

**INDIAN CONSUMERS AND ORGANIC PRODUCTS -  
A COMPREHENSIVE STUDY OF NEW MARKET TREND**

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**Abstract**

*The trends of Organic products are booming nowadays, because the people are becoming conscious about their health. Organic products are produced without the use of chemical. They do not contain any impurities or pollutant to cause health hazards to human life and are not threats to environmental quality. The main aim to this study is to explore the acceptance of the consumers and their insights towards organic products which in turn will reveal the market potential and rising trend of organic consumerism in the area of study. Primary data is collected through online like social media and feedback is collected through various means of interview to different places. The data is analyzed by using basic research tools like Excel and SPSS and the conclusions are written completely on the basis of the interpretation and understanding of the consumer's response. The sample for the data collection is taken considering the convenience of the researcher and the purpose of the study. The sample size for the study comprises of hundred consumers of the research area. This study will help the new organic market trends for marketers to review their marketing strategies and researchers to identify gaps for in depth study in future.*

**Keywords:** *Organic products, organic consumerism, new market trends, health concern, environmental concern, consumer's approach, market potential*

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**Introduction**

India is known as a leader in agriculture in the world. Indian economy is still dependent upon agriculture, its contribution in GDP is about 14% and more than 60% population depends on this sector. The legacy and typical style of agriculture is transferring generation to generation by our ancestors since years. Although the concept of organic product is not new but awareness of technology had vanished the health-conscious food, since people are again coming back on the health conscious food so a new market is taking shape in the market which was started from the developed countries like US, UK and European countries and now the Asian countries are also accepting

the concept of organic. In India, people has started taking interests in organic products but according to report which reveals the fact that despite of governmental support and promotional programs initiated by National Program for organic production (NPOP), the growth rate is very slow at the rate of 25-30%(ET, October 2015) due to various unaddressed factors which have studied in this research paper.

Organic products are those which made entirely from natural substances, grown without the use of chemicals, inorganic fertilizers and pesticides. It is well defined as the products which does not contain any pollutant or impurities to degrade the life of

human being and the environment. These agricultural practices which can help us to conserve regenerate the fertility of soil, plant nutrition, healthy and nutritious food which are rich in essential nutrients and enrich human immunity towards diseases and we can have a good healthy environment to live in and let our next generation live in.

India is blessed with tremendous climatic benefits for organic farming which is helpful in the development of organic products. India has got approximately 4.43 million hectares under organic farming with an approximate organic certified production of 171,000 tons which marks the fact that a new market is on the rise (Yes Bank report, 2012). The major players of the industry of organic products are Morarka, Organic India, Navdanya, Conscious food, Sresta, Eco-Farms, FabIndia contributing a major percentage of the turnover of the industry. With the amount of food adulteration that is taking place in India, consumers are rapidly shifting their purchases to organic products. But there are many challenges for both the consumers and marketers in the industry which influences the purchasing behavior of the consumers and in turn affects the marketing trends for the organic products. Despite of the challenges, the large population of India provides a large consumer base, excellent growth prospects, low labor costs which are the competitive advantages for the marketers and makes Indian organic industry an attractive investing option (Economic times, 2014; D'Souza and Peretiatko, 2002).

### **Literature Review**

With the growth of health consciousness and environmentalism among the Indian consumers, organic products have become a popular alternative to switch from inorganic or synthetic consumption to organic consumerism. Indian consumers are gradually seeking organic products not only in the food

sectors but also in other sectors such as organic cosmetics, organic cloths or fabrics etc. This increase in awareness is due to the various environmental and health issues that have emerged during the last decade (Paul et al., 2015).

The increase in awareness has to be supported by various other marketing and promotional strategies by the Indian government and marketers to reinforce the purchasing pattern of the consumers and change the perception towards the organic products positively (Cherrier et al., 2011). A large share of research reveals the fact that among many motivating factors for organic consumption, health factor of the organic products has been identified as the primary factor (Hughner et al., 2007:101; Yiridoe et al., 2005: 198).

