



ECO-LABELLING'S IMPACT ON CONSUMER BUYING BEHAVIOR IN THE 'FMCG' SECTOR

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ABSTRACT As a consequence of growing societal and governmental concerns about the environment, a growing number of businesses are considering green problems as a key source of strategic change. For conveying their sustainability performance, a rising number of businesses are using eco-labelling as an associated branding approach. The availability of eco-friendly items has risen, as has consumer enthusiasm for them; nevertheless, awareness of sustainable products is still lacking, since most research have focused solely on organic products. It's critical to concentrate not just on environmentally friendly materials, but also on environmentally friendly packaging, as packaging has lately been identified as a major source of pollution. Major environmental issues and the depletion of natural resources have prompted humanity to focus on environmentally friendly consumption. Environmentally friendly items are being produced by an increasing number of companies, and customers are more ready to buy them. However, according to the bulk of prior research, customers' favourable views do not transfer into actual purchasing behaviours, and the majority of consumers do not buy green items. The study's goal was to see how eco-labelling affects customer purchasing decisions in the FMCG industry. This research relies heavily on both primary and secondary data. The original data was gathered through a sample survey performed in the city of Amritsar. people were chosen for the survey, and they were asked to fill out a questionnaire. The purpose of the questionnaire was to collect the necessary data. Secondary data was gathered from journals, books, and other publicly available sources.

KEYWORDS : Eco – Labelling, FMCG, Consumer Purchasing Decision, Green Marketing, Consumer Awareness, Eco awareness, green purchasing, green products green consumption.

INTRODUCTION

Technological or mechanical changes happen in the blink of an eye, and principles shift throughout time. Buyers' purchasing habits, like the fortunes of many businesses, are always changing. In order to stay afloat in this environment, a business must anticipate changes in customer behaviour.

In the backdrop of the government's globalisation, liberalisation, privatisation, and modernization policies, product marketing is becoming a larger and more complicated process.

Marketing managers have a two-fold challenge: How can you combat rivalry while maintaining your share of the total industry? How can you take advantage of opportunities, build a customer base, and maintain client loyalty? To address the aforementioned issues, new tactics for approaching clients are required, which must take into account the buyers' overall purchasing behaviour, as well as their individual purchase behaviours and inclinations. Companies have demonstrated a renewed interest in environmental and social concerns during the last decade. This curiosity has influenced their labelling practises, and a large number of firms have made on-pack statements as a result. Consumers have become more conscious of green promises throughout the same time period, according to studies (Mintel, 2006).

Labelling and green claims become increasingly more important as interest in green topics grows in tandem with major global social and environmental challenges such as climate change.

This is mostly because green claims emphasise environmental, ethical, and social responsibility themes. Customers, especially green consumers, were also discussed in the essay, as well as their purchasing habits, preferences, and attitudes. Green consumers have been identified, segmented, and targeted by article writers and marketers.

LITERATURE REVIEW

Steffen Schmidt, Sascha Langner1, (2019) According to this study, three factors impact brand knowledge transfer: sufficient ecolabel-brand fit, early ecolabel recognition time, and distinct implicit and explicit knowledge acquisition. Second, using ecolabelling in packaging to integrate implicit and explicit sustainability into brand knowledge appears to be an effective branding approach.

Sruthiya Vn, (2018) According to the survey, the majority of consumers are unaware of such goods in the FMCG industry, and some even believe that firms are using "greenwashing" to increase profits. The majority of buyers are prepared to pay more for environmentally friendly items with greener features. Organizations should focus more on raising knowledge about the availability of such items in the marketplace.

Soyoung Seo 1, Hee-Kyung Ahn, (2017) Consumers prefer eco-friendly ingredient utilitarian products to eco-friendly packaged utilitarian products, according to this study, since they perceive an eco-friendly ingredient product to be healthier than a traditional product.

K. Sudhalakshmi, (2016) This study indicates that the consumers are aware of the eco-friendly FMCG products and they have more concerned about eco-friendly products. The study shows they are now able to identify the eco-friendly FMCG products through the eco-label and therefore it can be considered as a major tool for Environmental marketing.

W.M.C.B. Wanninayake, Pradeep Randiwela, (2015) According to the data, the majority of respondents believe that biodegradable packaging will have a large and moderate impact on customer purchasing decisions. 46 percent of customers are eager to use services from locations and distribution methods that do not affect the environment. Others, such as eco-friendly hotels, will choose any option based on cost and convenience. Sixty-two percent of employees are willing to use services from outlets that are not located in polluted areas.

