

The Impact of Price and Affordability on Organic Food Consumption

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Abstract: The issues and concerns for the nutritional value and food protection for health care have become crucial to consumers. Consumers buying intention is the most powerful factor to influence the buyers intention. The research was conducted to find out and establish a significance relationship between four variables which were affordability, availability, past experiences and awareness and purchase intention towards organic food of the customers. The information was gathered employed quantitative method by structured questionnaire. Consumers of organic food in Pune and Kolhapur were used as target populations. Organic food sites such as Two brothers, organic tattva, kapiva etc. have been selected as sites for study. The questionnaire and web-based online questionnaire was a tool for this survey. In this research, the data was gathered through questionnaires for interpretation of independent variables. The outcome discovered that all three independent variables (affordability, past experience, availability) were positively related with dependent variables which was organic food purchase intention.

Keywords- Affordability, Consumers, Buying intention, Awareness, Purchase Intention, Organic food

1. Introduction-

The organic sector has become a fast-developing industry globally, covering food, drinks, personal care products, and textiles. The 'organic' label is widely employed in English-speaking countries, whereas 'bio' or 'biological' is used in Latin and Germanic languages. Organic agriculture encourages environmentally friendly farming practices, excluding synthetic fertilizers, pesticides, and genetically modified organisms (GMOs). It uses natural processes such as crop rotation, composting, and biological pest control to maintain soil fertility and ecological balance.

Organic farming is practiced globally in 188 nations, accounting for about 96 million hectares of land and occupying the work of 4.5 million farmers. India is one of the leading countries having the most number of organic farmers (4.43 million) and expanding its area of land under organic cultivation. The value of the Indian organic food industry, pegged at USD 1,602.4 million (2024), is expected to expand at a CAGR of 12.1% from 2024 to 2030. Even with this expansion, India's contribution to the global organic food industry is below 1%, pointing towards a potential yet untapped market.

Organic industry is also facing a few challenges like high input costs, certification complexity, and low level of consumer awareness. But on the other hand, health consciousness, government support, and growing e-commerce platforms are stimulating the demand for organic products. Initiatives such as India's Paramparagat Krishi Vikas Yojana promote sustainable agriculture, whereas export opportunities strengthen the global presence of the industry.

North America dominates the world organic food market, followed by Europe. The Asia-Pacific region, especially India and China, is growing at a fast pace, driven by an emerging middle class and increased awareness of sustainable consumption. The world organic food market, which was worth USD 231.52 billion in 2023, is anticipated to grow to USD 529.64 billion by 2032, led by consumer demand for healthier and sustainable products.

Problem Statement-

Knowing the factors that highly affect consumer buying intention of organic food, considering the function of affordability, availability, previous experiences, and awareness.

Fundamentally, the study aims to determine and measure the effect of these variables on the consumer choice for organic food purchasing. The issue lies with the fact that, from the growing organic food market, especially in the stipulated geographical area, consumer behavior needs to be understood for the development of the market and educating consumers.

Objectives-

1. To establish the significance of the relationship between affordability and purchase intention of organic food among consumers in Pune and Kolhapur.
2. To analyze the impact of product availability on consumer purchase intention of organic food.
3. To assess how consumer awareness influences purchase intentions regarding organic food
4. To assess how past experiences influence consumers' purchase intentions regarding organic food.

2. Literature Review-

Price Sensitivity and Organic Food Purchases

Several studies have reported price sensitivity to be a determining factor in how consumers make purchasing decisions on buying organic foods. Most consumers believe organic food to be considerably pricier compared to traditional counterparts, and such tends to minimize their purchasing intentions, especially by price-conscious buyers and lower-income households (Hossain, 2016; Gifford & Bernard, 2016). More price-conscious consumers might not want to pay the premium price required for organic food despite the value they assign it.

Price Premium of Organics

Organics usually charge a price premium of between 20% to 50% above nonorganic products. A number of explanations account for the premium, which includes increased cost of production, restricted supply, certification costs, and smaller-scale economies of scale in organic cultivation (Chander et al.). The capital-exhaustive practice of organic production, such as labor-intensive handling and adherence to certification standards, accounts for extra retail costs.

