

Impact of Eco-Friendly Products on Consumer Behavior

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ABSTRACT

Consumer choices reflect not only price and quality preferences but also social and moral values, as witnessed in the remarkable growth of the global market for organic and environmentally friendly products. In line with the halo associated with green consumerism, results showed that people act more altruistically after mere exposure to green products than after mere exposure to conventional products. However, people act less altruistically and are more likely to cheat and steal after purchasing green products than after purchasing conventional products. Environmentally friendly (also eco-friendly, nature friendly, and green) are synonyms used to refer to goods and services, laws, guidelines and policies considered to inflict minimal or no harm on the environment. To make consumers aware, environmentally friendly goods and services often are marked with eco-labels. But because there is no single international standard for this concept, the International Organization for Standardization considers such labels too vague to be meaningful. The environment is big business. Nobody wants to be seen as environmentally irresponsible, so companies put everything from internal practices to promotions through a fine-toothed comb. But when it comes to business promotional items, choosing eco-friendly products is nowhere near the burden it used to be. Over the years the company has greatly expanded its range of environmentally friendly promotional products. The purpose of this article is threefold: first, to investigate the various concepts relating to eco-

friendly products, secondly, to find out depth review of consumer behaviour, third and final is to find out the relationship between eco-friendly products and its impact on consumer behaviour.

Keywords: Ethical, green, environmental, sustainable, consumer, consumption

INTRODUCTION:

In the past few decades, consumers have become increasingly attentive to social and ethical considerations in areas such as energy consumption, animal husbandry, and trade (Chen, 2001; Crane, 2001; Torjusen, Lieblein, Wandel, & Francis, 2001). This increased concern and feeling of responsibility for society has led to remarkable growth in the global market for environmentally friendly products (Hunt & Dorfman, 2009). At the heart of this trend, which is often referred to as ethical consumerism or green consumption (Anderson & Cunningham, 1972; Kinnear, Taylor, & Ahmed, 1974), lies the assumption that purchasing choices express not only price and quality preferences (Monroe, 1976), but also norms, values, and beliefs (Caruana, 2007; Irwin & Baron, 2001). This assumption has motivated a stream of research focusing on identifying the —green consumer— by socio demographic variables, personality measures, or values that are directly related to environmental consciousness (e.g., Schlegelmilch, Bohlen, & Diamantopoulos, 1996; Shrum, McCarty, & Lowrey, 1995).

Over the past few years, the environment has become a persistent public issue (Fierman, 1991), with some calling the 1990s "the Earth decade" (McDaniel and Rylander, 1993), or "the decade of the environment" (McDougall, 1993). Some environmental problems have been linked to individual consumption, and this has brought the environmental problem down to the consumer level (The Economist, 1990a). Consumer environmental awareness has increased, and some consumers have translated their resulting environmental concern into actively purchasing green products (Smith, 1990). Although the level of environmental concern has declined in recent years (Latham, 1992; Lynn, 1991), the environment is expected to remain a major issue in consumers' minds (Peattie, 1992).

Companies have attempted to respond to the growing environmental concern of consumers with the introduction of a variety of green products (Kangun et al., 1991). Promotion of these green products attempts to influence green consumer behaviour and stimulate green product purchase. Influencing consumer behaviour is a complex and difficult task requiring knowledge of its determinants. Only one study (Grunert, 1993) was identified which investigated the relationship between product-line specific environmental knowledge and attitudes that is knowledge of and

attitudes towards green product lines and the way in which they impact on or protect the environment (Martin and Simintiras, 1994). Grunert's study only examined a single product line (organic food) and thus there appears to be a need for further research in this area, which encompasses the range of green product lines available to consumers.

Eco-friendly products:

The term —eco-friendly‖ is used to describe activities which are good for the environment. It is a shortening of —ecologically friendly,‖ and you may also hear terms like —environmentally friendly‖ or —green‖ used to describe similar activities. There are a range of ways in which activities can be eco-friendly, ranging from products which are constructed in an environmentally friendly way to making lifestyle changes which are designed to benefit the environment.