According to the report "Organic Food market in India, 2012, there are certain gaps which needs to be addressed to capture the market and boost the market share for the organic products. They have significant impact on the buying decisions of the consumers which are mainly availability of the product, price and certification and most important among them is the information or the knowledge regarding the impact of the organic products and its benefits. Secondly, the need to spread education among the consumers about the health benefits freshness and tastes which are the basic motivational factors to purchase the organic products and third area to be focused is to branding of the organic products so that the consumers will be able to differentiate and choose.

Presently there is abundance in choices for the consumers and the concept of organic products is still at its infant stage to be completely adapted to the lifestyle of the Indian Consumer. Most of the studies suggest that the consumers are not yet convinced to

change their purchasing pattern. Though the consumer understands the health factors of the organic products but lacks in trust which is due to the confusion between organic and natural product. This confusion arises because of the lack of certification and labeling of the products which will give assurance of usage safety and its nutritional value.

Apart from the above mentioned factors, the seasonal availability, high cost of production resulting in high price also leads to low commitment towards the organic products and makes a challenge for the marketers to bridge the gap between users and non-users of the organic products (Berg, 2004; McEachern and Willock, 2004; Siegrist, 2000). It has been found that among the major motivational factors to purchase organic products, health factor is winning the race and becomes the deciding criteria for selection of the product for consumption.

The studies also reveal that most of the consumers are positive towards the emergence of the new concept of organic products and accepting its contribution towards environmentalism and ecological balance (Chinnici, et al., 2002; Hamper and Makatouni, 2002; Vermeir and Verbeke, 2004).

In contrast, a research study claims that environmentalism did not contribute much in changing the perception towards the organic products (Tadajewski and Tuakamoto, 2006; Paco and Raposo, 2009), but the factors such as taste, food safety, freshness and commodity specific concerns are contributing more towards the shift (Davies, et al., 1995; Yiridoe, et al., 2005).

In another research, it is reflected that the lack of knowledge is one of the main reason of not purchasing organic products which is also referred as knowledge deficit model (Eden, 2009). Therefore, to increase the consumer base for organic products and to increase the market dynamics, marketer needs to modify the outlook and affinity of the consumers towards the organic products with the help of promotional and branding of the products. The marketing efforts towards educating the consumers will help to overcome the knowledge deficit and develop a positive approach towards acceptance of organic products in their life (McEachern and McClean, 2002).

