



A Study on Consumers' Purchase Intentions Towards Organic Products

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ABSTRACT

The results shows that perceptions towards organic food product depict the strongest relationship with buyers' intention to buy organic food product followed by the buyers' belief that consuming organic food product is contributing to preserving the environment. It seems that perception towards organic food and belief that organic food is environmentally friendly are not independent from each other. Besides, the availability of product information is also supporting the consumers' intention to purchase organic products. However, other factors (awareness on government support and action and availability of information on product location) are found to be insignificantly related to the intention to purchase the organic products. The perception towards organic products, beliefs about product safety for use, belief about product friendliness to the environment and availability of product information are the major determinants for the consumers' purchase intention towards organic products.

Keywords: Organic Products, Perception, Purchase Intentions.

1. INTRODUCTION

In recent times, the environment has emerged as a hot issue for societies, governments in addition to business organisations. Its significance originates from escalating environmental degradation such as solid wastes, ozone depletion, global warming and air pollution. It is observed that different activities of business organisations like sourcing, manufacturing, logistics, and marketing have a negative impact on the environment and also considered to be the source of most of the environmental problems (Eltayeb, et.al., 2010). All through time, people's health, both on the individual and the community level have been affected through environmental problems (Khwaja, 2008).

However, current environmental dreadful conditions are ever more menacing consumer health and wellbeing globally. Therefore, consumers are becoming more sensitive in their environmental attitudes, perception, preferences and purchases (Sarigollu, 2009). These days, a large number of consumers all over the world are concerned or very concerned with environmental problems (Diekmann and Franzen, 1999; Dunlap and Mertig, 1995).

Chan and Lam (2002) also revealed that during the past few decades, concerns about environmental dreadful conditions have been increasing. Because customers have understood the significance of protecting the environment, environmentalism has become an essential subject in the marketplace (Kalafatis, et. al., 1999). At present, customers are ever more aware of the seriousness of environmental degradation, resulting more ecologically consciousness and desire to purchase organic products and services, favouring businesses that prefer environmental practice (Laroche, et. al., 2001; Roberts, 1996).

Environmental awareness, increasing interest of consumers in organic products and the willingness to pay for organic features led to corporate interest in organic marketing, initiating major changes and innovations (Peattie and Crane, 2005). The increase of the environmental consciousness has had a thoughtful effect on consumer behaviour, with the organic product market expanding at a remarkable rate (Bhaskaran, et.al, 2006).

Over the years majority consumers have realised that their purchasing behaviour has a direct impact on many ecological problems. The growth of organic product is seen as part of the emerging marketing trends where consumers demand to know what benefits a organic food could deliver before making a purchasing decision. With this back ground, the present research is attempted to study the consumers' purchase intentions towards organic products in Chennai.

2. LITERATURE REVIEW

Consumers who were concern on the environment can be inferred to be sensitive to information regarding to not only the environment itself but also on products, brands and activities that might affect it (Minton and Rose 1997). The most convincing evidence supporting the growth of ecologically favourable consumer behaviour was the increasing number of individuals who were willing to pay more for environmentally friendly products (Laroche, et. al., 2001).

However 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, 2001). Besides, the organic food consumers were less likely to consider price as important compared to whose consumers who didn't and never purchase organic products before.

Chinnici, et. al., (2002) and Harper and Makatouni (2002) found that consumers had positive attitudes towards organic products where one of the most common mentioned reason for purchasing organic products was it was perceived as healthier than conventional alternatives. Vermeir and Verbeke (2004) found that consumers did not always buy sustainable products as consequences of environmental concern or to benefit the community or due to personal beliefs but mainly to give priority to health, to be part of the social group, to distinguish from others and to accomplish the need to tryout new technologies.

Although the motivation or intention was high but it was impossible to transform the intention into practice due to low

availability. Another factor that can also influence a person intention towards purchasing sustainable food products was the situational factor. A person who came in to a store with an intention of buying organic food products may be disturbed with the promotion of conventional products or the non-availability of the organic food products (Vermeir and Verbeke, 2004).

