

## **Determinant Factors Influencing Organic Food Purchase Intention**

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### **Abstract**

Consumers have become highly concerned about their enduring health and moulding behaviour towards health benefits purchases. With regard to this, the paper aims to examine the determining factors that influence the purchase intention of organic food in Biratnagar. Among different exploratory factors, this paper aims to study the impact of trust, health consciousness and knowledge on the purchase intention of organic food. A self-administered questionnaire was sent on a random basis and 170 responses were recorded. To investigate the correlation among the variables Pearson Correlation was used and Multiple regression to find the impact of different factors on the purchase intention of organic food. The research findings reported that knowledge was the key determinant factor and showed a positive significant impact on purchase intention. Trust and health consciousness didn't significantly impact organic food purchases. The article recommends that government and policymakers give immense attention towards organic farming and provide necessary awareness to encourage the purchase of organic food.

*Keywords.* organic food, trust, health consciousness, knowledge, purchase intention

### **Introduction**

#### **Background of the Study**

In the count of orthodox environmental reputation, consumers do buy organic foods for health, taste and social factors (Dimitri, C., Lohr L. 2007), and the demand for organic food is gradually mounting in both domestic and global markets. Globally organic consumption is common because of various health issues and the use of different health hazards fertilizers and pesticides. Companies to attract health and environment-conscious customer around the globe are considering manufacturing organic products which

untimely gives the companies a competitive advantage (Dudar, V. 2019). Intaking the beneficial features of organic food, organizations have initiated a proactive marketing strategy to expand their market. The retail outlet of organic foods is limited though of its increasing demand in Kathmandu (Aryal, P. K., Chaudhary, P., Pandit, S., & Sharma, G. 2009).

Consumers have been much concerned about the negative effect of food products produced by intensive farming techniques which have led to a greater interest in organic products (Popa, M., Mitelut, A., Popa, E., Stan, A., & Popa, V. 2018). Consumers demand food products that are fertilizer and pesticides free and have no harm to the health. The increment in awareness of organic food benefits has tempted mold towards purchase behavior of organic products. The advancement of technology and availability of information in a fraction of seconds have led to a definite lifestyle of consuming organic production leading to massive demand at the global level. The attention toward organic farming in developing countries is trending because of its dependance in natural and human resource availability.

There is a growing trend among urban customers to consume organic food from the area where they get assurance about the quality (Bhatta, D. G., Doppler, W., & KC, K. 2009). Organic farming in western countries like US, Japan, Canada, European Union has extensive awareness and production whereas in developing countries is gaining popularity although a small industry regardless of their stage of development (Rehber, E., & Turhan,, S. 2002). Companies have executed numerous strategies to acknowledge the public about the use of organic raw materials in production. Even promotion of the products is more concentrated towards gaining a green image and has been successful in corners of the world. The increased demand for organic products has immensely attracted the attention of academicians and scholars. Previous literature has extended many exploratory factors that effects the purchase intention of organic food, but that might not be similar in a developing economy like Nepal. Amongst all the identified predictors, this study tries to understand the purchase intention of organic products by undertaking trust, health consciousness and knowledge as predictors. The study uses different variables namely trust, health consciousness and knowledge, variables that haven't been investigated in the global picture and promisingly no any research taking these variables have been studied in Nepal.

### **Research Problems**

In the era of easy and prompt exchange of information, customers have become conscious about the purchases they make. Customers don't want to consume foods that are harmful to household long-term health. With the increment in the demand of the organic product,

there arises the need to study the determining variables. Following are the research problem for the study:

- a. What are the factors that determine the purchase intention of organic food in Biratnagar?
- b. What factor has the defining role in determining the purchase intention of organic food in Biratnagar?

### **Research Objectives**

The main objective of this study is to identify the purchase intention of organic food.

Following are the objective of the study:

- a. To examine the factors that determine the purchase intention of organic food in Biratnagar.
- b. To explore the factors that have a defining role in determining the purchase intention of organic food in Biratnagar.