Affordability as a Barrier to Organic Food Consumption

Affordability has been continuously identified as a significant barrier to the broad consumption of organic foods. Evidence indicates that many consumers, especially those in lower-income groups, perceive organic products as unaffordable luxuries (Barański et al., 2017; Harper & Makatouni, 2002; Magnusson et al., 2003; Rizzo et al., 2020). Affordability restriction constrains market growth, as price-sensitive consumers choose lower-priced, conventional alternatives.

Willingness to Pay for Organic Food

The willingness of consumers to pay more for organic food is driven by a number of factors, ranging from income to education, health awareness, and environmentalism (Davies et al., 1995). Nonetheless, this willingness to pay does not always manifest as actual purchase behavior because of costs. Although certain consumers are willing to pay more for perceived value, budgetary constraints usually interfere with actual consumption.

Perceived Value of Organic Foods

In spite of the premium prices, consumers are ready to pay more for organic food because it is perceived as of higher quality, healthier, safer, and environmentally friendly (Gomiero, 2018; Hurtado-Barroso et al., 2019; Niggli et al., 2008; Rööös et al., 2018; Shafie & Rennie, 2012). In some cases, the perceived value of organic food may trump price considerations, especially among consumers who are health conscious and environmentally conscious.

Trust and Authenticity in Organic Food Purchases

Consumer trust in organic labels and vendors plays a major role in influencing purchasing decisions. Some consumers will not purchase organic food even if they know its advantages because they doubt the validity of organic labels and certifications (Chakrabarti, 2010; Yuan et al., 2024). The capacity of organic

producers and retailers to generate trust via transparent certification procedures and labeling is vital in supporting the price premium.

Studies show consumers react differently towards organic food pricing depending on what they value most, their levels of income and priorities. Investigations have revealed homogeneous consumer segments who value organic food and are insensitive to prices compared to others, who are relatively price-sensitive but only buy when organic food comes at a discount or is fairly priced (ResearchGate). Familiarity with this heterogeneity is crucial while developing focused pricing and marketing campaigns.

The Role of Income and Socioeconomic Factors

Income levels have persistently been seen as a key determinant of consumption of organic foods. Increased disposable income allows consumers to pay the price premium that comes with organic foods. Other socioeconomic determinants like education and occupation also shape awareness of benefits of organic food and purchasing capacity (ScienceDirect). More educated consumers are likely to be aware of health and environmental benefits, hence more willing to pay the premium price.

Price Perceptions vs. Real Price

Consumer perceptions of the price difference between organic and conventional foods may be as powerful as the real price difference. Some consumers perceive the price premium to be larger than it really is, and this discourages them from buying organic products even when the real cost difference is quite small (Tandfonline). Transparent and clear pricing, coupled with good communication of the value proposition, can be used to bridge this perception gap.

The Effects of Economic Reversals on Organic Food Purchasing

Financial crises and recessions tend to increase price consciousness among consumers, adversely affecting sales of organic foods. In a recession, customers become more cost-conscious and sensitive to prices, cutting back on discretionary spending on high-end foods such as organic food (Wiley). This reflects the organic food market's susceptibility to economic reversals.

Strategies for Making Organic Food More Affordable and Accessible

A number of solutions have been advanced to enhance organic food affordability and accessibility. Among these are direct marketing channels, community-supported agriculture (CSA) schemes, and government support or incentives to organic production. Furthermore, reducing supply chain cost and enhancing organic farming economies of scale can increase consumption and decrease prices (MDPI). With these solutions implemented, the gap in affordability will be bridged, and the adoption of organic food will spread across various segments of consumers.

3. Methodology-

3.1 Research Design

This study adopts a descriptive research design to systematically investigate the research problem. Descriptive research is chosen as it enables a comprehensive analysis of the collected data, allowing for a detailed understanding of patterns, trends, and relationships within the dataset. This design is particularly useful for exploring the perspectives and experiences of respondents regarding the subject matter.

3.2 Data Collection Method

The primary data for this study was collected through a structured online survey using Google Form. The survey was designed to obtain firsthand insights from participants, ensuring direct responses related to the research topic. The questionnaire included a combination of:

- **Closed-ended questions** (such as multiple-choice and Likert scale questions) to quantify responses and allow statistical analysis.
- **Open-ended questions** to gather qualitative insights, enabling a deeper understanding of respondent perspectives.

