

A Study on Consumer Willingness to Pay for Organic Food Products: Case of Shimla Town of Himachal Pradesh

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ABSTRACT: Organic products play a vital role in human health and environment health. The present study on Consumer willingness to pay for organic food product has been conducted in Shimla town of Himachal Pradesh on 100 respondents. The key objective of the study was to assess the awareness and willingness of consumer for the organic products. This study has helped us to identify the factors that affect the consumers to pay for organic products. The study found that the willingness to pay for organic products was positive. Consumers were willing to buy organic products even if the prices of organic products rise. It has been observed that most of the people are willing to pay for organic products but some people are not willing to pay for organic products because they do not trust that these products do not contain chemicals. The survey indicates a growing preference for organic products, necessitating further product development and advancements in labelling, processing, certification, and packaging to boost demand. The study challenge is to improve consumers' understanding of organic products and their differentiation in food choices between local and market-based options.

Keywords: Organic food products, Consumer willingness, Organic farming, Consumer, Organic Product.

INTRODUCTION

India currently produces a variety of organic foods, such as fruits and vegetables, legumes, spices, tea, coffee, honey, and others. Globally, customers' inclination towards organic food products is growing daily as they become more health-conscious and mindful of nutrition and food quality (Aryal *et al.*, 2009; Oroian *et al.*, 2017). The food consumption pattern of respondents has not only changed for health issues occurring but also for environmental concerns as the use of different type of chemicals is affecting human health and environment (Sangkumchalianga and Huang 2012). As more people are ready to pay more for chemical-free organic food and as fewer people face food insecurity, there is an increasing demand for organic vegetables. This is causing a rise in the market for organic vegetables (Nwofoke and Bargissa 2020). Customers' willingness to eat organic food and their view that organic products are safer and healthier have led to an expansion in the market for organic goods as consumers buy more of them (Rodriguez *et al.*, 2007). The main five elements that influence customers' opinions of eating organic food are food safety, cost, nutritional value, environmental friendliness, and sensory appeal (Chiciudean *et al.*, 2019). Today's

consumers are aware that organic food products are grown without the use of artificial flavoring, coloring, pesticides, fertilizers, or preservatives. For a variety of reasons, customers are therefore willing to buy these things. Over the past ten years, there has been an enormous increase of market demand for organic products (Du *et al.*, 2017). The desire for everyone to be fit and healthy is the driving force behind consumers' willingness to spend more for organic food goods (Boys *et al.*, 2014). People are getting more interested in organic food products as a result of their growing awareness of the health benefits and chemical-free nature of these products, as reported by various information sources (Zanoli and Naspetti 2002).

Organic product. Organic farming is a method of growing food that farmers have used from the beginning of time. It does not include any synthetic fertilizers, growth boosters, or other compounds derived from synthetic materials (Shafie and Rennie 2009). A system of ecological management and production that promotes and enhances biological cycles, biodiversity, and soil biological activity is referred to as organic (Savithri and Lavanya 2019). Since the 1990s, the market for organic food items has grown significantly. Produced from agricultural products that have not been exposed to artificial chemicals during processing,

storage, or the application of fertilizers, pesticides, or herbicides, organic food is categorized as such (Basha *et al.*, 2015). There is a huge demand for organic food items worldwide. Approximately 162 countries have set aside 37 million hectares of land for organic cultivation. India is the world leader in the production of organic food, according to World of Organic Agriculture (Kalra *et al.*, 2020). Food that is organic is natural and does not contain artificial substances or preservatives. Consumer interest in organic products is rising these days because they are healthier and less harmful to the environment than conventionally cultivated food products. They also tend to be higher-quality and more secure (Krystallis and Chrysosoidis 2005; Oroian *et al.*, 2017).

Consumer Behaviour and willingness towards organic food products. The organic product market has experienced significant growth in recent years, with its availability expanding beyond specialty stores to large grocery stores, supermarkets, and big-box super stores (Strzok and Huffman 2015). The consumer is the most important individual to a marketer since the latter creates products and services based on the needs and preferences of the former. According to some research, the primary variables impacting the development of infrastructure, market pricing, customer attitudes and beliefs, responsiveness, and willingness to pay a premium price are those related to the production and marketing strategies of chemical-free food (Graef *et al.*, 2014). Based on several researches, it was found that consumers' preferences for organic products were significantly influenced by their health, which is the main driving force behind this choice (Bryla, 2016; Rizzo *et al.*, 2020; Aschemann-Witzel *et al.*, 2013; Mkhize and Ellis 2020). Certainly, educating consumers about organic labeling and increasing their awareness of it is one way to increase the possibility that they will be willing to pay more for organic products (Batte *et al.*, 2007; Mehra and Ratna 2014). A consumer's assessment of food is influenced by public perception and knowledge, while consumers must possess clear, trustworthy information on organic food products (Sriwaranum *et al.*, 2015; Dash *et al.*, 2014; Chandrasekhar, 2014). Since healthier food is generally more expensive than conventional food, some people believe they cannot afford organic food. Previous research indicates that consumer awareness and understanding of organic products can positively impact their desire to pay for organic food products, given that price is a significant factor influencing consumer willingness to pay for organic food items. Due to health concerns and the lower danger to their health, some customers are willing to pay premium prices for organic food products (Migliore *et al.*, 2018). It is determined that the primary motivation for purchasing these organic items is their health and their superior qualities, like flavor and taste (Giusephina *et al.*, 2018).

