



A STUDY ON URBAN CONSUMER PERCEPTION TOWARDS BRAND PROPOSITIONS OF ORGANIC FOOD PRODUCTS

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Abstract

With the ever increasing trend of preferring branded products and the growing tendency of consuming organically grown food products worldwide, among the urban consumers in particular, the current paper focuses on studying the urban consumer perception towards brand propositions of organic food products. The study revealed that urban consumers have a positive perception towards branding of organic food products as they view brand as a parameter and guarantor for assured quality, genuineness and certified standards of organic food products. They are even prepared to pay a price premium for branded organic food products with a confidence that they are purchasing genuinely grown organic food products. However there are a set of urban consumers who are skeptical about 'brand' and this fact suggests the concerned stakeholders of organic food products that they should strive more to establish and reiterate the trust and assurance on various brand propositions among the urban consumers. The research observed that educational qualifications of urban consumers have varying influence on the urban consumer perception towards brand propositions of organic food products.

Key words: brand propositions, organic food products, urban consumer perception.

Introduction

Consumers all over the world have become more health conscious and brand conscious. They are quite particular about what they eat, giving utmost importance to their own and their family's well being. At the same time they have realized the hazardous effects of conventional farming practices and started preferring and encouraging food products grown in organic and natural methods of farming. They are concerned about the consequences of high amounts of chemical infusions in food items and consider items coming from natural farming methods as good and beneficial, and organic food serve as a promising alternative for these people. Organic products are grown under a system of agriculture without the use of chemical fertilizers and pesticides with an environmentally and socially responsible approach. This method of farming works at the grass root level preserving the reproductive and regenerative capacity of the soil, good plant nutrition and sound soil management, and it produces nutritious food that is rich in vitality and possesses resistance to diseases. Organic agricultural export market is one of the major drivers of organic agriculture in India. In 2015-16, India exported food items worth 298 million USD to European Union, US, Switzerland, Canada, South East Asian Countries and South Africa and the size of the domestic market was only 0.36 Billion USD. But now with growing awareness, increase in disposable income, increased initiatives by government and NGO's, it is anticipated that domestic organic market to grow at about forty percent. Due to the huge potential offered by domestic market, a number of organic food producers, who were mainly exporting to developed countries are also targeting to serve domestic consumers. Although the present organic market is at nascent stage but is expected to grow at a fast pace, and as the urban consumers are increasingly becoming brand conscious in their purchases with food items being no exception, this study aims to find out the urban consumer perception towards brand propositions of organic food products with reference to the city of Vijayawada, India. Brand acts as a facilitator and can influence the purchase decision of the consumer as it stands for consumer trust and guarantee of quality as promised by the provider. It also helps to form more positive attitude towards organic food and is a good way of dispelling consumer's suspicion.

Statement of the Problem

Consumers especially from urban areas are turning more and more brand conscious and that tendency is reflected in most of their purchases. Urban consumers are even willing to pay a price premium for the products that are branded with a confidence that brand assure them of quality of the product and genuineness of claims made by the marketer. On the other hand, organic food market worldwide is continuously and steadily growing with increasing awareness among consumers about the ill effects of chemically treated food products. However branding of organic food products is still in its initial stage but is sure to reach its peak very soon. In this scenario, the researcher opted to study the urban consumer perception towards various brand propositions and their understanding on the value and trust a brand can add to organic food products. The researcher also attempted to study whether educational qualification of urban consumers exercise any influence on their perception towards brand propositions of organic food products.



Review of Literature

GunjanGumber and JyothiRana (2017) emphasized that consumers are becoming more health conscious and are looking at organic food as a promising alternative to the chemical-infused food products. Organic food is also gaining wide spread endorsement from corporate, NGOs, government and spiritual leaders. There are few organic food brands available in the market and this study focused primarily on the consumer awareness and the influence of organic food brands on the purchase of organic grocery. The results revealed that there is low organic brand awareness among consumers and those who are aware of organic brands are more frequent users of organic grocery. This indicates the need for increasing consumer awareness towards organic food brands as it leads to increased purchase of organic food products.

Julie V. Stanton & Deirdre T. Guion (2015) studied the American and European organic food markets from the point of view of the brand theory and has put forth the observations that though organic food market especially in the United States has experienced impressive growth, it still accounts for less than 5% of the total food product sales. They concluded that organic food brands have not yet attained the brand equity, in spite of the consumer awareness and positive perception on quality of branded organic food products. The reasons have been identified as negative perception of value and lack of brand loyalty among consumers. Also it is identified that 'organic' carries different significance to different consumers. This emphasizes on cohesive and comprehensive brand strategies to establish the organic brand equity in a unified way.

