

Research into consumer behaviour



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ABSTRACT

Consumer behaviour is a factor that is given a lot of importance in the marketing world. The launch of any product can result in its success or failure depending on the manner in which consumer behaviour is analysed and the extent to which consumers are motivated. Food being a basic necessity of mankind has a huge market potential especially with the organic food. Consumers are becoming increasingly dissatisfied with GM (Genetically Modified) and conventional food. Therefore there is an inclination seen towards the organic food sector in the market. Organic food is said to be healthier due to ethical ways of production which do not use man-made chemicals and unnecessary preservatives as opposed to conventional food. It is also said to be eco-friendly because of environment conscious methods which are used for the production of organic food. The advantages of organic food are more whereas the disadvantages (such as price premium) are

negligible when compared to its better side. Regular buyers of organic food are willing to overlook these minor disadvantages which are negligible. In this research work, the consumer behaviour in the United Kingdom (UK) regarding organic food is studied and compared with that in India. The factors (such as consumer expectations, beliefs, criteria, concerns, quality, awareness and so on) that affect marketing of organic food in the UK and in India are also studied with relevance to consumer behaviour. In the United Kingdom, organic food market is majorly divided whereas the Indian market is growing at a faster pace. The growing demand for organic foods from the consumers because of its quality, safety and positive environmental impacts have increased the demand among the consumers. The research has contributed good knowledge of the various factors that can depict the future organic food consumer trends in the United Kingdom and in India. Some of the main factors like the consumer demographic. Apparently this has enabled to outline certain challenges that may assist in improving the current marketing strategy for organic food in India. Suggestions were also given in the later part of the dissertation that can change the present marketing scenario and would inevitably encourage more consumers to decide on buying organic food.

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CHAPTER 1: INTRODUCTION

This study is focused on the consumer behaviour and to understand their approach towards organic food in the United Kingdom and in India. Organic food has a healthier demand because of its better quality, taste and appearance. Brunso (2002) denotes that since the organic food is healthier and the process of making it is more convenient, consumers will easily accept these merits. Consumer lifestyle has been noted as one of the factors for the consumers to make certain preferences and organic food is better prevailing among consumers since people are more focused on a healthy lifestyle. They prefer organic food since it is healthier, fresher, tastier, residue free and eco-friendly. It is nutritional and tastier and the process of producing the organic food is not harmful to the environment when compared to conventional food Lang, (2005). When the consumers see the label organic, they presume that the product is of superior quality because of the way it is processed. The use of natural raw materials, welfare oriented animal husbandry and eco-friendly usages of land are the aspects regarded by a consumer. According to an organic consumer, the word organic implies quality which means unadulterated ingredients which is favourable to the consumers likewise the production process is also safer to the environment

which comprises of the wellbeing of the humans, animals and plants. On the whole it is beneficial to the community and the universe (Beck et al., 2006).

Conventional foods are produced using pesticides, fertilizers, ionizing radiation and they are dependent on soil and water polluting methods. Hence consumers are prepared to pay more for organic food which is of residue free. Virtually all non-organically produced foods contain residues of pesticides, fertilizers and other chemicals, and to prevent the consumption of these infirmity consumers buy organic food which is tastier and nutritious. According to the Consumer reports, since 1996 pesticides which were formerly used extensively are now federally banned and restricted by some manufacturers to meet safety standards in particular for the children Dabbert, Haering, & Zanolli, (2004). The Food Quality Protection Act (1996) recognizes that many pesticides are dangerous for the human health meticulously for the infants and children McEachern, & Willock, (2004).

Organic food preserves the diversity among the flora and fauna in an environment. It even supports the nutrients in soil for a better soil fertility. Organic food is grown and produced using some production standards. Some consumers prioritise to universalistic values such as “ social justice” and “ unity with nature” and hence they are more focused in purchasing organic food rather than conventional food (Grunert et al., 2001). The pesticides which are used for conventional farming is not used for the production of organic food. There is no residue or impurities in the food which is harmful for the consumers and the environment. Organic food is safe and has no industrial or human waste. During earlier days organic food was cultivated only in farmer’s gardens and some households for their own use Torgusen et <https://assignbuster.com/research-into-consumer-behaviour/>

al., (2001). So organically produced food was not accessible at all places and was not extensively available. There are certification and strict regulations to produce and market organic foods. The regulations are pursued for the betterment of the quality of the organic food. These are some of the strategies followed to enhance the quality of the organic food. But in the recent years the production of organic food is supplementary. It is widely available at all domestic and urban areas. Since consumers are more cognisant about their health and environment, the demand for organic food is additional and perhaps the supply has also been amplified.