Need of study. This study needs to find new things and figure out answers to the problem that if the price of organic food products is high, then willingness to pay for organic food products would be less or not. The results that will calculate the willingness are based on demand, where we can compare the willingness and

non-willingness of consumers to pay for organic food products. The main purpose of choosing this topic is to find out the extent of consumer willingness towards organic products.

Objective of the study

1. To assess the consumer awareness and willingness for the organic products.
2. To identify the factors that influences consumer willingness to pay for organic products.

MATERIALS AND METHODS

The philosophical context in which the research is carried out or the underlying assumptions that support the research are referred to as the methodology (Brown, 2006). The present study has been conducted in Shimla, a town in Himachal Pradesh. According to Census 2023, Shimla City has a population of 232,000. A systematic approach was used to gather information from different sources. For the present study, primary data is information that is gathered for the first time, usually for study purposes, through personal experiences or other tangible proof. It is also known as unprocessed data, or first-hand knowledge, and secondary data, which is defined as information that is gathered from sources other than the actual user. This indicates that someone has already analysed the information that is already available. At the first stage, primary data was collected with the help of a questionnaire based on the demographic variables to know about the awareness level of individuals and factors that influence the consumer's willingness to pay for organic products, and secondary data was collected through various websites, research papers, journals, books, articles, etc. The arithmetic mean, percentage, and standard deviation are examples of fundamental statistical and mathematical methods that were used in the study to ensure comprehension and clarity.

RESULT AND DISCUSSION

Consumer awareness and willingness towards organic products

Demographic status of the respondent. The demographic profile of respondents, including their age, education, occupation, income, and type of organic products, was studied to gain information about the perception of respondents towards organic food products. The details of the demographic profile according to the perceptions of respondents were discussed below.

Table 1: Demographic status of the respondent.

Age(years)	Frequency	Percentage
20-30	71	71
30-40	16	16
40-50	8	8
50-60	5	8
Total	100	100
Education	Frequency	Percentage
Up to 10th	32	32
Graduation	39	39
Post-graduation and above	21	21
Professional qualified	8	8
Total	100	100

Table 1 showed the sample profile of the respondent with respect to age and education. The majority of the sample, i.e., 71%, was in the 20–30 age groups who buy organic food products, followed by 16% in the age group of 30–40, 8% of respondents in the age group of 40–50, and 5% of respondents in the age group of 50–60 who were interested in buying organic food products. Whereas, education plays very important role to promote awareness and willingness among consumers, the majority of the sample respondents, i.e., 39% have done graduation, followed by 32% of the sample respondents who have education up to 10th grade, 21% of respondents were post-graduated and above, and 8% of the sampled respondents were professionals who were aware of and also willing to buy organic food products.

Table 2 depicted the sample profile with respect to the occupation and income of the respondent. The total number of respondents, i.e., 46% of respondents, have some other occupation, followed by 21% of the respondents who were private employees, 15% were government employees, 9% were professionals, 5% were businessmen, and 4% of respondents who were aware of organic food products. Whereas income status clearly indicates that 50% of the respondents have income (salary) more than Rs 40000, followed by 24%

of respondents having income (salary) between Rs 30000 and 40000, 10% of them having income (salary) between Rs. 1000 and 20000, 9% of respondents having income (salary) between Rs. 20000 and 30000, and 7% of respondents having income (salary) less than Rs 10000. It is observed from the study that sample respondents who had higher incomes were more aware of and willing to purchase organic food products.

Table 2: Occupation and Income status of the respondent.

Occupation	Frequency	Percentage
Govt. Employee	15	15
Private Employee	21	21
Business	5	5
Professional	9	9
Farmer	4	4
Other	46	46
Total	100	100
Income (In Rs)	Frequency	Percentage
Less than 10000	7	7
10000-20000	10	10
20000-30000	9	9
30000-40000	24	24
More than 40000	50	50
Total	100	100

Table 3: Awareness and willingness of the respondent towards organic products.

Awareness about organic food products	Frequency	Percentage
Yes	97	97
No	3	3
Total	100	100
Willing to buy organic food products	Frequency	Percentage
Yes	87	87
No	13	13
Total	100	100
Willing to pay more for organic products	Frequency	Percentage
Yes	68	68
No	32	32
Total	100	100

Table 3 entailed the sample profile with respect to awareness and willingness towards organic food products. The study found that the majority of the respondents, i.e., 97%, were aware and 3% were not aware of organic food products. Whereas 87% of the total respondents were willing to buy and 68% were willing to pay more for organic food products, followed by 13% of the total respondents who were not willing to buy and 32% of respondents who were not willing to pay more for the organic products.

