



An Economic Analysis of Consumer Buying Behaviour Towards Organic Food Products in Lucknow District, Uttar Pradesh

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ABSTRACT

This research investigates how consumers perceive organic food products, concentrating on Lucknow, a city in Uttar Pradesh, India. The primary goals of this study are threefold: first, to explore consumer behavior and perceptions concerning organic foods; second, to identify the factors that shape consumers' purchasing decisions; and third, to understand the challenges encountered by urban consumers when buying organic products. The study relies on data obtained from a survey of 100 residents of Lucknow in 2025. The analysis examines consumer preferences for organic food items, evaluating their knowledge, perceptions, attitudes, and trust in these products. The findings indicate that consumers who demonstrate a favorable attitude toward organic products are more inclined to purchase them. Key factors influencing purchasing decisions include consumer attitudes, awareness of organic products, and various other determinants. Furthermore, the study highlights that health consciousness and the perceived environmental benefits of organic foods significantly influence consumers' intentions and final purchasing decisions. It also reveals that factors such as income levels and awareness of organic foods are positively correlated with the likelihood of purchasing these products.

Keywords: sustainable agriculture, natural foods, ecological awareness, consumer preferences, shopping behavior, consumer perception.

INTRODUCTION

India is witnessing a significant transformation in its organic food sector, marked by consistent growth despite being in the early stages of development. Organic food products, known for their superior nutritional value, are generally fresher due to reduced transportation distances compared to conventional alternatives. This sector is gradually evolving from a niche market to a global player, driven by changing consumer preferences and spending habits. The expansion of India's organic food market is fueled by growing health awareness, rising disposable incomes, and substantial government support. Organic foods, once considered luxury items, are increasingly becoming a regular choice for Indian households, boosting domestic consumption. However, the sector also faces significant challenges, including the absence of



standardized certification processes and a limited variety of available products.

High prices and limited accessibility further complicate consumer adoption. To overcome these obstacles. several measures are recommended: enhancing packaging standards appeal, to improve product fostering partnerships with local supermarkets, ensuring robust government certifications. and promoting consumer awareness of organic benefits. An increase in demand for organic products is also expected to encourage the expansion of organic farming areas.

This study focuses on analyzing the factors influencing consumer purchasing behavior for organic food products in Lucknow. The findings indicate that consumer preferences are mainly driven by health consciousness, perceived product quality, and trust in organic labels, even when these products are priced at a premium. Notably, organic food is especially preferred by consumers who prioritize food safety and quality, particularly during the summer season.

RESEARCH METHODOLOGY

This study primarily aims to investigate consumer behavior concerning the purchase of major organic food products in Lucknow, Uttar Pradesh. Utilizing a descriptive research design, the study seeks to identify and explain the factors influencing consumer purchasing decisions, preferences, and attitudes toward organic food products. A mixed-method approach was adopted, incorporating both quantitative and qualitative data collection. Primary data were gathered directly from selected participants during the agricultural year 2024-25, while secondary data were derived from a variety of credible sources, including government publications, academic books, research reports, online databases, and other relevant literature. Additionally, the study explored socio-economic profiles, marketing channels, price structures, marketing margins, costs, distribution of prices, marketing efficiency, and potential challenges, primarily through direct interviews with respondents engaged in cattle rearing. Data analysis employed various analytical tools, including tabulation, graphical representation, simple ranking, and percentage calculations, to ensure a clear and comprehensive understanding of the findings. For better clarity and ease of interpretation, this chapter is divided into three main sections. The first section discusses the sampling design, explaining the criteria and methods used for selecting districts, blocks, villages, and respondents. The second section elaborates on the data collection process and the sources utilized. Finally, the third section outlines the data analysis framework, detailing the techniques used to address the study's objectives.

Analytical Tools

1. Cost of Marketing

 $C = Cf + Cm1 + Cm2 + Cm3 + \dots + Cmn$

2. Margin of Market

AMI=Pri-(Ppi+Cmi)

3. Spread in Price

Marketing Cost + Market Margin

4. Efficiency of Marketing

= <u>Price received by producer</u> Marketing Cost + Marketing Margin





RESULTS AND DISCUSSION

Table 1: Marketing margin, marketing efficiency, and producer share of organic food products in channel I.

