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## ECO-LABELING INFLUENCE ON CUSTOMER PURCHASE AT ITC LTD

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**ABSTRACT:** This paper looks into the impact of eco-labeling on customers' purchase decisions, with a focus on ITC Ltd. It explores how environmental labels influence consumers' knowledge, attitudes, and trust in sustainable products. According to the report, eco-labels are becoming more significant in competitive marketplaces as a way to demonstrate environmental consciousness. It looks at how different demographics perceive ITC Ltd's eco-labeled products. The paper investigates the potential of eco-labels to boost a company's credibility and reputation. It also explores if eco-labeling has a significant impact on consumer purchasing behaviors, both now and in the future. Primary and secondary data are used to better understand consumer preferences and decision-making processes. The findings imply that eco-labels benefit consumers who value environmental sustainability. Price sensitivity and product quality are among the moderating elements explored in purchasing decisions. The paper highlights the differences between consumer knowledge and true eco-friendly shopping practices. It emphasizes the significance of long-term sustainability for ITC Ltd. The paper improves understanding of the effectiveness of green marketing in the Indian setting. The paper also highlights the difficulty that consumers have in interpreting eco-labels.

**Index Terms:** *Eco-Labeling, Green Marketing, ITC Ltd, Consumer Behavior, Purchase Decision, Environmental Awareness, Sustainable Products, Brand Image,*

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### 1. INTRODUCTION

Eco-labels are crucial marketing tools that demonstrate how much a product values environmental sustainability. They encourage people to pick environmentally responsible solutions by clarifying complex information and building trust. Nonetheless, the efficacy of eco-friendly products is determined by consumer awareness, perceived label value, and willingness to pay for them. These labels make it easier to identify environmentally friendly items, which encourages customers to buy them and forces firms to raise their standards. However, they face obstacles such as a lack of public awareness about various labeling requirements and greenwashing.

Eco-labeling has grown in importance as a marketing and policy tool as the general public becomes more concerned about climate change, environmental harm, and sustainable consumerism. Eco-labels are useful because they tell consumers about a product's adherence to environmental rules, ethical sourcing, and environmentally friendly manufacturing procedures. As consumers become more aware of the influence of their purchases on society and the environment, these labels become increasingly important. These labels help to bridge the knowledge gap between producers and customers by stressing qualities like low carbon

impact, recyclable packaging, organic ingredients, and responsible forestry. Eco-labels help to make decisions and build trust in markets with a lot of information and similar products. They can also assist customers in making environmentally conscious selections.

Eco-labeling influences customer purchase behavior through both economic and psychological aspects. Eco-labels inspire people's environmental concerns, morals, and social identities, which typically leads to positive evaluations of the products that bear them. Eco-labels can help products stand out in competitive marketplaces and justify their higher pricing by demonstrating that they provide more than simply functional benefits. Nonetheless, the effectiveness of eco-labeling is determined by a number of criteria, including the legality of the label, the level of public knowledge, the clarity of the information, and the look of authenticity. Eco-labels are more likely to have a beneficial impact on customer purchasing behavior and intentions when they trust the certifying authority and understand the label's meaning. However, false claims and greenwashing can reduce the effectiveness of eco-labels and weaken consumer trust.

## 2. LITERATURE SURVEY

Priya Menon (2021) the increased availability of eco-labels on items has encouraged consumers to consider the environment while making purchases. This paper looks into how simply being aware of eco-labels influenced the behavior of early adopters, particularly metropolitan residents. The findings indicate that consumers' initial purchases were motivated mostly by awareness, rather than a lack of environmental understanding. Trust in label issuers became an important factor, with third-party certificates viewed as more dependable than self-declared claims. Price sensitivity reduced the impact of eco-labels, since consumers usually refused to pay an additional cost, despite their admiration for them. Label efficacy at the point of sale was improved by increased prominence and exposure in retailers. To speed up the decision-making process, internet customers used icons and concise descriptions.