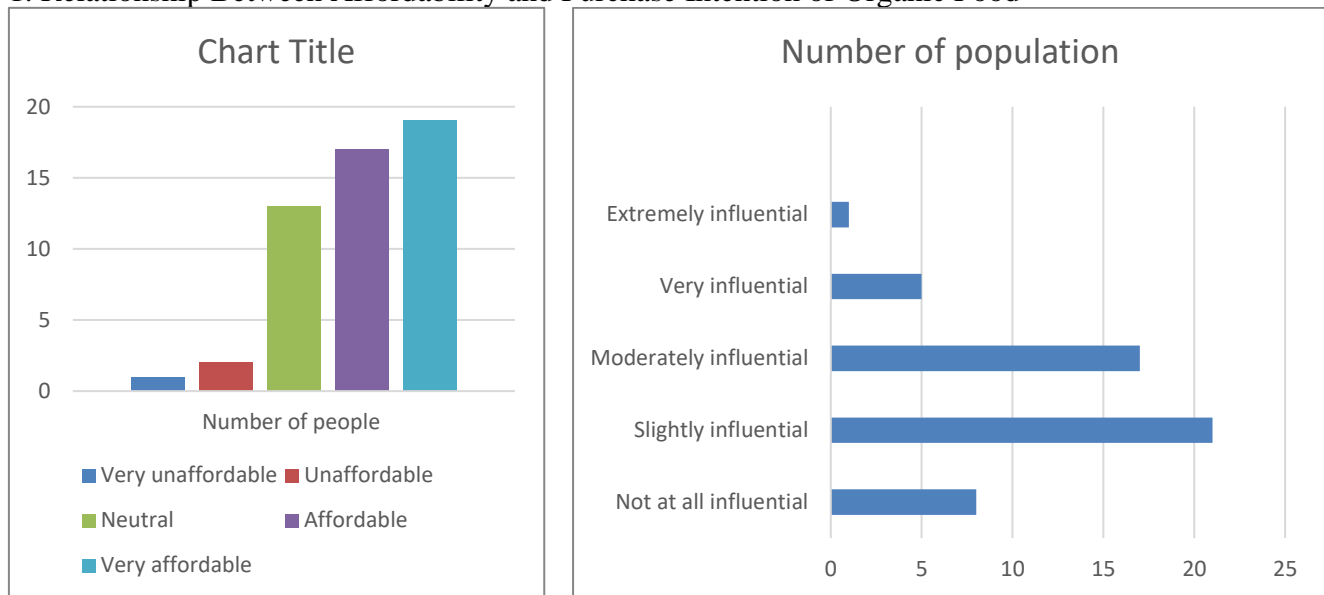
3.4 Sampling Method and Respondents

The study employed a non-probability convenience sampling method, where respondents were selected based on accessibility and willingness to participate. This method was chosen due to practical considerations such as time constraints and ease of data collection.

A total of 52 respondents participated in the survey. The target audience for this research was selected to align with the study’s objectives, ensuring that the collected data would be relevant and insightful. The diverse backgrounds of respondents helped in capturing a broad spectrum of opinions and experiences related to the research topic.

