FACTORS INFLUENCING ON THE PURCHASE INTENTION OF ORGANIC FOOD PRODUCTS IN SRI LANKA

R. A. S. Weerasiri* and N. H. K. Cooray

Abstract: Organic food industry currently has become one most emerging markets around the world. Considering the recent economic growth in Sri Lanka, agricultural sector inclusive of organic food industry, holds a significant portion over the contribution to economic growth. However Sri Lanka being one of the largest exporters in agricultural sector, understanding the potential behaviour of the consumers regarding organic food products is vital to growth of the industry. Hence the objective of the study is to analyse and discuss the organic food market and customer purchasing intention in Sri Lankan context.

This research study is descriptive in nature and data has been collected from 150 respondents. Secondary data were collected through rigorous literature review. Primary data were collected through a consumer survey conducted in western province using a structured questionnaire. Stratified random sampling method was used to select the respondents for the survey. Collected data was analysed using mean analysis, frequency measures and regression. SPSS version 16.0 was used as software package to analyse the data.

However based on the research outcome, marketing mix and pre purchase related factors have a clear positive relationship with the customer purchasing intention of organic foods. Hence the recommendation and insights for strategies have been provided via the study that can be used by organic food manufacturers in accordance with their business situation to maximize benefits for their business.

Key Words: Purchase Intention, Marketing Mix, Organic Food, Sri Lanka

1. INTRODUCTION

As a result of the rapid growth in disposable income, larger shares of wallet have been reserved for food & beverage items and whereas the customers’ daily menu would also vary in order to show their concerns on health consciousness and self-esteem. In other words, as the disposable income increases, the customers will purchase food and beverage not only to satisfy their physical needs but also to fulfill their social needs along with being more concerned about the health. This

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has created a market opportunity for food & beverage manufacturers as they expand their product portfolio and offer many choices for customers. “There is a tremendous opportunity for food manufacturers and retailers to lead a healthy movement by providing the products and services that consumers want and need,” said Susan Dunn, executive vice president, Global Professional Services, Nielsen. (Neilsen, 2015).

Considering the Sri Lankan context, agriculture is given a prominent place since history and also deemed as one of the major income modes to the country. Also Sri Lankans do have their own and unique pattern in food habits which differentiates from the rest of the world. Some of the major food habits Sri Lankans possess are that their staple food is rice and curry especially for the main meals, do prefer more spices in their food and also prepare vast variety of dishes with different species of veggies. Nevertheless unlike earlier, current context both old and young generations do deem about the healthiness of foods they consume as well. Hence this sector is growing and receiving high interest among manufacturers and consumers.

Also Sri Lanka, a country with a tropical climate which is also influenced by two monsoons is granted by nature with a higher capability of enhancing its cultivations. Organic farming soils, ecosystems and people’s health that sustains the production system. Rather than the use of inputs with adverse effects, adapted to local environmental conditions, processes, biodiversity and cycles is based on. Share the benefits of organic farming and the environment and fair relations with all tradition to promote good quality of life, innovation and science and technology. (Wahundeniya, 2015) Production of organic tea, spices and fruits is becoming popular because of the demand for such products not only in Europe region but also in Asia as well. Further, organic foods can be considered as a neutral product with no gender barrier. Apart from this, these kind of food products neither have any age barrier, hence having a potential of using by everybody creating a huge market to the manufacturers. When considering potential in organic foods consumption and production, it is important for manufacturers to understand the consumption behavior of organic food consumers.

Deeming all above mentioned, this research is undertaken with the intention of identifying the key factors influencing the consumer purchasing decision with regard to organic foods in western province; Sri Lanka. With the fact that customers being more health conscious, identifying the importance of organic foods would add value in many parties such as manufactures to understand the customer and develop the product, assisting customers in better purchases, organizations to optimize the opportunities lying in the market, and even to the society. However shrinking these interested parties I have focused on three main dimensions, viz; the product, customers and manufacturers and the environment (organizations, society, etc.). This research will assist us to identify the real factors behind the
purchasing decision of organic food which can be used in the management decision making process.

