

Analysis of the relationship between Green Marketing and Indian Consumer Purchasing Behaviour through Literature Review

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ABSTRACT: Green Marketing is a concept that needs detailed introspection because of increased consumer awareness about the planet's welfare. People prefer to purchase products that have environmental benefits and thus, brands can build better loyalty amongst potential consumers through sustainable and ethical business practices. Consumers can make informed decisions about their purchases, through a plethora of available information sources. More people are getting inclined towards environmentally sustainable products because of their genuine concern for the welfare of the planet. A company can build a positive brand image through Green Marketing practices. However, it must also be analysed whether such positive brand loyalty can translate into higher number of purchases and generate greater revenue for the companies. This paper aims to analyse how Green Marketing and Purchasing Decisions are related, through a critical analysis of past literature, with respect to India.

This paper gives a brief introduction and overview of Green Marketing. Subsequently, the paper presents the literature review, which was conducted on the impact of Green Marketing on Purchase Behaviour. Based on the findings of the literature review, the implications of Green Marketing are highlighted in the paper. Next, the recommendations are provided for the potential problem and a conceptual framework is presented. Finally, the paper ends with suggestions on future research about how purchasing power can be closely tied with green and sustainable marketing strategies.

KEYWORDS: Green Marketing, Purchasing Behaviour, Consumers, Indian

Date of Submission: 28-04-2020

Date of Acceptance: 11-05-2020

I. INTRODUCTION

With an increase in the number of industries and business conglomerates, several ecological and environmental problems have also increased. Contemporary consumers do not just associate a brand with monetary value anymore. Instead, they want to be associated with brands that are environmentally sustainable and ecologically friendly. The main characteristics of Green Marketing are sustainable production, absence of toxic materials, suitability for recycling, renewable composition, lack of excessive packaging and the multiple reusability (Ward, 2019). Several organizations are taking initiatives to implement sustainable business practices, to reduce expenses like packaging, avoidable energy exploitation and excess water usage. Apart from this, organizations are also using Green Marketing to increase brand loyalty among socially conscious consumers and build a niche market segmentation.

II. ISSUES ASSOCIATED WITH GREEN MARKETING

According to the 2014 Nielsen Global Survey on Corporate Social Responsibility, a poll was conducted on 30000 customers from 60 countries and it had been found that 55 percent of shoppers were willing to pay extra for products and services that had positive social and environmental impacts ("Global Consumers are Willing to place Their Money Where Their Heart is When it involves Goods and Services from Companies Committed to Social Responsibility", 2019). Out of the surveyed consumers, 52% people had made at least one purchase in the last 6 months from a socially responsible company ("Global Consumers are Willing to place Their Money Where Their Heart is When it involves Goods and Services from Companies Committed to Social Responsibility", 2019). Around 52% people had also checked the packaging and labelling details before purchase ("Global Consumers are Willing to place Their Money Where Their Heart is When it involves Goods and Services from Companies Committed to Social Responsibility", 2019). These statistics clearly depict that folks are willing to be more conscious and responsible in their purchases. Thus, brands must be more socially responsible and tuned in to the image that they create within the minds of consumers, so as to create a robust brand loyalty. However, good brand image doesn't always correlate with or translate into higher profits for organizations. Consumers are still apprehensive about the products that they buy because companies engage in Greenwashing, rather than authentic Green Marketing. Besides, consumers are confused about the worth proposition offered by green products and don't want to spend extra cash on their purchases.

Several companies engage in Greenwashing, instead of engaging in environmentally sustainable activities. In the contemporary business scenario, Greenwashing has become a significant problem because consumers don't have adequate knowledge about real Green Marketing activities. Consumers tend to connect more with brands that are environmentally sustainable and thus, many companies engage in Greenwashing to achieve a larger customer base. Such companies depict a false image of Green Marketing and deceive consumers into buying their products, under false pretenses.

