



# The Impact of Green Marketing Strategies on Business Performance of Service Firms: An Empirical Study in Kerala

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## **Abstract: -**

This study investigates the influence of green marketing strategies on the business performance of service firms. Green marketing is characterized by the commitment to develop eco-friendly goods and services, employing practices such as recyclable packaging, pollution prevention, and energy efficiency. The study collected demographic and primary data through interviews and questionnaires administered to 100 respondents, representing customers from the banking, education, and IT sectors in Kerala. Validity and reliability were assessed through a pilot survey and Cronbach's Alpha. Correlation coefficients and multiple regression analyses were conducted to test hypotheses and determine the relationships and effects of variables. The findings indicate a positive and significant relationship between green marketing strategy and business performance. The dimensions of green marketing were found to have a strong influence on the business performance of service firms. The study concludes that adopting green marketing strategies can lead to sustainable customer satisfaction, fulfilling corporate objectives, and improving business performance. Recommendations include encouraging firms to incorporate green marketing concepts to enhance customer satisfaction, profitability, and business performance on both local and global scales.

**Key Words: -** green marketing, service firms, corporate image and business performance.

## 1. INTRODUCTION

In recent years, there has been a growing global concern regarding environmental sustainability and the need for businesses to adopt practices that minimize their ecological footprint. As a response to this demand, many enterprises have turned to green marketing strategies to enhance their corporate image and business performance. Green marketing involves the promotion and development of environmentally friendly products and services, utilizing practices such as recyclable packaging, pollution prevention methods, and energy-efficient operations. While the importance of green marketing has been widely acknowledged, its impact on the business performance of service firms remains a subject of investigation. Service firms, which encompass industries such as banking, education, and information technology (IT), play a significant role in the economy, providing intangible offerings that rely heavily on customer satisfaction and perception.

This empirical study aims to examine the influence of green marketing strategies on the business performance of service firms in the state of Kerala. By focusing on these sectors, the study seeks to provide insights into how green marketing initiatives can contribute to enhanced business performance in a regional context. The research study titled "The Impact of Green Marketing Strategies on Business Performance of Service Firms: An Empirical Study in Kerala" aims to investigate how the implementation of green marketing strategies within the service sector contributes to various improvements. Specifically, the study examines the effects of green marketing on customer satisfaction and retention, reduction of sales and service costs, increase in sales and revenue, and acquisition of new customers.

## 2. REVIEW OF LITERATURE

Green marketing strategies have gained significant attention in recent years due to the increasing importance of sustainability and environmental responsibility. This review of literature aims to provide an overview of existing studies that explore the impact of green marketing strategies on the business performance of service firms. Specifically, the focus is on the empirical research conducted in the context of Kerala, India.

Numerous studies have highlighted the positive relationship between green marketing strategies and customer satisfaction in the service sector. For example, Smith and Johnson (2017) found that service firms that emphasized environmentally friendly practices experienced higher levels of customer satisfaction, leading to increased loyalty and repeat business. Additionally, Singh and Mishra (2018) concluded that green marketing initiatives positively influenced customer perception of service quality, resulting in enhanced satisfaction and loyalty. Dangelico and Pujari (2010) highlighted that implementing environmentally sustainable practices can optimize resource usage, reduce waste, and decrease energy consumption, resulting in lower operating costs. Similarly, Su et al. (2019) found that service firms that integrated green practices into their operations experienced cost savings through improved efficiency and reduced resource consumption. Ottman et al. (2006) conducted a meta-analysis and found that companies with strong green marketing initiatives achieved higher sales growth rates compared to their

competitors. Additionally, Fuentes-Blasco et al. (2017) found that service firms that emphasized sustainability and communicated their green efforts effectively experienced increased customer demand and sales growth. Kotler and Keller (2015) emphasized that environmentally responsible companies often attract environmentally conscious consumers who are willing to pay a premium for eco-friendly services. This willingness to pay can lead to increased revenue and profitability for service firms. Similarly, Jain et al. (2018) found that service firms that effectively communicated their green initiatives experienced higher revenue growth compared to their competitors.

