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A STUDY ON THE DEMOGRAPHIC INFLUENCE OF CUSTOMER BUYING BEHAVIOUR TOWARDS ORGANIC PRODUCTS IN BANGALORE CITY

By

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ABSTRACT

In the recent years organic food products have got preponderance in the food industry. Increase in the awareness about the environmental issues has made the consumer to think of the healthier ways of food consumption rather than consuming whatever he gets. The global warming and bio diversity issues have made even a common man to think about the environmental issues like, protection of environment, green saving, ethical values in life style, animal welfare and sustainable development. These are the base of a new life style which has indirectly encouraged the innovative agricultural activities. In the current study the consumers' attitude and their buying behaviour have been studied in the city of Bangalore. The impact of the independent variables like price of the food products, health consciousness of the consumers, concern towards environmental issues, certification of food products, awareness of the consumers, availability of products and its information, etc. on the dependent

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variables like buying behaviour and the consumers' attitude. This paper throws enough light on the consumer attitude and buying behaviour towards organic and non-organic food products in Bangalore city.

Keywords: *Organic food, food industry, consumption, life style, consumer behaviour, non-organic products, health.*

INTRODUCTION

The term 'Organic' refers to products that are produced without the aid of chemical fertilisers or pesticides (Hutchins and Green halgh, 1997). Products classified as organic are produced in conformity with standards right through all aspects of production and are then certified by an industry body (Lyons et al., 2001). Lyons et al. (2001) showed that consumers describe organic produce as natural and unprocessed.

According to the United States Department of Agriculture (USDA) "*Organic food is produced by farmers who emphasize the use of renewable resources and the conservation of soil and water to enhance the quality of the environment. Organic food is produced without using most conventional pesticides, fertilizers, bioengineering, and ionizing radiation*".

Organic products compete with conventional alternatives in the market. Although many organic products command a higher price compared to their conventional alternatives, some consumers continue to substitute organic for conventional products. This and many others related observations led Lancaster (1966) to argue that the *Traditional Theory* of consumer demand is inadequate in explaining why consumers will buy organic products instead of conventionally grown alternatives. The traditional theory is quiet about the inherent characteristics of a commodity. However, it does not provide insight into how product quality variations influence consumer perceptions and decision-making behaviour. It also provides limited explanation on how demand varies when one or more of the characteristics of a good change or how a new good introduced into the market fits into the preference pattern of consumers over existing goods (Lancaster, 1966; Lancaster, 1971; Lancaster, 1991). Intrinsic characteristics are what differentiate organic products from their conventionally produced alternatives. According to Lancaster (1971), the omission of information about the inherent characteristics of consumer goods in traditional consumer

theory renders the theory unable to handle some important aspects of consumer demand in today's world.

India produced around 1.24 million MT of certified organic products which includes all varieties of food products namely Sugarcane, Cotton, Oil Seeds, Basmati rice, Pulses, Spices, Tea, Fruits, Dry fruits, Vegetables, Coffee and their value-added products. The production is not limited to the edible sector but also extends to organic cotton fiber, functional food products etc. Among all the states, Madhya Pradesh has covered largest area under organic certification followed by Himachal Pradesh and Rajasthan.

India ranks 10th among the top ten countries in the world in terms of cultivable land under organic certification. The certified area includes 15% cultivable area with 0.72 million Hectares and rest 85% is forest and wild area for collection of minor forest produces. The total area under organic certification was 4.72 million Hectares during 2013-14. India is the country with highest number of organic producers in the world with 6,50,000 producers. Uganda is the country with largest organic producing area in the world with 2, 32,000 Hectares of land.