### **Research Objectives**

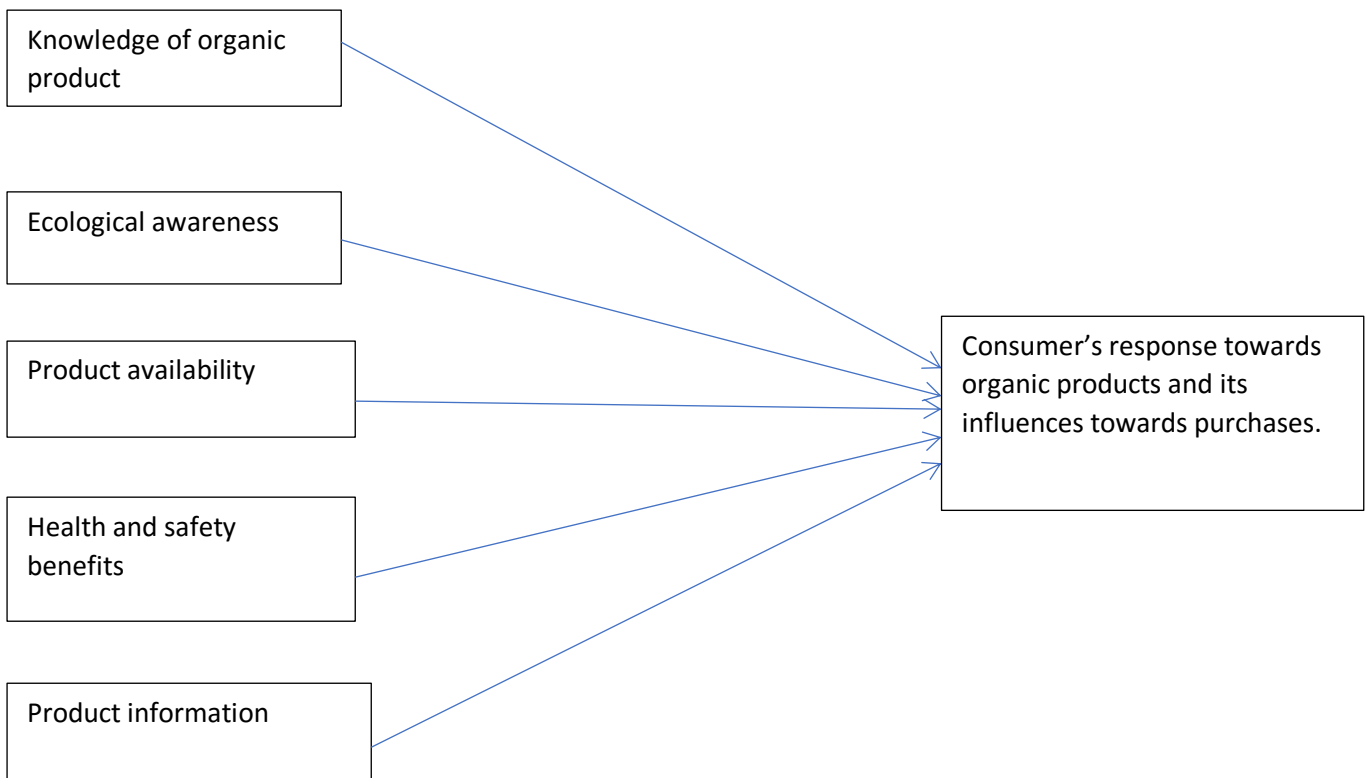
1. To study the consumer's response to organic product in current scenario.
2. To analyze the key factors that motivate the customers to choose between organic and inorganic or synthetic products.
3. To study the market potential for organic products at the area of study.

### **Methodology**

#### **Conceptual framework of the study**

Based on the literature review consumer's likelihood to shift towards organic products is highly influenced by environmental awareness, benefits of the products, availability of the products, availability of product information and knowledge of organic products. Therefore, the proposed conceptual model for this research paper is represented by the following figure.

**Figure 1. Conceptual framework for consumer’s responses towards organic products.**



The research involves both primary as well as secondary data.

**Primary data:** The primary data has been collected by observation, interview and survey through social media. To collect the primary data various malls and organic product retail outlets of the study area has been visited and the buyers were observed and interviewed with the help of a structured questionnaire.

**Secondary data:** The secondary data has been taken from journals, previous research work of the same or related fields , online library of marketing agency of organic products such as APEDA, Intertek India Pvt. Ltd., ECOCERT India Pvt ltd and many more.

**Sample Design**

**Sample size:** The sample size of this research involves one hundred consumers that are selected completely on the basis of convenience and supporting the purpose of study.

**Sampling method:** Convenient sampling method has been used to collect the primary data on the basis of availability of time and respondents. Shopping complexes ,Malls, retail stores of organic products of and open market of were visited to collect primary data by observation and interview both face to face and telephonic.

**Statistical tools for analysis**

SPSS, Excel research tools will be adopted to conduct the analysis.

## Results and Discussion

The demographic analysis (Table 1) shows that among all the respondents 72% are female. It also indicates that women are more inclined towards the purchase of organic products in comparison to men. On the basis of income, the consumers with average household income between the range of 20,000-1, 00,000 are more interested in buying the organic products. As per the age is concerned, the table reveals that the consumers of age group of 26-40 years are dominant buyers of organic products in the current scenario and contrastingly, the people who are below 25 that is the youth are having the least affinity towards the organic market. This difference in the behavior can be because of the difference of life experiences and carefree attitude. As per the table, it has been observed that education plays a major role in the acceptance of the concept of organic products. The data reveals that more educated consumer is more aware and interested to shift their consumer base towards organic products.

