

## AN ANALYSIS OF CONSUMER PERCEPTIONS ABOUT ORGANIC FOOD LABELS IN KARNATAKA AND TAMIL NADU

**Shilpa. R**

Research Scholar and Assistant Professor, School of Commerce and Management, Garden City University, Bangalore, India.

**Dr. Selvadass**

Assistant Professor, Department of Fashion and Apparel Design, Garden City University, Bangalore, India.

### **Abstract**

A basic human right is the ability to obtain affordable, sustainable, and healthful food. People, particularly in urban areas, are searching for healthier, more sustainable lifestyle options in response to growing environmental concerns. The market presents a conundrum for the majority of organic food customers, even while the rise in demand for organic food may appear to be an upmarket craze. There is a dearth of knowledge regarding the meaning of organic labels, how to read them, and whether organic foods are truly safe. The purpose of this work is to investigate consumer views regarding labels for organic food. A sample of respondents from various parts of Tamil Nadu State, India, are used for the study. The findings of this investigation will be applied to a larger study in this area. It appears to be consistent with the Kotler and Keller (2012) consumer behaviour model. The psychological traits of consumers affect how they interpret labels labelled as organic. The study only looks at how customers' perceptions of organic food product labels, taken alone and independent of other factors, affect their decisions to purchase. We take into account the ways in which social, cultural, and personal aspects affect how consumers integrate the meaning of labels.

Keywords: Consumer behaviour, Organic food, Organic labels

### **Introduction**

The Basic Standards for Organic Production and Processing, the EU Regulation 2092/91, the Codex Alimentarius Guidelines, and the International Federation of Organic Agriculture Movements (IFOAM) are presented after the Indian organic programme. Under the terms of the Act, the Food Safety and Standards (Organic Foods) Regulations, 2017 are the regulations that govern organic foods in India. The National Programme for Organic Production (NPOP), run by the Ministry of Commerce and Industry, and the Participatory Guarantee System (PGS), run by the Ministry of Agriculture and Farmers Welfare, are the two certification schemes that are recognised.

Organic product labels are intended to inform consumers about the production process and environmental impact of a product while providing relevant information about it (Drexler et al., 2018). Customers will pay a greater price when they begin to believe in such brands (Bruce & Laroiya, 2007). Eco-labels encourage consumption that is sustainable (Horne, 2009). For a variety of purposes, businesses employ certifications and organic labels. Organic (eco) labelling, according to Fuerst & Mcallister, aids businesses in becoming more competitive and expanding their market share. Labels are useful tools that marketers may use to inform consumers about their efforts, raise awareness of environmentally friendly manufacturing practices, and leave a positive ecological legacy on the earth (Bougherara & Combris, 2009).

The authority to regulate the production, distribution, sale, and import of "organic foods" in accordance with the regulations outlined in Section 22 of the Food Safety Standards Act of 2006 belongs to the Food Safety and Standards Authority of India (FSSAI). The requirement for conformity verification does not apply to small original producers whose annual revenue is less than 12 lakhs and whose organic food is sold directly to the final customer.

Food products can be labelled as 'Organic' under two systems as follows:

a) Under the National Programme for Organic Production (NPOP) system:

- A single-ingredient product where all requirements have been met as per the specified standards can be labelled as 'Organic'.
- In the case of a multi-ingredient product where a minimum of 95% of the ingredients are of certified origin, it can be labelled as 'Certified Organic'.

b) Under the Participatory Guarantee System (PGS-India) system:

- In the case of a single-ingredient product where all requirements have been met, it may be labelled as 'PGS-Organic'.
- In the case of a multi-ingredient product where a minimum of 95% of the ingredients are organic, it may be labelled as 'PGS-Organic'.

The consumer shall look for the Food Safety and Standard Authority of India's organic logo (Jaivik Bharat) and FSSAI logo licence number. In addition, the label may carry the India Organic Logo (NPOP certified) or the PGS-India Organic Logo (PGS-India certified), according to whichever system it is certified under.

