

A Study on Consumer Perception towards Organic Food in Indian Market

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ABSTRACT

The popularity of organic food has been increasing over the years as people have become more concerned about the health, safety and quality of the food they and their family consumes. This study aims to investigate consumer perceptions towards organic food and why people purchase it. The research was conducted through a survey of a sample of consumers in various age groups and demographics. The results indicate that consumers perceive organic food to be healthier, safer, and more environmentally friendly than conventionally produced food. Consumers also believe that organic farming methods are more sustainable and ethical. Consumers prefer to purchase organic food from certified organic sources, and they trust government regulation to ensure the authenticity of organic food products. The study suggests that increasing awareness and education about organic food and its production can help bridge the knowledge gap and dispel misconceptions about organic food. Furthermore, improving the availability and affordability of organic food products can increase consumer access and help grow the market for organic food. The study highlights the importance of effective communication, education, and regulation in building trust and confidence in organic food products.

Keywords: Organic Food, Consumer Perception, Production, Health, Safety, Environment, Sustainability, Certification, Government Regulation.

INTRODUCTION

Organic agriculture is one such sustainable agricultural approach that is constantly being promoted and practiced extensively in today's era. Indian organic agriculture is at an early stage, the organic production area being less than 0.05% of total agricultural land. Organic food is grown without the use of synthetic pesticides, fertilizers, or genetically modified organisms, and it is often perceived as being healthier and more environmentally sustainable than conventionally grown food. The awareness of and consumption of organic food has been rising continuously in an ever-increasing organic market worldwide, is a proof of it. In these recent years, consumer perception towards organic food and its production has become an increasingly important topic. Consumers are becoming more interested in organic food and are willing to pay a premium price for it. Consumer perception of organic food production is also important. They are concerned about how organic food is produced, including the use of sustainable farming practices and the welfare of the animals used in organic food production. Overall, the consumer perception towards organic food and its production is positive, with many consumers perceiving organic food as a healthier and more sustainable option.

New organic stores open every month, and growing numbers of other shops and supermarkets have started to stock organic options. While nobody has officially measured the growth rate of organic food retailing, industry experts estimate it to be growing at 25-100%. Some retailers even claim growth figures of 100-300% over recent years. This perception is driving the growth of the organic food industry, and it is likely to continue to do so in the future.

Objective of Research Paper

The overall objective of this study is to examine the current state of consumers towards organic food and to provide an overview. It aims to shed more light on the challenges that stakeholders in organic value chains face, and point to successful solutions that they developed. This study on consumers' perception towards organic food in the Indian market especially, highlights factors that organic producers and marketers can benefit while doing strategic marketing planning.

Objectives of consumer perception towards organic food and its production:

- To study and understand the preference of the consumer towards food purchase.
- To study insights for the development of organic food marketing strategies.

By understanding consumer perception towards organic food, stakeholders in the food industry can make informed decisions about the organic food market in India.

LITERATURE AND REVIEW

The literature review emphasizes on very important variables to examine the attitude of consumers towards Organic food products like health concerns, environmental concerns, animal welfare, food safety, sensory variables, prestige, organic food knowledge, ethical concerns, price premium and socio-demographic factors. The Sustainable food system is one of the priorities of successive policy makers concerned with a sustainable world. In the past couple of decades, the popularity and demand for organic food products have increased considerably. Some of the attributes contributing to the popularity of organic food product markets are increasing awareness of consumers towards organic food, healthy life, environmental concerns, easy availability of organic food products through offline and online to urban and semi-urban consumers. Organic food habits sometimes lead to an alternative lifestyle, vegetarianism. The reasons which prevent a customer from buying organic food products are high price, availability issues, limited choices, lack of perceived value etc. Most of the time the consumers would not mind paying a premium price for buying organic food products keeping the health concerns of self and family members. The main reason behind the fast growth of the organic food market is the rising awareness and the increasing health concern among the consumers. The organic food market in the Indian markets is right now a very niche market which targets a particular and specific segment of the market although intensive adulteration of food is penetrating to all segments of the market and is also expected to grow at a faster pace and at a faster rate in near future.

