Factors Affecting Consumer Preference towards the Organic Food Purchases

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Abstract

Background: Organic products now a day's are considered as healthy by most of the buyers as these are made up of natural substances. Organic products are grown without the use of fertilizers, artificial chemicals, and pesticides. The Indian organic food market although in its nascent stage, has started growing rapidly. Consumers prefer organic food due to safety, human health, and environmental concern and also due to attributes like nutrition value, taste, freshness and appearance of organic food matters a lot for consumers. Methods/Statistical Analysis: Multiple linear regression technique was used to find the determinants which could explain the preference among consumers to buy the organic food products. Descriptive statistics was used to understand the demographic information. Findings: From this study, it is seen that the consumers prefer to buy organic food products, there are various factors impacting the preference including demographic characteristics of the consumers. It has been observed that females have more preference for organic food products as compared to male respondents. More number of educated respondents prefers to buy organic food products. Age group of 29-39 prefers to buy organic food as compared to other age groups. Also people of higher income group prefer to buy organic food. Consumers prefer to buy organic food products because of their perception that the organic food products are healthy and safe, nutritious and environment friendly. Application and Improvement: This research reveals the determinants of consumer preference towards organic food and it will be useful for the marketers to design a suitable marketing mix. This research can be incorporated to implement the various marketing strategies by the marketers and other factors impacting the preference of the consumers in the various strata of the society.

Keywords: Consumer Preference and Availability, Factors, Organic Food Products

1. Introduction

With the awakening of Indian consumers to eat healthy, few restaurant owners have started serving the organic food to survive in the market. The rising preferences show that the organic food franchise in India can be a lucrative business proposal for the aspirants who want to get started with a business in the Food and Beverage industry.

The current market for organic foods in India is pegged at Rs 2,500 crores, which according to ASSOCHAM, is expected to reach Rs 6,000 crores by the year 2015. Even then, India will be left with one per cent of the global share, suggesting the huge potential for this nascent Indian organic sector.

People prefer organic food for various reasons as they are healthier and no use of pesticides or fungicides when they are grown. Also these organic products are grown in land where there are not any traces of chemicals and organic animals also not treated with antibiotics and hormones. There is generally no chance of having chemicals in organic product.

Today, consumers prefer to buy products that do not involve modern synthetic inputs and will be beneficial to them in the long-term. That's why organic product stores are continuously growing.

1.1 Objectives of the Study

This study aims to understand the preference of consumers
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Factors Affecting Consumer Preference towards the Organic Food Purchases in Pune towards the purchase of organic food products.

This study has following objectives:

• To understand the consumer preference towards organic food purchase.
• To identify the factors that influence consumer preference towards organic food purchase.

Finally, this study highlights the factors influencing the consumer preference towards organic food purchase, so that organic producers and marketers can benefit while doing strategic marketing planning.

1.2 Organic Food Preference

Consumers generally make their choices considering the product information, product attributes and evaluating the consequences of using the product. Consumers consider health as an important parameter and then they buy the product.

There are various reasons consumer prefer to buy organic food. The consumers prefer organic food due to some of their demographic characteristics. Households with graduates were less likely to buy organic produce, while households with children under 18 were more likely to buy organic produce.

Females and individuals with more education and income have more awareness and knowledge of food hazardous to health.

As per the research, organic consumer profile includes demographic variables, lifestyle and environmental attitudes. The regular organic food consumer is educated, affluent and of a higher social class.

It was found that there is strong correlation between increasing consumption of organic food and the level of formal education. Organic consumers have willingness to pay 10% premium for organic food product with an average of 9.5% by women and 11.4% by men.

A widely held belief in the organic trade circle is that price and income do not necessarily track organic sales.

There are various factors that impact the consumer preference to buy organic food products.

1.2.1 Organic Products are Healthy and Safe for Consumption

As per the research conducted, consumers purchase organic products as these are perceived as healthier than other alternatives available.

The research found that consumers are highly health conscious and perceived less importance to food safety concerns and religious factors when they are purchasing organic food products.

