

‘CONSUMER BEHAVIOR TOWARDS ORGANIC FOOD IN INDIA’

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Abstract

Understanding consumer behaviour towards organic food is essential for businesses and policymakers aiming to promote sustainable and healthy food choices. This executive summary provides a concise overview of key findings and recommendations based on a study conducted on consumer behaviour towards organic food in India. This market is considered niche but is expected to witness increased penetration in the coming years, driven partly by heightened concerns about food adulteration. The growth is also facilitated by the expanding e-commerce sector, which provides wider market access and attractive deals. Additionally, companies are establishing small kiosks in malls across major metropolitan areas, further fueling market expansion.

Key Words

Consumer behaviour, Organic food, India, Awareness, Attitudes, Demographics, Promotion, organic food marketing.

Introduction

The India organic food market was worth USD 1,238 million in 2022 and is projected to grow at a CAGR of approximately 22% between 2022 and 2028, reaching a value of USD 4,080 million by 2028. Growing health, food safety, and environmental concerns are leading to a surge in demand for eco-friendly products like organic foods. Consumer attitudes and behaviors toward organic foods are evolving, which is expected to drive market growth.

While developed nations exhibit higher consumer awareness and consumption of organic foods, emerging markets like India are catching up, albeit with lower levels of knowledge. Nonetheless, consumers generally perceive organic products as healthier than their conventional counterparts.

India has witnessed significant growth in organic food production over the past decade, with a focus on export markets. Key exports include rice, spices, fruits, and tea. The country boasts a substantial organic farming footprint, with over 1.03 million hectares dedicated to organic farming in 2007. Of this, around 0.45 million hectares are fully converted, while the

rest are undergoing conversion. The number of certified organic farms in India exceeds 15,000 and continues to grow.

Key Findings:

1. **Awareness and Perception:** The study found a positive correlation between awareness, perceived benefits, health consciousness, flavour, and consumer attitude towards organic food. Consumers who are well-informed about the benefits of organic food, perceive it as healthier, and find it flavourful are more likely to have a favourable attitude towards it.
2. **Barriers to Purchase:** Regression analysis identified perceived expensiveness, lack of availability, and convenience as barriers to purchasing organic food. Addressing these barriers is crucial for increasing consumer adoption of organic food products.
3. **Information Sources:** Consumers who receive information from various sources, including friends, family, social media, and educational events, demonstrate a greater understanding of organic food and its benefits. Leveraging these channels can enhance consumer awareness and education.

Recommendations:

1. **Awareness Campaigns:** Collaboration between companies and policymakers is essential to increase awareness of organic food and its benefits through diverse channels, including social media, educational events, and advertisements.
2. **Emphasize Taste and Health Benefits:** Highlighting the flavour and health benefits of organic food in marketing campaigns can attract more consumers, especially health-conscious individuals.
3. **Ensure Supply Chain Reliability:** Collaboration with producers is necessary to ensure a consistent supply of organic food, promoting consumption and providing producers with a sustainable income source.
4. **Promote Certification:** Promoting organic food certification can enhance consumer confidence and trust. Improving certification systems is essential for building consumer trust in organic food products.
5. **Address Price Competitiveness:** Strategies such as reducing production costs, providing subsidies, and improving distribution efficiency can make organic food more accessible and competitive in terms of pricing.

In conclusion, implementing these recommendations can help overcome barriers to organic food consumption and encourage its adoption among consumers, contributing to the growth of the organic food industry in India.

Background to the problem

A growing necessity for research on consumer behavior towards organic food in India has emerged due to various factors. As consumer awareness of health and environmental issues increases, organic food is gaining popularity in India. Understanding the factors that influence consumer behavior towards organic food is crucial given the escalating demand for such products.

While some research has been conducted on organic food consumption in India, there remains a significant need for more extensive and detailed studies on this topic. Existing research is often limited in scope and fails to capture the nuances of Indian consumers' attitudes towards organic foods. Recognizing the substantial growth potential of the organic food industry in India, further research on consumer attitudes can assist marketers and policymakers in developing more targeted strategies to promote organic food consumption.

Therefore, comprehensive, and in-depth research on consumer behavior towards organic food in India is essential for gaining a deeper understanding of the market dynamics, identifying growth opportunities, and devising effective strategies to encourage organic food consumption.

Literature Review

Drivers of Repurchase Intention of Organic Food in India: Role of Perceived Consumer Social Responsibility, Price, Value, and Quality (2021)

The organic food industry in India is experiencing significant expansion, driven largely by the increasing demand from the growing middle class. This study explores the relationship between key determinants influencing the intention to purchase organic foods within the Indian context. It contributes to theoretical understanding, policy development, and practical application by highlighting the pivotal roles of perceived value, perceived price parity, perceived customer social responsibility, and perceived quality in shaping repurchase intentions for organic food products. Examining repurchase intention holds substantial significance, with implications for future research endeavors exploring this aspect across diverse contexts.

