

A Study on Factors Influencing Preferences of Organic Foods among Consumers

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Submitted: 15-09-2021

Revised: 25-09-2021

Accepted: 28-09-2021

ABSTRACT

Food consumption practice is changing worldwide among the consumers and now they want to opt food which is free from synthetic chemicals, fertilizers, and pesticides, i.e., they want to consume for organic food which is not only sustainable for health but also environment-friendly. This concept is gaining impetus in society especially after increase in health problems in individuals. It refers to using such food product which are eco-friendly and safe. The demand of the hour is to therefore to encourage organic farming and offer a better choice to consumers as well as save the environment. The purpose of this paper is to explore and understand the factors affecting perception of consumers on organic food products in Indian context.

Keywords: Organic farming, Organic food products, perception and India

I. INTRODUCTION

As the world population grows and countries make choices about the way they produce and consume along their respective paths of development, we have so far been fortunate, that the propensity to consume goods without maximising their utility, has been balanced by less resource intense production and consumption in the global marketplace. This is changing. Globalization and technological innovation have brought the dream of mass consumption to doorsteps worldwide. Consuming at this level will not be possible for all countries without exceeding the Earth's carrying capacity. This realization has spawned many social, political and environmental movements encouraging cleaner production and more sustainable lifestyle choices. The social, environmental, and economic costs of the current agricultural production and distribution system is leading to new and alternative models of production and distribution being explored. Driven by producers' concerns over financing and loss of lifestyle, consumer concerns over food safety and

quality, an increased awareness of health, nutrition and community concerns over open space, biodiversity, agricultural pollution, and the economic health of its members, many groups, including governments, are beginning to realize the benefits that can be gained from more sustainable agricultural systems. One such system, organic agriculture, has been known to provide many of these benefits.

The term "organic" refers to the way agricultural products are grown and processed. While the regulations vary from country to country, in the U.S., organic crops must be grown must be grown without the use of synthetic herbicides, pesticides, and fertilizers, or bioengineered genes (GMOs). Organic livestock rose for meat, eggs, and dairy products must be raised in living conditions accommodating their natural behaviors (such as the ability to graze on pasture) and fed organic feed and forage. They may not be given antibiotics, growth hormones, or any animal by-products.

Organic Market in India

The Indian Organic Food Market is projected to grow from USD177.14 million in FY2020 to USD553.87 million in FY2026 advancing with a CAGR of 21.00% by FY2026, on account of favorable government policies supporting organic farming coupled with rising land area under organic cultivation. Online availability of organic food products and shifting consumer preference towards organic food are among the major factors expected to boost the demand for organic food products in India during the forecast period. Expanding marketing and distribution channels coupled with increasing number of health-conscious people are also anticipated to fuel organic food consumption in India until FY2026. Furthermore, increase in awareness regarding the food people eat has resulted in the uplift of the organic food market. Consumers in India have started paying attention to

their health, the quality and nutrient content of the food they eat. Due to health concerns, consumers are shifting towards the organic food gradually, which is further giving boost to the organic food market in India.

Some of the major players operating in the Indian Organic Food Market are

- Suminter India Organics Private Limited
- Nature Bio-Foods Limited
- Organic India Private Limited
- Sresta Natural Bioproducts Pvt. Ltd.
- Phalada Agro Research Foundations Pvt. Ltd.
- Mehrotra Consumer Products Pvt. Ltd.
- Morarka Organic Foods Pvt., Ltd.
- Nature Pearls Pvt Ltd
- Conscious Food Private Limited
- Nourish Organics Foods Pvt. Ltd.

Trends in growth of organic food market

In India, there has been a paradigm shift post the 2020 pandemic as consumers began to buy more organic foods as a preventive health measure. This change in perception is likely to drive the growth of the organic food market in future as well. In fact, all over the globe, there has been a growth in the organic food and beverage market particularly fruit and vegetables. In fact, the biggest share in the organic food market comes from fruit and vegetables, followed by bread, cereals, milk and meat. Organically grown fresh fruit takes the leading position in international trade too. While the production and sale of organic food comes mainly from developed countries, even developing countries have begun to produce and export organic foods and products. India is a leader in the export of organic tea, basmati rice and cotton. Another area where India can see a demand in the export market is through organic vegetables.

Reasons for demand

In the last decade there has been an increase in awareness among people about other positive effects of organic foods like the following:

Fitness, health and wellbeing: One of the main motives for the consumption of organic food is of course that they do not contain harmful chemicals and pollutants, as some chemicals could lead to cancer and other serious medical problems. Consumers have also begun to realise that their energy and fitness levels also increase when they consume organic food. People with allergies to certain foods, chemicals, or preservatives often find

their symptoms decrease or go away when they consume only organic foods.

