

Consumers' perception towards eco-friendly FMCG products- An Empirical Study

Dr.T.Aswatha Narayana

Associate professor,Head (UG &PG)

Dept.of Commerce & Mgt,GFGC,K R Puram Bangalore-36.

E.Mail: aswathn@gmail.com

Abstract

The recent trend of environment awareness across the globe should not be underrated. Consumers are becoming more apprehensive about the Environment protection and as a consequence of it they are shifting their priorities from the conventional goods to eco- friendly goods. Corporate houses play an important role in the global economy and have the resources and capacity to put ecological solutions into practice; Corporates should have more accountability towards green sustainability. Hence manufacturing companies should aim at creating markets for more eco-friendly products and motivate the consumers to alter their consumption behavior to eco-friendly products. The environmental degradation has led to the adoption and the development of eco-friendly products by the companies. Consumers' perception and preferences are also transforming towards eco-friendly products in order to protect the planet from pollution. Consumers across the globe today are shifting towards the purchase of eco- friendly products in order to support sustainable development and prevention of environment degradation. In this paper, primary focus is on the concept of Consumers perception towards eco-friendly products is being discussed.

Key Words : Eco- Friendly, Environment protection, sustainable development,accountability.

1. Introduction

From the time of industrialization man has been severely destructing the ecological environment. The preserve the sinking ecology is the top requirement of the day. Environmental safety must be given top priority. Gulf of Mexico oil spill disaster and the union carbide plant gas leakage in India has elevated major concern regarding the security and rationality of human progress. To encounter these challenges, people have to change their life style. Moreover, it is the accountability of the nations to mark their direction towards the development in a sustainable style. The responsibility is not only of the concerned Government, but also of the subjects or people of the country. Purchasers and Vendors have to make justifiable choices and demand eco-friendly products.

From the past two decades, there is a lot of negative impact on the environment as a result of more industrialization and automobiles. The consequences of it are piling up of solid waste, depletion in the ozone layer, and increase in the global temperature, water and air pollution. The main root cause for this are the various business activities like manufacturing process, Industrial discharge to the environment with proper treatment, decrease in the ground water level, maintenance of logistics like Transportation, Warehousing etc

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In the recent times, people are becoming more conscious about environment protection and are making an attempt to seek information about eco friendliness feature of the products and the commodities and brands which are eco-friendly in nature while making their purchase decision.

Consumer preferences replicate not only price and quality preferences but also social and moral values. Some of the environmental studies done reveals that majority of the consumers once they change their purchase behaviour pattern to eco-friendly products, no longer prefer to go for the conventional goods. Environmentally friendly is a synonym used to refer to products and services which are considered to be environmentally safe for the buyers and to the environment in its production process and usage.

Due to the rise in the green concerns and intensive efforts of governmental and non- governmental organizations, there is a remarkable enhancement in environmental awareness among the people worldwide.

Considerable number of research studies have been piloted in developed and developing countries to study the consumers' behavior towards purchase of green products; but majority of them emphasis upon one or two marketing-mix elements and these do not discuss the factors that companies use to encourage consumers to purchase green products. For

example, the impact of price, quality, and brand loyalty have been examined in many studies.

2. Significance of the Study

Manufacturers and consumers today are more concerned about the ecological impact of the products. Consumers and Producers give priority for eco- friendly products that are accepted to be “green” or environment friendly like energy-efficient electrical appliances, organic foods, paints which are free from hazardous substances like lead, manufacturing of recyclable paper, and detergents which are free from hazardous elements like phosphate etc.

In spite of various researches on green marketing been conducted worldwide; not much of the academic research on consumer perception and preferences has been carried out in India.

Consumer Perception and awareness about the eco-friendly products are the two vital guiding factors in the purchase of eco-friendly products. In this Paper, a conscious effort is made to find out the Perception of the consumers about the eco-friendly products and the level of awareness about the Eco-friendly products in Bengaluru City.