As per the research conducted among the organic purchasers, health and children were found as the most important reasons for purchase of organic food.

A plethora of studies mention different motivations of consumers to purchase organic food like food safety, sensory variables, environmental concerns, ethical concerns and value structure.

1.2.2 Organic Products Have Good Nutrition Value

The most significant motive for choosing organic food is the health factor followed by the environmental and animal welfare factors. Some consumers buy organic food as they perceive a difference in food quality and its nutrition value. Few specific parameters expressed are sensory parameters, followed by safety and nutrients.

Organic product purchase increased due to various factors like organic food products are tastier than conventional produced food, concerns about health, its nutrition value and environmental concerns. Also there are factors like concerns regarding the use of chemicals and pesticides in conventional farming, the erosion of land and concern for animal welfare.

1.2.3 Organic Products Friendliness to the Environment

Environmentalism, alternative medicine and vegetarianism are means of alternative lifestyle and organic consumption is also related to it. Production of organic food is without herbicides, pesticides, antibiotics, chemical fertilizers and growth hormones.

Consumers are ready to pay more prices for organic food products which are environmental friendly and this is because of the consumer’s ecological friendly behavior.

As per the research, Spanish consumers illustrated that the Genetically Modified food has no special benefits, considered as tampering with the nature and having high risk. On the contrary, Organic food has good purpose; it is healthy and friendly to the environment.

1.2.4 Consumer Ready to Pay Premium Prices

As per the survey, in Spain consumers are still adjusting with the higher prices of organic food and they are willing to pay similar to the existing prices.

Organic food consumers give less importance to price as compared to the consumers who never purchase organic food earlier.
The premium prices for organic food are justified by the food safety, taste and nature conservation. Few of the consumers feel that they have to pay higher price for healthier food and some consumers simply assume that organic food is not affordable\textsuperscript{20}.

1.2.5 Trust in Product Certification and Labels

According to a research in Greek urban areas, factors such as food quality and security, trust in the certification, and in certain cases, the brand name had a higher correlation with the willingness to pay than did price or socio-demographic variables\textsuperscript{21}.

The main constraint to the purchase of organic food is high premium prices, lack of information, lack of trust in organic certification quality and schemes. Also lesser availability of organic food contributes to the lack of purchase of organic food\textsuperscript{22}.

As per the Food and Agriculture Organization (FAO) report, 14000 tonnes of organic food produce is from certified organic farms in India. But there are more organic farm areas than mentioned by FAO. Sometimes Organic food is not recognized though it has been grown in organic farms as farmers have not registered their name nor paid the registration charges for official certification\textsuperscript{23}.

1.2.6 Availability of the Organic Food Products

Non-availability of organic food in the store is one of the most important barriers for consumer’s purchasing\textsuperscript{24}. The consumer attitude is highly unfavorable towards organic food due to availability and price\textsuperscript{25}.

There are vital reasons like high price, satisfaction with conventional food, limited choice and availability, lack of perceived value and lack of trust which prevent consumers from buying organic food\textsuperscript{26}.

2. Research Methodology

2.1 Conceptual Framework

There are various factors influencing the consumer preference to buy the organic food product due to their perception like, organic food products are healthy and safety, products are environment friendly, prize of the products, trust in product certification and availability of the products. Therefore, the conceptual model for the present research is depicted in Figure 1.

2.2 Sampling and Data Collection

With reference to the objectives of the study, Secondary and Primary data collection techniques were implemented. Primary data was collected with use of structured questionnaires and five point Likert scale was used which ranged from strongly agree to strongly disagree. An exploratory study was conducted after an extensive literature survey. The study was conducted among 150 consumers to identify the factors influencing consumer preference towards organic food purchase.