MARKET FOR ORGANIC FOOD PRODUCTS IN BANGALORE CITY

Organic food stores are getting more popularity as the demand for organic food continues to grow by leaps and bounds. Organic food stores may have started out as a trend, but today they are a big business. Sustained growth is expected as we see more organic products showing up in traditional stores as well. Organic food has become popular product in local health food stores and in most of the grocery stores. Almost all food stores now carry a special section of natural and organic food products. Sales are growing faster than any other segment of the food industry. Organic food offers individuals the choice of products which are less in toxins as well as far healthier foods than those previously available. It is for these reasons, demand for organic food products has increased significantly.

Bangalore has been witnessing a quick emergence of organic stores, not just in its large shopping hubs, but also in smaller localities and neighborhoods. A lot more people seem to be catching on to the organic mantra and as the word spreads the demand increases, there is a

store at an arm's reach for most of the people in the city. Apart from the exclusive outlets as well as those which have sizeable space earmarked for organic products, in every mall or supermarket, one can be sure to find a section for organic food products exclusively. Even online stores have a separate section for organic products.

STATEMENT OF THE PROBLEM

Food market is vast expanding in all directions from production to consumption. With the increasing awareness of consumers and the health consciousness and environmental issues it has got the pace of recognition worldwide. The case is not different in Asia and India too. Karnataka state is not far from this awareness about the natural foods and environmental conservation. The current study tries to high light the strong attitude and buying behaviour of the consumers towards Organic and Non-organic food products in the city of Bangalore, the capital of Karnataka.

REVIEW OF LITERATURE:

Review of literature was an exhaustive task which helped the researcher in getting a deep insight into the organic and non-organic food products not only in India but also abroad. Several standard books have been referred to understand the conceptual understanding of the consumers' attitude and buying behaviour towards organic and non-organic food products. Many of the articles published in the journals, magazines, newspapers and websites have been referred in this regard. The review of these materials has been immensely helpful in getting a clear idea and concrete premise about the consumer behaviour and attitude towards organic and non-organic food products. A few of the literature reviews are as under.

Kuhar.A and Juvancic.L (2010)¹ opined that the consumers are ready to sacrifice the superior visual attractiveness which is a basic marketability character for any product for the

¹ A. Kuhar and I Juvancic (2010); Determinants of purchasing behaviour for organic and integrated fruits and vegetables in Slovenia; *Agricultural Economics Review*: Volume 11, No.2, pp-70 -83.

organic products. The awareness about organic food products increased the purchase frequency of these products.

Kumar, Sushil and Ali Jabir (2011)² in their research article highlighted that majority of the respondents were willing to pay a premium for the organic food products. The study had extracted five vital factors indicating new generation potential organic consumers. Humanists, Food phobic, Healthy Eaters, environmentalists and Hedonists. This also indicated that consumer's interest in organic food was influenced by their belief that organically produced food was safe and better for health, environment and welfare of farmers and poor.

Steven Ho Chiang Yewoh et al (2013)³ emphasized that medical conditions, quality of products, brand reputation and price were the variables which had a significant impact on the purchasing behaviour of the consumers. This additional information increased the confidence of consumers over the product.

The research made by **Acheampong.P.P. et al (2012)**⁴ gave an intensive exploration in to the consumers' perception and willingness to pay a premium for the organic and safe foods. Ordinary vegetable consumer could not distinguish between organic and non-organic vegetables in the market. The results gave a drive to the development and implementation of segregating indicators and distribution channels between organic and non-organic vegetables. Availability of organic vegetables was found to be a factor in willingness to pay a higher price for safe vegetables and provides an opportunity for promoting local production and retail chain for organic vegetables. Even those consumers who prefer organic food products due to health concerns they also considered the price as very important hindrance in purchasing the organic vegetables.

² Sushil Kumar and Jabir Ali (2011) paper presented at 21st IFAMA World Forum and Symposium on the Road to 2050: "*sustainability as a Business Opportunity*", Frankfurt, Germany during 20-23, 2011.

