

“Impact of Green Marketing Practices on Consumer Behaviour Study with reference to Consumer Durable Goods in India”

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Abstract

Green marketing has gained significant traction in recent years as environmental concerns continue to influence consumer choices. This study examines the impact of green marketing practices on consumer behavior, specifically in the context of consumer durable goods in India. It explores how factors such as eco-labeling, sustainable packaging, green branding, and corporate social responsibility (CSR) initiatives influence consumer purchasing decisions. The study is based on a combination of primary data collected through surveys and secondary data from existing literature and market reports.

Findings suggest that Indian consumers are increasingly aware of environmental issues and prefer brands that adopt sustainable practices. However, the extent of their willingness to pay a premium for green products varies based on demographic factors such as age, income, and education level. The study also highlights challenges such as greenwashing and lack of standardized regulations, which may affect consumer trust.

1.1 Introduction

India's consumer confidence continues to be the highest globally and has improved in the second quarter of calendar year 2015 (Q2), riding on a positive economic environment and low inflation. Nielsen's findings reveal that the consumer confidence of urban India increased by one point in the second quarter of 2015 from that in the preceding quarter. Urban India's consumer confidence is 131 in the second quarter of 2015, up three points from 128 in the previous corresponding period. The current score helps India stay on top of the global consumer confidence index for the quarter and is followed by the Philippines (122) and Indonesia (120). Confidence in India has risen for the seven consecutive quarters.

Global corporations view India as one of the key markets from where future growth is likely to emerge. The growth in India's consumer market would be primarily driven by a favorable population composition and increasing disposable incomes. A recent study by the McKinsey

Global Institute (MGI) suggests that if India continues to grow at the current pace, average household incomes will triple over the next two decades, making the country the world's fifth-largest consumer economy by 2025, up from the current 12th position.

There is no doubt that India is a huge market in the world. India's gross domestic product (GDP) was measured as USD \$ 2049.5 billion in 2014 and according to a report by Boston Consulting Group (BCG) and the Confederation of Indian Industry (CII), India's robust economic growth and rising household incomes would increase consumer spending to US\$ 3.6 trillion by 2020. The maximum consumer spending is likely to occur in food, housing, *consumer durables*, and transport and communication sectors. The report further stated that India's share of global consumption would expand more than twice to 5.8 per cent by 2020.

India's market is consumer driven, with spending anticipated to more than double by 2025. The Indian consumer segment is broadly segregated into urban and rural markets, and is attracting marketers from across the world.

1.1.1 Market Size

The growing purchasing power and rising influence of the social media have enabled Indian consumers to splurge on good things. A study by US-based networking solution giant CISCO, reveals that in India, the second-largest smartphone market globally, the number of smartphones is expected to grow strongly to over 650 million by 2019. According to CISCO's Visual Networking Index (VNI) global mobile data traffic forecast for 2014–19, in India, one of the world's fastest growing Internet market, the number of tablets is estimated to reach more than 18 million by 2019.

Rating agency CRISIL estimates that online retailing, both direct and through marketplaces, will grow threefold to become an Rs 50,000 crore (US\$ 8.06 billion) industry by 2016. Also, the growth in Internet retail is expected to boost offline retail stores.

Following are some major investments and developments in the Indian consumer market sector:

- FMCG major Hindustan Unilever (HUL) announced a reorganization of its go-to-market operations from the traditional four sales branches to 14 consumer clusters in order to provide services to diverse consumers across channels and geographies. The company has termed the initiative as “Winning in Many Indias”.
- Hero Group is set to acquire a majority stake in direct-to-home devices manufacturer Mybox Technologies through its subsidiary Hero Electronix. The deal is the first step by Hero Group, which operates in numerous business verticals, towards entering the consumer electronics market.
- In a series of strategic buy-outs this year, SnapDeal, which acquired online utility service provider Freecharge and financial services portal RupeePower, has signaled its ambition to build a service platform so as to stand out in an online marketplace, which until now was dominated by an array of products from cameras to apparel and

furniture.

- Chinese technology major Huawei is entering the consumer broadband networking segment in India, with a range of devices aimed at homes and SOHO customers. With the aim to strengthen its position in the Indian market, online cashback and coupon site CashKaro.com plans to list about 50 global retailers over the next six months, according to one of its founders.
- Smartphone brand Gionee is entering the urban market in a big way through tie-ups with India's top large format retailers. The company's smartphones will now be available at stores such as Spice, The Mobile Store, Mobiliti World, Jumbo Electronics, Croma Retail and Planet M retail, expanding its overall footprint to over a thousand retail stores.

