Research Proposal

On

Impact of Green Marketing Practices on Consumer Behavior

(Study with reference to Consumer Durable Goods in India)

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Introduction

Today's marketer operates in a highly competitive environment. Excelling and being above the competition is need of the hour. Businesses need to constantly assess the latest and most attractive marketing trends. Marketing trends can be found out by continually researching about the changes in consumer behavior in the marketplace. By identifying the changes in the consumer behavior, the businesses can modify their offering to the consumers. Consumers today are more concerned about environmental degradation and negative impact of their uses of product and services on environment. The reason for this concern could be visible climatic changes, global warming and increasing air and water pollution. Thus using Green Marketing by the organizations not only provides an opportunity to meet consumer expectations and address their environmental concerns, but also to gain a competitive advantage and a strong consumer base (Renfro I, A, 2010).

Green Marketing is also termed as Environmental Marketing or Ecological Marketing. According to American Marketing Association, Green or Ecological Marketing is the marketing of products that are presumed to be environmentally safe. Thus Green or Ecological Marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising.

Michael Polonsky (1994), in “An Introduction to Green Marketing” has defined Green Marketing as “green or environmental marketing that 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”. According to him, “Green Marketing is related not only with the marketing of green products but actually it is much broader concept, i.e. it is not only related to the marketing of green or environment friendly products, but it incorporates a broad range of activities ranging from product modification, changes in the production process, changes in packaging, as well as modifying advertising of the products or removing any activity that impacts the natural environment in negative way.

For sustainability and growth, a marketer has to consider innovative environment friendly trends (Singh & Kushwaha, 2010). Today, the earth faces more environmental issues that ever before, hence it is imperative for companies to make and market themselves as environment friendly. Green Marketing
today is emerging as a popular promotional strategy owing to increased consumer awareness and concerns.

The concept of Green or Ecological Marketing calls upon businesses to follow ethical and green practices while dealing with customers, suppliers, dealers, employees etc. Companies have started marketing themselves as green companies. Even the PSU, state governments are now paying a lot of attention towards environmental issues such as global warming, pollution, water contamination etc. and have started taking steps to prevent the environment. In a recent survey conducted by National Geographic Society and the international polling firm Globescan (2010) to determine consumers' green attitude called “Consumer Greendex”, the top scoring consumers were in the developing economies of India, Brazil and China (in that order) while industrialized countries ranked the bottom. Consumers showing the largest increase in environmentally sustainable behavior were in India, Russia and the United States (Howe et. al. 2010). A company to be successful in green marketing requires to be committed to operate in environmentally friendly ways.

There are several issues and challenges identified by various researchers with respect to Green Marketing (Welling & Chavan, 2010). Practicing Green Marketing initially may prove to be a costly affair as it encourages green products/services, green technology (procuring new technology or modification of existing technology), green power/energy which requires a lot of money to be spent on R&D programs. High investment is required in marketing promotions to create awareness regarding green products and their uses. It requires the companies to extensively communicate the presence and benefits of green products to the consumers by means of various tools available for integrated marketing communication as the theme and message of the green advertisements is different from traditional advertising.

The customer may not believe in the firms’ strategy of Green Marketing which may require the firms to ensure that they convince the customer about their green product. This can be done by labeling eco-labeling schemes. Green products require renewable and recyclable material which is costly and it may result in low profits at initial stages. Green Marketing will be successful only in long run. Many customers may not be willing to pay a premium for green products which may affect the sales of the company. The firm may give up on Green Marketing concept or be forced to practice unfair means to cut cost to sustain in the competition and thus the entire idea of going green will be a farce.

The firm practicing Green Marketing has to strive hard in convincing the stakeholders as many of them may not believe or co-operate.

Organizations claiming to be green need to address the “four Ps” in innovative ways (Singh & Kushwaha, 2010). For example, organizations can identify the needs of the consumers and develop new products or modify existing products in environment friendly way to satisfy their needs.

Most consumers are ready for premium price if they see additional benefit (such as quality, environmentally safe product, fuel-efficient vehicles, and non-hazardous products) attached with the product. As far as green products are concerned, they are costly as compared to that of conventional
products. Investment in new technology for development of eco-friendly product is one of the most important reasons for high price of eco-friendly products.

