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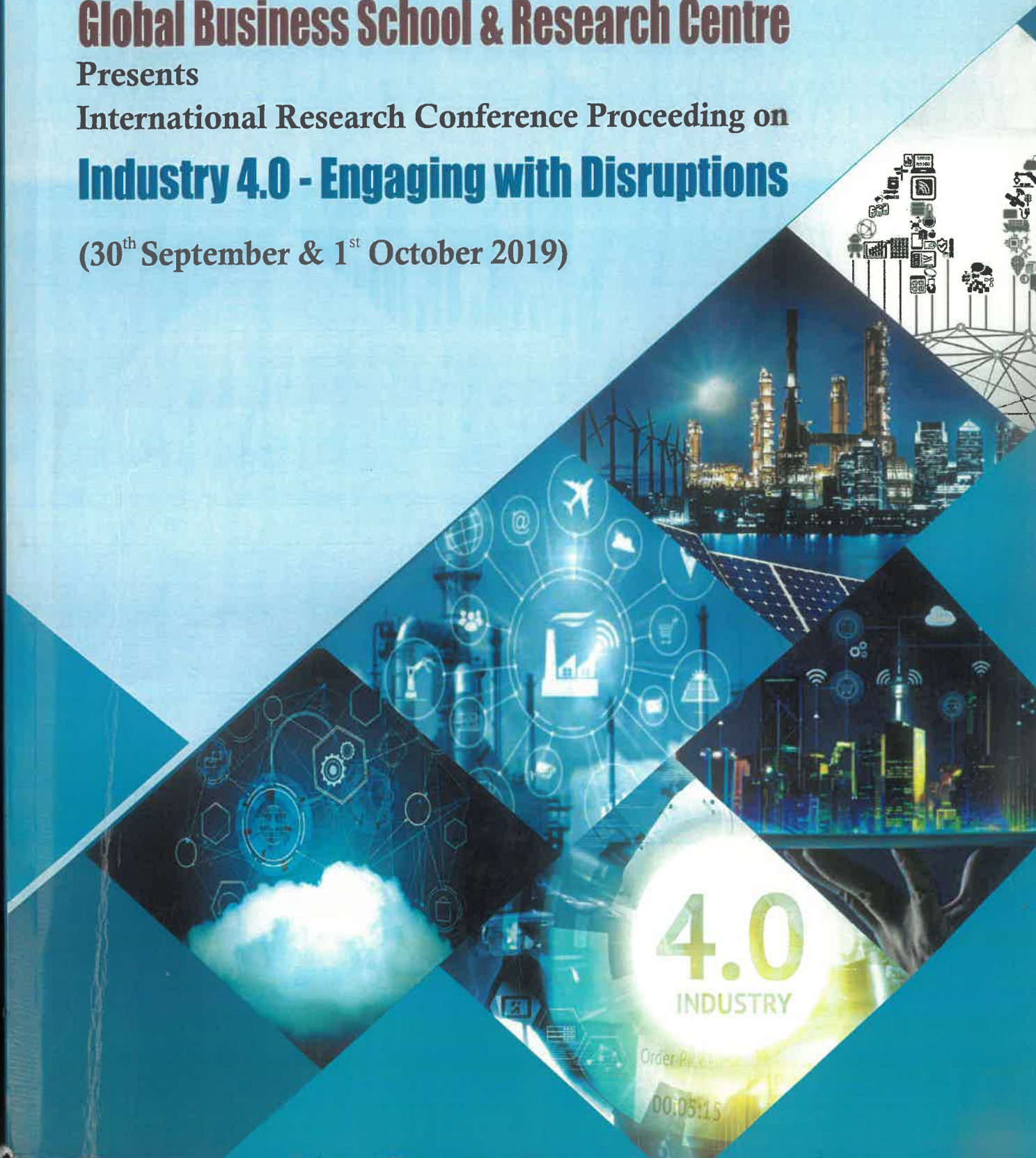
Global Business School & Research Centre

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International Research Conference Proceeding on

Industry 4.0 - Engaging with Disruptions

(30th September & 1st October 2019)



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Analysing Consumer Behaviour towards Organic Food with Special Reference in Pune

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ABSTRACT:

Organic food and Organic Farming is showing impetus growth in India. Maharashtra is the third largest State (in area) in India after Rajasthan and Madhya Pradesh, located in the North centre of Indian peninsula. Organic farming is at present an impending movement in Maharashtra. Despite of growing awareness about harmful effects of conventional food still the growth in demand for organic food is surprisingly low. This paper essentially tries to analyse factors affecting consumer demand for organic food in Pune. Survey of 451 respondents was taken by using structured questionnaire and data was analysed by using Friedman Chi Square Test. Difficulty to differentiate between organic and conventional, Organic goods are not easily available in the nearby shops, lack of brand awareness, limited choice (assortment), they found it's too expensive, source of organic is not trustable were found to be reasons for less demand.

