

## **Globalization and Local Determinants of HORECA Customers Market Behavior in the Wholesale Food Market**

**Abstract.** The article is devoted to the research of local determinants of HoReCa sphere subject economic behavior in the wholesale markets of agricultural production under hospitality sphere globalization in Ukraine. The authors generalized the key provisions of consumer market behavior theories and its formation factors in HoReCa sphere. The peculiarities of agricultural wholesale market functioning are defined and the competitive surrounding of wholesale food market in western region of Ukraine is characterized. Main principles of business organization in HoReCa sphere are studied; the impact of globalization and foreign economic activity vectors on this sphere internationalization is outlined. The results of research project made by the authors are given, which was aimed at examining motives and peculiarities of HoReCa customers market behavior when wholesale purchasing agricultural production for their own business. The research was conducted on the basis of “Shuvar” market of agricultural production Ltd. - the largest in Western Ukraine wholesale agricultural market. It consists of several specialized food halls, including HoReCa centre. The structure of HoReCa establishments, that are “Shuvar” wholesale market clients, is analyzed. The factors influencing their managers’ decisions, concerning purchase assortment, its frequency, the most convenient time of goods delivery, are investigated. The evaluation of significance degree of certain products purchase, including price, products homogeneity, their constant availability, exclusiveness, is received. HoReCa sphere subjects’ wishes were studied, concerning purchase information support in the wholesale market, for service quality improvement.

**Key words:** globalization, HoReCa, wholesale trade, wholesale market of agricultural production, wholesale purchase, customers’ market behavior

**JEL Classification:** D22, M21, Q13

### **Introduction**

World experience shows that the sphere of production sales, that is, external and internal market impulses, is development “generator” of any economic and production activity sphere nowadays. Substantial signals of marketing and technological character come from external surroundings, including global market. Under the conditions of food markets being replete the volumes of manufacturing this or that kind of agricultural products depend first of all on their supply and demand. Owing to evolutionary

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development sales sphere turned from passive service production supplement into active determinant of organizing free and competitive exchange of goods and services.

Wholesale food markets take an important place in the chain of foodstuff promotion from producers to final consumers. They are an element of a complicated economic system which includes: relationships between customers and sellers concerning their interest satisfaction, intra-branch relationships between competitive producers, inter-branch relationships, macro-economic relationships and international relationships. As any other element of economic system wholesale food markets are characterized by high level of uncertainty, which is increasing from year to year. This uncertainty concerns both agricultural production demand and sales volumes, moreover, it is complicated by multiplicity and heterogeneity of food products. Within the general notion of 'food market' the aggregate of individual markets is functioning (vegetables, berries, milk, meat products, sugar market, etc.). The relationships between key players of wholesale food markets concerning certain kinds of agricultural production differ greatly. For all that the key success factors enabling to promote goods and to win in competitive struggle will be quite different. It should be mentioned that wholesale food markets as marketing activity subjects are neither goods owners nor goods sellers.

Customers play a significant role in wholesale food markets functioning. Relations with customers are almost a key success factor of wholesale enterprise. In general, customers can be divided into two categories: one-time customers and systematic (regular, professional) customers. According to dynamic development of hospitality sphere, in Western region of Ukraine, in particular, wholesale market sellers are interested in attracting regular customers of HoReCa (hotels, restaurants, cafes) and in increasing sales volume for such customers, therefore, the research of HoReCa customers market behavior becomes a question of urgent importance.

As the stream of tourists to Ukraine and especially to Lviv is increasing, the latter should take world tendencies of organizing accommodation into consideration, follow modern service standards. Café and restaurant menu diversification according to world national cuisines traditions, dishes and drinks choice increase, taking customers' most exquisite tastes into account, strict following recipes of cooking classical dishes, popular in different countries of the world, are of great importance.

The purpose of the article is investigating determinants of economic HoReCa sphere subjects behavior while purchasing agricultural products at wholesale markets in the context of tourist service market globalization.

In the course of the research the following tasks were set:

- to outline the impact of globalization on external economic vectors of influence on HoReCa sphere internationalization;
- to characterize competitive surrounding in the sphere of agricultural production wholesale;
- to study the peculiarities of running business by HoReCa enterprises under the conditions of national tourist branch globalization;
- to investigate the motives and peculiarities of production purchasing by HoReCa subjects at wholesale food markets, as well as their expectations of service improvement and of forming stable economic relations.