Marketers looking for successfully introducing green products should position them broadly in the marketplace to make it available to the consumers as per their choice of place and time.

Promoting green products require that marketers do not overstate the environmental claims and communicate simply through sources that consumers trust. Marketers must promote their credibility to build trust in the mind of the customers.

Some of the Green Marketing Practices

Philips is marketing its Compact Fluorescent Light (CFL) as “Marathon”, highlighting its new “super long life”, energy efficient and U.S. EPA’s Energy Star label which added to its credibility and the product easily got accepted in the market.

Many consumer durable companies are now marketing their products with Energy Star Label stating that their use will reduce the energy consumption and consumers can save a lot of money on electricity consumption over a period of time.

Many companies are now offering more eco-friendly alternatives for their customers such as recycled products are one of the most popular alternatives that benefit the environment. Companies are now focusing on not to use plastic bags, instead they use carry bag made up of recycled paper (for example, Titan, Tanishq have made a corporate policy that the goods will be delivered or given to consumers only in the carry bags made out of recycled paper). Idea Cellular Limited also launched an advertisement stating saving trees towards their corporate social responsibility.

New Delhi, Indian capital, was one of the most polluted cities until Supreme Court of India intervened to change to alternative fuels. In 2002, Supreme Court issued a directive to completely adopt CNG in all public transport systems to curb pollution.

Many greenhouse gas reduction markets have emerged over a period of time that can catalyze projects with important local, environmental, economic, and quality-of-life benefits. Kyoto Protocol’s Clean Development Mechanism (CDM) is one of the steps towards greenhouse gas reduction. One of the barrier in facilitating participation and broaden the benefits of Kyoto Protocol’s Clean Development Mechanism, is the lack of market awareness among stakeholders and prospective participants, somewhat complicated participation rules; and the need for simplified participation mechanism for small projects.

Green Products

Actually there is no consensus on what exactly is green. There is no accepted definition of green product. However based on different definitions of green marketing, some common characteristics of products generally accepted as green, including the products are:
1. Energy efficient (both in use and in production).
2. Water efficient (both in use and in production).
3. Low emitting (low on hazardous emission).
4. Safe and/or healthy products.
5. Recyclable and/or with recycled content.
6. Durable (long-lasing)
8. Renewable.
10. Third party certified to public or transport standard (e.g. organic, certified wood).
11. Locally procured.

Why Go Green

One of the reasons for going green is that today marketing to consumer is totally different from what it was 20 years ago. Today's consumers are much aware about green products and their benefits to the environment and preserving the environment is on the top of modern consumers' mind. Conventionally marketing in these situations will not work. And hence it is very much crucial for the businesses to market themselves and their products as eco-friendly. This also enhances the sales of the organization (Ottman, 1998)

Another reason for going green is that it is considered as the most mainstream and modern ways to market a product and an organization as consumers are now aware of the benefits of green products and they are much concerned about the environment. Hence any organization operating green practices in their processes and products is considered as environmentally friendly by the consumers and they prefer to purchase the products of the organization that are marketing themselves as green organizations.

According to Michael J Polonsky, organizations perceive environmental marketing as an opportunity to be used to achieve its objectives (stated by Keller 1987, Shearer 1990). They also believe that they have moral obligation to serve the society in more environmentally friendly way (Shearer 1990, Davis 1992, Freeman and Liedtka 1997, Keller 1997). Certain laws are laid by the government towards the protection of the environment that forces the firms to become more socially responsible. At the same time, the environmental activities adapted by competitors also pressure the firms to change their marketing activities to environmental marketing activities.

Green products have also proven to be recession proof through the economic downturn of 2008 and 2009. According to a Datamonitor study, in the first six months of 2009, there were over 500 new product launches of goods that claim themselves as eco-friendly.
Green Marketing Practices in India

Nike is the first among the shoe companies to market itself as green with marketing of its Air Jordan shoes as environment-friendly. Nike claimed that it has reduced the usage of harmful glue adhesives (Welling & Chavan, 2010)

Kansai Nerolac Paints is marketing themselves as green as they have removed hazardous heavy metals from their paints and are marketing their lead free paints in India.