1. Certification program for organic products in India:

- Genetically modified organisms (GMOs)
- Agricultural and Processed Food Products Export Development Authority (APEDA)
- National Program for Organic Production (NPOP)
- Participatory Guarantee System for India (PGS-India)

2. Classification of Organic food

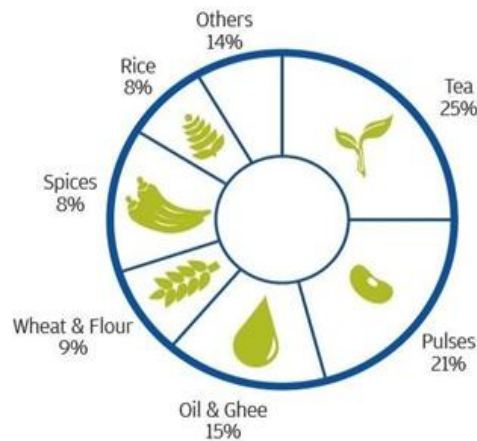


Figure 1: Classification of organic food products in India in following categories:

Growing Demand for Organic Food and production

The demand for organic food and production has been steadily increasing worldwide in recent years, as more consumers

become aware of the potential health and environmental benefits of organic farming and food production. Organic farming and production involve using natural methods to grow crops and raise livestock without the use of synthetic pesticides, fertilizers, or genetically modified organisms (GMOs). Organic food is believed to be healthier than conventionally produced food, as it is grown using natural methods that help to preserve the soil's natural nutrients and prevent the contamination of crops with harmful chemicals.

Organic farming and production also tend to be more environmentally sustainable, as they rely on natural processes to maintain soil fertility and crop health, rather than relying on synthetic inputs that can harm the environment.

As a result, there has been a significant increase in the production of organic food worldwide in recent years, with many farmers and producers recognizing the growing demand for organic products. In addition, many countries have established regulations and standards for organic farming and production, which have helped to increase the availability and quality of organic products. Consumers are also increasingly willing to pay a premium for organic food, as they believe it to be healthier and more environmentally sustainable. This has led to the growth of organic food markets, stores, and online platforms, as well as the development of new technologies and methods for organic farming and production. Overall, the growing demand for organic food and production reflects a larger trend towards healthier and more sustainable food choices, and is likely to continue in the future as consumers become increasingly aware of the potential benefits of organic farming and production methods.

Product wise split of the organic food market in India

Research studies have analyzed the product-wise split of the organic food market in India, providing valuable insights into the trends and growth potential of different segments of the market.

A study by Research and Markets (2020) analyzed the product-wise split of the organic food market in India by value. The study found that **organic fruits and vegetables** accounted for the largest share of the market, with a value of **INR 2,600 crore (USD 350 million) in 2020**. This was followed by **organic dairy and dairy products**, valued at **INR 1,600 crore (USD 215 million)**, and organic **processed food** products, valued at **INR 1,000 crore (USD 135 million)**. **Organic spices and condiments** were valued at **INR 800 crore (USD 110 million)**, organic **tea and coffee** at **INR 600 crore (USD 80 million)**, and organic **oilseeds, grains, and pulses** at **INR 500 crore (USD 68 million)**.

Swat Analysis

<u>STRENGTHS</u>	<u>WEAKNESSES</u>
Favorable climate and soil conditions.	Limited availability of organic food products in some regions of India.
Increasing government support and initiatives.	Higher prices of organic food products compared to conventional food products.
Growing awareness among consumers about the benefits.	Lack of awareness and knowledge among farmers.
Rising income levels of the Indian population, creating a market for premium organic food products.	Limited processing and storage facilities for organic food products, leading to quality and shelf-life issues.

Organic food popularity

Organic food is generally more popular among adults, particularly those aged 25-44. This age group tends to be more health-conscious and environmentally aware than younger or older age groups. They are also more likely to have higher incomes and be willing to pay the premium prices that are often associated with organic foods.