### **Consumer behaviour for organic food products**

Organic certification logos targets the end buyer (Jahn et al., 2005). From a marketing viewpoint, the diversity of different organic logos in the market leads to confusion and doubts and raises the question whether consumers prefer products with certain organic certification logos over others. (Janssen, M., & Hamm, U. 2012). Also it is of interest how customer inclinations are impacted by customer insights and state of mind about labeling systems of organic foods.

## Objectives of the study

- To determine how knowledgeable customers are regarding the labels on organic goods.
- To investigate customer perceptions and categorise them according to the interpretations they make of labelling on organic products.
- To research the elements (included in organic label features) that encourage customers to purchase organic food items.

## Importance and Scope of Study

This study will assist marketers in comprehending how consumers' perceptions are influenced by "attributes of Organic food label" and whether or not they influence consumers' purchasing decisions. The study's focus is on "labels" and their function. Not alongside investigated are other factors that influence purchasing decisions.

## Methods and Meterials

As previously stated, because this is a pilot study, a lower sample size of 50 people from Tamil Nadu state's major cities (India) are used. The sample consisted of both male and female participants from various age ranges. A single transversal survey, which only gathers data once, was employed (Malhotra, 2006). As a research tool, a structured questionnaire with twelve characteristics drawn from the literature was employed (Conner & Christy, 2004). To divide up the customers based on their purchasing habits, a descriptive analysis and a cluster analysis were carried out first. This was predicated on the interpretation they made of the labels. The data analysis programme utilised was SPSS.

## Data analysis and interpretation

**Table No.: 1 - Labels Certification**

Particulars	Percentage
Appearance inferior to the other products	33
Low scale production	36
Local production	48
Production free of solid waste (garbage)	34
Production free of slave work	32
Respects the workers' safety	40
Foods that is good to health	58

Sustainable agriculture	41
Environmentally friendly	63
Does not use genetically modified/transgenic seeds	40
No use of synthetic chemical fertilizers	57
Pesticide Free	56

Source: Primary data

The sample consisted of males (57%), females (43%). They were in the age group 18-39 years. Their schooling levels were higher, as 46% hold a Post Graduate Degree. With regard to the buying habits in general, the respondents purchase from supermarkets (39%), with a frequency of once a month (54%). Considering the buying of organic products, 26% buy them regularly, 38% have not bought even once. Most of the respondents were aware about certified organic labels. However, the study indicated that the respondents' familiarity with respect to specific label such as "Jaivik Bharat", "India Organic logo" or "PGS India Organic logo" was low. Though the sample respondents were familiar with the label "environmentally friendly" the most, their awareness about the other labels such as "no use of synthetic chemical fertiliser", "pesticide free" and "food that are good to health" was relatively low. Moreover, the labels such as "production free of slave work" and "appearance inferior to other products" were less known to them. As far as their motivation to buy organic products were concerned, labels such as "it is healthier", "it is natural", "it is chemical free" and "it has rich nutrients" were the drivers making them buy these products.

**Table No.2: Cluster Distribution**

	N	% of combined	% of total
Cluster 1	26	52	61
Cluster 2	24	48	39
Total	50	100	100

This was carried out in the second stage after descriptive analysis, for the purpose of segmenting the consumers based on their buying behaviour. Two prominent clusters were found Cluster - 1, with 52% of consumers and Cluster - 2, with 48% of consumers. Cluster 1 consisting majority of young population between 18 to 29 years of age, having a Post Graduate Degree, some of them were just married young couples. These respondents have bought Organic products 'only once'. These respondents failed to notice the labels Appearance of product did not have any influence on their buying decision. Taste also was not a decisive factor for buying organic products. They have rarely read any of the labels before buying. They were also found to be neutral about the "weight control" aspect of these organic products. Cluster 2 consisted of population

belonging to the age group 30 to 39 years, having a family with 2 children. Most of them with a Graduate Degree. These respondents were regular buyer of Organic products and they had noticed the labels like “Production free of slave work” and “Production free of Solid waste”. They seem to have got influenced by appearance and taste of the products while buying Organic product. These respondents often read the labels before buying. The perception that Organic food products help in “weight control” was one of the major motivational factors for their buying decision.

