AN EMPIRICAL STUDY OF CONSUMER PERCEPTION TOWARDS ECOFRIENDLY FMCG PRODUCTS IN AHMEDABAD CITY

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ABSTRACT

Now “Going Green” is become an imperative rather than a criterion for corporates to grow. In the competitive era of globalized marketing, Indian corporates are shifting their strategic focus from creating & offering traditional products to green performance. The interest and efforts on sustainability is now more evident than ever before as socio-economic & ecological factors have led consumers to become progressively concerned about environment which can be seen in their buying behavior patterns and preference to buy Eco-friendly products. To explore green market and meet the demand of environmentally conscious consumers the corporates have changed their culture to be more environmentally responsible and have developed ecofriendly products and services. However, they feel constraints to translate the green behavior of consumers into environmental purchases to gain an edge in competitive market as demand for environmentally friendly products didn’t grow as expected and both attitude-behavior and intention-behavior gaps emerged.

This research examine the perception of consumers towards ecofriendly FMCG products in Ahmedabad city and which barriers inhibit them from purchasing green products. This study will be helpful to marketers to price, place & promote their qualitative green offerings as this study investigates the influence of demographical variables and elements of marketing mix on purchase intention of the consumers.


INTRODUCTION

There is an inverse relationship between human wants and natural recourses, which are an important source of national growth around the world and are not sufficient for economic and social growth in respect of sustainable development (Thorvaldur & Gylfi, 2002; Awan, 2013). In the era of global business, environment came into view as a critical concern for business organization along with government and society.

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Environmental tribulations are caused by business processes (ElTayeb, Zailani, & Jayaraman, 2010) which are ultimately harmful to society and health of people (Khwaja, 2008). Keeping these alarming environmental conditions, Smith & Langford (2009) argued that green marketing is the only way to help corporates to safeguard environment and support sustainable economy. Green Marketing become dominant phenomenon in strategic marketing management as consumers and corporates both are concerned with environment, wealth and health (Nadaf & Nadaf, 2014). To reduce own carbon footprint most of the corporates are modifying their business model and try to build their image through the green practices towards sustainability of economy, society and environment (Rizwan, et al., 2013).

The going green movement has been burgeoning rapidly in most of the developing economies like India (Saxena & Khandelwal, 2009; Paul & Anne, 2008). Consumer have a positive attitude towards green marketing due to raised awareness about noxious impact of environmental degradation, global warming, deforestation etc. (Kaur, 2014; Pawan Kumar, 2015) According to Saxena & Khandelwal (2009); Crassous & Gassmann, (2011); Rastogi & Khan (2014) companies which can establish themselves with green image will have distinctive advantage in the market place. Most of research has been conducted on consumer buying behaviour towards environment friendly FMCG products reveals that only those companies will reap the reward of consumer satisfaction that being eco-centric by walking their talk (Singh & Pandey, 2012).

A concept of green economy is still in a nascent stage in emerging economies like India due to general perception that economic growth through going green is slow and costlier which is not suitable as their utmost priority is to increase standard of life through poverty eradication in a given set of resource distribution & social / industrial investment (Dialogues at the Economic & Social Council, 2008). An agronomic economy-India face greater vulnerability in terms of social, financial, technical, industrial capacity and natural disasters which shrinks the potentiality for development due to adverse effects of climate change too (Karim 2012; Krishna 2013).

In India, Going Green is an integrate part of marketing strategy vatsa et al.(2015) as a social conscience for corporates to reach the consumers through green promotion (Nagaraju & Thejaswini, 2014). In addition to conventional products, green products (products that claim to be environmently friendly) are offered in markets which are biodegradable, nontoxic ingredients, are packaged in recycled material and are sold at premium price with eco-labels such as energy stars (Sachdev, 2015). Through efficient utilisation of green marketing mix, corporate can make their recognition easier and upsurge awareness towards green products in market which will lead the consumers to buy the eco friendly products. Such green practices play a vital role in shifting consumer buing attitude towards green products (Delafrooz, Taleghani, & Nouri, 2014).

