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ORGANIC FOOD MARKET SEGMENTATION IN CHINA

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Abstract

The objective of this thesis was to specify the essential factors in Chinese organic food products market. The main target of this study was to discover the market potential for the organic food products in China through identify the attitudes and perceptions of the Chinese organic food consumers and position the right pricing of organic food products in China, thereby further clarify the market segmentation in China.

The theoretical framework consisted of defining the market segmentation, identifying the segmentation variables, the market segmentation techniques and describing consumer behavior. In addition, the benefits and drawbacks of market segmentation were declared as well.

The research method in this study was qualitative research. The method of gathering the empirical data was done by using a questionnaire. The target group was focus on Chinese individual consumers who live in southern central China. The questionnaire was filled by 120 Chinese people through online website, but the received responses were 100. Out of 100 respondents, 72 respondents have heard organic food products, while the other 28 respondents didn’t know or never buy organic foods. The information was quantified and the received data was analyzed through a data software SPSS.

The results of this research indicate that Chinese consumers surveyed who would buy organic food primarily because it focus more on health and high quality than conventional food products. However, the high price is still the barrier to market growth. 86% of all consumers in this survey would or may buy organic food products only if the price is less expensive, around 20%-50% of conventional foods. TV and friends/family/relatives is the information channel about the organic food products. Approximately 82% of the consumers in this survey tend to shop in a supermarket. Women are more likely to buy organic foods. Whereas, this sample size are not enough to get consistent conclusions of the whole population in China.

This study offers very valuable information for the marketing personnel or enterprises who want to enter the Chinese organic food market since this paper presents an estimation of the organic food market potential in China, the attitudes and perceptions of Chinese consumers and right pricing for the organic food market in China.

Keywords
Market and consumer segmentation, buying behavior, organic food, Chinese food consumer market

Miscellaneous

Contents

1. INTRODUCTION

1.1Overview of China's economy and agricultural performance

Population

China had a population of 1.3341 billion according to the latest figures published by the United Nations Department of Economic and Social Affairs on the July1, 2009,which accounts for 19,63 percent of the world population. The figure is estimated to increase about 12 million to 1.5 billion by 2030 on the basis of 0.655% (2009est.) population growth rate. The most crowded region is along the east coastline and south coasts, where the average population density is over 400 persons per square kilometre. Females account for 48.5% of the population and Males 51.5% in 2006. The figures show that 43.9% of population was classified as urban residents, 56.1% rural residents in 2006. In addition, the number of urban households has ascended by over 400 million in 30 years. The World Bank forecast that the age of 65 and over in China will occupy 22% of the whole population by 2030, therefore, it can be seen that the ageing population in China would face the challenge in the near future.

Age group	2000	2005	2010	2015
Elderly (Age 60+)	10.1 %	10.9 %	12.5 %	15.1 %
Working age population (Age 20-59)	57.2 %	58.8 %	60.5 %	59.5 %
Children (Age 0-19)	32.7 %	30.3 %	27,0 %	25.4 %

Table 1: The ageing population in China

Economic performance

China has had the fastest-growing as a result of 30 years economic reform since 1978.China now is the third largest economy in the world with an average annual GDP growth rate above 10%. The annual growth rate of China's GDP was 8.5% in 1979-1984, 9.7% in 1985-1995, 8.2% in 1996-2000, 9.86% in 2001-2008 and over 8% in 2009(Figure 1.1). It is forecast that China's economy growth rate will maintain 8 to 9 per cent over the next five to ten years (NSBC). The GDP by sector is divided by three categories: primary industry including agriculture 11.3%, secondary industry including construction (5.5%) 48.6% and tertiary industry 40.1%.

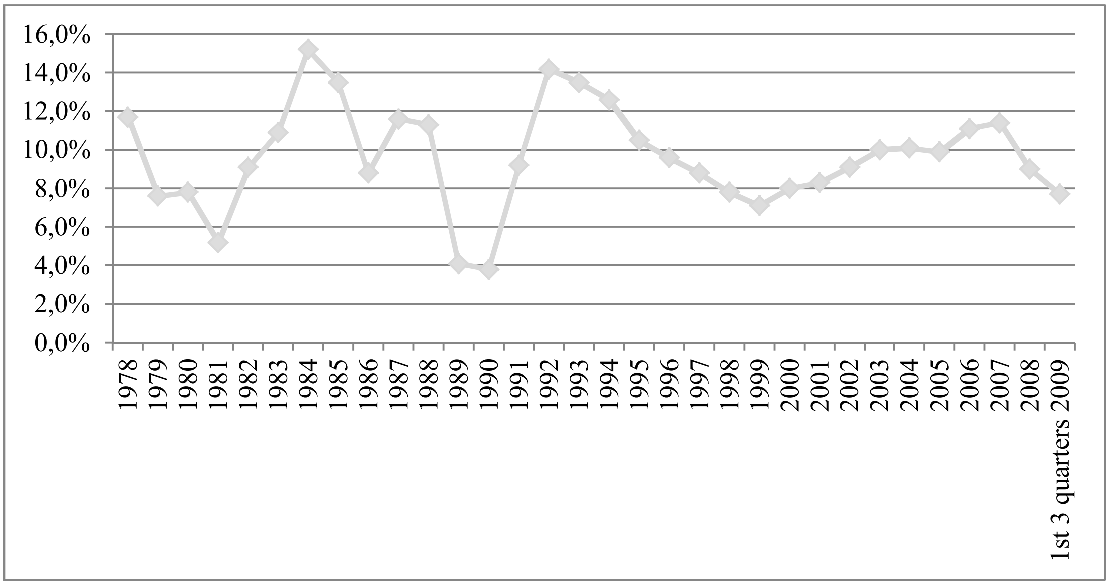

Figure 1: Annual growth rate of GDP, 1978-2008

Source: National Bureau of Statistics, China Statistical Yearbook.

The rapid economic growth has been accompanied by the increasing purchasing power of rural and urban households, the per capita income of urban residents rose by annual average of 9, 2% from 2001 to 2005, while the per capita income of rural residents grew by annual average of 5.2% from 2001 to 2005, the consumption structure has been greatly upgraded that people are able to purchase large items such as houses and cars rather than just small items like TVs and washing machines. Moreover, with the improvement of standard living, people are allowed to spend more on health care, transportation, education, varieties of food, entertainment and travelling and so force. Therefore, there has existed a huge market for the increasing demands for people's needs. However, the income inequalities are gradually raising with the rapid economic growth, especially the income difference between urban dwellers and rural dwellers are getting more and more distinguishable. In response to the widening income gap between rural residents and urban residents and the slightly growth of rural incomes, the government has taken certain essential policy actions such as providing investments to support the reorganizing of the economy, restructuring financial institutions, privatizing rural enterprises, alleviating monetary policy, increasing infrastructure investment and fiscal spending on Research and development, carrying out the western development plan and so force. The efforts made for those activities have greatly eased the pressure on income disparities and rural sluggish growth. The government will continue to make vigorous policy strategy to strength the nation's business environment for the next few years.

China's consumer price index (CPI) has ascended by approximately 400 percent during the past two and a half decades. There were two periods of distinctly high inflation: 1988-1989(an average of 18%) and 1993-1995(19%). During the rest of the economic years between 1979 and 2001, the average inflation rate was merely 3.6% (NSBC). In recent years, the price wave remain stable except for the periods 2004(an average of 3.9%) and 2007-2008(5.3%). The average inflation rate of the rest of modern times from January 2002 to October 2009 was below 2 % (National Bureau of Statistics, 2009).

Since Chinese government leaders issued a 10-year Poverty Reduction Strategy for 2000-2010 concentrating on assisting the 30 million rural people with an income under the official poverty line (approximately CNY 625 per year), the population under poverty line has dramatically declined. However, it is worth mentioning that the official poverty line was established in the mid-1980s and is extremely lower than the international standard. Over 18% of China's population lived below the poverty line in the late 1990s (World Bank, 2002). According to the latest database, the population below poverty line in China is 8% in 2006. In other words, 21.5 million rural population live below the official "absolute poverty" line (roughly $ 90 per year), and an additional 35.5 million rural population above that but below the official "low income" line (roughly $ 125 per year) (CIA World Fact book).

The labor force in China is 807.3 million according to the information of 2008 est. and the proportion is divided into three categories by occupation: agriculture (43%), industry (25%), and services (32%).2006. the unemployment rate is 4.3% of the labor force based on the official urban registered data. Furthermore, this figure is estimated to increase this year as a result of the worsening global financial crisis. China now faces a big challenge of the climbing unemployment. However, the ministry claimed that the current unemployment situation was "better than expected" and was confident to bring it under control this year.

China's main import partners include: Japan 13.3%.EU 11.7%, South Korea 10.9%, Taiwan 9.1% and US 7.2%. China's main export partners include: EU 20.4%, US 17.7%, Hong Kong 13.4%, and Japan 8.1%. With the rapid economic growth, China's investment environment has substantially improved over two decades of reform and

China has become one of the most significant destinations for cross-border direct investment. Since China has joined the WTO, the government leaders have adopted a series of preferential policies to attract foreign investments. The major polices implemented include new laws, regulations, and administrative measures and so on. On the other hand, there still exists a number of remaining barriers to foreign investment which include immature and inconsistently enforced laws and regulations. However, the Chinese government leaders would make the best efforts to remain the high growth of foreign trade and even accelerate in the next few years in order to meet the requirements and features of Chinese globalization. Simultaneously, the local Chinese firms are seeking to make investments overseas as well.

Agriculture performance

China is one of the world's largest agriculture producers and consumer of the agriculture products (Table 1.1) - Agriculture is one of the most important economic sectors in China, which employs over 300 million Chinese farm workers. Despite the agricultural output is the largest in the world, less than 7% of the world land area can be cultivated, which fed over 20% of the world population, in 2003. China ranks the first in worldwide agricultural producer of rice, and principal sources of wheat, corn, tobacco, soybeans, peanuts, cotton, potatoes, sorghum, peanuts, tea, millet, barley, oilseed, pork and fish which provide China with a small portion of its foreign trade revenue. Furthermore, the agricultural production has been increased dramatically through the promoted plant stocks, fertilizers and technology and mechanization. The output of farm crops has rising annually according to the government statistics published in 2005.

Throughout the reform era, China has witnessed the remarkable growth rate and expansion of agriculture. The major farming activities include presenting household-based contract system to rural areas, carrying out market-oriented development of agriculture and cooperating with the world agricultural development. Despite the rapid growth in the agricultural sector, the even faster growth of the industrial and service sectors during the reform has changed the role of agriculture in the Economy. Agriculture has still played a vital role in the national economy but decreasing contributions to national economy with regard to value of rural output, employment, capital accumulation, poverty disparity, urban well-being. The share of agricultural production accounted for less than half of the value of rural output by the mid of 1980s. Compared to the agriculture which contributed 16% of the nation's GDP in 2000, the contributions of agriculture now declined to only 13% of China's GDP. Nevertheless, the declining importance of agriculture is inevitably the trend of all developing economies. The rapid growth of the population and limited land resources will turn China's comparative advantage from land-intensive economic activities (e.g. agriculture) to labour-intensive manufacturing and industrial activities. (Anderson 1990).

In recent years, the foreign direct investment has rushed into China's plantation. By the end of 2005, the foreign capital amount exceeds 32.9 billion US dollars. The using of foreign direct investment funds is to make up the domestic shortage of agricultural products and introduce foreign advanced technology and equipment in order to further promote the development of China's agricultural product processing industry and the reform of agriculture. In accordance with China's accession to WTO (World Trade Organization), the market of agriculture industry is even more open up. The foreign enterprises established in China are allowed to engage in agriculture, animal husbandry, joint ventures and so on. However, the current relevant regulations and laws of foreign direct investment in agriculture industry haven't entered into force yet. It still need time to carry out those regulations under the experiment of applying the foreign investment into China's agriculture. Though out several years experiment, there is evidence indicating the contract agriculture has extensively accepted in China and the cooperation between foreign enterprises and Chinese farmers is increasing (People's Daily Online).

China's integrations with the international economy have accelerated the export growth and reserves, leading a prompt growing of agriculture trade since 1978. China has adopted the policies of privatization farming and liberalization markets, which strengthened the competition in the agricultural industry against other countries. Despite the heavy restrictions on crop products, the export of Chinese agricultural products has increased remarkably in recent years.

As a developing country, China faces with a problem of food safety as China has relatively low sanitary and phytosanitary standards for its agricultural goods. Food safety is a growing tough issue in agricultural products. For the past twenty years, the rapid growth of agriculture production is owing to the high use of fertilizers and pesticides on crops. Thus, there is no doubt that the Chinese agriculture products are fraught with pesticides and chemical substance problems. Moreover, China lacks of strong self-regulating institutions to ensure food safety by implementing strong consumer safety law. To some extent, this sector is protected by the local governments which are also involved in those activities. On the other hand, Chinese consumers lack the consciousness of food safety to strive for their rights. Although China has encountered many challenges to handle the food safety problem, the Chinese government has established a coordinating committee under Wuyi to supervise the regulations and policies for improving food safety. Meanwhile, the government also promulgated a five-year food safety plan, a “food safety white paper” and “close unsafe food processors”.