Strictly speaking, eco-friendly products still have an impact on the environment, but the impact is greatly reduced when compared to conventionally produced products. In some cases, eco-friendly products may even have a positive benefit, depending on how the company does business. Many such products are also aimed at lifestyle changes which benefit the environment, so even if the product itself is not totally neutral, the actions undertaken by the consumer after buying the product are beneficial. For example, eco-friendly light bulbs require energy and resources to make, but they save energy once they are installed in a home.

Products are not the only thing which can be eco-friendly. Activities can also be friendly to the environment, as in the case of things like carpooling, gardening, composting, and recycling. Some people think that eco-friendly products are only the first step, and that people who are really committed to the environment also need to modify their lifestyles, reducing the amount of resources they use by living more efficiently

Acc. To a recent study by Natural Marketing Institute (NIM) almost 90% of the U.S. Population state that it is important for companies to not just be profitable but to be mindful of their impact on the environment and society. Alston & Prince Roberts (1999) found in their research on environmental strategy and new product development that there was a willingness to pay slightly more for environment improvement in cleaning products than to sacrifice product performance.

Green product innovations (GPI's) are those where the green product performance is significantly better than competitive products.

Eco-friendly products means products should be —environmentally compatible having minimal impact on the environment. This is the responsibility of the companies to produce eco-friendly products. The reason behind this concept is that consumer expects corporate culture should transform toward the protection of the environment rather than maximization of profits.

Eco-Labeling:

Environmental labeling on products is an effective way of communicating to the customer the specific benefits and characteristics of the product and claim of society. Environmental labels are either displayed by using environmentally safe symbols or messages. The aim of environmental labeling is to project a green image, this green image also transcends to an image of corporate environmental reputation by being —environmentally sensitive to stakeholders groups.

Green Marketing:

Marketing green recommends that product companies and retailers focus on disclosing product information about environmental impact to differentiate them in the market rather than trying to define new green labels.

Three Reasons Eco Friendly Business Promotional Items Are On the Rise:

Here are three developments they cite as being critical in the development of eco-friendly options for almost every major business promotion. Recycled Material is Inexpensive and Plentiful: Thanks to the widespread adoption of municipal recycling using recycled plastic, glass and other materials significantly more difficult than manufacturing with anything else. Economies of scale have dropped the price on recycled materials to be competitive with their non-recycled counterparts. Furthermore there a much wider range of recycled materials in easy reach for any manufacturer, from plastic to numerous metals. Nowadays, people are seeking out inexpensive ways to be environmentally friendly and a grateful when your promotion gives them the opportunity to do it. Promos Canada is a business promotional products company specializing in bulk promotional items, imprinted flash memory products and apparel for promotions and eco-friendly promotional products

Perceived value of a product:

Perceived value of a product is different for different consumers and can be delivered at different levels categorized products into three levels:

1. The primary level is the expected value that corresponds to the expected product benefits.
2. The desired level of value the consumer would like to receive.

3. The unanticipated value, which may exceeds customer expectations. Ideally, in a situation like this for green consumers they would learn more towards examining the green products from the point of view of their packaging as well as product ingredients.

Introduction to Consumer Behaviour:

Consumer behavior is the study of when, why, how, and where people do or do not buy product. It blends elements from psychology, sociology, social anthropology and economics. It attempts to understand the buyer decision making process, both individually and in groups. It studies characteristics of individual consumers such as demographics and behavioral variables in an attempt to understand people's wants. Customer behavior study is based on consumer buying behaviour, with the customer playing the three distinct roles of user, payer and buyer.

Definitions: Consumer Behaviour (or Buyer Behaviour) is broadly defined by various scholars & researchers as:

Belch and Belch **define consumer behaviour as 'the process and activities people engage in when searching for, selecting, purchasing, using, evaluating, and disposing of products and services so as to satisfy their needs and desires'.**

The American Marketing Association (AMA) defines consumer behaviour as —The dynamic interaction of cognition, behaviour & environmental events by which human beings conduct the exchange aspect of their lives.

The activities directly involved in obtaining, consuming, and disposing of products and services, including the decision processes that precede and follow these actions.

