

Sustainable Consumption: The Role of Eco Labels on Consumers' Buying Decision

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ABSTRACT

This study aims to give information about the effect of eco labels on customers purchasing behaviours. The increase public concern in relation to their surrounding natural environment has started to show off their consumption behaviours and lead to the creation of a new group of consumers as the green consumers Green production and consumption is a necessity of this century because of dreadful environmental degradation and changing consumer behaviour. Consumer behaviour is a dynamic factor in order to cope up with; new strategies and ideas are developed from the part of manufactures to sustain in the highly competitive market.

Key words: Consumer Behaviour, Eco Awareness, Eco Labels, Green Consumer

Introduction

Businesses are being encouraged adopting more environmentally friendly business practices and are carefully monitored for their environmental performance by the influence of social, political and legal pressures for environment protection (Lampe and Gazda, 1995 & Prakash, 2002). Businesses that offer products which are manufactured and designed with an environmental marketing mix have a long term competitive advantage (Wang, 2012). Sustainable marketing strategy helps in competitive advantage and cost savings (Kumar et al; 2012). Consumers will increasingly favour products and services from companies with strong sustainability practices. A major consequence of China's and India's rapid growth will be ongoing depletion of natural resources. Aspiration for economic progress and better life style will cause shortage in vital commodities. A better understanding of consumers' buying behaviour will allow businesses to acquire more market-applicable approach to sustain in the competitive market. Individual consumers are asked to incorporate environmental or green factors into their buying behaviour, be it by consuming less, "thinking green" and are willing to pay more for environmentally friendly products consuming locally, purchasing environmentally friendly products, recycling and sharing, among many approaches to improved, greener consumer behaviour (Sarumathi, 2014). Consumers today are increasing. The increasing numbers of consumers who prefer and are willing to buy these products are subjected to the buying process. Consumers have different buying behaviours and these behaviours are constantly changing as a result of the availability of best alternatives to choose from.

The main goal of the modern business is to understand and satisfy the needs of its buyers in well-defined target markets. Hence, green marketing from a business perspective should not be viewed as a way to support the environment but as a way to strengthen business position on the market by satisfying the needs of the growing amount of "green customers" (Chamorro et al; 2009) providing them with the "extra ecological value" they expect and, by doing so, reinvigorating the customer relationship. At the same time, understanding customers' needs is only one pillars of modern marketing.

Many individuals may have high ecological concern, but feel that the preservation of the environment is the responsibility of the government and big corporations. Green consumers or environmentally friendly consumers refer to those consumers who have examined the effect of goods production and consumption in their purchasing behaviour and relevant activities in the markets and decide accordingly. The green consumer is considered as anyone whose behaviour is influenced by environmental concerns and the environmental concern that consumers display in searching for ,purchasing, using, evaluating, and disposing of products is considered as green consumer behaviour. The consumers may be interested in greening, but cannot identify it. Many consumers cannot identify the steps a business had taken to go green. This poses a challenge for the green revolution because if people are not aware of what greening entails they are not likely to buy green products. In addition, consumers are often not willing to pay more for green products. This led to a point where the environment has to come first and people have to be prepared to pay the price themselves rather than putting too much responsibility on their governments to make a difference

Theoretical Background

Green purchase behaviour is derived from the consumer as a result of their natural environment orientation, ecological knowledge and environmental concern on their attitudes (Mostafa, 2007) and the factors affected are

environmental values and belief, environmental regulations and environmental knowledge (Smith,2013 & Mostafa, 2006). Some authors argue consumer green buying behaviour as a result of perceived product price and quality (D'Souza , 2007), company's environmental reputation (Schwepker and Cornwell, 1991) ,environmental concerns (Phau and Ong, 2007) and credibility of environmental advertising (Thogersen, 2000).Consumers who live in balance with nature choose products that create less pollution, able to recycle and limit the consumption level. Consumers have their own responsibility towards nurturing environment (Ramanlal, 2015). As far as India is concerned, green marketing concept is in its infanticide stage (Sharma, 2011) and the Indian 'eco mark' scheme does not make any significant impact on Indian domestic market (Jamalpuria, 2012). The study conducted by (Nath et al; 2012) suggests more promotional techniques to penetrate the habit of using green products in Indian society.

