

# Organic Food Products: Determinants Influencing Buying Behaviour

Biju S K <sup>(1)</sup>

## *Abstract*

Organic is the order of the day. Consumers show high inclination towards organic food products now a days. In this scenario, a study to analyse the level of influence of factors affecting the buying decisions of organic food products seems to be vital. This study is aimed at identifying and analysing the influence of various factors on the purchase intention of consumers towards organic food products. This research empirically examined the determinants influencing consumers of organic food products by analysing the selection of 100 buyers from Kerala, which is the most literate state of India. Findings of the study reveal that better quality of products that provide the comprehensive wholesomeness and premium price are the most influencing determinants for purchasing organic food products.

**Key words:** Organic Food, Quality, Brand, Promotion, Price, Buying Behaviour

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## **Introduction**

The rampant degradation of environment and the resultant health issues due to unscrupulous use of pesticides and harmful methods of agriculture practices, forced the modern society in search of new arenas which culminated to go for organic food products. Today negative impacts of agricultural practices are widely criticized by eco sensitive consumers and society. In the modern society people are more eco sensitive and their attitude, perception, preferences and buying patterns tend to shift towards organic products. Beyond profit making, concerns of environmentalism is an essential factor in the marketplace these days. Consumers favor organic products and sustainable agricultural practices that share a positive future vision about the existence of the very earth. Modern society respects responsible consumers in lieu of their sustainable patterns of

consumption and lifestyles. Now, safety attributes of food, convenience, place, and hygienic manner of production, including environmental concern etc... are valued by consumers, which significantly influence their perception towards the food they consume. In the case of health attributes, even though the customers are not in a position to check it directly such attributes are crucial to them. Globalization, growing incomes, fluctuating relative prices, urbanization and migration of consumers are factors that leads to high value for agricultural products in most of the developed as well as developing countries. The modern educated consumer wants food with more nutritious values with fewer additives and they prefer natural methods of production. Such consumers may prefer to buy organic products. In relation to consumer organic purchasing behavior, the characteristics of consumer environment protection orientation and

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(1) Associate Professor, Department of Commerce, Government College, Nedumangad, Thiruvananthapuram

health orientation result in consumers adopting a solution (i.e., organic purchases) to the problem of frequent food safety incidents. Hill and Lynchehaun (2002) argued that consumers with health and environment orientations believe that organic food can improve their health, because they tend to regard organic food as being more nutritious than non-organic food. Consumption of organic food is also thought by organic consumers to form a healthier diet. Organic food is oriented towards health and environmental protection (Zanoli and Naspetti, 2002; Baker et al., 2004; Essoussi and Zahaf, 2008; Bauer et al., 2013), with the result that the organic market has experienced huge growth (Kareklas et al., 2014).

### **Review of Literature:**

As the education and income increases, people are giving more importance to health for long living. So the consumers give preference to health factor while buying food products. (Brijesh Sivathanu, 2020). Consumers perceive organic as a healthier alternative to conventional food in that they contain more nutrients. (PinoPeluso and Guido, 2013) But majority of consumers have a lack of knowledge on organic food and they will not buy unless they are educated about its real benefits. (Chryssochodis, 2000). This highlights the need to understand the conviction of buyers about the utility of organic food. In order to maintain health, consumers accept Organic food product as a nutritional food and also highlights that the short supply and premium price of organic products adversely affect the growth of its consumption rate. (Renugadevi, K. and Ramya M, 2017). In addition, the present customers are even more aware of the seriousness resulting more ecologically consciousness and desire to purchase organic products and services, favouring businesses that prefer

environmental practice. (Ibid). We can group the reasons of buying according to general and commodity – specific concerns which include food safety, human health and environmental safety whereas commodity attributes include taste, freshness, and packaging. (Yiridoe, et.al 2018). Though these are the factors the consideration of price as the first criterion that plays a significant role in buying organic products. (Schleenbecker & Hamm, 2013). The amount that consumers were willing to pay for organic foods seems to depend on few variables such as the type of food, the relative cost of a comparable conventionally produced item and the absolute price of the item. (Jones and Hiller, 2019). The consumers' behaviour consists of ideas, feelings, experiences, and actions, along with additional environmental factors like advertisement and price. (Krystallis and Chryssochodis, 2005). But Thompson and Kidwell (2018) stated that age, gender, and having a college degree just had little impact on a shopper's decision to buy organic food. In this juncture it is important to find out the factors that affect the behaviour of consumers in connection with the consumption of organic food.