### **Hypothesis**

Hypothesis 1: There is no significant relationship between trust and purchase intention.

Hypothesis 2: There is no significant relationship between health consciousness and purchase intention.

Hypothesis 3: There is no significant relationship between knowledge and purchase intention.

### **Research Significance**

The study will have the following significance in the future:

- i. The research aims to provide insight about the factors that are responsible for the purchase intention of organic food.
- ii. The research aims to provide future prospect for small scaled entrepreneurs.
- iii. The research provides the foundation for other research regarding organic food purchase intention in Nepal.

### **Literature Review**

#### ***Trust***

The psychological state of embracing the intention to accept vulnerability based on positive expectations of the behavior of others is trust (Rousseau, M. T., Stikin, S. B., Burt, S. B., & Camerer, C. 1998). Trust plays an essential role in examining the actual behavior of the customers (Akroush, M. N., & Al-Debei, M. M. 2015). It is very difficult to administer the trust in organic food. In the case of local production, health content and organic products, it was revealed that trust has a significant impact on practical buying

attitudes and buying behavior (Lee, T.H., Fu, C. J., & Chen, Y.Y. 2019). A consumer can't rely on organic foods considering the label and product certification. Fernqvist, F., & Ekelund, L. (2014) reveals that trust plays an important factor in influencing the purchase behavior of organic food. Mistrust and authenticity in food sold as organic have a significantly negative impact on buying behavior (Nuttavuthisit, K., Thøgersen, J. 2017).

### ***Health Consciousness***

Customers intend to buy organic and environmentally friendly foods who prioritize safe food and are more concerned about health (Alphonse, R., Alfnes, F. 2012). According to Lairon, D. (2011) organic agriculture has a huge potential to produce quality products with improvements in terms of contents of antioxidant phytonutrients, nitrate accumulation in vegetables and toxic phytochemical residue levels. Customers have witnessed and realized the importance of organic foods and often refer consumption of organic products as investment to health. Buyers have been devoting time and energy in maintaining health, so they look forward to buy food products that have zero harm to the health, society and ultimately to the environment. A number of studies have revealed that consumption of organic food has become a part of human lifestyle, shifting the intention of consumer from traditional consumption habits to healthy eating habits (Denver, S., & Christensen, T. 2015).

### ***Knowledge About Organic Food***

Product knowledge is the awareness and accumulated information of consumers regarding precise product at a particular situation (Brucks, M. 1985) and product knowledge positions one of the most important predictors of consumer buying behavior (Burton, S., Howlett, E., & Tangari, A. 2009). Organic food knowledge plays a significant role in consumer's organic food demand and raising awareness, information and promotion should be undertaken by food manufacturer/ seller to induce their intention towards organic food (Demirtas, B. 2019). Knowledge of organic food plays a vibrant part in the purchase behavior of consumer as an uninformed consumer about the health and environmental benefits of organic food consumption won't intend to purchase as it requires time and energy cost. The unavailability of organic food at different centres or locations of the market hinders the acknowledgement of various underlying features of organic food.

## **Methods and Materials**

A self-administered questionnaire was developed to measure four variables namely trust, health consciousness, knowledge and purchase intention for organic foods. A total of 15 Likert scaling questions were developed and 6 questions related to demographic characteristics. Data were collected through an online survey and the researcher used random sampling for selection of sample size. A total of 250 survey forms were sent on random basis and 170 responses were recorded. The population for this study is the customers who consume organic food in Biratnagar. A quantitative research design was used and the entire study is based on primary data. This study uses both Descriptive and Inferential statistical tools to obtain the results.

### Results and Discussion

Analyzed data collected from questionnaire has been interpreted and presented in this chapter. The analysis has been framed in single sections that deals with demographic features of the respondent's, interpretation of descriptive analysis using Statistical package for social science (SPSS), correlation of dependent and independent variables, impact of different factors using multiple regression and finally the discussion of the results obtained through the analysis. The outcomes derived from the analysis of the data are expected to address the objective of this research study.