1. Marketing of organic products in India (2021)

Organic products are typically produced under specific conditions that ensure their qualitative characteristics, such as "enriched quality" and "unique flavour." Companies nowadays also ensure that their packaging should be eco-friendly, modern, and aesthetically pleasing.

Cost formation: Previous research has demonstrated that, to establish a viable market, organic products cannot be priced more than forty percent higher than that of their conventional counterparts. Specifically, the price increase could range from 10 to 20 percent on average, and in some cases reaching 40 percent.

2. Analysing the Factors Affecting Consumer Awareness on Organic Foods in India (2020)

Factor analysis has identified Food Phobics, Healthy Eaters, Humanists Environmentalists, and Hedonists as the five categories of potential new-generation organic consumers, indicating a growing interest in organic products. These consumers are influenced by the belief that organically produced food is safer, healthier, and better for the environment, as well as for the welfare of farmers and disadvantaged communities. Logistic analysis results reveal that factors such as education, field of study, and the use of information and communication technologies (ICTs) significantly impact the organic food awareness of potential consumers in India.

3. Organic food products: a study on perception of Indian consumers (2019)

The research study identified health benefits as the most influential factor driving consumer preference for purchasing organic food products. This factor comprised variables such as health, safety, nutrient-density, naturalness, and freedom from contamination. Consumers' perceptions toward organic food products were characterized by attributes such as chemical-free, unadulterated, and non-poisonous. As a result, the study revealed that consumers' preference for purchasing organic food products is predominantly determined by two perception factors: health benefits and taste combined with the absence of chemicals.

Research Methodology

The research methodology employed in this project involved gathering both quantitative and qualitative data from primary and secondary sources. Primary data collection was conducted using structured questionnaires distributed to respondents across various age groups, spanning from 18 to 24 years old to those aged 60 and above. These questionnaires were disseminated via social media platforms using Google Forms. Secondary data for this report was sourced from published materials including journals, reports, and magazines. The objective of the study

is to discern the factors shaping consumer perceptions of organic food products and explore potential barriers influencing overall consumer perceptions toward organic foods.

Conclusion

In conclusion, this study on "Consumer Behaviour Towards Organic Food in India" revealed a positive correlation between awareness, perceived benefits, health consciousness, flavour, and consumer attitude towards organic food. The significance of these factors in shaping consumers' attitudes towards organic food, which subsequently influences their purchasing behaviour, was underscored by the findings.

Moreover, the regression analysis conducted to identify barriers to the purchase of organic food provided evidence supporting the hypothesis that factors such as perceived expensiveness, lack of availability, and inconvenience act as barriers to the purchase of organic food.

The survey results indicated that consumers who are more knowledgeable about the benefits of organic food, possess a higher level of health consciousness, and perceive organic food to be delicious are more likely to have a favourable attitude towards it. In summary, the study's findings contribute valuable insights into the factors influencing consumer behavior towards organic food in India and suggest potential strategies to address barriers and promote the consumption of organic food products in the country.

Recommendations

The findings of this study offer several strategies and recommendations for companies and policymakers to consider:

1. **Increasing Awareness:** Utilize various channels such as social media, educational events, and advertisements to enhance awareness of organic food and its benefits. Educating consumers on the significance of organic food for health and the environment can help drive adoption.
2. **Emphasizing Taste:** Recognize taste as a crucial factor influencing consumer attitudes towards organic food. Businesses can highlight the flavor of organic food through marketing campaigns, product demonstrations, and tastings to attract more consumers.
3. **Highlighting Health Benefits:** Given the importance of health consciousness in shaping consumer attitudes, it is recommended to emphasize the health benefits of organic foods. Companies and policymakers should incorporate messages about the health advantages of organic food into their marketing campaigns.
4. **Ensuring Supply Chain Reliability:** Collaborate with producers to ensure a consistent supply of organic food. This can help promote organic food consumption and provide producers with a sustainable income source, thereby supporting the growth of the organic

food industry.

5. Promoting Certification: Organic food certification can build consumer confidence and trust. Therefore, businesses and policymakers should focus on promoting certification and improving certification systems to enhance consumer trust in organic food products.

Suggestions

1. Conduct longitudinal studies to comprehend the evolution of consumer attitudes towards organic foods.
1. Examining the influence of culture, social norms, and values on organic food consumer attitudes.
2. Examining the effect of product labelling and packaging on organic food consumer behaviour.
3. Examining the impact of e-commerce and online platforms in promoting organic food consumption.

In summary, the outcomes of this research project offer valuable insights into Indian consumers' perceptions of organic food, underscoring the necessity for further exploration in this area. Enhanced comprehension of the factors influencing consumer attitudes and behaviour towards organic food can empower businesses and policymakers to develop more effective strategies.

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