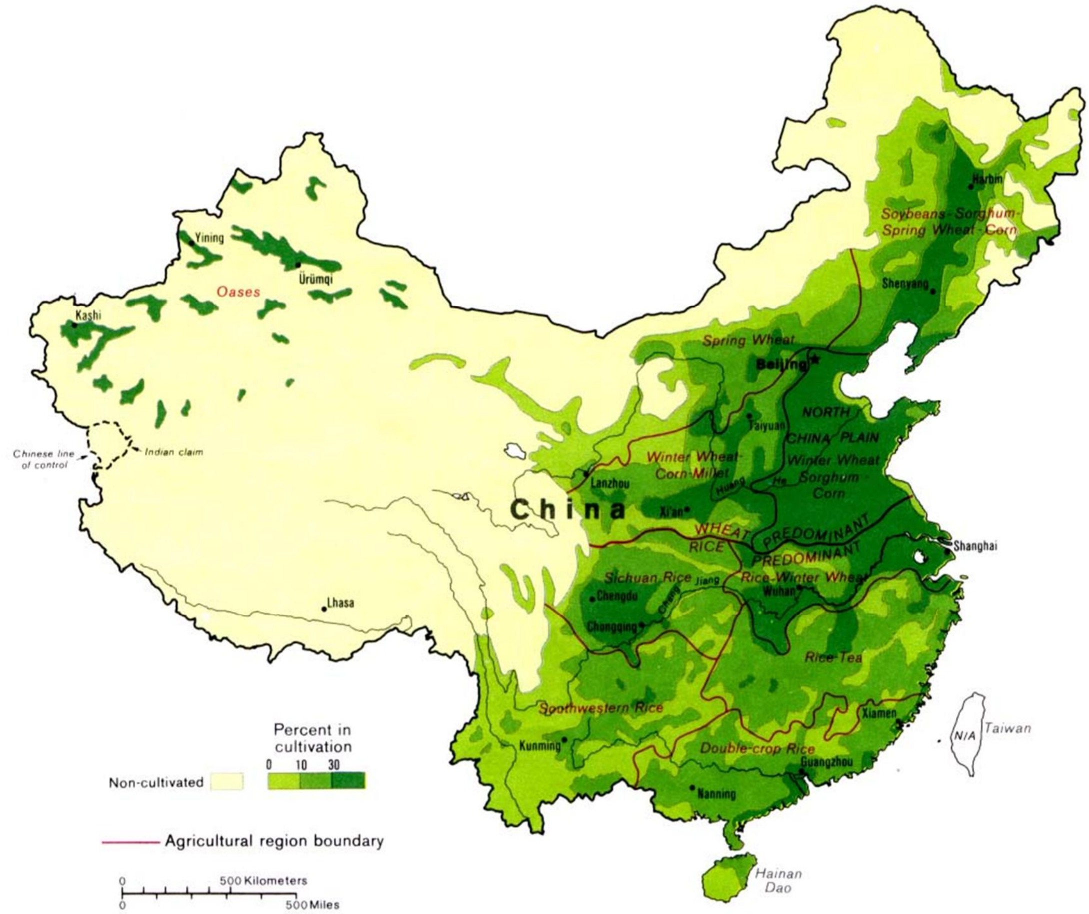

Table 2: Agriculture regions

1.2 Background of Chinese food industry market

China has witnessed a fast growing in the sales and export of food industry market recent years. There is a notably increase both in domestic and overseas market. The output value of Chinese food industry has risen by more than 150% from 2004 to

2008. The sales volume of Chinese food industry was RMB 315.635 billion ($46.15 billion) from January to May of 2009, which increased by 13.47% compared to the same period last year. The output value of China's food industry is expected to ascend 16.7% year on year (China National Food Industry Association). The value of exports was more than $ 31billion in 2008 and the most significant overseas market of food industry includes US, EU countries, Japan, South Korea and Russia. The global food retail market will rise at an annual growth rate of 4.8%, which is nearly $ 6,353 billion in 2020. In accordance to the latest figures from market research and training body IGD, China will rank the world's second largest food retail market by 2020 after US. In 2003, the Chinese food industry market was 35% of the size of the US market, while this figure will increase to a remarkable 82% by 2020.

The nation's fast growing food industry market is mainly the results of its economic development, along with the increasing demands in the domestic market. China's food industry market is considerably driving by the increased purchasing power and changing eating habits and behaviours of the nation's 1.3 billion people over the last two decades both in domestic and overseas market. For example, the Chinese food retail market has gradually transformed from traditional outlets to modern market stores, the major players geographically in domestic food industry market are turning to the eastern coast cities like Shanghai, Guangzhou, and Shenzhen and so on, and to keep up with their customers in order to increase the profit margins. Furthermore, the foreign enterprises in food sector have extremely enlarged the scale of the franchises and chain stores over the last few years to capture the high growth rate in developed market. For instance, Starbucks Corp announced to open 80 new outlets in China in 2008, until now, the total number of coffee outlets in China is 300. KFC has 2200 branches in China on the basis of 300 new branches per year.

China’s economy has been experiencing a prompt growth in recent years; however, the global financial crisis has brought a critical impact to Chinese economy in 2009, especially the export markets abroad. The value of the food industry is still increasing while the growth rate is recorded a new low which is 20, 01% the first quarter of 2009 than that of the same period last several years. Nevertheless, the negative effect of global economic downturn doesn’t sustain too long time in China as a result of the development of domestic market.

However, the concern issue of the food safety and quality is still a sensitive topic in food industry. Safety scandals cause all kinds of negative outcomes which has rocked the industry. The overseas market has set up extremely rigid bans on the food products imported from China. Thus, in response, a new food safety law enter into force in June 2009 which combines hundreds of separate laws and regulations and replaced current existing Food Hygiene Law.

1.3 Background about Chinese organic food market

Introduction

Organic food refers to agricultural and side-line foods that are produced, processed and packaged without using chemicals.

As the increasing awareness of nutrition, healthy, food safety and environmental friendly among consumers, organic food is becoming more and more popular in people’s real daily life. The organic food market in China will continue to increase at a fast growth rate of 30% over the next decade in overseas market as well as domestic markets.

The value of organic food exports from China reached approximately 800 million US dollars in 2006. Due to the large quantity of organic foods for exports, abundance of food products in China are grown and certified to meet the international organic standards such as EU, Japan, and the US. Currently, the global organic food market rises at an annual growth of between 20% and 30%, the size of which will go up to US $ 100.00 billion by 2010(International Federation of Organic Agriculture Movements). China is expected to have 5% share of the world's organic food market. In other words, China will become the world's fourth largest consumer of organic food, with organic food forecasted to account for between 1% and 1.5% of Chinese entire food market.

The major organic produce markets are in Shanghai, Beijing, Guangzhou, and smaller emerging cities. At present, China produces and converts approximately 400 and 500 varieties of organic foodstuffs, which include vegetables, grains, beans, seeds and aquatic products and so force.

With the increasing demand from the domestic organic market, the organic farming in China has been growing considerably recent years. China became the second largest area of certified organic cultivation land at the end of 2007. Based on the statistics of National Bureau of Statistics of China, the certified organic area is about 2.1 M hectares and the total production is 2.8 M tons. The production in all achieved an average annual growth of 30.0%-50.0%. The organic farmland and its production will increase by 20 % to 30 % per year over the next decade.

Regulations and Organic certification

In 2005, the Chinese government issued the National Standards for organic products/T 19630, the domestic organic food market are further consolidated and sound development. There are four parts in this regulation: production, processing, labelling and marketing, and management systems, entering into force on April, 1, 2005. In accordance with the rules on the implementation of organic products certification, the production certification, imported organic food products, and all organic products for sale in China need to comply with the requirements of China National Organic Product Standard.

By the end of 2006, the labels were required on all organic foods. There was a sharp jump in the quantity of the organic certification agencies in China, which is from six organic certification organizations in 2004 to Thirty of that in 2006. Products for sale in domestic supermarkets as organic are mainly certified by local certification agencies. OFDC (Organic Food Development Centre, under the direction of State Environmental Protection Administration, 2001) and COFCC (China Organic Food Certification Centre, 2006) are the two largest certification organizations in China. Other certification bodies involve CQC (China Quality Certification Centre) and CQM (China Quality Mark Certification Group), which have set up the organic food certification programmes. Nearly 2,300 Chinese companies passed the organic food certification at the end of 2006, which reflects the demand for certification continues to grow. The major foreign certification bodies of organic exports are from the US, EU, Japan and Australia such as OCIA, the International Federation of Organic Crop Improvement Association which is based in the US; ECOCERT ECOCERT SA from France; BCS ,BCS Öko-Garantie GmbH from Germany; JONA ,Japan Organic and Natural Food Association.

Referring to the National Standards for Organic Products, two kinds of certified organic label are employed. One is “Chinese organic product”, which labels with “Chinese organic food products” in Chinese and “Organic” in English; the other is

“Conversion to organic product”, which labels with “Chinese organic conversion product” in Chinese and “Conversion to organic” in English. (Figure 2.1)

Figure 2 Logos of Chinese organic product and Chinese organic conversion product issued in 2005

Apart from Chinese organic product and Chinese organic conversion product labels, other private certified organic labels like OFDC, COFCC, OTRDC (Organic Tea Research and Development Centre) are also introduced under the National Standard.

Consumption

While the outstanding achievements are mainly driven by the increased demand from overseas market, the domestic market is playing an essential role as well. With the enhancement of living standard, Chinese are more focus on the quality and the safety of the food products. The rising urban income has been contributed to the growth in domestic demand and the growing emergence middle class residents of big cities are most likely to be the major customers of the organic food products. According to the OFDC, the organic consumers occupied less than 3 per cent of China’s total population in 2007.

The consumer market for organic food products in China is still in its very early stage of development. Thus, the consumption group of organic food products in China is much less than that of in other developed countries. As it can be suggested, the targeted consumers are mainly the middle class residents with a high level of education and health awareness, including the young professionals, pregnant women, well-off married couples or singles and so on. In essence, the right consumption group for organic food products are the people who can afford them.

While there have been existed distinguishable differences in the spending behaviours across geographic regions and generations. Consumers from rural area consider less about the quality and varieties of the food products due to the low income and education level. Therefore, they are much more price sensitive than the urbanities. However, the consumers from urban area have higher awareness of the quality and safety of the food products even though they are also price sensitive. The middle –age (over 35) consumers prefer to be more traditional and conservative in the behaviour of food consumption, who shop daily and keen on local brands. While the young (under 35) consumers tend to be more open that they know well about western products and foreign taste. Thus, this group would be the majority of the consumption of the organic food products.

In general, there are two basic trends in Chinese consumption, which are essential to be taken into account when seeking the potential demand for the organic food market. Firstly, the high level of price sensitivity is still a leading factor among Chinese consumers. Consumers will spend a great deal of time on finding a bargain. Nevertheless, with a growing awareness of the healthy living, more and more Chinese consumers are focus on food essential to good health. Consequently, the price sensitivity would be sacrificed when consumers are conscious of the benefits of the organic food products. Secondly, brand loyalty has little influence on the shopping for food products. Price will often overweight the brand loyalty to any specific stores. On the other hand, in pace with the increasing quantity of people with high level of income and education, there is still a possibility to win the brand loyalty through building good reputation of the company.

As it was mentioned above, the majority of organic consumers are from the upper class. The consumption trend of organic food products is leading by the popularizing the knowledge and benefits of the organic foods, for example, the trade shows of organic food products is an effective way to promote the organic products. In big cities, the promotion activities of organic food products for middle class consumers should be given a banquet. With the further urbanization in China, big cities like Beijing, Shanghai and Guangzhou have already achieved positive sales in organic food products. Other cities below the level of urbanization are the potential consumption market for organic food products.

Challenges and barriers to market grow

The trend of going organic is inevitable in China, but the organic movement accompany with a number of significant challenges. Balancing the productivity cost and profit are a big challenge. The existing organic companies are stranded by the high cost of production which in turn limit the sales of the organic food products. Thus, the big challenge for the organic companies is to enhance the sales quantity so as to lower the unit cost and increase the profit rate. The other significant challenge for the organic producer is to expand the domestic market share. The organic producers suffer from too small scale of operation to effectively lower the cost. There is still a niche market for organic food products which encounter limited cognition of organic product and a lack of sustain networks. Until so far, the sole workably strategy is to enlarge the scale by the channel of supermarkets and cut down the unit cost in order to get into the domestic and international retail market.

As the recent increasing food scandals, the growing organic food industry faces with tremendous barriers to market growth. Consumers has been lose confidence and trust in the food safety system, for instance, the arising doubts about whether the domestic organic food products are really organic or not, whether those products meet the all the requirements of National Standard or not. It is hardly to win back the good worth-mouth once it was lost. On the other hand, the lack of advanced organic agricultural techniques and experts knowledge of organic food products are greatly limited the further development of organic food industry. Many small organic producers suffer from insufficient technical knowledge for organic practices, inadequate market information, a lack of storage and processing facilities and complex certification procedure (IFAD). In consequence, there is still a long way to go for Chinese organic food industry to overcome the challenges and barriers.

1.4 Motivation for research

The motivation for this research is to further search for the potential opportunities in organic food market for the investors or enterprises of organic food producer from overseas who are targeting to enter Chinese organic food market, to set up factories and make use of the lower cost in China, to partner with one of the key organic corporations, to get organic market share as China is boosting its organic food needs. This report is a good guidance for the investors or enterprises of organic food producer to get a deep insight into the driving factors in the organic food market, organic food market status of key regions, leading organic enterprises, Chinese consumer spending habits and competition strategies of Chinese organic food market. It also makes sufficient judgements towards the development trend of consumption of organic food industry and search for new market growth points for investors. Moreover, this report provides in-depth analysis and detailed insight into the existing benefits and possible risks and challenges. It is a good reference for the investors or enterprises to make decision about when, what, how to invest in Chinese organic food industry.

It is predicted that the investment opportunities will still lie in organic food industry from 2009 to 2020. Investment opportunities in organic food industry are far more than food production and processing, and meanwhile, comply with operation risks for foreign investors or enterprises. Therefore, Attention should be paid to the latest regulations and policy issued by Chinese governments in the organic food industry, and at the same time, much effort should be made on the opportunities in the segment market of organic food industry.

1.5 Research questions

The objective of this research attempt to answer the following questions:

Main question:

What is the market potential for the organic food products in China?

Sub-questions:

How do Chinese consumers perceive organic food products?

What should be the right pricing for the organic food products?

2. Theoretical background

2.1 Market segmentation

2.1.1 Bases of market segmentation

The concept of exchange and relationships lead to the concept of a market. Market is defined as the set of all actual and potential buyers of a product or service. These buyers share a particular need or want that can be satisfied through exchange and relationships. Marketers, see the sells as constituting an industry and the buyers as constituting a market. The size of a market depends on the number of people who exhibit the need, have resources to engage in exchange, and are willing to offer these resources in exchange for what they want. (Principles of Marketing, 2005, 11)

Market is connected tightly with segmentation. Market segmentation is defined as " dividing a market into distinct groups of buyers with different needs, characteristics or behaviour, who might require separate products or marketing mixes" (Principles of Marketing,2005,391).

Segmentation is created to find the right target market segments for a company. In addition, segmentation helps the company to identify different types of potential customers so that the company takes advantage of its strengths to segment the market and tailor different ways to fit the resulting market segments. However, segments need to respond beneficially to product positioning and marketing mix of a company, and ultimately purchase the products or services.   The process is long and high-levelled and difficult because the customers cannot be asked what are their wants and needs, while the consumer behaviour must be understood (Wells & Prensky 1996, 70).

A market segment consists of customers with similar set of wants and they share the wants which can identify what they want from a product (Koltler, 2003, 280). Market segmentation creates segments with similar attributes. Good market segmentation will assist a company to reach the right customers who have greater purchase interest and hence match their unique needs. Therefore, the organic food producers from overseas who want to target the Chinese organic market should pay attention to the market segments of China like they should study the Chinese customers' attributes in organic food industry such as geographic variables, demographic variables, psychographic variables and behavioural variables.

The objective of segmentation is focus on marketing power and energy on market segments to gain a competitive advantage within the segment. Hence, with the achievement of competitive advantage, a company can deal with its competitors and figure out what its competitors are offering, thus can make the decision of which segment to enter more objectively. Effective resource allocation gives a company the ability to use its scarce resources effectively (Dibb & Simkin 1997, 204).

2.1.2 Market segmentation variables

Because buyers have distinct needs and wants, each buyer is potentially a separate market, there is no single way to segment a market (Principles of Marketing, 2005, 392). A marketer has to try different segmentation variables, alone and in combination, to find the best way to view the market structure (Principles of Marketing, 2005, 392). The key to successfully segmenting a market is to find the variables that split the market into actionable segments (Market Segmentation-Introduction, 2006). In this case, two major variables are being introduced: consumer markets and Business markets. Both variables types are used in this research.

