

The Effect of Eco Labeling on Consumer Buying Behaviour with Reference to Trichy City

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ABSTRACT

The consumer buying behaviour towards products has been changed in the recent years. Consumers have started looking at products than its attributes & quality. The Eco-labelling is becoming an effective way of informing customers about the specific benefits and characteristics of the product and claim of society. This study aims to understand the effect of eco labelling on behaviour of consumers towards product purchase, also how it influences and why do they prefer eco friendly products. The study has been conducted by using Descriptive research method. Primary data were collected by survey through structured questionnaire. Convenience sampling method was adopted to collect data from 100 samples in Trichy city.

Keywords: Eco-label, Consumer, Buying behaviour and products.

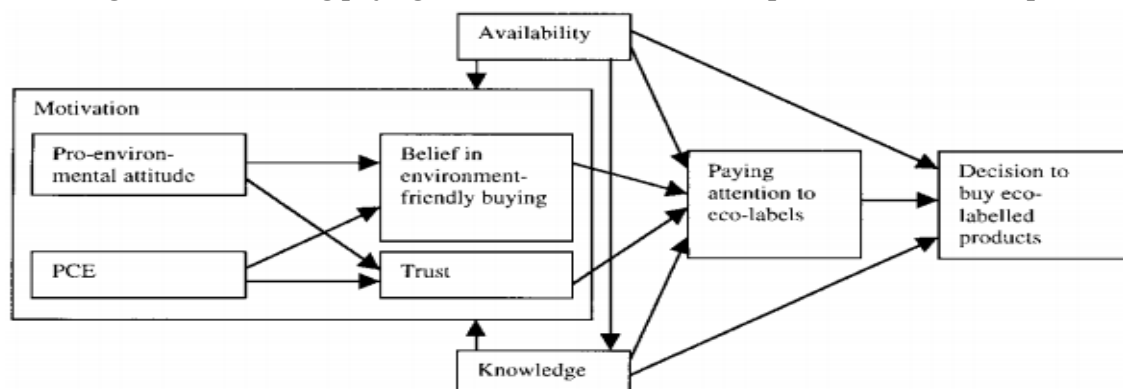
INTRODUCTION

Eco labeling refers to labeling the products to inform the consumers that the products are to the recognized environmental standards. These include labels like "recyclable", "eco-friendly" and so on which encourages customers to purchase eco-friendly products. Such labelling of the products attracts consumers who were looking for ways to reduce adverse environmental impacts through their purchasing choices. The main objectives of eco labelling are protecting the environment, encouraging environmentally sound innovation and leadership, building consumer awareness of environmental issues. Many studies revealed that customers are now started exhibiting ecological consumer. Eco-labels make the customers to identify green products and also influence on their purchase decisions.

Thogersen (2002) suggests that the difference between the number of consumers who want to buy eco-labeled products and the number of consumers who purchase such products is traceable to the dramatic variation in recognition among eco-labels. With sufficient promotion of these labels, augmented awareness of eco-labels is likely. It is also identified the factors such as Motivation, Knowledge, availability and attitude influenced consumers' purchasing on eco-labelled products.

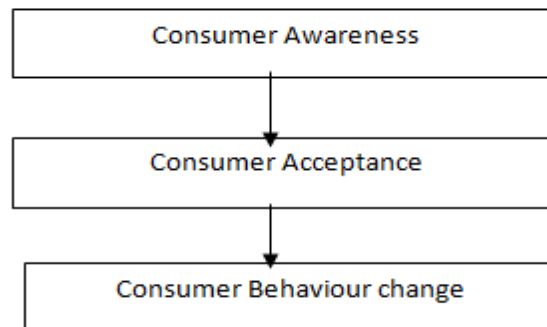
A study of Leire and Thidell (2009, p.1063) grouped the effectiveness of information system and labeling scheme into three main steps: consumer awareness, consumer acceptance and consumer behavior change.

Figure 1: Predicting paying attention to eco labels and purchase of labelled products



Source: Fig 1. Thogersen (2002) Predicting paying attention to eco labels and purchase of labelled products

Figure-2: Expected Effectiveness of Information System and Labelling Scheme to Consumer

