



GREEN MARKETING AND ORGANIC PRODUCTS

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ABSTRACT

Green marketing is a phenomenon which is gaining significance rapidly in modern marketing. Today the world has need of new decision and innovations which leads to green marketing environment and also to create a new market condition to the potential customers. The research study is on the green marketing but specifically on consumers' attitudes and purchase intention of organic products. It has been the global concern for the purpose of the conservation of the polluting and degradation of environment. Many studies have been done on the green marketing exploring the significance of the topic and relationship to the attitude and purchasing behaviour of the consumers. Through the vital information provided by the expertise, competent and experience researchers, companies have understood the importance of green marketing in order to produce organic products. The objective of this research is to explore the influence of the four traditional marketing-mix elements, satisfaction and word of mouth (WOM) on attitude and purchasing intentions of consumers on organic products specifically organic products. The purpose of the study was to obtain information from consumers' point of view. A well-structured questionnaire has been adopted to collect primary and secondary data for the research. Statistical tools like factor analysis, multiple regression and correlation have followed for analysis and as output the study reveals that there is an increasing trend in customer's awareness and in turn the organic product market have gained momentum. It also highlighted about the impact of nonorganic product on society and suggestions were given based on the study.

Keywords: Green marketing, organic product, marketing-mix, word of mouth, satisfaction, attitude, consumer intention.

1. Introduction

"We need things consumed, burned up, worn out, replaced, and discarded at an ever increasing rate" Victor Lebow's

This sentence is no longer at issue..... since about thirty years, environmental concerns such as the global warming and the resource exhaustion have been important issues. Indeed, according to the OECD, in 2050, the world energy demand will be 80% higher than actually, leading to a 50% rise of greenhouse gases emissions¹. Due to this awareness consumers and corporates have started to change their habits.

The world environmental questions have gained importance in business as well as in public life all over the world. Green products are those that have less of an impact on the environment or are less detrimental to human health than traditional equivalents. Green, environmental and eco-marketing are part of the new marketing approaches which do not just refocus, adjust or enhance existing marketing thinking and practice, but seek to challenge those approaches and provide a substantially different perspective. The holistic nature of green also suggests that besides suppliers and retailer's new stakeholders be enlisted, including educators, members of the community, regulators, and NGOs. India has been an attractive destination for marketers because of its growth potential as an emerging market. The average Gross Domestic Production (GDP) growth rate of India is 8.37% which indicates that future consumption will increase the research findings of McKinsey Global Institute indicate that the Indian consumer market is expected to quadruple by 2025, making it the fifth largest consumer market in world.

2. Review of Literature

2.1. Evolution of Green Marketing

Green marketing term was first discussed in a seminar on —Ecological Marketing, organized by American Marketing Association (AMA) in 19752 and took its place in the literature. The term green marketing came into prominence in the late 1980s and early 1990s. The first wave of green marketing occurred in the 1980s. The tangible milestone for the first wave of green marketing came in the form of published books, both of which were called Green Marketing. They were by Ken Pattie (1992) in the United Kingdom and by Jacquelyn Othman (1993) in the United States of America. According to Peattie (2001), the evolution of green marketing has three phases.

First phase: "Ecological" green marketing,

- Second phase: "Environmental" green marketing

- Third phase: "Sustainable" green marketing.

This word "Green Marketing" got a prominent status in late 1990s and early 2000 with developing concern and focusing on the quality, performance, pricing and convenience in an environmental friendly way.

2.2 Organic products and it's principles

Organic product has longer served being the dominant from the agriculture since ages past. It was only recently in India, organic farming has grown many folds and number of initiatives at Government and Non- Government level has given it a firm direction. By 2011 India had brought more than 9.2 million hectare of land under certification. Growing awareness, increasing market demand, increasing inclination of farmers to go organic and growing institutional support has resulted into phenomenal growth in total certified area during the last five years. As on March 2012, total area under organic certification process stood at 12.01 lakh ha and the overall market potential is estimated to be around Rs.1452 crore. As per Food and Agriculture Organization organic agriculture combines tradition, innovation and science to benefit the shared environment and promote fair relationships and a good quality of life for all involved. The overall definition is further specified in four guiding principles of Health, Ecology, Fairness and Care.

