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Consumer Perception Regarding Eco-Friendly Fast Moving Consumer Goods in India

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Abstract: The environmental issues such as global warming, ozone depletion, water and air pollution, loss of species, and farmland erosion have led to the current alarming environmental crisis that threaten the environment as well as human life. There is more risk than ever before that earth is warming under “human influence”, according to a year 2007 report compiled by the UN’s Intergovernmental Panel on Climate Change (IPCC), warning that only “substantial and sustained reduction” of greenhouse gas emissions will limit the disaster of climate change. Thus, human behaviour is a key source as well as the main solution to the environmental problems. As a result, the personal consumption decision is of growing interest of firms in various fields and some firms have changed their corporate culture to be more environmentally responsible, and have developed environmentally friendly products and services to meet the demand of environmentally conscious consumers. However, despite positive forecasts, demand for environmentally friendly products didn’t grow as expected and both attitude-behavior and intention-behavior gaps emerged. Although public opinion polls consistently show that consumers would prefer to choose a green product over one that is less friendly to the environment when all other things are equal, those “other things” are rarely equal in the minds of consumers. The purpose of this study is to discover what barriers, if any, inhibit Indian consumers who want to live a “green” lifestyle from purchasing “green” household and personal care products. This research looks into and explores the influence of demographical variables and the four traditional marketing-mix elements, i.e. product, price, place and promotion on attitude and purchase intentions of consumers of various demographics on eco-friendly products.

Keywords: Green Marketing, green consumer behavior, environmentally friendly products.

I. INTRODUCTION

There is a growing concern for environmental degradation and the resultant pollution all over the world. Right from 1992, Rio de Janeiro Earth Summit conference, world leaders and top environmental officials have been expressing global concern over environmental issues. The widespread environmental problems in India are choking air effluence, water pollution in the vast majority of rivers, water shortages throughout the country, heaps of solid and toxic waste, acid deposition spoiling land and water, near-total deforestation, rampant over fishing, exhaustion of agricultural land and evident consumption of even highly endangered species for food and traditional medicine has endangered the ecological balance of our country.

Since society becomes more anxious with the natural environment, businesses have started to adjust their behavior in an attempt to address society's "new" concerns. Some businesses have been quick to accept concepts like environmental management systems and waste minimization, and have integrated environmental issues into all organizational activities. People are conscious about the less environment friendly products due to their own welfare, which is why this issue is a very modern topic in India. This paper tries to unearth consumer attitudes and perceptions towards eco- friendly products in FMCG sector and their willingness to pay on green products.

II. WHAT IS GREEN MARKETING?

Green marketing is inevitable for any type of organization. According to the American Marketing Association (AMA) ‘Green Marketing’ is the marketing of products that are presumed to be environmentally safe. It incorporates a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising. Defining green marketing is not a simple task where several meanings intersect and contradict each other. Other similar terms used are ‘Environmental Marketing’, ‘Sustainable Marketing’ and ‘Ecological Marketing’.

As per Brundtland Commission (1987), —Development that meets the needs of the present without compromising the ability of future generations to meet their own needs (Rowell, 1996).

Another definition is 'Green or Environmental Marketing consists of all activities designed to generate and facilitate any exchanges intended to satisfy human needs or wants, such that the satisfaction of these needs and wants occurs, with minimal detrimental impact on the natural environment. (Polonsky 1994b).

'It is the voluntary pursuit of any activity that encompasses concern for energy efficiency, environment, water, conservation and the use of recycled/recycled products & renewable energy'(Confederation of Indian Industry) Industry

Peattie (2001) described evolution of green marketing in three phases. First phase is 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 is "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 came into prominence in the late 1990s and early 2000.

III. THE GREEN CONSUMER

There is growing interest among the consumers all over the world for protection of the environment. The concern with environmental degradation has resulted in a new segment of consumers, i.e. the green consumers. These consumers have been identified as one who avoids products which are a possible danger for health, shall damage the environment during production, use materials derived from threatened species or environment, and cause unnecessary waste. The green consumers are the main motivating force behind the green marketing process. It is their concern for environment and their own well being that drives demand for eco-friendly products, which in turn encourages improvements in the environmental performance of many products and companies. Thus, for a marketer, it is important to identify the types of green consumers. Although no consumer product has a zero impact on the environment, in business, the terms 'green product' and 'environmental product' are used commonly to describe those products that strive to protect or enhance the natural environment by conserving energy and/or resources and reducing or eliminating use of toxic agents, pollution, and waste.

