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International Trends and Buying Behaviour of Organic Food Products



Management

KEYWORDS : Buying Behaviour, Organic food, Agriculture, Demand, Supply

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ABSTRACT

This study aim to attempt the gain insight to international trends about the organic food products purchases. Nowadays there is an increasing of awareness about the organic food products because people facing the health illness by using non organic food products. Consumers are strongly perceived organic food products are healthier than other alternatives. This study tries to walk around the factors that inspire to buy organic food products. As a result there is an upward journey in the growth of organic farming activities and it becomes a budding marketing trend. In current world consumers are well known to choose the food products of their choice at the same time take more care about health and nutritional. So there is a demand for the organic food product in the market. Marketers also increasing the supply and availability of organic food products matching to the demand.

Introduction:

Food that is farmed without the use of pesticides, chemical fertilizers antibiotics or genetically altered organisms is called organic food. Organic food products are first appeared in European countries in the year 1920. But at the same time the financial crisis is a barrier to enter in the market. After 1980's organic farming activities are started to gain acceptance and international standards were framed. Consumer demand for organic products increased and as a result numbers of farmers increased in Europe and United states (Lampkin and padel1994)

Worldwide food trends are changing towards a distinctive health orientation. The world market for organic products is valued at \$ 23 billion in the year 2002(Willer and yussefi, 2004). According to Indian competence centre for organic agriculture, the international market for organically farming products is predicted to increase to \$102 billion by 2020 (Business standards, 2005).There is rapid growth for organically produced products in developed countries like USA, Australia, Japan, Europe.

A C Nielson's study indicates that Indians are amongst the top 10 buyers of health supplements foods globally but lack access to organic food products. The study indicates that Indians are enthusiastic to purchase organic food for their children but it suffers from lack of availability and high price. Organic food market in India is still at a budding stage. Due to high cost of logistic and low volume operation, organic foods are still costly. However, it has started attracting the health mindful people in large numbers and as a result; some retailers are keeping organic food for their loyal customers.

Over the past few decades organic food sales have increased in most European countries at the same time there are major differences between countries in the overall sales of organic foods. Number of surveys are taken with users s has been studied in a across a range of countries (e.g. Beharrel & Macfie, 1991; Von Alfensleben & Altman, 1987). Some of these studies suggest that the organic food users are a special segment of people with environmentally friendly, health, food safety, and environmentally friendliness, taste, nutritious are usually mentioned as the most important motives for organic purchases and consumers strongly associate organic foods with 'naturalness', 'cleanliness', and the absence of chemical fertilizers and pesticides (Scifferstein & Oude ophuis, 1998; Grunert & Juhl, 1995).

All countries with relatively large consumption of organic foods possess high levels of income earned by individuals. Consumer demand for organic products has relied entirely on the buying behavior and attitudes of the consumers.

Sales of organic foods at retail have grown at rates from 25 to 35% in many countries throughout Europe, Asia, and the Americas during the year 2000. Yet market shares of organic foods remain quite small, less than 3% of retail value in all countries throughout the world. As mainstream retail outlets have begun to carry and promote organic foods, lack of availability of organic foods has become less of an impediment to consumer demand (Gary Thompson, 2000).

In present most of the consumer perceived organic food product is healthier because they know about what is happening to the surrounding of the environment and the ecology problem. Consumer perceive organic product as the healthier than the conventional product and also they have positive attitudes on organic product so they are ready to pay higher price for the organic product to reduce the food safety risk. But in some year back organic product market seen as small niche market with majority of sales through health food and whole food shops. In many countries organic products become the main stream and sales through the super market has been increased. With this changes consumer interest has also changed in organic product.

In organic product, monitoring starts from preparing the field to plant the crop, to cultivation, harvesting, cleansing, processing and packaging. The chemical fertilizer is strictly disallowed for the cultivation of organic product. Consumers who are aware of organic product would accept that it is right time to eat it. The Consumption of organic product is rapidly increased by Class A stage.

Benefits of organic food:

Organic product are free from additives, so most of Consumer prefer organic food as it tastes better, feels better and it is healthy, giving it keen taste, flavor and nutrition. Additives mixed food cause health problems such as heart disease, osteoporosis, migraines' and hyperactivity. Organic food contains more natural compounds, which protect our heart from cardiovascular diseases and reduce the risk of cancer. It also protects health of future generations. Organic foods contain 10-50% higher amount of phytonutrients and found to have more antioxidants as compared to the grown by the conventional. Framers can also get benefits from the certification agencies and training institution. Observe to the food product standards by the framers and processors. It also creates healthy rural community that helps the farmer union to escape easily form using the pesticides and fertilizer to yield large amount of crop. It also helps in long-term sustainability for home grown inputs, and continuous soil enrichment, the farmers cost of cultivation will go down over years and get them out of the vicious loan cycles.

Objective of studies:

The main objective is to understand about the organic product:

- To study about the reason for buying the organic food product
- To identify the factor that force consumer to buy a organic food product

Research Methodology:

This study tells about the International trends and buying behavior of organic food product Basically, this is a secondary research paper where the views have been supported by prosperous literature review by legitimate research papers, articles and journal. The study provides an opportunity for me to work on consumer's different perceptions about organic food, which is an active topic in Organic food industry.

Review of Literature:

The growth of organic agriculture is important of the emerging market. Consumers are willing to know about the benefits of organic product and reason for buy them is food safety, human health and environmental impact. Though the organic product is high price compare to the conventional product the consumer can not stop to buy organic food product.

