

A Study of The Buying Behavior Of Consumers Towards Eco-Friendly Products In Kerala



Anil Kumar. N¹



Dr. Mridanish Jha ²

Abstract

The current environmental awful conditions are ever more threatening consumer health and wellbeing at both globally and nationally. Therefore, consumers are becoming more sensitive in their environmental attitudes, perceptions, preferences and purchases. The eco-friendly marketing is used to satisfy the wants and needs of consumers and protect the environment and benefits to the society in a more environmental friendly way. At the same time, the companies which apply eco-friendly marketing face numerous problems that include variation in demand, unawareness of consumers about eco-friendly products and their utilities, unfavorable attitude and perception of consumers towards eco-friendly products, dynamics in buying behavior, dissatisfaction of consumers with eco-friendly products, heavy investment in product development and not ready to pay premium by consumers for eco-friendly products. With growing environmental realization, companies need to understand not only buying behavior of consumers but also the factors that affecting buying behavior of consumers and their satisfaction towards eco-friendly products. This will not only assist the marketers for segmenting the market properly and developing production and marketing strategies to satisfy the needs of consumers but also the policy makers in impose sustainability in marketing of products and services. With this background, the present research is attempted to study buying behavior of Consumers towards eco-friendly products in Kerala

Keywords: consumer, buying behavior, environment, eco friendly, sustainable.

1.1 INTRODUCTION

The current environmental awful conditions are ever more threatening consumer health and wellbeing at both globally and nationally. Therefore, consumers are becoming more sensitive in their environmental attitudes, perceptions, preferences and purchases (Sarigollu, 2009)³. The apprehension for environmental degradation has resulted in a new segment of consumers and these consumers have been identified as one who avoids products which are possible danger for health, damage the environment during production, use

¹ Research Scholar, ICFAI University Jharkhand, Email: anilk85@hotmail.com

² Assistant Professor, ICFAI University Jharkhand, Email: Mridanish.jha@iujharkhand.edu.in

materials derived from threatened species or environment and cause unnecessary waste (Finisterra do Paço and Raposo, 2008)⁴.

Thus, eco-friendly marketing is used to satisfy the wants and needs of consumers and protect the environment and benefits to the society in a more environmental friendly way (Welford, 2000)⁵. If companies are keen to adopt eco-friendly marketing successfully, they should incorporate the concept of eco-friendly marketing into all aspects of marketing activities. Companies should apply eco-friendly marketing strategies to increase perceived value of their eco-friendly products and reduce perceived risk of their products with respect to environmental consideration to enhance their competitive advantage.

At present, consumers are becoming fairly educated about their environmental responsibility and gravity of environmental problems and are willingly to choose eco-friendly products over traditional products. At the same time, the companies which apply eco-friendly marketing face numerous problems that include variation in demand, unawareness of consumers about eco-friendly products and their utilities, unfavourable attitude and perception of consumers towards eco-friendly products, dynamics in buying behaviour, dissatisfaction of consumers with eco-friendly products, heavy investment in product development and not ready to pay premium by consumers for eco-friendly products. Given the changes in consumer buying criteria toward environmental responsibility, companies should concentrate on this segment because it provides competitive advantage in the future.

1.2 ECO-MARKETING

The environment movement has generated a flourish of eco-conscious consumers and new problems for eco-friendly businesses to lift the bar on their efforts to include the concept of environment in their business activities. The friendliness to environment is the key aspect in products and services.

The American Marketing Association (AMA) conducts the first Workshop on Ecological Marketing in 1975. Two tangible landmarks for the first idea of green marketing comes in the appearance of published books, both of which are called Green Marketing by Ken Peattie (1992) in the United Kingdom and the other by Jacquelyn Ottman (1993) in the United States of America. Environment marketing means to the practice of selling products and / or services on the basis of their environmental benefits. Those product or service may be environmentally friendly in it or and it is produced or and packaged in an environment-friendly way (Singh, 2013).

1.3 ECO-MARKETING MIX

The raising concern for environmental problems has contributed to increase in the demand for environment friendly products and services. The limelight on sustaining the environment has generated term namely offsetting and carbon footprint. Many companies have modified their marketing strategies to capitalize the desire of consumer for environment friendly products and services. Environment friendly marketing strategy gets into account supplementary factors which are not generally element of the marketing mix. Hence, the

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components of marketing mix lead learn marketing to create the environmental marketing mix (Das et al, 2012).

Environmental Product Strategies

There are a huge number of environmental problems significantly influencing the production of goods and services. Environmentally friendly products can decrease and increase cost of production. It may increase costs for companies and their suppliers but this may be equalized by lower fuel cost through energy efficiency measures or an increase in sales volume created by good and positive product image.