However, it's worth noting that the popularity of organic food is also growing among other age groups, including younger and older consumers. Many parents with young children, for example, are interested in organic foods because they believe they are healthier and safer for their kids. Older adults may also be interested in organic foods for their potential health benefits and because they may have more disposable income to spend on premium products. Overall, while organic food tends to be more **popular among adults aged 25-44**, its appeal is broadening as more people become aware of the potential benefits of organic farming and the potential risks associated with conventional agriculture.

Organic food is generally more popular among people who are health-conscious and environmentally aware. Consumers who prioritize healthy eating and believe that organic foods are healthier and more nutritious than conventionally grown foods. People who have concerns about the use of pesticides and other chemicals in agriculture and believe that organic farming methods are better for the environment and for their own health. Parents who are concerned about the health and

well-being of their children and believe that organic foods are safer and healthier for them. Individuals who have specific dietary requirements or restrictions, such as those who follow a vegetarian or vegan diet or those with allergies or intolerances, may also be more likely to choose organic foods. Finally, some consumers simply enjoy the taste and quality of organic foods and are willing to pay a premium for them. The popularity of organic food is growing as more people become aware of the potential benefits of organic farming and the potential risks associated with conventional agriculture. However, the level of popularity may vary between different regions and countries based on factors such as availability, affordability, and cultural norms.

Profiles of Key Players in the Organic Food Sector of India.

These companies are some of the key players in the Indian organic food sector, and they are known for their high-quality organic products and commitment to sustainability.

They are helping to drive the growth of the organic food industry in India and promote healthy and sustainable food practices.

Organic India: Organic India is a leading organic food and supplement company that produces a range of products including tea, supplements, and spices. They source their raw materials from certified organic farms in India and follow sustainable farming practices. The Indian Organic Food Market is projected to grow from \$177.14 million last year to \$553.87 million in 2026, at a CAGR of 21.00%.

Nature Bio Foods: Nature Bio Foods is a leading organic food company that produces a range of products including cereals, pulses, oils, and spices. They have a strong focus on sustainability and use advanced farming techniques to produce high-quality organic products. Nature Bio Foods had a revenue of \$48.3 million in FY 19-20 to the projected growth revenue of \$128.9 million in FY 25-26.

Sresta Natural Byproducts': Sresta Natural Byproducts' is the parent company of the popular organic food brand, 24 Mantra Organic. They produce a wide range of organic food products including grains, pulses, spices, and ready-to-eat meals.

Conscious Food: Conscious Food is a Mumbai-based organic food company that produces a range of products including grains, pulses, spices, and sweeteners. They work closely with small-scale farmers to promote sustainable agriculture and support local communities.

Down To Earth: Down To Earth is a leading organic food brand in India that produces a range of products including cereals, pulses, oils, and spices. They source their raw materials from certified organic farms across India and follow strict quality control processes to ensure the purity of their products.

Branding Strategies on Organic Food in India



CONCLUSION

The perception of consumers for organic food in India is rapidly evolving, with an increasing number of people opting for

organic products due to concerns over health and sustainability. The organic food market in India is expected to continue growing in the coming years, driven by rising incomes, awareness of the benefits of organic products, and government initiatives to support organic farming.

Overall, the future of the organic food market in India looks promising, and with the right policies and investments, it has the potential to become a significant contributor to the country's food and agricultural sector. In general, consumer perception towards organic food may vary based on various factors such as culture, education, income level, and availability. In many countries, including India, there is growing awareness of the potential benefits of organic food, such as being healthier, safer, and more environmentally friendly than conventionally grown food.

However, there may also be concerns about the higher cost of organic food, limited availability, and the potential for fraud in the organic food market. Further research on consumer perception towards organic food in the Indian market may be necessary to draw more specific conclusions.

Limitations

The perception of consumers for organic food in India has increased in recent years, but there are still some limitations that are hindering its growth.