The research studies identified additional positive attributes that consumer associated with organic food products which included improved taste (Davies, et. al., 1995), they were better for environment (Lea and Worsley, 2005) and they were better for wildlife (Goldman and Clancy, 1991). Reasons of buying could be grouped according to general and commodity-specific concerns and it included food safety, human health, environmental impact, whereas commodity attributes included taste, freshness and packaging (Yiridoe, et. al., 2005).

Tadajewski and Tsukamoto (2006) and Paco and Raposo (2009) in their studies concluded that environmental knowledge did not contribute to organic purchase behaviour. According to Nik Abdul Rashid (2009), eco-labels were attractive instruments informing consumers about the environmental impact of their purchasing decisions. A variety of factors have contributed to the increasing popularity of organic food products. Among the reasons are claims that organic food products tastes better than conventional produced foods, concerns about health and nutrition, environmental concerns, concerns over the use of chemicals and pesticides in conventional farming, the erosion of confidence in factory and concerns over animal welfare (Squires, et.al., 2001).

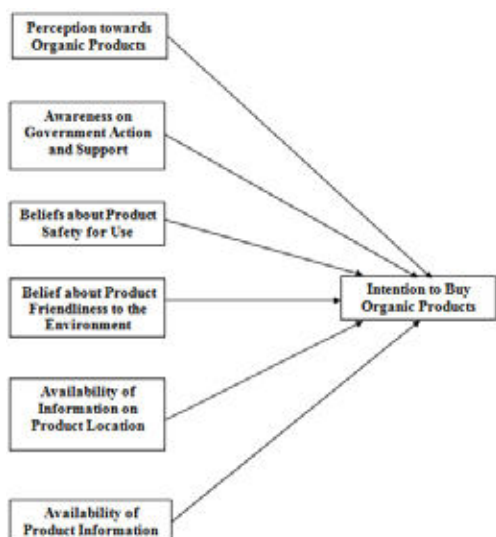
Shaharudin,(2010) discovered that consumers placed relatively high level of importance on health consciousness and perceived value whereas low level of importance on food safety concern and religious factor in their intention to purchase organic food products. There were several studies that supported empirically the assumption that consumers' environmental knowledge or eco-literacy was a significant predictor of environmentally friendly behaviour (Chan, 1999; Wahid and Rahbar, 2011).

3. METHODOLOGY

3.1. Conceptual Framework for the Study

The consumers' intentions to buy organic products are influenced by consumers' perception, their awareness on government action and support, consumer's belief about organic products and consumers' knowledge about product availability. Therefore, the conceptual model for the present research is depicted in figure-1.

Figure-1. Conceptual Framework for Purchase Intention towards Organic Products



3.2. Sampling and Method of Analysis

Among the different cities in Tamil Nadu, the Chennai city has been purposively selected for the present study. The consumers have been selected by adopting random sampling technique through pre-tested and structured questionnaire. The questions are measured by using Likert five point scale (1 represents strongly disagree and 5 represents strongly agree). The most items used in the questionnaire have been adopted from the studies of Batt, et. al.,(1999), Davies(1995) and Brown(2003). Other items in the questionnaire have been developed by the researcher based on the consumers' purchasing behaviour in Chennai.

The data and information have been collected from 300 consumers and pertain to the year 2011-2012. The reliability tests have been conducted to check the internal consistency of measurement items and the Cronbach's alpha has been calculated and it reveals that the reliability are satisfactory for the all the constructs as Cronbach's alpha exceeds 0.70 (Nunnally, 1978). In order to study the objective of the present study, the descriptive statistics, correlation analysis and multiple regression analysis have been employed.

4. RESULTS AND DISCUSSION

4.1. Demographics of Consumers

The demographic features of consumers were analyzed and the results are presented in Table-1. The results indicate that about 54.00 per cent of the consumers are males while the rest of 46.00 per cent of the consumers of are females. The results also show that about 41.33 of the consumers are employed in private sector followed by government (36.67 per cent) and business (22.00 per cent). It is clear that about 44.00 per cent of the consumers belong to the age group of 26-40 years followed by 41-60 years (28.00 per cent), below 25 years (19.33 per cent) and above 60 years (8.67 per cent).

