

A Study on Effect of Customers' Awareness, Preference and Perception Towards Purchase Decision of Eco-Friendly Product

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Abstract

Day-by-day, our society is facing the problem of environmental deprivation. As a result, environmental issues such as global warming, pollution, loss of biodiversity and deforestation are taking place. This makes citizens more conscious towards environment and their health. Hence, consumers are shifting their focus towards eco-friendly products. All these forced manufacturers to modify their product. As a consequence, companies have attempted to respond to the growing environmental concern of consumers with the introduction of a variety of green products and socially responsible product offerings. The present study aims at identifying awareness among consumers about eco-friendly products. The paper also focuses on analyzing the preference and perception of customers towards purchasing of eco-friendly products. Primary data are collected through a structured questionnaire from 150 male and female customers aged between 20 and 60 years, who have been targeted in shops and malls of Bhopal city. The data were analyzed with the help of statistical tools like Mean Rank and ANOVA. The research concluded that the consumers are habituated about the environmental traits and are also aware about the eco-friendly products available in the market for various purposes. For sustainable development, customers desire and prefer to purchase eco-friendly products.

Keywords: Eco-Friendly, Sustainable Development, Purchase Decision

Introduction

Environmental issues like global warming, reduction of natural resources and changing weather are matters of

concern for the whole society. Directly or indirectly, this alarming condition of environment has led to raise the demand of eco-friendly products among the consumers and also affect the way individual behaves and makes a purchase decision. This has forced companies to redesign their products, which are environment friendly and offer them to such consumers. These days most of the industries are showing their concern and accept the responsibility to protect the environment from heavy pollution. To spread awareness among customers these days, companies are using ambiguous terms to promote goods and services, with additional, more specific certifications, such as Eco labels. The Government of India, organizations, as well as public are taking several initiatives at their own level. To protect the environment, various environmental laws are formulated and implemented. The government is also providing subsidies on eco-friendly product.

Objectives

- To identify the degree of awareness among customers about eco-friendly products.
- To analyze the preference of customers towards purchasing eco-friendly products.
- To know the perception of customers about eco-friendly products.

Hypotheses

- *H01: There is no significant statistical relationship in awareness towards eco-friendly product w.r.t. demography of the respondents (e.g. Age, Gender, Occupation, Income and Education).*
- *H02: There is no significant statistical relationship in perception towards eco-friendly product w.r.t.*

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demography of the respondents (e.g. Age, Gender, Occupation, Income and Education).

- *H03: There is no significant statistical relationship in preference towards eco-friendly product w.r.t. demography of the respondents (e.g. Age, Gender, Occupation, Income and Education).*

Scope of the Study

The study focuses to analyze the level of awareness among customers, their preference towards purchasing and perception of customers about eco-friendly products. The present study has been conducted covering respondents of Bhopal city. The study is limited to eco-friendly products only. The study may be helpful to the all type of companies, marketers and retailers to work out a good green marketing campaign for their products, after analyzing the level of awareness, preference and perception of consumers on green initiatives of companies. Seeing results, more investors and companies can offer eco-friendly products in the society, which can increase the employment level and health index in our society.

Research Methodology

The study is based on the response collected through structured questionnaire from 150 male and female customers aged between 20 and 60 years who have been targeted in shops and malls of Bhopal city. The questionnaire focused on the factors which affect the customers while purchasing eco-friendly products. The questionnaire contains four sections consisting of demographic profiles of the respondent, statements regarding awareness level of customers towards eco-friendly products/green products, perception and preference towards eco-friendly products. Simple data analysis techniques were adopted such as descriptive statistics; and SPSS were used to accurate analysis and inferences.

The age group for study was selected with the assumption that this group of consumer had been familiar with the

purchasing of eco-friendly goods and also had influence in decision-making process of the family for choosing the right products among many available choices. The respondents were asked to express their agreement or disagreement with a statement on a five-point Likert scale (1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree). The data were analyzed with the help of statistical tools like Mean rank & ANOVA.

Data Analysis & Hypothesis Testing

H01: There is no significant statistical relationship in awareness towards eco-friendly products w.r.t. demography of the respondents (e.g. Age, Gender, Occupation, Income and Education).