5. Data Analysis-

1. Relationship Between Affordability and Purchase Intention of Organic Food-



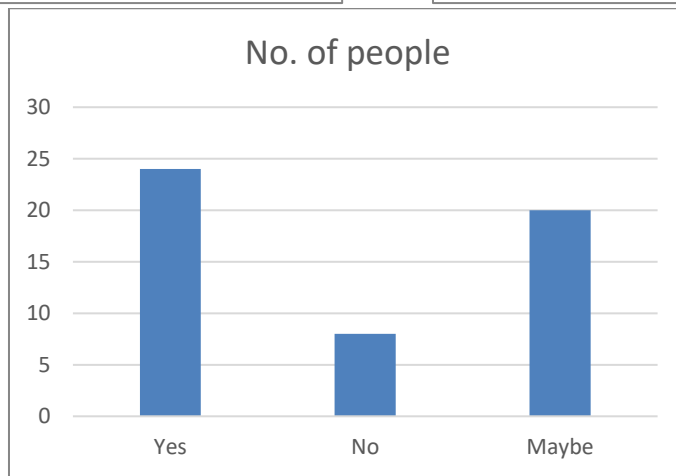
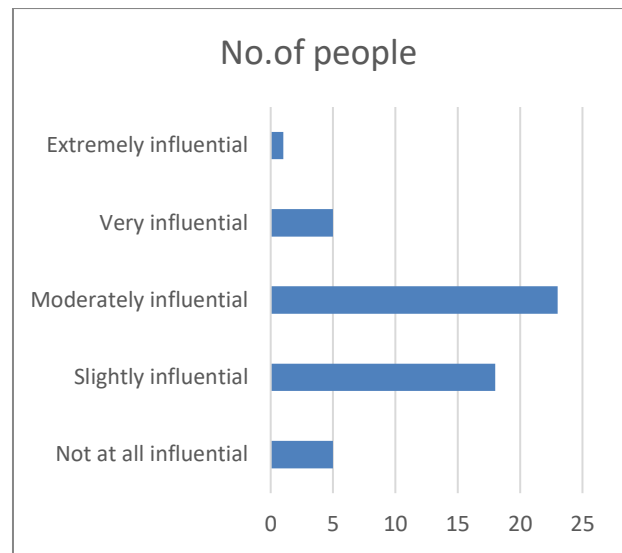
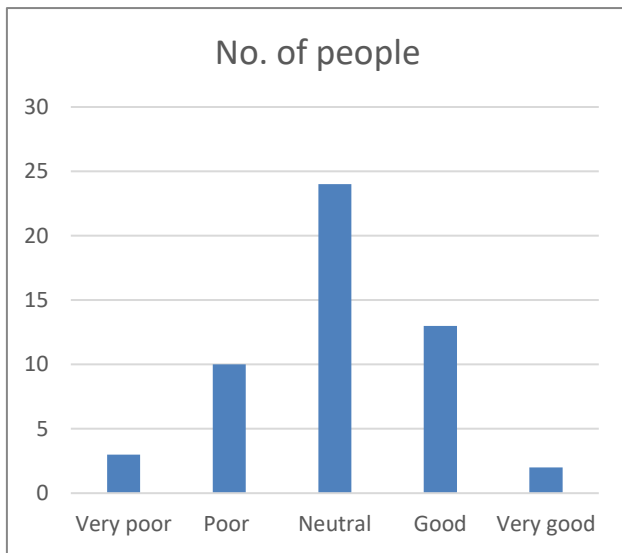
The information shows that a high percentage of the respondents (19 out of 52) find organic food "very affordable" and 17 individuals say it is "affordable." Just 3 respondents say that organic food is unaffordable, which reflects a largely positive attitude towards affordability. But when considering willingness to pay extra, 24 respondents are neutral, and only 15 are willing to pay extra.

Also, the impact of organic food prices on buying decisions indicates that the majority of consumers find price to be "slightly" (21 individuals) or "moderately" (17 individuals) influential, while 6 respondents find it to be "very" or "extremely" influential. These results indicate that even though organic food is generally seen as not being expensive, price sensitivity still prevails and mildly affects buying intentions. There is also a risk-averse behavior towards paying higher prices, which suggests that affordability has an important but not decisive influence on purchase intentions.

2. Effect of Product Availability on Consumer Purchase Intention-

Availability is a relatively influential consumer behavior factor. According to the data, 24 respondents assess availability of organic food in their locality as "neutral" and 13 as "good." Nonetheless, 10 respondents view availability as "poor" and 3 as "very poor," indicating gaps in access either geographically or in the market.

