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It’s not easy being green: Attracting the environmentally aware consumer

Mehdi Taghian and Clare D’Souza

Understanding the key influences on consumer perception of environmentally safe products is an important step towards effectively managing consumer demand for them. It also assists marketers formulate green strategies. While some of the key factors influencing consumer perception are uncontrollable, many are within the control of corporate decision-makers, and can be used to attract the growing market of environmentally aware consumers.
Introduction

While economic factors and market dynamics dominate the implementation and cost efficiency of environmental initiatives, it is businesses that contribute to, take action against, and respond to environmental concerns that meet international commitments. Globally, the Kyoto Protocol has provided an impetus that will require substantial effort from businesses, governments and individuals to address the greenhouse problem.

Environmental or green marketing has gained momentum in recent times. Green marketing broadly refers to the development and promotion of environmentally safe products. This initiative has developed in response to consumers' growing concern for the natural world and the potential damage that some products and manufacturing processes could cause to the environment. Consumers are, therefore, the driving force behind green marketing.

Several studies have shown that green consumers are willing to change their consumption behaviour to actively participate in efforts to preserve the environment. On the other hand, and in support for consumer concerns, industries are also demanding procurement based on environmental preference. For example, during 2002–2003, local governments in Australia spent $7 billion on materials and contracts. The Eco-Buy network, however, which includes 58 Victorian councils (73 per cent of all Victorian councils) and all 16 of the state's regional waste management groups, spent a total of $33.5 million on green procurement. The evidence suggests that this trend may continue.

The strategic thrust of green marketing involves encouraging greener product development and cleaner manufacturing processes to affect consumer decisions around products for which there are environmental considerations. Adopting this strategy potentially promotes the environmental profile of a firm and can be used as a competitive advantage. The adoption of a green corporate strategy should be partnered with fundamental changes in the key characteristics and functions of an organisation, including corporate culture; organisational structure; management's attitude; corporate goals and planning; channel management; and the inclusion of environmental concerns in all aspects of corporate decision-making.

Green market segments

The emergence of the green market segment is predicated on the popularity of concern for the environment. Politicians and business leaders are progressively responding to this public sentiment about the environment through their decision-making. While the literature on green marketing does not indicate one singular green market segment, it does show an increasing amount of environmentally sophisticated thinking among the general public and an expectation that this sentiment should be taken into account. Therefore, the variety of green market segments that have been identified correspond with the intensity of consumers' environmental sensitivities and their likely reactions to corporate green positioning. These segments range from highly sensitive consumers (or 'true blue greens'), to virtually unconcerned consumers (or 'basic browns') (Ginsburg and Bloom 2004).

The use of demographic variables to define green market segments has proved to be a weak predictor of green behaviour (Keesling and Kaynama 2003).

The green movement activists continue to publicise their concerns and apply pressure to decision makers. These environmental sentiments are expected to influence the purchasing behaviour of all consumers for a substantial range of products. Therefore, a better understanding of green market segments can be of benefit to corporate decision makers in formulating an appropriate green marketing strategy.

An important aspect of the demand for green products is the trade-off in attributes that
consumers might make when purchasing. In general, the selection criteria for consumers when buying products are price, quality, convenience and the overall value of the product. Consumers have displayed a willingness to purchase green products providing they are not compromising on performance, convenience and price. Even when researchers explicitly considered actual purchasing behaviour, consumer decisions involved factors beyond the ecological status of the brands involved. To examine this, D’Astous and Vanderville (2003) measured perceived purchase value and intention to buy. Their findings indicated that ecological features had a relationship with both purchase value and buying intentions, and while ecological features enhanced the desirability of the product, the essential choice criterion was still product efficiency.

Corporate strategy

Green marketing strategies have risen in popularity not only due to the emergence of green consumers but the recognition by businesses that environmental sentiments can influence consumer choice. Corporations have identified consumer concern for the environment as an exploitative opportunity. Their strategy has been to introduce green products or adapt the existing products to qualify as green; to review and improve production processes to eliminate unacceptable emissions; and to adopt and claim green positioning when those changes have been implemented. Their motivation is to gain consumer favour, achieve higher levels of market share and demonstrate good corporate citizenship.
To help organisations achieve their objectives in contributing to sustainability, institutions have developed environmental standards. At the corporate level, a new managerial framework on environmental regulations and corporate strategy has been proposed. There are also discussions regarding the concept of an enviropreneurial marketing strategy. This strategy involves the dimensions of corporate social performance goals, corporate entrepreneurship orientations and environmental product strategies.

Green labelling
Manufacturers see green product labelling as a marketing tool for informing consumers of the green status of their product, and as a means of reinforcing their green positioning. Green labelling can potentially contribute to the establishment and maintenance of an effective product differentiation. While many corporations are environmentally focused, one area of weakness in the implementation of green strategy is the clear labelling of environmentally safe products. Consumers are interested in labels as a source of information about a product’s environmentally safe features. This problem has prompted a need for accuracy, simplicity and uniformity in the terminology used to communicate information on green product attributes.