Environmental Promotional Strategies

Because of the consumers, government and celebrity are involving in protection of the environment and environment friendly methods are adopted as promotional measures. The award of ISO 14001 that certifies the company has certain environmental standards, as certified by an independent external auditing agency.

The packaging of product that can be recycled will have information on the packaging obviously initiating the recycling properties for the packaging. Similarly products will be labelled, not only on the packaging but also around the shelves exhibiting the eco-friendly products. Besides, retailers encourage consumers for using the reusable bags that have a lot of benefits.

Environmental Pricing Strategies

Pricing should imitate the demand for the product, a wrongly priced product will decrease demand and these further cause difficulties by the effect of environmental problems have on pricing. The ideal price for eco-friendly products is decided by the target market. On the other side, companies try to reduce cost and increasing profit at the cost of the environment are creating negative publicity, sanctions, fines or may lose confidence among consumers.

1.4 MEANING OF ECO-FRIENDLY PRODUCTS

Environment-friendly or environmentally friendly or eco-friendly, (nature-friendly and green) are marketing and sustainability concept referring to goods and services, guidelines, laws and policies that claim decreased, minimal, or no harm upon the environment or ecosystems.

The terminology- eco-friendly is used to explain activities which are good for the environment. It is a short version of ecologically friendly or environmentally friendly or green used to illustrate alike activities. There are a variety of means in which activities can be eco-friendly, varying from products which are built in an environmentally friendly mean to creating changes in lifestyle that are planned to benefit the environment.

1.5 CHARACTERISTICS OF ECO-FRIENDLY PRODUCTS

The characteristics of eco-friendly products are:

- They have no toxic or little chemicals.
- They are produced efficiently by utilizing the least resources possible through environment friendly practices, processes and policies.

- They are produced with easily recyclable materials.
- They use low energy and also use wind or solar power.
- They use energy sources efficiently.
- They save gas and produce low carbon emissions.
- They are packaged in 100 per cent recycled materials.
- They are easily recycled and reused.

1.6 IMPORTANCE OF ECO-FRIENDLY PRODUCTS

The eco-friendly initiatives that are largely accepted across the world do have positive impact on lives across species, this shows that the initiative have confirmed to be imperative to people in many ways. The largest effect of the tendency of selling eco-friendly products is that the products assist in saving a lot of energy, which means that the carbon footprint that is generated by the people is cut down to a great extent.

1.7 ADVANTAGES OF ECO-FRIENDLY PRODUCTS

The eco-friendly products can assist to decrease toxic wastes and avoid environmental pollution. The major benefits of using eco-friendly products are saving energy, money and decreasing harmful substances.

Reduction of Pollution

The reduction of pollution is the most important advantage of using eco-friendly products. They assist in reducing the quantum of toxic wastes and non-degradable materials on the earth that means low pollution.

Personal Health

The use of eco-friendly products may eliminate chemicals and other substances that cause many health problems from the production stage to consumption stage. These products give fresher and greener life to the consumers.

Long-Term Savings

The eco-friendly products create savings and most of them are energy saving and efficient.

1.8 MAJOR INITIATIVES FOR ECO-FRIENDLY PRODUCTS

Efforts are on by different environmental agencies in India to preserve and safeguard the environment. The growing emphasis on environment has led to eco-friendly advertising as more number of companies are including the concept of environment into their organizational culture.

Advertisers are using different types of media to concentrate their ads on this socially responsible and innovative concept. Furthermore apart from making a good image, advertisements that promote eco-friendly products can generate awareness about what the people should do for conservation energy and environmental resources. The promotions of

eco-friendly products are, thus, beneficial to both the companies and the environment in the long run. The initiatives for eco-friendly products in India are (Nanda et al, 2016).

1.9 CONSUMERS BEHAVIOUR OF TOWARDS ECO-FRIENDLY PRODUCTS

The past decades bear witness to the rapid economic growth through increasing consumers' consumption worldwide. This, in turn, causes environmental deterioration through over-consumption and utilization of natural resources. The consequences of environmental degradation are global warming, depletion of stratospheric ozone layer, pollution of sea and rivers, noise and light pollution, acid rain and desertification reported that about 40 per cent of environmental degradation has been brought about by the consumption activities of private households.

Pollution is another vital environmental problem as a result of economic growth. Waste from industrial units and untreated sewage (Schlegelmilch et al, 1998) , gas and diesel powered vehicles and coal fired power plants are the primary causes of this pollution (Shahnaei, 2012) Those environmental problems have gained prevalence and have consistently become of more interest to the mainstream received attention worldwide.