This is a persistent problem within the corporate sector because Greenwashing can have several detrimental effects. If consumers are told about Greenwashing tactics utilized by companies, they're going to tend to lose faith within the concept of Green Marketing and become sceptic of other brands, which are authentic in their operations. Some bad experiences can turn consumers suspicious of Green Marketing overall. The particular environmental effects of greenwashed products can even be harmful. Deceptive PR activities can cover the harmful effects of certain products, which are popular within the market. Consumers don't want to pay unfair prices for any product or service. When consumers genuinely care about the environment and are willing to pay more prices for green products, they'd not want to spend money on a Greenwashing company. If consumers find out about Greenwashing activities by a company, the damage to its image is more cost-intensive than (Legg, 2019)

Organizations need certifications to prove their claims for green operations. Such certifications are expensive to get, and therefore the process of obtainment is a protracted additionally as an arduous one. Such certifications can prove a brand's reliability. However, companies must incur additional costs for Green Marketing certificates and this reduces their overall profitability.

Companies must change their marketing campaigns to change to a green image. Such campaigns are difficult to change to and corporations must employ additional resources for this. Changing marketing tactics takes time and replacement strategies are expensive as well. Sustainable efforts and practices are designed to avoid wasting money, but when an organization puts effort into making their brand more environmentally responsible, such new changes can have increased upfront costs (Lamoureux, 2017).

In the context of those problems, it's understandable that Green Marketing doesn't always translate into better revenue generation for organizations. Literature review on this subject shows how consumers react to Green Marketing initiatives by organizations.

III. LITERATURE REVIEW

According to Yadav and Pathak (2013), Green Marketing has evolved in India through various initiatives taken by the Government as well as various other organizations. The examples of HCL, Voltas, Pidlite, SBI, etc. have been highlighted to show how corporate organizations have come up with green and sustainable products and services for the benefit of the planet. The Government of India has allocated specific budget for green initiatives in the country. However, Yadav is also of the opinion that the Indian consumers are still resistant to adopt to Green Marketing completely. They fear changes in prices and are not aware of the positive impacts of eco products. Lack of standardization, high initial costs and Greenwashing are major problems in the implementation of Green Marketing in India. India is still at a nascent stage in the implementation of mass Green Marketing. Indian consumers are paying greater attention to green products and companies can build competitive advantage through sustained efforts in Green Marketing. This paper claims that the results of regression analysis in the study, depict the view that green values, awareness about green products and the seriousness of marketing companies towards Green Marketing had positive significant impact on consumer mindset to prefer green products over normal products (Bhatia & Jain, 2013). The authors recommend that television and newspapers should be used on vast scales, to attract more consumers towards ecological products. It is the responsibility of the marketers to come up with new ideas to promote green products. Kanwar (2014) believes there are specific factors that are associated with consumer perception of Green Marketing. A survey was conducted among two different sections of the society-developed and underdeveloped. Through the reactions recorded, it was seen that most organizations in India had adopted to the idea of ecological production and Green Marketing. Unfortunately, Indian consumers are still reluctant to purchase green products due to high prices but no significant differences in quality (Kanwar, 2014). Marketers have to build realistic as well as moral value propositions to increase awareness about Green Marketing. Consumers are often not aware of green product marketing communication and a greater use of marketing and brands to promote and sell products that are environmentally friendly and function effectively (Maheshwari, 2014). There is still a wide gap in the understanding of green products and it has been observed that green products work better when they are sold under the umbrella of a well-established brand. Consumers tend to trust Green Marketing claims better when a trusted brand is associated with the product. As per a paper by Muthukumar (2015), there are several positive trends associated with Green Marketing currently in India. The paper highlights that Green Marketing is a competitive advantage strategy and can earn goodwill of consumers for specific brands. The paper also shows how Green Marketing is being used as a

strategy by big Indian companies, through their product mix. As per Syal, & Jindal (2016), the FMCG sector provides good potential for Green Marketing. There is still lack of awareness amongst consumers and thus, FMCG companies should promote Green Marketing strategies through Facebook and WhatsApp advertisements. In fact, if FMCG companies can provide consumers with price concessions, more people will prefer to buy green products. According to Bhavana & Thiruchanuru (2018), there is a difference between the perception of Green Marketing in the minds of the older generation and the young generation. There are four categories of gaps in customer perception, regarding Green Marketing in India. These gaps are with respect to manufacturer's perception, misinterpretation of customer perceptions, discrepancies in product design and conformance of a product to standards. This gap model signifies that generation Y is more sensitive to price, while generation Z is more concerned with social causes. As per Shukla (2019), a TPB model that was constructed on goodness-of-fit indices, depicted that environmental responsibility was a major factor behind green purchasing behaviour. Consumers must feel involved with the cause of environment protection, to purchase green products at higher prices.

