

# Assessing the psychological character of Need for uniqueness and willingness to pay the price on adopting the organic food product in Virudhunagar District with the help of SEM

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**Abstract** - In this article, the researcher studies the psychological character of the respondents in order to know the chances of adoption of organic food product in Virudhunagar District. The results indicate that the psychological attributes of Desire for Unique consumer Behaviour, Avoidance of Similarity, Creative choice and Unpopular choice has the high significant relationship with the need for uniqueness character of the respondents. Along with that, the researcher analyse the effect of need for uniqueness on risk taking attitude and the readiness to pay the price of the product. These all has been done with the help of statistical tools of Factor analysis. By taking the results of factor analysis, the path model has been constructed with the help of SEM. The path model has been assessed on the basis of values attained for GFI,AGFI, CMIN/DF, pclose, RMSEA and Probability level.

**Key words:** Adoption, Psychological, Organic food product.

## I. INTRODUCTION

Agriculture is the backbone of our country. Now, this agriculture becomes poisoning due to the usage of pesticides. To overcome this, organic farming came into existence. Organic farming is gaining gradual momentum across the world. Growing awareness of health and environmental issues in agriculture has demanded the production of organic food which is emerging as an attractive source of rural income generation. Scientific surveys and evidence indicate that parties of pesticides, sprayed or used over crops leave undisclosed and harmful elements which are transferred to human and other living bodies through grains, vegetables, fruits and grasses causing a number of diseases, ailments and harmful effects on our health. The indiscriminate use of pesticide concerns the presence of pesticide residues in our foods. According to WHO, 14,000 people die every year in the world due to pesticide poisoning. Its immediate effect has appeared on the environment and ecosystem also. Large-scale death of birds is reported every year. So, organic farming is considered a good form of agriculture and India is acting as a pioneer for this system.

Around 1730 farms in India have been certified as one\organic farmers with an area of around 2775

hectares. In India, there are 180 million hectares but only 0.0015% is used for producing the organic product of vegetables, fruits, herbals, rice and other forms of crops.

For every product, there is a utility. Consumer utility is derived from the consumption of goods or rather than specific attributes of a product. So, the consumers are not purchasing the product, they are buying the benefits or promises made by the seller. Some attributes are product specific (taste, freshness, texture, nutrients of benefit to health etc.) and this attributes can be enjoyed only when eating a specific product. Other attributes may perceive as general in the sense that they are getting one good attribute along with another attribute.

In olden days agriculture hugely depended on human labour and local farming techniques. The farmers used less chemical fertilizers; instead they used the green manures much. But now-a- days more chemical pesticides, weedicides, fertilizers etc are being used. The farmers use these pesticides to prevent the crops from diseases, to control weeds, to increase food production and to increase profits.

Pesticides have been linked to a wide range of human health hazards ranging from short term impacts such

as headache and nausea to chronic impacts like cancer, reproductive harm and endocrinal disruption.

To overcome this, an alternative agricultural system, attractive source of rural income, organic farming came into existence early in the twentieth century. Growing awareness of health and environmental issues has demanded the organic farming. It is gaining gradual momentum across the world. India is acting as a pioneer for this system.

### Organic Food Product

Food produced by using farming methods that do not use any synthetic inputs such as chemical fertilizers, pesticides, food additives, hormones, antibiotics or genetically modified organisms are called organic food. The process relies on natural inputs and ecological processes to promote soil health and biodiversity. Organic systems avoid the use of synthetic fertilizers, pesticides and growth regulators. Instead, they rely on crop rotations, crop residues, animal manures, legumes, green manures, off-farm wastes, mechanical cultivation, mineral-bearing rocks, and biological pest control to maintain soil health, supply plant nutrients and minimize the insects, weeds and other pests. By this method of farming organic food product is grown by using natural fertilizers which are not harmful to health and the environment as well.

For this research, the researcher has taken six organic food products namely Organic Rice, Organic Fruits, Organic Vegetables, Organic Dhall, Organic Juice, and Organic Tea. For today's generation, organic food product is new to the urban market of Sivakasi. So, the psychological characters of the market has been studied for the purpose of knowing adoption of organic food product in the market. In this research, the researcher assess the willingness to pay the premium price for the organic food product.

## II. REVIEW OF LITERATURE

### Uniqueness Theory

Consumer's need for uniqueness refers to the concept that individuals will seek to acquire and utilize goods to develop their own personal and social identity in an effort to distinguish themselves from others. (Tian & McKenzie, 2001).

