



## Green Marketing: An Analysis of Consumer's Perception and Willingness to Pay

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### ABSTRACT

There has been a gush in the usage of the term 'Green', since people worldwide is becoming more concerned about their environment. Green marketing is an emerging strategy which encompasses the marketing of the products that are assumed to be environmentally safe. Rising environmental concern has persuaded consumers and manufacturers towards green marketing. This paper attempts to study the environmental orientation of the young Indian consumer and their perception about green marketing. Primary data collected from 100 consumers with the help of an online questionnaire was used for the study. The results revealed that consumers were having a high orientation towards the environment and the majority preferred green products over conventional products. More than half of the respondent consumers were willing to pay an additional 2-5 per cent of their actual price in case of green products. Consumers need to be made more aware about the issues that the product attempts to address. Green marketing should not be thought of as another approach for making profit. Rather it should be trailed with vigour, because of its ecological and social dimension.

### INTRODUCTION

In the recent past, environmental deterioration has become a real matter of concern as it outweighs all other political, social and business issues (Friedman, 2009). Economic development, along with ever-increasing population, has put a lot of pressure on the existing natural resources leading to its depletion (Sahar et al., 2020; Singh and Kaur, 2019). In time, people's concern for the environment has intensified and the emphasis was laid on sustainable development. Realising the change in people's attitude towards the environment and their increased preference towards eco-friendly products and services, marketers exhibited inclination towards adoption of sustainable marketing strategies which are less detrimental to the environment (Singh, 2013).

Green marketing can be viewed as a type of marketing strategy as well as a marketing philosophy. As a marketing strategy, it is concerned with the marketing of products that are presumed to be green and projecting them as green brands. As a philosophy, it takes

the ecological concerns of society into account (Chauhan and Chaturvedi, 2015). Promotion of green technology and green products are indispensable to make the best use of available resources to their maximum potential with minimal impact on the environment. In the view of economists, sustainable consumption which focusses on the notion of fulfilling human needs by keeping the environment safe is the key to solve the dilemma of balancing ecological vitality and economic prosperity (Saxena and Khandelwal, 2010). Despite the high initial investment, that makes green marketing a costly affair, it saves money in the long run and ensures sustained long-term growth of the firm along with profitability (Bhatia and Jain, 2013). Research studies show that consumers in developed countries were willing to pay a premium price for the green products, while those in the developing countries were not so as various other issues stand at par with the environmental issues. But the case is slightly different for India. Being an emerging economy with a huge portion of its consumers belonging to a younger age group, India can sustain green and sustainable marketing

strategies (Punyatoya, 2014). Nevertheless, in most of the cases there exists a discrepancy between the thinking of consumers and their actual actions (Chanda et al., 2020). Thus, the present study aims to understand the environmental orientation of the young Indian consumer and their perception about green marketing. Along with that, an attempt was made to analyse consumers' willingness to pay extra over actual price in case of green products.

### METHODOLOGY

The primary data collected through convenient sampling from 100 consumers with the help of an online questionnaire was used for the study. The survey focussed on young Indian consumers with 25-30 years of age and was carried out during the year 2020. Collected data was tabulated and analysed with mean, frequency and standard deviation. In order to measure the perception of the consumers towards green marketing, five-point Likert scale was used with suitable modifications (Bhatia and Jain, 2013).

Green value scale developed by Haws et al., (2010) was used to determine the environmental orientation of consumers. The green value scale includes six items and the respondents were asked to rate on a five-point Likert scale ranging from strongly disagree to strongly agree. Mean values above three suggest their overall agreement with the statement and the mean below three reflects disagreement since the scale is having a neutral point at three. A high mean value denotes the positive temperament of the consumer towards protecting environmental resources (Haws et al., 2014).

### RESULTS AND DISCUSSION

Demographically, majority (92.00%) of the respondents belonged to the age group of 20-35 years. Thus, the study distinctly captures the perception of young Indian consumers about green marketing and their willingness to pay. Nearly two third of the respondents possessed education level up to graduation (65.00%), more than half of the respondents (61.00%) had an annual income above one lakh rupees followed by around 20 per cent of the respondents having an annual income in the range of 0.50-1.00 lakh.

