

**A STUDY ABOUT THE PERCEPTION OF ORGANIC SHOP OWNERS IN CHENNAI CITY****\*V.Vardhini, Research Scholar, Bharathiar University****\*\*Dr. P. Raja, Professor, Sri Ramanujar Engineering College, Chennai****Abstract**

*Around the world the organic product market is growing. It has an enormous scope in exports of raw and processed organic food. There is very less use of chemicals for farming in India as compared to the developed nations. The growth strategy for organic farming in India should be two sided to make a great impact. The future development of organic sector in India depends on the balanced growth of domestic supply and demand. Consumers are keen to buy organic food, as they had become aware of the harms of chemical-laced conventional food production and the need to maintain their health. Increase in awareness has caused shifts in consumers' tastes and preferences which have led to the domestic as well as global rise in demand for organic products. In India the market for organic products is very prospective. This study attempts to understand the problems faced by the organic products shop owners in India more specifically in Chennai city. The underlying principle of this study is to understand the motivators behind the purchase decision made by the customers. This study is mainly conducted in Chennai city. The information for the study is been collected through telephonic survey among 50 organic product shop owners around the city. From the study we understand that main motivator for the customers to buy organic products is their health consciousness and the main problems faced by the shop owners are high price, irregular supply and short shelf life. To face these challenges Government should aid more basic and infrastructural facilities to the farmers and create an umbrella brand for better positioning strategy.*

**Key words:** Government aid, motivators, organic product, perception, problems faced by shop owners.

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**INTRODUCTION**

Around the world the organic product market is growing. People are more conscious about what they are eating. India has always being an agriculturally dominated country. It has an enormous scope in exports of raw and processed organic food. India has been recognized as a major agricultural exporter around the world. These include cereals, fruits and vegetables, spices, herbs, tea etc. As from ancient times India has always been an agriculture dominated country. It is only after green revolution that India has started using pesticides in large amount. There is very less use of chemicals for farming in India as compared to the developed nations. The pesticide use is even less in case of the food items which is imported. There are few regions in India where no chemicals are used and traditional farming is practiced. Recently Sikkim has become hundred percent organic agricultural state.

The growth strategy for organic farming in India should be two sided to make a great impact. One for local and one for global. In local strategy, we can promote the marginal areas and small farming communities and focus on food security and health and environmental benefits which the fundamental motive of organic system. In global strategy, it is very important to make India as the focal point for the organic products which give it a competitive advantage like organic cotton, spices, essential oils and medicinal plants, fresh fruits and vegetables.

As organic agriculture science make its progress, it should remain connected to grass root level and take steps on how methods and technologies can be integrated with ongoing practices. The issue of access to products and technology remains extremely important. Many of the new organic inputs are still out of reach of the far flung traditional organic farmers. The future development of organic sector in India depends on the balanced growth of domestic supply and demand This requires united efforts of organic agriculture sector; farmers, input suppliers, processing industry, trade, retailers, as well as research, extension services, NGOs, certification bodies. Policy interventions are needed to overcoming existing constraints and bottlenecks in the respective fields and also the fear among the consumers regarding getting cheated in the name of organic.

Going beyond from the selfish reason of taking care of our own health, people are there who are really concern about the health of our mother nature and due to that want to promote organic farming to protect our earth from the consequences of ill effects from pesticides and fertilizers. The complexity and sophistication of organic has gone a long way from the original basic recipe, and the continuous development of related industries like quality assurance, trace ability recyclable packaging, truthful marketing etc., involve more and more people in a global industry that is just starting to surface.

Governments and international institutions are starting to recognize the value of organic production to solve social and environmental decay of whole regions of the world. Global organizations like FAO, IFAD, UNCTAD, UNESCO and many others are intensively studying and promoting the ecological alternatives of agriculture, of which the organic movement has a wide variety of scientific, technical and practical solutions to provide.

**REVIEW OF LITERATURE**

The market for organic product is growing in every country in the world. According to Willer and Kilcher (2011) found that double-digit growth rates were observed each year, except in 2009 because of the world economic crisis reducing investments and consumer buying power. According to Sylvander (1999) the market for organic food is currently growing by around 20% per year. Though organic produce is

expensive, consumers are showing interest in organic products. According to Seikh (2000) consumers were very much interested to buy organic food, as they had become aware of the harms of chemical-laced conventional food production and the need to maintain their health. According to Willer (2004) increase in awareness has caused shifts in consumers' tastes and preferences which have led to the domestic as well as global rise in demand for organic products. The organic food industry in the world is worth US \$ 35 billion with a growth rate of 15 percent with most of the growth concentrated mainly in U.S.A, U.K. and Japan.

