

Environmental Concern and Price Premium Behaviour in Green Consumer Markets

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Abstract

Environmental sustainability has become an important concern among consumers due to increasing awareness of ecological issues and climate change. This study examines the relationship between environmental concern and consumers' willingness to pay a price premium for environmentally friendly products in green consumer markets. The primary objective of the study is to analyze how environmental awareness, attitudes, trust in eco-labels, and perceived environmental responsibility influence consumers' purchasing decisions regarding green products. The study is based on a questionnaire survey conducted among consumers to assess their environmental concern and price premium behaviour. The findings reveal that a majority of respondents demonstrate strong environmental awareness, actively seek eco-friendly alternatives, trust environmental product claims, and are willing to pay additional costs for sustainable products. The study concludes that environmental concern positively influences consumers' willingness to support green products despite higher prices, indicating a growing trend toward sustainable consumption behaviour.

Keywords: *Environmental Concern, Green Consumer Behaviour, Sustainable Consumption, Price Premium, Eco-Friendly Products, Consumer Awareness, Green Marketing, Environmental Responsibility*

1. Introduction

The increasing severity of environmental challenges such as climate change, pollution, resource depletion, and biodiversity loss has significantly influenced consumer attitudes and purchasing behaviour. As awareness regarding environmental sustainability continues to grow, consumers are increasingly considering environmental impacts while making purchasing decisions. This shift has contributed to the expansion of green consumer markets, where products are designed and marketed with environmentally friendly attributes.

Environmental concern has emerged as a critical factor influencing consumer behaviour. Consumers who are highly concerned about environmental issues often prefer products that minimize ecological harm, even when such products are available at higher prices. Green products generally involve increased production costs due to the use of sustainable raw materials, environmentally responsible manufacturing processes, ethical sourcing practices, and eco-friendly packaging. Consequently, these products are frequently sold at a price premium.

Understanding the relationship between environmental concern and willingness to pay a premium for green products is important for businesses, marketers, and policymakers. Such understanding helps organizations design effective sustainability strategies and encourages the adoption of environmentally responsible consumption practices. The present study

explores how environmental concern affects consumers' willingness to pay higher prices for green products and examines factors such as trust in environmental claims, eco-labels, and perceived environmental responsibility that influence consumer decision-making.

2. Literature Review

Previous studies have examined various dimensions of green consumer behaviour and sustainable purchasing decisions. Godelnik (2012) observed that although consumer spending on green products has increased over time, the overall market share of such products remains relatively small. This finding highlights the existence of barriers that prevent widespread adoption of environmentally friendly products.

Gleim et al. (2013) estimated that the global market share of green products was less than 4 percent, indicating that despite growing environmental awareness, actual purchasing behaviour often does not reflect consumers' positive attitudes toward sustainability. This phenomenon suggests the presence of an attitude-behaviour gap within green consumer markets.

Spencer and Lilley (2012) emphasized that limited research exists regarding the influence of cultural factors on pro-environmental behaviour. Their work suggests that cultural values and social norms may significantly affect consumer willingness to engage in sustainable purchasing practices.

Yin et al. (2010) investigated the role of demographic factors in green purchase intentions and noted that previous studies produced contradictory findings regarding demographic influences. Their research emphasized the need for further examination of demographic characteristics and their relationship with environmentally responsible consumer behaviour.

The reviewed literature indicates that environmental concern, consumer awareness, cultural influences, and demographic characteristics play important roles in shaping green purchasing behaviour. However, there remains a need to further understand how these factors influence consumers' willingness to pay a premium for eco-friendly products. The present study contributes to this area by examining the relationship between environmental concern and price premium behaviour in green consumer markets.

3. Objectives of the Study

1. To understand the level of environmental concern among consumers.
2. To examine whether environmental concern influences consumers' willingness to pay a higher price for green products.
3. To identify factors that affect consumers' decisions to pay a premium for environmentally friendly products.
4. To evaluate the role of trust in eco-labels and environmental claims in purchasing behaviour.
5. To provide insights that can assist businesses and policymakers in promoting sustainable consumption.

