

CHAPTER - 1. INTRODUCTION

1.1 Products

India is blessed with abundant natural resources. A vast majority of its population is dependent on agriculture for their subsistence. Being such a vast country and having a diverse climate and topography, different crops are cultivated in different regions of the country.

After the green revolution in the 1960s, the use of fertilizers has increased in agriculture in India. This has led to surplus growth in the production of food grains, fruits and vegetables and increased productivity in animals with respect to dairy items. However, the use of pesticides and chemical fertilizers in agriculture and allied fields has led to some serious health issues. Due to this several people are looking for a healthier option. The solution is organic food products. Organic products are grown under a system of agriculture without the use of chemical fertilizers and pesticides with an environmentally and socially responsible approach. This is a method of farming that works at grass root level conserving the reproductive and regenerative capacity of the soil, good plant nutrition, and sound soil management. It produces nutritious food rich in vitality which has resistance to diseases (APEDA).

As per the available statistics, India's rank in terms of World's Organic Agricultural land was 9th and in terms of total number of producers was 1st as per 2018 data (Source: FIBL & IFOAM Yearbook 2018).

The Government of India has implemented the National Programme for Organic Production (NPOP). The national programme involves the accreditation programme for Certification Bodies, standards for organic production, promotion of organic farming etc. The NPOP standards for production and accreditation system have been recognized by European Commission and Switzerland for unprocessed plant products as equivalent to their country standards. Similarly, USDA has recognized NPOP conformity assessment procedures of accreditation as equivalent to that of US. With these recognitions, Indian organic products duly certified by the accredited certification bodies of India are accepted by the importing countries.

1.1.1 Area Under Cultivation

The total area under organic certification (registered under National Programme for Organic Production) as on 31st March 2018, was **3.56 million hectares** (2017-18) including 1.78 million hectares (50%) cultivable area and another 1.78 million hectares (50%) for wild harvest collection.

Among all the states, **Madhya Pradesh** has covered largest area under organic certification followed by Rajasthan, Maharashtra and Uttar Pradesh. In 2016, Sikkim achieved a remarkable distinction of converting its entire cultivable land (more than 76000 hectares) under organic certification.

1.1.2 Production

India produced around 1.70 million MT (2017-18) of certified organic products which includes all varieties of food products namely oil Seeds, sugarcane, cereals & millets, cotton, pulses, medicinal plants, tea, fruits, spices, dry fruits, vegetables, coffee etc. The production was not limited to the edible sector but also produced organic cotton fibre, functional food products etc.

Among different states Madhya Pradesh is the largest producer followed by Maharashtra, Karnataka, Uttar Pradesh and Rajasthan. In terms of commodities- oil seeds are the single largest category followed by sugar crops, cereals and millets, fibre crops, pulses, medicinal, herbal and aromatic plants and spices and condiments.

1.1.3 Exports

The total volume of export during 2017-18 was 4.58 lakh MT. The organic food export realization was around INR 3453.48 crore (515.44 million USD). Organic products are exported to USA, European Union, Canada, Switzerland, Australia, Israel, South Korea, Vietnam, New Zealand, Japan etc.

In terms of export value realization oilseeds (47.6%) lead among the products followed by cereals and millets (10.4%), plantation crop products such as tea and coffee (8.96%), dry fruits (8.88%), spices and condiments (7.76%) and others.¹

1.1.4 Benefits of Organic Products

Today, consumers are increasingly becoming aware of the food safety issues and environmental issues because of their increased concern about their health, the environment's health and its global implications. Organic food now has become a worthwhile alternative for an increasing number of consumers, who are worried about the presence of chemical residue in their food and other products that they consume daily. The negative consequences of conventional methods of production are another cause of concern as they impact the overall environment. Farmers nowadays have started seeing organic farming as a way to stabilize or even increase their income due to public policy support and growing market demand. They realised the benefits of organic farming in terms of volume of produce as well as the soil fertility. The benefits of organic products are threefold as summarized below:

- **Health**

Organic agriculture regulates how food is grown and processed. In addition to meeting the health and safety requirements of conventional food, organic food must also meet the additional safety standards of organic farming such as tougher regulations on manure use. Studies have shown that organic food contains a lower concentration of pesticides as compared to conventionally grown food. Hence, there is a good reason to believe that organic farming reduces health risk. The health benefits of organic products are as follows:

- i. **Toxin and GMO-free:** Organic products are the most intensely regulated food products in the US. Only organic products come with a guarantee that no toxic persistent pesticides, synthetic fertilizers or GMOs are used in their production. Additionally, no antibiotics or growth hormones are given to livestock. Organic producers and processors are subject to rigorous announced and unannounced certification inspections by third-

¹ https://apeda.gov.in/apedawebsite/organic/Organic_Products.htm

party inspectors to ensure that proper due diligence procedures and protocols are being followed.

- ii. Higher nutritional content: Recent studies have found that organic fruits, vegetables and grains have more antioxidants, fewer nitrates and cadmium and fewer pesticide residues than non-organic crops, making them more nutritious

- **Environment**

Organic farming principally focuses on environmentally beneficial agriculture practices. While it may not be able to do away with the negative environmental impacts completely, but it can help reduce water pollution and improve the quality of soil. Organic cultivation encourages conservation of biodiversity, improves ecological functions and ecosystem services. It is a self-reliant system that improves the economic productivity of crops and livestock. The stringent organic certification standards enable several measures like mulching, crop rotation, crop residual management, rules on carrying capacity defining a number of heads of livestock are allowed per ha., improved organic soil carbon binding significantly reduces green gases helps in mitigating climate change.

- **Economics**

Certified organic foods fetch higher prices, in comparison to conventional foods as most of the organic produce is directly acquired by companies thereby eliminating the middlemen. The retail price of organic food is high and eventually, organic production also reduces cost. This offers farmers a good return on an organized supply chain system.²

² www.helpguide.org/articles/healthy-eating/organic-foods.htm

Figure 1.1 Showing Environmental Benefits of Organic Farming



Source: Only Organic ¹³

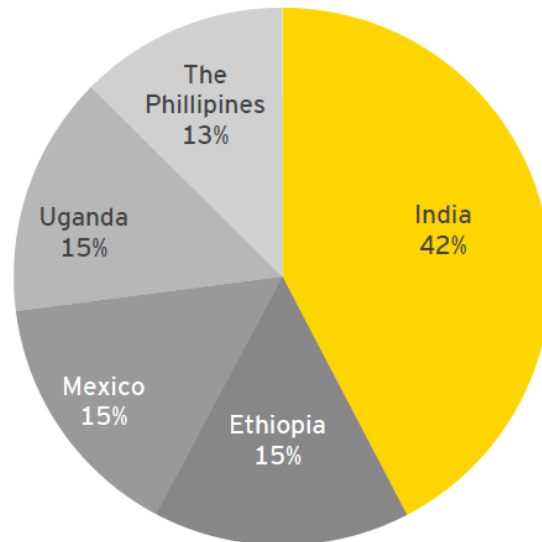
(Year: 2018)

1.1.5 Organic Food Production Scenario in India

India currently holds the ninth position among 178 countries that actively practice organic agriculture. At present, the country is home to more than 835,000 organic producers, 699 processors, 669 exporters and 1.49 million hectares area under organic cultivation. However,

with only a meagre 0.4% of the total agricultural land area designated for organic cultivation, the industry presents extensive scope for expansion.

Figure 1.2 Share of Organic Producers



(Source: APEDA, 2015-2016)

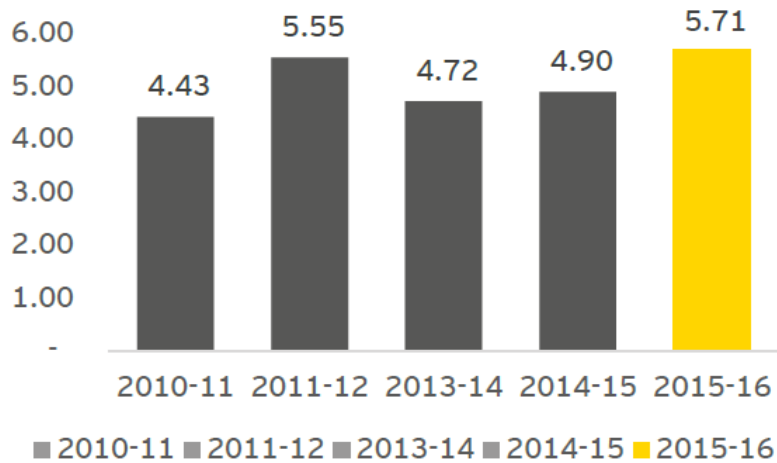
India has an extraordinary potential to produce all varieties of organic products, owing to the existence of various agro-climatic zones within its borders. The total area under organic certification was 5.71 million hectares in 2015-16. This included 26% cultivable area with 1.49 million hectares and 74% (4.22 million hectares) forest and wild area for collection of minor forest produce.

