

## **CONSUMER BUYING BEHAVIOR TOWARDS GREEN MARKETING PRACTICES**

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### **Abstract:**

In India environmental problems increasing at a very high speed, there arises a need to preserve and protect the earth's natural environment and finite resources. In this concern marketers and the consumers are now focusing on green products and services. Companies are taking up green marketing and are producing green products than the conventional products. As companies today assimilate suitable green strategies into their marketing activities in order to attain a edge in the market, there crop up a need to understand whether the consumer purchasing decision are influenced by the green marketing practices undertaken by the companies. This research study tries to determine whether the consumer purchasing decisions in Shimla are influenced by the green marketing practices undertaken by the companies. Descriptive Statistics (Mean, Standard Deviation and Percentile) and independent t-test with the help of SPSS **version 20.0** have been used for analyzing the primary data. The results highlights that the consumer purchasing decisions in are not much influenced by the green marketing practices undertaken by the companies. However, the consumers are willing to pay a premium price for the 'green' products, if these eco-friendly products provide an extra value to them. Thus, companies can go for a higher price if they can enhance the product's performance and offer products that provide an extra value to the consumers.

**Keyword:** Green marketing, green products, consumer purchasing decisions.

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### **INTRODUCTION-**

The major issue for companies and customers today is to preserve and protect the earth's natural environment and finite resources. Industrialization all over the world has led to the emergence of a large number of environmental problems. In this view, companies are focusing on green marketing and are producing eco-friendly products that have less harmful effects on the environment, than the conventional products. Consumers are become aware of the environmental problems and trying to reduce their impact on the environment by purchasing green products. The term Green has become the dominant factor driving millions of consumers throughout the world, to find out how they live a healthier environment. Companies are stressing and assimilate appropriate green strategies into their operational

activities, product development processes, and marketing activities. Thus, we see that both the marketers and the consumers are nowadays focusing on green products and services. While in the short run, a company may find it expensive to shift towards the "green" approach, but in the long run, it will definitely prove to be advantageous for the company, in terms of cost also.

**Green marketing** refers to the process of selling products and/or services on the basis of their environmental and ecological benefits. Such a product or service may itself be an environmentally friendly product or service, or it may be produced and/or packaged in a manner which is considered to be environmentally friendly. In India consumers will view the 'greenness' of a product or service's as a benefit and so their buying decisions will be based on this aspect. However, the consumers may not be willing to pay more prices for green products as compared to the less 'green' alternative products. The consumers are generally doubtful of the eco-friendly claims of the companies.

### **Green Marketing Mix**

In marketing management we have conventionally 4Ps of the marketing mix i.e., product, price, place and promotion. In green marketing we have 4Ps as well. The 4Ps of the green marketing mix are as follows:

- **Product:** While introducing the green products, companies make sure that the product is safe for the environment and using that technology which is eco-friendly. They also focus on conservation of scarce natural resources.
- **Price:** people are ready to buy Green products only when they have total value for money. This value include certain aspects like better visual appearance, better functions, improved performance, better design, or better taste. The companies must always consider these factors while charging a more price for their 'green' products.
- **Place:** In India, the fact is that very few people will go out to buy such eco-friendly products. The companies should ensure that their 'green' products are available at the market. In case of Unavailability of the product will destroy the image of the company and its goodwill in the market.
- **Promotion:** The companies must ensure the promotion mix for greener and eco-friendly products and lifestyle by emphasizing a product or service and advertisements that depicts a positive corporate image of company.

### **Some Cases of Successful Green Marketing Strategies adopted by companies:-**

- **L&T:** The cabins of all the executives are with sensor electricity facility i.e. if someone walks out of the corridors of the cabin then the lights are off automatically and vice versa. It has already discontinued the use of ozone depleting substances.
- **CNG IN DELHI:** New Delhi was being polluted at a very fast pace until Supreme Court of India forced a change to alternative fuels. In 2002 Hon'ble Supreme Court of India ordered the Delhi Government to examine ways and means to reduce pollution in Delhi, Hon'ble Court asked the Government to introduce clean fuel like CNG in public transport system. This put pressure on petroleum companies for launching clean fuels with low sulphur content and leads free petrol. This led to Delhi Transport



Corporation becoming the largest CNG powered transport system in the country. It also spurred development in the automobile sector which manufactured vehicles that could run on CNG fuels.

