

# Impact of Socio Economic Factors on Purchase Behaviour of Organic Food Products

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## Abstract

Socio Economic factor is one of the major factors determining the purchase behaviour of organic food products. The research work explains the degree and nature of its impact. Organic retailers have observed the shift in the trend of organic product consumption and want to respond with suitable strategies in understanding the positive shift. The paper is designed to yield results on purchase behavior of the respondents and the factors influencing to buy the organic food products. The study was carried out in Bangalore City with the sample size of 200 respondent's using cluster sampling technique. The Hypothesis was tested for the socio-economic factors and its impact. The data collected were analyzed using chi-square test, analysis of variance, Spearman's rank correlation and Friedman Test.

## Keywords

Socio Economic Factors, Organic Food Products, Purchase Behavior & Consumer Attitude

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## 1. Introduction

Almost everything influences food choice, at one time and place or another. The relative importance of 'demand pull' from green consumers or 'legislative push' from socio-environmental legislation varies widely between different forms of market. In most markets the final consumer and the buyers within any marketing intermediaries, are an important influence on the greening process. Marketers saw increasing consumer interest in the environment as a marketing opportunity to target ecologically-concerned consumers. A number of businesses and industry groups have responded to environmental concerns by integrating environmental issues into their corporate policies.

Organic foods are made according to certain production standards. The National Organic Standards Board of the US Department of Agriculture (USDA) established a national standard for the term "Organic". Organic food must be produced without the use of sewer-sludge fertilizers, most

synthetic fertilizers and pesticides, genetic engineering (biotechnology), growth hormones, irradiation and antibiotics. Environmental Marketing is based on three principles: social responsibility, the pursuit of sustainability and a holistic approach. It is open-ended, focuses strongly on the natural environment, has an intrinsic value and focuses on global concerns rather than those of particular societies.

## 2. Review of Literature

There have been a considerable number of studies on organic consumers in many countries, especially in Europe and other western countries.

As stated by Ajzen (1991), attitudes are the desirable or undesirable evaluations that people make of particular behaviors. Because attitudes affect intentions, the more desirable the attitude is, the greater the will and intention to carry out a particular behavior will be (Tarkiainen & Sundqvist, 2005).

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Hill & Lynchehaun (2002) stated that attitudes are to conquer the restrictions they seem to face when buying. Alwitt and Pitts (1996) carried out a study which indicated that environmental attitudes do not influence the organic buying intentions of consumers. Squires et al. (2001) also discovered that consumers who have a positive attitude regarding the environment are more likely to make more buys of organic products compared to those who yield negative views.

Magnusson et al. (2001) discovered that familiarity gave a partial explanation regarding why small numbers of customers purchased organic goods, despite the fact that they had positive attitudes regarding organic products. Various other researchers agree with this finding, and show that customers do not buy products that are organic because they are not familiar with them.

Tarkiainen and Sundqvist (2005) claim that attitudes are communicated between people and thus, people with positive attitudes regarding a product will affect the attitudes of their surrounding people. As a result of this cross over effect, subjective norms will be seen as a precursor of attitudes in this study. Among the small number of studies that studied the subjective norms related to the purchase of organic food, it was discovered that there is an important relationship between subjective norms and attitudes.

Christian A. Klöckner (2012) explains the complexity of human decision-making with respect to purchasing organic food. Their model framework is outlined with the nested structure of decision and the impact of earlier decisions has on the decisional space of later decisions. Authors feel that this phenomena is very much underresearched and should get more attention.

It was discovered by Thompson and Kidwell (1998) that the more visual defects the organic products have, the less probable it was for customers to purchase them.

A study carried out by Hill and Lynchehaun (2002) portrayed that even though customers know the main factors of organic products, they do not have enough knowledge about the agricultural processes that are involved in organic production

Krystallis et al (2006) examined the effectiveness of the organic label as a marketing strategic orientation & using conjoint analysis in exploring organic buyers' Willingness to Pay (WTP) for a variety of organic products

### 3. Objectives of the Study

The main objective of this study is to understand the attitude of the consumers towards buying organic food products, specifically the study is trying:

a. To study the impact of socio-economic factors of the

respondents on their willing to purchase organic food products.

- b. To understand the respondents attitude towards organic food products
- c. To recommend measures for improving the marketability of Organic food products

## 4. Hypothesis

Ho: there is no significant relationship between socio-economic variables and pleasure of eating organic food products.