## **Materials and Methods**

Dialectical approach is a methodology basis of researching determinants of HoReCa customers market behavior as any other social phenomena, enabling to trace economic laws action and on this ground to establish regularities and tendencies of such customers market behavior, and also to find main motivational factors and forms of their exhibition, to give the analysis of present contradictions, the ways of their elimination, the transition from a low phenomenon state to a high one, to elaborate and specify the system of categories, which these or those notions form and which characterize HoReCa customers market behavior in the wholesale markets.

Fundamental economic theory theses about formation and satisfaction of consumer needs, modern marketing conceptions, scientific works of Ukrainian and foreign experts were a theoretical and methodical basis of the research. Forming the notions about market subject behavior model, in particular, was carried out into consideration the law of growing needs, Engel's laws, utility theory principles (Gossen's laws), conspicuous consumption theory (Veblen's effect), fashion theory, status groups conception, etc.

Among general scientific principles, used in our scientific research, historical, systematic and cognitive ones should be distinguished.

The historical approach application enabled to deeply penetrate into inner essence of the phenomena and processes under study, to discover relations of cause and effect between them, to trace the genesis and development of wholesale markets in Ukraine (including "Shuvar" market). While substantiating main research directions, historic tendencies and factors of developing tourist industry in the city of Lviv, traditions and culture of nutrition, the history of formation and success of conceptual establishments ("Fest" Holding of Emotions, "Kumpel Group" establishments, restaurants of author's cuisine, etc.) were also analyzed. In addition, the foreign experience of organizing wholesale food markets operation with different categories of customers was examined in the historical aspect. Customer market behavior motives, efficiency of applying marketing measures in the context of their correlation with consumption theory principles, developed in different historical periods, were researched.

HoReCa customers' behavior in wholesale markets of agricultural production is an integral, structured and rather complicated system, formed and functioning owing to interaction of a great number of various economic subjects. Besides, both internal and external social and economic surroundings have a significant influence on its development. All this makes it necessary to apply systematic approach to identifying determinants of purchase activity. First of all we studied the system of cooperation between market administration and clients, which is reflected in market work organization, in the list and quality of the services rendered, suggestion of varied goods choice (exclusive one including), in the level of market and informational purchase support, in product quality control. For substantiating questions of the questionnaire the factors forming the amount and structure of products purchasing by HoReCa representatives, including the volume and geography of tourist streams, the peculiarities of competitive surrounding at location and catering market in Lviv, changes of population incomes and consumer mood, were also carefully analyzed.

The cognitive principle is rather efficient in substantiating the leading significance of individual behavior knowledge. A man, his activity coordinated with his social aspect, is in the centre of the research.

The data of State Statistics Service of Ukraine, Main Statistics Administration in Lviv Region, “Shuvar info” Internet portal were the sources of information for writing the article. The materials of research project made by department of entrepreneurship, trade and exchange activity of Lviv National Agrarian University to order of “Shuvar” Ltd. became the fundamentals of empirical informational base.

The research of HoReCa customers’ market behavior determinants in wholesale food markets was based on the system of economic and statistic techniques (the analyses of sales volume and structure, their periodicity, consumer mood and tastes, calculations of average and relative indices values, the synthesis of the results received). Main principle of accumulating information was statistical observation conducted in the form of questioning managers and competent workers of hotel and restaurant business enterprises, responsible for organizing and performing production sales in wholesale food markets. Some enterprise owners were also interviewed for specifying certain aspects of sales activities. The information was collected directly at the market during the sales process by HoReCa subjects, as well as in the enterprises of the given sphere. 106 cafes and restaurants in all districts of Lviv city became the research objects, which purchase production at “Shuvar” wholesale market of agricultural products, the biggest in the western region of the country. The majority of these enterprises consider themselves as average class or national cuisine establishments.

Owing to vague awareness of the general scope of HoReCa establishments in Lviv, the requirements of “Shuvar” Ltd administration (ordering the research) concerning coverage of main subjects of its client base, the amount of expenses for conducting the research, time and staff limitation, were taken into consideration when substantiating representative selection of research objects. All in all, the selection scope made up 14,4% of the amount of legal corporate bodies rendering services of temporary location and catering on the territory of Lviv region.

