CHAPTER - 3

RESEARCH GAP, PROBLEM STATEMENT, RESEARCH OBJECTIVES AND HYPOTHESES
3.1 Research Gap and Statement of Research Problem

Review of literature suggests that a number of studies have been carried out to study the consumers’ preferences for health and wellness food products throughout the world with skewed focus on functional and organic food products (Chakrabarti and Baisya, 2009; Naspetti and Zanoli, 2009; Kapsak et al., 2011; Azam et al., 2012; Chen and Lobo, 2012; Pang, 2012; Truong et al., 2012; Irene Goetzke and Spiller, 2014). Moreover, most of these studies have been mainly undertaken to understand the consumer’s response towards healthy food in developed markets. As evident from the studies, there has been a rapid increase in consumers’ preference towards health and wellness food products in the recent years due to significant increase in health consciousness and disposable income (Parmenter, 2002; German et al., 2004; Green, 2006; Divine and Lepisto, 2005; McMahon et al., 2010; Kim et al., 2013).

With a change in consumers’ attitudes and perceptions regarding the health-enhancing role of these food products and the consequent changes in the purchase behaviour of the consumers, there arise a need to study and analyze the demographic, socio-cultural, psychological and economic factors affecting the buying decision of the consumers for health and wellness food (Granzin at al., 1998; Petrovičová, 2009; Pelletier et al., 2013). There is also a need for a better understanding of the motivational factors which have brought about a paradigm shift in the purchase decisions of the consumers leading to new market trends throughout the world, particularly in developing countries including India.
The Scopes of most of the existing studies are limited to either a single category of health and wellness food or cover limited geographical regions, particularly developed countries. Moreover, there are no or very few studies on consumers’ preferences on health and wellness food in India. As the Indian health and wellness food market is experiencing a significant growth, a comprehensive study on understanding the market potential and consumer behaviour for health and wellness food becomes important.

The huge potential for health and wellness food products in the country needs to be properly utilized by adopting an effective managerial approach in sourcing, production, distribution and marketing of health and wellness food products, which requires a better understanding of consumers’ socio-demographic characteristics and their perceived preferences for these products along with factors affecting their purchase decisions for health and wellness food products. This study aims at filling the existing research gap in an emerging potential market. This study begins with analyzing the market composition of Indian health and wellness food by type, category, and prime positioning.

Understanding the consumer’s preferences for health and wellness food attributes and identifying the factors that affect the purchase behavior of the consumers can help in strengthening health and wellness food products’ markets across the country. The study also has implications for the companies producing health and wellness food products in terms of providing insights about the needs and requirements of the consumers in a fast changing food industry in the country.
3.2 Research Objectives and Hypotheses

3.2.1 Research Objectives

Based on the research gap identified from the existing literature, this research focuses on analysing the opportunities, market trends, and consumer buying behaviour towards health and wellness food products in India. Followings are the specific objectives of the study:

- **Assess the market potential for health and wellness food products in the country**

Under this objective, the study aims at assessing the market structure of health and wellness food in India as well as the temporal changes in the market volume for health and wellness food in the country. As there has been a significant structural change in market potential of healthy food products in the Indian food market over the last few years, it becomes quite imperative to make a comprehensive review of the secondary data available. This provides a snapshot on market potential for various types and categories of health and wellness food products for various stakeholders of this segment, for enabling them to redirect their marketing efforts in a more fruitful way.

**Description:** Market share analysis by types of health and wellness food, health and wellness by category, health and wellness by prime positioning, company & brand share and trend analysis. Descriptive statistics, percentage distribution, compound annual growth rates
(CAGR) and Herfindahl-Hirschman Index (HHI) have been undertaken on the secondary data from Euromonitor International.

- **Understand the consumers’ preferences for various attributes of health and wellness food products**

Under this objective, the study aims at understanding the consumers’ choices for product attributes of health and wellness food, based on primary survey data. This objective has been set based on the theoretical model i.e. Lancaster’s Characteristics Model on consumer buying behaviour, who has propounded that a consumer buys a product based on the evaluation of a bundle of attributes available within the product. The understanding of consumers’ preferences of product attributes provides a basis for further assessing their buying behaviour for health and wellness food products.

**Description:** Ratings on different parameters of health and wellness food attributes provide an understanding of consumers’ preferences for various attributes of health and wellness food products. This has been done by descriptive statistics analysis such as mean and standard deviation. Preferences have been evaluated based on consumers’ socio-demographic characteristics. Analysis of variance has been undertaken on the primary survey data for analysing the consumers’ preferences.
• **Analyse the factors affecting the purchase behaviour for health and wellness food products.**

This objective of the research aims at analysing the factors affecting purchase decisions of consumers for health and wellness food products. A primary consumer survey has been undertaken to empirically identify the factors influencing the purchase decision using a regression model. This objective of the research provides key insights on the consumer’s purchase behaviour which may be helpful to the marketers of health and wellness food products.

**Description:** Under this objective, factors which influence the purchase decision of the consumers for health and wellness food products have been identified. Factor analysis has been undertaken on the primary survey data in order to reduce the number of variable for further analysis. A regression model has been developed to analyse the causal relationship between dependent variable i.e. the number of health and wellness food products purchased by the respondents and the independent variables related to socio-demographic profile, psychological factors, market attributes & product attributes.

