

Challenges and Opportunities in the Market of Branded Organic Food Products; A Review

Joshya Jose, Dr. Biju M.K

- 1. Research Scholar, School of Management and Business Studies, Mahatma Gandhi University, Kottayam, Kerala**
- 2. Assistant Professor, School of Management and Business Studies, Mahatma Gandhi University, Kottayam, Kerala**

Abstract

Indian organic foods consumers' behaviour is worth investigating to sustain the continuous growth of organic foods consumption. Indian market for organic products has experienced rapid expansion through the introduction of certified organic products. Organic food industry captures the consumers in India through brands and labelling of organic food products. Consumers preferences widely influence the growth of niche markets operating in the Indian economy as one of the biggest food producers in the world, India is focussing on export oriented units to sell food products both processed and unprocessed. Organic food products and its varieties are penetrating into the product lines of food products that will surely grow over the coming years. As a new entrant, branded organic food products are affected by the existence of several barriers. The purpose of this review is to find the existing barriers through reviews of published secondary sources and also to find the opportunities that exist in the market along with relative measures to develop good marketing strategies that will be reliable for the manufacturers and retailers of branded organic food products. The current literature review identified several constraints like price, non-availability of adequate quality control consumers low level of awareness

Introduction

An organic product is every agricultural product and food stuff which is produced and labelled in accordance with the act on the organic production of agricultural products and food stuffs and the regulations based on it(Brcic-Stipcevic, 2011). The organic food market is highly affected by the existence of other conventional, natural and inorganic products. Organic food production act,1990 defines organic foods are those that are environmentally safe, produced using environmentally sound methods that do not involve modern synthetic inputs such as pesticides and chemical fertilizers, do not contain genetically modified organisms(GMO's) and are not processed using irradiation, industrial solvents or chemical food additives(JUSTIN PAUL, 2012).

The consumer's low level of awareness and market hurdles highly hinders the growth of organic food product sales and market growth. Present review focus to check the existing challenges and opportunities in the organic food industry and in the market of organic food products. Most of the leading manufacturers of organic food products focus on branding and labelling as it creates positive vibe in the consumers mind for the purchase of branded organic food products.

The brand is according to the American Marketing Association defined as “name, term, sign, symbol or design or combination thereof, which are designed to identify the goods or services of one seller or group of sellers and to differentiate them from goods or services of competitors. Even though the products are branded or labelled the growth prospects of the organic food products are in imperceptible due to several barriers(OLGA KUTNOHORSKA, 2010).

Barriers of organic food is classified into two categories physical(external) and psychological(internal) in which time, costs, unavailability and high prices are some physical barriers while eating habits, will power are considered as psychological barriers. Lack of trust, lack of reliable regulatory systems, lack of common national label are other barriers(MARIJA HAM, 2016). Out of these barriers, price act as barrier for consumers in purchasing and consuming organic food products, because the high deviation in the prices of organic food product brand and conventional products sold in the market(FARAH AYUNI SHAFIE, 2012). Even though price act as a barrier the willingness to pay premium prices for safe products promote the organic food products sold in the market. Inadequate prices for exported vegetables and shipping cost were the most common stated impediments to developing export markets. High production costs, limited supply capability, shelf life of the

perishable products, supply chain logistics and a highly variable climate also acts as some crucial barriers in the market of organic food product.(BREDA L.MCCARTHY, 2015)

The food processing industry in India is facing constraints like non-availability of adequate quality control and testing infrastructure, inefficient supply chain and seasonality of raw material, high inventory carrying cost, high taxation, high packaging cost, and affordability of organic food products are some existing constraints(MURTHY, 2012). The consumers concern about chemicals and pesticide usage also affects the purchase decision. The consumers weary of agricultural chemicals are inclined to the loyal buyers of organic produce. It is also found that consumers face difficulty in identifying organic certificates and labels due to many certification agencies(SHIH-JUI TUNG, 2012).

The market of organic food product also faces lack of information about local alternative food market, the inability to meet the demand of certain consumers, vulnerability towards incoming supermarkets are some barriers. Perception of risks and benefits were two important issues concerning the public acceptance of a product or technology(RICHARD SHEPHERD, 2005).