3. Statement of the Problem:

The environmental degradation has led to the adoption and the development of eco-friendly products by the companies. Consumers’ perception and preferences are also transforming towards eco-friendly products in order to protect the planet from pollution. Consumers across the globe today are shifting towards the purchase of eco- friendly products in order to support sustainable development and prevention of environment degradation. . In this paper, primary focus is on the concept of Consumers perception towards eco-friendly products,

4. Review of Literature

Roach (1991) – It is one of the old review available on the study. In this study the researchersays that consumers do not give importance to the food safety, hygiene, quality and environment protection. He indicates that people are not at all aware about the injury they are causing to the environment while purchasing such products. He opines that the decision to purchase eco-friendly products has direct link with their belief and knowledge about a particular product.

Mendleson N & Polonsky M J (1995) – These authors in their research article asserts that there is a positive response from the respondents in

favour of eco-friendly products and many consumers are showing their strong willingness to purchase eco-friendly products if they are made available in the market. Of course, the study was conducted in a part of US and the results of its applicability are arguable. It's too difficult to draw any conclusion based on this study.

Soonthorsmai (2007) – In his study has made an observation that generally the people those who have real concern towards environmental problems; have a strong preference towards green products and this predisposition is becoming resilient by the passage of time. Marketers should make this as their key strength and try to capture the market by producing and selling more of eco-friendly products. This will help the companies, consumers and environment in the long run. Companies can think of wealth maximization and profit maximization if they can gain a competitive edge in the market.

Green Trade & Development (2008) – It was discussed in this summit that consumers are said to be shifting their opinion and acknowledge a strong inclination in favour of eco- friendly environment. By this we can frame the opinion that more and more people and becoming environment conscious and marketers and manufacturers should take a serious notice of this shift in the behaviour of the consumers across the globe.

Sherlekar (2007) – In his study has indicated that Eco-mark and Eco-labels needs to be adopted in almost all the sectors of market in order to facilitate the consumers for its easy identification and accessibility. It should be practices in all the class of goods including the fast moving consumer goods sector.

Hemantha Y (2009) - In his study has explained Green Marketing as the activities and undertakings designed to generate and facilitate any production and marketing of goods and services intended to satisfy human needs or wants; in such a way that the satisfaction of these needs and wants are accomplished with minimal detrimental impact on the environment. He says that it has become a buzzword in today's marketing industry.

5. Need for the Study:

The demand for the eco-friendly products will rise in future and similar scenario will exist even in India also. this study, primarily focus on consumer perception towards eco- friendly products in FMCG sector; The paper is important in understanding the role of consumers' and manufactures' in the marketing of eco-friendly FMCG products and on safeguarding of the earth from depletion of resources. Further, it will reveal the marketing strategies that companies should adopt to

understand better the consumers' needs with respect to eco- friendly products which in turn will help the companies to gain a competitive edge by attaining the required needs and demands of the consumers and society.

6. Objective of the Study:

To assess the consumers' perception towards eco-friendly FMCG products

7. Hypothesis of the Study

Ho: Sub-constructs of factors influencing the purchase intention of eco-friendly products do not have an impact on the Perception of respondents on eco-friendly products.

H1: Sub-constructs of factors influencing the purchase intention of eco-friendly products do have an impact on the Perception of respondents on eco-friendly products.

8. Methodology of the Study

The sample size for the study was 500 respondents. Questionnaire was distributed for 500 respondents and filled in questionnaire were collected back from respondents. Among the questionnaires received, 43 questionnaires were not considered for Analysis, as some of the questionnaires were incomplete; a few questionnaires were not filled in by the respondents properly and few were returned blank. Finally, 457 filled in responses were considered.