A wide range of organic food and non organic food consumers were addressed and scrutinised to obtain their observation and appreciation towards organic food. All organic food consumers are not having the same method of approach towards organic food. Subsequently the statistical process guides us to comprehend the relation and the model of the consumer behaviour trends on organic food in the UK and in India. We could also categorize the similarities and contrast of the consumers in the UK and in India. The way of approach between the two countries and the stimulant for their choices are discussed. To acquire data many respondents were given questionnaires to answer questions pertaining to this topic and later these questionnaires were gathered to scrutinized and draw facts. Towards the end of this research recommendations and conclusion are given.

1. 1 Aim and Objectives

The main aim of this Research is to identify the consumer behaviour towards organic food in the United Kingdom and in India.

In order to fulfil this aim, the following objectives have been identified:

1. To identify the demographic characteristics in the UK and in India for the consumption of organic food.
2. To analyze the consumer attributes considered in the UK and in India while buying organic foods.
3. To assess the beliefs of consumers towards purchase of organic foods.
4. To examine the consumer behaviour towards organic food in The UK and in India.

1. 2 Research Approach

The research approach adopted for this study is quantitative methodology. The results collated from this survey will then be analyzed to make findings and future recommendations. The respondents will comprise of people who are involved in the consumption of organic and conventional food products. The survey will thus help in successfully achieving evidence for the research problem and objective. The main advantage of using these methods is that it helps in understanding and exploring the contextual information of the research topic (Saunders, Lewis & Thornhill, 2003) and these when mutually combined with research literatures shall provide a broader perspective to the research topic.

1. 3 Research Outline

This chapter thus encapsulates the research topic and justifies the need for this study. It describes the aim and objectives of the study and outlines the approach adopted for this research.

Chapter 2 reviews the literature and strives to evaluate the consumer behaviour and attitudes in terms of food choice of customers and preferences with regard to organic food.

Chapter 3 describes the methodology adopted for this study and the reasoning behind the method selection. It also enumerates the data collection methods.

Chapter 4 analyzes the data collected from the survey and interprets the findings to present the attitudes towards organic foods. Based on the findings an attempt has been made to provide recommendations.

Chapter 5 discusses the limitations and the implications for future research. It also summarizes the entire research.

CHAPTER 2: LITERATURE REVIEW

This chapter details all the relevant study completed so far with relevance to consumer behaviour and organic food. The question posed in this research was derived by analyzing theories and patterns from previous research work which helps us to comprehend the topic better.

2.1 Preface

An individual's lifestyle basically depends on two major attributes such as food preferences and consumption. These preferences facilitate the betterment of their wellbeing. Food plays a vital role in the composition of a human being and the food that is consumed is influenced by many factors. A number of models have been framed to study these influences. One such model developed by Shepherd (1985) explains the factors that are essential when considering food preferences Diagram which is at figure 1.

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The demand for organic food in the food industry is growing at a faster pace in countries such as Europe, North America, Australia and Japan hitting to an annual sales of \$114. 5 billion (Arbindra et al., 2005). The need for such food has increased in recent years amongst people who are health conscious and those that like to lend their hand in the conservation of the environment. According to Makatouni (2002) organic food is professed as a type of food that is without chemicals and growth hormones and it is not produced intensively but is grown naturally. Organic foods are always linked to naturalness Da Costa et al., (2000). A study was conducted by Garnkvist and Biel (2001) to correlate the purchasing of eco labelled foods with other purchasing criteria's such as price, product familiarity, environmental consequences, quality, personal experiences, package attractiveness, effects on own health. It was analyzed that health and environmental consequences were the two major factors that correlated with purchase of eco labelled foods.

2. 2 Quality of Organic Foods

The production of organic food follows mandatory regulatory and quality based standards. The production process is monitored by the legal certification body. The concerned officer will validate the entire production process, therefore enhancing the quality of the food and after the inspection is completed, the organic certificate is then granted Nielsen, Bech-Larsen & Grunert, (1998). The quality of the food can be estimated from different perspectives. Hoffman (1994) indicates four qualities which are sensory, nutritive, hygienic-toxicological and technological. There are varied consumers like the technologists and the inspectors who have different

qualities but every consumer will show attention to nutritious and sensory values of food Padel & Foster, (2005). Food inspectors concentrate more on hygienic issues and technologists are more focused on the technological aspects of the raw material, nevertheless countries which exercise the inspection system undergo these aspects before the food reaches the consumers (Hoffman 1994).