Consumer segmentation is the process of dividing up people into groups with similar needs and common characteristics, bringing the capability to be studied and targeted. There is a conventional saying that “the better segment consumers, the better market them”. Consumer segmentation is taken as a “best-in-class” practice in marketing world. Consumer segmentation variable is categorized into four groups, geographic segmentation (by geographical area), demographic segmentation (by population characteristics), psychographic segmentation (classifying people according to psychological factors), behavioural segmentation (classifying by purchasing behaviour).

In geographic segmentation, the market is divided into different geographic units: regions, countries (probably categorised by size, development level or relationship of geographic region), city size (e.g. population within ranges), population density (e.g. urban, rural, and suburban), and climate (e.g. tropical, sub-tropical, temperate.etc). Geographic segmentation may allow a company to decide to operate in one or a few geographical areas, or to operate in all areas but pay attention to geographical differences in needs and wants (Principles of Marketing, 2005, 398).

Demographic segmentation consists of dividing the market into groups based on variables, which are age, gender, sexual orientation, family size, family life cycle, income, occupation, education, religion, ethnic community and nationality. Demographic factors are the most popular bases for segmenting customer groups because the consumer needs, wants and usage rates often vary closely with demographic variables, and demographic variables are easier to measure than most other types of variables. (Principles of Marketing 2005, 400).

In psychographic segmentation different groups are formed based on social class, lifestyle or personality characteristics. This method is special because people in the same demographic group can have very different psychographic make-ups. (Principles of Marketing 2005, 403).

Psychographic segmentation provides a company the knowledge of how to communicate with chosen consumer groups (Nelson 2001). Psychographic segmentation is usually done with surveys (Market Segmentation 2006).

Behavioral segmentation divides a market into groups based on consumer knowledge, attitude, use or response to a product. Behavioral variables include occasions, benefits sought, user status, usage rate, loyalty status, buyer-readiness stage and attitude towards product. Many marketers believe that behavioral variables are the best starting point for building market segments. (Principles of Marketing 2005, 405-408).

Business market segmentation use many of the same variables as consumer market segmentation such as benefits sought, user status, usage rate, loyalty status, readiness state and attitudes. Yet there are also some additional variables which include business customer demographics (industry, company size, location), operating characteristics (technology, user/non-user status, customer capabilities), purchasing approaches (purchasing function organizations, power structure, nature of existing relationships, general purchase policies, purchasing criteria), situational factors(urgency, specific application, size of order), and personal characteristics(buyer-seller similarity, attitudes towards risk, loyalty). Compared to consumer segmentation which believe that buying behavior and benefits provide the best basis for segmenting business markets, business market segmentation concentrate more on business buyer characteristics. Thus, these detailed characteristics are crucial for the business marketers to determine which customer groups they want to target. By going after segment instead of the whole market, companies have a much better chance to deliver value to consumers and to receive the maximum rewards for close attention to consumer needs and wants. (Principles of Marketing 2005, 408-410).

2.1.3 Process of market segmentation

Generally speaking, the segmentation process is regarded as consisting of three phases: segmentation, targeting and positioning. The first stage, segmentation includes taking segmentation variables into account on which the segmentation is based. The profiles and validity of the resulting segments are developed and checked. The second stage, namely, the strategy of evaluating each market's attractiveness and choosing the appropriate segmentation, amount of segments, and priority of segments. The last stage, consisting of choosing the right product to occupy a clear, distinctive and desirable place relative to competing products in the minds of targeting consumers and setting the competitive positioning for a product and creating a detailed marketing mix. (Principles of Marketing 2005, 391). The research of this report will focus on the first two stages.

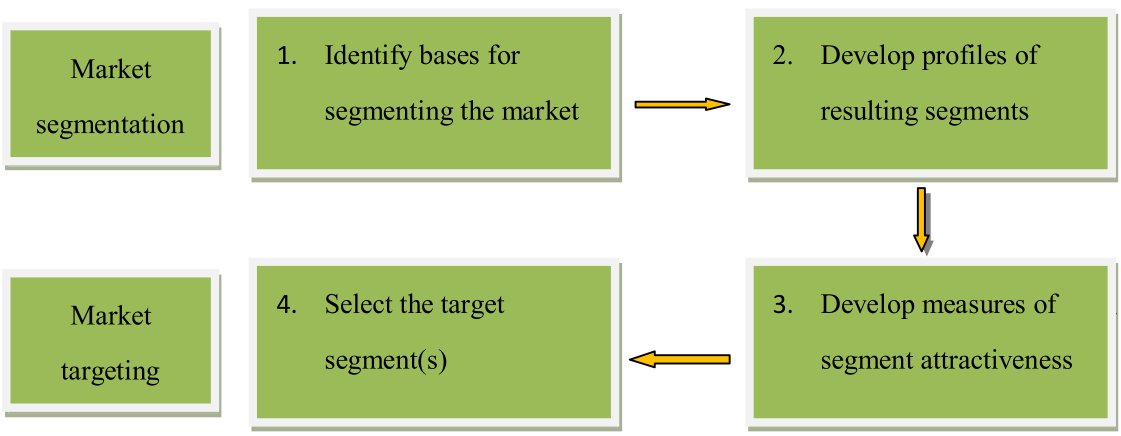

Figure 3 Six steps in market segmentation, targeting and positioning

Markets consists of buyers, and buyers are too various, too widely characteristics, and too distinct in their buying attitudes. Thus, satisfying the customer's needs and wants is vital for the company to attract the potential customers except than retaining the existing customers.

Nevertheless, in today's complex and rapidly changing customer environment, it is impossible to meet all the customers' requirements with one product. Therefore, it is necessary to select the segments in order to group together customers who have similar buying practices and buying attitudes. Once the segments have been chosen, the company should draw up a scenario of the target group customers with similar needs and buying behaviours. This profile would show a very accurate description to allow the company marketing "match" the needs of the customers. Having collected the market potential information, the company should determine whether go further ahead and verify further analysis or not. When the market potential has been identified, the company have to decide how much of that market share they are able to capture. Then the company should develop a definite marketing strategy for market segments they are trying to develop. Finally, the company can specify the target markets they are going to position by using the verified market segments.

According to Kotler (2003, 283), market segmentation is effective only if it done periodically. To be effective, certain following requirements have to be fulfilled:

- Measurability: the size, purchasing power, and characteristics of the segment can be measured
- Substantiality: segment is large and profitable enough to be served
- Accessibility: segment can be effectively reached and served
- Differentiability: segments are distinguishable, responding to marketing-mix elements and programs differently
- Action ability: effective programs can be formulated to attract and serve the segments

2.1.4 Market segmentation techniques

The most common market segmentation can be formed by two methods: grouping together customers using descriptive characteristics and then dividing into groups by response differences. In the first method, one or a few characteristics are collected from both individuals and organizations to be employed as the basis of segmentation. The purpose of the first method is to look for differences among customer groups by analysing their characteristics. The objective can be achieved by classify the segments through management judgment and expertise statistical analysis. (Cravens & Piercy 2003, 129). This method is also applied to some specific research- information gained from interviewing the entrepreneur and data gathered from a survey is used to form segments. A good example of this method is cross-classification analysis, which has been applied to B2B markets or a basis for deeper analysis. (Cravens & Piercy 2003, 130). However, this method is not good to be employed in this research due to the lack of the customer databases.

The second method of segmentation is to compare the response differences across groups. The cluster analysis method is a very typical example of grouping customers date elements, which classifies databases into two or more different unknown groups by combining interval variables. Statistical methods are used to measure of similarity within cluster groups. Cluster analysis method is used in this research as it reaches the objective of this research to measure the similarity of the observed groups to further get into the conclusions. Another method as a part of the same method type is perceptual mapping, which uses consumer research databases to draw perceptual maps of respondents' perceptions on products and brands. This method is simple to make use of but difficult to conduct (Cravens & Piercy 2003, 132).

Another two common methods used to segment markets are organizational segmentation and multi attribute segmentation: organizational segmentation is the first aided to examining the extent of market concentration such as the numbers of the customers and their relevant purchasing behaviour, and the extent of product customization, for instance, how much the product should be tailored to each customer. Markets can also be segmented by using the products. (Cravens & Piercy 2003, 122). Multi attribute segmentation combines several variables in the sake of creating better targeted and smaller target groups. One good example is geoclustering, which is also a mixture of two segmentation approaches. In this approach, customers are classified into geographical groups on the basis of their demographic factors. However, this method is lightly misleading because it leans on averages. (Nelson 2001).

Apart from the common segmentation methods mentioned above, there are certain special techniques used to segment markets such as CHAID or regression trees, discriminatory analysis and so force. CHAID/ regression trees uses categorized dependent variables from the whole population and verify the most affective explanatory factors. Those explanatory factors are demographic variables, attitudes, or previous behaviour. Discriminated analysis is often used after CHAID to deal with or quantify the relationship between segment membership and explanatory factors.

2.1.5 Benefits and drawbacks of market segmentation

The purpose of market segmentation can be summarized into one phrase: effectively satisfy the needs of the selected customers in a more profitable way (Marketing segmentation, introduction.2006). Market segmentation provides a company better understanding how to tailor its products and capabilities better to satisfy the needs of their prospective customers (Cravens & Piercy 2003, 118). When carried out correctly, market segmentation offers benefits, opportunities and advantages to companies. In addition, market segmentation also provides an opportunity for small companies to compete with large ones by better allocating their resources. (Market segmentation, why segment market? 2006).

Market segmentation dose not only bring certain benefits, but also a few drawbacks. The drawbacks of segmentation are that it pigeonholes customers into one segment, which may interrupt segment membership on the basis of one purchase, and it overlooks the whole customer profile, which comes only with individual profiling (Kotler 2003, 296).

2.2 Consumer behaviour

In today's fast changing consumer market, consumer behaviour varies tremendously in age, income, education level and preference. The consumers ask for more diversified goods and services to meet their needs and wants. Here consumer behaviour is taken as a part of the marketing strategy –market segmentation. According to Philip Kotler(2005,256), background characteristics such as cultural, social, personal and psychological factors will strongly influence consumer behaviour. Thus, it is significant to evaluate the background characteristics before they are used to the segmentation of consumers.

After identifying the complex interplay of cultural, social, personal and psychological characteristics, it is time to examine the consumer decision process in each category which is considered as the potential target segment. This is beneficial to measure the accessibility of the consumers in a segment in order to tailor the right way to satisfy their needs. Finally, it is significant to evaluate and analysis the degree of involvement and the extent of the differences among features that consumers perceive among products, which helps the consumers better understand what features they prefer the most in the choice of a product. In this consumer decision process, similarities among consumers are studied to determine how consumers are able to be targeted with a same marketing strategy. It is very useful to analysis consumer behaviour due to the difficulty of receiving information from consumer needs and wants, especially the information from new products. Consumers have often poor ability to express their exact needs for the following reasons: the product is not familiar to them, the needs or wants of the product is not lasting, imaging a new product is difficult, or giving an honest response may be difficult. (Wells & Prensky 1996, 53-55.)

2.3 The studies in China about Chinese consumers in food industry

Consumer Trends

With the continuing economic growth, the food consumption is also growing relatively stable in China. According to industry characteristics, the food industry is "cyclical" industry and the market demand has stable increase. In addition, from the macro-environment viewpoint, Chinese food industry nowadays is at a time of major changes, huge development and great upgrading. Therefore, according to the actual situation of the large quantity of Chinese consumer groups, Chinese food consumption trends are much more difficult to predict than that of other countries. Nevertheless, there are also great commercial opportunities in the Chinese food market as well. Generally, there are the following eight consumer trends:

1. The total amount of the consumer group is expanded, the consumption is upgrading increasing and the trend of stratification is more detailed.

As the increasing price in all consumer goods and the continuing improved consumption level, the growing gap between the urban-rich and rural-poor will be enlarged to the consumption market, which shows a clear differentiation trend. For instance, high-end market of consumers has high demands of life, thus they will focus on luxury goods in order to meet their rich life, the pursuit of diversity and freshness. The consumption of high-end consumer is more focus on leisure, expanding horizons, enhancing lifestyle, and the thirst for knowledge and wealth. Moreover, the high-end consumption group has become gradually larger and they are the main consumption force of luxury goods domestic and overseas markets. Mid-range market will take the high-end consumer market as the benchmark, and meanwhile has its own distinctive feature like practicability and the trend with considerable autonomy. Furthermore, the growing of China's urbanization rate will promote the further development of the mid-range consumer market, but the low-end market will split off with high-end market which caused by the large income gap between urban and rural area. Although it will be deeply influenced by mid-range market, the number of low-end market will continue to serve as the mainstream in the consumer market. Hence, the clear differentiation among consumer market will form a unique Chinese consumer market.

According to the database of State Development and Reform Commission and National Bureau of Statistics, overall consumption of Chinese urban residents jumped from 1,672 yuan to 9,998 yuan from 1992 to 2007, an increase about 5 times, the average annual increase of 12.6%; the average food consumption of Chinese urban residents ascend from 884 yuan to 3,628 yuan, an increase of more than 3 times, the average annual increase of 9.9%. Consequently, as it can be seen, the average food consumption growth is lower than the overall growth in consumption. Reference to international developments, China's consumption rate is relatively low. According to IMF statistics, the final consumption expenditure of developed countries is approximately 80% of average proportion of GDP, while the final consumption expenditure of developing countries is about70% of average proportion of GDP. Since the economic reform and open up of China, Chinese national economic has rapid growth, high investment rate, steady decline consumption rate. The proportion of consumption in the national economy is extremely lower than the international average level, in the long run; China's consumption rate will have a significant improved space.

2. Food consumption in China presents diversified and individualized trend.

As times changes and society advances, consumer demands become more diversified. Individual customer pays more attention to highlight consumption of his/her personality. Individuality and diversity is not simply to pursue a distinctive style, the majority are willing to follow the mainstream, and they will choose the consumption to show their personality. Consumers hope that the company could provide more choices and better products to curry favour with individual preferences. At the same time, they prefer to go shopping in a comfortable shopping environment. Apart from abundant material life, Chinese consumers also want to enrich their spiritual life. They will purchase the products and brands on the basis of their own values pursuit and spiritual needs and wants. For example, when they reserve a birthday cake for their friend or family member, most of the consumers prefer to show their ideas in the cake in order to give a surprise to their friend or family member.

3. More attention is paid to food safety, the nutrition value of the food.

In recent years, there are plenty of cases about food safety crisis in China and foreigner countries. Consumers pay much more attention to the food safety than before as a result of the various health problems from modern life. Chinese consumers are willing to spend on the product which could enhance their physical and mental performance. As for the concept of the additional nutritional snack foods and other functional components, consumers will buy if these leisure foods are no harm to their healthy. More robust, dynamic, more energy, better physical or mental performance and more longevity are those moved words to attract Chinese consumers' eyeballs.

For instance, Chinese health wine (jing wine) and Japanese long-life wine has leapt forward in recent years. In food industry, the specific nutritional drink is in the forefront of the food industry. In Japan, out of the top 20 brands, 12 functional brands are in the beverage. Thus, the conclusion can be drawn that there is huge space for innovative packaging to grasp the customer's eyeballs as the convenience of drinks. Chinese consumers are with great willingness to try new nutritional drinks on the premise of their primary consumption habits.

