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# Impact of Green Marketing on Consumer Behaviour

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## **Abstract**

*Environment friendly green marketing has become a subject of discussion. Companies are constantly trying to find the best ways to reach customers with their green messages. Green revolution, going green, environmental protection, sustainable life style, sustainable development, protecting our earth and many more have become a natural phenomenon in our everyday life. The aim of this study is to find out how consumer behaviour is influenced by Green Marketing Strategies of Companies. This research took place in Faridabad district in Haryana during June-July, 2012. A questionnaire was designed to find out how people perceive Green Marketing and how aware they are of the “environmental contribution” made by companies through this marketing. The research question “Whether or not the purchasing behaviour of consumers is affected if companies go green” was administered to sample consumers. Findings suggest that companies need to increase their communication with the customers ongoing green. Attributes like price and quality are found to be more important than “environmental responsibility”.*

**Keywords:** *Green Marketing, Consumer Behaviour, Marketing Mix*

## **What is Green Marketing?**

According to the American Marketing Association, Green marketing is the marketing of products that are environmentally safe. Thus, the green marketing incorporates a broad range of activities including product modification, changes to the production process, packaging changes as well as modifying advertising. Yet, defining green marketing is not a simple task where several meanings intersect and contradict each other; an example of this will be the existence of varying social, environmental and retail definitions attach to this term. Other similar terms used are Environmental Marketing and Ecological Marketing.

## **Origin of Green Marketing**

The term Green Marketing came into prominence in the late 1980s and early 1990s. According to Jacquelyn Ottman (2011), from an organizational standpoint,

environmental considerations should be integrated into all aspects of marketing- ranging from new product development to communications to the customer and all points in between. The holistic nature of the green marketing also suggests that new stakeholders are involved in the process besides suppliers and retailers such as educators, members of the community, regulators and NGOs.

Both old and new green marketers are likely to face one challenge i.g. dealing with the consumer's confusion about as green products and messages

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flowing into the market irrespective of ethical standard. "Consumers do not really understand much about these issues, and there is a lot of confusion," says Jacquelyn Ottman, a Consultant and the author of "Green Marketing: Opportunity for Innovation." Marketers sometimes take advantage of this confusion, and purposely make false or exaggerated "green" claims. Critics refer to this practice as 'green washing'.

Corporations are increasingly recognizing the benefits of green marketing although there is a thin line between doing so for its own benefit and for social responsibility. The term 'green washing' refers to all industries that adopt outwardly green acts with an underlying purpose to increase profits. The primary objective of green washing is to provide consumers with the feeling that the organization is taking the necessary steps to responsibly manage its ecological footprint. In reality, the company may be doing very little that is environmentally beneficial.

### **Green Marketing as a vehicle for consumer engagement**

Today, smart marketers are focused not only on whether consumers view their message but to what extent they engage with it. One definition of engagement is a measure of consumer involvement with a marketing vehicle. As defined, it implies that engagement should be considered as both marketing tactic and a metric that can be measured and optimized.

The green space is ripe for consumer engagement largely because they are interested in green initiative, not just as a product category but as a social cause. As a result, consumers are not only highly motivated to invitation to engage, but eager to do so when the opportunity comes up. Many, in fact, actively seek outlets for their passion; marketers only need to activate them by providing the opportunities. Several marketers have already tapped into this passion by creating points of engagement that go well beyond the average marketing communication.

One such example is CNN's 'Impact on the World'. CNN is one of the premier news brands today. Traditionally, news organizations like CNN have

provided ways to consume and subsequently react to news by providing the opportunity to comment on news stories - a form of engagement in itself.

Yet, CNN's 'Impact on the World' takes engagement to the next level by providing consumers with a way to act on their interests in or passion for particular news events - green or otherwise. One great example is the recent story of the small Iraqi child who suffered severe burns. CNN's Impact enabled its viewers not only to read articles about the child but to take action by making donations to cover his medical bills.

In the green space, CNN Impact provides the opportunity for viewers to take action through its "Planet in Peril" section. CNN provides links to relevant content as well as to environmental non-profits where viewers can make a donation.

### **Adoption of Green Marketing**

There are basically five reasons for which a marketer should go for the adoption of green marketing. They are:-

1. Opportunities or competitive advantage
2. Corporate Social Responsibility (CSR)
3. Government pressure
4. Competition
5. Cost or profit issues

### **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. It is suggested that in the hands of unscrupulous marketers, the green marketing can turn into green gold which could lose lustre soon.