Dell focus on producing green IT products under their strategy called “Go Green with Dell”. Dell products are also coming in eco-friendly packaging with a system recycling kit bundled along. They are also focusing on green innovations from data-center efficiency to the use of eco-friendly materials for everything from chassis design to product packaging.

Hospitality Valuation Services (HVS) is promoting a certification system for eco hotels based on 5 main criteria: environmental commitment, solid waste management, energy efficiency, water conservation, and employee education/community involvement.

In 2007, IBM launched Project Big Green to help clients around the world improve the efficiency of IT and better optimized their data center resources. IBM has software and services technologies to help businesses reduce data center energy consumption and cut energy costs by more than 40 percent.

Supreme Court of India forced a change to alternative fuel (CNG) and issued a directive to completely adapt CNG in all public transport systems to curb pollution in New Delhi.

Gas Tech Electronic Products (Pvt.) Ltd. invented LPG kit for motorcycles/scooters (4 stroke and 2 stroke) which can be fitted in 50 cc o 375 cc air cooled, single cylinder 2 stroke as well as 4 stroke vehicles with cent percent fuel efficiency, with clean exhaust and zero pollution (Welling & Chavan, 2010)

Major consumer durable goods manufacturing organizations are selling their products with star energy ratings that help to consume less energy. More is the star rating (maximum rating is 5 star) of the electrical/electronic appliance, less is the energy consumed.

Nokia has come up with the concept of recycling of phones to save the natural resources to a large extent.

In Real Estate sector, property developers are now using fly ash bricks to reduce soil erosion due to manufacturing of traditional bricks. They are also using solar panels to generate electricity for common passage lighting, elevators o reduce the traditional electricity consumption.

Footwear Design and Development Institute (FDDI) is focusing on re-use of tyres, using unconventional methods and innovatively creating footwear and accessories from old and recycled tyres.
Global Green Marketing Practices

McDonald's replaced its clam shell packaging with waxed paper because of increased consumer concern relating to polystyrene production and Ozone depletion.

Tuna manufacturers modified their fishing techniques because of increased concern over drift net fishing, and the resulting death of dolphins.

Xerox introduced a "high quality" recycled photocopier in an attempt to satisfy the demands of firms for less environmentally harmful products.

Timberland (a shoe and apparel company) used eco-friendly means in terms of the packaging of their products by making their shoe boxes out of 100% recycled material along with the introduction of a new label on their shoes, similar to a food nutrition label, which listed the shoe's organic, recycled, and renewable materials content (Renfro L A, 2010)

PepsiCo, made a company-wide commitment to the environment in terms of their business operation and since 2007, PepsiCo has implemented solar energy into their buildings and recycles water from their factories.

Literature Review

The first workshop on "Ecological Marketing" by American Marketing Association (AMA) in 1975 resulted in one of the first books on green marketing entitled "Ecological Marketing". However Green Marketing acquired an eminent status since early 1990s.

Indian government has already introduced Environment Protection Act in 1986 and Environment Audit in 1992 for the protection of the environment. As the resources are limited and human needs and wants are unlimited, resources has to be utilized economically and in environment friendly way.

According to Michael Porter and Claas van der Linder (1995), properly designed environmental standards can trigger innovations that lower the cost of the product or improve its value. Such innovation will allow the companies to use a range of inputs more productively - from raw materials to energy to labor - thus offsetting the cost of improving environmental impact and hence enhanced resource productivity will make companies more competitive. Innovation will play a lead role in sustainable development for the companies to be competitive and resisting innovations will lead to loss of competitiveness in today's global economy (Porter M E and Claas van der Linder, 1995).

A strong willingness is shown by consumers to favor environmentally conscious products and companies as per various opinion polls taken in U.S. and elsewhere, however action to do so in reality are debatable (Mendelson N, Polonsky M J, 1995).

According to Joel Makower, challenges faced by Green Marketer include the lack of standards or public consensus about what constitutes "green". Despite these challenges, green marketing continued to
gain popularity in light of growing global concern about climate change. Companies are coming forward to showcase their commitments to reduce adverse climate impacts of their products and services.