Ho: there is no significant relationship between socio-economic factors and frequency of purchase of organic food products.

## 5. Research Methodology

Bangalore city was selected as the area of the study owing to the reason that, it has 180 organic specialty stores and supermarkets that sell organic food. Bangalore has the highest organic market coverage, (Osswald & Menon (2013)). In addition to having the highest density of organic food outlets, Bangalore also has better availability of fresh organic vegetables and, more recently, organic dairy products. The study covers the period of three months from October 2014 to December 2014. Primary data was collected using structured interview schedule. The Secondary data collected from government reports, publication, research reports, and books. For this study, multistage random sampling techniques are used for selection of the 200 sample respondents. The sample is drawn from the sample unit the customers of Namdhari fresh retail outlets located at various places of Bangalore city. Namdhari's fresh a specialty shop which deals with organically cultivated grains, pulses, edible oil, fruits, vegetables. Familiarity of organic food products in the main criteria in sample selection. The collected data is analyzed with the help of statistical tools like Percentage analysis, Chi-square test and Scaling technique.

## 6. Results and Discussion

### 6.1. Analysis of Attitude of Respondents Toward Organic Food Products Affective Component of Respondents Attitude Towards Purchase of Organic Food Products

- Majority of the respondents assigned first rank to better taste, and better for health and sixth rank to very low yield and seventh rank to better for farmers.

- The Spearman rank correlation revealed that the following correlation co-efficient is found to be significant at one percent level and positively correlated.

**Table 1.** Mean Rank of Affective Component of the Respondents Attitude towards Organic Food Products (Friedman Test).

Variables	Mean Rank
Better Taste	2.74
Better for health	3.41
Better for animal	8.19
Contains no dirt and bugs	5.58
Better for the environment	8.13
Expensive	8.21
Better for farmers	6.65
Very low yield	8.48
Ecological	10.34
Free from harmful substances	8.23
Better quality	5.66
Low Calories	7.48
Certification	7.93
Chi-Square Value	727.02
Df	12.00

- They were better taste of organic food with Ecological and certification.
- The better health with better for animal contains no dirt and bugs, better for the environment, better for farmers, free from harmful substances, better quality and certification.
- The mean ranking by fisherman’s two way analysis showed that the highest rank was assigned to ecological, benefits of the organic food followed by the verylow

**Table 2.** Association of Socio-Economic factors and Willingness to Purchase Organic Food.

Chi- Square value						
Socio-Economic factors	Calculated	Table	DF	Probability	Hypothesis	Results
Age	5.976	7.81	3	0.1128	Null- hypothesis is accepted	No association between the age of the respondents and willingness to purchase
Gender	0.301	3.84	1	0.583	Null-hypothesis is accepted	No association between the gender of the respondents and willingness to purchase of organic food products.
Marital Status	7.558	7.88	1	0.53	Null-hypothesis is accepted	There is an association between the marital status of the respondents and readiness to buy the organic food products
Occupation	3.484	9.49	4	0.4803	Null-hypothesis is accepted	No association between the occupation of the respondents and readiness to purchase of organic food products.
Education	31.692	7.81	3	0.6387	Null-hypothesis is accepted	No association between the education of the respondents and readiness to purchase of organic food products.
Income	0.357	9.49	4	0.9858	Null-hypothesis is accepted	No association between the income level of the respondents and readiness to buy organic food products.
Food Habit	6.756	5.99	2	0.0341	Null-Hypothesis Accepted	There is an association between the food habit of the respondents and willingness to purchase Organic

### 6.3. Pleasure in Eating Organic Food Products

The association of socio-economic status of the respondents

yields, free from harmful substance and expensive were influenced the purchase decision of the respondents

### 6.2. Cognitive Component of Respondents Attitude Towards Purchase of Organic Food Products

Cognitive aspect of attitude is analyzed for the reason for not buying organic food products.

- The purchase organic food product was restricted mainly due to “Time constraints” and “convenience to get Organic food”.
- The Spearman’s rank correlation revealed that the following correlation co-efficient were found to be significant at one percent level and positively correlated.
- The respondents never bought organic food products as it was too expensive and they did not have the habit of eating Organic food cereals.
- It will not available where they shop.
- The mean ranking by Friedman’s two way analysis showed that the highest rank was assigned to the reason that they haven’t noticed, preferred other cereals, no habit of eat organic cereals no care about “organic”, were the reasons for not buy organic food products by the respondents.
- There exists an association between the ranking of never buying the organic food products by respondents.

and pleasure of eating organic food products was analysed with null hypothesis (table 3). Since, thechi-square value is lesser than the table value at five percent level of significance, the null-hypothesis accepted. There exist no association

between the socioeconomic profile of the respondents and pleasure of eating organic food products.