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An important study by Vasanthkumar N. Bhatt (1993) suggests that any company venturing out with a green marketing program must start with green design as inputs, manufacturing processes, distribution, use and disposable methods are decided during the design stage. 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 behaviour in case of Penang (Malaysia). A survey was carried out on 250 Chinese, Malay, Indian and other races who represent the Penang population. Factor analysis, Cronbach alpha and multiple regression were used to identify factors impact on Penang consumers actual purchase behaviour. The result revealed that customer's trust in eco-label and eco-brand and their perception of eco-brand showed positive and significant impact on their actual purchase behaviour.

### **Golden Rules of Green Marketing**

1. Know your customer: Make sure that the consumer is aware of and concerned about issues that the product attempts to address, (Whirlpool learned the hard way that consumers wouldn't pay a premium for a CFC-free refrigerator because consumers didn't know what CFC were)
2. Educating your customers: It isn't just a matter of letting people know what the companies are doing whatever they are doing to protect the environment but also a matter of letting them know why it matters?

### **Justification of the Research**

The Green Marketing is essential for the sustainability of an organization these days. Literature review in the earlier section reflected that there is a lot of gap in research on this topic specially not much work is done in India as far as the influence of the green marketing on consumer behaviour is concerned. This paper is an attempt to address this issue by Elham Rahbar (et al, 2011) in Malaysia by replicating some aspects of it in India.

### **Objectives:-**

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

### **Hypothesis:-**

The purchase behaviour of buyers is not influenced by green marketing practices of any organization.

### **Research Methodology:-**

Primary data were collected through the questionnaire. The questionnaire contained 14 items, asking questions like "your purchase decision is affected by green marketing activities of the company", "repurchase decision is affected or not", "how much extra you are ready to pay etc". Likert scale was used in most of the questions.

Data collected 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 an understanding on the basis of the respondents group. Data analysis was done through the Statistical package for social sciences (SPSS). The tests used for analysis were independent t-test.

**Sample Size :** A random sampling strategy was carried out. A survey of about 50 consumers belonging to Faridabad District of Haryana State was done.

### **Green Marketing Mix :**

**Product:** The ecological objectives in planning products are to reduce resource consumption and pollution and to increase conservation of scarce resources.

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**Price:** Price is a critical and important factor of green marketing mix. Most consumers will only be prepared to pay additional value if there is a 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.

**Promotion :** There are three types of green Promotional marketing:

- Ads that address a relationship between a product/service and the biophysical environment.
- Green Products that promote a green lifestyle by highlighting a product or service characteristics.
- Ads that present a corporate image as environmentally responsible.

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

### Practical Implications

This paper is relevant for all the modern business firms as they have to follow environment laws and also the consumers these days are getting aware and conscious about green practices adopted by firms. That is why from Mc Donalds to Coca-Cola, they are all getting green.

### Challenges Ahead

- Green products require renewable and recyclable material which is costly.
- The green technology requires huge investment in R & D.
- Water treatment technology which too is costly
- Majority of the people are not aware of green products and their uses
- Majority of the consumers are not willing to pay a premium for green products.

### Conclusion :

The Green marketing should not neglect the economic aspect of marketing. Marketers need to understand the implications of green marketing. If they think customers are not concerned about environmental issues or will not pay a premium for products that are more eco-responsible, they need to think again. It is necessary to find an opportunity to enhance product's performance, strengthen customer's loyalty for commanding 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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**Appendix : Statistic al results**

**Table 1**

	PEnv	Desire	Laws	extra Price	PurBeh	repurBeh
N Valid	50	20	50	50	50	50
Missing	0	0	0	0	0	0
Mean	3.2600	2.4600	2.3000	3.3400	2.8200	2.8000
S Deviation	.85261	1.07305	.97416	1.06157	1.33539	1.30931
Range	4.00	4.00	4.00	4.00	4.00	4.00
Minimum	1.00	1.00	1.00	1.00	1.00	1.00
Maximum	5.00	5.00	5.00	5.00	5.00	5.00

**Table 2: T Test :One Sample Statistics**

	N	Mean	S Deviation	Standard Error Mean
PurBeh	50	2.8200	1.33539	.18885
extraPrice	50	3.3400	1.06157	.15013

**Table 3 : Confidence level**

			Test Value=0			
	t	df	Sig (2 tailed)		Mean Difference	95% Confidential Interval of the difference
	Lower	Upper	Lower	Upper	Lower	Upper
PurBeh	14.932	49	.000	2.82000	2.4405	3.1995
extraPrice	22.248	49	.000	3.34000	3.0383	3.6417