Although the central thrust of environmental labelling is to allow consumers to make informed environmental choices, many have misconceptions about the claims made on product labels. For instance, a cursory evaluation of the green market has shown that some consumers are uninformed as to the differences between ‘recycled’, ‘recyclable’ and ‘reused’. This may explain some of the confusion regarding product claims and consumers’ general mistrust of labels. Consumer scepticism surrounding product claims may therefore be the result of inadequate, inaccurate or unclear information on product labels.

Even in the case of international trade – whether it is mandatory or voluntary – there is a growing demand from influential customers, such as retailers, suppliers and government procurement agencies for the certification of environmental labels. Industry groups are arguing that certification of environmental labels offers positive benefits in terms of clearer communication and increased credibility.

In comparison to some other countries, Australia has few green certification programs. Those that we do have include Australian Certified Organic, Energy Rating, Energy Star, Australian Forestry Standard, Green Globe 21, Green Power and Good Environmental Choice. These programs offer third-party accreditation labels that are instrumental in differentiating green corporations from others. Consumers appear to place more trust in the third-party label than in the manufacturer’s label. Manufacturers use third-party labels on their products to provide independent verifications and to justify their claims of environmental safety.

Examination of consumer perceptions
It appears that the consumer purchasing mindset, in terms of concern for the environment, can be reflected in a general measure of their ‘perception of green products’. This perception, in part, is formed consequent to the interaction of the following factors:

(a) Consumer perception of value in terms of price and quality mix.
(b) Consumer belief in the government’s protective role in managing citizens’ concerns about environmental issues.
(c) Consumer perception about the corporate strategy of placing a higher priority on reducing environmental pollution than on maximising profit.
(d) Availability, accuracy and adequacy of product labels in facilitating an informed choice, and the extent to which these labels are used.
(e) Consumer experience with environmentally safe products in the past.

Extant research suggests that the green consumer’s perception about environmentally
safe products is still somewhat negative. This attitude appears to be based on a general perception that corporate policies will not support lower profitability in order to implement environmentally safe strategies. At the same time, consumers do not seem to consider that the current government legislation is adequately protecting the environment. There appears to be an expectation on the part of the consumers for corporations to see this responsibility as a fundamental issue.

Using consumer environmental perception to inform green strategies will assist firms in a number of ways. Firstly, it will reinforce proactive rather than reactive environmental protection measures. Secondly, it will help firms implement their commitment to environmental protection, and allow them to communicate effectively as environmentally responsible corporations. Thirdly, firms that adopt this strategy will have a better opportunity to develop a sustainable competitive advantage.

Another advantage of knowing the relative influence of green purchase predictors is the ability to formulate a corporate communications strategy that integrates all the communication tools available, including product labels.

Furthermore, ever since the 1960s, when the idea of integrating personal, social and environmental concerns with investment decisions originated, firms have regularly put out press releases, initiated public relations campaigns and published information about their environmental performance initiatives. Green positioning can be reflected in all the corporate communications output in order to create synergy and an effective integrated communications approach.

The implementation of a green marketing strategy would benefit from further investigation into how consumers form opinions about green products, and how various environmental predictors have contributed to consumer perception. Additionally, while the current literature provides some insight into the formation of green perceptions, little is understood about the association between these perceptions and the consumer's intention to purchase.

Research design

This study was conducted in two stages. Firstly, a qualitative study, including in-depth interviews with a sample of six conveniently selected consumers, was conducted. The purpose of this preliminary investigation was to verify whether the concepts used in this study were accurate and relevant, and whether the environmental factors identified in this study contributed to the formation of consumer perception of green products.

In addition, interviews with three senior marketing personnel in the Fast Moving Consumer Goods (FMCG) industry were conducted. The purpose of these interviews was to verify the corporate strategic approach in reaction to consumer environmental concerns.

Secondly, a research survey was designed to collect data to test the associations hypothesised as demonstrated in the model ‘Green products: Consumers perception and purchase intention’ (Figure 1).

The research instrument used was drafted based on the existing research instrument used in prior study in this area (D'Souza, Taghian, Lamb and Peretiatko 2006) and the interviews conducted earlier. The resulting instrument was pre-tested and modified where necessary prior to being administered.

The final research instrument included items to measure consumer product perception; perception of government responsibility in regulating and protecting the environment; functionality of product labels; perception of corporate responsibility; product ingredients and packaging; and consumer purchase intentions. All measurements were subjective assessments by the respondents using a seven-point Likert-type scale. Structural equation modelling was used to estimate the model's relationships.

The random sample of respondents for this study was derived from the listing provided by Pureprofile, from a database of people who had agreed to be contacted for online research purposes. The respondents were from different
states and were identified as the main buyers of supermarket products in the household, irrespective of their gender, age and location. A total of 250 questionnaires were completed online and were used for data analysis. Deakin Computer Assisted Research Facility (DCARF) conducted the fieldwork and reported the data collected.

