

GREEN MARKETING OF PRODUCT IN FMCG SECTOR IN MAHARASHTRA.

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INTRODUCTION

Whole World is identifying the need of the Green Marketing, Environmental Marketing and Ecological marketing which gives the same meaning to the research area. Although environmental issues influence on all most all activities in our day today lives. Especially from Indian business discipline, FMCG sector is a considerably large sector in the economy which has to open their eyes on eco friendliness. As society becomes more complex with the environmental pollution and unethical business practices, now both consumers and business organizations are concerned with the natural environment. So businesses have begun to modify their behavior in an attempt to address this society's "new" concerns .The FMCG sector is one of growing industry that concern about the green marketing issues. Most of marketing practitioners are using green elements as powerful marketing tools. In this context, this study focus on examine the consumer attitude towards green products of FMCG Sector.

RESEARCH PROBLEM AND OBJECTIVE

Environmental sustainability is a matter which cannot be ignored, so business organizations have to recognize the competitive advantages and business opportunities to be gained from green marketing although it may cost to the organization. Consumers also have to largely aware of the usefulness of adapting to the green products. Green marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising. However there is a big argument among the marketing philosophers regarding attractiveness of green product to customers in developing country like India. With this background, the researchers have made attention on attractiveness of green marketing strategies in India. The Main objective of the study is,

- To investigate the consumer attractiveness towards eco- friendly products in FMCG sector and their impact of purchasing decision.
- To evaluate consumer attitudes and perception regarding eco-friendly FMCG products under four value-added areas such as product, package, place and promotion that lead towards the motivation of consumption.

LITERATURE REVIEW

While green marketing came into prominence in the late 1980s and early 1990s, it was first discussed much earlier. The American Marketing Association (AMA) held the first workshop on "Ecological Marketing" in 1975. The proceedings of this workshop resulted in one of the first books on green marketing entitled "Ecological Marketing" (Henion and Kinnear 1976a). Since that time a number of other books on the topic have been published (Coddington 1993, and Ottman 1993). Green marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising. (Polonsky, 1994) World-wide evidence indicates people are concerned about the environment and are changing their behavior accordingly. As a result there is a growing market for sustainable and socially responsible products and services. (Environmental protection agency -2000) Green consumerism is often discussed as a form of 'pro-social' consumer behavior (Wiener and Doeshier, 1991). It may be viewed as a specific type of socially conscious (Anderson, 1988) or socially responsible (Antil, 1984) consumer behavior that involves an

‘environmentalist’ (Schlossberg, 1991) perspective and may thus be called ‘environmentally concerned consumption’ (Henion, 1976). A classic definition (Henion, 1976) describes ‘environmentally concerned consumers. Business organizations tend to concern about environments issues due to several reasons such as environmental pressure, governmental pressure, competitive pressure, cost or profit issues (Environmental protection agency -2000) Unfortunately, a majority of people believe that green marketing refers solely to the promotion or advertising of products with environmental characteristics. (Polonsky,1994) and terms like Phosphate Free, Recyclable, Refillable, Ozone Friendly, and Environmentally Friendly are some of the things consumers most often associate with green marketing. (Polonsky,1994) While these terms are green marketing claims, in general green marketing is a much broader concept, one that can be applied to consumer goods, industrial goods and even services (Roberts and Bacon, 1997).

Hopes for green products also have been hurt by the perception that such products are of lower quality or don't really deliver on their environmental promises. And yet the news isn't all bad, as the growing number of people willing to pay a premium for green products - from organic foods to energy-efficient appliances - attests. (D'Souza *et al.* 2004) Green or Environmental Marketing consists of all activities designed to generate and facilitate any exchanges intended to satisfy human needs or wants, such that the satisfaction of these needs and wants occurs, with minimal detrimental impact on the natural environment. [Polonsky 1994b, 2] Green marketing has not lived up to the hopes and dreams of many managers and activists. Although public opinion polls consistently show that consumers would prefer to choose a green product over one that is less friendly to the environment when all other things are equal, those "other things" are rarely equal in the minds of consumers. (Hackett, 2000) .They must always keep in mind that consumers are unlikely to compromise on traditional product attributes, such as convenience, availability, price, quality and performance. It's even more important to realize, however, that there is no single green-marketing strategy that is right for every company. (Prothero,, and McDonagh, 1992) Despite the increasing eco-awareness in contemporary market economies, it is generally recognized that there are still considerable barriers to the diffusion of more ecologically oriented consumption styles. In lay discourse as well as in much of consumer research, these barriers are usually attributed to the motivational and practical complexity of green consumption (Hackett, 2000). Increased use of Green Marketing is depending on five possible reasons. (Polonsky 1994b)

