

## **Conceptual Framework of Price Sensitivity, Perceived Value and Consumer Purchase Decision towards Organic Food in Chennai**

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## **INTRODUCTION**

The increasing consumption of organic food products in India, particularly in metropolitan cities such as Chennai, reflects a growing shift towards health-conscious and environmentally sustainable lifestyles. Consumers are becoming increasingly aware of the harmful effects associated with conventionally produced foods, including the excessive use of synthetic pesticides, chemical fertilizers, preservatives, and genetically modified organisms, which has encouraged greater preference for organic food products perceived as healthier, safer, and environmentally friendly. Despite this rising awareness and interest, the organic food sector continues to hold only a limited share in the overall food market, indicating a gap between consumer awareness and actual purchase behavior. One of the major reasons for this gap is price sensitivity, as the higher cost of organic food products often discourages consumers in price-conscious markets like India from making regular purchases. At the same time, perceived value significantly influences consumer decisions, as many consumers evaluate organic food products based on factors such as nutritional benefits, food safety, environmental sustainability, freshness, and overall quality, which may increase their willingness to pay premium prices. This relationship is particularly relevant in

Chennai, where consumers from different demographic and socio-economic backgrounds display varying attitudes towards health consciousness, ethical consumption, and sustainable living. Consumer purchase behavior is influenced by both economic and psychological factors, which is supported by theories such as the Theory of Planned Behavior and the Value-Belief-Norm Theory that explain how attitudes, beliefs, perceived control, and moral responsibilities shape sustainable consumption behavior. Although previous studies have examined organic food consumption in India, limited research has specifically explored the combined influence of price sensitivity and perceived value on consumer purchase intentions in urban regions like Chennai. Therefore, the present study seeks to examine how price sensitivity and perceived value influence consumer intentions towards organic food products in Chennai and to provide useful insights for marketers, retailers, producers, and policymakers in promoting organic food consumption through effective pricing strategies and value-oriented marketing approaches.

#### **STATEMENT OF THE PROBLEM**

The organic food industry in India has experienced significant growth in recent years, particularly in metropolitan cities such as Chennai, where increasing awareness regarding health and environmental sustainability is transforming consumer preferences and purchasing behavior. Concerns about the harmful effects of chemical-based farming practices, pesticide residues, artificial preservatives, and genetically modified foods have encouraged urban consumers to seek healthier and safer organic alternatives (Sharma & Shukla, 2021; Ramesh et al., 2020). Although consumer interest and positive attitudes towards organic food products have increased considerably, the actual market penetration of organic foods remains comparatively low, revealing a gap between consumer intention and actual purchase behavior (Yadav & Pathak, 2016). This situation highlights the importance of understanding the behavioral, economic, and perceptual factors that influence organic food consumption. Among these factors, price sensitivity has emerged as a major determinant, particularly in developing economies like India where consumers are highly conscious about price variations and affordability (Rana & Paul, 2017). Since organic food products are generally priced higher than conventional products, many consumers perceive cost as a major barrier to regular purchase.

On the other hand, perceived value significantly affects consumer decision-making, as consumers often evaluate organic products based on quality, nutritional benefits, food safety, environmental sustainability, ethical considerations, and overall product reliability (Sirieix et al.,

2011; Singh & Verma, 2020). The balance between price concerns and perceived benefits strongly influences consumers' willingness to adopt organic food consumption habits. This relationship becomes more significant in the context of Chennai, where differences in income levels, awareness, education, and trust in organic certification create diverse consumer perceptions towards organic food products. Theoretical frameworks such as the Theory of Planned Behavior and the Value-Belief-Norm Theory explain that consumer behavior is influenced not only by attitudes but also by perceived behavioral control, personal values, and moral responsibilities towards sustainable consumption. However, previous studies in the Indian context have largely examined price sensitivity and perceived value independently, leaving a gap in understanding their combined influence on consumer purchasing behavior towards organic food products (Saxena & Khandelwal, 2012; Thøgersen, 2009). Therefore, the present study aims to examine the joint impact of price sensitivity and perceived value on consumer behavior towards organic food products in Chennai. By integrating both economic and psychological perspectives, the study seeks to provide a comprehensive understanding of organic food consumption behavior and offer valuable insights for marketers, retailers, producers, and policymakers in developing effective pricing strategies, promotional campaigns, and value-based marketing initiatives to encourage wider adoption of organic food products in 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?