The Government of India has allowed 100 per cent Foreign Direct Investment (FDI) in the electronics hardware-manufacturing sector through the automatic route. The government has also enabled 51 per cent FDI in multi-brand retail and 100 per cent in single-brand retail so as to attract more foreign investment into the country.

With the demand for skilled labor growing among Indian industries, the government plans to train 500 million people by 2022 and is also encouraging private players and entrepreneurs to invest in the venture. Many government, corporate and educational organizations are working towards providing training and education to create a skilled workforce.

According to the TechSci Research report titled "India Machine-to-Machine (M2M) Modules Market Opportunities & Forecast, 2020", the M2M modules market in India is expected to exceed US\$ 4.4 billion by 2020 (TechSciResearch, 2015). The market research firm stated that over the last few years, India has become one of the fastest growing markets for M2M modules in Asia-Pacific (APAC).

Research firm Nielsen projected that rural India's FMCG market will surpass the US\$ 100 billion mark by 2025. Online portals are expected to play a key role for companies trying to enter the hinterlands. The Internet has contributed in a big way, facilitating a cheaper and more convenient means to increase a company's reach.

As per a joint report by Consumer Electronics and Appliances Manufacturers Association (CEAMA) and consultancy firm EY, India is expected to become the fifth largest consumer durables market in the world by 2025. While the urban market accounts for the majority share (65 per cent of the total revenue) in the consumer durables sector in India, future growth is expected to be driven by the rural market, as the government increases its focus on rural electrification," the report further said. Per capita income in India is expected to expand at a CAGR of approximately 6.6 per cent during 2013- 19, from \$1,500 in 2013 to \$2,200 in 2019. At present, the consumer electronics segment constitutes 17 per cent of the total Indian electronic products, which is the third- highest share.

The segment consists of TV, DVD players, Set Top Boxes, home theater systems, MP3 players, audio equipment, digital cameras and household appliances as washing machine, ACs,

microwave, refrigerators etc.

Moreover, the retailers are also providing easy financing options to the consumers by partnering with the banks. "Organized retail industry is expected to cover a market share of 15 to 18 per cent by 2020, from around 3 per cent currently and would not only streamline the supply chain but also facilitate increased demand," the report said.

According to CEAMA estimates, the LED/LCD market is expected to grow at around 20 per cent from 2014 till 2020, while refrigerators are expected to grow at around 10 per cent in that period.

The growth of Air-conditioners are expected to rise between 6 to 7 per cent during 2014 to 2020, while washing machines are expected to grow up to 9 per cent during the period. However, Set Top Boxes are the one which is expected to grow fastest on account of digitization of the cable delivery system.

"The total STB market was 18.4 million units in 2012 and is expected to grow at a CAGR of 28.8 per cent to reach 39.4 million units by 2015. The number of DTH subscriber in India is expected to increase from 73.1 million in December 2014 to 200 million by 2018," it added.

However, the industry is facing challenges such as rising freight cost, infrastructure bottlenecks and under-developed ecosystems, among others.

The consumer electronics market is expected to increase to US\$ 400 billion by 2020. The production is expected to reach US\$ 104 billion by 2016. The sector is expected to double at 14.7 per cent compound annual growth rate (CAGR) to USD 12.5 billion in FY15 from USD 6.3 billion in FY10. Urban markets account for the major share (65 per cent) of total revenues in the consumer durables sector in the country. Demand in urban markets is expected to increase for non-essential products such as LED TVs, laptops, split ACs and, beauty and wellness products. In rural markets, durables like refrigerators as well as consumer electronic goods are likely to witness growing demand in the coming years as the government plans to invest significantly in rural electrification.