The table 2 shows the awareness of the respondents regarding the organic products. According to the table the respondents, who are exposed to the study, are completely aware of the emerging concept of organic consumerism and its positive contribution towards human welfare and conservation of the environment. The table 3 shows the purchase preference of the consumers. The data reveals an interesting fact that in spite of 100% awareness, the ratio between organic consumers and non- organic consumers is 6:4. This can be considered as an opportunity for the marketers and scope to explore.

Table 4 reveals the probable reasons of the not purchasing organic products. Among the four constructs interpreted by the researcher as lack of product information, high price, limited choices and non-availability of the products within the convenient reach of the consumers, price is the foremost concern of the consumers. It reveals the fact that though organic

consumers are highly beneficial but many of the consumers are not able to afford them due to the high price of organic products.

The table 5 shows the purchase frequency of the consumers who are aware of organic products as well as consuming them. According to the data, 50% of the consumers purchases organic products once in a month and 34% of them purchases 3-4 times a month which reveals that there is still scope for improvements in the marketing strategies to position the organic products and capture the market to increase the purchase frequency of organic products. Table 6 shows the preferred locations where the consumer purchases the organic products. Among all the prescribed locations shopping complexes is the most popular location for the purchases scoring 50 % of the respondents and organic retail stores that are specialized in organic products scores 30% as the popular destination to purchase organic product. This also indicates that consumers are more likely to purchase organic products of reputed brands which assure safety and are certified.

The table 7 shows that the consumers are more inclined towards the organic products due to the health benefits and nutrition value, quality and freshness of the products. The figure 3 supports the fact health, taste, freshness, high quality, forms a set of motivating factors common among 80% of the consumers. The table 8 shows that 42% of the consumers are purchasing organic products since last two years, 25% of them are purchasing since last one year and 18% are purchasing organic products for more than three years.

The table 9 clearly shows that among all the prescribed variety of organic products organic food and beverages captures a large share of organic market which is then followed by home cleaning products and personal care products. The market of organic fabrics or

cloths and organic cosmetics are yet to be explored both by the marketers as well as by the consumers.

The figure 5 shows that price, knowledge about the products and availability are the main factors that are taken into considerations while making the purchase decision of the organic products. This also indicates that more consumers will be interested in purchasing organic products and existing consumers could increase their consumption if they are provided with more product information, at economical price and made available within the convenient reach and time. The table 11 shows that 56% of the respondents think organic products are expensive which also indicates that high price

of the organic products is one of the main barrier for the marketer to capture a large market share. The table 12 shows that 36 % of respondents rank the organic products as very good and 24 % of them rank the organic products as good.

### **Findings and Recommendations**

After the analysis of the data, the study reveals that consumers are still hesitant to shift their consumption to organic products mainly because of lack of product information, increased price, unavailability of the products, lack of product choices and assortments. Similarly, it is found that the consumers are not much aware because of the availability of information about product is inadequate to attract the consumers towards organic products. It is the main barrier in the organic market. The marketers involved in selling organic products must review their logistic supply strategies and should pay more attention towards intensive marketing so that the organic products can be made available within the convenient reach and time to attract more consumers. The government though has initiated many promotional programs for organic farming and marketing through agencies such as

APEDA at national level namely National program for organic production (NPOP), the marketers as well as the farmers should consider and implement them vigorously. This will help the marketers to keep low price of the organic products to attract more purchase both in quantity as well as more frequently to make customer habitual and healthy.

