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### “Segmentation and Profiling of Organic Food Buyers on the basis of Perceived Economic & Non-Economic factors”

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**Abstract:** Organic Food has seen a remarkable growth in recent years. This growth is attributed to increasing awareness, change in personality and lifestyle. In today’s time consumer behaviour is too complex to understand owing to varied consumer choices. In order to understand this behaviour better, consumers can be profiled into homogenous segments based upon various variables. The study is aimed at segmenting and profiling of the organic food consumers on the basis of perceived benefits and satisfaction. Data was collected from consumers located in Delhi-NCR using a structured questionnaire which was pre-tested for face validity and reliability. Data collected was analysed with SPSS 21.0 using Descriptive statistics, Regression Modelling and Two Step Cluster Analysis to identify consumer segments. The results of the study segments the organic consumers into two category “Highly Satisfied Organic Food Buyer (HSOFB)” and “Moderately Satisfied Organic Food Buyer (MSOFB)” on the basis of their perception drawn from economic & non-economic benefits and the satisfaction from organic foods. This segmentation depicts their willingness to pay premium prices (WPPP) and their recommendation for organic food to others. Trust and perceived benefits are the main predictors of WPPP for organic foods. Organic food indeed boosts the marketable ecosystem which indicates their economic value & viability. The findings gave valuable insights for marketers to learn organic consumer’s profiles drawn out of both socio-economic variables & benefit perception. Future research can be done to understand other variables and characteristics useful in differentiating consumer segments with respect to purchase and consumption of organic food products.

**Keywords:** Organic, Organic Food, Perceived Benefits of Organic Food, Highly Satisfied Organic Food Buyer, Moderately Satisfied Organic Food Buyer, Satisfaction, Cluster Analysis, Benefit Segmentation, Profiling, Economic Value

#### I. INTRODUCTION

Consumers food consumption pattern is changing attributing to increased risk of health related issues, environmental concerns, safety etc. These changes trigger an increased consumption of organically grown

produce and has an effect on the overall behaviour and attitude formation towards the Organic food market and its subsequent growth (Bhaskaran, S., Polonsky, M., Cary, J. & Fernandez, S., 2006). Although Organic Food Market has grown tremendously over the recent period but still the total share of Organic Food is lesser as compared to the Total Food market. Apart from availability of the products, lack of trust, awareness and premium pricing have been a barrier in growth of the organic food market. Organic diet as a healthy way of eating and living has been gaining popularity (U, 2011; Magnusson M. K, 2003). Consumers compensate the existing price premiums for the utility and benefits they perceive related to organic foods. And majorly these perceived benefits and health claims attracts more consumers as compared to environmental benefits (Aertsens, J., Mondelaers, K., Verbeke, W., Buysse, J. & Huylenbroeck, G. V., 2011). As per the studies by Mann, S., *et al.* (2012) sometimes, consumers apart from the Health benefits and environmental concerns, they buy organic foods considering it to be a product of societal image and prestige. The price premiums are basically due to post harvest handling, marketing, distribution and costs of certification of these small volumes of organic products (Jonis *et al.*, 2008).

It can be said from the past researches that organic food attitudes are influenced by gender , age , education level and presence of children in the household (Davies *et al.*,1995 ;Wandel & Bugge ,1997 ; Thompson & Kidwell,1998; Magnusson *et al.*, 2001).

This study is significant for the producer and marketers of organic food to strategies and provide their products to the consumer in more sustainable manner. Willingness to pay (WPPP) premium prices is an important tool which can further be used to segment the organic food market which will help the marketers to formulate appropriate strategies for communication of the product, targeting and positioning of the product differently in the minds of consumer.

### **Organic Food Market in India**

Organic food Market is a million-dollar market with an accelerating growth. Market for Organic Food is not homogenous, it constitutes difference in consumer's perception, motivation, attitudes, consumption levels and long-term interests. (Hughner *et al.*, 2007) Therefore there are various rationales for further research which defines the Organic Food consumer. Organic Foods are healthier, tastier, better in nutritional content and environment friendly. Studies have shown that consumers are likely to pay a premium price corresponding to their higher quality, safety and trust on certification process. (Chen and Lobo, 2012). It was confirmed by Aertsens *et al.* (2009) that the Purchase decision for Organic Food consumption are related with the values like security , hedonism , Universalism , benevolence , stimulation, self-direction Conformity & power . In case of Organic Food Market which is relatively smaller and undeveloped so the people have limited knowledge and low awareness hence trust has a vital role to play in Purchase decisions related to the consumption of organic food products. Therefore is essential to identify the antecedents of trust in Purchase and consumption of Organic Foods.

Organic Food Market is still in Niche phase in many ways however the current domestic organic food sales are estimated at around 200 million dollar annually and growing at a rate of 30 -40 percent compounded annually at the same time number of organic food items have increased more than 200 . From Organic tea and spices it has grown to Meat, Dairy, Honey, Cereals and many more. (Mathur, 2015). He also stated an another reason for a great pick up is e-commerce selling platforms like Big Basket, Pepper tap, IShop Organic etc.

## **2. REVIEW OF LITERATURE**

### **2.1. Segmentation**

Smith (1956) defined Market segmentation as ‘there exists a heterogeneity in market demand which can be disaggregated into small homogenous markets with distinct demand functions with respect to different product preferences viewing a heterogeneous market as a number of smaller homogeneous markets, in response to differing preferences’.

