the farmer's market.</i>	Correlation Coefficient	1,000	0,238
	Sig. (2 - tailed)		0,000
	N	435	435
<i>Farming markets are needed for the development of the region.</i>	Correlation Coefficient	0,238	1,000
	Sig. (2 - tailed)	0,000	
	N	435	435

Source: Own processing.

Both Spearman's and correlation coefficient acquires similar values. Spearman's correlation coefficient is 0.238 and the correlation coefficient is 0.221. The significance of both calculated coefficients is confirmed by the calculated p-value. Based on the p-value, we reject H₀ and accept H₁. Thus, we state that research question 2 has been confirmed, that is, considering that the farmers' markets necessary for the development of the region are related to the preference of buying on the farmers' markets. This means that consumers who like to buy on the farmers' markets also consider them necessary for the development of the region, and farmers and small food producers should use this fact for their expansion and improvement. It is clear from the first research question that consumers also see and identify certain threats that are associated with the farmers' markets. Therefore, it is necessary for farmers or

small food producers to avoid identified problems such as, for example, mess on the market or hygiene. It is more difficult to eliminate or reduce the high price that is typical of the farmers' markets due to the way they are transported and the production in limited quantities, so it is better to focus on eliminating those problems which can be eliminated with no major interference. On the other hand, consumers who often buy on the farmers' markets see their importance in the development of the region and consider them needed.

Conclusion

Despite the problems faced by farmers and small producers, it is clear that farmers' markets are needed not only for the development of the region. After tackling the issues raised in the paper, farmers and small food producers have the potential for greater expansion of the farmers' markets in their region. In order to make revenue from alternative distribution channels, such as farm or local markets, recognized among the main revenues, it is necessary to incorporate improvements in the area of image of the farmers' markets. Improving the image of farmers' markets in terms of removing impurities, whether on the market or on products offered, is easy to change and is highly appreciated by consumers. Considering the growing trend among consumers, which is the preference of healthy food produced without pesticides and of known origin, it is necessary to improve their image so that consumers are willing to come back. Farmers' markets, in addition to alternative incomes, also represent a way of developing the region in several aspects. Consumers who prefer farmers' markets to other types of healthy food purchases also confirm their importance in the development of the region.

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