

# FORMATION OF DEMAND, CONSUMPTION OF BREAD AND BAKERY PRODUCTS IN THE REPUBLIC OF KAZAKHSTAN

## ҚАЗАҚСТАН РЕСПУБЛИКАСЫНДА НАН ЖӘНЕ НАН-ТОҚАШ ӨНІМДЕРІНЕ СҰРАНЫСТЫ, ТҰТЫНУДЫ ҚАЛЫПТАСТЫРУ

## ФОРМИРОВАНИЕ СПРОСА, ПОТРЕБЛЕНИЕ ХЛЕБА И ХЛЕБОБУЛОЧНЫХ ИЗДЕЛИЙ В РЕСПУБЛИКЕ КАЗАХСТАН

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**Abstract.** *The goal* is to determine the significance of the market of bread and bakery products of the Republic of Kazakhstan. *Methods* – analysis, synthesis, grouping comparison. *Results* – based on statistical data, an analysis of the development of bread and bakery products market in dynamics over the past five years is given. The authors emphasized the strategic importance of the bread market as the most significant food product for the majority of the population. The share of regions of the republic in production of bakery and flour products is considered. The factors that reduce efficiency in the industry are studied. The uneven production volumes in dynamics is noted. The regions that occupy a significant share in production of bread and bakery products have been identified. The influence of the average per capita nominal cash income and the subsistence minimum of the population on the level of demand for bread and bakery products is determined. Information is given on the cost of bread in the country and the factors that determine the level of prices for this product and the industry development. *Conclusions* – on the basis of the analysis and the results of the study, the authors note a decrease in the volume of industrial production of bread and increase in prices for it, due to the baking in networks of super- and hypermarkets that have their own bakeries. In general, one can note the stability of not only the production of bread and bakery products, but also the industry as a whole, the development prospects of which are associated with the increase in the competitiveness of the industry's products and the growth of its export potential.

**Аңдатпа.** *Мақсаты* – Қазақстан Республикасының нан және нан-тоқаш өнімдері нарығының маңыздылығын анықтау. *Әдістері* – талдау, синтез, салыстыруды топтау. *Нәтижелер* – статистикалық деректер негізінде нан және нан-тоқаш өнімдері нарығының соңғы бес жылдағы серпінінде дамуына талдау келтірілген. Авторлар нан нарығының халықтың көпшілігінің маңызды азық-түлік өнімі ретіндегі стратегиялық маңыздылығына назар аударған. Нан-тоқаш және ұн өнімдерін өндірудегі республика өңірлерінің үлес салмағы қаралған. Саладағы тиімділікті төмендететін факторлар зерттелген. Динамикада өндіріс

**Аннотация.** *Цель* – определить значимость рынка хлеба и хлебобулочных изделий Республики Казахстан. *Методы* – анализа, синтеза, группировки сравнения. *Результаты* – на основе статистических данных приведен анализ развития рынка хлеба и хлебобулочных изделий в динамике за последние пять лет. Авторами сделан акцент на стратегическое значение рынка хлеба как наиболее значимого продукта питания большей части населения. Рассмотрен удельный вес регионов республики в производстве хлебобулочных и мучных изделий. Изучены факторы, снижающие эффективность в отрасли. Отмечаются неравномерность объемов производства в динамике. Выявлены регионы, занимающие значительный удельный вес в производстве хлеба и хлебобулочных изделий. Определено влияние величины среднедушевых номинальных денежных доходов и прожиточного минимума населения на уровень спроса на хлеб и хлебобулочные изделия. Дана информация о стоимости хлеба в стране и факторах, определяющих уровень цен на данный продукт и развитие отрасли. *Выводы* – на основе проведенного анализа и полученных результатов исследования авторы отмечают снижение объемов промышленного производства хлеба и повышение цен на него, обусловленное активно развивающейся его выпечкой в сетях супер- и гипермаркетов, имеющих собственные пекарни. В целом можно отметить устойчивость не только производства хлеба и хлебобулочных изделий, но и промышленности в целом, перспективы развития которой связаны с повышением конкурентоспособности продукции отрасли и ростом ее экспортного потенциала.

