



An Exploratory Study for Consumer Buying Behavior for Environment-Friendly Products in FMCG Sector

KEYWORDS

Society, environment and FMCG

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ABSTRACT Eco- friendly or green products are used to refer to goods and services claimed to inflict minimal or no harm on the environment. Companies used these terms to promote their goods and services by making environmental marketing claims. FMCG products are those that get replaced within a year. Though the absolute profit made on FMCG products is relatively small, they generally sell in large quantities, so the cumulative profit on such products can be large. This study is moving around the need of the environmental products in fast moving consumer goods segment. FMCG generally include a wide range of frequently purchased consumer products such as toiletries, soap, cosmetics, teeth cleaning products, shaving products and detergents, as well as other non-durables such as glassware, light bulbs, batteries, paper products and plastic goods. FMCG may also include pharmaceuticals, consumer packaged food products and drinks. Unlike other economy sectors, FMCG share float in a steady manner irrespective of global market dip because they generally satisfy fundamental as opposed to luxurious needs. On the mean time awareness for the protection of the environment is a important issue for the society and no doubt society has been arise and understanding their responsibilities.

INTRODUCTION

The Fast Moving Consumer Goods (FMCG) industry in India is one of the largest sectors in the country and over the years has been growing at a very steady pace. The Indian FMCG sector is the fourth largest in the economy and has a market size of US\$14.8 billion. It has been predicted that the FMCG market will reach to US\$ 33.4 billion in 2015. The Indian FMCG industry is largely classified as organized and unorganized. This sector is also buoyed by intense competition. Besides competition, this industry is also marked by a robust distribution network coupled with increasing influx of MNCs across the entire value chain. This sector continues to remain highly fragmented. The Indian Economy is surging ahead by leaps and bounds, keeping pace with rapid urbanization, increased literacy levels, and rising per capita income. The big firms are growing bigger and small-time companies are catching up as well. Fast Moving Consumer Goods (FMCG), also known as Consumer Packaged Goods (CPG) are products that are sold quickly at relatively low cost. Products which have a quick turnover, and relatively low cost are known as FMCG.

INDUSTRY CLASSIFICATION

The FMCG industry is volume driven and is characterized by low margins. The products are branded and backed by marketing, heavy advertising, slick packaging and strong distribution networks. The FMCG segment can be classified under the premium segment and popular segment. The premium segment caters mostly to the higher/upper middle class which is not as price sensitive apart from being brand conscious. The price sensitive popular or mass segment consists of consumers belonging mainly to the semi-urban or rural areas who are not particularly brand conscious. Products sold in the popular segment have considerably lower prices than their premium counterparts. A subset of FMCGs is Fast Moving Consumer Electronics which include innovative electronic products such as mobile phones, MP3 players, digital cameras, GPS Systems and Laptops. These are replaced more frequently than other electronic products. White goods in FMCG refer to household electronic items such as Refrigerators, T.Vs, Music Systems, etc. Availability of key raw materials, cheaper labour costs and presence across the entire value chain has provided Indian companies with a key competitive advantage in the twenty-first century.

The following are the main characteristics of FMCGs:

From the consumer's perspective:

- 1 Frequent purchase
- 2 Low involvement (little or no effort to choose the item)
- 3 Low price

From the marketers' perspective:

- 1 High volumes
- 2 Low contribution margins
- 3 Extensive distribution network
- 4 High stock turnover

ECO- FRIENDLY PRODUCTS

Eco- friendly or green products are used to refer to goods and services claimed to inflict minimal or no harm on the environment. Companies used these terms to promote their goods and services by making environmental marketing claims. 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. People engage in eco- friendly activities as they are concerned about the health of the environment. Environmental issues were first pushed to the forefront of the collective consciousness in the late 1900s, when people realized that their activities were having a negative impact on the environment. The products are usually made in factories which are environmentally friendly, such as facilities built from recycled materials which use solar panels for power, and they are made from components which are also good for the environment, like plant-sourced ingredients for soaps, or recycled metal for electronics. Product packaging, advertisements, and other materials may also be eco-friendly. While shopping, a majority of Indians prefer to make decisions based on the impact of their purchases on environment and sustainability, according to a survey by the Nielsen Company. The Indian consumer is increasingly conscious of the benefits of environmentally friendly and sustainable practices. 86% Indian consumers surveyed, place faith in energy efficient products and appliances, followed by recyclable packaging 79%. Global Online Environment and Sustainability Survey by Nielsen said. However, when it comes to actual buying, only about 44% Indians purchase eco-friendly products as they are 'very expensive'.

