

GREEN MARKETING PRACTICES: UNDERSTANDING CONSUMER PREFERENCES IN AN INDIAN PERSPECTIVE

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Abstract *For gaining the competitive advantage, these days green marketing is being used as one of the key business strategies. Most of the studies performed in developed countries reflect that these days' consumers are becoming more and more concerned about the environmental protections and have become much more health conscious, and therefore prefer to have green products which are environmentally friendly and healthy. The companies practicing green philosophy are able to establish a differential advantage and reaping fruits by building a green image of their company.*

The present study discusses the concept of green marketing and its interface with consumers. It is based on the data collected through a field survey of consumers to understand their perception towards green marketing. The results are highly relevant in the context of developing countries and reflect how green marketing concepts can be used in establishing a competitive advantage in today's highly challenging global environment.

Keywords: *Green Marketing, Societal Marketing, Green Brands, Green Consumers, Competitive Advantage, Corporate Social Responsibility*

INTRODUCTION

Just a decade ago, the term green marketing or green business strategy evoked visions of fringe environmentalism and adding cost to existing normal goods. Most of the industries had the perception that consumers are willing to buy products at best competitive prices and associate no value for environmentally friendly products. They felt that the pressure for making business environment green and behaving in a more responsible manner especially comes from Government and its legislations and consumers have nothing to do with it. But, now that old perception of companies is changing, they have started realizing the changes in consumer perceptions and their behavior. Therefore, these days concepts of green marketing are taking shape as one of the key business strategies of the companies for gaining the competitive advantage, ensuring sustainable consumption of their products in the markets and enjoying sustainable development in future.

Green Marketing can be viewed both as a type of marketing and a marketing philosophy. As a type of marketing it is like industrial or service marketing, and is concerned with marketing of green products and positioning them as green brands. As a philosophy, green marketing runs parallel to the societal marketing concept and espouses the view that satisfying customers is not enough and marketers should take into account ecological interests of the society as a whole, and hence become the part of Corporate Social Responsibility (CSR).

Green marketing concept emerges from societal marketing (Kotler, 1999). Green marketing is an attempt to characterize a product as being environmental friendly (eco friendly). It holds the view that marketing which is a part of business not only has to satisfy customers in particular, but also has to take into account the interests of society in general. That is, all those who are affected by the activities of a business should be kept in mind when setting the objectives and the policies of an organization. This has already helped to increase the

recent trend towards the “greening” of the companies.

It is only since 1990’s that the researchers have started academically analyzing consumers and industry attitude towards green marketing. Most of the studies are done in developed countries but such studies however, remain conspicuously missing in the context of developing nations like India. This research is a step to fill up this gap.

The present exploratory research discusses the concept of green marketing and its interface with consumers. It is based on the data collected through a field survey of consumers to assess their perception towards green marketing and green products.

REVIEW OF LITERATURE

During the last two decades the burgeoning environmental movement was named as the “green movement”; environmentally aware consumers called the “green consumers”, product designed to protect the environment called the “green products” and marketing that uses the environmental claims called the “green marketing” (Peattie, 1997). According to the authors like Ottaman, (1993) and Ken Peattie, (1995) conventional marketing is out and Green Marketing is in.

Green Marketing might be a result of pragmatic policy, referring to the changes of preferences of the customers and /or to follow the mainstream development of the industry. However, there are companies, which are really centered on green values and try to realize their ecological worldview in their business activities (e.g. the Body Shop, Ben and Jerry’s, Tom’s of Main, Interface).

An average green company can be described by using the models and experiences reported by John Elkington, Peter Knight and Julia Hailes in their book *The Green Business Guide* (Elkington et al., 1992).

A green company is based on its corporate vision that includes environmental concerns as the company’s functioning. This simply means that the company realizes the needs of the ecosystem with which it interacts. For example, any company wants “to be a good company, having concern for the community and the environment”.

