

Effects of Ethical Labeling on Consumer Purchase Behaviour in the Food Industry

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Abstract

Ethical labelling has been recognized as a relevant practice in the Food sector for encouraging consumers to make responsible and knowledgeable purchasing decisions. Ethical labels like “organic,” “fair trade,” and “eco-friendly,” convey information about the conservation of the environment, social responsibility, and animal protection. The present research work attempts to discuss the impact of ethical labelling on the purchase behaviour of the consumers in the Food sector. With the help of a descriptive research approach, information about the consumers purchasing packaged foods regularly was gathered from a questionnaire. The findings of this research work will discuss the impact of awareness and perception of ethical labels related to foods on the purchasing behaviour of the consumers.

Percentage analysis and correlation analysis were the tools for the analysis of the results. The result discusses the positive influence of ethical labelling on the purchasing behaviour of the consumers. In the absence of proper labelling and a lack of awareness about the labelling among the consumers, the practice of ethical labelling seems limited. The conclusion of this research work will emphasize the positive influence of ethical labelling on the purchasing behaviour of the consumers.

Keywords: Ethical Labelling, Ethical Awareness, Consumer Perception, Packaged food Products, Sustainable Consumption, Responsible Buying.

1. Introduction

Consumers over the past few years have become more conscious regarding issues related to their health, environmental sustainability, as well as general ethical considerations when purchasing any kind of food products (Grunert, Hieke, & Wills, 2014). Today, an individual does not think only about the pricing and consumer acceptability of the products; they also think

about how the products are made, packaged, and labeled (Brécard et al., 2009). The process of ethical labeling becomes very significant within this context. The ethical labels associated with food products basically include the following: Ethical labeling assists consumers in taking responsible and ethical purchasing decisions by conveying ethical considerations associated with food products in a clear manner. Ethical labeling is linked to influencing consumer trust in a manner that makes some products appear to be healthier, safer, or environmentally friendly (Taufique, Siwar, Talib, & Sarah, 2017). This is not a case with all consumers, and some ethical labeling may appear confusing (Grunert et al., 2014).

The food industry is using the concept of ethical labeling as a means to target ethically conscious consumption. Hence, it is imperative to explore the effect created by these labels on the buying behaviors of consumers (Hughner et al., 2007). This research will help readers to comprehend the awareness, trust, and perception related to these labels among consumers in relation to purchasing food products.

2. Statement of the Problem

There is an increasing number of ethical labels on food products, ranging from organic, fair trade, sustainable, but consumers still lack consistency when it comes to their consideration in purchasing. There is a mismatch between the ethical concerns expressed by consumers and their purchasing practices. Some consumers lack attention, lack understanding, or lack trust in these ethical labels. The outcome is the lack of effectiveness of these ethical labels on responsible consumer purchasing practices in the food sector.

In the Indian scenario, the issue attains even more significance. Though the trend of ethically consumed goods is increasing as the demand for risk-free, organic, and sustainable foods is rising, there is no proper

comprehension about the awareness of consumers for ethically labelled goods.

Almost all the existing literature related to ethically labelled goods has been generated in the context of the western market. There is no comprehension about the behavioural aspect of Indian customers in relation to the issue.

Thus, a research gap exists to address the impact of these ethical labels on food-related consumer buying behaviour within the Indian context. More research needs to be done to explore the extent to which these labels reduce or impact buying behavior for food among Indian consumers and what level of significance the various factors of trust, income, and awareness play within this context.

3. Literature Review:

Food labeling has proved to be a crucial instrument for influencing consumer purchase behavior as a means of disseminating key information regarding food quality, health and safety, as well as environmental sustainability. Current literature has managed to indicate that food labels form a crucial part of assisting customers to understand food production as well as enabling a more environmentally responsible approach to consumption patterns. Nevertheless, food labels and their success would depend entirely on consumer understanding and awareness.

Silinkina (2025) discussed the significance of food labelling, specifically analyzing its effects on consumer decisions in Latvia. The author concluded that food labels can be an important factor for customers to be aware of production processes and sustainable factors associated with food. The importance is noted when customers are more confident when labels are approved by governmental organizations or certification organizations. The study concludes that simple labels are more effective for customers. But some drawbacks can be seen when customers are being shown excessive labels with unclear information, and there are increased costs associated with labelled food.