4. Research Methodology

4.1 Research Design

The study adopts a descriptive research design to examine consumer attitudes toward environmental sustainability and their willingness to pay a premium for green products.

4.2 Source of Data

The study is primarily based on primary data collected directly from respondents through a structured questionnaire survey. Secondary information was obtained from books, journals, research articles, and relevant academic sources related to green consumer behaviour.

4.3 Data Collection Tool

A structured questionnaire was used as the primary data collection instrument. The questionnaire included questions related to environmental concern, purchasing behaviour, eco-label awareness, trust in environmental claims, and willingness to pay a premium for green products.

4.4 Sampling Method

The study utilized a non-probability convenience sampling method to collect responses from participants who were readily available and willing to participate in the survey.

4.5 Sample Size

The exact sample size was not specified in the available document. The study was conducted using responses collected through a questionnaire survey.

4.6 Area of Study

The study focused on consumers participating in green consumer markets and examined their attitudes toward environmentally friendly products.

4.7 Tools for Data Analysis

The collected data were analyzed using percentage analysis and descriptive interpretation techniques. Findings were presented through charts, figures, and summarized observations.

5. Data Analysis and Interpretation

5.1 Purchase Frequency of Eco-Friendly Products

42 responses

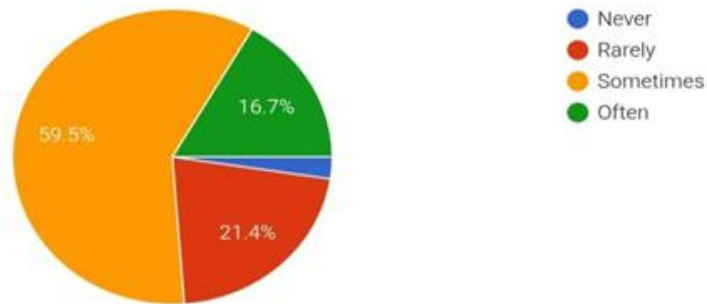


Figure 1: Purchase Frequency of Eco-Friendly Products

The survey results indicate that 72% of respondents purchase eco-friendly products either sometimes or often. This demonstrates a moderate level of participation in sustainable consumption practices among consumers. The result suggests that a considerable proportion of consumers is aware of environmental issues and actively include eco-friendly products in their purchasing decisions.

5.2 Intentional Selection of Sustainable Products

42 responses

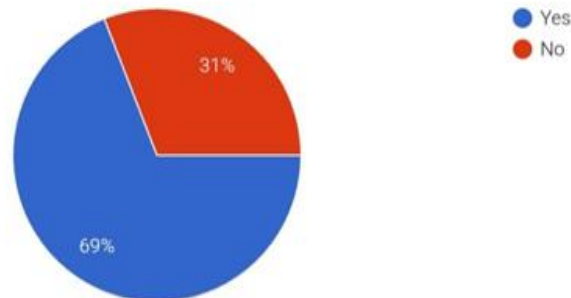


Figure 2: Intentional Selection of Sustainable Products

The findings reveal that 69% of respondents deliberately choose sustainable products while making purchasing decisions. This indicates a positive inclination toward environmentally responsible consumption and reflects increasing awareness regarding sustainability.

5.3 Searches for Eco-Friendly Alternatives

42 responses

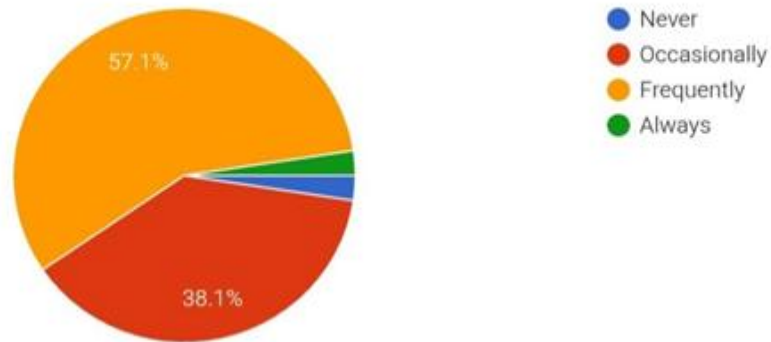


Figure 3: Frequency of Looking for Eco-Friendly Alternatives

About 62% of respondents actively seek environmentally friendly alternatives when purchasing products. The result demonstrates growing consumer interest in sustainable options and reflects increasing environmental consciousness.

