

## The Effect of Knowledge on Decision-Making in the Context of Organic Cotton Clothing

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The effect of consumer knowledge on decision-making has been studied in several ways (Alba & Hutchinson, 1987; Bellman & Park, 1980; Brucks, 1985; Hoch & Deighton, 1989; Lee & Lee, 2009). Consumers constantly gather information and store it in memory as knowledge, use this knowledge in evaluating and choosing products (Murray & Schlacter, 1990). Consumer knowledge may influence how consumers process product information provided by apparel manufacturers on hang tags and product labels and what products they buy. Labels and hang tags for apparel products were found to provide consumers with useful information on decision making (Chowdhary, 2003). With growing interests in sustainability issues and environmental concerns among apparel consumers, apparel manufacturers have provided information on their socially responsible practices including their commitment to the environment, fair labor, fair trade, and other social causes on product labels (Jana, 2007). Dickson (2000) studied the relationship between consumer knowledge and the intention to purchase apparel from socially responsible businesses and found that although the overall knowledge about apparel industry practices was fairly low, consumers who were more knowledgeable about the apparel industry were significantly more concerned about workers in clothing manufacturing businesses and showed greater support for socially responsible businesses. However, little research has been conducted regarding how consumer knowledge relates to the use of product information provided on labels when consumers purchase organic cotton apparel products. It is the intention of this study to understand the effect of consumer knowledge on the use of product labels to evaluate products in the context of purchasing organic cotton clothing. In addition, this study investigated how consumer knowledge influences attitude towards organic cotton clothing and price acceptance of organic cotton clothing.

The concept of consumer knowledge in the field of consumer behavior has been applied to provide a theoretical framework for this study. McNeal and McDaniel (1981) state that the concept of knowledge is fundamental to understand consumer behavior theories including perceived risk, cognitive dissonance, social influences, new product adoption, self-concept, decision-making, and attitude formation and change. Rao and Sieben (1992) examined how prior knowledge on apparel quality and relevant issues relates to price acceptability and information examination patterns. In their study, low-knowledge subjects showed lower price limits than moderately or highly knowledgeable subjects when they were asked to indicate upper (high but acceptable) and lower (low but acceptable) price points for a blazer. It was also found that extremely knowledgeable subjects relied more on extrinsic product information in assessing product quality while moderately knowledgeable subjects used intrinsic information for

evaluation and subjects on the low end of the knowledge spectrum were unable to interpret intrinsic information due to lack of knowledge and therefore showed greater reliance on interpretable extrinsic information. The results suggest that differentially knowledgeable consumers attend to different types of product information when evaluating products. Consumers may use product label information to determine the overall quality of organic cotton clothing when other product attributes such as style, color, price, brands, etc. are controlled. Consumer's sufficient knowledge on relevant issues may increase acceptability of organic cotton clothing even at higher price points. Based on the review of the previous research on consumer knowledge, the following hypotheses were generated.

H1: Price acceptance of organic cotton clothing will increase as knowledge increases.

H2: Attitude towards organic cotton clothing will be more positive as knowledge increases.

H3: Types of information used to evaluate organic cotton clothing will differ as knowledge increases.

An online survey was developed to measure knowledge on organic cottons, organic cotton production procedures, and socially responsible practices, attitude toward organic cotton clothing, and purchase intention at different price points (at regular price, 25% higher, and 50% higher). In addition, two sets of experimental choice-based conjoint modeling were developed to examine the use of product label information in buying organic cotton clothing (mandatory label specifications and auxiliary label specifications). The label information found in auxiliary label specifications is voluntarily given by manufacturers to provide additional information on organic cotton clothing. A total of 941 people responded to the survey invitation resulting in a total of 498 usable data. The participants were segmented into three knowledge groups – high, moderate, and low. The ANOVAs revealed that the differences in buying intention and attitude towards organic cotton clothing [ $F_{(2, 497)} = 11.85, p < .001$ ] were significant across the three knowledge segments. Highly knowledgeable participants were more willing to buy organic cotton clothing at 25% and 50% higher price points and showed a more positive attitude towards organic cotton clothing than moderately and low knowledgeable participants, which supports H1 and H2. The results of MANOVAs showed that the participants in the low knowledge segment valued more product-specific attributes such as washing instructions and shrinkage information while highly knowledgeable participants placed greater importance on the attributes pertaining to sustainability such as production procedures and trade information. H3 was also supported.

The contribution of this research to the consumer knowledge literature is the demonstration that consumer knowledge influences how consumers perceive apparel products and how they use and interpret information provided on product labels. The results of this study provide a practical implication for apparel manufacturers and retailers promoting organic cotton products. Apparel manufacturers and retailers may include consumer education in marketing activities especially when they introduce new products such as organic cotton clothing to the market. They need to provide non-product related information such as socially responsible business practices and sustainable production procedures well as product attributes to improve consumers' knowledge of issues. (\*References will be available upon request)