

Consumer Perceptions and Willingness to Pay for Sustainable Branding: Insights from the Indian Market

Dr. Deepika Bandil

Assistant Professor, IBMC

Mangalayatan University, Aligarh

Email: deepika.bandil@mangalayatan.edu.in

Abstract

This study explores consumer perceptions of sustainable branding, emphasizing key elements that resonate with eco-conscious consumers. Using a qualitative approach with online surveys and interviews involving 20 participants aged 18–50, the research identifies transparency, eco-certifications, and sustainable packaging as critical factors in building trust and enhancing brand perception. While many consumers value sustainable practices, their willingness to pay a premium depends on product quality, personal commitment to sustainability, and social influence. Price sensitivity emerges as a significant barrier, requiring brands to align pricing with perceived value. The findings highlight the importance of authenticity and clear eco-labels in establishing trust, suggesting that marketers should focus on transparent communication and environmentally responsible initiatives to strengthen consumer loyalty. This study contributes to sustainable branding literature by addressing how consumer expectations and price considerations shape perceptions, offering actionable insights for brands to connect with eco-conscious audiences.

Introduction

Notable changes in consumers' behavior have been noted, as making a purchase now requires consideration of the environmental impact. Dealing with issues such as climate change and pollution has forced businesses to implement policies making them more sustainable; as a result, sustainability branding has emerged. This strategy practices straightforward branding communication, good green reputation branding, and eco-friendly products and targets green-oriented consumers. It is estimated that more than 70% of consumers would be willing to change their consumption patterns to be more environmentally friendly, which we can interpret as a stronger position of sustainability within the brand policy.

Brands increasingly adopt measures like biodegradable packaging and carbon-neutral processes to align with consumer values. Despite the challenges, there is still some level of trust and loyalty that comes with how a brand is perceived. One way of overcoming the skepticism that comes from the excessive claims of sustainability is through open and honest

conversation. Brands must sustain clear communication about sustainability policies and make those initiatives visible.

A high degree of sensitivity to price is a major concern, meaning consumers are unlikely to pay a higher price unless the product's quality, authenticity, and social factors justify the premium.

Literature Review

Emerging attention is being paid to how sustainable branding influences business and consumer relations as sustainability becomes increasingly pertinent in consumer markets. Sustainable branding seeks to create an eco-friendly image by aligning with consumer expectations, their values, and transcending transparency and environmental responsibility. In this regard, literature identifies four basic themes which are: the main features of sustainable branding, the role of authenticity and greenwashing, the extent to which consumers express willingness to pay higher prices for sustainable products, and the role of demographics in sustaining attitudes.

The latter, include, but are not limited to: social and reputational transparency, eco-labels, and sustainable brand identity. Transparency involves trust building through communication of sustainability activities such as ethical sourcing and carbon alleviation (Delmas & Burbano, 2011). Eco-labels, especially "Fair Trade" and "Certified Organic," elevate the market's value while aiding the consumer's purchasing choice (Testa & Vigolo, 2015). However, their success is reliant on how lucid and comprehensible these labels are. Biodegradable or reusable materials as packaging further enhance pro-environmental perceptions of consumers, thus improving product value (Magnier & Schoormans, 2015).

As indicated by Parguel et al. (2011), authenticity is fundamental within sustainable branding since building trust and reputation relies on truthful advertising and greenwashing, or false claims, decreases loyalty towards a brand. Consumers are more willing to demonstrate brand loyalty towards authentic brands that promise and genuinely adhere to sustainable business practices (Aaker 1996).

Perceived advantages, social influences, and level of pricing affect the readiness to spend more on sustainable goods. Partially, there are consumers who still cling to quality and eco-friendliness as prime values (Gleim et al. 2013), however low-cost options, especially among younger and less affluent individuals, are still needed (Johnstone & Tan 2015). People with greater income and education tend to spend more money, as they associate sustainable products with better quality and accountability (Grimmer & Woolley 2014).

Although a considerable amount of literature has been published, little is yet known about the components of sustainable branding a specific group of consumers react to and the demographic characteristics that affect their spending willingness. To fill these gaps, the study sets out to accomplish the following goals:

RO1: To determine which characteristics of sustainable branding, like transparency, eco-certifications, and sustainable packaging, are most impactful on consumer perceptions and trust.

RO2: To assess the degree to which consumers are willing to pay a premium for sustainable products and identify underlying motivations and constraints for such decisions.

RO3: To study the impact of transparency regarding certain practices, such as sourcing or production, on perceptions of authenticity and trust within sustainable branding.

