

Consumer Purchase Intention towards Organic Food Products in Nepal

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Abstract

The main objective of the study is to analyze the factors affecting purchase intention towards organic food products in Nepal, beside, this study analyze the extent to which health consciousness, organic food knowledge, product availability, and price impact the purchase intention of organic foods. Due to the specific nature of research objectives, descriptive-cum- explanatory research design has been used. The target populations of this study constitute people who live in Nepal out of which 384 people have been selected as sample using convenience sampling technique out of which 384 people (200 female and 184 male) have been selected as sample using convenience sampling technique. Both the primary and secondary data has been used in this study. "Five-point Likert scale" has been used for analysis of data. The findings of the study clearly indicate there is significant relationship between Purchase Intension with Health Conscious, Organic Food Knowledge, Product Availability and Price.

Keywords: Purchase Intension with Health Conscious, Organic Food Knowledge, Product Availability and Price

Paper Type: Research paper.

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Background

Food consumption habits are changing quickly in the modern period because of a number of issues, including health concerns, nutritional awareness, and environmental concerns (Azzurra & Paola, 2009). Because organic food is free of pesticides and chemical residues, consumers are drawn to it because of its high quality and safety (Azzurra & Paola, 2009). In the last ten years, the agro-food sector has become a major force behind the global trend towards healthier food products and consumer health consciousness (Azzurra & Paola, 2009). In reaction, the food business has launched a multitude of new goods with health-related features, such as organics and functional foods, which customers choose for their ability to improve health (Azzurra & Paola, 2009).

One of the food industry's most prominent expansions, the worldwide organic food sector has experienced significant development (Raynolds, 2004). Global sales of organic products increased from USD 25 billion in 2003 to USD 50.9 billion in 2008, according to estimates from Organic Monitor, with North America and Europe leading the way (Raynolds, 2004). Sales of organic food are increasing by about 20% a year, especially in Europe (Raynolds, 2004). According to recent studies, if government support and greater awareness are given to organic farming that is appropriate to a certain region, India's organic food market might grow by more than 25% yearly and reach \$1.36 billion by 2020 (Garibay & Jyoti, 2003).

The widespread use of artificial fertilisers and pesticides in industrial agriculture gave rise to the organic movement in the early 1900s (IFOAM). In order to promote organic farming methods, a number of organisations, including Demeter International, the Soil Association, and Rodale Press, were formed. This finally led to the creation of the

International Federation of Organic Agriculture Movements (IFOAM) in 1972.

Growing public knowledge of health, food safety, and environmental issues is the reason behind the rising demand for eco-friendly products such as organic foods (Lockie et al., 2004). The expansion of the organic food market is fuelled by consumer attitudes and behaviours that are shaped by awareness and knowledge (Lockie et al., 2004). Several research studies on consumer awareness, attitudes, and behaviours about organic food have shown that consumers in developed and developing countries have reacted favourably to it (Squires et al., 2001).

The organic food market is still in its infancy in underdeveloped nations like Nepal, where knowledge levels are still comparatively low (Aryal et al., 2009). Despite favourable consumer perceptions of organic products, supply and demand constraints continue to limit the market's size (Aryal et al., 2009). But lately, there has been a marked increase in the demand for organic goods, especially in cities like Pokhara, Chitwan, and the Kathmandu Valley, where people are prepared to pay higher costs (Aryal et al., 2009). To further understand customer attitudes and their willingness to pay more for organic products, more study is required (Aryal et al., 2009).

Advantages of Organic Food

- Organic food is pure food.
- Organic food is good for health.
- Organic food is better for the environment.
- Organic food supports to the economy

Objectives of the Study

The main objective of the study is to analyze the factors affecting purchase intention towards organic food products in Nepal.

- a. To examine the perception of people towards organic food.
- b. To examine the relationship between health consciousness and purchase intention of organic foods.
- c. To assess the relationship between the knowledge about organic foods and purchase intention of organic foods.
- d. To analyze the relationship between the product availability and purchase intention of organic foods.
- e. To assess the relationship between the price and purchase intention of organic foods.

Hypotheses of the Study

H01: There is no significant relationship between health consciousness and purchase intention towards organic foods.

H02: There is no significant relationship between organic food knowledge and purchase intention towards organic foods.

H03: There is no significant relationship between product availability and purchase intention towards organic foods

H04: There is no significant relationship between price and purchase intention towards organic foods.

Significance of the Study

Everyone who is interested in learning more about the potential of the organic industry, particularly the market geared towards organic consumers, would find this study to be important and helpful. In a similar vein, this study raises public awareness of the importance of consuming organic foods. Additionally, people should be aware of the many advantages that organic products provide, particularly for the environment and their health.