Indian literate and urban consumer is waking up to the merits of Green products. But it is still a new concept for the majority. The new green movements need to reach the masses and that will take a lot of time and effort. By India's customs and Ayurvedic heritage, Indian consumers do value the significance of using natural and herbal products. Indian consumer is exposed to healthy living lifestyles such as yoga and natural food consumption. In those aspects the consumers is already aware and are inclined to accept the natural/green products. India is already one of the largest economies in the world, and will continue its brisk urbanization and economic development over the next few decades. This is a cause for celebration, however, in this growing economic prosperity, and through change of the marketing mix and marketing strategies like promotion and advertising, people are guided by an unlimited desire for additional goods and are influenced by an attitude of grandiosity, of being superior, of having things under control, of improving one's position and of preferring new commodities to old ones. This over consumption on vast scale productivity puts pressure on the resources of the ecosystem. While the material indices of wealth rose, the environmental indices fell.

IV. METHODOLOGY

In this section the research methods used in the data collection are succinctly discussed. The authors employed questionnaire method for data collection to explore consumers' purchasing behavior. The survey was completed in Haryana province in India and the sample size was 500. According to the World Bank, India, with per capita income of \$1580, is a lower middle income group country, with 30% of India population living under poverty line. Thus, people belonging to SEC A and SEC B (socio-economic classification A and B) were interviewed. The purpose of selecting respondents from this group was to generate data from people who are well educated and have a decent purchasing power. This number of interviews enabled us to achieve theoretical saturation in our target group. Our interview strategy was to collect opinion regarding eco- friendly fast moving consumer products from consumers of different age groups, genders and income groups. The secondary data were collected from relevant journals, books and other published data.

Demographically, 'green customer,' our study reveals, are diversely spread along all income ranges, age brackets, education levels and various household sizes. On average green shoppers are a little older, tend to have higher income, and more education, but you will find substantial numbers of green shoppers can be found distributed across the consumer population.

V. CONSUMER ATTITUDES IN INDIAN MARKET

According to various research reports, shoppers are thinking green, but not always buying that way. (Mainieri, Barnett, Valdero, Unipan, and Oskamp 1997). Demographic variables offer easy and efficient ways to segment the market and capitalize on green attitudes and behaviours for marketers. We surveyed young business professionals about sustainable consumption in India. These young business people also represented young

Indian consumers, mainly from the middle and upper socio-economic groups. Our research revealed that awareness and understanding of sustainable consumption among consumers was low; from the demographic analysis of the sample data it was established that only half (50.45%) of the respondents have concern about the deteriorating environment, whereas 28% respondents felt that environment issues are only somewhat serious, but there are other more essential issues that need attention. This study found that older consumers (age group 50 years and above) are more concerned about the environment and therefore are potential green product consumers. Among the ecologists, a positive relationship (p value: $0.005 < 0.05$) was found between environment concern and green purchase behaviour. 61.2% ecologists reported that they make every effort to reduce the use of plastic bags. 28% respondents reported that they considered buying eco-friendly product some time or the other, while 21.5% respondents said they hardly gave environment a thought while making their purchases. One of the reasons why older generation is more environmentally conscious than younger generations is because of the maturity that they have gained during the years. While growing up, this generation has faced many environmental issues such as global climate change and ozone depletion and acquired an environmental awareness through a sound environmental education. Accordingly, they have learned why it is important to protect the environment. As far as youth is concerned, it is common for them to shop for the sake of pleasure because of peer pressure, or because they have money, they tend to follow fashion and technological trends.

This study suggests that educated Indian consumers are concerned about the environment and such pro-environmental concerns influence their green buying behaviour moderately, thereby leading to purchase of eco-friendly products. When ANOVA was applied on the Education Level versus Awareness level to check if there is a significant difference in awareness levels for all education levels {Higher secondary, Graduate, Post-Graduate, Doctorate} with different Questions of Awareness, the result revealed that there is a significant difference in awareness levels for question pertaining to contribution of sustainable future for eco-friendly products (p value = 0.94).

This study has found that income is positively related to environmental understanding. The most widespread justification for this belief is that individuals can, at higher income levels, put up with the marginal increase in costs associated with supporting green causes and favouring green product offerings.

