

# Customer Preferences towards Premium Category Super Food Products in Modern Trade Outlets



Kavya S., Sajil S. Nair

**Abstract:** *The super-food competition in Indian consumer industry is very demanding. Indian consumers have shown growing interest in nutritious and quality food items with high nourishing value, environmental sustainability and food safety. A person with a positive attitude towards the food product of this type is more likely to make a purchase; this makes a marketer's analysis of consumer preference highly important. The primary purpose of this analysis was to examine consumer expectations for quality and safe super food items. The target demographic of this research includes consumers in Chennai region. 173 respondents were chosen using the convenience sampling method. The results of the research study have shown that factors such as ethnicity, monthly income and family status, level of intake, brand knowledge and health issues are linked to customer demand for super-food items. The Structured Equation Modeling methodology was used to define determinants that may describe consumers' propensity for purchasing these groups of food stuffs. Consumers choose food products of this type due to safety considerations, quality issues and environmental concerns, as well as to qualities such as nutritional benefit, taste satisfaction, freshness and attractiveness of organic food items that matter a lot to consumers. This work may be used into further study into the application of various marketing campaigns by advertisers and the examination of other variables.*

**Keywords:** *Customer preferences, super food, brand awareness, product quality, health concerns.*

## I. INTRODUCTION

Customer preferences in the food industry have changed over the last few decades. They have been much more mindful about their ingestion and the health effects of these foods (Lalor, Madden, McKenzie, Wall, 2011). The prevalent social mindset of people today is that health must be attained. (2006). (Crawford, 2006). Nevertheless, it is not always clear to customers how to obtain this safety status. Consumers also lack the adequate knowledge and resources to assess specifically whether a product is good for their health or not.

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With the waking up of Indian customer with their intense desire to stay healthier, food and beverage companies have started serving the super food category products to cater the need of customers and thereby prosper in the market. The growing expectations and concerns show that India's super-food franchise can be a profitable business strategy for aspirants who want to set up a business in the food and beverage industry. People prefer such category products because they are organic and some of the other reasons as they are healthier and no use of pesticides or fungicides when they are grown. Such goods are often grown on land where no traces of contaminants or inorganic compounds can be found and animals are not fed with any kind of pesticides or chemicals. There is usually no evidence of any kind of chemical in organic products. Today, customers tend to purchase goods that do not require new synthetic ingredients, which would eventually favor them in the long run.

## II. OBJECTIVES OF THE STUDY

The goal of this study is to identify consumer preference for the purchase of premium healthy food items. This research has the following goals

- To understand the consumer preference towards premium healthy food purchase.
- To identify the factors that influence consumer preference towards premium healthy food products.

Furthermore, the whole research examines the factors that determine the consumer's choice to purchase premium healthy food, so that companies and influencers can prosper from innovative strategic planning. Referring to consumer expectations is a common marketing strategy that is particularly effective for brand identity formulation, product design, delivery and effective customer service. It, in effect, helps to define preferences, likes, and dislikes, motives that influence consumer buying decisions. Identification of factors influencing the buying behavior of customers of various products will help the producers and marketers to formulate new strategies for brand adoption and also ways to improve existing sales.

## III. STATEMENT OF THE PROBLEM

Many FMCG companies are being forayed into the premium healthy super food business as a part of their portfolio expansion.



It is their strategic intent to secure long-term growth in this competitive industry. Being a very competitive industry, learning to implement new innovative marketing strategies are very important and thus a lot of research is done behind it in the premium food category section, This study is to bring out marketing strategies and recommendations by understanding the customer preference and trends towards premium healthy food products.. The study includes identification of customer preferences in purchasing premium healthy food products which involves both natural and organic product.

IV. LITERATURE REVIEW

Brand image is seen as a perception and customer trust in the performance of the services provided by organizations. (Aaker, David A.1996). According to Schiffman & Kanuk (2010) a positive image of the brand will allow the branding program to be liked and to be able to produce unique associations of the brand that always exist in the retention of the customer [2]. Chaudhuri & Holbrook, Ghodeswar, Srivastava (2010) argues that brand image is often seen as a belief and consumer trust in the quality of the goods generated by organizations and in the organizational integrity of the products offered to individuals [3]

Shwu-Ing and Chen-Lien (2009) described that two aspects of brand image are brand recognition and brand preference [4]. Both these variables contribute positively towards brand image perception. Atmosphere and quality of the store attributes positively impact the perception of quality of brands. Attracting and retaining customers is a crucial factor for success in increased industry competition. According to Hari Govind Mishra, Surabhi Koul and Piyush Kumar Sinha (2018) retail store attributes play a significant role in selection of a retail store by customers and also in customer satisfaction [5].