2. OBJECTIVES OF THE STUDY
The main objective of this research is to discover the influence of the four elements mentioned previous viz; demographic factors, purchase motives, marketing mix related factors and pre purchase related factors on purchasing decision of consumers with special reference to organic foods. Making it more specific the key objective of the study would be to study the factors influencing consumer purchasing decision with regard to organic foods.

The specific objectives would be;

- To explore the impact of marketing mix related factors such as product, price, place and promotion influence the customer purchasing towards organic food.
- To identify the impact of pre purchase related factors such as attitudes, values and beliefs influence the customer purchasing towards organic foods.
- To identify how the demographic factors such as age, education and income impact in controlling the relationship between marketing mixes related factors or pre purchase related factors and customer purchasing intention towards organic foods.
- To identify how gender impact in moderating the relationship between marketing mix related factors or pre purchase related factors and customer purchasing intention towards organic foods.
- To identify the most prominent factors effecting on the consumer buying decision of organic food in the Western Province.
- To recommend the best strategies for organic food manufacturers to implement.

3. LITERATURE REVIEW
The term organic has derived from a Greek word called bios, meaning which life or way of living (Hamzaoui Essoussi & Zahaf, 2008) As per the Soil Association, the food is prepared in a environmental-friendly farming methods in the use of organic food and organic farming environment. These methods are defined legally, and any food that has been sold to strictly organic. Organic farms have been no changes, safety should be grown in soil, and should remain separate from the traditional products. Farmer’s synthetic pesticides, bioengineered genes, petroleum-based fertilizers, and sewage sludge-based fertilizers are not allowed to use with the organic food production.
Nevertheless there is some level of confusion amongst consumers in relation to organic food, at the same time there is growing consumer awareness of organic food around the world. In addition to that identifying the consumer type of organic food consumers one ideal study; a Greek study which focuses on wine purchasing, Fotopoulos, Fotopoulos, Krystallis, & Ness, (2003) identify organic wine buyers’ intention on buying over the non-buyer. **Healthiness, quality, information, attractiveness and good taste** are the five main motivations for organic wine purchasers. More to the above another study conducted by Krystallis, Fotopoulos, & Zotos, (2006) investigated the differences between consumers and non-consumers of organic food in Greece. It explores that **organic consumers are less price-sensitive and interest points of food quality, evidenced by organic labeling and food production methods.**

**Influential Factors**

This study is focusing on 2 main influential factors which are as marketing mix related factors and pre purchase decision related factors.

**Marketing Mix**

According to Philip Kotler marketing is where you deal with identification and human and social needs. One of the shortest marketing definitions is “meeting needs profitably”. (Kotler, 2006). Also the book “Marketing by Lamb, C. W., Hair, J. F., & McDaniel, (2004) depicts individuals and organizations to create marketing plans that meet goals and communicate the concept, pricing, promotion, and implementation of this means, of goods and services process.(Lamb, C. W., Hair, J. F., & McDaniel, 2004). However in meeting needs profitably, marketers need to use an effective tool which ensures the below;

- The product has to have the correct features.
- The price must be right.
- The goods must be in the right place at the right time. When they want to make sure that goods coming to and important mission.
- To be aware of the existence of available and produced by specific target groups.

Hence to assess the above criteria, marketers are facilitated with a tool which is known as marketing portfolio or in other words “the marketing mix”.

In other words, The Company utilizing the marketing mix in the market to promote their brand or product, or a series of actions and strategies. Price, product, promotion and place - make up the 4Ps marketing mix. However, nowadays, more and more marketing mix Ps Packaging, Positioning, including the important elements like mixed public and even politics.(The economic times, 2015).
However considering the marketing mix which is also known as marketing portfolio which consists of different tools, directing towards effective marketing is important. Any marketable tool such as goods, services, ideas, places, etc. affiliating with the marketing mix or in other words marketing portfolio will eventually achieve successful results. The term marketing mix has been used as a shorthand way of describing the combined tactical activities of the marketing function for more than twenty five years the first true marketing mix was outlined by Bordon in 1965. However the list had been further developed in 1975 by McCarthy who reduced it into 4 major elements known as 4 Ps. (Fiûeld, 1992). As mentioned marketing mix is a combinations of 4 major elements known as 4 Ps, namely; Product, Price, Place and Promotion.