4. The trend of pursuit more simple and convenient consumption process.

As the material greatly satisfy the needs of consumers, the reasons for spending are so simple, convenient become the first element. With the popularity of the network and the completion of e-commerce transaction model, an increasing number of consumption populations are getting into the habit of online trading orders. Owing to the rapid development of network, the food industry has also been blooming as the network is acting as a purchasing channel for Chinese consumers. Chinese consumers bearing capability of price differences between different terminals has dramatically improved. Non-cash transactions are accepted by a great number of consumers, especially the new consumer groups, which are more willing to pay by credit card, etc.

5. The trends of packaging food

Although the government has introduced excessive packaging of food laws and regulations relevant to restrain, there is no doubt that packaged food has entered all the people's life. Besides that food packaging enriches people's life, food packaging has also gradually changed people's lifestyle. The image of food packaging directly affects consumers' buying decision-making. New lifestyle and attitudes of consumption has significantly improved the modern food packaging. The introduction of a large quantity of foreign foods has enriched domestic food market so that people can fully enjoy the comfort and convenience brought by high technology.

6. The trend of Experiential, self-service, DIY-style food consumption.

With the establishment of various experiential organizations or corporations, the "experience" is beginning to be popular in the food market. "Enjoy the life through personal experience" consumption model will widespread among mass life. More and more self-service restaurants are getting pro-gaze. Proceed from the needs and wants of consumers will become a trend. On the one hand, it reflects the individual freedom; on the other hand, it is a kind of self-service food consumption that consumers do not need to spend too much time and energy. Under the pressure of economic crisis, many consumers change the consumer behaviour into DIY, such as inviting friends to have dinner in their own place instead of going to the restaurant. The psychological of taking precautions beforehand among Chinese consumers leads them to "do-it-yourself".

7. Female-oriented food consumption trends

In China, most of women bear a heavy burden of monthly living and daily life issues. The fast economic development highly improved the status of women, and they have greater space and freedom. Hence, women are more likely to come up with their own perceptual ideas to affect the consumption behaviour. The enhancement of the value of women will bring new market opportunities. For instance, particular food for beauty, slimming food, nourishing food and etc. will be an essential part of female consumers.

8. The trend of cereal food consumption.

As it shows in “Chinese Citizen Dietary Guidelines” of 2007 version, Chinese people has been reduced the intake of cereals year after year, and grains as the dietary principal status is lower and lower. However, in the last few years, cereal grain beverage on behalf of the cereal food began to rise. Not only retain the nutrition ingredients which are healthy and beneficial to human body, but also cereal grain beverage has good taste, easy drinking and absorbing which is one good way to deal with the nutritional imbalance of modern fast-paced urban life. In view of the above, the cereal grain will be the main position once again and remain to be the mainstream of food consumption.

The categories of Chinese consumers

The sustained economic growth and urbanisation provides a platform for the rise of the middle class cities, approximately 200 million people. Consumer wealth is concentrated on the eastern coastal in first-line and second-line cities. The further widen gap between the urban rich and rural poor led to the pressure for the policy makers. The following are the purchasing insights of Chinese shoppers:

- A quarter of the customers prefer to go shopping in supermarket by public transport or free bus.
- Shoppers tend to be entertained in a comfortable shopping environment.
- Fresh food is the key factor to influence the shopper’s decision-making.
- Shoppers are high sensitivity to commodity price.
- Shoppers want to find a bargain.

Litter Emperors(<15 years old)	Trail Blazers(15-24 years old)	Achievers(25-39 years old)	Providers(>40 years old)
Often be spoiled by family	Grew up as first generation of nuclear family	Emphasizes on career	Family focused
Enjoying playing	Education and career oriented	Desperate to succeed	Work long hours
High pressure on studying	Looking for new experiences	High salary/poor time	Traditional moral values
Placed on great expectation	Familiar with new technology and media	Semi-healthy	Place all their hopes on their children for the future
Curious about new things	Tends to western lifestyles	Seek for convenience	Significant generation gap between older consumers and younger consumers
	Nationalistic and nontraditional		

Table 3 Categories of Chinese consumer

Source: TNS

3. Research methodology

Research consists of several different classifications of methods for the purpose of collecting data. The most popular and widely used research methods are exploratory studies, descriptive research, survey research and case studies. In this study, the survey study approach by using larger samples has been applied. Information can be gained through many channels like internet, questionnaires, telephone, mail and personal interviewing. Therefore, a questionnaire is chosen for this study to get the detailed, intensive primary information.

This chapter is going to state the research method used for this study and explain certain research methods and data collection methods which are widely applied in marketing research. In addition, a detailed discussion of the questionnaire conducted in this research will be presented.

3.1 Survey method

The survey method used in this study is to gather the accurate and concrete primary data, which is mainly descriptive. It is carried out by asking focus groups about their knowledge, gender, attitudes, preferences and buying behaviours. Survey research is in progress either structured or unstructured. Structured surveys use formal lists of lists of questions asked of all respondents in the same way. While unstructured surveys offer interviewer possibility to probe respondents and guide the interview based on their answers. (Kotler 2001, 276.) The questionnaire carried out at organic food market segment in China was structured as it was in progress in the same way to all respondents.

Survey research is extensively applied for primary data collection, in many situation, it is always the only method used in a marketing research study. Its popularity is on account of its possible quickness, flexibility and low costs. However, every corn has two sides. There are also certain disadvantages, for example, for some reasons respondents often leave questionnaires unanswered. Or they may answer the questions even though they don't know the answers to show smart. Or they give answers they think the researcher expects. (Kotler 2001, 276)

3.2 Data collection

Two types of data are widely used in data collection: primary and secondary data.

Primary data is the data observed or collected directly from first-hand experience by the purpose of specific investigation research. In contrast, secondary data is existent statistics which has been captured earlier for the immediate study at hand. (Kotler, 2003, 131) In this case, primary data is mainly used to specify the segments in Chinese organic food market with various surveys. The primary data for the empirical part of this study has been gathered though email questionnaires from my friends in China. Meanwhile, secondary data is also underway in this study. As it mentioned above, secondary data is existent data which includes qualitative and quantitative data, and both can be used for descriptive and explanatory research (Lewis, Saunders & Thornhill 2003, 201). In this case, the overall information of organic food market in China and the segmentation theory was gathered mainly from the documentary data, survey data and electronic data. In spite of the convenience and availability of the secondary data, the data in this survey is mainly descriptive because the survey was conducted though mail questionnaires about their status, attitudes, education background, preferences and spending habits.

There are usually two subcategories to collect primary data: qualitative and quantitative methods. Qualitative research is essentially diagnostic; it seeks deeper understanding of factors, sometimes convert, which affect buying behaviour. Intrinsically it is subjective but for all of its limitations, it is able to provide unique insights which guide questioning possible to achieve. (Chisnall, 1997, 206.) Quantitative research in marketing research involves data gathering through, such as surveys from an abundance amount of customers to allow statistical analysis. (Kotler, 2001, 275.)

Two basic approaches are under these subcategories research methods: observation, which is to record human behaviour or market phenomenon； while questioning and recording is to capture a person’s attitudes, feelings and behaviours. In this study, questioning and recording from the respondents has been played a vital role. Information of the basis of those questioning and recording has been directly collected through email questionnaires.

3.3 Questionnaire

Questionnaires can be applied for descriptive or explanatory research. This study combines both of them. Questionnaire is aimed to identify and describe variability towards attitudes and options (descriptive) as well as inspect and interpret the relationships between variables (explanatory) (Saunders, Lewis & Thornhill 2000, 279,291). In order to gather depth insights from the questionnaire, this study have been given the guideline of the existing theory about organic food market segment in China. Two types of questions are available: open-ended and closed questions. The open-ended questions require a response of more words. Once the topic is defined, the respondents have vast freedom of phrasing an answer, which is lengthy or detailed in their own words. By contrast, closed questions are extremely limited responses, which offer an alternative choice replies from which the respondents are expected to select in accordance with their personal knowledge and experiences. A simple alternative question has only two choices such as YES/NO. Multiple choice questions are an extension of simple alternative question which offer respondents a wide range of possible answers. (Chisnall, 1997, 136-137.)

3.3.1 Questionnaire facts

Out of other research approaches, questionnaire was chosen for this research because of its practicability and thorough popularity and available to reach the numerous participants. The purpose of the questionnaire was aimed to deal with the essential questions about the organic food market segments in China and focusing on the organic food consumers' attitudes towards the popularity of organic food in the public life.

This questionnaire is designed to find out the organic food consumers' opinions and cognitions in order to further specify the classification of the Chinese consumer segmentation through closed questions. Due to the time and geographical limitation, open questions are not employed in this questionnaire. Substantial simple alternative closed questions and multiple choice closed questions are used in this questionnaire because this questionnaire was made to answer as easy as possible. In fact, this questionnaire was sent by email from Finland to China, thus, it is better to make it simple and quick to answer.

The questionnaire was made to achieve three general objectives of questionnaires. Those questions were designed, in a sense that the required information should be ensure through them. The questionnaire was kept as short as possible and the layout form was simple and clear to respondents so that they can complete the questionnaire as far as possible. The text layout and the use of description were arranged as simple as possible to minimise the response errors. (Malhotra & Birks 2007, 371)

The research process in this study was carried out first determine the topics which needed to be resolved for the sake of gaining accurate information for segmentation.

Secondly, the chosen questions in line with the topics would help dealing with the ideal or best segments in Chinese organic food market.

The population of the focus group in this research was selected among the inhabitants of southern central China municipalities. Moreover, the questionnaire was sent in Chinese since this investigation is concerning on the segments in Chinese organic food market, and the participations should be the Chinese residents living in China. The cover letter only indicates the intention to dig out the facts interrelated to organic food consumers' opinions and individual experience of organic food products .the primary objective of this questionnaire was to research what the market potential for the organic food products in China, how Chinese consumers perceive organic food products and what is the right pricing for the organic food products. The questions were written in the form of questioning. Scales were used in some questions to decide the importance of a statement. The scale scope was between one and five which is able to avoid the middle value answer like "I don't know" or "undecided".

The questionnaire conducted among the individuals is both qualitative research and quantitative research, along with samples of individuals inhabiting in all of five cities in southern central China. Owing to the number of questionnaire sent and the types of questions used, this survey was considered as qualitative research since it fulfils the need of the research. This sampling was carried out merely non-probability sampling, hence the answers to the research questions could be unreliable corresponding to the results. In contrast of the characteristics of the whole population in the area, it is impossible to equally distribute the characteristics of the focus group. However, it is possible to obtain the general information based on the results. A number of the non-organic food consumers also participated in this survey even though they have no idea about how to answer the questionnaire. However, those respondents could be the future potential organic food customers through answering the questionnaire.jie

To sum up, the objective of the empirical part in this study was to general outlining the perceptions and consumption behaviours of Chinese organic food consumers to guide the classification of Chinese consumption segments. The detailed and concrete results and analysis of the questionnaire would be a significant asset to guide the domestic and foreign investors to enter Chinese organic food market.

3.3.2 Changes and problems

The order of the questions in the questionnaire was quite different at the beginning than before being published. The options for the types of questions were in the basis of the existing organic food consumers, but also the potential consumers in the future. The non-organic food consumers were not considered to put in this questionnaire at the beginning, however, the pre-testing group showed that many of them don't know what organic food is or they never try it before. Thus, the questionnaire was changed to suit all the respondents, the first question of the questionnaire was " have you ever heard about organic food", if the answer is "yes", the respondents can go to next question, if not, the respondents were required to jump to question four. Therefore, the focus group was divided into two groups. For the first group, more detailed and accurate information of attitudes, buying habits and feelings can be collected as they are existing consumers. On the other hand, the options and background of second group as the potential organic food consumers could be extremely beneficial to the further research in this area.

The questionnaire was problematic showing in the following aspects: in order to get a quantitative data, some of the respondents are the Chinese residents living in Finland. Thus, to some extent, the results would be lack of reliability. Secondly, because the respondents differ from age, income and occupation, it was obvious that the questionnaire was not sufficient designed to suit each of them. Finally, there was technical problem in the Chinese questionnaire website which will influence the final results.

4. Research results

The data collected for the questionnaire is originated from the focus group's answers and analysed based on the individual questionnaire. The results of the questionnaire differ originated from the different location, gender, background, education level and so force.

In this chapter, the research results will be presented as follows. Firstly, the cognition of organic food and the location, age, gender, marital status, education level, employment status and annual income distribution are presented. Secondly, there is introduction about Chinese consumers' perceptions of organic food product in the aspects of the channels, attitudes, buying habits. Finally, the data of questionnaire about the right pricing for the organic food products is collected through the questions asking about the reasons and the opinions of buying organic food products.

4.1 Analysis of the results

Out of 120, altogether 100 responses were received from individual participants. This figure is without doubt greatly less than the whole population figures in the area. However, it is possible to get general information of organic food consumers' background, attitudes and opinions by the following data presented.

4.1.1 Analysis of cognition and respondents demographics

<u>Have you ever heard about organic food products?</u>

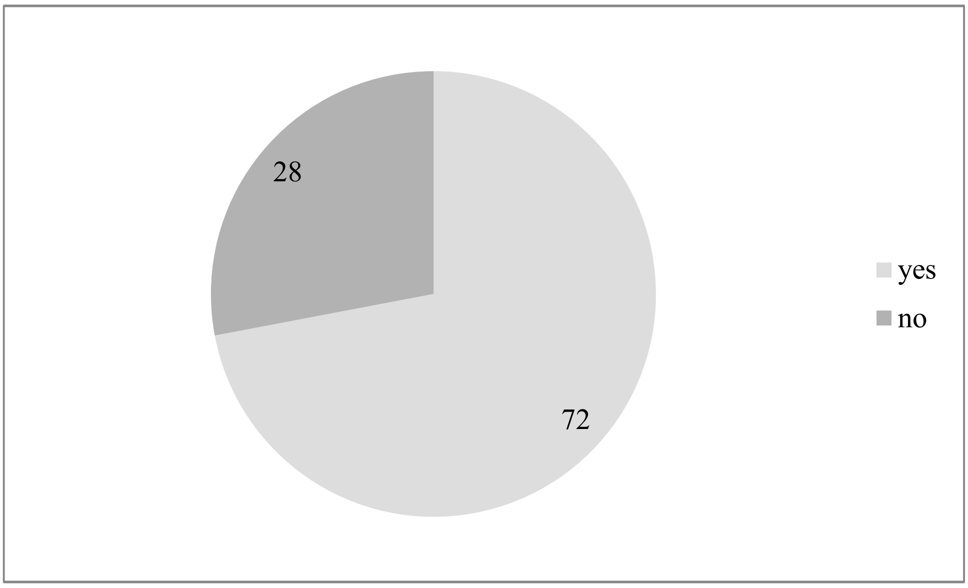

Figure 4 Respondents cognition about organic food products

The pie graph shows figures for the cognition about organic food products among the total respondents, out of 100, 72 responses was "yes", which means roughly three fourths of the respondents have heard about organic food products. Even though this figure cannot indicate that 72 respondents know a lot about organic food products, in a way it is beneficial for this survey to figure out the consumption tendency of organic food market based on their answers. On the other hand, 28 responses was “no”, which means they don’t know anything about organic food products. However, it was a good chance for them to know the basic concept of organic food so that this unknown group will be very likely to become the potential organic food consumers in the near future.

