

# Factors Affecting Consumer Purchase Intentions of Organic Products in Lalitpur District

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## Abstract

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*This study aims to identify consumer buying behaviour towards organic foods in the Lalitpur district. The specific objectives of this study are to study the awareness of consumer buying behaviour toward organic foods and to identify the factors that affect consumer buying behaviour toward organic foods Nepalese market. The study used descriptive and inferential analysis based on primary data. The survey method is used as a closed-end questionnaire research method. Each variable is measured using 5-point Likert scales. Both descriptive and inferential analyzes were used as statistical tools for the analysis. In this study, 200 sample sizes have been used to analyze consumer buying behaviour toward organic foods in Sunakothi, Thecho, and Chapagau of Lalitpur district. The results indicate that consumers have a positive awareness of organic foods. Thus, it concluded that respondents' awareness level was good while buying organic foods. Based on the result, health-conscious, environment conscious, price, and taste awareness affect consumer buying behaviour towards organic foods. Consumer awareness level is quite well about organic foods. The majority of respondents were conscious of their health while buying organic foods. Most consumers feel that organic foods' prices are higher than conventional foods. This study concluded that the Nepalese market was aware of organic foods. The awareness level of consumers was quite good.*

**Keywords:** Purchase intentions, Organic products, Health, Environment, Price, Tastes, Awareness

## 1. Introduction

In today's context, customers are becoming sensitive to consuming organic foods. So, this paper is concerned with the behaviour of consumers toward organic food. Organic foods have a small market in Nepal. But the global market, organic foods have increased their demand. These foods may satisfy as well as dissatisfy consumers. Many researchers explain that price is a factor that influences the consumer's purchasing power. Besides, consumers think organic foods are not readily available in the market. In Nepal, few retail

stores are only functional. Consumers have their views about organic foods. Organic foods have a small need in the context of Nepal. But organic food markets get increasing day by day in the global market. These organic foods may or may not satisfy the consumer. In Nepal, organic food outlets are very few. Thus, consumers thought organic foods and high prices were not readily available in the market.

In Nepal, there are few outlets of organic foods Nepali organic stores, Subechhya Basnet, Gaungharstore, Asha Puri, and Abhaya store. Organic farm and Organic Market are a few

organic food stores in Nepal. Nepal is the least developing country. Agriculture is a significant economic activity employing about 65% of the population and providing 31.7% of GDP. GDP is heavily dependent on remittance (9.1%) of foreign workers. The cost-of-living index in Nepal is comparatively lower than in many countries. Rana and Paul (2017) explained that organic food trends started in developed countries like Europe and North America. But these trends were promoted to developing countries like India, Nepal, Thailand, Malaysia, and Vietnam.

Sangkumchalianga and Huang (2012) explained that consumer attitude towards organic foods consumption and identify factors that affected on demand and consumption of organic foods. Fruits and vegetables are most preferable for buying organic foods. Price is the main influence factors that affected on purchasing behavior of organic foods. In this context, this paper tries to answer the following research questions which are as follow:

- a. Are consumers aware of organic foods?
- b. What are the factors affecting consumer buying behavior toward organic foods?

The main objective of the study is to analyze the factors that affect consumer buying behavior toward the organic foods in Lalitpur district.

## **2. Literature Review and Hypothesis**

Sarumathi (2015) revealed that health is a significant factor influencing consumers while purchasing organic foods. Besides that, consumers feel that organic foods taste more than conventional foods and are more environmentally friendly (Shafie and Rennie, 2009). Wekeza, Sipeheleel and Melusi (2019) explained that consumers have positive attitudes toward organic foods regarding health. Consumers are more conscious of

organic foods and want chemical-free goods. It is expressed that organic foods are healthier, taste, and eco-friendly. Generally, the public does not purchase organic foods due to high prices and limited stores. Consumers expressed that organic food stores are not readily available (Yin, Wu, Du, & Chen, 2010). Now a day, green products, Green marketing, Green attitudes, and public awareness toward organic foods are popular (Lin and Huang, 2012)