Table 4: Sample Profile with respect to which organic products do you buys the most.

Organic Food Products	Frequency	Percentage
Fruit	16	16
Vegetable	61	61
Dairy products	11	11
Others	12	12
Total	100	100
Willing to pay more for organic products	Frequency	Percentage
Yes	68	68
No	32	32
Total	100	100

Table 4 described the sample profile with respect to which organic products respondents buy the most, with 61% of the major respondents buying vegetables, followed by 16% buying fruits, 11% buying dairy products, and 12% buying other food products.

Table 5: Factors that helps to increase the level of trust towards products which claim to be organic.

What would help to increase level of trust towards products which claim to be organic	Frequency	Percentage
Scientific evidence on packaging	36	36
Celebrity Endorsement	2	2
Govt. Regulation or official stamp	50	50
Separate shop	12	12
Total	100	100

Table 5 revealed that out of the total sample, 50% of the respondents said that government regulations or official stamps would help in increasing the level of trust in organic products, followed by 36% of the respondents

who were in favor of scientific evidence to increase the level of trust in organic products; 12% of respondents agreed that a separate shop of organic products would be useful for increasing the level of trust; and only 2% of respondents trusted celebrity endorsements.

Factors that influence consumer willingness towards organic products. In the present study it includes the responses of the respondents in which factors influence the consumer willingness toward organic products such as healthiness, taste, freshness, chemical free, good for children, good nutrients, good for soil, environment etc. were include to gain the knowledge about the perception of respondents towards organic food products. The details of factors that influence respondents towards organic products are discussed below.

Table 6: Shown the factors that influence consumer willingness towards organic products

I buy organic because	Mean
It is healthier	4.56
It is tastier	3.91
It is natural	4.42
More fresh	4.22
Chemical free	4.13
It has rich nutrients	4.24
Ideal for children	4.30
Guaranteed due to the label	3.81
Expensive	3.58
Good for soil	4.17
Come with good packaging	3.68
Safe for environment	4.37

Table 6 findings showed high mean values for all the statements that depicted the opinions of respondents about buying organic food products. All the mean values showed that the majority of respondents buy organic food products because they are healthier, tastier, natural, fresh, and chemical-free, have rich nutrients, are ideal for children, are good for the soil, and are safe for the environment. Some of the respondents felt that organic food products were expensive, but they still bought them because of other benefits.

Table 7: Sample profile with respect to reason for not buying organic food products.

Reason for not buying organic food products	Frequency	Percentage
Non-Availability	23	23
Too expensive	18	18
I don't trust the product is chemical free	25	25
Less variety	18	18
Lack of information	16	16
Total	100	100

Table 7 explained the sample profile with respect to the reason for not buying organic food products. The study found that 25% of the total respondents do not trust the product to be chemical-free, followed by 23% of respondents who said the products were unavailable, 18% of respondents said that the products were too expensive, 18% said that there was less variety of

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organic food products, and 16% of respondents said that there is no proper dissemination of information regarding organic food products, due to which we are not buying them.

CONCLUSIONS

Organically farmed products are available on the Shimla market, where consumers are willing to pay more for them. Knowledge and awareness of organic products can impact consumer perspectives and perceptions, and ultimately, their purchase decisions. The attitudes and views of consumers toward organic products can impact their purchasing decisions. Compared to other food items, the majority of respondents were more eager to buy vegetable products, and because they were more interested in buying more organic products, they would keep buying organic products even if the price of the products increased. The study reveals that consumers are attracted to organic products due to their natural, healthy, safe, nutrient-rich, fresh, chemical-free, and trendy attributes.

Numerous studies comparing the pros and cons of organic and conventional food have been encouraged by the growing interest in organic food and concerns about human health, food safety, the environment, and other sensory characteristics including flavour, freshness, nutritional content, and appearance. The opinions of consumers regarding organic food are very personal. It's important to keep in mind that these impressions might or might not match their real purchase behaviour. Furthermore, as organic food uses less pesticides, high-quality organic food at a fair price may not only bring in more customers but also benefit the environment. Therefore, a coordinated effort by all parties, particularly the government, to highlight the benefits of eating organic food may aid in changing consumer behaviour.

FUTURE SCOPE

The study presents the consumer willingness towards organic food products. The study indicates that the majority of consumers associate organic consumption primarily with fruits and vegetables. The research result showed that consumers were hesitant to buy organic food due to concerns about chemical-freeness, higher prices, and product scarcity. To increase consumer willingness to buy organic products, it is suggested to provide adequate information about organic labeling, availability, and reasonable prices. The results of the study can also assist marketers and the government in promoting safe and healthful consumption practices among the populace.

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Conflicts of Interest. None.

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