According to the different locations in the research area, respondents’ distributions are as follows.

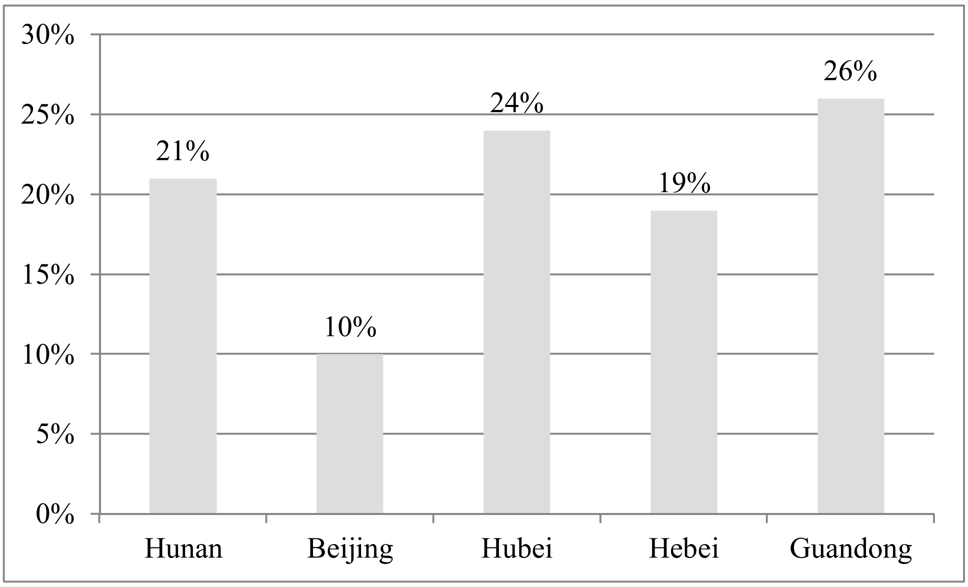

Figure 5 Geographical distribution

As can be seen from the chart, the first one on the list was Guangdong with 26% of total respondents. The second one was Hubei, 24% and the third one was Hunan, 21 %, a totally 71 % of all response from these three cities which are also the representatives of southern central area. Another 29% of respondents were from Beijing and Hebei, which are the northern regional residents in China. Although this survey was primarily focused on southern central China, the responses from northern area are also useful reference when analysing the research results.

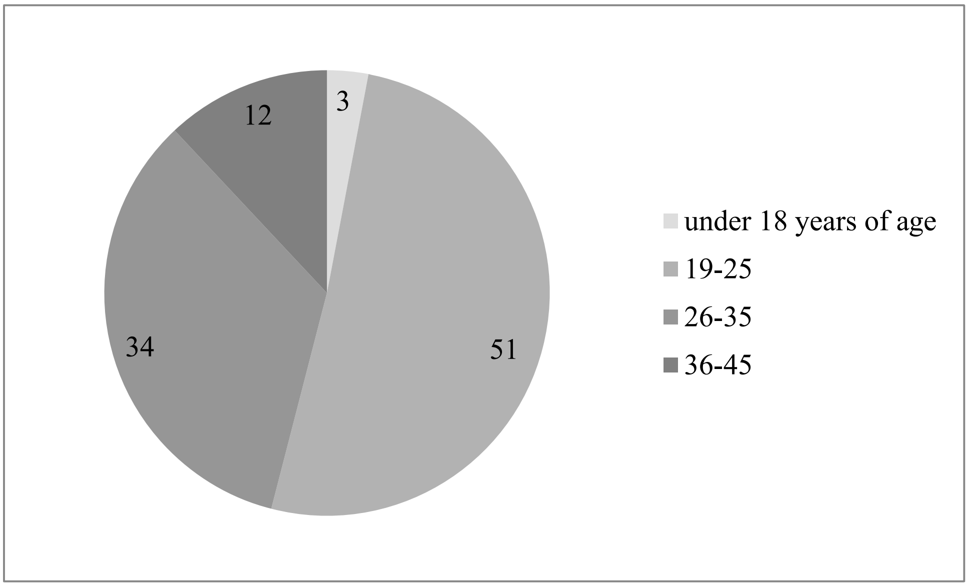

Figure 6 Age distribution

It is very clear that the majority of 51 people are in the age between 19 years old and 25 years old. This group represents 51% of the total focus group. As it mentioned above, the people in the age between 19 - 25 years old in China are “Trail Blazers”, who are familiar with new things, high education and open up. Thus this group is able to offer very helpful and innovative advice for this research. The second majority group was the respondents in the age of 26-35 years old, 34% of all respondents. According to this figure, the largest group and second large group are exactly this research supposed to focus on. In addition, two other groups are also the target group this research needs to consider.

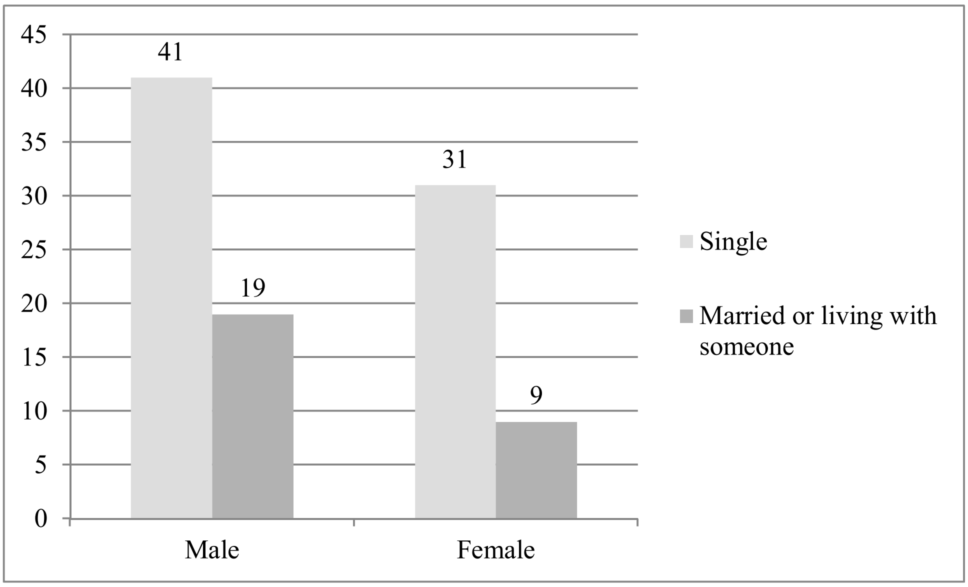

Figure 7 Gender and marital status

This chart indicates that 41 male respondents and 31 female respondents are single, in other words, altogether 72 respondents are single. While 19 male respondents and 9 female respondents are married or living with someone. Out of total respondents, 60 are male and 40 are female. Therefore, the respondents who are single were the main research target for the objective of investigating the organic food consumers' characteristics.

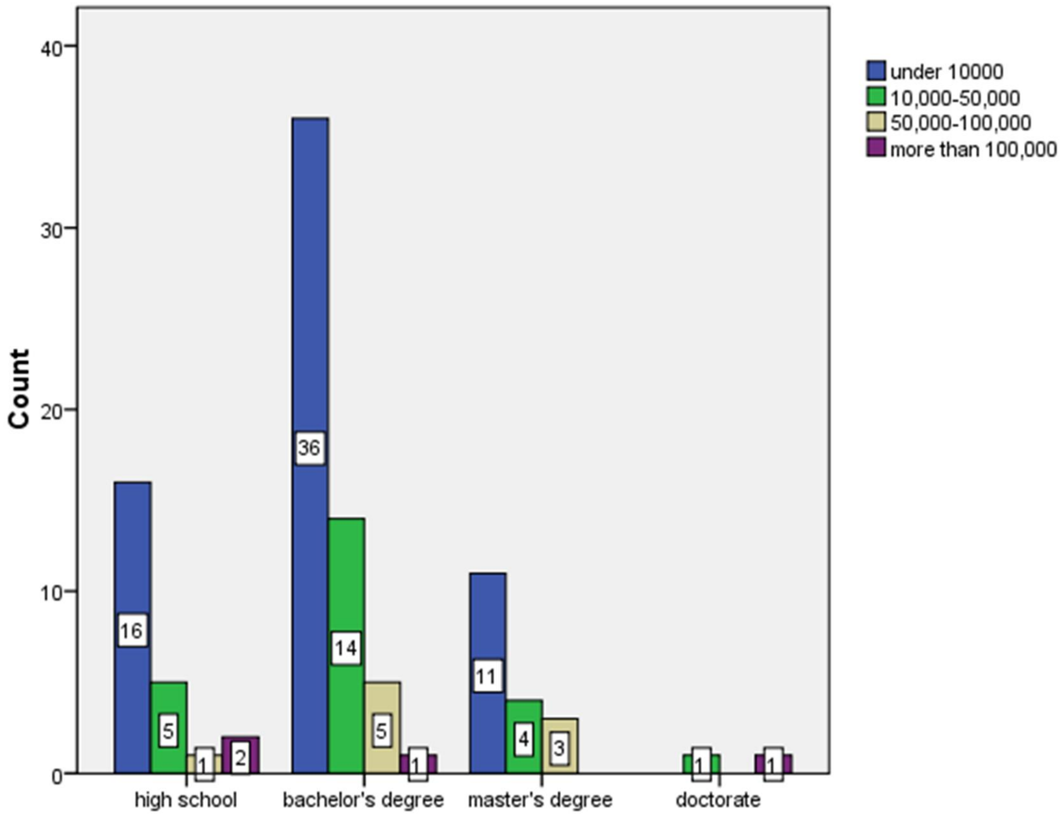

Figure 8 Annual incomes in relation to education level

Figure 8 shows that the annual income of 16 high school respondents, 36 bachelor's degree respondents and 11 master's degree respondents is under 10000 RMB(1$=6.8372 RMB,2010), so total 63 respondents in this survey are not very well off. The second large group of 10,000-50,000 RMB annual income is 5 high school respondents, 14 bachelor's degree respondents, 4 master's degree respondents and 1 doctorate respondent, altogether 24 people. As it is shown in the graph, the majority group of 56 participants hold bachelor degree which is with different annual income from under 1000 RMB to more than 100,000 RMB. Then the second large group is 24 people with high school education level. To summarize, the largest participants with bachelor degree are the target to be concentrated on this research.

4.1.2 Analysis of information channels, purchasing frequency, shopping channels and concern about health risk

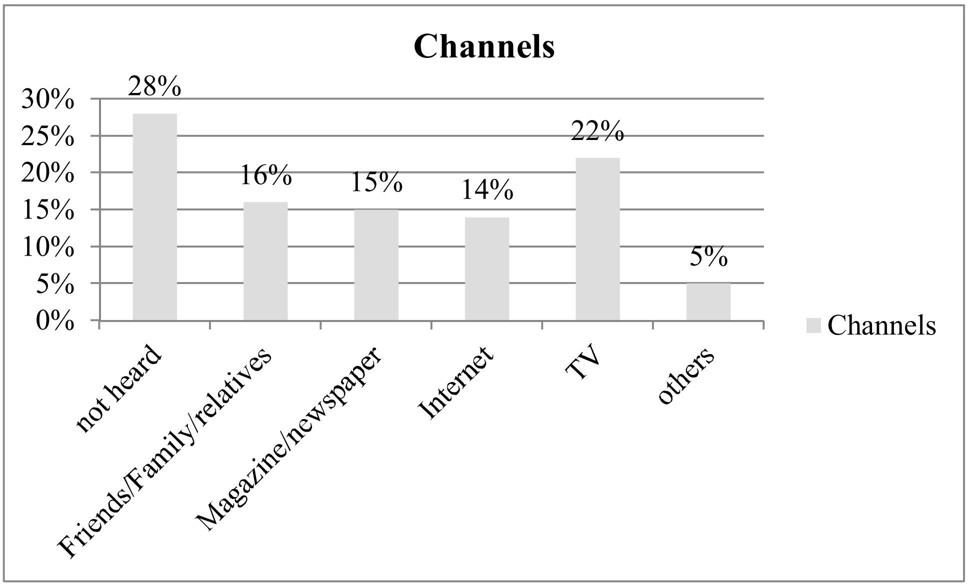

Figure 9 Channels

From this chart we can see that 28% of total respondents don't know organic food products, which imply that another 72% responses are the main reference data for achieving the information of market potential for the organic food products in China.

Among the channels, TV is the main channel people know the information of organic food products, which is 22% of the whole channels. Then the descending proportion of Channels is as follows: friends/family/relatives 16%, magazine/newspaper 15%, internet 14% and others 5%. There is no notable difference among the Channels except TV. However, friends/family/relatives is still uppermost channel people get information from among last four.

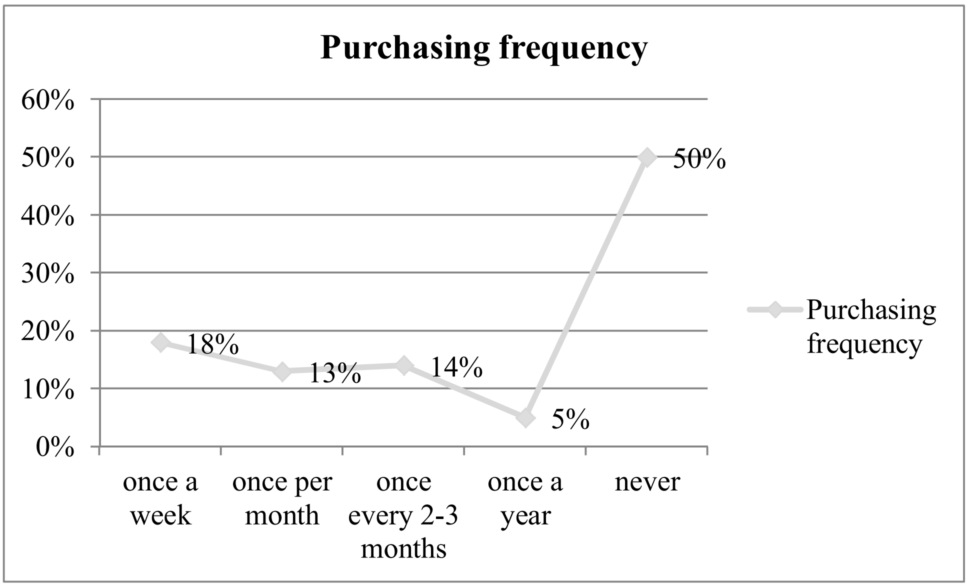

Figure 10 Purchasing frequency

Figure 10 show that approximately half of the total respondents never buy organic food products. 18% of the respondents buy organic food products once a week, which means that this group is the prime target of organic food consumers. Secondly, 14% of respondents buy organic food products once every 2-3 months, 13% respondents buy organic food once a month and 5% respondents once a year.