Brand awareness includes brand acquaintance, the ideas about the product, information and potential of being remembered which ultimately necessitates the requirement of a celebrity to endorse a product. Ranjbarian, Shekarchizade & Momeni (2010) emphasizes the reality that the use of celebrities will help marketers produce unique advertisements and have a positive impact on the attitude and sales expectations of the brand [6].

Certified further which is having a direct influence on preferences which ultimately have an impact on customer perceptions and to drive store choice and loyalty (Grunert, K.)[7]

Khadka states that obtaining product certification creates a positive effect on customer satisfaction and customer behaviour such as frequent buying, positive buying trends, quality perceived by consumers and quality provided by companies[8]

Malik, Ghafoor, Hafiz, Riaz, Hassan, Mustafa & Shahbaz (2013) say that brand awareness produces a deep reminiscence of a particular brand [9]. Schiffman and Kanuk (2010) suggest that a positive image of a brand would be able to create unique brand connections that often result in customer engagement and can often make marketing enjoyable [10]. Jeffrey Inman, Russell S. Winer, Rosellina

Ferraro (2009) found that customer-driven in-store judgments indicate that category features such as purchase and display frequency and market characteristics such as household size and gender affect decision-making. Customer characteristics is a catalyst towards brand preference of customers. This ultimately influences preferences of customers in different product selection [11].

Product quality means integrating innovations that are capable of meeting consumer demands (wants) and satisfy consumers by enhancing products (goods) and freeing them from any shortcomings or defects. Consumers consider product quality as an important factor in product purchase. Customers are willing to pay high prices, but in exchange they want goods of the best quality. If they aren't happy with the company's product quality, they'll definitely purchase from their rivals [12].

V. RESEARCH METHODOLOGY

A. Conceptual framework

The study follows a conceptual model that captures the customer preferences in purchasing premium healthy food products. Here 7 independent variables and a moderating variable are defined in deciding the dependent variable customer purchase preference. The independent variables are brand awareness, product quality, product certification, store attributes, customer characteristics, celebrity endorsement and brand image. Customer concerns acts as the moderating variable. The conceptual model is depicted below.

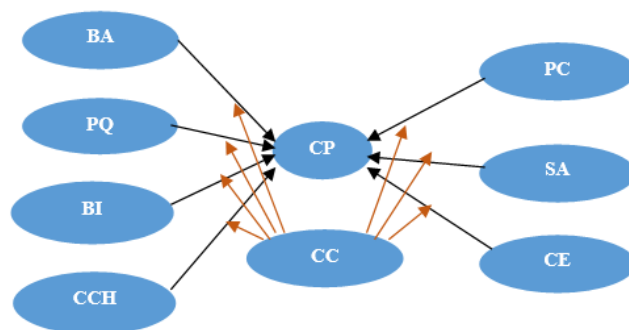


Fig. 1. Research model

- BA: Brand Awareness
- PQ: Product quality
- BI: Brand image
- CCH: Customer characteristics
- CP: Customer preference
- CC: Customer concerns
- PC: Product certification
- SA: Store attributes
- CE: Celebrity endorsement

B. Sampling and data collection

Primary and secondary data collection techniques were applied with respect to the study's objectives.

Primary data was collected using structured questionnaires and a five-point Likert ranging from strongly agreed to strongly disagree scale was used. Each respondent is chosen entirely by chance in convenience sampling process, and each customer has an equal chance of being picked. After comprehensive literature survey an exploratory study was conducted.

The study was conducted among 173 consumers to identify factors that affect consumer preference towards premium healthy food category.

**VI. HYPOTHESIS**

H1: Celebrity endorsement has a positive impact on customer preferences in purchasing products.

H2: Store attributes have a positive impact on customer preferences in purchasing products.

H3: Product certification has a positive impact on customer preferences in purchasing products.

H4: Brand awareness has a positive impact on customer preferences in purchasing products.

H5: Product quality has a positive impact on customer preferences in purchasing products.

H6: Brand image has a positive impact on customer preferences in purchasing products.

H7: Customer characteristics have a positive impact on customer preferences in purchasing products.

H8: Customer concerns moderate the influence of celebrity endorsement on customer preferences.

H9: Customer concerns moderate the influence of store attributes on customer preferences.

H10: Customer concerns moderate the influence of product certification on customer preferences.

H11: Customer concerns moderate the influence of brand awareness on customer preferences.

H12: Customer concerns moderate the influence of product quality on customer preferences.