Keywords: Organic Produce, Pune, Marketing, Marketing Strategies

INTRODUCTION:

The agricultural sector at present influences the development of the Indian economy. Agriculture (including other allied activities) accounted for 15.7 per cent of the Gross Domestic Product (GDP-at constant prices) in 2008-09 as compared to 21.7 per cent in 2003-04. In spite of the fact that the share of farming sector in GDP has been falling over the years, but its role remains critical as it accounts for about 52 percent of the employment in the country. Agricultural sector also contributed 10.2 per cent of national exports in 2008-09 (Economic Survey, 2009-10). Agriculture provides food for more than one billion people and yields raw materials for agro-based industries. Transformation of Indian agriculture has begun during the mid-sixties which resulted in the, Green Revolution making the country a food grain surplus nation from a deficit one depending on food imports. But, modern agriculture has returned several problems besides creating a very unsustainable system for mankind (Worthington, 1980). Cultivation of crops became more dependent on inputs purchased from the market, and farmers began to sell a superior share of the crop in the market. The rising costs of cultivation and uncertain output prices made the modern agriculture system non-viable.

Green Revolution in India has undoubtedly reformed the scenario of food grain production. The food grain production in India has been doubled during post Green Revolution period with virtually no increase in the net cultivated area. This wonderful achievement in agriculture production was mainly due to the increased use of inputs like fertilizers, pesticides and farm machinery. As time went by, extensive need on chemical farming has shown its darker side. The land is losing its fertility and is demanding larger quantities of fertilizers. Pests are becoming resistant and warrant frequent sprays resulted in residues much above the safety levels and this brought to the attention of modern agriculture and cemented the way for organic farming in India.

LITERATURE REVIEW: BARRIERS TO PURCHASE

Availability & Range of Organic Product (Grunert, 1995) (Arvola, 2008)(Bellows, 2008) (Padel, 2005) Consumers who do not buy organic food items research was done to understand major barriers to purchasing organic food related to range and availability. Organic growth has been primarily demand-led (Latacz-Lohmann, 1997), which meant particularly historically, that many consumers face availability issues, or severely limited ranges of organic products.

(Pierce, 3 August 2009) So, some locations in more affluent areas are designed to carry more organic produce, while some stores in less affluent areas might not carry any organic products at all.

(Fotopoulos C. a., 2000) As food items are perceived as low involvement products customers do not want to take much efforts while purchasing them but extensive review of the literature on this subject revealed

substantially less attention has been paid to measuring the effort consumers are willing to go to in order to purchase organic products.

(Bourn, 2002) Researcher also supports the above study by highlighting the nutritive, sensory and food safety as the points of comparison between organic and inorganic food.

Appearance (Beharrell, 1991) According to the research done by researcher some consumers choose organic food because of taste, freshness and its appearance. On the other hand some literatures have shown contradictory results.

(Lin, 1986) In this researcher found that consumers considered appearance less important when they buy organic food items.

No Difference in Taste (Jolly, 1991), (Sparling, 1992) In some of the research researcher do not find any difference in the taste of organic food and inorganic food. Therefore, researcher decides to test this phenomenon.

Availability (Dettmann, 2007) Increased marketing of organic products through conventional supermarkets and large retail outlets in addition to the traditional venues of specialty stores, have made organic produce accessible to more consumers.

High Price (Padei, 2005) (Zanoli, 2004) The price of organic food is playing a major part in the purchasing intentions and behaviour of consumers. They are acting as a barrier, due to price premiums of organic produce vs. conventional. In fact, the price of organic food has been cited in many articles to be the main obstacle for not buying organic food items.

SUMMARISING CONSUMER BEHAVIOUR LITERATURE

When it comes to decision making the motives and motivation hold a high explanatory degree. Furthermore, much literature revolves around the concepts of quality in terms of rich in nutrients and health as the most important consequences for consumers when choosing their foods in general.

The high focus on health has increased the focus on extrinsic quality cues in general and will continue to do so in the future according to the literature available.

OBJECTIVES OF THE STUDY:

1. To examine the factors affecting consumer decision making for organic food items.
2. To study the customer satisfaction level w.r.t. marketing mix.

HYPOTHESIS OF THE STUDY:

HYPOTHESIS 1: Difficulty in identify real organic, non-availability, Brand awareness are the major reasons for not buying organic food items.

HYPOTHESIS 2: Customers are dissatisfied with respect to the elements of marketing mix (4P's) of organic food items.

Time Horizon

The time horizon is used in this research to collect the data from July 14 to January 15.

Primary Method of Data Collection

Questionnaires: The data was collected through self-administered questionnaires which were distributed to the buyers and non-buyers of organic produce in Pune region.