IV. OBSERVATIONS FROM THE LITERATURE REVIEW

From the literature review, it can be seen that consumers are aware of Green Marketing strategies taken by companies and are appreciative of such brands. However, only a certain percentage of consumers prefer to buy products that are green, because people are price-sensitive and would not prefer to shell out more money for a greener product. Social consciousness has come to the forefront amongst consumers, but they are still undecided about whether they want to change their purchasing behaviour completely and switch to green products. Companies are trying to be environmentally sustainable, but such initiatives come at a higher cost. Thus, greener products have higher prices than normal ones. Consumers are aware of the importance of Green Marketing but are still apprehensive about the increase in prices that they have to pay, if they switch to greener products. Thus, increased awareness has not translated into higher sales for Green Marketing campaigns. In India, Green Marketing is still a relatively new concept and consumers will take time to adjust to the mindset of purchasing environmentally sustainable products only. There is still a gap in the understanding of Green Marketing and sustainability, in the Indian society. While the educated section of the society understands the implications of green products, there is still a major group in the Indian population that is not concerned with the ecological or environmental impacts of the products that they are using. It is thus, important to educate consumers more about the positive effects of Green Marketing.

1. Important pointers from the literature on Green Marketing

- a) Social Consciousness and Green Purchasing are directly correlated
- b) Green Premium is the price difference that consumers need to pay for green products.
- c) Education and Green Purchasing Behavior are directly related.
- d) Green Marketing is still relatively new in Indian society

V. RECOMMENDATIONS

The future of the planet lies in the judicious and sustainable usage of products. Consumers must be responsible in their purchasing behaviour and companies must promote environmentally sustainable ways of production as well as marketing. To propagate the idea amongst consumers, companies have to be genuine and honest in their endeavours for the planet. While most of the articles mentioned the need to educate consumers, there should be a clear roadmap for the same. Since Green Marketing is still in its infancy, organizations should take initiatives like educating consumers about the steps that they themselves can take for sustainability. For example, consumers can be encouraged to buy products with less packaging and opt for organic food. Unless consumers understand how they can make an impact on the planet, they are unlikely to switch to green products. Companies can take initiatives like explaining the benefits of switching off lights, using lesser water and recycling products. If consumers can be educated about their daily lifestyles, they can realize the positive implications of green products even better. Companies should tie their Green Marketing initiatives with the daily lives of consumers, to educate them better and convert their purchasing behaviour. Consumers must feel involved with the cause of Green Marketing, to build strong brand loyalty for organizations.

Through the literature review, gaps are identified in Green Positioning by brands. Through the literature review, it is clear that Indian organizations are yet to build Green Marketing as a competitive advantage tool. While organizations promote Green Marketing as a part of their campaign, there is still a long roadmap for integrating green practices into the overall company operations. Green Positioning can help organizations inculcate the concept of "green" in everything. If a company is ethical in its operations and is transparent about the way it conducts business, consumers are more likely to purchase from such brands. Ethics should be a core focus for organizations. For the price-sensitive consumer group, an organization must highlight how a green product or service can help consumers save key resources. Consumers will make a switch to green products if they genuinely feel connected with the company's motto. In fact, the best

approach for converting the buying behaviour of consumers would be to make them understand that an expensive purchase can give them more benefits and help them save resources in the future. Long-term benefits of green purchases can outweigh the short-term cheaper purchases. Greenwashing must be avoided at all costs, because in a country like India, it is easy to fool the uneducated section of the population. To build a holistic economy, which benefits everyone, companies should avoid unethical practices and instead, focus on bringing consumers under a common umbrella of sustainability and environmentalism. The onus should be on “Planet, People and Profit”, simultaneously. Since consumers are sceptical of green washing, they often confuse genuine Green Marketing efforts with fraudulent marketing techniques. To generate higher revenues, organizations have to work in close collaboration with stakeholders to align their business operations as per the feedback received. Besides, the company has to maintain green activities in the long term and not just confuse consumers in the short run, with temporary propaganda on Green Marketing. The efforts should be continuous and long-running, to be able to convert more consumers towards responsible green purchases. Organizations should also get all clearances and certifications, as necessary, for validating claims about Green Marketing. Consumers should be involved with the company operations to ensure transparency.