The organic production area in India falls essentially under two management systems:

- (1) National Programme on Organic Production (NPOP) and
- (2) Participatory Guarantee System-India (PGS-India).

The organic area under Participatory Guarantee System is given below:

Figure 1.3 Organic Area in India (in million hectares)

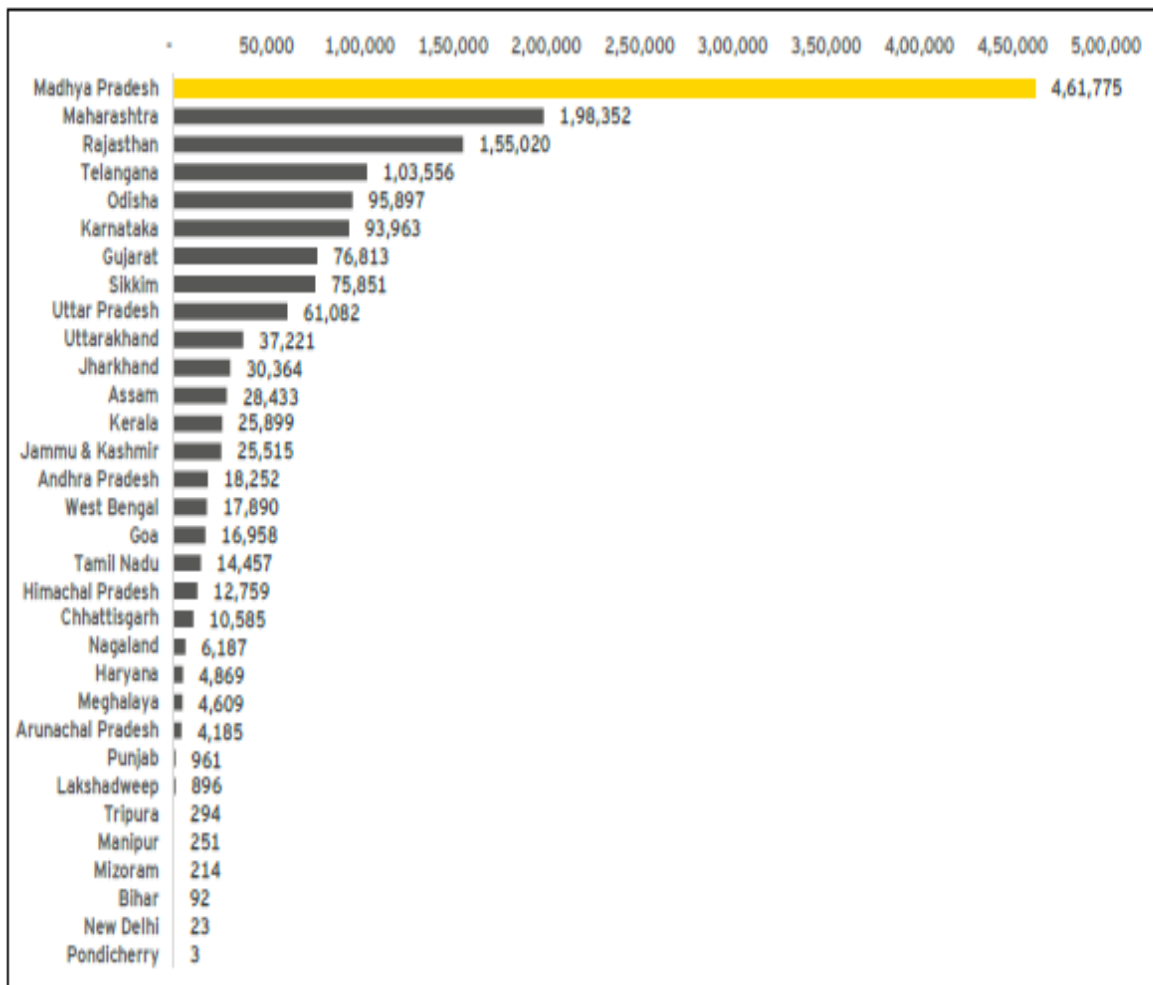


(Source: APEDA, 2015-2016)

There was an increase in area at a CAGR of 6% from 2010- 11 to 2015-16 and absolute growth of 29% during the same period. It is likely to grow at a rate of 8% -10% till 2020.

Among the states, Madhya Pradesh has the largest area under organic certification (4.62 lakh hectares) followed by, Maharashtra (1.98 lakh hectares) Rajasthan (1.55 lakh hectares), Telangana (1.04 lakh hectares), Odisha (0.96 lakh hectares), Karnataka (0.94 lakh hectares), Gujarat (0.77 lakh hectares) and Sikkim (0.76 lakh hectares). These states had a combined share of 90% of the area under organic certification in 2015-16.

Figure 1.4 Organic Agriculture area by State:

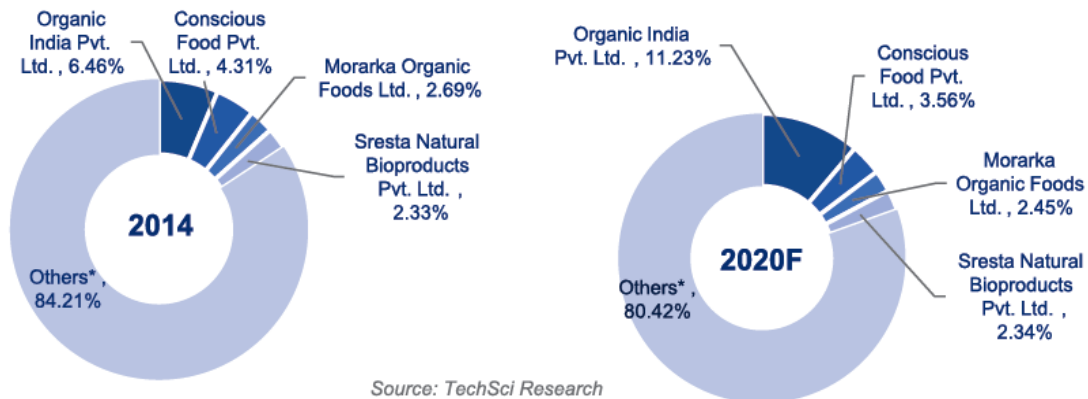


(Source: APEDA, 2014-2015)

1.1.6 Market Share of Major Companies

Organic food market in India is highly fragmented, due the presence of large number of small players in the market. However, the revenue share of these players is expected to decline in the coming years due to minimal innovation and lack of diversification in the offered products. Another factor leading to the decline in share of small players is the robust expansion of product portfolios of large players and its increasing accessibility in retail stores across the country.

Figure 1.5 Indian Organic Food Market Share



Source: TechSci Research

(Year: 2020)

Organic India is the leading player in India organic food market. The share of the company is projected to touch 11.23% by 2020, due to gradual diversification in products offerings across various retail stores. Fabindia also pumped USD2.5 million in Organic India’s operation expenditure. Fabindia, has around 180 retail stores across the globe, out of which, around 175 are located in India, acquired 40% stake in Organic India. These events are also expected to contribute significantly towards revenue growth of Organic India over the next five years, resulting in increase in the company’s market share by 2020. The company was started in 1997, with the purpose of establishing a business model to support the livelihood of underprivileged farmers by educating and training them to become self-sufficient. It offers over 50 premium, high potency herbal teas, supplements and personal products with Tulsi, as a key ingredient. The company has farms in Jammu & Kashmir, Uttar Pradesh, Gujarat and Andhra Pradesh that produce beverages and other herbal supplements. The company also produces organic ghee in its dairy products segment. The company has offices in the USA, Australia and Israel. Around 60% of the company’s revenues are generated from exports to 35 countries, primarily the European Union and USA. Conscious Food, a Mumbai-based natural and organic food preparation and export company, was the second largest company operating in India organic food market, in terms of revenue generated in 2014. The company offers products through its workshop and e-commerce website. The company also has a subsidiary in the UK, which procures organic food products from Indian farmers. Further, the company sources its products from producers such as Timbaktu Collective in Andhra Pradesh and the Cooperation of Organic Farmers of India (COFI), and Yusuf Maharally Centre in Maharashtra. The company started Farmers’ Market, an agency which promotes chemical-free products. The products of the

company are sold through retail outlets in Mumbai, further it also offers organic product through online channel. Morarka Organic Foods offers an extensive product portfolio that includes a wide variety of pulses, rice and grains, and processed foods. The company is also involved in cotton cultivation, along with innovating new yarns and weaving techniques to manufacture ready-to-wear products. In 2006, the company launched India's first organic retail store in Mumbai, under the brand Down to Earth.

