CONSUMER SURVEY REPORT

2019

Learnings from the food decision makers

by: LYDIA THYRUS
SUBODH KUMAR CHAUDHARY

SPIRAL FARM HOUSE
Aginsair Krishnasawaran RM-06,
Nayabasti, Basantapur, Saptari,
Province No. 2, Nepal
www.spiralfarmhouse.com.np

CONSUMER SURVEY REPORT:

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Written By
Lydia Thyrus
Subodh Kumar Chaudhary

Designed By
Subodh Kumar Chaudhary

Human Resource Support
RDEN
AKS RM Ward No. 1, Jandaul

Technical & Financial Support
Open Team
Paris, France

Message from the CEO

Spiral Farm House develops a training program that enables Nepalese farmers to learn sustainable farming practices and how to develop an economic activity through the sales of organic food products with the support of Open Team. In order to find out about purchasing habits and the level of knowledge about organic within the local population, we conducted a survey targeted to the food decision-makers in the rural municipality of Aginsair Krishna Sawaran.

I would like to thank the Open Team of France for their technical and financial support, and RDEN of AKS RM for their human resource support to do the HHs survey and data entry to accomplish this survey. I would like to thank Ms Lydia and Mr Subodh for their invaluable time and effort to prepare this report. Many thanks to Mr Subodh for his creativity to make this report colourful and beautiful.

Our work would not be possible without your incredible support.

Thank you.

Sudarshan Chaudhary
Founder and CEO
Spiral Farm House

Content

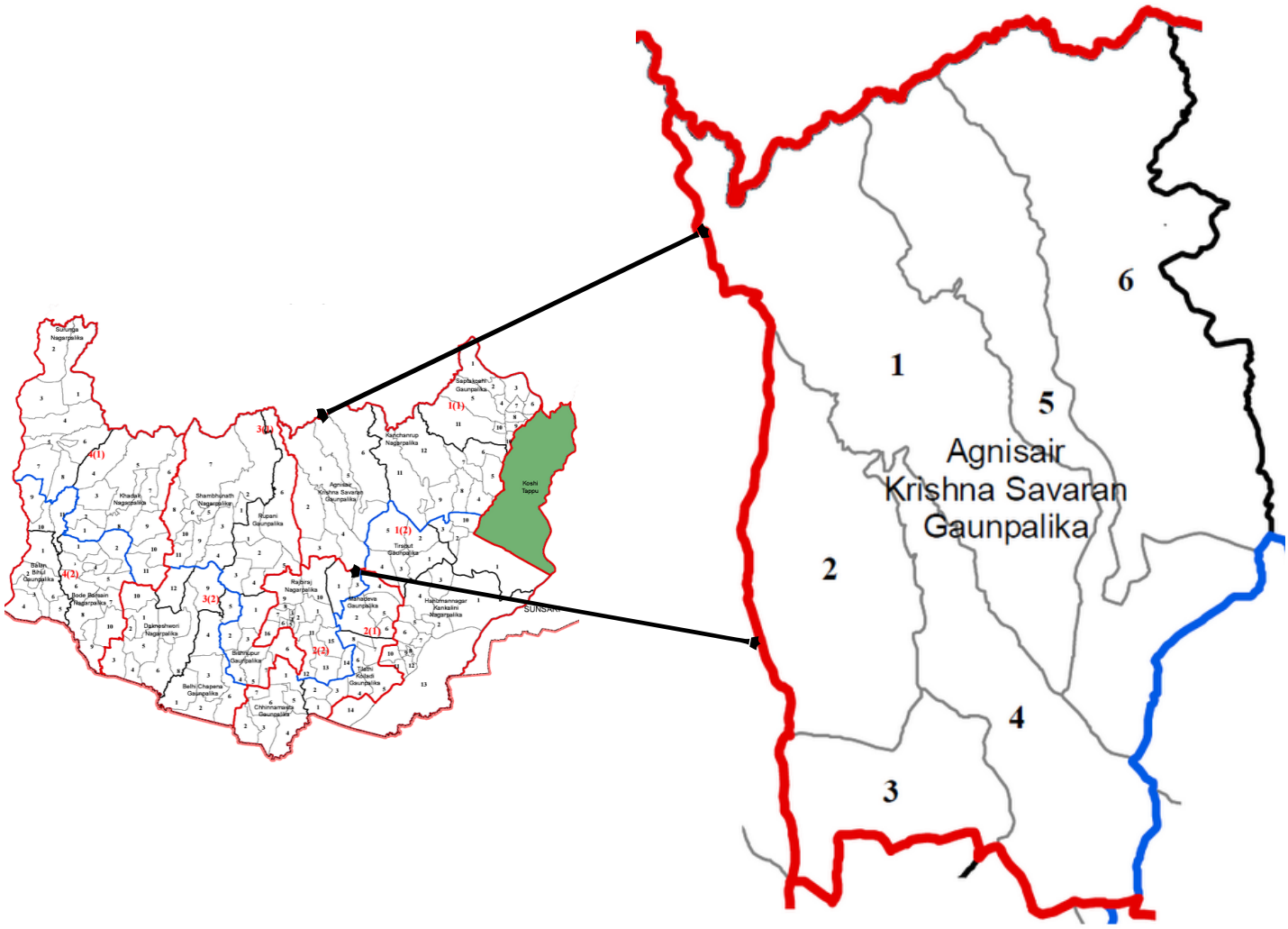
Acronyms

AKS	Aginsair Krishna Savaran
CEO	Chief Executive Officer
RDEN	Rural Development Effort Nepal
RM	Rural Municipality