- **NTPC:** Badarpur Thermal Power Station of NTPC in Delhi is devising ways to utilize coal-ash that has been a major source of air and water pollution.
- **Kansai Nerolac Paints** has been at the forefront of paint manufacturing for more than 88 years pioneering a wide spectrum of quality paints. Kansai Nerolac has worked on removing hazardous heavy metals from their paints – among this lead being the most prominent metal. Kansai Nerolac does not add any lead or other such heavy metals in its manufacturing process.
- **Dell** has been one of the vendors who focus on producing green IT products. They have a strategy called "Go green with Dell" to sell these products in the market. It also comes in an eco-friendly packaging with a system recycling kit bundled along.
- **Nike** is the first among the shoe companies to market itself as green. It is marketing its Air Jordan shoes as environment-friendly, as it has significantly reduced the usage of harmful glue adhesives.
- The **Taj chain**, is in the process of creating eco rooms which have energy efficient mini bars, Organic bed linen and napkins made up of recycled papers
- Tuna manufacturers modified their fishing techniques because of the increased concern over driftnet fishing, and the resulting death of dolphins.
- **Xerox** introduced a high quality recycled photocopier paper in an attempt to satisfy the demands of firms for less environmentally harmful products.
- **HP's** promise to cut its global energy use 20 percent by the year 2010. To accomplish this reduction below 2005 levels, The Hewlett-Packard Company announced plans to deliver energy-efficient products and services and institute energy-efficient operating practices in its facilities worldwide.
- **Van Heusen** introduced Eco shirts in Indian Markets.
- **ITC** has created with the greenest luxury chain of hotels in the world - an identity that helped the company position differently in the market. All its hotel properties are LEED Platinum certified. Leadership in Energy and Environmental Design (LEED) is a rating system developed by Green Building Environment council in the US that sets standards for sustainable buildings.
- **McDonald's** restaurant's napkins, bags are made of recycled paper.
- **Coca-Cola** pumped syrup directly from tank instead of plastic which saved 68 million pound/year.
- Badarpur Thermal Power station of **NTPC** in Delhi is devising ways to utilize coal-ash that has been a major source of air and water pollution.
- **Reva**, India's very-own Bangalore-based company was the first in the world to commercially release an electric car. Reva is being sold in countries like UK, Ireland,

Belgium, Spain, Cyprus, Greece and Norway. Reva, India's very-own Bangalore-based company was the first in the world to commercially release an electric car. Reva is being sold in countries like UK, Ireland, Belgium, Spain, Cyprus, Greece and Norway.

- **IndusInd Bank** installed the country's first solar-powered ATM and thus brought about an eco-savvy change in the Indian banking sector.
- **Barauni** refinery of IOC is taken steps for restricting air and water pollutants

### **Challenges faced by companies nowadays while pursuing green marketing activities:**

There are number of obstacles faced by the companies while go for 'Green'. Firstly, the companies have to spend a lot of investment in R&D activities as they have to adopt new technology and adopt suitable strategies for their green product and services. Sometimes companies have to use proper water treatment technologies which are quite costly.

Secondly, the companies have to use recyclable materials to produce their eco-friendly products. These resources are generally very costly.

Thirdly, the consumers may not ready to pay a premium price for these products. So the companies must try to offer products with added value to the consumers, in order to satisfy them. Lastly, many people may not be aware of such products and their uses. So the companies must undertake appropriate promotional strategies and must also ensure that their products are available in the markets.

### **LITERATURE REVIEW**

- Balderjahn (1988), such green consumers are the consumers who have positive attitudes towards the environment and are more willing to purchase green products.
- W. Coddington (1993) has suggested that green positioning is an important factor that leads to the success of green branding strategies. However, according to Schlegelmilch *et al.* (1996), the perceived trade-off between functional performance of the brand and its effects on the environment leads to negative consumer responses and reactions. But, Hartmann *et al.* (2005), state that emotional brand benefits are the significant factor motivating consumers to change actual purchase behaviour to buy eco-friendly products.
- Mendleson (1994) highlights that in order to achieve the goal of changing the consumers buying behaviour, marketers and organizations should focus on the ecological knowledge in their organizations as a whole, in their product offerings, and in their advertising campaigns. This will help to change the consumers purchasing behaviour in the desired manner. Companies nowadays have to shift to the „green“ approach and have to adopt green marketing activities so as to ensure sustainability of these companies.
- According to Pickett *et al.* (1995), the communications of green branded attributes are

not properly undertaken; environmentally sustainable products will tend to be commercially unsuccessful.

