



IMPACT OF MARKETING MIX ON CONSUMER BUYING BEHAVIOR IN ORGANIC

PRODUCT

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ABSTRACT

The demand for organic product has been growing essentially in India. Good health is very important in our life. Organic product is grown under a system of agriculture without the use of chemical fertilizers and pesticides with an environmentally and socially responsible approach. The interest for organic products has quickly expanded worldwide in recent years. This study tries to identify the impact of product, price, place and promotion factors on consumer buying patterns in organic product.

The objective of the study is to identify the factors and to identify the most influential variables under each factor. The questionnaires attempts to get the buying behaviour based on the choice of factors. It also carries questions like purchase frequency, price that the customer is willing to pay, etc. The set of questions captures 19 variables, 5 under product factors, 3 under price factors, 6 under place factors and 5 under promotion factors.

The study identifies the most important factor for consumer under product, price, place and promotion factors. Product factors are somewhat more important for the customer followed by quality, brand, health & environment safety and taste. Place factors are not much important to consumers compared to the product factors. Convenience is the most important factor under place. Price factors considered are high cost, reasonable price and for quality. The people accept the price is health for the sake of health. Consumers are expects that the product should be home delivered.

The study will be useful for the organic product stores in Chennai. Identification of the factors will help the store owners to tailor their marketing and manufacturing strategies to take advantage of these influences in a way that will satisfy both the consumers and marketers. They can formulate strategies and help develop the store and the farmers at large.

Keywords: Organic product, buying behaviour, marketing mix, product, place, price, promotion.

1. Introduction

Today, modern world, natural goodness of the produce is lost because several chemical-based pesticides and fertilizers are used at different stages of cultivation. In the 1980s realizing the adverse impact of chemical farming, various farming and consumer starts pressing for government regulation of organic production. Prevention is better than cure so it's better to maintain health through organic product. In India many varieties of organic product produced due to its various agro climatic regions. In several parts of the country, the inherited tradition of organic farming is an added advantage. Sikkim has become India's first fully organic state by implementing organic practices on around 75000 Hectors of agriculture land. India ranked 10th among the top ten countries in terms of cultivable land under organic certification. This study helps the manufacturers to identify the changing needs and demands of Indian customers in organic product and to identify the importance given by the customers to each of the marketing mix factors.

Purpose of the Study

The purpose of the study is to identify the importance given to various factors by the customers while purchasing and the purchase decision by the customers based on these factors. The main purpose of the study is to help the manufactures and small stores in Chennai to understand what exactly is the customer looking for and the buying behavior of the customers.

Conceptual framework

Consumer spending in India can be classified into regular spends and lifestyle spends. Regular spending includes the basic necessities of life while lifestyle spending includes spending on a computer, internet, car, cell phone etc. Individual buyers take different factors into consideration while purchasing any commodity, which is a necessity.

The probable factors can be classified into four groups- Product, price, promotion and place. This study attempts to analyze marketing mix factors influencing the purchase decision.

Marketing Mix Strategy

Kotler (2003) identified the marketing mix is the set of selling tools for helping companies to aim the target customers in marketing. The most well-known marketing strategy tools are the 4 Ps model. McCarthy and Perreault (1994) suggested the 4 Ps models that the marketing strategy encompasses four factors, such as Product, Price, Promotion, and Place.

Marketing Mix

Product: Product is a physical object that is sold and has a palpable characteristic, a complex set of benefits that can be used to meet customer needs. Product is characterized by quality, brand, design, durability, packaging, comfort, etc.

Price : Includes issues such as discounts, list prices, credit, repayment term and conditions .The price is included in the price, product or service offered for sale and will determine the level of benefits. Price is the only element that does not include costs charged to the customers to buy products they take.

Promotion: It Includes issues such as advertising, personal selling, sales promotion, public relations and direct marketing. Distribution channels are the most important questions about how an organization can optimize a connection between inner and outer channels.

