

A Study Of Changing Behaviours Of Consumer Regarding Green Marketing

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ABSTRACT: Environmental problems are still the main concern for the entire world and human beings. Air pollution, greenhouse effects and ecological unbalances, are the main environmental problems that have occurred till now along with the activities of human being. As environmental concerns have increased, majority of customers prefer to buy greener products. The influence of the green consumer will grow as environmental awareness among consumers spreads and improvements are made to the environmental information available through eco-labeling schemes, consumer groups and consumer guides (Peattie, 1995). Environmental and economic concerns are changing the marketplace, customers needs are evolving and brand loyalty is being redefined. Companies that integrate green strategies into their product development, operational processes and marketing activities are finding new opportunities for competitive advantage. Green has become a mainstream issue driving millions of consumers to find out how they can live a more eco-friendly existence. This paper focuses on the changing consumer behavior towards the usage of green products.

KEYWORDS: Changing Consumer Behaviour, Environmental Concerns, Green Marketing, Green Products & Marketing Activities.

INTRODUCTION: Both marketers and consumers are becoming increasingly sensitive to the need for switch in to green products and services. While the shift to "green" may appear to be expensive in the short term, it will definitely prove to be indispensable and advantageous, cost wise too, in the long run. A variety of literature discuss about green marketing and pays attention to the relationship between customers attitudes and environmental strategies in relation to the company use of marketing. Green marketing is the marketing that includes environmental issues in the marketing efforts. The basic idea is that customers are provided with information of the environmental effect of the products and they can and use this information while deciding which product to purchase. Those aspects will in turn make

companies more inclined to produce products that are better from an environmental point of view (Rex & Baumann, 2007). A specific dimension of traditional marketing, green marketing contains the same ingredients of traditional marketing: product, price, promotion and place. It has become important for companies to create and sustain a relationship with all who they interact with: its suppliers, market intermediaries, the public and most importantly their customers (Ravald & Grönroos, 1996). Many companies today openly commit themselves to carrying out their business in accordance with environmental principles. New green behavior has emerged. It increases environmental awareness among law makers, environmental groups, consumers, financial institution, insurers, and the company's own employees and, most of all, the customers. This also increases the number of national and international environmental schemes, laws and regulations that has been established. To gain a competitive advantage in the changing world, firms are following the demand trend of customers and make improvements of this development over time. On one hand, marketing and marketers have come to understand the importance of valuing and maintain a long term relationships with stakeholders who are rejoining reciprocal trust and loyalty (Landua, 2008). On the other hand, environmental management as a strategic tool not only improves control and reduces environmental impact but also develops business opportunities for company managers. The green marketing concept could be operationalized by using the following marketing-mix actions: (1) Designing of green products; (2) Distribution with green criteria; (3) Pricing of green products; (4) Green publicity

The presented operationalization also includes green product design. The literature recognizes that managers should be aware of that green marketing begins with green design (Vasanthakumar, 1993), and that product design constitutes an active interface between demand (consumers) and supply (manufacturers) (Baumann et al., 2002). Green distribution is commonly included because product distribution systems can constrain green design solutions since they must guarantee the tangible "ecological nature" of the products on the market (Imballagio, 2002). Additionally, distribution concerns often increases the environmental impact of products, and is constantly regulated for environmental compliance. Green products pricing is considered because green industrial differentiation works efficiently only when green

products reduce clients' costs (Wohlgemuth et al., 1999). Every organization has values. Based on the values which the organization has, it can then establish a vision of what it would like to become. Without a clear vision a company will not have a clear idea about which path to travel down and will find strategic planning as a pointless exercise (Welford, 2000).

LITERATURE REVIEW: All over the world, the demand in green products is growing and as such there is a concern for understanding how green is a green product. One of the most important restraints to the development of green products is the lack of consumer trust and the lack of information (Cervellon et al. 2010; Yiridoe et al., 2005). Regarding both interest in green products and green certifications, demographics tend to play an important role (DSouza et al., 2007). Yet, results seem rather inconsistent in profiling the green consumer. For instance, Magnusson et al. (2001) mention that women and young respondents (18-25 years) are particularly positive toward organic products. A decade earlier, Byrne et al. (1990) had also found that young females with a high school degree and above average income were most likely interested in purchasing more expensive organic products.