S.Baker, K.Thompson , J.Engelken *et al.* (2004) explored that the product attributes of organic foods were different between the different groups sorted based on segmentation yet the similarities emerged for the values concerned with health , well-being and enjoyment of life.

The study conducted by Nasir, V.A., Karakaya, F. (2014) resulted three segments with cluster analysis to understand the consumers’ attitude towards organic food namely favourable, neutral and unfavourable. The degree of favourability indicated higher orientation towards health and exhibited more socially responsible consumption behaviour than the neutral and unfavourable segment. (Seegebarth *et al.* , 2016) declared significant differences in the value perceptions, especially the functional and individual value perceptions across two western nations. Based upon these differences three consumer segments can be identified as “Convinced opponents” , “silent / private consumers”, the “prestige –seekers” and the “passionate evangelists”. The model tested by Baharun *et al.* in their study depicted that functional and experiential benefits sought have a major influence on customer satisfaction and purchase intentions.

### **2.2. Perceived Benefits of Organic Foods (PBOF)**

This section covers the perceived benefits resulting from the attributes of organic foods. It is further revealed by Kim *et al.* (2008) that consumer’s trust and perceived risks associated with its purchase have a strong impact on the decisions influencing the purchase.

Andersen (2007) distinguished the households who were with and without the trust on positive health effects by organic foods. Trust influences their actual choice of food and they are more likely to pay premium prices for Organic foods as they perceive it to be healthier than the other households. In the light of expert comments, conviction, utility of organic food, reputation of store and certification process related information are main driving force for attitude towards organic foods. India has a potential market for Organic Products as it started and used to be fully dependent upon the use of natural fertilisers and pesticides (Chakrabarti, 2010). Padel, (2005) has tried to explore the values that underlie consumers purchasing decisions of organic food and focussed on if the perceptions and opinions turned into actual purchase decision or not.

Thogerson & Zhou (2012) described the personal attitude towards buying organic food due to reasons like health, taste and environmental friendliness. “Social norms plays a minor role for the intention to buy organic food probably because the early adopters have few role models and face few expectations in this respect”. Studies have revealed that people like to buy organic foods as they perceive them to be free from any harmful chemicals / pesticides and safe for their health (Padel & Foster, 2015). Saba & Messina (2003) profiled the subjects into high-consumers and non-consumers. The high consumers have a substantial agreement with the perceived benefits and have a positive attitudes towards the consumption of organic

foods. Smith & Colgate (2007) discussed the customer value perceptions based upon the customer experience and gave a value framework of different values vis-à-vis functional / Instrumental value, Experiential / hedonic value, Symbolic / expressive value, cost / sacrifice value. (Gad Mohsen & Dacko, 2013) explained the time related perspective for consumption of organic foods, greater the anticipated benefits higher is the level of product involvement and product usage.

### **2.3. Trust**

Trust arises from the benefits sought by the customers and is much stronger feeling than satisfaction (Johnson & Selnes, 2004). Certification and labelling satisfies the market demand and helps in generating positive awareness. The issue of product type misrepresentation in organic food market needs to be addressed and critically examine the effects of mislabelling on consumer purchasing decisions. Giannakas (2002), addressed this issue as consumer feels deceived because of mislabelling affects consumer trust in the labelling process and this will have a detrimental effect on the acceptance of organic foods in the market.

### **2.4. Customer's Satisfaction from organic foods**

Customer's satisfaction results from the quality benefits and values perceived from a product. It has been seen that satisfaction resulted from perceived value has a strong impact on behavioural intentions and hence on willingness to pay more for a product (Demirgünescedil, B. K. 2015). Perceived product performance and benefits is an important construct in defining the consumer satisfaction. The results from the study conducted by Tseng and Chang (2015) confirmed that both utilitarian and hedonic values have positive impact on the consumer's purchase intention.

### **2.5. Willingness to Pay Premium Prices (WPPP)**

Brumfield *et al.* (2000), IFAD (2005), McBride and Greene (2008), Singh and Grover (2011) firmly believe that premium price for organic food is pivotal for the economic viability of organic system. Recent studies have been done to analyse differences between occasional organic consumer segments according to their price sensitivity and attitude towards organic foods. Occasional organic consumers are divided into two categories first, who prefer organic products and are less price sensitive and the second who are significantly more price sensitive and preferred conventional plus (products in between organic and conventional products) and conventional products rather than organic products (H. Stolz *et al.*, 2010). Magnusson, *et al.*, 2001 has discussed that attitude is not the only factor determining consumer purchase intention but price becomes a major challenge in their decision making. Also, previous research has depicted that satisfaction is directly related to the purchase intention (Bolton, 1998), yet it is not directly related to the willingness to pay a higher price and is mediated by the effects of other variables like trust (Chaudhuri and Ray, 2003). Willingness to pay for premium prices for innovative products is positively influenced by the constructs like satisfaction, economic expectations and importance for status symbol rather than other demographic and psychological constructs (Frank *et al.*, 2015). Asafu-Adjaye (2000) declared that income has variably found to have a positive relationship with the WPPP which also confirms the general economic postulate.

