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Consumers perception towards the products of farmer producer companies

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Abstract
Small and marginal farmers constitute a major section of Indian Agriculture. Farmer Producer Company (FPC) is a viable option to enhance the small and marginal farmers' income through collective action. FPCs are involved in variety of activities including retail sale of their products. These products have special features like native/local product, fresh, safe and high quality. On the other side, consumer's perception on FPC products determines the sale of FPC products in turn impact the profitability of the FPCs. Consumers of different gender, age and income groups, visited FPC retails were interviewed and their perception and buying preferences were studied. Consumers perceived that the prices of FPC products were sightly higher and quality of the products were in medium category. However, their perception on the nutrient content and likability of FPC products were higher compared to other products.

Keywords: FPCs, consumer perception, consumer preference, FPC retails

Introduction

Agriculture provides livelihoods to millions of small landholders in India. A few government initiatives to support farmers such as increased Minimum Support Price, interest subsidies, free electricity, and loan waivers reach a limited percentage of farmers and, hence, have a limited impact. A long-term solution to address farmers' distress is organising the farmers into farmer producer organisations (FPOs) and it could be a viable option. Well-organised FPOs are providing a range of assistance to farmers like imparting better farm practices, collectivisation of input purchases, transportation, linkage with markets, and better price realisation as they do away from the intermediaries (Suran and Laitha, 2019) [10].

Producer companies can help smallholder farmers to participate in emerging high-value markets, such as the export market and the unfolding modern retail sector in India. Collective action can help to enhance farmers' competitiveness and increase their advantage in emerging market opportunities (Trebbin and Hassler, 2012) [11]. These FPCs follow a Buyer to Buyer (B2B) model (Ashok, 2019). However, four FPCs have also started operating their own outlets to reach the consumers directly.

On the other side, consumers buying behavior and preferences drive the success of the modern food sector especially the FPC models. Many factors, specificities and characteristics influence the individual in what he is and the consumer in his decision making process, shopping habits, purchasing behavior, the brands to buy or the retail shops. A purchase decision is the result of each and every one of these factors. Initially the consumer tries to find what commodities he would like to consume, then he selects only those commodities that promise greater utility. After selecting the commodities, the consumer makes an estimate of the available money which he can spend. Lastly, the consumer analyzes the prevailing prices of commodities and takes the decision about the commodities he should consume. Meanwhile, there are various other factors influencing the purchases of consumer such as social, cultural, economic, personal and psychological (Rani, 2014) [9].

Interviews with customers have been used to examine consumers' perceptions and attitudes concerning locally grown produce or products (Adelaja *et al*., 1990; Brooker *et al*., 1987; Bruhn *et al*., 1992; Eastwood *et al*., 1987; Lockeretz, 1986; Patterson *et al*., 1999) [1, 3, 4, 5, 6, 8]. A substantial number of survey respondents indicated that they are willing to pay a price premium of 20 per cent or more for local over non local food. On the other hand, a substantial number of survey respondents in some regions indicated that they would only be willing to pay an equal amount for local food as for non local food (Boroumand, 2007) [2]. Food quality for the consumer is what consumers perceive to be a quality food product, including its organoleptic characteristics (taste, smell), the packaging, ease of use and ease of cooking (Vlachos, 2013) [12].

Nivetha and Samsai (2018) [7] studied the consumer preference towards farmer producer company (FPC) value-added products in Namakkal district of Tamil Nadu. They observed that most of the sample respondents preferred FPC value-added products for their good quality and higher health benefits. Most of the respondents were aware of the FPC products through their friends and relatives followed by self-decision. Poor advertisement and high price of the products were the two major constraints in the purchase of FPC value-added products.

The perception of different customers for food products of FPO are important more nowadays due to increasing health and environmental concerns. This study aims at understanding the perception of different customers on food products of FPC in Southern Districts of Tamil Nadu with the following objectives.

Objectives

1. To study the consumer perception towards food products of FPOs.
2. To examine various factors influence the consumer perception towards food products of FPOs.
3. To formulate appropriate marketing strategies to promote the sale of food products of FPOs.