**Product**

As mentioned above, every marketer should have a marketable tool or in other words known as a product to market. Hence, the most prominent element in the marketing mix would be the product. As Lamb, C. W., Hair, J. F., & McDaniel, (2004) defines, a product offering would be the initial point of developing a marketing mix usually. Without having a proper product, determine the price, design a promotion strategy or to engage with an excellent distribution channel will not be possible.

Defining a product, it may be everything, both favorable and unfavorable that a person will receive in exchange. Further classifying these products it can be divided into two; business products and consumer products. A business product is something in use to operating facilities or organization to sell consumer products to individual customers of the other products bought to satisfy private wants, other goods or services produced.(Lamb, C. W., Hair, J. F., & McDaniel, 2004).

**Price**

This is the value assigned to particular item. Demand and other factors, many direct and indirect - it is produced, to pay part of the target market can supply depends on the cost. Tied with each overall business plan, market pricing strategy, has various types. Prices of products to improve the image separately to identify and more, can be used as a point of differentiation.(The economic times, 2015). However as Kotler mentions in the narrowest sense the price can be identified as the amount of money charged for a product or service. (Kotler&Armstrong, 2005)

**Place**

Place can be defined as the delivering the goods to right place at the right time. This product will be able to take and easy for the customer to ensure that part of the marketing mix. When it comes to storage in the consumer price product, that
product can be obtained easily and without problems, is essential. Whenever we are faced with problems related to available consumer product, they take their business somewhere else that is almost certain something. The product is in the right place at the right time because it makes it so important. (Sampson, 2003-2015; Intan, 2016).

Use the right place, to increase and maintain the company’s sales a proper customer base time for a long time. On the other hand, the market share and revenue and profit that will increase more. Very important task that focus at the right time to reach the correct placement right target audience. It places the focus on targets located in the Business.

**Promotion**

Promotion is the persuasive communication about the product by the offer to potential customers. It is used for advertising, personal selling, sales promotion, advertising, public relations, covers the practice of exhibitions and promotion.

Advertising and personal selling are important tools to promote the sale of product of a firm. The use of promotional activities like contests, free distribution of samples, etc. is also significant to fight competition in the market. Thus, the basic elements of promotion mix are advertising, personal selling and sales promotion (Chand, 2015).

**Pre Purchase Related Factors**

Literature has demonstrated that consumers’ attitudes, beliefs and perception may influence the purchase of organic food. Key findings from selected studies are introduced in the following sections.

**Attitude**

Attitude can be described it is a trend or idea, object, person or situation as a tendency to respond positively or negatively. Psychology, attitude, person, place, thing, or situation (attitude of the object) to the favour or disfavour of expression. Gordon Allport once a major psychological attitude that “time social psychology’s most unique and indispensable concept.” Attitude can be formed from a person’s past and present. (Allport, 1935)

**Beliefs and Perception**

Beliefs can be simply known as consumer perception of how a brand performs. On the other hand, perceive stimuli, select Organization, and is defined by. Computers as the raw data (mindfulness) set. However, it has to add to the study
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of perception, or their interpretation, we focuses on what it is from this that the attached. (Monger, 2009-2015).

As Vanessa Cross defines perception establishes the meaning about a product or brand is the basic consumer. In marketing, the customer information processing as described. All the senses are engaged in radio communication at this stage being sold brands. Marketing literature, of art to show four stages during the processing customer information: sensation, attention, interpretation and retention.

