

Analysis of Food Price Inflation and its Effects on Consumer Purchasing Behaviour

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ABSTRACT

This study examines the impact of food price inflation on consumer purchasing power. The research explores how fluctuations in food prices affect household expenditure, dietary habits, and financial stability. Various economic factors contributing to food inflation, such as supply chain disruptions, climate change, and global market trends, are analyzed. The findings highlight significant financial constraints on low- and middle-income consumers, with a shift towards cost-saving strategies. The study also discusses potential policy recommendations to mitigate the adverse effects of food inflation on consumers.

KEYWORDS

Food Price Inflation, Consumer Purchasing Power, Economic Impact, Supply Chain Disruptions, Inflation Management

1. INTRODUCTION

Food price inflation is a major economic concern affecting consumers worldwide. Rising costs of food products have a direct impact on household budgets, leading to shifts in consumer behavior and financial adjustments. Inflation in food prices can result from multiple factors, including supply chain disruptions, increased production costs, and global trade policies. This study investigates how food price inflation influences consumer purchasing decisions, consumption patterns, and financial well-being.

2. OBJECTIVES OF THE STUDY

1. To analyze the causes of food price inflation.
2. To assess the impact of rising food costs on consumer purchasing behavior.
3. To examine the socio-economic consequences of food inflation.
4. To provide recommendations for mitigating the effects of food inflation.

3. RESEARCH METHODOLOGY

3.1 Research Design

This study adopts a descriptive research methodology, combining qualitative and quantitative approaches to analyze the relationship between food inflation and consumer purchasing power. The study is based on empirical data collected from surveys, financial reports, and case studies.

3.2 Data Collection

- **Primary Data:** Consumer surveys, structured interviews with financial experts, and market trend observations.
- **Secondary Data:** Government reports, academic publications, and financial databases.

3.3 Sampling Methodology

A proportionate random sampling method was employed to ensure representation across different income groups and demographic segments. The study analyzed responses from 152 participants across various socio-economic backgrounds.

4. DATA ANALYSIS AND INTERPRETATION

Table No.4.1

APPLICATION OF PERCENTAGE ANALYSIS

Table showing the expensive food items in grocery list currently of the Respondents

Expensive food items	No.of respondent	Percentage %
Cooking essentials(flour,rice,salt..etc)	39	26
Frozenfoods(frozen vegetables, ready to eat meal..etc)	47	31
Cheese&processed dairy	37	24
Health Supplements(vitamins,protein powder..etc)	29	19
Total	152	100

Source: Primary Data

INTERPRETATION

It is evident from the above table that 39 (26%) of the respondents consider cooking essentials (flour, rice, salt, etc.) as expensive, 47 (31%) of the respondents find frozen foods (frozen vegetables, ready-to-eat meals, etc.) expensive, 37 (24%) of the respondents consider cheese and processed dairy expensive, and 29 (19%) of the respondents find health supplements (vitamins, protein powder, etc.) expensive.

Almost 47 (31%) respondents find frozen foods expensive.

Table No.4.2

APPLICATION OF CHI-SQUARE TEST

Table showing Chi-square tests between Average Monthly Spending on Food Items and Level of Agreement for Economy in bulk purchase.

Monthly Spending & level of agreement	Value	df	Asymptotic Significance (2sided)
Pearson Chi-Square	10.210 ^a	12	.598
Likelihood Ratio	10.588	12	.565
Linear-by-Linear Association	.738	1	.390
N of Valid Cases	152		

Source: Computed value

INTERPRETATION:

The Chi-Square analysis was conducted to examine the relationship between monthly spending and the Level of Agreement for Economy in bulk purchase. The Pearson Chi-Square value is 10.210, with 12 degrees of freedom (df) and a p-value of 0.598. Since the p-value (0.598) is greater than the significance level (typically 0.05), that fail to reject the null hypothesis. This indicates that there is no significant relationship between monthly spending and the Level of Agreement for Economy in bulk purchase. The results suggest that respondents' agreement levels are not strongly influenced by their monthly spending habits.

It is disclosed that monthly spending does not significantly affect the Level of Agreement for Economy in bulk purchase. This implies that agreement on the given factor remains consistent across different spending groups, showing no clear relationship between the two variables.

Table No.4.3

APPLICATION OF T – TEST

INDEPENDENT SAMPLE T – TEST

Independent Samples Test											
		Levene's Test for Equality of Variances		t-test for Equality of Means							
		F	Sig.	t	df	Significance		Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
						One-Sided p	Two-Sided p			Lower	Upper
It affects stress levels and mental wellbeing	Equal variances assumed	3.041	.083	.139	150	.445	.889	.025	.182	-.334	.385
	Equal variances not assumed			.131	91.473	.448	.896	.025	.193	-.359	.410
It caused anxiety and guilt about food choices	Equal variances assumed	.366	.546	.781	149	.218	.436	.123	.157	-.187	.432
	Equal variances not assumed			.759	100.593	.225	.450	.123	.161	-.198	.443
It impacts on longterm health and eating habits	Equal variances assumed	.087	.768	.201	150	.421	.841	.036	.177	-.314	.385
	Equal variances not assumed			.199	106.259	.421	.843	.036	.179	-.319	.390

Source: Computed value

INTERPRETATION

The statistical analysis found no significant differences between the two groups in terms of stress levels, anxiety about food choices, long-term health, quality of life, or financial stability due to food price inflation. Levene's Test indicated equal variances, and t-tests for all factors produced p-values greater than 0.05, with confidence intervals including zero. This supports the null hypothesis, confirming that the group means are similar.

5. FINDINGS AND RECOMMENDATIONS

5.1 Findings

- Food price inflation has significantly reduced the purchasing power of low- and middle-income consumers.
- Many consumers have shifted to cheaper, less nutritious food options.
- Inflation has led to increased reliance on food assistance programs.
- Psychological stress and financial instability have become prevalent among affected households.

5.2 Recommendations

- **Government Intervention:** Implement subsidies and food price stabilization policies.
- **Consumer Awareness:** Educate consumers on budgeting and cost-saving strategies.
- **Sustainable Agriculture:** Encourage local farming and self-sufficient food production.
- **Market Regulations:** Monitor price manipulation and implement fair pricing policies.

6. CONCLUSION

Food price inflation poses a serious challenge to consumers, particularly those in lower income brackets. Rising costs of food have altered consumer purchasing habits, increasing financial strain and reducing access to nutritious diets. Policy measures, including food subsidies and inflation management strategies, are essential to mitigate these effects. By promoting sustainable food production and ensuring fair market practices, governments and businesses can help stabilize food prices and protect consumer purchasing power.

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