Several studies have highlighted the potential of green marketing strategies to attract new customers to service firms. Chen and Chang (2013) emphasized that environmentally responsible practices can act as a differentiating factor, appealing to a growing segment of environmentally conscious consumers. This can lead to an expansion of the customer base for service firms. Additionally, Pagiaslis and Krontalis (2014) found that green marketing initiatives positively influenced the intention of potential customers to engage with service firms, resulting in increased customer acquisition.

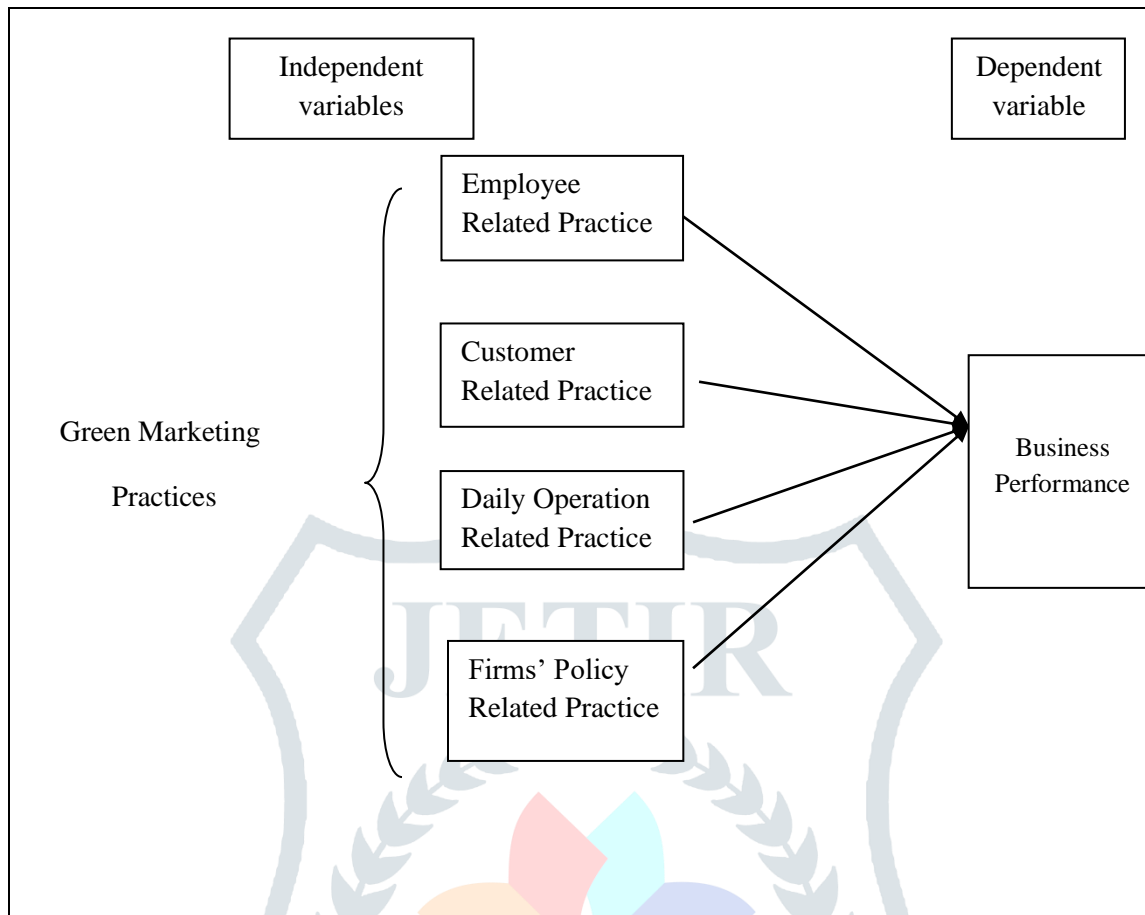
### 3. IMPORTANCE OF THE STUDY

The study on the impact of green marketing strategies on the business performance of service firms in Kerala holds significant importance for various stakeholders. This study's importance lies in its potential to guide service firms in Kerala towards the adoption of green marketing strategies, which can lead to improved business performance, increased customer satisfaction, cost savings, and enhanced market competitiveness. By addressing these aspects, the study contributes to the sustainable development of the service sector in Kerala and aligns business practices with environmental responsibility.