#### Demographic Analysis

This section includes the demographic characteristics of the respondents, its analysis and interpretation of the data collected through questionnaires. The demographic characteristic under this study comprises gender, age, marital status, education status, occupation and income level.

**Table 1**

*Demographic Characteristics of Respondents*

Demography	Characteristics	Frequency	Percent
Age	15-25 years	48	28.2
	26-35 years	97	57.1
	35 and above	25	14.7
Gender	Male	130	76.5
	Female	40	23.5
Marital Status	Married	76	44.7
	Unmarried	94	55.3

Education Status	Upto Intermediate	6	3.5
	Bachelors	63	37.1
	Masters and above	101	59.4
Occupation	Employed	93	54.7
	Unemployed	9	5.3
	Self-employed	36	21.2
	Student	32	18.8
Income	Less than 15,000	35	20.6
	15,001 to 30,000	26	15.3
	30,001 to 45,000	34	20.0
	45,001 to 60,000	32	18.8
	60,001 and above	43	25.3
<b>Total</b>		<b>170</b>	<b>100.0</b>

*Note.* Survey Questionnaire.

Out of total 170 respondents 76.5 % were male and remaining 23.5% were female. The highest percentage of age group was 26-35 years with 57.1%, 28.2% represented by 15-25 years with 28.2% and 14.7% were represented by 35 years and above group. 44.7% of the sample were married respondent and remaining 55.3% were unmarried. The highest education obtained category was masters and above with 59.4% followed by bachelors with 37.1% and upto intermediate with 3.5%. The highest income category was Rs. 60,001 with 25.3% and above and were employed with 54.7%. The Cronbach Alpha values reported were 0.872, 0.743, 0.871 and 0.808 for trust, health consciousness, knowledge and purchase intention respectively which are above the accepted value of 0.70. The Mean of purchase intention was 2.6549 of knowledge, 3.1338 of health consciousness and 3.0794 of trust construct on five-point Likert scale.

### **Pearson Correlation results of the Variables**

Table 2 shows the correlation between three factors i.e. trust, health consciousness and knowledge with intention to purchase organic food. All factors have a positive and significant relationship with purchase intention. However, the degree of correlation among the factors, the highest correlation value is knowledge (.545) followed by health consciousness (.366). In contrary, the least correlated factor is trust (.355).

### **Table 2**

Variables		Purchase Intention
Trust	Pearson Correlation	.355**
	Sig. (2-tailed)	0.000
	N	170
Health consciousness	Pearson Correlation	.366**
	Sig. (2-tailed)	0.000
	N	170
Knowledge	Pearson Correlation	.545**
	Sig. (2-tailed)	0.000
	N	170
Purchase Intention	Pearson Correlation	1
	Sig. (2-tailed)	
	N	170

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Note. Survey Questionnaire.

**Multiple Regression Analysis**

Table 3 represents the Coefficient of Multiple Linear Regression. The table shows the degree of impact of trust, health consciousness and knowledge on purchase intention of organic food. Knowledge was reported the highest value of 0.514 which was significant at 99% level of confidence and provided the evidence that increase in one unit of knowledge leads to increase in 51.4% of purchase intention. Trust was reported as 0.0817 and health consciousness was reported as 0.041. Trust and health consciousness were not significant at 99% level of confidence revealing one unit increase in trust and health consciousness lead to increase in 8.7% and 4.71% respectively of purchase intention. The value of R square reported as 0.313 which predicts 31.3% of the dependent variable through independent variable and there exists no case of multicollinearity as every construct has VIF below 5.

**Table 3**

*Coefficient of Multiple Linear Regression of Variables*

Model	Unstandardized Coefficients	Standardized Coefficients	T	Sig.	VIF
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	B	Std. Error	Beta			
(Constant)	1.057	0.217		4.88	0.00	
				1	0	
Trust	0.087	0.071	0.112	1.22	0.22	2.04
				0	4	2
Health Consciousness	0.041	0.093	0.042	0.43	0.66	2.22
				8	2	4
Knowledge	0.514	0.083	0.473	6.23	0.00	1.39
				0	0	2

Dependent Variable: Purchase Intention

R Square: 0.313

Adjusted R Square: 0.301

Note. Survey Questionnaire.

