



## Willingness To Pay For Eco Mark Label Products.

\* Monika \*\* Dr. Chhaya Shukla

\* Department of Family Resource Management, College of Home Science, G.B. Pant University of Agriculture and Technology, Pantnagar

\*\* Assistant Professor, Department of Family Resource Management, College of Home Science, G.B. Pant University of Agriculture and Technology, Pantnagar

### ABSTRACT

*Environmental pollution is the major threat for the globe. Due to increasing population and the increasing industrialization the problem become more serious. Considering the increasing impact of pollution on the human life governments of many countries and various another organizations have taken some initiatives to overcome the problem.*

*Attempts are being made to find out ways to consume natural resources in a sustainable manner. An increasing number of consumers are concerned for wider environmental problems and making changes in their purchasing behaviour. The increasing green consumerism on eco-labelling, especially in developed countries has prompted their governments to bring in environment related guidelines that will regulate trade. It is in this context of eco-friendly products and services and green shopping that environmental labelling has assumed greater significance to develop confidence in the buyers about the goods and services used by them.*

*The present study deals with the willingness to pay for eco mark label products. Overall finding revealed that majority of the respondents reported the knowledge as a prerequisite factor determines the willingness to pay for eco labeled products. Awareness was the next factor. Price, availability, financial status were the other factors affecting willingness to pay for eco labeled products.*

*Majority of the respondents were of opinion that effectiveness of eco-mark labels depends on the placement of information (28.47%) followed by language of information (22.86%).*

**Keywords : Eco Labels, Willingness to pay, Knowledge, Awareness, Effectiveness**

### Introduction

Eco-labels are an important market-based instrument to influence the behaviour of consumers and industries in favour of environmentally friendly products and thus contribute to environmental conservation. Around the world, eco labels are becoming an important addition to the toolkits of environment regulators. Both international organizations such as the Global Eco labelling Network (a non-profit association of third party environment performance labelling organizations founded in 1994) and national governments believe that eco labelling will have a positive impact on the environment. A number of countries have introduced eco labels for products considered to be particularly damaging to the environment.

There are five main objectives for the Eco- Mark Scheme. That are, to provide an incentive for manufactures and importers to reduce adverse environmental impact of products; to reward genuine initiatives by companies in this regard; to assist consumers to become environmentally responsible in their daily lives by providing information, to take account of environmental factors in their purchase decisions; to encourage citizens to purchase products which have less harmful environmental impacts and ultimately to improve the quality of the environment and to encourage the sustainable management of resources.

Consumer Study revealed that while 88% consumers believe

they should make a contribution to a better environment, 85% consumers would change their favourite brands and lifestyle habits to make this world a better place.

Environment protection topped the list of priorities among 92% consumers. That's not to say that no consumers are willing to pay a green premium. Though they believe green products are costlier than others, a majority of Indians (78%), Chinese (73%), and Brazilians (73%) are willing to buy them, according to a 2009 Green Brands survey.

The preference for green products is noticeable even in big-ticket, aspirational products like cars. While one-third of potential buyers would opt for a green car than a dream car in India, one in seven prefers a dream car to be a green car.

There are three main categories of Eco-Friendly products that one can purchase. The first are products made from recycled materials. These products are beneficial in two ways. These products help to reduce inputs (energy and raw materials) to a production system and reduce the amount of waste produced for disposal. One can also purchase products made of biodegradable materials.

These products have the ability to break down, safely and relatively quickly, by biological means, into the raw materials of nature and disappear into the environment. One of the most popular products being used is corn. Another alternative is to buy products that will help conserve the environment. By using products that are not disposable you save on the amount of trash that goes into our landfills.

The present paper describes the willingness of respondents to pay for eco-mark labeled products.

**Methodology**

Interview schedule was used as an instrument for collecting data. The data was collected with the help of pre coded interview schedule through personal interview technique. The constructed questionnaire was distributed to a panel of judges for establishing its content validity. They were requested to judges the clarity and relevance of the instrument. The judges were expert from Department of Family Resources Management, Home Science College, Gobind Ballabh Pant University of Agriculture and Technology, Pantnagar, Udham Singh Nagar, India. Interview schedule was modified in light of suggestions received by the judges. The instrument was pre-coded before administering to the respondents.

The study was carried out at G.B. Pant University of Agriculture & Technology, Pantnagar (U.S. Nagar), Uttarakhand. The locale of the study was selected considering the availability of target respondents in required number and practical convenience of the student.

