

Consumers' perception of environmental claims in purchasing

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Abstract: Many producers keep to showcase their commitment to sustainability and environmental responsibility. One of the ways is to place environmental claims or labels on product packaging. Based on a pilot survey, the article presents some findings about consumers' perceptions and attitudes concerning those claims or labellings, especially their care of environmental claims and labellings and their willingness to pay a premium price for environmentally friendly products.

Keywords: consumer behaviour, purchasing behaviour, perception, environmental claims

JEL Classification: M31, D12, F18

1 Introduction

In an era of increased environmental consciousness, many businesses want to demonstrate their commitment to sustainability and environmental responsibility. One common strategy is to include environmental claims on product packaging. These claims can range from "biodegradable" to "carbon-neutral". However, like with any marketing claim, understanding the theoretical underpinnings, benefits, potential hazards, and broader ramifications is critical. Consumers, especially in developed countries, more and more seek information to make purchase decisions that align with their values. Environmental claims provide cues that can influence these decisions. At the same time, in a period of higher price growth and uncertainty about future price developments, the tendency of consumers to save money and to weigh the price and quantity of goods purchased more heavily is growing. Examining current attitudes and their evolution is therefore increasingly important.

2 Literature Review

There is always a certain group of consumers that are environmentally aware (Pícha and Navrátil, 2019) and environmentally conscious (Dembkowski, & Hanmer-Lloyd, 1994; Mina Okada & Mais, 2010; Zhang, Zhao, Zhao, & Tang, L. (2020). However the environmental consciousness does not automatically implicate purchasing environment-friendly products (Johnstone, & Tan, 2015).

Green marketing is considered to be an essential tool for sustainable business strategy (Papadas, Avlonitis, & Carrigan, 2017; Dangelico, & Vocalelli, 2017). It involves promoting products based on their environmental benefits. It hinges on the idea that environmentally conscious consumers are willing to pay a premium for green products, giving companies a competitive advantage. The green marketing is also partially based on the assumption of the signaling theory. Even if the signaling theory by Michal Spence (Spence, 1973; Spence, 1978) can seem quite old and not very pertinent, it has been widely applied to organizational concerns, in last decades (Connelly et al., 2011). Companies signals, environmental claims as signals to convey information about their products to consumers. In markets where product quality is hard to ascertain before purchase, signals become essential. Environmental claims act as a quality signal, indicating the company's commitment to sustainability. Signaling theory offers an explanatory mechanism for the way in which certification seals or eco-labels can work to affirm the credibility of an advertiser's environmental claims (Atkinson, & Rosenthal, 2014).

An important attention is paid by many countries and institutions to the labelling of the environmentally friendly products. They created or supported and promoted many ecolabel programmes (Bratt et al, 2011). There are still doubts as to whether ecolabelling is contributing to changes in the production and consumption patterns and the products themselves (Iraldo, Griesshammer, & Kahlenborn, 2020).

Many consumers keep considering prices of environmentally friendly products to be expensive (Bhate & Lawler, 1997; Thøgersen, & Ölander, 2006; Kianpour & Asghari, 2012; Syarifuddin & Alamsyah, 2017; Kreczmańska-Gigol & Gigol, 2022).

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3 Research Methodology

The paper presents some results of a pilot survey among 250 respondents. We used convenience sampling with a quota requirement for equal representation of men and women. That quota has been fulfilled (51,2% of women and 48,8 % of men). The age structure of the sample was mainly influenced by the electronic form of data collection (see table 1). Only simple sorting (frequency tables) was used to analyse the results and the aim was to verify the wording of the questions and also to find some suggestions for more detailed research on the perception of environmental claims.

Table 1 Age structure of the research sample

Age	%
18-25	39,6%
26-35	16,8%
36-45	16,8%
46-60	18,4%
61 +	8,4%

4 Results

There is only a small group of consumers who regularly look out for any environmental claims or labels on the product packaging. However, almost one third of respondents declare frequent consideration of information on the environmental impact of the product.

Table 2 Noticing and monitoring of environmental labels on product packaging (n=250)

Frequency	%
always	6,0%
quite often	32,4%
less often	48,4%
never	13,2%

We intended to find out differences in consumer behaviour concerning their environmental sensitivity when purchasing in different store formats. Respondents had a possibility to select more than one store format. An interesting finding is the difference between food stores and non-food stores – only one tenth of respondents look for environmental claims or label in the non-food stores. Very interesting is also the very small percentage of consumers in case of the small food stores or convenience stores.

Table 3 Search for environmental claims and labels in stores (n=250)

Store type	%
Small food stores (convenience stores)	3,2%
Supermarkets and hypermarkets	47,2%
Discount stores (Lidl, Penny, Norma)	38,8%
Specialized food stores	56,8%
Non-food stores (eg. clothes and fashion)	9,6%

In the time the consumers have lived a considerable increase of prices and quite a high inflation compared to the previous period, we were worried about their willingness to accept a higher price for environmentally friendly products. Only a few of them are one hundred percent ready to pay a certain price premium. 37.6% of the surveyed consumers admit a high probability of accepting a higher price for such products.

Table 4 Willingness to pay a premium price for environmentally friendly products (n=250)

Extent of the willingness	%
Definitely yes	5,6%
Rather yes	37,6%
Absolutely not sure	29,2%
Rather no	20,8%
Absolutely no	6,8%

We have excluded those who definitely refused their readiness to pay a higher price. Two thirds of the respondents who were invited to answer this question are willing to pay a small price premium. For 37% of them the acceptable increase of the price is lower than 5%.

Table 5 Acceptable premium for environmentally friendly products (n=233)

Premium	%
< 5%	37,3%
5-10%	29,6%
10-20%	24,0%
20-40%	8,2%
>40%	0,9%

5 Discussion and conclusions

Of course, individual findings need to be verified on a larger and more representative sample of respondents. The little attention paid to the environmental aspect of the products purchased in small grocery stores can most likely be explained by the generally complementary nature of the shopping experience, in which consumers prefer speed of purchase and shop on the way home or close to home as those shops are mostly located in the city centres or neighbourhoods (Nilsson et al., 2015). In some cases, consumers are significantly more likely to buy less healthy food in small stores (Ruff, Akhund, & Adjoian, 2016).

The price can be a limiting factor for purchasing environmentally friendly products. For instance, the price of food is important for most (even 90%) of Czech consumers and a higher price is a negative determinant for buying environmentally friendly food products, including the higher income households (Rojík et al, 2021). Our pilote survey revealed that two third of consumers considering pro-environmental claims or labels are ready to pay only a low price premium for such products. Sun and Yoon (2022) concluded that the perceived quality of the ecofriendly products is an important factor in a consumer's decision to pay premium prices, which was not considered in this survey.

Implications

Very few people look for environmental claims or labelling in non-food outlets. Further research should focus not only on verifying this finding, but also on the situation for different types/groups of non-food goods. This finding can be put in context with the level of use of environmental claims and environmental labelling on non-food products. However, it would also be useful to focus on the marketing communication of retailers or manufacturers and to determine the intensity of communication of environmental aspects of the goods sold in the case of food and non-food products. The price-sensitivity of consumers is still very high, it should be reinforced by the general increase of prices during last two years which is followed by an increased price-sensitivity, especially in the countries with a considerable inflation rate. Both researchers and suppliers of environmentally friendly products should focus the impact of the perceived quality on the consumers' willingness to pay a price premium of green products.

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