## **Literature Revue**

Theoretical study of consumption process has played a peripheral role for a long time, as the attention of the leading economic theory schools was focused on the sphere of material welfare production, on labour relations and conflicts of work results distribution. Theoretical study of customer’s market behavior began at the end of the 19<sup>th</sup> and the beginning of the 20<sup>th</sup> century in the framework of consumption theories development. In this context the law of growing needs should be distinguished, which tells that consumer needs are a dynamic phenomenon, that can be changed under the influence of public production development and spiritual development of the society. For all that personal needs growing causes as a rule production or service sphere needs growth (Economic theory, 2007).

Theoretical and practical studies of customers market behavior in general, and HoReCa customers, in particular, are closely connected with market research and marketing analysis. Foreign and national scientists pay considerable attention to studying motivational, psychological and socio-cultural factors of customer behavior. Scientific works of D. Blackwell, J.F. Engel, P. Miniard contributed to forming customer behavior theory in modern sense, that is, from the viewpoint of marketing approach. In their work “Customers behavior” they gave the definition of customers market behavior as “...an

aggregate of actions, performed by customers, purchasing, consuming goods and services, and also deprived of them” (Blackwell, Engel, Miniard, 2007). In addition to that, they state that studying custom behavior is the key to understanding the fact why customers buy goods and services, which is used for forming marketing conception of enterprises and organizations. M.P. Solomon considers customer behavior study as a science about the processes, when some people or a group of people choose and buy goods, services, ideas or emotions, use them and get rid of them in order to satisfy their needs and desires (Solomon, 2003).

In contrast to M.P. Solomon, who examined customers behavior on an individual level, D. Statt suggests considering the given category on the level of social relations. According to D. Statt, customer behavior “... -is a cognitive, emotional and physical activity, exhibited by people while choosing, paying, using goods and services, and its cessation when the needs are satisfied” (Statt, 1997).

Investigating internationalization and global determinants of HoReCa customers behavior, we took the transformed “global village” conception of Marshall McLuhan into consideration (McLuhan, Powers, 1995), adapting it to the term “Global consumer”. We used partly H. Shamborovskyi’s works concerning the global consumption culture and its impact on market organization in Ukraine (Shamborovskyi, 2015).

Thus, the majority of foreign and national scientists identify customers’ market behavior as consumers behavior. In addition to this, in their researches they mainly pay attention to studying the impact of psychological and social aspects on modern consumer behavioral reaction, to examining motivational aspects of market behavior and to administrating his behavior changes during marketing strategies elaboration (Zhurylo, 2011; Oclander, 2013; Onyskiv, 2010; Reshetnikova, Sahaidak, 2016).

Applied researchers in marketing sphere distinguish two types of customers, whose behavior at the market differs greatly. They are individual customers, that is, people who buy goods and services for their personal consumption, and organizational customers, who buy goods and services for further use in the process of production, resale or usage for the purposes of economic subjects. As M. Beliavtsev and L. Ivanenko state, these two types of customers differ substantially, according to demand object, demand type, purchase motivation and purchase mechanism (Beliavtsev, Ivanenko, 2008).

J.-J. Lamben suggests somewhat different customer classification, distinguishing individual and industrial customers. But the essence and the definition of these customer types and peculiarities of their market behavior coincide with the previous definitions (Lamben, 1996).

The peculiarities of customer market behavior in the wholesale and retail food market are determined not only by their economic interests, but also by the character of interrelation with wholesale food markets. This form of agrarian market organization becomes popular in Ukraine only now, for the time being.

According to the valid legislation of Ukraine, wholesale market of agricultural production is a judicial entity whose activity subject is rendering services, ensuring agricultural production wholesale, that is, sells it in batches for further sale to final consumer through retail or for production or other use (The Law of Ukraine, 2009).

The wholesale food market has a number of peculiarities, examined in the works of P. Sabluk, O. Shpychak, V. Andriichuk, P. Haidutskyi, A. Pavlenchyk, N. Ryndenko, O. Shubravska, I. Yatskiv and others. Especially O. Shubravska in her research mentions that the development of wholesale markets network in Ukraine should be realized on the principles of system approach, which would ensure product going through all links of the

chain “a producer – agricultural sales cooperative – wholesale market of agricultural products – retail market of agricultural products – consumer” (Shubravska, Ryndenko, 2012).

It should be marked that agricultural product wholesale markets don't belong to classical commercial objects. As marketing activity subjects, they are neither goods owners nor sellers, but they only render services to ensure the best realization process conditions. As O. Shubravska marks, the purpose of wholesale markets functioning is forming real prices of agricultural products that make up the basis of consumer goods market, as well as ensuring optimal conditions for its sale and purchase (Shubravska, Ryndenko, 2012).