Nowadays consumers are more sensitive in their environmental attitudes, preferences and purchases (Sarigollu, 2009). Some group of consumers are willing to pay more for green products (Peattie, 2001). Different kinds of obstacles are existed in case of green consumer behaviour. The main obstacle in green product consumption is financial barrier i.e., high cost of green products (Biswas and Roy, 2015; Ageyman, 2014 & Geetha and Jenifer, 2014). Self awareness of green products enriches the sale of green products (Sharp and Wheeler, 2013) but this is comparatively low (Siringi, 2012). Eco labels provide information about the green friendliness of the products and encourage governments, manufactures and dealers to improve the environmental standards of products (Santos et al; 2006) through which boost up sustainable consumptions. The study conducted by (Gasper and Antunes, 2011) reveals that women are more consider towards environmental aspects and men incline towards technological innovation.

Objectives of the study

In case of electronic home appliances, the role of eco labels are more important because of the disposal of such electronic equipments are the major contributors of e- waste. By adopting eco labelling strategy, manufactures are able to contribute their share towards carbon foot print and to make a sense of awareness about environmental habits in purchase among consumers. The main objectives of the study are (1) to study the consumer behaviour towards purchase of eco friendly electronic home appliances, (2) to examine the role of eco labels on electronic home appliance purchase decisions and (3) to analyse the relation between awareness of eco labels and demographic factors.

Methodology

Both primary and secondary data are used for the study. Primary data collected from the respondents using questionnaires. The population area selected for the study is Government teaching and non teaching staff of Higher Secondary Schools in Malappuram district. The samples are selected from these groups because of their better education background and the feeling of that they are well equipped with the new product features and their power of purchasing. Questionnaires are mainly used for collecting data from sample respondents. Secondary data collected from the published articles which includes national and international.

Data Analysis and Interpretation

Data collected through questionnaire analysed by using statistical tools such as graphs, tables, percentages, chi-square. The questionnaire divided in to two portions- first part contains questions to know the personal, socio-economic details of respondents. The second part of the questionnaire contains questions to test their awareness of eco labels, role of eco labels on the buying decisions, source of information that know about eco labels and the various factors considered while taking a purchase decision.

Socio- Economic profile of sample customers

Sl. No:	Criteria	Number		%	
1	Gender				
	a. Male	14		47	
	b. Female	16		53	
2	Age				
	a. 20-25	3		10	
	b. 25-30	5		17	
	c. 30-35	4		13	
	d. 35-40	7		23	
	e. 40-45	6		20	
	f. 45-50	2		7	
	g. 50-55	2		7	
	h. 55-60	1		3	
3	Level of Education				
	Post Graduate				
	a. Male	8		27	
	b. Female	10		33	
	Above P.G.				
	a. Male	6		20	
b. Female	6		20		
4.	Income per Month	M	F	M	F
	a. 10000-20000	0	1	0	3
	b. 20000-30000	5	5	17	17
	c. 30000-40000	9	10	30	33
5.	Type of Family				
	a. Nuclear	21		70	
	b. Joint	9		30	

Table 1

The Table 1 shows that female respondents are more (53%) than male respondents (47%). Most of the respondents are from nuclear family (70%). 23% of the respondents are including in the age category of 35-40. 33% of the respondents are including in the category of 30000-40000 income level. In the case of level of education, post

graduate male and female respondents are 27% and 33% respectively. 20% of male and female respondents are including above post graduates each.

