

Impact of Sales Promotions and Knowledge of Organic Food Products on Purchase Intention of consumers

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Received: September 01, 2018

Accepted: October 20, 2018

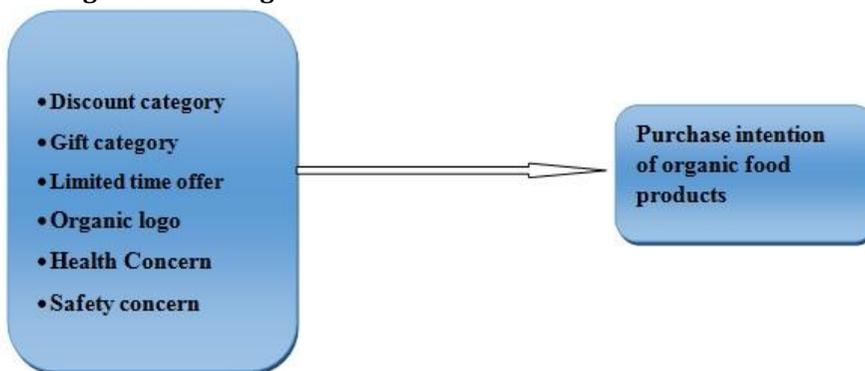
ABSTRACT

The study has explained how sales promotion and organic knowledge have an impact on purchase intention of organic products.. To analysis what is the present sales position and how much importance has given by consumer for organic product. Now the people are in conception of awareness toward healthy food life style. Based on the literature analysis following subjects are examined. How sales promotion (Discount category, Gift category, Limited time offer) and Organic knowledge(Organic logo, Health concern, Safety concern) has increased the purchase intention of organic. Out of 150 respondents, only 120 respondents have responded to data collection. Data gathered from consumer in organic retails stores are used to do the Reliability, Regression analysis, and T-test in order to discuss the impact of sales promotion and organic knowledge on customer purchase intention, the empirical results indicate that only health concern and safety concern have significant impact on the purchase intention of organic products. The quantitative design in this study shall serve a reference for follow-up research. The critical implication of the sales strategy of organic products is covered in the discussion and conclusion

Keywords: Sales promotion, Organic knowledge, Purchase intension

INTRODUCTION

In India, agriculture lands cover about 143 million hectares. Out of which India has contributed only a small part (3.6%) to organic certification. The broad proposition of population depends on agriculture sector which is about (85%) possessing less than 2h of land (agriculture census division 2014). About 36% of Indian is under irrigation system. While the rest of them depend on the rainfall (Directorate of Economics and Statistics 2012-13), the rain fed has created opportunities to develop the socio-economic status of the farmer by developing the organic farming in developing countries like India. The highest percentage of real practice in Indian state has achieved by Sikkim (54.66%) followed by Madhya Pradesh (16.80%) (Lok Sabha 2014). A lot of initiative has started by the Indian government to support the Indian farmer in the field of organic. The development of organic food is uncertain because these food items are calming, credence product characteristics and high price (Wang and Tsai, 2014 Costell et al., 2010 and Tsai, 2014;) and unavailability of products, This element make distrust and more hesitation among the consumer especially in the improper product labelling (Yin et al., 2016; Cucchiara et al., 2015;). The advertising and marketing strategies for organic food have to concentrate on in depth to create awareness and organic knowledge among the consumer. Research has to highly focused on sales promotion which are Discount category, Gift category ,Limited time offer use under the packaged food background (Uncles, 2005 Jamal et al., 2012;), Food media (Phillipov, 2016), Origin of food manufacturing (Hamm, and Janssen 2012), Organic food labelling (Sønderskov and Daugbjerg, 2010; Yin et al., 2016; Napolitano et al., 2010 Cucchiara et al., 2015; Napolitano et al., 2010;), Organic knowledge Organic certification, Health concern, Safety concern) the perception of consumer in organic food has the value and benefits but they not ready to buy product because of high price, credence characteristic and unavailability of stocks in retails. Greenhalgh and Hutchins,1997 noted that almost half of the consumers of their sample, discounts and limited time value were with enthusiasm to buy the organic foods, Maximum reaching level of 10-20 percent. Woodward asserts that 52 percent of German consumer is encouraged to use free samples of the organic product till they get satisfied to buy organic fruits and vegetables. Canavari et al., 2003 bring ups the proposed premium price for organic peaches and apples was accepted by 65.8 percent Italian respondent of their survey. Spanish organic consumers were willing to pay a premium of 15-25 percent for organic food. The study aims to understand better the impact of meanwhile combination of sales promotion and organic knowledge whether the consumer has a specific preference on the on the promotional program based on the perceived value which influences the organic business to obtain strategy for markets. Therefore perspective of Jamal et al. (2012) was used to classify the promotional programs, and the above-mentioned issues were explored through empirical analysis.