1.10 STATEMENT OF THE PROBLEM

The successfulness of legislative measures and business strategies of companies aiming sustainability are eventually depending on the adoption of same by the consumers. Consumers are the key player in marketing of any product and they play a major role in the process of marketing. The success or failure of any business is highly depending on buying behaviour of consumers and understanding their preference and behaviour will ultimately lead to the maximization of efficiency of marketing strategies.

1.11 SIGNIFICANCE OF THE STUDY

The socio-economic profile of consumers of eco-friendly products is useful to gain knowledge on the socio-economic conditions which would considerably influence their eco-friendly buying. The consumer's attitude, perception and buying behaviour towards eco-friendly products are helpful for broad understanding of the consumer's insights, feelings, compassion and buying activities towards eco-friendly products.

1.12 OBJECTIVES OF THE STUDY

The specific objectives of the study are:

1. To study the consumer's attitude towards eco-friendly products.
2. To examine the consumer's perception towards eco-friendly products.
3. To identify the factors affecting buying behaviour of consumers for eco-friendly products.
4. To examine the consumer's buying behaviour towards eco-friendly products.
5. To measure the consumer's satisfaction towards eco-friendly products

1.13 SCOPE OF THE STUDY

The aims of this study mainly attempts to (a) examine the consumer's attitude, perception and buying behaviour towards eco-friendly products (b) identify the factors

affecting buying behaviour of consumers for eco-friendly products and (c) measure the consumer's satisfaction towards eco-friendly products. This research would help to re-examine and make changes in the present production and marketing strategies in order to improve the purchase behaviour and satisfaction of consumers towards eco-friendly products. The scope of study is limited to the eco-friendly products in Kerala State only.

1.14 HYPOTHESES

The hypotheses of the study are:

1. There is no significant difference between socio-economic profile of consumers and their attitude towards eco-friendly products.
2. There is no significant difference between socio-economic profile of consumers and their perception towards eco-friendly products.
3. There is no significant difference between socio-economic profile of consumers and factors affecting buying behaviour of consumers for eco-friendly products.
4. There is no significant difference between socio-economic profile of consumers and their buying behaviour towards eco-friendly products.
5. There is no significant relationship between attitude, perception, and buying behaviour of consumers towards eco-friendly products.
6. There is no significant association between socio-economic profile of consumers and types of eco-friendly products bought.
7. There is no significant association between socio-economic profile of consumers and their satisfaction towards eco-friendly products.
8. There is no significant impact of factors affecting buying behaviour on satisfaction of consumers towards eco-friendly products.
9. There is no significant structural relationship between factors affecting buying behaviour, buying behaviour and satisfaction of consumers towards eco-friendly products.

1.15 RESEARCH DESIGN

The descriptive research design is adopted for the present study. It is chosen to derive the meaningful relationship between attitude, perception, factors affecting buying behaviour, buying behaviour and satisfaction of consumers towards eco-friendly products.

1.16 PILOT STUDY

The data are collected from the primary source of consumers of eco-friendly products in Kerala state through pre-tested and structured questionnaire which is developed after an extensive review of literature. A pilot study is carried out for 71 consumers of eco-friendly products (10% of the total sample size) in Kerala state through the questionnaire method and personal discussion method.

1.17 SELECTION OF THE STUDY AREA

Kerala state is the small state situated at the Southern end of India with an area of 38,863 Square Kilometer and with a population of 3.33 crores. It has 14 districts namely

Thiruvananthapuram, Kollam, Pathanamthitta, Alappuzha, Kottayam, Idukki, Ernakulam, Trissur, Palakad, Malappuram, Kozhikode, Wayanad, Kannur and Kasaragod.

The state has 94 per cent literacy rate and the life expectancy is 74 per cent. English is largely spoken language in the state and it has high per capita income, skilled manpower, three international airports and 18 sea ports including one International Container Transshipment Terminal at Kochi. The state is one of the few states in India with negligible power cuts and it is known as spice garden of India. The state has world class health care systems and the highest life expectancy rates and it is the cleanest state in India. Kerala is one of the most progressive states in terms of quality of life and social welfare in India.

The service sector, tourism, banking and finance, business process outsourcing and transportation contributes highly to the economy with 63.80% of state GDP while agriculture and fishing industry account for 17.20% of state GDP. About three million Keralans work mainly in Persian Gulf countries, USA, Canada, Europe and Australia. The biggest contributor has been the remittance of Non Resident Keralites, Average remittance is Rs.200 crore per day which would work out 62,400 crores every year.