**Түйінді сөздер:** агроөнеркәсіптік кешен, тамақ өнеркәсібі, өндіріс, Тамақ өнімдері, нан және нан-тоқаш өнімдері, ұннан жасалған кондитерлік өнімдер, бөлшек сауда бағасы, тұтынушылар, халық табысының серпіні.

**Ключевые слова:** агропромышленный комплекс, пищевая промышленность, производство, продукты питания, хлеб и хлебобулочные изделия, мучная кондитерская продукция, розничные цены, потребители, динамика доходов населения.

is one of the most important tasks in ensuring the country's food security.

The State for many years has been paying close attention to the development of agro-industrial complex and its food industry sector. At the present time, one of the priority tasks of the Government of the Republic of Kazakhstan is increasing the competitiveness of the agro-industrial complex, as one of the main drivers of the national economy.

Kazakhstan is implementing the State program on development of the agro-industrial complex of the Republic of Kazakhstan for 2017-2021. The main goal of this program is to support domestic producers by allocating subsidies, reducing interest rates on corporate loans, promoting the purchase of fixed assets

and increasing the competitiveness of all sectors of industry, including the manufacturing industry, including the food industry [2].

The production of bread and bakery products occupies a large share in the production of food products. Its share is 14.4% of the total volume of food production. Today, the range of bakery products in the country has about 1000 varieties and names. They can be divided into the following groups:

- rye, wheat or mixed bread (according to flour type);
- hearth bread, molded (according to baking method);
- piece and bulk bread (according to the form);
- regular and dietary bread (by purpose);
- buns, loaves, cakes, braids, etc. (by Form) [3].

#### Material and methods of research.

Bread and bakery products are one of the main food products in our country that fully meet their needs at the expense of raw materials and production. The bakery industry, being one of the leading food industries, has an impact on all aspects of the life of our society. The potential of the food industry of the Republic of Kazakhstan allows this industry to significantly increase the volume of production, providing both the needs of the domestic market and export applications for the main groups of food products.

This study was conducted using the works of domestic and foreign authors, specialists in the field of marketing, and the results of Consumer Behavior Studies.

**Research methodology.** The methodological basis of the study was a set of different methods, such as evaluation, synthesis,

grouping, comparison, and others. The analytical part of the study was carried out on the basis of statistical data of the Committee on statistics of the Ministry of national economy of the Republic of Kazakhstan, as well as materials of its own observations. The information was processed on the basis of Microsoft Excel. The authors conducted a study of the conjuncture of the consumer market of bread and bakery products. The main tasks are to study the level of production of bakery and flour products at the enterprises of the Republic, analyze the current situation in this market segment.

**Results and their discussion.** Bread and bakery products, among the products, that are in daily demand. Providing all segments of the population with the most important products and, ultimately, the country's food security depends on how effectively the bakery industry will operate and develop [4]. Currently, the bakery business has great opportunities to increase the number of enterprises, create a developed competitive environment, and create new working places. In the address of the head of State K.-J. Tokayev to the people of Kazakhstan "Kazakhstan in a new reality: time of action", it was noted that "our main tasks are self – sufficiency in socially important food products, stable income growth of millions of rural residents, two and a half times increase of labor productivity, twice increase in exports of agricultural products" [5]. Table 1 shows the number of enterprises which produce bakery and flour confectionery products in the Republic of Kazakhstan and the production of bakery and flour confectionery products for 2016-2020.