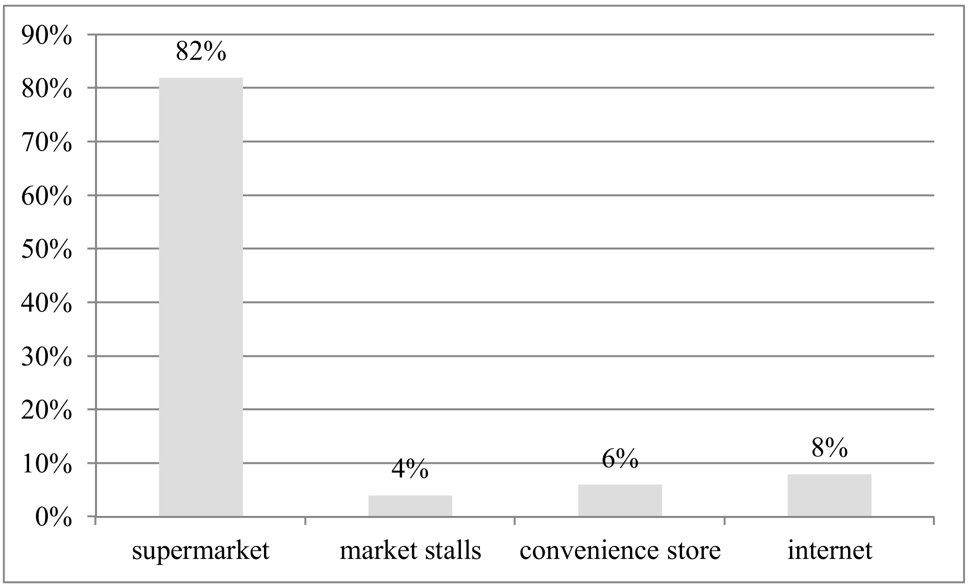

Figure 11 Shopping channels

As can be seen in the chart, 82% respondents usually go shopping in supermarket, so supermarket is the major place people usually go shopping. The second large group is 8% respondents who usually go shopping in the internet. After that, convenience store and market stalls are the places people usually go shopping as well, which is 6% and 4% separately.

In this survey, all the respondents consider the health risks when they buy food products. They are more interested in foods that free of pesticides, chemical fertilizers and other health risks.

4.1.3 Analysis of motivations to buy organic foods, primary reasons of not purchasing organic foods and consumer buying behaviour

<u>What are the most motivations that make you want to buy organic foods instead of non-organic foods or equivalents?</u>

For this question, the following items are required to be marked from the scale of the least important to extremely important: the benefits described in the packaging of organic foods, the brand, the appearance of the packaging, the quality/taste, concerning about food health/safety, labelled as organic or natural and friend's comments.

As for the benefits described in the packaging of organic foods, 28 respondents thought it was the least important, 18 respondents thought it was fairy important, 15 responses are extremely important, 7 responses are highly important and 4 is little important. To sum up, the benefits described in the packaging of organic foods are not so important for the basis of decision making of buying organic food products.

As for brand, 23 respondents thought it was fairy important, whereas 19 respondents thought it was a little important. The categories highly important and least important received 14 and 12 responses respectively. Lastly, 4 respondents thought it was a little important. To sunrise, the brand is also not the key factor considered in the buying decision of organic food for Chinese consumers.

In the appearance of packaging point of view, 26 participants considered it was little bit important, 23 considered it was fairy important. 10 responses are the least important, 7 responses are highly important 6 responses extremely important. When it comes to the conclusion, we can see that the appearance of packaging is not the determinant of purchasing.

In the opinion of quality/taste, 21 respondents thought it was extremely important and 8 responses highly important. While 19 responses and 5 responses are the least important and little bit important separately. 19 participants considered it was fairy important. Hence, the quality/taste is highly taken in to account when buying food products.

From the perspective of concerning about food healthy/safety, compared to 16 respondents and 5 respondents, who showed the least important and little bit important respectively, 27 respondents thought it was extremely important and 14 respondents considered it was highly important. 10 respondents thought it was fairy important. Therefore, we can see that healthy/safety is essential to affect their buying decision.

For labelled as organic or natural, 22 respondents, over 30% of total knowing organic foods respondents took it as fairy important. Altogether 28 responses are the least important and little bit important, while total 22 responses are highly important and extremely important. Thus, the labelled as organic or natural is fairy important as there is no distinct difference among their attitude toward little important and very important. Similarly, the friends comments was also considered fairy important.

<u>What are the primary reasons that you don’t purchase organic foods?</u>

The related factors of the primary reasons of not purchasing organic foods are as follow: too expensive, not tasty, no enough choice, does not know the brand, do not like the brand, do not like the image/packaging and it is not available in the shop.

In this research, the key factor influencing the respondents who don’t want to purchase organic foods is too expensive; total 36 respondents of all know organic food respondents thought it was highly or extremely important why they don’t purchase organic foods. 29 respondents and 18 respondents considered it was little important and fairy important separately.

In contrast, 5 other factors are regarded as not the most primary reason why they don’t buy organic foods. In the viewpoint of not tasty as the primary reason, altogether 36 respondents of all knowing organic food respondents considered it was the least important or little bit important. The number of considering fairy important and very important is the same, both 23 respondents. 4 other items are less important factors of primary reasons especially the preference of the image/packaging, total 46 respondents thought it was the least important or little bit important, the other three were 31, 32, and 42 respondents respectively. The number of considering as fairly important of the last four items is 26, 27, 23, and 18 respondents separately and the number of considering as highly important or extremely important is total 25, 23, 13 and 22 respondents.

To sum up, too expensive is the most primary reason why the respondents don't purchase organic foods. On the contrary, the preference of the image/packaging is the least important reason why they don't buy organic foods. The other four factors like not tasty, no enough choice, don't know the brand and it is not available in the shop are also considered as not so important reasons to affect their decision making of buying organic foods.

<u>Weight the factors which will affect your decision making when you purchase food products?</u>

The factors in relation to this question are nutrition, safety and health, quality and taste, variety, price and Friendly environmental.

The top 4 factors which were considered as very important are safety and health (44 respondents), quality and taste (37 respondents), nutrition (39 respondents) and price (36 respondents). The number of the respondents' viewpoint of fairy important of the top 4 factors is 9, 17, 10 and 16 separately, and little important is 29, 28, 33 and 30 separately. The fifth factor which was taken into account as highly important or extremely important has total 36 respondents. Nevertheless, the other 32 respondents thought it was the least important or little bit important and 14 respondents thought it was fairy important. Since there is not notable difference between the opinions of very important and little important, it is difficult to come to a conclusion. All in all, it is considered as a vital role in the decision making corresponding to the very small quantity difference.

For the least important factor to affect the respondents' decision making of purchasing food products is variety, the number of the responses of the least important is altogether 36, while total 27 respondents thought variety was highly important or extremely important. 19 respondents considered it was fairy important.

When arrivals at the conclusion, we can see that the safety/ health and quality/taste are the most important factors to affect the consumers decision making of purchasing food products. Secondly, nutrition and price are also influential elements to decision making. Thirdly, friendly environmental is playing a vital role in decision making as well even though there is not distinct difference of the responses in the number of two groups. At last, variety was considered as the least important factor to influence the decision making of buying food products.

4.1.4 Analysis of pricing range of buying organic foods in relation to gender and education level and purchasing frequency in relation to gender, age and annual income

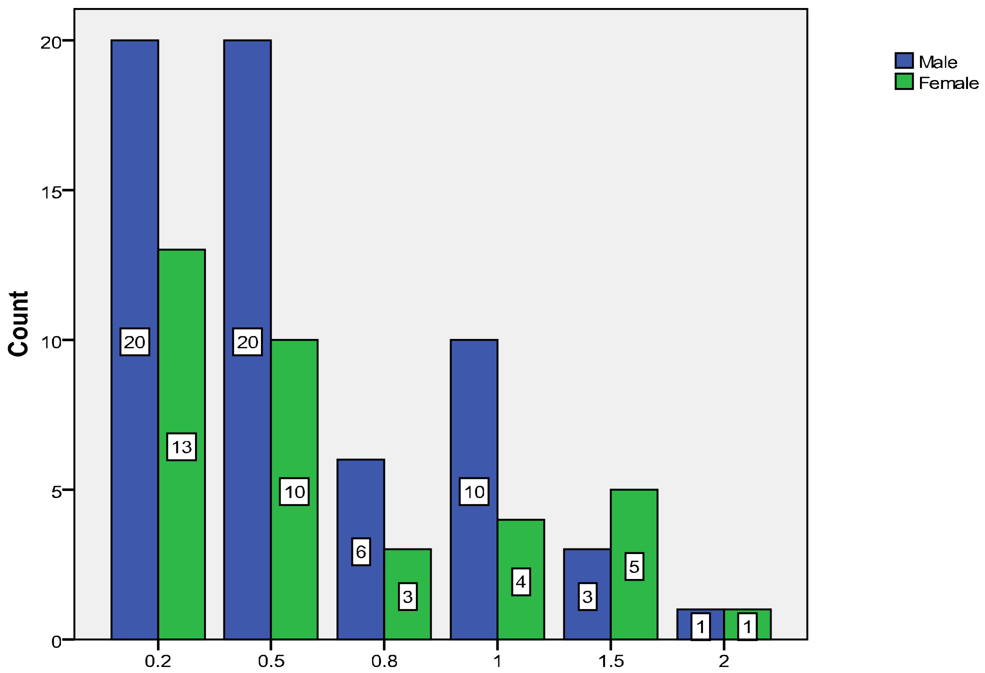

Figure 12 Gender in relation to the right pricing of organic foods

As it shows in the graph, a number of total 33 respondents can accept the price of organic food 0.2 times as high as that of ordinary foods. 30 respondents are able to accept the price of organic food 0.5 times as high as that of ordinary foods. 14 people accept the price of organic food 1 time as high as other ordinary foods. 9 respondents, 8 respondents and 2 respondents were willing to accept the price of 0.8 times, 1.5 times and 2 times separately as high as that of other ordinary foods. In addition, the gender distribution of accepting different price times differs, 20 male respondents accept the price of organic food 0.2 times or 0.5 times higher than that of other ordinary foods, 6 male respondents accept 0.8 times, 10 male respondents accept 1 times, 3 male respondents accept 1.5 times and 1 male respondent accept 2 times. From the opinion of female, 13 people and 10 people accept 0.2 times and 0.5 times respectively. 3 female respondents, 4 female respondents and 5 female respondents would like to accept the price 0.8 times, 1 time and 1.5 times. Only one female respondent accept the price of organic food 2 times higher than other ordinary foods. In virtue of the unequal quantity of male and female respondents in this survey, we cannot get the conclusion that male consumers are more willing to buy organic food products than female consumers, but we can see that both male and female consumers prefer to buy organic food at the price of 0.2 times and 0.5 times higher than other ordinary foods.

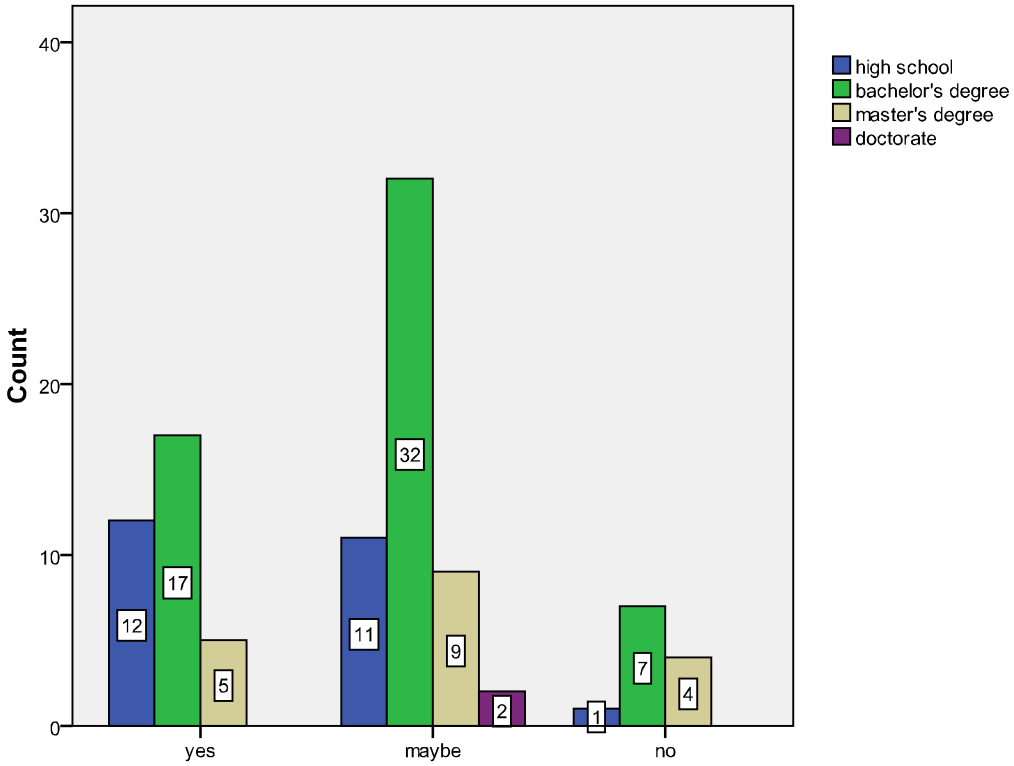

Figure 13 education level in relation to buying organic foods

It shows in this chart that total 34 respondents chose “yes”, which indicates that they would like to buy organic foods if they were less expensive. 52 respondents show that they may buy organic foods if the price was much cheaper. However, 12 respondents don’t want to buy organic food even the price is much cheaper. Among 24 high school level respondents, half of them will buy organic foods if the price is less expensive, 11 respondents said “maybe” but just 1 respondent showed he/ she doesn’t want to buy organic food. In the bachelor’s degree group, 32 people answer “maybe”, 17 people want to buy organic foods if less expensive, and 7 people totally don’t want to buy even the price of organic foods is less expensive. Out of 18 master’s degree group, 5 people want would like to buy organic foods, 9 people may buy organic foods and 4 would not buy organic foods. 2 doctorates may buy organic foods if less expensive.

Generally speaking, there is a not significant relationship between education level and the attitudes toward buying organic foods. Over half of the focus group may buy organic foods if the price is less expensive, and 34% of all the respondents are willing to buy organic foods if less expensive, total 86% of all the population would or may buy organic foods. Only 12% of them don't want to buy organic foods.

