

A STUDY ON INFLUENCE OF GREEN MARKETING ON PERCEIVED KNOWLEDGE OF ECO-FRIENDLY PRODUCTS

R.Swapna Kumari *

Dr.S.Franklin John **

Abstract

In recent years, public concern over environmental deterioration has been rising. Many studies were conducted that environmental factors are now responsible for 40% of the deaths in the world (ENS, 1998). Public opinion polls in many countries indicate that consumers are purchasing environmentally friendly products to protect the environment and improve the quality of life for current and future generations. Dunlap (1991) reported that 55% of the consumers believe that the quality of the environment is worsening. Another poll found that approximately 74% of consumers surveyed are of the belief that the condition of the environment has deteriorated in the past 20 years.

* Assistant Professor, Karunya School of Management , Karunya University , Coimbatore

** Principal, Nehru College of Management , Coimbatore

Introduction:

Over recent decades, the issue of protecting the environment has been an increasing concern. With growing knowledge and the resulting change in environmental policies over the last 30 years, we have become more aware of the hazards that negatively impact the natural environment and ways in which to decrease their effect. For example, lead is no longer permitted in automotive fuels, DDT is no longer found in pesticides, and asbestos is banned from building materials. Furthermore, toxic wastes are handled more carefully, the cleanliness of electric power plants has increased, and the use of energy and materials is more effectively employed (Vlek and Steg, 2007). During the nineties, many countries saw an increase in advertising campaigns for products and services claiming positive effects on the environment (Banerjee et al., 1995; Carlson et al., 1993). As a result, the world has become more aware of the need for sustainability (Vlek and Steg, 2007) and society has increased its knowledge about the ways to meet this need. With increasing societal interest in and knowledge of the environment, one would expect that detrimental effects to it would have decreased. However, human necessities and desires have led to continuous negative environmental impacts. Individual craving for physical comfort, rest from labor, pleasure and satisfaction, authority and control, status, security, protection of tradition and family, as well as other individual needs and wants, and means in which to create and obtain these needs and wants, are contributing factors to the degradation of the environment (Stern, 2000). Over the past five decades, human behavior has affected our ecosystems more aggressively than in any other time period. With an increasing demand for natural resources such as water, fuel, timber, and food amongst others, this has led to a reduction in our resources (Vlek and Steg, 2007).

Objective of the Study :

The following are the Objective of the study,

- (i) To know the perceived knowledge on perceived price, perceived value and perceived risk.
- (ii) To find the factors those influence the green marketing on perceived knowledge of eco-friendly products

Review of Literature:

Green marketing has now evolved as one of the major area of interest for marketers as it may provide competitive advantages. However it requires investment in terms of technology enhancement, process modification, communicating benefits to customers etc. Many of the companies in India have now started marketing themselves as green organizations due to certain government regulations and shift in the preference of the consumers worldwide. However, not much research with respect to green marketing has been done in India and there is question about the awareness of green products among consumers. The attitude of Indian consumers towards green products and the relationship between the attitude and behavior is also questionable.

Many analysts are predicting that 2011 will be a make-or-break-it year for many green businesses as increasing competition in the green sector drives some businesses to new heights of innovation and service while other businesses lag behind. Trends may come and go, and of course, it is impossible for any green business to stay on top of all of them, nor is it worthwhile .However, keeping track of green business trends is a great way to ensure that your business stays fresh, flexible, and creative in the face of new challenges and opportunities, the surest way to green business success in 2011 and beyond.

India is the only country to choose deforestation and air pollution as the most important green issue. India is the only country in which more consumers say it should be developing countries that should focus on green innovation versus developed countries. The results of the recently released 2011 edition of the Global Image Power green Brands Survey show that concern about the environment by the consumers, is translating into a willingness to pay for a premium for green products. 64% of Indian consumers indicate that they plan to spend more on green products next year. Furthermore consistent with emerging countries, Indians are willing to pay a green premium price, with 48% of Indians willing to spend 10% more on a product simply because it is green. Consumers in India are trusting of green advertising compared to other countries, with 86% of Indian consumers reporting that advertising about green products help them in making choices. In India 28% of consumers intend to purchase auto in the next year as compared to purchase of 16% in last year.