- Organizations perceive environmental marketing to be an opportunity that can be used to achieve its objectives [Keller 1987, Shearer 1990]
- Organizations believe they have a moral obligation to be more socially responsible Governmental bodies are forcing firms to become more responsible [Davis 1992]
- Competitors' environmental activities pressure firms to change their environmental marketing activities [Davis 1992]
- Cost factors associated with waste disposal, or reductions in material usage forces firms to modify their behavior [Keller, K.L. (1993)]

Moreover, environmentally responsible behavior usually involves difficult motivational conflicts, arising from the fundamental incompatibility of environmental protection-related collective goals and individual consumers' personal or self-interested benefits and the resulting free-rider problem (Wiener and Doeshar, 1991) Public policymakers will continue to develop more efficient ways to regulate waste and pollution, and scientists will continue to gather information about the environmental risks from various substances or practices. As they do,

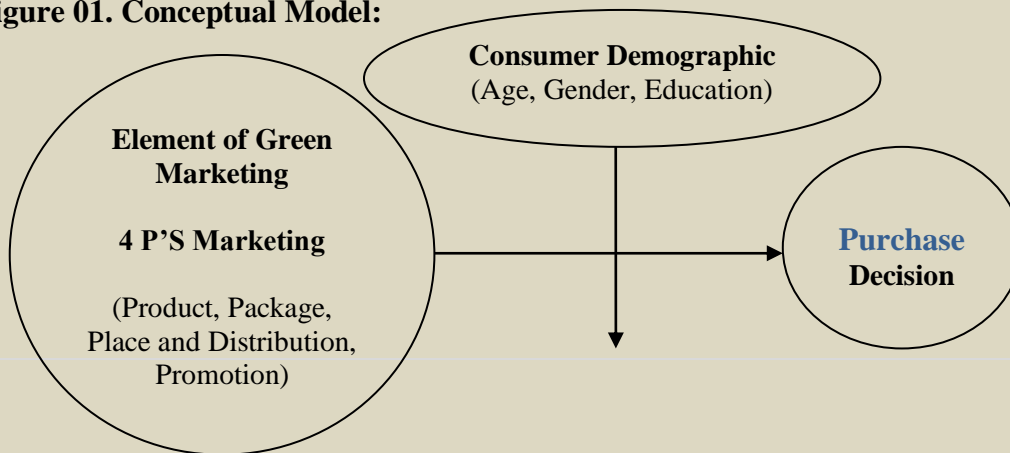
pricing structures will evolve that communicate even more accurate information to manufacturers and entrepreneurs about the true cost of commercial activities and the potential rewards from innovative solutions to environmental problems. This definition incorporates much of the traditional components of the marketing definition that is "All activities designed to generate and facilitate any exchanges intended to satisfy human needs or wants" (Schlegelmilch *et al*,1996). There are usually severe external constraints to green consumerism, arising from the cultural, infrastructural, political and economic circumstances in the markets and society (McIntosh, A. 1991). Both individual and industrial are becoming more concerned and aware about the natural environment. In a 1992 study of 16 countries, more than 50% of consumers in each country, other than Singapore, indicated they were concerned about the environment (Ottman 1993). A 1994 study in Australia found that 84.6% of the sample [Davis 1992, Keller 1987,] believed all individuals had a responsibility to care for the environment. A further 80% of this sample indicated that they had modified their behavior, including their purchasing behavior, due to environmental reasons (EPA-NSW 1994).

Owing to the conceptual and moral complexity of 'ecologically responsible consumer behavior' and to the perplexity of ecological information, different consumers have different conceptions of ecologically oriented consumer behavior and, thus, myriad ways of acting out their primary motivation for being green consumers (Antil, 1984). These innovations aren't being pursued simply to reduce package waste. (Prothero, 1990) Food manufacturers also want to improve food preservation to enhance the taste and freshness of their products. The cost of the foods would be lower; consumers could enjoy the convenience of pre-sliced ingredients, and waste peelings (Prothero, 1990). It can be assumed that firms marketing goods with environmental characteristics will have a competitive advantage over firms marketing non-environmentally responsible alternatives. There are numerous examples of firms who have strived to become more environmentally responsible, in an attempt to better satisfy their consumer needs. (Schwepker, and Cornwell, 1991) While governmental regulation is designed to give consumers the opportunity to make better decisions or to motivate them to be more environmentally responsible, there is difficulty in establishing policies that will address all environmental issues. (Schwepker, and Cornwell, 1991). Hence, environment-friendly consumption may be characterized as highly a complex form of consumer behavior, both intellectually and morally as well as in practice.