However, Ottman (1992) and Jay (1990) claims that although consumers are concern about environmental issues but they are not willing to buy green products on premium prices. There is a disparity between positive attitude of consumers towards green products and their repugnant & Incongruous buying behaviour which is a critical challenge for corporate to translate environmenttal consciousness into green purchases (Ishaswini & Datta , 2011). It is critical to determine the consumer perception about why they purchase the particular product only and on which attribute they decide the effectiveness of products (Lai, 1995 and Blijlevens, Creusen, & Schoormans, 2009). Generally, price & quality followed by
availability of products is rampant factors to perceive consumer’s choice of goods.

**GREEN MARKETING**

As an emergent concept, Green Marketing is a vital part of corporate strategy (Menon & Menon, 1997) and philosophy of societal marketing notion (Pride & Ferrell, 1993). They defined green marketing also as environmental marketing, sustainable marketing or eco-marketing which refers as an efforts of organization to design, price, promote and place the products that will not harm the environment at the usage stage. These products are environment friendly both at the time of production and disposal.

The concept of green marketing emerges from societal marketing (Kotler, 1999). It is considered as the most essential part of business development process (Singh, 2011). American Marketing Association defines Green Marketing as “the marketing of products that are presumed to be environmentally safe” and also “the development and marketing of products designed to minimize negative effects on the physical environment or to improve its quality” (Social marketing definition); and finally as “the efforts by organizations to produce, promote, package and reclaim product in a manner that is sensitive or responsive to ecological concern” (Environmental definition).

According to Polonsky (1994) Green marketing consists of all activities designed to generate and facilitate any exchange intended to satisfy human needs & wants occurs with minimal detrimental impact on environment.

The concept of green marketing is not finite to marketing of eco-friendly products & services but ranging from conservation to control of pollution (Tiwari, 2015). Green marketing is mostly about making green stuff seems normal and not about making normal stuff seem green (Singh & Pandey, 2012).

In the words of Oyewole (2001) green marketing is the practice of adopting resource conserving and environmentally friendly strategies in all stages of the value chain. The basic aim of green marketing is to eliminate the concept of waste, promotion of biodegradable products, protection of environment, and maintaining ecological balance (Kathuria & Bansal, 2016).

To define green marketing is not a simple task as interaction and contradiction is prevails in the philosophical essence of social, environmental and retail dimensions of the green marketing (Chaudhri, 2014). In nutshell, we refer the words of Peattie (1995) and Welford (2000) who defines green marketing as the process of holistic marketing that responsible for identifying, anticipating and shifting the needs of consumers and society in a profitable & sustainable way.

Unfortunately, a majority of people believe that green marketing is refers solely to the promotion or advertising of products with environment characteristics (Vatsa et al. 2016) (Xiao-di & Tie-jun, 2000). In broader term, green marketing includes a whole set of ideas, methods and processes for achieving goals of enterprise (Lee, 2008). The implicit meaning of green marketing is not only bound to marketing of eco-friendly products but it is a holistic concept of marketing through which corporates implement environment friendly strategy at all level of organization and practice to achieve economical and social goals.

The dramatic growth of green marketing has gradually susided when marketers started to experience a backlash (Wong, Turner, & Stoneman, 1996). Although Indian consumers are waking up to merits of green products but this concept is new for majority and need to
reach the masses which will take lot of time and efforts (Schmitz, 2012). Indian consumers do value the significance of consuming & using natural products due to Indian customs and Ayurvedic heritage but the concept of green marketing has not picked up in Indian domestic market.

MSMEs of Indian industries face economic and technical barriers to adopt the going green option as to produce-pack-promote & place the green product will resulted in higher cost. Marketing of green products would be difficult as green attribute is less important than conventional selling points such as price and quality. In absence of effective & efficient green claim promotion, it is difficult to justify a price premium to earn market share and to maintain green quality too.

**RESEARCH OBJECTIVES**

The objectives of the study are:

a. To Examine the Concept of Green Marketing in relation to Sustainable Development and

b. To Identify the pre-requisites to implement Strategic task of Green Marketing.

This paper also attempts to study buying behavior of Indian consumers towards green products & its attributes which will be helpful to marketers to price, place & promote their qualitative green offerings.