Place: It Includes issues such as distribution channels, market coverage, product

inventory, transportation and distribution sites. An organization should pay attention to place decisions, because of the importance of the product and consumption occurring at the same time and at the same place; a place that provides all information of customer, competition, promotion action, and marketing task. It should pay attention to how it can deliver the product at the right time and at the right place, and which channel should be used to deliver the product.

Consumer Behaviour

This represents the processes by which individuals search for, select, purchase, use, and dispose of goods and services, in satisfaction of their needs and wants. In other words, consumer behaviour is a set of dynamic decision-making processes that encompass the purchase and use of products. Consumer behaviour in this study is measured through the importance given to each factors, the price that the customer is willing to pay and the frequency of purchase by the customer.

2. Review Of Literature

Anil Menon et al.,(2015) Concerns related to the environmental surrounding are evident in the fast regarding the environmentally conscious marketplace as well as increasing impact on corporate strategists. Attracting from the academic literature and case studies of actualw corporate experiences, this article discusses the principle of environmentally-based marketing programs within the context of every aspect of the marketing mix. Additionally, it talks about issues that are of critical importance in the implementation of the concept, from the perspectives of firm performance and business environment. The managerial effects of adopting environmentally-based marketing programs and concerns relevant to future research in this area are also addressed.

Lendel Kade Narine , Wayne Ganpat , Govind Seepersad , (2015) was executed to determine willingness to pay (WTP) and the market possibility for organic tomatoes when marketed as a differentiated product. A survey research methodology was used in this research. An ANOVA model applied to determine the mean maximum WTP for organic tomatoes depending on selected factors. Concluded that most consumers were willing to pay premium prices for organic tomatoes. Indicated that consumers' area of residence, educational level, income range, and their perception of the health benefits derived from organic tomatoes significantly affected their WTP for organic tomatoes.

Weng Marc Lim et al., (2014) the authors strive to understand the perceived value that consumers associate with organic food and the factors that impact their willingness to get organic food. They concluded that from the study suggest that consumers who perceive a positive value with regard to organic food are more willing to purchase organic food, in which health was the primary perceived benefit. For consumers who understand a negative value with view to organic food, they are less willing to purchase organic food. Many consumers did not see any difference between organic food and nonorganic food as being expensive and argued that more efforts are needed on the part to source for organic food. Implications and recommendations from research findings are also presented.

Dr. N. Ragavan & Dr. R. Mageh (2013) talked about the concept the perceptions towards organic food product depict the strongest relationship with buyers' intention to buy organic food product followed by the buyers' belief that consuming organic food product is adding to preserving the environment. The perception towards organic food

and belief that organic food is environmentally friendly are dependent. The availability of product information is also supporting the consumers' intention to purchase organic products. The perception towards organic products, beliefs about product safety for use, opinion about product friendliness to the environment and availability of product information are the major determinants for the consumers' purchase intention towards organic products.

Pavan (2010) has a similar definition for green product, as incorporating the pursuing characteristics: original grown; recycle, reusable and biodegradable; with natural ingredients; possesses reused content, non-toxic chemical; will not harm or pollute the environment; it is not tested on pets and have eco-friendly packaging.

Albino et al., (2009) agree with the fact that the green product is intended to minimize its environmental impacts during its entire life-cycle. Specifically, non renewable resource use is minimized, harmful materials are avoided and renewable resource use takes place in accordance with their rate of replenishment.

Hu, Y.-J. (2009) says that "Service quality as a mediator of the relationship between marketing mix and consumer loyalty". There are 3 variables concentrated on under this-Marketing mix, Service quality and customer loyalty. 14 sub variables were recognized under marketing mix, 21 under service quality and 3 under customer loyalty. The results revealed that there is a strong and statistically significant relationship between overall marketing mix and overall customer loyalty and a positive relationship between overall service quality and overall customer loyalty. The result also suggested that there is no intercession impact of service quality between the perception of marketing mix and consumer loyalty.

