

A STUDY OF CONSUMER PERCEPTION AND PREFERENCES TOWARDS ORGANIC TEA IN DELHI-NCR

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ABSTRACT

Rapid Urbanization and growing consumer's concern for food safety, health and environment in recent times has resulted in a new tide in consumption of organic foods especially Organic Tea. Many recent researches have studied about the awareness and consumption pattern of Organic Foods and concluded that it is significantly higher in developed countries than developing ones. In countries like India, where organic food markets are still in the nascent phase of its growth, the level of awareness and acceptance is relatively low. The present study aims at analyzing factors effecting consumer awareness levels and buying perception regarding Organic Tea with the help of an Exploratory study using a structured survey of 200 respondents in Delhi-NCR through pre-tested Questionnaires using convenience sampling. This paper attempts to investigate the demand status of Organic Tulsi Tea as people residing in urban areas like Delhi-NCR as they are more conscious about their health and lifestyle and maximum of them are working professionals. The Consumers in Metro cities have a good purchasing power to pay premium prices for organic products so they prefer to include organic teas & supplements for a healthy lifestyle.

KEYWORDS: Urbanization, Environment, Organic Tea, Health, Lifestyle, Premium Prices

INTRODUCTION

Consumption of Tea has always been a social and more of a habitual concept for most of the Indian consumers. However, increasing health awareness and prevalent diseases will mark a boom to the newer variants such as Organic Tea and Green Tea with more natural flavors, Fruits and Herbal Infusions. Driven by new Tea adopters, the per capita total consumption of packaged Tea reached around 340 g in 2015. According to a report by Euromonitor International, 2016 "Economies and Consumers data, 35% consumers aged 16-17 years consumed tea daily, which rose to 54% when people from the age group of 23-24 were considered. With over 9% of the total population in the 15-24 age group in 2015, new tea adopters from this age group was the biggest growth driver". This trend is performing well in urban areas where awareness of health benefits of these natural products is high.

Conceptual Framework Designed

There are various factors influencing the consumer preference to buy the Organic Tea & other Ayurveda Supplements due to their perception like, organic food products are healthy and safe, products are environment friendly, price of the products, trust in product certification and availability of the products. Therefore, the conceptual model for the present research is depicted in Figure 1.

