

A Study on Impact of Eco-Labeling on Consumer Buying Behaviour



Conducted by
CERC-ENVIS Resource Partner



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Introduction

Over the past few decades, the environment has become a persistent public issue. Some environmental problems have been linked and brought down to the consumer level. This has brought about an increased level of concern and a feeling of responsibility towards the environment. As a result, a remarkable growth and demand for the environmentally friendly products could be seen.

A growth in consumer awareness has directly propelled the marketers and business corporate players to respond accordingly. Some consumers have translated their resulting environmental concern into active purchasing of green products. Due to this, there has been a rise in the availability of consumer products which attempt to reduce, detrimental environmental impacts and, as an evidence of this, today's supermarket shelves is filled with so-called "environmentally friendly" products in a wide range of product categories.

An increase in consumers who prefer green goods have resulted into better availability and alternatives of environment friendly products.

Eco-friendly Products

These are also known as environment friendly products or green products as these are the products that cause minimal damage to the environment during their course of production, usage and disposal

Various programmes/schemes are set up by the governments/third party organisations to certify and endorse green products and green product manufacturers. This helps the consumers with easy identification of environment friendly products.

Eco-labels

As per United Nations, eco labels serve as a guide to the consumers for better purchase making decisions , by providing information about the world behind the product's cradle to grave journey.

For businesses, ecolabels help in better communication and marketing of the environmental credentials of a given product. It also gives a competitive edge to the businesses by providing a means to measure performances.

For **governments**, crucially these tools encourage the behavioural change of producers and consumers towards long-term sustainability.

This study provides insights into consumer preferences and motives for eco-labeled purchasing behaviour in by analysing individual choices of eco-friendly products.

Key findings

- Overall, 82% of respondents were aware of environmentally friendly products and were concerned about environmental issues.
- In general, attitudes towards products with eco-features were very positive, more than half of the respondents preferred eco-friendly products to improve their environmental and health related benefits.
- Respondents are willing to pay more for eco-labelled products. They (52% of the respondents) were aware and willing to pay more for the ecolabelled products as they are good for the environment and health.
- However, some respondents do not think choosing green products will make a difference. Rather, they doubt the claims and have a view that it is an advertising gimmick.
- The product with less impact on the environment were preferred by 59% of respondents. But 60% respondents are not aware of such products in the market.
- Although many respondents preferred products with eco-features, quality (87%) and price (62%) were much more important when it came to an actual purchase decision.
- Purchase behaviour varied depending on product category with eco label like organic food (29%), food items (25%), clothes/apparel (22%) and electrical/electronic items (21%).
- Some respondents (11%) have proposed that the Government should bear the cost to promote the product. Only 4% respondents do not believe in these claims.
- Social Media (70%) has an influence on more than 70% of respondents which is the main source of the awareness of eco-friendly products.
- General awareness amongst the respondents about the Indian Ecomark is very minimal. They know it as an initiative of government only.

Objectives

- To find out the impact of environmental awareness of the consumer buying behavior.
- To find out consumers' perception towards the environment.
- To analyse the awareness of the consumer on eco-labelling.
- To find out how Ecolabel attribute affects consumer buying behaviour.
- To analyse the consumers attribute and perception towards eco-labelling

Methodology

An online survey was conducted to get an idea about consumer perceptions and practices with regard to ecolabel and eco-friendly products. We surveyed consumers online, in January 2019 by distributing a questionnaire through social media via Facebook, WhatsApp, Twitter- and mass mailing system. The two-page questionnaire consisted of 15 questions (Appendix I) and took 5 - 7 minutes for the respondent to complete. A total of 292 people responded to the survey in a span of one month. We received responses from Abu Dhabi, USA, Australia, Johannesburg, Germany, New Zealand, but mostly from different cities of India.

The data for this study were drawn from a questionnaire that gathered information on a wide range of environmental behaviours and attitudes towards consumer products.