Meera S. Nair (2022) examines the influence of environmental consciousness and eco-labels on the purchasing decisions of consumers for their residence. According to consumer surveys, eco-labels have a substantial influence on the purchasing decisions of environmentally conscious households. Awareness increases the effectiveness of labels by lessening the sensation of danger that people feel. Individuals with a better grasp of environmental issues are more likely to compare labels from multiple brands. Nonetheless, labels have a smaller impact on people who are unaware of them. Despite the positive appraisals of individuals, price sensitivity remains a worry. The paper found that the effects are more pronounced for things that people buy on a regular basis, such as cleaning supplies.

A. Panopoulos (2023) discovered that as online shopping has grown in popularity, consumers place a high value on eco-label images while making purchases. This article looks at how icon placement, design, and descriptive language influence online consumer decisions. According to experimental evidence, when products are presented with clear and consistent eco-label icons, customers are more likely to engage with and act on them. Simplified explanations are more likely to inspire people to add things to their cart. Eco-labels included in customer reviews are one type of social proof that drives purchases.

Nonetheless, the efficacy of each label can be reduced, and confusion might occur from an excess of labels.

Kavita Rao (2024) examines the strategies that merchants employ to influence consumers' responses to eco-labels, including both online and in-store tactics. Retail endorsement significantly increases the validity and likelihood of purchase for a label. Placing eco-labels on shelves, posting signs, and requesting staff assistance all increase their exposure. Products are easily found online thanks to the use of filters and category IDs. Consumers view retailer-supported labels as more trustworthy. The research shows that retailer reputation has a significant beneficial influence on private-label eco-products.

Fatima Al-Qasimi (2025) Analyzes the effect of customers' views of greenwashing on their reactions to eco-labeled products. According to the findings, being wary of misleading claims reduces one's likelihood of making a purchase significantly. Transparent certification and third-party audits help to alleviate concerns about greenwashing. When people are skeptical, they actively seek ways to verify information. Greenwashing crisis coverage in the media may raise long-term trust difficulties. Long-established eco-friendly brands earn less unfavorable evaluations. Skepticism's impact on purchasing behavior is determined by the dependability of eco-labels.

### 3. TYPES OF ECO-LABELS



#### **Type I: Eco-labelling Schemes**

It is a well-known eco-label that allows products to display eco-labels. It assesses the product's lifespan and intended use. Businesses are not required to obtain these labels if they choose not to. A strict set of rules is used to assess the accuracy of a product's environmental claims, and Type I eco-labels are distributed by an independent third party. This is one of the most stringent and reliable ways to earn an eco-label.

#### **Types II: Self-declared Environmental Claims**

Businesses provide assurances about the efficacy of their products in this setting. These assertions are based on broad norms. Type II eco-labels are based on independent environmental claims made by manufacturers, suppliers, or importers. Because these labels do not require external verification, the company in charge of the environmental claims bears full responsibility for their correctness and authenticity. This category allows firms to highlight the environmental benefits of their products, such as the use of recycled materials,

the decrease of chemical usage, or the improvement of energy efficiency. Businesses may advertise the environmental benefits of their products under Type II categorization; nevertheless, consumers should proceed with care.

### **Types III: Environmental Declaration**

it is a voluntary initiative predetermined by an unbiased third party, with quantitative product indications. Environmental product declarations, also known as Type III eco-labels, give a complete paper of a product's life cycle as well as quantitative ecological data. This label focuses on the product's specific environmental effects, such as the amount of energy, water, and greenhouse gasses necessary for manufacture, use, and disposal.

## **4. ECO-LABELS IN SHAPING CUSTOMER CONFIDENCE AND PURCHASE DECISIONS**

### **Building Customer Confidence through Verified Information**

Trustworthy eco-labels are used to disseminate consistent and reliable information about the environmental impact of a product. Consumers are more confident in a product when they believe the label is legitimate and established on the basis of good standards. Credible labeling makes decision-making easier at the time of sale. Customers may make decisions with confidence as a result of this commitment. Trust increases the likelihood of making a purchase.