Sustainability in terms of marketing of green products/practices is very crucial. Sustainability is defined as consumers’ long term loyalty towards the product and/or organization.

Welling & Chavan (2010) has stated that due to increased momentum in the context of global warming and climate change, companies are forced to incorporate the principles of green marketing and that green marketing will play an important role in sustainable development and hence every firm needs to adapt innovative methods to sustain itself in the competitive environment.

Green Marketing can play an important role in sustainable development. For this, firms must adapt innovative methods to sustain itself in the competitive environment. Dr. P. S. R. Murthy (2010) in his paper titled Strategic Green Marketing for Survival, has stated that green marketers can achieve the sustainability by the following:

a. Focusing product development on sustainability.

b. Setting realistic prices.

c. Eliminating unnecessary packaging.

Kaplan and Norton (1992, 1996) have given the concept of Balanced Scorecard (a strategic management tool) that identifies the strategic issues of a business and explains the causal contribution of those issues that helps towards successful achievement of the firm’s strategy. Balanced Scorecard concept can also be used to consider the non-monetary strategic success factors and can incorporate environmental and social aspects into the firm’s management (Figge et al., 2001, 2002a, 2002b).

If the environmental and social management can be integrated with the business management, it may lead to the development of Sustainability Balanced Scorecard (Figge et al., 2001, 2002a, 2002b). They have suggested the following steps towards the development of SBSC.

1. Choose Strategic Business Unit
2. Identify environmental and Social Exposure
3. Determine strategic relevance of environmental and social aspects

(Process of formulating SBSC)
Strategic balanced scorecard helps to address various social as well as environmental issues with regard to their relevance for strategy implementation and execution for a particular business unit (Schaltegger and Ludeke-Freund, 2011).

According to Moller and Schaltegger (2001), eco-efficiency analysis can act as a bridge between the balanced scorecard and environmental management information systems. They suggested that eco-efficiency analysis provides a data source for sustainability balanced scorecard and serves as a link between the balanced scorecard and environmental accounting systems of the business.

Jacquelyn Ottman (2011) suggests that from an organizational standpoint, all aspects of marketing such as new product development and communications should be integrated with environmental considerations. This holistic view of Green Marketing suggests that besides suppliers and retailers, new stakeholders including educators, members of the community, regulators, and NGOs should also be taken into purview. Environmental issues should be balanced with primary customer needs.

Ishaswini and Datta (2011) in their paper titled “Pro-environmental Concern Influencing Green Buying: A study on Indian Consumers” have said that shift towards more sustainable consumption patterns is required. The rising numbers of consumers who prefer and are willing to purchase eco-friendly products are creating opportunity for businesses that are using “eco-friendly” or “environmentally-friendly” as a component of their value proposition.

Rationale of the Study

Today, the earth faces more environmental issues than ever before, which includes global warming, pollution, ozone layer depletion, and water contamination. Concern over environmental degradation has led to increased worldwide interest in finding alternatives to the conventional products and their means of marketing. In addition to general environmental concern, fairly radical changes in consumer perceptions about various products they use have occurred over last few decades. Consumers are concerned about many additives mentioned on food product labels and have shown interest in using the products having minimal detrimental impact on natural environment.

Eco-friendly business operations and green marketing are not only beneficial to the environment, but it also helps the business to gain competitive advantage and a strong consumer base. Hence, it is imperative for companies to make and market themselves as environmentally friendly. Thus green marketing today, has become a popular promotional strategy.

Green Marketing is considered as the most mainstream and modern way to market a product and an organization. Hence any organization operating green practices in their processes and products is considered as environmentally friendly by the consumers and they prefer to purchase the products of the organization that are marketing themselves as green organizations.

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. As green marketing is different from the marketing in traditional way, marketers need to know the factors that persuade the consumer to buy the green products. This study aims to resolve the research question that what factors influence the consumer persuasion to buy the green product or not. The hypothesized relationships are shown in Figure 1: Conceptual Model.