³ Steven Ho Chiang Yeow, Susan Tee Suan Chin, Jian Ai Yeow and Khong Sin Tan (2013), "*Consumer Purchase Intentions and Honey Related Products*," Journal of Marketing Research & Case Studies, Vol. 2013 (2013),

⁴ Acheampong, P. P., Braimah, H. , Ankomah-Danso, A. , Mochiah, M. B. "*Consumers Behaviours and Attitudes towards Safe Vegetables Production in Ghana: A Case Study of the Cities of Kumasi and Cape Coast*," Science Journal of Agricultural Research and Management, Volume 2012.

The study conducted by **Parichard et al (2012)**⁵ on the Thai consumers had shown their motive to purchase organic foods products for their health and environmental benefits, support for local and small farmers. Their study also found that the groups of buyers and non-buyers had significant differences in demographic characteristics. The main barrier of organic foods market share was the lack of information and awareness.

OBJECTIVES OF STUDY

The specific objectives which are pursued in the present study are as follow:

- ✚ To analyze the opinion of consumers of Bangalore city towards organic food products.
- ✚ To find out the awareness of consumers in respect of organic food products in Bangalore.

CONSUMER BEHAVIOUR

The study of consumers' attitude and their buying behaviour is very much essential to understand while building consumer relations. People from different walks of life develop attachments to various products due to their own reasons. Customers may have a preference and buy certain brands and products based on valid nonfunctional reasons which are associated with emotional values or allied services and benefits. It is in the interest of a marketer to find out the level of importance the consumer ascribes to the different product attributes and to exploit the knowledge by targeting that area. (Baker, 2000)⁶.

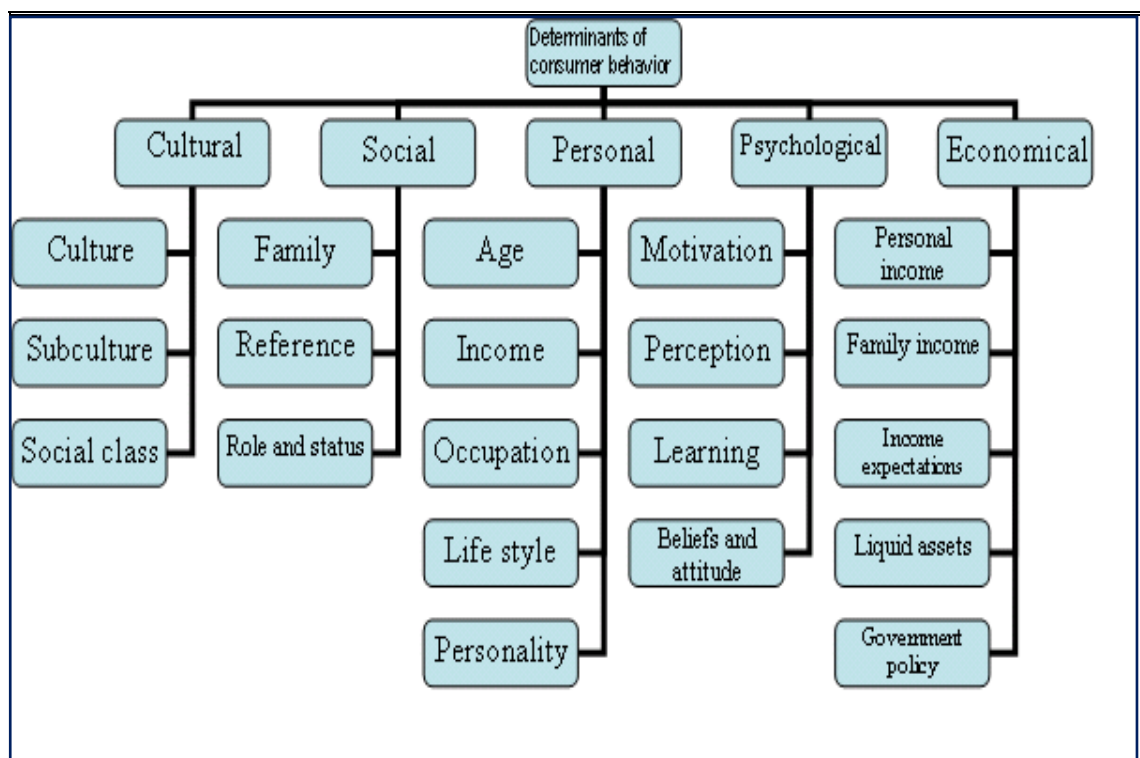
Buyer behaviour is additionally characterized as the conduct that buyers show in hunting down, obtaining, utilizing, assessing and discarding items and administrations that they anticipate fulfil their necessities. Consumer behaviour concentrates on how people settle on choices to pay out their accessible assets like time, cash and exertion on utilization related stuffs. That incorporates what they purchase, why they purchase it, when they