Interviews: Discussion were also done with buyers & non buyers of organic produce to understand buying behaviour pattern for household grocery items

Secondary Method of Data Collection

The secondary data was collected from: Books, reports, newspaper article, e- journals, journals, research papers, websites, and publications- periodicals.

Sample size: The study is focused in Maharashtra, Pune Region. A total of 451 respondents participated in the survey.

HYPOTHESIS-1 Difficulty in identify real organic, Non availability, Brand awareness are the major reasons for not buying organic food items.

In order to test above hypothesis following sub hypotheses are created and tested statistically.

H1a: There is a significant difference in the importance customer attached to the various reasons for not buying organic products

Reasons for Never Consuming Organic Food Items

Research Question: Is there a difference in the importance customer attached to the various reasons for not buying organic products.

Research Tools: Friedman Chi Square Test

Variable & Measurements: Respondents were presented with following eleven reasons for not purchasing of organic food items. Each reason were measured on 5- Point Likert scale (1= Strongly Disagree, 2 = Disagree, 3= Neutral, 4= Agree, 5= Strongly Agree)

- No difference in taste of organic & Conventional
- No difference in nutrition value
- Presence of unsafe harmful bacteria and organism
- Too expensive
- Not easily available in the shop
- No Perceived health benefits
- Source of organic is not trustable
- Bad in appearance
- No enough choice (assortment)
- Do not know the brand
- Difficult to identify real organic

H0: There is no difference in the importance customer attached to the various reasons for not buying organic products.

H1: There is a significant difference in the importance customer attached to the various reasons for not buying organic products

Level of Significance = 0.05

Table 1: Test Statistics of Reasons for Never Consuming Organic Food Items

N	59
Chi-Square	183.214
Df	10
Asymp. Sig.	.000

Observation: $\chi^2(10) = 183.214, P = 0.000, N = 59$

Conclusion: Since P value (0.000) is less than the level of significance (0.05) the null hypothesis is rejected.

Hence it is concluded that there is a significant difference in the importance customer attached to the various reasons for not buying organic products

In order to find where the difference lies we refer to the Ranks Table

Table 1.2: Ranks Table of Reasons for Never Consuming Organic Food

Reason for never consuming	Mean Rank
No difference in taste of organic & Conventional	3.97
No difference in nutrition value	5.21
Presence of unsafe / harmful bacteria and organism	3.97
Too expensive	6.58
Not easily available in the shop	8.52
No Perceived health benefits	4.83
Source of organic is not trustable	6.01
Bad in appearance	4.34
No enough choice (assortment)	6.75
Do not know the brand	7.31
Difficult to identify real organic	8.52

Source: Field Survey

Interpretation: From the Ranks Table it can be seen "No difference in taste of organic & Conventional" has a mean rank of 3.97, "No difference in nutrition value" has a mean rank of 5.21, "Presence of unsafe/ harmful bacteria and organism" has a mean rank of 3.97, "Too expensive" has a mean rank of 6.58, "Not easily available in the shop" has a mean rank of 8.52, "No Perceived health benefits" has a mean rank of 4.83, "Source of organic is not trustable" has a mean rank of 6.01, "Bad in appearance" has a mean rank of 4.34, "No enough choice (assortment)" has a mean rank of 6.75, "Do not know the brand" has a mean rank of 7.31, "Difficult to identify real organic" has a mean rank of 8.52.

Conclusion of Hypothesis: Hence it can be concluded that the top six reasons (Strong Predictor) for not buying organic food items are: Difficulty in identify real organic, Not easily available in the shop, Do not know the brand, No enough choice (assortment), Too expensive, Source of organic is not trustable. Hence sub hypothesis H1a is proved.

Therefore hypothesis is proved Difficulty in identify real organic, Non availability, Brand awareness are the major reasons for not buying organic food items.

HYPOTHESIS-2 Customers are dissatisfied with respect to the elements of marketing mix (4P's) of organic food items.

In order to test above hypothesis following sub hypotheses are created and tested statically.

Ha: There is significant difference in the level of customers' satisfactions with respect to the elements of marketing mix of organic food item.

Research Question: Is there a difference in the level of customers' satisfactions with respect to elements of marketing mix of organic food item.

Statistical Test: Friedman Chi Square test

Variable & Measurement: Respondent were presented with following five options

- Freshness of Product
- Packaging & Labelling
- Health benefits after consuming it
- Communication
- Delivery of Product

H0: There is no difference in the level of customers' satisfactions with respect to the elements of marketing mix of organic food item.

H1: There is significant difference in the level of customers' satisfactions with respect to the elements of marketing mix of organic food item.