Relating to the study; an early Northern Ireland study (Davies, Titterington, & Cochrane, 1995) reveals that organic food is perceived as food without ‘chemicals’ and ‘hormones’. Consumers purchase organic food as they perceive it to contain lower pesticide and fertilizer residues. A UK study (Harper & Makatouni, 2002) suggests that both buyers and non-buyers have similar perceptions of what organic food means. Perceptions are affected by beliefs about the safety and quality of conventional food production, and subsequent attitudes to conventional versus organic products. Hence can assume perception and beliefs behave conversely.

4. METHODOLOGY

This research study is descriptive in nature and is conducted of consumer purchase decision factors that influence the identification organic food products in Sri Lanka. The data is gathered from both quantitative and qualitative approaches. A questionnaire survey is used as the main method since it is a clear quantitative approach for the data gathering process. Study is conducted in the natural environment by providing the respondents a structured questionnaire to identify the impact of brand extension on brand image in personal care industry. Interference of the researcher is very low, other than administrating the questionnaire to the respondents.

On the other hand, literature review is used as a supplementary method to gather both qualitative and quantitative data. The gathered data is used to measure the relationship between the concept and variables.

Methods of Data Collection

Conducting the research study, quantitative approach has been used as the main method to gather data and a qualitative approach is used as a sub section of the data gathering process in order to collect the opinions of the respondents. The collected data is used to test the hypothesis mentioned under chapter three. The data is collected through following sources:

Secondary Data

Literature is reviewed as a secondary data which provided some basic answers to the research problem. This data is gathered by referring to journal
articles, annual reports, newspaper articles, magazines, government publishes and websites.

Primary Data
The primary data has been gathered via a structured questionnaire. The questionnaire is distributed among the public both physically as well as via social media, deemed an important survey tool. The incorporation of social media enables the researcher to obtain quick responses from a geographically widespread set of audience within a short period of time.

Survey Instrument
The survey instrument is a structured questionnaire which consists of five sub sections from section A - Section E, and using that data were collected by the respondents. The questionnaire designed to collect data relevant to the factors influencing purchasing decision of organic food products in Sri Lankan context, consist five sub sections; General consumer behavioral data regarding organic food, independent variables (marketing mix and pre purchase related factors), dependent variable and other demographic factors relevant to the respondents.

Section A

Reliability Test
This basically examines the consistency of the results/findings generated by a measure in varying conditions. Reliability ensures the dependability, consistency and the accuracy of a measure. To ensure the reliability of the study Cronbach’s alpha is used. According to Nunnally, (1978) the value of Cronbach’s alpha should be greater than 0.7.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Measure</th>
<th>No. of items</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent</td>
<td>Marketing Mix</td>
<td>14</td>
<td>0.7533</td>
</tr>
<tr>
<td></td>
<td>Pre Purchase Factors</td>
<td>08</td>
<td>0.7774</td>
</tr>
<tr>
<td>Dependent</td>
<td>Purchase Intention</td>
<td>04</td>
<td>0.7787</td>
</tr>
</tbody>
</table>

The Sampling Plan
Research conducted is adhered to a non-probability sampling selection and the researcher has used the convenience sampling technique due to the limited budget, time and human resources to do this study. Roscoe (Hill, 1975) proposes the rules of thumb for determining sample size, where sample size larger than 30 and less than 500 is appropriate for most of the research. Hence, a sample size of 150
respondents was 40 closely monitored and chosen within the Western Province, mainly in Colombo and Gampaha areas.

5. FINDINGS AND DISCUSSION

As described in the conceptual framework, the researcher here discusses the marketing mix, one of the independent variables which have an impact on the dependent variable; purchase intention. Based on the gathered data the following table has been constructed with valuable insights about marketing mix. Table 2 demonstrates further details on the aforesaid. Analyzing the data, it is evident that the majority of the respondents had responded favorably, meaning which by strongly agreeing or agreeing, towards the indicators in the marketing mix.