5.4 Age Distribution of Respondents

42 responses

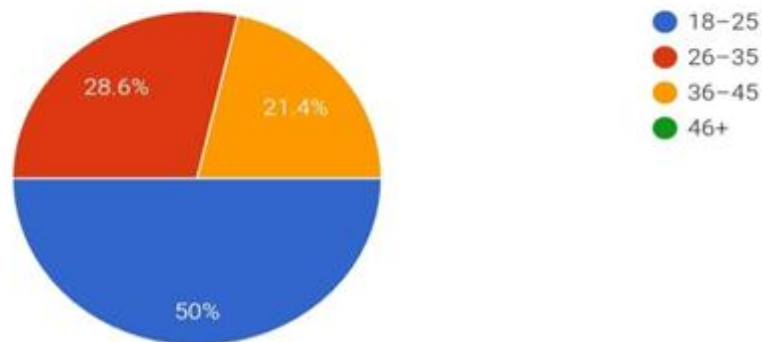


Figure 4: Age Distribution of Respondents

The survey indicates that 60% of respondents are young consumers. Younger consumers appear to be more engaged with environmental issues and sustainable purchasing practices compared to other age groups.

5.5 Willingness to Pay a Price Premium

42 responses

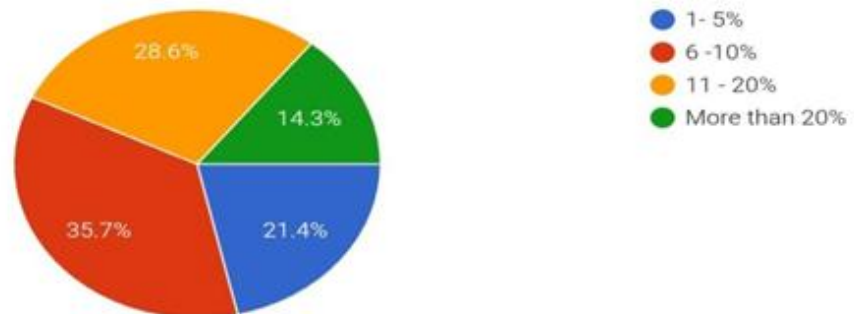


Figure 5: Willingness to Pay a Price Premium

The majority of respondents indicated their willingness to pay between 6% and 20% more for environmentally friendly products. Consumers demonstrate moderate financial commitment toward sustainability and recognize the value associated with green products.

5.6 Environmental Concern Among Respondents

42 responses

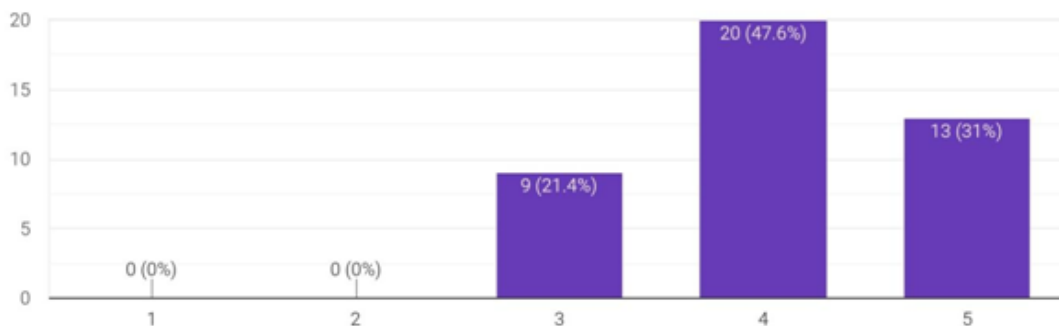


Figure 6: Level of Environmental Concern

Approximately 79% of respondents display high levels of concern regarding environmental issues. The finding indicates strong environmental awareness and reflects a positive attitude toward environmental protection.