Stratified random sampling combination with random sampling techniques was used to select the sample respondents. Total sample of university students was stratified in strata's according to their branch of study (Home Science, Veterinary, Technology and Agriculture). From the total sample 5% respondents from each college were selected through random sampling. The data was collected from undergraduate students of G.B. Pant University of Agriculture & Technology, Pantnagar.

The total students of selected four colleges namely Home science, Veterinary, Technnology, Agriculture were 214,255,1785and 532 respectively. Five percent students of each college were selected through random sampling for the study. Thus the total sample size was 140 students.

Descriptive data was collected personally by using interview method with the help of pre-coded interview schedule on the variables of the study. Key informant was the university student of selected college of G.B. Pant University of Agriculture and Technology, Pantnagar, Udham Singh Nagar, India. The time period of data collection was 2 months i.e. April& May of 2010. The collected data was tabulated and analyzed with the help of subjective and relational statistics. Frequencies, percentage and mean were calculated to present a clear distribution according to parameters.

**Results and Discussion**

Willing to pay for eco friendly products depends on price, availability, knowledge, financial status, awareness. The data revealed that majority of the respondents reported the knowledge as a prerequisite factor determines the willingness to pay for eco labelled products. Awareness was the next factors as reported by 30 percent respondents determine to willingness to pay for eco friendly products. Price (20%), availability (10.71%) and financial status (7.14%) were the other factors affecting willingness to pay for eco labelled products.

Cash was the preferred mode of payment for eco labelled products as reported by (91.43%).Majority of the respondents reported that price paid by them are reasonably less as compared to benefits (74.28%)

Majority of the respondents was reported that self declared eco marks made with respects of products should be in the form of symbol on graphics on products (31.43%).

Package label (24.29%) and advertising (23.57%) were of the other forms reported by respondents with reference to self declared eco marks on the products.

Majority of the respondents were of opinion that effectiveness of eco-mark labels depends on the placement of information (28.47%) followed by language of information (22.86%). Content, color, font size, designing/ graphics of the information play a insignificant role as compare to the placement and language of the information as per

respondents opinion.

Effectiveness of eco label could be enhanced by advertisement in media and through informative labelling as reported by 35 percent and 32.14 percent respondent respectively.

According to respondents' perception, awareness and knowledge would impact the intention to pay more for purchase of eco labelled products as reported by majority by respondents (35.71%). Better results were the next to have impact on the intention to pay more for purpose of eco labelled products (25%).