On a similar note, **Potter et al. (2024)** examined the influence of environmental impact labels on food buying decisions using a randomized controlled trial performed on a virtual online supermarket in the UK.

The research explored the usage of graded labels as well as multi- indicator labels in the context of the experiment and proved that environmental labels can influence the choice of consumers towards environmentally friendly food products.

Nevertheless, the amount of influence caused by the impact labels depends on their respective use patterns, which demonstrates that the form of information presentation makes a significant difference in influencing the consumers.

The use of information to enhance the effectiveness of interpretative sustainability labels was examined by **Jürkenbeck (2023)**. In their online choice experiment involving consumers in Germany, it was seen that consumers preferred interpretative sustainability labels such as Nutri- Score and Eco-Score. But with additional explanations, consumers expressed their preference and willingness to pay even more. This shows that sustainability labels become more successful if their meanings can be well understood by consumers. Hence, educating consumers is crucial along with labeling.

A broader perspective can be gained by considering the study by **Majer et al. (2022)**, who conducted a systematic review of 26 studies that investigated visual labels for determining sustainability. The results demonstrate that visual attributes, including logos, colors, graphical symbols, and prominent placement, have a significant impact on consumer perception and behavior. The study confirms that visually prominent and noticeable labels have a higher chance of grabbing attention, increasing attitude towards products, and making people choose sustainable products.

However, consumers' understanding of labels is still an issue, as pointed out in the study done by **Moreira et al. (2021)**. The study about the knowledge of consumers about labels as well as fraud indicates that even though consumers feel that labels are helpful tools, many have difficulty in understanding the labels because of small fonts, designs, or symbols. This is important because it may affect the effectiveness of labels and may also be used as tools for fraud.

From the literature, it is clear that ethical, environmental, and nutritional labeling exerts a positive impact upon consumer buying behavior if it is simple, trustworthy, visually clear, and based upon consumer

awareness. Despite this, issues such as information overload, misunderstanding, low consumer awareness, and price remain challenges in maximizing this impact. The challenge is imperative to give way to more effective labeling structures as well as increased consumer education.

4. Objectives of the study

- To understand the factors that help consumers notice and trust ethical labels on food products.
- To see how clear and trustworthy ethical labels help consumers make healthier and more responsible food choices.
- To find out whether ethical labels influence consumers decision to buy food products.

5. Research Hypotheses

H1: Ethical labeling has a significant effect on consumer purchase behaviour in the food industry.

6. Research Methodology

6.1 Study Design

The proposed design is descriptive because this study will mainly entail the description of the consumers' thought processes and behaviors in regard to ethical food labeling without being able to change them.

6.2 Sources of Data

Both primary as well as secondary sources of information are utilized in this research study.

Primary Data:

The primary data is collected from consumers who buy packaged/processed food items, which are labelled with ethical standards of 'organic', 'fair trade', 'or 'sustainable' food items. The obtained data is an authentic source of information for knowing their awareness and buying behavior of consumers towards ethical food labelling.

Secondary Data:

The secondary data is collected from other pre-existing sources such as research articles, journals, and other publications such as books, reports, and online articles on the topic of ethical food labelling and consumer

behavior. The above sources help construct the theory framework and explore previous studies carried out on the topic

6.3 Sample Design

It provides an outline of how respondents can be sampled. This study is targeted at consumers of packaged foods and have been influenced by ethical stamps such as organic, sustainable and fair trade. It is a consumer-level study, and using a convenience sampling method proved to be ideal since it allows rapid access to available respondents. A convenience sampling approach was adopted as it allows rapid access to available respondents. Also, a sample size of 30 respondents was adopted.

6.4 Data Collection Tools

Data for this study are collected by using a structured questionnaire that contains a number of closed-ended questions along with multiple-choice answers to provide standardized responses.

6.5 Statistical Tools

Respondents provided answers to their questionnaires. These answers were analyzed mathematically via descriptive statistics percentage analysis, and correlation; these techniques include regression analysis.