On the basis of this study, the researcher has concluded that out of the four demographic factors taken into consideration, only age, qualification and income has positive effect with eco-friendly behaviour of the consumers. Results of previous studies have been inconclusive regarding the effect of age on eco-friendly behaviour of consumers. This study has shown that age has a definite effect in the eco-friendly behaviour of the consumers. In regards to education, demographic profiles done in the past show that education is linked to green consumers' attitudes and behaviours. Most demographic profile researches done on the relationship between education and the behaviours of green consumers have been positively correlated. The results of this study are consistent with the results of the previous studies on the same subject. Gender-related studies between males and females in regards to the environment were also inconclusive. However, this study has shown that gender has no effect on eco-friendly behaviour of the respondents. Both, male and female respondents had similar views on environment conservation.

On the basis of this study, it is concluded that consumers know about climate change, understand that reducing their own carbon footprint will help fight climate change, and want to join that effort. But this study also shows that consumers do not quite understand how to act on their greener impulses. There is lack of awareness among the consumers. Only 75 respondents (i.e. 15%) were able to name eco-labels/eco-certificates prevalent in India. Further, only 294 respondents (i.e. 58.8%) respondents were able to recollect advertisement of eco-friendly products they had seen on Indian media.

Environmental attributes of a product are more difficult for a consumer to assess compared to other easily observable product attributes. Hopes for green products gaining market share have also been hurt by the perception that such products are of lower quality or don't really deliver on their environmental promises. Most of the respondents felt that eco-friendly products met their quality expectations (mean: 3.1; Std. Dev: 1.24); however, they exhaust quickly. Consumers said they did not buy green products because they are worried about the diminished quality of eco-friendly versions; there has been no improvement in their quality over the time. However, most of the respondents (mean: 3.65; Std. Dev: 1.24) admitted that eco-friendly products are healthier than their conventional counterparts.

High price of environmentally products was cited as most important factor for not buying eco-friendly products by sampled respondents. Majority of the respondents (76.6%, mean: 3.58; St Dev: 0.94) said that most of the eco-friendly products were overpriced. Price is a critical and important factor of green marketing mix. Findings from this work also suggest that the segment of consumers willing to pay more for eco-friendly products in India may not be very big. Even in a knowledgeable segment like the one chosen for this study, willingness to pay premium received an ordinary response. Only five percent respondents are willing to pay more than 15% premium for eco-friendly products, whereas, 16.4% respondents said that they will not pay any premium for eco-friendly products.

Having decided to buy eco-friendly products, many consumers encounter a final obstacle: They could not find them. Most of the respondents (mean: 4.02; Std. Dev: 1.44) felt that eco-friendly products were available in few stores only. Further, when ever available, they lacked in variety (mean: 3.59, Std. Dev: 1.35)

VI. MANAGERIAL IMPLICATIONS

In terms of managerial implication, the profile of green product purchasers provides green marketers an indication of their target consumers. The research reveals that traditional product attributes such as price, quality and availability are still the most important ones that consumers considered when making purchasing decision. In order to fulfil individual needs and wants, including ensuring customers' satisfaction, the marketers need to make sure that their products are of high quality and competitively priced. The marketers also need to adopt a better marketing mix for their products in order to change consumers' negative perception towards green products. Successful green marketing entails much more than simply adding an environmental attribute into a product. It is important that marketers integrate green marketing strategies carefully into the company strategic plan.

When it comes to awareness regarding eco-friendly products, consumers trust eco-labels/eco-ratings the most, followed by news reports, recommendation by known people and lastly paid advertisements by the manufactures, while also looking for opinions and information posted by other consumers online.

The result shows that there is a significant relationship between consumers' attitude on government's role and their attitude on green products. Many people have high ecological concern but have a feeling that the preservation of the environment is the prime responsibility of the government. The survey indicates the importance of government's role in preserving the environment. This in turn will influence consumers' outlook on the government's role in environmental issues and their attitudes to the green products. Hence, in order to popularise eco-friendly products among masses, government agencies and corporate should work together, not in worrying about people's attitudes but by paying attention to shaping their behaviours.

VII. CHALLENGES AHEAD:

1. Spread awareness and advantages of eco-friendly products. Majority of the people are not even aware of green products and their uses.

2. Convince customers about long term cost effectiveness of eco-friendly products

First, consumers have to be aware that a eco-friendly product is available before they purchase it. Yet many of the customers don't even know about the availability of green alternatives in many product categories. Next, consumers must be convinced that a product will achieve the objective for which it is being purchased. But many believe that green products are of lower quality than their more traditional "conventional" counterparts. Consumers must then come to a decision whether a product lives up to its green reputation.

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