OBJECTIVE OF THE STUDY

This study aims to explore customer's behaviour and promotional strategies adopted for Marketing of Eco- friendly Natural products in FMCG sector in India.

- 1 To study the impact of the initiatives taken by the organizations on the consumer purchase and consumption decisions.
- 2 To study the effect of the promotional activities on the purchase and the consumption of eco friendly products in FMCG.
- 3 To study the reason for the differences in the perceptions of the consumer towards eco- friendly and non eco-friendly products.

This study aims at answering questions such as the various initiatives taken by the companies to create awareness regarding eco- friendly products. The following hypothesis will be tested:

H0: The Green Initiatives taken by organizations and promoted thereby Do Not have any impact on the consumer Purchase and Consumption Behaviour.

H1: The Green Initiatives taken by organizations and promoted thereby have an impact on the Consumer Purchase and Consumption Behavior.

Literature review

The green consumer is an opinion leader and a careful shopper who seeks information on products, including information from advertising, but also suggests that the green consumer is rather sceptical of advertising. The implications are that green consumers may be receptive to green marketing and advertising, but marketers should take care not to alienate them by using ambiguous or misleading message. Research indicates that the consumers are concerned enough to consider paying more for environmentally friendly products. (Shrum, McCarty, & Lowrey, 1995) The green consumer has been the central character in the development of green marketing. Marketing practitioners and academics are attempting to identify and understand green consumers and their needs, and to develop market offerings that meet these needs. (Peattie, 2001). Organizations are taking steps to become environment friendly and going green within the boundaries of their business objectives. Initiatives to minimize carbon footprint across the supply chain, is even more significant, where pricing is extremely competitive. For FMCG sector where supply chain is the key driver for attaining competitive advantage, this paper discusses key aspects of greening the supply chain (Mazumder & Chatterjee, 2010). Being green gives a company a strategic opportunity (Polonsky & Rosenberger). There are three particular segments of green consumers and explores the challenges and opportunities business have with green marketing (Mishra, Sharma, 2010).

RESEARCH DESIGN:

1. **EXPLORATORY RESEARCH DESIGN:**
 - 1 In this project we will use exploratory research design as we have to understand the various reasons regarding why there has been a change in the consumer buying behaviour for an eco friendly FMCG product.
 - 2 This design will help us determine the differences in the perceptions of the consumer towards eco- friendly and non eco- friendly products.
 - 3 Interviews can be conducted with people who are willing to purchase the eco friendly products so as to understand the effect of promotional activities on the purchasing habits of the customers.
2. **CAUSAL RESEARCH DESIGN:**
 - 1 There is Concomitant variation which says that- If X is supposed to cause Y, then the two variables must move together.
 - 2 This research states with a change in the promotional and marketing activities of the eco friendly products, there will be a change in the purchasing habits of the customers as well.
 - 3 The positioning of the product in the minds of the con-

sumers will create a direct impact on the buying habits of the customers.

Data Collection

Both Primary and Secondary data was collected during the project. The primary data was collected through questionnaire filling and interviews. The questionnaire is designed in structured form and most of the questions were multiple choice questions. And some open ended questions were also included in the questionnaire. Respondents were asked to complete 5 point Likert scale in some questions. The major source of secondary data is internet, Product's websites, various articles from marketing magazines, research papers and the other websites.

Sampling Design

There are five steps involve in the sampling design process. These steps are closely interrelated and relevant to all aspects of the marketing research project. These steps are as follows:

Determine of the sample size

Sample size refers to the number of units or respondents to be included in the study. One of the important considerations in the sample size determination is the sample size used in the similar studies and the resource constraints. In the study Researcher have taken a sample size of 225 customers, to obtain better results for analyzing the perception of consumers.

Data analysis and interpretation

Are you aware of Eco-friendly products?

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	165	73.3	73.3	73.3
No	60	26.7	26.7	100.0
Total	225	100.0	100.0	

- 73.33% respondents are aware of Eco- friendly products whereas 26.67% are not aware of Eco- friendly products.