**Table 3.** Pleasure in Eating Organic Food Products.

Socio Economic Variables	Chi-Square Value	Degree of freedom	Table Value	Results
Age	3.8	3	7.81	Not significant
Gender	4.709	1	3.84	significant
Marital Status	2.977	1	3.84	Not significant
Occupation	4.16	4	9.49	Not significant
Education	4.298	3	7.81	Not significant
Income	4.936	4	9.49	Not significant
Total	8.219	2	5.99	significant

Source: Primary Data

## 6.4. Frequency of Organic Food Products Purchase

The association tested between frequency of purchase of organic food products with regard to socio-economic factors of the respondents (table 4), shows that the chi-square value is lesser than the table value at five percent level of significant, the null-hypothesis is accepted. There is no association between socioeconomic factors of the respondents and frequency of purchase of organic food products.

**Table 4.** Frequency of Purchase of Organic Food Products.

Socio Economic Variables	Chi-Square Value	Degree of freedom	Table Value	Results
Age	18.335	12	21	Not significant
Gender	0.777	4	9.49	Not significant
Marital Status	4.389	4	9.49	Not significant
Occupation	19.958	16	26.3	Not significant
Education	22.565	12	21	Not significant
Income	37.426	16	26.3	Not significant
Total	12.81	8	15.5	Not significant

## 7. Findings

### 7.1. Behavioral Component of Respondent's Attitude

Association between socio-Economic variables, purchase behaviour and its influence on purchase decision of Organic food products by the Respondents

### 7.2. Age of the Respondents

Majority of the respondents with the age group of 20-30 years were ready to purchase the organic food products.

### 7.3. Gender

In general, the willingness to purchase of the organic food products was found high among female respondents. Among the male respondents 13.50 percent were not ready to purchase of the organic food products. There is no association between the gender of the respondents and willingness to purchase of organic food products.

### 7.4. Marital Status

The willingness to purchase Organic food products was maximum among married respondents.

Among unmarried respondents, a considerable percentage of respondents were not ready to purchase of organic food products. There is no association between the marital status of the respondents and ready to purchase of Organic food products.

### 7.5. Occupation

The willingness to purchase of the organic food products was found comparatively high among homemakers. The association was not found between the occupation of the respondents and willingness to purchase of organic food products.

### 7.6. Education

No association was found between education and the willingness to purchase of the organic food products. The ready to purchase Organic food products was high among the Graduates and Post graduates, whereas it was low among the respondents with primary education.

### 7.7. Income

Respondents with income up to Rs.40,000 pm were willingness to purchase of Organic food products. Here exist no association between the income of the respondents and willingness to purchase of organic food products.

### 7.8. Food Habit

The willingness to purchase organic food products was maximum among vegetarian.

There exists an association between the Food habit of the respondents and eager to purchase of organic food products.

### 7.9. Pleasure in Eating Organic Food Products

There is no association between socio economic profile of

the respondents and the pleasure of eating organic food products.

### 7.10. Frequency of Purchase

There is no association between socio economic profile of the respondents and the frequency of purchase.

## 8. Conclusion

Consumer behaviour plays a major role in Organic food products segment. The marketers of organic foods need to be innovative and dynamic in order to complete with the changing purchase behaviour in the Organic food products market among urban residents. The importance of organic food products was ignored for quite a long period. As results of environmental sustainability, importance is shifted towards Organic food products rather than conventional farming. The study brought out the fact that the people were well aware of images and availability, but not loyal entirely too organic food products. The respondent without doubt attracted towards Organic food products. So the marketers must create promotions which are both realistic and moral and the product availability in terms of volume and variety are required to become successful in marketing organic food products.

## 9. Scope for Further Research

- A similar study could be attempted with the rural household.
- Assessment study on consumer behaviour of Organic food products so as to enhance its market share.
- Influence of advertisement in the preference for organic food products could be attempted.
- A study on ways and means of increasing the market for organic food products could be undertaken.
- Assessment of consumer attitude with regard to organic food products.

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