| Table 1. Demographic profile of respondents (150 respondents) |
|-------------------------------------------------------------|
| **Items**        | **Numbers** | **Percentage (%)** |
| **Gender**       |             |                   |
| Male             | 85          | 57                |
| Female           | 65          | 43                |
| **Age Group**    |             |                   |
| 18-28            | 56          | 37                |
| 29-39            | 59          | 39                |
| 40-60            | 35          | 24                |
| **Marital Status** |           |                   |
| Married          | 76          | 51                |
| Unmarried        | 74          | 49                |
| **Education**    |             |                   |
| Diploma and Bachelor | 65          | 43                |
| Post Graduate    | 85          | 57                |
| **Income**       |             |                   |
| Below 1 lakh     | 26          | 17                |
| 2lakhs to 3 lakhs| 29          | 19                |
| 4 lakhs to 5 lakhs| 79          | 53                |
| 10 lakhs and above | 16          | 11                |
2.3 Analysis and Interpretation
The Table 1 provides the details of demographic profile of the respondents.

As per Table 2, more number of females prefer to buy organic food products as compared to male respondents. With reference to below mentioned age groups, the age group 29-30 prefers to buy more organic food products as compared to other age groups of respondents. 78% of the married respondents prefer to buy organic food on the contrary 59% of the unmarried respondents prefer to buy organic food. Higher income group and higher qualified group of respondents prefer to buy organic food products.

Table 2. Demographic profile and preference to buy organic food

| Items               | Prefer to Buy Organic Food |
|---------------------|-----------------------------|
| Gender              |                             |
| Male                | 69%                         |
| Female              | 83%                         |
| Age Group           |                             |
| 18-28               | 69%                         |
| 29-39               | 84%                         |
| 40-60               | 78%                         |
| Marital Status      |                             |
| Married             | 78%                         |
| Unmarried           | 59%                         |
| Education           |                             |
| Diploma and Bachelor| 76%                         |
| Post Graduate       | 82%                         |
| Income              |                             |
| Below 1 lakh        | 56%                         |
| 2 lakhs to 3 lakhs  | 78%                         |
| 4 lakhs to 5 lakhs  | 79%                         |
| 10 lakhs and above  | 89%                         |

3. Regression Analysis
To determine which determinants could explain the preference among consumers to buy the organic food products, Multiple Linear Regression (MLR) technique using step enter regression method was subsequently conducted in SPSS.

The Table 3 shows the multiple regression model summary and over fit statistics. The adjusted $R^2$ of the model .609 with $R^2$ value of .625 that means the linear regression explained is 62.7% of the variance in the data. The Durbin Watson is not between the critical values 1.5 $< d < 2.5$ and therefore it can be assumed that there is first order linear auto-correlation in the multiple linear regression data.

Table 3. Model summary

| Model | $R^2$ | Adjusted $R^2$ | Std Error of the Estimate | Durbin-Watson |
|-------|-------|----------------|---------------------------|---------------|
| 1     | 0.791 | 0.625          | 0.609                     | 0.506         |

3. Regression Analysis

As per Table 4 the F-test is highly significant, thus it proves that there is a linear relationship between the variables in our model.

The Table 5 shows the multiple linear regression estimates including the intercept and the significance levels. The independent variables 1) safe for consumption 2) good nutrition value and 3) organic products are environment friendly are significant and the other three variables 1) ready to pay premium prices 2) Govt. Certificate and 3) Availability of the product are not significant.

4. Conclusion and Managerial Implications
It is clearly seen that the consumers prefer to buy organic food products, there are various factors impacting the preference including demographic characteristics of the consumers. It has been observed that females have more preference for organic food products as compared to male respondents. More number of educated respondents prefers to buy organic food products. Age group of 29-39 prefers to buy organic food as compared to other age groups. Also people of higher income group prefer to buy organic food.
Consumers prefer to buy organic food products because of their perception that the organic food products are healthy and safe, nutritious and environment friendly.

To attract more consumers to buy organic food products, marketers need to work on the strategies and design the elements of the marketing mix to make the organic products easily available to consumers. Also there is a need to build more trust among the consumers and get the proper government certification for the organic food products.

5. Scope for Further Research

This research was limited to Pune city and in particular the educated population. This can be further expanded to various cities of India. Future research can be incorporated to study the various marketing strategies by the marketers and other factors impacting the preference of the consumers in the various strata of the society.

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