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# Study of Consumer Perception about Organic Food Labels

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## ABSTRACT

*One of the fundamental human rights include the right to healthy, affordable and sustainable food. Following the increase in environmental concerns, people especially in urban areas are looking for healthier, sustainable lifestyle alternatives. While the increase in demand for organic food might seem like an up-market fad, for most consumers of organic foods, the market place offers dilemma. There is an almost lack of information about what do organic labels signify, how to interpret these and which organic food actually deliver safety. This paper is a pilot study to understand consumer perception about organic food labels. The study is carried out on sample respondents belonging to different regions of Maharashtra State, India. Results obtained from this study will be used for a bigger study in this regard. It seems to be in line with the consumer behaviour model presented by Kotler and Keller (2012). Consumers' psychological characteristics influences the way they perceive organic labels. The study focuses only on the fact that, how perception about labels of organic food products, as a standalone factor, influences buying decision of consumers, irrespective of changes in other factors. We consider how personal, cultural and social factors influence integration of label's meaning for consumers.*

**KEYWORDS** - *Consumer behaviour, Organic food, Organic labels.*

## INTRODUCTION

Lack of effective labelling is one of the major concern of consumers. The national consumer (NCC) recognised an enormous sum of keen conservational buyers who could discover, neither the items nor the precise data to direct their conduct (NCC 1996). In such cases, flawed information enforces would be moral customers to settle on decisions. In this context, Kamalakannan, S., & Mani, D. R. (2012) expressed that morals are required for constant development and welfare of economics structure. The belief of a moral customer efficiently supporting the culture to move into sustainability is naturally fetched into query, given that commercialisation will lead to non-sustainability. Increased consumerism can harm the ecosystem and its ability to sustain future generations (Worldwatch Institute, 2015).

The fundamental question which needs an answer is, what if the clear information of sustainable certifications is available at point of sale? Will it influence them? As per Hamza and Dalmarco (2012) the level of knowledge even among conscious consumers is low.

What meaning consumers assume of organic certification labels? This article tries to evaluate the certification issue related to organic food products.

The Indian organic program is exhibited after the International Federation of Organic Agriculture Movements (IFOAM), Basic Standards for Organic Production and Processing, and the Codex Alimentarius Guidelines and the EU Regulation 2092/91. In India, Organic foods are regulated by Food Safety and Standards (Organic Foods) Regulations, 2017 notified under the provisions of the Act. It recognizes two systems of certification i.e. Participatory Guarantee System (PGS) implemented by Ministry of Agriculture and Farmers Welfare and National Programme for Organic Production (NPOP) implemented by Ministry of Commerce and Industry.

### **Related Theory and Literature-**

**Sustainable consumption** - As per Annunziata, Mariani and Vecchio (2019), bigger need for knowledge of food which we consume daily has been observed due to concern of society for food production and consumption effect created on environment and involuntarily negative imprint of individual food choices on sustainability.

With rise in demand for sustainable food products, producers have now adopted certifications, labels, food claims and other information tools for differentiation of their goods. Sustainability characteristics of food products are credible features and so the producers and suppliers need means to link to customers, and buyers need ways to recognise the preferred qualities (Sirieix et al., 2013). Manufacturer offers the guarantee of products matching the given quality standard by testing it and providing it with a certification marks which are also referred as mark of assurance. While buying the products, consumers can make better choices through creating awareness and knowledge labels certification, Dharni, K., & Gupta, K. (2015)

The purpose of organic labels is to deliver appropriate evidence about certain products and to update the consumers about its production and environmental impact (Drexler et al, 2018). When Consumers starts believing in such labels, they are willing to pay a higher price (Bruce & Laroia, 2007). Eco labels promote sustainable consumption (Horne, 2009). Companies use certifications and organic labelling for various reasons. Fuerst & Mcallister claim that organic (eco) labelling helps companies to increase their competitive position and growth of market share. Labels are valuable tools for marketers to help them communicate efforts to consumers and create consciousness of environmental manufacture and a constructive ecological impression on nature (Bougherara & Combris, 2009).