VI. FACTORS THAT CAN IMPROVE GREEN MARKETING AWARENESS IN INDIA

In order to increase awareness about Green Marketing and subsequent green purchases in India, it is important to use different communication media and educate people about the importance of environmentally sustainable practices and strategies. Education can help people understand why Green Marketing is important and how they can contribute towards the planet’s welfare by using recyclable, reusable and ecological products. Education and social awareness are correlated. An increase in education level can cause an increase in awareness for people.

Social Awareness and Green Marketing are also positively correlated. If consumers are more aware of green products, organizations can make more such campaigns and increase their consumer base. The variables that can impact Green Marketing are pricing strategies, promotional tools, green label certificates and packaging. The importance of each of these can be elucidated as:

1. **Pricing-** Organizations have to convince people that the prices that they are pitching for green products are appropriate. Green premium has to be justified, so that consumers are willing to shell out extra money for such products. Only when consumers agree to pay extra prices, Green Marketing campaigns can be successful. There should be a willingness on the part of consumers to pay extra prices for ecological products.
2. **Promotion-** It is essential to increase customer demand, have clear product differentiation and strengthen supply chain relationships as well. The marketing promotions should follow governmental regulations, avoid greenwashing and increase awareness about environmentally sustainable products.
3. **Packaging-** Bioplastics, recycled paper and recycled jute bags can be used to increase awareness about Green Marketing (“Benefits of eco labelling, n.d.). Consumers are most likely to trust a product if it is packed, in accordance with green standards, and is safe for usage. Such packaging can help in reduced use of natural resources, increased use of recyclable products and cleaner as well as safer environment.
4. **Green Certificate-** When products are green labelled, consumers are more informed and aware of the environmental impacts of these products. Once consumers are more empowered with such information, manufacturers can make environmentally responsible decisions. With greater collaboration between consumers and manufacturers, the need for strict regulations are reduced. Market development is also stimulated through more demand for green products. The government can keep close monitoring on products with green certificates and validate/falsify these claims.

VII. SUGGESTED FRAMEWORK

Based on the critical analysis of the literature review, a framework can be designed to directly co-relate the purchasing power of consumers and Green Marketing initiatives taken by companies. In order to translate Green Marketing strategies into effective revenue generation, a company has to design a framework that encapsulates several related factors.

The red line represents correlation and the blue arrow depicts cause-effect(in figure 1).