<table>
<thead>
<tr>
<th>Table 2</th>
<th>Descriptive statistics marketing mix</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N</td>
</tr>
<tr>
<td>Product_Mix</td>
<td>150</td>
</tr>
<tr>
<td>Price_Mix</td>
<td>150</td>
</tr>
<tr>
<td>Place_Mix</td>
<td>150</td>
</tr>
<tr>
<td>Promotion_Mix</td>
<td>150</td>
</tr>
<tr>
<td>Marketing_Mix</td>
<td>150</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>150</td>
</tr>
</tbody>
</table>

Source: Survey Data (2015)

Here, the aim of the researcher is to measure the level of concern over marketing mix towards purchasing organic food. The above table shows the descriptive statistics of marketing mix. According to mean values, product takes the highest mean value of 4.48. The second best value is demonstrated by place, with a mean value of 4.14. This is followed by promotion and price with mean values of 3.58 and 3.54 respectively.

<table>
<thead>
<tr>
<th>Table 3</th>
<th>Descriptive stat. pre purchase related factors each element</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N</td>
</tr>
<tr>
<td>Believes_Mean</td>
<td>150</td>
</tr>
<tr>
<td>Attitudes_Mean</td>
<td>147</td>
</tr>
<tr>
<td>Perception_Mean</td>
<td>147</td>
</tr>
</tbody>
</table>

Source: Survey Data 2015

Deeming the table demonstrated above, the majority of the consumers of organic food products have indicated a very strong positive relationship towards the beliefs. Mean assigned to the factor beliefs which are of 4.4 marginally different
to the maximum value of 5 indicates that except few the rest of the sample has agreed upon the fact of beliefs do have an impact on the purchasing decision of consumers. However attitudes and perception both indicates a mean of 3.4 and 3.5 indicating that both the factors have been accepted by the majority of the consumers. Nevertheless, among the pre purchase related factors beliefs indicating the highest mean value of 4.4 and attitudes indicate the least mean value which is of 3.4 implying that the manufacturers and organic food sellers should consider about beliefs specially in making marketing campaigns over attitudes.

Testing the Main Objective

To identify the influencing factors towards the purchasing decision of organic food industry in Sri Lanka.

Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.523a</td>
<td>.274</td>
<td>.269</td>
<td>.46035</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Independent Overall

Source: Survey Data 2015

Coefficients*

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>1.483</td>
<td>.321</td>
<td>4.622</td>
</tr>
<tr>
<td>Independent Overall</td>
<td>.618</td>
<td>.083</td>
<td>.523</td>
<td>7.474</td>
</tr>
</tbody>
</table>

Source: Survey Data 2015

a. Dependent Variable: Purchase Intention

As present in the table 05 significance of the brand independent variables considered; marketing mix and pre purchase factors is 0.000. Since this is lower than the alpha level of 0.05 it is proven that “Marketing Mix and Pre Purchase Related Factors have an impact on purchase intention”.

B coefficient of the brand extension has come to the value of 0.618. Since this fall under the category of +0.3 to +0.7 in the scaling of coefficient introduced by Arslan, F.M. and Altuna, (2010) which can be concluded as “marketing mix and
pre purchase related factors have a strong moderate impact on purchase intention”.

6. CONCLUSION

The ultimate purpose of this study was to examine the influencing factors on consumer purchasing decision, with special reference to organic food products in Sri Lanka; western province. Objectives and hypotheses are formulated based on this purpose. Hence this section is constructed to elaborate the outcome of the research study and provides recommendations for organic food manufacturers in Sri Lanka. It also examines to what extent the objectives of the study have been realized and finally provides limitations of the study as well as suggestions for further research. As per the research outcome, factors such as product, price, place, promotions, attitudes, beliefs and perception have a clear positive relationship with the customer purchasing decision of organic foods and supported all the hypotheses developed at the beginning of the research. The recommendations are also provided based on the level of importance and the significant of the relationship. These insights for strategies can be used by organic food manufacturers in accordance with their business situation in order to maximize benefits for their business.

Implications

Marketing Mix

When looking at the data analysis, among the marketing mix the most critical and vital factor or the element is the product in determining the consumer purchasing decision of organic food products. Further drilling down the product mix, the researcher has identified that the many of the consumer are very much concern about the quality and the value rather taste. This was further proven by the analysis of the product mix where the price consciousness was high among the consumers. Hence organic food manufacturers should precisely pay more attention on the product quality and a considerable price eventually ensuring value for money. Manufacturers can increase their efficiency and productivity, and thereby, reduce the overall cost of production and sell a good product at a competitive price assuring value for money.