Data Analysis and Interpretation

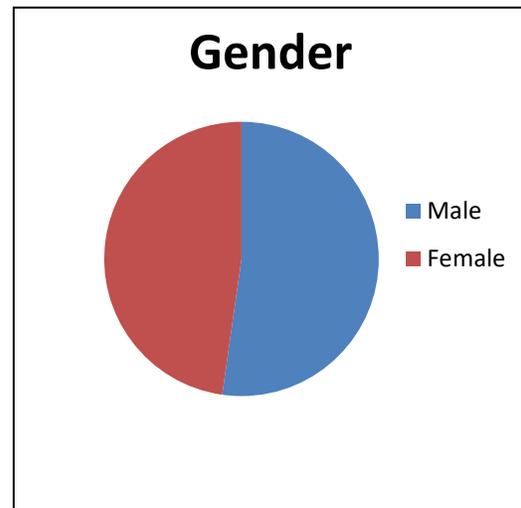
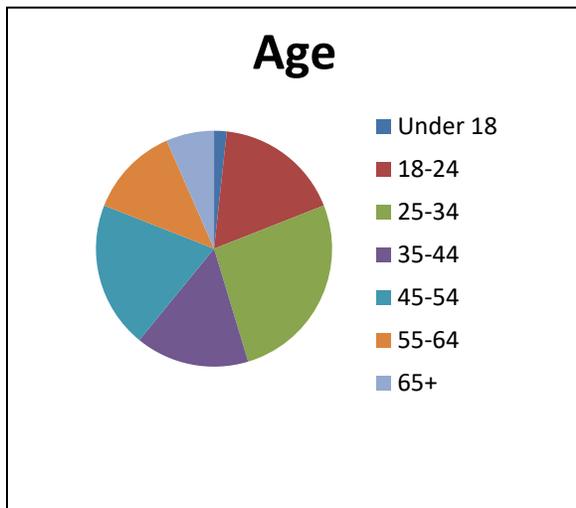
Data for this study was collected via an Internet survey. Data collected through questionnaire analysed by using statistical tools such as graphs, tables, and percentages.

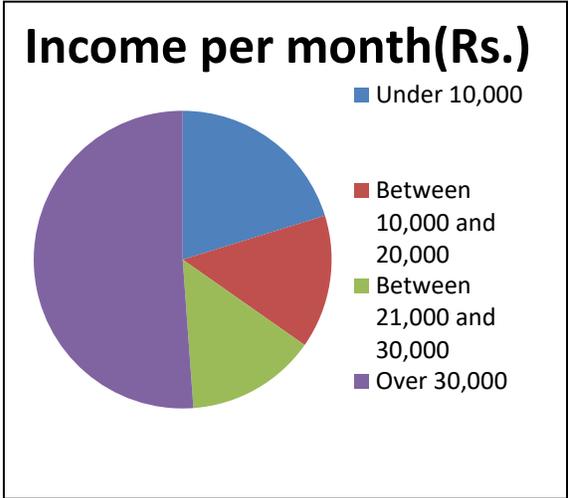
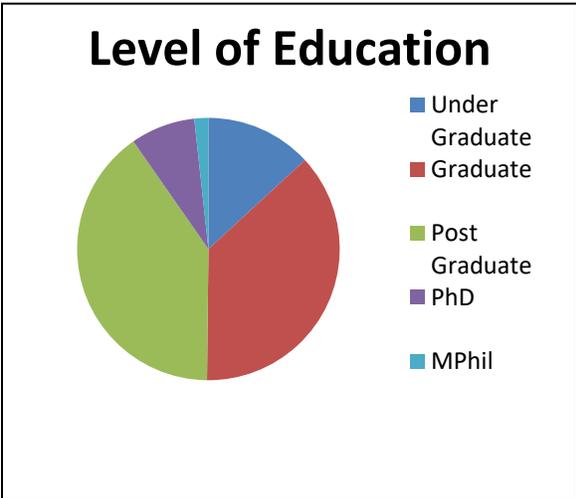
The questionnaire divided into two portions:

1. The first part contains questions to know the personal and socioeconomic details of respondents.
2. The second part of the questionnaire contains questions to know their awareness of eco labels, role of eco labels on the purchasing decisions, source of information that know about eco labels and the different factors considered while making a purchase decision.

Socioeconomic Profile

Twenty seven per cent of the 292 respondents were in the 25-34 age group. Major respondents, 53% were men. Most of the respondents were postgraduates, lived in metropolitan cities and were salaried with annual income of more than Rs. 4 lakh.