A business has three issues to face. These are what it takes, what it makes and what it wastes. What it takes is materials from the environment, (its ecosystem) through extracting, mining, cutting, hunting and other means. What it makes is the products of commerce, goods and services that are derived from the natural environment through the process of conversion and transformation. What it wastes represents eco-costs arising from garbage, pollution and destruction of natural systems, which are the consequences of taking and

making processes. And these costs are not internalized in most of the accounting systems so far.

The critical importance of industrial greening, in particular, is highlighted by a consideration of the factors that contribute to large-scale environmental deterioration. Environmental Impact equals a product of population (P), time’s affluence (A), time’s technology (T) (Ehrlich and Ehrlich 1991).

$$I = P \times A \times T$$

P and A are socio-political phenomena and are beyond the control of an industry or business. However, technology co-efficient is controllable. Technology applications reflect consumption of resources in qualitative and quantitative terms, energy used and the efficiency level of production and marketing and disposal of wastes. These are controllable technology decisions that can increase or reduce eco-costs. The goal is to reduce the use of unsustainable technologies and increase the use of clean technologies so that in the long run T is reduced to Zero which theoretically means I would be Zero at any quantity of P and A.

It is predicted that the future markets would be directly linked to the development, transfer and implementation of eco-friendly technologies, referred to as Environmental Technologies (ET). All kinds of ET is available now. Also, technology has made available substitutes, which are less resource intensive, for example, Copper has been substituted by fiber optic cables in telecommunication industry, thus reducing the demand for copper as well impact on environment associated with copper mining.

Corporate attitude to environmental issues have changed significantly over the years. For many years, most companies regarded environmentalists as unfriendly and environmental regulation as something to be fought off as long as possible, and then complied with reluctantly. This approach began to change in the late 1980’s, first among large companies in the most polluting industries, such as chemicals and oils. By the time of 1992 Earth Summit, (Rio Conference) some corporates had already embraced green philosophy.

Under the chairmanship of Stephan Schmidheiny, a charismatic Swiss with a private business, the Business Council for Sustainable Development (BCSD) was formed. Its fifty-nine members put together guidelines on environmental friendly behaviour for companies and held their own conference in Rio, a week before the world’s leaders assembled there.

One of the earliest efforts was the “Responsible Care” program set up by America’s chemical manufacturers. Under it, companies committed themselves to tracking the fate of their products through their life cycle, from manufacture to final disposal and to adhering to a set of basic environmental principles.

While looking through the literature one finds that there are several reasons for firms to adopt use of Green Marketing. Five possible reasons given by many authors are: -

1. Organizations perceive environmental marketing to be an opportunity that can be used to achieve its objective (Keller, 1987; Shearer, 1990).
2. Organizations believe that they have to be more ethically and socially responsible (Davis, 1992; Freeman & Liedtka, 1991; Keller, 1987; McIntosh, 1990; Shearer, 1990).
3. Governmental bodies are forcing firms to become more responsible (NAAG, 1990).
4. Eco friendly competitor pressure makes the firms to change their environmental marketing activities (NAAG, 1990).
5. Cost factors associated with waste disposal, or reductions in material usage forces firms to modify their behaviour in favour of green marketing (Azzone & Mazini, 1994).

Greening product or market is viewed as the outcome of rational strategic choice. It may thus involve the search for different types of competitive advantage (Gladwin, 1992a). One of the significant references relevant to review of literature is that of Hentze (1991) who writes that, the decade of the nineties, like the sixties, appears to be an era in which social and cultural concerns were becoming increasingly paramount. As the “me” attitude of the 1980s becomes less prevalent, it is becoming apparent that consumers are looking at far more than a company’s product offerings. These more sophisticated consumers are also concerned with a holistic view of corporate image, particularly with regard to social concern and responsibility, and are “... Changing their purchasing patterns in accordance to their more socially responsible beliefs”.