Sresta Natural, which owns 24 Letter Mantra brand, operates retail stores in metro cities. The company also sells its products through online channels. Sresta Natural is primarily targeting IT hubs in the country and working on strategic alliances with different IT companies to create global access network for its products. The production volume of the company is also expected to rise, due to the anticipated increase in its certified land under organic farming. The company works on contract farming model with farmers in various states such as Rajasthan, Orissa, Tamil Nadu, Karnataka, Kerala, Andhra Pradesh, Maharashtra, Gujarat, Madhya Pradesh and Uttarakhand. The company's farming projects are certified by various government and foreign agencies. EcoFarms India Ltd., founded in 1995, offers products such as organic cereals, pulses, oil seeds, spices, fruits and vegetables, and processed foods.

EcoFarm has important tie-ups with retail chains such as Spencer's across India. The company works in association with 20,000 farmers and cultivates around 40 different crops on 600,000 hectares 'land. The company also operates in the ready to eat food segment. The company has represented India in international events such as BioFach Nuremberg, Germany and domestic events such as India Organic. Other companies operating in India organic food market include Navdanya Foods Pvt. Ltd., Suminter India Organics Pvt. Ltd., Fabindia Overseas Pvt. Ltd., Pristine Organics Pvt. Ltd., Gayatri Organic Foods Pvt. Ltd., Nature Land Organics, Sahaja Samrudha, Eaternal Health and Organic Foods, MPS Food Products, etc. Revenues of the companies in others segment are forecast to decrease over the next five years, as leading players are focusing on aggressive expansion of their production and increase focus on the domestic market.

1.1.7 Organic Food Market Share (Product-Wise)

Figure 1.6 Product-Wise Market Share



(Source: TecSci Research, 2020)

- **Organic Pulses and Food Grains**

Organic pulses and food grains is the largest segment in Indian organic food market. Products in this segment are mainly consumed in urban areas due to their higher nutrient content, and longer shelf life without the use of preservatives. Growing awareness among consumers regarding harmful effects of chemical residues in food crops is expected to catalyse demand for organic pulses and food grains in the country, thereby increasing its market share by 2020.

- **Organic Processed Foods**

Organic processed foods include a wide range of products such as ready-to-eat breakfast, snacks, flakes, etc. This segment is the second largest revenue generating segment in India organic food market. Increasing focus of companies on packaged and processed food products, coupled with growing popularity of ready-to-eat foods is driving the market for organic processed food products in India. Another factor driving growth of this segment is better availability of these products in organized retail sector, when compared to products in other segments.

- **Organic Fruits and Vegetables**

Organic fruits and vegetables accounted for only a small share in the organic food market, when compared to other segments, due to their shorter shelf life and poor logistics and supply dynamics for organic products in India. The share of this segment in India organic food market is expected to decline over the next five years.

- **Organic Dairy Products**

Organic dairy products include milk, ghee, cheese, curd and other dairy products. They are mostly consumed in Tier-I and Tier-II cities. Inefficient supply chain network is hindering the high growth potential of this segment.

Figure 1.7 Organic Food Market Share by Product.



(Source: Tech-Sci Research, 2020)

1.1.8 SWOT Analysis

Strengths

- High profit margins as compared to non-organic food products
- High availability of agricultural land
- Favourable government policies such as NPOP
- Expanding consumer base
- Favourable agro climatic conditions

Weaknesses

- Lack of established markets for organic food in India
- Unorganised supply chain leading to high losses during storage and transit
- Lower yield as compared to conventional farming

Opportunities

- Emergence of health-conscious consumers in Tier-II and Tier-III cities
- High export potential

- Increasing certified land area under organic farming
- Growing demand from Middle East

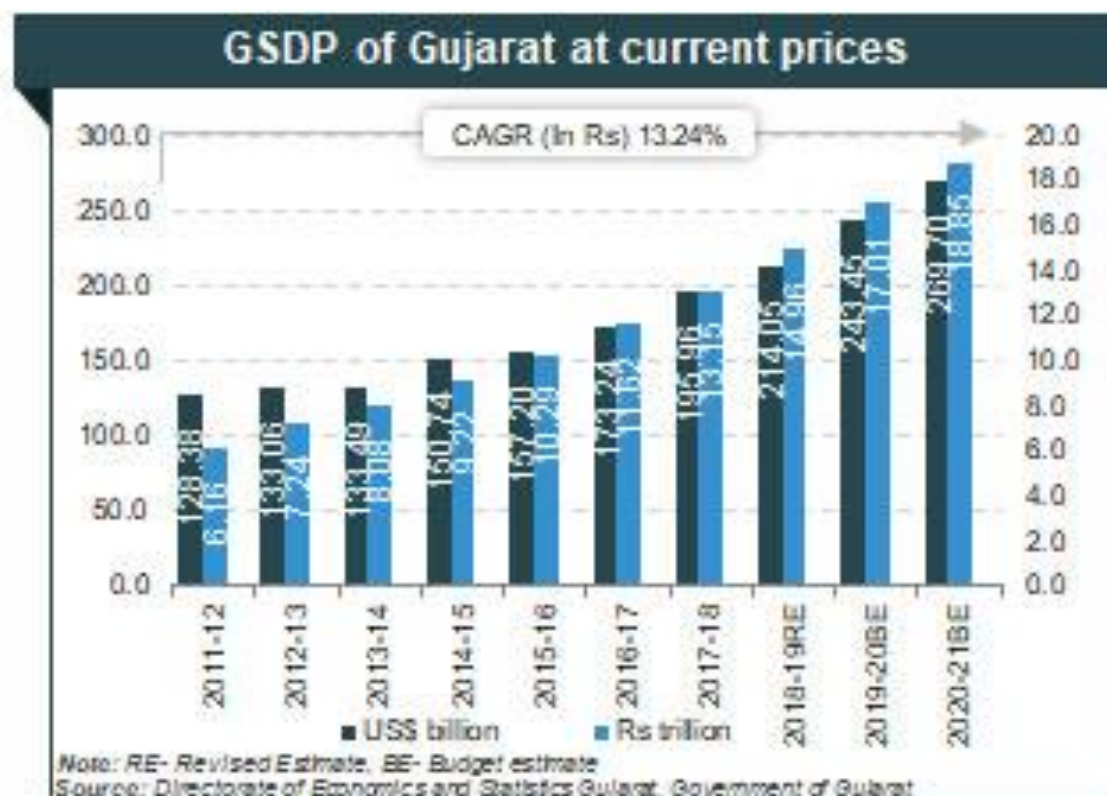
Threats

- Lack of strong infrastructure
- Lack of skilled labour
- Contaminated fields due to excessive use of fertilizers