Majority of the population in Kerala belongs to the lower middle income groups and these groups are potential consumers for different categories of eco-friendly products. The communication and transport facilities are linked consumers with other national and international markets and also create the awareness and positive attitude towards eco-friendly products and their utilities among the consumers. The life styles of consumers are also quickly changing towards consumption of various eco-friendly products in Kerala.

1.18 SAMPLING PROCEDURE

The Kerala State is purposively selected for the present study. The major cities in Kerala state namely Thiruvananthapuram, Kochi, Kozhikode, Kollam, Thrissur, Alappuzha, Palakkad, Malappuram, Manjeri, Thalassery, Ponnai, Vadakara, Kannur, Kottayam and Kasaragod are selected for the present study. The consumers of eco-friendly products in these cities are selected by using convenience sampling method.

1.19 SAMPLE SIZE DETERMINATION

The sample size for the present study is determined by using the following formula:

$$n = [t^2 \times p (1 - p)] / m^2$$

n = required sample size

t = confidence level at 95% (standard value of 1.96)

p = response from the consumers of eco-friendly products in pilot study

m = margin of error at 5% (standard value of 0.05)

Step – 1:

$$n = (1.96)^2 \times 0.7 (1 - 0.7) / (0.05)^2 = 323$$

Step - 2:

To correct the difference in field survey, the sample size is multiplied by the design effect (D) and it is considered to be 2.00.

$$n \times D = 323 \times 2.00 = 646$$

Step - 3: Contingency

The sample is further increased by 10% to account for contingencies viz., non-response or recording error.

$$n + 10\% = 646 + (646 \times 0.10) = 646 + 65 = 711$$

Hence, the sample size for the present study is 711 consumers of eco-friendly products in Kerala State. The sampling distribution of consumers is presented in Table 1.1.

TABLE 1.1
SAMPLING DISTRIBUTION OF THE CONSUMEERS

Sl. No.	Name of the Major City	Population	Sample Size
1.	Thiruvananthapuram	957730	181
2.	Kochi	612343	116
3.	Kozhikode	550440	104
4.	Kollam	397419	75
5.	Thrissur	315596	60
6.	Alappuzha	174164	33
7.	Palakkad	131,019	25
8.	Malappuram	101386	19
9.	Manjeri	97,102	18
10.	Thalassery	92558	17
11.	Ponnai	90374	17
12.	Vadakara	75295	14
13.	Kannur	63795	12
14.	Kottayam	55374	10
15.	Kasaragod	54172	10
	Total	3768767	711

Source: <https://kerala.gov.in>

1.21 TOOLS FOR DATA COLLECTION

The structured questionnaire is developed based on prior research studies, experts' opinion and pilot study. The structured questionnaire consists of six parts. A five point Likert scale is used to measure the agreement levels of attitude, perception, factors affecting buying behaviour, buying behaviour and satisfaction of consumers towards eco-friendly products.

1.23 FRAMEWORK OF ANALYSIS

To examine the socio-economic profile of the consumers of eco-friendly products, types of eco-friendly products bought, frequency of buying of eco-friendly products and amount spent monthly for buying eco-friendly products by the consumers, frequency distribution and percentage analysis are carried out. The mean and standard deviation are worked out for consumer's attitude towards eco-friendly products, consumer's perception towards eco-friendly products; consumer's buying behaviour towards eco-friendly products and consumer's satisfaction towards eco-friendly products. To examine the difference between socio-economic profile of consumers and their attitude towards eco-friendly products, difference between socio-economic profile of consumers and their perception towards eco-friendly products, difference between socio-economic profile of consumers and factors affecting buying behaviour of consumers for eco-friendly products and difference between socio-economic profile of consumers and their buying behaviour towards eco-friendly products, Analysis of Variance (ANOVA) test has been applied. To identify factors affecting buying behaviour of consumers for eco-friendly products, an exploratory factor analysis has been used. To study the relationship between attitude, perception, and buying behaviour of consumers towards eco-friendly products, multiple correlation analysis has been employed. To study the association between socio-economic profile of consumers and types of eco-friendly products bought and association between socio-economic profile of consumers and their satisfaction towards eco-friendly products, Chi-square test has been applied. To analyze the impact of factors affecting buying behaviour on satisfaction of consumers towards eco-friendly products, multiple regression analysis has been applied. To examine the structural relationship between factors affecting buying behaviour, buying behaviour and satisfaction of consumers towards eco-friendly products, Structural Equation Model (SEM) has been employed.

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