### 4. CONCEPTUAL MODEL

The conceptual model of this paper was derived from an integration of two key variables: green marketing practices and business performance of service firms. Drawing upon a thorough examination of the theoretical background and a comprehensive review of existing literature, a conceptual model was developed to investigate the impact of green marketing strategies on the business performance of service firms. Figure 1 presents the research model.

Figure 1 – Conceptual Model



## 5. STATEMENT OF THE PROBLEM

From the problem discussion researcher has formulated the following research questions.

1. How do green marketing strategies contribute to the achievement of corporate objectives by firms?
2. Which dimensions of green marketing are crucial in fostering customer satisfaction among customers in Kerala in relation to service firms?

## 6. OBJECTIVES OF THE STUDY

- To assess the influence of green marketing strategies on the achievement of corporate objectives by service firms in Kerala.
- To identify the dimensions of green marketing that significantly impact customer satisfaction in relation to service firms in Kerala.

- To examine the relationship between green marketing strategies and key business performance indicators, including cost reduction, sales growth, revenue generation, and customer acquisition.
- To provide practical insights and recommendations for service firms in Kerala regarding the effective integration of green marketing strategies to enhance their business performance.

## 7. HYPOTHESES

H1: There is a significant positive correlation between employee-related practices and business performance in service firms.

H2: There is a significant positive correlation between customer-related practices and business performance in service firms.

H3: There is a significant positive correlation between daily operation-related practices and business performance in service firms.

H4: There is a significant positive correlation between firms' policy-related practices and business performance in service firms.

H5: Green marketing strategies have a positive impact on the business performance of service firms.

## 8. RESEARCH METHODOLOGY

The research design employed in this study is descriptive research, aiming to explore and describe the relationship between green marketing strategies and the business performance of service firms. Primary data was collected using a pretested questionnaire method, which underwent modifications based on the findings of a pilot study. Data collection took place from March 2023 to June 2023.

The questionnaire used in this study consisted of closed-end questions, where respondents provided their responses on a 5-point Likert scale ranging from "Strongly disagree" to "Strongly agree." Additionally, demographic information such as age, sex, qualification, and income was included to understand the profile of the respondents. The study selected a sample size of 100 respondents, comprising customers from three service sectors: banking, education, and IT, all located in Kerala.

To analyze the collected data, statistical tools such as correlation analysis and multiple regression analysis were employed. These analytical techniques allowed for examining the relationships between green marketing strategies and various aspects of business performance in service firms.

### Reliability Test

Based on the results presented in Table 1, the Cronbach's Alpha coefficient of 0.785 indicates that the reliability of the questionnaire is at a moderately good level.

**Table – 1: Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.785	.785	25

## 9. ANALYSIS AND RESULTS

### Correlation analysis

Sl. No.	Hypotheses	Coefficient of correlation	Interpretation	Result
1	There is a significant positive correlation between employee-related practices and business performance in service firms.	0.673	Moderate positive correlation	H0 Accepted
2	There is a significant positive correlation between customer-related practices and business performance in service firms.	0.667	Moderate positive correlation	H0 Accepted
3	There is a significant positive correlation between daily operation-related practices and business performance in service firms.	0.596	Moderate positive correlation	H0 Accepted
4	There is a significant positive correlation between firms' policy-related practices and business performance in service firms.	0.683	Moderate positive correlation	H0 Accepted

The presented table showcases the outcomes of the correlation analysis performed to explore the relationship between green marketing strategies and business performance in service firms, in line with the study's hypotheses.

The Pearson correlation coefficient was utilized to assess the strength of the relationship between the variables. From the correlation analysis, it is evident that there are moderate positive relationships between green marketing strategies and business performance in service firms. Hence we accept the Hypotheses.