**RESEARCH METHODOLOGY**

The present study is both conceptual and empirical in nature. The present paper studies the theoretical concepts of the green marketing and its practicability in context of India. This conceptual study is based on secondary data which have been collected through research articles from journals, focus group transcript, newspapers, magazines from library and websites.

The study is empirical in nature as it aims to find out the awareness and attitude of Indian consumers in respect of Eco-friendly products. Collection of data is in the form of primary data which is collected from respondents of Ahmedabad city through a structured questionnaire designed for a random sample of 250 respondents from middle income group to generate data from people who are well educated and have a decent purchasing power and opinion is collected by using the mail survey method due to limitation of time factor.

Questionnaire is designed in such a way that there are several questions to study the objectives of the research included demographic factors of the respondents, the awareness towards green marketing by corporates and the consumer attitude to purchase eco-friendly brands in market. The questions are designed on the basis of close ended five point Likert scale such as Strongly Agree, Agree, Neutral, Disagree and Strongly Disagree. To analyse the collected data for drawing inferences, statistical tools—both parametric and non-parametric tests were used in the study such as Percentage analysis and Mean score.

**GREEN PURCHASE BEHAVIOUR**

Green purchase behaviour refers to the consumption of products that are recyclable / conversable and benevolent to the environment (Mostafa, 2007). According to Toth (2013) human behaviour is often irrational and their actions can be predicted by their attitude. Spruyt (2007) indicates that prediction of behaviour is directly dependent on attitude of the consumer which is found to be associated with knowledge and personal experience. Their intention to purchase positively affects the probability of a consumer decision that he will purchase green products (Brown, Pope, & Voges, 2001; Malhotra & McCort, 2001).
Ottman (2006) argues that the consumer who buys green products fulfills by doing so a personal needs which may be for social acknowledgement, social admiration and personal beliefs for environmental/social cause. The consumer’s attitude, believes and behaviour have a great influence in marketing practices.

Factors such as environmental concern, price, quality, brand name, packaging, eco-label, durability, convenience are major attributes can persuade consumers to purchase the green products (Laroche, Bergeron, & Guido, 2001; D’Souza, Taghian, & Lamb, 2006; Gan, Wee, Ozanne, & Kao, 2008).

PRE-REQUISITES FOR GREEN MARKETING TO ACHIEVE SUSTAINABLE DEVELOPMENT

The goal of traditional marketing is to facilitate exchanges intended to satisfy human needs or wants while the green marketing seeks to accomplish the same with minimal noxious impact on the ecology. Companies with limited natural resources, must develop alternative ways to satisfy the needs of consumers and grow market share as well with the integration of green concept.

a) SET RIGHT GOING GREEN OBJECTIVE: As an opportunity and as a part of moral obligation corporates set their objectives with efficacy of green touch. Under the pressure of competition and government legal norms, corporates are adopting and implementing the concept of green marketing through modify their behaviour regarding waste disposal, reduction in use of energy & natural resources.

b) APPEARANCE OF SOCIAL RESPONSIBILITY (CSR): As a part of society, corporates realizes to behave in an environmentally responsible way and try to formulate the best possible mix of corporate (Profit) and Social (Environmental) objectives. Corporates can concern environmental issues as a part of business culture in association with suppliers & traders which is recognized by the stake holders of the business.

c) ADHERENCE TO STATUTE: It is essential for corporates to comply with environment legislation of nation or norms of global confederation. Government try to protect society by diminishing the impact of business process on the environment through licensing, control & supervision through environmental tribunals.

d) REPLY TO COMPETITIVE INITIATIVES: Going green will be beneficial in terms of increase in consumer base which leads to growth in market share. To grab the opportunity of growth competitors may introduce their own version of green initiatives through which entire industry has to modify its environmental behaviour.

e) BE TRANSPARENT TO SHARE INFORMATION: It is essential to share information about your green activities with consumers, industry and government. The promotional communication / claims that corporate made should not mislead and breach any legal & regulative norms in regards of environmental marketing. The claims which promote green marketing has to be clearly stated green features and explained with justification on how green benefits are achieved with use of practical & real terms.

