

# A study on perspective of stakeholders on Organic Food Products

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## Abstract

This study is being conducted to investigate and analyze the organic food products market. This study is significant because it aimed to take a stakeholders' perspective on organic food products to understand their knowledge level, the factors influencing purchase decisions, their satisfaction level with organic food products. Stakeholders for the study included consumers and dealers of organic food products. The study was carried out in the target segment in the National Capital Territory of Delhi. The capital has shown vivid food cultures and preferences having 61% sale of organic food products in Delhi NCR. The sampling method used was purposive to select stakeholders for the study. The study has revealed that major source of information regarding organic food products have been the internet / apps / websites and word of mouth. Moreover, the study highlights that almost all the consumers stressed the requirement for awareness generation and the need to promote organic food products and their certification marks. On the other hand, all the retailers were well aware of organic food products certification marks. The study concluded that there is an ever increasing demand for adequate promotion of organic food products and their certification of organic food products which may create an explosive demand of organic food products in the market.

## Keywords

Organic food products; Perspectives; Satisfaction; Stakeholders; Consumers; Dealers; Delhi; Health

## Introduction

The market for organic food worldwide has grown progressively. Moreover the demand for organic food products is continuously moving on the higher side ever since the outbreak of the COVID-19 and the lockdown imposed by the governments worldwide (Asia Pacific Food Industry, 2020). Nowadays, the public is increasing its focus on consuming organic food as it is considered healthy being free from harmful chemicals and pesticides.

The term organic has originated from the Greek word *bios* which means life or approach of living. The organic products are grown without using any chemicals, fertilizers or pesticides in an environment friendly and socially responsible manner (Agricultural & Processed Food Products Export Development Authority [APEDA]). Globally more than 187 countries produced certified organic food in 72.3 million hectares of land with 3.1 million organic producers in 2019. (The Research Institute of Organic Agriculture [FiBL], 2021 as cited in The World Organic, 2020). Globally, the top three countries that reported to have largest organic agricultural land were Australia with 35.69 million hectares, Argentina with 3.67 million hectares and then Spain with 2.35 million hectares. India is on the fifth position with

2.30 million hectares organic agricultural land (FiBL-AMP, 2021 as cited in The World Organic, 2021).

In 2019, India's organic market was up to USD 849.5 million. In the year 2019, India remained the country with the topmost number of organic producers (1,366,226), followed by Uganda (210,353) and Ethiopia (203,602) (FiBL, 2021 as cited in The World organic, 2021). Across Asia, India ranked first in terms of organic area (2,299,222 hectare) in the year 2019. Followed by China at 2nd rank (2,216,000 hectare) and Kazakhstan at 3rd rank with (294,289 hectare) of organic land in year 2019 (Expert Market Research, 2019). In January 2016, the Prime Minister of India declared the Sikkim state as India's first 100% percent organic state (Chopra, 2016).

## Review of Literature

In a study titled, "A Study on Impact and Awareness of Organic Food among Consumers", Ghorai *et al.* (2020) concluded that organic food has a direct linkage with disease prevention. Organic foods reduced the risk of many diseases. The study explained about the awareness of organic food products among consumers. The study signifies the increase in the knowledge of organic food products thereby increasing the health factor amongst the consumers. However, it must be noted that there are many duplicate, lesser standard products available in the market at low prices that tricked consumers to buy these duplicate products.

In a study titled, "Consumer's perception towards organic food products in rural area of Haryana", Kumar & Gulati (2017) found that rural people faced a lot of problems while purchasing organic food products because of lack of availability in the rural areas and very few buying options in their nearby places. They also stressed on lack of awareness noticed in the consumers mind. From this study it was concluded that consumers living in rural areas were also interested in organic food products but due to lack of knowledge and belonging to low income groups they were not able to purchase good quality organic food products.

In a study titled, "Factors affecting consumer preference towards the organic food purchases", Sivathanu (2015) cited that the factors influencing the preference of consumers were demographic profile of the consumers. For example, females preferred more organic food than males. High income group purchased more organic food than other income groups. Also age group of 29-39 years was more aware regarding organic food than other age groups. One of the reasons is that consumers perceive organic food products to be nutritious and safe, as well as environmentally sustainable and high in nutrients.