Need for uniqueness component is used to study the psychological aspects of the human being. The new product needs to be accepted while launching the product in the market. How far, the product gets accepted, then only the product has been tried and test by the new customers. The intention to try the new product may perhaps come from the psychological way of thinking of the person who is having a high need for uniqueness. Because this

intention makes the people try the new product on the market. Even, they are the first mover in the market in trying and they call by another name as "Innovator". Once, these people get satisfied, it paves the way to the other people in the market (i.e.) the people who are having the intention to purchase but not ready to put the first step. These people wait for someone who would tell the opinion about the product as to purchase and not to purchase. Slowly adoption gets started for the new product. If the new product fulfills the expectations of the people in the market it will retain, or else, it will quit from the market.

The need for uniqueness also helps to study the nature of the market. Because, in the market, there are two types of human being one is having a high need for uniqueness and another one is a high need for assimilation. To be successful in the market, the market should consist of high need for assimilation. But the low degree of high need for uniqueness is also necessary for the new product to give the opinion to the other people about the new product after trying. If the market is having a high need for uniqueness, the market is known as "Heterophily" market whereas the same market is having a high need for assimilation, the market is known for "Homophily". For the successful adoption of the new product, in the homophily market, there should be some degree of people in the form of heterophily.

Uniqueness theory (Snyder & Fromkin, 1980) deals with people's emotional and behavioral reactions to information about their similarity to others. According to the theory, people find high levels of similarity and dissimilarity unpleasant and therefore seek to be moderately distinct from others. According to uniqueness theory, people seek to avoid the unpleasant effect associated with extreme similarity and dissimilarity by striving to maintain moderate levels of self-distinctiveness. This means that as people perceive more similarity between themselves and others, they become motivated to establish their dissimilarity or uniqueness.

So, this theory of consumer's need for uniqueness explains how an individual's need for uniqueness can influence brand responses and the need to be different from others (Ryan 2008; Tian, Bearden and Hunter 2001) through the pursuit of material goods (Knight and Kim 2007). Snyder and Fromkin (1977) found it is logical to speculate that different people exhibit varying degrees of need for uniqueness in similar circumstances and this can have a significant impact on their purchase decision. Individuals with a high need for uniqueness tend to adopt new products and brands quicker which is pertinent to the industry

for growth aspects. This need for uniqueness can be demonstrated in three types of consumer behavior.

#### a) Desire for Unique Consumer Product

The desire for unique consumer behavior measures the extent to which consumers hold as a personal goal on the acquisition and possession of consumer goods, services, and experiences that few others possess.

#### b) Creative Choice /counter-conformity

Creative choice counter-conformity refers to the ability of an individual to use the new products in creating their own styles and also to express self-image of which it is socially acceptable. It is considered as the product to be chosen as a unique and approved by other people in the society.(Lynn and Harris, 1997a; Tian et.al.,2001)

#### c) Avoidance of Similarity

Avoidance of similarity refers to an effort taken by an individual to avoid using widely adopted products. It causes consumers to avoid the discontinuance of buying the product once they become diffused (Thompson and Haytko,1997).

It also means the products or brands are selected that are not likely to become too popular, but that will distinguish them from others (Dee & Eun Young, 2007). To avoid similarity with others, consumers may develop a variety of strategies. For instance, they may purchase discontinued styles, shop in vintage stores, or combine apparel in unusual ways. Many researches have shown that the need for uniqueness can have a significant effect on a consumer's purchase decisions (Simonson & Nowlis, 2000). Disposition and discontinued product use or purchase to avoid similarity to others occurs because consumers' success in creating distinctive self-images and social images is often short lived. Because consumer choices, particularly creative choices, may establish one's uniqueness, such choices are likely to attract followers who also seek to develop their specialness or share a common link with early adopter groups (Tian, et al., 2001). Some researchers identify the conditions under which the desire for uniqueness can increase demand

#### d) Unpopular Choice

Unpopular choice refers to consumer's use the new product deviating from the certain social norms to some extent. This choices may have social disapproval risk but it will enhance the social image and self-image(Tian et.al., 2001). This sort of behavior will gain approval over the period of time and they may considered as Fashion leaders(Heckert, 1989).

#### e) Avoidance of negative attributes

Avoidance of negative attributes refers to people will switch over to the new product when the existing consuming product does not give psychological satisfaction. It influences them to go for adoption of new product.

#### Statement of the Problem

Many new products get introduced in the market every year. But, all products could not gain success in the market. Only few products attain all the stages of product life cycle. For the success of any new product, psychological character of the consumer has to be studied before launching a product. It acts as a base for inducing the person to adopt the new product. Therefore, as such organic food product is considered as a new product for the today's generation. Therefore, there is a need to study the psychological character for the adoption of new product in the market (i.e) need for uniqueness.

