Journal of Internet Banking and Commerce

An open access Internet journal (http://www.icommercecentral.com)

Journal of Internet Banking and Commerce, May 2017, vol. 22, no. S8

Special Issue: Mobile banking: A service provider perspective
Edited By: Mihail N. Dudin

IMPACT OF PURCHASING DECISIONS ON ECO FRIENDLY PRODUCTS IN FAST MOVING CONSUMER GOODS SECTOR WITH SPECIAL REFERENCE TO CALICUT DISTRICT, KERALA

SRUTHIYA VN

Department of Commerce, St. Joseph's College (Autonomous), Devagiri, Calicut, Kerala, India

Tel: +919746468938;

Email: **amethystsru@gmail.com**

Abstract

Today's world is witnessed by a drastic increase in the products that are either substitutes or complementary. The consumers are in a dilemma with regard to their purchase decision. The availability of the products is a boon to the economy, but are these products being utilized in a proper manner where in the environmental issues are taken into consideration. The resources that are available in the economy are less as compared to what is needed. Therefore a proper balance is to be kept between the utilization and its disposal. The producers may be concerned about their profit margin, still keeping the objectives the production could be effectively done without harming the environment. If the products which are environment friendly, are produced the attitude and awareness of the consumer is important. The paper draws a light into the awareness and attitude of consumers with regard to FMCG eco-friendly products which is confined to Calicut district. A questionnaire is designed to find out the market awareness of eco-friendly products, to analyse the perception of consumers and also to identify the consumer's willingness to pay for eco-friendly products. The data is also

been collected from various secondary sources. The results illustrates that majority of the consumers are not aware of products available in the market. Consumers are willing to pay more if there is green feature for the product but they are averse because of green washing by the companies.

Keywords: **Eco-Friendly Products; FMCG; Consumer Purchasing Decision**

© Sruthiya V N, 2017

INTRODUCTION

Modern day is witnessed by the problem of effective disposal of waste, whether it is degradable or non-degradable. The effective utilization of waste after usage and reduction of the same has become a tremendous effort on the part of the industry as well as the nation. The degradable waste could be managed so effectively with much gain, as it can be broken down in a reasonable amount of time. In case of non-degradable waste, the management of the same should be done intelligently that the users and the environment are benefitted equally. The effort on this behalf is to recycle, reuse, reduce and be socially responsible. The awareness regarding this is to be created among the individual consumers so that the product which helps in the protection of environment will be produced and will create a better future for the offspring's. Fast Moving Consumer Goods sector is considerably one of the major sectors in the Indian market. These are products that are sold quickly, have relatively low cost and are required in the routine of the people. The companies move towards the production of such products so as to compete and be socially responsible. But lack of awareness regarding the products available may hinder the production of the same.

The paper tries to identify the attitude and perception of consumers towards the eco-friendly products in the FMCG sector. There are a number of variables which have an impact on the purchase decision of individual consumer. The paper tries to unearth the willingness of the consumers to pay on the eco-friendly products and their awareness with regard to such products available in the market.

REVIEW OF LITERATURE

Eco-friendly products are also known as green products or sustainable products. Eco-friendly literally means earth-friendly or not harmful to the environment. This term most commonly refers to products that contribute to green living or practices that help conserve resources like water and energy. Eco-friendly products also prevent contributions to air, water and land pollution. You can engage in eco-friendly habits or practices by being more conscious of how you use resources. Green product is defined by Fabien et al. [1] in their paper in search of a Green Product Definition, within three different perspectives-Academic, Industrial and Consumers. The paper reveals that the definition to the term green product is unclear and complex, the term has a different dimension which is being used under circumstances. However, the consumer's perspective has much relevance than the other two perspectives. The consumers are sceptical regarding the green feature of the products and require certification done by

the manufacturers.

Companies sometimes label their products "eco-friendly" or "environmentally friendly" without them truly being so called "green washing," marketing campaigns perpetuate this practice, aimed at helping companies increase their product sales by appealing to ecologically conscious buyers. Air Quality Sciences, Inc. (2010) published an article regarding the term green products and its future prospects [2]. The various dimensions of green products and its marketing are being pointed out in the paper, it focuses on the benefits of using the term correctly by the manufacturers. A well implemented green positioning will reap more benefit to the organization and the environment at large.