CONCEPTUALIZATION

In conceptualizing the study, researchers have attempted to build relationship between key variables of green marketing i.e., product, package, distribution and promotion (independent variables) and customer buying decision (dependent variable). Those relationships can be varied according to the demographic variables. Therefore demographic factors were considered as intervene variable of the conceptual framework.

Figure 01. Conceptual Model:



According to the literature and pilot study in Aurangabad, Jalna and Ahmednagar supermarkets, researchers recognized that marketers can use different tools relating to independent variables in order to determine the effectiveness of green marketing practices. It is also necessary to examine the relationship between two key variables and other variables influenced on dependent variable. This would enable the researchers to interpret the findings in a more comprehensive manner. The conceptual model that has been developed indicating their relationship (Figure 01)

METHODOLOGY

Data Collection

An attempt was made to gather primary data. In that context, a detailed questionnaire was administrated. Meanwhile personal interviews and observations were also made. In order to ensure an acceptable number of responses, a convenience sample was used. Data were collected through the self administrated questionnaires by the researcher. The questionnaire comprised questions including both close ended and open ended questions All close ended constructs used in this study were measured by various items on five-point Likert-type scales (1 □ completely disagree to 5 □ completely agree). It is widely believed that attitudes are best measured by way of multiple measures and the general trend in measuring environmental issues is via several items instead of single-item questions (Gill *et al.*, 1986). The Researcher selected the sample using combination of convenience and simple random sampling method. As much as possible attempt was made to get the sample comparable basis for convenience of the analysis. Secondary data were collected by website published articles, newspapers, relevant journals etc. 40 size of sample was selected from University postgraduates who follow business management degrees of University of Dr Babasaheb Ambedkar Marathwada University. The sample was employed 160 respondents from Aurangabad districts of Maharashtra. Respondent category comprised with university students, academic staffs, office workers, housewives, business people and managers of several companies those who have much exposure to the FMCG category and who represent the Indian customers . The sample size is also enough to generalize findings to the Aurangabad, Jalna & Ahmednagar Maharashtra context.

Table 01: Sample Profile

District	Number of Respondents
Aurangabad	62
Jalna	52
Ahmednagar	46
Total	160

Data Analysis Procedure

Descriptive statistical techniques were utilized to analyze the data with the help of SPSS package. The major statistical techniques, which were used in this study, are central tendency (Specially Mean), percentage analysis and the correlation analysis.

Percentage and correlation values highlighted the salient features of the collected data, facilitated comparisons between variables and enabled the study relationships more readily. Percentage values were used to identify the contribution of various categories of each variable. The central tendency values used to identify the nature of attractiveness towards the each variable of eco friendliness. Answers for open ended questions had coded and categorized before analyzing.

FINDINGS AND DISCUSSIONS

Many firms and customers are beginning to realize that they are members of the wider community and therefore must behave in an environmentally responsible fashion. This translates into firms that believe they must achieve environmental objectives as well as profit related objectives. This results in environmental issues being integrated into the firm's corporate culture. All most all in the sample generally want to do the right thing, so the challenge and opportunity for the green marketer is to make it easy for people to do so.

Green marketing elements and Purchasing decisions

Researchers observe the type of mean variances between each of the independent variables and the purchase decision of the consumers. Table 01 shows the correlation of each of the concepts, namely product, package, price, place and promotion and how each of those variables correlates to the purchase decision of FMCG products.

Table 02: Degree of relationship between testable variables

Urban and Rural consumer		
Variable-1	Variable-2	Pearson's Correlation Coefficient
Product	purchase decision	.612
Package	purchase decision	.510
Place/ Distribution	purchase decision	.212
Promotion	purchase decision	.428

Correlation is significant at the 0.01 level (2-tailed).

As per the study, in the above table variables classified independent variables into variable –1 category and dependant variable purchase decision into variable-2. The above analysis clearly shows that environment friendly products and packages make the significant impact of customer buying decisions. The marketing communication with the environment friendly product information will also significantly impact on the buying decisions.