The Scope

In Nepal, there are 7 provinces composed of 77 districts. There are 8 districts in Province No. 2, Saptari is one of them. There are 9 Municipalities and 9 Rural Municipalities in Saptari district and Aginsair Krishna Savaran Rural Municipality is also one of them. Aginsaer Krishna Sawaran Rural Municipality includes 6 wards. Aginsaer Krishna Sawaran Rural Municipality includes 4.2% of the total population of Saptari. Approximately 80% of the total population of Aginsaer Krishna Sawaran Rural Municipality are farmers (See Aginsaer Krishna Sawaran Rural Municipality Profile [1]). The survey was conducted in 537 households, so 9.1% of Aginsaer Krishna Sawaran Rural Municipality was represented according to the proportion of ward and caste (see Methodology part at the end for more details).

Figure 1 : Map of Aginsair Krishna Savaran Rural Municipality



[1] http://agnisairkrishnasawaranmun.gov.np/sites/krishnasawaranmun.gov.np/files/Agnisyar%20profile%20Final%20latest%281%29.pdf

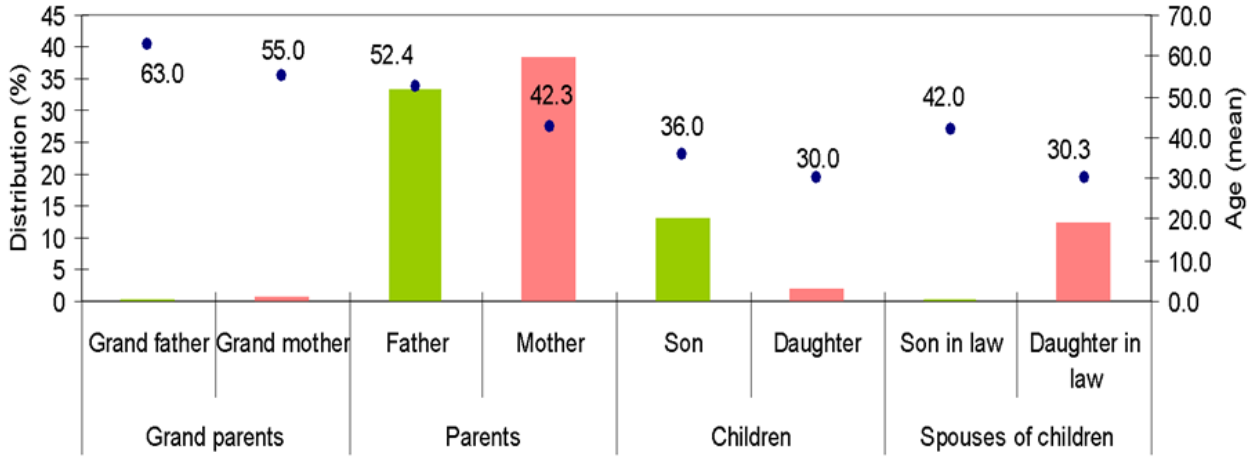
Part 1: Understanding The Purchasing Habits

Food purchases are made by parents

In Nepal, most families dedicate the responsibility for food shopping to a specific person in the family, which comprises generally up to three generations. According to the results of our study, the purchase responsibility is a task mainly dedicated to parents (71.7% of cases), rather evenly distributed between mothers (38.4%) and fathers (33.3%) (Figure 2). Women play multiple roles within the household but also outside: they cook food and do household work, participate in agriculture or stay in house idle or do some other work depending on the needs and requirements of the family. In rural areas, men usually go to the market to buy food while in towns or small market areas women go to the market or store to buy food products.

In addition, we note that daughters-in-law and sons of the household (respectively 12.3% and 12.1%) are in charge of food purchase rather than daughters (1.7%), as they are married to the sons of the other family where they become daughter in law and take the responsibility as a mother.

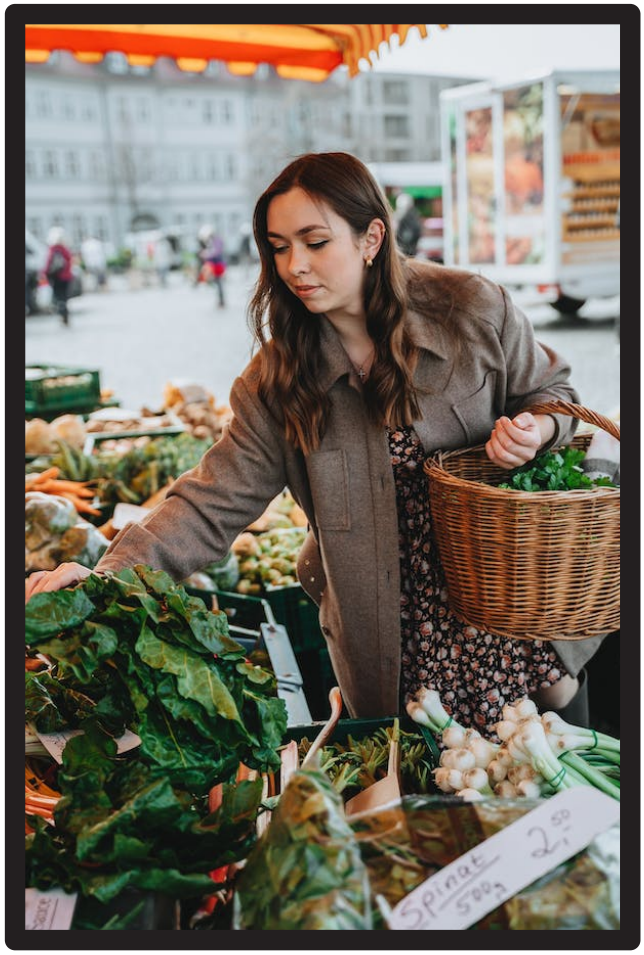
Figure 2 : Food decision makers distribution by occupation status