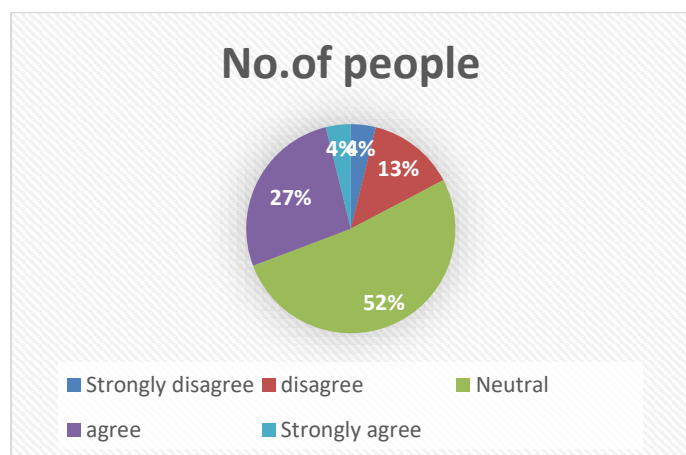
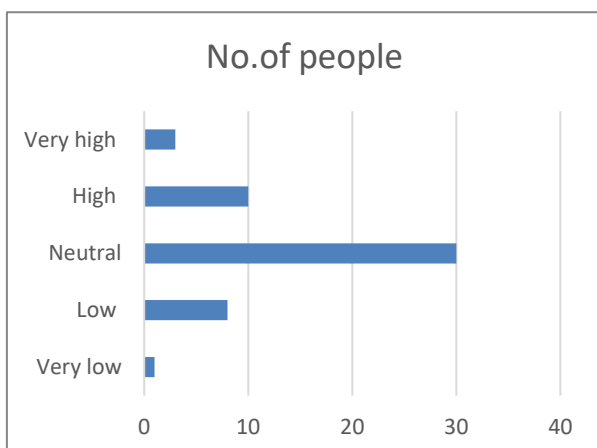
In addition, when asked how availability affects their buying choices, the largest number 23 respondents checked it as "moderately influential." Another 18 considered it "slightly influential," while hardly any scored it "very" or "extremely" influential. When asked if organic food is easily available where they shop, 24 respondents answered "yes," but a considerable percentage (20) answered "maybe," indicating inconsistency or ambiguity. These results affirm that availability significantly affects purchase intention. Availability is not an extremely strong predictor, but the lack of accessibility or ambiguity towards product availability might prevent normal usage.



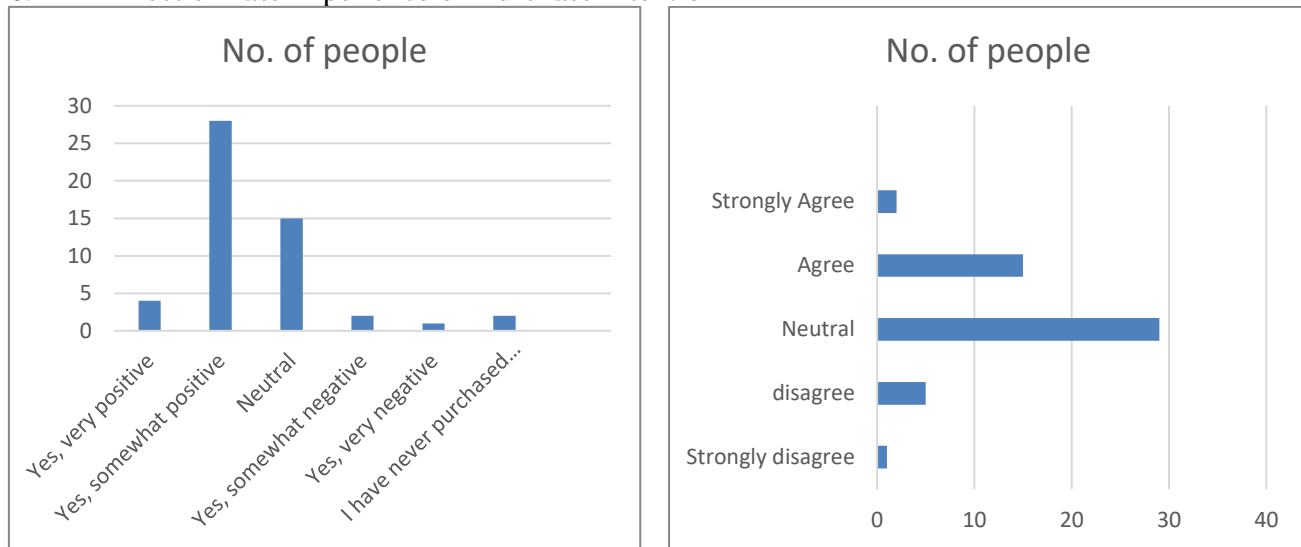
3. Consumer Awareness Impact on Purchase Intention-

Consumer awareness of organic food advantages was generally neutral, as 30 of the respondents said their awareness was "neutral" and 10 said they had "high" awareness. Few (9 individuals) said low or very low awareness. Further, when queried as to whether they seek information actively prior to purchase, 27 individuals chose "neutral," and 14 said yes. Only 2 respondents strongly said yes, suggesting minimal active awareness-seeking behavior.

This shows moderate to low awareness among consumers, with a high neutral segment, which can have a direct relationship with purchase intention for organic food. Low initiative among consumers to search for information shows knowledge gap, and it can be filled with awareness programs and promotion campaigns to increase purchase intention.