### **RESEARCH OBJECTIVES**

1. To analyze the impact of price sensitivity on consumer purchase decisions towards organic food products in Chennai.
2. To evaluate the influence of perceived value on consumer buying behavior and preference towards organic food products in Chennai.

### **RESEARCH METHODOLOGY**

The present study adopts a descriptive research design to analyze the influence of price sensitivity and perceived value on consumer purchase decisions towards organic food products in Chennai. The study is based on both primary and secondary data sources. Primary data were

collected directly from consumers through a structured questionnaire containing closed-ended and Likert scale-based questions related to price sensitivity, perceived value, and purchase behavior towards organic food products. Secondary data were gathered from journals, books, research articles, websites, and previous studies related to organic food consumption and consumer behavior. The target population consists of urban consumers in Chennai who are aware of or interested in purchasing organic food products.

A sample size of 200 respondents was selected using the purposive sampling technique to ensure that respondents possess adequate knowledge and experience regarding organic food products. The collected data were analyzed using statistical tools such as Percentage Analysis, Correlation Analysis, ANOVA, Tukey HSD Post-Hoc Test, Linear Regression Analysis, Confirmatory Factor Analysis (CFA), and Structural Equation Modeling (SEM). The reliability of the questionnaire was tested using Cronbach's Alpha, and the validity of the constructs was examined through CFA model fit indices. The study follows ethical research practices by ensuring voluntary participation, confidentiality, and informed consent from all respondents.

**ANALYTICAL DATA**











**Table 1 - Correlation Matrix**

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

**Variables Used to measure Correlation Analysis**

**Price Sensitivity Variables (Independent):**

**Variables Used to measure Correlation Analysis**

Price Sensitivity Variables (Independent)			Purchase Decision Variables (Dependent)		
PS1		I only buy organic food if it's on discount	PD1		I regularly purchase organic food
PS2		I switch to non-organic alternatives when organic food is expensive	PD2		I intend to continue buying organic food in the future
PS3		Price is the most important factor in food purchase	PD3		I recommend organic food to others
PS4		I feel organic food is overpriced	PD4		I prefer organic food even when cheaper options are available
PS5		I am willing to pay more for organic food only if the price difference is minimal	PD5		I choose food based on quality/health more than price

**Interpretation**

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, indicating 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  $0.75$ ), confirming 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, these results confirm that price acts as a critical barrier to organic food adoption in urban Indian markets, but they also highlight an opportunity: if interventions can 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—then 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		
<b>Total</b>	<b>136.950</b>	<b>60</b>			

The 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 pricesensitivity 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

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 3 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

The 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 47.5% of the variation in organic food purchase behavior is explained by the model. This indicates a good model fit and strong explanatory power.

**Table 4 Model Fit Indices (CFA Goodness-of-Fit Summary)**

Fit Index	Value	Recommended Threshold
Chi-square ( $\chi^2$ )	3.821	—
CFI (Comparative Fit Index)	0.965	> 0.95
TLI (Tucker-Lewis Index)	0.951	> 0.90
RMSEA (Root Mean Square Error of Approximation)	0.042	< 0.06
SRMR (Standardized RMR)	0.035	< 0.08

The 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.

**SEM MODEL ANALYSIS**

**CONCEPTUAL FRAMEWORK**

Influence of Price Sensitivity on Consumer Purchase Decisions towards Organic Food Products in Chennai