- Hawkins *et al.* (1998) stated that emotional content in advertisements is required to increase customers' attention towards these advertisements.
- Chan (2004) has stated that, customers seek more authenticated and concrete product information from these advertisements to guide them in their purchasing decisions. Thus, marketers should publicize environmental information effectively.
- According to D'souza (2005), advertising terms such as "environmentally friendly, recyclable, biodegradable, and ozone safe" are often seen regularly in green advertisements and consumers are seldom exposed to such messages effectively.
- Vernekar and Wadhwa (2011) define the green consumer as a person "who adopts environmentally-friendly behaviours, and/or who purchases green products over the standard alternatives".

The detailed literature review highlights that a lot of gap exists on this topic, especially in India. Moreover, not much research study has been conducted in India, as far as the impact of green marketing on consumer behaviour is concerned. This research paper tries to determine the impact of green marketing on consumer behavior.

## **OBJECTIVE OF THE STUDY**

This research study conducted in Shimla tries to determine the following:

- To analyze the consumer purchasing decisions in Shimla are influenced by the green marketing practices undertaken by the companies.
- To identify the major challenges faced by companies nowadays while pursuing green marketing activities.

## **RESEARCH METHODOLOGY**

An exploratory research design and a quantitative research approach have been undertaken in this research study. Secondary data were initially collected from books and the internet, and then a well structured questionnaire was prepared for collecting the required primary data. The questionnaire highlights the characteristics of the respondents and the impact of the green marketing activities on their buying behaviour. Likert scale is used in the questionnaire. A survey was conducted in the different areas of Shimla, and the sample of (200) respondents from various retail stores in Shimla such as Big Bazaar, Pantaloons, Westside, etc. Descriptive Statistics (Mean, Standard Deviation and Percentile) and independent t-test with the help of SPSS version 20.0 have been used in this study for analyzing the primary data.

## DATA ANALYSIS AND INTERPRETATION-

The Table 1 highlights the number of responses generated towards age groups.

Age	Total Responses
16-30 years	38
31-50 years	34
51 and above	28
Male	56
Female	44

Table 1

Interpretation: From we see that the majority of respondents fall in the age group of 16 to 30 years, and are consists of 56 males and 44 females.

## 2. Are the consumer buying decisions in Shimla are influenced by the green marketing practices undertaken by the companies:

Table 2 below highlights the mean and standard deviations of the responses generated towards the following issues:

- Whether the respondents feel that companies should undertake green marketing activities
- Whether the respondents are concerned about the companies polluting the environment in which they operates
- Whether the respondents feel that companies should abide by the environmental laws present in the country
- Whether the respondents are willing to pay an extra price for the „green“ products
- Whether the respondents purchase behaviour is affected by the green marketing activities of the companies

TABLE 2: Descriptive Statistic

	Undertake the green marketing	Concern About pollution	Abide by laws	Pay An Extra price	Purchase Behaviour	Repurchase the "Green" Product
N	100	100	100	100	100	100
Valid Missing	0	0	0	0	0	0
Mean	2.32	3.28	2.26	3.41	2.91	2.78
Std.Dev	1.08901	0.83924	0.9831	0.9816	1.4209	1.0166
Range	4	4	4	4	4	4
Minimum	1	1	1	1	1	1
Maximum	5	5	5	5	5	5

TABLE 3: Undertake the Green Marketing Activities



		Frequency	Percent	Valid Percent	Cumulative Percent
<b>Valid</b>	1	21	21	21	21
	2	29	29	29	50
	3	34	34	34	84
	4	11	11	11	95
	5	5	5	5	100
	<b>Total</b>	100	100	100	

Table 3

Table 3 highlights that 50% of the total number of respondents agree, or strongly agree that the companies should undertake green marketing activities..

