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# UNDERSTANDING GEN Z'S ATTITUDES, AWARENESS AND PRICE SENSITIVITY TOWARDS ORGANIC FOOD: EVIDENCE FROM MUMBAI AND NAVI MUMBAI

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## Abstract

The organic food industry in India is expected to reach INR 287 billion by 2027. A remarkable 16% CAGR is observed due to increasing awareness about health and well-being. Considering the demographical dividend of the consumers currently, this growth is dependent on Gen Z. In this backdrop our study attempts to understand the attitude and awareness of the Gen Z population from the Mumbai and Navi Mumbai regions. Consisting of a sample of 150, the study analyzes determinants of consumers' willingness to pay a price premium and the aspect of price rigidity towards organic food. The study also assesses how customer preferences are influenced by elements including perceived product quality, environmental consciousness, health consciousness, and trust in certification.

The results are intended to shed light on youthful customers' purchasing habits as well as the potential and difficulties facing the organic food industry in metropolitan areas. By identifying important variables that affect Gen Z consumers' price sensitivity and purchase decisions in the context of organic food, the study adds to the expanding body of research on sustainable consumption.

***Keywords: Organic food, Price premium, Willingness to Pay, Consumption habits***

## 1. Introduction

There has been global shift toward sustainable food consumption has significantly influenced consumer behaviour in recent years. The demand for organic food has grown rapidly, driven by increasing concerns about health, environmental sustainability, and food safety. There is shift in metropolitan and peri-urban regions, where higher education levels, rising disposable incomes, and urban lifestyles have contributed to changing dietary preferences. Mumbai and

Navi Mumbai, provide a unique socio-economic and cultural landscape in which these evolving consumption patterns can be observed.

Generation Z—typically defined as individuals born between the mid-1990s and early 2010s—represents a crucial consumer segment for understanding behaviour towards organic food. Gen Z consumers are more connected, socially conscious, and exposed to global health and sustainability discourses than previous generations. The purchasing decisions are shaped not only by personal health concerns, impact, organic farming practices, and corporate responsibility. Gen Z perceptions offer valuable insights into the future trajectory of the organic food market in India.

The adoption of organic food among Indian consumers remains uneven, often influenced by factors such as limited availability, trust in certification, perceived benefits, and price premiums. Price sensitivity, in particular, continues to be a major barrier to widespread adoption, especially for young consumers whose purchasing power may still be developing. The paper tries to understand how Gen Z in Mumbai and Navi Mumbai evaluates these trade-offs—between health consciousness, product trust, and affordability which is essential for stakeholders such as policymakers, retailers, and organic food producers.

There has been limited studies have focused specifically on Gen Z within the Mumbai metropolitan region. It is observed that there are distinct behavioural characteristics and influential role of this cohort, there is a need for deep insights into the levels of awareness, attitudes, and willingness to pay for organic food. The research paper aims to fill this gap by providing empirical evidence on Gen Z's perceptions and price sensitivity, thereby contributing to academic literature and giving insights for industry practitioners.

## 2. Literature review

Produced in compliance with organic production standards, organic foods are the result of holistic agriculture practices that prioritize biodiversity, soil health, chemical-free inputs, etc., with an eye toward social and environmental responsibility. (fssai,2017). According to data in the literature, consuming organic food offers a number of consumer groups encouraging health benefits. Numerous statistical investigations have revealed that organic foods have far higher concentrations of iron, magnesium, and vitamin C, among other minerals. Across a variety of demographic groups, eating organic food has also been positively associated with lower BMI and better blood nutritional composition; however, these benefits have not been clearly connected to any particular health outcomes. Furthermore, because organic food is said to be pesticide-free and pesticides have been linked to negative effects on immunological and reproductive health, organic food has grown in popularity among women. (Rahman et al.,2024) Further study, suggest that customers' willingness to pay higher costs for organic food is highly influenced by their attitude, intention, and green psychological advantages. (Marian et al., 2014)