| Sl. No. | Particulars | Value in Rupees | Percentage |
|---------|-------------------------------------|-----------------|------------|
| 1 | Price received by the producer | 1000 | 94.29 |
| Ι | Processing | 40.60 | 3.82 |
| II | Packaging | 5.35 | 0.50 |
| III | Transportation charge | 1.25 | 0.11 |
| 2 | Total charges paid by the producer | 47.20 | 4.45 |
| 3 | Net price received by producer | 952.8 | 89.84 |
| 4 | Producer's share in consumer rupee | 1000 | 94.29 |
| Ι | Weighing charge | 1.12 | 0.10 |
| II | Grading charge | 0.68 | 0.06 |
| III | Packaging charge | 16.82 | 1.58 |
| IV | Transportation charge | 3.32 | 0.31 |
| V | Total charges paid by the collector | 21.94 | 2.06 |
| 5 | Collector margin | 38.52 | 3.63 |
| 6 | Collector sale piece | 1060.46 | 100 |
| 7 | Trader purchase price | 1060.46 | 100 |
| 8 | Price spread | 107.66 | 10.15 |
| 9 | Producer's share in Consumer Rupee | 89.84 | _ |
| 10 | Marketing Efficiency (in %) | 15.33 | |

CHANNEL-I: Producer-Consumer

Table 1: This section offers a comprehensive breakdown of the cost structure and pricing distribution of an organic product, tracing its movement from the producer to the end consumer. Initially, the producer receives $\gtrless1,000$, which accounts for 94.29% of the consumer's final payment. However, this amount is reduced by several expenses along the supply chain, including ₹40.60 for processing, ₹5.35 for packaging, and ₹1.25 for transportation, leading to a total cost of ₹47.20. As a result, the producer's net income drops to ₹952.80, which represents 89.84% of the consumer's payment.



The table further details the costs incurred by the collector, which include ₹1.12 for weighing, ₹0.68 for grading, ₹16.82 for additional packaging, and ₹3.32 for transportation, totaling ₹21.94. The collector earns a margin of ₹38.52, representing 3.63% of the consumer's payment, ultimately resulting in a final retail price of ₹1,060.46. This creates a difference of ₹107.66 (10.15%) between what the producer receives and the amount paid by the consumer. The producer's share of the consumer's payment is 89.84%, while the marketing efficiency stands at 15.33%. These figures demonstrate that despite the producer receiving a significant portion of the consumer's payment, various costs incurred throughout the supply chain substantially lower their final earnings.

Table 2: marketing margin, marketing efficiency, and producer's share of organic food product in channel II.

| S. No. | Particulars | Value in | Percentage |
|--------|------------------------------------|----------|------------|
| | | Rupees | |
| 1 | Price received by the producer | 950.00 | 82.15 |
| Ι | Processing | 50.75 | 4.39 |
| II | Packaging | 10.50 | 0.91 |
| III | Transportation charge | 2.50 | 0.22 |
| 2 | Total charges paid by the producer | 63.75 | 3.52 |
| 3 | Net price received by producer | 886.25 | 76.63 |
| 4 | Producer's share in consumer | 950.00 | 82.15 |
| Ι | rupee Weighing charge | 2.00 | 0.17 |
| II | Grading charge | 1.10 | 0.10 |
| III | Packaging charge | 20.50 | 1.78 |
| IV | Transportation charge | 5.80 | 0.50 |
| V | Total charges paid by wholesaler | 29.90 | 2.54 |
| 5 | Wholesaler margin | 40.30 | 3.48 |
| 6 | Wholesaler sale piece | 1089.70 | 88.54 |

Channel-II: manufacturer – distributor – seller – buyer.





| 7 | Trader purchase price | 1089.70 | 88.54 |
|-----|---------------------------------------|---------|-------|
| Ι | Retailer transportation charge | 3.80 | 0.33 |
| II | Retailer storage charge | 6.50 | 0.56 |
| III | Retailer profit margin | 40.75 | 3.54 |
| 8 | Total charges paid by retailer | 51.05 | 4.43 |
| 9 | Price spread | 135.50 | 11.78 |
| 10 | Consumer price | 1150.75 | 100 |
| 11 | Producer's share in Consumer Runee | 82.15% | _ |
| 12 | Marketing Efficiency (in %) | 12.75% | _ |

Table 2: The table presents a detailed breakdown of the cost structure and pricing distribution of an agricultural product, tracing its path from production to the final consumer. It outlines the various costs incurred at each stage-production, wholesale, and retail-that influence the final price paid by the consumer. Initially, the producer receives ₹950, which constitutes 82.15% of the consumer's total payment. However, after deducting essential costs such as processing, packaging, and which total transportation, ₹63.75, the producer's actual earnings drop to ₹886.25. These production-related expenses account for 3.52% of the final consumer price, reflecting the costs associated with maintaining product quality and ensuring availability. At the wholesale stage, further expenses arise, including those for weighing, grading, and packaging, totaling ₹29.90, which is 2.54% of the final price. The wholesaler earns a profit of ₹40.30, which amounts to 3.48% of the consumer price. Similarly, retailers face