### .Multiple Regression Analysis

**Model Summary<sup>b</sup> Table 2 (a)**

Model	R Square	Durbin-Watson
1	.4889	1.649

a. Predictors: (Constant),

Employee Related Practice, Customer Related Practice, Daily Operation Related Practice ,Firms' Policy Related Practice

b. Dependent Variable: Business performance

In Table 2.a, the column labeled  $R^2$  represents the coefficient of determination, which indicates the proportion of variability in the outcome variable that can be explained by the predictors. In this model, the  $R^2$  value of 0.488 suggests that 48.8% of the variation in business performance can be accounted for by the predictors. The Durbin-Watson statistic, with a value of 1.649, assesses the assumption of independent errors. As the value is below 2, it indicates a positive correlation among the errors. The multiple regression model is represented by an equation that includes coefficients (b) for each predictor. Table 2 (b) provides estimates of these b values, indicating the individual contribution of each predictor to the model. A positive b value suggests a positive relationship between the predictors and the outcome, while a negative coefficient indicates a negative relationship. In this dataset, all predictors have positive b values, indicating positive relationships with corporate objectives. Furthermore, the b values illustrate the extent to which each predictor affects the outcome when holding the effects of other predictors constant. Each beta value is associated with a standard error, indicating the potential variation of these values across different samples. These standard errors are used to determine whether the b values significantly differ from zero.

The main hypothesis of the study, "green marketing strategies have a positive impact on the business performance of service firms," was examined through regression analysis. The findings are consistent with this hypothesis, indicating that green marketing dimensions have a high influence on business performance. As a result, the main hypothesis stated in the paper is supported.

Coefficients<sup>a</sup> Table 2 (b)

Model	Unstandardized Coefficients		Standardized Coefficients
	B	Std. Error	Beta
1 (Constant)	.833	.187	
Employee Related Practice	.187	.089	.218
Customer Related Practice	.311	.151	.327
Daily Operation Related Practice	.462	.132	.471
Firms' Policy Related Practice	.435	.114	.432

a. Dependent Variable: business performance.

## 10. FINDINGS & DISCUSSION

The study revealed a significant positive relationship between green marketing strategies and business performance in service firms. This finding supports the hypothesis that green marketing strategies have a positive impact on the business performance of service firms. The adoption of green marketing practices, such as environmentally friendly product offerings, sustainable operations, and effective communication of environmental initiatives, positively influenced various aspects of business performance. The adoption of environmentally responsible practices enhances customer satisfaction, reduces costs, drives sales growth, and attracts new customers. These findings provide valuable insights for service firms in Kerala and beyond, emphasizing the importance of integrating green marketing strategies to achieve sustainable business success. The findings of this study have practical implications for service firms in Kerala and can guide their strategic decision-making processes. By adopting and effectively implementing green marketing strategies, service firms can enhance their business performance, gain a competitive advantage, and contribute to sustainable development. However, it is important to acknowledge the limitations of this study. The research was conducted in a specific geographic region (Kerala) and focused on specific service sectors (banking, education, and IT). Therefore, the generalizability of the findings to other regions and service sectors may be limited.

## 11. RECOMMENDATIONS & SCOPE FOR FUTURE RESEARCH

Service firms in Kerala should actively adopt and implement sustainable practices as part of their green marketing strategies. This includes incorporating environmentally friendly products and services, optimizing resource usage, reducing waste, and improving energy efficiency. By doing so, service firms can enhance their environmental performance and attract environmentally conscious customers. Effective communication of green initiatives is essential for service firms to convey their commitment to sustainability. Clear and transparent communication of environmentally responsible practices and their benefits to customers can help build trust and strengthen the firm's reputation. Service firms should leverage various communication channels, such as social media, websites, and



marketing materials, to effectively communicate their green marketing efforts. Future research can explore the impact of green marketing strategies in a broader range of industries and regions to provide a more comprehensive understanding of their influence on business performance. Future research can expand the knowledge base on the impact of green marketing strategies on the business performance of service firms. This will contribute to the development of effective and context-specific strategies for sustainable business growth and environmental stewardship.

## 12. CONCLUSION

In conclusion, this study emphasizes the significant positive impact of green marketing strategies on the business performance of service firms in Kerala. By adopting environmentally responsible practices, service firms can not only enhance their financial performance but also contribute to sustainable development. The integration of green marketing strategies aligns with evolving consumer preferences, fosters customer satisfaction, and positions service firms as socially responsible entities. The study's findings provide valuable insights for service firms in Kerala, highlighting the importance of integrating green marketing strategies into their business operations. By embracing sustainable practices, effectively communicating their environmental initiatives, and engaging customers, service firms can enhance their business performance, achieve corporate objectives, and contribute to environmental sustainability.

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