On the other hand, Foster (2004) suggests that the over 45 years old consumers have a tendency to be more open towards green information. And overall, many studies also found no significant correlation between age and a green orientation at all (see Finisterra do Paco et al., 2009). Results are also inconsistent in terms of gender differences. Several studies found that women are more concerned by green issues than men and are more likely to engage in pro-environmental behaviors (Zelezny et al., 2000). This gender difference seems to emerge also in the youngest group of population and in a cross-cultural context (Beutel and Johnson, 2004). Yet, recently, qualitative and quantitative results found by Gronhoj and Olander (2007) do not support the existence of such a difference. Results are more consistent in terms of education and income. The green consumer is considered more educated and wealthier than the average consumer (Shim, 1995; Mintel, 2009). Yet, there appears to be a democratization of green purchasing in Europe and North America. Indeed, Laroche et al. (2001) found that there is a group of consumers which transcends the socio-economic boundaries and is willing to pay for the ethical credentials. The research which has been conducted on the issue of why consumers choose organic is very detailed and conclusive. It highlights three main types of green

consumers, along the primary motivations to purchase green; the health-conscious consumer who purchases for his own health benefits; the environmentalist who buys green as a contribution to the protection of the earth and the quality hunter, persuaded that green products have superior taste or superior performances. Consumers might have a mix of these motivations, but nonetheless one predominates in purchase contexts (Cervellon et al., 2010). Tsakiridou, Boutsouki, Zotos, & Mattas (2008) also found that environment, animal welfare, health and quality are major motivators for consumers to buy organic, at different degrees. In turn, Makatouni (2002) focuses more particularly on the attitudes of parents regarding organic food. The study suggests that parents, especially, have concerns about their consumption and tend to privilege organic products for health and quality benefits. Magkos, Arvaniti, & Zampelas (2006) also mention that health and increased safety are strong drivers of organic consumption. What exactly the health benefits are is a mystery to most consumers argues Barrett (2009).

REASONS OF FIRMS USING GREEN MARKETING: When looking through the literature there are several suggested reasons for firms increased use of Green Marketing. Five possible reasons cited are: 1. Organizations perceive environmental marketing to be an opportunity that can be used to achieve its objectives [Keller 1987, Shearer 1990]; 2. Organizations believe they have a moral obligation to be more socially responsible [Davis 1992, Freeman and Liedtka 1991, Keller 1987, McIntosh 1990, Shearer 1990]; 3. Governmental bodies are forcing firms to become more responsible [NAAG 1990]; 4. Competitors' environmental activities pressure firms to change their environmental marketing activities [NAAG 1990]; and 5. Cost factors associated with waste disposal, or reductions in material usage forces firms to modify their behavior [Azzone and Manzini 1994].

BEHAVIORAL LINKAGES OF GREEN CONSUMPTION: Given the premise that green consumption has become so widely defined that its efficacy as a term has become somewhat meaningless, the research was concerned with examining the extent to which traditionally defined green consumer behaviours were linked empirically to other activities. A „conventional definition refers to the behaviours that are most regularly referred to as being examples of green consumption. These focused on the following activities:

- Purchasing products, such as detergents, that have a reduced environmental impact;

- Avoiding products with aerosols;
- Purchasing recycled paper products (such as toilet tissue and writing paper);
- Buying organic produce;
- Buying locally produced foods;
- Purchasing from a local store;
- Buying fairly traded goods;
- Looking for products using less packaging;
- Using one's own bag, rather than a plastic carrier provided by a shop.

GREEN MARKETING MIX: Every Company has its own favorite set of marketing mix. Some have 4 P's and some have 7 P's of marketing mix. The 4 P's of green marketing are that of a conventional marketing but the challenge before marketers is to use 4 P's in an innovative manner if they wanted to adopt the policy of green marketing.

PRODUCT: The ecological objectives in planning products are to reduce resource consumption and pollution and to increase conservation of scarce resources (Keller man, 1978).

PRICE: Price is one of the most critical and important factor of green marketing mix. Most consumers will only be prepared to pay additional value if there is a self perception of extra product value. This value may be improved performance, function, design, visual appeal, or taste. Green marketing should take all these facts into consideration while charging a premium price from the customer.

PROMOTION: There are three types of green advertising: - i) Ads that address a relationship between a product/service and the environment ii) Ads that promote a green lifestyle by highlighting either a product or service. iii) Ads that present a corporate image of environmental responsibility fulfilled by them.

PLACE: The choice of where and when to make a product available by a company, will have significant impact on the customers. Very few customers will go out of their way to buy green products.

THE MUST IN GREEN MARKETING FOR GETTING CONSUMERS: Integrating sustainability in a company that wants to embed sustainability and take this through to customers will need to reframe in the following ways:

THINK BROADLY ABOUT THE CONSUMERS: Avoiding the tendency to categorise and limit the sustainability audience as a niche eco or concerned consumer. Many consumers do not label themselves as green or eco even though they may be concerned about similar environmental issues. Also, some audiences (especially younger consumers) simply expect that green credentials will be embedded within the brands they like.

INNOVATIVE APPROACH: Sustainability is no longer limited to the corporate function of the business. It can be visible across individual brands and in product innovation. The corporate should think of ways to connect with customers at the product level to solve sustainability issues and also consider innovative partnerships. Retailer M&S, for example, teamed up with Oxfam to encourage customers to return clothes and reduce waste.