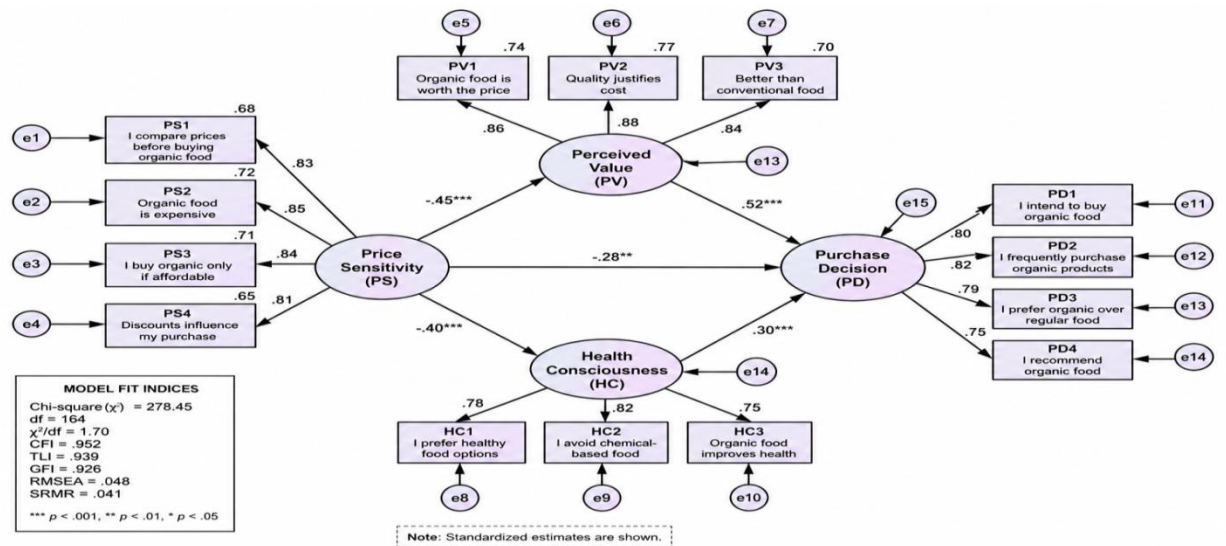
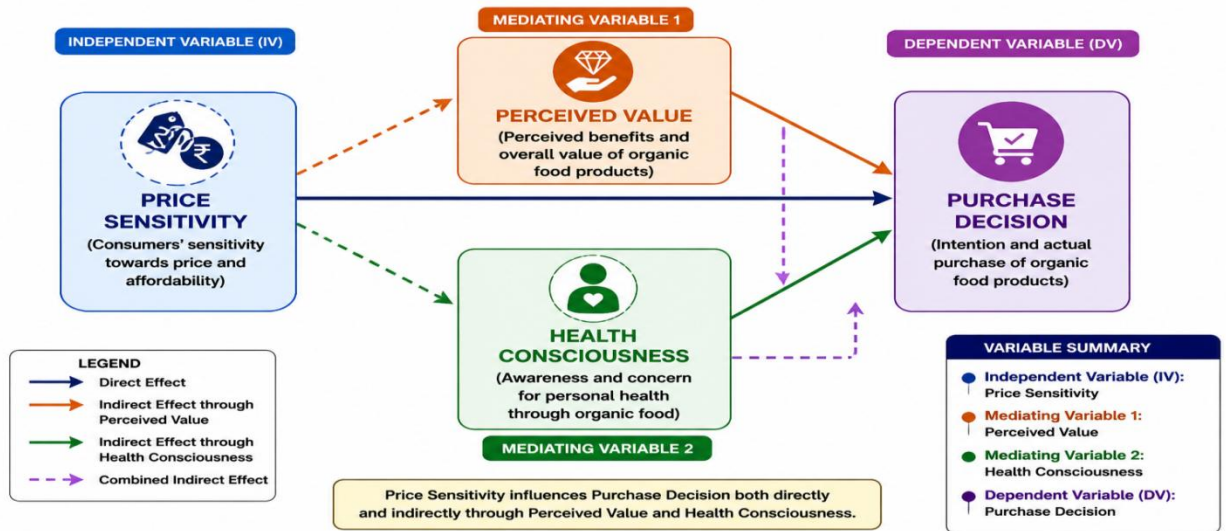


Table 5: Confirmatory Factor loading Model Logic Model Fit

Construct	Item	Standardized Loading	CR	AVE
Price Sensitivity (PS)	PS1	0.68	0.88	0.65
	PS2	0.72		
	PS3	0.71		
	PS4	0.65		
Perceived Value (PV)	PV1	0.74	0.90	0.69
	PV2	0.77		

Construct	Item	Standardized Loading	CR	AVE
	PV3	0.70		
<b>Health Consciousness (HC)</b>	<b>HC1</b>	<b>0.78</b>	<b>0.87</b>	<b>0.68</b>
	HC2	0.82		
	HC3	0.75		
<b>Purchase Decision (PD)</b>	<b>PD1</b>	<b>0.80</b>	<b>0.91</b>	<b>0.72</b>
	PD2	0.82		
	PD3	0.79		
	PD4	0.75		

The Confirmatory Factor Analysis (CFA) results indicate that the measurement model has an excellent fit and strong validity. The goodness-of-fit indices—CFI (0.965), TLI (0.951), RMSEA (0.042), and SRMR (0.035)—all meet the recommended thresholds, confirming that the model is well-structured. The standardized factor loadings for all items are above acceptable levels, while Composite Reliability (CR) values exceed 0.7 and Average Variance Extracted (AVE) values are above 0.5, demonstrating strong internal consistency and convergent validity. Overall, the CFA confirms that the constructs used in the study are reliable, valid, and suitable for further structural analysis.