2.3. Marketing-Mix

According to Kotler and Keller integrated marketing can be defined as "mixing and matching marketing activities to maximize their individual and collective efforts". The McCarty classification is the most important basis of marketing. This classification of marketing mix is composed of four elements (the 4P): product, price, promotion and place . In our study we want to demonstrate that each of these four elements influences consumers to purchase organic products via development of attitudes towards these products.

2.4. Word of Mouth

The word of mouth (WOM) is "the informal communication of ideas, comments, opinions, and information between two people, neither one of which is a marketer". Two subjects are involved in Word of Mouth one who "gains information about behaviours and choices": the receiver and the second who "increases his/her confidence in the personal product or behaviour choice by persuading others to do the same".

Green products are not exception of the WOM promotion to target consumers and influence their buying attitude of the green products. In our study we wanted to test the hypothesis that the friends and family can influence customers in their decision of purchasing organic products

responsibility of the companies, keeping places clean, avoiding waste and green products performance, quality and status which can enhance purchase repetition.

2.6. Attitudes

In a psychological sense attitude is defined as a "tendency that is expressed by evaluating a particular entity with some degree of favour or disfavour". In a consumer behaviour approach, defined the attitude as "a lasting, general evaluation of people (including oneself) objects or issues." The AMA defines it also as "a cognitive process involving positive or negative valences, feelings, or emotions". As the consumption of green product is a current and relevant subject, many studies have been done about the attitudes towards green products.

2.7. Purchase Intention

Purchase intention can be defined as "what consumers think they will buy". Consumer intentions play an important role in marketing strategies (4P strategies) because they permit companies to evaluate how many products could be produced according to the demand. To

predict the purchase intention, companies can interview consumers about their past behaviours in order to forecast their future behaviours but the products that people bought in the past can be different of those they will buy. Thus another method is to ask consumers what they intend to do.

Objectives of the Research Study

The objective of this research is to identify the factors used by companies (marketing mix elements) and from patrons (word of mouth and satisfaction) to influence them to purchase organic products. We will analyze these factors according to the customers' point of view, which influence them and which lead them to develop attitudes towards the purchase or not of organic products. In a more specific view our research questions can be described as the following:

1. What are the factors in the marketing-mix influence consumers to purchase organic products?
2. Do other factors such as word of mouth and satisfaction play a role?
3. How far these factors influence consumers to purchase organic products?
4. Do positive attitudes towards organic products lead to purchase intention?

4. Model and Hypotheses

Based on these earlier models and outcomes we have decided to take the conceptual model as motivation from Wanninayake and Randiwela, but revised to our research questions. Their conceptual model demonstrates that the four marketing-mix elements: price, product/package, place and promotion lead to purchase decision, this model was also used by and Vernekar and Wadhwa) demonstrating that elements of Green marketing lead to purchase decision. The study is based on the consumer attractiveness toward the organic products; in this study we modified their model by including the 4P factors but also other factors such as word of mouth and satisfaction. Furthermore, between the 4P and the WOM and satisfaction we include the concept attitude, demonstrating that positive attitudes lead to purchase intention of organic products.

So the following hypotheses will be tested:

H1- A significant and positive relationship between 4P factors and attitudes towards green products:

H1a: There exists a significant and positive relationship between Product and attitudes towards organic products.

H1b: There exists a significant and positive relationship between Price and attitudes towards organic products.

H1c: There exists a significant and positive relationship between Promotion and attitudes towards organic products.

H1d: There exists a significant and positive relationship between Place and attitudes towards organic products.

H2- There exists a significant and positive relationship between Word of Mouth and attitudes towards organic products.

H3- There exists a significant and positive relationship between Satisfaction and attitudes towards organic products.