Research methodology

A consumer survey was conducted for assessing the consumer perception and buying behavior towards food products of four Farmer Producer Organizations in southern district of Tamil Nadu. Randomly 60 members were selected from the four Farmer Producer companies *viz.*, Ramanar Millets Farmer Producer Company, SEEDs Farmer Producer Company, Virudhai Millets Farmer Producer Company and Thangaboomi Millets and Other crops Producer companies limited. Survey was taken from 15 randomly selected members of each company to tally sixty. Interview schedule was prepared accordingly to measure the consumer perception towards food products of FPO. The collected data were pertaining to the period 2019. Data were computerized and analyzed using descriptive statistics, mean scores and mapping tools.

Results and Discussion

The data collected during the survey were tabulated and analyzed in relation to each of the specific objectives of the study. The results of the study are presented and discussed below.

Gender and Marital status of the respondents

Perception greatly varies with gender and it plays a significant role in purchasing behaviour of consumers. The gender and marital status of the respondents were classified into two categories and the results are given in Table1. Majority of the sample respondents were married women (65.00 %). Thus the study clearly indicated that married female customers were frequently visiting FPO retail stores compared to males. Female customers visiting FPO retail store look for quality products at affordable price compared to the popular brands available in the market.

Table 1: Gender and marital status of the respondents

S. No	Gender	Marital status				Total	Percentage
		Married	Percentage	Unmarried	Percentage		
1.	Male	19	90.48	2	9.52	21	35.00
2.	Female	39	100.00	-	-	39	65.00
	Total	58	96.67	2	3.33	60	100.00

Age of the respondents

Apart from gender, age is an important factor influencing purchase pattern of consumer. Perception of buyers of different age groups reflects different buying pattern. Similar changes occur on their buying decision making patterns. The sample respondents were classified into five groups' *viz.*, 20 to 30, 31 to 40, 41 to 50, and more than 50 years based on their age and the details are given in Table 2.

Table 2: Age of the sample respondents

S. No	Age	Number of Respondents	Percentage
1.	20 to 30 years	9	15.00
2.	31 to 40 years	26	43.33
3.	41 to 50 years	18	30.00
4.	More than 50 years	7	11.67
	Total	60	100.00

Majority of the sample respondents (43.33 %) belonged to the age group of 31 to 40 years. Middle age group buyers constituted to 30 per cent, followed by young buyers (15 %) and senior buyers (11.67 per cen%t). Among the consumers, large share of middle aged people (31-40 years) visited FPOs for purchase.

Educational status of respondents

Perception towards any products is highly influenced by their level of education. Educational status of the respondents was examined and the results are presented in Table 3.

Table 3: Educational status of respondents

S. No	Education level	Number of Respondents	Percentage
1.	Illiterate	17	28.33
2.	SSLC	26	43.33
3.	HSC	7	11.67
4.	Diploma	3	5.00
5.	Graduate	5	8.33
6.	Post graduate	2	3.33
	Total	60	100.00

Nearly half of the sample respondents (43.33 %) visited the FPOs were Secondary School qualified followed by buyers with no formal education (28.33 per cen%t). Buyers with higher secondary level education were only 11.67 per cent, while other qualification like diploma, degree and post graduation holder were less than 10 per cent. This aspect must be taken into account while developing marketing strategies especially packing, labeling, branding and pricing.

Respondents' family size and monthly expenditure on food products

Family size, composition of family and age of family members determine the selection of product and quantum of purchase. Monthly expenditure on food products depends on family size. As family size increases the monthly expenditure on food products may also increase. The respondents' family size and monthly expenditure on food products was analysed and the results are presented in table 4. It could be inferred from the table 4 that the majority of the respondents (56.10 %) of small size family (less than 4 members) spent Rs.1000 to Rs.2000 per month on food products. Most of the respondents (27.78 %) of medium size family (5 -7 members) spent Rs.2001 – Rs.3000 and Rs.4000-5000 per month. The respondents of large size family (more than 7 members) spent above Rs.5000 for their monthly expenditure on food products. From the result concluded that family size increases the monthly expenditure on food products also increase.