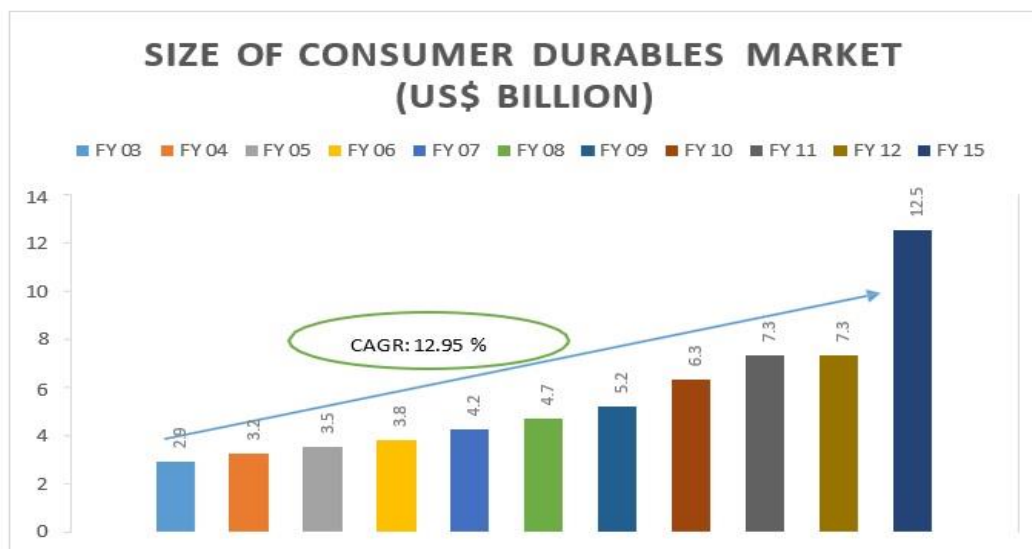
The Government of India has increased liberalization which has favored foreign direct investments (FDI). Also, policies such as National Electronics Mission and digitization of television and setting up of Electronic Hardware Technology Parks (EHTPs) is expected to boost the growth of this sector.

Also, the demand from rural and semi-urban areas is projected to expand at a CAGR of 25 per cent to US\$ 6.4 billion in FY15, with rural and semi-urban markets likely contributing majorly to consumer durables sales.

Revenues of consumer durable industry is also growing at healthy pace. The consumer durable sector's revenue in FY12 was found to be USD 7.3 billion. Healthy growth has been registered for consumer durable industry with a CAGR of 10.8 per cent over FY 03-12. The industry was expected to double at 14.7 per cent CAGR to USD 12.5 billion in FY15 as compared to USD

6.7 billion in FY10.

Figure 1: CAGR – Compounded Annual Growth Rate (Estimates)



Source: Electronic Industries Association of India

Income groups in India are classified, based on annual household income, in five broad categories (based on year 1995-96 indices); Lower Income group, three subgroups of Middle Income group, and Higher Income group. Consumer spending on durables is expected to increase as the household income in top 20 booming cities in India is projected to grow at an annual growth rate of 10 per cent over the next eight years. Today, it has become easy for Indian consumers to afford expensive consumer goods due to easy availability of loan through credit cards, loan over phones, zero equated monthly installment (EMI) charges.

The Indian consumer durable segment can be segmented into three groups:

Table No. 1 Characterization of Goods

<u>White Goods</u>	<u>Brown Goods</u>	<u>Consumer Electronics</u>
<ul style="list-style-type: none"> ▪ Air Conditioners ▪ Refrigerators ▪ Washing Machines ▪ Sewing Machines ▪ Watches and Clocks ▪ Cleaning Equipment ▪ Other domestic appliances 	<ul style="list-style-type: none"> ▪ Microwave Ovens ▪ Cooking Range ▪ Chimneys ▪ Mixers ▪ Grinders ▪ Electronic Fans ▪ Irons 	<ul style="list-style-type: none"> ▪ TVs ▪ Audio and Video Systems ▪ Electronic Accessories ▪ PCs ▪ Mobile Phones ▪ DVDs ▪ Camcorders

The above segments are characterized by intense competition due to emergence of new companies (MNCs), and introduction of price discounts and exchange schemes due to state of the art manufacturing facilities. Indian consumer durable segment is dominated by MNCs as near to 65 percent market share holding is with these companies in color television segment. In recent decades, India has witnessed rising income levels, shifts in consumption pattern and changes in life style, easy availability of credit (loans) and increase in the awareness level of the consumers which has resulted in the increase in the demand of the consumer durables.

1.2 Importance of Green Marketing

Green marketing has evolved as one of the main area of interest for the academicians as well as for the organizations. One of the reasons for going green is that today marketing to consumer is totally different from what it was 20 years ago. Today's consumers are much aware about green products and their benefits to the environment and preserving the environment is on the top of modern consumers' mind. Conventionally marketing in these situations will not work. And hence it is very much crucial for the businesses to market themselves and their products as eco-friendly. This also enhances the sales of the organization (Ottman J. , 1998).