The Indian government has also done its mite in promoting green marketing and eco friendliness by way of banning plastic bags from daily use, helping its automotive industry to develop greener vehicles by supporting hybrid and electric vehicles (EVs), by investing in greener cars the Government of India is capitalizing on an underutilized segment and building an infrastructure that will generate economic growth and reduce emissions. The government took the initiative of promoting green buildings construction, usage of alternate sources of energy by companies. Governmental Bodies are forcing Firms to Become More Responsible. In most cases the government forces the firm to adopt policy which protects the interests of the consumers by reducing production of harmful goods or by products, Modify consumer and industry's use and /or consumption of harmful goods; or, Ensure that all types of consumers have the ability to evaluate the environmental composition of goods.

Green Marketing Awareness:

In India, the concept of Green Marketing has been utilizing right from the use of biogas in the villages to using environment-friendly products like bamboo furniture, CFL, etc. In fact, the pottery made from earthenware and the use of traditional surai and matka for drinking cool water rather than the refrigerator, is another interesting example? Use of steel utensils which are reusable, rather than disposable plates, can also be viewed as a green initiative. The use of coolers rather than air conditioners goes a long way in reducing the carbon footprint.

However, these traditional items seem to be gradually losing their sheen, with more and more people using modern gadgets and gizmos. According to Google Trends report 2007, on a relative basis, more searches for “green marketing” originated from India than from any other country.

Present Trends of Green Marketing in India:

(i) Organizations perceive environmental marketing to be an opportunity that can be used to achieve its objectives :

Firms have realized that consumers prefer products that do not harm the natural environment as also the human health. Firms marketing such green products are preferred over the others not doing so and thus develop a competitive advantage, simultaneously meeting their business objectives.

(ii) Organizations believe they have a moral obligation to be more socially responsible:

This is in keeping with the philosophy of CSR which has been successfully adopted by many business houses to improve their corporate image.

(iii) Governmental bodies are forcing firms to become more responsible :

In most cases the government forces the firm to adopt policy which protects the interests of the consumers.

(iv) Competitors' environmental activities pressure firms to change their environmental marketing activities :

In order to get even with competitors claim to being environmentally friendly, firms change over to green marketing. Result is green marketing percolates entire industry.

(v) Cost factors associated with waste disposal or reductions in material usage forces firms to modify their behavior :

With cost cutting becoming part of the strategy of the firms it adopts green marketing in relation to these activities. It may pursue such as firm develops a technology for reducing waste and sells it to other firms and a waste recycling or removal industry develops.³

Perceived Knowledge on Eco friendly Products:

Perceived Knowledge on eco friendly products says, whether customer perspectives were related to purchase decisions and perceived risks and also the extent to which they might be related to a number of conditions such as brand loyalty, advertising effectiveness, innovation, and pricing (Becker, 2009; Cheung & Thadani, 2010). To reduce customer doubt related to purchase decisions, consumers process available information regarding each product and form a first impression. To that end, consumers viewed products in an arrayed queue where they could evaluate each product to make a basic judgment about the product (Muhamad, Melewar, & Alwi, 2011).

Product price perceptions:

Of all the elements in the queue, price turned out to be the most salient influence for consumers (Bennett, 2011). Price was a powerful piece of information for the consumer, reported Farrell and Shapiro (2010, p. 12). Balakrishnan (2011) called price “the sacrifice to obtain a product”. Consumers can attach a value to price; therefore, price plays an important part in their decision

making process about a product. Customers used price as a cue in evaluating their experiences with a product or service and in shaping their attitude toward a provider (Han & Ryu, 2009). What was unknown, however, was whether consumers were willing to pay more for an item if it offered environmental advantages, and it was to that question that the present study addressed itself.

Product Value Perceptions:

Perceived value is defined as a consumer's overall evaluation of the net benefit of a product or service based on consumer's appraisal (Patterson & Spreng, 1997). According to Steenkamp and Geyskens (2006), companies can enhance consumer purchase intentions through product value. In addition, perceived value is also a determinant variable in affecting customer trust (Kim, et al., 2008). Borrowing the definition by Patterson and Spreng (1997), this study proposes green value variable, which is based on consumer's environmental desires, sustainable expectations, and green needs.

Green product provides the same quality and performance as a non-green product, which strengthen the green values in the mind of customers to boost up its sale. In addition, green value could not only play an important role in influencing green purchase intention but it also has an essential determinant in maintaining long term relationship with customer (Zhuang et al., 2010). This helps to ensure customer has the intention to repurchase intention green products in the future. As the value is much vital today, different organization can strengthen green purchase intention by enhancing their product value (Steenkamp & Geyskens, 2006).