Scope: Food decision maker of Aginsair Krishna Savaran Rural Municipality
Source: Open team survey – March 2019

The inhabitants of Aginsair Krishna Sawaran obtain their supplies mainly from the local market and their own gardens

Food purchases are mainly made at the local market (83%), from their own farm/plot (75.8%) and more occasionally in stores (27.2%) and from their farming neighbors (13.8%). Considering the developing infrastructure, stores could have great potential in the distribution of trustworthy organic produce, as the common outdoor markets, hat bazaars, are accessible to all and any producer without regulation.



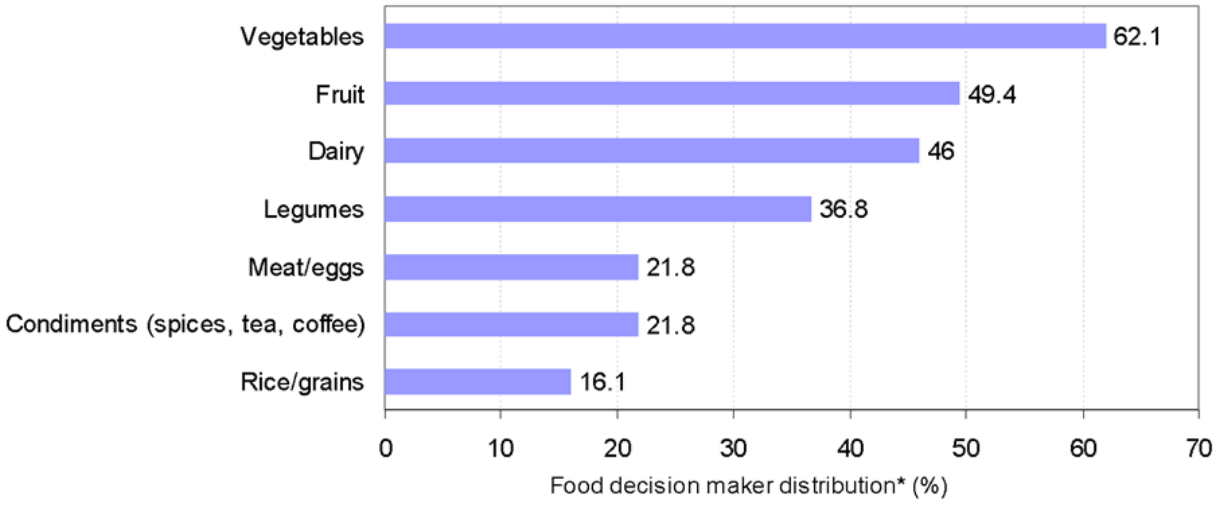
Health is the most frequently cited criterion for food choices (63.6% of respondents), followed by taste (44.5%), quality (42.4%), price (33.5%) and origin (14.6%). For Nepalese, old traditions and ancient knowledge of health are still strongly practiced in the way of life, bringing the health aspect as no surprise. Surprisingly, the minor importance of the origin of the food brings up a paradox, as the knowledge of the origins should play a major role in the trustworthiness for healthy food.

16.2% of food decision-makers buy organic products, especially vegetables and fruit

Nearly one in six people buy organic products which they declare that they know are organic products. 3.9% of them report consuming it daily; 3.2% regularly and 9.1% occasionally. In comparison, in France, nearly 9 out of 10 French people consume organic food products, 12% of them daily (Agence BIO).

Amongst people who know that the food bought* is organic, 54% of them buy vegetables followed by fruit (43%); milk (40%) and legumes (i.e. beans) (32%) (Figure 3).

Figure 3 : Proportion of food decision makers who say they buy organic products, by type of consumer goods



*Note: Given the small sample size (16.2% which is 87 people), the results should be interpreted with caution and are subject to change depending on the sample size.
Scope: Amongst people who answered they buy organic food (daily, regularly, occasionally), so 16.2%.
Source: Open team survey – March 2019