### **Research Problem and Objectives**

The state of Kerala is a model to other states in India in terms of many achievements like cent percent literacy, local governance, health sector initiatives, women empowerment initiatives like Kudumbasree mission, public distribution system etc. Since the literacy rate is high, (ie 96.2% as per NSO report 2018) the consumers in Kerala are expected to be aware about the harmful consequences of using pesticides and chemicals in agricultural farms. They are expected to advocate sustainable agriculture practices naturally and prefer to consume organic food products as a necessity not just for the benefit of their generation but for

the future generations too. In Kerala, government has been adopting several steps to bring a transformation in the agriculture sector by supporting organic farming and trading of agro products. Though organic farming is theoretically perfect, practically it faces serious dilemmas. Inclination of consumers towards buying organic products is still in an infancy stage, as it needs an attitudinal change in their mindset. While buying organic food products, several factors may influence the buyer. With regard to purchase of organic food products the level of influence of various factors may be different. In this backdrop, it is relevant to analyze determinants influencing customers of organic food products both in the academic context and the business context. Hence, the present study is attempted with the following objectives.

- 1) To analyze the demographic profile of customers of organic food products.
- 2) To Identify the determinants influencing customers of organic food products.

### **Data & Methodology**

The scope of the study is to analyse the buying behaviour of consumers of organic food products in Kerala. The present study consists of a sample survey based on the customers visiting organic outlets situated in two major cities of Kerala namely Thiruvananthapuram and Thrissur during the month of December 2019. Population of the study consists

of people buying food products from organic shops in the geographical area. The Sample size was arbitrarily fixed as 100 consumers. For collecting primary data, four organic outlets were selected on a convenience basis. A survey among the respondents was conducted using a semi structured survey schedule. The data were analyzed by using descriptive tools such as percentage and mean as well as inferential tools namely binomial test and Kruskal Wallis test.

### **Results and Discussion**

This section consists of an objective wise analysis of empirical data collected from the respondents. In order to make a structured discussion, the analysis is divided into two parts. While the first part deals with the profile of respondents, the second part deals with the analysis of determinants influencing the respondents on buying organic food products.

#### **Profile of Sample Customers**

The profile of sample respondents of the study depicted in table No 1 shows that the majority of consumers are male (58%), middle aged (53%) and hails from the urban area (54%). While 79 percent of them belongs to salaried or waged class, 63 percent are graduates and 77 percent possess an income of Rs 30000 per month. While considering the most preferred item of products, customers have ranked vegetables and fruits as their top prioritized items followed by pulses & spices and cereals.

**Table 1**  
 Profile of Sample Customers of Organic Food Products

S.LNo	Variable	Group	Frequency & %
1	Gender	Male	58
		Female	42
2	Area of Residence	Rural	46
		Urban	54
3	Age	Below 30	24
		30-60	53
		60 and above	23
4	Education	Less than Graduation	37
		Graduate or above	63
5	Occupation	Agriculturists	12
		Salaried employees	46
		Wage earners	33
		Entrepreneurs	09
6	Monthly Income (Rs)	Less than 30000	23
		30000-60000	37
		60000-90000	26
			14
7	Preference of Organic food Product		Rank
		Fruits &vegetables	1
		Pulses& spices	2
		Cereals	3

Source: Primary data

**Determinants Influencing Customers of Organic Food Products**

The major objective of the study is to identify and analyze the level of determinants influencing customers of organic food products. For this purpose, 20 attributes have been identified by reviewing literature and on the basis of discussion with experts in the academic and practical fields of agricultural marketing. The respondents' ratings on

the attributes selected for the study have been collected on a five-point scale and further their rating on expectations have been introduced to an exploratory factor analysis by administering 'principal component analysis' as the method of extraction and 'Varimax as the rotation' method. While identifying the factors, only the attributes which satisfied the standard minimum levels of Eigen value greater than one (Kaiser 1960) and the Factor Loading

greater than 0.4 (Hair et.al.1998) have been included. The constructs of factors derived through the factor analysis have also been found satisfied with reliability standard of Cronbach Alpha Greater than 0.7 (Nunnally 1970).The four groups of attributes derived on administering the factor analysis have been labeled as

“Product quality factor”(four attributes), “Brand popularity factor”(five attributes), “Effective Promotion factor”(two attributes) and “Price favour factor”(two attributes), which altogether explain a total variance of 74.19 per cent on the total attributes of food consumed from organic shops analysed under the study.