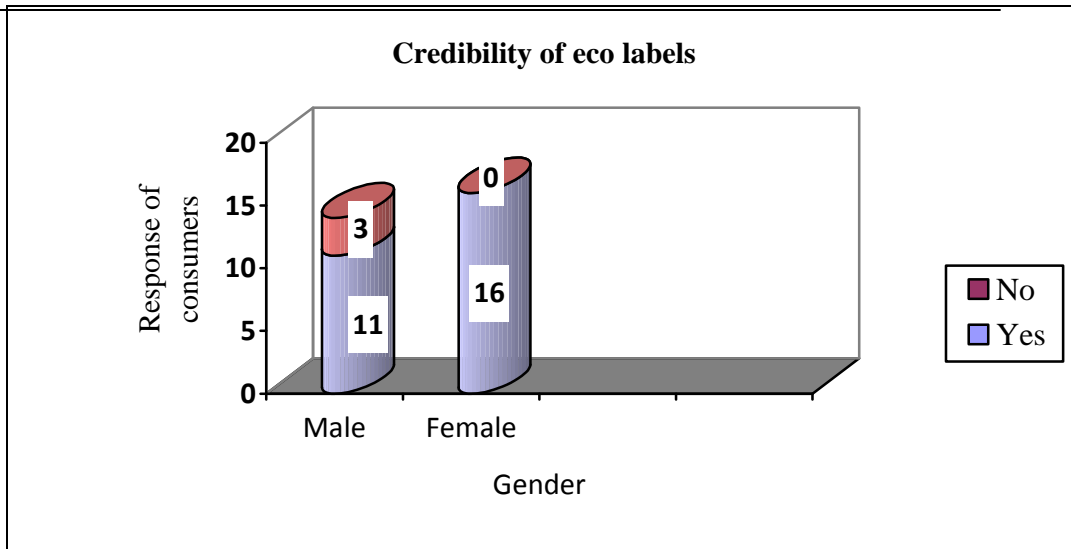


Figure 1

Eco labels are beneficial in purchase of electronic home appliances

Sl. No:	Number of respondents	Opinion Likert [X] Score [Y]	X * Y	Rank
1	9	Strongly agree	5 45	I
2	7	Agree	4 28	II
3	6	Neutral	3 18	III
4	5	Disagree	2 10	IV
5	3	Strongly Disagree	1 3	V

Table 2

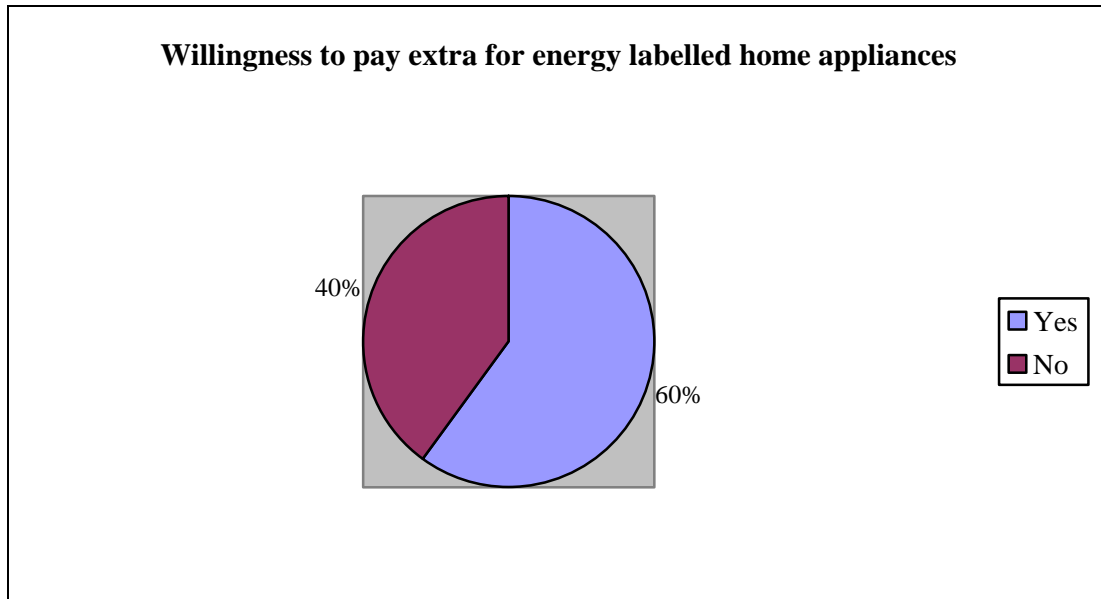


Figure 2

Willingness to bear extra price level for energy labelled home appliances

Sl.No	Price Level	No. of Respondents	No. of Respondents (%)
1	<5%	9	30
2	5-10%	9	30
3	10-20%	6	20
4	20-30%	6	20