#### Research questions and Objectives

The research questions for this research is

1. To know the socio-demographic profile of the respondents.
2. To know the psychological character of Desire for Unique Consumer Behaviour, Avoidance of Negative attributes, Unpopular Choice, Creative Choice, and Avoidance of similarity.
3. To know the impact of psychological character on Need for Uniqueness
4. To know the direct effect and indirect effect of need for uniqueness on Willingness to take risk and ready to pay the price for the organic food product.

### III. RESEARCH DESIGN

The type of research used in this study by the researcher is Descriptive research. 384 respondents has chosen for this study from 8 taluks of Virudhunagar District by using sample size calculator macorr.com at 5 % confidence interval. The respondents were chosen on the basis of proportionate stratified random sampling. Structured questionnaire has been used for this research to collect the primary data.

#### Hypothesis for this study

With this note, the hypothesis set for this research are Desire for Unique Consumer Product, Unpopular choice, Avoidance of similarity, Creative choice and Avoidance of negative attributes does not have any significant relationship with the need for uniqueness.

#### IV. DATA ANALYSIS

The statements has been analysed with the help of statistical tools like checking the reliability of the data and the factor analysis. by taking the maximum loading factor, the SEM model has been constructed for Need for Uniqueness. Reliability statistics has shown the value of 0.840 of which it is more than 0.7, as prescribed by Nunally (1978), considered the data as more reliable. The reliability result is shown in table 1.

**Table 1 Reliability Statistics**

Cronbach's Alpha	N of Items
.840	26

#### Factor Analysis

Factor analysis is one of the multivariate data analysis that begins with the investigating relationship between the set of observed and latent variables. While applying factor analysis, the researcher may examine the covariance matrix of observed variables to find their underlying latent and pattern constructs (factors). In this data, need for uniqueness is considered as the exogenous variable and the components of Desire for unique consumer behavior, creative choice, Avoidance of similarity, Avoidance of Negative Attributes, Unpopular choice are all considered as endogenous variable. For the I step of Factor analysis, KMO test has conducted. KMO test shows the result of 0.804 of which Barlett's test of sphericity has shown the significance. Nearly 20 statements have been put for the factor analysis. In this factor analysis, 7 statements have loaded in First factor, AS4, DFUCB2, DFUCB4, DFUCB5, DFUCB6, DFUCB7. In the second factor, four factors have shown high values and it is AS4, ANA1, ANA2, and ANA3. In the third factor, 3 statements have loaded of CC2, CC3, and CC5. In the fourth factor, the three statements of UPC1, UPC2 and UPC3 have loaded high value and in the fifth factor, CC1, DFUCB1, and DFUCB3 has loaded and it has not taken into account because it is loaded in the unknown factor, therefore it has been eliminated for the next analysis to frame the SEM model and as well as Avoidance of Similarity variables has also loaded in the I Factor and Factor II. So Avoidance of Similarity has been eliminated. It also does not take into account for further analysis and totally this independent variable has eliminated. On framing the model with the help of loaded statements, AVE, Composite reliability has been calculated and the path model has been constructed.

#### Average variance Extraction

In Confirmatory Factor Analysis (CFA) the convergent validity is measured through standardized factor loading and Average Variance Extracted (AVE) should be greater than 0.5. The calculated Average Variance Extracted (AVE) value is presented in Table 2.

**Table 2 Average Factor Extracted – Need for uniqueness**

Dimension	Sum squared factor loading/ No of indicators	AVE
Desire for Unique Consumer Behaviour( DFUCB2, DFUCB4,DFUCB5, DFUCB6, DFUCB7)	3.045/5	<b>0.609</b>
Analysis of Negative Attributes (ANA1,ANA2,ANA3)	2.272/3	<b>0.7573</b>
Creative Choice (CC2, CC3, CC4)	1.921/3	<b>0.6403</b>
Unpopular Choice (UPC1, UPC2, UPC3)	1.971/3	<b>0.657</b>

#### Source: Computed Data

For testing convergent validity, three determinants are taken into account to test and they are Cronbach's alpha Score, AVE, and Composite Reliability. All the components AVE has the value of greater than 0.5, therefore the model seems to be fit.

#### Composite Reliability

Composite Reliability (CR) is the measure of reliability of the construct. It measures the overall reliability of the items loaded on a latent construct. The composite value ranges from zero to one. **Table 3**

Dimension	AVE	CR
DFUCB	0.609	<b>0.7564</b>
ANA	0.7573	<b>0.7414</b>
CC	0.6403	<b>0.6874</b>
UPC	0.657	<b>0.7001</b>

#### Source: Computed Data

The composite reliability of the entire latent construct composite reliability is more than 0.7; it indicates that adequate internal consistency is achieved in the measurement model of Need for uniqueness.