Understanding Consumer Behaviour in Markets:

The failure or success in any business is dependable upon the behaviour of the end-user or consumer who finally uses the product or any services. This is again vital not only to the producer of the final goods but also the intermediaries who play a major role in carrying the product from initial level to the final level i.e. from the manufacturer to the consumer. Of course the final player in the channel is important to a consumer but the business of all the intermediaries gets affected. **The understanding of consumer behaviour helps in identifying the weak points and also reflects the positive aspect of any business.**

It is the behaviour of the consumer which impacts their decision to purchase or not purchase the product. Depending on their decision and their usage, an organization decides which products to manufacture and to continue. The positioning of the product is dependant on the consumption of the product and this behaviour of consumers may be related to any kind of products or services. The consumer behaviour also reflects the trends in the national growth and economy. The study by Engel has revealed certain basic facts based on which he designed four models to ascertain consumer behaviour. It was found out in the study that the purchases made by consumers are mainly to satiate their demands and to solve the underlying problem.

Benefits of understanding consumer behavior:

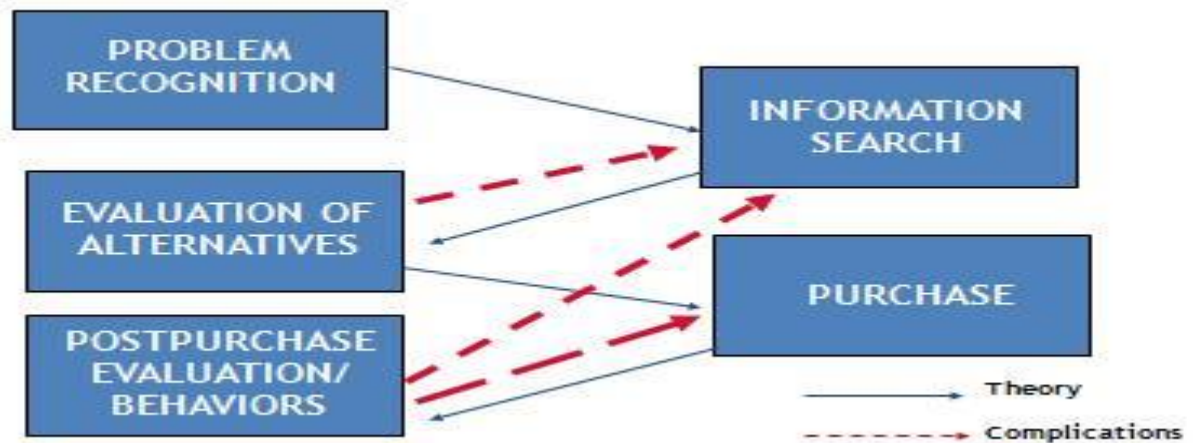
- It helps the marketer to take vital decisions with respect to designing of future marketing strategies. What kind of promotional offers or marketing campaigns need to be undertaken?
- It also helps an organization to reinstate the corporate policies or take action to reframe the corporate mission statement.
- The consumer behaviour also has effects on the entire social network which again helps an organization to target a specific audience or set of customers.
- The behaviour of consumers gives the nation a different face, either good or bad.
- Also helps in scheduling of events, for example, any product launch or any advertising campaign.

Reasons for buying any product/services:

1) **Necessity driven buying behavior** — Every human being has certain basic needs and to fulfill those basic needs, one has to buy related products. Such buying behavior is said to be necessity driven and varies from person to person.

2) **Impulsive buying behavior** –Sometimes, there is no preconceived notions in the mind of the consumers, however certain product features, packaging, promotional schemes etc force the consumers to buy them.

Stages of Consumer Buying Behavior:



1. Need Awareness: The beginning point of most purchasing is your potential buyer recognition of a need in their life. This need can be established by encountering a problem or prompted by a company's marketing. Break the resistance of no need by aligning your marketing with the current needs and wants of your market. Use market research in the form of surveys, focus groups, and informal interviews to determine your potential buyer's hot buttons or needs.

2. Information Search: With the rise of the Internet, it has never been easier for buyers to research their purchase. Make sure your small business is in the game by providing educational material on your website. Break the resistance of lack of education by adding an educational seminar to your marketing mix. Seminars with the power to shape buyers behavior are void of product and service promotion. You must offer a true educational experience to the consumer to succeed.