Barlow and Maul (2000) defined emotional value as when customers positively experience on organization's products or services. In today's experience economy (an economy in which customers expect to be positively, emotionally, and memorably affected at each level of their commercial presence), service providers can no more simply perform functions for consumers but need to create the unique individual and emotional experience for every customer. In addition, Brown and Reingen (1987) described that the value which is connected with consumers' emotions (e.g., feeling great, excited) and affective states, resulting in consumer assessments of a product can be viewed as emotional value of the consumer

Product Risk Perception:

Perceived risks stem from uncertainty about the potentially negative consequences associated with a choice (Laforet, 2008). Bauer (1960), the first to address this concept, states that consumers cannot anticipate with certainty the consequences of a purchase, hence the existence of a risk. He defines risks based on two aspects: (i) *uncertainty* which represents something about which the consumer is not certain. In the case of a product (price, technical specifications, etc.) or a situation, uncertainty will be fairly important and will impact consumer choice; (ii) *consequence* which is identified through five types of losses: financial loss, performance loss, physical loss, psychological loss and social loss (Aqueveque, 2006). Consumers view a purchase situation as risky when they feel that there is a high probability that negative consequences will arise or, inversely, a low probability of positive consequences (Mitchell & Harris, 2005).

Most studies (e.g. Veloutsou & Bian, 2008; Snoj, Pisnik & Mumel, 2004; Stone & Mason, 1995; Peter & Ryan, 1976) take a multidimensional approach to the concept based on six factors: (1) *functional*: risk that a product does not work, does not work properly or does not work in the manner in which the consumer would like it to work; (2) *financial*: risk of losing money with the new product or risk of investing more money than one can expect to receive in return; (3) *temporal*: risk that the consumer loses time while looking for a product; (4) *physical*: risk that the consumer injure him/herself or others through the use of the product; (5) *psychosocial*: risk of choosing a bad product which could have a negative impact on the consumer's ego or the consumer's status with respect to friends, family and/or colleagues.

The concept of perceived risk is determinant because consumers .

Consumer purchase intention :

Purchase intention is the individual's judgment about purchasing a product in the firm (William & Auchil, 2002). The reason why customers decide to select the product and purchase the same service is on the basis of their previous experiences. Purchase intention involves an individual's judgment about the product that satisfies its needs and an assessment of current service situation (McDougall & Levesque, 2002).

Research Methodology:

Researchers have used Descriptive research design in the study. A structured questionnaire is used, and a five point balanced Likert Scale is used for measuring the influence of green marketing on perceived knowledge of Eco friendly products . Cronbach Alpha Index is used for checking the validity and reliability of hypothesis and corresponding questions in the questionnaire.

Analysis and Interpretation:

Traditionally, the Cronbach alpha co- efficient has been to evaluate reliability. The reliability analysis of the Eco Friendly products was computed by using alpha technique

Cronbach's Alpha	No of Items
0.896	45

The reliability coefficient for the variables chosen for the study should have to be more than 0.70 to consider it as an acceptable value. The factors and dimensions included for analysis carry a good degree of reliability to support the objectives formulated. Hence it is concluded that the data collected in this study is highly reliable.

KMO :

The KMO measures the sampling adequacy which should be greater than 0.5 for a satisfactory factor analysis to proceed . Kaiser –Meyer –Olkin (KMO) measure of sampling adequacy is an index for comparing the magnitudes to the partial correlation coefficients .Large values of KMO measure indicate that a factor analysis variable is a good idea.

<u>KMO and Bartlett's Test</u>			
Kaiser-Meyer-Olkin Measure of Sampling Adequacy			.468
Bartlett's Test of Sphericity	Approx. Chi-Square	374.951	
	df	105	

	Sig.	.000
--	-------------	-------------

The sample is worth enough to measure variables . The value of the Kaiser –Meyer –Olkin (KMO) should be greater than 0.7 .Hence the above test shows the uniqueness and homogenous

Factor Analysis:

Total Variance Explained						
Component	Initial Eigen values			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.557	36.162	36.162	5.221	28.799	28.799
2	3.281	18.094	54.256	4.413	24.342	53.140
3	2.623	14.468	68.724	1.999	11.028	64.168
4	1.820	10.041	78.765	2.647	14.597	78.765
5	1.077	5.941	84.706			
6	.725	3.999	88.705			
7	.611	3.370	92.075			
8	.388	2.142	94.217			
9	.329	1.813	96.030			
10	.273	1.508	97.538			
11	.203	1.118	98.656			
12	.099	.549	99.205			
13	.081	.444	99.649			
14	.041	.226	99.875			
15	.023	.125	100.000			

Factor 1 was labeled Perceived Risk was composed of Five items. It explained 28.799 of Total variance in Eco Friendly Products .