additional costs for transportation (₹3.80) and storage (₹6.50), along with a profit margin of ₹40.75. This brings the retailer's total earnings to ₹51.05, or 4.43% of the consumer price. The difference between the final consumer price $(\gtrless 1,150.75)$ and the amount received by the producer (₹950) amounts to ₹135.50, representing 11.78% of the consumer price. This price spread reflects the cumulative costs and profits earned by the intermediaries involved in the supply chain. Furthermore, marketing efficiency stands at 12.75%, indicating that while the supply chain operates at a reasonable level of efficiency, there is for improvement. Streamlining potential distribution and reducing intermediary costs could increase the producer's share of the price without significantly raising the consumer cost. This analysis highlights the balance between producer earnings and the costs incurred by intermediaries. Optimizing the supply chain could help in enhancing the producer's share while keeping prices fair for consumers.



Table 3: Comparison between marketing margin, marketing efficiency, and producer share inmarketing organic food products through channel I and channel II in the study area.

| S. No. | Particulars | Channel I (Rs.) | Channel II (Rs.) |
|--------|----------------------------|-----------------|------------------|
| 1. | Total marketing cost | 69.14 | 85.30 |
| 2. | Total marketing margin | 38.52 | 50.20 |
| 3. | Price spread | 107.66 | 135.50 |
| 4. | Producer share in Consumer | 15.33% | 12.75% |
| | Rupee (%) | | |
| 5. | Marketing Efficiency (%) | 7% | 5.28% |
| 6. | Cost paid by a consumer | 1060.46 | 1150.75 |
| 7. | Cost paid by the producer | 47.20 | 55.10 |
| 8. | Cost paid by the retailer | - | - |

Table 3: This section offers a comparative analysis of the marketing margin, marketing efficiency, and producer share for organic food products across two distinct marketing channels-Channel-I and Channel-II. The comparison highlights important differences between the two channels, providing valuable insights into the dynamics of organic food marketing. First, the total marketing cost in Channel-II is ₹85.30, which is higher than Channel-I's ₹69.14. This indicates that Channel-II requires а larger financial investment for marketing activities compared to Channel-I. Similarly, the total marketing margin is greater in Channel-II (₹50.20) than in Channel-I, reflecting that intermediaries in Channel-II earn more, with a profit margin of 38.52%. This suggests that Channel-II is more lucrative for intermediaries. The price spread, which measures the difference between the price paid by consumers and the amount received by producers, is much wider in Channel-II (₹135.50) compared to Channel-I $(\gtrless 107.66)$. This larger price spread indicates that consumers in Channel-II pay significantly more than what producers receive, which is less favorable for producers. Additionally, the producer's share of the consumer's payment is higher in Channel-I (15.33%) than in Channel-II (12.75%). This means that producers retain a relatively larger portion of the final consumer price in Channel-I. Consequently, Channel-I exhibits higher marketing efficiency, with a rate of 7%, compared to Channel-II's 5.28%. This suggests that Channel-I is more effective at distributing value among stakeholders, making it a more efficient channel for marketing organic food products. In summary, Channel-I is found to be more efficient and favorable for producers, while Channel-II provides higher profits for intermediaries but is less advantageous for producers due to higher costs, a wider price spread, and a smaller share of the final price. This analysis provides important insights into the trade-offs involved in organic food marketing across different channels.





CONCLUSION

The study of marketing channels for organic food products in Lucknow district reveals notable variations in cost structure, price range, and marketing effectiveness between the two channels. In channel-i (producer \rightarrow consumer), the producer receives ₹1000, which accounts for 94.29% of the final consumer price of ₹1060.46, indicating a relatively high marketing efficiency of 94.29%. This means that a significant portion of the consumer's rupee reaches the producer, with the price spread of ₹60.46 (5.71%) representing the charges and margins added by intermediaries like processors, wholesalers, and retailers. The small difference in price between channel 1 and channel 2 indicates a more streamlined distribution process, resulting in lower margins for intermediaries. In contrast, channel-ii (producer \rightarrow wholesaler \rightarrow retailer \rightarrow consumer) involves the receives producer ₹886.25, which represents 82.15% of the final consumer price of ₹1150.75, reflecting a lower marketing efficiency of 82.15%. This suggests that a larger portion of the price is paid by intermediaries. The price difference between channel 2 and channel 1 is ₹135.50 (11.78%), indicating a significant variation in the spread. This wider range of prices indicates the higher expenses incurred at different stages of the supply chain, such as increased margins for wholesalers and retailers. The findings suggest that channel 1 exhibits a more efficient supply chain with a higher share for the producer and a smaller price spread, while channel 2 demonstrates a larger price

spread and lower marketing efficiency, suggesting more costs and higher margins for intermediaries.

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