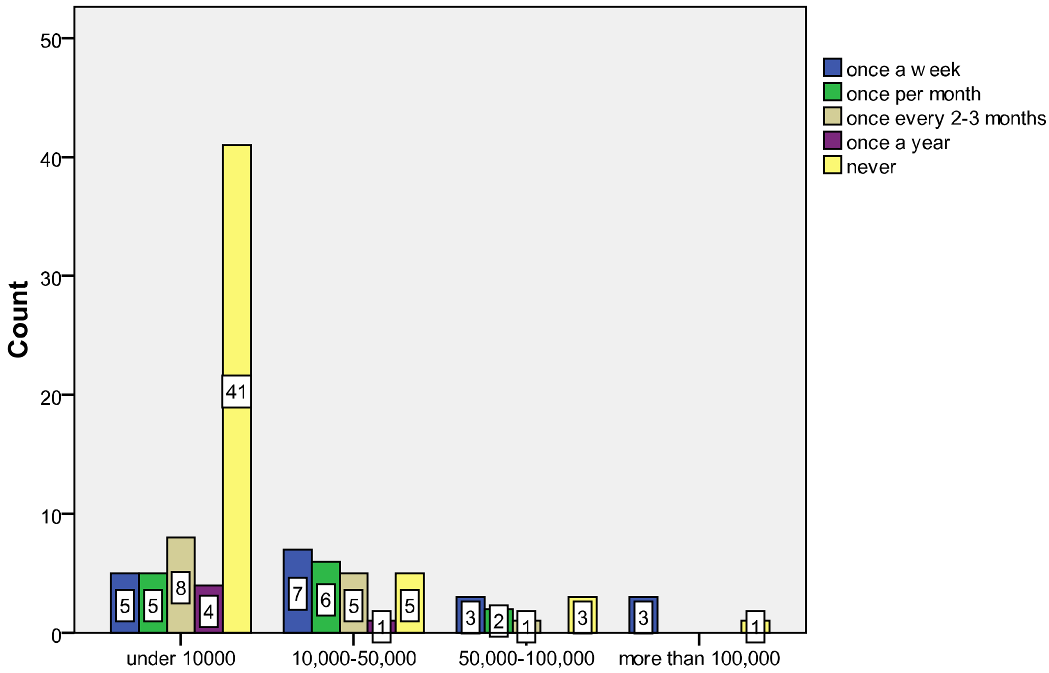

Figure 14 Annual income in relation to buying frequency

From this figure can be seen that out of 50, 41 respondents with annual income under 10000RMB never go and buy organic foods. The other three in this distribution is as follows: 5 with 10.000 -50.000RMB, 3 with 50.000-100.000RMB and 1 with more than 100.000RMB. As we can see, higher income of the respondents, less number of respondent never go and buy organic foods. Among 18 respondents who buy organic once a week, 5 with annual income under 1000RMB, 7 with 10.000-50.000RMB, 3 with 50.000-100.000RMB and 3 with more than 100.000RMB. Among 13 respondents who buy organic food once a month, 5 with annual income under 10000RMB, 6 with 10.000-50.000RMB and 2 with 50.000-100.000 RMB. Among 14 respondents who buy organic food once every 2-3 months, 8 with annual income under 10000RMB, 5 with 10.000-50.000RMB and 1 with 50.000-100.000. By and large, the top group who buy organic foods once a week and once per month is the respondents with annual income 10.000-50.000RMB, the top group who buy organic food once every 2-3 months is the respondents with annual income under 10000RMB.

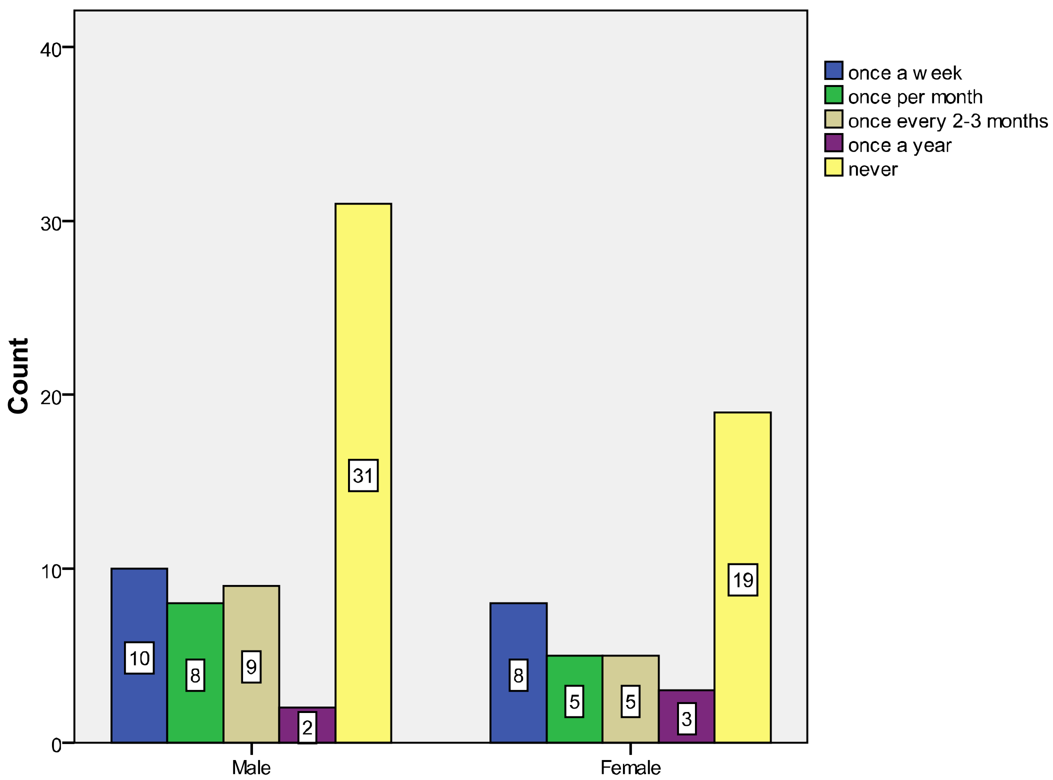

Figure 15 Gender and purchasing frequency

From this figure, we can see 31 males and 19 females never buy organic foods. 10 males and 8 females buy organic foods once a week, 8 males and 5 females once a month, 9 males and 5 males once every2-3 months and 2 males and 3 females once a year. Since the number of males is significantly more than that of females, this unequal quantity of example cannot be thought as a reliable example in the area of annual income among the genders. However, this figure indicates that, out of 60 males, over half never buy organic foods, while more than half of 40 females buy organic foods always or sometimes. This shows that females would much more like to buy organic foods if the quantity of females and males are equal. Meanwhile, it also makes clearly that this phenomenon follows the overall trend in the organic food market.

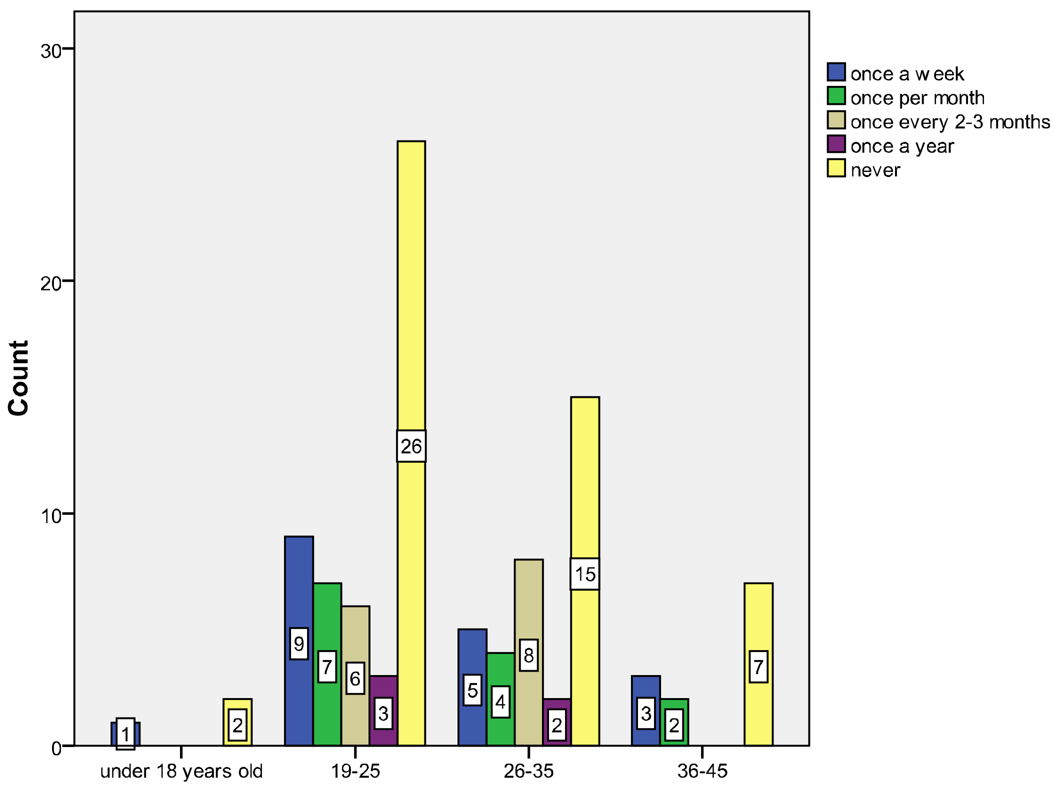

Figure 16 Age and purchasing frequency

As can be seen from this graph, among 18 respondents who buy organic food once a week, 1 is in the age of less than 18 years old, 9 in 19-25 years old, 5 in 26-35 years old and 3 in 36-45 years old. Apart from the small sample size of less than 18 years old, this figure shows the youngest buy organic food much more often than the elders. The number of 19-25 years old who buy organic once a week or once a month is remarkable more than that of 26-35 years old and 36-45 years old. However, the number of the respondents in the age of 26-35 years old who buy organic foods once every 2-3 month slightly exceeds that of 19-25 years old group. However, among the top 3 large groups, over half of 51 respondents in the age of 19-25 and over half of 12 respondents in the age of 36-45 never buy organic foods, in contrast, much more than half of 34 respondents in the age of 26-35 want to buy organic food always or sometimes.

5. Conclusions

As the market of organic foods continues to grow, China as a huge potential market for organic foods still has a long way to go. The recognition and perception of Chinese organic food market is essential to identify the market segmentation.

The main objective of this study is to define the market potential for the organic food products in China, secondly, the sub objectives are to figure out how Chinese consumers perceive organic food products and what the right pricing should be for the organic food products. As it can be captured from the results of the survey, there are still large quantity of Chinese consumers in the southern central area has the slightest idea about the concept of organic foods. TV and friends/family/ relatives are the main information channel about the organic food products. Those consumers surveyed with high education level more willingly buy organic foods. Though this survey, over half of those consumers surveyed never buy organic foods while a very small proportion of the whole buy organic foods always or sometimes. Approximately 82% of the consumers surveyed buy food products at supermarkets, 8 % in the internet and 6% at the convenience store. All the consumers surveyed shows that they consider the health risks when they buy food products. The foods free of chemical pesticides, synthetic fertilizers or sewage sludge are their increasingly interested in. when considering the factors to affect their buying decision, the quality/taste and healthy/safety are highly involved. While the brand, benefits and appearances of the packaging and so forces are not considered as the main influential determinant. A hinder to the growing purchase of organic foods is price. Too expensive are the primary reason that those consumers being surveyed don't buy organic foods. Price differences between domestically produced and conventional food products are also the major constraint in organic food industry. 86 % of all consumers surveyed would or may buy organic food products only if the price is less expensive, around 20%-50% of conventional food products. But still another 12% don't want to buy organic food products even they are less expensive. The consumers surveyed with annual income 10.000-50.000RMB buy organic foods much more often than other groups. Women are more likely to buy organic foods and the age between 26 and 35 consumers are more willing to buy organic foods than other age groups.

This thesis is under way in a comprehensive and systematic information research. Under the process of this thesis, strong knowledge background like segmentation theories is being to apply into the practice when conducting and analysing the final questionnaire. By and large, this process being conducted is not only quite stressful and challenging but also very educational. I completely believe that this thesis would be very helpful for the investors or enterprises overseas who want target Chinese organic food market. The information is keep pace with the times as organic food is becoming much more popular and popular in China. Chinese organic food as an emerging industry, there exists huge growing space in Chinese organic food market. It is really a good reference as it is based on strong fundamental principles, theories and practical case.

On the other hand, the drawbacks of the survey have also to be clarified. Some limitations would influence on the validity and reliable of the results in this study. At first, the population is quite limited so the results cannot be fully consistent regarding the whole population as the number of the responses was 83 per cent of the entire questionnaire sent. Among the respondents who participated in this survey, 28 per cent responses were considered as not so validity information because those respondents didn't know what is organic food or the first time heard about it. Secondly, some of the responses were collected from some of my friends and relatives living in China, which to some extent, will affect the way the questionnaire was perceived. Thirdly, when this questionnaire was implemented in the Chinese website, there were some technical problems in this website, which might have influenced the results of survey. Finally, the language is Chinese but the translation from English to Chinese might be slightly different which may have an effect on the reliability of the survey results. However, in general, the data analysis is comprehensive and systematic, so it is applicable to the use as a guideline of Chinese organic food market segmentation.

In spite of the minor limitations, this study fulfils the requirement of the objective of the theme efficiently. It offers a clear estimation of the organic food market potential in China, presents the attitudes and perceptions of Chinese consumers and right pricing for the organic food market in China.

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Appendixes

Appendix 1: Questionnaire Cover letter

Questionnaire Cover Letter

March 30, 2009

Dear Respondent,

My name is Fang Peng and I am a final year undergraduate student of Bachelor degree in Business Administration at Jyväskylä University of Applied Sciences in Finland. I am working on my Bachelor's thesis on the topic of organic food products market segment in China. To fulfil the requirements of my gradation, I am conducting a quantitative survey to identify the customer segmentation of organic food market in China.

I am writing to invite you to participate in the research in the form of questionnaire to estimate the needs of different groups of customers for organic food products and the recognition of the organic food. The questionnaire should take about 5 minutes to complete. If you can complete the questionnaire before the end of April, it would be greatly appreciated.

By answering the questionnaire, you are able to help clarify the segmentation of organic food industry in China. All feedback supplied by participants will be kept as confidential. If you need any further information or have any questions, please feel free to contact me by phone +358445334577 or through email D5924@jamk.fi

The questionnaire is available at:

http://www.my3q.com/home2/326/pengfang/82126.phtml?uid=1270758834588324

I am extremely appreciating your contribution to my research. Thank you very much!

Yours sincerely,

Fang Peng

Questionnaire

Direction: Please select the best option that describes you

1. Have you heard about organic food products?

__Yes __No

If your answer is 'No', please jump to question 4.

2. Where did you know organic foods?

__Friends/Family/relatives

__Magazine/newspaper

__Internet

__TV

__Radio

__others, please specify__

3. In your point of view, what are the most motivations that make you want to buy organic foods instead of non-organic foods or equivalents?