Therefore, based on above result, the following regression equation can be formulated:

$$Y = b_0 + b_1X_1 + b_2X_2 + \dots + b_nX_n$$

$$PI = 1.057 + 0.087T + 0.041HC + 0.514K$$

Where PI= Purchase intention, T= Trust, HC= Health Consciousness and K= Knowledge

*Summary of Hypothesis*

Hypothesis	P-value	Remarks
H1: There is no significant relationship between trust and purchase intention.	0.224	Fail to Rejected
H2: There is no significant relationship between health consciousness and purchase intention.	0.662	Fail to Rejected
H3: There is no significant relationship between knowledge and purchase intention.	0.000	Rejected

**Findings**

The study findings reveal the determinants of organic purchase intention of Biratnagar customers and it was found that knowledge was the key determining exploratory factor of organic food purchase intention. The study reports that one unit

increase in knowledge lead to increase in 51.4% purchase intention. Health consciousness and trust were not found to be significant in determining factor affecting the purchase intention of organic food. With increasing level of knowledge, customers tend to have increased intention to buy organic food. Finding of knowledge were consistent with the findings of Wang, X., Pacho, F., Liu, J., & Kajungiro, R. (2019), Van Loo, E., My, N., Pieniak, Z., & Verbeke, W. (2013), Kashif, U., Hong, C., Naseem, S., Khan, W. A., & Akram, M. W. (2020) and same was proved in Biratnagar. The study shows that the purchase intention of Biratnagar hasn't been significantly impacted by trust and health consciousness whereas Carfora, V., Cavallo, C., Caso, D., Del, G. T., Devitiis, B., Viscecchia, R., Nardone, G., & Cicia, G. (2019) depicted trust and Pham, T., Nguyen, N., Phan, H., & Nguyen, N. (2018) depicted health consciousness have significant impact on purchase intention of organic food.

### **Conclusion**

Consumers have become very sensible regarding purchase and most notably when it comes to the individual and long-term household health. The high-speed bandwidth connection has turned consumers more selective and precise. The result obtained from the study revealed that knowledge regarding organic food is the crucial element that influence the purchase intention of organic food in Biratnagar. Other exploratory factor Trust and Health consciousness have no significant impact on purchase intention of organic food on consumers of Biratnagar. According to the study, retailers should initiate awareness campaign to inform the healthy benefits of organic food consumption and why it is important to health. Accordingly, to gain the trust of the customers different marketing activities should be executed evidencing the standard of the food products. Retailers can evident the customers with quality check certification.

### **Implications**

This study has wide number of implications for marketers, policymaker and different community-based enterprises in designing and developing aimed at promoting organic foods. It will be a foundation to promote through various medias on sustainable food consumption customs and different issues related to food scandals. Awareness campaigns and education events should be executed as they effectively influence consumers basically youths' attitude towards organic food consumption and purchase, hence promoting simultaneously the best and basic organic farming techniques, nutrition realities and environmental advantages. Local sustainability groups can arrange and discussion regarding organic food benefits can be facilitated. Lastly, but most importantly, government should reinforce laws and policies relating to certification and logos to reduce consumer misunderstanding about organic food labels.

The study has certain limitations and suggests meaningful direction for future research. The study undertook Biratnagar as sampling frame. Future studies can take sample frame from different popular urban cities of Nepal where organic food consumption is popular which will provide a different result adding more to literature of organic food context. New findings can be derived investing different locations with different tastes and preferences. Therefore, the comparative study between two or more popular cities in Nepal might be an interesting research agenda. Furthermore, various predicting variables like culture, price, and lifestyle can be investigated for further research. Future research can use new statistical software like SPSS, AMOS, and SmartPls for general understanding.

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