INTEGRATE THE BRANDS: Sustainability can only be incorporated into the brand when it is at the core of the business activity. This is not a day's work but takes long-term planning. Any integration needs to apply both environmental and social factors to business operations that can then be translated through customer "touch points". For example, Nike has openly committed to reach an environmental standard across 100% of its footwear range by 2011.

TWO WAYS COMMUNICATION: Any customer communication must be relevant and appropriate to the audience. Communication can be delivered in various ways - online, through partnerships or on packaging, for example. There is plenty of scope for innovation around communication and marketing but this must be supported by real action. Be aware that big green corporate announcements - such as carbon neutrality - now make little impact.

PRICE IT RIGHT: It is still unclear as to whether people will pay more for sustainable products, and it may be sector dependent. However, consumers are thinking in terms of "smart

spending" - if they pay more for a product (including ethical products) then it must deliver. The other pitfall is to assume that people will "purchase" sustainability.

Connecting sustainability with the core business operations and consumers means that the CR team must work with other parts of the business, including brand, marketing and R&D. This enables opportunities for innovation. For example, sustainability could become an underlying brand proposition that offers opportunities for business - such as the M&S Plan an initiative – or become a part of the design process to create new visible products, as with Apple's new green Mac Books and Philips consumer electronics. It may take time before large brands reap rewards from innovation in sustainability, but the consumer shift shows that sustainability needs to be more than a corporate level checklist.

CASE OF CONSUMER DURABLES INDUSTRY: The Consumer Durables industry consists of durable goods and appliances for domestic use such as televisions, refrigerators, air conditioners and washing machines. Appliances such as mobile phones and kitchen appliances like microwave ovens are also included in this category. This sector has been witnessing momentous upswing in recent years, helped by drivers such as the emerging retail boom, real estate and housing demand, greater disposable income and an increase in the level of prosperous section of the population. The industry comprises of major international and local players such as BPL, Videocon, Voltas, Blue Star, LG, Samsung, IFB, Titan, Whirlpool, etc. The consumer durables industry can be broadly classified into two segments: Consumer Electronics and Consumer Appliances. Consumer Appliances can be further categorized into Brown Goods and White Goods. The key product lines under each segment were as follows: 1. Television 2. Refrigerators 3. Air Conditioners 4. Mobile phones 5. Home appliances like DVD players, microwaves etc. 6. Computers Because of various factors in consumerism and increasing spending power, various factors in this industry that are impacting the India consumer are:

HIGH AMOUNT SPENT ON MARKETING BY COMPANIES: It is seen that almost all consumer durables companies like LG, Samsung, Videocon, etc. are spending huge budgets to woo the customer. This definitely is impacting the customers by giving them more choices and more margins at their disposal.

INCREASED SPENDING BY CONSUMERS: India is one of the biggest consumer markets in the world due to the most important fact and that is, that consumers are spending more and more. Big ticket items are the ones that are most sought after by consumers.

ME TOO ATTITUDE: Due to the “me too” attitude of consumers, they are increasing buying in the form of impulse buying even if there is no immediate availability of finance with them. Influencers for them can be neighbours, friends, peers which compel them to buy newer items regularly.

GOING TECHNO SAVVY: Due to availability of more and more gadgets, many of them not really needed, the consumer durables industry has a high demand. Many of the products are upgraded version of the products consumers already possess. For example, consumer want to buy a new model of a mobile even though the present work is still working, demand of hi-tech LED TVs when LED or Flat screen TV is already available with them. All this is a trend impacting consumer behaviour.

GLOBALIZATION OR DISSOLUTION OF BOUNDARIES: Today's customer is well conversant with the latest happenings around the world. For example, even before the I-phone was launched in India, many youth already knew about this new phone and its features. The internet has been an important catalyst in this process helping people to be better informed and educating them in this process. This also makes consumers in creating a pull for a product which is helpful for the consumer durables industry as a whole.

CASE OF RETAILING: Retailing involves selling products and services to end consumers for their personal or family use. Department stores, like Burdines and Macy's, discount stores like Wal-Mart and K-Mart, and specialty stores like The Gap, Zales Jewelers and Toys R Us, are all examples of available retail stores. Service providers, like, hotels and hair salons, and on-line stores, like Amazon.com, are also retailers. It is the final link between consumers and manufacturers. Retailers are a vital part of the business world. Retailers add extensive value to products by making it easier for manufactures to sell and consumers to buy. It would be very costly and time consuming for a consumer to locate, contact and make a purchase from the manufacturer if retailers are not available in distribution channel. Similarly, it would be very costly for the manufactures of these products to locate and distribute them to consumers

individually. By bringing multitude of manufacturers and consumers together at a single point, retailers make it probable for products to be sold, and, consequently, business to be done. In addition to this, retailers also provide many extra services, from personal shopping to gift wrapping to delivery, that increase the value of products and services to consumers.