The existing conceptual model of consumer green perception formation was extended to include intention to purchase. The estimates of the model would enable the researcher to gauge the relative influence of environmental predictors on perception, and the extent of the association between perception and intention to purchase (Figure 1).

The qualitative study that preceded the descriptive research re-confirmed the following key predictors of consumer perception formation around green products, all of which are incorporated into the model.

**Corporate perception:** the extent to which consumers perceive that companies are the cause of environmental problems through their manufacturing practices and work procedures, and whether corporations give higher priority to their profits than to activities aimed at reducing pollution.

**Product labelling:** the extent to which consumers perceive that product labels offer adequate and believable information and whether they are satisfied with the information available on product labels.

**Product perception:** the extent of consumer perception about the quality and the price of environmentally safe products in comparison to alternative products.

**Regulatory protection:** the extent of consumer perception of the role of government in regulating and enforcing environmental protection.

**Past experience:** the extent to which consumers rely on their own previous purchases of, and experiences with, environmentally safe products as the basis for their future purchasing decisions.

**Ingredients:** the extent consumers consider the key ingredients of the product to be important in their decision-making process, and whether the ingredients are assumed to be damaging to the environment, genetically modified, or tested on animals, etc.

**Packaging:** the extent of consumer expectation on product packaging in terms of environmental conservation, such as being biodegradable, made of recyclable materials and not being excessive etc.

**Intention to purchase:** whether consumers intend to purchase green products if the choice is available.

FIGURE 1 – GREEN PRODUCTS: CONSUMER PERCEPTION AND PURCHASE INTENTION
TABLE 1: MODEL ESTIMATES

<table>
<thead>
<tr>
<th>INTENTION TO PURCHASE MODEL</th>
<th>STANDARDISED ESTIMATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate perception → Perception about green products</td>
<td>.29**</td>
</tr>
<tr>
<td>Product perception → Perception about green products</td>
<td>-.09</td>
</tr>
<tr>
<td>Labelling → Perception about green products</td>
<td>.11*</td>
</tr>
<tr>
<td>Regulatory protection → Perception about green products</td>
<td>-.04</td>
</tr>
<tr>
<td>Past experience → Perception about green products</td>
<td>-.13*</td>
</tr>
<tr>
<td>Ingredients → Perception about green products</td>
<td>.35**</td>
</tr>
<tr>
<td>Packaging → Perception about green products</td>
<td>.5**</td>
</tr>
<tr>
<td>Perception about green products → Intention to purchase</td>
<td>.92**</td>
</tr>
</tbody>
</table>

** Significant at the .01 level  * Significant at the .05 level

Results
The results presented in Table 1 confirm the previous findings that the overall consumer perception about green products is formed predominantly by two key predictors. These are:

1) perceptions about corporate responsibility in providing environmentally safe products, and
2) the ingredients used in manufacturing green products. The product labels and the packaging used contribute to the perception, but at a lower level.
Past experience negatively contributes to the perception, indicating some level of disappointment by consumers who have used green products in the past.

Product perception and regulatory protection have no significant contribution. This result indicates that consumers expect all products to be environmentally safe, and that unsafe products are considered unacceptable. Furthermore, the government has not been identified as being predominantly responsible for regulating and controlling the environmental safety of products. This responsibility has been placed on corporations.

Consumer perception about green products is strongly associated with the consumer's intention to purchase. This result indicates that higher levels of overall perception correlate with stronger intention to purchase green products.

Implications

The overall implication of the results of this study is that consumer perception about green products is manageable. Corporations are able to initiate a positive consumer perception by using green practices in manufacturing. The suggestion is that consumers place the ultimate responsibility for the safety of the environment on corporations. Their expectation is that product manufacturing should not be at the expense of the environment. Furthermore, many consumers have had negative past experiences with green products in terms of quality and price, meaning products fell short of consumer expectation. More specifically, management needs to ensure that:

- products manufactured, and the manufacturing processes, are not damaging to the environment in any way;
- the packaging materials used are not excessive and are demonstrably safe to the environment;
- the ingredients used are not genetically modified or tested on animals;
- the product labels are accurate, clear and easily understood by the average consumer.

The persistent use of genuine environmentally safe strategies and effective communication addressing perception predictors potentially results in a positive perception among consumers that may influence their intent to purchase. This would strengthen the consumer's positive experience with green products and would motivate them to repurchase.

It may be suggested that marketing can contribute to a sustainable environmental future through the development of green products using environmentally safe manufacturing processes.

Finally, it needs to be highlighted that the findings of this study are pertinent to the FMCG industry, which may be somewhat different to other product categories.

References


Jeong Hee Yeo; Geistfeld, L. (2005), “The Effects of Attitudes, Perceived Control, and Knowledge


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It's not easy being green: Attracting the environmentally aware consumer – Dr Mehdi Taghian is a Senior Lecturer in Marketing in the Deakin Business School, Deakin University. Dr Clare D’Souza is a Senior Lecturer in Marketing in the School of Business, La Trobe University.