1 2 3 4 5(most important)

__The benefits described in the packaging of organic foods

__The brand

__The appearance of the packaging

__The quality/ taste

__Concern about food health/safety

__Labelled as organic or natural

__Friend's comments

Personal information

4. What is your gender?

__Male __Female

5. Which age group are you in?

__under 18 years old __19-25 __26-35 __36-45 __46+

6. What is your marital status?

__Single __Married or living with someone __Divorced or separated

__widowed

7. What is your education level?

__Elementary School __Junior high school __High School __Vacation School __Bachelor’s Degree __Master’s Degree

__Doctorate

8. What is your employment status?

__Student __White collar __Blue collar __working at home __Retired

__Temporary unemployed __other

9. What is your annual income? (If you don't have any income, you can jump to next question)

__Under 10000 __10,000-50,000

__50,000-100,000 __ More than 100,000

10. Which part of area are you from?

_____Province ____City

11. How often do you buy organic foods?

__Once a day __Once a week __Once per month

__Once every 2-3 months __Once a year __Never

12. Which place do you usually go shopping?

__Supermarket __Wholesale market __Market stalls

__Convenience Store __Internet __Other

13. What are the primary reasons that you don't purchase organic foods?

1 2 3 4 5 (most important)

__Too expensive

__not tasty

__no enough choice

__Do not know the brand

__Don't like the image/packaging

__It is not available in the shop

14. Would you buy organic foods product if they were less expensive?

__Yes If yes, how many times the prices of organic food as high as the prices of ordinary food do you accept?

__0.2 __0.5 __0.8 __1 __1.5 __2 __more than 2

__Maybe

__No

15. Would you consider the health risks when you buy food products?

__yes __No

16. Please weight the factors which will affect your decision making when you purchase food products?

1 2 3 4 5 (most important)

__Nutrition

__Safety and health

__Quality and taste

__Variety

__Price

__Friendly environmental

Appendix 2: Chinese version questionnaire

有机食品调查问卷

2009 年 3 月 30 日

尊敬的参与者：

您好！本人是一名在芬兰韦斯屈莱理工大学就读国际贸易专业的大四学生，目前为了完成我的学士论文正在进行一项有关中国有机食品市场定位的调查，您的参与对本人的论文至关重要，因为您所提供的数据将被切实运用到本人的论文，本人会严格保密所有的个人信息，请您放心！

1. 您听说过有机食品吗？

__有　　　　　__没有

如果您的答案是‘没有’，请跳到第 4 题

2. 您是通过哪种途径了解有机食品信息的？

__朋友亲戚　__杂志报纸　__网络　__电视　__电台　__其他 请注明___

3. 您认为哪些因素最有可能促使您购买有机食品而不是非有机类食品？（注：请在下面的每项后面标示这些因素的重要性）

	1	2	3	4	5（非常重要）
__有机食品包装袋上的说明的好处	__	__	__	__	__
__有机食品的品牌	__	__	__	__	__
__有机食品的外观包装	__	__	__	__	__
__质量/口感	__	__	__	__	__
__对食品安全健康的关注	__	__	__	__	__
__标识为有机食品或者一般食品	__	__	__	__	__
__朋友的意见	__	__	__	__	__

个人信息

4. 您的性别？

__女　　__男

5. 您所在的年龄段？

__18 岁以下　__19-25 岁　26-35 岁　__36-45 岁 __46 岁以上

6. 您的婚姻状态？

__单身　__结婚或者同居　__离异或者分手　__丧偶

7. 您所受的教育程度？

__小学　__中学 __ 高中 __专科　__本科　__硕士　__博士

8. 您目前的就业情况？

__学生　__白领　__蓝领　__自由职业者　__退休　__暂时失业

9. 您的年收入是多少？(如果您没有任何收入，请跳到下一题)

__一万以下　__1 万-5 万　__5 万-10 万　__10 万以上

10. 您所在的地区？

__省__市

11. 您经常购买有机食品吗？

__一星期一次　__一个月一次　__两三个月一次　__一年一次　__没有

12. 您经常去哪购买食品？

__超市　__批发市场　__街市　__便利店　__网上　__其他

13. 您不想购买有机食品最主要的原因是什么？（注：请在下面的每项后面标示

这些因素的重要性）

	1	2	3	4	5（非常重要）
__太贵	__	__	__	__	__
__味道不好	__	__	__	__	__
__没有足够多的选择	__	__	__	__	__
__不知道这个牌子	__	__	__	__	__
__不喜欢有机食品的包装	__	__	__	__	__
__商店里没有卖	__	__	__	__	__

14. 如果有机食品的价格降低，您会愿意买吗？

__会 如果愿意买，您希望有机食品的价格比一般食品贵多少，你才能接受？

__0.2 倍 __0.5 倍 __0.8 倍 __1 倍 __1.5 倍 __2 倍 __大于 2 倍

__可能会买

__不会

15. 当您购买食品时，您会考虑食品健康安全问题吗？

__会 __不会

16. 请按照顺序从低到高排列以下这些会影响您购买食品的因素

	1	2	3	4	5（非常重要）
__营养	__	__	__	__	__
__健康安全	__	__	__	__	__
__质量口感好	__	__	__	__	__
__可选择性	__	__	__	__	__

__价格 __ __ __ __ __

__环境保护 __ __ __ __ __

Appendix 3 Research results statistics and figures

Statistics

N	Valid	100
	Missing	0

Appendix 3.1 Cognition of organic food

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	72	72,0	72,0	72,0
	no	28	28,0	28,0	100,0
	Total	100	100,0	100,0	

Appendix 3.2 Respondent demographics

Region

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Hunan	21	21,0	21,0	21,0
	Beijing	10	10,0	10,0	31,0
	Hubei	24	24,0	24,0	55,0
	Hebei	19	19,0	19,0	74,0
	Guandong	26	26,0	26,0	100,0
	Total	100	100,0	100,0	

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	under 18 years old	3	3,0	3,0	3,0
	19-25	51	51,0	51,0	54,0
	26-35	34	34,0	34,0	88,0
	36-45	12	12,0	12,0	100,0
	Total	100	100,0	100,0	

Gender and marital status

Gender	Marital status		Total
	single	married or living with someone	
Male	41	19	60
Female	31	9	40
Total	72	28	100

Education level and Annual income

		Annual income				Total
		under 10000	10,000-50,000	50,000-100,000	more than 100,000	
Educational level	high school	16	5	1	2	24
	bachelor's degree	36	14	5	1	56
	master's degree	11	4	3	0	18
	doctorate	0	1	0	1	2
Total		63	24	9	4	100

Channels

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not heard	28	28,0	28,0	28,0
	Friends/Family/relatives	16	16,0	16,0	44,0
	Magazine/newspaper	15	15,0	15,0	59,0
	Internet	14	14,0	14,0	73,0
	TV	22	22,0	22,0	95,0
	others	5	5,0	5,0	100,0
	Total	100	100,0	100,0	

Purchasing frequency

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	once a week	18	18,0	18,0	18,0
	once per month	13	13,0	13,0	31,0
	once every 2-3 months	14	14,0	14,0	45,0
	once a year	5	5,0	5,0	50,0
	never	50	50,0	50,0	100,0
	Total	100	100,0	100,0	

Shopping channels

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	supermarket	82	82,0	82,0	82,0
	market stalls	4	4,0	4,0	86,0
	convenience store	6	6,0	6,0	92,0
	internet	8	8,0	8,0	100,0
	Total	100	100,0	100,0	

The benefits described in the packing of organic food products

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not heard	28	28,0	28,0	28,0
	the least important	28	28,0	28,0	56,0
	little bit important	4	4,0	4,0	60,0
	fairly important	18	18,0	18,0	78,0
	highly important	7	7,0	7,0	85,0

	extremly important	15	15,0	15,0	100,0
	Total	100	100,0	100,0	

The brand

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not heard	28	28,0	28,0	28,0
	the least important	12	12,0	12,0	40,0
	little bit important	19	19,0	19,0	59,0
	fairly important	23	23,0	23,0	82,0
	highly important	14	14,0	14,0	96,0
	extremly important	4	4,0	4,0	100,0
	Total	100	100,0	100,0	

The appearance of the packaging

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not heard	28	28,0	28,0	28,0
	the least important	10	10,0	10,0	38,0
	little bit important	26	26,0	26,0	64,0
	fairly important	23	23,0	23,0	87,0
	highly important	7	7,0	7,0	94,0
	extremly important	6	6,0	6,0	100,0
	Total	100	100,0	100,0	

The quality/taste

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not heard	28	28,0	28,0	28,0
	the least important	19	19,0	19,0	47,0
	little bit important	5	5,0	5,0	52,0
	fairly important	19	19,0	19,0	71,0
	highly important	8	8,0	8,0	79,0
	extremly important	21	21,0	21,0	100,0
	Total	100	100,0	100,0	

Concern about food healty/safety

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not heard	28	28,0	28,0	28,0
	the least important	16	16,0	16,0	44,0
	little bit important	5	5,0	5,0	49,0
	fairly important	10	10,0	10,0	59,0
	highly important	14	14,0	14,0	73,0
	extremly important	27	27,0	27,0	100,0
	Total	100	100,0	100,0	

Labeled as organic or natural

	Frequency	Percent	Valid Percent	Cumulative Percent

Valid	not heard	28	28,0	28,0	28,0
	the least important	11	11,0	11,0	39,0
	little bit important	17	17,0	17,0	56,0
	fairly important	22	22,0	22,0	78,0
	highly important	13	13,0	13,0	91,0
	extremly important	9	9,0	9,0	100,0
	Total	100	100,0	100,0	

Friend's comments

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not heard	28	28,0	28,0	28,0
	the least important	13	13,0	13,0	41,0
	little bit important	10	10,0	10,0	51,0
	fairly important	27	27,0	27,0	78,0
	highly important	18	18,0	18,0	96,0
	extremly important	4	4,0	4,0	100,0
	Total	100	100,0	100,0	

Too expensive

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not heard	17	17,0	17,0	17,0
	the least important	20	20,0	20,0	37,0
	little bit important	9	9,0	9,0	46,0

	fairly important	18	18,0	18,0	64,0
	highly important	16	16,0	16,0	80,0
	extremly important	20	20,0	20,0	100,0
	Total	100	100,0	100,0	

Not tasty

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not heard	18	18,0	18,0	18,0
	the least important	18	18,0	18,0	36,0
	little bit important	18	18,0	18,0	54,0
	fairly important	23	23,0	23,0	77,0
	highly important	9	9,0	9,0	86,0
	extremly important	14	14,0	14,0	100,0
	Total	100	100,0	100,0	

No enough choice

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not heard	18	18,0	18,0	18,0
	the least important	13	13,0	13,0	31,0
	little bit important	18	18,0	18,0	49,0
	fairly important	26	26,0	26,0	75,0
	highly important	15	15,0	15,0	90,0
	extremly important	10	10,0	10,0	100,0

No enough choice

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not heard	18	18,0	18,0	18,0
	the least important	13	13,0	13,0	31,0
	little bit important	18	18,0	18,0	49,0
	fairly important	26	26,0	26,0	75,0
	highly important	15	15,0	15,0	90,0
	extremly important	10	10,0	10,0	100,0
	Total	100	100,0	100,0	

Do not know the brand

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not heard	18	18,0	18,0	18,0
	the least important	19	19,0	19,0	37,0
	little bit important	13	13,0	13,0	50,0
	fairly important	27	27,0	27,0	77,0
	highly important	10	10,0	10,0	87,0
	extremly important	13	13,0	13,0	100,0
	Total	100	100,0	100,0	

Don't like the image/packaging

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not heard	18	18,0	18,0	18,0

		Frequency	Percent	Valid Percent	Cumulative Percent
	the least important	19	19,0	19,0	37,0
	little bit important	27	27,0	27,0	64,0
	fairly important	23	23,0	23,0	87,0
	highly important	5	5,0	5,0	92,0
	extremly important	8	8,0	8,0	100,0
	Total	100	100,0	100,0	

It is not available in the shop

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not heard	18	18,0	18,0	18,0
	the least important	23	23,0	23,0	41,0
	little bit important	19	19,0	19,0	60,0
	fairly important	18	18,0	18,0	78,0
	highly important	6	6,0	6,0	84,0
	extremly important	16	16,0	16,0	100,0
	Total	100	100,0	100,0	

Nutrition

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not heard	18	18,0	18,0	18,0
	the least important	27	27,0	27,0	45,0
	little bit important	6	6,0	6,0	51,0
	fairly important	10	10,0	10,0	61,0

	highly important	16	16,0	16,0	77,0
	extremly important	23	23,0	23,0	100,0
	Total	100	100,0	100,0	

Safety and health

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not heard	18	18,0	18,0	18,0
	the least important	25	25,0	25,0	43,0
	little bit important	4	4,0	4,0	47,0
	fairly important	9	9,0	9,0	56,0
	highly important	11	11,0	11,0	67,0
	extremly important	33	33,0	33,0	100,0
	Total	100	100,0	100,0	

Quality and taste

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not heard	18	18,0	18,0	18,0
	the least important	23	23,0	23,0	41,0
	little bit important	5	5,0	5,0	46,0
	fairly important	17	17,0	17,0	63,0
	highly important	16	16,0	16,0	79,0
	extremly important	21	21,0	21,0	100,0
	Total	100	100,0	100,0	

Variety

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not heard	18	18,0	18,0	18,0
	the least important	20	20,0	20,0	38,0
	little bit important	16	16,0	16,0	54,0
	fairly important	19	19,0	19,0	73,0
	highly important	13	13,0	13,0	86,0
	extremly important	14	14,0	14,0	100,0
	Total	100	100,0	100,0	

Price

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not heard	18	18,0	18,0	18,0
	the least important	18	18,0	18,0	36,0
	little bit important	12	12,0	12,0	48,0
	fairly important	16	16,0	16,0	64,0
	highly important	20	20,0	20,0	84,0
	extremly important	16	16,0	16,0	100,0
	Total	100	100,0	100,0	

Friendly environmental

	Frequency	Percent	Valid Percent	Cumulative Percent

Valid	not heard	18	18,0	18,0	18,0
	the least important	19	19,0	19,0	37,0
	little bit important	13	13,0	13,0	50,0
	fairly important	14	14,0	14,0	64,0
	highly important	17	17,0	17,0	81,0
	extremly important	19	19,0	19,0	100,0
	Total	100	100,0	100,0	

How many times the prices of organic food as high as the prices of ordinary food do you accept?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	33	33,0	34,4	34,4
	0	30	30,0	31,3	65,6
	1	9	9,0	9,4	75,0
	1	14	14,0	14,6	89,6
	2	8	8,0	8,3	97,9
	2	2	2,0	2,1	100,0
	Total	96	96,0	100,0	
Missing	System	4	4,0		
Total		100	100,0		

Would you buy organic food products if they were less expensive?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	34	34,0	34,0	34,0
	maybe	54	54,0	54,0	88,0

no	12	12,0	12,0	100,0
Total	100	100,0	100,0	

	Male	Female	Total
0	20	13	33
0	20	10	30
1	6	3	9
1	10	4	14
2	3	5	8
2	1	1	2
Total	60	36	96

	high school	bachelor's degree	master's degree	doctorate	Total
yes	12	17	5	0	34
maybe	11	32	9	2	54
no	1	7	4	0	12
Total	24	56	18	2	100

Annual income and purchasing frequency

	once a week	once per month	once every 2-3 months	once a year	never	Total
under 10000	5	5	8	4	41	63
10,000-50,000	7	6	5	1	5	24

50,000-100,000	3	2	1	0	3	9
more than 100,000	3	0	0	0	1	4
Total	18	13	14	5	50	100

Gender and purchasing frequency

	once a week	once per month	once every 2-3 months	once a year	never	Total
Male	10	8	9	2	31	60
Female	8	5	5	3	19	40
Total	18	13	14	5	50	100

Gender and purchasing frequency

	once a week	once per month	once every 2-3 months	once a year	never	Total
under 18 years old	1	0	0	0	2	3
19-25	9	7	6	3	26	51
26-35	5	4	8	2	15	34
36-45	3	2	0	0	7	12
Total	18	13	14	5	50	100