f) GREEN FEATURES AS PRODUCT IDENTIFICATION: Products & Services belongs to green marketing for sustainable development should have features as identification like efficiency, cost effectiveness, health & safety, performance, status, and convenience. These products are made with organic / natural / recycled material and have ability to recycled, repaired and reused as raw
material for other industry which should ensure to meet quality expectation of consumers.

g) DEVELOPING SUSTAINABLE PRODUCT: Environmental issues should be ensured by new product development plan with aim to develop such a products which can be produced, distributes, used and recycled with minimum impact on eco system. Manufacturers must consider the basic purpose of product whether it follow the principles of sustainable development? The eco friendliness of production process, use of raw material, type of energy used, obsolescence & disposal of product etc. should be concerned.

h) SET REALISTIC PRICE: Indian consumers are price sensitive and only pay premium price in respect to higher performance, better visual appeal & design, new taste, potential social status. Green products have higher price. Environmental benefits alone may not be a justification for premium price. However, marketer has to make understand customers about benefit of cost saving in the long run with good health.

i) MINIMUM PACKAGING: Packaging is one of the environmental issue in terms of wastage. Environmental pollution, land fill, biodiversity is contributed by unnecessary packaging through plastic, printed papers etc. Reduction in packaging will saving cost of companies also.

j) GREENER PLACING: To place / distribute the product become a sensitive issue if company wants to market its products across the geographical boundaries such as transportation emissions. Company can overcome on this through using fuel efficient logistics, regional purchases, vertical integration etc. The outlet location should be differentiate from its competitors through in-store promotions / use of recycled material.

k) PROMOTION FOR GREENER CREDENTIALS: Credibility is the key factor for effective and efficient marketing communication. Never overstate environmental claims or establish unrealistic expectations. Marketers can earn environmental credibility by using e-marketing, e-communication, informative blogs on social sites, online assistance etc.

l) EASE TO BE IN GREEN CUSTOMER: A Change in buying behaviour of consumers and business customers due to environmental concern is an opportunity for corporates but it may be a challenge to make easy for consumers to become green themselves. Research shows that when the factors like price, quality, performance and availability are equal, environmental consideration may tip the balance in favour of a green products.

FINDINGS

Based on the demographic analysis of the sample data, it is concluded that consumers know about environmental decadence and understand the significance of green products. However, there is lack of awareness regarding prevailing scheme of eco-labels / eco-marks in India. Only 148 respondents i.e. 59% were able to recollect name / advertisement of eco-friendly products on media.

Only 73 respondent i.e. 29% felt that environmental issues are not as important that need to attention and 123 respondents i.e. 49% (nearer to half) have concerned to reduce their own carbon footprint.

Most of the respondents (Mean: 3.65; Std. Dev: 1.24) are agreed that eco-friendly products are healthier to them and not harmful than conventional products. They also admitted that environmental attributes of a product are more difficult to assess in compared to other attributes. 183 respondents i.e. 73% felt green
products are healthier option than conventional products.

Premium price of green products is main attribute for refusing green purchasing. Majority of respondent i.e. 195 respondents; 78% (Mean: 3.58; Std. Dev: 0.94) felt the green products are overpriced. Only 18 respondent i.e. 7% are willing to pay more than 15% price premium for green products while 45 respondent i.e. 18% are not willing to pay any premium for the same.

Only more than half of the respondent i.e. 130 respondents; 52% (Mean: 3.36; Std. Dev: 0.92) can understand environmental terms of green claims and only 62% i.e. 155 respondents are concerned about eco-labeling / green certifications (Mean: 3.49; Std. Dev: 1.02).

However, more than 60% respondents are suspicious about green claims of the corporates which refers to “Green wash”. They feel that claims made by corporates are least trustworthy about eco-friendliness of their products.

One of the main attributes which restrict the respondents to buy green products is availability and convenience of place. Most of the respondents (Mean: 4.02; Std. Dev: 1.44) feel that green product are not easily available and when ever available, no variety for selection in terms of quantity packing range (Mean: 3.59; Std. Dev: 1.35).