5.7 Importance of Eco-Labels

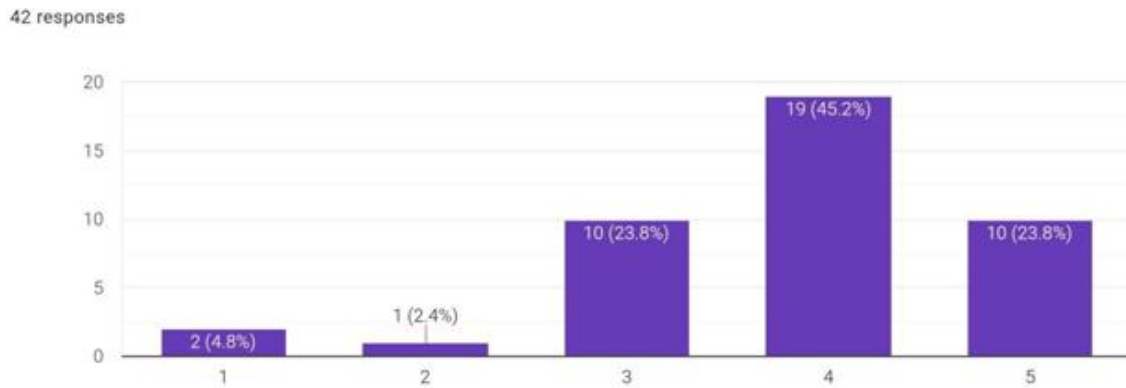


Figure 7: Importance of Eco-Labels in Purchase Decisions

A substantial majority of respondents consider eco-labels to be important sources of information when evaluating products. Eco-labels play a significant role in influencing consumer confidence and purchasing decisions related to green products.

5.8 Trust in Eco-Friendly Product Claims

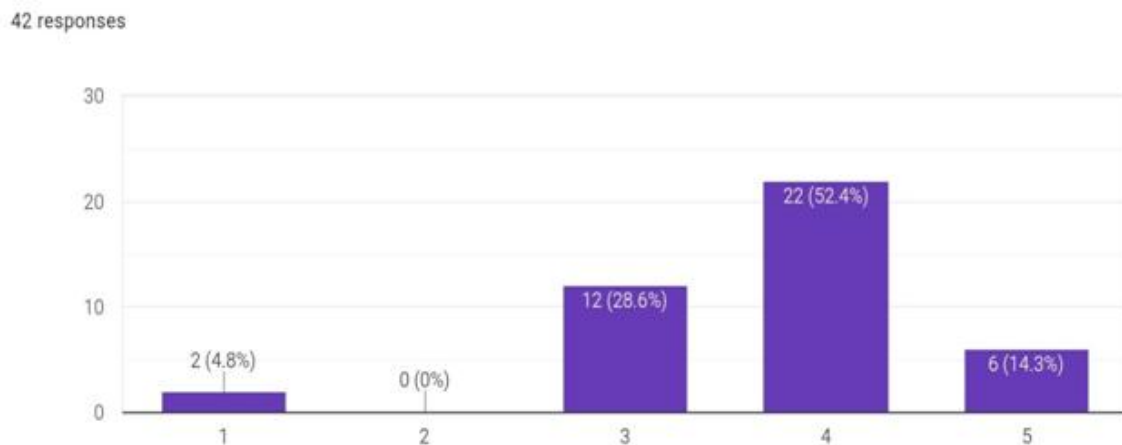


Figure 8: Trust in Environmental Product Claims

The results indicate that approximately 70% of respondents trust environmental claims made by companies. Although trust levels are generally high, some consumers remain skeptical, emphasizing the need for transparent and credible environmental communication.