1.2 Brief Profile of the State of Gujarat

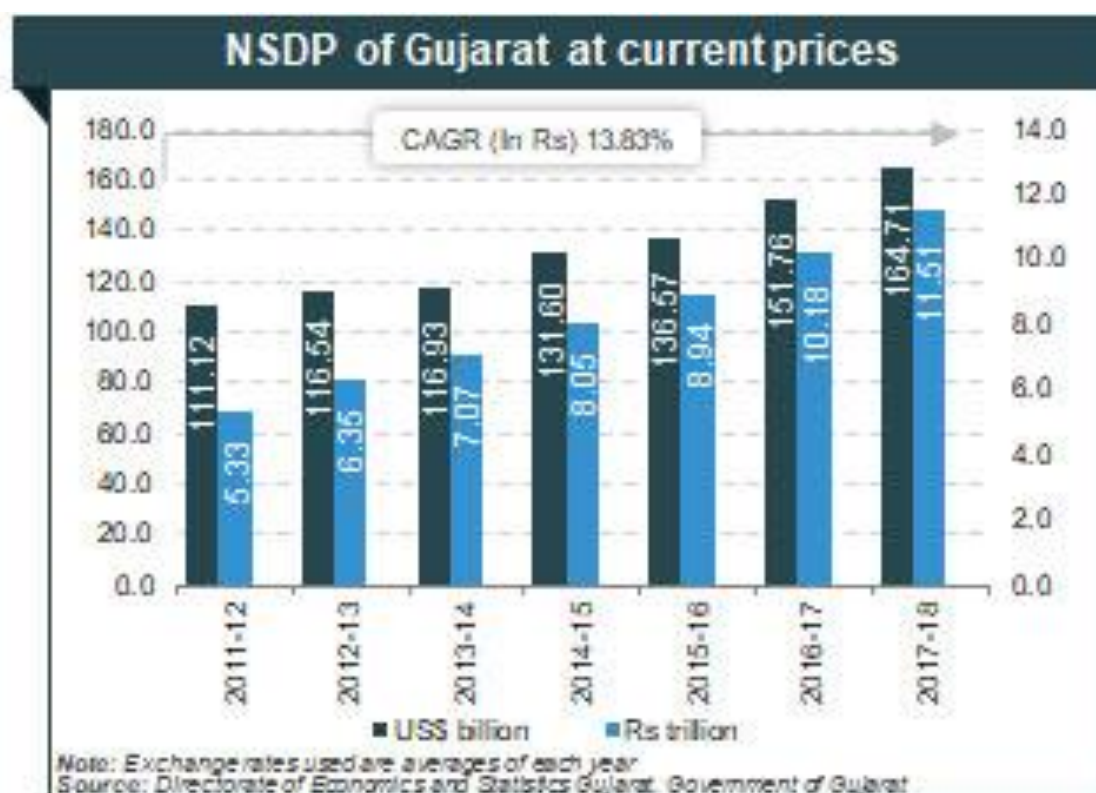
Gujarat is located on the western coast of India and has the longest coastline of 1,600 km in the country. Gujarat is one of the highest growth rates in the country. Gross State Domestic Product (GSDP) of Gujarat increased at a CAGR of 13.53 % between 2011-12 and 2019-20 to reach Rs 17.01 trillion (US\$ 243.45 billion).

Figure 1.8 GSDP of Gujarat at Current Prices



(Source: www.ibef.org, Year : 2020)

Figure 1.9 NSDP of Gujarat at Current Price



(Source: www.ibef.org, 2020)

Gujarat has 13 major industry groups that account for around 82.05 % of total factories, 95.85% of total fixed capital investment, 90.09 % of the value of output and 93.21 % of value addition in state's industrial economy. Total exports from the state stood at US\$ 67,401 million during 2018-19 and US\$ 33,176 million in April-September 2019.

In 2018-19, exports of major agriculture commodities from Gujarat stood at US\$ 3.59 billion.

Gujarat is a leader in industrial sectors such as chemicals, petrochemicals, dairy, drugs and pharmaceuticals, cement and ceramics, gems and jewellery, textiles and engineering. The industrial sector comprises of over 800 large industries and 453,339 micro, small and medium enterprises.

As of November 2018, the state produced 3.77 million tonnes of petroleum (crude). It accounts for around 72% of the world's share of processed diamonds and more than 80% of diamonds processed in India. During 2017-18, total exports of Petroleum products from Gujarat stood at US\$ 25,184.83 million which was 37.69 % of the total exports. As of July 2018, Gujarat had four refineries with a combined capacity of 101.9 MMTPA.

Gujarat has achieved the distinction of being one of the most industrially developed states. It accounts for 5% of the total Indian population and contributes about a quarter of India's goods exports. The state ranks first in terms of total area covered (29,423.9 hectares) under SEZs in India.

As of November 2019, Gujarat had 20 operational SEZs. In addition to operational SEZs, Gujarat had four SEZs with valid in-principle approvals, 28 SEZs with formal approvals and 24 SEZs with notified approvals. Overall exports from Gujarat increased 22 per cent in 2017-18 to US\$ 66 billion.

According to the DPIIT, FDI inflows to Gujarat totalled US\$ 23,184 million from April 2000 to June 2019. Up to October 2019, 367 investment intentions worth Rs 218,611 crore (US\$ 31.28 billion) were filed in Gujarat.

Gujarat has 42 ports, including one major port at Kandla and 41 minor ports, along a 1,600 km coastline (longest in India). During 2019-20 (April to November) Deendayal (Kandla) port handled 82.20 million tonnes of cargo traffic.

The Government of Gujarat has initiated several steps for the development of a world-class port city at Mundra. The port has a cargo handling capacity of over 200 million tonnes per annum.

The following are some of the major initiatives taken by the government to promote Gujarat as an investment destination:

- The government is developing a High-Speed Rail passenger corridor from Ahmedabad to Mumbai with the cooperation of the Government of Japan. The state has announced an incentive program for the industries (General) from 2016-2021 in accordance with the New Industrial Policy of 2015. The scheme aims to attract increased investments in the manufacturing sector to create more employment opportunities.
- As of March 2019, 79 Agricultural Produce Market Committees (APMCs) are linked with the National Agriculture Market (eNAM).
- Under the State Budget 2019-20, government has allocated Rs 1559 crore (US\$ 223.06 million) to Mukhya Mantri Gram Sadak Yojana.

- State Budget 2019-20 allocated US\$ 2.57 billion to the Energy, Industry & Minerals. As per the State Budget 2019-20, an allocation of US\$ 824.63 million has been made to the Agriculture, Cooperation and allied activities sector.³

For the purpose of this research, urban population was considered. The cities with the highest urban population such as Ahmedabad (55,77,940), followed by Surat (44,66,826) and Vadodara (16,66,495) have been included.

1.2.1 Ahmedabad

The city of Ahmedabad is situated on the banks of the river Sabarmati. It is the seventh largest city in India and the largest city of Gujarat. It was founded in 1411 AD as a walled city. Historically it has been one of the most important centers of trade and commerce in western India. Ahmedabad is a major industrial and financial city contributing around 14% of total investments in all stock exchanges in India.

The city of Ahmedabad, now the seventh largest metropolis in India and the largest in the state of Gujarat, was founded in 1411 AD. as a walled city on the eastern bank of the river Sabarmati. Historically Ahmedabad has been one of the most important centers of trade and commerce in western India. It is also a major industrial and financial city contributing about 60% of the total productivity of the state. It is the home to several scientific and educational institutions of national, regional and global importance. The city has a great architectural tradition that reflects in many exquisite monuments, temples and modern buildings.⁴

1.2.2 Surat

The city of Surat is situated on the banks of river Tapi in the western part of the state of Gujarat. Historically, it is the first city where the British landed in India, subsequently the Dutch and the Portuguese too established their business centers in Surat. It was a glorious port with ships of more than 84 countries anchored in its harbour at any time.

Surat is also known as “The Diamond City”, “The Silk City”, “The Green City”, etc. It holds the distinction of being one of the cleanest cities of present-day India. The city has practically

³ <https://www.ibef.org/states/gujarat-presentation>

⁴ https://ahmedabadcity.gov.in/portal/jsp/Static_pages/introduction_of_amdavad.jsp

zero percent unemployment rate due to rapid development of various industries in and around the city.⁵

1.2.3 Vadodara

Vadodara city is situated on the banks of river Vishwamitri. Its history begins with Sir Sayajirao III. Under Sayajirao's rule Vadodara flourished so much so that it ranked second only to Hyderabad of Nizam among the princely states in the country. He introduced manifold reforms which included arrangement of electricity supply in Vadodara, mechanization of manufacturing units, co-operative movements free and compulsory education and introduction of prohibition.

The city is famously known as the cultural capital of Gujarat and a centre of education activities owing to its rich cultural heritage which also reflects in its art and architectural scene. The population of the city is approx. 1.9 million.

Vadodara has witnessed establishment of medium and large-scale industries. With great strides in economic field, the city has giant industrial complexes and public undertaking like Gujarat Refinery, Indian Petrochemicals, Gujarat State Fertilizers, Heavy Water Project, Oil & Natural Gas Commission etc.

1.3 Consumer Involvement

The concept of involvement was derived from psychology by Sherif and Cantril in the year 1947. It was earlier used to explain the receptivity of individuals on communications. Involvement by definition is a person's perceived importance of the object based on inherent needs, values, and interests as per Zaichkowsky (1985)⁶. As per Salmon (1986), the term "low and high involvement products" can be misleading in the sense that involvement is not a property of a product. The interaction between the product and the individual is called as involvement. Salmon (1986), inferred that "Although involvement tends to be defined as the relevance of a product rather than the interest of an individual in a product, involvement can be interpreted to be more on the side of the stimulus than on the side of the viewer". Grunig

⁵ <https://www.suratmunicipal.gov.in/TheCity/Introduction>

⁶ Zaichkowsky, J.L. (1985). Measuring the involvement construct. *Journal of Consumer Research*, (December), 341-352.