### **Reducing Perceived Risk in Purchase Decisions**

Eco-labels can help reduce risks by simplifying complex environmental information. Reliable labels are a quick way for consumers to get the information they need, as they typically lack expertise about the technical complexities of sustainability claims. Reliable labels provide people peace of mind because they protect them from false claims or greenwashing. This allows for unrestricted brand comparison. When people believe the risk has been lessened, they are more likely to act with confidence and urgency.

### **Enhancing Brand Image and Long-Term Loyalty**

Consumers believe that organizations that routinely use reliable eco-labels are transparent and accountable. This improves the brand's overall look and builds long-term consumer trust. Consumers increasingly see the company as environmentally responsible and trustworthy. When people trust you, they are more inclined to make repeat purchases. Additionally, devoted customers are more inclined to recommend a brand to others.

### **Influencing Ethical and Value-Based Buying Behavior**

Many people base their purchasing decisions on personal ideals, which include environmental protection. Reputable eco-labels confirm that a product meets these conditions. Customers are convinced that they are acting ethically when there is a high level of trust. This sense of contentment works as a motivator for people to make more purchases. This is why eco-labels are critical for value-conscious consumers.

### **Strengthening Competitive Advantage in the Market**

In saturated markets, products verified with reliable eco-labels stand out. When consumers trust a product's label, they believe it is superior to products that are inadequately labeled or unlabeled. This distinction provides the brand with a competitive advantage. Even if your

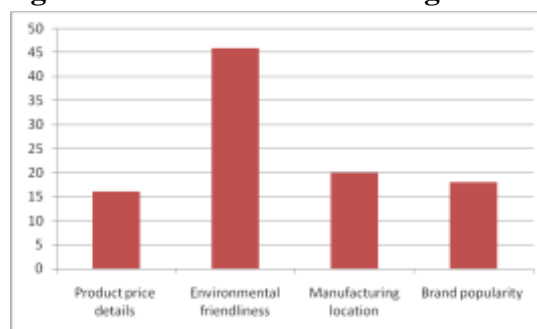
charges are greater, people are more likely to choose you when they believe in your abilities. Credibility directly influences market positioning and sales growth.

### Preventing Confusion and Avoiding Greenwashing Perceptions

Consumers are protected from being deceived by imprecise or misleading environmental claims by eco-labels that are dependable and clear. When labels appear to be untrustworthy, consumers may feel misled and lose confidence in the items and brand. High credibility ensures consistency and transparency in communication. This will relieve concerns about greenwashing. Finally, trustworthy identifiers allow people to make educated, confident decisions.

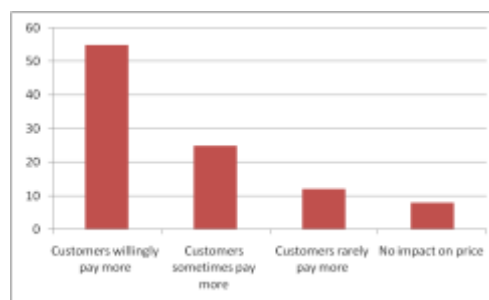
## 5. DATA ANALYSIS AND INTERPRETATION

### 1. What is the main message that ITC Ltd's eco-labeling communicates to customers?



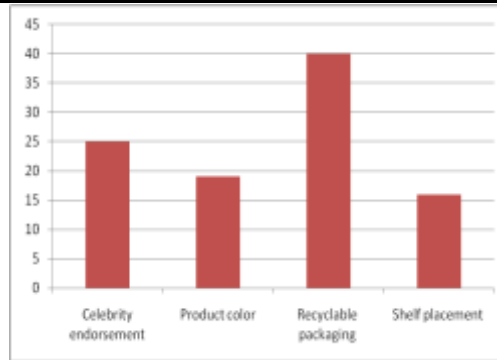
**INTERPRETATION:** According to the table, the most important aspect is a preference for environmentally friendly items, which 46% of respondents reported. The site of the product's manufacturing is important 20% of the time, although the brand's popularity and cost are only important 18% and 16% of the time, respectively. In general, the findings indicate that customers value sustainability more than price and brand when making purchasing decisions.