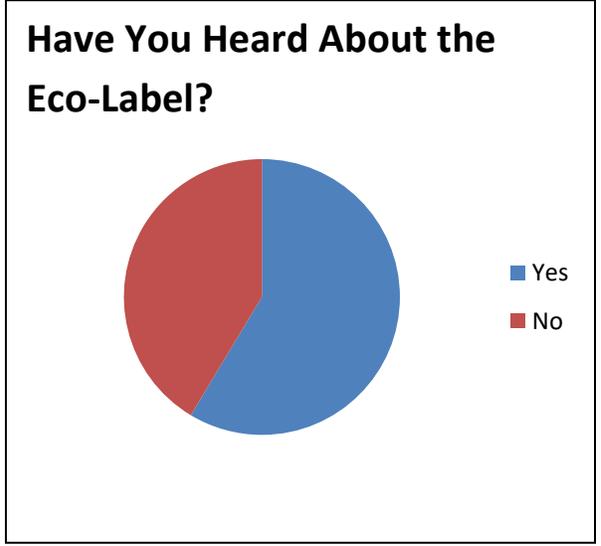


Survey says that the relationship between demographic factors and eco labels awareness is that males (113) are more aware than females (109) females. In case of education, the better education nourishes eco awareness. In case of income, it proves that higher level of income enrich the eco awareness that leads to eco friendly purchasing.

Consumers’ outlook/values and attitudes towards the Environment

Familiarity with the term

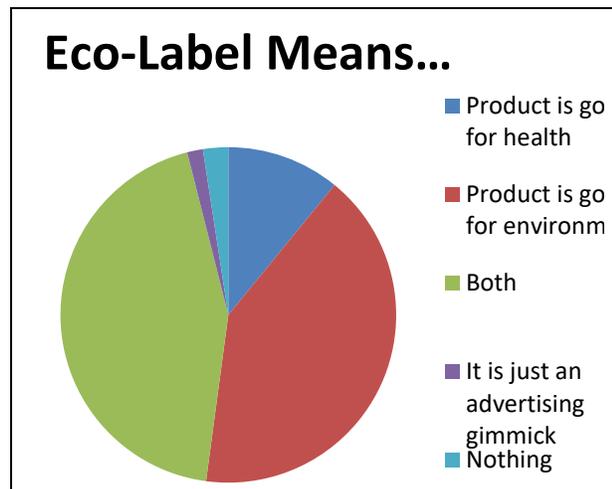
More than 80% of respondents have heard about the **Eco-Products/ Environmentally Friendly Products**. Less than 7% were unaware of the term and 12% had some information about these products good for the environment.



There is an awareness of the **Ecolabel** among consumers. Fifty-nine per cent consumers responded that they know about the Ecolabel and 41% of the respondent were not aware of the term.

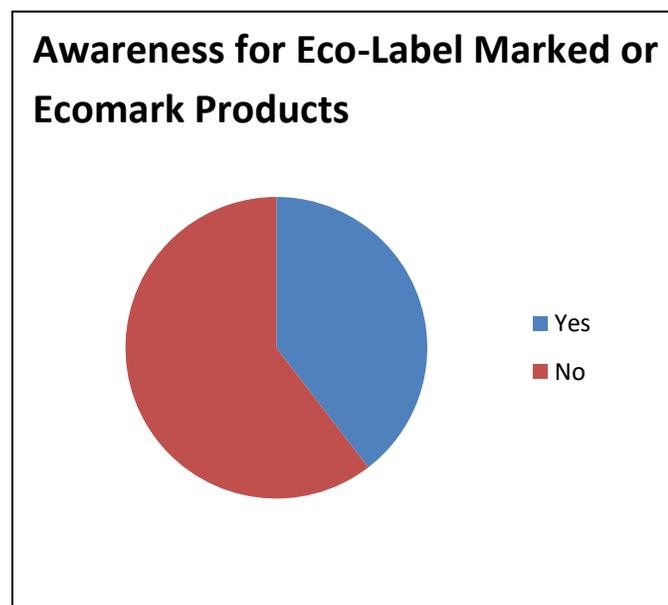
Consumers' perceptions of Ecolabel

From a consumer perspective, Ecolabels are tools for supporting decision making with regard to environmentally significant products. Fifty per cent respondents shared their view that ecolabelled products are good for the environment and health both, but 2 % considered it as an advertising gimmick. Forty seven per cent considered, it is good for the environment, but for 3% environmental issues do not matter to them. Few respondents agree that Ecolabel gives more and better choices to the consumer and also creates awareness. The official Ecolabel logo makes green choices easy.