⁵ Prichard Sangkumchalianga and Huang, Wen-Chi, 2012, "Consumers' Perceptions and Attitudes of Organic Food Products in Northern Thailand;" International Food and Agribusiness Management Review, Volume 15, Issue 1.

⁶ Baker, S. 2000. "Marketing Management: A Relationship Marketing Perspective". St.Martin's Press.

purchase it, where they purchase it, how regularly they purchase it, how frequently they utilize it, how they assess it after the buy and the effect of such assessments on future buys, and how they discard it. The term ‘consumer behaviour’ describes two different kinds of consuming entities: The Individual or personal consumers and the Institutional organizational consumers. Individual consumer purchases goods for one’s own purpose, for the use of the family members, or as a gift for a friend. In each of these contexts, the products are bought for end use by individuals, who are referred to as eventual consumers. The second group of consumers is the organizational consumer- which includes profit oriented and nonprofit oriented organizations, government agencies and institutions, all of which may buy the products, equipment, and services to carry out their organizational dealings. The present study focuses on the individual consumer who purchase for his or her own personal use or for household use.

DETERMINANTS OF CONSUMER BEHAVIOUR



Source: <http://www.winnerscience.com/marketing-management/factors-affecting-consumer-buying-behavior/attachment/determinants-of-consumer-behavior>

The psychological reasoning behind how consumers chooses an alternative.

- ✚ How environmental factors (culture, family, media) influence the consumer.
- ✚ The behaviour of consumers during the shopping process.
- ✚ How limitations in consumer's knowledge or information processing influencing outcome decisions.
- ✚ The varying degree on consumer motivation and decision strategies and the difference between product level importance.
- ✚ How marketing campaigns and strategies can be adapted and improved to more effectively reach the consumer.

✚ Lars Perner, Assistant Professor of Clinical Marketing, Marshal School of Business, University of Southern California, USA explains the other factors of importance as follow:

- ✚ Behaviour works in more ways than one; for the individual (own influence), in the context of group settings (friends influence) and organization settings (bosses influences).
- ✚ Consumer behaviour not only studies how a consumer makes a purchase but also how they use and dispose of the product. Product use monitoring is important to marketers as it may dictate where to position a product and ways of increasing consumption. Product disposal is also an environmental concern and point of improvement from a marketing tool perspective.
- ✚ The impact of consumer behaviour on society. Aggressive marketing strategies and its consequences on health, economy etc. (Perner 2010)
- ✚ Consumer behaviour helps us to understand the buying tendency of the consumer and their spending patterns. It cannot be supposed that all individuals prefer to buy a similar type of goods. It depends on their individual forces and drives in them which prompt them to buy the particular goods of their choice.