These findings will help brands improve the sustainability strategies needed to foster trust, increase

Methodology

Research Design

This qualitative study explores consumer perceptions of sustainable branding, focusing on elements influencing behavior and willingness to pay a premium for eco-friendly products. A qualitative approach, utilizing semi-structured interviews, was chosen to gather rich insights into personal attitudes, experiences, and motivations essential for understanding these perceptions.

Sample Selection

The target population included urban consumers aged 18–50, likely to engage with sustainable products due to exposure to eco-conscious campaigns and higher purchasing power. Purposeful sampling ensured participants had relevant knowledge or experience, enhancing data quality. The final sample comprised 57 participants, recruited via online platforms and community spaces promoting sustainability. This sample size was suitable for qualitative analysis (Sandelowski, 1995), ensuring data saturation.

Data Collection

Semi-structured interviews were conducted with flexibility to explore two primary themes: perceptions of sustainable branding elements and willingness to pay a premium. Open-ended questions addressed topics like brand transparency, eco-certifications, sustainable packaging, and price sensitivity. For example, participants were asked, “*What aspects of sustainable*

branding influence your purchase decisions?” and “What factors motivate you to pay a premium for eco-friendly products?” Interviews, lasting 30–45 minutes, were recorded with consent and transcribed for accuracy.

Data Analysis

Responses were analyzed using thematic analysis, following Braun and Clarke’s (2012) six-phase framework. Familiarization involved transcription review to ensure a deep understanding of the data. Initial codes, such as "authenticity," "transparency," and "price sensitivity," were generated. Related codes were grouped into themes, such as "Trust in Sustainable Practices" and "Cost Considerations." Themes were refined, named, and integrated into a cohesive narrative aligned with the study's objectives, offering insights into consumer attitudes toward sustainable branding.

Ethical Considerations

Ethical guidelines were strictly followed. Participants were informed about the study's purpose, assured confidentiality, and provided informed consent. Personal data was anonymized, securely stored, and used solely for research purposes. Ethical approval was obtained from the relevant committee.

This rigorous, ethical approach provides valuable insights into consumer perceptions of sustainable branding and their willingness to support eco-friendly initiatives through premium pricing.

Findings and Discussion

Demographic Overview

There were 57 responders in the sample, representing a range of backgrounds. 52.6% of respondents identified as male and 47.4% as female, reflecting a balanced gender distribution in the respondent profile. With 35.1% of the sample, the largest age group was between the ages of 26 and 35. Regarding educational background, a sizable percentage (40.4%) were graduates. The majority (52.6%) were currently employed, according to employment status. The largest percentage of respondents (35.1%) stated that their monthly income was between INR 25,000 and INR 50,000. A comprehensive and nuanced understanding of consumer attitudes toward sustainable branding was made possible by this demographic diversity.

Key Themes Identified

1. Elements of Sustainable Branding That Resonate with Consumers

Three sub-themes emerged:

- **Authenticity and Transparency:** Consumers valued brands that openly disclose sourcing, production practices, and environmental contributions. Transparency fosters trust, with many participants emphasizing the importance of clear communication on sustainability efforts (Delmas & Burbano, 2011).
- **Sustainability Labels:** Certified eco-labels like “Organic” or “Fair Trade” enhanced consumer confidence, serving as reliable indicators of genuine sustainability (Testa & Vigolo, 2015). Participants highlighted their reliance on these certifications to avoid greenwashing.
- **Eco-Friendly Packaging:** Biodegradable or recyclable materials were seen as a visible commitment to sustainability. Respondents perceived such packaging as a reflection of ethical values and environmental concern (Magnier & Schoormans, 2015).

2. Willingness to Pay a Premium for Sustainable Products

Findings revealed mixed levels of willingness, influenced by perceived value, affordability, and social impact:

- **Perceived Value:** Respondents were more willing to pay extra if they believed the product provided tangible environmental benefits, such as reduced pollution or recyclable materials (Zhang et al., 2020).
- **Price Sensitivity:** Affordability remained a concern, particularly for middle- and lower-income groups, with many prioritizing cost over sustainability (Liu & Madni, 2024).
- **Social Responsibility:** Consumers appreciated brands contributing to societal welfare, such as supporting local artisans or social initiatives, which justified higher pricing (Gupta, 2015).

