



ORIGINAL RESEARCH PAPER

Marketing

STRUCTURED EQUATION MODELLING FOR ANALYSING THE MOTIVATING FACTORS INFLUENCING CONSUMER BEHAVIOUR TOWARDS ORGANIC PRODUCTS

KEY WORDS: Organic product, Consumer behaviour and Motivating factors

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ABSTRACT

Background: Over time, consumer's interest in organic food has surged, fostering a generally positive attitude towards organic food products. This inclination is primarily driven by the widespread perception among consumers that organic foods are considered more nutritious and healthier compared to their non-organic counterparts. Indian organic food market is in its early stages and experiencing rapid growth. Hence, by considering the importance of this area present paper aims to identify and examine the motivating factors influencing consumer behaviour towards purchase of Organic products of urban area consumers in Himachal Pradesh. **Statistical Approach:** Structured Equation Modelling SEM technique was used to find the factors which could explain the preference among consumers to buy the organic products. **Findings:** From this study, it is seen that the consumers prefer to buy organic products, there are various factors impacting the preference like health consciousness, environmental concerns, subjective norms, price concerns, personal norms, lifestyle updation, covid-19 impact, as well as availability and accessibility. **Study Implications:** This study unveils the factors influencing consumer preferences for organic food, offering valuable insights for marketers to tailor an effective marketing mix. The findings from this research can be integrated to devise diverse marketing strategies, enabling marketers to address various factors that influence consumer preferences across different stratas of the Indian society.

INTRODUCTION

Organic farming is vital portion of the Indian economy, steering consumers away from chemically tainted goods and towards a more natural paradigm. This holistic approach embodies a spectrum of practices geared towards achieving social, ecological, and economic sustainability (Anderson, Jolly, and Green, 2005; Bourn and Prescott, 2002).

As global awareness of environmental issues intensifies, there is a growing conscientiousness about the planet's well-being. The momentum towards collective environmental concern and sustainability, which began before the pandemic, has been further catalysed by COVID-19. This global crisis has spurred more individuals to shoulder the responsibility of environmental stewardship. Projections indicate a substantial growth in the global organic food market, poised to escalate from \$205,361.7 million in 2020 to \$389,023.6 million in 2025, with a robust growth rate of 13.6%. Forecasts extend this upward trajectory, suggesting a Compound Annual Growth Rate (CAGR) of 9.6% from 2025, reaching \$615,158.5 million in 2030. The significance of organic production goes beyond immediate gains, playing a crucial role in achieving the Sustainable Development Goals (SDGs) outlined in the 2030 Agenda for Sustainable Development.

Increasingly, governments in Asia are recognizing the environmental and economic advantages of organic farming. They are actively endorsing the shift towards organic agriculture and the production of organic goods. In the global landscape of organic agricultural land, India secures the eighth position worldwide and leads in the total number of producers. Its diverse climatic conditions position India as a potential hub for various agricultural products.

Considering the theoretical model depicted in Figure 1 leads to the conclusion that consumers' perspectives on organic consumption can be segmented into three primary factors: health concerns, environmental concerns, and ethical concerns. A prevalent rationale behind the preference for organic products over conventional alternatives is the belief that organic items are inherently healthier. The health aspect encompasses notions of organic products being more nutritious than non-organic ones, lowering the risk of diseases, and having reduced or no presence of pesticides, hormones, and other potentially harmful chemicals commonly used in conventional practices. When consumers consider these factors, they are willing to pay a premium for organic foods. In summary, consumers' perspectives on organic food consumption significantly influence their purchasing behaviour and intentions.

Review Of Literature

Systematic review has been conducted to analyse various literature depicting the role of motivating factors influencing consumer behaviour towards purchase of Organic products. Articles were extracted from scholarly databases of Scopus, Web of Science, Emerald, UGC CARE and Google Scholar between year 2017 and 2023, have been considered. Table 1 displays the research undertaken by various researchers around the globe examining the predictors which influence consumers to make purchase decision in consumption and usage of organic products

Table 1: Motivating factors influencing consumer behaviour towards purchase of Organic products

Motivating Factors	Author	Year	Study Area	Findings
Health Consciousness	Yilmaz & Ilter; Basha et al.; Kulkarni & Kasande	2017 2015 2021	Turkey Malaysia India (Nashik)	The studies indicates that consumers attitudes toward organic product are influenced by perceptions, consumer values, and price

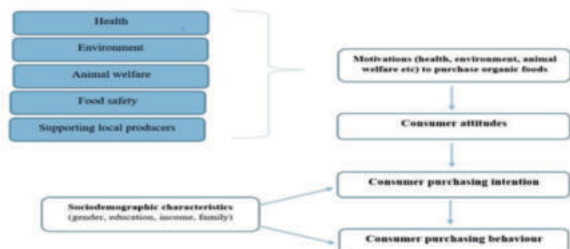


Figure 1: Theoretical model for consumer buying behaviours.

