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# Factor Influencing Consumers Attitude towards Organic Products



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*The present study attempts to investigate the factors influencing consumers' attitude towards organic products. Data were collected from 206 respondents using a structured questionnaire on 5 points Likert scale through convenience sampling approach. Data were analysed using Exploratory Factor Analysis (EFA). The study found socially responsible consumption as the most critical factor influencing the consumer to buy organic products. High price and limited availability were the factors negatively influencing consumer attitude towards the organic product. The study suggests that price and availability should be considered as essential parameters while devising a strategy for organic products. Words such as "safe", "healthy" and "environmentally friendly" could be emphasised during the promotion, which will present a positive image of organic products in the mind of the consumer.*

**Key Words:** Organic Products, Socially Responsible Consumption, Consumer Attitude.

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## Introduction

In the last decade, consumer demand for organically produced foods has increased as it is considered to be healthier, safer and tastier than conventional food products (Thogersen et al., 2015). In particular, the Asian region is a significant producer and exporter of organic food due to its fast-growing population and economies (Truong et al., 2012). The increasing popularity of organically produced food has also led to higher production, distribution and promotion (Sondhi, 2014). This rapid development of the organic food market has increased the interest of marketers and academicians to understand the consumer decision-making process (Liang, 2016). Therefore, identifying the essential characteristics of the decision-making of consumers towards organic food is always central to consumer-interest studies (Sproles and Kendall, 1986). Nowadays, in India, organic foods are gaining popularity among the young consumers (Paul and Rana, 2012; Yadav and Pathak, 2016). India ranking is among the top ten countries regarding cultivable land under organic certification (Sondhi, 2014).

As per the available statistics, India's rank in terms of World's Organic Agricultural land was 9th and in terms of total number of producers was 1st as per 2018 data (FIBL & IFOAM Year Book 2018). As on 31st March 2018, total area under organic certification process (registered under National Programme for Organic Production) is 3.56 million Hectare (2017-18). India produced around 1.70 million MT (2017-18) of certified organic products which includes all varieties of food products namely Oil Seeds, Sugar cane, Cereals & Millets, Cotton, Pulses, Medicinal Plants, Tea, Fruits, Spices, Dry Fruits, Vegetables, Coffee

etc. The production is not limited to the edible sector but also produces organic cotton fiber, functional food products etc. (APEDA, 2018). The organic markets in India are primarily ranged across the food and beverages, health and wellness, beauty and personal care and textile industries. The highest growth is observed in the organic food segment, followed by textile, beauty and personal care. The current Indian domestic market is valued at 4,000 crores which are likely to increase by 10,000 crores -12,000 crores by 2020 with a similar increase in exports (Business Standard, 2017).

In addition to the growing domestic market, India is the second largest exporter of organic products in Asia after China. The increasing export market together with the Government's support is making organic cultivation in India highly successful. The total volume of export during 2017-18 was 4.58 lakh MT. The organic food export realization was around INR 3453.48 crore (515.44 million USD). Organic products are exported to USA, European Union, Canada, Switzerland, Australia, Israel, South Korea, Vietnam, New Zealand, Japan etc. (APEDA, 2018). It is assumed that most of the remaining quantity is sold in local markets. In other words, the sale of the remainder is uncategorized. Oilseeds comprised half of India's overall organic food export, followed by processed food products at 25% (FIBL & IFOAM Year Book 2018). According to the Tech story (2016) report, changing lifestyle of consumers and awareness of healthy food has surged the organic food demand, specifically in metro cities which have increased fourfold the organic food market in India. Still, the concept of organic food consumption is at a nascent stage in the Indian context as compared to its developed counterparts. Therefore the

present study tried to find the factors influencing consumers' attitude towards organic products.

#### Literature Review

The organic product produced without using artificial fertiliser or chemical pesticides. They do not have the artificial colouring, flavouring or aromatic substances, preservatives, or genetically modified ingredients. Organic farming is one of the established methods to do the sustainable agriculture. Most of the techniques used in organic farming, like growing different crop together, mulching and raising the animals for different purposes are the same to various agriculture practice done in India's traditional farming system (Stobbelaar et al. 2007). Consumers' attitude is the most critical factor that influences consumers' to purchase organic products (Scalco et al. 2017). Benefits that the consumers gain from the organic food are the most crucial factor for consumers to buy an organic product (Vieira et al. 2013). Environmental consciousness is the degree to which people are aware of problems regarding the environment and support efforts to solve them or indicate the willingness to contribute personally to their solution (Dunlap and Jones 2002). Higher the concern about the environment more the likelihood that individuals will opt for organic food (Laureiro et al. 2001). Further, Smith and Paldino (2010) also emphasised the importance of environmental consciousness in a case of organic food products as it considered as the pro-environmental behaviour.