MARKET FOR ORGANIC FOOD PRODUCTS IN BANGALORE CITY

Organic food stores are getting more popularity as the demand for organic food continues to grow by leaps and bounds. Organic food stores may have started out as a trend, but today they are a big business. Sustained growth is expected as we see more organic products

showing up in traditional stores as well. Organic food has become a staple in local health food stores and in most grocery stores. Almost all food stores now carry a special section of natural and organic one. Sales are growing faster than any other segment of the food industry. Organic food offers individuals the choice of products lacking in toxins as well as far healthier foods than those previously available. It is for these reasons demand has increased dramatically. Bangalore is seeing a quick emergence of organic stores, not just in its large shopping hubs, but also in smaller localities and neighborhoods. A lot more people seem to be catching on to the organic mantra each day, and as word spreads, and demand increases, there's a store at an arm's reach for most people in the city. Apart from the dedicated outlets as well as those which have sizeable space earmarked for organic products, see any supermarket and one can be sure to find a section dedicated to organic food products exclusively. Even online stores have a separate section of organic products.

**ESTIMATED SALES PER DISTRIBUTION CHANNEL AND TOTAL MARKET SIZE
PROJECTION IN BANGALORE CITY⁷**

Distribution channel	Stake holders	Outlets	Estimated total sales p.a. (Rs.)	Share of total organic sales
Organic specialty stores	22	23	6,90,00,000	32.20%
Health food stores	0	0	0	0.00%
Non-food stores	3	17	5,10,00,000	23.80%
Organic and natural bazaars	1	1	2,40,000	0.10%
Direct marketing, CSA	1	1	2,40,000	0.10%
Restaurants, catering	7	7	1,68,00,000	7.80%
Online retail, home delivery	2	n/a	31,20,000	1.40%
Traditional retail, other stores	1	1	2,40,000	0.10%
Organized retail chains	>13	>120	7,20,00,000	33.70%
Organized retail standalone	3	3	18,00,000	0.80%
TOTAL	70	180	21,44,40,000	100%

⁷ Source: Nina Osswald and Manoj Kumar Menon (2013): *Organic Food Marketing in Urban Centres of India. Bangalore: International Competence Centre for Organic Agriculture (ICCOA) page No.3*

Report in '*The Hindu*' Bangalore.

Bangalore has the highest organic market coverage compared to any urban city in South India. The ratio of organic outlets per one lakh inhabitants is also significantly higher. Bangalore also has better availability of fresh organic vegetables and organic dairy products. There is a lot of development in the field organic food market in Bangalore. The bulk of organic food sales in the city go through organized retail most of which are regional or national chains. The second largest share is held by organic specialty store followed by non-food stores that sell organic food products. Ex. Fabindia and Mother Earth. These stores along with the online retail Bangalore has shown the rapid development and highest growth rates in the organic food sector. Bangalore is emerging as the country's organic capital as it accounts for the highest number of organic produce sales outlets in the country. International Competence Centre for Organic Agriculture (ICCOA) Executive Director Manoj Kumar Menon says Bangalore has a total of 68 retail outlets selling organic produce. He told *The Hindu* that these shops include dedicated organic outlets as well as those which have sizeable space earmarked for organic produce. He said that Mumbai has 45 such outlets selling organic produce while Delhi has only 36 of them. "What is important with respect to Bangalore is that it has the presence of all the prominent organic brands unlike other cities which have only a few of them," he says. The volume of organic retail business in Bangalore is also higher than that of any other cities in the country, according to Mr. Menon, who has been watching organic retail sectors of different States and cities. He says the number of organic outlets have been increasing in Bangalore with each passing year.

CONSUMER ATTITUDE TOWARDS ORGANIC FOOD

The general attitude of consumers varies in accordance with its own attributes like place, culture, socio economic factors, environmental issues, attitude towards animal welfare, prestige, etc. It varies with the geographical areas also. Price payable for the organic foods and income of the consumer are no longer the factors which influence the purchase behaviour of the organic consumers. In a developing economy like India consumer is ready to pay a

⁸ Source: *The Hindu* dated November 21, 2012, Bangalore Edition.

premium price for the organic food products even with a lower income because of the influencing factors like health consciousness, ethical issues like animal welfare and environmental safety, global warming, etc.