**International Regulations-** The US Department of Agriculture (USDA) website asserts that “organic food is produced without using most conventional pesticides; fertilizers made with synthetic ingredients or sewage sludge; bioengineering; or ionizing radiation” (USDA, 2006). The ISO Norm 14024 (“environmental labels and declarations”) was launched in 1999 as a complement to the ISO Norm 14000, aiming at regulating the principles, practices and the key features related to the environmental labels, according to the Global Eco labelling Network (GEN, 2004).

This Norm distinguishes the green labels in three different categories, namely: (a) Type I: sustainable labels obtained from an assessment based on multiple criteria, carried out by a third party; (b) Type II: self-declared environmental appeal; (c) Type III: labels in which it is required studies of life cycle assessment (LCA), still being drawn up by ISO (GEN, 2004)

As per Maimon (1994), many companies take this chance to distinguish themselves through the ecological appeal. This way they advance their own communication on products variances short of the endorsement of a third institution (Type II certification). Due to failing in liability to public, such type of self-regulation are dejected (Hartlieb and Jones (2009)

The GEN, non-governmental institution made with the aim to improve, encourage and develop the use of green labels on products and services, advocates the certification of ISO type I, stating that a “green label” is awarded by an impartial third party to products that meet the environmental criteria established in the market (Global Eco labelling Network – GEN, 2004).

**Indian Regulations** – Food Safety and Standards Authority of India (FSSAI) has the command to control manufacturing, distribute, sell or import “organic foods” as per the requirements laid under Section 22 of the Food Safety Standards Act, 2006.

The small original producer whose annual turnover is less than 12 lakhs per annum and whose organic food is directly sold to end consumer, are exempted from the need of verification of compliance.

Food products can be labelled as ‘Organic’ under two systems as follows-

- a) Under National Programme for Organic Production (NPOP) system:
  - In case of single ingredient product where all requirements have been met as per the specified standards can be labelled as ‘Organic’.
  - In case of multi ingredient product where minimum 95% of ingredients are of certified origin, can be labelled as ‘Certified Organic’.
- b) Under Participatory Guarantee System (PGS-India) system:
  - In case of single ingredient product where all requirements have been met, may be labelled as ‘PGS- Organic’.
  - In case of multi ingredient product where minimum 95% of ingredients are organic, it may be labelled as ‘PGS- Organic’.

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

**Consumer behaviour for organic food products-** Organic certification logos target 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 labelling systems of organic foods

The theoretical framework of consumer behaviour is used for study of organic certification labelling. Blackwell, Miniard, and Engel (2000), defined consumer behaviour as “the physical and mental activities involved in buying, consuming and using products and services, including the decision making processes preceding and following such actions”. “It is the study of how individuals, groups and organisations select, buy, use and dispose of goods, services, ideas, or experiences to satisfy their needs and wants “(Kotler and Keller, 2006).

Consumer behaviour model used in this research is presented by Kotler and Keller (2012), it includes various steps of studying the stimuli to consumption, whose interpretation is influenced by personal, social and cultural characteristics of individual. It also includes individual perception, memory and psychological aspects and motivation theories. All this together impact entire buying decision process. With reference to this model it is examined that how labels are used in relation to information search process, comparison with substitutes and in making final buying decision. As in India, it is mandatory to have “label” on organic food products, we can’t examine certification issue as conclusive factor for buying. Here we are considering how personal, cultural and social factors influence integration of label’s meaning for consumers.

For consumers to make a choice through better replacements offered via promotional activities for buying food products, its robustness has become a progressively significant aspect (Huang & lu, 2016). Along with taste and price of food products, consciousness of wellbeing also plays a major role while making buying decisions (Johansen et al., 2011)

Food superiority, labels, package and its price are the factors consumers take into consideration before buying any food products (Mohd Daud et al., 2011).

The past studies on the significance of food labels to the buyer’s shows uncertainty in the results. There are acceptable number of studies (Johansen et al., 2011; Djekic and Smigic, 2016; Ali and Kapoor, 2009; Singla, 2011; Vemula et al., 2014; Saha et al., 2013) which have considered buyers awareness, utilisation, most looked for data, textual style and arrangement of labels, and determined the significance of labels for the buyers. Few researches have revealed the lack of trustworthiness of labels. As per Grunert et al. (2001), some labels of food products have botched to assure buyers, their quality due to unawareness of such labels or their awful understanding .Likewise, an examination pointing at assessing buyer’s impression of labelled foods indicated that these items have accomplished agreeable outcomes as far as announced inclination, however not as far as actual purchases (Chrysochou and Giraud, 2007)

As per Kumar and Kapoor (2015) India, which is growing global player in food marketplace, there are moderately less studies which considers impact and use of labels of food products on buyers buying choice, this article focuses on same.