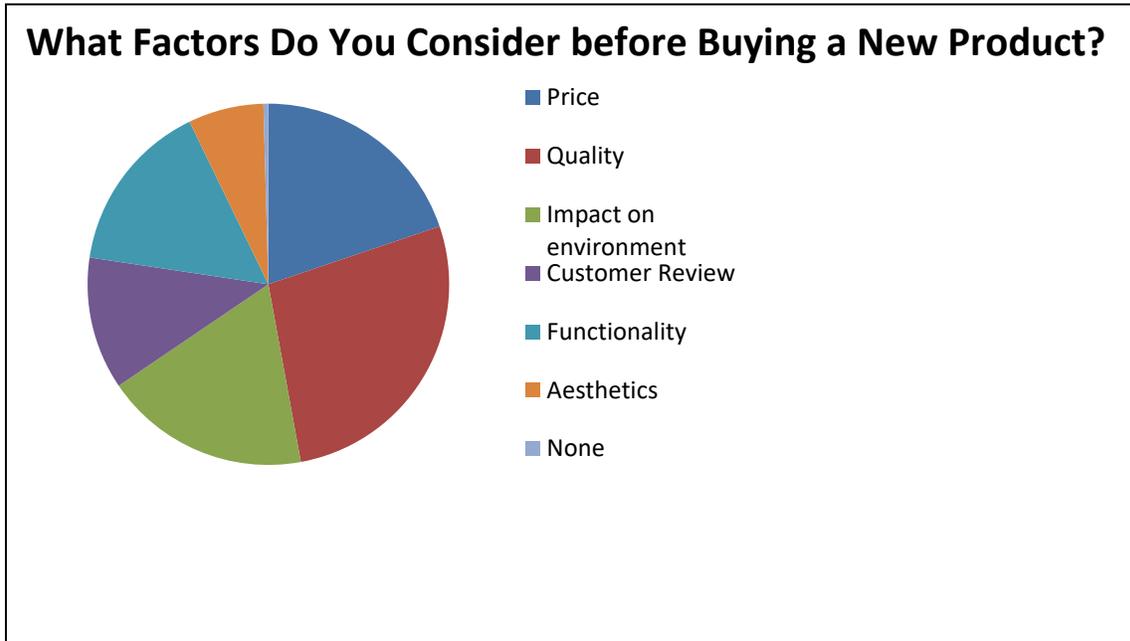
Consumer awareness towards ecolabelled products

Consumers' awareness towards these products are significant in indicating the way of the green product buying decision. The majority of the respondents (60%) are not aware of products with Ecolabel. Only 28% respondents are aware of ecolabelled product and 11% familiar with these products. They are aware of electrical products with power saving star marks. Few responded for Ecolabel known to them like Ecomark for wood and its substitutes, Marine fishes, Tourism, Paper, Silk Mark, Green Buildings, Textile, Organic Food and recyclable papers.



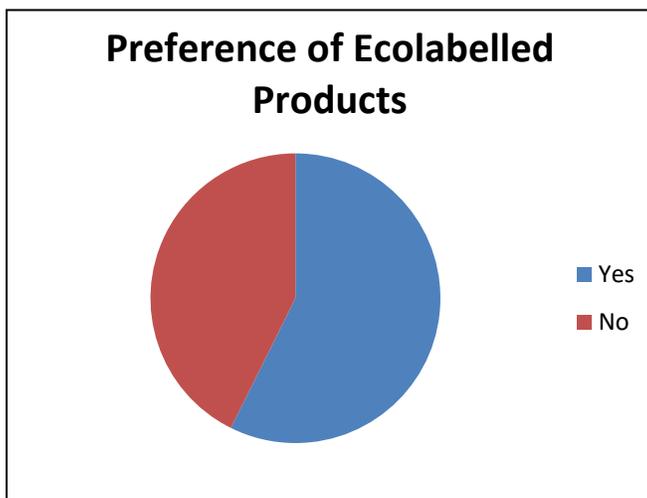
Factors influence the buying decisions

When it comes to choosing one product versus another, consumers – whether consciously or subconsciously – weigh a variety of factors. Maximum respondents (87%) gave importance on the quality of the product and 63% respondents for the price. There are 58% respondents gave weightage to the environmental factor. Respondents (38%) also depend on customer reviews. They also see the functionality (49%) and aesthetic aspects (21%) of the product.



