



KEY DETERMINANTS WHICH TRIGGER'S THE PURCHASE OF ORGANIC PRODUCT: AN EMPIRICAL STUDY

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ABSTRACT :

Healthy life style is the choice of consumers of the present decade. Organic products serve the purpose of eating and following the healthy life style. The word organic denotes, it does not use toxic pesticides, synthetic fertilizers or GMO's (Genetically Modified Organisms) in production. The present paper aims to study the relationship between health benefits and purchasing pattern of organic products. To achieve the core aim of the study the other factors like price, age, income and occupation were also considered as independent factors in influencing purchase of organic products. In this study, the opinion of 60 respondents who consumes organic products were surveyed. The major findings were, irrespective of age, income and occupation people prefer organic products due to its health benefits.



KEYWORDS : Organic, consumers, healthy life style, influencing factors.

INTRODUCTION

In recent years health conscious consumers are growing and they have started to read the nutritional value of the product before purchase. This awareness is increased because of increased literacy level, educated mass, urbanization, technological development, support from government to increase organic production. The per capita income of Indians at current prices increased by 10.4% to INR103,007 in 2016-17, as against INR93,293 during 2015-16. Average household incomes are expected to triple in the next two decades, making India the world's third-largest consumer economy by 2025, up from the current seventh position. **ASSOCHAM & EY (March 2018)**. Most of the consumers are purchasing organic products due to its quality, influence of friends, elders advise about healthy eating. Dr. D Anand (2016)

Consumers are ready to pay price premium of about 5-50% in turn which could be the cost of human health. The importance of organic product was ignored for quite a long time, but the growing environmental hazards has driven the growth of marketability of organic products. **H.M Chandrashekar (2014)**.

Organic products are purchased mainly for the health benefits. But consumers lack trust in purchasing organic product due to lack of effective brand strategies and lack of international certification for organic products. The marketers have to bring in innovation to meet the changing needs of customers to stay competitive. **B. Krishna kumare(2017)**

The market for Organic products is still at the low level due to lack of awareness and knowledge. Even the purchase frequency among few people who are aware about the products are also low because

of the gap between preference and their actual buying behaviour. Hence proper consumer education and low-price strategy is the primary task of every marketers which may lead to increase in sales. **Samir vehapi (2016).**

The frequency of consumption of organic product are most determined by gender, education and economy class. These socio-economic factors play an important role, and has been concluded if the women are more educated, they often become the major influencing factor for increase sales. **Janeiro/Março. (2015)**

It is proved by (**Leong Guang, 2014**) that, few demographics and non-demographics factors like willingness to pay, income level, gender and presence of children in the family play a predominant role, which influence the purchase intention of the organic consumers. The marketers should study the above factors and frame the strategies accordingly to attract the customers.

The Government of India and the state governments have taken steps to improve the regulatory framework of organic products along with rolling out several schemes to incentivize organic farming. On the regulatory front, Food Standards and Safety Authority of India (FSSAI), in December 2017, has recognized both the certification systems (NPOP and PGS-India) valid for organic food products. This provides an impetus to both promote and regulate markets so that domestic consumers and export countries can trust Indian organic products.

On the production front, the Government has rolled out several schemes to incentivize organic cultivation like National Program for Organic Production (NPOP), National Project on Organic Farming (NPOF), National Mission on Sustainable Agriculture (NMSA)/Paramparagat Krishi VikashYojana (PKVY), Rashtriya Krishi Vikas Yojana (RKVY), Mission for Integrated Development of Horticulture (MIDH), National Mission on Oilseeds & Oil Palm (NMOOP) and Network Project on Organic Farming of ICAR.

To facilitate organic farming, 11 state governments (Kerala, Karnataka, Andhra Pradesh, Sikkim, Mizoram, Nagaland, Himachal Pradesh, Madhya Pradesh, Gujarat, Rajasthan and Odisha) have come out with their own State Organic Farming Policies, and Sikkim became the first state to be declared as Organic State. Many other states such as Chhattisgarh and Uttarakandh are also promoting an organic marketplace wherein producers and consumer can directly interface.