### **RESEARCH OBJECTIVES -**

- To check the awareness of consumers about organic food labels.
- To study the perception of consumers and to segment them as per the meaning they draw for organic food labels.
- To study the factors (within organic labels attributes) that motivate consumers to buy organic food products.

### **IMPORTANCE AND SCOPE OF STUDY**

This study will help marketers to understand how ‘attributes of Organic food label’ influence the perception of individuals, and whether they play any role in consumers’ buying decision. Scope of the study is limited to ‘labels’ and their role. Other drivers of buying decision are not studied alongside.

### **METHODS AND DATA ANALYSIS**

As mentioned earlier, since this is a pilot study, it is conducted on a smaller sample size (189) drawn from major cities of Maharashtra state (India). Sample composition was of male, female population across different age groups. Single Transversal Survey was used which involves collecting data only once (Malhotra, 2006). Structured questionnaire was used as research instrument, which included 12 attributes found from literature (Conner & Christy, 2004). Refer Figure1, given below.

A descriptive analysis was performed first, followed by a cluster analysis, to segment the consumers according their buying behaviour. This was based on the meaning they draw from the labels. The SPSS software was used for data analysis.

## RESULTS

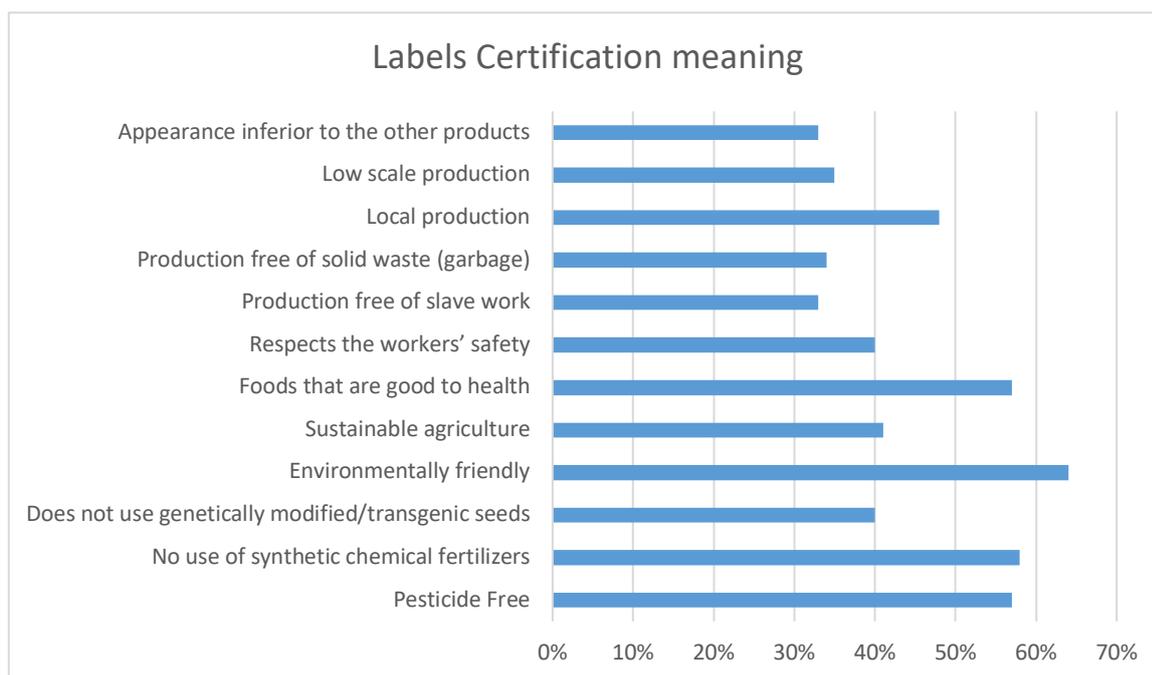


Fig no 1- Labels certification meaning.