### **3. RESEARCH DESIGN**

#### **3.1. Objective of Study**

The major objectives of the paper are:

- i) To profile the consumers of organic foods based upon the socio-demographic characteristics with regard to organic food products.
- ii) To understand the benefit perception towards the organic foods.
- iii) To identify the segments and develop an understanding of homogenous profiles of the organic food consumers in terms of perceived benefits and satisfaction.
- iv) To assess the significance effect of perceived benefits, trust and satisfaction on willingness to pay premium prices for organic foods.

The sample size taken for the analysis constitutes the ones who have experience consuming or buying organic products in different frequencies. In the study, the pre-tested questionnaire was made through an online survey tool which was further loaded on various social networking medium & emailed to the potential candidates for their responses. The survey was conducted amongst the respondents of Delhi & NCR as the awareness and demand for Organic Food is variably good. The questionnaire was circulated to (N=304) respondents and as a result, a total of 276 valid questionnaire responses who purchase and consume organic food were collected giving a response rate of 91%. The introductory section of the questionnaire inquired about the respondents' socio-demographic information like frequency in buying organic product, shopping places, the type of organic products bought and the reasons for buying. Some of the items used in this section were adapted from Batt *et al.*, (1999), Brown (2003). The next section about the respondents' willingness to pay premium prices for organic foods. The items in this section were measured using 5-point Likert scale (1 is low and 5 is high). Most items used in this section were adapted from (Davies, 1995). The questionnaire included items to identify the organic food benefits, value & attributes of organic food and barriers to purchase organic foods. The segments thus identified were profiled to get a better understanding of their consumption due to perceived benefits and satisfaction.

### **4. ANALYSIS**

#### **4.1. Descriptive Statistics**

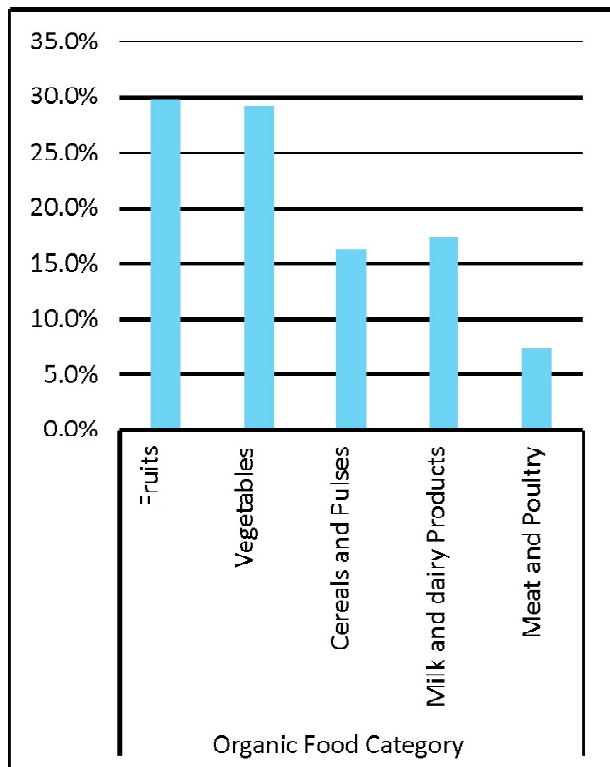
As clearly represented in *Table 1* which shows the majority of the respondent who purchase organic food fall in the age group of 18-25 years (74.3%) and maximum of them are graduate (47.5%) & unmarried (84.1%). The average monthly household income of the organic food buyers is less than 50,000 hence we can say household income is inversely proportional to organic food consumption level.

*Fig. 1* shows the maximum organic food category purchased is fruits (29.9%) followed by vegetables and least purchased is meat & poultry (7.4%). *Fig.2* shows purchase frequency of organic food products via various distribution channels. The results indicated that most respondents buy the organic foods “Once in a week” (39.4%), followed by “Once in a month” (23.4%) then “Once in fifteen days” (14.6%) and purchase “once in a year” is least (9.5%) only. This indicates a high level of penetration within respondents' household.

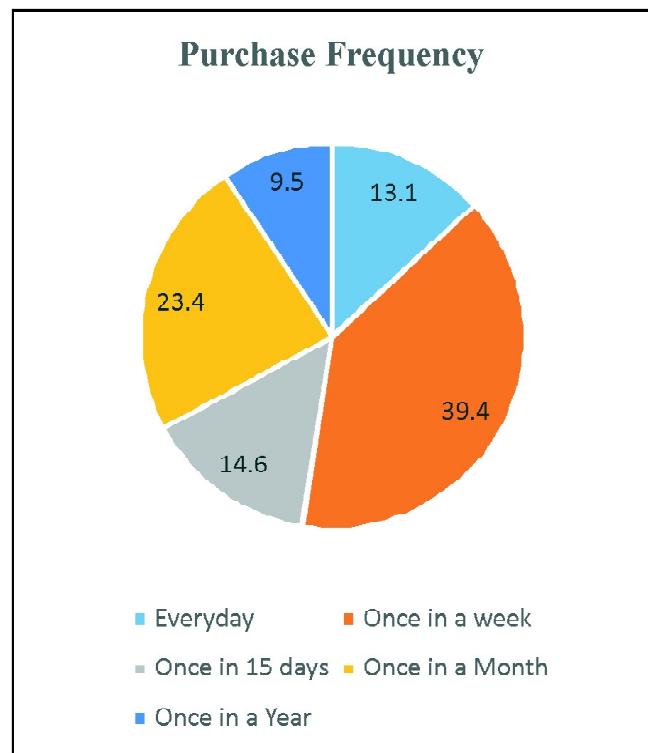
**Table 1**  
**Socio –demographic & economic profile of the sample**