Tatiana Anisimova&Parves Sultan (2014) emphasized that although consumers are aware of organic foods, the sale of organic food products still remains low. The reason for this has been identified as mistrust of consumers on the labels of 'organic' and lack of awareness on the parameters of food products to be qualified as organic. The paper stressed upon the utter need for a clear cut differentiation to be created for organic food products in today's highly competitive and branded consumer market. Branding of organic food products is seen as a strong tool for establishing the differentiation and brand communications should be used to increase consumer awareness, build consumer trust and there by expand organic food market through increased purchase volumes of organic food products.

Hans H. Baver, Daniel Henrich, Daniela B. Schafer (2013) discussed that marketers can formulate unique selling proposition by differentiating their brands by using organic labels issued by independent accreditation institutions for organic product testing. This is required especially in the present scenario of expanding market for healthy food products and increasing consumer choice of purchasing organic food products with the main motives of healthiness, hedonism, environmental friendliness and food safety. It is also proven that organic label affects the consumers' perception of global, local and private brands regarding their purchase intentions. It is observed that consumers perceive organic branding positively and are willing to pay the price premium. The consumers are of the opinion that private organic brands are more inclined towards profit making compared to global and local organic brands. This suggests that local farmers have a great scope to establish and promote trustworthy local brands of organic food products.

Oscar Broberg (2010) pointed out that rapid growth and expansion of organic food market has lead to powerful economic, political and marketing interventions. The major challenge of decision makers all over the world is to choose whether to promote organic food market as an alternative to existing large scale production of food products or to keep it a niche. This article particularly focused on eco-labeled milk in Sweden and studied the role of organic branding and eco-labeling in the early 1990s following the entry of agri-business into the main stream market.

Batte et al., (2010) focused on the assessment of consumer demand for locally produced food products considering the various influencing factors on consumers' purchase decisions. The authors particularly analyzed the consumers' willingness to pay for organic food items that are differentiated in terms of branding, location of production, certification as organically produced, branded as a product from family farming associations and carrying a state certificate. It is concluded that consumers' food product choices are largely influenced by price and that they are also more willing to purchase organic food products particularly from small family farms. This conclusion suggests that consumers have more trust on organic farmers who form as small associations. This has an important marketing implication that organic branding and labeling should highlight the origin of organic food products and the more they are promoted as native, the more the trust and value they gain in the consumer market.

Objectives of the Study

1. To study the urban consumer perception towards the relation between various brand propositions of organic food products.
2. To study the urban consumer perception towards brand propositions of organic food products based on their educational qualification.



Hypotheses of the Study

H₀₁: There is no significant relation in the perception of the urban consumers towards various brand propositions of organic food products.

H₀₂: There is no significant difference in the perception of urban consumers towards brand propositions of organic food products based on their educational qualification.

Methodology of the Study

Sample Size and Technique

For the purpose of the study, a sample of 85 urban consumers was considered based on simple random sampling technique from the geographical area of Vijayawada city.

Data collection

In order to study the urban consumer perception data were collected from the sample respondents by using a closed form of questionnaire and these questions were framed with dichotomous and 4 point Likert scale options.

Statistical tools

To analyze and interpret the results of the collected data regarding the urban consumer perception towards the relation between various brand propositions of organic food products, multiple correlation technique is used and to study the perception of urban consumers towards brand propositions based on the educational qualifications, analysis of variance (ANOVA) is used.

Analysis and Discussion

1. Urban consumer perception towards the relation between various brand propositions of organic food products.

		S1	S2	S3	S4	S5
S1	Pearson Correlation	1	.336**	.035	.338**	.055
	Sig. (2-tailed)		.002	.748	.002	.618
	N	85	85	85	85	85
S2	Pearson Correlation	.336**	1	.283**	.417**	.496**
	Sig. (2-tailed)	.002		.009	.000	.000
	N	85	85	85	85	85
S3	Pearson Correlation	.035	.283**	1	.551**	.528**
	Sig. (2-tailed)	.748	.009		.000	.000
	N	85	85	85	85	85
S4	Pearson Correlation	.338**	.417**	.551**	1	.487**
	Sig. (2-tailed)	.002	.000	.000		.000
	N	85	85	85	85	85
S5	Pearson Correlation	.055	.496**	.528**	.487**	1
	Sig. (2-tailed)	.618	.000	.000	.000	
	N	85	85	85	85	85

*S1: Brand gives easy and quick identity S2: Brand guarantees quality S3: Brand justifies high price S4: Brand guarantees genuineness S5: Brand guarantees certified standards.