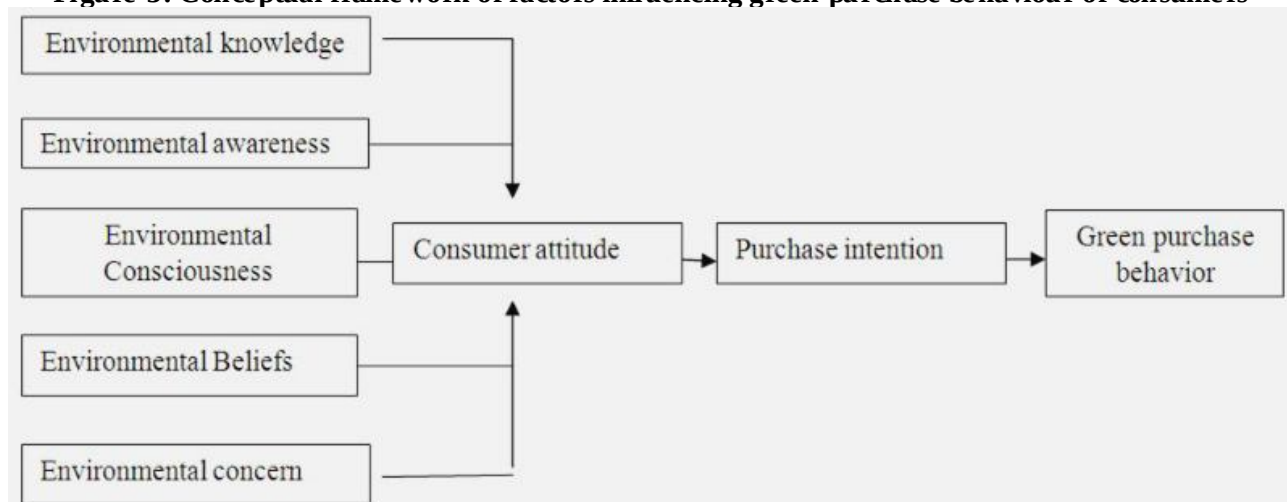


Source: Fig 2: Expected Effectiveness of Information System and Labeling Scheme to Consumer, Leire & Thidell, 2004. p.1063.

Conceptual framework of factors influencing green purchase behaviour of consumers

Factors that have been shown to exert influence on the ecological behaviour of individuals have been classified as external (education, media, family, culture) internal (knowledge attitude, beliefs, awareness, consciousness, concern) and situational (economic rewards and legislation) (Carette et al 2012). (Kaufmann et al 2012, Ali et al 2012, Dunlap et al 1975, Roberts et al 1977, Tilikidou et al 2002, Snelger. R 1997, Clare D' Souza et al 2006) developed and used the items to measure and to analyze the environmental behaviour of consumers namely Pro environmental consumer behaviour, Environmental knowledge/Eco literacy, Altruism, Environmental awareness, Environmental concern and attitude, Environmental beliefs, Environmental information..

Figure-3: Conceptual framework of factors influencing green purchase behaviour of consumers



Source: Figure 3 Sarumathi, Global Journal of Finance and Management, ISSN 0975-6477 Volume 6, 2014

REVIEW OF LITERATURE

Nguyen et al. (2015) The cynosure of this study is on four factors that may influence consumer attitude toward an eco-labelled product— (1) consumer recognition/ awareness of eco-labels, (2) perceived source credibility of eco-labels, (3) prior purchase behaviour of eco-labelled products, and (4) overall environmental attitude. Extant work has found that consumers indicate that eco-labels influence their purchase decision (e.g., BMU, 2010; European Commission, 2009).

Testa et al. (2015) found that consumers' awareness and knowledge of eco-labels influence their purchase decision. Being cognizant of eco-labels may well sensitize consumers to the significant impact green products, green marketing, and sustainable consumption might have on the environment—and concomitantly on long-run individual and societal welfare. Such awareness may induce consumers to develop a positive attitude toward offerings possessing eco-labels.

Thogersen (2000), According to Thogersen eco-labels can be involved in the decision process if they are available and consumers pay attention to them. Familiarity of eco-labels is likely to be a sine qua non if consumers are to use eco-labels to acquire product information

Starobin & Weinthal (2010) Organizations should essay to verify and promotetheir expertise in developing meaningful eco-labels and eco-labeled offerings for consumers. Organizations may even wish to develop labeling schemes that emulate those used for kosher labels.

OBJECTIVES

1. To examine whether customers concern about eco labelling on their purchase.
2. To understand what eco-labelled products means to customers
3. To identify whether eco labelling influences customers on product purchase.
4. To study why customers prefer eco-friendly products.

METHODOLOGY

- The study has been performed among 100 respondents as a sample size conducted in Trichy city.
- The sample has been selected by of convenience sampling method.
- Both primary and secondary data has been collected for analysis through different sources.
- Primary Data has been collected by using questionnaire method.
- Questionnaire was constructed with logical questions.
- % analysis and Garrett ranking test were used.