Table 1 - Production of bakery and flour confectionery products in the Republic of Kazakhstan for 2016-2020

Indicators	tons				
	2016	2017	2018	2019	2020
Number of enterprises producing bakery and flour confectionery products	338	333	452	447	420
Crackers and biscuits; confectionery and cakes of long-term storage, tons	96 547	97 542	102 697	107 493	113 924
Cakes and confectionery products, flour, fresh (short-term storage), tons	26 190	37 189	28 871	30 792	26 518
Bread, confectionery and cakes, fresh, tons	756 154	748 918	736 773	593 606	565 539
Note: compiled by the author according to the source of the KS MSE RK					

As can be seen from Table 1, the production of bakery and flour confectionery products in 2020 was carried out by 420 Kazakhstan enterprises. In natural terms, there was an increase in production in such segments as the

production of bakery and flour products with a long shelf life. The volume of production of crackers and cookies, as well as non-perishable confectionery and cakes, increased to 113 924 tons in 2020. This is 6% more than

in 2019. However, in recent years, according to the Statistics Committee of the Ministry of national economy, there has been a clear trend in the production of fresh bread. Table 2 shows

data on the volume of fresh bread production in the context of regions of the Republic of Kazakhstan over the past five years.

Table 2 - Production of fresh bread in natural expression

Region	2016	2017	2018	2019	2020
Republic of Kazakhstan	729 964	711 729	707 902	562 814	539 021
also:					
Akmola region	31 245	30 303	28 743	21 718	21 403
Aktobe region	50 675	48 973	47 985	54 287	48 668
Almaty region	27 908	28 126	29 206	29 953	44 388
Atirau region	17 747	19 131	18 107	20 881	21 344
West-Kazakhstan region	38 941	36 288	36 329	12 594	12 850
Zhambil region	47 178	48 920	49 413	26 426	24 670
Karaganda region	73 716	66 722	69 031	41 725	38 064
Kostanai region	47 159	46 084	44 520	25 982	25 415
Kizilorda region	11 433	8 651	8 471	11 287	16 374
Mangistau region	5 754	6 299	6 643	10 254	9 128
South – Kazakhstan region	180 637	156 959	-	-	-
Pavlodar region	38 406	37 838	37 071	17 989	16 163
North –Kazakhstan region	31 390	28 110	27 082	18 145	17 421
Turkestan region	-	-	153 041	142 034	123 865
East-Kazakhstan region	49 749	46 400	44 743	32 004	27 757
Nur-Sultan	16 069	15 934	13 778	21 892	20 231
Almaty	61 957	86 991	90 270	68 189	64 335
Shymkent	-	-	3 469	7 454	6 943

Note: compiled by the author according to the source of the KS MSE RK

The output of fresh bread has decreased in recent years. In 2020, the volume of fresh bread production in physical terms amounted to 539 021 tons, which is 26.2% less than in 2016. The main volume of fresh bread production in 2020 falls on the Turkestan region, namely 123 865 tons of manufactured products. The leading regions in 2020 in the production of fresh bread are the city of Almaty, which produced 64 335 tons, Aktobe region with a volume of 48 668 tons.

In 2020, compared to 2019, the production of fresh bread decreased by 4.2%. These changes were influenced by several key factors: a change in the structure of consumption of the population, the harvest of grain crops, the deterioration of the material and technical

base of enterprises producing bakery products, a decrease in the demand of the population.

The decline in bread production and consumption cannot be fully called a negative trend, since according to Pareto's economic law, a reduction in bread consumption is one of the facts of improving living standards that can be observed recently [6]. Also, in the article by Kozhakhmetova G.A., Lashkareva O.V. it is noted that the purchase of food (including bakery products) in the required volume with the existing incomes of the population depends on real income, price level and on the distribution of real income [7]. The incomes of the population of the Republic of Kazakhstan for the last five years are presented in table 3.

Table 3 - Dynamics of income of the population of the Republic of Kazakhstan for 2016-2020

Name	2016	2017	2018	2019	2020
Average per capita nominal monetary income of the population	76 575	83 710	93 135	104 282	116 126
The value of the subsistence minimum (on average per capita)	21 612	23 783	27 072	29 342	33 015

Note: compiled by the author according to the source of the KS MSE RK

According to the KS MNE RK, the average per capita nominal monetary incomes of Kazakhstan in 2020 increased by 11.4% compared to 2019 (lk. table 3), therefore, an increasing percentage of the population has the opportunity to significantly diversify the product range.