Cengiz, E., & Yayla, H. E. (2007) analyzed the relationship between marketing mix and word of mouth communication. Variables are increasingly recognized as being sources of competitive advantage in the marketing and management literature. They collected data from 503 Turkish accounting offices' customers and integrative model was developed and tested with structural equation model . They concluded that marketing mix components, namely price, product, promotion and place have effect on word of mouth communication with different impacts significantly.

3. Research Methodology

Research problems

To understand the impact of Product, Price, Place and Promotion factors on consumer buying behavior in Organic Product.

What are the factors under marketing mix variables that influence a consumer in purchasing a particular Organic Product.?

Objective

To determine the marketing mix factors influencing the buying behavior of Organic Product.

Variables

The study considers only 4 elements under the marketing mix- Product, Price, Place and Promotion factors.

Product factors

The sub-variables under product factors are

- Brand
- Quality
- Packaging
- Health
- Taste

Price factors

The sub-variables under price factors are

- Price of organic product is cheap
- Healthy product with Reasonable price
- Quality of the product is related with price

Place factors

The sub-variables under place factors

- Location of the store
- Convenience to the customers
- Store atmosphere and décor
- Stores which only sell Organic Product
- Several Product Available in store
- Easy layout

Promotion factors

The sub-variables under place factors

- Using Offer coupon to encourage.
- Using free home delivery to encourage
- Popularity of the organic store as a distinguished shop
- Using members' ideas and proposals
- Giving discounts to regular buyers

Hypothesis

Hypothesis 1

H0: There is no Significance between Product and Purchase decision.

H1: There is Significance between Product and Purchase decision.

Hypothesis 2

H0: There is no Significance between Price and Purchase decision.

H1: There is Significance between Price and Purchase decision.

Hypothesis 3

H0: There is no Significance between Place and Purchase decision.

H1: There is Significance between Place and Purchase decision.

Hypothesis 4

H0: There is no Significance between Promotion and Purchase decision.

H1: There is Significance between Promotion and Purchase decision.

Design of the Study

The study attempts to identify the factors under marketing mix which impact the consumer buying behavior in Organic Product. Around 19 sub-variables are identified under the 4 factors: 5 sub-variables under product factor 3 sub-variables under price factor, 6 sub-variables under place factor, and 5 sub-variables under promotion factor. The study attempts to identify the most influential factor under each head and the relative importance given to each factors by the customers who wants to purchase organic product the research will be conducted only in Chennai.

Research Instrument

A questionnaire is designed which captures the product, Price, Place and Promotion factors variables that influence organic product purchase decision. The questionnaire also captures demographic variables in the study. Survey method of data collection is used. Five scales with rating from 1 to 5 were used in the questionnaire. To collect the primary data the questionnaire is used. Through administration of questionnaire the study tries to analyze the importance given to each factors while purchasing of organic product. Data was collected from 130 respondents in Chennai through a survey administrated questionnaire.

Sampling Methodology

Non probabilistic sampling will be used for this research. Data is collected through surveyor administrated questionnaires. It is collected from consumers in the order of their arrival and convenient sampling is used for the purpose of data collection. Data is collected from the consumers who came to buy an organic product in the store. Respondents will be selected on the basis of their accessibility and on the basis of convenience or by a purposive personal judgment.

Population Sample Frame

The target group consists of those who want to purchase a organic product as well as customer who have already purchased organic product. Sampling element in this research are individual consumers who are living in Chennai

4. Data Analysis and Interpretation

Testing of Hypothesis 1

The table 1 considers the product factors on organic product. It shows that only 91% customers are agreed about Organic products are High in quality, 78% customers are feeling several brand available to choose organic food, 84% customers are believe that Organic product are good for health and environment, 14% Consumers feel that good packing and visual appearance and 53% says that organic food is good for taste than conventional food.

P value is less than .05 so H₀ is rejected. This means that Product factors do impact the purchase decision of organic product. That means customers preferring high quality, good for health and environment and convenience factor will be purchasing decision.

