CONSUMER PREFERENCES FOR ORGANIC TEA – AN EMPIRICAL ANALYSIS

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ABSTRACT

The thesis “Consumer Preferences for Organic Tea – An Empirical Analysis” consist the following six chapters which includes introduction, review, design of the study, description of study area, result & discussion and summary & conclusion. Some general information about organic tea, processing types and health benefits of organic tea, production of organic tea, organic certification, and availability of organic tea in domestic market, focus of the study, objectives, scope and limitations of the study. The study was conducted with the specific objectives of identifying and studying the food choice motives and other psychographic variables influencing attitude and consumers’ purchase intention of organic tea, the factors driving the regularity in consumption of organic tea and the levels of product attributes and segmenting the consumers market of organic tea. The various concepts used in the study are reviewed with reference to operationalization of these concepts in the earlier studies. For the purpose of the study a sample respondents of 300 were those customers who purchased organic tea from the five selected organic stores in Coimbatore. The overall results obtained in the study are summarized to draw specific conclusions and suggestions. Optimum package size, highlighting the health benefits, influence of family peer group on organic tea purchase, segmentation of market based on product attributes and demographic characteristics, selling organic tea in conventional stores and non-organic stores so as to expand the market were some of the implications of this research.

KEYWORDS

INTRODUCTION

Nowadays due to awareness of environmental degradation and the related issues on food, the consumer behavior is changing towards purchase of many environmental friendly and organic products. Among the organic products, organic tea is one of the major consumer food products produced in India. India ranks first in world organic tea production. Information on attitude, behavior and preferences of the consumers towards organic tea based on product attributes would help the marketing firms and retailers who produce and sell the organic tea products. However, the studies related to consumer buying behavior towards organic food were very few.

OBJECTIVE OF THE STUDY

The study was conducted with the specific objectives of identifying and studying the food choice motives and other psychographic variables influencing attitude and consumers’ purchase intention of organic tea, the factors driving the regularity in consumption of organic tea and the levels of product attributes and segmenting the consumers market of organic tea.

DESIGN OF THE STUDY

The study was purposively conducted in Coimbatore City. The sample size consisted of 300 customers of organic tea selected randomly. These sample respondents were those customers who purchased organic tea from the five selected organic stores were contacted for survey. These stores were selected based on sales volume.

The Percentage Analysis, Factor Analysis, Structure Equation Modeling (SEM), Cluster Analysis and Discriminate Analysis were used to interpret the study results.

RESULTS AND DISCUSSION OF THE STUDY

BUYING BEHAVIOR OF THE CONSUMERS

The buying behavior of the consumers with reference to organic tea was analyzed based on quantity of purchase and amount spent on purchase of organic tea, purchase of other organic food and non-food, frequency of purchase of organic tea, distance to store, source of information about organic tea, influence of others in purchase decision, the recommendation or opinion of the sample respondents provided to other consumers, including family members, likelihood of purchase of organic tea (purchase intention), search intention of respondent, loyalty towards organic tea, innovativeness on purchase of organic tea and the constraints in purchase.

The results on the consumer buying behavior showed that majority of the respondents were female consumers with different age groups. None of the respondents were
illiterates. The average family size was four members and majority of the family households had more number of adults than children. The average yearly family income was found to be Rs. 6.59 lakhs. The average quantity of tea purchased for three months period was 488 grams with Rs. 282 of average amount spent. Frequent non availability and poor merchandising were the first and foremost difficulties experienced by the respondents.

The analysis of determinants of consumption of organic tea showed that the adults in the family, monthly income, experience, frequency of consumption, familiarity and number of organic items purchased were positively influencing the quantity of organic tea consumed. The variables like distance and price were negatively influencing the quantity of organic tea consumed.

**STRUCTURAL MODELING OF CONSUMER BEHAVIOR**

By performing factor analysis, the food choice motive indicators were grouped under eight factors namely health and health benefits, familiarity and interest, sensory appeal, political and religious values, price, mood/ frame of mind, environmental protection and convenience. Structural equation model was used to validate and predict the causal relationship of these behavioral variables. Among different food choice motives, health motive was the major influencing factor towards attitude and the main reason to motivate the consumers to purchase organic tea. Besides, the variables like subjective norm, personal norm, self identity and trust influenced purchase intention, in turn also influenced the purchase frequency.