Variable	Category	Percentage (%) (N =276)
Age	18-25	74.3
	25-35	19.6
	35-40	4.7
	Over 40	1.4
Highest Education Level	Matric Secondary Education	29.0
	Graduate	47.5
	Post Graduate degree	20.7
	Doctoral degree	2.9
Monthly Household Income (Rs)	Less than 50000	31.5
	50000 - 1 lakh	26.1
	1 lakh-2 lakh	21.4
	over 2 lakhs	21.0
Marital Status	Married	15.9
	Single	84.1

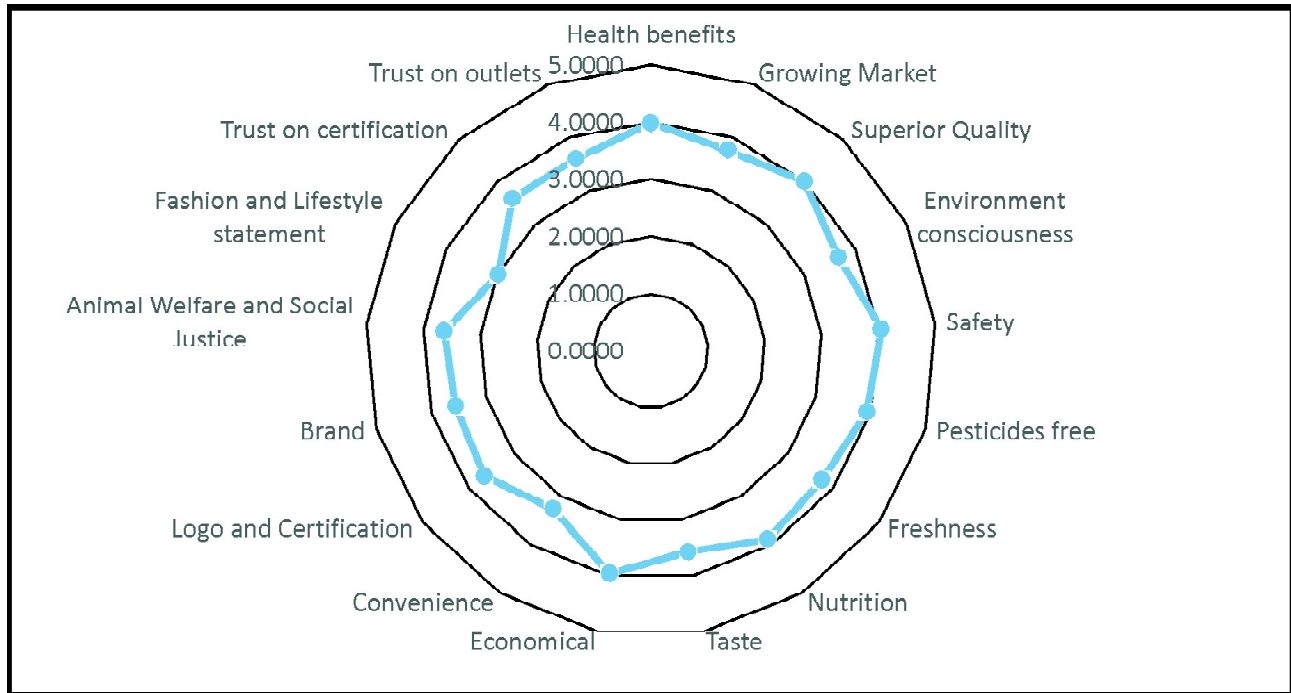
Source: Compiled by the Authors



**Figure 1: Organic Food Category purchased**



**Figure 2: Respondents' purchase frequency**



**Figure 3: Perceived Benefits of Organic Foods**

The results of benefit perception of organic foods by respondents as shown in *Fig.3* with the highest mean value was found in the item “Safety “and “Superior Quality” (mean value = 4.05 & 4.00 respectively) indicating that respondents believe that organic foods are considered safe to be consumed and of better quality than its conventional counterparts. The lowest (mean value=2.98) was obtained in the item “Fashion and Lifestyle Statement” indicating a belief that organic food products cannot be considered as a Lifestyle product associating a fashion statement with it. Such descriptive results confirms the belief of the respondents that organic foods are healthier , nutritious , fresh and environmentally safe with the trust on certification bodies and the outlets selling organic food products. The results in *Fig.4* clearly depicts that the highest sought after source of information of organic foods is “word-of-mouth”(19.5%) then via “Television / Advertisements” (18.2%) followed by “Social Media”(16.9%) and ordinarily by “ Magazine Articles” and “ Newspapers”. Majority of the respondents prefer to buy organic foods from “Supermarkets/ hypermarkets” (48%) and least via “Online Shopping sites” (11.1%) as depicted by *Fig.5*.