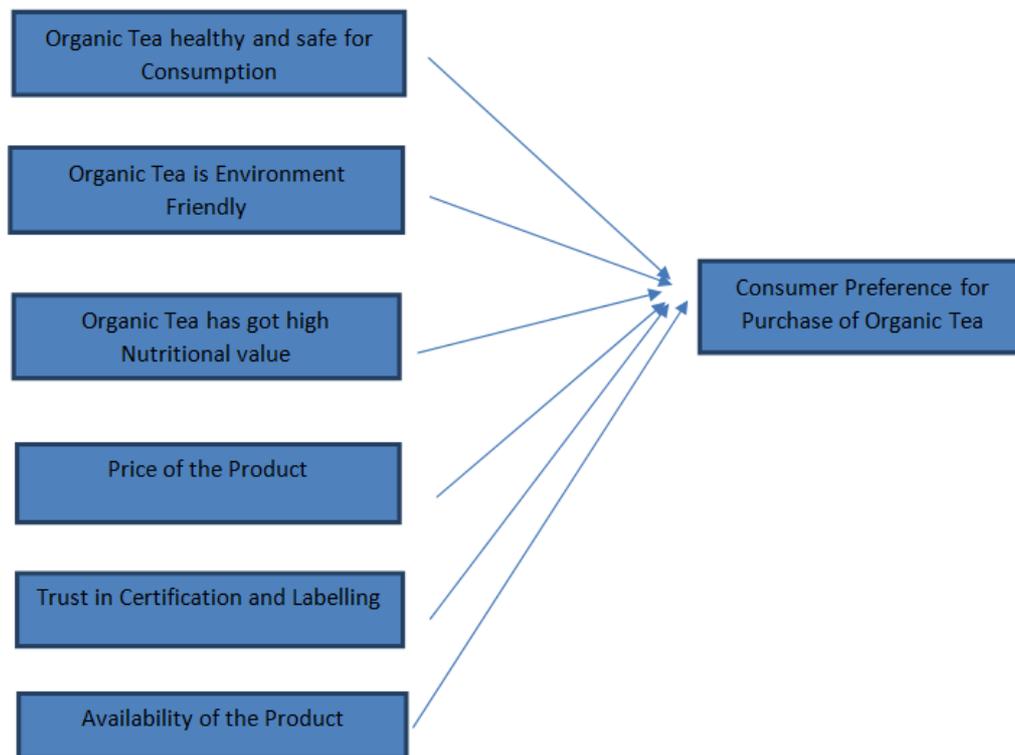


Figure 1

As per Typhoo India report (2013), consumers are looking not only for quality but also the health benefits because the price range of the Tea generally ranges from Rs125 to Rs170. Tulsi Flavored Tea is the favorite child of the highest selling basket amongst flavored variants of Organic India. “Modern trade is the retail engine which will grow this segment as promotions of their products are undertaken by the brands at such outlets. Since awareness of flavored tea is still low, consumer education and generating tasting and sampling among consumers is necessary at the retailer’s end. Over 80 percent of our flavored tea sales are generated through modern trade,” informed Banerjee at Newby India”. Indian consumers are becoming health conscious which is attributing to the increased demand of Organic Tea in present market.

According to the latest Tea statistics by IBEF based on a report of Tea Board of India, “Production of tea reached 1,233 million kg in 2015-16. Around 955.82 million kg was produced in North India and 241.36 million kg was produced in South India. India has around 563.98 thousand hectares of area under tea production, as per figures for December 2013”. The domestic consumption of Tea is only about 25% of its total production. In recent years the production levels also have geared up with an increase in demand. Although, being a low volume operation Organic foods are placed relatively at a higher cost side due to the high logistic cost involved and the market is slowly growing and attracting only high end consumers (Chakarborti, 2010). Hence the present study attempts to identify the motives to buy the Organic Tea. The overall Tea scenario has become the potential reason to attempt this study because of Organic Tea market seems to be a promising market as evident by the rising share of Exports and increased consumption levels (Indian Tea Association, 2016).

Table 1

7. INDIAN TEA EXPORTS

(Source : Tea Board)

		January-April				April : 2016-17 / 2015-16		
		M Kg	Rs Cr	Rs/Kg	\$/Kg	M Kg	Rs Cr	Rs/Kg
2016	North India	38.16	806.01	211.22	3.12	5.6	124.41	222.16
	South India	29.0	415.45	143.16	2.12	6.2	91.41	147.44
	All India	67.2	1221.46	181.82	2.69	11.8	215.8	182.90
2015	North India	33.8	700.21	207.10	3.34	6.0	130.90	216.72
	South India	29.4	388.19	127.61	2.06	6.0	89.64	148.66
	All India	63.2	1088.40	172.24	2.78	12.1	220.5	182.72
Diff. 15-14	North India	4.3	105.8	4.1	-0.2	-0.4	-6.5	5.4
	South	-0.4	27.3	15.5	0.1	0.2	1.8	-1.2
	All India	4.0	133.06	9.58	-0.09	-0.3	-4.72	0.18

Table 2

TEA STATISTICS

Financial year	Production (in mn kg)	Increase/decrease (in per cent)	Exports (in mn kg)	Increase/decrease (in per cent)
2011-12	1,095	13.32	214	0.26
2012-13	1,135	3.60	216	0.88
2013-14	1,209	6.50	226	4.40
2014-15	1,197	-0.96	199	-11.82
2015-16	1,233	3.00	233	17.00

Source: Tea Board of India

LITERATURE REVIEW

India has experienced phenomenal growth in production of organic foods in the recent decade and primarily focusing on the export markets. Organic agricultural export market is one of the major drivers of organic agriculture in India. The country is best known as an exporter of organic tea, organic fruits, organic spices and organic rice. Over the past several years, the organic food industry in India has been experiencing an annual growth between 20-22 percent. The nation has the potential to be largest organic food producer. However, Indian domestic markets for organic products particularly metro cities such as Delhi, Mumbai and Bangalore are witnessing significantly growth in the recent years. Antonio et al (2009) suggested a vital role of studies on Green Consumerism in understanding the consumer attitudes, behaviour and intentions aptly due to rising environmental consciousness.