Table 1: Mean Ranks (Awareness)

Statements	Mean	Mean Rank
Level of awareness about eco-friendly products	3.88	3.57
Benefits of eco-friendly products on health	4.12	4.10
Benefits of eco-friendly products for Environment	3.84	3.55
Point of purchase	3.86	3.56
Various brands offering	3.96	3.66
Certification/marks for eco-friendly/sustainable	3.48	2.56

From Table 1, it is clearly found that the mean value of all the statements related to awareness towards eco-friendly products is more than 3, which shows majority of the respondents are aware about all the parameters. It is also evident that most of the respondents are aware about benefits of eco-friendly products on health with highest mean value of 4.12 followed by awareness of various eco-friendly brands offering with mean value of 3.96.

Whereas, comparatively less number of respondent are aware about the various sustainable brands offerings and symbols certifications/other identifiers which declare the product as eco-friendly product, with mean value of 3.48.

Table 2: ANOVA (Awareness)

Statements	Sig. (Age)	Sig. (Gender)	Sig. (Education)	Sig. (Occupation)	Sig. (Income)
Level of awareness about eco-friendly products.	.950	.097	.001	.002	.946
Awareness about benefits of eco-friendly products on health.	.482	.069	.001	.004	.988
Awareness about benefits of eco-friendly products for environment.	.617	.056	.044	.003	.950
Awareness about point of purchase for sustainable products.	.711	.802	.004	.002	.046
Awareness about various brands offering eco-friendly products.	.586	.979	.048	.043	.362
Awareness about various symbols certifications/other identifiers which declare the product as eco-friendly product.	.536	.721	.000	.035	.237
Eco-friendly products can contribute in saving the environment.	.387	.575	.005	.064	.245

In Table 2, it is shown that there is a significant difference in awareness level of respondents towards eco-friendly and recycled products with respect to their education as significance value is less than .05 in all the statements; hence, null hypothesis is rejected. Highly educated respondents are more aware of eco-friendly and recycled products as compare to less educated people.

There is also a significant relationship in awareness level of respondents towards eco-friendly and recycled products with respect to their occupation as in most of the statements significance value is less than .05; hence, null hypothesis is rejected. Service class and business class respondents are more aware of eco-friendly and recycled products.

As the significance level is more than .05 for demographic factors such as age, gender and income so there is no significant difference in awareness level for eco-friendly products. Hence, null hypothesis is accepted.

Perception of Consumers Towards Eco-Friendly Products

H02: There is no significant statistical relationship in perception towards eco-friendly products w.r.t. demography of the respondents (e.g. Age, Gender, Occupation, Income and Education).

Table 3: Mean Ranks (Perception)

Statements	Mean	Mean Rank
Eco-friendly products can contribute in saving the environment.	3.98	4.49
Eco-friendly products and other products are alike.	3.84	3.89
Using eco-friendly products gives a sense of satisfaction.	4.18	4.90
I want to be a part of Sustainable movement by using eco-friendly products.	3.88	4.05
I would agree to pay even extra price for environment friendly products to save our environment.	3.33	3.46
I am doubtful about the working performance of sustainable products.	4.16	4.81
Environment deterioration is bound to happen and sustainable products cannot help in protecting it.	3.88	4.39
Paying premium price for eco-friendly products is a mere wastage of money.	3.98	4.47

Table 3 shows that a significant number of the respondents believed eco-friendly products contribute in saving the environment (3.98) and give a sense of satisfaction to them (4.18). They even to be a part of Sustainable movement by using eco-friendly products (3.88). Simultaneously they

are doubtful about the long-term usage & performance of eco-friendly products (4.16), whereas majority of customers are not sure to pay extra for sustainable products (3.33) as paying premium price for eco-friendly products is a mere wastage of money (3.98).

Table 4: ANOVA (Perception)

Statements	Sig. (Age)	Sig. (Gender)	Sig. (Education)	Sig. (Occupation)	Sig. (Income)
Eco-friendly products can contribute in saving the environment.	.387	.575	.035	.978	.245
Eco-friendly products and other products are alike.	.432	.670	.012	.487	.762
Using eco-friendly products gives a sense of satisfaction.	.596	.342	.046	.902	.251
I want to be a part of sustainable movement by using eco-friendly products.	.925	.523	.000	.270	.045
I would agree to pay even extra price for environment friendly products to save our environment.	.092	.059	.402	.277	.414
I am doubtful about the working performance of eco-friendly products.	.070	.149	.017	.164	.803
Environment deterioration is bound to happen and sustainable products cannot help in protecting it.	.385	.302	.020	.413	.644
Paying premium price for eco-friendly products is a mere wastage of money.	.779	.596	.583	.884	.961

Table 4 indicates that there is a significant difference in perception of customers towards eco-friendly products w.r.t. demographic factors having significance value more than .05 except education. Hence, null hypothesis is accepted except in the case of education. Though there is perceptual disparity among educated people, they like and prefer eco-friendly products but most of them are not willing to pay extra money.