The adoption of a green marketing orientation by a firm is principally a response to the increased pressures by society for business to meet its comprehensive ethical and moral responsibilities, while adhering to the marketing concept’s basic tenants as suggested by McCarthy and Perreault (1984) of meeting customer needs at a profit. In addition, an eco-marketing orientation may provide the organization with a strategic competitive advantage in both domestic and international markets. Crosby, Gill, and Taylor (1981) segmented U.S. consumers by their utilizing consumers’ self-designated “greenness” to segment consumer markets (Schwartz and Miller, 1991).

The “green” consumer point of view cannot be ignored. In a survey conducted in the United States of 400 Midwestern consumers, 36 percent of the respondents were found to be “very likely” to change from one food brand to another competitive label which used a recycled carton; only 2.8

percent stated that they would be “some what unlikely” to make brand changes because of recycled packaging (Eisenhart, 1990). In many cases, mandatory environmental legislation is also forcing behavioral changes in consumers. Business may adopt an eco-marketing orientation as a strategic response to the dynamic environments of the nineties (Clarke, Geri, 2004).

In the developed countries, the surge of environmental consciousness that followed Earth Day in 1990 washed over the marketplace rapidly. In poll after poll, consumers claim they are willing to change their buying habits – and even pay more for products – to protect the environment (Pearce, 1990; Coddington, 1990; Davis, 1994; Ottoman, 1993). The basic ideas behind environmentalism dictate that corporations have responsibilities that go beyond the production of goods and services. These responsibilities involve helping to solve important social problems, especially those they have helped create (Buchholz 1991; Peattie, 1997). Corporations such as McDonald’s, Wal-Mart, Procter & Gamble, and Du Pont acknowledge that the environment must be protected and enhanced for economic growth to take place, and have taken action towards that goal. McDonald’s has made a \$100 million commitment to its consumers for recycling purposes. Wall-Mart encourages the purchase of environmentally friendly products and reports that the green labeling program that they initiated in 1989 contributed to an overall 25% increase in sales for the year. Procter & Gamble has pledged to spend \$20 million per year to develop a composting infrastructure. (Lodge and Rayport, 1991).

Yet, note that the Procter & Gamble example is quite telling. To a large extent, the company has been under fire by environmentalists mostly for its disposable diapers and its detergents. As a response, Procter & Gamble has implemented a strategy that takes the concepts of recycling and reusing to heart, particularly regarding packaging. Still, they have discovered that the synergistic relationship between issues and trends can yield criticism and consumer resistance. Even though their formula for Cheer laundry detergent (or Ariel outside of the U.S.) has been changed to minimize the amount of phosphates in the product, the company is still being strongly criticized for its overt reliance on animal testing.

It is a fact that most studies on green consumers and green marketing have been carried out in developed countries and only a few of them originate from developing countries. Such studies are conspicuously lacking in the Indian context. It is against this backdrop that a survey of Indian Consumers was carried out to know their perception towards green marketing. Whether, the companies in India could gain competitive advantage by following the philosophy of green marketing and practicing the green business strategies.

METHODOLOGY

Researchers have used exploratory research design in the study. A structured questionnaire was used, and a five point balanced Likert Scale was used for measuring consumer perception towards green marketing and green brands. Cronbach Alpha Index has been used for checking the validity and reliability of hypothesis and corresponding questions in the questionnaire. It was found that all the below mentioned four hypothesis are reliable on the basis of their respective cronbach alpha value and internal consistency of data has been very high as Cronbach alpha value for all the hypothesis was found on the upper side.

Following hypothesis were formulated to articulate the objectives of the present research:

1. H1: Now a day's consumer preference has shifted from non-green products to green products.
2. H2: Consumer awareness for environmental concern is high.
3. H3: In future more and more consumers will prefer green products.
4. H4: Companies, which can establish themselves with a green image, will have distinctive advantages in the marketplace.