Table 4: Respondents' family size and monthly expenditure on food products (n=60)

S. No	Family size	Monthly expenditure on food products (Rs.)													
		<1000	%	1000-2000	%	2001-3000	%	3001-4000	%	4001-5000	%	>5000	%	Total	%
1.	≤ 4	2	4.88	23	56.10	8	19.51	3	7.32	2.00	4.88	2.00	4.88	41.00	100.00
2.	5 – 7	3	16.67	4	22.22	5	27.78	-	-	5.00	27.78	1.00	5.56	18.00	100.00
3.	> 7	-	-	-	-	-	-	-	-	-	-	1.00	100.00	1.00	100.00
	Total	5	8.33	27	45.00	13	21.67	3	5.00	7.00	11.67	4.00	6.67	60.00	100.00

Table 5: Respondents' family monthly income and monthly expenditure in FPOs retail store per month (n =60)

S. No	Monthly Income category (Rs.)	Monthly expenditure in FPOs retail store per month (Rs.)													
		<1000	%	1000-2000	%	2001-3000	%	3001-4000	%	4001-5000	%	>5000	%	Total	%
1.	< 7,000	-	-	1	100.00	-	-	-	-	-	-	-	-	1	100.00
2.	Rs.7001 - 10,000	1	6.67	8	53.33	6	40.00	-	-	-	-	-	-	15	100.00
3.	Rs.10,001-15,000	-	-	11	73.33	-	-	2	13.33	2	13.33	-	-	15	100.00
4.	Rs.15,000 - 20,000	1	9.09	4	36.36	4	36.36	-	-	1	9.09	1	9.09	11	100.00
5.	Rs.20,001-30,000	-	-	5	33.33	5	33.33	1	6.67	3	20.00	1	6.67	15	100.00
6.	Rs.above 30,000	-	-	1	33.33	-	-	-	-	-	-	2	66.67	3	100.00
	Total	2	3.33	30	50.00	15	25.00	3	5.00	6	10.00	4	6.67	60	100.00

Respondents' family monthly income and monthly expenditure in FPOs retail store per month

Monthly expenditure on purchase of food products at FPO retail store was divided into six categories and presented in Table 5. It could be observed that the minimum amount spent in the retail store was less than Rs.1000 per month and maximum amount spent in the retail store was above Rs.5000 per month. Rich people spent more money (above Rs.5000) for purchasing of food products from FPO retail store. People with higher income level tend to spend more on food consumption in FPO retail store.

Consumer perception about food products of FPOs

Consumers' perception about the product was determined by price, brand, taste, smell and size of the product. Hence Perception mapping was drawn on five food products *viz*., cold pressed oil, spices, masala items, pulses, jaggery and sugar which are largely sold in FPOs retail stores. Perception mapping was drawn for price and quality and likability and nutrient content of the food products of FPOs and the mean score of four attributes are given in Table 6.

Table 6: Mean score value of consumers perception about price, quality, likability and nutrient content.

S. No	Products	Price	Quality	Likability	Nutrient content
1.	Cold pressed Oil (n=50)	5.76	6.84	6.96	6.60
2.	Spices (n=49)	5.49	6.47	6.76	6.02
3.	Masala items (n=48)	5.27	6.39	6.31	5.82
4.	Pulses (n=40)	5.00	6.70	6.68	6.53
5.	Jaggery and Sugar (n=37)	5.27	6.65	6.92	5.84

Based on the scores, perception mapping was done and presented in figures 1 and 2. Consumers perceived that price and quality of the products were reasonable and the products contain high nutrient content and more likability. Among five products, consumers felt that oil items were priced high when compared to other products. Oil, jaggey and sugar were recorded relatively high likability compared to other products, however nutrient content of oil items and pulses were relatively high when compared to other products.

