

# **Restructuring Agriculture and Meeting Consumer Needs in Armenia**

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## **ABSTRACT**

The privatisation of agricultural land in Armenia started in 1991 and continues until now. Achieving independence, the new republic took the lead among the former Soviet republics in privatising its farmland, repudiating Stalin's heavy-handed collectivisation. After the privatisation of land to its legitimate owners, peasants, the farming in Armenia has faced, however, extreme challenges. This article analyses one of the most important issues that has considerable impact on the success of any business in the conditions of market economy (in agriculture maybe more explicitly), namely the relationship between producers (in this case small family farms) and consumers. In this respect, consumer satisfaction is decisive for the operations and sustainability of those farms. It is therefore necessary to examine the perception of farmers on whether a relationship exists between farm success and consumer satisfaction.

As a first step, we present an overview of post-Soviet transition agriculture in Armenia stressing the problems of small scale developing agriculture with its commercial concerns. Further, we analyse the development of procurement possibilities of processing industry and purchasing power of end consumers. Finally, we suggest our ideas about possible developments of consumer-oriented farm management from both farm and regional (in the nearest future also European and international) perspectives.

Our data on the farm side are derived from a sample of small rural producers in two selected areas in Armenia. The deliberations about the other end of the chain, about consumers are drawn on the data available from secondary sources, i.e. general statistics, literature, Internet, etc. This paper takes factor analysis approach (correlation analysis) trying to find out decision processes (about the organisation of production and marketing) of farmers in regard to consumers. The requirement for us to address the consumer part of the producer-consumer chain, particularly during last years is discussed as is the need for us to be focused on growth of farmers' consciousness about consumer-oriented production and marketing to ensure long term viability and sustainability of family farms. The paper also illustrates how the information on consumers and their preferences could be used to improve decision making on family farms in Armenia.

**Key words:** family farms, consumer, land privatisation, transition, Armenia