Motivating Factors	Author	Year	Study Area	Findings
				perceptions. Purchase intention is determined by health consciousness, perception of organic products, consumer values, price perceptions, and environmental concerns, with a stronger link to health consciousness.
Environmental Concern	Nalini & Susila Mushi et al. Gupta et al.	2020 2020 2021	India Western Mumbai Delhi	The study highlights a global shift in consumer eating habits driven by increasing environmental awareness, health concerns and a heightened understanding of pesticides in food production. Social media platforms play a pivotal role in informing individuals about the risks associated with pesticides and their impact on both the environment and human health.
Covid-19 Pandemic	Tankosic et al. Martinez, S.C. Barai & Jethy	2020 2021 2022	Serbia Spain India (Odisha)	Due to the profound impact of the Covid-19 pandemic on daily life, consumers are actively seeking healthier products. This has led to a notable surge in the preference for organic food, driven by the awareness of its chemical-free nature, perceived benefits for immunity, and overall health improvement. The pandemic has not only influenced but may also have a lasting effect on consumer behaviour, embedding a preference for organic products in their purchasing habits.
Price Concern	Melovic, et al. Katyayani, et al. Rao	2020 2021 2022	Europe India (Andhra Pradesh, Hyderabad)	The study indicates that premium pricing of organic products makes affordability a significant factor.
Accessibility & Availability	Shobha, et al. Radhika, et al. Yekinni, et al.	2020 2021 2023	India (Bangalore) Coimbatore Nigeria	The study finds a significant impact of availability of organic products on consumer buying behaviour. This suggests a promising opportunity for producers and marketers of organic

				products to develop targeted marketing strategies, tapping into these influential factors and expanding their reach to a broader customer base.
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Despite various studies available on consumer purchases of organic products, there is still significant gaps in the literature. Organic practices are generally considered to be more sustainable than conventional farming practices. However, there is limited research on reasons for purchasing organic products in particular.

Therefore, this study aims to understand the following question based on a theoretical model: (1) What are motivating factors influencing consumer behaviour towards purchase of Organic products in Himachal Pradesh?

Objectives of the Study:

This study aims to understand the motivating factors influencing consumer behaviour towards purchase of Organic products of urban area consumers in Himachal Pradesh.

RESEARCH METHODOLOGY

Research was Descriptive and Explorative in nature. Cross sectional descriptive data was collected from the consumers of urban area of Shimla, Solan, Kangra, Una, Mandi and Hamirpur districts of Himachal Pradesh. Present study utilised Questionnaire which was prepared and checked for reliability and validity with cronbach alpha of 7.19 and further it was administered on 385 respondents (Cochran sample size) by following Purposive sampling technique. This study used 5-point Likert scales in which questions ranged from “5: strongly agree” to “1: strongly disagree”. Before filling out the questionnaire, the participants were informed about the study for ethical considerations.

Structural Equation Modeling (SEM)

SEM was employed to investigate the complex relationships between variables and test hypothesized causal relationships. AMOS was utilized to build and analyze the structural models, allowing for the assessment of direct and indirect effects among variables. The focus was on the motivational factors such as health consciousness, environmental concerns, subjective norms, price concerns, personal norms, lifestyle updation, covid-19 impact, as well as availability and accessibility.

Analysis And Interpretation

Data Preparation

Before carrying out the analysis, the dataset was thoroughly examined to identify any possible inconsistencies, missing values, or outliers. Data cleaning procedures were employed to rectify errors and ensure the dataset's integrity. Variables were reviewed for their accuracy and relevance to the research objectives.

Data analysis

Data analysis was carried out in a series of statistical operations including descriptive statistics, confirmatory factor analysis, structural equation modeling, model fit assessment, and hypothesis testing.

Figure 2 displays the Structural Equation Modeling which depicts the relationships among different constructs. The structural equation model illustrated the potential causal connections between endogenous (dependent) and exogenous (independent) variables. Figure 2 in the study presented the structural model in the form of a path analysis diagram, utilizing weighted least squares, SEM, and path analysis methodologies. The presence of 255 weights suggests the multitude of relationships or associations between different variables present in the model. These

weights typically represent the coefficients attributed to the relationships between observed and unobserved variables, providing a quantification of their interdependencies. Furthermore, the 21 covariance values observed depicts the degree to which variables considered to influence consumers' perception towards organic products change together, reflecting the level of association or correlation between pairs of variables. Covariance indicates the direction of the linear relationship between variables, and in this case, the covariance values were found to be positive indicating a positive direction. From SEM analysis it can be interpreted that out of eight motivating factors, Health consciousness, Price of the product, Accessibility & Availability and Covid-19 pandemic were having a most influential role in buying behaviour of consumers of Himachal Pradesh.

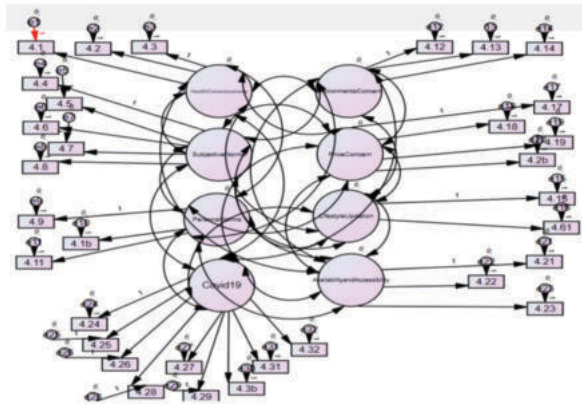


Figure 2: Structural Equation Modeling (SEM)

CONCLUSION

Generally, this study organized questions into seven key areas, exploring demographics, consumer awareness, behavior, food types, preferences, motivation, and opinions. It aimed to understand consumer perceptions and choices regarding organic products. Despite identification challenges in certain relationships, the study deeply investigated how observed and unobserved factors interact in various consumer domains, such as how these observed and unobserved factors influence their perception towards organic product. The complexity of the dataset underscores the intricate connections between these factors. Refining the model and making adjustments could unlock valuable insights critical for future research and real-world applications in understanding consumer behavior toward organic products.

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