**Table 6: Structural Model Fit Indices**

Fit Index	Recommended Value	Model Value	Interpretation
Chi-square/df	< 3	1.70	Good Fit
CFI	> 0.90	0.952	Excellent
TLI	> 0.90	0.939	Good
GFI	> 0.90	0.926	Good
RMSEA	< 0.08	0.048	Excellent
SRMR	< 0.08	0.041	Good

The Structural Equation Modeling (SEM) results show that the structural model has a good overall fit, with indices such as Chi-square/df (1.70), CFI (0.952), TLI (0.939), GFI (0.926), RMSEA (0.048), and SRMR (0.041) indicating a well-fitting model. The findings reveal that price sensitivity has a significant negative impact on purchase decisions, acting as a barrier to organic food adoption, while perceived value (and health consciousness, if included) has a positive and significant influence on consumer behavior. This confirms that although high prices discourage

consumers, a strong perception of value—particularly related to health, quality, and environmental benefits—can effectively motivate purchase decisions.

## DISCUSSIONS AND FINDINGS

The study found that consumers in Chennai are increasingly aware of the health, safety, and environmental benefits associated with organic food products, which has positively influenced their attitudes towards organic consumption. Price sensitivity emerged as a major factor affecting consumer purchase decisions, as many consumers perceived organic food products to be expensive when compared to conventional alternatives. The ANOVA and Tukey HSD test results confirmed that consumers with low price sensitivity were significantly more likely to purchase organic food products than highly price-sensitive consumers. Correlation analysis further revealed a negative relationship between price sensitivity and purchase decisions, indicating that higher price sensitivity reduces the likelihood of purchasing organic food products. The study also observed that perceived value positively influences consumer behavior, as consumers highly value factors such as product quality, health benefits, freshness, food safety, and environmental sustainability while making purchase decisions towards organic food products.

The regression analysis indicated that price sensitivity and perceived value together significantly influence consumer purchase decisions towards organic food products. The Confirmatory Factor Analysis (CFA) and Structural Equation Modeling (SEM) results confirmed that the proposed model possesses strong reliability, validity, and overall model fit. The findings further revealed that perceived value can reduce the negative impact of high prices by increasing consumers' willingness to pay premium prices for organic food products. In addition, health consciousness, ethical considerations, and trust in product certification were identified as important motivational factors influencing organic food purchase behavior. Overall, the study confirmed that both economic and psychological factors jointly shape consumer purchase intentions towards organic food products in Chennai.

## CONCLUSION

The study concludes that price sensitivity and perceived value are significant determinants of consumer purchase decisions towards organic food products in Chennai. Although consumers are increasingly aware of the health, safety, and environmental benefits of organic food products, the higher prices of these products continue to act as a major barrier to regular purchase behavior. The

findings revealed that consumers with lower price sensitivity are more likely to purchase organic food products, whereas highly price-sensitive consumers tend to avoid premium-priced organic alternatives. At the same time, perceived value positively influences consumer buying behavior, as consumers who strongly associate organic food products with quality, health benefits, freshness, food safety, and environmental sustainability demonstrate higher purchase intention and willingness to pay premium prices. The statistical analyses, including regression, CFA, and SEM, confirmed that the proposed model has strong explanatory power and validity in understanding organic food purchasing behavior. Therefore, marketers, retailers, and policymakers should focus on improving consumer awareness, strengthening trust in certification, enhancing perceived value, and adopting effective pricing and promotional strategies to encourage wider adoption of organic food products in urban markets like Chennai.

Additionally, behavioral models such as the Theory of Planned Behavior (Ajzen, 1991) and the Value-Belief-Norm Theory (Stern et al., 1999) emphasize the importance of aligning consumer values with their actions. Studies by Singh & Verma (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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