The sustainable development concept was initiated in society. As a result, it reduces the negative impact on society and the environment. Sustainable development encourages eco-friendly goods and proper utilization of natural resources without comprising future generations. Sustainable development promotes eco-innovation and green consumption (Nasir &Karakaya, 2013). Consumers have started to accept green products like organic foods in terms of health as well as environmental issues. Consumers have a positive attitude toward ecological protection (Bhatta, Doppler & K.C, 2008; Shrestha, 2016). Even though only 1% to 3% of the entire market covers the total market share of green products like organic foods (Nasir &Karakaya, 2013). Sharma and Singhvi (2018) reported that health, environment, safety, and taste were the most common factors influencing organic foods. Jose and Kuriakose (2016) revealed that consumer attitudes towards organic foods must understand consumer knowledge, environmental concern, personal norm, the subjective norm. Consumer purchase intention must understand to expand the market of organic foods.

Nevertheless, this study focuses that if consumers have a positive attitude toward organic foods. Then they are willing to purchase organic foods. Wekeza and Melusi (2019) also revealed that organically grown products had grown daily because of the awareness

of consumers in terms of environment protection, food safety, and health issues. Based on these discussions, the primary purpose of this study is to identify the factors that impact consumer purchase intentions of organic products. Mainly, health-conscious, environment conscious, price, tastes, and consumer awareness are key factors affecting consumer purchase intentions of organic foods.

### 3. Methodology

This study has applied the causal-comparative research design to analyze factors affecting to the Consumer Purchase Intentions of Organic Products in Lalitpur District. The study used descriptive and inferential statistics based on primary data. The data was collected by using closed-end questionnaire research method. Each variable is measured using 5-points Likert scales such as 5 = strongly agreed, 4 =

not agreed, 3 = neither agreed nor disagreed, 2 = not agreed, 1 = strongly disagreed. In this study 200 sample sizes have been used to analyze consumer buying behavior towards organic foods in Sunakothe, Thecho, Chapagau of Lalitpur district.

## 4. Analysis and Results

### 4.1 Demographic Information

The demographic information of respondents is presented below.

### 4.2 Reliability Test

A reliability test is an important tool in this study. The measure of questionnaire consistency is crucial. Following to Spiliotopoulou, (2009), Cronbach's alpha value more than 0.70, and closer to 1 is deemed to be reliability lower than 0.70.

**Table 1:** Demographic Information

Demographic Variables	Frequency	Percent	Demographic Variables	Frequency	Percent
<b>Age</b>			<b>Monthly Income</b>		
21 to 30 years	76	38	Up to 10000	33	16.5
31 to 40 years	36	18	Rs 10001 to 20000	43	21.5
41 to 50 years	53	26.5	Rs 20001 to 30000	52	26
51 to 60 years	26	13	Rs 30001 to 40001	49	24.5
61 & above	9	4.5	Rs 40001 to 50000	20	10
			Rs 50001 to 60000	3	1.5
<b>Occupation</b>			<b>Education Level</b>		
Administration	24	12	Undergraduate	14	7
Banking	30	15	Bachelor	74	37
Farmer	21	10	Master	106	53
Self employed	54	27	MPhil	4	2
Students	34	17	PhD	2	1
Others	37	18.5			
<b>Gender</b>			<b>Marital Status</b>		
Male	105	52.5	Unmarried	92	46
Female	95	47.5	Married	107	53
			Windowed	1	0.5

**Table 2:** Reliability Test Result for Study Variable

<b>Variables</b>	<b>Cronbach's Alpha</b>	<b>No of items</b>
Health	0.651	6
Price	0.615	5
Environment	0.687	6
Taste	0.729	6
Awareness	0.718	6
Consumer Buying Behavior	0.610	6

Source: Field Survey (2020)

Since, all the values of items are above the 0.6 that mean health (0.651), price (0.615) environment (0.687), taste (0.729), awareness (0.718), and consumer buying behavior (0.610), satisfies the reliability attributes.