#### Evaluating the Fitness of the Model – Need for Uniqueness

After considering the validity aspects, the data fulfilled the validity and reliability indexes and next the researcher considers several fitness indexes that reflect how well the data fits the model. The fitness index is supported by strong literature that being referred. With this regard, GFI has attain the score of 0.924, AGFI value of 0.903, RMSEA value of 0.041 less than 0.05, CMIN value of 2.448 less that 3.

**Convergent Validity**

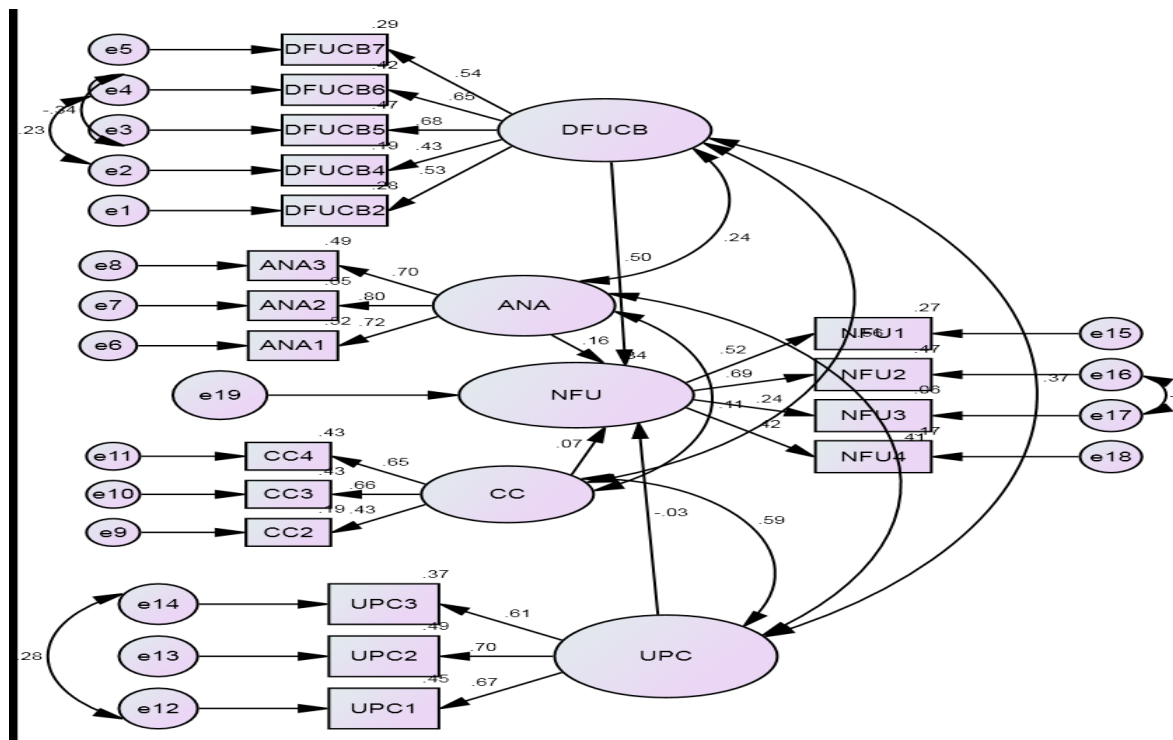
Convergent validity is established based on the relationships between latent variables and their indicators. A single latent variable must underlie each set of items in a separate model for each construct. The significant parameters are estimated between latent variables and their indicators with a high level

of fit of the measurement model for all latent variables. The factor loadings of all items for all latent variables has been analyzed and has been calculated by having the more loadings of 0.5 for AVE, 0.7 for CR. By taking that factor, the researcher has calculated Average Variance Extraction and Composite Reliability

**Table 4**

S.No	Particulars	Value
1.	Cronbach's alpha	0.840
2.	Average Variance Extraction	0.6514
3.	Composite Reliability	0.7643

When Cronbach's alpha, Average Variance Extraction, and Composite Reliability seems to more than the value of 0.5, the convergent validity exists in the research. The adjusted R<sup>2</sup> value is 10.3%



**Fig:1 Effect Estimation of Need for Uniqueness and Risk-Taking on Willingness to pay the price**

In this model, it has been framed based on the direct and indirect effect. The indirect effect has been formulated on the basis of which the person who has the high need for uniqueness is willing to take the risk and thereby it influence them to pay the high price for purchasing the organic food product. In the direct effect, the person who has the tendency to show their uniqueness in the group, they may ready to pay the price and the person who are willing to take the risk can also pay more for purchasing the organic food product. The total effect, direct effect and indirect effect has shown in the table 5.