Limitations of the Study

The following are the limitations of the study:

- a. The study has been focused on four variables only i.e. health consciousness, knowledge, product and price
- b. The study was carried out with sample of only 384 people of Nepal.

c. The sample has been chosen with convenience and judgment sampling techniques.

Conceptual Framework

Based on the objectives and hypothesis the following conceptual framework was developed:

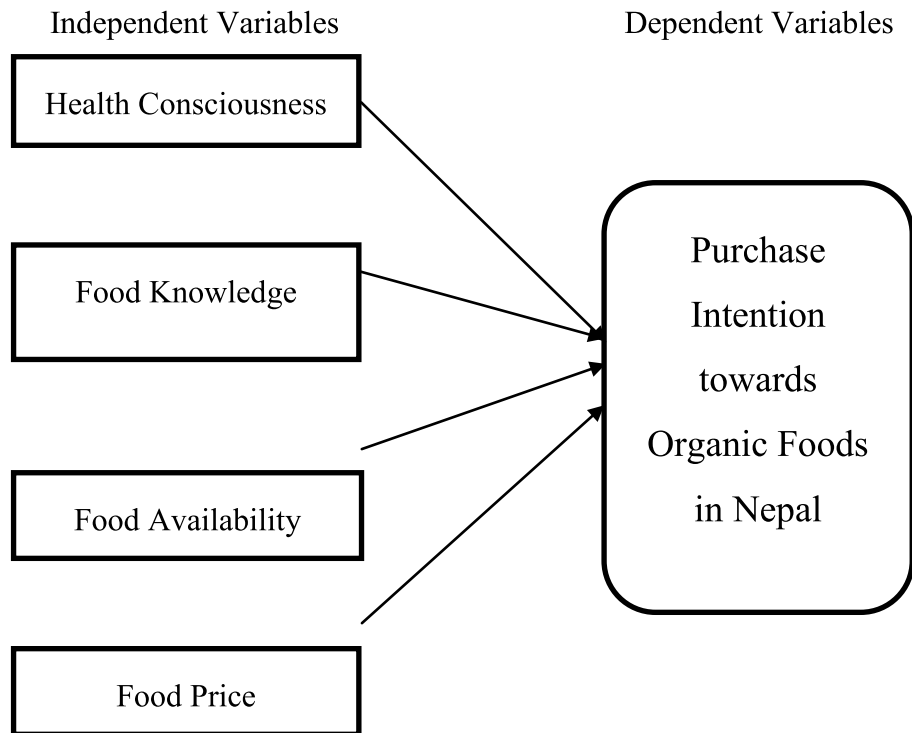


Figure1 Conceptual Framework

Methodology Used

The goal of the research is to investigate the variables influencing Nepalese consumers' intentions to purchase organic foods. This study examines the variables influencing consumers' intentions to buy organic products; it uses both descriptive and explanatory research designs to understand the circumstances and the relationship between them, respectively.

The study's target groups are those who call Nepal home. The primary goal of the study is to identify the variables influencing consumers' intentions to purchase organic goods. There were 384 participants in the study's total sample. In this study, judgement sampling and convenience sampling were employed.

This study has employed primary data, with questionnaires serving as the main means of data collection. In a similar vein, the researcher has also drawn information from a number of secondary sources, including past thesis studies, websites, business journals, marketing textbooks, customer satisfaction surveys, and publications on consumer decision-making and behaviour.

Data ranging from 1 (strongly disagree), 2 (disagree), 3 (neutral), 4 (agree), and 5 (strongly agree) were analysed using the "five-point Likert scale."

Using the statistical program for social science (SPSS), the acquired data was statistically analysed in order to meet the research objectives. Both descriptive and inferential statistics were employed.

The reliability of the gathered data has been assessed using the Cronbach's Alfa test. The dependent variable's Cronbach's Alfa value was 0.79, while the values of all other independent variables were 0.81.

Analysis and Findings

Respondents' Profile

The respondents of this survey include consumers of organic foods in in Nepal. This survey had intended to target

around 384.

Gender Respondents

Table 1

Gender Respondents

| Gender | Frequency | % |
|--------|-----------|-----|
| Male | 184 | 48 |
| Female | 200 | 52 |
| Total | 384 | 100 |

Of the 384 participants in the study, 200 were female and 184 were male. Thus, 48% of respondents were men and 52% of respondents were women in this study.

Age group of the Respondents

Table 2

Age group of the Respondents

| Age | Frequency | % |
|----------|-----------|-------|
| Below 20 | 20 | 5.2 |
| 20 – 35 | 100 | 26 |
| 35 – 50 | 150 | 39 |
| Above 50 | 114 | 29.64 |
| Total | 384 | 100 |

Among the 384 responders, a sizable portion (39% of the total) is between the ages of 35 and 50. Furthermore, 114 (29.64%) of the respondents were older than 50, 100 (26%) were between the ages of 20 and 35, and only 20 (5.2%) were younger than 20.