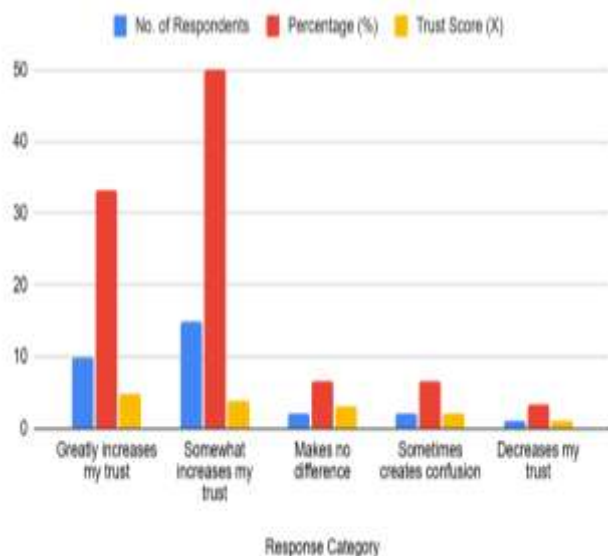
7. Data Analysis and Interpretation

Table 1: Response Distribution and Assigned Scores

Response Category	No. of Respondents	Percentage (%)	Trust Score
Greatly increases my trust	10	33.3	5
Somewhat increases my trust	15	50.0	4
Makes no difference	2	6.7	3
Sometimes creates confusion	2	6.7	2
Decreases my trust	1	3.3	1
Total	30	100.0	-

Source: (Primary Data)

Graph 1: How does clear information on the food package affect your trust in ethical labels?



Interpretation of Correlation Result:

- The value $r = 0.79$ indicates a **strong positive correlation** between clear food package information and consumer trust in ethical labels.
- This means that **as the clarity and transparency of information on food packages increase, consumer trust in ethical labels also increases.**
- The relationship is strong and meaningful.

Hypothesis Testing:

Alternative Hypothesis (H_1):

There is a significant positive relationship between clear food package information and consumer trust in ethical labels.

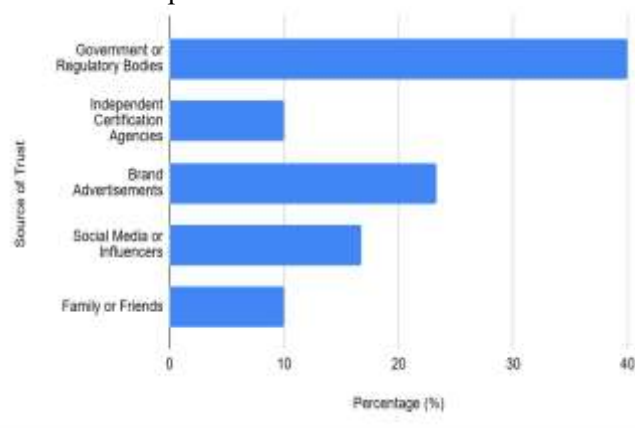
Table 2: Sources Influencing Trust in Ethical Labels

Source of Trust	No. of Respondents	Percentage (%)	Assigned Trust Score (X)
Government or Regulatory Bodies	12	40.0	5
Independent Certification Agencies	3	10.0	4

Brand Advertisements	7	23.3	3
Social Media or Influencers	5	16.7	2
Family or Friends	3	10.0	1

Source: Primary data

Graph 2: Which source increases your trust in ethical labels on food products?



Interpretation: The bar graph clearly shows that **government or regulatory bodies** are the most trusted source, influencing **40%** of respondents. This is followed by **brand advertisements (23.3%)** and **social media or influencers (16.7%)**. Independent certification agencies and family or friends contribute equally but to a lesser extent. Overall, the graph highlights that **official and regulated sources play a dominant role in building consumer trust** in ethical food labels.

Hypothesis Testing: Alternative Hypothesis (H_1): There is a **significant difference** in the level of consumer trust across various sources influencing ethical labels on food products.