Figure 1: Effectiveness of eco-mark labels depends on

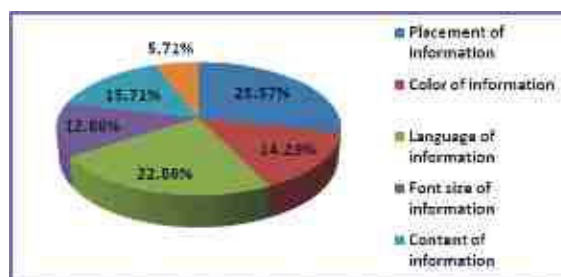


Figure 2: Effectiveness of eco-mark label can be enhanced by

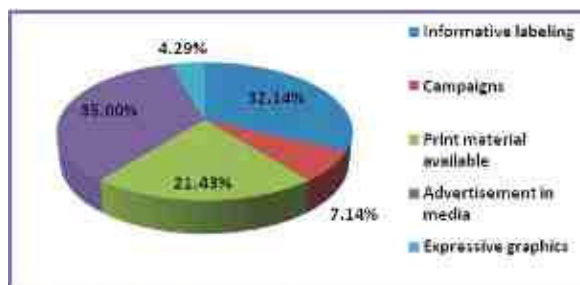


Figure 3: Impact the intention to pay more for the purchase of eco-mark labels

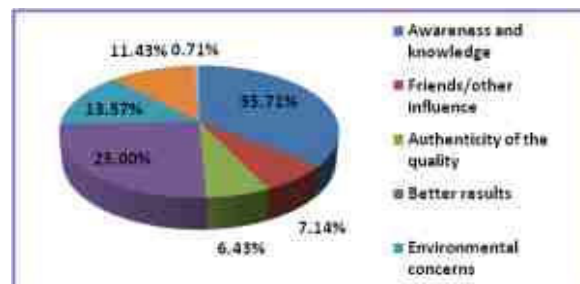


Figure 4: Willingness to pay additional money for eco-mark label products

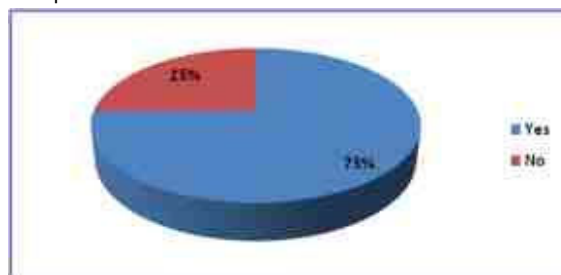


Figure 5: Willingness to pay for eco friendly products

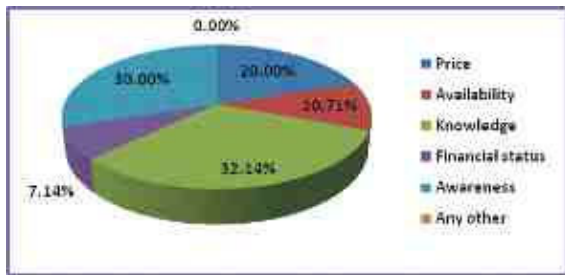


Figure 7: Respondents perception regarding value of price paid as compared to benefits of eco-mark label products

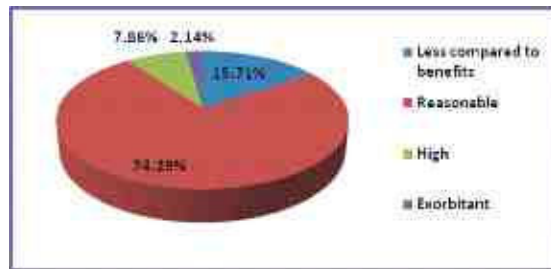


Figure 6: Preferred mode of payment for eco-mark label products

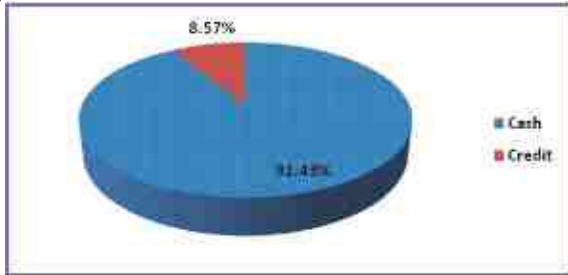


Figure 8: Respondents preference with regard to format for self declared eco-mark label



**Conclusion**

With regards to willingness to pay it was concluded that knowledge and awareness is a pre requisite factors which determine the willingness to pay for eco mark label product.

Three fourth of the total sample respondents reported their willingness to pay additional money for eco-label products and they have the opinion that price paid by them is reasonably less as compare to benefits.

Table 1: Frequency and percentage distribution of respondents according to willingness of respondents to pay for eco mark labeled products. N=140

S.N.		Frequency	Percentage	
1.	<b>Willingness to pay for eco friendly products depends on</b>			
	Price	28	20	
	Availability	15	10.71	
	Knowledge	45	32.14	
	Financial Status	10	7.14	
	Awareness	42	30	
2.	<b>Preferred mode of payment for eco label products</b>			
	Cash	128	91.43	
3.	<b>Do you think the price paid by you is</b>			
	Less compared to benefits	22	15.71	
	Reasonable	104	74.29	
	High	11	7.86	
	Exorbitant	3	2.14	
4.	<b>The self declared eco marks made with respects of products should be in the form of</b>			
	Statement	23	16.43	
	Symbol or graphics on product	44	31.43	
	Package label	34	24.29	
	Advertising	33	23.57	
	Specific colour packing	6	4.29	
5.	<b>Effectiveness of eco-mark labels depends on</b>			
	Placement of information	40	28.57	
	Colour of information	20	14.29	
	Language of information	32	22.86	
	Font size of information	18	12.86	
	Content of information	22	15.71	
	Designing/ graphics	8	5.71	
6.	<b>Effectiveness of eco label can be enhanced by</b>			
	Informative labelling	45	32.14	
	Campaigns	10	7.14	
	Print material available	30	21.43	
	Advertisement in media	49	35.00	
7.	<b>According to you what will impact the intention to pay more for the purchase of ecomark labels</b>			
	Awareness and knowledge	50	35.71	
	Friends/other influence	10	7.14	
	Authenticity of the quality	9	6.43	
	Better results	35	25.00	
	Environmental concerns	19	13.57	
	Health concerns	16	11.43	
	Appreciation by others	1	0.71	
	8.	<b>Are you willing to pay additional money for eco label products</b>		
		Yes	105	75.00
	No	35	25.00	