(1989) Taylor & Joseph (1984), said that “If involvement can be defined according to the stimulus, then products can be organized into different product involvement categories and ideally, markets can be segmented on the basis of product involvement”. One of the ways of identifying whether product involvement is high or low is to find out the perceived risk and return from the purchase. In case of high involvement products, consumer perceives high risk and also high levels of satisfactions are achieved if the purchase is as per his perceived benefits. On the other hand, if a wrong purchasing decision is made, it involves huge number of risks in terms of costs, time and satisfaction. Hence, for high involvement products, consumer spends lot of time gathering information about the product. He enquires about its price and compares it with its features in detail. He also asks for feedback and experiences of others who have used the same or a similar kind of product.

The literature suggests that as per Krugman (1962, 1965, 1967, 1977) with products or with purchase decisions as per Howard and Sheth (1969), Hupfer and Gardner (1971). Howard and Sheth (1969) said that, involvement with these different objects leads to different responses, for example, involvement with products has been hypothesized to lead to greater perception of attribute differences, perception of greater product importance, and greater commitment to brand choice. Involvement with purchases leads one to search for more information and spend more time searching for the right selection as concluded by Clarke and Belk (1978). Therefore, each area might have its own idiosyncratic result of the state of being involved with the object as stated by Zaichkowsky (1985)⁷.

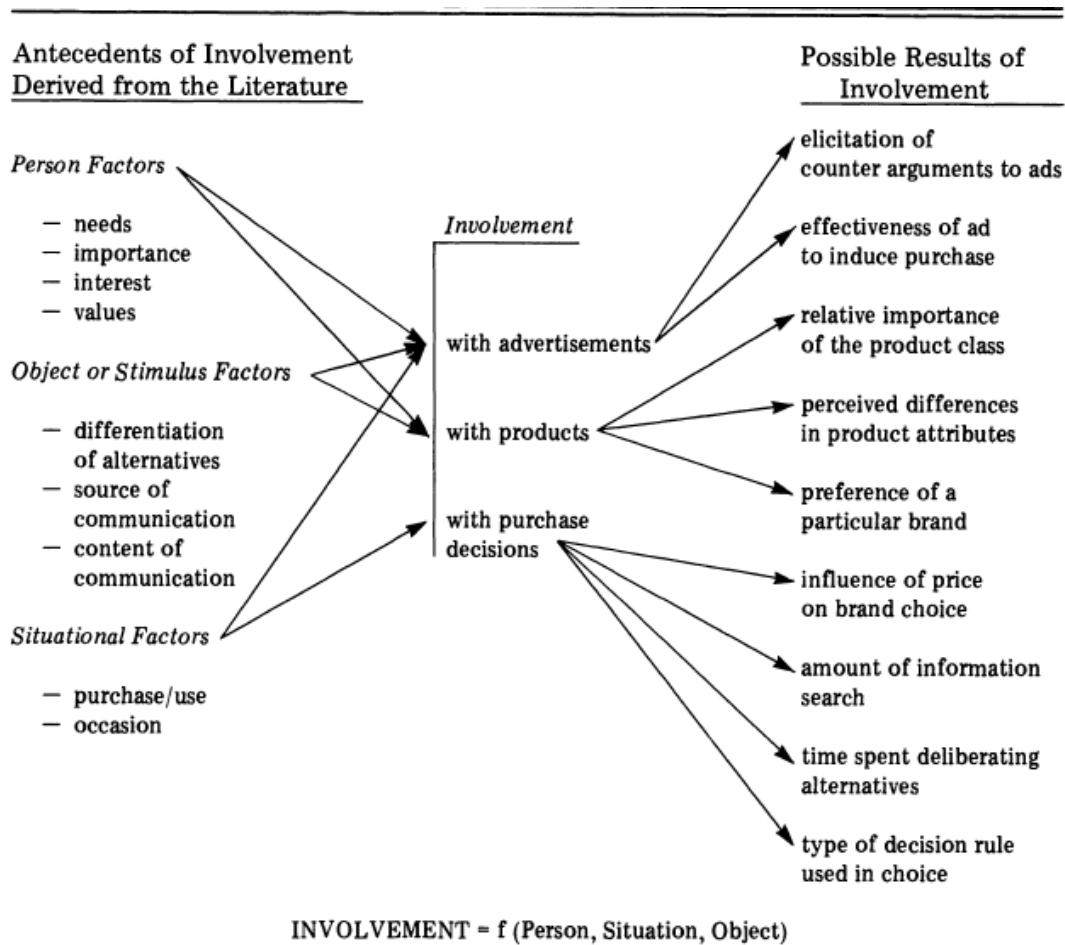
J.L. Zaichkowsky in the year 1986, explained the term involvement'. The term can be used as advertisement involvement, product class involvement and purchase involvement as shown in the Figure – 1.10. As indicated in the figure, involvement is a function of person, situation and the object. Simply put, consumer involvement means the importance a consumer attaches to the product. It indicates his interest in the product. Greater the interest in the product or the desire to possess it, the greater is the consumer's involvement and vice-versa. As per J.L. Zaichkowsky, two underlying factors were proposed to influence whether a product is considered high-or-low-involving⁸.

⁷ Zaichkowsky, J.L. (1985). Measuring the involvement construct. *The Journal of Consumer Research*, Vol.12(3), pp.341-352

⁸ Zaichkowsky, J.L. (1986). Conceptualising Involvement. *Journal of Advertising*, Vol.15(2), pp.4-14

- Personal importance, personal ego or personal relevance. All these terms have been used inter-changeably in the literature, however all relate to personal needs, values and relevance within the individual and how he/she perceives the product.
- Differentiation of alternatives (i.e., the amount of product distinction within a product class). The differentiation of alternatives causes involvement due to lack of cognitive overlay. Here the alternatives are not perceived as substitutes, and hence the person will be motivated to compare and evaluate the differences.

Figure 1.10 Conceptualization of Involvement



The level of involvement may be influenced by one or more of these three factors. Interactions among persons, situation and object factors are likely to occur.

(Source: Judith L. Zaichkowsky, *Journal of Advertising*, 1986)

Purchase involvement leads a consumer to search for more information and spend more time searching for the right selection⁹. As Traylor (1981), said - certain product classes may be more or less essential to an individual's life, his attitudes about himself, his sense of identity and his relationship to the rest of the world¹⁰. In other words, it is the level of importance of the product for the consumer. The level of product involvement influences the nature of consumers'

⁹ Clarke, K. and Belk, R. (1978). The effects of product involvement and task definition on anticipated consumer effort. Hunt, H. K. (ed.), *Advances in Consumer Research*, Ann Arbor: Association for Consumer Research, vol.5, pp. 313-318.

¹⁰ Traylor, M. B. (1981). Product involvement and brand commitment. *Journal of Advertising Research*, vol.21 (6), 51-56.

decision. In this research, this factor is considered as a dependent variable along with consumer attitude.

Ming Chuan Pan (2007) said that, involvement is the mental condition of an individual, which is judged by individual's cognition for things and the importance perceived. As per Mittal (1983), An individual's mental state for the goal or action, reflects one's interests. Simply put, the words 'consumer involvement' may be taken to mean the importance a consumer attaches to the product. It shows his interest in the product. The greater the interest in the product or the desire to possess it, the greater is the consumer's involvement and vice versa. It is to be noted that an individual's product involvement is based on his own perception. Hence, it may be viewed as consumer involvement. Involvement can be classified as -

- **Situational Involvement:** Houston and Rothchild (1978) defined it as the degree of involvement evoked by a particular situation such as a purchase occasion and is influenced by product attributes (cost, complexity and similarity among choice alternatives) and situational variables (whether product will be used in the presence of others). Situational involvement appears to result from perceived risk.
- **Enduring Involvement:** Bloch and Richins (1983) defined it as the ongoing concern with a product the individual brings into the purchase situation. As per Houston and Rothchild (1978) it is a function of past experience with the product and the strength of values to which the product is relevant.
- **Response Involvement:** it arises from the complex cognitive and behavioural processes characterizing the overall consumer decision process.

According to Clarke and Belke (1978), purchase involvement leads a consumer to search for more information and spend more time searching for the right selection. Whereas as per Traylor (1981), certain product classes may be more or less central to an individual's life, his attitudes about himself, his sense of identity and his relationship to the rest of the world. In other words, it is the level of importance of the product for the consumer. The level of product involvement will influence the nature of consumers' decision. In this research, this factor is considered as a moderator.