Limited Availability: The availability of organic food is still limited in India, as most farmers are not practicing organic farming. This resulted in limited access to organic food for consumers.

Higher Prices: Organic food is generally more expensive than conventional food, which makes it less affordable for many consumers in India. The higher prices are due to the higher cost of production and certification.

Lack of Awareness: Many consumers in India are not aware of the benefits of organic food or the difference between organic and conventional food. This lack of awareness has resulted in low demand for organic food.

Lack of Trust: There is a lack of trust in the certification process for organic food in India. Consumers are unsure of the authenticity of the organic certification and the quality of the product.

Inconsistent Quality: Due to the lack of regulations in the organic food industry, the quality of organic food can vary widely. This inconsistency in quality has resulted in a lack of trust among consumers.

Lack of Infrastructure: There is a lack of infrastructure for the storage, transportation, and distribution of organic food in India. This has resulted in a limited shelf life for organic produce and higher costs for consumers.

Limited Organic Certification: The organic certification process is still not widely adopted in India and many states, and there are only a few accredited certification agencies. This has resulted in a lack of standardization and inconsistency in the quality of organic food.

Organic food certification bodies are:

1. Agricultural and Processed Food Products Export Development Authority (APEDA).
2. National Organic Certification Association of India (NOCA).
3. Indian Organic Certification Agency (INDOCERT).
4. Control Union Certifications (CUC).
5. SGS India Private Limited.

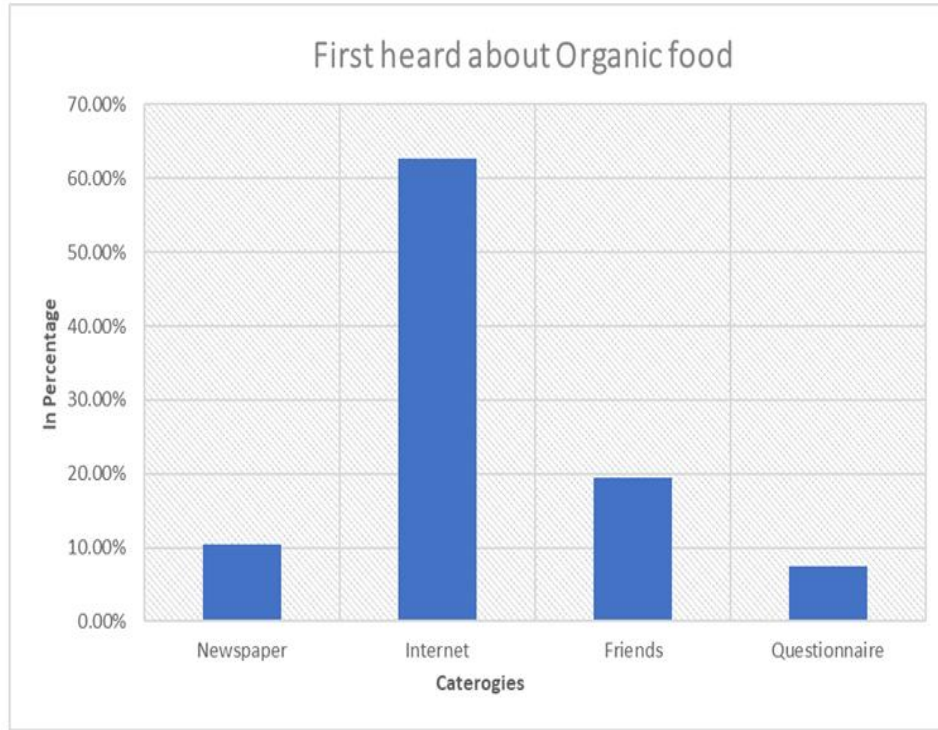
Regional Variations: There are significant regional variations in the availability and demand for organic food in India. While some regions have a higher demand for organic food, others have little to no interest in it. This creates a challenge for producers and distributors to match supply with demand across different regions.