Packaging is another aspect that manufacturers should look at, as it is known to be a silent seller. An attracting package design will help the manufacturer to stand out from amongst other competitive brands and lure the customers to their products.

Deeming the other factors in the marketing mix the next most important factor would be place. Specifically the ambience, precisely cleanliness and also the
convenience to assess are two other prominent factors that the manufacturers should head on. As accessibility is also a crucial factor when determining the customer purchasing decision in organic foods. Normal food products are very close substitutes for organic food items, therefore, organic food manufacturers need to provide easy accessibility and product visibility in the marketplace for customers to grab the products before they shift to substitute products. One of the best strategies to enhance the convenient accessibility for customers is to increase the modern trade availability as there is a trend of customers shifting modern trade outlets.

On the other hand looking into promotional tools it depicts that the ATL promotion tools such as TV advertisements, radio, newspapers are more effective than the BTL tools. Also considering the gender distribution as majority of the consumers are females suppliers can advertise about organic foods through TV during the time of programs telecasting for women and also during tele drama slots. Also suppliers can use more informative advertisements where consumers do look for information about organic foods.

**Pre Purchase Related Factors**

Researcher here had discusses about three main pre purchase related factors;

- Attitudes
- Beliefs
- Perception

Among these three, the findings have proven that the beliefs are the highest influencing factor towards the purchasing decision with regard to organic food products. Specifically there is a higher tendency of people purchasing organic food products with the belief of they contain higher nutritional value and ensures healthy life. This can be used as an insight for the suppliers in creating their marketing campaigns. More they emphasize these facts more it can be concluded that more customers will get attracted. Also it is important and crucial for manufacturers to increase the safety of the food product in order to build trust amongst customers and confirm their beliefs whereas when it is breached there is a higher tendency of consumers shifting for substitutes forever. One method to be in line with this is to obtain certifications such as SLS and ISO to give a third-party confirmation. Furthermore, manufacturers can communicate the hygiene values of the product to the consumers through their advertising and promotional campaigns. Also further drilling down the fact beliefs it is evident that many of the consumers are very health conscious. Hence using related parties such as nutritionist and dieticians in their promotional campaigns will add more value.
Limitations of the Research

- The factors considered under this study were based on the research model developed under conceptual framework. There are many other factors that could have influenced customer purchasing decisions of impulse ice cream.

- This study is based on the western province of the country considering only three districts; Colombo and Gampaha due to the limitations of resources such as time, money and distance. The results could be different if the research was conducted in other parts of Sri Lanka.

- The selected sample size for this research was 150 respondents, which is not very adequate to represent the entire population. Further, the respondents are chosen by using a selected sampling method and based on those findings the recommendations are given. Therefore, the bias in the research findings may have distorted the real market context.

- The research was only conducted on the counting only two factors influencing purchasing decision of organic foods. However, the agriculture industry as a whole is a large industry and organic food is of 0.2% - 0.3% of the market share. The results could have been different if the research was conducted for the entire industry.

- The recommendations given under this research are purely based on the outcome of the study and the knowledge of the researcher. These recommendations are given for the general market context of organic food industry. Therefore, each manufacturer should use those recommendations based on their business contexts, target market, segmentation profiles in order to get the maximum benefit for their business.

Suggestions for Further Research

- As per the outcome of the findings and the limitation of the study, the following areas can be suggested for further research.

- There is further space to conduct a research to identify the factors influencing customer purchasing decision of organic farming.

- There is a further space to conduct the same research for different areas of the local market.

- There is further space to analyze the same research with different moderating factors as the deemed moderating factor has no significance in the study.

- There is further space to increase the independent variables where this research only considered two major factors influencing consumer purchasing decision. The same research can be conducted by modifying the model in order to get more accurate outcomes.
References