What is your primary source of information for Eco- friendly?

	Frequency	Percent	Valid Percent	Cumulative Percent
Tele Ads	16	7.1	7.1	7.1
Print Media	91	40.4	40.4	47.6
Mailings	88	39.1	39.1	86.7
Other	30	13.3	13.3	100.0
Total	225	100.0	100.0	

- 40.44% of the people get their information of Eco- friendly products from print media, and 39.11 % of the people get the information from mails.

What is the important factor while purchasing?

	Frequency	Percent	Valid Percent	Cumulative Percent
Price	74	32.9	32.9	32.9
Brand	104	46.2	46.2	79.1
Design	30	13.3	13.3	92.4
Eco- friendliness	17	7.6	7.6	100.0
Total	225	100.0	100.0	

The most important factor while purchasing a product is Brand which is 46.22% whereas Eco- friendliness towards a product contributes only 7.56% which is the lowest of all the factors. This shows that people do not consider Eco- friendliness as important as other factors.

Do you consider the effect on the environment as a consumer before purchasing day to day products?

	Fre-quency	Percent	Valid Per-cent	Cumulative Percent
Yes	107	47.6	47.6	47.6
No	118	52.4	52.4	100.0
Total	225	100.0	100.0	

Looking at the output it is clear that respondents do not consider effect on the environment before purchasing day to day products. Only 47.56% of the people consider the effect on the environment.

Have you ever bought or considered buying products, which are designed with environmental issues in mind?

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	126	56.0	56.0	56.0
No	99	44.0	44.0	100.0
Total	225	100.0	100.0	

56% of the respondents have bought products keeping in mind the environmental issues whereas 44% do not think about the environmental issues.

Do you use any Eco- friendly FMCG products?

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	126	56.0	56.0	56.0
No	99	44.0	44.0	100.0
Total	225	100.0	100.0	

56% of the respondents use Eco- friendly products while 44% of the people do not use.

Green products are always overpriced

	Fre-quency	Percent	Valid Per-cent	Cumulative Percent
Strongly Agree	22	9.8	9.8	9.8
Agree	52	23.1	23.1	32.9
Neutral	70	31.1	31.1	64.0
Disagree	49	21.8	21.8	85.8
Strongly Disa-gree	32	14.2	14.2	100.0
Total	225	100.0	100.0	

31.1% of the respondents have a neutral response towards the point that green products are overpriced whereas 23.1% of the respondents agree that green products are overpriced. Around 21.8% of the respondents disagree with green products being overpriced.

Results:

The term FMCG refers to those retail goods that are generally replaced or fully used up over a short period of days, weeks, or months and within one year. FMCG's have a short shelf life other than such products, either as a result of high consumer demand or because the product deteriorates rapidly. Some FMCGs- such as dairy products and baked goods are highly perishable.

Results obtain after the data analysis is here with

- 73.33% respondents are aware of Eco- friendly products whereas 26.67% are not aware of Eco- friendly products.
- 40.44% of the people get their information of Eco- friendly products from print media, and 39.11 % of the

people get the information from mails.

- The most important factor while purchasing a product is Brand which is 46.22% whereas Eco- friendliness towards a product contributes only 7.56% which is the lowest of all the factors. This shows that people do not consider Eco- friendliness as important as other factors.
- 56% of the respondents have bought products keeping in mind the environmental issues whereas 44% do not think about the environmental issues.

Conclusion

After the exploratory analysis of the data researcher find that in Southeast Asia people are aware about the green products. Environmental friendly FMCG products are the demand of the present era, other goods such as alcohol, toiletries, pre-packaged foods, soft drinks and cleaning products have high turnover rates. India is one of the top three countries within Asia Pacific that have shown an affinity towards eco-friendly products. Unfortunately, a majority of people believe that ecological (green) marketing refers solely to the promotion or advertising of products with environmental characteristics. Terms like Phosphate Free, Recyclable, Refillable, Ozone Friendly, and Environmentally Friendly are some of the things consumers most often associate with green marketing. 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. Thus, green marketing incorporates a broad range of activities, including product modification, changes of the production process, packaging changes, as well as modifying advertising.