### **Conclusion**

It is a challenge for marketers in India to segment the consumer for organic products because the culture and language of India change state to state and district to district, in other word we can say that India has got a great diversity in it. The marketers should consider the marketing strategies in reviewing the Indian organic market which includes brand development; product positioning, advertising and promotional activities which will help consumer get more information about the authentication of the products, availability and benefits of the organic products and awareness about organic product benefits is very crucial before creating the market here, although organic market exists here but it needs boost. The government should also support the producers and the marketing agencies to implement and boost their production and marketing initiatives to capture the market for organic products in proper way. The study also reveals the fact that consumers will be more interested in purchasing organic products if they are provided with more information, product choices, timely availability and affordable price. It also can be a great contribution in GDP and in the creation of jobs.

### **Limitations and scope**

The study has been conducted in the local malls and stores of the area of research but it has been taken care of that the data so collected represents the state of research.

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**Table 1- Demographic Analysis of the Respondents**

S. no.	Variable	Constructs	Frequency of respondents	Percentage
1	Gender	Male	28	28
		Female	72	72
2	Age group	Less than 25	11	11
		26-40	50	50
		41- 55	30	30
		Above 55	19	19
3	Average monthly Income	≤ 20,000	7	7
		20,000-50,000	35	35
		50,000-1,00,000	40	40
		≥1,00,000	18	18
4	Education	Illiterate	0	0
		School passed	15	15
		Graduate	30	30
		Post graduate and above	55	55
5	Marital status	Single	37	37
		Married	<b>63</b>	<b>63</b>

Source: Primary data

**Table 2- Classification of respondents on awareness of organic products**

S. no.	Variable	Constructs	Frequency	Percentage
1.	Awareness	yes	100	100
		no	0	0
<b>Total</b>			<b>100</b>	<b>100</b>

Source: Primary Data

**Table 3 - Classification of respondents on purchase history of organic products**

S. No.	Variable	Constructs	Frequency	Percentage
1.	Do you purchase organic products	yes	60	60
		No	40	40
<b>Total</b>			<b>100</b>	<b>100</b>

Source: Primary Data



**Table 4 - Reasons for being non-consumers of organic products**

Sl. No.	Variable	Constructs	Frequency	Percentage
1	Do not prefer organic products	Don't know about the products	10	25
		Expensive	15	37.5
		Limited choices	10	25
		Don't know where I can buy	5	12.5
<b>Total</b>			<b>40</b>	<b>100</b>

Source: Primary Data

**Table 5 - Purchase frequency of organic products among the respondents**

S. no.	Variable	Constructs	Frequency	Percentage
1	Purchase frequency	2-3 times in a week	10	16.7
		3-4 times in a month	20	33.3
		Once a month	28	46.7
		Few times a year	2	3.3
<b>Total</b>			<b>60</b>	<b>100</b>

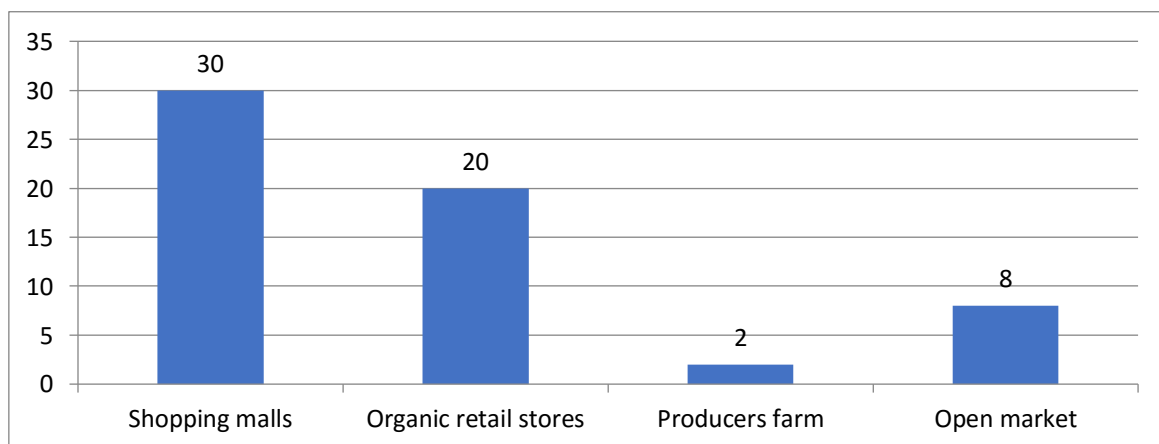
Source: Primary Data

**Table 6 - Preferred location to purchase organic products**

S. No.	Variable	Constructs	Frequency	Percentage
1	Location of purchase	Shopping malls	30	50
		Organic retail stores	20	33.3
		Producers farm	2	3.3
		Open market	8	13.4
<b>Total</b>			<b>60</b>	<b>100</b>