Part 2: The Challenges We Will Face

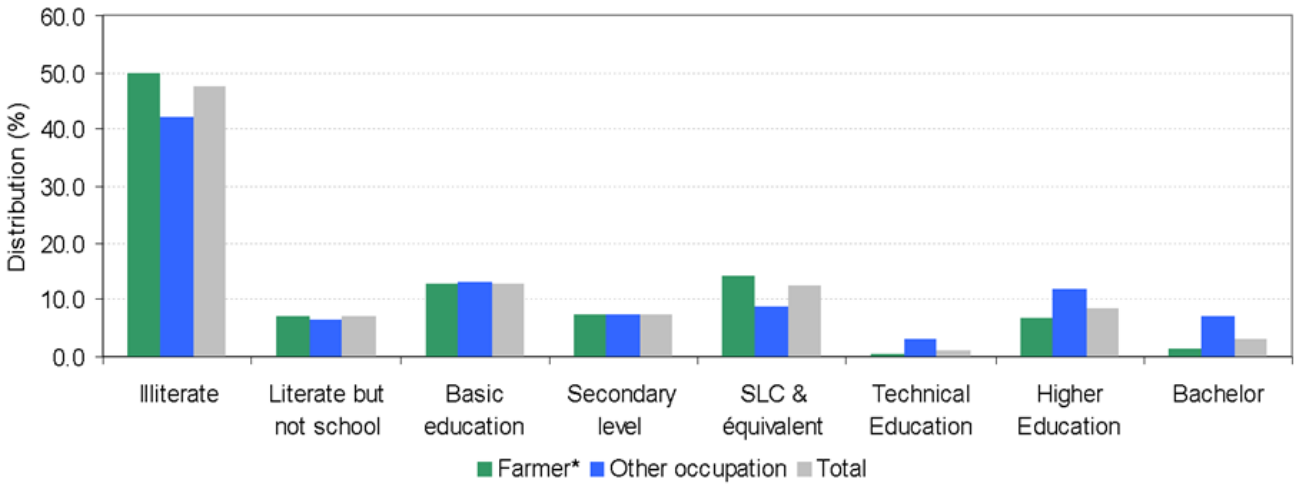
Adapt our distribution media

According to the survey results, nearly half of food decision-makers are illiterate (47.5%), 6.9% are literate but have not been to school and only 12.3% have a higher education level (Figure 4). In comparison, the illiteracy rate is 34.1% in Saptari as in the rest of Nepal (Census Info Nepal, 2011).

Therefore, if we want to make the local population aware of the consequences of conventional agriculture and change their purchasing habits to a consumption that is more respectful of the environment and mankind, the awareness campaign we want to conduct will have to be carried out with easily understandable educational materials.

As word-of-mouth information is most trusted and used amongst the population, according to the surveyed, spoken campaigns to villages could work as a great information channel. Also, a dedicated selling point of organic produce could work as an information center for organic awareness contributor. Both methods require the campaigners to be fully trained on organic food.

Figure 4 : Food decision makers distribution by the level of education



* The Farmer category includes people working in agriculture as Dairy farmer,Farmer, Farmer with livestock .
Scope: Food decision maker of Aginsair Krishna Sawaran municipality excluding respondents who did not declare their occupation status
Source: Open team survey – March 2019

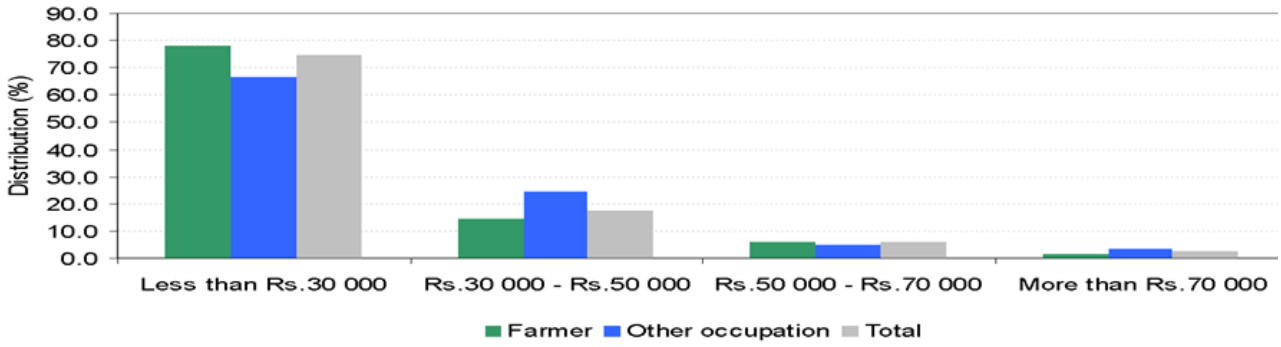
Similarly, given that half of the food decision-maker farmers are illiterate (Figure 3), this suggests that it will be necessary to offer adequate training materials (practical workshops, training booklets with visual explanations...) if we want to guarantee the assimilation of learning and learners' investment in the long term. However, it should be noted that 14.2% of food decision-maker farmers have an SLC & equivalent level.

Offer training at an affordable cost

74.5% of respondents reported having a monthly income of less than Rs. 30,000 (300$) from all family members(Figure 5). As a reference, 40% of the total population lies below the poverty line in Saptari and per capita income of Nepal is around $1100.

In order to succeed in getting farmers to change their farming practices, organic farming has to been seen also financially attractive opportunity. As the investment rates in Nepalese agriculture are lagging due to high-interest rates (7-18%), we will have to think of an affordable financing system for the necessary investments, like irrigation. The farmers wishing to switch to organic farming could benefit from zero interest loans, that would allow them to develop the practices to modern, productive and sustainable also financially, not forgetting to acquire a training to develop their knowledge and skills.