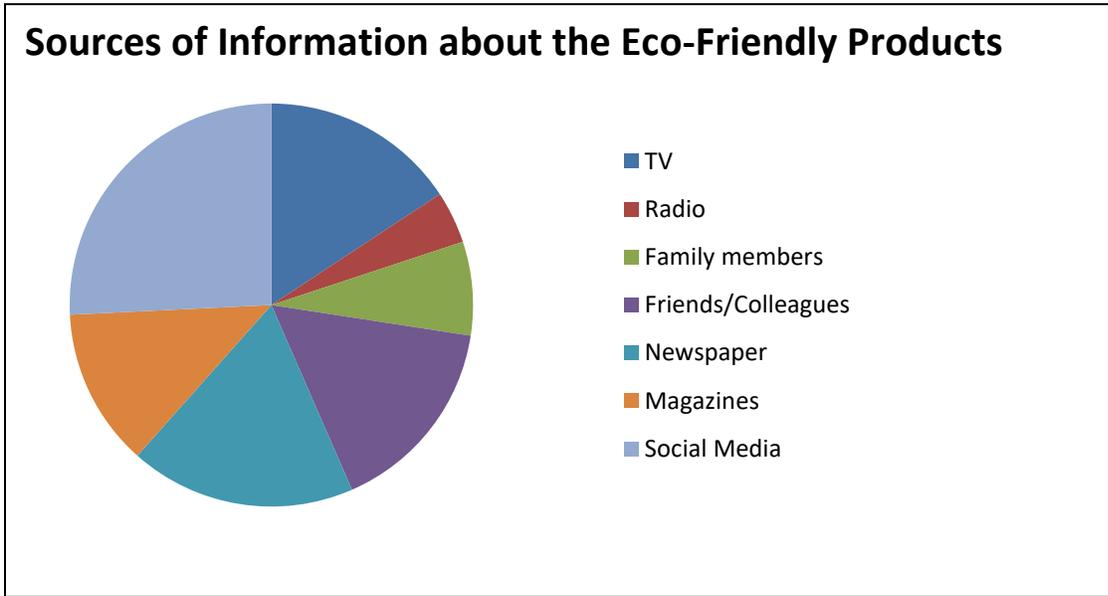
Preference of ecolabelled products

This finding indicates respondents preferred eco-labels and organic labels to improve environmental benefits. More than 50% of the respondents belonged to this class. Respondents prefer to buy Organic food (29%) and 25% for labeled food. Consumers (21%) prefer electrical/electronic products with **Star labeled** and **EPEAT** labeled products. Textiles and apparel preferred by 22% respondents. They prefer **Silk Mark** and **Craft Mark** products. Others (11%) also prefer **solar powered products**.