Source: Primary Data

**Figure 2 - Purchase location of organic products.**

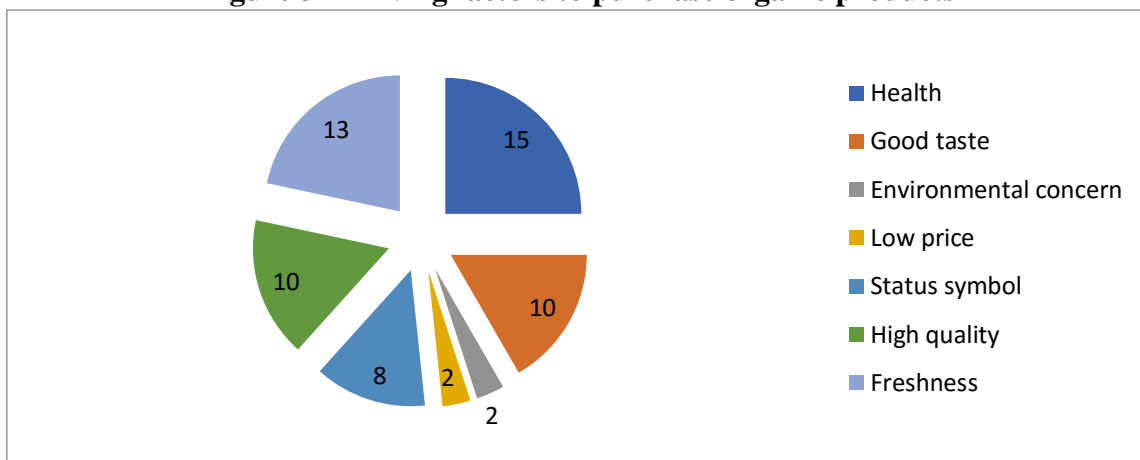


**Table 7- Driving factors to purchase organic products ( free to choose more than one factor)**

S. No	Variable	Constructs	Frequency	Percentage
1	Driving factors	Health	15	25
		Good taste	10	16.7
		Environmental concern	2	3.3
		Low price	2	3.3
		Status symbol	8	13.3
		High quality	10	16.6
		Freshness	13	21.7
<b>Total</b>			<b>60</b>	<b>100</b>

Source: Primary Data

**Figure 3 - Driving factors to purchase organic products**



**Table 8 - Duration of consumption of organic products**

S.No	Variable	Constructs	Frequency	Percentage
1	Duration	≤ 6 months	9	15
		1 year	15	25
		2 year	25	42
		≤3 year	11	18
<b>Total</b>			<b>60</b>	<b>100</b>