CONCEPTUAL FRAMEWORK**Sales Promotion & Organic knowledge****Fig. 1: Proposed conceptual model of the study****RESEARCH HYPOTHESIS**

The main hypotheses of the study are as follows:

H1: There is a significant impact of sales promotion on purchase intention

H1.1 There is a significant impact of Discount category on purchase intention

H1.2 There is a significant impact of gift on purchase intention

H1.3: There is a significant impact of limited time offer on purchase intention

H2: There is a significant impact of organic knowledge on purchase intention

H2.1 There is a significant impact of organic logo on purchase intention

H2.2 There is a significant impact of Health concern on purchase intention

H2.3 There is a significant impact of safety concern on purchase intention

REVIEW OF LITERATURE**Sales Promotion**

Sales promotion is a separate compilation of inducement tools typically short-term, premeditated to encourage more rapidly and superior purchase of specific or all consumers 'products (Kolter, 1999). Many authors bring that specific sales promotion improves product quantity with prices Kumar (Zacharias, Jose and Manalel 2007); sales promotion has introduced mainly to attract product for the new product or unaware product in the market and utilizes incentives ever by the seller to increase profitable business. It implies that amount consumed by consumers will finally boost and possibly will lead to a rise in the brand exchange between consumers. This is scrutinized by the literature review of different models by different authors on sales promotion. American Marketing Association stated that activities for promotional programs are sales promotion, advertising, and public reports, that help stimulate consumer purchases. Nagar (2009) pinpoint that capability of consumer behavior remains to implemented with an effect of sales promotion by considering various information regarding food product ingredients and production process has created the trust among consumer through social media (Vecchio, Phillipov, 2016). Et al. when food product provides a healthier message most of the consumer is the readiness to buy. Cucchiara et al. (2015) mentioned that to attract consumer through visual communication strategies, It is the best way to stimulate consumer organic food product. More than that the overall efficiency of sales promotion is explored to be consumers' value in food product perspective. sales promotion resulted from not only the money saving benefit but also a meeting the demand of consumer household budgets (Jamal et al., 2012). Sales promotion categorized into as two important options are compulsory and not mandatory (Chandon et al., 2000). Peattie and Peattie (2003) distinguish them as value increasing, and value-adding, past literature has shown that evidence that sales promotion boost only short-term device to raise the sales (Landreville and D'Astous, 2003). The recent studies analyzed that sales promotion with the qualitative interview also with the value-conscious used for development of the quantitative questionnaire

Organic Knowledge

Davies et al., 1995 bring out that most of the knowledgeable consumer is ready to purchase organic food products because organic food is very healthy for them. Health conscientious people have clarity on the organic products are chemical free, lead disease-free lifestyle, positive attitude is the main reason to buy organic food products. Health supporting factor is significant reason for purchasing food products (Magnusson et al., 2003; Bugge and, Wandel 1997; Tregear et al., 1994; Foster and Padel, 2005) Main motive