Table-1. Demographic Feature of Consumers

| Particulars | Consumers (N=300) | | Particulars | Consumers (N=300) | |
|----------------|-------------------|----------|---------------------------|-------------------|----------|
| | Frequency | Per Cent | | Frequency | Per Cent |
| Gender | | | Educational Qualification | | |
| Male | 162 | 54.00 | Secondary | 28 | 9.33 |
| Female | 138 | 46.00 | Higher Secondary | 46 | 15.33 |
| Occupation | | | Graduates | 122 | 40.67 |
| Business | 66 | 22.00 | Post Graduates | 68 | 22.67 |
| Government | 110 | 36.67 | Professionals | 36 | 12.00 |
| Private | 124 | 41.33 | | | |
| Age(Years) | | | Monthly Income(Rs.) | | |
| Below 25 | 58 | 19.33 | Below 10000 | 52 | 17.33 |
| 26-40 | 132 | 44.00 | 10001-20000 | 76 | 25.33 |
| 41-60 | 84 | 28.00 | 20001-40000 | 134 | 44.67 |
| Above 60 | 26 | 8.67 | >40000 | 38 | 12.67 |
| Marital Status | | | Family Type | | |
| Married | 212 | 70.67 | Nuclear | 228 | 76.00 |
| Unmarried | 88 | 29.33 | Joint | 72 | 24.00 |

The majority of the consumers (40.67 per cent) are graduates followed by post graduates (22.67 per cent), higher secondary education (15.33 per cent), professionals (12.00 per cent) and secondary education (9.33 per cent). The results also show that about 44.67 per cent of the consumers belong to the monthly income of more than Rs. 20001- 40000 followed by Rs.10001-20000(25.33 per cent), below Rs, 10000(17.33 per cent) and more than Rs. 40000(12.67 per cent). It is apparent that about 70.67 per cent of the consumers are married while the rest of 29.33 per cent of the consumers are unmarried and about 76.00 per cent of the consumers belong to the nuclear family, while the rest of 24.00 per cent of the consumers belong to the joint family.

4.2. Buying Pattern of Organic Products

The buying pattern of organic products was analysed and the results are presented in Table-2. The results indicate that about 15.33 per cent of the consumers are regular buyer of organic products followed by occasional buyer (14.67 per

cent), started again buyer (8.00 per cent) and non buyer (62.00 per cent). Hence, it is inferred that just more than one-third of consumers are buyers of organic products.

Table-2. Buying Pattern of Organic Products

| Particulars | Frequency | Per Cent | Consumer Type |
|--|-----------|----------|---------------------|
| I have not bought organic products in the past and I am not thinking about buying organic products now. | 42 | 14.00 | Non-Buyer |
| I have not bought organic products in the past and I am thinking about buying organic products sometimes in the near future. | 58 | 19.33 | Non-Buyer |
| I have not bought organic products in the past and I am definitely planning to buy organic products in the future. | 86 | 28.67 | Non-Buyer |
| I used to buy organic products, but I no longer buy them. I might start buying them again in the future. | 24 | 8.00 | Started again Buyer |
| I buy organic products, but not regularly. | 44 | 14.67 | Occasional Buyer |
| I buy organic products on most if not all, trips to market. | 46 | 15.33 | Regular Buyer |

4.3. Relationship between Influencing Factors and Intention to Buy Organic Products

The relationship between influencing factors and consumers' intention to buy organic products was analysed by computing correlation co-efficient and the results are presented in Table-3. The results show that consumers' perception towards organic products, beliefs about product safety for use and belief about product friendliness to the environment are positively and significantly associated with consumers' purchase intention of organic products at one per cent level. Meanwhile, availability of product information is significantly and positively correlated with consumers' purchase intention of organic products at five per cent level. It reveals that perception towards organic products have strong associate relationship with consumers' purchase intention of organic products. Meanwhile, beliefs about product safety for use and belief about product friendliness to the environment have moderate relationship with consumer's intention to buy organic products. Besides, availability of product information has weak association with consumers' purchase intention of organic products

Table-3. Relationship between Influencing Factors and Intention to Buy Organic Products

| Particulars | Correlation Coefficient(r) | P-Value |
|--|----------------------------|---------|
| Perception towards Organic Products | 0.58** | 0.00 |
| Awareness on Government Action and Support | 0.12 | 0.39 |
| Beliefs about Product Safety for Use | 0.37** | 0.01 |
| Belief about Product Friendliness to the Environment | 0.36** | 0.00 |
| Availability of Information on Product Location | 0.08 | 0.23 |
| Availability of Product Information | 0.18* | 0.05 |

Note: ** indicates at one per cent level and * indicates at five per cent level.