#### 4.2. Reliability and Validity

The reliability tests have been conducted to check the internal consistency of the measurement items and the Cronbach’s Alpha has been calculated and it is interpreted that reliability is satisfactory for all the constructs (R1 TO R11) is taken into consideration as Cronbach’s Alpha has been found to be 0.917 which not only exceeds 0.70 (Nunnally, 1978) but is excellent for the Construct Internal consistency and similarly for all the other constructs the Cronbach’s Alpha is greater than 0.7 hence all the items of the scale are consistent and reliable . (See Table no.2).

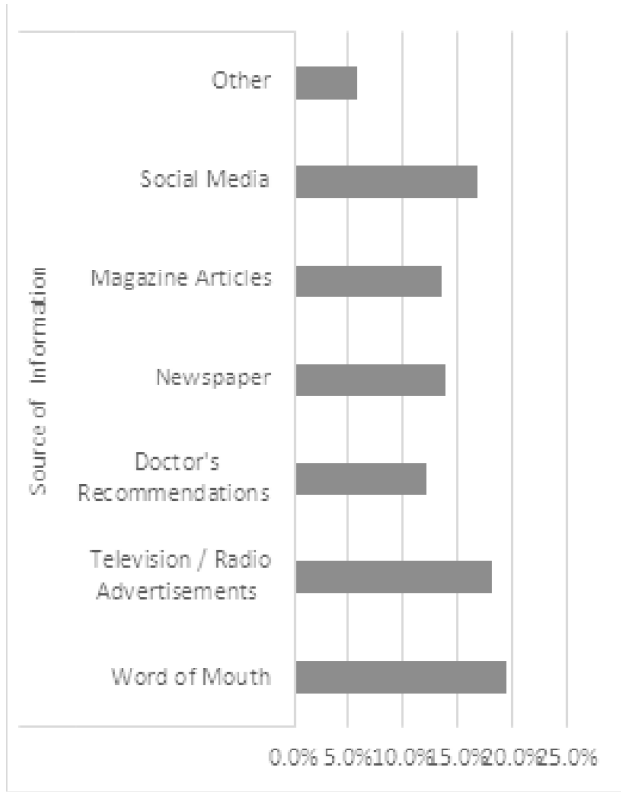


Figure 4: Source of Information for Organic Foods

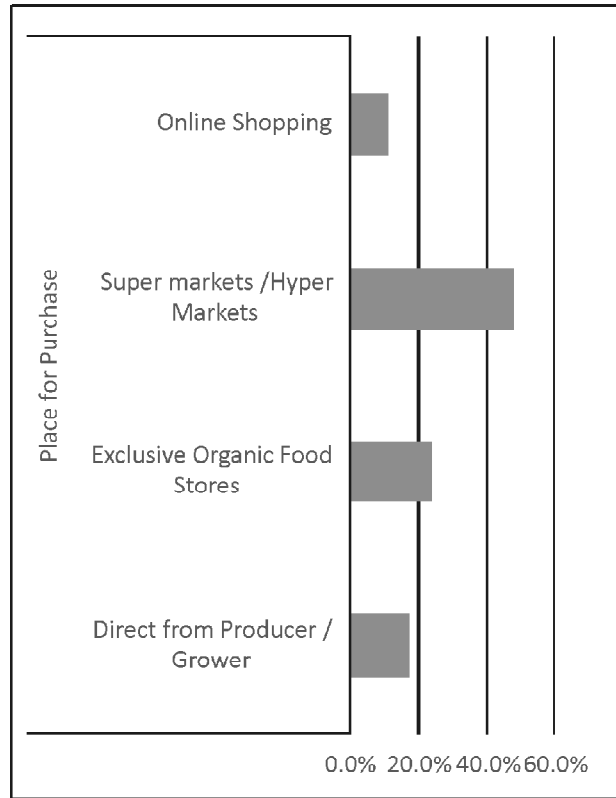


Figure 5: Place of Purchase for Organic

### 4.3. Segmentation and Profiling

Segmentation of Organic Food buyers was done on the basis of:

- *Categorical variable* -Propensity to recommend organic food.

*Scale Variable* - Perceived benefits of organic food (Health benefits, Market Growth, Superior quality, Environment consciousness, safety, Pesticide free, Freshness, Nutrition, Better taste and Economy)

Two step cluster analysis was employed using Schwartz’s Bayesian Criterion (BIC) to identify the meaningful homogenous segments of organic food buyers. The results indicated good cluster quality with Silhouette measure of cohesion and separation value about 0.5 Based on eleven input variables a total of two segments were extracted, 80.8% of the cases were found to be belonging to segment-1 and remaining 19.2% of the cases were found to be belonging to segment-2. Based upon the predictor importance were found and listed below. Safety was found to be most important predictor for cluster membership followed by Nutrition, Superior quality, Health benefits, Economical and least important is recommendation to buy organic foods. As per figures mentioned below the difference between two clusters is highlighted below:

*Cluster Summary* shown below – As per the benefit perception towards organic food “Segment-1” (N=223) was found to hold strong and positive benefit perception on all 10 listed parameters while “Segment -2” (N=53) was found low and weak in all the benefit perception parameters. Accordingly