The peculiarity of wholesale food markets consists in the fact that sales volumes usually depend on market behavior of both individual and organizing customers. Besides, there are a great number of professional customers, that is, physical or judicial people, who render services to other economic subjects, concerning foodstuffs for further resale or professional usage.

Segmentation of wholesale food market proves that sales are increasing from year to year for HoReCa hospitality sphere, which makes it necessary to carry out profound and complex research of this sphere customer market behavior.

## **Results**

Modern food market is characterized by high level of competition. Both large trade networks, specialized and non-specialized stores and small trade objects sell foodstuffs. The trade in consumer goods is done at least on two levels, namely: through wholesale and retail enterprises. Trade de-monopolization against high branch fragmentation is the main factor forming specific competitive relationship in the branch. In general, wholesale food market is a complicated economic system, covering intra-branch relations between competing sellers, inter-branch relations, macro-economic relations and international relations.

In Lviv region and in all western region “Shuvar” market of agricultural production” Ltd. takes a considerable specific weight in wholesale consumer goods turnover. According to the company data, about 640 thousand ton of products are sold here every year.

In wholesale food market “Shuvar” Ltd is in competition with “METRO Cash&Carry Ukraine” company, which is the part of “METRO GROUP”, one of the leading international trade companies. Nowadays “METRO Cash&Carry Ukraine” runs two trade centres in Lviv. The company operates in B2B “business to business” format, that is, its main clients are representatives of retail trade, restaurant and hotel business, service companies and offices. According to the company data, classical “METRO” trade centre offers 30 thousand consumer goods (About company “Metro”).

Besides above mentioned leaders of consumer goods wholesale market, there are other wholesale trade enterprises in Lviv region, among them are: commercial agency firms, wholesale bases, trading houses, etc. Among such enterprises “Lvivkholod” trade and production company” Ltd. should be distinguished, its main activity is wholesale, small wholesale and retail trade in foodstuffs and related goods. In addition to that, “TROPIK” Ltd. sells vegetables and fruit, “Lvivmoreproduct” Ltd. sells sea products, “LembergMit” Ltd. sells meat, private enterprise “Molochni Dary” sells milk and dairy products, private enterprise “Rio-plus” Western Ukrainian trade company” sells tinned production, etc.

The specific character of wholesale food market and of other goods involves working with both individual and institutional (organizational) customers. Moreover, in the trade

turnover structure the share of the latter wholesale customers considerably prevails over the share of individual customers buying foodstuffs for personal consumption. In turn, the organizational customers in wholesale food market can be divided into the customers buying foodstuffs to process them, the customers buying foodstuffs to further resell them through the retail trade system, and HoReCa customers buying foodstuffs to render services in the sphere of hotel and restaurant business.

As a matter of fact HoReCa customers are a connective link between foodstuffs sellers and final consumers in public catering establishments. Consumer goods bought by HoReCa customers without losing their consuming qualities become the means for rendering quality services in catering establishments in the form of ready to consume dishes.

As far as HoReCa customers market behavior is concerned, in the classical scheme of purchase decision-making, the final consumer – a catering establishment client – choosing a dish in the menu, defines the primary need for foodstuffs, on which grounds the manager or another person taking decision concerning foodstuffs supply, determines delivery volumes and forms his requirements concerning quality and price parameters. At next stages caterers are searched, different offers are evaluated and purchase decision is taken. Moreover, either the owner himself can make foodstuffs purchases or catering enterprise employee, or an expert of such purchase sphere, that is, a professional customer.

The peculiarity of running business in HoReCa sphere does not expect consumer goods purchase, foodstuffs, in particular, in large volumes. However, the customers of this sphere tend to make purchases, especially of fresh products, very often. It is a general rule for HoReCa sphere concerning foodstuffs purchase, that food supplies must be minimum but rather sufficient for ensuring rhythmical catering establishment work to satisfy final consumer needs and demand for ready made culinary products. Furthermore, like in any other sphere of economy, supernormal food supplies of even long expiry date slow down supplies circulation, increase losses being preserved, block up warehouses. Besides, the peculiarities of hotel and restaurant business assumes that expiry date and storage conditions of products used as raw materials for cooking dishes are strictly regulated by sanitary and hygienic norms. That's why the authorized person determines the need for all kinds of food supplies purchase, taking catering establishment turnover amount, dish order frequency, the distance from suppliers, supply and storage conditions into consideration. Apart from this, determining the need for food supplies HoReCa customers should take season, demand and visitors peculiarities into account.