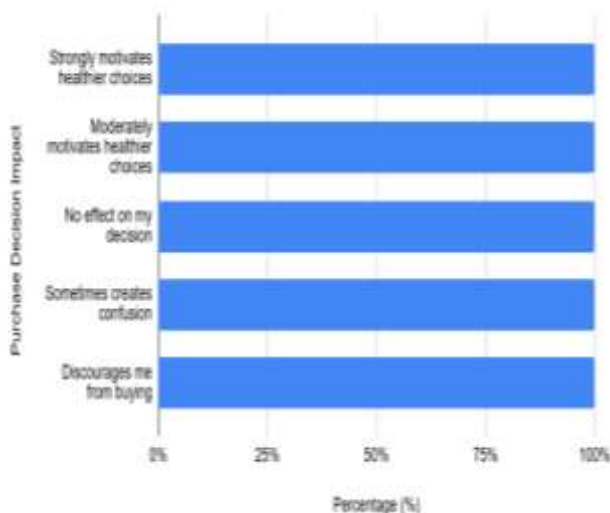
Table 3: Effect of Clear Ethical Label Explanation on Purchase Decision

Impact on Purchase Decision	No. of Respondents	Percentage (%)	Motivation Score (X)
Strongly motivates healthier choices	11	36.7	5
Moderately motivates	13	43.3	4

healthier choices			
No effect on my decision	3	10.0	3
Sometimes creates confusion	2	6.7	2
Discourages me from buying	1	3.3	1
Total	30	100.0	-

Source: (Primary Data)

Graph 3: How does clear explanation on ethical labels affect your food purchasing decision?



Hypothesis Testing:

Alternative Hypothesis (H₁):

Clear explanations on ethical labels have a significant relationship with consumer food purchasing decisions.

Interpretation:

The bar graph reveals that a majority of respondents are positively influenced by clear explanations on ethical labels. Nearly **80%** of consumers reported that clear information either **strongly or moderately motivates healthier purchasing decisions**. Only a small percentage experienced confusion or discouragement, indicating that clarity in ethical labeling largely supports positive consumer behavior.

Table 4: Influence of Ethical Labels on Choice

Between Local and Imported Food Products

Choice Preference	No. of Respondents	Percentage (%)	Preference Score (X)
Prefer local with ethical labels	9	30.0	5
Prefer imported with ethical labels	9	30.0	4
Ethical labels matter more than origin	7	23.3	3
Origin matters more than labels	3	10.0	2
Neither influences my decision	2	6.7	1
Total	30	100.0	-

Source: (Primary Data)

Statistical Tool Used

Simple Linear Regression Analysis

Model:

$$Y = a + bX$$

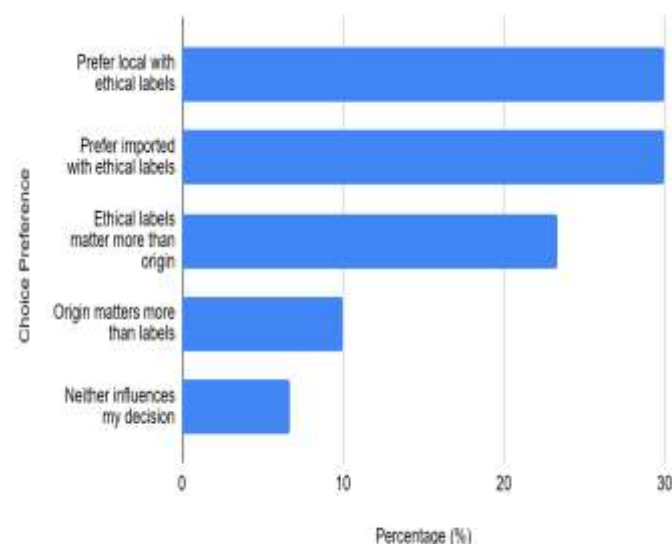
Where:

- **Y** = Consumer purchase preference (percentage of respondents)
- **X** = Influence level of ethical labels
- **a** = Constant
- **b** = Regression coefficient

Regression Results (Summary Table)

Regression Parameter	Value
Correlation (R)	0.86
R ²	0.74
Regression Coefficient (b)	Positive
Significance	Significant

Graph 4: How do ethical labels influence your choice



between local and imported food products?

Hypothesis Testing

Alternative Hypothesis (H₁):

Ethical labels significantly influence consumer choice between local and imported food products.

Interpretation:

The bar graph shows that a majority of consumers give importance to **ethical labels**, whether choosing local or imported food products. About **83.3%** of respondents consider ethical labels either directly or more important than product origin. This indicates that ethical labeling plays a crucial role in shaping food purchasing decisions.