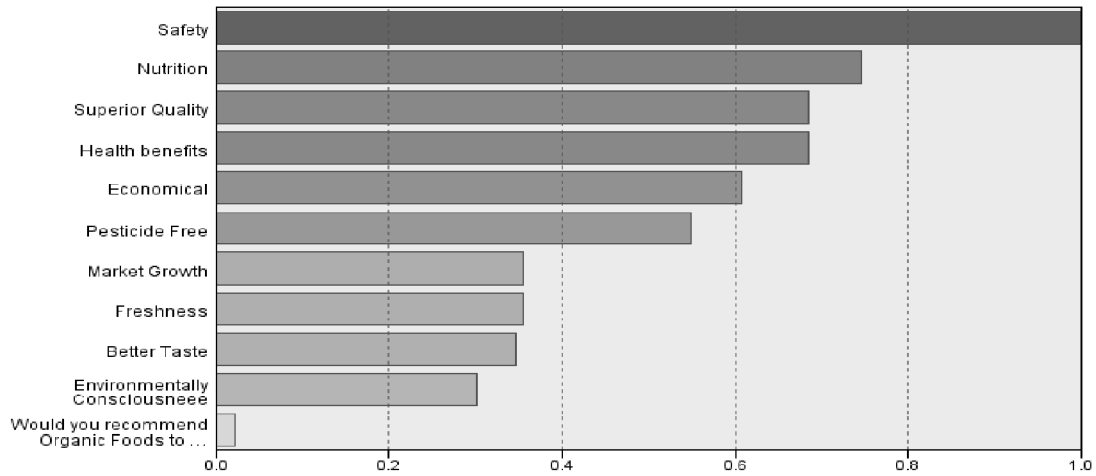


**Table 2**  
**Reliability and Validity Testing**

<i>Constructs</i>	<i>Descriptive Mean</i>	<i>Statistics Std. Deviation</i>	<i>Cronbach's Alpha (Internal Reliability)</i>
<b>PERCEIVED BENEFITS OF ORGANIC FOODS (PBOF)</b>			
Health benefits	3.9819	1.14877	0.917
Growing Market	3.7645	1.09161	
Superior Quality	4.0000	1.13458	
Environment consciousness	3.6739	1.08653	
Safety	4.0580	1.17717	
Pesticides free	3.9348	1.22523	
Freshness	3.7572	1.01755	
Nutrition	3.8841	1.09924	
Taste	3.5833	1.07717	
Economical	3.9674	1.21611	
<b>TRUST</b>			
Trust on certification	3.6014	1.00573	0.741
Trust on outlets	3.6123	.97144	
<b>WILLINGNESS TO PAY (WPPP) PREMIUM PRICES</b>			
Considering Organic Food Nutritious	2.38		0.883
Considering Organic Food Value for Money	2.28		
Considering Organic Food safe for bio-diversity of Earth	2.43	1.055 .995	
Considering Organic food have no chemical waste/ pesticides Residuals	2.33	1.017	
Considering organic food Tastier	2.58	1.065	
Considering its production methods are certified	2.40	1.013	
Considering organic foods' high quality	2.34	1.039 1.091	
<b>SATISFACTION</b>			
Availability	2.70	.980	0.742
Variety	2.60	.976	
Quality	2.13	1.056	
Taste	2.36	.960	
Price	2.86	1.052	

the researchers have also found that "Segment-1" with higher benefit perception has higher propensity to recommend organic foods (86.5%) which is substantially high. On the Segment-2 has propensity to recommend organic food little lower as compared to segment-1(75.5%).

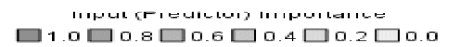
Predictor Importance



Least Important

Most Important

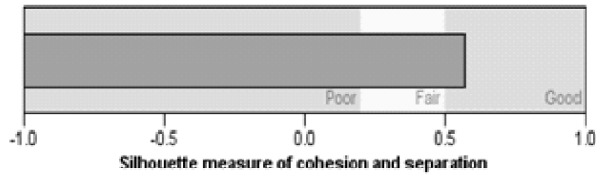
Clusters



Model Summary

Algorithm	TwoStep
Inputs	11
Clusters	2

Cluster Quality



Cluster	1	2
<b>Label</b>		
<b>Description</b>		
<b>Size</b>	80.8% (223)	19.2% (53)
<b>Inputs</b>		
	Safety 4.62	Safety 2.13
	Nutrition 4.27	Nutrition 2.25
	Superior Quality 4.39	Superior Quality 2.36
	Health benefits 4.38	Health benefits 2.32
	Economical 4.37	Economical 2.28
	Pesticide Free 4.32	Pesticide Free 2.30
	Market Growth 4.05	Market Growth 2.55
	Freshness 4.03	Freshness 2.62
	Better Taste 3.87	Better Taste 2.40
	Environmentally Consciousness 3.94	Environmentally Consciousness 2.55
	Would you recommend Organic Foods to others? Yes (80.5%)	Would you recommend Organic Foods to others? Yes (70.5%)

#### 4.4. Regression Modelling

To determine which variables could be significant to explain the willingness to pay premium prices for organic foods among the consumers, Regression Modelling technique was employed using SPSS.