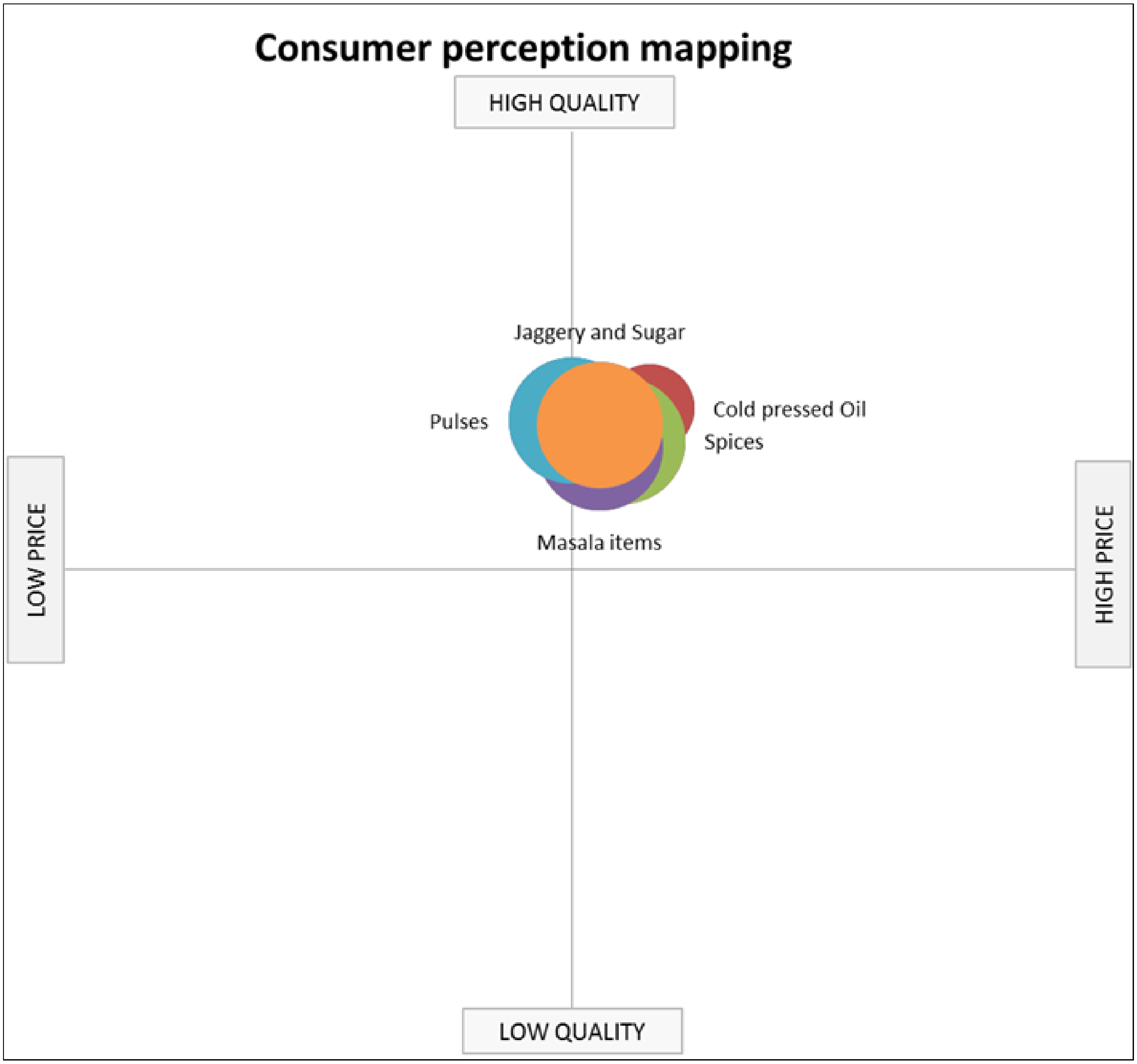

Fig 1: Perception mapping for price and quality

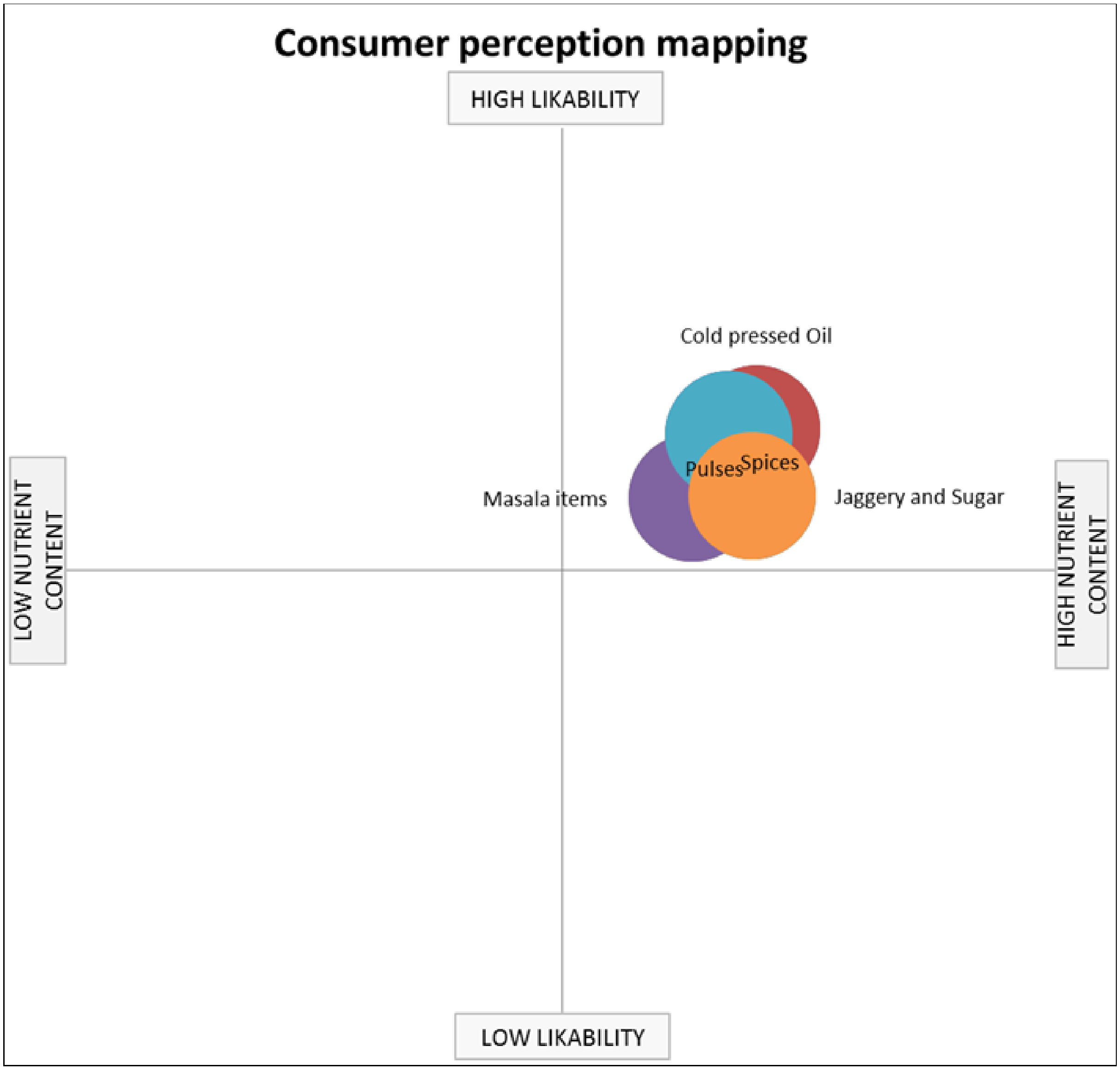

Fig 2: Perception mapping for likability and nutrient content

Conclusion

Perceptions differ with gender, age, income and family composition. Basically, married women visited frequently the FPC retails. Most of the customers were middle aged with high/higher school level education and belonged to middle income group. Half of the sample customers spent Rs. 1000-2000 per month on FPC products which was followed by a group of consumers spent Rs. 2000-3000 per month. Consumers' perception on quality, price, nutrient content and likability for FPC products were studied. In general, consumers perceived that prices, nutrient content and likability of FPC products were higher and quality of the products was moderate in nature.

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