Bruntland (1987) found that sustainability is seen in this context as a consumption pattern that meets the needs of present generations without compromising the needs of future generations This is also related to basic needs such as food. According to Davies et al. (1995) and Chryssohoidis and Krystallis, (2005) the present food chain is mainly based on food scarcity, use of pesticides and antibiotics, and industrialization of the agricultural system. Growing consumer demand for organic food is based on most of these facts. Saha and Darnton, (2005) found that nowadays, sustainability is becoming one of the main social issues in the business field. Pressure from investors, cuttings on production costs, development of a positive image, and being able to charge more for organic foods is prompting large grocery chains to go sustainable.

Hughner et al., (2007) found that for many consumers, the support of local farmers is considered a socially responsible behaviour and partially reflects the belief that organic food is locally grown. Hamzaoui and Zahaf, (2009) found that there are two sets of consumers: hardcore organic food consumers and regular organic food consumers. The latter type of consumer is seen as a consumer that buys organic food for health or taste reasons, while the former is depicted as an active consumer buying organic food for environmental and ethical reasons, along with some health reasons. In other words, the hard-core consumer is committed to the environment whereas the regular consumer is committed to personal health.

## **OBJECTIVES**

### **Primary objective**

- To understand the problems faced by the organic product shop owners in Chennai city.

### **Secondary objectives**

- To understand the preference given by the customers while purchasing organic products.
- To understand the ways shop owners adopt to ensure the quality of uncertified products.

## **SCOPE OF THE STUDY**

Around the world demand for organic products are increasing day by day. The future of organic products in India is very bright. Since only recently the awareness about the organic product is increasing in India. In India the market for organic products is very prospective. Since organic products market is in very early stage in India, lower income group people are still not able to purchase the organic products. So, high price is a major hindrance in the growth of organic products market. This study attempts to understand the problems faced by the organic products shop owners in India more specifically in Chennai city. The underlying principle of this study is to understand the motivators behind the purchase decision made by the customers. It is very important for the growth of any market to understand the customers and their preferences and the factors which influence these preferences.

## RESEARCH METHDOLOGY

### Research Design

Descriptive design was been used in this research.

### Area of the Study

The study was conducted in Chennai city.

### Sources of Data

The study was based on primary data. The data had been collected mainly from organic products shop owner through telephonic survey. The secondary data was collected from the articles, journals, newspapers and various websites.

### Sampling Design of the Study

The sampling technique used in this study was convenient sampling. The sample size comprises of organic products shop owners. A sample of 50 respondents was taken into account for finding their perception and problems faced by them.

### Tools for Analysis

The following were the tools applied on the responses given by the respondents to analyze and to arrive on any conclusion:

- Chi- square analysis
- Average Ranking Analysis
- SWOT Analysis
- TWOS matrix
- Pi charts

## LIMITATIONS OF THE STUDY

- The study was confined to the organic product shop owners only.
- The study was limited to Chennai city shop owners.
- The sample size was small to make the conclusions universally accepted.
- Possibility of bias would be there since convenient sampling through questionnaire was used for collection of data.

## ANALYSIS AND INTERPRETATION

### I. Chi Square Analysis

#### #1 Chi Square Analysis

**H<sub>0</sub>:** There is no relationship between the number of years they are in business and how they procure the organic products.

**H<sub>1</sub>:** There is a relationship between the number of years they are in business and how they procure the organic products.

**Table 1**

Table regarding chi square analysis

	Less than 1 year	1 – 3 years	5 – 7 years
Directly from farmers	0	16	3
Intermediaries	1	15	1
Both	1	13	0

The chi square statistic is 3.9813. The P value is 0.408543. Significance level  $P < 0.05$

According to the chi square calculation, the result is not significant at 0.05 significance level hence accept the null hypothesis ( $H_0$ ) that there is no relationship between the number of years they are in business and how they procure the organic products.

## #2 Chi Square Analysis

$H_0$ : There is no relationship between the number of years they are in business and whether they have certified products of not.

$H_1$ : There is a relationship between the number of years they are in business and whether they have certified products of not.

**Table 2**

Table regarding chi square analysis

	Less than 1 year	1 – 3 years	5 – 7 years
Yes	1	24	1
No	1	20	3

The chi square statistic is 1.2857. The P value is 0.525793. Significance level  $P < 0.05$

According to the chi square calculation, the result is not significant at 0.05 significance level hence accept the null hypothesis ( $H_0$ ) that there is no relationship between the number of years they are in business and whether they have certified products of not.