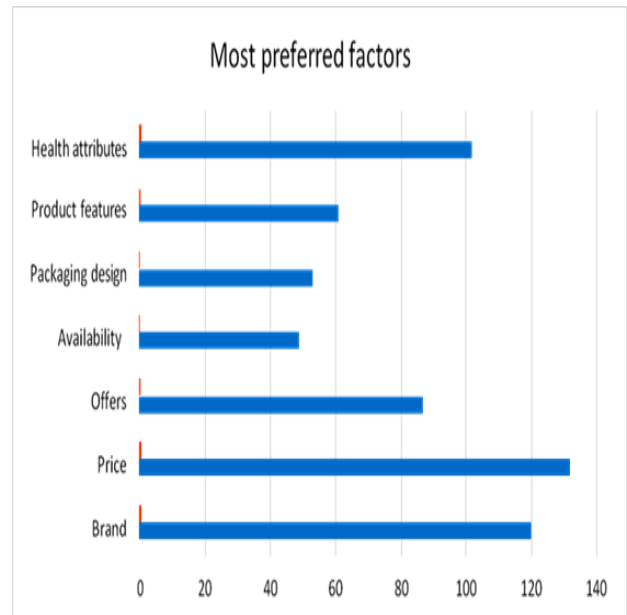
H13: Customer concerns moderate the influence of brand image on customer preferences.

H14: Customer concerns moderate the influence of customer characteristics on customer preferences.

**VII. ANALYSIS AND FINDINGS**

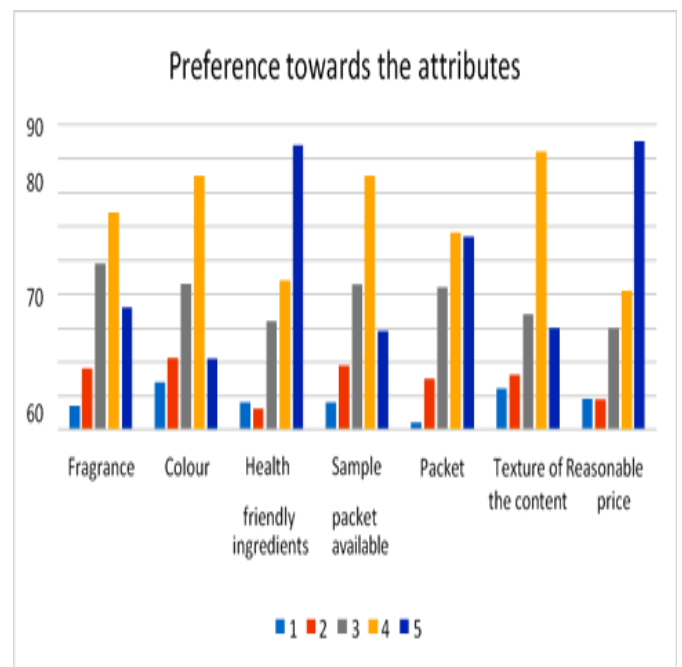
In this research, the target population includes customers at Chennai. Using convenience sampling method 173 respondents were picked. WarpPLS 5.0 has been used to examine the proposed conceptual model and understand the significance of each of the variables listed. For multivariate analysis, the Structural Equation Modeling (SEM) approach was carried out through WarpPLS. According to results, more females tend to buy super-food items than male respondents. The age group 29-30 tends to purchase more super food category food items compared to other age groups of respondents, with reference to the age groups below listed. 78% of married respondents prefer to buy super food category food products, while only 59% of unmarried respondents prefer to buy these foods. Higher income group and higher qualified group of respondents tend to purchase food items in this category. 75% of the respondents are highly receptive to advertisements. Advertisement gives a positive impression and better recall about a product. 76% of the respondents

prefer sampling before purchasing any type of food products.