for the frequent consumer to buy a organic food is healthily for life. Krystallis and Fotopoulus (2002) have their own opinion towards health consciousness has raised the impact of purchase intention of organic food because of proper nutritional and proteins are influencing the fundamental factor consumer interest. Angulo et al., 2003 found that Spanish consumer is facing the unsafe food product issue due heavy chemical pesticide practice of agricultural system which impacts consumer health issues (Ophuis & Schifferstein, 1998) consumer willingness, attitude and purchase intention are yet to implement with safety assurance system. Henson, 1996 mentioned that consumer is paying for value-added products which profoundly influence the food safety, Prepare the young generation and household to make awareness of the food poisoning due to synthetic fertilizer in farming. Nowadays people with educational knowledge are not willing to accept a conventional product which is slow poison for lifespan. Food safety stimulates the consumer to buy the trusted organic product (Padel and Foster, 2005; Schifferstein & Oude Ophuis, 1998). Labelling and standard are important for product that make trust among consumer (Hamm and Janssen, 2012; Caswell and Anders, 2011; Beiräte für Verbraucher- und Verbraucherschutz et al., 2011;). Logo in products are to generate information to consumer towards the purchasing decision. Labels are used to be relevant for promote product to the market and promote production process (Anders and Caswell, 2011) consumer are with effective trust system which must authorized by Government and Private sector has act trust agent for purchase decision of organic products and Trusted distribution channel and supply chain require for customer trust in the certification system and the standards for manufactured product (Hamm and Janssen, 2012). The market share of product is entirely depend on consumer response to labelling which influence important decision among consumer to trust specific value and thematic equivalent to consumer purchasing decisions (Golan et al., 2001) the particular design and thematic relevance to consumer high standard for labelling programme and extend to specific information and promotion campaign. Generally decision of food purchase to follow the habitual pattern or limited decision making process in food behaviour with increasing ethical market segment (e.g. Zander and Hamm, 2012; Carrigan et al. 2004; Browne et al., 2000; Newholmand Shaw, 2009; Lusk and Briggeman, 2007;).

Research Methodology

This Research is quantitative research where data collection in the pattern of the self-administered questionnaire with Likert scales — this study based on explaining the characteristic of population or phenomenon. It denotes that the investigation is descriptive and Hypothesis testing to determine the Discount category, Gift category Limited time offer, Organic logo, Health concern, Safety concern and Dependent variable as Purchase Intention. The type of sampling is probability sampling. Data collected were based on simple random sampling since the respondents were selected mainly from two district (Chennai, Thiruvallur) in the state of Tamil Nadu. These two districts with more organic food products retails store and departmental store are located. The population estimated was 150 organic food customers. Out of the total population 120 respondents have responded to the research survey. Out of 120 male respondents are 62, and Female respondents are 58, and The data were then analyzed using SPSS 23.

Reliability Analysis

The reliability test is conducted only with for the loaded items. The reliability values (Cronbach's Alpha) for all the variables are found satisfactory as they are above 0.7 (Hair et al, 2013). Hence, all the variables are carried forward for further analysis. The Cronbach's Alpha values for all the variables are shown in the table below:

Table 1: Reliability values

| Variables | No. of items | Cronbach's Alpha |
|--------------------|--------------|------------------|
| Discount category | 3 | .719 |
| Gift category | 2 | .738 |
| Limited time offer | 2 | .820 |
| Organic logo | 2 | .952 |
| Health concern | 2 | .807 |
| Safety concern | 2 | .712 |
| Purchase intention | 2 | .796 |

Table 2: t-test between gender and discount category, gift, limited time offer, organic logo, health concern, safety concern and purchase intention of organic food products

| Variable | Gender | N | Mean | Std. Deviation | t-value | p-value |
|---------------------------|--------|----|------|----------------|---------|---------|
| Discount | Male | 62 | 3.56 | 0.95 | 0.214 | 0.508 |
| | Female | 58 | 3.53 | 0.84 | | |
| Gift | Male | 62 | 3.51 | 1.04 | -0.153 | 1.003 |
| | Female | 58 | 3.54 | 0.88 | | |
| Limited Time offer | Male | 62 | 3.79 | 0.90 | -0.390 | 0.005 |
| | Female | 58 | 3.85 | 0.86 | | |
| Logo | Male | 62 | 3.75 | 0.90 | -0.671 | 0.008 |
| | Female | 58 | 3.86 | 0.92 | | |
| Health | Male | 62 | 3.71 | 0.96 | 1.178 | 0.453 |
| | Female | 58 | 3.39 | 0.88 | | |
| Safety | Male | 62 | 3.79 | 0.96 | -0.898 | 1.446 |
| | Female | 58 | 3.93 | 0.85 | | |
| Purchase intension | Male | 62 | 3.88 | 0.95 | -0.741 | 2.674 |
| | Female | 58 | 4.00 | 0.77 | | |