Multiple regression analysis was used to test whether the independent variables Awareness of eco-friendly Products, Price, Product Availability, Reference Group and Promotion predicts the dependent variable Perception on eco-friendly products and to test whether the independent variables Awareness of eco-friendly Products, Price, Product Availability, Reference Group and Promotion predicts the dependent variable Purchase intention of Eco-friendly products.

9. Results of the study

Table 1: Multiple Regression Analysis: Factors of Eco-friendly FMCG Products Influences the Perception on eco-friendly products

R	R Square	Adjusted R Square	Std. Error of the Estimate	F	P. value
.530 ^a	.280	.272	.62242	35.156	.000

Source: Primary Data

It was found from Table 1 that all the independent variables in total

explained about 28 % of variance ($R^2 = 0.28$, $F(5,451) = 35.156$, $p < .01$). From the obtained p-value it is concluded that the linear relationship between the set of Independent variables and dependent variable is statistically significant at a 5% level.

Coefficients					
	Unstandardized Coefficients		Standardized Coefficients	t-Value	Sig.
	B	Std. Error	Beta		
(Constant)	0.407	.241		2.686	.041
Awareness of eco-friendly Products	-.075	.035	-.090	-2.117	.035
Price	.297	.051	.271	5.767	.000
Product Availability	.259	.060	.192	4.337	.000
Reference Group	.125	.037	.146	3.356	.001
Promotion	.170	.045	.167	3.771	.000

The coefficient table highlights the contribution of each independent variable on the dependent variable. It was noted from the result shown in Table 1 that all the independent variables influence the dependent variable Perception on eco-friendly products at 5% level of significance. Hence the alternative hypothesis is accepted and concluded that the sub-constructs of factors influencing eco-friendly product purchase have an impact on the Perception on eco-friendly products.

A unit increase in Awareness of eco-friendly Products leads to -0.75 increase in Perception on eco-friendly products. In similar way a unit increase in Price leads to 0.297 increase, Product Availability leads to 0.259 increase, Reference Group leads to 0.125 increase and Promotion leads to 0.170 increase in Perception on eco-friendly products.

10. Findings

It can be found that the consumers would strongly prefer the goods which are easily accessible in the market first and then they focus on the price of the product and finally to the promotion of the product in the market. In fact, after the first attribute that consumers seek for the easily accessible product in the market; the very next attribute on perception which was contributing more was that consumers prefer the eco-friendly products with a better performance and quality compared to conventional products. Consumers' *suo moto* should take the initiative in purchasing and using of eco-friendly FMCG products and make others also to understand the benefits of eco-friendly FMCG products.

minimize the use of scarce natural resources and should recycle the recyclable waste material. It is also recommended to use social networking sites and other electronic media to influence on sustainable consumer behavior. Government should take more initiative and make policies to promote eco-friendly products in the market and the marketers and the Government agencies should create more awareness among the people about the need and utility of eco-friendly products. Along with that consumers should also develop their self-interest to use the eco-friendly products in their day to day life.

11. Conclusion

Consumer perception is a very complex process as it involves economic and emotional factors. Proper Understanding of consumer perception helps the marketers to position their product and develop effective marketing strategies. It is observed in the study that FMCG products have a good market share. The factors considered by the consumer before purchasing FMCG products are, value for money, quality, price and easy availability. Few customers are not satisfied with the eco-friendly FMCG products because of high price, lack of availability, and low shelf life. People are not too much bothered about the price of the product; they are showing willingness to spend more if they are made to realize its real worth and utility and those they can afford to spend. Consumers perceive eco-friendly FMCG products are safer than conventional products. Moreover, the added value of eco-friendly products is a feeling of having done something good for the environment. Hence, the pressure from other consumers to behave in a certain way can affect consumers to purchase eco-friendly products. Consumers' nowadays are more concerned about Environment protection. They support the cause for Environment protection are buying and consuming eco-friendly products more. Consumer's Purchase Decision of Eco Friendly products will up to certain extent be influenced by the opinion given to them from their friends and relatives about eco-friendly products.

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