With all these initiatives, it is expected that the cost of cultivation will come down and productivity will improve significantly. This will result in lowering the prices of organic products for mass consumers to switch over to organic products and create further demand.

STATEMENT OF THE PROBLEM:

The market for organic product is still at the nascent stage in Karnataka (NABCONS)(**source??**). People have the opinion that organic products are highly priced, and hence the sales are not so high. On the other hand, there is a niche market for organic product whom we call it as health-conscious consumers who follow healthy lifestyle, depends more on organic products and has a very good opinion on organic products which in turn changing the market scenario.

The present study aims to check whether price is the only factor influencing the purchase of organic products or the other factors like health, quality, safety etc also plays a major role.

OBJECTIVES:

1. To identify the predominant reasons which influence the consumers for buying organic product.
2. To identify the factors influencing the consumers towards the purchase of organic products.

LIMITATION OF THE STUDY.

The major limitation of the study is the sample size. Due to lack of time it was not possible to collect data from a greater number of customers. Our sample size is 60, if it was more, then more accurate results could be obtained.

The other limitation was the study was restricted to only few shops in Bangalore which was selected based on convenience.

RESEARCH METHODOLOGY:

The study has been conducted in Bangalore city during November and December 2018. The study is based on both primary and secondary data. The primary data is been collected from 60 respondents of selected organic retail shops through a well-structured questionnaire along with a personal interaction with the respondents during data collection stage. The secondary data has been collected from various website, reports, articles and journal.

The tool for analysis used for the above paper is SPSS. One-way ANOVA test has been used to find the relationship between multiple variables.

Ho1: There is no significant difference between the price of organic product and income of a person.

ANOVA TABLE 1
the price of organic products and income of a person

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	7.682	2	3.841	3.282	.045
Within Groups	66.718	57	1.170		
Total	74.400	59			

The above ANOVA table (table number) shows the P value is 0.045 which is less than significance level of 0.05. Hence the null hypothesis is rejected. So, it is proved that price of organic product is dependent on income of a person.

H02: There is no significant difference between the price of organic product with the occupation of a person.

ANOVA TABLE 2
the price of organic products and the occupation of a person

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.829	2	.914	.718	.492
Within Groups	72.571	57	1.273		
Total	74.400	59			

The above ANOVA table (table number) shows the P value is 0.492 which is more than the significance level of 0.05. hence the null hypothesis is accepted. So, it can be concluded that the ability to pay high price for organic product is not dependent on occupation of a person.

H03: There is no significant difference between the price of organic product and the age of a person.

ANOVA TABLE 3

the price of organic products is dependent on age of a person

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	2.489	3	.830	.646	.589
Within Groups	71.911	56	1.284		
Total	74.400	59			

The above ANOVA table shows the P value is 0.589, which is more than the significance level of 0.05. hence the null hypothesis is accepted. So, it can be concluded that the ability to pay high price for organic product is not dependent on age of a person.

H04: There is no significant difference between age of a person & health benefits of organic products.

TABLE 5
Age with health benefits

GRAND MEAN

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	.642	3	.214	2.305	.087
Within Groups	5.197	56	.093		
Total	5.838	59			

The above ANOVA table shows the P value is 0.87, which is more than the significance level of 0.05. Hence the null hypothesis is accepted. We can conclude that irrespective of the age of a person, people prefer buying of organic product due to its health benefits.

H05: There is no significant difference between the Income of a person & health benefits of organic products.

TABLE 6: income with health benefits
ANOVA

GRAND MEAN

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.356	2	.178	1.849	.167
Within Groups	5.483	57	.096		
Total	5.838	59			

The above ANOVA table shows the P value is 0.167, which is more than the significance level of 0.05. Hence the null hypothesis is accepted. From the above analysis it is proved that income of a person and purchase intension due to health benefits are not related, irrespective of the income level of a person, people prefer organic products due to its health benefits.

H06: There is no significant difference between the purchase frequency & health benefits of organic products.

TABLE 7 :purchase frequency with health benefits ANOVA

GRAND MEAN					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.117	3	.372	4.418	.007
Within Groups	4.721	56	.084		
Total	5.838	59			

The above ANOVA table shows the P value is 0.007, which is less than the significance level of 0.05. hence the null hypothesis is rejected. So, it is proved that purchase frequency of organic product is dependent on health benefits of organic products.