There are numerous factors which contribute and affects the consumer's awareness levels regarding the organic food products. It has also been investigated by many researchers that socio-demographic profiles of the consumer, buying behavior and knowledge about the nutritional content of the foods are few of the main points which affect the awareness levels and impact the purchase decision. (Gracia and Magistris, 2007; Tsakiridou et al., 2006; Lockie et al., 2004; Millock

et al., 2004; Briz and Ward, 2009). Consumers who belong to the high income group often associate their purchase of organic foods to status (Gracia and Magistris, 2007; Santucci, 1999).

Effect of Trust on Attitudes and Purchase Intentions

Trust is viewed as “one of the most effective methods of reducing consumer uncertainty. Trust may be even more important for organic foods than regular foods” (Hart, 1997). In the organic food market, consumer trust is a delicate issue since even after consumption consumers cannot verify whether a product is organic. (Wang, 2015) Hence trust on Organic Food products, its vendors, certification and labelling has a major influence on the consumer attitude and subsequent purchase behaviour.

(Wang, 2015) Indicated the importance of trust in organic food consumption, trust in organic foods, as well as their vendors and certifications is a major influence on consumer attitudes and subsequent behaviour. To build up the trust and increase the marketability of the product it is vital

OBJECTIVES OF THE STUDY

- To identify the factors influencing the perception of consumers towards Organic Tea
- To examine consumers buying motives, preferences and attitude towards Organic Tea

RESEARCH METHODOLOGY

The research design adopted for the present study is Exploratory after an extensive literature review as it aims to analyze the factors influencing the perception of consumers and to assess the consumer’s preferences, purchase intention and attitude towards Organic tea. Primary Data required for the study was collected via convenience sampling using structured questionnaire. The study was conducted in the region of Delhi-NCR, it being one of the most affluent and developed area with more educated and working professionals situated. In consideration with the objectives both secondary and primary data collection technique have been employed. The Data was collected using Survey method using the questionnaire and analyzed further using MS-Excel.

RESULTS AND DISCUSSIONS

It has been observed from Figure 2 that approximately 51% customers prefer Tulsi Teas whereas 27% customers prefer Darjeeling teas & 14% customers prefer Assam Tea. Only 4% customers prefer flavored & herbal infusion teas. Chart No. 3 describes the Tea consumption. From the analysis of the study it has been found that largest majority of people (58%) are consuming Organic Tulsi tea.

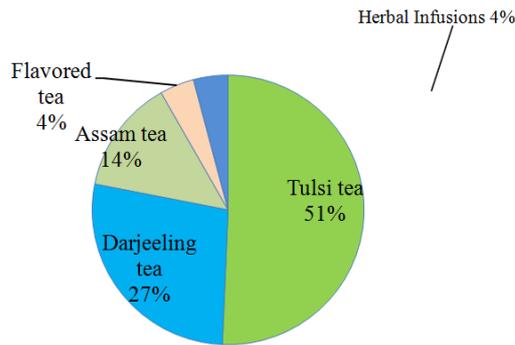


Figure 2: Customer Preferences for Category of Tea

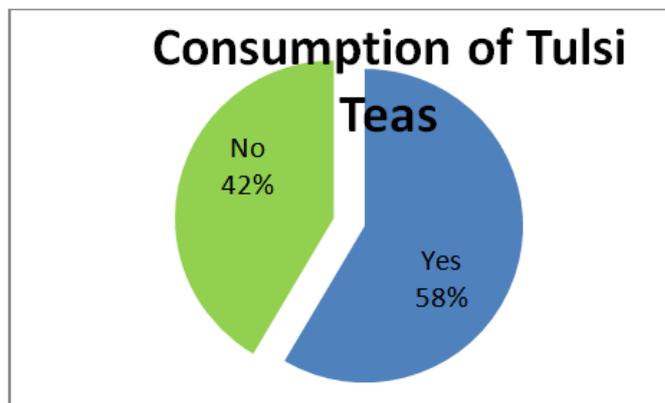


Figure: 3 Consumption of Tulsi Tea

From the above Chart no. 4, it has been found that out of 200 respondents, 22% of the respondents are aware of the ingredients of the tea while the remaining 78% respondents are unaware of the ingredients of the tea.