Level of Significance $\alpha = 0.05$

Table 2.1 Test Statistics of Respondents satisfaction with 4P's of Marketing Mix

Test Statistics	
N	202
Chi-Square	144.360
Df	4
Asymp. Sig.	.000

Observation: $\chi^2 (4) = 144.360, P = 0.000, N = 202$

Conclusion: Since the P value (0.000) is less than the level of significance (0.05) the null hypothesis is rejected.

Hence it is concluded that there is difference in the level of customers' satisfactions with respect to the elements of marketing mix of organic food item.

In order to find where the difference lies we refer to the Ranks Table.

Table 2.2: Ranks Table of Respondents satisfaction with 4P's of Marketing Mix

Satisfaction	Mean Rank
Overall Quality of the Product	2.63
Packaging & Labelling of products	3.40
Health benefits after consuming	2.21
Communication from seller	3.26
Delivery of Product	3.50

Source: Field Survey

Interpretation: From the Ranks Table it can be seen that "Overall quality of the product" has a mean rank of 2.63, "Packaging & Labelling of products" has a mean rank of 3.40, "Health benefits after consuming" has a mean rank of 2.21, "Communication from seller" has a mean rank of 3.26, and "Delivery of product" has a mean rank of 3.50.

Conclusion of Hypothesis: Hence it can be concluded that the customers are not satisfied with Delivery of Product, Packaging & Labelling of products & Communication from seller. Hence hypothesis Ha is proved.

Therefore hypothesis is proved Customers are dissatisfied with respect to the elements of marketing mix (4P's) of organic food items.

SUGGESTIONS:

MANAGERIAL IMPLICATIONS

This research study outcomes provides guidelines and suggestions to the marketers who are into the business of selling organic food. Strategies and policy can be designed for non-consumers of organic produce. Consumers are dissatisfied because of operational aspects of marketing. Therefore, strategist and

marketers should stress on framing of better marketing strategies such as packaging & labeling, availability in the retail outlets, communication, awareness of organic produce..

Retailers of organic food can segment their market and can make their marketing strategy accordingly. They can focus on their marketing strategy.

MARKETING MIX (4P'S)

PRODUCT

It is very important to create regional Data bank on all aspects of organic farming such as area under organic, crop wise productivity and type of organic fertilizers data on production, what crop is cultivated in that region by the framers. Platform should be created where this information can share between buyer and seller.

Retailers should be assisted and provided with the technical expertise on how to maintain freshness and wholesomeness of their organic food items so as attract the maximum price premium from consumers.

PRICE

For higher price marketers need to convince to consumers for its benefits a very strong reason for this price differentiation like cost of the health is not more than the price you pay.

PLACE

Availability

This study findings suggest that availability is the strong predictor of intention to purchase organic food therefore organic marketers can incorporate this. Their strategy should ensure the timely availability of organic food to their consumers at proper outlets. Lacking in this strategy customer will show split loyalty in this category.

It has become necessary to conventional chains that all product groups in the organic range need to be made available all year to ensure customers are retained. This is important in order to maintain the pattern of consumer purchasing of organic food.

PROMOTION

Create Awareness- Marketers can also design the message program to create awareness that include the information about organic what it means how with the help of consuming of organic food they can improve their own responsibility in helping rural development & safeguard the planet.

Consumer awareness also encouraged consumers to take some responsibility to reduce environmental damage through recycling and purchasing ecologically sound products.

Consumer awareness also encouraged consumers to take some responsibility to reduce environmental damage through recycling and purchasing ecologically sound products.

Therefore, holding awareness programs and used forums to popularize this product sector and to educate the general public are necessary for this development.

- Direct communication can be an effective way of communication for the customers who are little aware and who are not clear what organic means. Marketers can get immediate feedback from customers; sales representative could clarify the issue promptly and clearly.
- These customers can be contacted in stores as well as cooking demonstration and at the same time to promote the awareness of organic product.

Create Interest- More research findings related to the difference between organic and conventional in terms of benefits, chemical residual & nutrient difference, and Good taste can put forth in front of consumers that will increase the likeability to buy.

CONCLUSION OF THE STUDY:

Recognition of sustainable farming is attracting the attention of society in Pune. Due to the adverse effects of conventional farming which is highly depends on artificial pesticides people understanding towards organic produce is increasing. This paper examined the reasons for non-consuming organic produce, study result has shown that the main reasons for not buying organic food items are its difficulty to differentiate between organic and conventional, Organic goods are not easily available in the nearby shops, lack of brand awareness, limited choice (assortment), they found it's too expensive, source of organic is not trustable. Study also identify the marketing mix of organic produce buyers are also dissatisfied with elements of marketing mix. Marketers are facing challenges in Marketing of organic produce. Study found that the severity of Marketing Mix (4P's) related challenges of Organic produce. Access to the buyer market is also restricted due to the relatively low or inconsistent demand. Consequently, ensuring a stable, predictable demand for the organic firm's products is also of paramount importance.

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