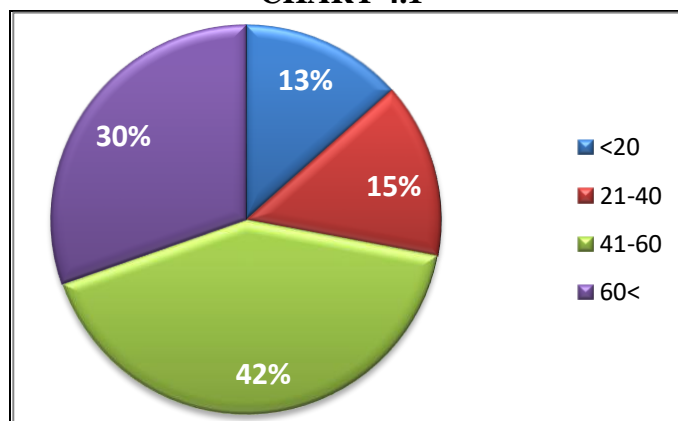
ANALYSIS AND INTERPRETATION

The Collected data were edited coded, decoded and tabulated, also represented with the help of graphs and charts for better understanding

TABLE -4.1: AGE OF THE RESPONDENTS				
Years		Frequency	Valid Percent	Cumulative Percent
Valid	<20	61	13.0	13.0
	21-40	66	15.0	28.0
	41-60	189	42.0	70.0
	60>	138	30.0	100.0
	Total	454	100.0	

Source: Primary data

CHART 4.1



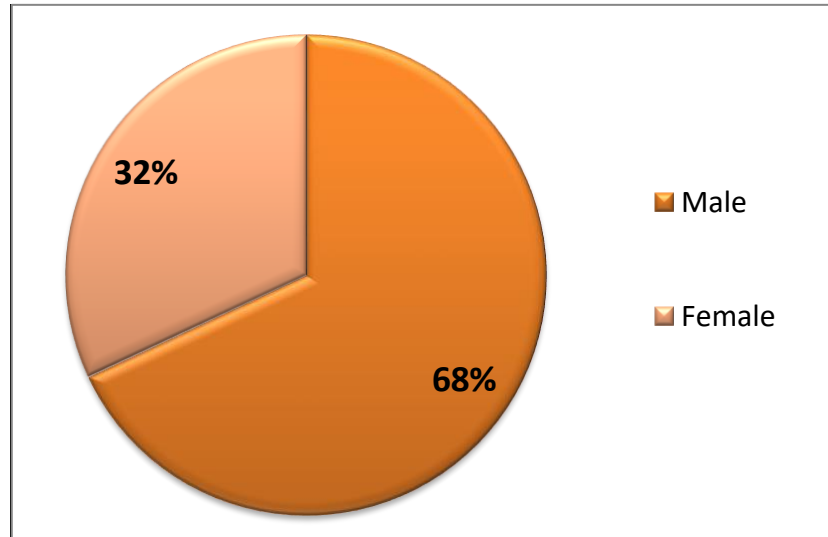
INTERPRETATION:

The respondents to this survey is classified into four classes based on age with interval of 20 years- below 20 years , 21 to 40, 41 to 60 and above 61 years. 72% of the respondents in this survey are 41 and above years and 28 % are below 41 years. The study has taken the respondents from all age groups. Hence it will prove that the data are more consistent and true speaking.

TABLE -4. 2: GENDER OF THE RESPONDENTS				
		Frequency	Valid Percent	Cumulative Percent
Valid	Male	309	68.0	68.0
	Female	145	32.0	100.0
	Total	454	100.0	