Consumers' subjective likelihood of identifying with an action, i.e., buying, can be defined as behavioural or user intents. Previous research on organic food has suggested positive sentiments linked to higher intentions to buy. (Tandon et al., 2020) (Bazhan et al., 2024) On the other hand, some studies suggest customers that are concerned about their health are the

ones who buy organic food the most frequently. However, a lot of consumers who are more conventional have doubts about the legitimacy of organic foods. Critical consumers lack confidence in the product's authenticity and think it's hard to find organic food since it's pricey, scarce, and lacks variety. (Singh et al., 2025)

The organic food market has grown from niche to general in recent times, especially post COVID-19 outbreak. Before 2019 the organic food consumption was gradually increasing based on perceived health benefits. But post-pandemic organic food consumption expanded due to the heightened importance provided to health, safety, and quality. (Azizan et al., 2025)

The studies before the pandemic era suggest price is the most perceived deterrent to buying organic food products. Psychographic factors are also important and account for a larger portion of the explanation than income. The willingness to pay a premium varies by product category and consumer sector, with a range of 0% to 105%. Organic customers have comparatively lower price sensitivity than infrequent or nonorganic consumers, and their pricing knowledge is ambiguous. (Raj VA, et al,2024)

Even in the post-2020 scenario, the price factor is found to be dominating, though the range of prices is different in regions depending upon various factors such as income, development of the country, subsidies, etc. The most often acknowledged range of price premium in Poland is between 21 and 40 percent. Similarly, in the US, price premiums range from 13% to 50% depending upon the category of organic foods. (Lin et al., 2008), A Denmark study states in all product categories, a high price encourages fewer repeat purchases of organic items than a low or medium price, even though organic products have higher overall repeat purchase rates than conventional products. (Marian et al., 2014), In contrast, the situation is the opposite for conventional food products. It is highly challenging to estimate the ideal price because, from the producers' perspective, they must both cover rising production costs and give them a suitable revenue level. However, buyers, for whom price is one of the most crucial considerations when making purchases, must also accept this price. It is important to note that consumers' perceptions of organic products and their willingness to pay vary. (Smoluk-Sikorska et al., 2024)

## 3. Research Gap

Various studies recognise that organic foods bear a premium price, but there is a void when it comes to how price sensitivity interacts with awareness and attitudes among younger customers, particularly in emerging nations where price plays a critical role in buying decisions. The Indian market is very different because of things like retail availability, certification trust, knowledge levels, and income distribution. As a result, there is currently little empirical data from urban areas in India. Thus, this paper is an attempt to understand Awareness, Attitude and Willingness to Pay for Organic food in Gen Z consumers in Mumbai and Navi Mumbai region of Maharashtra, India.

## 4. Objectives

- To measure consumer attitudes and awareness (GEN Z) towards the organic food.
- To understand determinants of consumer willingness to pay a price premium.