## Discussion and Conclusion

Determining the importance of organic certification labels to consumers was the main goal of this study. The main analysis identified the products' zero waste and ecologically beneficial features as the fundamental significance of the labels. Cluster analysis, however, indicated that more research on the topic was necessary. The labelling on organic food products may not always be understood by consumers who fit distinct consumer profiles. The purpose of this study was to ascertain the mental image that consumers form when they see organic labels. The study discovered that customers' opinions of organic labelling vary depending on the category they belong to. It was discovered that psychological traits influenced consumers' purchasing decisions. Marketers of organic products can position their items in accordance with target categories with the aid of cluster analysis findings. Additionally, they can use this information to inform their marketing plans for advertising their products in other markets. Labelling organisations may also consider this factor. There needs to be a great deal of promotion and awareness-raising. Out of the variety of available organic labels, they are aware of only few of them.

## References

- Annunziata, A., Mariani, A., & Vecchio, R. (2019). “Effectiveness of sustainability labels in guiding food choices: Analysis of visibility and understanding among young adults”, *Sustainable Production and Consumption*, Vol.17, Pp.108-115.
- Bougherara, D., & Combris, P. (2009). “Eco-labelled food products: What are consumers paying for?”, *European Review of Agricultural Economics*, Vol.36, No.3, Pp.321-341.
- Bruce, C., & Laroia, A. (2007). “The production of eco-labels”, *Environmental & Resource Economics*, Vol.36, Pp.275-293.
- Conner, D., & Christy, R. (2004). “The organic label: How to reconcile its meaning with consumer preferences”, *Journal of Food Distribution*, Vol.35, No.1, Pp.40-43.
- Dharni, K., & Gupta, K. (2015). “Exploring antecedents of healthy food choices: An Indian experience”, *International Journal of Consumer Studies*, Vol.39, No.2, Pp.101-108.
- Djekic, I. and Smigic, N. (2016). “Food labels - Status and consumers' attitude on the Serbian food market”, *Nutrition & Food Science*, Vol.46, No.2, Pp.204-216.

- Drexler, D., Fiala, J., Havlíčková, A., Potůčková, A., & Souček, M. (2018). "The effect of organic food labels on consumer attention", *Journal of food products marketing*, Vol.24, No.4, Pp.441-455.
- Fuerst, F., & McAllister, P. (2011). "Eco-labeling in commercial office markets: Do LEED and Energy Star offices obtain multiple premiums?", *Ecological Economics*, Vol.70, Pp.1220-1230.
- Huang, L. and Lu, J. (2016). "The impact of package color and the nutrition content labels on the perception of food healthiness and purchase intention", *Journal of Food Products Marketing*, Vol.22, No.2, pp.191-218.
- Jahn, G., Schramm, M. and Spiller, A. (2005). "The reliability of certification: Quality labels as a consumer policy tool". *Journal of Consumer Policy*, Vol.28, No.1, Pp.53-73.
- Janssen, M., & Hamm, U. (2012). "Product labelling in the market for organic food: Consumer preferences and willingness-to-pay for different organic certification logos", *Food quality and preference*, Vol.25, No.1, Pp.9-22.
- Johansen, S.B., Naes, T. and Hersleth, M. (2011), "Motivation for choice and healthiness perception of calorie-reduced dairy products – A cross cultural study", *Appetite*, Vol.56, No.1, Pp.15-24.
- Kamalakannan, S., & Mani, D. R. (2012). "A Study on Ethics of Consumerism in India", *Journal of Research*, Vol.3, No.3, Pp.169-174.
- Singla, M. (2010), "Usage and understanding of food and nutritional labels among Indian consumers", *British Food Journal*, Vol.112, No.1, Pp.83-92.
- Sirieix, L., Delanchy, M., Remaud, H., Zepeda, L., & Gurviez, P. (2013). "Consumers' perceptions of individual and combined sustainable food labels: A UK pilot investigation". *International Journal of Consumer Studies*, Vol.37, No.2, Pp.143-151.
- Vemula, S.R., Gavaraavarapu, S.M., Mendu, V.V.R., Mathur, P. and Avula, L. (2014). "Use of food label information by urban consumers in India – A study among supermarket shoppers", *Public Health Nutrition*, Vol.17, No.9, Pp.2104-2114.