Houston and Rothchild (1977); Rothchild (1979), said that "product class involvement" usually refers to an individual's predisposition to, for example, make a brand choice (in that product category) with care and deliberation, perhaps due to high levels of perceived risk and the like.

Such involvement should therefore endure across time, though there could clearly be temporal differences in the intensity of such involvement.

As far as involvement is concerned, there are two levels of consumer involvement;

- High involvement.
- Low involvement.

According to Engel (1990), purchasing intention is a psychological process of decision making. Consumers are motivated by the fulfillment of demands to search relevant information according to personal experience and external environment. A consumer, before purchasing a product, starts to collect information about the product. This information is assessed and comparisons are made. Based on the comparisons, the final buying decision is arrived at. This process is called the consumer decision process. As per Philip Kotler, the buying process starts with need recognition, information search, evaluation of alternatives, buying decision and ends with post purchase behaviour. As per Dodds (1991), “Purchasing intention is the probability of customer’s willingness to purchase.” Higher the perceived value, more will be the purchasing intention.

1.3.1 Zaichkowsky’s Personal Involvement Inventory (PII)¹¹

In conceptualizing involvement, Zaichkowsky (1986) and Bloch and Richins (1983) viewed involvement as having three major antecedent factors. The first factor related to the characteristics of the person, the second factor related to the characteristics of the stimulus, and the third factor related to the characteristics of the situation. One or more of these factors could affect the level of involvement with the stimulus in context of involvement with products (e.g., Hupfer and Gardner 1971) with advertisements (e.g., Krugman 1965, 1967) or with purchase situations (e.g., Clarke and Belk 1978). The conceptual meaning of the term involvement did not differ across these three domains as the reference was always being personally relevant to the stimulus object (e.g., Petty and Cacioppo 1981; Clarke and Belk 1978). With this conceptualization in mind, Zaichkowsky (1985) developed a context-free 20 item scale called the Personal Involvement Inventory, (PII) which measures the motivational state of

¹¹ Zaichkowsky, Z.L. (1994). The Personal Involvement Inventory: Reduction, Revision, and Application to Advertising. *Journal of Advertising*, Volume XXIII, (4), pp-59-69.

involvement. The reason the PII measures the state of involvement rather than involvement as a stable trait is that the antecedents may cause involvement to change. This is in contrast to the Consumer Involvement Profile measure by Laurent and Kapferer (1985) which measures the antecedents of involvement. Although the initial scale development and item generation focused on all three domains of products, advertisements, and purchase decisions, the majority of the validation procedures used consumer responses to product categories. As a result, researchers interested in using the scale to measure involvement with advertising sometimes doubted the validity and robustness of the PII to accurately reflect involvement with distinctly affective or cognitive based advertisements (e.g. Park and McClung 1986). However, other researchers (e.g., Murry, Lastovicka, and Singh 1992) found the PII to work well in measuring involvement levels for advertising. A second criticism of the PII is that some of the 20 items are redundant, hence the full scale is not needed (e.g., Munsen and McQuarrie 1987; Lichtenstein et al. 1988). These researchers selected subsets of the PII which they believed best represented involvement.

The purpose of this series of studies was three-fold: First, to reduce the number of items on the PII from twenty to ten; second, to demonstrate that one could use the PII to measure involvement with advertising; and third, to try to develop affective and cognitive subscales of the PII. Over a heterogeneous set of advertisements, the twenty-item PII was reliably reduced to 10 scale items. The internal scale reliability of the ten-item PII seems to be still quite acceptable (over 0.9). Since all but one item is found on the original PII, there should be no trouble in quickly adapting the new scale to present research. Establishing validity is an ongoing process. This research shows that the PII is successful in terms of discriminating different subjects' reactions to the same.

1.3.2 Revised Personal Involvement Inventory

A revised version of Zaichkowsky's (1985) Personal Involvement Inventory (PII) was developed and tested. Termed the RPII, the revision attempts to incorporate the multifaceted perspective on involvement developed by Laurent and Kapferer (1985), and also to purge the PII of some potentially problematic scale items. Findings from 136 students who rated 12 products showed the RPII to be successful.

The construct of involvement has been a fundamental concern in consumer research over the past decade. Early work by Kassarijian and Kassarijian (1979); Robert (1976) focused on a

contrast of high and low involvement products, with the latter demanding a different model of how consumers process information and make choices. Later efforts were made to further differentiate the concept of involvement. Thus, Houston and Rothschild (1978) distinguished situational, enduring and response involvement, and Bloch and Richins (1983), writing on product importance, distinguished instrumental from enduring importance. Over time, definitions and distinctions proliferated, to the distress of some scholars. Cohen (1983) attempted to bring order by insisting that the antecedents and consequents of involvement be considered separately from the state itself. Rothschild (1984) professed that the conceptual elaboration of the involvement construct had reached a point of diminishing returns. He argued that a consensus had formed around a definition of involvement as "a state of arousal, interest or motivation," and that the new priority should be data collection and not further conceptualization.

During 1985, two milestones were reached in an effort to ground the involvement construct. Zaichkowsky (1985), in the *Journal of Consumer Research*, and Laurent and Kapferer (1985), in the *Journal of Marketing Research*, described the development of methodologically sound measures of involvement. These authors were careful to measure the "state" of involvement, rather than relying on indicants associated with the antecedents and consequents of this state. The result in each case is a "multi-item" scale (i.e., inventory) which survived multiple tests of validity, and which is claimed to be of general applicability across product categories. These two inventories promise to be a significant contribution.

Therefore, one notes with consternation that these separate efforts have produced two very different inventories. The Personal Involvement Inventory (PII) of Zaichkowsky treats involvement as a unidimensional construct; its 20 items are summed to produce a single score. Whereas, Laurent and Kapferer are adamant that involvement is multi-faceted, and claim that an Involvement Profile (IP) is required. They argue that a consumer's involvement cannot be expressed in a single score, because the type of involvement is as important as its level. Their 20-item scale (1985) looks into four facets of involvement: perceived importance, decision risk (probability of making a mistake), sign value (whether a product reveals the consumer to other people), and a pleasure component. Only the first, and to some extent the last of these facets is represented among the items comprising Zaichkowsky's PII. While the two inventory development efforts did use different types of items (semantic differential in the PII and Likert

in the IP), and different populations, the high standard of rigor adhered to in both efforts makes it difficult to explain away their divergent results on methodological grounds.

The problem is conceptual: Is involvement with a product category one thing, or many? We find Laurent and Kapferer's (1985) arguments for their IP persuasive. They point first to the tendency of researchers and managers to use involvement in association with various qualifiers: situational or enduring, personal or emotional, and so forth. Second, each of their four facets can be convincingly related to arousal, which Cohen (1983) has argued is the fundamental constituent of the state of involvement. Perceived importance, decision risk, psychosocial risk (sign value), and pleasure are all plausible sources of a greater or lesser degree of arousal. Third, their analyses demonstrate both that individual products will be ranked differently on the four facets.

Despite these good conceptual arguments for the use of the Involvement Profile (IP) rather than Zaichkowsky's PII in studies of involvement, there remain two problems:

(1) the full IP has never been published;

(2) while the text of the measure could be obtained from the authors, there is no guarantee that translations of the 20 Likert statements into English will yield the same item structure as the French originals.

Given that additional work would in any case be required before the Involvement Profile could be widely used in this country, it seems worthwhile to ask whether Zaichkowsky's Personal Involvement Inventory could not instead be adapted to reflect a more multi-dimensional perspective¹²

1.3.3 Measuring Involvement from its Consequences¹³

A 21-item Likert-type 'Consequences of Involvement' questionnaire (CIQ) was developed to measure the level of involvement with products. Unlike other scales, the CIQ attempts to

¹² McQuarrie, E. F. and Munson, J. M. (1987). The Zaichkowsky personal involvement inventory: modification and extension. *Advances in Consumer Research* Vol. 14, eds. Melanie Wallendorf and Paul Anderson, Provo, UT: Association for Consumer Research, pp. 36-40.