### 2. What influence does eco-labeling have on consumers' willingness to pay for items from ITC Ltd.?



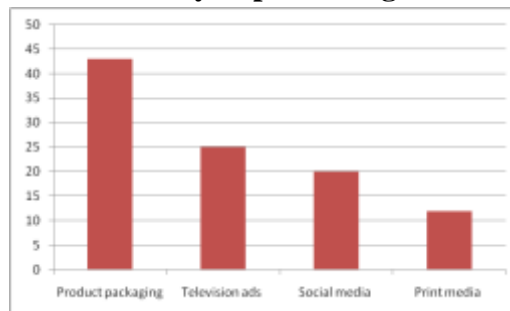
**INTERPRETATION:** The majority of customers (55%) are willing to pay a premium, indicating that they are open to higher pricing. An extra 25% of customers occasionally pay a premium, indicating that they are extremely price sensitive. Only 12% of consumers say they rarely pay more, and 8% say they are unaffected by price variations. This demonstrates that the vast majority of consumers are open to price modifications.

### 3. Which feature of ITC Ltd's eco-labeling has the biggest influence over purchase decisions?



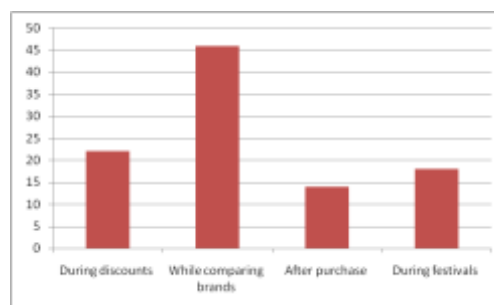
**INTERPRETATION:** The findings show that recyclable packaging is the most important requirement for 40% of respondents. The product's color and shelf placement account for 19% and 16% of the choice, respectively, while celebrity endorsements account for 25%. This suggests that eco-friendly packaging influences customer purchases more than advertising or aesthetics.

**4. What is ITC Ltd.'s most effective way to promoting eco-labels?**



**INTERPRETATION:** According to the paper, 43% of respondents stated that the packaging was the most dependable source of information. TV commercials account for 25% of the total, while social media and print media make up 20% and 12%, respectively. This demonstrates that direct visual exposure on packaging is more successful at informing customers than traditional and digital media.

**5. what point does ITC Ltd's eco-labeling have the most impact on consumer purchase decisions?**



**INTERPRETATION:** The data shows that 46% of buyers prioritize information when comparing brands. This is the most common level of consciousness. Festival seasons occur 18% of the time, whereas discounts happen 22% of the time. The majority of consumers are aware of it before making a purchase, whereas only 14% become aware of it after the fact.

## 6. CONCLUSION

In conclusion, eco-labeling has become an important instrument for influencing consumer purchasing behaviors during a moment of rising environmental consciousness. Eco-labels help to fill knowledge gaps for customers by providing concise, understandable information about a product's environmental impact. These powerful signals have a substantial impact on a person's inclination to buy, perception of a brand, and level of confidence in a firm. The credibility of certifying bodies has a considerable impact on eco-label effectiveness.

Despite the fact that price sensitivity remains a concern, the adoption of well-designed labels can help consumers perceive products more accurately. Eco-labels are becoming increasingly important as more people shop online and digitally. Their impact is especially strong among younger people, who are influenced by social media and acquaintances. Concerns concerning greenwashing highlight the need for transparency. Standardization and education are critical for maintaining consumer confidence. When eco-labels are combined with successful communication techniques, they encourage responsible consumption.

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