8 Findings of the Study:

This paper investigates the effect of ethical labeling on consumer purchase behavior in the food sector. Results obtained have been extracted after evaluating the answers provided by customers who purchase food products on a regular basis. They also get exposed to various forms of food-related ethical labeling, including organic, fair, environment-friendly, among others. All these aspects offer significant information.

One of the major findings emerging out from the research is that organic is the most recognized ethical label by consumers. A substantial number of respondents admitted that they can easily spot the organic label at the time of purchasing food products. Environment-friendly or sustainable is recognized by a moderate number of consumers, indicating that it is being recognized to a certain extent but not to the same

extent as organic is being recognized by consumers. Also, only a few respondents admitted that they recognized the fair-trade label, indicating that not much awareness is being created regarding fair trade labeling. Some respondents admitted that different ethical labels look alike.

The experiment also shows how visual aspects contribute to the attention of consumers towards ethical labels. The logo/symbols used on food packs proved to be more effective for consumers to pay attention to ethical information. Short statements like ‘organic’ or ‘eco-friendly’ also proved to have good effects. The effects of color and design, along with the location of the label on the food pack, proved to have little effects. This research shows how ethical values can be conveyed to consumers more effectively through clearer labels.

Another major finding obtained is that ethical labeling has a positive effect on consumer purchase behavior. The majority of respondents reported that ethical labeling assists them in identifying healthier food products. Additionally, a number of respondents believed that ethical labeling promotes responsible consumer behavior through increased awareness concerning environmental and social problems. However, a few respondents reported that ethical labeling has a minimal or no effect on their purchase behavior. Hence, it is confirmed that ethical labeling exerts a positive effect on consumer behavior.

The impact of ethical labeling is not consistent across categories of food items. The category that is largely influenced by ethical labeling is organic fruits and vegetables, followed by packaged foods and dairy items. This concludes that ethical labeling is positively associated with consumer behavior regarding their purchases, and awareness and understanding about ethical labeling impact positively on such behavior. This study reveals not only the significance of ethical labeling but also indicates that there is a need to be more specific regarding such labeling.

9. Managerial Implication

Ethical labeling has emerged as a valuable managerial practice in the food industry, as it plays a considerable role in consumer purchasing behavior with respect to impressions and associations with trust, quality, and ethical responsibility. The most valuable managerial

practice from this perspective is that managers should aim to design simple and easily identifiable ethical labels. A study suggests that a deeper and more rapidly identifiable understanding of ethical labels increases consumer support and acceptance. The most complicated and ambiguous labels may lead to poor consumer understanding and effectiveness in managerial labeling practices, and managers should design them in simple format, language, and symbols to easily capture consumer understanding and decision-making processes.

A further crucial implication is related to credibility and trust. Research has found that the level of trust that consumers have in ethical claims is greater when these claims are backed by respected third-party certification or governmental institutions, as this counters the risk of deception. It is advised that company managers steer clear of the practice of misleading and inadequately controlled labels that might instill a lack of trust and a perception of 'greenwashing'.

Ethical labeling should be aligned with overall brand and pricing considerations as well. Although many people reveal a favorable perception toward food products with an ethical label, factors in deciding on buying them still include considerations on their increased prices. Ethical dimensions can complement food product quality and not displace it if managers keep appropriate positioning in consideration while making product offerings affordable and less priced compared to others in the market.

In fact, managers must be aware of differences that exist among the segments of the targeted consumers. Studies have found that the segments that value ethics are more likely than others to be prepared to pay more for food that is labeled both sustainably and ethically, and that other segments need further education and motivation.

In conclusion, ethical labeling can be a positive force on consumer buying behavior if managers highlight the importance of ethics, credibility, integration, and communication of labeling. When combined with good ethics, ethical labeling is thus an important strength of organizations which helps build positive perceptions of food brands.

10. Limitations of the Study

1) The study will be conducted only in Amravati, so the results will not reflect consumers in other cities.

2) The study will be conducted only for one F. Y. 2025-2026

3) Focus on limited number of products such as organic, fair trade, Eco-friendly and sustainable products.

4) Ethical labels may not be available in all shops in Amravati. This may affect how easily consumers can notice or compare them.

11. Recommendations:

Ethical labels should be clear, simple, and consistent, thus easily recognizable by consumers. This would be achieved by using simple symbols and short words, such as "organic" or "eco- friendly," and placing the labels on the front of the packaging to make it easier for a shopper to notice. Easy-to-read designs and consistent product formats minimize confusion and build trust in ethical labeling.