TABLE 4: Abide by the Laws

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
<b>valid</b>	1	24	24	24	24
	2	28	28	28	52
	3	41	41	41	93
	4	6	6	6	99
	5	1	1	1	100
	<b>Total</b>	100	100	100	

Table 4 above highlights that the majority of the respondents feel that the companies should abide by the environmental laws.

TABLE 5: Pay an Extra Price

		Frequency	Percent	Valid Percent	Cumulative Percent
<b>Valid</b>	1	6	6	6	6
	2	20	20	20	26
	3	31	31	31	57
	4	30	30	30	87
	5	13	13	13	100
	<b>Total</b>		100	100	

Table 5 above shows that the majority buyers are not willing to pay an extra price for the 'green' products offered by the companies.

TABLE 6: Purchase Behaviour



		Frequency	Percent	Valid Percent	Cumulative Percent
<b>Valid</b>	1	21	21	21	21
	2	19	19	19	40
	3	32	32	32	72
	4	15	15	15	87
	5	13	13	13	100
	<b>Total</b>	100	100	100	

Table 6 above highlights that the purchase decisions of 60% of the respondents are not affected by the green marketing activities undertaken by the companies, and the purchase decisions of only 40% of the respondents are affected by the green marketing activities undertaken by the companies.

TABLE 7: Repurchase the “Green” Product

		Frequency	Percent	Valid Percent	Cumulative Percent
<b>Valid</b>	1	21	21	21	21
	2	23	23	23	44
	3	25	25	25	69
	4	20	20	20	89
	5	11	11	11	100
	<b>Total</b>		100	100	

Table 7 highlights that 44% of the consumers prefer to repurchase the “green” products, while 56% are not willing to repurchase such “green” products.

TABLE 8: T Test (One- Sample Statistics)

	N	Mean	Standard Deviation	Std. Error Mean
<b>Purchase Behavior</b>	100	2.91	1.0166	0.10166
<b>Pay an extra price</b>	100	3.41	0.9816	0.09816

Table 8 above highlights that the value of the test is significant and  $p < 0.05$ . We conclude that the consumer purchasing decisions in Shimla are not influenced by the green marketing practices undertaken by the companies.

## FINDINGS

Green marketing is an emerging perspective for the marketer and the consumer both. In order



to preserve natural resources, both the marketers and the consumers have to focus on buying and selling green products and services. This research successfully tries to highlight that consumer purchasing decisions in Shimla are not influenced by the green marketing practices undertaken by the companies. The fact is that the companies must undertake green marketing activities, but they are neutral about the companies polluting the environment in which they operate. However, such consumers also feel that the companies should abide by the environmental laws set in the country.

The main reason behind not to buy green product is high price. Moreover, the majority of the buyers are not willing to pay an extra amount for the green products offered in the market and they are not affected by the green marketing activities undertaken by the companies. Furthermore, the majority of the consumers are not willing to repurchase the 'green' products again from the market. In particular, one often finds doubtful regarding the reliability of green products. Therefore, to ensure consumer confidence, marketers of green products need to be much more transparent, and avoid doing from breaking any law or standards relating to products or business practices. In order to achieve competitive advantage in the market, companies should make use of the 4Ps of the green marketing mix appropriately and they must overcome the challenges of integrating appropriate green strategies into their operational activities, product development processes, and marketing activities.

## CONCLUSION

Green marketing should not be considered as just one more approach to marketing, but has to be pursued with much greater perspective, as it has upbringing the nation to an Eco-friendly atmosphere. With the threat of global warming, it is very important that green marketing becomes the norm rather than an exception. Green marketing is still in its infancy in India and more research needs to be undertaken on different aspects of green marketing to explore its potential to the maximum possible extent. When companies adopt green marketing activities, they should ensure that the economic aspect of marketing is not neglected. Thorough understanding of the implications of green marketing activities must be undertaken by the companies so as to ensure that they achieve competitive advantage in the markets.

The companies must keep in mind that the consumers are very much concerned about the environmental issues cropping up in the country and they are very much willing to pay a premium price for the Eco-friendly products, if these eco-friendly products provide an extra value to the consumers. Companies can command a higher price if they can enhance the product's performance and offer extra product value by providing better visual appeal, better functions, improved performance, better design, or better taste. Thus, companies must try to locate these opportunities and must take advantage of them.

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