As far as determinants of HoReCa customers' market behavior, the main factors influencing purchase decision taking process are economic ones, among which wholesale and retail price level and correlation should be particularly mentioned. Clients' cash income and the class of catering establishment (restaurant, café, bistro, etc.) are important factors. Economic factors also include trade service level, price and quality correlation, stable counteragent relations between wholesale food market sellers and HoReCa customers available. The second group of factors forming HoReCa customer market behavior includes cultural and social factors. But it should be mentioned that the impact of this factors group is indirect, as they determine first of all dish choice in the menu or the choice of catering establishment. Main social and cultural factors include social status of catering establishment clients, consumption culture, fashion, change of esthetic and culinary tastes, religious and psychological convictions (Vozniuk, 2017).

Our research showed a considerable impact of internalization on HoReCa sector. Traditional "public catering" system was based on usual national produce. It was formed

both by the former supply and distribution system and “price/quality” parameters combination. Market realities have not radically changed. Foreign determinants exhibition includes not only boundless usage of foreign foodstuffs, becoming a peculiar quality and prestige indication, but organization and functioning principles (the so called technologies transfer).

In 2018 HoReCa centre began its activity in “Shuvar” wholesale market. It is a trade hall of confectionary and groceries, intended for wholesale and retail selling confectionary and groceries of Ukrainian and European production to the specialized customer – hotel and restaurant business. Considerable development of tourism in Western Regions of Ukraine, particularly in Lviv, made it necessary to open such a trade centre. According to “Euromonitor International” company data, in 2018 Lviv took the 80<sup>th</sup> place in the rating of 100 top touristic cities of the world. 2,7 million tourists visited Lviv (Geerts, 2018). The city tries to compete with recognized European tourist centres (Cracow, Prague, Vienna and others), that’s why requirements of service quality in HoReCa sphere increase. From year to year the geography of tourist streams expands and at the same time consumers’ gastronomic needs increase. Internal tourists’ requirements of dishes assortment and quality have also considerably increased, as they were able to get acquainted with the level of European service during foreign journeys. High level of competition caused active development of conceptual establishments, the menu of which demands exclusive products.

In order to study the motives and peculiarities of food purchase in “Shuvar” wholesale market a survey by questionnaire covering wholesale customers, the representatives of HoReCa hotel and restaurant sphere, was conducted. The survey covered various types of catering establishments. More than a half (59%) belonged to “café, bar, bistro” type, somewhat less (37,7%) were restaurants. Canteens, pizzerias, pubs made up a small part of them (Fig. 1).

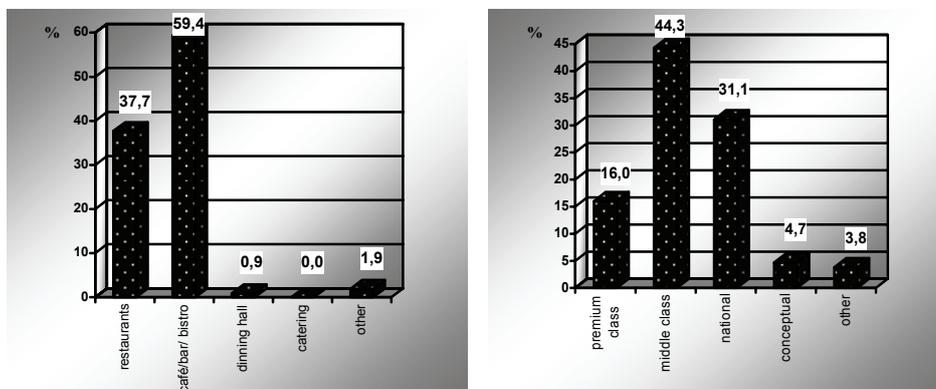


Fig 1. Types and kinds of HoReCa establishments surveyed in Lviv (Ukraine)

Source: own research, 2017-2018 (Krupa O., Raiter N.)

Among these establishments, identify themselves as premium class – 16%, middle class – 44,3%, national cuisine – 31,1%, conceptual – 4,7% and other types – 3,8%.

The volume, assortment, food purchase frequency in wholesale market is directly proportional to menu. We established that in 80,2% of Lviv cafes and restaurants the number of dishes on the menu doesn’t exceed 70 names. In 15,1% of establishments the

number of dishes ranges from 70 to 105 names. However, there are establishments, where this amount makes up 140-170 names (Table 1).