5.9 Perceived Impact of Individual Actions

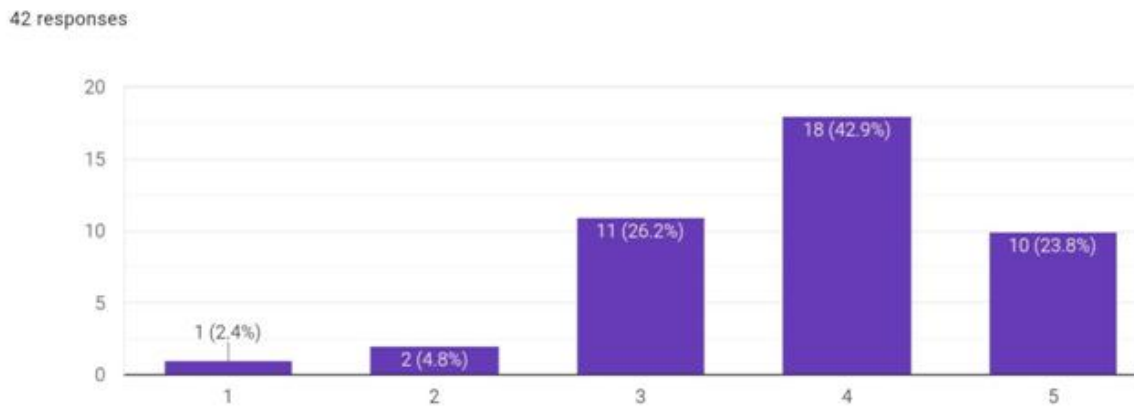


Figure 9: Belief in Environmental Impact of Individual Choices

A large majority of respondents believe that personal consumption choices can contribute to environmental protection. This finding reflects a strong sense of environmental responsibility among consumers and supports sustainable purchasing behaviour.

5.10 Income Profile of Respondents

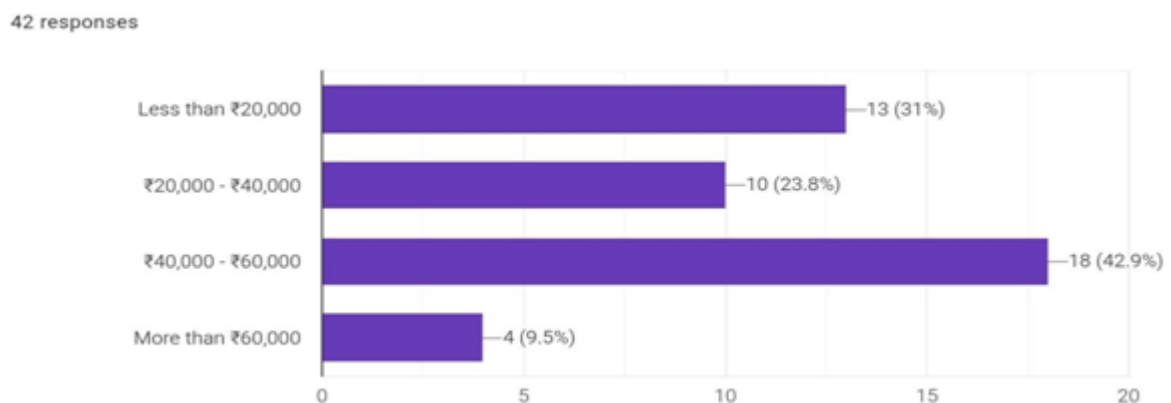


Figure 10: Income Distribution of Respondents

The survey indicates that respondents primarily belong to low- and middle-income categories. The willingness to purchase sustainable products is not restricted to high-income consumers, suggesting broad acceptance of environmentally responsible consumption.