6. Effect of Past Experience on Purchase Intention-



Past experience has a measurable but moderate effect on future consumption. Most of the respondents 28 individuals had "somewhat positive" experiences, and 4 had "very positive" experiences. But when prompted to indicate the effect of such experiences on their buying behaviours, the majority of the respondents scored the effect as "slightly influential" (24 individuals) or "moderately influential" (20 individuals).

Likewise, when asked whether previous experience promoted on-going consumption of organic foods, 29 said they were neutral, 15 concurred, and only 2 strongly concurred. This indicates that while experiences with organic foods are mostly good, their impact on long-term purchasing behaviour is intermediate rather than significant.

Finding:

◆ Demographic Distribution:

The population under study is highly dominated by young adults (18-24 years) with very few from middle-aged and elderly populations.

The gender distribution is equally balanced, with equal numbers of males and females.

◆ Location Representation:

Most respondents are from Kolhapur (29) and Pune (21), and only a handful belong to other locations (2). This shows that there is high regional concentration in these two cities.

◆ Occupational Status:

Students (24) form the highest occupational segment, followed by working professionals (15). Homemakers and those in "Other" constitute a smaller number.

◆ Income Levels:

Most of the respondents (11) are earning less than ₹25,000, and very few respondents have reported a higher income range. This depicts a largely low-income group, which can further affect purchasing power.

◆ Organic Food Purchasing Patterns:

Most buy organic food "rarely" (29), then "occasionally" (10). Almost no one buys organic food on a regular basis or every day (3).

Fruits and vegetables (38) are bought most often among organic food groups, followed by dairy products (24) and processed foods (22).

Shops in supermarkets (16) are the first choice for organic food, with local farmers' markets (14) and organic specialty stores (13) second. Online purchases are still in small numbers (4).

◆ Affordability and Pricing Influence:

Nine out of every ten respondents think organic food is affordable or very affordable (36 out of 52).

Moderate influence by price on the decision to purchase organic food was reported by 17 respondents and slight influence by 21.

Willingness to pay a premium for organic food is primarily neutral (24), although some agree (15) and few disagree (11).

◆ **Availability and Accessibility:**

The large majority of the respondents view availability of organic foods as good (13) or neutral (24). Only a few (10) view it as poor. Readily accessible are viewed as 24 and unknown as 20.

◆ **Information Seeking Behavior and Awareness:**

Majority of respondents possess neutral (30) or high (10) awareness regarding organic food advantages, although 8 have low awareness.

Information-seeking behavior before purchasing organic food is mostly neutral (27), with only 14 actively seeking information.

◆ **Experiences and Future Purchasing Trends:**

Most respondents have experienced somewhat positive effects (28), while only a small number (3) reported negative outcomes.

Past experiences moderately influence purchasing decisions (20), but for many, the influence remains slight (24).

Future shopping trends suggest a positive bias, with 29 of the respondents likely to continue purchasing organic food and just 6 unlikely.

Suggestions:

◆ **Target a Wider Age Group:**

The research is largely made up of young adults; future studies should target a wider age group to determine organic food consumption at various stages of life.

◆ **Raise Organic Food Awareness and Education:**

Since a large number of respondents have low or neutral awareness of organic food advantages, awareness campaigns, educational programs, and marketing efforts should emphasize the health and environmental advantages.

◆ **Increase Accessibility and Availability:**

Whereas most respondents experience organic food easily available, there is a significant number who indicate uncertainty or inadequate availability. Wider retail availability, especially at supermarkets and on online platforms, may enhance convenience.

◆ **Address Price Sensitivity:**

As price influences purchasing to some extent, initiatives should be implemented to lower organic food prices by way of government subsidies, community farming schemes, and promotional deals.

◆ **Encourage Frequent Purchasing Behavior**

The majority of the respondents buy organic food sparingly or rarely. Programs raising awareness and offers like discounts, subscription plans, or loyalty points can be offered to promote regular buying.

◆ **Take Advantage of Online Platforms for Promotions:**

Considering the low use of online outlets for buying organic food, e-commerce platforms and digital marketing have to be tapped to enhance convenience and visibility. Because past behaviors determine future purchases, brands and retailers must continue to provide high-quality products and customer satisfaction to promote repeat buying.