Figure 5 : Food decision makers' distribution by monthly income in the household and type of occupation



Scope: Food decision maker of Aginsair Krishna Sarwan municipality excluding non-response regarding income and occupation
Source: Open team survey – March 2019

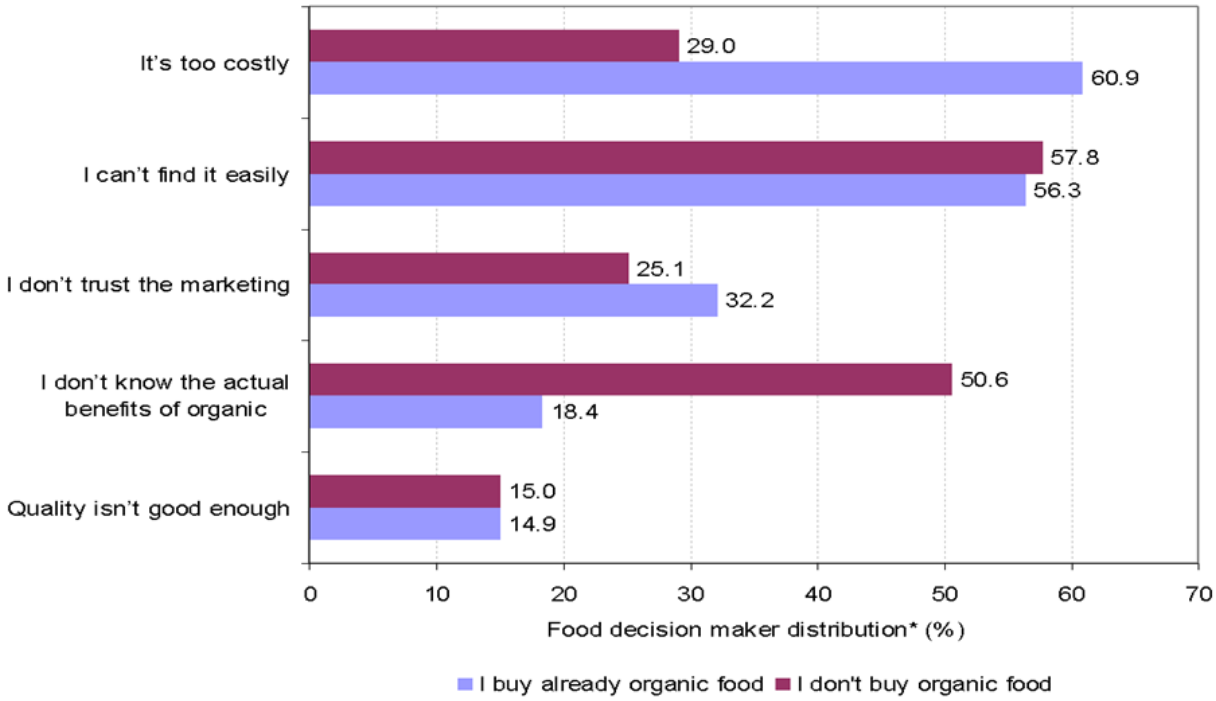
Offer training at an affordable cost

For consumers to change their buying habits, we will need to carry out a cost/benefit analysis of the agricultural economic model to determine a fair selling price that is profitable for farmers and affordable for consumers. This would allow :

- farmers to move from subsistence farming to profitable production
- consumers to access healthy produce

The survey reveals that among organic buyers, price is the main factor stated as not allowing them to buy more (60.9%) (Figure 5). In addition, 60.9% of them are willing to pay 10% more for organic products.

Figure 6: What prevents you from opting for organic foods and products?



*Amongst those who declare to buy (16,2%) and don't buy organic food (80.2% without distinguishing whether they know if the products are organic or not) excluding no-response. Given the small sample size, the results should be interpreted with caution and are subject to change depending on the sample size.
Scope: Food decision maker of Aginsair Krishna Sarawan municipality
Source: Open team survey – March 2019

Penetration of Internet and Digital Literacy

Only 6.4% of respondents used the Internet to obtain information on organic food (Figure 7). Indeed, the Internet is not a widely used tool. 21.4% of Nepalese use the Internet (World Bank, 2017) whereas of internet penetration is 63% (Nepal Telecom Authority).

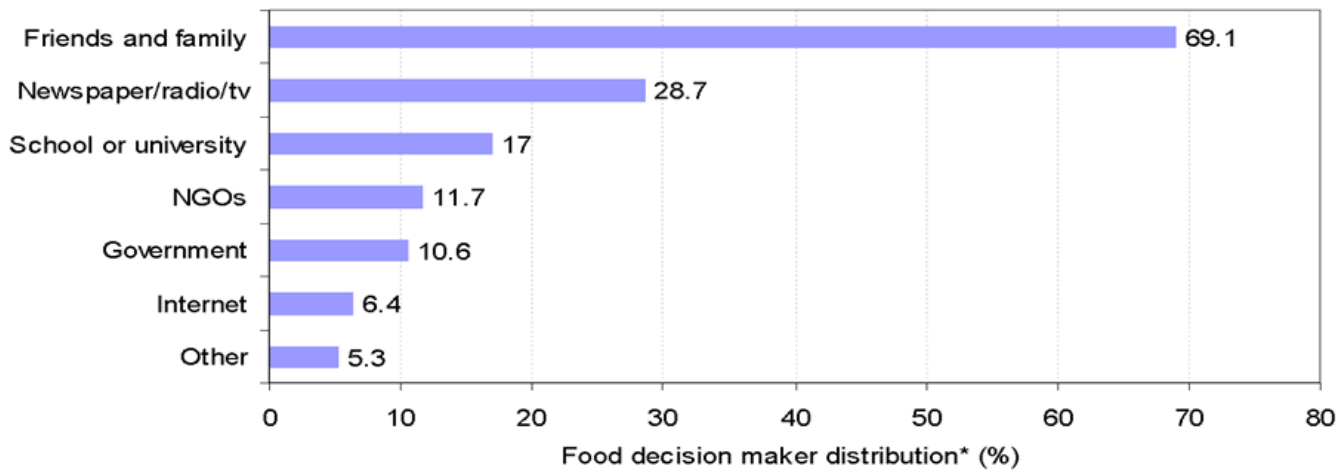
Although the penetration and accessibility of mobile phones are high in Saptari, the use of the internet is less in rural area due to illiteracy, lack of information about the benefits of the internet, lack of wifi services especially in the rural areas and the high price of mobile data.