Table 1 : Analyzing product factors

Product	1	2	3	4	5	Significance
Organic products are High in quality	71	48	11	0	0	CV=304 Df =16 P=0.000
Several brand available to choose	26	30	45	17	12	
Good Packing and Visual appearance	4	14	62	24	26	
Organic product are good for health and environment	65	45	15	5	0	
Taste of the Organic product is good	18	51	61	0	0	

Testing of Hypothesis 2

The table 2 considers the price factors on organic product. It shows that 88% customers are agreed about price of organic product is high, 79% customers are feeling healthy product with reasonable price,70% customers believed that quality of the product is related with price.

P value is less than 0.05 so H0 is rejected. This means that price factors do impact the purchase decision of organic product. Even though the prices are high, people ready to purchase the organic product due to health and quality products.

Table 2: Analyzing price factors

Price	1	2	3	4	5	Significance
Price of organic product is high	66	48	15	0	1	CV = 35.3 Df = 8 P=0.000
Healthy product with Reasonable price	62	41	37	10	0	
Quality of the product is related with price	52	39	35	4	0	

Testing of Hypothesis 3

The table 3 considers the above place factors on organic product. It shows that 76% customers are agreed about Organic store is Conveniently located, 32% customers are feel Appealing store atmosphere and Décor, 25% customers are believe that Several product available in store, 29% Consumers feel that Convenience to purchase organic product by organic store, 21% customers are agreed about Using telephone and other communicational tools to order and 76% says that Store sale only organic product.

P value is less than .05 so H0 is rejected. This means that place factors do impact the purchase decision of organic product. That means customers preferring convenient location, and only sale organic product store.

Table 3: Analyzing place factors

Place	1	2	3	4	5	Significance
Organic store is Conveniently located	34	42	17	25	15	CV = 236 Df = 20 P=0.000
Appealing store atmosphere and Décor	21	20	32	24	33	
Several product available in store	18	27	39	28	18	
Convenience to purchase organic product by organic store.	22	16	38	26	28	
Using telephone and other communicational tools to order.	5	22	73	28	2	
Store sale only organic product	75	24	10	13	8	

Testing of Hypothesis 4

The table 4 considers the above promotion factors on organic product. It shows that 30% customers are agreed about Using Offer coupon to encourage, 52% customers are feel Using free home delivery to encourage, 45% customers are believe that popularity of the organic store as a distinguished shop, 43% Consumers feel that Using members' ideas and proposals, 83% customers are agreed about giving discounts to regular buyers .

P value is less than .05 so H0 is rejected. This means that promotion factors do impact the purchase decision of organic product. That means customers preferring discounts to regular buyers, home delivery.

Table 4: Analyzing promotion factors

Promotion	1	2	3	4	5	Significance
Using Offer coupon to encourage.	14	25	48	24	19	CV = 139 Df = 16 P=0.000
Using free home delivery to encourage	22	46	36	18	8	
Popularity of the organic store as a distinguished shop	27	32	34	22	15	
Using members' ideas and proposals	28	28	61	10	3	
Giving discounts to regular buyers	67	41	22	0	0	

5. Findings and Conclusion

Findings

The findings of the study will uncover that product, price, and place and promotion factors have significant impact on purchase decision. Findings on Importance of various factors for consumers are:

- 91% customers are agreed about Organic products are High in quality.
- 78% customers are feeling several brand available to choose organic food.
- 84% customers are believed those Organic products are good for health and environment.
- 14% Consumers feel that good packing and visual appearance.
- 53% says that organic food is good for taste than conventional food.
- 88% customers are agreed about price of organic product is high.
- 79% customers are feeling healthy product with reasonable price.
- 70% customers are believed that quality of the product is related with price.
- 76% customers are agreed about Organic store is conveniently located.
- 32% customers are feel Appealing store atmosphere and Décor.
- 25% customers are believe that several product available in store.
- 29% Consumers feel that Convenience to purchase organic product by organic store.
- 21% customers are agreed about Using telephone and other communicational tools to order.
- 76% says that Store sale only organic product.
- 30% customers are agreed about Using Offer coupon to encourage,.
- 52% customers are feel Using free home delivery to encourage,.
- 45% customers believe that popularity of the organic store as a distinguished

shop.