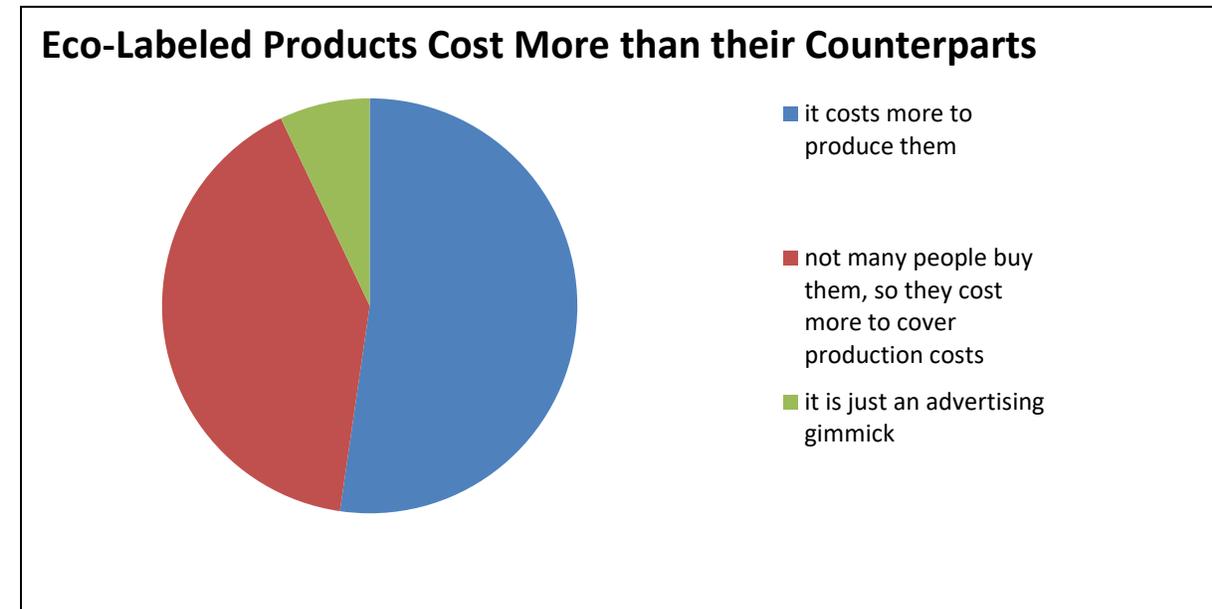
Sources of Information

Study results indicate that a majority of respondents are aware of eco-friendly products and have a fair knowledge of environment related issues. Social Media made 70% respondents aware of these products. Newspaper (51%), TV (43%) and magazine (35%) also influence the respondents for getting information of eco-friendly products. Friends (42%) and family members (21%) are also reliable sources.



Eco-labeled products cost more than their counterparts

Majority respondents (61%) have an opinion that the manufacturing of these products cost more than its counterparts and the costs associated with eco-certification. Respondents (50%) also consider that buyer of these products are fewer that also cost more to cover production costs. It is an advertising gimmick, says 8% respondents.



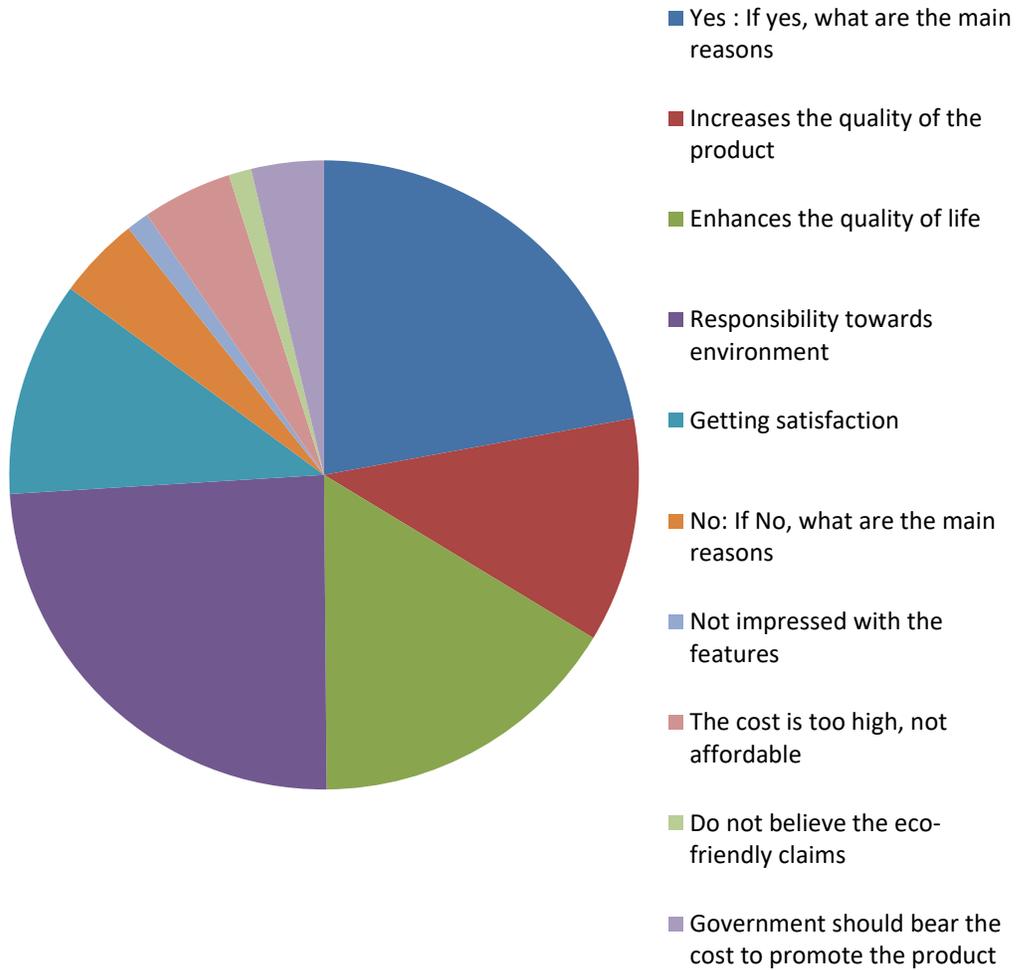
Pay more for products which are eco-friendly

The significant portion (63%) of the respondents ready to pay more for eco-friendly products because of their responsibility towards the environment (66%). It also increases the quality of the product (32%) and enhances the quality of life (45%) too. Thirty percent respondents say they feel satisfied for their intention towards the environment. More than 50% of respondents have perception and purchase intention towards green products.

