

Awareness and Perception of Consumers about Green Labelled Products and Its Effect on Consumer Buying Behaviour

By

Prof. Y Jahangir

Department of Business Management, Osmania University

Dr P Venu Priya

Associate Professor, AMS School of Informatics

Dr M Sailaja

Assistant Professor, AMS School of Informatics

Abstract

Rising environmental concerns, depleting the ozone layer, increased pollution and growing health consciousness among consumers made green marketing an important aspect for marketers to sustain in the competitive world. Green labelling is one of the various methods adopted by green marketers. The main objective of this paper is to know the awareness and perception of customers towards green labelling. A survey was conducted. It was observed that more number of females are aware of green labels and one-fourth of respondents have an accurate perception about green labels and ready to pay a higher price as believe that it increases their life span.

Keywords: Green Marketing, Green Products, Green label, awareness, perception

Introduction

Global warming is such an alarming issue that world over countries are trying to reduce its impact through conservation of their resources. Sustaining in such a situation is major concern of every sector including businesses. To sustain in the long-run organizations need to consider factors that not only affect their performance but also conserve the resources of planet. With revolution in technology and communication the consumers also have become more conscious of their health and environment leading to increased demand for eco-friendly and green products. This lead to adoption of green marketing a sustainable business practices by businesses for sustainable development in the economy and society.

Green Marketing

Green Marketing evolved over a period of time to cater to the growing demand of consumers for eco-friendly products. Green move was used as a marketing tool by organizations and as a part of this move organizations produced green products, services, promotions, packaging, green labels etc to create trust, brand image among consumers and there by achieve long-term growth and profit.

Green Products

Green Products are those products which are produced naturally using natural process that can be eco-friendly, recyclable and biodegradable, manufactured using natural, limited resources. The green products are certified by various organizations with different symbols and logos to help customers identify their credibility as green connotes different meaning to different people.

Green Label

“ISO defined green label as logo printed on the product or packaging to stress the eco friendly feature.” Also branded as eco label helps consumer not only in easy identification but also in getting the required information to make a right choice with value addition.

There are around 460 certified eco-labels round the world, covers everything from food and drinks to cosmetics and personal care items to appliances, furniture, and even businesses themselves, according to Ecolabel Index, a global directory that traces eco-labels through web scraping and independently-verified. They aim to make available consumers with dependable and thorough information, in order to build their environmental awareness and allow them to make an informed choice and thus encourage the consumption of the most environmentally friendly products.



Consumer Awareness

Consumer awareness plays a very important role for both the consumer and marketer. The first step in consumer adoption process is creating awareness about the product. Marketer should see that the product is included in the awareness set which can lead to interest there by helping the consumer in better perception about product.

Consumer Perception

Perception can be defined as what the consumer perceives about the product from the information provided. What they ultimately perceive will lead to satisfaction. The way awareness is created by providing information about product, features, quality and functionality and the way it is communicated creates certain expectation about product. But ultimately it is perception about product which decide their satisfaction levels because the lesser the gap between expectation and perception greater will be chance of adoption of product giving competitive advantage to the marketer.

Need for the Study

Information revolution has made tremendous amounts of data available about product with different brand names making customer conscious not only about their health but also about environment. In such a situation all the businesses are trying to make a mark by adopting sustainable business practice like green marketing all over world. In this context the study of green marketing gains lot of importance to know the awareness and perception levels of customers specially in India.

Literature Review

Chan (1999) stated that understanding about environmental problem was a valuable variable to envisage environmental behaviour. Schlegelmilch et al., (1996) analyzed that attitude towards environment was the most reliable forecaster of favorable purchasing behaviour towards environment friendly products. According to Katona and Strumpel (1978) there is a close relation between attitude and perception which in turn influenced buying behaviour. Straughan and Roberts (1999) stated that there is a positive correlation between income and sensitiveness towards the environment. Vlosky et al., found a positive relationship between environmental awareness, certification by environmental agencies, their value, readiness to pay for environment friendly products. Phau and ang (2007) stated that shoppers reacted more favorably towards products which are environmentally friendly while purchasing. According to Mostafa (2007) women showed favorable attitudes towards the environment.

