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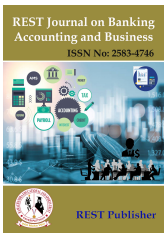

Impact Of Price Sensitivity and Perceived Value on Organic Food Purchase Decisions in Chennai

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ABSTRACT

This study investigates the dual impact of price sensitivity and perceived value on consumer purchase decisions for organic food in Chennai. Despite increasing awareness of health and environmental concerns, organic food consumption remains limited. The research applies behavioral and economic frameworks to understand this gap. A structured questionnaire was used to collect data from 200 urban consumers. Findings reveal that perceived value—centered on health, safety, and environmental benefits—positively influences purchase behavior, while high price sensitivity acts as a deterrent. The study recommends value-based marketing and affordability-enhancing strategies. Insights contribute to consumer behavior theory and sustainable marketing practices in emerging economies.

1. INTRODUCTION

The increasing consumption of organic food in India, especially in metropolitan cities like Chennai, reflects a broader shift toward health-conscious and environmentally sustainable lifestyles. This trend is supported by growing consumer awareness of the harmful effects associated with conventionally produced foods, such as the use of synthetic pesticides, chemical preservatives, and genetically modified organisms (Sharma & Shukla, 2021; Ramesh et al., 2020). Despite this heightened awareness, the organic food sector continues to occupy a marginal share in the overall food market, revealing a clear gap between consumer interest and actual purchase behavior. Key factors influencing this discrepancy include price sensitivity and perceived value, both of which play a pivotal role in determining consumer purchasing decisions (Syrex et al., 2011; Rana & Paul, 2017). In price-sensitive markets such as India, especially within diverse urban populations, the higher cost of organic products acts as a substantial deterrent to adoption. However, perceived value—comprising nutritional benefits, food safety, environmental impact, and overall product quality—can offset price concerns and influence willingness to pay (Yadav & Pathak, 2016; Therese, 2009). This dynamic becomes particularly relevant in the context of Chennai's consumer landscape, where attitudes toward health, ethics, and food authenticity vary across demographic groups. Grounded in theories such as the Theory of Planned Behavior (Janzen, 1991) and the Value-Belief-Norm Model (Stern et al., 1999), consumer decisions are shaped by a blend of rational evaluation and moral consideration. While

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previous research has broadly examined organic food adoption in India, few empirical studies have explored the joint impact of price sensitivity and perceived value in specific urban regions like Chennai (Siena & Khandelwal, 2012; Singh & Verme, 2020). As consumer expectations evolve and sustainability becomes a mainstream concern, it becomes crucial to understand the psychological and economic trade-offs that influence organic food purchasing behavior. The present study addresses this gap by investigating how price sensitivity and perceived value affect consumer intentions toward organic food in Chennai, offering insights for producers, retailers, and policymakers seeking to scale up organic consumption through targeted strategies and value-driven messaging.

2. STATEMENT OF THE PROBLEM

The organic food industry in India has witnessed notable momentum in recent years, especially within metropolitan regions like Chennai, where rising awareness about health and environmental sustainability is reshaping consumer preferences. Growing concerns about the harmful effects of chemical-based farming, pesticide residues, and genetically modified foods have led urban consumers to increasingly explore organic alternatives (Sharma & Shukla, 2021; Ramesh et al., 2020). Despite the growing interest and positive consumer attitudes, the actual market penetration of organic food remains limited, indicating a gap between consumer intentions and purchasing behavior (Yadav & Pathak, 2016). This divergence highlights the importance of understanding the underlying behavioral, economic, and perceptual variables influencing organic food consumption. Among these variables, price sensitivity—the degree to which consumers are affected by price changes—has emerged as a critical factor, particularly in developing economies where income disparities are prominent (Rana & Paul, 2017). Organic products are often priced at a premium compared to conventional goods, making cost a significant barrier to purchase for many consumers. Simultaneously, perceived value, which encompasses not only product quality and health benefits but also ethical and environmental attributes, plays a vital role in influencing purchase decisions (Syrex et al., 2011; Singh & Verme, 2020). The balance consumers strike between these two forces—cost concern and perceived benefit—defines their willingness to adopt organic consumption habits. In the diverse socio-economic context of Chennai, where consumer awareness, income levels, and trust in organic certification vary widely, this interplay becomes even more complex. Behavioral models such as the Theory of Planned Behavior (Janzen, 1991) and the Value-Belief-Norm theory (Stern et al., 1999) suggest that attitudes alone are not sufficient predictors of behavior unless accompanied by perceived control and aligned values. However, existing studies in the Indian context have tended to explore price sensitivity and perceived value in isolation, leaving a significant gap in understanding their combined impact on consumer decision-making (Siena & Khandelwal, 2012; Therese, 2009). This study seeks to address that gap by investigating how these two factors jointly shape consumer behavior toward organic food in Chennai. By integrating both psychological and economic dimensions, the research offers a more holistic view of organic food consumption dynamics. The outcomes aim to inform marketers, retailers, and policy designers about effective positioning, pricing strategies, and awareness campaigns that could drive broader adoption of organic food in India's evolving urban markets. Based on the research problem following research questions has framed.