3. Check Options: After an information search, the customer will evaluate all the available options. Options include wanted features, pricing, and company credibility. Break the resistance of no trust by having others sing the praises of your business. Trust and credibility are in low supply for many buyers. Instead of trumpeting your greatness to your buyers who have their guard up, try a third party validation.

4. Purchase Decision: This is the moment when the customer wants to buy. Deals are easily lost when you keep selling to the customer. There's an old adage in sales, when the customer says,

"I'll take it," keep your mouth closed, and close the deal. Break the resistance of a buyer's final hesitation by making a recommendation. In a sea of choices, consumers want to buy the best product for themselves and make the right choice. You're the expert. Help your buyer by telling them what and why you recommend a certain product or service.

5. Post Buying Behavior: An overlooked piece of consumer buying behavior is what occurs after the purchase. The buyer will look for reinforcement from media, friends, and other sources confirming they made the right decision. Cognitive dissonance or "buyer's remorse" happens when the buyer begins to feel the purchase wasn't right for them. Overcome the purchaser's regret by offering warranties, after purchase follow-up calls, and extended trial periods. Too many companies forget the customer after the sale. Establish a habit of calling all customers after they have purchased and used your product or service. Success for small business requires developing a full understanding of what occurs in the minds of your customers during and after the purchasing. Apply your knowledge of customer buying behavior to outsmart your competition and win more business.

Interested Decisions in Consumer buying behaviour:

Two interesting issues in decisions are:

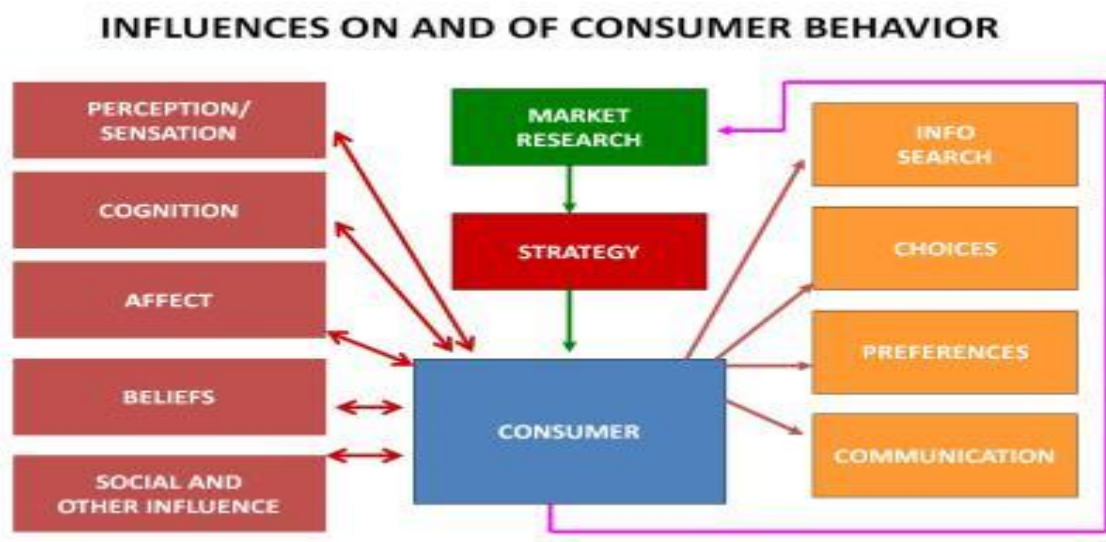
- **Variety seeking** (where consumers seek to try new brands not because these brands are expected to be —better in any way, but rather because the consumer wants a —change of pace, and
- **—Impulse purchases—**unplanned buys. This represents a somewhat —fuzzy group. For example, a shopper may plan to buy vegetables but only decide in the store to actually buy broccoli and corn. Alternatively, a person may buy an item which is currently on sale, or one that he or she remembers that is needed only once inside the store.