Yatish Joshi, Zilur Rahman, (2015) This study was a review of green purchasing behaviour.

The majority of research failed to uncover the factors of green buying behaviour, according to the findings. The authors reviewed 53 empirical studies on consumer green buying behaviour and identified key variables that influence consumer green purchase decisions. Consumers are willing to buy green items, according to this survey, but this does not always convert into actual sales. The cause for this is overpricing, which reduces a consumer's purchasing power.

Dr T. Unnamalai, (2016) According to this survey, green product and environmental awareness is still in its infancy. People's knowledge of green FMCG items and their use of them is extremely low. However, the vast majority of people are concerned about maintaining an environmentally pleasant atmosphere in order to protect the planet from contamination. There is no correlation between customer income and age, as well as their opinions toward green products. There is a link between a consumer's mindset and their purchasing habits. Consumer attitudes about green FMCG items are favourably associated with consumer purchase patterns.

Panayiota Alevizou, (2011) Sustainability claims, according to the findings of this paper, are an important part and the pinnacle of an overall company labelling practise that has been generated by internal company initiators and/or influenced by external influencers, and has as its main goal the connection of the company with sustainability via product packaging. This kind of labelling broadens the qualities of

standard green claims to include a broader, more flexible, interactive, and adaptive style of labelling, resulting in a peripheral rather than direct method of labelling.

AREA OF STUDY

The city of Amritsar is studied in this article to determine customer purchasing behaviour.

SOURCE OF DATA

Primary and secondary data are used in the article's research. A self-completion questionnaire is designed to gather data from the main source. Secondary data is gathered through the internet, books, periodicals, and newspapers, among other sources.

OBJECTIVE OF THE STUDY

- a) To assess customer preferences and understanding of eco-labelling in order to learn about consumer attitudes toward FMCG products with the green label.
- b) To determine the influence of eco-labelling on product purchases.
- c) To determine if customers are prepared to pay a premium for Eco-Labelled items.

INDIA'S GREEN MARKETING, ECO-LABELING, AND FMCG SECTOR GREEN MARKETING

The environment and its conservation are topics on which the entire world is now pondering and discussing. Global warming is the gradual warming of the earth's surface caused by rising carbon dioxide levels in the atmosphere. As the earth's temperature rises, numerous dangers emerge across the world, making human life difficult to sustain on this planet. The major source of CO₂ emissions in the atmosphere has been discovered to be nonstop burning of fossil fuels, fertiliser use, forest cutting, excessive use of energy, gases used in refrigerators, and so on.

So, in order to avoid the life-threatening effects of global warming, any actions that result in a rise in CO₂ levels and other greenhouse gases, as well as the other greenhouse effect and subsequent earth surface warming, should be avoided. Consumers are concerned about the environment and whether the goods they use are environmentally friendly. As a result of this worry, manufacturers are being forced to show their concern for the environment. Consumers first care more about the environment and modify their behaviour over time (Arbuthnot (1977), Simon (1992), Diamantopoulos et al. (2003)).

As a result, a new market for viable or sustainable products arises, which is bolstered by active customers, who see it as a way to contribute, however indirectly, to environmental conservation.

Green marketing refers to the design, development, and promotion of a product that typically meets the demands of customers for quality, production, affordable pricing, and services while having no detrimental impact on the environment in terms of raw material usage, energy consumption, and so on. Green marketing strategies are being used by businesses to demonstrate their environmental responsibility.

Companies can choose to pursue a green product, green packaging, green promotion, or green pricing, or all of the above. Green marketing refers to the promotion of items that are seen to be ecologically friendly. As a result, green marketing encompasses actions such as product modification, production process, packaging, and promotion. Green marketing raises customer awareness of the need of doing their bit to save the environment.

ECO-LABELLING

The ISO type classification, which distinguishes three main categories of labels:

- Type I eco-labels (such as the EU eco-label) and certifications (e.g., the FSC),
- Type II company generated claims (such as environmentally friendly), and
- Type III product declarations, has been one of the most important labelling classifications (such as energy rating report cards).

Given its broader influence and the parties involved, eco-labels have been the subject of the bulk of studies in the field of labelling. Labelling, according to Peattie (2009), is a significant way of communicating with customers about sustainable consumption and plays an important part in food and appliance buying. He also points out that sustainability labels are one of the most commonly used

communication methods for influencing customer behaviour.

At this point, it's worth noting that the majority of sustainability labels are Type I eco-labels and third-party certifications. Other green claims on the market, such as voluntary labelling systems and company-generated claims, should not be disregarded.

