

IMPACT OF GREEN MARKETING ON CONSUMER BEHAVIOR TOWARDS USAGE OF FMCG PRODUCTS

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Abstract

This study aims to give information about the effect of green marketing on customers purchasing behaviors. First of all, environment and environmental problems, one of the reasons why the green marketing emerged, are mentioned, and then the concepts of green marketing and green consumer are explained. Then together with the hypothesis developed literature review has been continued and studies conducted on this subject until now were mentioned. In the last section, moreover, questionnaire results conducted on 50 consumers in Saharanpur district are evaluated statistically. According to the results of the analysis, environmental awareness, green product features, green promotion activities and green price affect green purchasing behaviors of the consumers in positive way.

Keywords: Green Marketing, Consumer Behavior , Marketing Mix

Introduction

While globalization process continues in its full speed across the world, this process has also brought some problems with it. Leading one of these problems is environmental problems that affect all living beings negatively. These aforementioned environmental problems have started to come to the agenda more and more in the recent years and people have started to talk these negativities. Consumers now have worries about the future of the world and as results of this mostly prefer environmentfriendly products. In return to these attitudes of the consumers, companies have started to form their marketing strategies so as to appeal increasing awareness of this environment-friendliness. These marketing strategies, named as green marketing, have caused companies to adopt green policies in their pricing, promotion, product features and distribution activities. Taking into consideration that companies are socio-economic entities, it can't be expected that they remain unresponsive to the "Environmental Awareness" that may direct consumer

behaviors. Particularly marketing managers encounter with consumers sensible to environmental issues. The old perception on how businesses are establishments with no other objective but to profit leaves its place rapidly to a new perception which defines companies as establishments that are sensible to social problems. Apart from producing environment-friendly products and selecting environment-friendly markets, essentially understanding of 'Environmentally Friendly' is required to be integrated into the corporate culture. Consumers encounter with terms such as ozone-friendly, environment-friendly and recyclable products in green marketing. However, green marketing isn't limited to these terms but is a much wider concept of marketing activity which can be applied to consumer goods, industrial goods and even to services (Erbaslar, 2010). Green marketing term was first discussed in a seminar on "ecological marketing" organized by American Marketing Association (AMA) in 1975 and took its place in the literature. In this seminar where the impact of marketing on natural environment was analyzed with the contribution of academicians, bureaucrats and other participants, ecological marketing concept was defined as follows: Studies regarding adverse or positive impacts on environmental pollution, energy consumption and consumption of other resources as result of marketing (Cevreorman, 2010).

Evolution of Green Marketing

The green marketing has evolved over a period of time. According to Peattie (2001), the evolution of green marketing has three phases. First phase was termed as "Ecological" green marketing, and during this period all marketing activities were concerned to help environment problems and provide remedies for environmental problems. Second phase was "Environmental" green marketing and the focus shifted on clean technology that involved designing of innovative new products, which take care of pollution and waste issues. Third phase was "Sustainable" green marketing. It came into prominence in the late 1990s and early 2000.

Businesses and Green Marketing

There are serious changes for awakening in the business world regarding the responsibility towards the environment and the society. Strategies targeting not only making a profit for the day but also for long-term profitability and environmentally friendly sustainability have started to become agendas of the companies. Corporate

ethical code of the 21st century is being green. The ideology of “always me, always me” of profit-making companies has no longer any effect. Of course, the primary objective of companies is profitability but it is too hard for companies with the sole objective of making profit to obtain sustainability. Companies should be aware of their responsibilities towards the environment and the society in the same way as towards clients, shareholders and employees. Climate change, environmental issues and social problems will challenge the leaders of future generation for taking efficient and comprehensive decisions. In the process of taking these decisions, the priority of business people should be based on the principal of protecting the environment rather than profitability of the business. The opinion of Rakesh Khurana and Nitin Nohria, professors of business administration at Harvard, is such that priority should take its place in the professional literature with an oath similar to the Hippocratic Oath. The concept of creative capitalism defined by Bill Gates underlines that the leaders of future generations are responsible not only for obtaining desired results but also for the impacts of their decisions on elements other than their own companies and markets (Businews, 2010).

Green Consumer

The green consumer is generally defined as one who adopts environmentally friendly behaviors and/or who purchases green products over the standard alternatives. Green consumers are more internally-controlled as they believe that an individual consumer can be effective in environmental protection. Thus, they feel that the job of environmental protection should not be left to the government, business, environmentalists and scientists only; they as consumers can also play a part. They are also less dogmatic and more open-minded or tolerant toward new products and ideas. Their open-mindedness helps them to accept green products and behaviors, more readily (Shamdasani et al. 1993:491).

Literature Review

A study by Peter Kangis (1992), proposes that the challenges both for marketing specialists and for consumers, raised by the concept of green marketing, are due to several issues, such as the lack of an acceptable definition for green marketing, the absence of a clear understanding of cause-and-effect relationships in matters affecting the environment, and the overt and covert reasons for concern about such issues. Suggested that, in the hands of unscrupulous marketers, green marketing can turn into green gold. An important

study by Vasanthkumar N. Bhat (1993) suggests since inputs, manufacturing processes, distribution, use and disposal methods are decided during the design stage, any company venturing out with a green marketing program must start with green design. Presents source reduction and waste management strategies to cut down wastes, and also presents a method to compare green design alternatives which can provide designers with guidance to select superior designs. As a product must meet several criteria, suggests a concurrent rather than sequential product development approach. Concludes with tips for top management to improve green design in their organizations. Another study by John Grant (2008) aims to look at how companies obtain a greener strategy and what is the future of green marketing. A study by Elham Rahbar (et al , 2011) proposes to determine the effect of green marketing tools on consumer's actual purchase behavior in case of Penang (Malaysia). A survey was carried out on 250 Chinese, Malay, Indian and other races that represent the Penang population. Factor analysis, Cronbach alpha and multiple regression were used to identify factors impact on Penang consumers actual purchase behavior. The result revealed that customer's trust in eco-label and eco-brand and their perception of eco-brand show positive and significant impact on their actual purchase behavior.

Objectives of the Study

1. To establish a relationship between consumer purchasing decision and green marketing.
2. To develop a green marketing mix for consumers.
3. To highlight the challenges being faced by companies pursuing green marketing

Research Tools

The data accumulated from the various authentic sources (primary) was subjected to various statistical tools for verification and interpretations, such as, Descriptive Statistics (Mean, Standard Deviation and Percentile) were used to have a understanding on the basis of the respondents group. The data once collected was analysed by using the Statistical package for Social Sciences (SPSS).The tests used for analysis were independent t-test, multiple regression analysis and binary logistic regression analysis.

Sample Size

A Random sampling strategy was carried out. A survey of about 50 consumers belonging to Saharanpur district of Uttar Pradesh region was done.

Results

The data was obtained from questionnaire adopting Likert Scale from 1 to 5 where 1 stands for strongly agree and 5 stands for strongly disagree. The questions asked were like would you desire green products, would you pay extra for them, is your purchasing decision affected by green marketing etc. The obtained was analysed through SPSS. The interpretation is given in the tables and they reflect that though the consumers are environment conscious but it does not affect their purchasing decision. They still give importance to price and quality of the product. The t-test applied accepted the hypothesis.

Conclusion

Green marketing should not neglect the economic aspect of marketing. Marketers need to understand the implications of green marketing. If you think customers are not concerned about environmental issues or will not pay a premium for products that are more eco-responsible, think again. You must find an opportunity to enhance you product's performance and strengthen your customer's loyalty and command a higher price. Green marketing is still in its infancy and a lot of research is to be done on green marketing to fully explore its potential.

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