The market identifies the consumer's lifestyle not only through the consumer socio economic characteristics but also by consumption level and the attitudes towards organic food products and environmental issues. It is easy to identify that the consumer are willing to pay more amount for fresh vegetables, fruits and meat but important is to increase consumer's knowledge about organic product and how it very from other product in the market place.

Consumer perceive organic product as healthier one than the conventional product and also they have positive attitude towards it. The production of organic product is increased in past decade but demand is still low that is 0.5% of food expenditure is allocated to the organic product.

The main drawback faced by the organic product selling it in retail food market. Although consumers search for more diverse, higher quality, and healthier food products. Organic products face problems related to consumer product acceptability, new product, high price, and deficiency in distribution channels. The drawback in the product side are high costs, labour costs, and the difficulty of shifting from conventional to organic farming and also food availability and seasonality influence marketing activities. The most important supermarket chains have introduced a organic Products. Organic products are put on the hold and 95% of supermarkets (like Reliance, Spencer's, More, Nilgiris etc) have their own private label for organic products. Some product like meat, vegetables, fruits and eggs will have a remarkable impact on the organic consumption.

The awareness of organic product on consumer side is high but the level of product information and product knowledge is still low among the organic consumer that is about product's characteristics, certification bodies, labels etc. The recent surveys gives that consumers need more information about the product and they want freedom for choosing the product and knowledge is an instrument, but they are also interested in more "natural" products. The organic consumer need aware of organic production and processing is how different from the conventional product and also to know how it distinguished. Certification and labeling is the starting point for the organic product and food safety is desirable target. Low price and better distribution would increase the demand of organic product. Organic consumer needs good tasting product as well as easy to use but they are not perishable. In the production development, organic farmers

and processor can achieve target by better packing and quality standard appearance.

Organic food consumer are classified into four groups (Anne Davis, Albert J.Titterington and Clive Cochrane, 1995) They are: Greens- people who are concerned with the environment, food phobic- those who worried about chemical residues in food, Humanists-people who are pre occupied with factory farming methods and Hedonists-people who believe that the premium products must be better and importantly tastes better

Consumer mainly give priority to the health, to be part of social group, to differentiate from others, to satisfied with the product and to try out new technology but not buy sustainable as consequence of environmental concern or to for the benefit of community or not for the personal benefit. The personal factor is identified with the behavior that is based on the individual positive and negative evaluation of performing the behavior where as social determination depends on personal perspective of social pressure on performing the task under consideration. People generally have a mind to perform activities when it evaluate positively and should know about other important think they would perform it.

The technology used for the production of organic product has increased that result in the increase in production processes by the producer which may cause larger quantities and higher quantities of organic food in low cost. By rapid increase in technology development can decrease the price of organic food ,that result in increase in demand and sales. The cost saving technology would have changes in processing, technology, transportation, packing and advertising or the documentation of organic product will result in low retail price that makes consumer to purchase large quantities of product.

In local for market, they market it as organic or as "fresh, natural". For small-scale horticulture and processed food producer, it is very important that the local market is existence to be secure.

Good market opportunities can have the chance for the catering outlet and on conversion products were poorly used in both large and small organic farms that tell in survey.

The share of organic product are controlled by the corporate, the organic market are continuous to put downwards pressure on the organic premiums. In future, the farmer's are depend on lie in lower organic premiums. The development of environmental market depends quality assurance standards that is under the development and also development local market depends on the continued trend towards "new economic" incorporating social as well as environmental aspects that support for food consumption.

The following factors are important for consumer when purchasing the fresh product: Price, Size and Packing, whether it is on sale and whether it organic product or not.

On the study they founded the differences in motivation of buying the organic and local foods that concern the personal health, environment and the local economy. Organic food shopper has find the information about the food, which helps to strengthen their value briefly and facilitates habits. Both the organic and convention shopper view background as strongly on shopping behaviour. But behaviour is not linked with the to ability to pay, price serves as barrier reflecting attitudes or habits. In other words, attitudes can override context when attitudes are strong, even when context is not neutral.

Conclusion and Recommendation:

The demand of organic product is increases rapidly and it be-

comes a large share for food product in the supermarket. This reason for producing the organic product by the food retailers as private with their own brand. Consumer is clear on the product that is why they want and how to choose the product. Although the price of organic product is higher, the larger number of consumer prefers the organic food as it was healthier and good to environment when compare to conventional food.

Future the growth of organic food depend on how much price premium is for organic food can reduced. The main drawback for organic food product is constant availability on wide area in convenient area and consumer familiar with those products. The constant qualities of organic product are available in main-stream of super market and also through food service channel but only drawback on organic product is high price. With the low price, the existing consumer will buy the product frequently and also attract the new consumer who already found the organic product is too expensive.

Many farmers found that the production of organic product is profitable then the conventional product. Transportation cost is high but it eliminates the cost on chemicals and synthetic fertilizer, together with crop rotation can contribute to the net profits.

With the increase demand and price premium the organic food producers produce fraud and mislabeling product. Thus, consumer became more educated about the organic food process and should learn identify the certified labeling.

Innovative people give more importance to health, nutrition, taste and to look the unwell people to motivation them then non-innovative people. The consumer convinced on the utility on organic food, reputation and certification are more or less at same level between regular and occasional buyers and also between innovative and non-innovative buyer. These indicate that requirements are universal in nature.

Organic food consumers observe that by consuming the organic food will reduce health risk and has less impact on the environment when compare to conventional product. Conventional food consumers agree organic food as safe but they are not willing to pay high amount for reducing risk.

Thus the organic food is good for consumer, farmer and environment. Only drawback is high price which is not able to pay by organic consumer. Thus the farmer should educated about the various advantage of the organic food process and improve the production in order to increase the supply, that result in reduction of price.

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