Comparisons of Means of elements of green marketing against the demography

This study focused on the green marketing strategy and consumer buying decisions. The main objective of this study was to examine the influence emerged from green marketing strategy for consumer's buying decisions of FMCG sector in Maharashtra. The finding shows that influence emerged from green marketing strategies on consumer's buying decisions is strong. The mean value of green marketing elements is 23.25. It is represented in strongly influenced score category (22-30). Mode and median values are 24.00 and 23.80 respectively 02. However, green marketing elements consists of four variables such as product, package, place and promotion. Out of those variables, except eco friendly distribution and promotions as green products other variables strongly influence in selecting products of foods, beauty soap and detergents. The majority of respondents (57%) mentioned that promotions of green products strongly influence on their buying decisions. In the same time, 32% of respondents have indicated that promotions of green products strongly influence on their buying decisions. Moreover, the mean value of green promotion is 3.15. It is more close to the lower level of strongly influenced score category (3.67 – 5.00). The findings show that 89% of respondents have indicated that eco-friendly packaging is strongly influenced on their buying behavior. The descriptive statistics relating to the green products mention that both mean and median belong to strongly influenced score

category. However, the statistical distribution has multiple modes. Most of the customers mentioned that designing bio degradable packaging is one of the most important factors of product attractiveness. According to the findings, 62% of respondents and 36% of respondents have indicated bio- degradable packing will affect in a strong and moderate way respectively on their buying decisions. Even though distribution has not big involvement to the green marketing, 46% of consumers are willing to get the services from places and distribution channels which are not cause to environmental pollution.(eg.-eco friendly hotels) and others go for any choice considering cost and convenience. And also, 62% of employees are willing to get the services from outlets which are not situated in the polluted environment. The mean value of green marketing outlets is 2.95. It is represented in moderately influenced score category (2.33 – 3.67). Therefore, the quantitative figures show that green marketing elements have significant impact on store choice decision in Maharashtra. Customer attractiveness for green marketing elements Based on Demographic Variables.

Another important finding was that all variables of green marketing elements are having more responses for the all age categories, gender, and education levels. That means except any demographic difference, customers are considering green marketing as the important factor in their store choice decisions.

The findings show that both 18 – 30 and 31 -50-aged customers highly consider eco-friendly packaging as the most important variable in their buying decisions of each product categories. However, 32 of 18 – 30 aged customers selected eco friendly package as the most important variable and 16 customers have selected green promotion as main variable. In addition, only 04 respondents have indicated that they consider distribution function as important variables for their decisions.

The sample consists of 90 male customers and 70 female customers. A cross analysis was made in order to identify the relative importance of green marketing variables relating to the gender basis. Most of the male customers (37 respondents) consider eco friendly packaging as the most importance factor in selecting green products. However, most of female customers gave priority to green feature of in their selection. The both genders gave their next priority to promotion.

This section focused on analyzing relative importance of green marketing variables under different education levels. The sample mainly consists of 62 Post graduate and graduates, 30 professionally qualified individuals and 44 customers who have completed secondary education . Generally, graduates, postgraduates and Secondary passed customers have given first priority to green feature of products. In the same time, they have indicated eco friendly packaging is highly considered in selecting specific supermarket outlet. Most of the professionally qualified customers have selected eco friendly packaging as important variables in selecting the green products in the FMCG category.

Researcher recommendation to FMCG Business Organization:

Though consumers are willing to purchase green products, many business organizations still in behind the need of the eco friendly society. The authors suggest business organizations to follow strategies in order to get benefits from the environmentally friendly approach as green marketing offers business incentives and growth opportunities while it may involve start-up costs, it will save money in the long term. Therefore, in the product strategy, marketers can identify customers' environmental needs and develop products to address this issue, produce more

environmentally responsible packages. (Recycle, biodegradable, reuse), and ensure that products meet or exceed the quality expectations of customers. In addition to that marketer can charge high price with highlighting eco friendliness of the products. In the case of distribution, obtaining dealer support to green marketing practice is essential. And also, the location must differentiate from competitors and it can achieve by in-store promotions and displays by using recycled materials to emphasize the environmental and other benefits. Finally, organization can reinforce environmental credibility by using sustainable marketing and communications such as public relations and creative advertising associated with green issues in India.

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