Most of the grandparents and parents don't have access to smartphones and free internet service and also because most of them are illiterate. Moreover, the youth use the internet for leisure purposes, rather than informative searches.

This confirms, with the illiteracy rate, the need for agricultural experts or technicians to support the farmers with technical information and economic recording assistance onsite.

In addition, the training we offer from farmers to farmers is in its best interest since in most cases the transmission of information is mainly through the physical network (69.1% of respondents stated that they have obtained information about organic food via family or friends). In doing so, we strengthen the links between farmers and guarantee that the information will be returned via peer-to-peer training.

Figure 7: Where have you obtained your knowledge of organic?



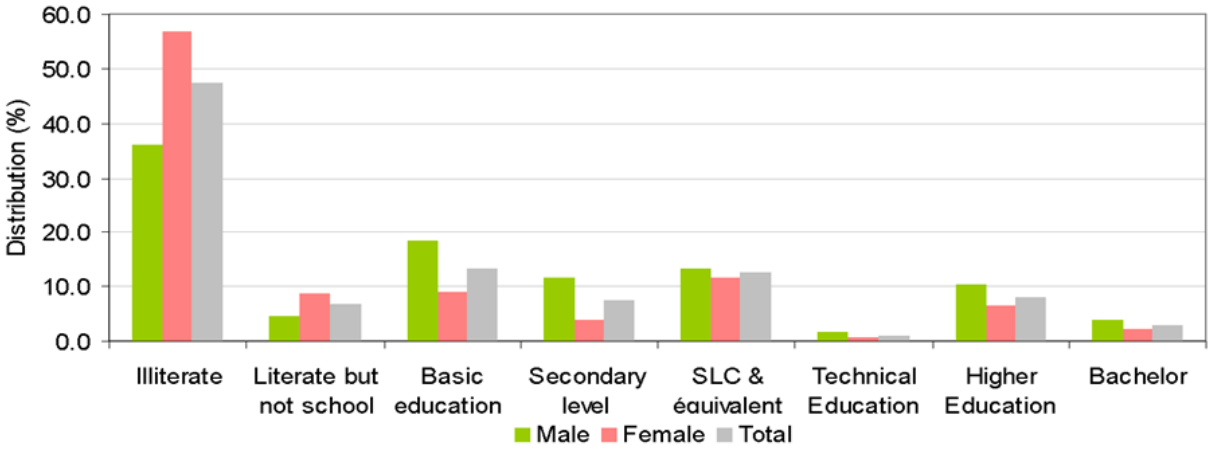
*Amongst those who responded yes I know or yes I ever heard about organic (17%). Given the small number of staff, the results should be interpreted with caution and are subject to change depending on the sample size
Scope: Food decision maker of Aginsair Krishna Sarawan municipality
Source: Open team survey – March 2019

Part 3: What Makes Our Project Legitimate

Empower Women with our Sustainable Agriculture training

In Nepal where around two-thirds of the active population is involved in agriculture (Agriculture Sector Profile, Government Of Nepal Office of the Investment Board), the maximum share of agricultural activities are carried out by women, especially rural women. They play therefore a key role in Nepal's economic activity. However, 56.8% of them are illiterate (compared to 41.3% for men – Figure 8). By developing their education in this way, particularly through the training offered by Open Team, they would be able to raise their level of competence and contribute to the improvement of Nepal's economic situation.

Figure 8: Food decision makers distribution by level of education and gender



Scope: Food decision maker of Aginsair Krishna Sarawan municipality
Source: Open team survey – March 2019