By definition, eco-labels and green claims should be linked to sustainable production and encourage sustainable consumption. Companies must make several labelling decisions, and consumers must make numerous labelling selections.

Both sides have complained about statements that are false. Consumers believe they desire greener products, but their purchasing habits show otherwise, according to businesses. Some customers believe that firms make false promises about their products, causing them to be confused. There appears to be a communication gap between businesses and their customers, as well as a vacuum in the research that investigates this misunderstanding.

An eco-label, often known as a green label, is a label that specifies a product's or service's overall environmental preference within a certain product/service category based on life cycle considerations.

FMCG SECTOR IN INDIA

With Household and Personal Care accounting for 50% of FMCG sales, the fast-moving consumer goods sector is India's fourth biggest industry. Growing awareness, better access, and changing lifestyles have all contributed to the sector's rise. The urban segment, with a revenue share of about 55 percent, is the most important contributor to the FMCG sector's overall revenue in India. When compared to urban India, the FMCG industry has developed at a higher rate in the previous several years in rural India. The semi-urban and rural segments are expanding at a rapid rate, with FMCG items accounting for half of total rural expenditure.

MARKET MAGNITUDE

The retail industry in India is anticipated to rise to US\$ 1.1 trillion by 2020, up from US\$ 840 billion in 2017, with modern trade expected to develop at 20% to 25% per year, boosting FMCG revenues. FMCG revenues hit Rs 3.4 lakh crore (US\$ 52.75 billion) in FY18 and are expected to reach US\$ 103.7 billion by 2020. Between July and September 2018, this sector grew by 16.5 percent, owing to low inflation, increasing private spending, and rural income. It accounts for around 36% of overall FMCG spending. In the quarter, the FMCG urban segment expanded at an 8% pace, while the rural segment rose at a 5% rate.

RECENT GROWTH OR CHANGES IN THE FMCG SECTOR AREAS FOLLOWS

- ITC Ltd purchased a 33.42 percent interest in Delectable Technologies, a vending machine start-up, in November 2019.
- Mother Sparsh released India's first children's cooking oil in 2019.
- Sunfeast Wonderz Milk, a dairy beverage line from ITC, was released in four variations in June 2019.
- Santoor introduced Santoor Deo pocket fragrances in West Bengal in November 2019.
- Nestle intends to invest Rs 700 crore (US\$ 100.16 million) in a new Maggi facility in Sanand.
- In Madhya Pradesh, I will spend Rs 700 crore (US\$ 100 million) in a food park.
- Patanjali would invest US\$743.72 million throughout Maharashtra, Madhya Pradesh, Assam, Andhra Pradesh, and Uttar Pradesh in different food parks.

LEADING FMCG COMPANIES IN INDIA

Hindustan Unilever, ITC, Nestle, Colgate-Palmolive, Parle Agro, Britannia Industries, Marico, Procter & Gamble, Godrej Group, Amul, Patanjali Ayurved, Dabur, Emami, Nirma, Hindustan Unilever, ITC, Nestle, Colgate-Palmolive, Parle Agro, Britannia Industries, Marico, Procter & Gamble, Godre, Johnson & Johnson

It is defined by high-turnover consumer packaged products, which are items that are manufactured, delivered, promoted, and consumed in a short period of time. Detergents, toiletries, teeth cleaning products, cosmetics, and other FMCG items dominate the market. Pharmaceuticals, consumer electronics, soft drinks, packaged food items, and chocolates are all part of India's FMCG industry. Because the industry includes a wide range of products, different businesses

dominate the market in different sub-sectors.

Dabur (60 percent), Colgate (54.7 percent), and Hindustan Unilever are among the biggest FMCG businesses in India (54 percent).

As a result, we may conclude that India's fast-growing FMCG business is driven by factors other than income growth and urbanisation. The market's attitude has shifted as a consequence of India's new-age customers' buying patterns. There will be 370 million generation Z customers in India in 2030, with different preferences when it comes to purchasing things. The modern Indian customer is well-informed, health-conscious, and has a high level of disposable money. As a result, new FMCG sub-sectors have emerged, such as the air and water purifier industry and organic food staples.

These developments will continue to shape the FMCG industry's profile. SHARP, a Foxconn-backed company, has developed a line of revolutionary air purifiers and humidifiers aimed squarely at the Indian market. With the rise of the conventional FMCG sector, as well as the creation of sub-sectors that were previously unheard of, the industry's future looks bright for investors.

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