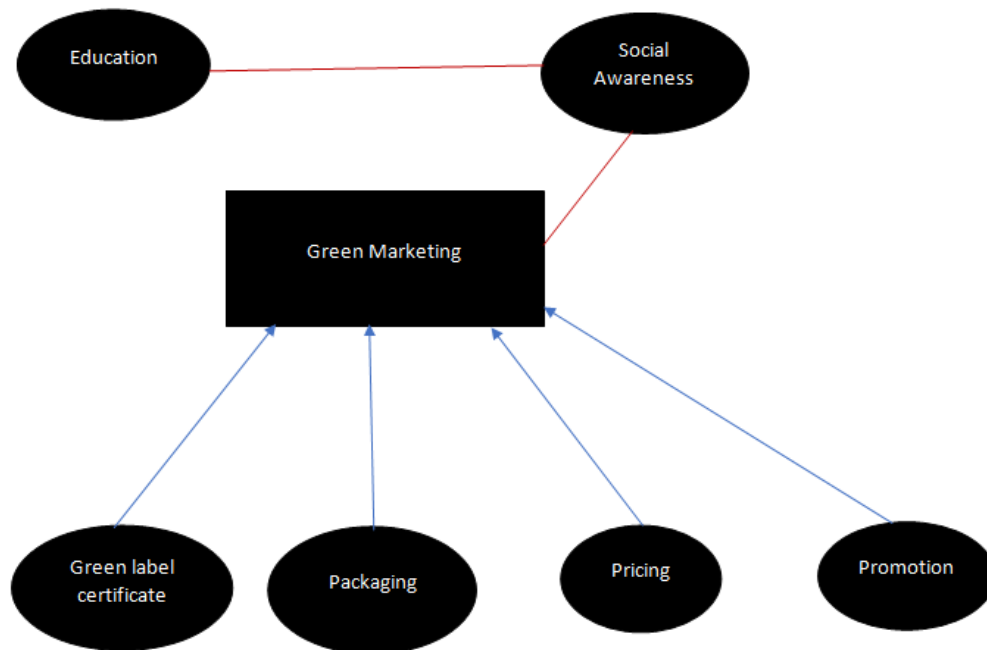


Figure 1: Suggested framework of Green Marketing in India

There has to be a proper amalgamation of these factors, in order to have a conjunct system of Green Marketing. The basic objective of any company must be to have a genuine concern for the environment. With this objective in vision, organizations can try for stronger consumer involvement, via packaging, pricing, promotion. Green certifications and Corporate Social Responsibility endeavours of a company can bring about more transparency about its brand image. These factors are inter-related and can be used in conjunction to design a Green Design for the company. All the major strategies and operations will have alignment with sustainability and Green Marketing will be the main campaigning followed for the promotion of its products and services.

Education and Social Awareness are positively correlated. Social Awareness and Green Marketing are also correlated positively. Factors like Pricing, Promotion, Green Certificates and Packaging cause Green Marketing to be successful. These factors lead to effective implementation of Green Marketing.

The main cause behind the implementation of Green Marketing strategies is concern for the environment. The independent variables like Green Certification, Packaging, Promotion, Pricing impact Green Marketing, which is the dependent variable. Consumers can be made aware of the positive effects of green products through sustainable marketing innovations. Companies should ensure that consumers are convinced to buy environmentally-responsible products, through the medium of Green Marketing. This framework can be used by organizations to increase customer involvement and conduct Green Marketing in a responsible manner.

VIII. FUTURE SCOPE

Indian consumers still need to understand the significance of Green Marketing, in the contemporary economic context. There is a gap between the expected and the actual understanding about Green Marketing amongst the Indian consumers. To bring a holistic growth in business as well as sustain the planet in the best possible manner, Green Marketing has to be at the forefront. Future researchers can focus on this gap in the understanding of the importance of Green Marketing and take a state-wise approach to show how people react differently to this concept in India. While the impact of Green Marketing on consumer behaviour in specific states has been discussed, the focus should be on conducting similar studies in all 29 states in India. A state-wise comparison can give a clear picture of the mindsets of Indian consumers and help analyse whether different people in different states react differently to green products. Besides, future researchers should also focus on finding alternate methods of sustainable marketing, which can attract more consumers towards greener products. Future research should focus on how price-sensitive consumers can be convinced to purchase greener products.

IX. CONCLUSION

A critical analysis of the topic shows that Green Marketing can be a holistic concept and can impact the future of the planet positively, if more people buy environment-friendly products. In fact, businesses should be

aligned towards sustainable development for the planet and its people. Organizations should be aligned towards this goal and produce environmentally sustainable products as well as services. Consumers should also align their buying behaviour accordingly and ensure that they are responsible in their purchases. Newspapers, television and social media sites should be used efficiently and effectively, to educate people about the importance of Green Marketing. Big brands should also work towards a greener economy and ensure that their actions are ecologically sustainable. There has to be a sustained effort to bring consumers together and make them understand how Green Marketing is a novel concept and how a positive change in their purchasing behaviour can impact organizations profitably. Such profitability can go in close conjunction with the benefits of people as well as the planet. Green Marketing should be pushed further, in order to impact the purchasing behaviour of consumers in a positive direction.

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Avirupa Basu. "Analysis of the relationship between Green Marketing and Indian Consumer Purchasing Behaviour through Literature Review." *International Journal of Business and Management Invention (IJBMI)*, vol. 09(05), 2020, pp 30-35.