## II. Average Ranking Analysis

**Table 3**

**Ranking the factors of problems faced by the organic products shop owners in Chennai city**

Factors	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5	Total	Mean	Rank
	5	4	3	2	1			
Awareness	8	5	7	30	0	50	2.82	4
Score	40	20	21	60	0	141		
Certification	0	0	0	0	50	50	1	5
Score	0	0	0	0	50	50		
Shelf Life	11	11	18	10	0	50	3.46	3
Score	55	44	54	20	0	173		
Regular supply	13	16	15	6	0	50	3.72	2
Score	65	64	45	12	0	186		
High Price	18	18	10	4	0	50	4	1
Score	90	72	30	8	0	200		

After studying the table we understand that the main and foremost problem faced by the shop owners is high price of organic products comparative to inorganic products, and then next to that is irregularity in the supply and comparatively lower shelf life which many shop owners perceive as the major problems faced by them.

Many believe that awareness has been increased in last few years but only the shop owners who have shops in remote area feel that awareness is a hindrance.

None of the shop owners perceive certification as a problem in local markets since for uncertified products they buy products from the particular farmer by paying a visit to their farms or they buy on the mutual trust or they procure through Participatory Guarantee Scheme (PGS).

**III. SWOT Analysis**

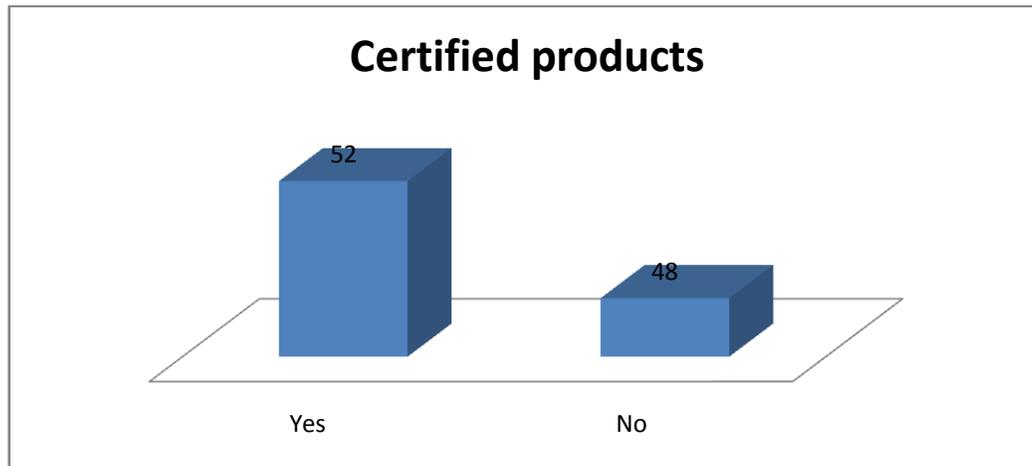
<b>Strengths</b>	<b>Weaknesses</b>	<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>• Compared to developed nations India has used very less chemicals in cultivation.</li> <li>• Many parts in country can become fully organic areas for like Sikkim state.</li> <li>• Many farmers, corporate as well as government is showing their interest in organic farming as it is having high demand in global market.</li> <li>• Many fruits, vegetables and other products can be cultivated organically</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of awareness in the part of farmers regarding agricultural practices, products and technologies for organic products.</li> <li>• Lack of access and non availability of inputs</li> <li>• Non availability of suitable designs of organic farming systems for various climatic conditions and crops</li> <li>• Lack of global marketing research</li> <li>• Access of farmers to high quality but cheaper organic certification</li> <li>• R&amp; D base in organic food production lacking</li> <li>• Short shelf life</li> <li>• No access to international market</li> </ul>	<ul style="list-style-type: none"> <li>• New products and technologies are ushering in</li> <li>• Favourable Government support to the organic farming</li> <li>• People are ready to pay price premiums for organic foods</li> <li>• Huge global market to explore</li> <li>• WTO is offering global opportunities</li> <li>• Branding offers new opportunities for differentiation</li> <li>• Bog corporates interested in organic products marketing</li> <li>• New developments in post harvest technologies</li> </ul>	<ul style="list-style-type: none"> <li>• Competition from inorganic markets</li> <li>• Imported products are a threat to domestic market</li> </ul>