A consumer choice of food is entirely an individual's perception of qualities related to food. These qualities can be roughly classified into two broad categories. They are sensory characteristic and non-sensory characteristic. Hoffman's (1994) proposal's research has exhibited that consumer's focus more on sensed characteristics of food and it plays a vital role in their choice of food Wandel & Bugge (1997). The most essential criteria for food choice are taste Holm & Kildevang, (1996). There are also other imperative features like appearance, odour and freshness (Wandel & Bugee (1997). On the other hand studies show us that consumers are increasing in number for those who are keen on non-sensory characteristics. Some of them are the absence of food additives, preservatives and residues, nutritional value and how the production of food was made. These enhance the quality of organic food which drives customers towards it Wilkins & Hillers, (1994). Wellbeing of the animal and fair- trade is the qualities related to ethical factors which are also taken into regard for the importance of food choice. There is dissimilarity between sensory and non-sensory qualities. The non-sensory attributes are hard to comprehend by the consumer. Consequently for those who show great importance to such characteristics, trust may be of their bigger concern.

2.3 Consumer Behaviour on organic food:

Consumer behaviour plays a major role in marketing. No trade can take place without a consumer. Belch and Belch (2007) defines consumer behaviour as “ the process and activities people engage in when searching for, selecting, purchasing, using, evaluating, and disposing of products and services so as to satisfy their needs and desires”. Consumers are basically become very selective in buying their products. In marketing point, it is a vital aspect to comprehend the consumer skilfully and to satisfy their needs, wants and demands and attract them towards the product. It is the consumer who is the main source for any kind of business to run efficiently, without whom there is no point in running any organizations, industries and business oriented companies. Hence, the vital outcome is satisfaction of a consumer. In the case of organic food, a consumer is interested in organic food because of the ecological factor and the infirmity of the non organic food which motivates them to buy organic food which is healthy and eco-friendly. Mc Gregor & Blackholly (1990) researched about consumer attitudes, values and purchasing habits of organic food and eventually concluded that consumers are very health oriented, focusing more on residue free food and taking ecological factors into consideration whether the price is low or high.

“ Consumer behaviour is the activities people undertake when obtaining, consuming and disposing of products and services” Schutz & Lorenz (1970).

Consumer behaviour concentrates more on how an individual decides and determines to spend their available resources like time, money, effort on consumption associated substances. The term consumer behaviour

illustrates two diverse kinds of consuming entities. They are personal consumer and organizational consumer. A personal consumer purchases goods for an individual's own use. In each of these perspectives, the goods are purchased by an individual for the final use, who is referred to as an end user or ultimate consumer. The subsequent category of consumers are the organizational consumer – that comprises of profit and non profit businesses, government agencies and institutions for which they must buy goods in order to run their businesses or organizations Lockie, Lyons & Lawrence (2004).

2. 3. 1 Consumer behaviour on organic food in India

The term organic farming is not new to India, Sir Albert Howard an expert in organic farming studied the soil plant interaction and developed ways to tackle and improvise the methods to advance the conventional principles of organic farming such as mixed cropping, crop rotation and legumes Howard (2000). This conventional method of farming was one of main source of income in the rural areas of India. India was also one of the largest exporters of organic foods until 1960's. The advent of green revolution regulated by the government made the farmers to change their conventional method with the use of pesticides and they started the sideline of organic farming.

Assocham study (http://www.freshplaza.com/news_detail.asp?id=15251) has mentioned that organic food consumption in the country is now low among educated and health conscious people in the metros due to its high cost. In its survey ' Use of Organic Products and Non-Organic Products in Metros', the Industry body said only one out of every 30 people in metros are customised to consume organic products, whereas 20% of farmers are

engaged in organic farming. The industry chamber claimed that the price difference ranges from 35-40% due to the scarcity of organic products and poor marketing strategies.

“ About 300 retailers in India said consumers purchase organic products on health and environmental grounds. However, around 60% of those surveyed said the customers do not purchase foods that promote specific health benefits due to high cost”, it said.

Also, over 58% retailers blamed unavailability of organic products in stores for low consumption; it said adding that lack of credibility is the key barrier for consumption of food products claiming to promote health benefits. “

Though Indians are getting more and more conscious about health, organic products are yet to make a mark amongst the average Indian household.

Marketers of organic food need to not only educate consumers about the benefit it offers, but also build credibility for the offer and thereby buy consumers trust before they can expect any takers”, said Assocham president, Venugopal Dhoot (http://www.freshplaza.com/news_detail.asp?id=15251).