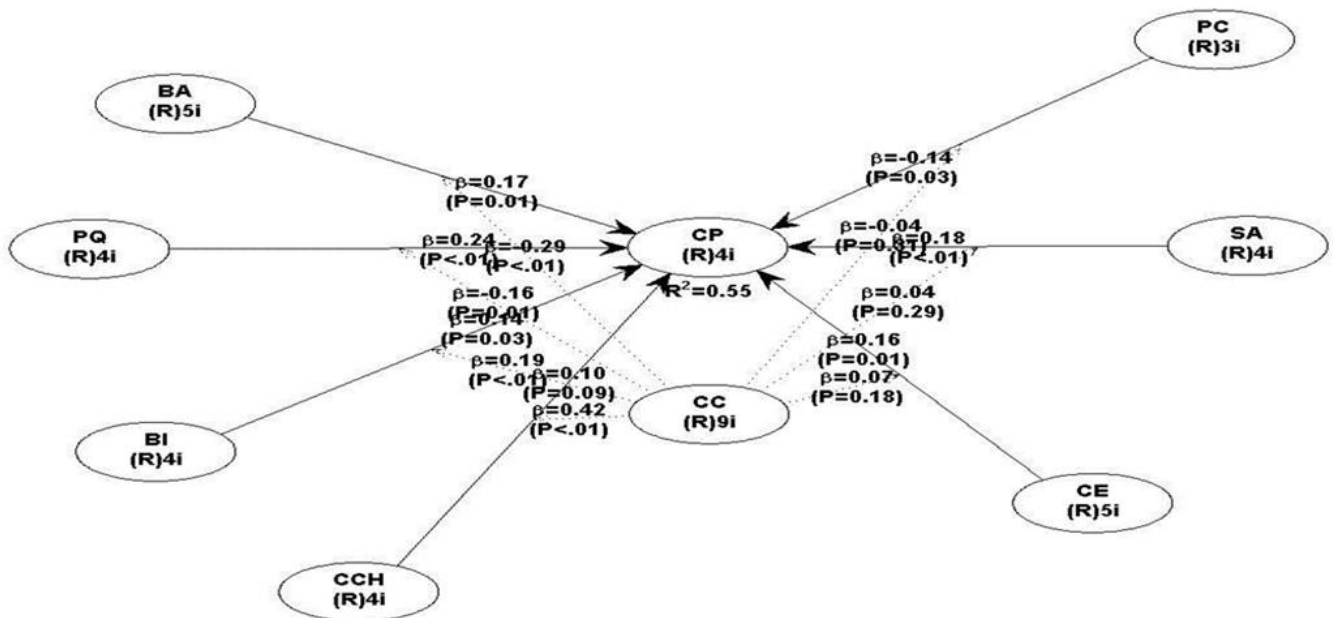
**Fig. 2.**

Majority of the respondents give high significance to price, brand and health attributes of a product.



**Fig. 3.**

Attributes like fragrance, colour, health friendly ingredients, sample packet availability, packet design, texture and price are equally important concerns for customers. Through the survey it was found that majority of the respondents give high significance to use of health friendly ingredients and price.



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Above diagram depicts model fit between independent variables and the dependent variable customer preference. All the scales used for measurement is reliable and valid and thus the model is fit. It can be considered that as the p-value is very low for all the hypothesis, it can be assumed true. So above findings prove all the hypotheses to be true with p-value below 0.05. This means that all the independent variables have a positive significance on dependent variable customer preference. The most important determinant to customer preference was found as customer concerns, store attributes and product quality. 55% of the variation in the dependent variable is explained by the independent variables. As far as the moderating variable customer concerns is concerned, it did not show a direct influence on all the independent variables which can be due to the questions used to capture the variable. It may be interpreted negatively by the responders or due to lack of questions under customer concerns.

**VIII. CONCLUSION**

From the results, it can be alluded that consumer tastes are not similar across demographic variables. This means that it provides the enormous potential for segmenting the market based on customer preferences and developing marketing strategies according to the target market, specifically the strategy for sales promotion. From the responses from the customers, it is understood that Consumers have a belief that organic food products are healthy, safe, nutritious and environmentally friendly, so they tend to purchase organic

Fig. 4.

foods. In order to encourage more customers to purchase organic variant of super food products, marketers need to focus on specific strategies and they also need to design marketing mix elements to make organic super foods easier for customers to access. There is also a need to develop more consumer trust and get the proper certification from the government for organic super food products. In this sector of products, low involvement of brand implies that customer can be easily influenced through product variants and by tracking few customer characteristics. Correct way of promotions will direct customers into market. Customers are very concerned about chemicals and ingredients used in healthy food products and their reliability in advertisements. So through advertisements these concerns are to be taken care. A constant check on customer preferences should be done through research practices since customer behaviour changes from time to time.

**IX. LIMITATIONS OF THE STUDY**

- This analysis is carried out only in the town of Chennai.
- The research could not be made more detailed because of the time constraints.
- Some of the respondents did not reveal correct response because of the confidentiality of certain results.
- Some responses may be biased.
- In questionnaires, respondents had labelled the responses that may be socially incorrect regardless of their actual feelings.

**X. SCOPE FOR FURTHER RESEARCH**

This work was confined to Chennai city and in particular the educated population. It can be further extended to different cities in India. Future studies can be integrated to analyze marketers' various marketing strategies and other variables that influence consumers' choice in the various strata of society.





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## AUTHORS PROFILE



**Sajil S Nair** is currently a second year MBA student of Amrita School of Business affiliated to Amrita Vishwa Vidyapeetham University. He got graduated in Electrical and Electronics Engineering in 2015. He is having a work experience of three years in project management. He has done his Summer work and a competent academic career. He has also done notable interdisciplinary projects relating to solar tracking, electrical power transmission and distribution etc.

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