• **Provide marketing solutions to organisations involved in producing and selling health and wellness food products**

This objective of the research aims at consolidating all the findings of the analysis to provide marketing solutions on market structure,
purchase preferences and factors affecting purchase decisions of the consumers for health and wellness food products to the marketers.

**Description:** Based on the findings, the study provides insights on key marketing issues related to health and wellness food products such as product development, information dissemination, market competitiveness etc., and suggests effective marketing strategies for health and wellness food manufacturing sector.

### 3.2.2 Research Hypotheses

After conducting the literature review, identification of research gap and setting of research objectives, research hypotheses have been formulated. To fulfil the research objectives, following five null hypotheses have been formulated and tested using appropriate statistical techniques:

- **H1: There is no difference in preferences for health and wellness food product attributes across socio-demographic characteristics.**

  **Analytical tool** – Consumers’ responses on health and wellness food product attributes across socio-demographic characteristics such as gender, age, education, occupation, income and family size have been recorded on a five point likert scale. Firstly, descriptive statistics has been calculated to understand the importance of respondents’ ratings for the product attributes. Further, analysis of variance (ANOVA) has been
used to analyse the mean difference in responses of the consumers for the product attributes across socio-demographic variables.

- **H2: Socio-demographic profile has no influence on the purchase behaviour towards health and wellness food products.**

  **Analytical tool**– A regression model has been estimated to identify the most likely demographic variables affecting buying behaviour of consumers for health and wellness food products. Under the regression model, the number of health and wellness food products purchased by the sample respondents has been indicated as the dependent variable. Socio-demographic variables such as age, gender, education, income and occupation have been transformed and used as independent variables in order to assess the level of effect on the dependent variable.

- **H3: Product attributes have no influence on the purchase behaviour towards health and wellness food products.**

  **Analytical tool** – A regression model has been estimated to identify the most likely product attributes affecting buying behaviour of consumers for health and wellness food products. The number of health and wellness food products purchased by the sample respondents is the dependent variable in the model. Factor analysis has been used to extract principal product attributes which have been used as independent variables.
• **H4: Market attributes have no influence on the purchase behaviour towards health and wellness food products.**

  **Analytical tool** – Regression model has again been used to identify the most likely market attributes affecting buying behaviour of consumers for health and wellness food products. The number of health and wellness food products purchased by the sample respondents has been taken as the dependent variable in the model. Factor analysis has again been used to extract principal market attributes, which have been used as independent variables.

• **H5: Psychological antecedents have no influence on the purchase behaviour towards health and wellness food products.**

  **Analytical tool** – A regression model has been estimated to identify the most likely psychological variables affecting buying behaviour of consumers for health and wellness food products. Number of health and wellness food products purchased by the sample respondents has been taken as the dependent variable in the model. Factor analysis has been used to extract psychological antecedents, which have been used as independent variables.

3.3 **Conceptual Research Framework**

There are several research evidences on understanding the consumers’ behaviour in the form of purchase intention and attitude towards healthy food products (Granzin et al., 1998; Annunziata and Vecchio, 2011; Chung et al., 2012). Empirical studies
provide sufficient evidences on implication of demographic variables on purchase decisions (Petrovičová, 2009; Cranfield et al., 2011; Irene Goetzke and Spiller, 2014). Product and market attributes are other set of variables affecting the purchase decisions for healthy food products (Azam et al., 2012; Suh et al., 2012). Divine and Lepisto (2005) examined the consumers’ demographic characteristics, personal values and psychological antecedence as important determinants of healthy lifestyle and food consumption.

Chen and lobo (2012) analysed the purchase intention of the consumers in China for organic food products by developing a purchase intention model based on three underpinning theories such as the Consumer Decision-making Process (CDP) model (Blackwell et al. 2006), the Theory of Planned Behaviour (Ajzen and Fishbein, 1969; Ajzen, and the Hierarchy of Effects model (Lavidge and Steiner, 1961; Barry and Howard, 1990). Similarly, Azam et al. (2012) identified the main factors that determined the organic food purchase intention among consumers using the Theory of Planned Behavior.

Based on the literature review, a modified multi-attribute approach has been adopted to develop a conceptual framework for understanding the consumers’ preferences on health and wellness food product attributes and factors affecting the consumer behaviour for health and wellness food products. Figure 3.1 represents the conceptual framework for this study. The framework depicts the structure of hypotheses to be tested in the study. Firstly, the difference in consumers’ preferences
for various product attributes across socio-demographic characteristics has been shown.

**Figure 3.1: Framework for testing the research hypotheses**

Simultaneously, the factors affecting the purchase decisions of the consumers for health and wellness food products have been depicted. These factors are market attributes, product attributes, psychological factors and socio-demographic factors. Specific parameters and indicators for market attributes, product attributes, psychological factors and socio-demographic factors have been documented based
on literature review and a structured questionnaire has been developed to record the consumers’ responses through primary survey.

Simple statistical techniques such as descriptive statistics, analysis of variance and factor analysis have been undertaken. An Ordinary Least Square (OLS) regression model has been developed and estimated by considering the number of health and wellness food products purchased by the sample respondents as dependent variable, and a set of variables related to socio-demographic profile, product attributes, market attributes and psychological factors as independent variables.