**Sample characteristics** – 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.

**Descriptive analysis-** 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.

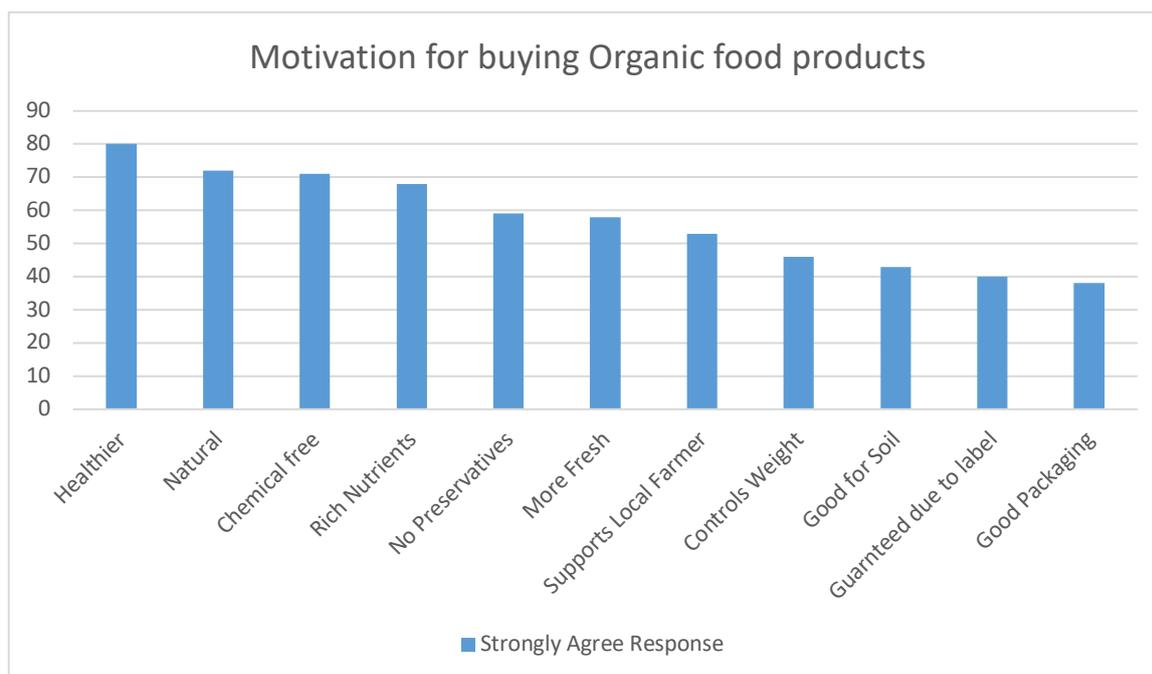


Fig 2- Motivation for buying organic food products.

**Cluster analysis-** 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 59% of consumers and Cluster 2, with 41% of consumers

	N	% of Combined	% of Total
Cluster 1	69	59.0%	36.5%
Cluster 2	48	41.0%	25.4%
Combined	117	100.0%	61.9%
Excluded Cases	72		38.1%
Total	189		100.0%

Fig 3 – Cluster Distribution

**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**

The prime objective of this study was to determine the significance of organic certification labels to the consumer. The primary analysis pointed out zero waste, environmentally friendly aspect of the products as the prominent meaning of the labels. However, cluster analysis revealed the need for deeper analysis of the subject. Different consumer profiles may have different perception about the labels of organic food products.

As per Kotler and Keller (2012) Consumer behaviour framework (p172), it is mentioned that, consumer characteristics play an important role in influencing consumer decision. It includes various psychological factors like perception, motivation and demographic characteristics as gender and age. Kotler and Keller describe “perceptions are a process through which someone select, organize and interpret information received, as a means of creating a meaningful image of the world” (2012, p. 174).

This study was to understand what kind of image is created in the minds of the consumers, when they come across organic labels. The study found that different groups of consumers have different perceptions of organic labels. Psychological characteristics found to have influence on the buying behaviour.

Findings from cluster analysis can help marketers of organic products to position their products as per the target segments. They can also base their marketing strategies for promoting their products in different markets accordingly. Labelling agencies can also take cognizance of this aspect. Lot of awareness and promotion is required to be done. They know about very few labels from the range of available organic labels.

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