There is a need to further improve consumer awareness about ethical labels through advertisements, social media, and other educational campaigns. Further information can be made available via QR codes, websites, brochures, or leaflets for those consumers who might want more information. This allows consumers to understand what the different ethical certifications mean and why they are important, thus making informed decisions about what to purchase.

Ethical labeling needs stronger promotion for those product categories where it has better impacts, such as organic fruits and vegetables. In turn, ethical labels will be used better in dairy products, packaged foods, and ready-to-eat items by combining ethical claims with quality and safety standards that will increase consumer confidence in such products

Ethical claims must be honest and open. There should be proper use of certifications by companies, and there shouldn't be any misleading information; false claims may lead to a weakened brand reputation and consumers with reduced trust. Retailers can facilitate ethical labeling by using shelf labels, in-store displays, and trained staff to give guidance to consumers with many questions while making decisions about ethical products.

The misuse of ethical terms needs stronger government regulation and promotion of trusted certification bodies.

Tying in promotional offers like discounts or trial packs can facilitate ethically labeled products. Ethical labeling, on the whole, can be used as a branding tool in creating an effective brand image and can thereby ensure consumer loyalty.

12. Scope for Future Research

Although this current study has offered significant insight regarding the effect of ethical labeling on food consumption behavior in terms of purchases made by consumers in the food industry, there are a number of research gaps still to be covered by future works. A major limitation of this current research is its sample size. Results were collected through a limited number of respondents. More research may therefore be conducted to identify a broader sample of people from varied zones, jobs, income levels, and cultures to understand overall consumption behavior in terms of ethical labeling.

Another important area for future research is to conduct an attitude comparison study across varied geographic regions, namely rural, semi-urban, and urban regions. The comparison study across varied regions will aid in determining the varied levels of awareness, trust, and preference for ethical labels. The findings will prove to be important for marketers to devise region-specific marketing strategies for raising awareness.

Future research can also investigate the effect of various demographic variables, such as age, gender, level of education, and income, on consumer awareness and purchases regarding ethical labeling. Deeper insights into how ethical labeling is viewed across various demographics could help organizations better design their communication and marketing plans.

Furthermore, future studies could investigate ethically specific labels, such as fair trade labels, animal welfare labels, sustainability labels, carbon footprint labels, or cruelty-free labels, as opposed to studying ethical labeling in general. This will help determine the most powerful labels and for which ones more consumer education is needed.

Methodologically speaking, the effect of the design variables of labels, including the usage of color, symbols, text, and positioning, on packages can be studied through experimental designs in the future. It is essential to investigate whether ethical labelling builds consumer loyalty in the long run. Further studies on the willingness to pay of consumers of premium prices for

products bearing ethical labels can be conducted to guide pricing strategies. Qualitative research approaches, new innovations in labeling in the digital age, and the application of government policies or certification agencies are promising research avenues.

13. Conclusion:

This research paper ends the conclusion that the ethical labeling of products is of great and positive effect on the food industry. This is because ethical labels like the organic, fair-trade labelling, or the eco-labels assist consumers in creating trust in food as it provides the required confidence in the safety, quality, and ethical production of the food. The effect of ethical labels makes the customers feel more confident about the product they intend to buy. This research indicates that many customers tend to check the ethical labels on the product before purchasing food products, and many of these customers tend to pay slightly extra money on the product bearing an ethical label despite the fact that the cost is an influential decision-making criterion.

Another importance of ethical labeling is found in promoting responsible consumption. With the increasing awareness about the conservation of the environment, society, and sustainable production, it leads people to consciously engage in responsible consumption. Therefore, the need for ethical labeling is not limited to the issue of human health but extends to the entire social and environmental arena.

Nevertheless, it also points out a number of challenges that may undermine the effectiveness of ethical labeling. These may include a lack of knowledge about specific ethical labels, confusions arising from vague categories in ethical labeling, as well as the existence of multiple logos in certification. Overcoming such challenges via enhanced standardization, communication, as well as consumer knowledge, will help upgrade the effectiveness of ethical labeling. Ethical labeling is an important determinant of positive consumer behavior within the food sector.

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