**Table 5**

S.No	Total Effect			Direct Effect			Indirect Effect				
	NFU	Risk	Price	Risk	NFU	Risk	Price	Risk	NFU	Risk	Price
Risk	0.784	-	-	Risk	0.639	-	-	Risk	-	-	-
Price	0.497	0.635	-	Price	-	0.815	-	Price	0.521	-	-

From the table 5, it is interpreted that in the total effect risk taking capacity is high in the person who has a high need for uniqueness and in Price, the person who is having uniqueness tendency to adopt the new product is ready to take the risk. In the direct effect, the value shows only for Risk and Need For uniqueness and Price with the Risk. It shows that Need for uniqueness character is ready to take high risk and also the person who is willing to take risk is also ready to pay the high price for the product. In indirect effect, there is no such

discrepancy between all the three variables. The only effect is Price with Need for Uniqueness. Therefore, it is predicted that the direct effect is more than the indirect effect. The various measurement fitness model is shown in the table 6

S.No	CMIN/DF	GFI	AGFI	CFI	RMSEA	PCLOSE	Probability Level
	2.380	0.952	0.922	0.890	0.047	0.116	0.000
Model fit	<3	>0.9	>0.9	>0.9	<0.05		

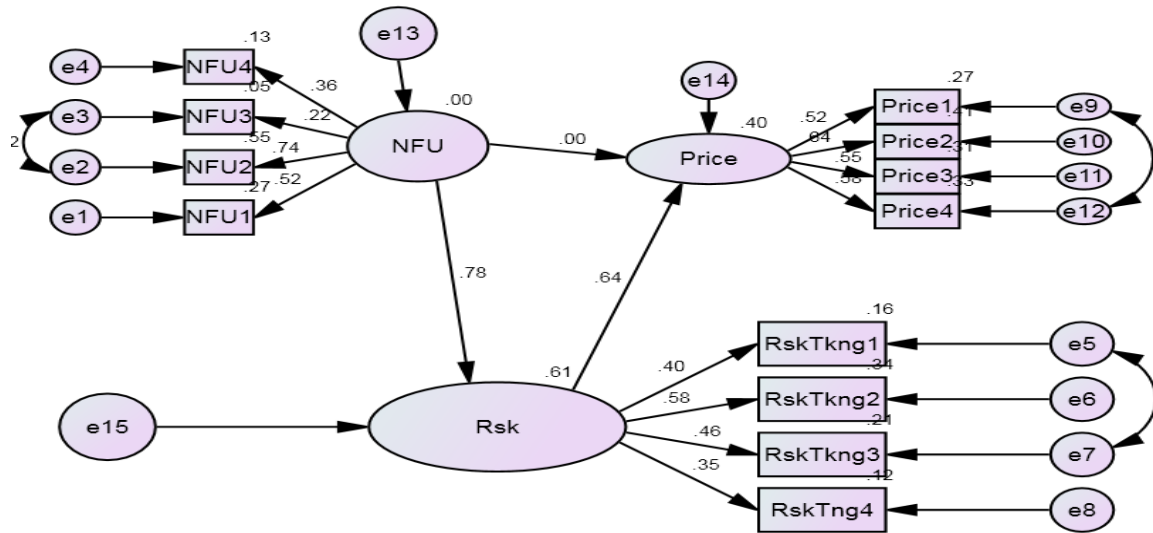


Fig :2

### V. FINDINGS AND DISCUSSION

It is known from the path model that there is a significant relationship between the Desire for Unique Consumer Behaviour, Creative Choice, Avoidance of Negative Attributes, and Unpopular choice with the Need for Uniqueness. Due to the inference from the findings of this research, the market has been identified as heterophily market. That is the need for uniqueness has gained a high weight. For the heterophily market, word of mouth communication is the best adoptable promotional tool to pass the information about the organic food product. The shop has to set in the places where the people are highly accessible and slowly the product will gain acceptance in the market through oral communication about the nature of the product among the people. Because the people who are having high need for uniqueness are the information passers about the new product in the market.

### VI. CONCLUSION

The finding of the research illustrates that consumers who have the psychological character of Desire for unique consumer behavior, creative choice, unpopular choice, avoidance of similarity have the high significant relationship with the need for uniqueness. It shows that the people are ready to purchase the organic food product in the market if the product

available in the market. Therefore, it shows that there is a high chances of adoption of organic food product in the market.

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