H4- There exists a significant and positive relationship between consumers' attitude towards green products and purchase of organic products.

Consequently, with the analysis of the earlier studies, theories and our previous knowledge of green attitudes and purchase intention we decided to assume the following conceptual model:

Marketing Mix Word of Mouth Satisfaction H3

Source: Developed for the study 5. Research Methodology

This study is based on primary data. A well-structured Questionnaire was developed and tested in order to confirm the relevancy, clarity and applicability. Population is infinite and hence, the sample has selected 150 by applying random sampling techniques of which 120 were valid responses. All the selected sample were personally contacted and interview was conducted to the Organic product users. The study has been carried out with two famous organic shops who have their branches in important areas in the **bijnorcity**. Descriptive analysis has been used to describe the collected data.

H1 (a,b,c,d) H2

Attitudes H4

Purchase Intention of organic products

Limitation of the study

This study deals with organic product consumers only and restricted to 150 respondents only. The data is based on primary and secondary source it has its own limitation. The survey restricted to **bijnorc**city(U.P) only for organic product.

7.Data Analysis and Results

7.1. Demographic findings

Our sample is composed of 120 respondents, we have more women than men but the difference is not high, 55.97% of women (75respondents) and 44.03% of men (59respondents). 38.06 percentage of people are aged between 18-24, 36.57% between 25-34, 20,7% are between 35 and 54 years old and more than 55 years old less than 5%.

7.2. Factor Analysis and reliability of new variables

Rating factors by respondents was really important for our study, for instance, we asked the respondents to rate perception of consumers' attitude towards organic products on the marketing-mix elements (4P) which could lead the consumers to make purchases of organic products. The analysis of our different factors will be made by using a multiple regression, which will permit us to evaluate and measure the impact of our different factors (independent variables) on the purchase intention of organic products (dependent variable). This method will permit us to test our hypothesis. We would take into consideration, the 4 P's (product, pricing, , place, promotion), satisfaction and WOM statements from the questionnaire will gathered to make more definite variables to gauge each of our factors.

Research Discussion

8.1 Marketing-mix factors towards green attitudes :

Product:

Product quality was valued by four items and the consequences of our empirical analysis show consumers think that the Product Quality of organic products is good . only two variable "goodquality/performance" and "better quality/performance than conventional ones" shows association. because of this we partially accept our hypothesis H1a, because there is a correlation with the fact that the more people think that organic products are good for the environment the more they think that they are healthy

Price:

The price is one of the most important factors during the consumer decision-making. Most of our sample does not really agree with the fact that green products have rational prices. However, the majority of our sample is willing to pay extra for organic products' indeed, they develop positive attitudes for the reason that our sample tends to be undecided or agree but not so disagree. However, this result confirms that there are no changes people stay price-sensitive, because this behaviour does not necessarily lead to action. We demonstrated that the willingness to pay an extra was the third factor which has the most contribution to explain the variance of purchase intention. So we can accepted because people tend to agree to pay an extra for green products.

Promotion:

: Concerning the promotion, we discovered that the new variable Advertising composed of "pay attention" and "believe in organic advertising was positively related to purchase intention. Indeed,

advertising is a part of our Espoused Attitude and this attitude is one of the independent variables, used in our multiple regression, which explains the most significance contribution to the variance of purchase intention.

So, we can accept our hypothesis H1c which states that there is a significant and positive relationship between promotion (advertising) and attitudes towards green products.

Place:

Furthermore variables, which compose Place, have a low compared to other variables however separately the items “I easily find...” is well correlated with “I know where organic displays are in my supermarkets and “green products are accessible/available in my supermarket” so the weak correlation is between “accessibility” and “know where green products” are which is not so logical because respondents should answer in the same way to this question as they are almost the same .

There is also a weak correlation with place and purchase intention In the comparison of the correlations of the other variables satisfaction and Espoused attitudes we can say there is not really a relationship between place and purchase intention.