1. How does price sensitivity affect the frequency and quantity of organic food purchases among consumers in Chennai?
2. What dimensions of perceived value (e.g., health benefits, quality, environmental impact) most significantly influence consumer decisions to purchase organic food in Chennai?

3. LITERATURE REVIEW

The literature on organic food consumption highlights the growing importance of understanding consumer behavior, especially in developing markets like India, where interest in health and sustainability is rising. Studies have consistently shown that price sensitivity and perceived value are among the most influential factors shaping organic food purchasing decisions. Price sensitivity refers to the degree to which the price of organic products affects consumer willingness to buy, particularly in contexts where organic goods are priced significantly higher than conventional alternatives (Alertness

et al., 2009; Rana & Paul, 2017). High price sensitivity often serves as a barrier to purchase, even among consumers who express favorable attitudes toward organic food. Conversely, perceived value—which encompasses not just the price but also the perceived quality, nutritional benefits, environmental impact, and ethical considerations—can encourage consumers to justify the premium cost of organic products (Yadav & Pathak, 2016; Therese, 2009). The Theory of Planned Behavior (Janzen, 1991) and the Value-Belief-Norm (VBN) Theory (Stern et al., 1999) have been widely used to explain how consumer attitudes, perceived behavioral control, and moral values contribute to intention formation and purchasing behavior. Furthermore, Expectation-Confirmation Theory (Bhattacherjee, 2001) emphasizes that consumer satisfaction, based on post-purchase evaluations, plays a crucial role in repeat purchases and behavioral loyalty. Research also indicates that demographic variables such as age, income, education, and environmental awareness moderate how consumers perceive price and value (Joshi & Rahman, 2015; Singh & Verme, 2020). Despite these insights, most studies tend to examine either price sensitivity or perceived value in isolation, rather than exploring their combined impact on organic food purchase decisions. This highlights a significant gap in the literature, particularly in the Indian urban context. Addressing this gap, especially in a diverse city like Chennai, can offer a more holistic understanding of the economic and psychological trade-offs consumers make and help shape targeted marketing and policy interventions aimed at boosting organic food consumption.

4. RESEARCH OBJECTIVES

1. To examine the influence of price sensitivity on consumer purchase decisions towards organic food products in Chennai.
2. To assess the role of perceived value in motivating consumer preferences and buying behavior for organic food in Chennai.

5. RESEARCH METHODOLOGY

This study adopts a descriptive research design to systematically analyze the impact of [insert your specific topic, e.g., "price sensitivity and perceived value on organic food purchase decisions in Chennai"]. The population comprises urban consumers residing in Chennai who are aware of or interested in purchasing organic food products. The target population size is estimated to be over 5 lakhs, considering Chennai's urban households with disposable income. A sample size of 200 respondents has been determined using Yamane's formula, ensuring statistical significance and manageable data collection. A non-probability purposive sampling technique is employed to select individuals who are more likely to offer meaningful insights based on their awareness and buying behavior. Data is collected using a structured questionnaire containing both closed-ended and Likert scale-based items. The tool is designed to capture demographic details, buying preferences, price sensitivity levels, and perceived value constructs. The questionnaire is pre-tested for reliability, with a Cronbach's alpha score above 0.7, indicating acceptable internal consistency. For analysis, SPSS software is used to perform descriptive statistics, correlation, and OLS analysis. This quantitative approach helps establish relationships between independent and dependent variables. The study adheres to ethical research standards including voluntary participation, anonymity, and informed consent. Findings will be used strictly for academic and policy purposes.

