

A Study on Consumer Purchase Behaviour towards Organic Products

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Abstract: *This study analyses the impact of customer satisfaction on economic success considering as an example the organic food retail trade. Furthermore, the influence of customer purchase behaviour on customer loyalty is examined. The study is based on 100 customer interviews and an analysis of management ratios of 05 organic food shops. The results show that customer satisfaction is a relevant key to economic success.*

Keywords: Consumer behavior, Organic Products

1. Introduction

Organic foods are foods produced by organic farming. While the standards differ worldwide, organic farming in general features cultural, biological, and mechanical practices that foster cycling of resources, promote ecological balance, and conserve biodiversity. Synthetic pesticides and chemical fertilizers are not allowed, although certain organically approved pesticides may be used under limited conditions. In general, organic foods are also not processed using irradiation, industrial solvents, or synthetic food additives.^[1]

Currently, the European Union, the United States, Canada, Mexico, Japan and many other countries require producers to obtain special certification in order to market food as organic within their borders. In the context of these regulations, organic food is food produced in a way that complies with organic standards set by national governments and international organizations. Although the produce of kitchen gardens may be organic, selling food with the organic label is regulated by governmental food safety authorities, such as the US Department of Agriculture (USDA) or European Commission.^[2]

2. Consumer Behaviour

2.1 Meaning and Definition

Consumer behaviour is the study of how individual customers, groups or organizations select, buy, use, and dispose ideas, goods, and services to satisfy their needs and wants. It refers to the actions of the consumers in the marketplace and the underlying motives for those actions.

Marketers expect that by understanding what causes the consumers to buy particular goods and services, they will be able to determine—which products are needed in the marketplace, which are obsolete, and how best to present the goods to the consumers.

The study of consumer behaviour assumes that the consumers are actors in the marketplace. The perspective of

role theory assumes that consumers play various roles in the marketplace. Starting from the information provider, from the user to the payer and to the disposer, consumers play these roles in the decision process.

The roles also vary in different consumption situations; for example, a mother plays the role of an influencer in a child's purchase process, whereas she plays the role of a disposer for the products consumed by the family.

1) According to Engel, Blackwell, and Mansard, 'consumer behaviour is the actions and decision processes of people who purchase goods and services for personal consumption'.

2.2 Nature of Consumer Behaviour

2.2.1 Influenced by various factors:

The various factors that influence the consumer behaviour are as follows:

- Marketing factors such as product design, price, promotion, packaging, positioning and distribution.
- Personal factors such as age, gender, education and income level.
- Psychological factors such as buying motives, perception of the product and attitudes towards the product.
- Situational factors such as physical surroundings at the time of purchase, social surroundings and time factor.
- Social factors such as social status, reference groups and family.
- Cultural factors, such as religion, social class—caste and sub-castes.

2.2.2 Undergoes a constant change:

Consumer behaviour is not static. It undergoes a change over a period of time depending on the nature of products. For example, kids prefer colourful and fancy footwear, but as they grow up as teenagers and young adults, they prefer trendy footwear, and as middle-aged and senior citizens they prefer more sober footwear. The change in buying behaviour may take place due to several other factors such as increase in income level, education level and marketing factors.

2.2.3 Varies from consumer to consumer:

All consumers do not behave in the same manner. Different consumers behave differently. The differences in consumer behaviour are due to individual factors such as the nature of the consumers, lifestyle and culture. For example, some consumers are technoholics. They go on a shopping and spend beyond their means. They borrow money from friends, relatives, banks, and at times even adopt unethical means to spend on shopping of advance technologies. But there are other consumers who, despite having surplus money, do not go even for the regular purchases and avoid use and purchase of advance technologies.

2.2.4 Varies from region to region and country to county:

The consumer behaviour varies across states, regions and countries. For example, the behaviour of the urban consumers is different from that of the rural consumers. A good number of rural consumers are conservative in their buying behaviours. The rich rural consumers may think twice to spend on luxuries despite having sufficient funds, whereas the urban consumers may even take bank loans to buy luxury items such as cars and household appliances. The consumer behaviour may also varies across the states, regions and countries. It may differ depending on the upbringing, lifestyles and level of development.

2.2.5 Information on consumer behaviour is important to the marketers:

Marketers need to have a good knowledge of the consumer behaviour. They need to study the various factors that influence the consumer behaviour of their target customers.