The usage of organic food by local consumers is less when compared to the non localities. It is exported in large to the other countries. The domestic consumption of organic food by the local consumers are only a meagre of 7.5% of the whole organic food which is produced and the rest of which of the major portion is exported and because Indian agriculture skills are accepted all over the world because of its traditional and natural resources are pure in India. Majority of the domestic consumption of organic food is in urban

places like Chennai, Mumbai, Kolkata, Delhi, Hyderabad and many more urban cities. These cities are of well known urban cities which are considered as upper income groups of consumers who contribute the major share in consuming organic food in India.

2.3.2 Consumer behaviour on organic food in the UK

The market significance of the production of organic food in the UK is increasing recently and is estimated at €14 billion Data monitor, 2008. The production of organic food spreads out widely as an effect of the growing market potential (Wier & Calverley, 2002). The information provided by the pro-organic groups revealed nearly most of the population consumes organic food. For instance if there are three shoppers, two out of three purchase organic food which is around 65.4 per cent The Soil Association, (1999). During the year march 2007, the trading value in the UK was £1 billion for the groceries of £128 billion and this shows the organic share is approximately about 0.78 per cent of sales of total groceries. Henceforth there was a random increase in the markets of farmers, internet based retailing, farm shops, retail sectors sales ascended from £300 million in 2004 to £384 million in 2004 The Soil Association, (2006). In regard to this massive market value these models have been emulated across the UK broadening from the south of England to north Reed The Soil Association, (2005).

Demand for organic food is increasing radically. Within Europe, the UK is positioned fifth for its revenue for the organic products, which was half a billion US dollars during the year 1998/1999 (Soil Association, 1999). The UK's organic market with other countries like Switzerland, Denmark and Sweden are reaching the highest annual growth rate in organic sales when

compared within Europe and the estimation is to be surplus of 30 per cent Randall & Sanjur, (1981). The Soil Association determined that in the year of 1999 the UK market for organic products expanded rapidly to 40 per cent (Soil Association, 1999) and they even forecast that by 2002 that the growth of organic market would give a turnover worth US \$1. 5 billion in retail market sales which signifies 7 per cent to 8 per cent of the food market (Robins et al., 2000).

On the contrary, despite the fact that the demand for organic food is ascending, supply is also descending (FAO, 2001). During the year of 1999, though the supply of organic production has been increased to 25 per cent, however it could not meet the requirements of the consumer demand. As a consequence 70 per cent of organic food which was sold domestically was imported (Soil Association, 1999). When compared to other European countries, the UK was categorised third to import from developing countries because of the drastic demand by the consumers (European Commission, 2000). Since last ten years organic food is booming among mainstream retailers and consumers. Even supermarkets in the UK are trading more on organic food and investing intensively for advertising of organic food among consumers. It is studied that supermarkets sell 70 per cent of all organic fruit and vegetables (FAO, 2001).

Padel and Foster (2005) researched that the consumers in the UK are more cognisant about their health which drives them from buying organic food which is free from residue and are concerned about the safety of food.

Zanoli, (2004) recognises that all across Europe, well being of the health is the main motivation for consumers to purchase organic food. Even others

factors which were favourable to the environment and animals were another motivation for consumers to go organic (Padel and Foster, 2005).

From the UK the origin of the food is very vital for the consumers of which 60 per cent of them are keener in buying organic food which is originated from the UK whereas the rest of 38 per cent are not concerned from where it is produced (TNS, 2003). Price factor was a major hindrance for consumers who are regular buyers of organic food though they were organic oriented and had a compliance to pay (TNS, 2003). This is recurrent across Europe (Zanoli, 2004). Consumers had a frequency of buying organic food and their average range was 12.8 times a year and their expenditure for an average per shopping trip was 2.53 (TNS, 2003). The major part of organic consumers purchases organic food from Waitrose, Tesco and Sainsburys since it is widely available in those supermarkets. It's a vital factor for the producers from developing countries to benefit from the UK because the organic market is expanding drastically in the UK and since certified organic food grows persistently (Dolan et al., 1999).

2.4 Perception of Consumers on Organic Food

In many researches we can see that a major amount of consumers are more interested and focused into organically produced foods (Ekelund, 1989; Wandel and Bugge, 1997; Wilkins and Hillers, 1994). Consumers are more aware and have a constructive belief about organic food when compared to conventional substitutes (Grankvist and Biel, 2001). However the section of purchasing organic food is comparatively low when compared to conventional food Grunert & Juhl, (1995). Henceforth there is an inconsistency between preferences and behaviour. This inconsistency maybe

due to numerous aspects. A main hindrance is the premium price which is higher than the conventional food (Roininen, Lahteenmaki & Tuorila, 2000) and another aspect is the scarce of availability (Jolly, 1991). To add on to it, the supply of conventional food gives the consumers a satisfaction (Ekelund, 1989)