Table 1. Classification of HoReCa establishments according to the amount of dishes on the menu, %

Groups of establishments according to the amount of dishes on the menu	% of establishments	Among them			
		premium class	middle class	national cuisine	other types
I group (8-40 dishes)	49,1	5,6	27,4	11,3	4,8
II group (41-72 dishes)	31,1	2,8	11,3	14,2	2,8
III group (73-104 dishes)	15,1	5,7	4,7	4,7	–
IV group (105-136 dishes)	1,8	–	0,9	–	0,9
V group (137-170 dishes)	2,8	1,9	–	0,9	–
Total	100	16,0	44,3	31,1	8,5

Source: our own research, 2017-2018 (Krupa O., Raiter N.).

Small cafes, pizzerias, fast foods make up the main amount of the establishments with the narrowest assortment on the menu. The majority of them consider themselves establishments of average class. Pubs, lobby bars and the similar, specializing in alcohol drinks sales, are establishments of premium class. The amount of purchase by representatives of this group in “Shuvar” market is small. Among the establishments menu of which doesn’t exceed 70 names, the establishments of national cuisine make up significant part (26,5%). Restaurants of premium class usually offer wide assortment on the menu.

Survey result of menu frequency updating is absolutely logical. So, 57% of cafes and restaurants make changes in the menu depending on season index, 35% - do it according to the plan once a year taking order tendencies into account. Only premium class establishments are able to make changes every week. Thus, we can assert that dish offer in catering establishments depends on supplying seasonal products which can be bought in wholesale markets. Moreover, imported products are quite common.

Recently more and more kinds of fruit and vegetables have appeared in Ukraine, and owing to supply diversification from different countries and applying modern technologies to cultivation they can be presented at the market throughout a year. It enables public catering establishments to offer dishes of fresh products in non-typical seasons (winter-spring) to their clients. That’s why marketing measures aimed at forming sufficient offer of ‘non-seasonal products’ will reduce price fluctuation and demand for them, increase turnover and attract new clients into the market.

It worth mentioning that more than a half (55,7%) of Lviv catering establishments surveyed, changing their menu, increase assortment of traditional dishes (Table 2). It promotes to increase demand for national agricultural production in “Shuvar” market. Premium class establishments pay great attention to increasing exclusive dishes assortment, but it is possible only if imported production, non-traditional for our country is available at the market. HoReCa sphere establishments don’t feel its shortage, because a wide range of foreign-made products is available in “Shuvar” market.

Table 2. Changes in HoReCa sphere establishments menu

Answer versions	Answers to the questions	
	quantity	%
Increasing traditional dishes assortment	59	55,7
Increasing exclusive dishes assortment	28	26,4
Changing traditional dishes into exclusive ones	4	3,8
Your version	15	14,2
Total	106	100

Source: our own research, 2017-2018 (Krupa O., Raiter N.).

Kinds of agricultural products are important for the research, as their amount has increased in café and restaurant menu for the last year. It will enable to establish consumers demand level and structure, to evaluate chances of its satisfaction, to find out requirements of products quality and variety. Meat products are record holders among the products, which were mostly ordered, consumed, and bought at this market. Vegetables take the second place. Fruit, sea products, dairy products, Italian delicacies, exclusive kinds of cheese are more often bought.

Positive is the fact that there is an Internet store in “Shuvar” market, ensuring fresh home-made and quality products delivery to the clients who value their time. Special loyalty programme for HoReCa customers and regular retail shoppers is functioning here. However, under present conditions public catering establishments on the whole follow the principles of independent goods purchase, shopping online is a rare case.

It is worth mentioning that public catering establishments under fierce competition in Lviv strive for offering freshly prepared production to consumers. 62,3% of establishments surveyed buy fruit and vegetables every day, 33% – about 2-3 times a week, that is, every other day (Table 3).

Table 3. Purchase frequency of HoReCa sphere establishments

Types of products	Every day	2-3 times a week	Once a week	Several times a month	As needed	Did not answer
Fruit and vegetables	66	35	3	1	1	-
Fish products	28	39	27	2	8	2
Meat products	45	41	14	2	3	1
Smoked products	11	17	30	10	29	9
Italian goods	6	7	16	14	48	15
Groceries	12	27	14	21	23	9
Dairy products	39	30	19	2	14	2

Source: own research, 2017-2018 (Krupa O., Raiter N.)