**Table 2**  
Results of Factor Analysis of Determinants Influencing Customers of Organic Food Products

S.LNo	Product Attributes	Factor Loading			
		Product quality	Brand Popularity	Effective Promotion	Price favour
1	Freshness	0.831			
2	Nutritious Value	0.848			
3	Taste	0.903			
4	Health protection	0.758			
5	Product Variety		0.591		
6	Product Certification		0.920		
7	Product Branding		0.914		
8	Door to door selling		0.603		
9	Availability of quantity demanded		0.516		
10	Frequency of promotion			0.881	
11	Credence of Promotion			0.983	
12	Affordable price				0.937
	Thin price difference in relation to Nonorganic items				0.932
	Cronbach Alpha	0.87	0.74	0.92	0.89
	Variance Explained (%)	24.43	16.23	17.31	16.22

Source: Compiled data

The descriptive statistics of attributes under each factor influencing the consumers of organic food products are depicted in table 3. It is imperative that, of the various attributes considered in the study the customers rate health and freshness as the dominant elements influencing with mean scores of 4.46 and 4.34 respectively. While making a factor wise comparison, the factor, ‘product

quality’ with a mean of 4.31 followed by the factor ‘price favour’ (Mean 4). Though the mean values in respect of factors ‘brand popularity’ (Mean 3.23) and ‘effective promotion’ (Mean 3.30) are found to be comparatively less, they also stand above moderate level on the rating scale. The variation in opinion is found to be comparatively more (1.03) in respect of effective promotion factor (Table 3.)

**Table 3**  
Mean Score of Factors Influencing Customers of Organic Food Products

Sl.No	Attributes	Mean			
		Product quality	Brand Popularity	Effective Promotion	Price favour
1	Freshness	4.34			
2	Nutritious Value	4.14			
3	Taste	4.30			
4	Health protection	4.46			
5	Product Variety		3.74		
6	Product Certification		2.79		
7	Product Branding		2.84		
8	Door to door selling		3.54		
9	Availability quantity demanded		3.94		
10	Frequency of promotion			3.32	
11	Credence of promotion			3.28	
12	Affordable price				4.03
13	Thin price difference in relation to Nonorganic items				3.97
Overall Mean		4.31	3.23	3.30	4.00
Overall Standard Deviation		.362	.544	.562	1.03

Further, while making a factor wise inferential analysis of level of influence of each factor identified by applying Binomial test with 0.5 as the test proportion, it is found that in respect of all the cases, the observed proportions for the group 'high expectation' are found to be above 0.5 and the same are found statistically significant except in the case of 'promotion'. Thus, it

is logical to infer that the level of customer expectation in respect of all factors, except the factor 'promotion' of organic food products explained in the study is high. In the case of the factor 'promotion' the level of customer expectation can be logically inferred at moderate level as depicted in Table 4.

**Table 4**  
Influence Level of Factors on Customer of Organic Food Products  
Results of Binomial Test

Factor	Moderate or Low Influence <= 3	High Influence > 3	p value
Product Quality	2	98	0.001*
Brand popularity	36	64	0.0218*
Price Favour	18	82	0.001*
Effective Promotion	48	52	0.434

Source: Compiled data: \* Significant at 5 % level

Further, while making an inter factor analysis of influence on customers of organic food products by applying Kruskal Wallis test, the results indicate a statistically significant factor-wise difference in the level of influence among

the customers of organic food products. As revealed from the descriptive analysis, the customers have rated high influence in respect of 'product quality' factor than other three factors identified in the study as shown in Table 5.

**Table 5**  
Inter Factor Comparison of Influence – Results of Kruskal Wallis test

	Expectation
Chi-Square	162.678
Degrees of freedom	3
P value	P<0.001

Source: Compiled data

**Conclusion**

The empirical study covering sample respondents having different demographic profile highlights that, vegetables and fruits are the most preferred items of organic food products in retail market. It is also notable from the study that attributes derived on administering the factor analysis labeled as 'Product quality', 'Brand popularity', 'Effective promotion' and 'Price favour' differently affect the customers' buying decision on organic food products. Of these four factors explored in the study, the quality and price proved to be the top rated influencing determinants. The high level of influence of all these four factors, except the factor 'effective promotion' on customers of organic food products, is found statistically significant. Since the study reveals the high influence of quality, brand value and price in addition to the moderate influence of promotion in consumers' buying decision, all the stakeholders of the supply chain of organic food product marketing have to perform their role effectively. This will enable the availability of quality organic food products with brand certification and at a competitive price.

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