According to Michael J Polonsky, organizations perceive environmental marketing as an opportunity to be used to achieve its objectives stated by Keller (1987) and Shearer (1990). They also believe that they have moral obligation to serve the society in more environmentally friendly way [(Keller, 1987), (Shearer, 1990), (Freeman & Liedtka, 1991) and (Davis, 1992)]. Certain laws are laid by the government towards the protection of the environment that forces the firms to become more socially responsible. At the same time, the environmental activities adapted by competitors also pressure the firms to change their marketing activities to environmental marketing activities.

Green products have also proven to be recession proof through the economic downturn of 2008 an 2009. According to Datamonitor study (DataMonitor, 2009), in the first six months of 2009, there were over 500 new product launches of goods that claim themselves as eco-friendly.

1.3 Green Marketing Practices

Owing to global warming and various environmental concerns identified in recent decades, many of the organization have now adapted the green practices in manufacturing as well as in promoting and distribution of their products. Organizations have come forward towards the protection of the environment and have shown concern towards various environmental concerns and are now promoting themselves as green organizations.

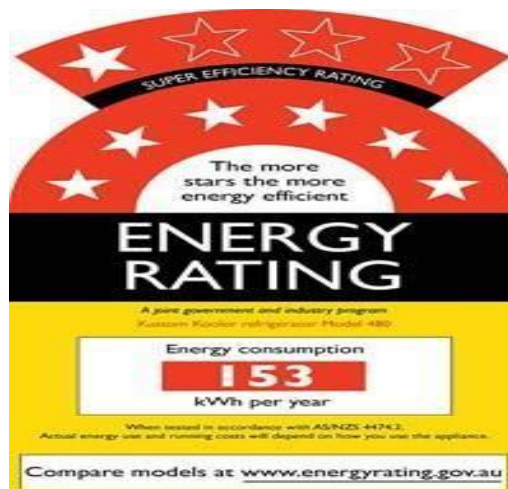
Philips is marketing its Compact Fluorescent Light (CFL) as "Marathon", highlighting its new "super long life", energy efficient and U.S. EPA's Energy Star label which added to its credibility and the product easily got accepted in the market.



Figure 2: Green Product of Philips (CFL Marathon)

Many consumer durable companies are now marketing their products with Energy Star Label stating that their use will reduce the energy consumption and consumers can save a lot of money on electricity consumption over a period of time.

Figure 3: Energy Rating for Appliances



For e.g. Godrej Consumer Products is marketing its product through green marketing and gives additional incentive to buyers to exchange their old products with latest green and environmental friendly products. The advertisements try to persuade the buyers to adopt a green lifestyle and contribute in development of a greener planet.

Figure 4: Godrej eon Green Technology

designed by curiosity **Godrej eon™**

श्रीवैद्य टेक्नोलॉजी को अपनावे के कई फायदे हैं।
 हमारे ग्रीन प्रोडक्ट्स पर एक्सचेंज में पावने Rs. 10,000 से भी उच्चता की बचत.

GREEN BONUS Save Rs. 10,000*

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- 0% INTEREST
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श्रीवैद्य प्रोडक्ट्स को अपनावें का, यही कारण है अपनी वीकलीजी को बदलने, और दुनिया को हरी-भरी बनाने की और अपना योगदान देने की।
 आसानी से एक्सचेंज में पावने के फायदे हैं।
 आसानी से एक्सचेंज में पावने के फायदे हैं।

LG is marketing their air conditioners as green product saving up to 66% energy with its inverter V technology.

Figure 5: LG Air Conditioner using Inverter V Technology

India's No.1 AIR CONDITIONER

LG AIR CONDITIONERS WITH INVERTER V TECHNOLOGY, COOLS 1.7 TIMES* FASTER, YET SAVES UPTO 66%* ENERGY

Cars consume more fuel when on a constant braking and acceleration. The same applies to Air Conditioners that go on and off repeatedly. The new LG Air Conditioners with Inverter V Technology, its smart compressor adjusts its speed to suit your cooling requirement. So it gives you 1.7 times faster cooling and saves upto 66% more energy. Keep cool while saving energy.