This gives the reasons to ascertain that Lviv residents consume fresh fruit and vegetables. The same is with meat consumption, though 13,2% of establishments buy meat once a week, which indicates its repeated freezing and reducing quality. Dairy products logically are bought every day or every other day, or when it is necessary for menu. Though 18% of establishments buy long-term storage dairy products, so it is done once a week. Fish products are bought 2-3 times a week or even every day, though some establishments

buy fish once a week or as needed. Smoked products, groceries and Italian goods are not bought so often. However, expensive exotic products are mostly bought as needed.

It should be mentioned that market administration planned to substitute raw materials sale for finished products, but 91% of establishments categorically objected to such need. Thus, Lviv catering establishments developed a clear strategy concerning all kinds of products purchase frequency, and they confidently make purchases in “Shuvar” market, where there is an assortment, optimal price-quality correlation, discount system for regular wholesale customers.

Researches conducted point out that a considerable share of product purchase for public catering establishments is made at night (Fig. 2). On the one hand, because there are no retail customers, preventing from moving around the market, and, on the other hand, because of discount system existing at that time. Though chefs’ demand is a determinant, as they require products to arrive at the kitchen before the start of the working day, in order to cook fresh dishes. So, in 67 establishments (63,2% of the surveyed number), the administration’s representatives suppose that the period from 7 to 10 a.m. is the most convenient time for product supply.

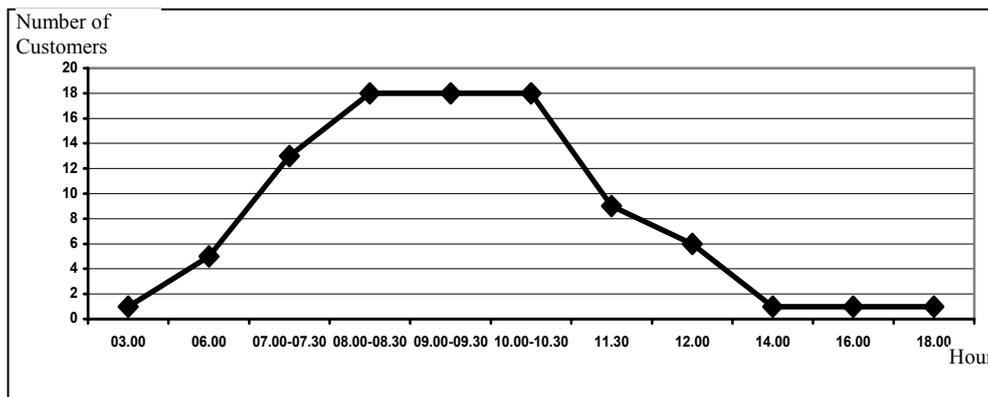


Fig. 2. The most convenient time for product supply

Source: own research, 2017-2018 (Krupa O., Raiter N.).

Forming “Shuvar” marketing strategy considerable attention is paid to the level of certain circumstances importance when purchasing production (Table 4). According to five point system, HoReCa customers highly evaluate supplier’s (seller’s) decency, because the quality of delivered and then cooked products depends just on him.

The price of purchased agricultural products remains important, as it is later included in the price of the prepared dishes in menu. Such a circumstance as constant available product on sale takes the third place in significance. It enables chefs to be confident of the dishes, not to make forced changes in the menu and, as a result, not to lose clients. “Shuvar” market can be proud of offered production exclusiveness, which public catering establishments appreciated making purchases. Market location, easy reach are also convenient.

Table 4. Importance degree of some circumstances when purchasing (according to five point scale)

Name of circumstances	1	2	3	4	5	didn't answer	Average rating
Production homogeneity	6	15	30	23	26	6	3,48
Price	2	3	11	26	63	1	4,38
Constant product availability	3	5	11	26	58	3	4,27
Closeness to locality	5	9	26	29	31	6	3,72
Production exclusiveness	7	13	22	27	32	5	3,63
Purchaser's decency	1	3	9	16	71	6	4,53

Source: own research, 2017-2018 (Krupa O., Raiter N.)

In general, organizational and economic conditions of food purchase offered by "Shuvar" market satisfy 55,7% of HoReCa clients. At the same time, the other group of purchasers is of the opinion that it is necessary to expand the range of goods and improve suggested product quality (15,1%), improve logistics and supply (5,7%), optimize prices (6,6%), improve market work organization and trade service (10,4%), treat customers in a proper way (3,8%), make the interior and premises sanitary state better (1,9%). The purchasers mention the absence of certain goods in the market, particularly truffles, mutton, crayfish and other fresh exotic sea products.