Table 3

The pie diagram (Figure 2) shows that 60% of the sample respondents are ready to pay extra for energy labelled home appliances. 40% of the respondents group would not ready to make extra payment. Table 3 explains that 30% of the respondents are ready to make <5% extra for these products. 30% of the respondents are ready to bear 5-10% extra price level. 20% of consumers are in the group of bearing 10-20% extra cost and another 20% would be ready to pay 20-30% extra cost.

Chi-square test is used to find out the role of eco labels on the buying decision of consumers. For that purpose hypothesis set as follows:

Ho: There is no significant relation between buying decision of consumers and eco labels on electronic home appliances

Calculated chi square value= 7.96

Table value @ 5% significance= 7.81.

7.96 > 7.81 i.e.; calculated chi square value more than table value. So the hypothesis rejected.

Chi square test is used to find out the relationship between demographic factors such as age, gender, education and income and the awareness about eco labels. The hypothesis set as follows: - a) Ho: There is no significant relation between age of consumers and awareness of eco labels.

b) Ho: There is no significant relation between gender of consumers and awareness of eco labels.

c) Ho: There is no significant relation between education of consumers and awareness of eco labels.

d) Ho: There is no significant relation between income of consumers and awareness of eco labels.

The result of test shown in Table 4

(Level of significance 0.05)

Attributes	Calculated χ^2 value	d.o.f	Table Value	Conclusion
Age	24.142	7	14.1	Reject H0. There is a high significant difference between age and awareness of eco labels.
Gender	3.81	1	3.84	Accept H0. There is a no significant difference between gender and awareness of eco labels.
Education	3.94	1	3.84	Reject H0. There is relatively less significant difference between education and awareness of eco labels.
Income	6.1	2	5.99	Reject H0. There is relatively less significant difference between income and awareness of eco labels.

Table 4

Findings

The first objective of the study is to examine the consumer behaviour towards eco friendly electronic home appliances. 93% of the sample respondents are aware about eco labels and 7% are not familiar with the term eco labels. In case of male respondents, 79% believe in the credibility of eco labels and 21% not believe in the credibility of eco labels. But in the case of female respondents, 100% believe in the credibility of eco labels.

When shopped for electronic home appliances, 30% of the respondents are strongly agree with the eco friendly factors. 23% are 'agree' category, 20% are 'neutral' category, 17% are 'disagree' category and 10% include in the category of 'strongly disagree'. 60% of the respondents group are ready to pay extra for eco friendly factors. The level of price they bear extra for eco friendly electronic home appliances as explained in the Table 3.

The role of eco labels on the consumers buying decision will be studied with the help of chi square test. The calculated chi square value $7.96 > 7.81$ table value. The null hypothesis (Ho) rejected in this case with the explanation of consumers' buying decision will be affected by the eco labels on the electronic home appliances.

The third objective of the study is find out the relationship between demographic factors and eco labels awareness, chi square test is used to study it. The result describes as follows: - in case of age calculated value $24.142 > 14.1$ table value i.e.; reject Ho with the explanation of age of respondents have a significant relationship between eco awareness. In case of gender, calculated value $3.81 < 3.84$ table values, Ho accepted by revealing that there is no significant relationship between gender and eco awareness. In case of education, calculated value $3.94 > 3.84$ table value, proving that better education nourishes eco awareness. In case of income, calculated value $6.1 > 5.99$ table value, proving that higher level of income enrich the eco awareness that leads to eco friendly purchasing.

Conclusion

The study of consumer behaviour towards energy labelled electronic home appliances was conducted in various dimensions. The sample area of the study is much familiar with term eco label. The credibility of eco labelling system should be more transparent because the green washing occurred in environment friendly purchasing. Government and manufactures should take initiatives to widespread the awareness of eco label and promote environment friendly purchasing. In this case, manufactures have a big role. They should have a commitment towards the society so they should be transparent and trustful in their environment friendly operations.ss

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