**Table 3**  
**Model Summary**

<i>Model</i>	<i>R</i>	<i>R Square</i>	<i>Adjusted R Square</i>	<i>Std. Error of the Estimate</i>
1	.604 <sup>a</sup>	.365	.360	.63884

a) Predictors: (Constant), Perceived Benefits of Organic Food, Trust

Table 3 shows the regression model summary and over fit statistics. The adjusted R<sup>2</sup> value of 0.365, which means T and PBOF together as a set of predictors accounts for 36.5% of variance in criterion variable WPPP. Further the ANOVA table 4 gives us  $F(2,273) = 78.418$  and ( $P < 0.01$ ), which suggest us that the R<sup>2</sup> value in the regression model is above zero and statistically significant. The table 5 suggest us t value of 2.974 for Trust (T) at  $p = 0.003$  and t value of 7.204 for Perceived Benefits of Organic Food (PBOF). Since the t values for both the predictors were found statistically significant. Therefore we could conclude that both T and PBOF account for significant unique variance in outcome variable called "Willingness to Pay Premium Price (WPPP)". Based on the unstandardized B coefficients the following functional relationship is established between T, PBOF and WPPP.  $WPPP = 1.292 + 0.179(T) + 0.431 (PBOF)$

Therefore the above equation can predict the willingness to pay premium price for organic food based on the trust score and perceived benefit score as input or predictors for organic food.

**Table 4**  
**ANOVA<sup>a</sup>**

<i>Model</i>		<i>Sum of Squares</i>	<i>df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
1	Regression	64.007	2	32.003	78.418	.000 <sup>b</sup>
	Residual	111.416	273	.408		
	Total	175.423	275			

a) Dependent Variable: Willingness to pay Premium

b) Predictors: (Constant), Perceived Benefits of Organic Food, Trust

**Table 5**  
**Coefficients**

<i>Model</i>		<i>Unstandardized Coefficients</i>		<i>Standardized Coefficients</i>		<i>Sig.</i>
		<i>B</i>	<i>Std. Error</i>	<i>Beta</i>	<i>t</i>	
1	(Constant)	1.292	.190		6.800	.000
	Trust	.179	.060	.190	2.974	.003
	Perceived Benefits of Organic Food	.431	.060	.461	7.204	.000

a) Dependent Variable: Willingness to pay Premium

Similarly PBOF and Trust were found to be significant predictors of satisfaction. The results shown in Table 6 shows R<sup>2</sup> value as 0.313, which means PBOF and Trust accounts for 31.3% of variance in criterion variable Satisfaction. Also the ANOVA Table 7 gives us F Value (2,273) = 62.047 and (P<0.01), which suggests us that the R<sup>2</sup> value in the regression model is above zero and statistically significant. The table 8 suggest us t value of 4.398 for Trust (T) at p = 0.000 and t value of 4.813 for Perceived Benefits of Organic Food (PBOF). Since the t-values for both the predictors were found to be statistically significant. Therefore we may conclude that both Trust (T) and PBOF account for significant unique variance in variable named as “Satisfaction”.

**Table 6**  
**Model Summary**

<i>Model</i>	<i>R</i>	<i>R Square</i>	<i>Adjusted R Square</i>	<i>Std. Error of the Estimate</i>
1	.559 <sup>a</sup>	.313	.307	.58709

a) Predictors: (Constant), Perceived Benefits of Organic Food, Trust

**Table 7**  
**ANOVA<sup>a</sup>**

<i>Model</i>		<i>Sum of Squares</i>	<i>df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
1	Regression	42.773	2	21.386	62.047	.000 <sup>b</sup>
	Residual	94.098	273	.345		
	Total	136.871	275			

a) Dependent Variable: Satisfaction

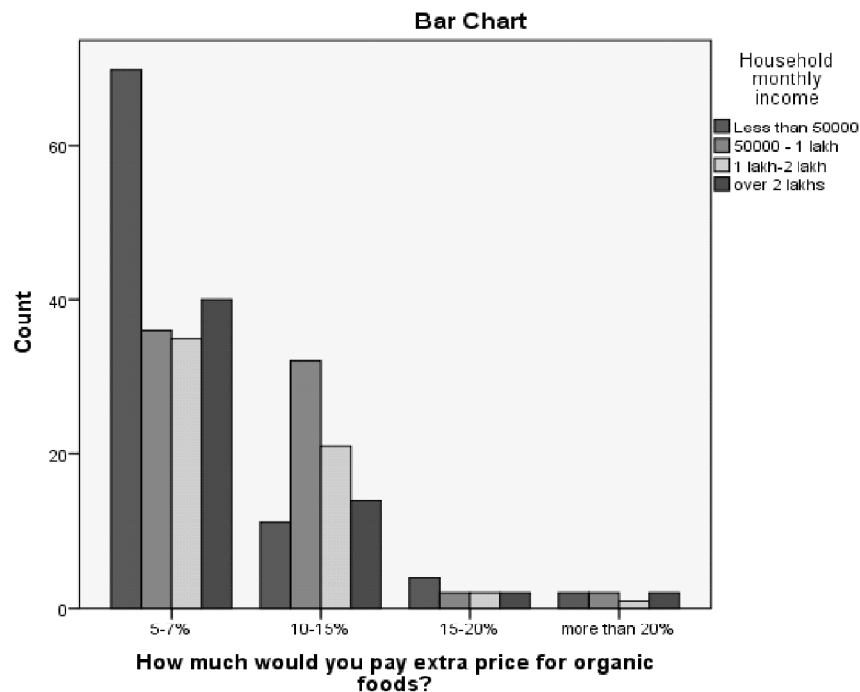
b) Predictors: (Constant), Perceived Benefits of Organic Food, Trust