Limited Processing and Packaging Facilities: There is a lack of processing and packaging facilities for organic food in India. This has resulted in limited value addition and higher costs for producers and consumers.

These limitations need to be addressed through various initiatives, such as increasing awareness, providing education and training, improving infrastructure, and strengthening the organic certification process to increase the availability and quality of organic food in India.

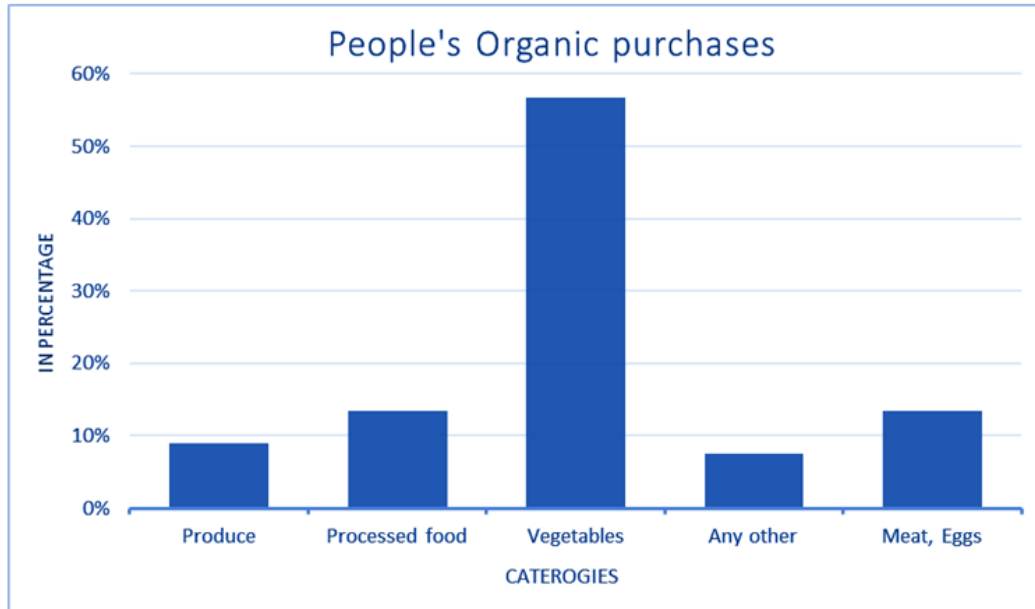
Data Analysis

Below is the graphical representation and interpretation of people from where they came to know and first heard about organic food in India. We came to know that from various options such as through newspapers, through friends, through questionnaires etc more than 60% of people came to know about organic food from the internet in India.



Below is the representation and interpretation of what people prefer or purchase from various organic products available in the market. In India, more than 55% people usually prefer organic vegetables over organic processed foods, meat and eggs or any other products.





Brand Conceptual Mapping on Consumers Perception towards Organic Food In Indian Market.

Below is the brand conceptual mapping and interpretation of how consumers perceive and relate to a brand. Below diagram involves a visual representation of brands core attributes and characteristics as well as values and emotions associated with it.

Future Scope

The organic food market in India is expected to grow from 2023 to 2028 with a CAGR of 23.8%. Increasing awareness of organic food among Indian consumers will be an important factor in the future. As the demand for organic products continues to increase, there are many opportunities for businesses, farmers and other stakeholders in the industry. As the income of the Indian population continues to increase, the market for premium food products is also growing. Due to the global demand for organic food, India is able to export organic food to other countries. The Indian government has taken many initiatives to promote organic agriculture and increase organic food production in the country. These projects include financial aid, financial aid and training for farmers.

First, more investment is needed in organic farming, including research and development, infrastructure development and agricultural education. This will help improve the quality and quantity of organic products on the market, making it easier and cheaper for consumers. This will help increase the demand for organic products and create a healthier and healthier lifestyle in India. Indian consumers see organic food as a promising future and there are many opportunities for industry stakeholders to work together to create healthy and good health for the country.

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