If the frequency of purchase is more, then the consumer is interested in the health benefits of organic products.

Reason to purchase organic products:(Weighted Average Table 8)

SL.NO	PARTICULARS	STRONGLY AGREE	AGREE	NETURAL	DISAGREE	STRONGLY DISAGREE	TOTAL	WT	W. A
1	Taste	85	40	3	4	0	132	602	4.6
2	Freshness	95	44	0	0	0	139	651	4.7
3	Healthier	110	32	0	0	0	142	678	4.8
4	Trust	70	48	6	2	0	126	564	4.5
5	Quality	60	60		2	0	122	544	4.5
6	Availability	30	32	21	16	1	100	374	3.7
7	Reasonable	30	56	9	12	1	108	426	3.9
8	Attractive Packing	15	52	12	18	1	98	356	3.6
9	No Pesticides	55	56	9	0	2	122	528	4.3
10	Safe, Hygiene	75	60	0	0	0	135	615	4.6
11	Awareness	60	52	9	4	0	125	543	4.3
12	Brand Image	10	28	15	18	7	78	250	3.2
13	Varieties	30	32	21	16	1	107	374	3.5

From the above table it is observed, people prefer organic products due to its health benefits with the highest weighted average value of **4.8, followed by freshness 4.7, tasty (4.6), trustworthy and good quality (4.5).**They have the opinion that organic products are free from chemicals, fertilizers which are harmful and has been produced using non-conventional way. Hence though the price is little

high they prefer to purchase. These are the main reason which motivate people to purchase more and more of organic products.

MAJOR FINDINGS OF THE STUDY:

1. From table one it is proved that the income of an individual does not influence the payment of price premium to purchase organic products by the customers. Whether the income is more or less people are willing to pay little high price to safe guard their health.
2. From table two it is proved that irrespective of the occupation, people are ready to pay premium price.
3. From table three it is concluded, age does not play important role while paying premium price for organic products.
4. Health benefits arrive when organic products are free from harmful chemicals and pesticides, organic products are safe, hygiene and natural, quality is assured, as well when it is fresh and healthier. These are certain reason why people purchase organic products which is compared with age of a person. And it is proved, irrespective of the age of a person, people prefer to buy organic products due to its health benefits.
5. Table five shows that whether people earn more or less, they purchase organic products due to its health benefits.
6. Table six proves that if your purchase frequency is more, you believe health benefits is derived by purchase of organic products.
7. Table seven shows the weighted average of few reasons which people think conducive while purchase of organic products is mainly because of its health benefits followed by freshness, taste, trust and quality of the product.

SUGGESTIONS:

1. Organic products are priced high due to higher cost of cultivation and its subsequent value chain. If some special efforts are brought in building the gap between production and supply chain, the price can be reduced.
2. Government of India has come up with lot of regulatory framework towards organic products, like establishment of too many certification agencies at state and district level, which ensure quality standards to producers, which in turn lead to quality products available to consumers. But the awareness regarding this programme are not widely popular. So proper awareness has to be created, which leads to mass production and finally price of organic products can be reduced. (ASSOCHAM & EY March 2018)
3. Irrespective of occupation, age & income, people started to purchase organic products. But the quantum has to be increased both in terms of quantity and frequency. Hence proper awareness has to be developed through extensive advertisement and brand strategies to see the shift of conventional consumers towards purchase of non-conventional products and services.

CONCLUSION:

Through the study we can conclude, though price of organic products is relatively high compared with the high chemical, fertilizers and Genetically Modified Organisms (GMO's) based products, people started to purchase organic products due to its health benefits. Consumers doesn't mind paying high price in lieu of diminishing health conditions. "Eat healthy and stay fit" is the mantra of modern consumers who are educated.

But the percentage of consumers who prefer organic products are still very less due to factors like lack of awareness, branding, and non-availability of the products at all the places. Hence both manufacturers as well as government should take initiative in spreading awareness among both producers, consumers and societal level at large regarding the long-term benefits of organic products.

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