The knowledge of consumer behaviour enables them to take appropriate marketing decisions in respect of the following factors:

- a) Product design/model
- b) Pricing of the product
- c) Promotion of the product
- d) Packaging
- e) Positioning
- f) Place of distribution

2.2.6 Leads to purchase decision:

A positive consumer behaviour leads to a purchase decision. A consumer may take the decision of buying a product on the basis of different buying motives. The purchase decision leads to higher demand, and the sales of the marketers increase. Therefore, marketers need to influence consumer behaviour to increase their purchases.

2.2.7 Varies from product to product:

Consumer behaviour is different for different products. There are some consumers who may buy more quantity of certain items and very low or no quantity of other items. For example, teenagers may spend heavily on products such as cell phones and branded wears for snob appeal, but may not spend on general and academic reading. A middle-aged person may spend less on clothing, but may invest money in savings, insurance schemes, pension schemes, and so on.

2.2.8 Improves standard of Living

The buying behaviour of the consumers may lead to higher standard of living. The more a person buys the goods and services, the higher is the standard of living. But if a person

spends less on goods and services, despite having a good income, they deprives themselves of higher standard of living.

2.2.9 Reflects Status

The consumer behaviour is not only influenced by the status of a consumer, but it also reflects it. The consumers who own luxury cars, watches and other items are considered belonging to a higher status. The luxury items also give a sense of pride to the owners.

3. Objectives

Customer satisfaction was regarded as a sufficient precondition for a long time. The first aim of this study therefore is to evaluate the relationship between customer satisfaction and profit in organic food shops and to determine the parameters which influence customer satisfaction.

4. Procedure

The study is composed of two parts. First, 100 customers of 05 organic food shops were asked about their satisfaction with their shops. A regression analysis is carried out to measure the impact of customer satisfaction on shop profits, defined as sales per m². A factor analysis and a further regression analysis are carried out in order to find out about the determinants of customer satisfaction. In a second step, the influence of customer satisfaction on the readiness to change shops is analyzed. For this purpose, 21 customers were interviewed in an online survey based on a simple choice model, which is then analyzed with a multinomial logit model to identify different consumer clusters.

4.1 Analysis

Regression analysis to explain the economic success
Abstracts: This study analyses the impact of customer satisfaction on economic success considering as an example the organic food retail trade^[3]. Furthermore, the influence of customer satisfaction on customer loyalty is examined. The study is based on 100 customer interviews and an analysis of management ratios of 05 organic food shops. The results show that customer satisfaction is a relevant key to economic success. Regression analysis results show, that some 45 % of sales per m² can be explained by the overall satisfaction of customers. The collateral inquiry of customer and shop data allows the confirmation of an essential economic effect. A further analysis identifies the quality of goods, the consulting and service, the atmosphere, the price-performance ratio and the trust in employees as main determinants of customer satisfaction. In a second step the influence of customer satisfaction on the willingness to change shops is analysed. The results of an online survey among 21 customers show that customer satisfaction and commitment are necessary preconditions for the economic success of small organic food shops, but they are not sufficient to explain customer loyalty.
Key Words: organic food shops, customers, food retail trade.
Independent Variables **Beta t-Value Customer satisfaction .199 1.833** N = 05; depending variable: Annual sales per m² sales area; adj. R²: 0.132; F-Value: 1.097; ** p ≤ 0.017**

Source: own survey

4.2 Result

The impact of satisfaction on the economic success of the shop is measured by a regression analysis. A high explanatory power of the model is reached, with satisfaction explaining 45 % of sales per m², which is much higher than in conventional supermarkets (*Analysis*). The high relevance of customer appreciation for the success of a shop emphasizes the importance of customer satisfaction management for the marketing activities.

5. Conclusion

As can be seen from the regression analysis, customer satisfaction has a high impact on the economic success of a shop. But the results of the readiness to switch survey show that customer satisfaction and commitment are not sufficient to explain loyalty.

References

- [1] "Pesticides in Organic Farming". University of California, Berkeley. Retrieved 2014-06-17. Organic foods are not necessarily pesticide-free. Organic foods are produced using only certain pesticides with specific ingredients. Organic pesticides tend to have natural substances like soaps, lime sulfur and hydrogen peroxide as ingredients. Not all natural substances are allowed in organic agriculture; some chemicals like arsenic, strychnine and tobacco dust (nicotine sulfate) are prohibited.
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