Factors influencing regularity of purchase of organic tea was studied by taking regular and occasional purchase of sample respondents as the dependent variable (discriminant variable). The results indicated that the independent variables like distance, family income, number of items purchased, purchase frequency and purchase intention were identified as good predictors for regular purchase of organic tea. The other variables like loyalty, innovativeness to buy organic tea, health benefits and attitude were the weaker predictors.

**CONSUMER PREFERENCE AND SEGMENTATIONS**

The product attributes of the organic tea were measured based on brand, organic tea types, texture, certification and price. Moreover, the individual level conjoint analysis revealed that the consumers of organic tea were most influenced by tea type. The overall consumer’s preference through attribute levels before market segmentation can be ordered based on the tea types (green tea), texture (tea leaf), certification (certified tea), price (priced at Rs. 100) and brand (familiar brand).

The respondents were classified (segmented) based on organic tea product attribute utility patterns through k-means cluster analysis. Thus two distinct cluster groups as Cluster 1 (93 respondents) and Cluster 2 (207 respondents) were identified. The
preferences of Cluster 1 respondents were green tea, certified tea, tea dust, tea priced at Rs. 100 for 250 gram and new brand. Besides, the Cluster 1 consumers were professionals with family size less than three members, and belonged to strivers income group. They were occasional consumers for organic tea and they travelled a distance within 2 Km to reach the store. They were highly innovative towards purchase of new varieties and brands of organic tea. They bought organic tea from non-organic shops, when the products were not available in organic shops. However, the consumers in Cluster 2 most preferred green tea, certified tea, tea leaf, tea priced at Rs. 100 and familiar brand. Cluster 2 consumers were also professionals with family size 4 to 7 members, and belonged to strivers income group. They were regular consumers of organic tea and reached organic store within 2 to 5 Km distance. They were also seemed to be highly innovative towards purchase of new organic tea. They preferred to buy 250 to 500 gram tea and they bought organic tea only from organic shops.

IMPLICATIONS OF THE STUDY

The proposed research frame work and its evaluation concluded that purchase intention of the consumers buying organic tea is influenced by the attitude and subjective norm as explained in the theory of planned behavior. The additional constructs like self-identity, personal norm and trust had also influenced the purchase intention. Thus the main theoretical implication of this study in the field of consumer organic food purchase behavior, self-identity, personal norm and trust could be a measure of purchase intention. In addition, another prediction of the study was that the food choice motives also influenced the attitude of the organic tea purchase. Among the motives behind the purchase, the health motive was one of the most influencing factors on attitude.

Hence, the following suggestions were given as important practical implications.

► Since majority of consumers of organic tea preferred to buy smaller quantities organic tea an optimum package size (250 g) should be considered.
► The theoretical analysis showed that the food choice motives influenced the attitude. Among the motives health was major factor. Hence, the case firm can advertise through news paper ads highlighting the health benefits as main theme in promotional efforts.
► The subjective norms of the respondents also influenced the purchase intention. It was supported that the most of the respondents got information from family members and friends and they influenced the purchase.
► It is imperative to differentiate a regular and occasional buyer. Various factors were found to be responsible and it is important that the firms (both manufactures and retailers) should consider these factors and achieve regularity in buying of organic tea.
The consumers most preferred product attributes were green tea, certified tea, tea leaf, priced at Rs.100 (250 gm) and familiar brand. So this type of product combination should be made available to these consumers.

The search intention of the consumers would reveal that consumers tend to buy organic tea from non-organic shops. Thus selling the organic products with special counters in conventional stores could be another way to expand the market.

FUTURE RESEARCH DIMENSIONS

The survey was conducted only among the organic tea purchasers; hence a survey with a more heterogeneous sample spread over both organic shops and conventional would also be useful in further exploration. In India besides organic tea, research on the organic food purchase behavior was very limited. Hence the future research can explore other major products especially perishables like fruits and vegetables. The efficiency and effectiveness analysis in supply chain of organic products and see the sights of constraints would be another research dimension.