Factor 2 was labeled Perceived Price performance and was composed of five items. It explained 24.341 of Total variance in Eco Friendly Products .

Factor 3 was labeled Perceived Risk and was composed of five items. It explained 11.028 of Total variance in Eco Friendly Products .

Factor 4 was labeled Consumer Purchase Intension of five items. It explained 14.597 Total variance in Eco Friendly Products .

The Following are the factors that influence the perceived Knowledge to Consumer Purchase Intention of Eco Friendly Products .

S.No	Factors	Value
1.	I am Afraid that Eco Friendly Products are Unvalued	0.98
2.	I am Afraid that Eco Friendly products cannot protect my health	0.77
3.	I am Afraid that Eco Friendly Product are Ineffectiveness	0.90
4.	The Price of Eco Friendly Products is Higher than Ordinary products	0.78
5.	The Quality of Eco Friendly Products is Stable	0.87
6.	The Quality of Eco Friendly Products is Effective	0.96

Findings:

- Many purchase the product for the taste of the food .
- The factors like perceived price , perceived risk , perceived value are the major factors that influence the purchase intension of organic products .
- Factors like Eco Friendly products are Unvalued , Eco friendly products cannot protect my health , Eco friendly products is higher than Ordinary Products , the Quality of Eco friendly products is stable , the Quality of Eco Friendly products is effective .

Conclusion :

Now a day's awareness on Eco Friendly products concept has been increased and hence the opportunity for green marketing is bright. It is not only because of awareness level, it is also

because of bad impact on the health, by non-organic product. Though the price level of organic product is high, the level of satisfaction of customers on organic product is encouraged. The hygienic condition, healthiness and the taste of organic product gives the maximum level of satisfaction to the consumers, which is otherwise considered as the green marketing strategies.

Reference :

1. Ashwani.K.Gupta and S.M.Shariq Abbas ,Green Marketing and Indian Consumer, International Journal of Engineering Science and Innovate Tech , Volume 2 , Issue 2 , March 13,Page 481-487
2. Narges Delafrooz , Mohammad Teleghani and Bahareh Nouri , Effect of Green Marketing on Consumer Purchase Behavior, A Qatar foundation Academic Journal .
3. Mohammad Tariq Intezar ,M.Yaseen Khan , Effect of Green Products on Consumer attitude – A sustainable approach , American journal of Business ,Economics and Management , Online Dec 30 ,2014 , Volume 2 ,No:6,Page 170-175
4. Aysel Boztepe, Green Marketing and its Impact on Consumer Buying Behavior, European Journal of Economic and Political studies, Volume 5, No: 1, 2012, page 5-21.
5. Parag Shil , Evolution and future of Environmental Marketing , Asia pacific journal of Marketing and Management Review , Volume 1, No:3, November 2012,ISSN 2319-2836
6. Pavan Mishra and Payal Sharma , Green Marketing in India : Emerging Opportunities and Challenges , Journal of Engineering , Science and Management education , Volume 3 , December 2010, Page 9-14 .
7. Anirbhan Sarkar , Green Marketing and Sustainable Development Challenges and Opportunities , International Journal of Marketing , Financial Services and Management research , Volume 1, Issue 9, September 2012, ISSN 22773622
8. Mrs . Sara and Mrs. Madhumitha , Green Marketing Case studies of Companies Implementing towards Green Revolution , AMET International Journal of Management , Page No 47(1-6), July – December 2013 ,ISSN 2231 6779 .
9. R.Shrikanth and D.Surya Narayanan Raju , Contemporary Green Marketing – Brief Reference to Indian Scenario , International Journal of Social Sciences and Interdisciplinary Research , Volume 1, No 1, January 2012 , ISSN 2217 3630

10. <http://www.all-recycling-facts.com/eco-friendly-products.html>
11. Saloni Mehra and Ratna P.A , Attitude and Behaviour of Consumers towards organic food : An exploratory study in India , International Journal of Business Excellence , Vol 7, No 6, 2014
12. Gnanapandithan .N & Major Dr. R. Rajasekaran , A Study on Green Marketing: With Special Reference to Organic Product in Coimbatore City , working paper , Department of Commerce, PSG College of Arts and Science , Bharathiyar University ,2013