Primary data has been collected from 400 consumers by using the personal survey method. Out of which 321 responses were found valid for the study. Non probability approach of sampling was adopted by the researchers, and Judgment and convenience sampling methods have been used for selecting the subjects to ensure the heterogeneity in the sample. Collected data has been analyzed by using Parametric Tests (independent samples equal variance-T Test).

Levene's test for equality of variances (t-test) indicate that results are highly significant at 1% for H1 as p-value is 0.0 even less than 0.01, and t-calculated is 22.165 (much higher) as compared to t-critical at 1% (2.326), hence H0 is rejected and H1 is supported. These results provide strong evidence to conclude that now a days consumer preference has shifted from non-green to green products.

Also, results indicate that these days consumer awareness for environment protection is high, as analysis supports H2 (p-value is 0.0 and t-calculated is 16.178).

Test is highly significant for H3 (p-value is 0.0 and t-calculated is 14.565), which supports the view that in future more and more consumers will prefer green products.

Results also reveal that companies having green image will have distinctive advantage in the market place and will enjoy sustainable growth, as results are highly significant for H4 (p-value is 0.0 and t-calculated is 18.951).

CONCLUSION

The above research findings show that on the whole consumers in developing country like India have a strong positive perception towards Green Marketing and green products. Results show that consumers of both the genders, whether married or unmarried, belonging to different age groups, having different qualifications and stay in different locations have an overall positive perception for green products and green marketing philosophy, as in each of these segments mean scores of their perception towards green marketing on a 5-point likert scale was found above 3.5 i.e. towards higher degree of agreement. Therefore, on the basis of all these key findings, we can conclude that;

PROFILE OF THE SAMPLE

Demographic Characteristics	Numbers	Percentage (n = 321)
Gender		
Male	202	62.92
Female	119	37.07
Age		
16 – 21 Years	39	12.14
22 – 25 Years	143	44.54
26 – 35 Years	84	26.16
36 & above	55	17.13
Education		
Secondary School	15	4.67
Graduate	131	40.81
Post Graduate	161	50.16

Professionals	14	4.36
Monthly Family Income		
No income (Std. & H. Wife)	144	44.86
1,000 – 9,999	34	10.59
10,000 – 19,999	63	19.62
20,000 – 34,999	53	16.52
35,000 & above	27	8.41
Marital Status		
Married	123	38.31
Unmarried	198	61.68
Location Metro		
City	211	65.73
Town	23	

FINDINGS AND DISCUSSIONS

Descriptive Statistics

Proposition/Statement	Percentage of total respondents	Mean Score	Standard Deviation	Standard Error of the Mean
H1: Consumer preferences have shifted from grey products to green products	76.63	4.2434	0.44397	0.02831
H2: Consumer awareness for environmental protection is high	90.00	4.3903	0.44866	0.02639
H3: Consumers will prefer green products in future	90.65	4.2784	0.38333	0.02247
H4: Companies having green image will have distinctive advantage in the market place and will enjoy sustainable growth	81.00	4.2838	0.43216	0.02680

1. These days consumer preference is shifting towards green products.
2. These days consumers are more aware of environmental issues.
3. Consumers feel that, “In future more and more consumers will prefer green products.”
4. Consumers also feel that, “Companies which can establish themselves with green image will have distinctive advantage in the market place.”

Scope for Further Research

The authors are of the view that there is a scope for in-depth studies on green marketing to be conducted in developing countries like India, not only on understanding consumers' perception but to study the detailed profile of such consumers who have a more positive attitude towards green marketing and green products. Studies can be performed to check consumers' price sensitivity in accepting green products. Also studies relating to measure the influence of green branding,

green packaging, green labeling and green advertising on consumer behavior can be performed. As of now, a very limited literature on these fields is available in developing countries, as this concept is not much old in these nations; therefore authors feel that there is immense scope for further research in this field on consumers as well as industries and different sectors.

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