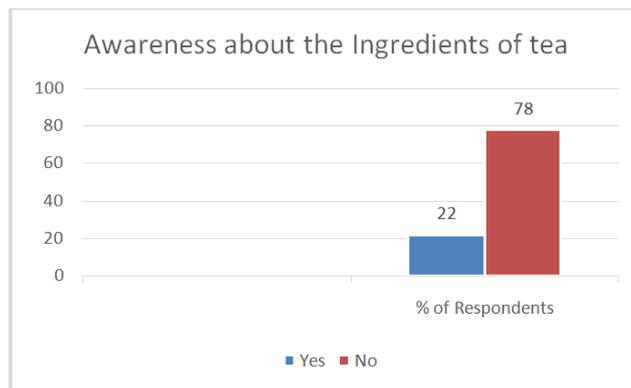


Figure 4: Awareness about the Ingredients

Figure 5 describes the Major Source of Purchase of Organic Tulsi Tea that is whether the tea is bought from Exclusive organic Stores or any store. From the analysis it has been found that out of 200 respondents maximum of them nearly 42% purchase it from Big Bazaar, 32 % from Fab India, 32% from Local stores and only 7% from specialized stores and other Modern Retail outlets.



Figure 5: Sources of Purchase of Organic Tulsi Tea

The consumers preferred Tulsi Tea from “Organic INDIA” the most over the competitor brands like Tetley, Twining’s, Newby, Lipton and others. It can also be inferred that 40% preferred for Tulsi Green Tea pertaining to the increasing health issues and maintaining a natural and balanced Diet.

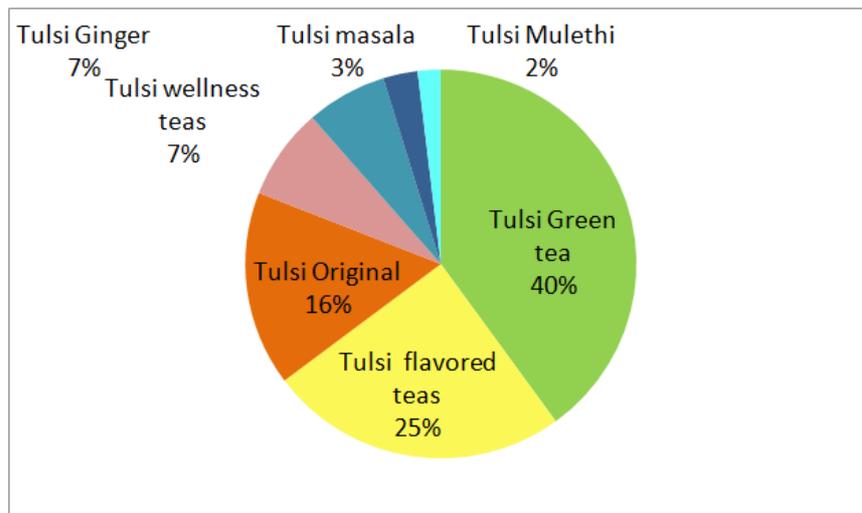


Figure 6: Preference for Tea Flavor

The consumers preferred conventional Tea over Tulsi Tea for regular consumption (Figure 7).An analysis showed that 67% advocated the Taste Preferences for other Tea and 33 % prefer Tulsi Tea for its medicinal purposes like Tulsi Lax, Tusli Tummy, Tulsi Mulethi etc.