The main growth rates of fresh bread production are observed in Turkestan, Almaty, Aktobe regions. The growth of fresh bread production in these regions is due to the following factors:

- \*expanding the range of bakery products;
- \* opening of small private enterprises (mini bakeries);
- \*development of own production in retail chains [8].

The main advantage of mini bakeries is their mobility. By studying the demand, they can easily change the assortment, adapting to the tastes of consumers. In addition, small enterprises have many opportunities to fulfill private orders – they can produce non-traditional, national pastries.

Thus, in modern conditions, high requirements are imposed on producers of bread and bakery products. To ensure the competitiveness of domestic production of bread and bakery products, it is necessary to expand the range of products, improve the quality of products, while taking into account the tastes and preferences of consumers [9].

An important factor in improving the quality of bakery and flour confectionery products is the provision of raw materials corresponding to the level of quality indicators and affordable prices. In order to systematically provide bread production enterprises with high-quality and affordable raw materials, the country has developed a Program for the development of the agro-industrial complex of the Republic of Kazakhstan for 2017-2021, which was approved by the Decree of the Government of the Republic of Kazakhstan dated July 12, 2018 No. 423 [10].

In accordance with the State Program on Development of agro-industrial complex for 2017-2021, for agro-industrial entities that are engaged in the processing of agricultural products (including bread producers), such measures are envisaged as reducing the calculated amount of VAT by 70% on bread production, subsidizing the interest rate on loans issued for replenishment of working capital by reducing it by 5% per annum in tenge, for the purchase of fixed assets - by 10% per annum in tenge.

In the future, it is planned to provide preferential loans for the production of bread as part of the implementation of the "Economy of Simple Things" program with subsidized remuneration rates.

In recent years, along with a reduction in production volumes, there has been an increase in prices for bread and bakery products (table 4).

Table 4 - Dynamics of retail prices for bread in the Republic of Kazakhstan for 2016-2020

Name	2016	2017	2018	2019	2020
Wheat bread made from premium flour	217	224	230	270	299
Wheat bread made from flour of the first grade	122	125	128	148	153
Rye-wheat bread	188	192	199	239	260

Note: compiled by the author according to the source of the KS MSE RK

As the data in table 4 shows, in 2020, compared with 2019, wheat bread from premium flour rose in price by 10.7%, wheat bread from first-grade flour by 3.4%, and rye-wheat bread rose in price by 8.8%. Experts are sure that the reason for the rise in prices for bakery products is due to the rise in world grain prices. In addition, the rise in price is also caused by a general shortage of grain caused by crop failures and an increase in tariffs for grain transportation.

### Conclusions

1. The main conclusions based on the results of the monitoring:

- bread and bakery products are essential

goods, and baking is a socially significant branch of the economy: by producing traditional varieties of bread, enterprises provide a large number of people with cheap bread;

- on the background of a decrease in bread consumption in recent years, manufacturers have noted the increasing influence of retail chains, which pursue a policy of low prices and actively develop their own production of bakery products in mini-bakeries. The growth and development of small bakeries and pastry shops continues in Kazakhstan. Consumers prefer to shop in small bakeries and pastry shops rather than buy pastries in other stores. These enterprises create serious

competition to bakeries, offering a wide range of freshly baked products;

- in recent years, there has been a tendency to reduce the production of bread and plus an increase in prices for them. This was influenced by many factors, the key of which are: the harvest of grain crops, the deterioration of the material and technical base of enterprises producing bread and bakery products, changes in the structure of consumption of the population, rising grain prices.

2. In general, we can note the sustainability of the development of not only the production of bread and bakery products, but also the food industry as a whole, the prospects for the development of which are associated with increasing the competitiveness of the industry's products and the growth of its export potential.

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