INVERTER V

www.lg.com/in

1.7 times FASTER COOLING

66% ENERGY SAVING

Inverter V AC saves more energy due to efficient running of compressor.

Why LG Inverter AC is better?*

Model No.	Tonnage Range	Best Cooling (EER/ICOP)	Lowest Input (Watts)	Highest Air Flow (Cfm/Ft)	Lowest Indoor Noise (dB)
BSQ12	0.2-1.2	3.43	990	20	19
BSQ18	0.3-1.7	3.34	1560	20	29
BSQ24	0.3-2.0	3.38	1780	20	31

Special Celebration Offer

5% Cash Offer

Weekend Shopping Carnival

Many companies are now offering more eco-friendly alternatives for their customers such as recycled products are one of the most popular alternatives that benefit the environment. Companies are now focusing on not to use plastic bags, instead they use carry bag made up of

recycled paper (for example, Titan, Tanishq have made a corporate policy that the goods will be delivered or given to consumers only in the carry bags made out of recycled paper). Idea Cellular Limited also launched an advertisement stating saving trees towards their corporate social responsibility.

New Delhi, Indian capital, was one of the most polluted cities until Supreme Court of India intervened to change to alternative fuels. In 2002, Supreme Court issued a directive to completely adopt CNG in all public transport systems to curb pollution.

Many greenhouse gas reduction markets have emerged over a period of time that can catalyze projects with important local, environmental, economic, and quality-of-life benefits. Kyoto Protocol's Clean Development Mechanism (CDM) is one of the steps towards greenhouse gas reduction. One of the barrier in facilitating participation and broaden the benefits of Kyoto Protocol's Clean Development Mechanism, is the lack of market awareness among stakeholders and prospective participants, somewhat complicated participation rules; and the need for simplified participation mechanism for small projects.

NDTV a major media group promotes green values through its campaign Greenathon. NDTV Greenathon (2012) as they call it organizes various philanthropic and social activities to raise awareness regarding environmental issues at the same time contribute to the social causes like electrification of rural areas etc. NDTV-Toyota Greenathon was launched in 2008 and it was India's first ever nationwide campaign towards protection of environment. The aim of the campaign is make people aware about environmental issues. As part of this environmental campaign, the first Telethon was organized by NDTV in 2009 which was a 24 hour live fund-raising event where people came together to donate money which was used to support TERI's Lighting a Billion Lives initiative by providing solar power to villages without electricity.

Nokia has come up with the concept of recycling of phones to save the natural resources to a large extent.

Figure 6: Nokia Phone Re-cycling



Xolo, a mobile phone manufacturer came up with the Safe E-waste Disposal Green Initiative. Under this program, the company encourages their customers and business allies to dispose their end of life electronics with responsibility and not to mix the e- waste with other household waste items, to have a minimum impact on the environment. They have also developed the take back system for the end customers who are willing to responsibly dispose their e-waste, by creating several drop off points.

Philips is marketing its Compact Fluorescent Light (CFL) as “Marathon”, highlighting its new “super long life”, energy efficient and U.S. EPA’s Energy Star label which added to its credibility and the product easily got accepted in the market.

In Real Estate sector, property developers are now using fly ash bricks to reduce soil erosion due to manufacturing of traditional bricks. They are also using solar panels to generate electricity for common passage lighting, elevators to reduce the traditional electricity consumption.

Footwear Design and Development Institute (FDDI) is focusing on re-use of tyres, using unconventional methods and innovatively creating footwear and accessories from old and recycled tyres.

Review of Literature

Green marketing has gained significant attention in recent years as businesses and consumers become more environmentally conscious. This literature review explores the impact of green marketing practices on consumer behavior, specifically in the context of consumer durable

goods in India. Various studies highlight the growing importance of sustainability, eco-friendly products, and corporate social responsibility in shaping consumer preferences and purchase decisions.

Concept of Green Marketing

Green marketing refers to the strategies and activities businesses adopt to promote environmentally friendly products and practices. According to Polonsky (1994), green marketing involves designing, promoting, pricing, and distributing products in a way that reduces their environmental impact. In India, green marketing has become increasingly relevant due to rising environmental concerns, government regulations, and changing consumer preferences.

Consumer Behavior Towards Green Products

Studies have shown that Indian consumers are becoming more aware of environmental issues and prefer eco-friendly products (Choudhary & Gokarn, 2013). Factors influencing consumer behavior towards green products include environmental awareness, perceived product quality, price sensitivity, and brand reputation (Joshi & Rahman, 2015). Moreover, young consumers and urban dwellers are more likely to engage in green purchasing behavior.