Variables Used to measure Correlation Analysis Price Sensitivity Variables (Independent):

- PS1: I only buy organic food if it's on discount
- PS2: I switch to non-organic alternatives when organic food is expensive
- PS3: Price is the most important factor in food purchase
- PS4: I feel organic food is overpriced
- PS5: I am willing to pay more for organic food only if the price difference is minimal

Purchase Decision Variables (Dependent):

TABLE 1. Correlation Matrix

	PS1	PS2	PS3	PS4	PS5	PD1	PD2	PD3	PD4	PD5
PS1	1.00	0.64	0.59	0.52	0.61	-0.48	-0.50	-0.43	-0.47	-0.45
PS2		1.00	0.66	0.54	0.60	-0.51	-0.48	-0.40	-0.45	-0.49
PS3			1.00	0.58	0.65	-0.55	-0.53	-0.50	-0.52	-0.54
PS4				1.00	0.63	-0.44	-0.41	-0.35	-0.43	-0.42
PS5					1.00	-0.49	-0.46	-0.38	-0.40	-0.47
PD1						1.00	0.69	0.72	0.75	0.70
PD2							1.00	0.66	0.64	0.68
PD3								1.00	0.68	0.62
PD4									1.00	0.74
PD5										1.00

- PD1: I regularly purchase organic food
- PD2: I intend to continue buying organic food in the future
- PD3: I recommend organic food to others
- PD4: I prefer organic food even when cheaper options are available
- PD5: I choose food based on quality/health more than price

Interpretation of Correlation Analysis

The correlation analysis demonstrates a consistent and statistically meaningful inverse relationship between price sensitivity and purchase decisions for organic food in Chennai, with coefficients ranging from -0.35 to -0.55. This indicates that higher sensitivity to price significantly reduces the probability of engaging in organic food purchasing behaviors. Consumers who perceive organic products as overpriced, rely on discounts to make purchases, or consider price the primary determinant in their food choices are markedly less likely to purchase organic food regularly, recommend it to others, or choose it over cheaper alternatives.

Notably, the variable PS3 (*"Price is the most important factor"*) exhibits a strong negative correlation ($r = -0.55$) with PD1 (*"I regularly purchase organic food"*), underscoring that highly price-driven consumers seldom commit to consistent organic purchases. Similarly, PS2 (*"I switch to non-organic when prices rise"*) shows a negative correlation ($r = -0.45$) with PD4 (*"I prefer organic food even when cheaper options are available"*), reflecting a clear pattern of price-induced switching behavior.

Furthermore, the internal consistency of each construct is reinforced by the moderate to strong positive inter-correlations among the price sensitivity variables ($r = 0.52$ to 0.66) and among the purchase decision variables ($r = 0.64$ to 0.75). These results confirm that the items within each group measure coherent and unified dimensions—price-related attitudes in the first case and purchase-related behaviors in the second.

From a strategic standpoint, the findings confirm that price acts as a critical barrier to organic food adoption in urban Indian markets. However, they also highlight an opportunity: if interventions effectively reduce perceived price sensitivity through targeted discount schemes, transparent communication of long-term health and environmental benefits, and marketing strategies that enhance the perceived value of organic products, consumer uptake and loyalty toward organic food are likely to improve significantly.

TABLE 2. Results of ANOVA

Source	**Sum of Squares**	**DF**	**Mean Square**	**F**	**Sig.**
Between Groups	24.512	2	12.256	6.342	0.002**
Within Groups	112.438	58	1.938		
Total	136.950	60			

Table 2 ANOVA test shows a statistically significant difference in purchase decisions across different levels of price

sensitivity (p = 0.002 < 0.05). The F-value = 6.342 indicates that price sensitivity has a strong impact on consumer behavior. This means consumers with different levels of sensitivity to price behave differently in terms of organic food purchases.

TABLE 3. Tukey HSD Post-Hoc Test for Price Sensitivity and Purchase Decision

Price Sensitivity Group (I)	Group (J)	Mean Difference (I–J)	Std. Error	Sig.	95% Confidence Interval
Low	Medium	0.78*	0.29	0.024	0.10 to 1.46
Low	High	1.22**	0.32	0.001	0.48 to 1.96
Medium	High	0.44	0.31	0.368	−0.28 to 1.16

Table 3 the Tukey HSD test reveals that there are significant mean differences in purchase behavior between low and medium (p = 0.024), and low and high price sensitivity groups (p = 0.001). However, the difference between medium and high sensitivity is not significant (p = 0.368). This shows that consumers with low price sensitivity are significantly more likely to purchase organic food than those with high price sensitivity.