Source: Primary Data

CHART 4.2



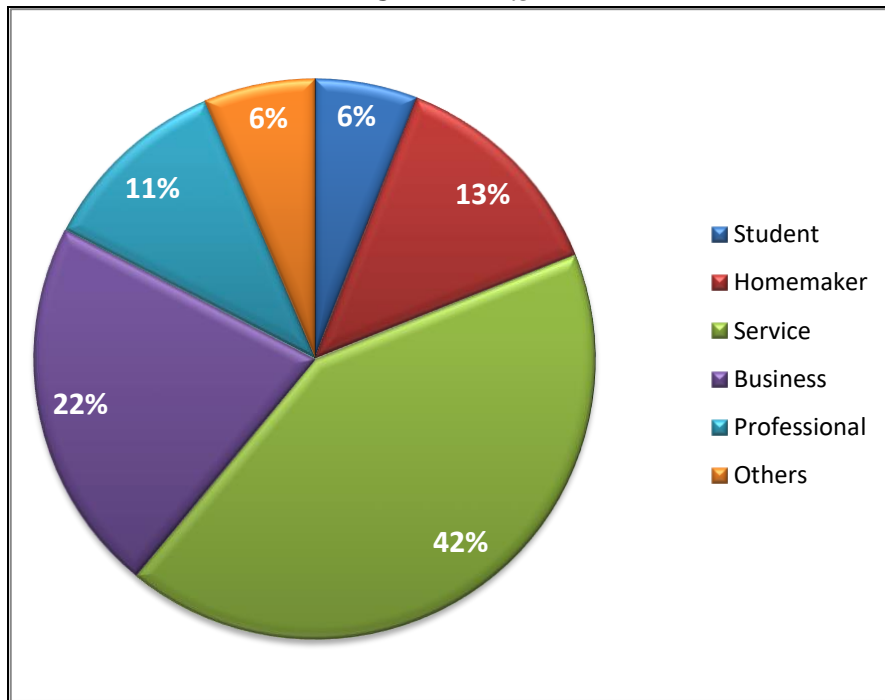
INTERPRETATION:

The 68 % of respondents are male and 32 % are females. Mean is 1.32. We can rely on the information given by the respondents since the purchase behaviour and consumer attitude is considered without any gender discrimination. However the female may have a better hand in deciding the food products.

TABLE 4.3: OCCUPATION OF THE RESPONDENTS				
		Frequency	Valid Percent	Cumulative Percent
Valid	Student	27	6.0	6.0
	Homemaker	59	13.0	19.0
	Service	191	42.0	61.0
	Business	98	22.0	83.0
	Professional	50	11.0	94.0
	Others	29	6.0	100.0
	Total	454	100.0	

Source: Primary data

CHART 4.3



INERPRETATION:

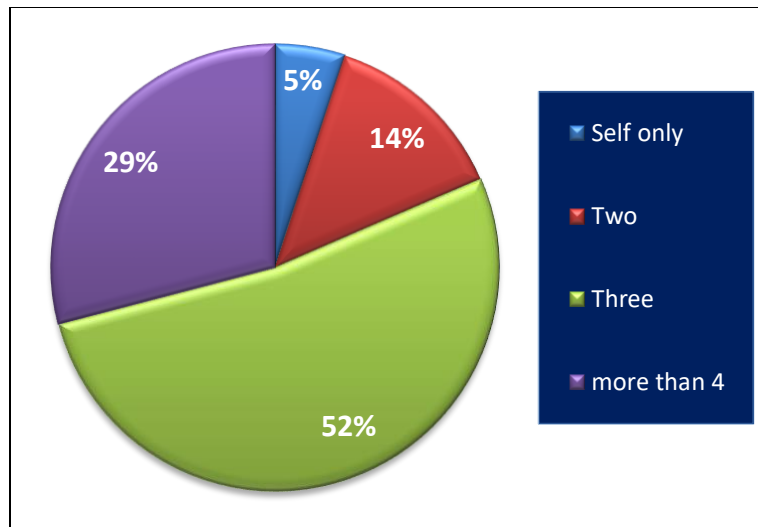
The respondents have been classified in to six categories as per their profession and the seventh as the residual class. Highest, 42% of the respondents belong to service followed by business class by 21.5% Homemakers 13%, professional 11% and balance students, and others. The descriptive analysis of 454 respondents shows a mean of 3.38, median of 3.00, mode at service (191 out of 454) standard deviation of 1.214 and standard error of mean 0.086.