Barriers and its existence surely affect the future prospect of the organic industry. In the presence of all such hurdles there are unlimited opportunities for the organic products since the consumers of this era are highly concerned about the health and nutritional aspect of the products consumed.

Organic and eco friendly green products are in the main stream market because of the consumer's consciousness. This consciousness creates great opportunities for the organic producers and sellers. To increase the sales of organic food it is better to attract target customers who reside in metro cities or working class people with high income and highly educated(RAJAT KUMAR, 2014). With rising populations in middle and higher income brackets, there is an opportunity to export certified organic products at a premium price as demand for the processed and convenient food is constantly on the rise.

VIP or loyal consumers can be used as a channel to promote the use and sale of organic food products(LIANG, 2014). Organic food in the market of developed countries is mostly imported and sold at a price usually 20-50% higher than conventional products, so organic food products have become important export products from developing countries to developed ones(QIAN YI, 2001). Creation of awareness using advertisement and events, targeting opinion leaders like doctors, nutritionists, bringing more certified organic products into the product line can create better place for sales of organic food(CHAKRABARTI, 2010). Proper certification, distribution and labelling can create consumers confidence in increasing the organic food consumption and ends in creating a level of trust among the users of the same(ISLAM, 2014), (LEILA HAMZAOU ESSOUSSI, 2008). The organic food

retailers and sellers have to develop appropriate marketing strategies to profile, target and to track the consumers in their distinctive segments and attributes(YAP, 2012).

The manufacturers and sellers of organic food products can develop new measures to tackle the obstacles and to use the opportunities that exist in the market. Marketing strategies that respond to the commonalities and differences in the demands of various consumers should be developed so that potential group of consumers will get motivated to purchase organic food. Proper emphasis should be made that organic food are safe and natural, so that consumer's conception of the gains from purchasing such items will be improved(LIANG, 2014). The growing organic market need to be identified based on market data for several years to forecast market development and thereby can reduce the price gap of organic food and conventional food(FARAH AYUNI SHAFIE, 2012).

Organic certifying bodies in India could tackle knowledge gaps by providing information on organic production methods and philosophy(BREDA L.MCCARTHY, 2015). Good processing techniques, packaging, transportation and storage facilities can also improve the sales of organic food(MURTHY, 2012). In order to increase the awareness level of the consumers public debates, seminars, expert speakers and events such as organic food fairs, international trade fairs could be used to educate buyers and reduce their uncertainty about the difference between certified organic, green-labelled and conventional food(BREDA L.MCCARTHY, 2015). Regional food exporters could increase the effectiveness of their marketing activities by appropriate segmentation strategies.

Besides all this measures medium and long term tactics can be used to increase the investment in food research and thereby the resilience of food production system can be improved that will maintain biodiversity which act as a main element of organic farming system can be achieved or attained(TAYLOR, 2008).

Organic food regulations need a proper supervision and administration system that will ensure the promotion of the organic food market growth. The production, processing, trade, consultation, certification, labelling, marketing, import and export standards, rights and obligations of the manufacturing units and persons should be specified legally.

Bringing more varied and diversified products can create a place for the organic food products in the market. The industrial start-ups that focus on the sales and promotion of organic food products should ensure that trustful brands are being marketed and sold in the organised sector.

Conclusion

Organic food market growth in India is on rise. As a developing nation it is so important for the organic sellers to capture and explore the overseas market that comprises of large no: of

buyers and users. Prime focus should be made to conquer the development of organic food product sales as it would bring more foreign earnings for the producers and retailers. Export of organic food products can bring more FDI in India.

The growth of organic food products are largely affected by the challenges that exist in the market like lack of infrastructural, tight competition from conventional sellers, uneasiness in obtaining certification, consumers wrong perception about the products, lack of awareness etc. Better marketing strategies could bring a positive change in the same. Proper certification can create better promotion of organic products.

Bringing more certified organic food products into the product line, generating trust in the mind of the consumers, providing free samples, use of subsidies and grants, locating suppliers and farmers at reasonable prices can bring opportunities for growth.