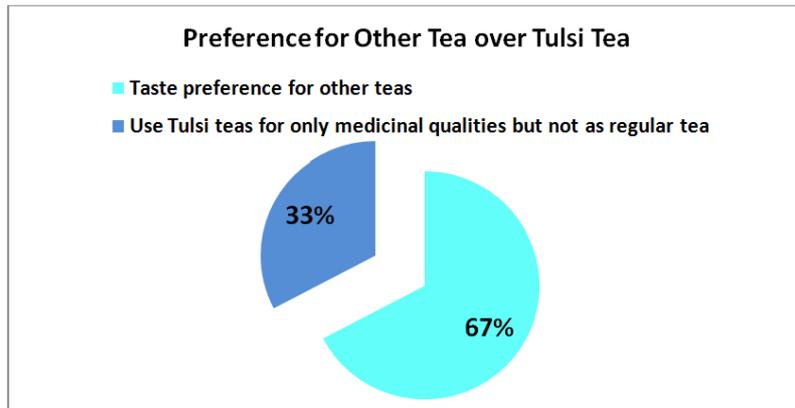


Figure 7: Reason for Preferring Conventional Tea over Organic Tea

It was observed after survey analysis that only 26% of the consumers for Organic Tea consume it on Doctor’s Recommendations and 74% on their own out of their curiosity and Impulse Buying Behavior. When they are further inquired about the reason for following the Doctor’s Advice, 95% commented that it is due to some specific reasons / medicinal benefits that they get from the Tulsi Tea. And categorically 38% of them consume it because of Diabetes

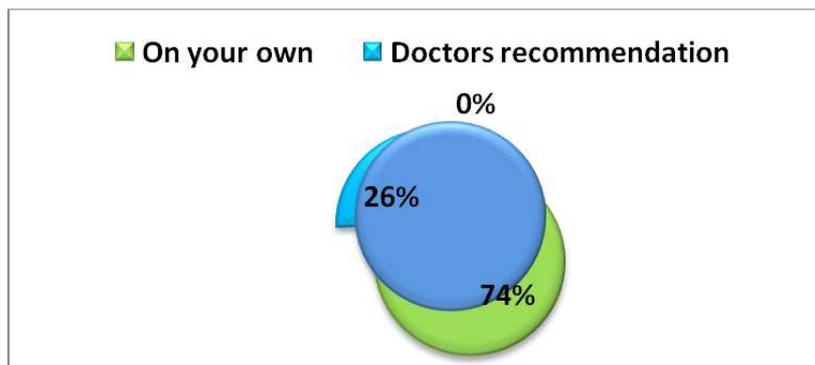


Figure 8: Driving Force for the Purchase of the Tulsi Tea

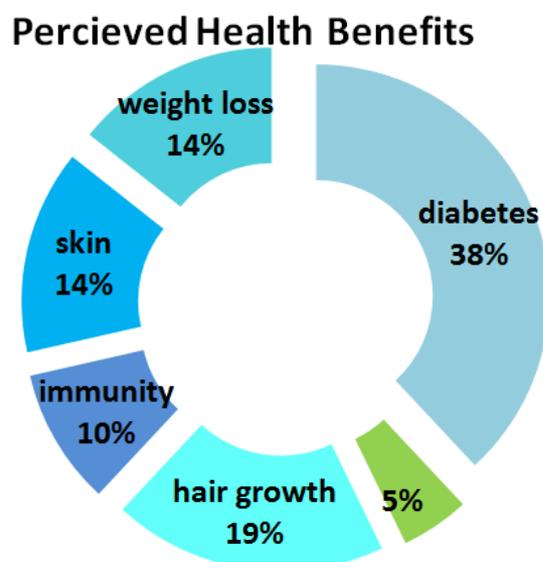


Figure 9: Perceived Health Benefits as Per Doctor’s Recommendation

CONCLUSIONS AND RECOMMENDATIONS

The findings of the study reveals that the Market for Tea is demand driven and faces a cut-throat competition hence to survive that, several Marketing strategies need to be employed. It can be concluded that consumers are health conscious they give high priority to their health and safety and consult the doctor and considers the specific health benefits and medicinal qualities of Tea before purchase. Many respondents buy organic Tea once in a month which depicts their positive attitude towards it.

Organic Tea has carved a niche for itself in modern retail as evident by the maximum purchase from Big Bazaar attributing to a greater shelf space and convenience of buying the groceries from Supermarkets in Urban Areas. Also alluring discounts & schemes offered by Big Bazaar trigger a high sales figure. The marketers needs to adopt a more competitive strategy to push the sales of Organic Tea as urban consumers have a higher buying potential and concern for health, safety and environment.

Robust Promotional activities needs to be carried out on a regular basis like Free Tea Tasting, Sampling of Tea Bag and Organizing Health Camps. There is also a need to introduce new offers such as Rewards cards, gift coupons to increase customers' loyalty towards their brand & increase Sales.

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