Objectives

To study the awareness level and perception of Green Label products

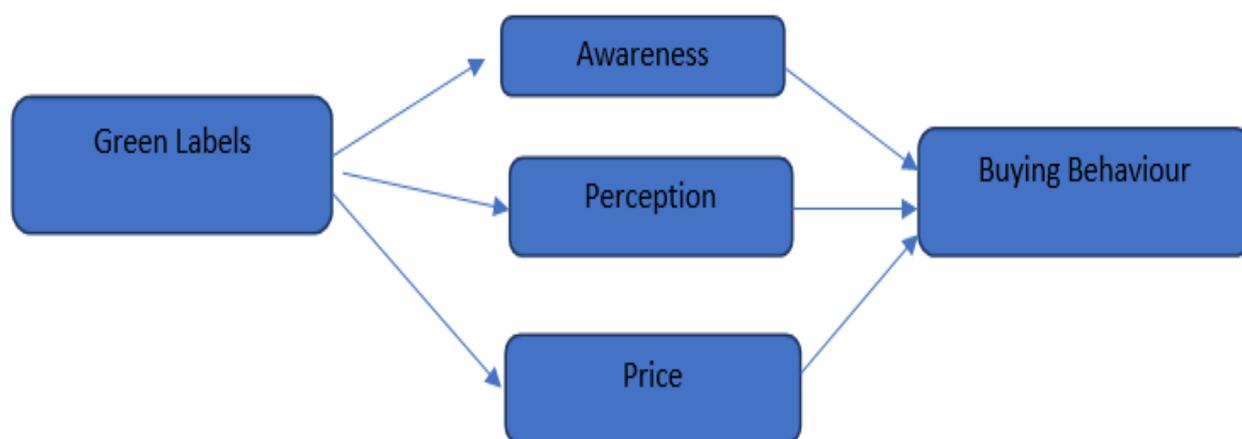
To study the buying behaviour about Green Label products

To find out the level of satisfaction of customers towards Green Label products

Research Methodology

The study is exploratory in nature, The sampling frame consists of the population of Hyderabad. Non-Probability sampling namely the Convenient sampling technique was used. The sample was collected from consumers. Primary data was collected by administering a structured questionnaire consisting of dimensions which measured the awareness and perception of customers about green labels and factors that influenced their buying behaviour towards green products. 115 responses we got. The secondary data was collected from journals, websites and newspapers. The collected data were analyzed using a statistical package for social science (SPSS). The statistical tools are percentage analysis, one-way ANOVA, Correlation and Regression was used. Cronbach's Alpha is 0.778 for 7 items of variables which suggests that the examination instrument is reliable to evaluate all hypotheses reliably and free from random error.

To assess the Awareness and Perception of Consumers about Green Labelled Products and their Effect on consumer buying behaviour



Data Analysis and Results

Demographics

The survey yielded 115 responses. The age of the respondents was between 20 -50 and above years. 60% of the respondents belonged to 20-30 years age group. Out of which 69.6% were female. 53% were employed and 46% were students. Retired employees, housewives and self employed category percentage was negligible. Most of them (76%) were postgraduates. 72.2% were aware of green labeled products and 67% check for green label, but coming to awareness about type of green label and knowledge and understanding of green label is 40 % and less than that indicating customer's need for customer education

Table 1: AGE

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20 - 30 years	69	60.0	60.0	60.0
	30 - 40 years	24	20.9	20.9	80.9
	40 - 50 years	18	15.7	15.7	96.5
	Above 50 years	4	3.5	3.5	100.0
	Total	115	100.0	100.0	

Table 2: GENDER

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	35	30.4	30.4	30.4
	Female	80	69.6	69.6	100.0
	Total	115	100.	100.0	

Table 3: Profession

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Student	46	40.0	40.0	40.0
	Employee	53	46.1	46.1	86.1
	House Wife	5	4.3	4.3	90.4
	Retired Employee	2	1.7	1.7	92.2
	Self Employed	9	7.8	7.8	100.0
	Total	115	100.	100.0	

Table 4: Educational Qualification

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below Graduation	1	.9	.9	.9
	Graduation	30	26.1	26.1	27.0
	Post Graduation	76	66.1	66.1	93.0
	Above Post Graduation	8	7.0	7.0	100.0
	Total	115	100.0	100.0	

H1(0): There is no significant difference between Awareness, Knowledge & Perception of customer's about green labeled products

H1(1): There is significance difference between Awareness, Knowledge & Perception of customer's about green labeled products

Table 5: Correlation

		Awareness about Green Products	Checking Green Label	Awareness about Green Label	Knowledge and Understanding about Green Label
Awareness about Green Products	Pearson Correlation	1	.636**	.418**	.358**
	Sig. (2-tailed)		.000	.000	.000
	N	115	115	115	115
Checking Green Label	Pearson Correlation	.636**	1	.390**	.358**
	Sig. (2-tailed)	.000		.000	.000
	N	115	115	115	115
Awareness about Green Label	Pearson Correlation	.418**	.390**	1	.438**
	Sig. (2-tailed)	.000	.000		.000
	N	115	115	115	115
Knowledge and Understanding about Green Label	Pearson Correlation	.358**	.358**	.438**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	115	115	115	115

** . Correlation is significant at the 0.01 level (2-tailed).

The above table depicts that there is a positive correlation between Awareness about green products, Checking green label, Awareness about green label and Knowledge and understating about green label. The correlation ranges from moderate to high from 0.358 to 0.636.