Harmful effects of pesticides: To increase crop production several man-made pesticides are used which are leading to the depletion of water tables and soil contamination. Organic farming is eco-friendly and more sustainable since there is no soil and water contamination from use of synthetic chemicals. Farming without the use of pesticides also provides a healthier life for small animals and humans who live close to or work on the farms.

Use of antibiotics: Use of antibiotics on livestock is causing a poor immune response in humans. Animals that are organically raised do not receive antibiotics, growth hormones and are not fed any animal by-products. The animals are also given more space to move about outdoors, which ensures better health for the animal.

Unsafe food and food safety: Worldwide organic food has gained popularity because they are produced in an agricultural system that provides food that is free from toxic pesticides, synthetic fertilizers and genetically modified organisms (GMOs). So organic products are seen as being of high quality and are considered safer for both health and the environment. Moreover, the certification processes that organic food have to undergo, makes it clear that the food has been grown and processed according to the standards required for certification.

Environmental protection: Organic farmers follow strict cultivation standards which has a positive impact on soil, water and air. Natural farming methods also conserve biodiversity and maintain the natural balance of the ecosystem. Organic agriculture helps the fight against global warming as organically produced food is distributed locally and so less energy is used for transportation which automatically reduces carbon dioxide emission.

Objectives of the study

1. To analyze the concept organic agriculture and its importance in current scenario
2. To determine the causes for positive effects of organic foods among consumers
3. To unriddle the consumption pattern of organic foods among consumers
4. To determine the factors which influence the preferences of organic foods among consumers

Research methodology

• Data collection

The study is based on the Primary data. A structured questionnaire was designed and

circulated to different respondents through email and social media.

- **Sample technique**

A convenient sampling technique was adopted for collection of data.

- **Sample size**

100 customers were contacted for collection of data.

- **Area of study**

The area of the research will be confined to Hyderabad and Rangareddy Districts of Telangana State.

- **Tools for analysis**

The various tools use for the data analysis such as

- ✓ Percentage analysis
- ✓ t-test
- ✓ F-test
- ✓ Regression analysis.

II. RESULTS AND DISCUSSION

Table I: Demographic Profile

Basics	Classification	No of Respondents	Percentage
Gender	Male	46	46
	Female	54	54
Age	15- 25	6	6
	25-35	22	22
	35-45	28	28
	45- 55	20	20
	55 and above	24	24
Education	Elementary Education	2	2
	+2/Diploma	30	30
	Graduate	60	60
	PG	8	8
Occupation	Self-employed	20	20
	Govt. Sector	24	24
	Private Sector	48	48
	Others	8	8
Annual Income	Less than Rs 100000/-	8	8
	Rs 100001/- to 2 Lakh	15	15
	2 Lakh to 3 Lakh	26	26
	3 Lakh to 5 Lakh	29	29
	5 Lakh or more	22	22
Marital Status	Single	21	21
	Married	79	79
Number of Children	None	18	18
	1 Child	42	42
	2 Children	37	37
	More than 2	3	3

	Children		
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The table above makes it clear that the 54% of the respondents were female and 46% of the respondents were males. In the age group variable, majority of the respondents i.e. 28% belong to the 35-45 years age group. Majority of the respondents were graduates i.e. 60%, 30% were diploma, 8% were Post Graduates and 2% were elementary educated. 54% of the respondents were engaged in the private sector, 24% were servicing in the Govt. Sector, 20% were self employed and 8% were opinioned others. 29% of the respondents were having annual income of 3-5 lakhs, 26% of the respondents having 2-3 lakhs and 22% of the respondents having more than 5 lakhs. 79% of the respondents were married while 21 percent of them were unmarried 18 percent of the respondents have no children while 82 percent of the respondents have children.

Factor analysis

One of the important aspects of the study on consumer behavior in the market of organic food is the identification of the criteria for its

purchase, also determined in the literature on the subject by selection factors. Respondents were to assess on a five-point scale the impact of different variables on their purchasing of organic products. Consumers were most concerned with organic products having more nutrients than conventional and, also, beneficial health effects, with no chemical additives used in their production (no fertilizers or plant-protection products during farm production). Further exploratory factor analysis were conducted using the 16 variables with Varimax as a rotation method and eigen value greater than 1 as a cut off point for the number of factors extracted. The result indicates KMO statistics was 0.794 and Barlett's test of sphericity is significant, which indicates appropriateness of extracted variable for factor analysis. The analysis eventually resulted in the selection of five factors. The factors explained a total of 50 percent of the total variance explained by the model. The rotated component matrix was used, using 0.5 as cut-off point for factor loading for naming the factors.