Informational sale support plays an important role in forming market behavior. "Shuvar" strategic marketing department keeps up with tendencies concerning the information HoReCa clients would like to receive (Table 5). In the course of the research it was found out that 53% of establishments were interested in agrarian production price, 46% - in assortment. Both price and assortment of market products were equally important for some of them.

Table 5. Information HoReCa clients would like to receive from "Shuvar" market

Answers versions	Answers to the questions	
	amount	%
Prices	64	52,9
Assortment	55	45,5
Your version	2	1,7
Total	121	100,0

Source: our own research, 2017-2018 (Krupa O., Raiter N.).

37% of catering establishments would like to receive the information of price and assortment into personal account on the market website, which proves that they always look through the market website (Table 6). E-mail delivery of necessary information is more convenient for 34% of surveyed. But usual SMS (Viber, Telegram) delivery to mobile phones suits 26% of surveyed. So, everything depends on the person himself, what is more convenient to use.

Table 6. Ways of receiving information of market situation

Answers versions	Answers to the questions	
	amount	%
e-mail delivery	37	34,3
Personal account on market website	40	37,0
Messenger	2	1,9
Usual SMS (Viber, Telegram etc.)	28	25,9
Other (indicate)	1	0,9
Total	108	100,0

Source: own research, 2017-2018 (Krupa O., Raiter N.)

Each of versions tells about the need for proper and operative informing, because the customers will be able to focus on assortment and prices they are interested in long before arrival at the market.

## Conclusion

The research conducted and public discussion of its results enabled us to make some conclusions, important for understanding global and local determinants of customers' market behavior in wholesale market:

1. HoReCa market on the territory of Lviv region in Ukraine is rather dynamic, due to the rapid development of tourism in the region. It has considerable impact on trade price parameters of many kinds of agricultural production. Also, due to expansion tourist streams scale and geography, the market is under the constructive influence of economy internationalization. These changes concern both production assortment and ways of organizing enterprises functioning in the hotel and restaurant business;

2. It is necessary to build up and to develop institutionalized wholesale markets of agricultural production, to bring their activity principles closer to needs and expectations of main client groups. The research affirms that "Shuvar" Ltd administration in its market strategy pays considerable attention to organizing effective cooperation with HoReCa clients. This business sector is characterized by high level of competition, modern approaches to marketing and management, requirements of agrarian product quality, orientation to goods of "high quality – high price" type.

3. The analyses of different aspects of agrarian product purchase by HoReCa representatives proves that the main determinants defining their market behavior are as follows: increasing the amount of foreign and internal tourists in the region; high level of competitive surrounding and concentration of establishments of the given sphere; positioning of the establishment in the market; orientation to a certain group of customers; increasing popularity of conceptual, author and national cuisines of different countries; increasing customers' requirements of menu assortment, dishes quality and finally, demand for exclusive and fresh product; purchase rhythm and structure; seasonal ranges of consumer preferences.

4. Organizational and economic conditions of product purchase are an important determinant of cooperation between wholesale markets and public catering establishments.

Under the conditions of fierce competition HoReCa establishments have efficient strategy concerning time frequency and structure of different kinds of purchase. Purchase main circumstances importance ranging proved priority importance of supplier's honesty, price moderateness and constant necessary products available. Product exclusiveness and goods lots similarity are also rather important. In this context, improvement and regulation (formal and informal) of economic relations between the market and HoReCa clients, in particular, are important tasks. Regular, periodic and accidental clients have their personal motives and interests of purchase, their consideration is potentially positive and effective;

5. According to claims of some customer groups, general organization of "Shuvar" market functioning requires more accurate supply logistic planning, market territory entrance organization, improving trade service quality, sanitary conditions, etc. It is necessary to organize business partner dialogue, to involve agricultural producers, suppliers and other sellers, as well as organized representatives of main clients groups in mutual solving problems connected with pricing, product quality assurance and other. Informational support of HoReCa clients is estimated positively, as it is customer loyalty factor of the market and steady economic relationship with it.

6. The conditions of improving cooperation between "Shuvar" Ltd and HoReCa sphere are: strengthening agrarian product quality; ensuring goods lots quality repetition; high level of technological and informational support at all cooperation stages in the process of product order, keeping, sales and transportation; guarantees observance; product branding; mutual attempts to market products of local producer and traditional products with geographical indication, etc.

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