Impact of Green Marketing Strategies on Consumer Durable Goods

Green marketing strategies in the consumer durables sector include sustainable product design, eco-labeling, energy efficiency, and corporate sustainability initiatives. Research by Mishra and Sharma (2012) indicates that eco-labels and certifications significantly impact consumer trust and purchase intentions. Furthermore, Patel and Bhatt (2018) found that energy-efficient appliances, such as refrigerators and washing machines, have higher acceptance among Indian consumers due to long-term cost savings and environmental benefits.

Challenges in Green Marketing Adoption

Despite the positive impact of green marketing, several challenges hinder its widespread adoption. High production costs, lack of consumer awareness, and skepticism about green claims are common obstacles (Gupta & Abbas, 2020). Additionally, studies suggest that while Indian consumers express willingness to buy green products, actual purchase behavior often lags due to price concerns and limited availability.

Government Policies and Corporate Initiatives

Government regulations, such as the Energy Conservation Act (2001) and eco-labeling programs, play a crucial role in promoting green consumerism in India. Corporate initiatives, including sustainability reporting and carbon footprint reduction, also enhance brand perception and consumer trust (Kumar & Rao, 2021). Companies that actively engage in green marketing are more likely to gain a competitive advantage in the Indian market.

1.4 Global Green Marketing Practices

McDonald's replaced its clam shell packaging with waxed paper because of increased consumer concern relating to polystyrene production and Ozone depletion.

Tuna manufacturers modified their fishing techniques because of increased concern over driftnet fishing, and the resulting death of dolphins.

Xerox introduced a "high quality" recycled photocopier in an attempt to satisfy the demands of firms for less environmentally harmful products.

PepsiCo, made a company-wide commitment to the environment in terms of their business operation and since 2007, PepsiCo has implemented solar energy into their buildings and recycles water from their factories.

Timberland (a shoe and apparel company) used eco-friendly means in terms of the packaging of their products by making their shoe boxes out of 100 % recycled material along with the introduction of a new label on their shoes, similar to a food nutrition label, which listed the shoe's organic, recycled, and renewable materials content (Renfro, 2010).

Research Objectives

- To analyze consumer awareness and perception of green marketing practices in the Indian consumer durable goods sector.
- To examine the influence of green marketing elements (eco-labeling, eco-branding, green advertising, and sustainable packaging) on consumer purchase decisions.
- To assess the extent to which environmental concerns and sustainability awareness impact consumer preferences for green consumer durable goods.
- To evaluate the role of price, quality, and brand trust in shaping consumer attitudes toward green- marketed durable products.

1.5 Green Products

Actually there is no consensus on what exactly is green. There is no accepted definition of green product. However based on different definitions of green marketing, some common characteristics of products generally accepted as green, including the products are:

1. Energy efficient (both in use and in production).
2. Water efficient (both in use and in production).
3. Low emitting (low on hazardous emission).

4. Safe and/or healthy products.
5. Recyclable and/or with recycled content.
6. Durable (long-lasting)
7. Biodegradable.
8. Renewable.
9. Reused products.
10. Third party certified to public or transport standard (e.g. organic, certified wood).
11. Locally procured.

Conclusion

The study on the impact of green marketing practices on consumer behavior in the consumer durable goods sector in India highlights several key findings.

1. **Growing Consumer Awareness:** Indian consumers are increasingly aware of environmental issues and are showing a preference for eco-friendly products. Green marketing initiatives, such as eco-labeling, sustainable packaging, and energy-efficient appliances, are influencing their purchase decisions.
2. **Purchase Intentions & Brand Preference:** Consumers, especially in urban areas, prefer brands that adopt sustainable practices. Companies that engage in green marketing are perceived as socially responsible, leading to higher trust and brand loyalty.
3. **Challenges in Adoption:** Despite positive consumer sentiment, higher prices of green products, lack of awareness in rural areas, and skepticism regarding green claims pose challenges to the widespread adoption of eco-friendly durable goods.
4. **Regulatory & Market Influence:** Government policies promoting sustainability, such as energy efficiency ratings and environmental certifications, further drive consumer preferences. Market trends indicate a shift towards green products, urging companies to integrate sustainable practices into their core business strategies.