Preference Towards Eco-Friendly Products

H03: There is no significant statistical relationship in preference towards eco-friendly products w.r.t. demography of the respondents (e.g. Age, Gender, Occupation, Income and Education).

Table 5: Mean Ranks (Preference)

Statements	Mean	Mean Rank
While purchasing sustainable products I thoroughly read label to see if contents are environmentally safe.	3.54	6.63
I prefer to buy products made or packaged in recycled materials.	3.43	6.38
I prefer to buy products in packages that can be refilled.	3.57	6.80
I avoid buying products from companies which are not environmentally responsible.	3.40	6.29
Price of eco-friendly product is the first thing I look into before taking decision to purchase it.	4.48	7.59
Before buying eco-friendly products I compare its price with traditional products.	3.44	6.18
I would purchase eco-friendly products if they are easily available.	3.28	5.59
I prefer to switch the store/retail outlet if eco-friendly product is not available there, than not to buy or buy a substitute of it.	4.34	6.63
Labels of eco-friendly products should be self-explanatory to explain its green content.	3.70	7.41
I prefer buying eco-friendly products when price discounts are offered.	3.48	6.24
I rely on those companies which are having environmental certifications.	3.58	6.79
There must be some certification which confirms that the product is eco-friendly.	3.50	6.17

From Table 5, it is observed that majority of the respondents prefer to buy products that are made/packaged/refilled by recycled material (3.43 and 3.57 accordingly). Majority of the respondent look for price as a first thing before purchasing eco-friendly products (4.48) and also compare

price of eco-friendly products with traditional products (3.44) before buying whereas mostly prefer to purchase on discounted rates (3.48). Majority of the respondents also believe that there should be some certification which confirms that the product is eco-friendly (3.50).

Table 6: ANOVA (Preference)

Statements	Sig. (Age)	Sig. (Gender)	Sig. (Education)	Sig. (Occupation)	Sig. (Income)
Prefer eco-friendly products as want to contribute in saving planet earth.	.347	.243	.035	.978	.245
Prefer to buy products made or packaged in recycled materials.	.400	.870	.002	.037	.002
Prefer to buy products in packages that can be refilled.	.596	.342	.026	.465	.202
Avoid buying products from companies which are not environmentally responsible.	.225	.523	.002	.470	.025
Before buying eco-friendly products, compare their price with traditional products.	.002	.059	.000	.037	.014
Prefer to switch the store/retail outlet if eco-friendly product is not available there, than not to buy or buy a substitute of it.	.170	.149	.817	.164	.303
Purchase eco-friendly products if they are easily available.	.065	.302	.360	.413	.454
Use eco-friendly products as friends and colleagues use the same.	.222	.342	.059	.000	.037
Prefer buying eco-friendly products when price discounts are offered.	.079	.296	.023	.654	.001
Pay extra for eco-friendly products as they are safe for my health.	.045	.149	.008	.004	.003

It is found that there is no significant difference in preference towards eco-friendly products w.r.t. Age, Gender and Occupation as significance value is more than .05 in all the statements; hence, null hypothesis is accepted. Whereas, there is impact of Education and Income level on preference towards eco-friendly products as in most of the statements significance value is less than .05; hence, null hypothesis is rejected.

Conclusion

The findings of the study clearly show that respondents do not have very favorable perception towards eco-friendly products. It is due to the fact that eco-friendly products are priced high hence are not duly promoted, labeled properly as a consequences consumers are not able to distinguish between the conventional ones and eco-friendly products by enlarge. Consumers are aware about the availability of such products but awareness needs to be created properly about benefits, labels used and availability of such products to increase its consumption. It has been found that customers' education and income had significant influence on perception & preference of the respondents towards eco-friendly products. Other demographic factors such as age, gender and occupation did not have a significant impact eco-friendly perception of the respondents.

Manufacturing companies and marketers can understand the demographic profile of consumers using sustainable products and segment the market accordingly. This will help to target and position right type of consumers.

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