Variables influencing Consumer Behaviour

The study of Consumer Behaviour is quite complex, because of many variables involved and their tendency to interact with & influence each other. These variables are divided into two major sections they represent the following:

1. **External Environmental Variables** Influencing Behaviour : These are the factors controlled by external environments like the following form the basis of external influences over the mind of a customer (outer circle) :
 1. Culture, and Sub-culture,
 2. Social Class, and Social Group,
 3. Family, and Inter-Personal Influences.
 4. Other Influences (which are not categorised by any of the above six, like geographical, political, economical, religious environment, etc.).

2. **Individual Determinants** of Behaviour: Major individual determinants of Consumer Behaviour are portrayed in the middle ring. These are the human mind and its attributes. These variables are personal in nature and they are influenced by the above set of external factors and in turn influence the way consumers proceed thro' a decision making process regarding products & services. They are :
 1. Personality & Self-concept,
 2. Motivation & Involvement,
 3. Perception & Information Processing,
 4. Learning & Memory,
 5. Attitudes.



Marketers are frequently uncertain about the variables that are at play influencing & affecting consumers. Sometimes this occurs because they don't clearly understand the extent of variables that might be having an influence. The details of all external, internal, environmental, economical

etc. are discussed above. Sometimes some variables are not directly observable. Other times variables are known to the marketers but their exact nature & relative strength of influence is not apparent. In these circumstances, it is useful to understand the above mentioned concepts and how the consumers behave, so that their decision making process can be predicted to a reasonable extent. The human mind being as complex as it is, the understanding of the buying behaviour of the consumers becomes a continuous activity of application of various theories & concepts by the marketers.

Researchers found that buying green can lead people into less altruistic behaviour, and even make them more likely to steal and lie than after buying conventional products. Buying products that claim to be made with low environmental impact can set up —moral credentials‡ in people’s minds that give license to selfish or questionable behavior.

—This was not done to point the finger at consumers who buy green products. The message is bigger,‡ says Nina Mazar, a marketing professor at University of Toronto’s Rotman School of Management and a self-admitted green consumer.

Consumers Decision Making Preeminent Tool to Analyze Consumer Behaviour:

Consumer behaviour is _the mental and emotional processes and the observable behaviour of consumers during searching purchasing and post consumption of a product and service (Batra & Kazmi, 2004). Similarly Engel (et al, 1990) refers consumer behaviour as the action and decision process of people who purchase goods and services for personal consumption.

There are four different views related to consumer decision making process and behaviour (Schiffman & Kanuk, 2004). It is argued that first of them is **economic view**‘ that consumers are primarily facing imperfect competition and they are always expected to make rational decision on the basis of assumptions that they are aware of all product alternatives, they can rank benefits and limitation of each alternative and are able to identify one best alternative. Second **Passive View**‘ is absolutely opposite to economic view and suggests that consumers are irrational and impulsive as they are submissive to self-centered interests of marketers and got influenced by marketing tools. Similarly third, **Emotional View**‘ is related to perceive consumer’s decision making based on their emotional association or feeling about some products and services. For instance, a person loosing red colour specific pen neither go for rational decision by evaluating alternatives (economic view) nor will the person get influenced by marketers (passive view). Rather the person will try to purchase any pen closely resembled with his favourite possession. Fourth and

arguably most acknowledged view is **‘Cognitive View’** where consumers are considered as —thinking problem solver‘ which are receptive as well as actively searching for the products and services that can fulfil their need. Consumer’s behaviour under this view is based on information seeking and processing attributes usually directed by a goal. For instance, buying a tooth paste from shop can have a certain goal of choosing product that can taste good (Papers4you.com, 2006).