The results illustrated in Table 1 indicated that, overall green value measure of the consumers was 3.94, indicating that the consumers were very much concerned about their environment. This finding was in accordance with Bhatia and Jain (2013) who studied the perception and preferences of Indian consumers to reveal their higher overall green value of 3.88. Higher the green value measure, higher is the tendency of a consumer to express their environmental concern through their purchases and consumption behaviour (Haws et al., 2014). Green values had a direct influence on the green purchase intentions and attitude of the consumers towards brands using green advertising (Bailey et al., 2016).

The consumers perceived all green marketing practises as relevant with a mean value of greater than 4.40 (Table 2). Manufacturing eco-friendly products were considered to be the most important green practice followed by 'Educating consumers' and 'Use of eco-friendly process to manufacture the product' with corresponding mean values of 4.71, 4.70 and 4.68 respectively (Table 2). Changing in product packaging to benefit the environment, modifying existing products to make them safe to the environment and eco-labelling the product was also perceived as significant by the consumers with a mean score of 4.65, 4.59 and 4.53 respectively. The findings unveil consumers concern about their environment and expect the companies to behave in an eco-friendly manner. The results were in agreement with those of Bhatia and Jain (2013).

Even though most of the consumers preferred green products over the conventional products (with a mean value of 3.89), they had an opinion that price of the product is one of the key factors that affect their purchase decisions (Table 3). It has to be noted that most of the consumers feel that the price of green products was higher in comparison to conventional products (mean value of 4.11). At the same time, they also agree to that fact that it is logical that green products are priced high with a mean value of 3.76. The findings indicate consumers disposition towards green products. Consumers are ready to purchase green products if it is available at a reasonable price in the product category they often purchase.

**Table 1.** Environmental orientation of the consumers

Statements	Mean value	SD
It is important to use the products that are safe to the environment	4.40	0.88
I consider the potential impact of my actions on the environmental while making purchase decisions	3.86	0.86
My purchase decisions are affected by my concern for the environment	3.48	1.01
Resources of our planet needs to be used judiciously	4.10	0.94
I would be rather be inconvenienced than take an action detrimental to the environment	3.86	0.86
I would describe myself as environmentally responsible	3.96	0.86
Overall Value	3.94	0.90

SD= Standard deviation

**Table 2.** Consumers' perception of green marketing practices

Green Marketing Practice	Mean value	SD
Manufacturing Eco-friendly Product	4.71	0.56
Use of eco-friendly process to manufacture the product	4.68	0.53
Eco-friendly modes of advertising for the promotion of the products	4.44	0.70
Modifying existing products to make them safe to the environment	4.59	0.67
Change in product packaging to benefit the environment	4.65	0.61
Educating customer to use products in an environment-friendly manner	4.70	0.63
Eco-labelling the product	4.53	0.63

SD= Standard deviation

**Table 3.** Consumers' disposition towards green products and their pricing

Statements	Mean	SD
I prefer green products above conventional products	3.89	0.84
Price of green products are higher as compared to conventional product	4.11	0.96
It is logical that green products are priced high	3.76	1.06
Price of green product influences my purchase behaviour	3.69	1.13

**Table 4.** Consumers' willingness to pay an additional price for green products

Additional Price (Per cent)	Per cent
Less than 2	16.40
2-5	58.20
5-10	23.60
Above 10	1.08

More than half of the consumers (58.20%) were willing to pay 2-5 per cent of the actual product price as additional for the green products. In contrast, only 23.60 per cent of the consumers were ready to pay 5-10 per cent of the actual price as additional (Table 4). As per Renfro (2010), majority of the consumers were not willing to pay a premium for green products unless and until they experience an additional benefit such as quality, eco-friendliness, fuel efficiency etc. attached with the product.

### CONCLUSION

Consumers seem to be environment consciousness and were concerned about their consumption behaviour which may have a detrimental effect on the environment. They were ready to purchase green products if the products are available at a reasonable price without compromising its utility and quality. At the same time, consumers expect the companies to behave in an eco-friendly manner by adopting various green practices such as manufacturing products that are eco-friendly, use of eco-friendly manufacturing process and modifying the products to reduce its impact on the environment. If the consumer, manufacturing companies, marketers and the government work in unison to promote green marketing to improve the usage of products and services which are presumed to be environmentally safe, that will make this world a better place to live in.

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