Only 12% of the respondents are not ready to shell out more from their pocket for eco-friendly products because the cost is too high if compare with their counterparts. Some respondents (11%) have proposed that the Government should bear the cost to promote the product. Only 4% respondents do not believe in these claims.

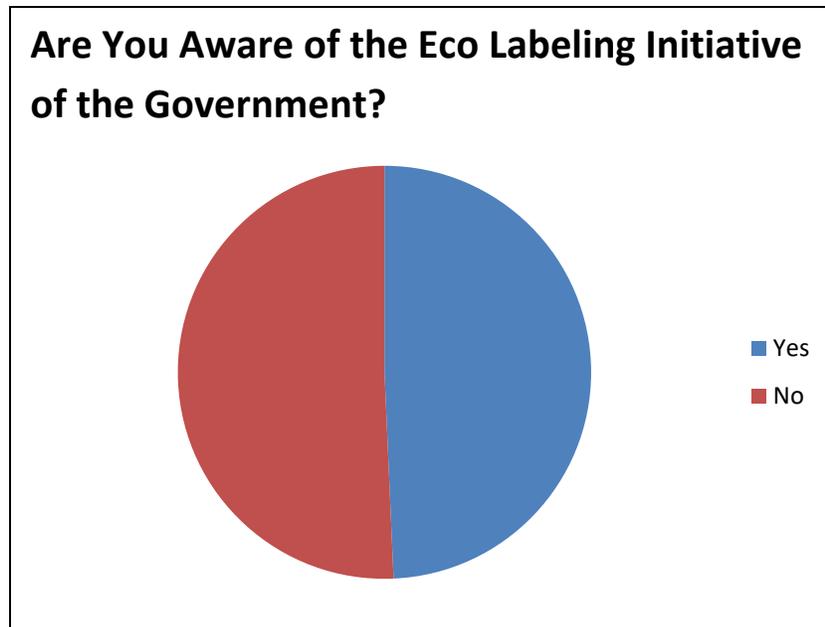


Pay More For Products which are Eco-Friendly



Awareness of Government's initiative towards Ecolabel Schemes

Consumers are becoming more ecologically conscious and desirous of purchasing environmentally friendly products i.e. green products. More than 50% of respondents are aware of the government's initiative. They know about different internationally accepted eco-labels which are available in India.



Conclusion

Recent research and studies show that consumers are becoming more interested in environmentally friendly practices and products. However, multiple studies have found that consumers' purchasing habits do not necessarily match their attitudes when it comes to being an environmentally friendly consumer. It takes time, effort and money to become environmentally conscious. There is also a perception that one needs to be knowledgeable, live in the right place, have self-discipline and be prepared to make personal sacrifices to be green.

According to the survey, consumers are concerned about the environment. The Ecolabel provides important information about ecological, environmental and sustainability aspects that consumers can use in their decision-making process. This study finds that there is a relationship between eco labels and eco conscious consumer behaviour for green products. Their consumption behaviour lead to the creation of a new group of consumers as the "green consumers."

Respondents found that eco labels are the sources of information regarding products' features and provide information about less detrimental effects of these products on the environment. They influence consumer behaviour in two ways. First, they introduce green as a considered attribute at the point of sale. Second, they enable consumers to compare shop based on green. In fact, consumers indicate that they are more likely to make eco-friendly purchase decisions if the eco-labels are also widely recognised and trusted brands in themselves.

However, some respondents do not think choosing green products will make a difference. Rather, they doubt the impact their choices will have on the environment. Another reason is the

growth of “Greenwash” which occurs when consumers are misled to believe that a company is adopting green practices or the product has environmental benefits, subsequently making it difficult for consumers to identify legitimate green products. Government regulation or recognised accreditation schemes make it easier for consumers to choose eco-friendly products.