This research shows that consumers have concern about environment but they feel the preservation of environment is the prime responsibility of government. Only 14 respondents i.e. 35% are agreed that environment protection is mutual responsibility of public where as 170 respondents i.e. 68% are agreed that the role of government and judiciary should be more active in this regards. 45 respondents i.e. 18% felt that corporate should take initiative.

SUGGESTIVE RECOMMENDATIONS

However, consumers are concerned about environmental issues but they are not prepared to buy green products. This study also identify the impact of product attributes on consumer’s green product purchasing behaviour and major factor that motivate / restrict for the same. This research reveals the importance of traditional product attributes such as price, quality, availability that consumers considered to make purchasing decision.

To increase sales of environmentally sensible products, marketer has to remove following barriers:

1. Lack of awareness
2. Evaluation of green quality
3. Probability of Green wash
4. Premium Price
5. Convenience in availability

There should be integrated implementation green policy by all the stakeholders of green movement. Encouraging, enforcing, evaluation and feedback will be needed to ensure adaptation within all stakeholders.

To encourage the green behaviour, regulation-economic-information & behavioural tools are identified by Sonigo (2012) in the report of Policies to encourage sustainable consumption.

- Regulatory tools are mandatory that limit certain behaviour / claims and implement such regulation e.g. mandatory labeling.
- Economic tools are market based instruments which influence purchasing intentions through incentive, subsidies, penalties, taxes etc.
- Information tools are indicators such as labels. e.g. Energy stars / eco labeling etc.
- Behavioural tools may influence consumer behaviour by leading them to make choices that are better for environment.
Such policies can be designed with integration of central, state & local government with formidable purchasing power to promote green economy and to stimulate demand of eco-friendly products in India.

Following parameters is a part of suggestive recommendation to ensure the confidence and trust of consumers within the green claims:

- Green claims should be straightforward and understandable. Vague and excessively technical terms are not understandable & easily accepted by consumers.
- Green claims should be easy to prove and reasonable in the view point of consumers.
- Green claims must be comparable and well understood that exposed its relevance. e.g. “Gram of CO₂ / km” may not be easy for all people to compare / understand
- Companies must make efforts to ensure that consumers understand the returns on their purchases in terms of economical & environmental. If consumers find the product convenient in terms of savings & health they will purchase more of that.

Green marketing is not a catchphrase, it’s a marketing strategy towards holistic concept of management. According to Singh & Pandey (2012) the key of effective and efficient green marketing is “ Be Genuine .. Educate Your Consumers & Give Opportunity to Participate”

a) AVOIDING GREEN MYOPIA: The core objectives of green marketing are to improve quality of environment and satisfaction of consumers. Corporates should be concern about interest of consumers and be careful about formulation of 4Ps strategy of green marketing as eventually, consumers buy green products on premium price for their satisfaction and not for ecological concern.

b) ADHERENCE OF ENVIRONMENTAL STANDARDS: If corporates themselves voluntary comply with environmental standards and legal norms, the trust and loyalty of all the stake holders can be achieved. It will be beneficial to increase consumer base and edge on competitors to gain market share in longrun (ISO 14001, 2015).

c) QUANTIFICATION OF ENVIRONMENTAL BENEFITS: Indian consumers can easily understand the environmental benefits it is quantifies in monetary terms. Corporates can achieve sales growth of eco-friendly products if they converse environmental benefits in terms of saving and monetary gain.

d) CONSUMER CENTERED MARKETING: Company has to know, inform and reassure their consumers about company’s green initiatives. Company should know the concern of consumers about environmental issues, concept of green economy, need of green marketing etc. Company has to inform consumers about eco-friendly products & services and green policy as well. They should be reassured about their green purchase. This will lead company towards consumer satisfaction.

e) BE GENUINE & TRANSPARENT: The claims which are mad by company about their eco-friendly products & services and business policy should be realistic and comply with legal norms & regulations. Corporates can achieve environmental credentials and success in green marketing campaign.

f) OPPORTUNITY TO PARTICIPATE: It refers to personalize the benefits of eco-friendly actions with consumers through giving them opportunity to participate in green campaign of the company.

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