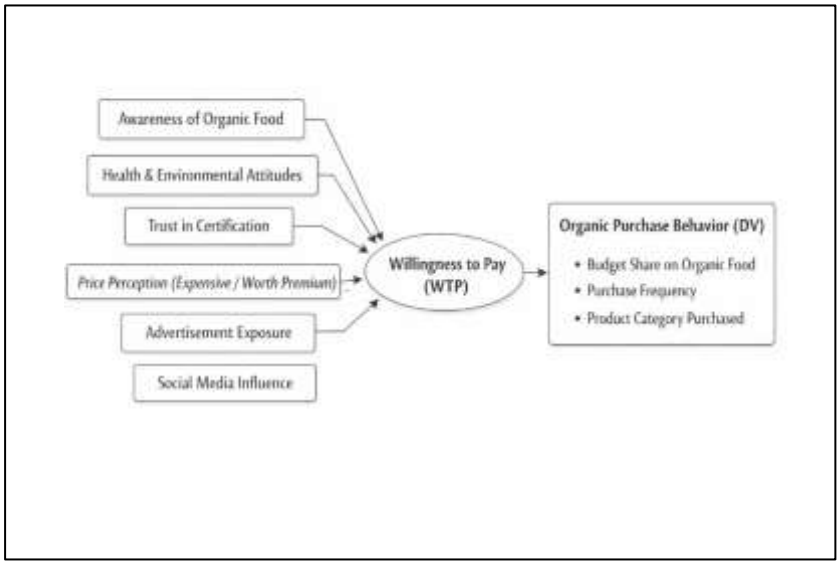


**Figure 1: Conceptual Framework**

### 5. Hypothesis:

H1: Awareness of organic food, health and environmental attitudes, trust in certification, price perception, and social media influence positively affect Gen Z consumers' willingness to pay (WTP) for organic food.

H2: Willingness to pay (WTP) positively influences organic purchase behavior, measured in terms of budget share, purchase frequency, and product category purchased.

### 6. Research Methodology

The current study is a blend of descriptive and exploratory approach, as it followed the similar and contrasting research from the existing literature and applied the selected quantitative techniques to the data about awareness, attitudes and willingness to pay for organic food in Gen Z from Mumbai and Navi Mumbai region.

#### 6.1 Data Collection

Primary data was collected through simple random sampling from the demographic division considered i.e. gen z from the Mumbai and Navi Mumbai region of Maharashtra. A google questionnaire was circulated which included structured and semi structured, close ended questions amongst the population. A sample of 150 responses were collected through the same based on which the statistical tests are performed.

#### 6.2 Tool and Techniques

The study employs Multiple regression Model and Simple regression model to analyse the data. The equations are as following:

$$WTP = \beta_0 + \beta_1(Awareness) + \beta_2(Health\ \&\ Environmental\ Attitudes) + \beta_3(Trust\ in\ Certification) + \beta_4(Price\ Perception) + \beta_5(Social\ Media\ Influence) + \varepsilon \text{----------} (1)$$

In this, multiple regression model WTP stands for willingness to pay. Using this model, we explore the impact of the dependent variables considered namely, Awareness, Health and Environment Attitudes, Trust in Certification, Price perception and social media influence on willingness to pay for Organic food in Gen Z.

*Organic Purchase Behaviour* $= \beta_0 + \beta_1(WTP) + \varepsilon$ ---------- *(2)*

As in the conceptual framework i.e. in Fig.1 WTP is the mediating variable the simple regression model is employed to determine the impact of WTP on overall Organic purchase behaviour. Organic purchase behaviour is an index constructed based on Budget share, Purchase frequency and Category purchased of organic food based on the responses received. The construct is as following:

*Organic Purchase Behaviour (OPB)* $= (Z_1 + Z_2 + Z_3) / 3$ ---------- *(2a)*

Where:

- $Z_1$ = Standardized Budget Share
- $Z_2$ = Standardized Purchase Frequency
- $Z_3$ = Standardized Category Purchased

## 7. Data Analysis and Discussion:

In this segment we discuss the findings from our survey and analysis conducted based on the data collected.

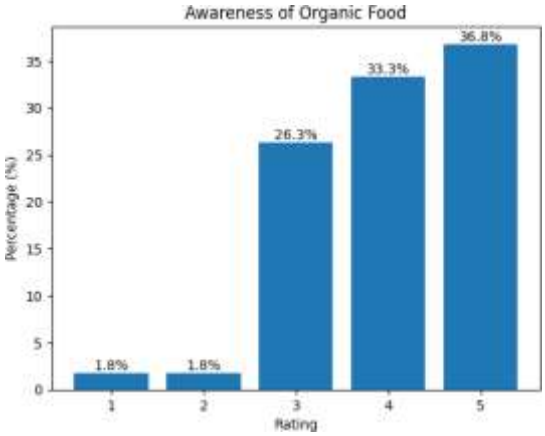


Figure:2 Awareness of Organic food

The Gen Z is found to be highly aware of organic food as a concept and product both. 36.8% people rated themselves at 5 on the Likert scale measurement opining that they are highly aware. The awareness pattern is somewhat similar to Gen Z of urban Vietnam too. (Dang & Phan, 2025)