Consumers used to believe that organic foods have superior sensory attributes Williams, (2002). Nevertheless, scientific sensory research has only shown little Johansson et al., (1999). According to Haglund's (1998) studies, a trained sensory product was additional sweeter in taste which was organically grown than the conventionally grown tomatoes. On the contrary, the organically grown carrot was bitter in taste, less sweet and less crunchy when compared to conventionally grown carrots. When a product is organically produced it is shown widely to increase the consumer preference Johansson et al., (1999). A blind consumer preference test of tomatoes was conducted by Johansson and colleagues (1999) and another preference tests either with false or correct information about the production method (conventional or organic). They discovered that the information " organically produced" was more preferential however the effect of the information was more essential for the tomatoes that were less liked in the blind test (Johansson et al., 1999). Henceforth, consumers opt for organic food because of the production method and the positive belief about the production method.

However there are variations between consumers who buy organic food frequently and who buy at fewer intervals. Torjusen et al. (2001) discovered that the consumers who buy organic food regularly are more focused on

characteristics that reflect back on them. For instance “ fewest possible additives”, “ environmentally sound production”, “ ethical and political considerations”, “ animal wellbeing”. To add on to it there were consumers who were concerned about local business and those who preferred buying locally produced foods purchased organic food (Torjusen et al., 2001). There were consumers who bought organic food for their betterment of wellbeing and other environmental aspects (Schifferstein & Ophuis, 1998)

2. 6 Factors Affecting consumer behaviour:

Cultural Factors:

Cultural factors intensely influence the consumer’s perception towards products (Blythe, 2008). In countries like India traditions and customs extensively control most of a person’s conduct. For example in India an egg less cookie or an egg less cake does exceedingly well because it’s advertisement stressed on the word Vegetarian 100% and since there are a lot of vegetarians in India. So, any vegetarian brand did very well in India in most of the states in the north and in the south. There are many subcultures in India who eat eggs and consider them as a vegetarian food and don’t eat any other non-vegetarian foods

Social Class

Actually every country in this world has its own social structure, and under every social structure they have different classes and sub classes. In each different social class, they have their own stable social members, where each of the members in every social class share similar ethics, morals, standards and behaviours Eyerman & Jamison,(1989). India is known for its vast number of religion and caste. The common differentiation is based on their

income as the upper class, the middle class and the lower class. For example it is considered that the upper class people are the wealthiest and the lower class are considered to be poorer. The majority of the Indian population consists of middle class when compared to the above mentioned classes Fernandes (2006).

Every society has a composition of different social classes. A social class is categorised orderly into permanent segments who share the same ethics, interests, attitudes, incomes and behaviours Morris et al. (2001). There are some particular six social classes which are the registrar general's class which has been followed from the contemporary period though some of the established countries have their own system. Not only do class systems differ in various parts of the world, the relative sizes of the classes vary with the relative prosperity of countries (Blythe, 2008). The 'diamond' shaped classification is typical of developed countries, although the Japanese and Scandinavian scales are flatter. In less developed countries, such as in Latin American and Africa, the structure is 'pyramid' shaped with a concentration of poor people at the base. As countries develop their class structure moves towards the diamond shape, although there is evidence that the gap between the richest and poorest in the English speaking countries is now widening. Some class systems have a greater influence on buying behaviour than others. In most western countries 'lower' classes may exhibit upward mobility, showing buying behaviour similar to that of the 'upper' classes. But in other cultures, where a caste system gives poor people a distinctive role, buying behaviour is more firmly to social class, upper classes in almost all societies are often more similar to each other than they are to the rest of

their own society. When selecting products and services including food, clothing, household items and personal care products, they make choices that are less cultural bound than those of the lower classes (Armstrong & Kotler, 2007).

Social Factor:

A consumer's behaviour is largely influenced by family, friends, neighbours, and so on different groups influence the consumer's decisions at different times Krigjsman,(2007). There are two kinds of groups which influence the consumer behaviour. They are the primary group that intends to consist of informal friends, family etc. The other group is the secondary group which is more formal like the work place colleagues, religious groups, and work unions and so on.

Family Group:

The immediate family group influences the buyer's behaviour to possibly the greatest level. (Senauer, 1990)For example, an expensive product is often discussed between the family members before the purchase is made. For products related to home maintenance such as washing, cooking. The lady in the house is often the chooser of the product and for more masculine products it is the man who chooses.

2. 6 The Impact of Organic Food on the Environment

According to the Soil Association (2000) there are intensively many consumers who purchase organic food who are more concer