**Table 8**  
**Coefficients**

<i>Model</i>		<i>Unstandardized Coefficients</i>		<i>Standardized Coefficients</i>		<i>Sig.</i>
		<i>B</i>	<i>Std. Error</i>	<i>Beta</i>	<i>t</i>	
1	(Constant)	1.570	.175		8.989	.000
	Trust	.243	.055	.293	4.398	.000
	Perceived Benefits of Organic Food	.265	.055	.321	4.813	.000

a) Dependent Variable: Satisfaction

### Willingness to Pay Prices (WPPP)



## 5. RESULTS, FINDINGS AND DISCUSSIONS

It is clearly indicated from the results of descriptive analysis that demographic factors like age, education, income level and marital status have a mediating effect on consumption pattern of organic foods. The benefit perception of organic foods by respondents was seen to be highest for “Safety “and “Superior Quality” indicating that respondents believe that organic foods are considered safe to be consumed and of better quality than its conventional counterparts. This consumer perception can be easily related to the build-up Trust and Satisfaction amongst the consumers. The results of the study by linear regression analysis reveals that there is a positive relationship between Trust and Perceived benefits of organic foods (PBOF). And this relationship will be a useful predictor of willingness to pay premium prices and increased satisfaction levels. Satisfaction mediates the effect of PBOF and trust on WPPP. Also the component Trust established by the benefit perception is significant in driving the willingness to pay premium prices (WPPP) for organic foods. These constructs have a role in deciding the probability of satisfied consumers to recommend organic foods to others. Also Perceived value of organic food products are taken to be an important antecedent for its purchase intention when the consumers are highly ecological conscious in nature (Tseng and Chang, 2015). Further based upon the findings of Cluster analysis it can be interpreted that Organic food buyers can be classified into two segments based upon the PBOF and Satisfaction, “Highly Satisfied Organic Food Buyer (HSOFB)” and “Moderately Satisfied Organic Food Buyer (MSOFB)” on the basis of their benefit perception and the satisfaction from organic foods. The benefits sought are Health benefits and Hedonic Benefits. This segmentation will further help in determining the consumer willingness to pay premium prices (WPPP) for organic foods as perceived benefits and trust are the important predictors to WPPP for organic foods. First segment is that which is satisfied with all the attributes of

consumption of organic foods and is highly concerned for health & safety and is ecologically more conscious. In contrast, the other segment is relatively less concerned for Health & Safety attributes and is ecologically less conscious. In other words, overall satisfaction with respect to all the attributes of organic food can drive the purchase behaviour and hence boosts the willingness to pay premium price for organic food. Also the analysis has shown Income pattern also as a relationship with the WPPP for organic foods but the income group of over 2 lakhs would like to pay only 5-7% extra price, however the middle income group is fine paying 10-15% and even 15-20% extra premium price to purchase organic foods. Hence, we can say that income level is not directly proportional to the Willingness to pay prices. The level of satisfaction can lead to high degree of recommendation for to non-buyers for purchasing organic food. The results also indicate that health, safety, and important socio-economic factors positively effects the attitude of consumer for buying organic food. Consumers are found to be overall satisfied from organic foods but the level of satisfaction varies due to various factors.

## **6. CONCLUSION & MANAGERIAL IMPLICATIONS**

It is clear that the organic food demand is growing which is developing it to a mainstream food industry from a niche market. Our study provides insights to the managers to deal with different consumers having different needs and understandings pertaining to organic foods. This paper clearly indicates the implications for the managers targeting the organic food market which is still a niche segment market considering the consumer behavioral perspective. This will help the marketers to strengthen their strategies specific to positioning, communication, pricing and distribution that focuses on developing linkages between organic food attributes and personal and psychographic characteristics. Consumers with high level of trust and satisfaction for organic foods would have an impact upon consumers' purchase intention through the mediating effect of Perceived benefits of organic foods. Apart from this they are deeply affected by other personal and psychographic factors while purchasing organic foods which otherwise demands a low involvement. Satisfied consumer will definitely increase the propensity of recommendation for organic foods to others which will help in further growth of this niche market.

This study also determines the knowledge, preferences and potential consumption of organic food via different modes. This way the potential consumers which are segmented on the basis of benefit perception could be encouraged to purchase organic food products which will help in overall growth of the market. The segmentation can be utilised to establish profiles based upon the similar kind of consumer behaviour. The holistic consumption behaviour analysis done by Lai (1995) explains the integration of customer values with product benefits, logistic benefits and costs of consumption. Hence it can be concluded that perceived quality benefits and product value can drive the willingness to purchase the product through enhanced satisfaction.

## **6. LIMITATIONS & FUTURE RESEARCH**

Future research can be extended to study the additional antecedents including other variables like lifestyle segmentation, product category segmentation, family size of household, no. of children present and gender into the study. There could be other variables relevant for study equating greater satisfaction and thus willingness to pay premium prices. Also one of the limitations is that study was conducted for one location / region, the future study can further be extrapolated to other metropolitan cities and parts of the country

taking account the different situations and conditions prevalent at that area. The results mentioned are only a spring-board for future research in this area which shall deepen not only the understanding of organic consumers’ on one hand but also addressing implications on consumption pattern for organic food.

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