4.4. Determinants of Consumers' Purchase Intentions of Organic Products

In order to find which determinants could explain the consumers' purchase intention of organic products, the multiple regression analysis was applied and the results are presented

in Table-4. The results indicate that the coefficient of multiple determination (R^2) is 0.69 and adjusted R^2 is 0.67 indicating the regression model is good fit. It is inferred that about 67.00 per cent of the variation in dependent variable (Purchase Intention) is explained by the independent variables (Influencing Factors). The proposed model is adequate as the F-statistic = 17.852 and it is significant at one per cent level ($p < 0.01$). This indicates that there is a statistically significant association between influencing factors and purchase intentions towards organic products.

Table-4. Determinants of Consumers' Purchase Intentions of Organic Products

| Determinants | Regression Co-efficient(Beta) | t-value | Sig |
|--|-------------------------------|---------|------|
| Constant | 1.657** | 6.382 | 0.00 |
| Perception towards Organic Products | 0.684** | 7.574 | 0.00 |
| Awareness on Government Action and Support | 0.142 | 1.283 | 0.56 |
| Beliefs about Product Safety for Use | 0.592** | 6.726 | 0.00 |
| Belief about Product Friendliness to the Environment | 0.426* | 2.415 | 0.04 |
| Availability of Information on Product Location | 0.168 | 1.167 | 0.63 |
| Availability of Product Information | 0.339* | 2.342 | 0.03 |
| R^2 | 0.692 | | |
| Adjusted R^2 | 0.674 | | |
| F | 17.852 | | 0.00 |
| N | 300 | | |

Note: ** indicates significant at one per cent level and * indicates at five per cent level.

The results show that perception towards organic products and beliefs about product safety for use are positively and significantly determining the consumers' purchase intention towards organic products at one per cent level of significance, while, belief about product friendliness to the environment and availability of product information are also positively and significantly determining the consumers' purchase intention towards organic products at one five cent level of significance. Therefore, it reveals that there is a statistically significant link between influencing factors and consumers' purchase intentions of organic products.

5. CONCLUSION

The foregoing analysis shows that perceptions towards organic food product depict the strongest relationship with buyers' intention to buy organic food product followed by the buyers' belief that consuming organic food product is contributing to preserving the environment. It seems that perception towards organic food and belief that organic food is environmentally friendly are not independent from each other. Besides, the availability of product information is also supporting the consumers' intention to purchase organic products.

However, other factors (awareness on government support and action and availability of information on product location) are found to be insignificantly related to the intention to purchase the organic products. This may be due to that although people claim to be knowledgeable of the government action in supporting the production of organic food as well as preserving the environment; this cannot be a clear measurement of their willingness to change their conventional consumption pattern. When result indicates that availability of product location has no effect on buying intention of organic products, this may be due to the fact that the supply of organic products can be considered as good where people can identify where to locate organic products thus the availability does not emerge as an issue when considering making a purchase.

The perception towards organic products, beliefs about product safety for use, belief about product friendliness to the environment and availability of product information are

the major determinants for the consumers' purchase intention towards organic products. Since only more than one-third of the consumers are buyers of organic products, there is a greater market potential for organic products in Chennai. Consequently, it is very much important if communication message or educational activities can be initiated at the earlier stage before the consumption behaviour becomes habit. Events such as organic product fairs and shows should be held and showed among young consumers at their early age before they reach the stage of determining their future identity and self values.

However, knowledge on organic products as well as action taken by the government either to inform or to create awareness has not reach the satisfactory level in encouraging sustainable purchase with organic products. But, although consumers has the knowledge what contributes to sustainable of environment due to feel of convenience of their current consumption pattern will not change their perception towards organic products however good it is. Therefore, knowing how consumer perceived organic products by understanding the reasons of buying would probably help the marketers of organic products to establish a proper communication and advertising strategies.

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