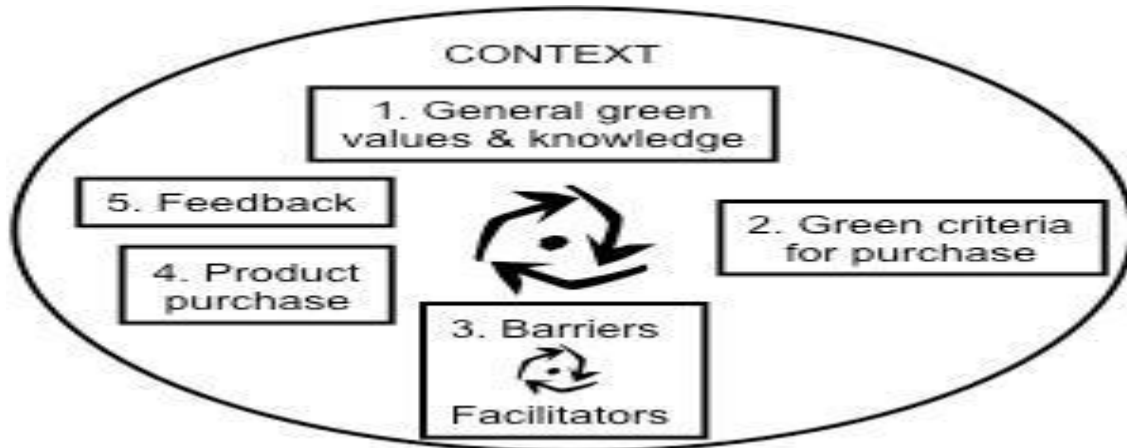
Green Consumer Decision Making:

Every time someone makes a decision about whether (or not) to purchase a product or service there is the potential for that decision to contribute to a more or less sustainable pattern of consumption. Each purchase has ethical, resource, waste and community impact implications. When individuals consider the adoption of sustainable lifestyles, they engage with an increasingly complex decision-making process. These every day decisions on practical environmental or ethical solutions often result in trade-offs between conflicting issues and result in a —motivational and practical complexity of green consumption (Moisander, 2007 p. 404).

We wanted to investigate how green consumers decided which green product to purchase and what factors influenced this purchase decision process. Why is this of interest? Firstly, there has been a growing interest in informing consumers about the environmental aspects to take into account when buying products. The interest lies with how consumers that are most likely to react to this information, namely green consumers, put the information into action when purchasing products.

Background of Green consumer behavior

Dobson (2007) argues that behaviour change towards sustainable development that is driven by environmental citizenship considerations is more likely to last than behaviour driven by financial incentives. He states that attitudes work at a deeper level than behaviour, but that behaviour change is what most environmental policy is aimed at, Evidence from Sheth et al (1991) supports this assertion by concluding that for grey consumers, consumption values explain consumer choice behaviour (i.e. why consumers choose to buy or not buy a particular product or service). These values attach to criteria in decision making. Criteria retain various consumption values, such as functional, emotional, cognitive, social and conditional values. For example, sales techniques, and brand criteria are closely related to the emotional value (Sheth et al, 1991).



The Green Consumer Purchasing Model.

Consumer environmentally Buying Behaviour:

Consumers are mindful of environmental impacts when making purchasing decisions for products and services. They are purchasing greener consumer products and are feeling good about it and this is not about demographics but attitude. This information will help product marketers to understand the mindset of consumers and how they make their green purchase decisions.

Green Product Offerings and Consumer Behaviour:

It is now accepted that the environment is more than just a passing fad (Peattie, 1992). Surveys and opinion polls around the world have shown that environmental issues sit high on the public agenda; a 1991 opinion poll showed that 85 per cent of the citizens of the industrialized world believe that the environment is the number one public issue (Carson and Moulden, 1991). Some environmental problems have been linked to individual consumption (The Economist, 1990a). Indeed, 30-40 per cent of environmental degradation is brought about by the consumption activities of private households (Grunert, 1993). As a result of the public realization that its consumption activities lead to environmental problems (Kangun, et al. 1991), some consumers are translating their environmental concern into actively purchasing green products.

In addition, consumers' consideration of environmental matters in their purchases (Lloyds Bank, 1989) and their willingness to pay a premium for green products (Ottman, 1992; Salzman, 1991)

led marketers to identify the environment as a key market opportunity (Bohlen et al., 1993) and as a result, a number of green products were introduced.

A variety of green products are now offered to consumers, ranging from laundry detergents and household cleaning products to cosmetics and toiletries, and from energy saving appliances to compostable nappies.

Although the recognition of the importance of environmental issues and growing awareness and efforts to use green products, apprehension has grown over the fact that product recycling remains incomplete. In particular, regarding the purchase of green products, idealism and reality have failed to find a common meeting ground, hampering purchases of recyclable products in spite of widespread recognition of the need for environmental protection.