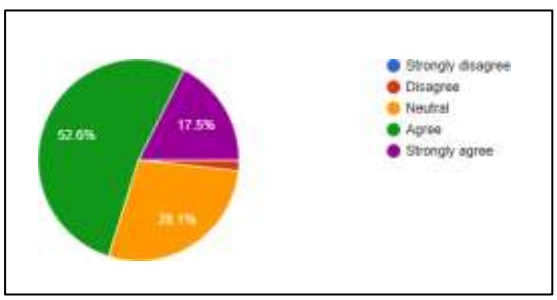


Figure: 3 Consumer perception on Organic food being healthier choice

The above Figure 3 shows that Gen z believes that organic food is a healthier choice in comparison with traditional and packaged food. More that half of the population be;lives the same i.e. 52.6%.

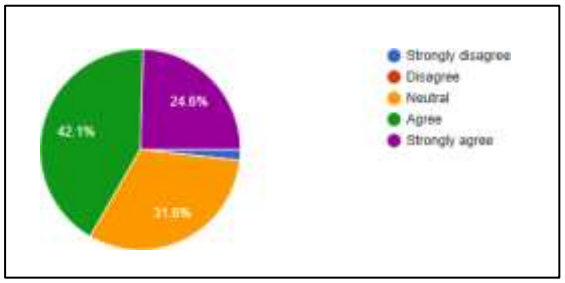


Figure:4 Organic food and biodiversity

According to Figure 4 42.1% of the people believe organic food to be supporting the bio diversity. This not only shows the affinity towards organic food but also translates into Environment Consciousness.

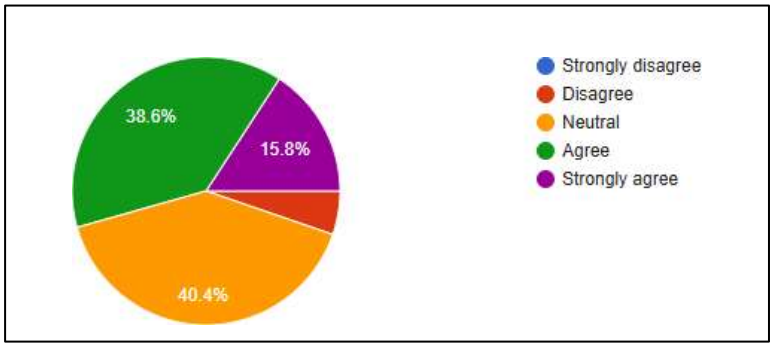


***Figure:5 Animal welfare standard and Organic food***

Similarly, Gen Z from Mumbai and Navi Mumbai somewhat believe that there is a positive correlation ship between Animal welfare and Organic food too. Most of the respondents are neutral in this case.

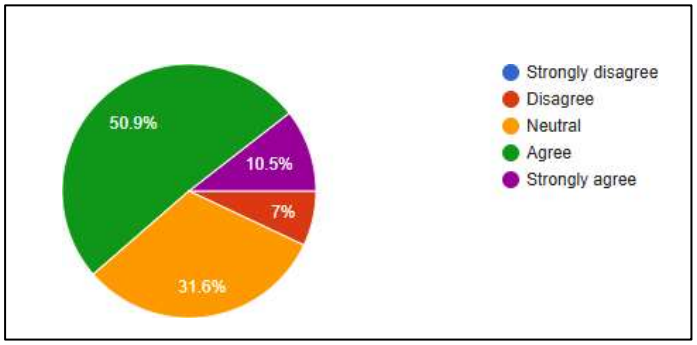


***Figure :6 Trust on certified organic labels***

We can see a high trust factor on organic labels amongst Gen Z of Mumbai and Navi Mumbai. The figure shows 50.9% of the people trusting the same.