Bibliography

- 1) Brcic-Stipcevic, V. (2011). research on organic food purchase in Croatia. *TRZISTE* , 190-205.
- 2) BREDA L.MCCARTHY, H.-B. L. (2015). TRENDS IN ORGANIC AND GREEN FOOD CONSUMPTION IN CHINA: OPPORTUNITIES AND CHALLENGES FOR REGIONAL AUSTRALIAN EXPORTERS. *JOURNAL OF ECONOMIC AND SOCIAL POLICY* , 1-24.
- 3) CHAKRABARTI, S. (2010). FCATORS INFLUENCING PRGANIC FOOD PURCHASE IN INDIA- EXPERT SURVEY INSIGHTS. *EMERALD* , 902-912.
- 4) FARAH AYUNI SHAFIE, D. R. (2012). CONSUMER PERCEPTION TOWARDS ORGANIC FOOD. *ELSEVIER* , 360-367.
- 5) ISLAM, S. (2014). MARKETING ORGANIC FOODS THROUGH CONVENTIONAL RETAIL OUTLETS. *JOURNAL OF MARKETING DEVELOPMENT AND COMPETITIVENESS* , 98-112.
- 6) JUSTIN PAUL, J. R. (2012). CONSUMER BEHAVIOUR AND PURCHASE INTENTION FOR ORGANIC FOOD. *JOURNAL OF CONSUMER MARKETING* , 412-422.
- 7) LEILA HAMZAOUJ ESSOUSSI, M. Z. (2008). DECISION MAKING PROCESS OF COMMUNITY ORGANIC CONSUMERS: AN EXPLORATORY STUDY. *EMERALD* , 95-104.
- 8) LIANG, A. R.-D. (2014). ENTHUSIASTICALLY CONSUMING ORGANIC FOOD. *EMERALD* , 587-607.
- 9) MARIJA HAM, A. P. (2016). PERCEIVED BARRIERS FOR BUYING ORGANIC FOOD PRODUCTS. *BUILDING RESILIENT SOCIETY*, (pp. 162-174). ZAGREB, CROATIA.

- 10) MURTHY, D. T. (2012). AN OVERVIEW OF FOOD PROCESSING INDUSTRY IN INDIA- CHALLENGES AND OPPORTUNITIES. *CONTEMPORARY RESEARCH IN INDIA* , 133-137.
- 11) OLGA KUTNOHORSKA, M. B. (2010). ASPECTS OF PRIVATE LABELS DEVELOPMENT IN THE SEGMENT OF ORGANIC FOOD IN CZECH REPUBLIC. *WSPOLCZESNA EKONOMIA* , 129-142.
- 12) QIAN YI, X. H.-Z. (2001). DEVELOPMENT STRATEGY FOR ORGANIC FOOD INDUSTRY IN CHINA. *SPRINGER:AMBIO* , 450-451.
- 13) RAJAT KUMAR, R. P. (2014). FEASIBILITY OF ONLINE SELLING OF ORGANIC PRODUCE. *INTERNATIONAL JOURNAL OF BUSINESS ANALYTICS AND INTELLIGENCE* , 24-36.
- 14) RICHARD SHEPHERD, M. M.-O. (2005). DETERMINANTS OF CONSUMER BEHAVIOUR RELATED TO ORGANIC FOODS. *SPRINGER:AMBIO* , 352-359.
- 15) SHIH-JUI TUNG, C.-C. S.-H. (2012). ATTITUDINAL INCONSISTENCY TOWARD ORGANIC FOOD IN RELATION TO PURCHASING INTENTION AND BEHAVIOR. *EMERALD* , 997-1015.
- 16) TAYLOR, D. A. (2008). RECOVERING THE GOOD EARTH: CHINA'S GROWING ORGANIC MARKET. *ENVIRONMENTAL HEALTH PERSPECTIVES* , 346-349.
- 17) YAP, M. H. (2012). ORGANIC FOOD CONSUMERS IN HONG KONG. *TOURISM AND HOSPITALITY MANAGEMENT* , 141-146.