6. Major Findings of the Study

1. A majority (72%) of respondents purchase eco-friendly products either sometimes or frequently.

2. Around 69% of respondents intentionally select sustainable products during purchasing decisions.
3. Approximately 62% actively search for eco-friendly alternatives before making purchases.
4. Young consumers constitute 60% of the respondent group, indicating greater environmental engagement among younger generations.
5. About 65% of respondents are willing to pay an additional 6–20% for environmentally friendly products.
6. Nearly 79% of respondents demonstrate high environmental concern.
7. Around 76% consider eco-labels important in evaluating products.
8. Approximately 70% trust environmental claims made by companies.
9. A significant majority (81%) believe that individual consumer choices can positively affect the environment.
10. Sustainable purchasing behaviour is observed across low- and middle-income groups, indicating widespread environmental awareness.

7. Discussion

The findings demonstrate a strong relationship between environmental concern and consumers' willingness to support green products. Consumers who exhibit higher levels of environmental awareness are more likely to actively seek sustainable alternatives and pay premium prices for environmentally friendly products. The importance assigned to eco-labels and environmental claims indicates that consumers rely heavily on credible information when making green purchasing decisions.

The results also highlight the influential role of younger consumers in driving sustainable consumption trends. Their active engagement with environmental issues suggests significant opportunities for businesses to develop targeted green marketing strategies. Furthermore, the willingness of low- and middle-income consumers to purchase sustainable products indicates that environmental responsibility is increasingly becoming a mainstream consumer value rather than a niche preference.

The study reinforces the importance of trust, awareness, and perceived environmental responsibility in shaping green consumer behaviour and supporting the growth of sustainable markets.

8. Conclusion

The study examined the influence of environmental concern on consumers' willingness to pay a premium for environmentally friendly products in green consumer markets. The findings reveal that consumers generally possess high levels of environmental awareness and demonstrate positive attitudes toward sustainable consumption. A substantial proportion of respondents actively seek eco-friendly products, value environmental certifications, trust green product claims, and are willing to pay additional costs for sustainable alternatives.

These results indicate that environmental concern significantly influences purchasing decisions and encourages consumers to support environmentally responsible products despite higher prices. The study highlights the growing acceptance of sustainability-oriented

consumption and emphasizes the importance of environmental awareness, trust, and perceived responsibility in shaping green consumer behaviour.

9. Recommendations

1. Companies should strengthen environmental communication and clearly highlight sustainability benefits.
2. Businesses should use certified eco-labels to enhance consumer trust and credibility.
3. Green marketing campaigns should focus on educating consumers about environmental benefits and long-term value.
4. Organizations should ensure transparency regarding environmental claims to reduce consumer skepticism.
5. Policymakers should promote public awareness programs encouraging sustainable consumption practices.
6. Businesses should develop affordable green product options to increase accessibility across different income groups.
7. Educational institutions should incorporate sustainability awareness initiatives to further strengthen environmentally responsible behaviour among young consumers.

10. Limitations of the Study

1. The study was conducted using a limited sample size.
2. The geographical coverage of the study was restricted.
3. Convenience sampling was used, which may limit the generalizability of the findings.
4. The study relied on self-reported responses that may be subject to respondent bias.
5. Only selected variables related to environmental concern and purchasing behaviour were considered.
6. The analysis was primarily based on descriptive and percentage analysis techniques.
7. Time constraints limited the scope of data collection and analysis.

11. Future Scope of the Study

1. Future studies may include a larger sample size to improve the reliability and generalizability of findings.
2. Research can be expanded to cover multiple cities, states, and regions to facilitate broader comparisons.
3. Comparative studies can be conducted across different demographic groups and consumer segments.
4. Future investigations may focus on specific categories of green products such as organic food, sustainable fashion, or eco-friendly electronics.
5. Longitudinal studies can examine changes in environmental concern and purchasing behaviour over time.
6. Advanced statistical techniques such as regression analysis, factor analysis, and structural equation modeling may be employed to gain deeper insights.
7. Additional variables such as brand image, social influence, perceived quality, and environmental knowledge can be incorporated into future research.

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