¹³ García, C., Olea, J., Ponsoda, V. and Scott, D. (1996). Measuring Involvement from Its Consequences. *Psicothema*, Vol. 8 (2), pp. 337-349

measure involvement from its consequences, rather than requesting the subject to directly rate his or her state of involvement. It was applied to Spanish and English samples and in each sample the involvement with two products was measured. In all four cases the questionnaire met psychometric standards and provided essentially the same two-factor structure. The first factor was labeled 'Cognitive Dimension' and was inferred from consequences related to the increase of information on the product. The second factor was labeled 'Affective Dimension' and was related to the emotional aspects of using or owning the product. The results obtained were in agreement with the two-factor theory of involvement proposed by Park and Mittal (1985). In addition, the Personal Involvement Inventory by Zaichkowsky (1985) was adapted to the Spanish population and some problems relating to criterion validity and its dimensionality were noted.

In summary, it was decided to develop a Likert-scale, the 'Consequences of Involvement' Questionnaire (CIQ), was based on the following reasons:

a) The Spanish PII reveals some psychometric shortcomings: i) Its criterion related validity for cars is low; and ii) the factor structure is more complex than that found by Zaichkowsky (1985) and no meanings could be deduced to account for the emerged factors. the concept of involvement is complex. It has been proposed that involvement is a multidimensional construct and, as such, its measurement should also be multidimensional (Macquarrie and Munson, 1987,1992; Zaichkowsky, 1987; Mittal, 1989). Park and Mittal (1985) distinguish between a cognitive-based and an affective-based involvement. The proposed questionnaire attempts to incorporate this idea. c) The proposed questionnaire enquires about possible consequences of involvement. Therefore, unlike the PII, it does not directly question the subject about his/her internal state of involvement. As an example, the first item of the PII asks the subject to rate a product on a seven-point scale, ranging from 'important' to 'unimportant'. The test to be proposed asks the subject to show her/his agreement with sentences such as 'I do not mind spending money on this product' or 'I enjoy using it'. Of course, it is expected that if the product is important for the subject, he/she would be keen to spend money on it. So, the importance of the product must be manifested by the subject's behaviour. It is regarded that it would be easier for a subject to evaluate their agreement with sentences related to behaviours than to evaluate internal states. Making the task easier for the subjects in this way would likely reduce the error variance and, thus, more accurate measurements would be obtained.

The Initial Consequences of Involvement Questionnaire

The CIQ attempted to measure the components of the 'Involvement' construct. Based on previous research, the main components which these items seek to cover are affective link (AL), search and information processing (SIP), social interaction (SI), purchase purpose (PP) and social relevance (SR). These aspects will be discussed in detail later.

1.4 Consumer Attitude

Attitude is a vital cog in the wheel of consumer behaviour. It is an expression of inner feelings of a person that highlights the favourability or otherwise towards an object. Research has indicated that attitudes are the result of a psychological process which is intangible and hence not observable. They can be inferred from the behaviour of consumers and their actions. This area of psychology of a consumer has been a very important subject in the field of consumer behaviour and lot of research has been carried out to study attitude and attitude formation. This understanding of attitude formation helps marketers to design new offerings, position their existing offerings, create effective advertising and promotion campaigns, design branding strategies and study overall purchase behaviour. A successful marketing programme is based on the understanding of impact of attitude on consumer behaviour.

Attitude has been defined by various researchers. It is defined as “an enduring organisation of motivational, emotional, perceptual and cognitive processes with respect to some aspect of an individual’s world” by some social psychologists. To make the concept simpler, attitude is the way in which consumers think, feel and behave towards an object which can be anything in the environment like a retail store, television programme or product¹⁴. Behavioural theorists believe that attitudes are multi-dimensional in nature. The overall attitude of a person toward an object is considered to be a function of –

- The strength of each of number of beliefs the person holds about various aspects of the object and
- The evaluation he / she gives to each belief as it relates to the object.

Attitude is also defined as a learned predisposition to behave in a consistently favourable or unfavourable way toward a given object. With reference to the field of consumer behavior an

¹⁴ Attitudes and Consumer Behaviour, July 2000, Consumer Behaviour, IUP Publication, pp. 119-120

object can be considered as product, brand, service, price, package, advertisement, promotional medium or the retailer selling the product.¹⁵

Attitudes are learned from direct experience with the product, word of mouth, exposure to mass media, and other information sources that consumers are exposed to. Attitudes reflect either favourable or unfavourable evaluations of the attitude object and motivate consumers to either buy or not buy particular products or brands. Attitude has a profound impact on buying behaviour of consumers. Consumers buy products toward which they have positive and favourable feelings; therefore, marketers must ensure that consumers maintain these attitudes following the purchase so that they keep buying same products repeatedly.

Consumer attitude along with consumer involvement is an independent variable in this study. In this research the Tri-Component Model of attitude formation was used to study and analyse consumer attitude towards a=organic food products in three selected cities of Gujarat.

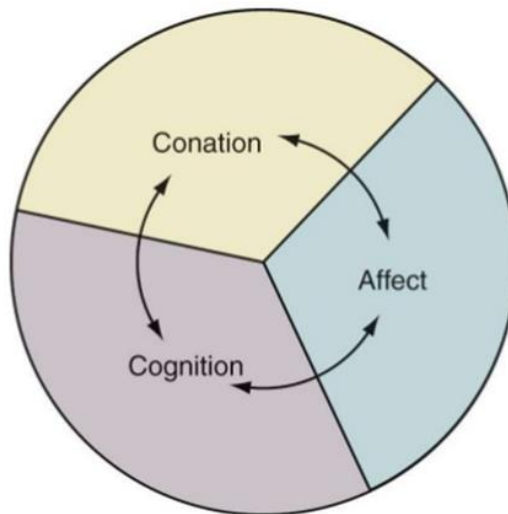
1.4.1 Tri-Component Attitude Model

It has been established through several researches that attitudes affects purchasing intention and through it the purchase behaviour. The tri-component model is the most fundamental model of all the various models prescribed by researchers over time. All the models of attitude formation stem from this model. Therefore, it was thought fit to discuss this model first and then proceed to other models.

The Tri-Component attitude model maintains that attitudes consist of three components: cognition, affection and conation.

¹⁵ Schiffman, L., Wisenblit, J. and Kumar, S. R. (2016). Consumer Behaviour. Pearson India Edu Services India Pvt. Ltd., Ed. 11, pp. 168

Figure 1.11 Tricomponent Model of Attitude



(Source: Leon G. Schiffman, Joseph Wisenblit, S. Ramesh Kumar, 2016)

Cognitive Component:

Cognition comprises the knowledge and perceptions of the features of an attitude object that the person acquired from direct experience with the attitude object and information from various sources.

Affective Component:

This component is about consumers' emotions and feelings about the attitude object.

Conative Component:

This component highlights the behavioural aspect of a consumer towards an object.

$$\text{Attitude} = \text{Cognition} + \text{Affection} + \text{Conation}$$

The Tri-Component Model is discussed in detail as a part of the proposed model for study.

Some other theories of attitude are;

- Multi Attribute Theory
- Theory of Reasoned Action
- Theory of Planned Behaviour

- Elaboration Likelihood Model

1.5 Purchasing Intention

Engel (1990) defined purchasing intention is a psychological process of decision making. As per him, consumers are motivated by the fulfilment of demands to search relevant information according to personal experience and external environment. Before purchasing a product, a consumer starts to collect information about the product. This information is evaluated and comparisons are made. Based on the comparisons, the final buying decision is made. This process is called the consumer decision process. As per Philip Kotler, the buying process starts with need recognition, information search, evaluation of alternatives, buying decision and ends with post purchase behaviour. According to Dodds (1991), “Purchasing intention is the probability of customer’s willingness to purchase.” Higher the perceived value, more will be the purchasing intention. This research is aimed at studying the effect of consumer involvement and attitude on purchasing intention for organic food products in selected cities of Gujarat. The research also focuses on the inter-relationships between consumer involvement, attitude and purchasing intention for organic food products.

1.5.1 Types of Buying Behaviour

Buying behaviour of a consumer varies with the types of products he wants to purchase. His buying decision process is different for different products. This difference in his behaviour is his due to his involvement in buying the product. E.g., the buying decision process followed by a consumer is likely to be different for purchasing a television as compared to purchasing a toothpaste. In other words, consumers’ buying decision process is different for high and low involvement products. “Assael distinguished four types of consumer buying behaviour based on the degree of buyer involvement and the degree of difference among brands’(Kotler, 1996a)¹⁶.

The four types of buying behaviour are mentioned below-

¹⁶ Kotler, P. (1996a), Marketing Management, Analysis, planning, implementation and control, Prentice Hall of India, New Delhi, pp.190-192.