ANOVA

Awareness about certification Authority

H2(0): There is no significant difference in the customer's awareness about certification authority for all the demographic factors

H2(1): There is a significant difference in the customer's awareness about certification authority for all the demographic factors

Table 6: ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Age	Between Groups	4.877	4	1.219	1.635	.171
	Within Groups	82.044	110	.746		
	Total	86.922	114			
Gender	Between Groups	2.003	4	.501	2.465	.049
	Within Groups	22.345	110	.203		
	Total	24.348	114			
Profession	Between Groups	7.084	4	1.771	1.475	.215
	Within Groups	132.047	110	1.200		
	Total	139.130	114			
Education Qualification	Between Groups	2.418	4	.605	1.924	.112
	Within Groups	34.573	110	.314		
	Total	36.991	114			

One-way analysis of variance (ANOVA) test was administered for various demographic groups for Awareness about Certification Authority. The ANOVA test reveals that there is no significant difference in the customer's awareness about certification authority for all the demographic factors at 95% level of significance except Gender with significance values of 0.171, 0.215 and 0.112 which are more than the standard value of 0.05. A significant difference in the customer's awareness about certification authority was found between different genders at 95% level of significance with significance value of 0.049 which is less than the standard value of 0.05.

Regression

H3(0): There is no significant influence of satisfaction on the Price of Green Label Products

H3(1): There is a significant influence of satisfaction on the Price of Green Label Products

Table 7: Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	Satisfaction with Green Label Products	.	Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).

a. Dependent Variable: Readiness to pay high price for Green label Products

To test whether Satisfaction with Green label products influences customer's readiness to pay higher price for green label products, Step wise regression method was administered.

Table 8: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change
						F Change	df1	df2	
1	.492 ^a	.242	.235	.81881	.242	36.102	1	113	.000

a. Predictors: (Constant), Satisfaction with Green Label Products

The above table depicts that Satisfaction with green label products explains 23.5% of the variation in the dependent variable i.e. readiness to pay higher price for green label products. Even though the variance explained is low at 24% approx. but the model is significant at 95% level of significance.

Table9: \$PREF_GREEN_LABEL_PRODUCTS Frequencies

		Responses		Percent of Cases
		N	Percent	
Preference for Green Label Products ^a	Personal Hygiene Products	77	23.2%	67.0%
	Food Products	97	29.2%	84.3%
	Clothing	22	6.6%	19.1%
	Kitchen Utilities	42	12.7%	36.5%
	Electronics	25	7.5%	21.7%
	Travel Related	13	3.9%	11.3%
	Home Products/Consumer Durables	42	12.7%	36.5%
Total	Fashion Accessories	14	4.2%	12.2%
		332	100.0%	288.7%

a. Dichotomy group tabulated at value 1.

The above table represents the multiple preferences of the customers towards Green Label Products. 115 respondents gave 332 preferences towards various green label products. Majority of the preference was given for Food Products (84.3%) i.e. with respect to food products, customers are more concerned about green label. Food products is followed by Personal Hygiene Products (67%). Very few customers look for green label while purchasing fashion accessories and travel related products.

Findings

From the analysis it was found that female respondents were more in number compared to male. Most of the respondents belonged to 20 to 30 age group with Post-Graduate qualification. Almost three – fourth of the customers have awareness about green products. While buying products more than half of the respondents check for green label. In spite of checking for green labels their awareness, knowledge and understanding about different kinds of green labels among respondents is less than half. Two - fifth are aware of certification authority of green labels and information printed on it. Only one third of them prefer to buy green label products. A negligible percentage is satisfied with green labeled products and less than one - fourth of them prefer to pay higher price for green labeled products.

Overall, though awareness is there about green products and green labels. Most of them lack knowledge and understanding and certification authority of green labels leading low perception levels. Hence their lack of understanding lead to low satisfaction and unwillingness to pay higher price. This clearly indicates that awareness and perception about green labels influence the buying behaviour of consumers.

Managerial Implications

In this era, mobile phones, internet, digitization and social media have created a lot of awareness about online shopping, price of products, sales promotions etc., bringing a tremendous change in the consumer buyer behaviour. However, the results of the study indicate a few issues which need to be dealt with, by the green product marketers to become profitable.

First and foremost there is a need to create not only awareness but also education about green labels, their certifying authority so as to make them know how green products with appropriate green labels contribute to their health and well being.

The marketers should find the reasons for customer's dissatisfaction and try to clear their misconceptions about green products and labels.

With environmental concern everywhere, every organization is trying to go green. Marketer's should adopt better and improved strategies to exploit the such growing market.

Limitations and Scope for Future Research

Sample size is small so the results cannot be generalized for entire population. The study is limited to population of Hyderabad, entire population of the country can be considered. The findings can be applied to middle class, it can include people belonging to different social strata and also urban and rural areas. Preference for green products is limited to general population, Different demographic factors like gender, age, profession and educational qualifications can be applied to find preference towards various products.

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