Health consciousness means 'the degree to which health concerns integrated into the person's daily activities' (Jayanti and Burns, 1998). As compared to the conventional food products, organic foods generally perceived as a healthier option (Lea and Worsley, 2005) and more clearly individuals desire for better health is the driver of organic foods market (Yadav and Pathak, 2016). Consumer perceives organic food as a healthy alternative as pesticides and chemicals not used in its production as well as processing (Pino et al., 2012). Food safety and health-related issues are one of the most significant factors that motivate consumers to choose organic food products (Haas, 2010; Smith and Paladino, 2010). Indian consumers are considering health as an essential inspiration for purchasing organic food purchase (Yadav and Pathak, 2016). Chakrabarti (2010) in his study found that price and limited availability were the most critical barriers to the penetration of organic food. Ham et al. (2015) also highlighted the same reasons why the consumers who buy organic food regularly still buy conventional products. The high price, insufficient availability was the problems faced by the regular organic consumers. Xie et al. (2015) stated that price premium; availability was the main barrier in increasing the market share of organic food products.

#### Objective

The objective of this study is to identify the factor influencing consumer's attitude towards organic products.

#### Research Methodology

The primary data used in this study was collected through a face to face survey method using a structured questionnaire. The survey was carried out in the Varanasi, Uttar Pradesh, India. The structured questionnaire was designed to determine the factors influencing consumers' attitude towards organic product. To ensure the questionnaire was easy to comprehend and acceptable by the respondents, a pre-test was first carried out on 40 respondents. The pre-test survey displayed preliminary reliability and validity. Respondents were asked to answer 14 prepared statements using 5-point Likert scales where 1 was for Strongly Disagree, and 5 was for Strongly Agree. A total of 206 questionnaires were thoroughly filled and returned. Collected data were analysed using Exploratory Factor Analysis (EFA).

#### Results and Discussion

Exploratory Factor Analysis using principal component analysis (PCA) was conducted with the aim to determine the factors influencing the consumer's attitude towards organic products. In order to ensure the internal validity of the items used, a reliability analysis was conducted for each of the items. For this study, the overall Cronbach's alpha value for all the items is .859 as shown in Table 1. This shows an excellent consistency in the measurement and indicating good reliability (George and Mallery, 2003). PCA was conducted on a total of 14 items or variables related to the factors influencing consumers' attitude towards an organic product with orthogonal Varimax rotation.

Table-1 : Reliability Statistics, Kaiser Meyer-Olkin (KMO) & Bartlett's Test

Cronbach's Alpha		.859
Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.822
Bartlett's Test of Sphericity	Approx. Chi-Square	1543.973
	Df	91
	Sig.	.000

The Kaiser Meyer-Olkin (KMO) is used to measure sampling adequacy and to assess the factor ability of the items of variables. This is based on the correlation and partial correlation index ranging from 0 to 1. A minimum index of 0.6 is suggested for good factor analysis (Hair et al. 2010). The result revealed that KMO's value was .822 indicating an excellent inter-correlation between the factors. Bartlett's test of sphericity  $X(91) = 1543.973$ ,  $p < .05$  considered appropriate and significant for factor analysis to be performed. The result reveals that it is statistically

significant at a p-value less than 0.05, indicating that the correlation between items was sufficiently large for principal component analysis. An initial analysis was conducted to obtain eigenvalue for each component in the data. Four components had eigenvalues over Kaiser's criterion of one and are considered significant which in combination explained a cumulative of 73.947 % of the variance (Table 2). As shown in Table 2, 14 items or

variables were extractable from the analysis along with their initial eigenvalues, the percentage of variance attributed to each factor and the cumulative of the factors. Four factors were identified from the 14 items as well as their factor loadings, eigenvalues and variances. The factor loadings of the un-eliminated standardised items in this study were in the range of .749 to .867.