### 4.3 Descriptive Statistic Analysis

Descriptive statistics are a series of descriptive coefficients that describe a data set, which is the reflection of the entire population of the study or a subset of this group such as measure central tendency and measures of variability (spread), such as minimum value, maximum value, average value, median value, and standard deviation. Central tendency tells where the center does or mean value lies in the distribution of data. Similarly, measure of dispersion depicts the data variability or variation from the mean value i.e. homogeneous or heterogeneous. The results are presented below:

As the results presented in Table (3), the highest mean value is 4.0571 and the lowest mean value is 3.4828 of health and price respectively. Thus, this table expressed that respondent are highly agreed with health while buying organic foods, and respondents are less agreed with price while buying organic foods. It is cleared that respondents show maximum health consciousness while buying organic food rather than price. Besides that, mean values of awareness, environment, and the taste are 3.8925, 3.8525, 3.5687 respectively. Regarding standard deviation, the taste variable is a high standard deviation (0.53132) and the health variable is less standard deviation value (0.39341).

### 4.4 Multiple Regression Analysis

Multiple regression analysis results on consumer buying behavior towards organic foods are presented below:

**Table 3:** Descriptive Statistic Results

<b>Variables</b>	<b>Mean</b>	<b>Std. Deviation</b>
Health	4.0571	0.39341
Price	3.4828	0.4662
Environment	3.8525	0.44338
Taste	3.5687	0.53132
Awareness	3.8925	0.47667
Consumer Behavior	3.8995	0.3588

Source: Author's Calculation.

**Table 4:** Regression Analysis Results

Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	T	Sig.
(Constant)	1.487	0.239		6.233	0
Health	0.011	0.069	0.012	0.156	0.876
Price	0.038	0.048	0.05	0.789	0.431
Environment	0.152	0.062	0.188	2.459	0.015
Taste	0.283	0.043	0.418	6.666	0
Awareness	0.163	0.058	0.218	2.793	0.006

Note:

$R^2 = 0.405$ ;  $F = 26.095$ ;  $p = 0.000$

Predictors: (constant) Health, Price, Environment, Taste, Awareness

Dependent variable: Consumer Buying Behavior

Source: Author Calculation.

The results indicate that the value of  $R^2$  is 0.405 which means that 40.5% of total variation has been explained. This  $R^2$  is an overall measure of the strong association. It is called the coefficient of determination. In this study, still, 59.5% was unexplained by independent variables. However, there is a positive linear relation between two variables. In this study, 40.5% can be explained. The results also explain that the regression coefficient is significant and meaningful interpretable ( $p=0.00<0.05$ ). If significance value  $>0.05$  which independent variables highly significant. The values of constant ( $\beta_0$ ) are 1.487 and  $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$  are 0.11, 0.038, 0.152, 0.283, 0.163 respectively. Thus, there is a significant positive relationship between health and consumer buying behavior.

## 5. Discussion

In general, consumers have a positive awareness of organic foods. Thus, it concluded that respondents' awareness level was good while buying organic foods. Based on the result, health-conscious, environment conscious, price, taste awareness are factors affecting consumer buying behavior towards organic foods. Consumer awareness level is quite

well about organic foods. The majority of respondents were conscious of their health while buying organic foods. The majority of consumers feel that the prices of organic foods were high than conventional foods. This study concluded that the Nepalese market was aware of organic foods. The awareness level of consumers was quite goods. The demand for organic foods might be increasing in the future.

## 6. Implication

This research will help in the awareness of consumers regarding organic foods. Thus, the organic foods market can be expanded to fulfill the demand of the consumer. This study has certainly contributed to the research area of organic foods in Nepal. Thus, the result of this study can be considered as advice for a marketer regarding consumer buying behavior towards organic foods. Based on this study, a marketer can develop advertising strategies in the future in the Nepalese market. Overall health aspect can be used more in organic foods advertising instead of the environment. Still, Nepalese consumers are unaware of the environmental aspect of organic foods. Furthermore, the information should be widespread in public in various ways. This

study result expressed that young people are maximum aware of organic foods. These organic foods are goods for health which help in reducing non-communicable diseases. This study helps in determining other factors that influencing consumer buying behavior.

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