◆ **Additional Research into Consumer Behavior:**

Future research should investigate more profound psychological and social forces shaping the consumption of organic food, such as cultural values, environmentalism, and health awareness

Conclusion-

The research identifies the tremendous influence of affordability, availability, awareness, and experience on consumer purchase intentions towards organic food by consumers in Kolhapur and Pune. While affordability is less of a barrier for the majority of respondents, price sensitivity does influence their purchase decisions. Product availability has moderate influence, as some consumers do experience access difficulty. Consumer knowledge is neutral to low, reflecting the need for additional education and

promotion. Organic food experiences are largely positive but contribute only modestly to future intention to buy.

Research indicates that although consumption of organic food is increasing, a number of constraints such as low awareness, price responsiveness, and irregular availability limit its broader acceptance. Tactics like focused awareness promotion, wider retail access, price subsidies, and online promotional activities can influence consumer participation and foster repeat purchases. Additional research is needed to investigate underlying psychological and social influences affecting organic food consumption to better understand consumer behavior in this market.

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Appendix

- ◆ Age
 - a. under 18
 - b. 18-24
 - c. 25-34
 - d. 35-44
 - e. 45-54
 - f. 55-64
 - g. 65 or above
- ◆ Gender
 - a. Male
 - b. Female
 - c. Other
- ◆ Location:
 - a. Pune
 - b. Kolhapur
 - c. Other
- ◆ Occupation
 - a. Student
 - b. Working Professional
 - c. Homemaker
 - d. Other
- ◆ Income Level (Optional)
 - a. Below ₹25,000
 - b. ₹25,000 - ₹50,000
 - c. ₹50,000 - ₹1,00,000
 - d. 1,00,000+
- ◆ How often do you purchase organic food?
 - a. Never
 - b. Rarely (Once or twice a month)
 - c. Occasionally (Weekly)
 - d. Frequently (Several times a week)
 - e. Daily
- ◆ Which types of organic food do you typically purchase?
 - a. Fruits and Vegetables
 - b. Grains and Pulses
 - c. Dairy Products
 - d. Processed Foods (e.g., snacks, juices)
 - e. Other
- ◆ Where do you typically purchase organic food?
 - a. Specialty Organic Stores
 - b. Supermarkets
 - c. Online Stores
 - d. Local Farmers' Markets
 - e. Other
- ◆ How would you rate the affordability of organic food?
 - a. Very unaffordable
 - b. Unaffordable
 - c. Neutral
 - d. Affordable
 - e. Very affordable

- ◆ To what extent does the price of organic food influence your purchase decision?
 - a. Not at all influential
 - b. Slightly influential
 - c. Moderately influential
 - d. Very influential
 - e. Extremely influential
- ◆ How willing are you to pay a premium for organic food?
 - a. Strongly disagree
 - b. Disagree
 - c. Neutral
 - d. Agree
 - e. Strongly agree
- ◆ How would you rate the availability of organic food in your area?
 - a. Very poor
 - b. Poor
 - c. Neutral
 - d. Good
 - e. Very good
- ◆ How much does the availability of organic food influence your purchase decision?
 - a. Not at all influential
 - b. Slightly influential
 - c. Moderately influential
 - d. Very influential
 - e. Extremely influential
- ◆ Is organic food easily accessible in your regular shopping locations?
 - a. Yes
 - b. No
 - c. Maybe
- ◆ How would you rate your awareness of the benefits of organic food?
 - a. Very low
 - b. Low
 - c. Neutral
 - d. High
 - e. Very high
- ◆ you actively seek information about organic food before purchasing.
 - a. Strongly disagree
 - b. Disagree
 - c. Neutral
 - d. Agree
 - e. Strongly agree
- ◆ Have you had positive experiences with organic food in the past?
 - a. Yes, very positive
 - b. Yes, somewhat positive
 - c. Neutral
 - d. Yes, somewhat negative
 - e. Yes, very negative
 - f. I have never purchased organic food
- ◆ How much do your past experiences with organic food influence your purchase decision?
 - a. Not at all influential
 - b. Slightly influential
 - c. Moderately influential
 - d. Very influential

- e. Extremely influential
- ◆ Your past experiences with organic food have encouraged you to purchase it again.
- a. Strongly disagree
- b. Disagree
- c. Neutral
- d. Agree
- e. Strongly agree
- ◆ How likely are you to purchase organic food in the future
- a. Very unlikely
- b. Unlikely
- c. Neutral
- d. Likely
- e. Very likely