Mere Exposure to Green Products:

A large literature on priming has reported that social behaviors can be primed by subtle environmental cues. Fitzsimons, Chartrand, and Fitzsimons (2008), for instance, showed that exposure to the Apple logo increased creativity. Given that green products are manifestations of high ethical standards and humanitarian considerations, we expected that mere exposure to green products would activate norms of social responsibility and ethical conduct and increase corresponding behaviors.

Purchase of Green Products:

The basic assumption is that people prefer to have a positive moral self, but maintaining it often comes at a cost because social and ethical dilemmas usually involve conflicts of interest. Thus, people tend to be strongly motivated to engage in prosocial and ethical behaviors if their moral self is threatened by a recent transgression; they are least likely to scrutinize the moral implications of their behaviors and to regulate their behaviors right after their moral self has experienced a boost from a good deed. This implies that virtuous acts can license subsequent asocial and unethical behaviors.

Several studies have demonstrated this licensing effect. For example, Monin and Miller (2001) found that a previous gender-egalitarian act licensed subsequent gender-discriminatory behavior.

Because purchasing green products affirms individuals' values of social responsibility and ethical consciousness, we predicted that purchasing green products would establish moral credentials, ironically licensing selfish and morally questionable behavior.

Ethical consumerism

Ethical consumerism is the intentional purchase of products and services that the customer considers to be made ethically. This may mean with minimal harm to or exploitation of humans, animals and/or the natural environment. Ethical consumerism is practiced through 'positive buying' in that ethical products are favoured, or 'moral boycott', that is negative purchasing and company-based purchasing.

The rise in ethical consumerism and green brands that identify themselves as ethical, has led to a rise in ethic-based decisions in the mass market, enabled by increased understanding and information about businesses practices. The term ethical consumerism may refer to the wider movement within marketing, which means that large corporations wish to be seen as working ethically and improving the ethical standards of their industry. Companies such as Whole Foods Market carry a large selection of ethical products. Alternative terms are **ethical consumption, ethical purchasing, moral purchasing, ethical sourcing, ethical shopping** or **green consumerism**.

Key impacts of green products:

- Consumers have been asking for green products, ie there has been a clear raise in demand for such products.
- Businesses have looked into the green process - generating corporate environmental profiles, monitoring and evaluating green performance, and improving corporate image as a result.
- Green products have also increased competition among businesses to generate more environmentally friendly products.
- Ecolabelling networks that monitor and evaluate green products have been developed in many countries. These networks have done life cycle analyses to understand the impact of products.
- Governments have also taken several measures that have supported and facilitated such moves by businesses.

Positive impact:

- Eco labels influence consumer behaviour in two ways:
 - ✓ Introduction of green as a considered attribute at point of sale
 - ✓ Enable consumers to comparison shop based on green

- It appears that it is green business practice to be green as this strategy has a tendency to promote profitability improve employee motivation and commitment in addition to consumer loyalty. Concern for environment protection has given rise to the notion that consumer purchase may be somewhat influenced by their attitude toward environmentally safe products
- Chase and Smith found that 70% of the respondent purchase decisions were at least sometimes influenced by environmental messages in advertisement and product labeling
- In other survey 83% of the respondent indicated they preferred buying environmentally safer products.

Negative impact:

Consumers are price sensitive when it comes to —buying green and are unwilling to pay a premium price for green product.

Conclusion:

The perception of green products is negatively associated with customers' intention to purchase them if they are of lower quality and higher prices in comparison to attractive products, the attractiveness of green products market would not be substantially altered unless a dramatic shift occur.

Environmentally friendly products are good for humans and nature. Some environmentally friendly products are more costly than 'traditional' types of products but savings can be made if we go 'back-to-basics.'

Although consumers are more aware of environmentally friendly apparel, those who consider it important to look for and buy such products remain a niche market. Factors such as price continue to be the driving force in most consumers' apparel purchases. However, whether or not they care about environmental friendliness, ex: consumers continue to prefer natural fibers such as cotton.

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