

The Effect of Ethical Labels on Customer Product Perception

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Abstract

This paper studies how organic and fair-trade labels affect customer product perception, answering the following question: How do the different labels affect product benefit perception and how do these benefits influence the perception of overall product value? The authors suggest that perceptions about various egoistic (self-oriented) and altruistic (other-oriented) product benefits influence the product value perception of customers. In order to address our objectives, we conducted an online experiment in which we manipulated the label on a product (no label vs. organic label vs. fair-trade label). This large-scale study enabled us to examine how the (non-)presence of ethical labels affect customer product perceptions. First results indicate that customer product evaluation is mainly based on egoistic product benefits and that companies can use ethical labels to signal the quality of their product to customers, thereby increasing the perceived value of their products.

Keywords: *Ethical Labels; Product Value; Customer Product Perception*

Track: Social Responsibility & Ethics