**IV. TOWS Matrix**

<p style="text-align: center;"><b>SO Strategies</b></p> <ul style="list-style-type: none"> <li>• We must develop organic export zones</li> <li>• Should encourage farmers to try out organic farming</li> <li>• An umbrella brand for India should be promoted using organic positioning strategy</li> <li>• Governments and corporate should promote the Indian brand</li> <li>• Government should do the market research to identify new markets and products nationally and internationally.</li> <li>• Resource and knowledge base be utilized for research in organic production, marketing, post harvest management</li> </ul>	<p style="text-align: center;"><b>WO Strategies</b></p> <ul style="list-style-type: none"> <li>• Workshops should be arranged for farmers for knowledge building and regular training should be given to farmers for organic production</li> <li>• Farmers and other organic product exporters from India should have proper access to all the importing countries organic products norms.</li> <li>• Creating a focal point with the help of government, private sector, self help groups, and cooperatives which would in turn help the farmers in input supply, marketing and food processing etc.</li> <li>• Encouraging more research work in the field of organic farming</li> <li>• Government should aid in basic and specialized infrastructure facilities</li> <li>• Encouraging foreign market linkages through organizations</li> <li>• Setting up organic certification norms</li> </ul>
<p style="text-align: center;"><b>ST Strategies</b></p> <ul style="list-style-type: none"> <li>• Products should be of high quality at the same time it should be in the reach of consumers.</li> <li>• More awareness should be created at grass root level. Like workshops and seminar at schools and colleges.</li> <li>• Competitive marketing mix to combat the domestic competition with importing countries</li> <li>• Identifying and targeting new markets</li> </ul>	<p style="text-align: center;"><b>WT Strategies</b></p> <ul style="list-style-type: none"> <li>• Producing quality products throughout the process to compete locally and globally.</li> </ul>

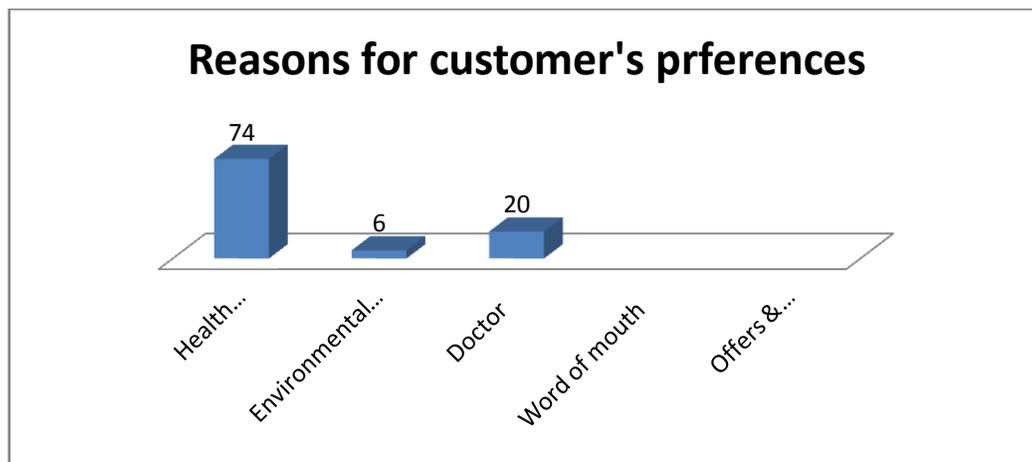
## V. Pi Charts

### #1 Chart regarding the number of shop owners having certified and/or uncertified products



From the above chart we can infer that 52% of shop owners have certified products while 48% of shop owners do have uncertified products also.

### #2 Chart regarding the reasons for customer's preferences



From the above table we can infer that 74% of customers prefer organic products due to their health consciousness and 20% of customers buy organic products because their doctor has recommended it and only 6% of customers prefer organic products because of environmental consciousness. None of the customers go for organic products due to word of mouth and offers & discounts.

## FINDINGS

- Majority of shops in Chennai are exclusive shops for organic products.
- Both the number of years in business and from whom they procure the organic products are independent factors.
- Shop owners preferring certified products and/or uncertified products does not depend on the number of years they are in the business.

- Shop owners who procure uncertified products ensure the quality of the products by personally visiting their farms, or on mutual trust or through Participatory Guarantee Scheme (PGS).
- Most of the organic products shop owners in Chennai perceive that while organic product marketing major hindrance is high price, irregular supply and short shelf life whereas awareness is not considered as a bottleneck in organic product marketing.
- While certification is mandatory when exporting organic products, in local markets shop owners are not giving much importance to certification citing all the organic farmers are not able to get certificate easily.

### SUGGESTIONS

- Government should create an umbrella brand for better organic positioning strategy
- With the help of government, private sector, self help groups, and cooperatives, create a focal point which would in turn help the farmers in input supply, marketing and food processing etc.
- More research work in the field of organic farming should be encouraged.
- Government should aid in basic and specialized infrastructure facilities.

### CONCLUSION

Unanimously all the shop owners in Chennai agree that in future market for organic products will increase. There are challenges from both demand and supply sides. But with the help of Government, Self help groups, cooperative and some NGOs we can overcome these challenges. If Government makes the certification norms clearer and easier for the farmers to get, more farmers will opt for organic farming. As the number of farmers increases the supply of organic products will increase and we can attain economies of scale due to which we can reduce the high price which most of the shop owners feels as a hindrance in their growth. So, Government with the help of other stakeholders should take initiatives to achieve higher sales of organic products.

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