This finding indicates that more than half of the respondents preferred eco-labels to improve environmental benefits. Respondents in this class are willing to pay more for eco-labels compared to other groups.

Organic food and labeled food are preferred by respondents. Results indicated that the main reasons for purchasing organic food products are an expectation of a healthier and environmentally friendly means of production. The concept of organic farming is not new to India.

Familiar labels like the Bureau of Energy Efficiency (BEE) 's Energy Star have a more significant influence on consumer behaviour than others. Therefore, investing resources in eco labels design and providing awareness about the sustainability of the environment are helpful in producing eco conscious consumer behaviour.

The study has found that there is a need of promotional activities on ecolabels, eco-friendly products and consumers green product awareness. Respondents are aware of the energy star rating by the Bureau of Energy Efficiency (BEE) for labelling the electrical appliances based on its energy efficiency. Although, this leads to consumer awareness about the energy consumption of the product and promotion of energy saving appliances but it does not take into consideration, the impacts of the product on the environment during the production and final disposal of the same. Respondents are not much aware of the product which are considered for eco-labelling by the Government. The EcoMark Scheme of the Indian Government is voluntary and the general awareness amongst the consumers and the industry about the Ecomark is very minimal.

It can be concluded that consumers' perception on eco-labelling has a positive effect on the green purchasing behaviour. Consumers with relatively poor knowledge of the production standards of eco-labels have positive attitudes toward eco-labeled products because they believe that eco-labeled products are healthier and more environmentally friendly.

It can also be inferred from the results that there is a positive significant correlation between the effectiveness of eco-labelling and identification of green products and the environmental behaviour of consumers.

To increase consumer demand and attracting more and more consumers to green products is to revive the eco-labelling scheme (Ecomark) and to develop the strategy for the promotion of the scheme in India.

References:

<https://www.unenvironment.org/explore-topics/resource-efficiency/what-we-do/responsible-industry/eco-labelling>

https://www.business-standard.com/article/economy-policy/ecomark-scheme-finds-few-takers-in-industry-107081601086_1.html

Annexure -1

Objective:

YOUR OPINION COUNTS

As a part of our project on “Environment Literacy - Eco-labelling and Eco-friendly Products”, CERC-ENVIS Resource Partner is conducting a consumer survey to understand the behaviour of consumers and their intention to purchase environmentally friendly products. The objective is to identify and analyse how eco-label on the product can influence on consumer buying behaviour. We request you to kindly click on the link (-----) and send us your response to the survey.

The survey will not take more than 10 minutes.

The influence of eco-labelling on consumer purchasing behaviour

Name (optional)

Age

Gender

Male

Female

Level of education

Income per month

- >10000
- 10000-20000
- 20000-30000
- 30000<

City: _____

State: _____

Email id (optional)

1. Have you heard about Eco-Products/ Environmentally Friendly Products?

Yes

No

A Little

2. Have you heard about the Eco-label?

Yes

No

3. What does 'eco-label' mean to you?

- product is good for health
- product is good for environment
- both
- it is just an advertising gimmick
- Nothing
- Other (Please Specify)-----

4. Do you know any eco-label marked or EcoMark products?

Yes

No

If yes, please name_____

5. What factors do you consider before buying a new product?

- Price/Cost
- Quality
- Impact on environment
- Customer Review
- Functionality
- Aesthetics

6. Do you buy eco-labeled products?

Yes

No

If yes, which category of products do you buy?

- Clothes/Apparel
- Electrical/Electronic items
- Food items
- Organic food
- Others-----

7. What are your sources of information about the eco-friendly products?

- TV /Radio
- Family members
- Friends/Colleagues
- Newspaper or Magazines
- Other (please specify)-----

8. In your opinion, why do eco-labeled products cost more than their counterparts?

- it costs more to produce them
- not many people buy them, so they cost more to cover production costs
- it is just an advertising gimmick
- Other (Please Specify)-----

9. Would you pay more for products which are eco-friendly?

Yes

No

If yes, what are the main reasons

- Increases the quality of the product
- Enhances the quality of life
- Responsibility towards environment
- Getting satisfaction

If No, what are the main reasons

- Not impressed with the features
- The cost is too high, not affordable
- Do not believe the eco-friendly claims
- Government should bear the cost to promote the product

10. Are you aware of the eco labeling initiative of the government?

Yes

No



Survey link: <https://www.surveymonkey.com/r/NFYDXJB>