Types of Buying Behaviour

	High Involvement	Low Involvement
Significant differences between brands	Complex buying behavior	Variety – seeking buying behavior
Few differences between brands	Dissonance-reducing buying behavior	Habitual buying behaviour

(Source: Kotler, 1996)

i. Complex Buying Behaviour

This type of buying behaviour is observed when consumers are highly involved in purchase decision process. In such situations, they are highly aware of the significant differences among various brands that offer a particular product or service. This type of behaviour is seen “when the product is expensive, bought infrequently, risky and highly self-expressive” (Kotler, 1996b)¹⁷. Typically, the consumer does not know much about the product category and has much to learn. The buyer passes through a learning process which is characterized by first developing beliefs about the product, then attributes and then making a thoughtful purchase choice.

ii. Dissonance – Reducing Buying Behaviour

Many times, consumer is highly involved in a purchase but sees little difference in the brands. The high involvement is again based on the fact that the purchase is expensive, infrequent and risky. In this case, the buyer will shop around to learn what is available but will buy fairly quickly because brand differences are not pronounced. The buyer may respond mainly to a good price or to purchase convenience. After the purchase, the consumer may experience dissonance that shoots from noticing certain unsettling features about the product or hearing

¹⁷ Kotler, P. (1996b). Marketing Management. Analysis, planning, implementation and control. Prentice-Hall of India, New Delhi, pp.190-192.

favourable things about other competing products. According to Kotler (1995), the consumer will be attentive to information that might justify his or her decision.

iii. Habitual Buying Behaviour

Many products are bought by consumers under conditions of low involvement and the absence of significant brand differences. Consumers have little involvement in this type of products. They go to the store and reach for a particular brand. If they keep reaching for the same brand, it is out of habit, and not strong brand loyalty. There is good evidence that consumers have low involvement with most low-cost, frequently purchased products. Consumer behaviour in these cases does not pass through the normal belief/attitude/behaviour sequence. Consumers do not search extensively for information about the brands, evaluate their characteristics, and make a substantial decision on which brand to buy. Instead, they are passive recipients of information as they watch television or see print advertisements. Advertisement repetition creates brand familiarity rather than brand conviction. Consumers do not form a strong attitude toward a brand but select it because it is familiar. After purchase, they may not even evaluate the choice because they are not highly involved with the product. So, in this case, the buying process is brand beliefs formed by passive learning, followed by purchase behaviour, which may be followed by evaluation as defined by Kotler (1995).

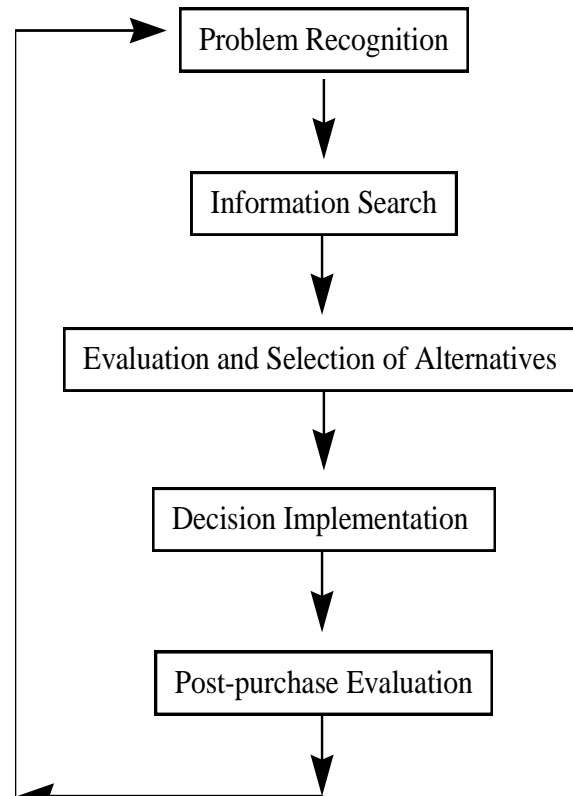
iv. Variety Seeking Buying Behaviour

Certain buying situations are characterized by low consumer involvement but significant brand differences. In such situations, consumers are often observed to do a lot of brand switching. The consumer has some beliefs, chooses a brand of a particular product without much evaluation and evaluates it during consumption. But next time, the consumer may reach for another brand purely out of boredom or a wish for different taste. Kotler (1995) says, brand switching occurs for the sake of variety rather than dissatisfaction.

Purchasing intention is a psychological process of decision making. (Engel, 1990). Consumers are motivated by the fulfilment of demands to search relevant information according to personal experience and external environment. A consumer, before purchasing a product, starts to collect information about the product. This information is evaluated and comparisons are made. Based on the comparisons, the final buying decision is arrived at. This process is called the consumer decision process. As per Philip Kotler, the buying process starts with need

recognition, information search, evaluation of alternatives, buying decision and ends with post purchase behaviour. “Purchasing intention is the probability of customer’s willingness to purchase.” (Dodds., 1991). Higher the perceived value, more will be the purchasing intention.

Figure 1.12 General Model of Consumer Decision Process



(Source: The Consumer Information Processing Model, Adopted from Kotler (1997), Schiffman and Kanuk (1997), and Solomon (1996))

The first step in buying process the recognition of a need. Need can be defined as felt deprivation of some basic satisfaction. Once the consumer recognizes this need, he starts to search for information regarding the product or service he would require to fulfil the need. Information can be obtained from different sources like friends and relatives, advertisements, notifications, demonstrations and trials, etc. Based on the information search, he makes himself aware of a number of alternatives to satisfy the need. From these alternatives, he evaluates and selects the best alternative. The method of evaluation of these alternatives is highly subjective. It depends on the prospective consumer. There is no standard method or process for this evaluation. Once he decides the product to be purchase to satisfy the need, he goes and implements this decision by actually buying the product. After evaluation of alternatives, the

prospective consumer develops purchasing intention towards a particular brand. However, this purchasing intention is likely to get affected by two factors. Before actually purchasing the product, the intention will be affected by attitude of others about the brand he intends to purchase and also situational factors like changes in price, availability of the product, his income, etc. Based on the evaluation of alternatives and the factors affecting his purchasing intention, the consumer decides to buy the product. If the expected performance of the product is higher than the actual performance, the consumer is dissatisfied. If the expected performance is less than the actual performance, the consumer is delighted, while if actual performance matches expected performance, the consumer is satisfied. Once, he has purchased the product, he is either satisfied or dissatisfied with the product performance. This is termed as the post purchase behaviour.

1.6 Rationale of the Study

Some research has been carried out in the field of consumer involvement in India and abroad. Out of this, most of the studies have concentrated on defining involvement or identifying the types of involvement. Some research has also been carried out to find the factors that determine involvement. Recently, researchers have tried to measure the level of involvement taking a variety of products. Very few researchers have actually tried to study the impact of involvement levels on buying behavior of consumers.

Lot of research has been carried out to examine consumer attitude for various products and services globally and India is no different. From the literature available, it was found that few studies have been conducted to study consumer attitude for organic food products.

This research identified the overall consumer involvement and consumer attitude towards organic food products in selected cities of Gujarat and examined the impact of these two variables on purchasing intention. Though some amount of research has been carried out in the past individually to study consumer involvement and consumer attitude, not a lot of research focused on the combination of these two variables. Also, no research focused on the impact of consumer involvement and consumer attitude on purchasing intention for organic food products. Hence, it was thought fit to focus the research on these elements.

1.7 Objectives of the Study

The objective of this research is to establish relationship between three variables i.e., consumer involvement, consumer attitude and purchasing intention for Organic Food Products in selected cities of Gujarat. For this purpose, consumer involvement and consumer attitude along with demographic variables will be considered as independent, while purchasing intention will be the dependent variable. To summarize, following are proposed objectives of this research-

- To examine consumer involvement for organic food products (OFP) in selected cities of Gujarat.
- To examine consumer attitude for organic food products (OFP) in selected cities of Gujarat.
- To examine purchasing intention for organic food products (OFP) in selected cities of Gujarat.
- To examine the effect of consumer involvement on purchasing intention for organic food products (OFP) in selected cities of Gujarat.
- To examine the effect of consumer attitude on purchasing intention for organic food products (OFP) in selected cities of Gujarat.
- To examine the relationship between consumer involvement and consumer attitude towards organic food products (OFP) in selected cities of Gujarat.
- To examine the effect of consumer involvement and consumer attitude on purchasing intention for OFP in selected cities of Gujarat.
- To analyse reasons for preference of organic food products (OFP) in selected cities of Gujarat.
- To identify problems faced in consumption of organic food products (OFP) in selected cities of Gujarat.