Income of the Respondents

Table 3

Income of the Respondents

| Income (Monthly) | Frequency | % |
|------------------|-----------|-------|
| Below 30,000 | 40 | 10.4 |
| 30,000-65,000 | 80 | 20.8 |
| 65,000-100,000 | 180 | 46.8 |
| Above 100,000 | 84 | 21.84 |
| Total | 384 | 100 |

A total of 180 respondents, or 46.8% of the sample, stated that their income ranged from Rs. 65,000 to Rs. 100,000. Similarly, 21.84% of participants said they made more than Rs. 100,000. Of all respondents, twenty.8% stated that their income fell between Rs. 30,000 and Rs. 65,000. Likewise, 40 participants, or 10.4% of the sample as a whole, disclosed earning less than Rs. 30,000.

Academic Qualification of the Respondents

Table 4

Academic Qualification of the Respondents

| Education Qualification | Frequency | % |
|-------------------------|-----------|------|
| Plus Two | 80 | 20.8 |
| Bachelor Level | 160 | 41.6 |
| Master Level | 120 | 31.2 |

| | | |
|---------------|-----|------|
| Above Masters | 24 | 6.24 |
| Total | 384 | 100 |

Fourteen hundred respondents, or forty-one percent of the total, had bachelor's degree as their highest level of education. In a similar vein, there were 120 respondents with master's degrees, or 31.2% of all respondents. In a similar vein, 24 respondents, or 6.24% of the total, had academic degrees higher than a master's degree, and 80 respondents, or 20.8% of the total, had only a plus two degree.

Descriptive Analysis

Descriptive analysis incorporates calculation of statistical measures such as Mean, and Standard deviation.

Health Consciousness

Table 5

Health Consciousness of the People

| Code | Statements | N | Mean | Std. Deviation |
|------|--|-----|------|----------------|
| HC1 | Organic foods are healthier. | 384 | 4.10 | .562 |
| HC2 | Organic foods have no harmful chemicals | 384 | 4.21 | .744 |
| HC3 | Consumption of organic foods decreases the risk of chronic diseases. | 384 | 3.93 | .628 |
| | Health Consciousness | 384 | 4.08 | 0.65 |

The vast majority of respondents firmly believe that eating organic food is healthier, free of hazardous substances, and helps lower the chance of developing chronic illnesses. This belief is backed by mean scores of 4.1, 4.21, and 3.93 for health, absence of harmful chemicals, and reduction in the risk of developing chronic illnesses, respectively. The respondents strongly believe that eating organic food has a good impact on their health, as seen by the overall mean of 4.08.

Organic Food Knowledge

Table 6

Organic Food Knowledge of the People

| Code | Statements | N | Mean | Std. Deviation |
|------|--|-----|------|----------------|
| OFK1 | Having knowledge about organic food | 384 | 4.30 | .482 |
| OFK2 | Organic foods are better than inorganic. | 384 | 4.11 | .638 |
| OFK3 | Organic foods are more in demand these days. | 384 | 4.00 | .567 |
| OFK4 | Organic foods contain high nutrition value. | 384 | 3.67 | .829 |
| | Organic Food Knowledge | 384 | 4.02 | 0.629 |

The vast majority of responders firmly concur that eating organic food is superior to eating conventional food. In a similar vein, they think that organic food has a high nutritional value and that demand for it has grown significantly in recent years. In every instance, the mean value is greater than 3.67, confirming all of these facts. The respondents' aggregate mean of 4.02 indicates that they are well-informed about organic food.

Product Availability

Table 7

Organic Food Availability

| Code | Statements | N | Mean | Std. Deviation |
|------|---|-----|------|----------------|
| OFA1 | Organic food is available easily | 384 | 2.23 | 0.78 |
| OFA2 | Types of organic foods are limited | 384 | 2.10 | 0.89 |
| OFA3 | Organic foods are available throughout the year | 384 | 2.06 | 0.83 |

Organic Food Availability 2.13 0.85

Regarding the availability of organic foods on the market, all respondents concur that they are scarce and not always or everywhere available, a conclusion reinforced by the fact that the mean value in each instance is less than 2.5. The product is not readily available and is not convenient to purchase for everyday usage, as indicated by the overall mean of 2.13.