A multiple regression model was applied to test the H1 which determines the influence of consumer perception parameters on Willingness to Pay for Organic food. The resultant equation based on (1) is given below as (1a):

*WTP = 0.82 + 0.31(Awareness) + 0.27(Health & Environmental Attitudes) + 0.19(Trust in Certification) − 0.22(Price Perception) + 0.14(Social Media Influence) + ε---------- (1a)*

0.82 is the constant term representing WTP if all the other variables account for 0. Coefficient of awareness is 0.31, indicating one unit increase in awareness would result in 0.31 unit increase in willingness to pay. Other variables and coefficients too follow the same logic and they are, Coefficient for health and environmental attitude, Trust in certification, Price perception and social media influence respectively-0.27, 0.19, -0.22 and 0.14.

A negative coefficient of -of price perception suggests when consumers perceive that the organic food is expensive the WTP reduces by - 0.22.

Finally, the term ε, represent the error term.

| **Statistic** | **Value** |
|---|---|
| $R^2$ | 0.54 |
| Adjusted $R^2$ | 0.52 |
| F-value | 33.47 |
| Significance | $p < 0.001$ |

**Table 1: Model fitness for Multiple Regression**

Model fitness suggests, coefficient of determination is $R^2 = 0.54$; means 54% of variation in WTP is explained by the considered independent variables. The total regression model is statistically significant, according to the F-statistic (33.47) with $p < 0.001$, which shows that the independent variables taken together significantly affect willingness to pay.

| Variable | Beta (β) | Std. Error | t-value | p-value | Interpretation |
|---|---|---|---|---|---|
| Constant | 0.82 | 0.41 | 2.00 | 0.047 | Intercept |
| Awareness | 0.31 | 0.09 | 3.44 | 0.001 | Significant positive effect |
| Health & Environmental Attitudes | 0.27 | 0.08 | 3.12 | 0.002 | Significant positive effect |
| Trust in Certification | 0.19 | 0.07 | 2.71 | 0.008 | Significant positive effect |
| Price Perception | -0.22 | 0.10 | -2.20 | 0.029 | Higher price perception reduces WTP |
| Social Media Influence | 0.14 | 0.06 | 2.11 | 0.036 | Moderate positive effect |

**Table 2: Results of Multiple regression model**

Table 2 has a list of coefficients influencing the WTP and the degree of influence on willingness to pay they hold as indicated by equation (1a). Consumer awareness, Health and Environmental attitudes and Trust in certifications have substantial positive effect on the WTP, while social media has moderate influence. Price perception is the only variable which influences the willingness to pay negatively.

Thus, the Table 2 provides empirical evidence for H1.

$$OPB = 0.95 + 0.48(WTP) + \varepsilon \text{ ----------} (2b)$$

Equation (2b) indicates, that when all other variables are held constant, a one-unit increase in willingness to pay results in a 0.48-unit rise in organic purchasing behaviour, according to the positive coefficient for WTP ($\beta = 0.48$).

| Statistic | Value |
|---|---|
| $R^2$ | 0.51 |
| Adjusted $R^2$ | 0.53 |
| F-value | 46.9 |
| Significance | **p < 0.001** |

**Table 3: Model Fit Statistics for Simple Regression**

The whole regression model is statistically significant (F = 46.9, p < 0.001) and explains 51% of the variation in organic buy behaviour ($R^2$ = 0.51), indicating that willingness to pay is a major predictor of organic purchasing behaviour among Gen Z consumers.

| Variable | Beta (β) | Std Error | t-value | p-value |
|---|---|---|---|---|
| Constant | 0.95 | 0.32 | 2.97 | 0.004 |
| WTP | 0.48 | 0.07 | 6.85 | **0.000** |

**Table 4: Results from Simple Random Regression**

From Table 4, based on equation 2b it can be determined that the customers who are prepared to pay more for organic food are more inclined to buy it more often and devote a larger portion of their budget to it. When willingness to pay is zero, the baseline level of organic purchasing behaviour is represented by the constant value (0.95). Thus, the Table 4 provides empirical data evidence for H2.