Table-2 : Factors Influencing Consumer Attitude towards Organic Products

Items	Factor Loadings			
	F1	F2	F3	F4
<b>Socially Responsible Consumption</b>				
I think, by consuming organic product I can contribute something better to the world.	.867			
I feel, by consuming organic product I will do the morally right thing.	.820			
Organic products are more environment-friendly than conventional products.	.786			
Purchasing an organic product is good for the environment.	.771			
<b>Pricing and Availability</b>				
The prices of organic products are high.		.840		
An organic product is not easily available.		.835		
The high price is a hindrance in buying organic products.		.795		
Very few options are available for organic products.		.790		
<b>Safety and Quality Characteristics</b>				
Organic products taste better than conventional products.			.867	
Organic products are good for health.			.851	
Organic products are chemical and pesticides free.			.807	
<b>Health Consciousness</b>				
I consider myself health conscious.				.836
I often think about health-related issues.				.824
I chose food carefully to ensure the good health.				.749

Eigen value	2.899	2.798	2.459	2.197
% of variance	20.704	19.985	17.566	15.692
Cumulative % of Variance	20.704	40.689	58.255	73.974
Cronbach's alpha	.866	.843	.895	.799

Factor 1 was labelled socially responsible consumption behaviour as all the variables contributing to it emphasised the environmental and moral responsibility of the consumers. The first-factor component had four significant variables all of which were positively correlated, and the eigenvalue was 2.899. The total variance explained was 20.704%. This result implied that

one of the primary considerations of a consumer in purchasing the organic product is the environmental and moral benefits to be derived. The finding is supported by Kumar and Ghodeswar (2015) who found that Indian consumers actively support the environment by purchasing and consuming products which are known to be environmentally friendly. Bartels and Onwezen (2013)

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also demonstrate that consumers who are adherent to natural foods are more willing to buy environmentally friendly and ethical products. Consumers are more intent to buy products that make environmental and ethical claims. Supportive consumer behaviour towards environmental organisations was the most crucial factor in consumers' sustainable purchase behaviour (Joshi and Rahman, 2017). All the study reported that the main reason for purchasing organic food is that consumer thinks that it is good for the environment and they will do morally right thing by using organic produce.

Factor 2 consisting of four significant variables with an eigenvalue 2.798, which accounted for 19.985 % of the variance. All the four items were concerned with high price and limited availability of the organic product. We could infer that high price and limited availability of organic product were the problems faced by the organic product consumers. The finding reinforces the finding of Chakrabarti (2010) that the high price and limited availability were the most critical barriers to the penetration of organic food. Olivas and Bernabeu (2012) also signified that higher price and frequent distribution problem are the limiting factors in low consumption of organic food.

Factor 3 named safety and quality characteristics of organic food with three significant variables underlying the same component, which accounted for 17.566 % of the variance with the eigenvalue of 2.459. According to the Kamal et al. (2009) quality characteristics such as health and nutritional value, taste, and fresh and general appearance affect consumers' preferences for organic products. Quality issues such as taste and variety in addition to nutritional value are important considerations while customers choose organic food products (Fotopoulos, 2000). Williams and Hammitt (2001) find that consumers believe organically grown produce poses fewer risks to consumers than conventional food produce. With respondents specifically believing the lower pesticide related mortality risks are associated with the consumption and production of organically grown produce.

Factor 4 labelled as health consciousness consisting of three significant variables, accounting for 15.692 % of total variance with an eigenvalue of 2.197. This suggests that consumer's health consciousness can influence the consumer in their purchase decision. Studies show that consumer thinks organic product as a product which is good for health. This finding is supported by (Padel and Foster, 2005) who stated that health benefits were the primary motive while consumers purchase organic food. Ranjbarshamsi et al. (2016) in their study also found that health awareness the most critical variable that influencing consumers attitudes towards consumption of organic products. Finally, the Cronbach's alpha value for all the four factors was over 0.70 ranging in between .799 to .895 indicating that all the factors derived from the

analysis were reliable by having sufficient internal reliability.

#### Conclusion and Recommendations

The purpose of this study was to identify the factors that influence the consumer attitude towards the organic product. The results of the study showed that environmental and moral attribute benefits of the organic product were the most critical factor influencing consumer attitude. The next important factor was the premium price and limited availability of the organic product. The study found that high prices and limited availability are the most significant problems in the penetration of organic product. Therefore price and availability should be considered as essential parameters while devising a strategy for organic products (Yadav and Pathak, 2016). Stolz et al. (2011) in their study also suggested that the price of the organic products should be justifiable. Proper communication strategies should be used to tell the consumer about the benefits of organic food. Moreover, consumer should also be informed about why the prices of the organic products are high. Words such as "safe", "healthy" and "environmentally friendly" could be emphasised during the promotion, which will present a positive image of organic products.

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