It is inferred from the above table that there is no significant difference between male and female on Discount category (0.508), Gift (1.003), Limited time offer (0.005), Organic Logo (0.008) health concern(0.453), safety concern (1.446) and purchase intention(2.674) there are no significant differences in their mean values too. We can infer that there is no considerable difference in their mean scores and none of the p-value is significant at 95% confidence level, hence, the proposed hypothesis is rejected.

Table 2: Regression analysis between independent variables and Purchase Intention of organic food products

| Independent variables | Beta (Unstandardized coefficient) | R | R Square | Adjusted R Square | Std. Error of the Estimate | F-Value |
|---------------------------|-----------------------------------|-------|----------|-------------------|----------------------------|---------|
| DISCOUNT | -0.037 | | | | | |
| GIFT | 0.017 | | | | | |
| LIMITED TIME OFFER | - 0.137 | 0.962 | 0.926 | 0.922 | 0.922 | 236.62 |
| LOGO | 0.170 | | | | | |
| HEALTH | 0.350* | | | | | |
| SAFETY | 0.685* | | | | | |

*Significant at 95% confidence level, **Significant at 99% confidence level

It is inferred from the above table that the 92.2% of the variance is explained by the predictors and among the six independent variables in the proposed model, only Health concern and Safety concern significantly impact purchase intention of organic food. It is clear that people while purchasing organic food gives importance to health and safety, the other factors like discount, gift, limited time offer and logo are not showing significant impact on the purchase intention of organic food products.

Discussion

The statistical results show that Chennai and Thiruvallur district consumers place relatively high level of importance on health concern and safety concern whereas low level of importance discount category, Gift, limited time offer and organic logo in their intention to purchase organic food products. In recent times, consumer lifestyle have become crucial decision making in part of human life, which will profoundly influence the modern society who need solution for health issues and They were aware with own initiative by reading magazine, Newspaper, Online Application in Andriod OS, Ios, Journals and books etc.. Practicing a planned dietary habit which leads to healthy life to consumers. Contrary Habit of taking more sugar, salt, and trans-fat will lead to diseases such as high blood pressure, diabetes, heart attack, etc. which were terrible food habits in consumers. This method of farming gives more nutrients and vitamins that are good for health. At last consumer are satisfied definite attraction at time of getting valid information which evenly makes the customer feel like satisfaction and loyalty towards the organic products

Conclusion

Based on the study, it can be concluded that the two significant factors that influence the purchase intention of organic food products are health concern and safety concern. In this fast-moving hi-tech global environment, Every single person has right and take care of his/her health by having the right food (organic food) and take an planned food choice among consumer would always bring a healthy and happy life. Through health concern, consumers will be sensible in choosing the right food. By considering the nutritional value as compares to the conventional food in market. It stimulates the benefits of organic foods to be communicated to the consumer. To make clarification among consumer it is important to develop the awareness for organic food product and its value and benefits benefit in order to develop health consciousness and food safety among the consumers. And this will have positive results only when there is effective product awareness program in trade shows, road tours, exhibitions and advertisements on a regular basis. Secondly develop the organic products campaigns in the market it will lead the positive impression to consumer towards the organics products, third by introducing the new way of sales management in the organic product by being placed in innovating more natural products. Allocating the budget on R&D of organic food to find the best way to produce more organic foods in larger quantity at a minimum cost. Lastly, need of government involvement for developing organic products by introducing tax exemption and raising entrepreneurship opportunities in the field of organic products .and develop the proper supply chain network private sector are encouraging to invest in organic products. Finally, future research should focus on similar studies which enhance extended scope to all cities in Tamil Nadu and Additional variables like such as free coupons ,Buy One Get One Free, Freshness, taste, and Innovativeness of organic food products which will create more impact in more purchase intention towards organic products sales.

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