Figure 1: Conceptual Framework

**Objectives of the Study**

Following are the objectives of this study.

a. Primary Objectives
   I. To explore the challenges and opportunities in green marketing with respect to consumer durable goods in India.
   II. To analyze the green marketing strategies adapted and practiced by consumer durable goods companies in India and their influence on consumer behavior towards green products.
   III. Integrating Balanced Scorecard Framework to analyze demand aspects (such as consumers' attitudes and purchasing behavior towards green products) and supply aspects (such as availability and the problems associated with marketing of green products) of green products.
   IV. To identify the factors that influences the customer persuasion to buy green products.
b. Secondary Objectives

I. To investigate the level of awareness of Indian consumers about green products/practices.
II. To measure the green values of the customers.
III. To identify the brands, consumer associate with green marketing practices.
IV. To investigate the preferences of Indian consumers about green products.

Hypotheses

Based on the literature reviewed and the conceptual model following hypotheses were generated to be verified with statistical analysis.

H1: There is no significant difference in green values on the basis of gender.
H2: There is no significant difference in preference of green products with respect to the academic qualification of the consumer.
H3: There is no significant difference in buying intentions for green products with respect to the academic qualification of the consumer.
H4: There is no significant difference in preference of green products with respect to the gender of the consumer.
H5: Preference of green products is independent of green values.
H6: Purchase of green products is independent of green values, awareness about green products and perception regarding seriousness of green marketers.

Scope of the Study

Every organization today is utilizing their resources in such a manner that will minimize the effect on natural environment. Green marketing practices make the consumer to think of the organization as eco-friendly. The importance of adapting ecological marketing practices has been increasing globally as the consumers are now much more concerned about the environment protection and are demanding green products. The management cannot ignore it at any cost in present highly competitive situation. The ecological marketing practices have to be adapted and implemented with a commitment towards protecting the natural environment. This includes many challenges and issues. Hence for this purpose the leading companies from the consumer durable industry in India would be taken for the study. The scope of the topic is limited to study the green marketing practices and its effect on consumer behavior in India.

Research Methodology

1. The Study

This research would be descriptive research. The topic is theoretical and data will be collected from consumers of electronics consumer durable goods. The descriptive research is the most suitable to the topic selected.
2. The Design

Dependent Variable
   a. Customer behavior

Independent variables
   a. Awareness about green products
   b. Green Values of Customers
   c. Green claims of organizations
   d. Price of green products
   e. Brand associations

3. Sample

   a. Sample Size Determination
      Sample size will be calculated by following formula

      \[ n = \frac{Z^2 \cdot p \cdot (1-p)}{E^2} \]

      where, \( n \) = sample size
      \( Z \) = Critical Ratio for particular confidence interval
      \( p \) = sample proportion
      \( E \) = error

   b. Sampling procedure
      For this study, non-probability quota sampling will be used.

4. The Tools

   a. For Data Collection
      For collection of primary data, the instruments would include questionnaire, interview, telephone, internet and email.
      Secondary data will be collected from research journals, publications, periodicals and websites.

   b. For Data Analysis
      Data Analysis will be done with the help of statistical analysis software (SPSS).
      Analysis will be done using descriptive statistics, Parametric and Non-parametric tests.
5. Possible Outcomes and expected contribution of study

a. It is expected that the study on the mentioned topic would contribute in clarifying the concepts relating to the green marketing practices and understanding consumer purchase behavior for green products. It will also help to identify the challenges and issues the marketers are facing with respect to promoting green marketing practices and products.

b. The beneficiary from this study would be first of all self-researcher, academicians, practicing managers, prospect researchers and the consumer durable goods companies under study. Academicians, practicing managers and research students may take benefits for research purpose and for solving issues in the organization.

References


Chapter Plan

1. Introduction
   a. Definition and explanation of variables under study.
   b. Introduction of Green Marketing
   c. Green marketing practices in present global scenario
   d. Consumer Durable Industry in India
   e. Green Marketing Practices of leading companies of consumer durable industry in India

2. Rationale of study

3. Objectives of study

4. Review of Literature

5. Method
   a. Nature of Study
   b. Design of Study
   c. The Sample
      i. Sample size determination
      ii. Sampling procedure
   d. The tools
      i. Tools for data collection
         1. Primary data collection
         2. Secondary data collection
      ii. Tools for data analysis

6. Results

7. Discussion

8. Conclusion

9. Suggestion

10. Implications of the study

11. References

12. Appendices