Price

Table 8

Price of Organic Foods

| Code | Statements | N | Mean | Std. Deviation |
|------|--|-----|------|----------------|
| POF1 | Price of organic foods are reasonable | 384 | 3.10 | 0.78 |
| POF2 | Sales of organic food will be increased if the price is similar to conventional products | 384 | 3.52 | 0.93 |
| POF3 | Sales of organic food will be increased if the price is only 50% higher to conventional products | 384 | 2.50 | 0.82 |
| | Price of Organic Foods | 384 | 3.03 | 0.84 |

The majority of respondents concur that if organic food prices are comparable to and appropriate for conventional food prices, sales of organic food will rise. This conclusion is reinforced by the fact that the mean value of both groups' responses is more than 3.

Purchase Intention

Table 9

Organic Foods Purchase Intention

| Code | Statements | N | Mean | Std. Deviation |
|-------|---|-----|------|----------------|
| OFPI1 | Purchase organic food in regular basis | 384 | 3.00 | 0.870 |
| OFPI2 | Purchase organic food for health benefits | 384 | 3.78 | 1.112 |
| OFPI3 | Purchase organic food because of about food safety | 384 | 3.66 | 1.056 |
| OFPI4 | Purchase organic food because of environmentally friendly | 384 | 2.98 | .875 |
| | Organic Foods Purchase Intention | 384 | 3.82 | .956 |

With regard to the other factors under the organic products awareness category, PI3 has the highest mean (4.88), indicating that the respondents firmly believe that purchasing organic food items will improve their long-term health. The respondents do not plan to purchase organic food products solely because they are more environmentally friendly, according to PI5, which has the lowest mean (2.98). While PI5 is not included in the agreement range, PI1, PI2, PI3, and PI4 are based inside it.

Inferential Analysis

Inferential analysis incorporates calculation of correlation and regression.

Correlation Analysis

The table below displays the correlation and regression between the variables influencing buy intention and purchase intention.

Table 10

Correlation analysis

| Details | PI | HC | OFK | PA | P |
|------------------------------|--------|--------|--------|------|---|
| Purchase Intention (PI) | 1 | | | | |
| Health Conscious (HC) | .823 | 1 | | | |
| Organic Food Knowledge (OFK) | .921** | .787 | 1 | | |
| Product Availability (PA) | .635** | .598** | .467 | 1 | |
| Price (P) | .598** | .493** | .682** | .531 | 1 |

** Correlation is significant at the 0.05 level (2-tailed)

At the 5% level of significance, Table 10 unequivocally demonstrates that all of the variables have a positive correlation with one another. The purchase intention and health consciousness, knowledge of organic foods, product availability, and price have an acceptable correlation; that is, values between 0.589 and 0.921 show that the influence of these factors on the intention to purchase organic foods is greater.

Regression

Table 11

| Details | HC | OFK | PA | P |
|-----------------|-------|-------|-------|------|
| b (Coefficient) | 1.123 | 2.06 | 1.986 | 2.03 |
| R Square (%) | 78.3 | 89.04 | 67.3 | 69.2 |
| "t" Value | 1.015 | 1.781 | 1.79 | 2.32 |
| Significance | .003 | 0.02 | 0.15 | 0.04 |

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Conclusion and Discussion

This study's main goal is to investigate the variables influencing Nepalese consumers' intentions to purchase organic goods. The purpose of this study is to evaluate the influence of price, availability of products, health consciousness, and knowledge of organic foods on consumers' intentions to purchase organic foods.

Organic food purchase intention is positively impacted by health consciousness, suggesting that consumers who are more health-conscious are more likely to buy organic items. This result is in line with earlier research by Magnusson et al. (2003) and Michaelidou et al. (2007), which also showed the beneficial impact of health consciousness on purchase intention.

Purchase intention for organic foods is positively impacted by knowledge about organic food as well, indicating that consumers who are well-informed about organic food are more likely to plan to buy such goods. This study shows a constant positive influence of knowledge of organic food on purchase intention, which is similar with the findings of Padel et al. (2005) and Fotopoulos (2000).

An rise in the intention to purchase organic foods is correlated with the availability of organic items. As a result, when organic goods are quickly and conveniently accessible, customers show a stronger intention to buy them. This finding is similar with other studies by Fotopoulos et al. (2000), Latacz-Lohmann (1997), and Grunert (1995), which all demonstrated a positive relationship between product availability and purchase intention for organic products.

It's interesting to see that price has no influence on consumers' intentions to buy organic products. This implies that people who are concerned about their health and have a solid understanding of organic food are more inclined to purchase organic food, regardless of cost. This study runs counter to Padel et al. (2005)'s findings, which indicated that the primary deterrent to buying organic food was cost.

In summary, the present study underscores the significance of health consciousness, organic food knowledge, and product availability in shaping consumers' purchase intentions towards organic foods in Nepal. It also raises the

possibility that consumers who are health-conscious and possess sufficient knowledge about organic food may not be significantly dissuaded by price.

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