Based on the data tables the hypothesis test results are as following:

| Hypothesis | Key Rule (Decision Criterion) | Decision |
|---|---|---|
| H1: Awareness, health & environmental attitudes, trust in certification, price perception, and social media influence significantly affect willingness to pay (WTP). | If p-value < 0.05, the variable significantly influences WTP. | Supported |

| | | |
|---|---|---|
| H2: Willingness to pay (WTP) positively influences organic purchase behavior. | If p-value < 0.05, WTP significantly influences organic purchase behavior. | Supported |

**Table 5: Hypothesis testing and decision**

## 8. Findings and Conclusion:

The study interestingly differs from certain body of literature where Gen Z is seen to be spending more on fast food. (Ghosh et al., 2024), (Jha et al., 2022)

The study determines drivers of Organic food purchases through Willingness to Pay in Gen Z from Mumbai and Navi Mumbai regions from Maharashtra, India. Awareness, Attitudes about environment and health, social media and Trust in certification etc. play a significant role in Gen Z's willingness to pay. Moreover, the willingness to pay significantly influenced organic purchasing behaviour, suggesting that consumers who are more inclined to pay a premium are more likely to frequently purchase organic products and dedicate a larger portion of their budget to them. The study underscores the significance of consumer perceptions and information channels in influencing organic food consumption among Generation Z consumers.

## 9. Implications of the study:

Consumer willingness to pay can be greatly increased by raising consumer understanding of the advantages of organic food, indicating that educational initiatives and open communication about organic farming practices can promote consumption. Since legitimacy and authenticity have a significant impact on consumer decisions, it is also essential to develop trust in certification and labeling systems. Additionally, by fostering favorable opinions and boosting interaction, social media platforms can aid in the promotion of organic food items among Gen Z customers. In order to overcome price-related obstacles and grow the organic food market, policymakers and industry stakeholders may also take into consideration actions to increase the affordability and accessibility of organic food.

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## Appendices

### Section A: Demographic Information

1. What is your age?
2. What is your gender?
3. What is your area of residence?
4. What is your profession?

### Section B: Awareness & Knowledge of Organic Food

5. How familiar are you with the term “organic food”?
6. Which of the following labels have you seen before?
7. How confident are you in distinguishing “organic” from “natural” or “non-GMO”?

### Section C: Perception Towards Organic Food

8. Do you believe organic food is good for health?

**(Likert Scale Statements: Strongly Agree → Strongly Disagree)**

9. Organic foods are healthier than conventional foods.
10. Organic foods have fewer pesticide residues.
11. Organic foods are generally safer for children.
12. Organic foods taste better than conventional foods.
13. Organic farming is better for the environment.
14. Organic farming supports biodiversity.
15. Animal welfare standards are higher in organic production.

**Section D: Trust & Information**

16. I trust certified organic labels on products.
17. I can easily identify genuine organic products in stores.
18. Retailers provide clear information about organic products.

**Section E: Attitude & Willingness to Pay**

19. Organic foods are worth the higher price.
20. I would choose organic if price and availability were the same as conventional.
21. The shelf life of organic foods is acceptable for my needs.

**Section F: Purchase Behaviour**

22. In the past 3 months, how often did you purchase organic foods?
23. Which categories do you buy organic?
24. Where do you most often buy organic products?
25. Approximately what share of your monthly budget is spent on organic foods?

**Section G: Barriers to Purchase**

26. If you rarely (once a month) or never buy organic foods, what are the reasons? (Choose any 3 reasons.)

**Section H: Price Sensitivity**

27. What typical price premium are you willing to pay for organic foods compared to conventional foods?

**Section I: Trust in Information Sources**

28. How much do you trust the following sources for information on organic food?

- Government certification bodies
- Independent NGOs / Supermarkets
- Social media influencers
- Retailers / Supermarkets

- Brands / Manufacturers
- Farmers directly
- Scientists / Academics

**Section J: Suggestions**

29. What are your suggestions to increase organic food consumption?