Table II: Factor analysis result: Factors influencing preferences of organic food products

Factor	Factor loading	Eigen value	Variance explained
Factor 1 Health Benefits		6.36	14.535
Organic food is overrated for its health benefits	0.683		
Organic food is more nutritious than conventional food	0.702		
Healthy lifestyle requires that I consume organic food	0.711		
Organic foods have better taste	0.739		
I believe that organic food will keep me healthy	0.506		
Organic food makes stronger immune system	0.685		
Factor 2 Chemical free & Environmental Friendly		2.34	9.566
Organic foods are not genetically modified	0.772		
Organic foods are poison-free	0.488		
Organic foods are Environmental safety	0.66		
Organic products are safe to consume	0.751		
Factor 3 Consumer Ideology		5.91	13.67
Wealthy people consume more organic food	0.837		
Organic food is a status symbol	0.739		
Consuming organic food is fashionable nowadays	0.603		
Consuming organic makes me feel privileged	0.456		
People with high rank and status consume organic food	0.85		
Offering organic to friends shows that I have a high	0.781		

social standing

Reliability analysis of factors

Based on the result there were three predictors of perception of organic food products

(1) Factor 1 (**Health Benefits**) explains the variables nutritious, better taste, immune system;

(2) Factor 2 (**Chemical free & Environmental Friendly**) explains the variables poison-free, Environmental safety, and safety;

(3) Factor 3 (**Consumer Ideology**) explains the variables consumer’s status symbol, social standing and privilege etc.

Table III: Reliability analysis

Factor	Item number	Mean value	Cronbach’s α value
Factor 1 (Health Benefits)	6	27.6	0.78
Factor 2 (Chemical free & Environmental Friendly)	4	15.1	0.823
Factor 3 (Consumer Ideology)	6	30.4	0.756

Multiple linear regression analysis

Multiple linear regression tests using standard regression method was consequently conducted to uncover which predictors could explain the concern to purchase organic food products as per the level of importance.

Based on the results, the regression model with three predictors of concern to buy organic food belief on the health, chemical free & environmental friendly and consumer Ideology factors have worked well in explaining the variation in intention to purchase organic products (F = 21.865; df = 3; p = 0.002). From Table XI, perception on organic product to be healthy and

environment friendly exert significant positive influence on concern to purchase organic products (t = 2.467; p = 0.015; β = 0.053). Similar effect was also found in the other factor; trust and certification. The relationship of the variable to concern to purchase organic products was positive and significant (t = 3.597; p = 0.000; β = 0.184). The proportion of explained variance as measured by R² for the regression is 29.2 percent as depicted in Table IV. The other factors were not found to be significantly related to intention to purchase organic products. Impeding factors and lifestyle were negatively related to concern to purchase organic food products

Table IV: Model summary

Model	R	R ²	Adjusted R ²	SE of the estimate
1	0.541	0.292	0.272	1.32

Table V. ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	8.574	3	2.858	21.865	.002
Residual	12.969	99	0.131		
Total	21.543	102			

Table VI: Coefficients

Model	Unstandardized coefficients		Standardized coefficients		t	Sig.
	B	SE	β			
(Constant)	-0.059	0.796			-0.074	0.941
Factor 1 (Health Benefits)	0.053	0.021	0.21		2.467	0.015
Factor 2 (Chemical free & Environmental Friendly)	0.032	0.026	0.116		1.245	0.215

Factor 3 (Consumer Ideology)	0.184	0.051	0.339	3.597	0.00
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III. CONCLUSION

India is emerging as a strong market for organic food products. By 2025, India is expected to be self-reliant in producing chemical free food products i.e. organic food. It will also emerge as a massive exporter of organic food product in global market. Personal factors play a major role in predicting consumption pattern of consumer in India. Indian consumer prefers organic food as they consider it safe. Using environment sustainably is also identified as factors that derive consumers towards organic produce. Demographics have also been identified to affect the demand of organic food items. Majority of organic food customers are educated youth, have high paying capacity. The research results put forward new findings that all physical and personal factors like health concern, environmental concern, and awareness of organic foods positively influence the intention to purchase organic foods. Of these, health concern is the most influential factor.

The research results have suggested managerial implications to promote the intention to purchase organic foods of consumers as follows: Consumers' health concern is the factor that triggers the intention to purchase organic foods. Therefore, enterprises that trade in organic foods can implement communication activities that target consumers who care about health through consulting programs on nutrition and raising awareness on food-related health. Besides, enterprises should also communicate to consumers about the degrading environment and severe pollution, so that green consumption becomes a trend in the world in general and in India in particular. Besides, at present, consumers have not been fully and correctly aware of organic foods, so enterprises that produce and trade in organic foods should raise awareness on organic foods for consumers through consulting and communication programs at points-of-sales and on the mass media, so that consumers have a better awareness of organic foods. When consumers have better awareness on organic foods, they will tend to increase the use of organic foods.

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