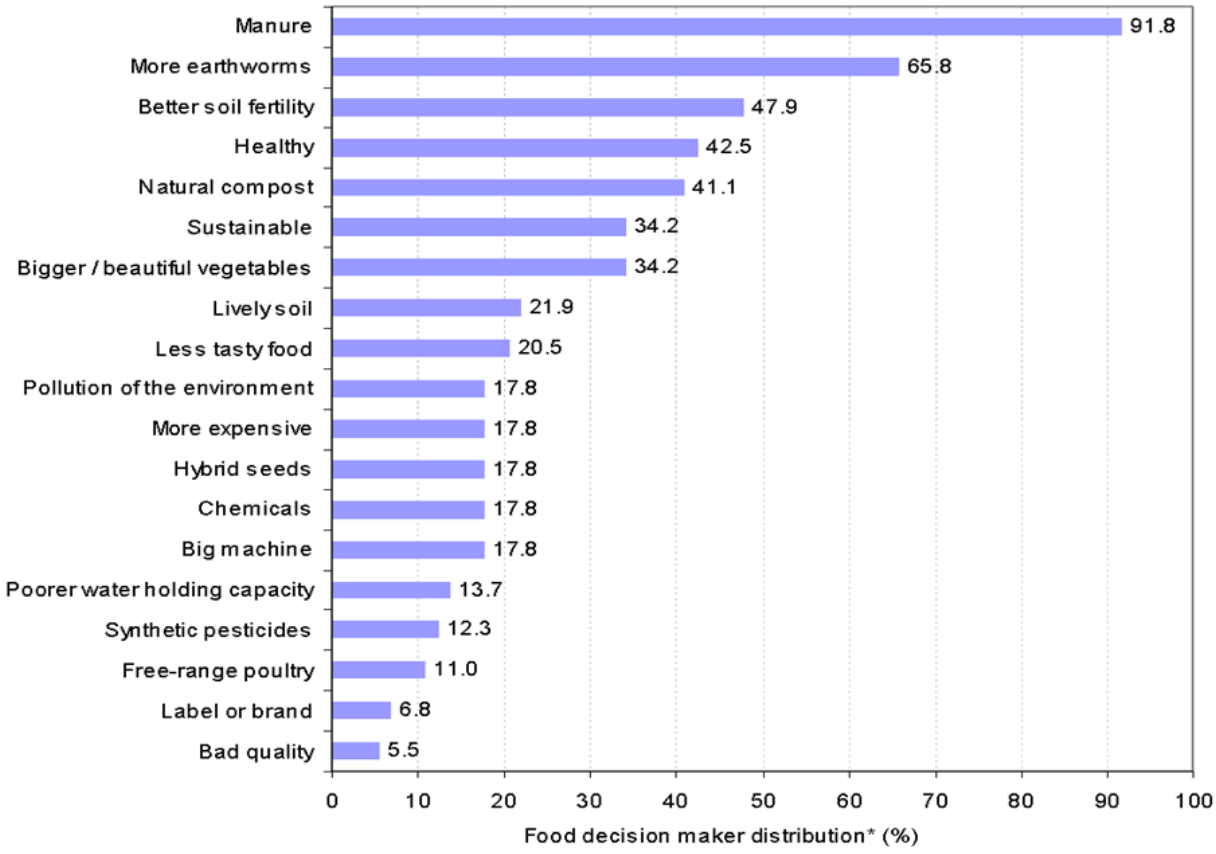
A lack of information about organic farming and its impacts

82.5% of respondents have never heard of organic farming. The awareness campaign we want to conduct would, therefore, make sense because the elder generations have not acquired any formal or informal education about health. Due to a certain level of modernization, eg. medical treatments, much of traditional knowledge is becoming discarded and forgotten, but also information of new modern production methods, like conventional farming, is not well communicated about it's (potential) effects. What came apparent from the surveys, is that amongst those who reported buying organic foods, 50% did not know what organic is. This brings the urgency to bring a consumption and health education part to the project. In particular, it could increase interest in the consumption of organic products. Indeed, more than half of the food decision makers who do not buy organic products do not do so because of the lack of information about their benefits (which is also the case for 18.4% of the food decision makers who already buy organic products and who do not buy more for the same reason).

More than half of the food decisions makers have an erroneous knowledge of organic farming

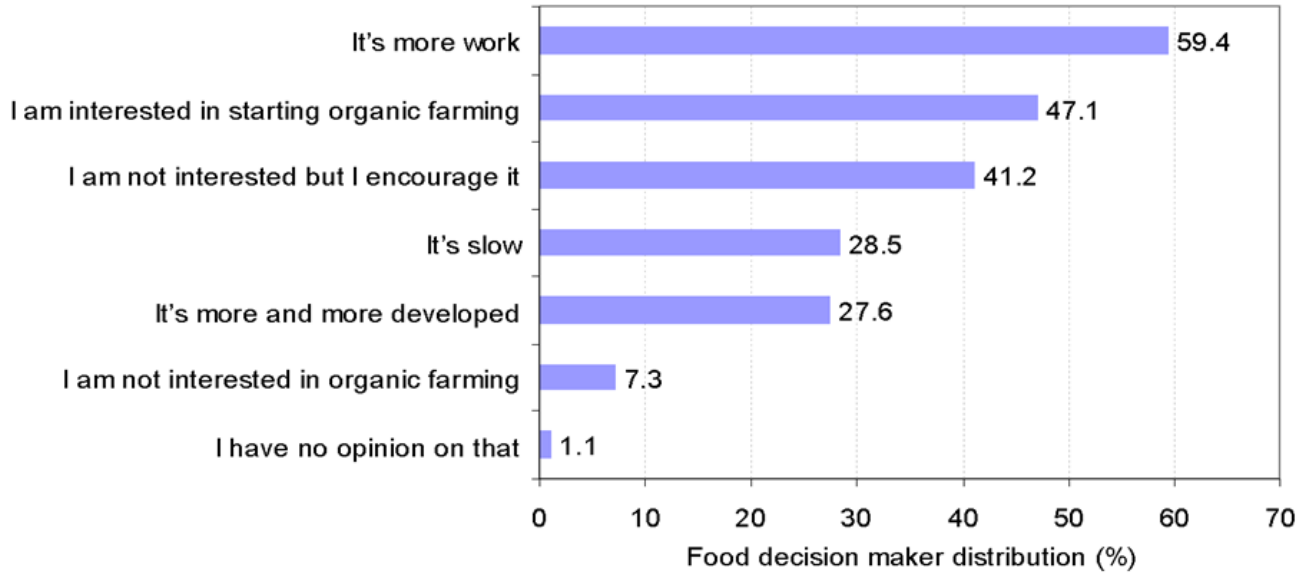
Manure is the term most frequently associated with organic farming by those who claim to be able to define it (Figure 9). On the other hand, among the 13.6% of respondents who said they know how to define organic, 56% associated at least one concept that is not used in organic farming, such as “less tasty food”, “chemicals”, “pollution of the environment”, “big machine”, “hybrid seeds”, “poorer water holding capacity”, “synthetic pesticides” or “bad quality” (Figure 10).