In a study titled, "A study on urban consumer perception towards organic food products", Shireesha & Rao (2018) highlighted the differences consumers felt in organic and usual food in terms of shelf life, freshness, taste and cooking time. Although consumers did not feel any difference in terms of appearance. The study also highlighted that purchase matters of consumers from urban areas was impacted by diet, health and flavor.

## Aims and Objectives

The study was carried out with the following objectives:

- To assess the knowledge level of stakeholders with respect to organic food products
- To study the factors influencing purchase decision of organic food products by stakeholders
- To study the satisfaction level of stakeholders with respect to organic food products

## Research Methodology

This research was exploratory study with aim to assess the organic food market in-depth from stakeholders' perspectives. The study was carried out in Delhi NCR. Stakeholders for the study included consumers and retailers of organic food products. The purposive sampling was used to select stakeholders for the study. The selected stakeholders were 100 consumers and 10 retailers of organic food products to get holistic information regarding the same. Hence, the total sample size for the study was 110. Questionnaires and secondary sources were used for data collection. Subsequently, the data were analyzed using the Pearson chi-square test.

## Results and Discussion

The findings of the study revealed that consumers' major source of information regarding organic food products were the internet / websites. Consumers said it is the easiest and accessible source of information. It was closely followed by word of mouth. Furthermore, availability in the nearby areas and the purchase frequency of organic food products were found in association using the Pearson chi-square statistical test. In addition, the study found that the majority of consumers around 67% were not aware of any certification marks for organic food products. And those who were aware of these certification marks namely, Jaivik Bharat, PGS-India organic, and India organic were only 33% of consumers. Moreover, the study highlights that almost all the consumers stressed the requirement for awareness generation and the need to promote organic food products and their certification marks. On the other hand, all the retailers were well aware of organic food products certification marks.

The satisfaction level of consumers concerning various parameters was studied on a five-point scale. It was seen that consumers were satisfied with the nutrient content and taste. While consumers were neutral with labeling and packaging; they shared dissatisfaction with the prices of organic food products. Moreover, the satisfaction level of retailers was also studied on a five-point scale on selected parameters. It was found that retailers were either satisfied or very satisfied with the certification process and distribution channels and neutral with the procurement process of the organic food products.

As per the stakeholders, the most preferred organic food product's categories were fruits, vegetables, cereals, pulses and millets. In addition, the major driving factors that influenced consumers' purchase decision regarding organic food products mentioned by both stakeholders were healthy, safe products and good nutrient value. Both stakeholders

opined the same that consumers were getting more conscious of a healthy lifestyle and wanted to adopt sustainable options as the reason for preferring organic food products.

When asked about the factors (barriers) that resist consumers to buy organic food products both the stakeholders felt that the most important barriers were high prices and inadequate promotions. According to the retailers, organic food products are usually considered as a product for a premium class, as a result, everyone in the supply chain asks for a higher margin which ultimately increases the cost of the product. And they also said that the consumers did not have enough information and awareness therefore they avoid buying organic food products in large quantities. On the other hand, consumers said that organic food products were viewed as premium products so their prices were hyped unnecessarily and were very less advertised or promoted in masses that is why many shopkeepers didn't even know about organic food products. Majorly the reason behind less consumption of organic products may be due to lack of awareness, high cost and lack of availability of organic food products.

## Suggestions

Further, the stakeholders' suggestions are a helpful way to understand needs, demands and market conditions regarding organic food products. Various suggestions made by stakeholders were gathered for better uptake of organic food products in the market. The majority of suggestions were regarding the promotion of organic food products. The respondents suggested that it would be beneficial to conduct programs and offer incentives. Further they suggested that rendering training to farmers and demand for setting more numbers of organic farms would improve the current situations. Moreover, the stakeholders suggested increasing awareness level regarding benefits and certification marks of organic food products. They highlighted the ways to promote organic food products through social media platforms and by promoting organic food in large gatherings like college events and food exhibitions.

## Conclusion

The study concluded that there is a extreme need for adequate promotion of organic food products and their certification of organic food products which may create demand in the market. The study has also brought forth suggestions given by selected stakeholders for better uptake of organic food products in the country. The findings and suggestions given in the study will go a long way in improving the knowledge about the positive aspects of organic foods and their certification marks. The study can also be used by policymakers, detailers of organic food products for analyzing and improving the supply and demand chain of organic food products in the country and will strengthen the sustainable approach among all.

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