- 43% Consumers feel those Using members' ideas and proposals.
- 83% customers are agreed about giving discounts to regular buyers.
- There is Significance between Product and Purchase decision towards organic product.
- There is Significance between Price and Purchase decision towards organic product.
- There is Significance between Place and Purchase decision towards organic product.
- There is Significance between Promotion and Purchase decision towards organic product.

Conclusion

The study will be valuable for the organic product manufactures in identifying the consumer buying behavior. This study was done to find out various factors under product, price, and place and promotion factors which impact consumer buying behavior. Consumer buying behavior was measured through the purchase decision. The study also identified 5 most important factors which is a combination of product, price, and place and promotion factor through factor analysis. The most important product factor for customer is comfort followed by Quality, Brand, Health & Environment safety and Taste. Product factors also impact of purchase decision. Customers who prefer quality and health are purchase the product. Price factors also impact of purchase decision. The study shows that customers are buying the organic product even though the price is high. The people ready to purchase organic product because the products are healthy and quality. Place factors also impact of purchase decision. The study shows that customers preferring location and the stores selling only organic product. Promotion factors also impact of purchase decision. The study shows that customers preferring discounts to regular buyers, home delivery.

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7. Questionnaires

IMPACT OF MARKETING MIX ON CONSUMER BUYING BEHAVIOR IN ORGANIC PRODUCT

I. Personal Details

1. Name of the consumer:

2. Address: _____

3. To which age group you belong?

Less than 20 years	20 – 30 years	30 – 40 years	40 – 50 years	50 – 60 years	above 60 years

4. Gender:

Male	Female

5. Which of the following best represents the highest level of education that you have completed?

Higher Secondary +	Technical Qualification	Under Graduate	Post Graduate	Graduate Doctorate

6. Which of the following best describes your monthly family income?

Up to Rs.15,000 pm	Rs.15,001 to 30,000	30,001 to 45,000	45,001 to 60,000	60,000 to 75,000	75,000 and above

7. Family Details:

(i) How many members in your family living together?

1 - 2	3 - 4	5 - 8	9 and above

(ii) Type:

Nuclear Family	Joint Family

(ii) Marital Status :

Married	Unmarried

(iii) Number of Degree Holders in Family_____

8. Occupation:

Student	Home Maker	Business	Employment	Professional	Service

9. Total Expenditure of the Family on food stuffs:

Up to Rs.3,000	Rs.3,001 to 4,000	4,001 to 5,000	5,001 to 6,000	6,001 to 7,000	7,001 and above

II. Marketing Mix

10. Please tick at the appropriate column which indicates the dimensions of Marketing Mix of the organic products.

5= Strongly Agree	4= Agree	3= Neutral	2 = Disagree	1= Strongly Disagree
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S.No	Product	1	2	3	4	5
1	Organic products are High in quality					
2	Several brand available to choose					
3	Good Packing and Visual appearance					
4	Organic product is good for health and environment					
5	Taste of organic product is good					

S.No	Price	1	2	3	4	5
1	Price of organic product is high					
2	Healthy product Reasonable price					
3	Quality of the product is related with price					

S.No	Place	1	2	3	4	5
1	Organic store is conveniently located					
2	Appealing store atmosphere in store					
3	Several product available in store					
4	Convenience to purchase organic product by organic store.					
5	Using telephone and other communicational tools to order.					
6	Stores sales only organic product					

S.No	Promotion	1	2	3	4	5
1	Using Offer coupon to encourage.					
2	Using free home delivery to encourage					
3	Popularity of the organic store as a distinguished shop					
4	Using members' ideas and proposals					
5	Giving discounts to regular buyers.					

.....Thank you.....