

A STUDY ON THE RELATIONSHIP BETWEEN CONSUMER PERCEPTION AND WILLINGNESS TO PAY FOR ORGANIC PRODUCTS

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ABSTRACT

The growing awareness of health and environmental sustainability has significantly increased the demand for organic products. This study examines the relationship between consumer perception and their willingness to pay (WTP) for organic products. It explores how factors such as health consciousness, environmental concern, quality perception, and trust in labeling influence consumers' readiness to pay a premium price. The findings suggest that positive consumer perception plays a crucial role in enhancing willingness to pay, making it a key driver of the organic market's growth.

Keywords: Consumer Perception, Willingness to Pay (WTP), Organic Products, Consumer Behavior, Health Consciousness

INTRODUCTION

In recent years, there has been a significant shift in consumer preferences toward healthier and more sustainable lifestyles. This shift has led to a growing demand for organic products across the world. Organic products, particularly food items, are produced without the use of synthetic fertilizers, pesticides, genetically modified organisms (GMOs), or artificial additives. As awareness about the harmful effects of chemicals in conventional products increases, consumers are becoming more conscious of what they consume and how it impacts their health and the environment.

Consumer perception plays a crucial role in shaping purchasing behavior. It refers to the way individuals interpret, evaluate, and form opinions about a product based on their knowledge, beliefs, and experiences. In the context of organic products, consumer perception is influenced by

several factors, including perceived health benefits, product quality, environmental sustainability, safety, and trust in organic certifications. Positive perceptions often lead to favorable attitudes toward organic products, encouraging consumers to choose them over conventional alternatives.

However, one of the major challenges in the organic market is the higher price of organic products compared to non-organic ones. Organic farming methods typically involve higher production costs, limited scale, and more labor-intensive practices, which result in premium pricing. Despite this, a segment of consumers is willing to pay extra for organic products due to the perceived benefits associated with them. This concept is known as willingness to pay (WTP), which reflects the maximum amount a consumer is willing to pay for a product based on its perceived value.

The relationship between consumer perception and willingness to pay is a key area of interest for researchers, marketers, and policymakers. When consumers strongly believe that organic products are healthier, safer, and environmentally friendly, they are more likely to justify the higher price and exhibit a greater willingness to pay. On the other hand, if consumers lack awareness or trust in organic labeling, their willingness to pay may decrease.

In countries like India, the organic market is still developing, and consumer awareness varies across regions. Factors such as income level, education, product availability, and cultural preferences further influence both perception and willingness to pay. Understanding this relationship is essential for businesses to design effective marketing strategies, set appropriate pricing, and build consumer trust. It also helps policymakers promote organic farming and encourage sustainable consumption.

Therefore, this study aims to examine the relationship between consumer perception and willingness to pay for organic products. By analyzing the key factors influencing consumer attitudes and purchasing decisions, the study seeks to provide valuable insights into the growing organic market and to contribute to its future development.

REVIEW OF LITERATURE

A study by Zhang et al. (2025) found that health concerns and environmental awareness strongly affect consumer preferences for organic food. The study concluded that consumers who perceive organic products as healthier and eco-friendly are more willing to pay premium prices.

Research conducted by Kumar and Smith (2025) highlighted that trust in organic labels and certification plays a crucial role in determining willingness to pay. The study revealed that higher trust leads to increased consumer confidence and higher spending on organic products.

A study by Lee and Kim (2024) applied the Theory of Consumption Values and found that perceived value, emotional satisfaction, and environmental concern positively influence willingness to pay. However, skepticism about organic claims reduces purchase intention.

OBJECTIVES OF THE STUDY

1. To examine consumer perception of organic products and identify the key factors influencing their willingness to pay.
2. To analyze the relationship between consumer perception and willingness to pay for organic products and provide insights for marketers and policymakers.

RESEARCH METHODOLOGY

- **Research Design:** Descriptive research was adopted in the study to make the research effective and valuable.
- **Collection of Data:** Both primary and secondary data were collected in this research.
- **Primary Data:** Primary data was collected from the sample respondents of a population by preparing a questionnaire.
- **Secondary Data:** Secondary data was collected from journals and magazines on related topics.
- **Sample Selection:** The study's population comprises consumers related to the study topic, and 50 consumers were randomly selected for the study.

ANALYSIS AND INTERPRETATION

The demographic profile in the study includes several key variables that provide insight into the respondents' characteristics. These variables included the respondents' gender, usage, and buying behavior. Using simple percentage analysis, the researchers examined these demographic variables to understand the sample population's composition and any emerging trends or patterns. In addition to demographic factors, the study also examines the relationship between consumer perception and willingness to pay for organic products.

SIMPLE PERCENTAGE ANALYSIS

Simple percentage analysis is used to identify the frequency of responses for the categories under the demographic profile.

Table 1. Gender of the respondents

Gender	No. of Respondents	Percentage
Male	20	40%
Female	30	60%
Total	50	100%

Source: Primary Data

Interpretation: Out of 50 respondents, 40% are male, and 60% are female. Hence, the majority of the respondents are female.

Table 2. Age of the respondents

Age	No. of Respondents	Percentage
Below 20	5	10%
21-30	30	60%
31-40	10	20%
41-50	5	10%
Total	50	100%

Source: Primary Data

Interpretation: The majority of respondents (60%) fall in the 21-30 age group.

Table 3. Awareness of organic products

Awareness	No. of Respondents	Percentage
Yes	45	90%
No	5	10%
Total	50	100%

Source: Primary Data

Interpretation: A large majority of respondents (90%) are aware of organic products.

Table 4. Sources of awareness

Source	No. of Respondents	Percentage
Social media	20	40%
Friends/Family	12	24%
Advertisements	8	16%
Supermarkets/Stores	6	12%
Online Articles	2	4%
Others	2	4%
Total	50	100%

Source: Primary Data

Interpretation: Social media is the leading source of awareness (40%), followed by friends/family (24%).

Table 5. Perception of organic products and willingness to pay

Perception and willingness to pay	No. of Respondents	Percentage
Increases willingness to pay	22	44%
Neutral	15	30%
Decreases willingness to pay	13	26%
Total	50	100%

Source: Primary Data

Interpretation: Most respondents (44%) believe positive perception increases willingness to pay for organic products.

CONCLUSION

The study concludes that customer perception significantly influences willingness to pay for organic products. The findings show that a considerable proportion of respondents are willing to pay a higher price when they perceive organic products as high in quality, beneficial for health, and environmentally friendly. However, not all consumers are equally influenced, as some remain neutral or unwilling to pay more due to price sensitivity or a lack of strong perception. This indicates that while positive perception drives premium purchasing behavior, factors like affordability and awareness also play an important role. Overall, there is a positive relationship between customer perception and willingness to pay, suggesting that improving consumer awareness of and trust in organic products can increase market demand.

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