The details reveal that the service people are more in the respondents Talley. That means they will be the one who normally take purchase decisions at homes. Business people are 98 and 59 home makers mean major decision makers are included in the respondents. It infers that the data are most dependable since the opinion of the matured and different classes of occupations of consumers are included in the respondents. The consumer attitude and buying behaviour are unbiased and sample quality is scattered over the general demographic segments.

TABLE-4.4: FAMILY SIZE OF THE RESPONDENTS			
	Frequency	Valid Percent	Cumulative Percent
Self only	23	5.0	5.0
Two	61	14.0	19.0
Three	238	52.0	71.0
more than 4	132	29.0	100.0
Total	454		

Source: Primary data

CHART 4



INTERPETATION:

The family size of the respondents is divided in to four categories on the basis of number of members in the family. Self, two, three and four and above. The highest i.e. mode is occupied by family with three members by 52.5%. Family with four or more members is 29%, two members 13.5%- and single-person families are 5%. The descriptive analysis shows that mean is 3.06, standard error of mean 0.056, median and mode at 3, standard deviation 0.791.

The data reveal that majority of the respondents belong to the group of family members with 3 and more. The data for the research has been collected from all segments of the family structure. Hence, they represent the entire demographic structure about the family cluster which is more representative.

FINDINGS OF THE STUDY

From the foregone study the below are the findings:

Organic food products have age ripened consumer group:

Majority of the respondents are above the middle age. It shows that the respondents are highly matured and the responses given by them are highly reliable as to the correctness of their opinion. The results of the study also to a great extent depend on the maturity of the respondents. Consumers above the age of 35 are more likely to buy organic food.

Organic foods have more male consumers:

Majority of the respondents were male. One can rely on the information given by the respondents since the purchase behaviour and consumer attitude is considered without any gender discrimination. However, the female may have a better hand in deciding the food products. On average women were more positive about organic food than men.

Organic food products are more popular among service people:

The service people are more in the respondents Talley. That means they will be the one who normally take purchase decisions at homes. Business people are 98 and 59 home makers means major decision makers are included in the respondents. It infers that the data are most dependable since the opinion of the matured and different classes of occupations of consumers are included in the respondents. The consumer attitude and buying behaviour are unbiased and sample quality is scattered over the general demographic segments.

Organic food products are more popular with big families rather small ones:

Majority of the respondents belong to the group of family members with 3 and more. The data for the research have been collected from all segments of the family structure. Hence, they represent the entire demographic structure about the family cluster which is more representative. Couples with children are more health concerned than the singles.

SUGGESTIONS

Based on the finding the corresponding suggestions are presented hereunder:

1. Elderly consumers are more concerned about the purchase of organic food products. The other consumers also should be motivated so that the OFP becomes popular with consumers of all ages.
2. Organic food products should be made available at all retail outlets. Extensive OFP shops should be established to cater the needs of the consumers.
3. The purchase of organic food depends mainly on the confidence over the seller. This may be a strong constraint for marketing of OFP. Confidence of seller could be established in the form of certification from recognized authorities, well established supermarkets and malls for OFPs.
4. Organic food products should be made available at affordable price so that its sale can be increased. The government can also think of supplying some organic food products through the fair price depots at subsidized priced so that the benefit reaches the lower income group people also.
5. Extensive awareness programs should be undertaken to make OFP more admired. It can be made as a part of curriculum in the schools and colleges so that our next generation should be educated in a mass scale about the benefits of organic food products.
6. Organic farming professed by Masanobu Fukoka should be encouraged further. The government should take its steps to popularize this and create awareness among the farmers as to the benefits of organic farming. Organic farmers should be provided with agricultural appliances at subsidized rates.

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