It is observed from the above table that highest correlation ($r=0.551$) is observed between S3 and S4 which states that urban consumers have significant positive opinion that brand justifies high price and that they are willing to pay the premium as they believe that brand guarantees genuineness of organic food products. Second highest correlation is between S3 and S5 ($r=0.528$) followed by S2 and S5 ($r=0.496$) which reiterates that urban consumers are willing to pay the price premium with a confidence that brand guarantees certified standards and true quality and ensures them that food products sold with the label of 'organic' are in fact genuinely grown organically, following the stipulated norms and standards by the government to be qualified as 'organic'. However less correlation is observed between S1 and S5 ($r=0.055$) and S1 and S3 ($r=0.035$), which states that urban consumers are of the opinion that branding done just for the sake of giving easy and quick identity to organic food products, does not always prompt them to believe that they are certified organic products. Also urban consumers are not willing to pay the price premium just because organic food products carry a brand name.



2.Urban consumer perception towards branding propositions of organic food products : Qualification wise

		Sum of Squares	Df	Mean Square	F	Sig.
S1	Between Groups	3.761	2	1.881	6.153	.003
	Within Groups	25.062	82	.306		
	Total	28.824	84			
S2	Between Groups	1.117	2	.559	1.441	.243
	Within Groups	31.777	82	.388		
	Total	32.894	84			
S3	Between Groups	2.430	2	1.215	2.768	.069
	Within Groups	35.993	82	.439		
	Total	38.424	84			
S4	Between Groups	3.583	2	1.792	3.704	.029
	Within Groups	39.664	82	.484		
	Total	43.247	84			
S5	Between Groups	.505	2	.253	.585	.560
	Within Groups	35.447	82	.432		
	Total	35.953	84			
Total	Between Groups	24.830	2	12.415	2.614	.079
	Within Groups	384.730	81	4.750		
	Total	409.560	83			

*S1: Brand gives easy and quick identity S2: Brand guarantees quality S3: Brand justifies high price
S4: Brand guarantees genuineness S5: Brand guarantees certified standards.

*Educational qualification groups: Post Graduation, Graduation, Intermediate and below.

From the above table it is observed that the perception of urban consumers is different in case of S1 and S4 among different educational groups (p value of S1 (0.003) and S4 (0.029) are less than 0.05). This shows that urban consumers with different educational qualifications have contradicting opinions on brand propositions that it gives easy and quick identity and ensures genuineness of organic food products. Hence null hypothesis in case of these two statements stands rejected. However, it is observed that there is no significant difference in the perception of urban consumers with different educational qualifications in case of S2, S3 and S5 (p values are greater than 0.05 i.e. 0.243(S2), 0.069(S3) & 0.560(S5)) which conclude that all the urban consumers irrespective of their educational qualifications share a common perception that brand guarantees quality, brand justifies high price and brand ensures certified standards of organic food products. Hence, in case of S2, S3 and S5 null hypothesis is accepted.

Findings

1. It is found from the analysis that urban consumers are willing to pay the price premium of branded organic food products as they believe that brand guarantees genuineness. However it is also found that some urban consumers are sceptical about brand as a sole factor that justifies high price.
2. It is found that urban consumers are of the opinion that brand guarantees the food products that are labelled 'organic', are actually organically grown and that the producers and marketers might have followed the norms and standards prescribed by the government for organic farming. However there are urban consumers who are doubtful that all that is labelled 'organic' may not be really so.
3. It is found that urban consumers perceive 'brand' as an assurance for the quality of organic food products in terms of various parameters like taste, nutrition, freshness and most importantly the pesticide and chemical free nature of organic food.
4. It is found that urban consumers with different educational qualifications have a contradicting opinion that brand gives easy and quick identity and ensures genuineness of organic food products.
5. It is found that urban consumers irrespective of educational qualifications share a similar opinion that brand is a guarantor for high quality and certified standards of organic food products and a justifier of premium price.

Suggestions

1. As majority of urban consumers carry a positive perception towards 'brand', the government, NGO's, private/corporate organic food marketers and producers can come up with strong branding of organic food products and can attempt to expand the existing and capture the untapped the organic food market.



2. 'Brand' can be used as a powerful weapon to gain the trust of the urban consumers on the whole concept of the organic food and if done perfectly, it can create a multi fold positive impact on consumers, producers, marketers and the government.
3. 'Brand' can be promoted as an epitome of quality, genuineness and certification of organic food products.
4. Branding of organic food products needs to be comprehensively and extensively supported by various forms of promotion to win the confidence of urban consumers who are sceptical towards it.
5. Indian organic food products can be internationally promoted as brand 'Organic India' to take the advantage of the glorious history of India's ancient organic and natural agricultural practices.

Conclusion

The study on urban consumer perception towards brand propositions of organic food products revealed interesting facts that urban consumers view 'brand' as a parameter and guarantor of quality, genuineness, price premium and certified standards of organic food products. These results have remarkable marketing implications for the concerned stakeholders of organic food products to further increase the international and domestic organic food market. The study further revealed that educational qualifications of urban consumers showcased a few contradictions in their perception towards brand propositions. This calls for a comprehensive branding strategy to gain further trust and confidence of urban consumers which widely contributes to the enormous increase in the organic food market in future.

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