Figure 9: What of the following aspects you associate with organic foods and farming?



* Amongst those who responded « Yes, I know about it and I can explain» (13.6%). Given the small sample size, the results should be interpreted with caution and are subject to change depending on the sample size.
Scope: Food decision maker of Aginsair Krishna Sarawan municipality
Source: Open team survey – March 2019

Figure 10: What do you think about organic farming?



Scope: Food decision maker of Aginsair Krishna Sarwan municipality
Source: Open team survey – March 2019

It is interesting to note that labelling is not a notion shared by the majority (cited by only 6.8% of respondents). Actually, people have not heard about the organic label and consumers buy products from the market, shops, and farmers indeed, in the Saptari region.

In addition, 59.4% think that organic agriculture requires more work (Figure 11). Nevertheless, almost half are interested in starting organic farming.

No dedicated place to buy organic products

Nearly half of the food decision-makers say it is not easy to find organic food and nearly 9 out of 10 people do not know any local organic farmers. This illustrates the extent to which it is necessary to have places dedicated to organic products to facilitate access. Especially since a potential market could develop if:

- There were places for organic products: 3% of organic buyers do not buy more because they say it is difficult to find them and among those who do not buy organic products, 89.6% do not know where to find them
- Organic products could easily be identified: 81.7% don't know if the food bought is organic or not and amongst those who never buy organic food (80%), 84.7% would be interested in buying organic if they knew it was really organic

Indeed, 83.6% of the interviewees stated to be interested to try the organic products that will be produced by new local organic farmers from our program.

This is why we plan to develop food clubs in partnership with the local organic cooperative which will be launched, in order to have places dedicated to certified organic products produced by farmers who follow our training.

Nearly half of the respondents said they were interested in starting organic farming of which nearly one-third are not working in the agricultural sector (Tab 1).

Tab 1 : Professional profile of those who are interested to start organic farming (%)

	Total	Female	Male	Total
Agricultural activities	67.2	53.5	46.5	100
Non-Agricultural activities	18.2	41.3	58.7	100
House activities	10.3	96.2	3.9	100
Labor	3.2	25	75	100
Student	0.8	.	100	100
Unemployed	0.4	.	100	100
Total	100	54.2	45.9	100

Scope: among those who responded that they were interested in starting organic farming
Source: Open team survey – March 2019

Methodology

We conducted a survey with a representative sample of 537 households of Aginsair Krishna Sawaran Rural municipality (9.1% of the population).

We stratified our sample using only the data available at the municipal level:

- the number of villages per ward. We selected all the villages of all the wards of the municipality to take into account the specificities related to urban, peri-urban, rural areas; attractive areas (villages close to urban centres) or isolated (42 villages spread over 6 wards)
- the number of households per village
- the distribution of households by caste by village. All castes of the municipality were represented. For reasons of simplification of analysis, castes have been grouped according to their social position from low (level 5) to high social position (level 1) :
  - Level 5: Ishar, Marik, Musahar, Ram, Sardar, Tatma, Ray, Sada, Khang Khatwe, Mandal, Rajdhob
  - Level 4: Bhujel, Magar, Muslim, Rai, Tamang, Bishwakarma, Pariyar, Dalit Pahaadi
  - Level 3: Baniya, Das, Dev, Mandal, Mehata, Pandit, Sah, Sharma, Singh, Thakur, Danwar, Koiri, Mahato, Raj Dhami
  - Level 2: Tharu
  - Level 1: Chhetri, Shrestha, Brahman, Yadab

The quota method allows for surveys of a small population whose results can be extrapolated to the whole population (here Aginsair Krishna Sawaran). This method has the advantage of being less expensive (reduced human resources allocated) compared to a survey carried out exhaustively.

The quotas by stratifications have been defined according to the following methodology:

1. the distribution of households by village x caste x ward was calculated from the mother population
2. we then applied the proportions previously calculated to the 537 households to be surveyed according to these 3 levels of nested strata (caste x village x ward) which allowed us to obtain the theoretical sample

The households to be surveyed were then selected as follows :

We had sent 20 student surveyors individually or divided in groups of two people, to interview the 537 household in all villages of Aginsair Krishna Sarawan municipality. They selected every ten houses from beginning to the end of the village until to obtain the number of household defined by the theoretical sample respecting the distribution per caste. Within the selected households, only the food decision maker was interviewed.

ADue to difficulties in understanding the selection instructions by some student surveyors, the distribution of households finally surveyed was different from that calculated on the theoretical sample. However, since the differences are not statistically significant, no adjustment was made retrospectively (Tab A).

Tab A : Distribution of household by sampling stratum

		Aginsair Krishna Sarawan rural municipality		Observed sample	
		Number of household	Distribution(%)	Number of household	Distribution(%)
Ward 1		885	14.8	71	13.2
Ward 2		873	14.6	75	14
Ward 3		829	13.8	73	13.6
Ward 4		1,285	21.4	127	23.6
Ward 5		1,046	17.4	91	16.9
Ward 6		1,077	18.0	100	18.6
TOTAL		5,995	100.0	537	100
Caste	Level 5	1,234	20.6	107	19.9
	Level 4	998	16.6	84	15.6
	Level 3	826	13.8	72	13.4
	Level 2	2,133	35.6	213	39.7
	Level 1	804	13.4	61	11.4
TOTAL		5,995	100.0	537	100

The questionnaires were administered from March 2 to 3.