DATA ANALYSIS AND INTERPRETATION

Table-1: Table showing Demographic Classification

S. No	Demographic Variables		No of Respondents
1	Gender	Male	52
		Female	48
2	Age	<25	18
		26 – 35	32
		36 – 45	28
		45 – 55	16
		> 56	06
3	Educational Details	Illiterate	14
		HSC	29
		Degree	57
4	Status of Occupation	Employed	42
		Professional	23
		Business	19
		Home Maker	16

Source: Computed Data

Inference

The exceeding table 1 shows that out of the 100 sample respondents

- 52 per cent of them belong to male category;
- 32 per cent of the respondents fall in the age group of 26-35 year;
- A significant number of respondents have Graduate level educational qualification;
- 42 per cent of them are employed

Table-2: Do you concern about eco labelling on your purchase

S. No	Concern about eco labelling	No. Of respondents
1	Yes	79
2	No	21

Source: Computed Data

Inference

- Table 2 represents around 79 % of the respondents are concerned about eco labelling on their purchase

Table-3: What eco-labelled products means to you

S. No	Particulars	No. Of respondents
1	Good for health	25
2	Good for Environment	31
3	Both 1 & 2	23
4	Just an advertising Trick	11
5	None of the above	10

Source: Computed Data

Inference

Majority of the respondents around 31 % of the respondents feels that eco- labelled are good for environment

Around 25 % of the respondents feel it is good for health and 23 % has opted for both

11 % of the respondents feel it is just an advertising trick and 10 % of the respondents feel it is nothing to them.

Table-4: Whether eco labelling influences on your product purchase

S. No	Particulars	No. Of Respondents
1	Strongly Agree	29
2	Agree	32
3	Neutral	18
4	Disagree	7
5	Strongly Disagree	14

Source: Computed Data

Inference

- Majority of the respondents around 32 % agree that eco labelling influences their product purchase
- Around 7 % of the respondents disagree with the statement “eco labelling influences their product purchase”

Table-5: Why do you prefer eco-friendly products? Calculation of Garrett Table Value

Ranks	Calculation	Percentage	Garrett's Table Value
I Rank	= $100 \times (1-0.5)/5$	= 10	= 75
II Rank	= $100 \times (2-0.5)/5$	= 30	= 60
III Rank	= $100 \times (3-0.5)/5$	= 50	= 50
IV Rank	= $100 \times (4-0.5)/5$	= 70	= 40
V Rank	= $100 \times (5-0.5)/5$	= 90	= 25

Source: Computed Data

Table-6: Why do you prefer eco-friendly products?

S.	Factors	1*75	2*60	3*50	4*40	5*25		Average	
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No							Total	Score (Total/100)	Rank
1	Better for the environment	2925	1680	1100	520	200	6425	64.25	1
2	Free from chemicals	1500	1860	1350	520	2715	5505	55.05	4
3	Socially responsible	2400	1620	1150	560	350	6080	60.80	2
4	Product credibility	2775	1260	1200	440	175	5850	58.50	3
5	Made from renewable sources	900	660	1850	920	425	4755	47.55	5

Source: Computed Data

Inference

From the above table 6, it is clear that maximum of respondents prefer eco-friendly products due to the factor of 'better for the environment'. Rank 2 given to the factor 'Socially responsible'. Rank 3 given to the factor 'Product credibility'.

FINDINGS OF THE STUDY

- The above study confirms that majority of the respondents around 52 per cent of them belong to male category.
- Also around 32 per cent of the respondents fall in the age group of 26-35 years.
- A significant number of respondents around 57 % have Graduate level educational qualification.
- Most of the respondents around 42 per cent are employed.
- From the study it is found that 79 % of the respondents are concerned about eco labelling on their purchase.
- Majority of the respondents around 31 % of the respondents feels that eco- labelled are good for environment.
- Around 25 % of the respondents feel it is good for health and 23 % has opted for both.
- 11 % of the respondents feel it is just an advertising trick and 10 % of the respondents feels it is nothing to them.
- Majority of the respondents around 32 % agree that eco labelling influences their product purchase.
- Around 7 % of the respondents disagree with the statement "eco labelling influences their product purchase".

Maximum of respondents prefer eco-friendly products due to the factor of 'better for the environment'. Rank 2 given to the factor 'Socially responsible'. Rank 3 given to the factor 'Product credibility'.

SUGGESTIONS & CONCLUSION

The primary purpose of the study is to examine about whether customers concern about eco-labelling on their purchase, it is found that majority of respondents are concerned about eco-labelling. It is visible that the scope for eco-labelled products is better, so marketers can implement this 'Eco-labelling' as a strategy to survive in the competitive market. Maximum of respondents says eco-labelled products are mean to good for environment, so now it has become the responsibility of the companies to impart and develop eco-friendly products to meet the customer's expectation. Most of the respondents agree that eco-labelled products have positive impact on their product purchase decision. Marketers can now use this as a tool to influence customers on their purchase decisions. Concern for Environment plays an vital role in customer preference towards eco-labelled products. Also they feel socially responsible to purchase these kinds of eco-products which in turn reflects on the credibility of the products positively. It is been concluded that companies should start focusing towards 'Eco-consumerism'.

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