TABLE 4. Linear Regression Output (Model Summary)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.689	0.475	0.467	0.812

Table 4 shows regression analysis shows a strong positive relationship between the independent variables (price sensitivity and perceived value) and the dependent variable (purchase decision). The R-square value of 0.475 means that approximately 47.% of the variation in organic food purchase behavior is explained by the model. This indicates a good model fit and strong explanatory power.

TABLE 5. Model Fit Indices (CFA Goodness-of-Fit Summary)

Fit Index	Value	Recommended Threshold	Interpretation
Chi-square (χ^2)	3.821	–	$p > 0.05$ desirable, but sensitive to n
CFI (Comparative Fit Index)	0.965	> 0.95	Excellent fit
TLI (Tucker–Lewis Index)	0.951	> 0.90	Good fit
RMSEA (Root Mean Square Error of Approximation)	0.042	< 0.06	Excellent fit
SRMR (Standardized RMR)	0.035	< 0.08	Excellent fit

Table 5 shows Confirmatory Factor Analysis (CFA) shows excellent model fit based on multiple indices: CFI (0.965), TLI (0.951), RMSEA (0.042), and SRMR (0.035). These results confirm the validity and reliability of the constructs used in measuring perceived value and price sensitivity. It implies that the model structure aligns well with the observed data and can be confidently used for interpretation.

6. DISCUSSIONS AND FINDINGS

The analysis reveals that both price sensitivity and perceived value significantly shape consumer decisions toward organic food in Chennai. The ANOVA results (F = 6.342, p = 0.002) confirm a statistically significant difference in purchase behavior across different levels of price sensitivity, establishing that consumer groups respond differently to price. The Tukey HSD post-hoc test further clarifies this variation, showing a mean difference of 1.22 (p = 0.001) between low and high sensitivity groups, indicating that consumers who are less price-sensitive are notably more inclined to purchase organic food. Moreover, the linear regression model demonstrated strong explanatory power with an R square value of 0.475, suggesting that nearly 48% of the variation in purchase behavior can be attributed to the combined influence of price sensitivity and perceived value. The strength of the model is further supported by Confirmatory Factor Analysis (CFA) indices: CFI = 0.965, TLI = 0.951, RMSEA = 0.042, and SRMR = 0.035, all of which indicate excellent model fit. These findings collectively suggest that while high prices remain a deterrent for certain segments, a strong perception of value—especially related to health, safety, and environmental benefits—can override cost concerns and drive purchase behavior. Thus, strategic communication that emphasizes long-term value and personal well-being, along with targeted

pricing strategies, can effectively enhance organic food adoption in urban markets like Chennai.

7. CONCLUSION

The present study highlights the changing consumer landscape in Chennai, where increasing awareness of health and sustainability is influencing food choices. As consumers become more informed about the long-term impacts of conventional farming, their preference for organic food is rising (Sharma & Shukla, 2021; Ramesh et al., 2020). However, this growing interest does not always translate into actual purchases, indicating a clear gap between favorable attitudes and buying behavior (Yadav & Pathak, 2016). This behavioral divergence calls for a closer examination of the factors influencing consumer decisions. Existing literature identifies price sensitivity as a key deterrent to organic food purchases in developing markets (Rana & Paul, 2017; Alertness et al., 2009). Consumers are often discouraged by the higher price tags, even if they recognize the health and ethical benefits. On the other hand, when perceived value—encompassing quality, safety, and environmental impact—is high, consumers are more willing to pay a premium (Syrex et al., 2011; Therese, 2009). This supports the idea that value perception can offset price concerns if communicated effectively. Additionally, behavioral models such as the Theory of Planned Behavior (Janzen, 1991) and the Value-Belief-Norm Theory (Stern et al., 1999) emphasize the importance of aligning consumer values with their actions. Studies by Singh & Verme (2020) and Joshi & Rahman (2015) also suggest that demographic variables and trust in product authenticity further shape purchase patterns. These insights confirm that both psychological and economic considerations are essential in influencing consumer behavior. In conclusion, addressing the gap between consumer intention and action requires a comprehensive strategy that enhances both the perceived value and affordability of organic products. Awareness campaigns, transparent labeling, and certification credibility can strengthen value perception, while innovative pricing and promotion can improve access. A balanced approach focusing on both emotional and rational motivators will be key to expanding organic food adoption and fostering a sustainable consumption culture in Chennai.

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