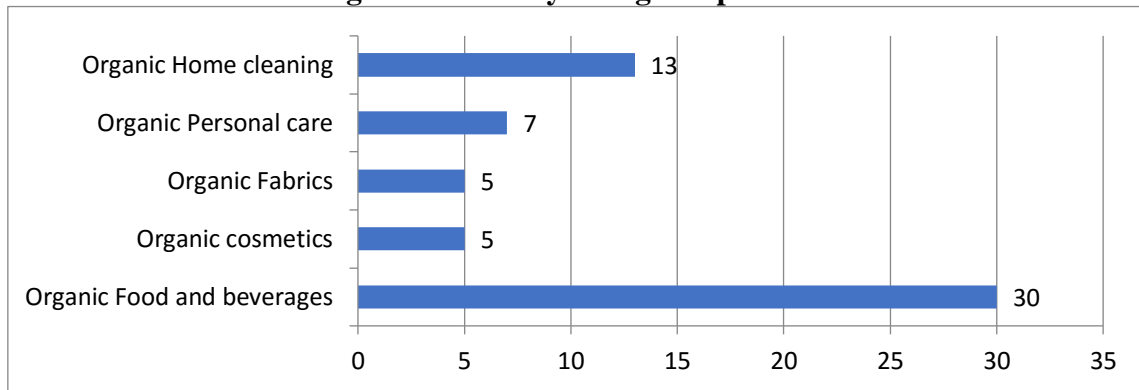
Source: Primary Data

**Table 9 - Different types of organic products ( Free to select more than 1items)**

S. No.	Variables	Constructs	Frequency	Percentage
	Product category	Organic Food and beverages	30	50
		Organic cosmetics	5	8.3
		Organic Fabrics	5	8.3
		Organic Personal care	7	11.7
		Organic Home cleaning	13	21.7
<b>Total</b>			<b>60</b>	<b>100</b>

Source: Primary Data

**Figure 4 - Variety of organic products**

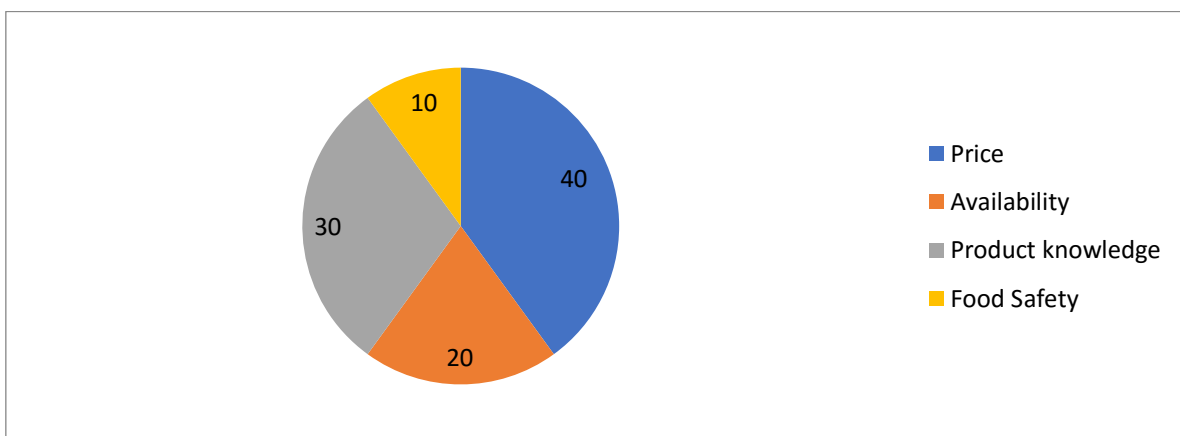


**Table 10 - Factors influencing purchase decision of organic products**

Sl. No	Variables	Constructs	Frequency	Percentage
	Decision factors	Price	40	40
		Availability	20	20
		Product knowledge	30	30
		Food Safety	10	10
<b>Total</b>			<b>100</b>	<b>100</b>

Source: Primary Data

**Figure 5 - Factors influencing purchasing purchase decision**



**Table 11 - Opinion towards price of organic products**

S. No.	Variables	Constructs	Frequency	Percentage
<b>1</b>	Price	Expensive	56	56
		Low	10	10
		Moderate	20	20
		Compromising on account of quality	14	14
<b>Total</b>			<b>100</b>	<b>100</b>

Source: Primary Data

**Table 12 - Ranking of organic products**

<b>S. no.</b>	<b>Variable</b>	<b>Constructs</b>	<b>Frequency</b>	<b>Percentage</b>
1	Ranks of organic products	Good	24	24
		Very good	36	36
		Don't know	25	25
		Can't differentiate	15	15
<b>Total</b>			<b>100</b>	<b>100</b>

*Source:* Primary Data