APPAREL, FOOTWEAR & PERSONAL CARE: In apparel, 57% people go for the Multi Brand Outlet as their most preferred retail format. The Exclusive Brand Outlet (EBO) comes way below at 16%. For apparel, about 9% people go for this format as their most preferred. The company, which has become the largest in the world started out by offering no frill – “low prices, everyday” merchandise to the people. It’s a very powerful format and has the potential to wipe out all other formats for everyday consumables. Today Wal-Mart offers every possible merchandise – from apparel to CDs, books, online purchases etc.

FOOTWEAR: For Footwear the preferences are similar to apparel and are the Multi Brand Outlet again with the neighborhood store and the EBO, at 10% each, which the consumer is voting for. **GROCERY** In this category, it’s the neighborhood kirana store which rules with 68% voting in its favour as a shopping preference. The supermarket is still very low in the pecking order with only about 8% voting in favour.

HOME FURNISHING, HOME APPLIANCES & HOME ELECTRONICS: For home furnishing, home appliances and home electronics, it’s the Multi Brand Outlet again which is the most preferred outlet with 48%, 58% and 50% respectively. In home furnishings, one can see that a significant number still prefer to buy it from the local hawkers and street vendor. In home appliances and home electronics, people seem to be experimenting with the Exclusive Brand Outlet and the Discount stores. Around 14% urban Indian has gone for the Exclusive Brand Outlets and 12% for Discount stores as their most preferred retail format in this category. There is a commoditization of the consumer durables market in India with people actually voting for Discount stores as their most preferred retail format. It shows that the purchases are become attributing led, as valued against a price and brand etc. are not such prime role in purchaser decision.

EFFORTS TOWARDS CUSTOMER CHANGE BEHAVIOUR: Companies are responding to this new consumer vocabulary in different ways. Some brands - among them Philips and Unilever - have

started to integrate sustainability criteria throughout their product lines, introducing both "green" products as well as improving standards on product lines, in order to be more environmentally efficient. These improvements are communicated to the customer only when relevant.

CASES FOR GREEN MARKETING CASE – I: PHILLIPS'S "MARATHON" CFL LIGHT BULB: Philips Lighting's first shot at marketing a standalone compact fluorescent light (CFL) bulb was Earth Light, at \$15 each versus 75 cents for incandescent bulbs. The product had difficulty climbing out of its deep green niche. The company re-launched the product as "Marathon," underscoring its new "super long life" positioning and promise of saving \$26 in energy costs over its five-year lifetime. Finally, with the U.S. EPA's Energy Star label to add credibility as well as new sensitivity to rising utility costs and electricity shortages, sales climbed 12 percent in an otherwise flat market.

CASE-II: PONDS: The Rs355cr brand ponds of HLL, tied up with United Nations Development Fund for Women. For every flap of ponds cold cream mailed by the consumers, the company would contribute Rs2/- to the fund to fight domestic violence. Even though the proportion of ad spends from its Rs1000cr advertising and promotion budget have been minimal, HLL says most of its brands will look for long term strategic linkage with social causes.

CASE – III: CAR SHARING SERVICES:

Car-sharing services address the longer-term solutions to consumer needs for better fuel savings and fewer traffic tie-ups and parking nightmares, to complement the environmental benefit of more open space and reduction of greenhouse gases. They may be thought of as a "time-sharing" system for cars. Consumers who drive less than 7,500 miles a year and do not need a car for work can save thousands of dollars annually by joining one of the many services springing up, including ZipCar (East Coast), I-GO Car (Chicago), Flex Car (Washington State), and Hour Car (Twin Cities).

Case – IV: Electronics sector: The consumer electronics sector provides room for using green marketing to attract new customers. One example of this is 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.

Case – V: Introduction of CNG in Delhi: New Delhi, capital of India, was being polluted at a very fast pace until Supreme Court of India forced a change to alternative fuels. In 2002, a directive was issued to completely adopt CNG in all public transport systems to curb pollution.

AUTHORS NOTE: The effective green marketing requires applying good marketing principles to make green products desirable for consumers. Green marketing is still in its infancy and a lot of reformation is to be done with a view to explore its full potential. Green products require renewable and recyclable material, which is costlier and is not affordable by common man. Green marketing should never be considered as just one more addition to approach to marketing, but has to be pursued with much great vigor, as it both environmental and social dimensions. Consumer awareness must be created by corporate by transmitting the message among consumers about the benefits of environmental-friendly products and services. In green marketing, consumers are even willing to pay more to maintain a cleaner and greener environment. Finally, consumers, industrial buyers and suppliers need to emphasising on minimize the negative effects on the environment-friendly.

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