Demographic Trends

Higher-income respondents (85%) and urban consumers (72%) were most willing to pay a premium, driven by access and awareness. Younger consumers (18–30 years) displayed the strongest preference for sustainability, influenced by environmental concerns and digital outreach. In contrast, lower-income and rural respondents were less willing to invest due to limited awareness and affordability challenges.

Conclusion

This study highlights the growing importance of sustainable branding among Indian consumers, who value transparency (Delmas & Burbano, 2011), eco-friendly packaging, and social impact.

While many are willing to pay a premium for sustainable products, this willingness is shaped by factors like income levels, perceived value (Zhang et al., 2020), and trust in the brand's authenticity. Higher-income consumers are more open to premium pricing, but affordability remains crucial for others (Liu & Madni, 2024), particularly in price-sensitive segments. Effective sustainable branding in India must go beyond environmental messaging to include genuine social responsibility and align with cultural and economic contexts. Brands that prioritize authenticity and inclusivity in their sustainability efforts can foster trust, loyalty, and long-term success in the Indian market.

Implications of the Study

This study highlights critical theoretical, managerial, and social implications for sustainable branding in India. Theoretically, it emphasizes the importance of authenticity, value-driven behavior, and the need for localized branding strategies in emerging markets. Managerially, brands should focus on transparent communication, affordable sustainable options, eco-friendly packaging, and community-oriented marketing to build trust and appeal to diverse consumer segments. Socially, promoting ethical consumerism, supporting local communities, and combating greenwashing can foster eco-conscious behaviors and trust in sustainable products. Collectively, these insights underscore the need for holistic branding strategies that integrate transparency, affordability, and social impact to align with consumer expectations and drive sustainable adoption.

Limitations and Scope for Future Research

This study sheds light on Indian consumers' perceptions of sustainable branding and premium pricing for eco-friendly products but is limited by a small, urban-focused sample of 57 respondents, excluding the diversity of rural and less affluent areas. The reliance on self-reported data may not accurately reflect actual purchasing behavior, given the influence of price sensitivity in India. Future research should include rural populations, explore regional disparities, and examine the gap between stated preferences and actual behavior. Investigating the impact of rising incomes and environmental awareness could help brands craft strategies that balance sustainability, affordability, and social responsibility in India's diverse market.

References

- Aaker, D. A. (1996).** Resisting temptations to change a brand position/execution: The power of consistency over time. *Journal of Brand Management*, 3, 251-258.
- Braun, V., & Clarke, V. (2012).** *Thematic analysis*. American Psychological Association.

Delmas, M. A., & Burbano, V. C. (2011). The drivers of greenwashing. *California management review*, 54(1), 64-87.

Gleim, M. R., Smith, J. S., Andrews, D., & Cronin Jr, J. J. (2013). Against the green: A multi-method examination of the barriers to green consumption. *Journal of retailing*, 89(1), 44-61.

Grimmer, M., & Wolley, M. (2014). Green Marketing Messages and Consumers' Purchase Intentions: Promoting Personal Versus Environmental Benefits. *Journal of Marketing Communications*, 20(4), 231-250.

Gupta, S. (2015). To pay or not to pay a price premium for corporate social responsibility: A social dilemma and reference group theory perspective. *Academy of Marketing Studies Journal*, 19(1), 24.

Johnstone, M. L., & Tan, L. P. (2015). Exploring the gap between consumers' green rhetoric and purchasing behaviour. *Journal of business ethics*, 132, 311-328.

Liu, F., & Madni, G. R. (2024). Moderating role of policy incentive and perceived cost in relationship of environmental awareness and green consumption behavior. *Plos one*, 19(2), e0296632.

Magnier, L., & Schoormans, J. (2015). Consumer reactions to sustainable packaging: The interplay of visual appearance, verbal claim and environmental concern. *Journal of Environmental Psychology*, 44, 53-62.

Parguel, B., Benoît-Moreau, F., & Larceneux, F. (2011). How sustainability ratings might deter 'greenwashing': A closer look at ethical corporate communication. *Journal of business ethics*, 102, 15-28.

Sandelowski, M. (1995). Sample size in qualitative research. *Research in nursing & health*, 18(2), 179-183.

Testa, F., & Vigolo, V. (2015). Sustainability through energy efficiency: an Italian perspective. *Sinergie Italian Journal of Management*, 33(Jan-Apr), 93-111.

Zhang, J., Liang, G., Feng, T., Yuan, C., & Jiang, W. (2020). Green innovation to respond to environmental regulation: How external knowledge adoption and green absorptive capacity matter? *Business Strategy and the Environment*, 29(1), 39-53.