Fast Moving Consumer Goods are also known as Consumer Packaged Goods. These products are sold quickly in the market and at a relatively low cost. These are non-durable goods such as soft drinks, toiletries, food stuffs, personal care items etc. The absolute profits made on FMCG products are relatively small, but they are generally sold in large quantities, so the cumulative profit on such products can be substantial. FMCG is considerably one of the major sectors in the Indian market. The top FMCG companies are characterized by their ability to produce the items that are in highest demand by consumers and, at the same time, develop loyalty and trust towards their brands.

METHODOLOGY

Objectives

- To evaluate the consumer preference and awareness regarding the eco-friendly products in the market
- To analyse whether the consumers are willing to pay higher prices for the eco-friendly products

Data Collection and Analysis

A sample of 100 consumers is targeted from within Calicut district using purposive sampling, to identify their purchasing behaviour. Efforts were made on the part to include consumers with higher education. A self-completion questionnaire is framed and data collection is done through the internet [3]. The questionnaire was designed in such a way that the several questions are included for studying the objectives. Data is also collected through secondary sources. Secondary sources of data from various International and national journals, websites, books, e-journals of various universities, colleges and libraries.

Descriptive analysis is done to the summarize data. The questions put forth are analyzed to identify the level of awareness and preference of consumers towards eco-friendly products.

RESULTS AND DISCUSSIONS

The sample of the study composed of only 100 consumers from within the district. The sample selection was purely on the convenience of the researcher. Many of the respondents were selected on the basis of their educational level [4], effort was made to select those who have knowledge about the markets (Table 1). The study found that many are willing to buy these products even if the prices are high, if there is adequate green feature. Some of the relevant questions put forth were:

Table 1: Have you heard of any FMCG eco-friendly products?

Yes	No
43	57

Out of the consumers selected, only 43% are aware of the eco-friendly products available in the FMCG category. Majority of the consumers are not even heard a product which has green feature in their day to day purchase (Table 2). This shows that they are unaware of the availability in the market.

Table 2: Are you aware that your decision to purchase eco-friendly products will contribute to the sustainable future?

Yes	No
100	0

There is unanimous response on the part of surveyed consumers that they are aware of the fact that their purchase of eco-friendly product will bring a sustainable future and will contribute to the future generation (Table 3). This awareness could be marketed by the manufacturers by genuinely supplying such products which will enhance their profits and will bring good to the environment.

Table 3: If the product is labelled eco-friendly, would this information change your purchase decision?

Yes	No
90	10

Product labelling has its own effect in marketing any product. The label eco-friendly will bring a conscious to the consumers while making their day to day purchases [5]. 90% of the consumers affirmed that their purchase decision will be influenced by the labelling on the product (Table 4). Remaining 10% are of the opinion that mere labelling will not increase their purchase.

Table 4: Have you ever purchased or considering purchasing products which are designed with environmental issues in mind?

Yes	No
78	22

Out of the respondents 78% are of the view that if the products are designed with eco-friendly nature they are willing to purchase. But even many consumers do not believe the quality of such products made available in the market (Table 5). This is the major concern on the part of the consumers, that the manufacturers may fake the quality of the product under the label eco-friendly to reap more profit.

Table 5: If products are environmental friendly and have more green features; are you willing to pay more?

Yes	No	A Little
63	15	22

About 63% consumers which is the majority are of the view that if the product available in the market is environmental friendly they are willing to pay higher prices than the available products in the market which are not eco-friendly in nature [6]. 15% consumers are willing to pay more but within certain cost consciousness (Table 6). Rest 22% consumers are not willing to pay higher prices even if product carries higher green feature, they are cost conscious.

Table 6: Do you trust the quality of eco-friendly consumer goods?

Definitely Yes	Average	Definitely No	Not Sure
15	55	0	30

15% are having faith in the quality of eco-products, 55% are having a mixed feeling of the availability of quality eco-friendly products and the rest are not sure regarding the effectiveness of such products.

FINDINGS

Going green has become the new success mantra and is being discussed by people from all walks of life. From the data analysis it was found that majority of the people are not aware of such products in the FMCG sector, even people do think it as 'green washing' by the companies to make more profit [7,8]. The manufacturers may excessively use the term eco-friendly irrespective of the very nature of the product. This creates confusion in the minds of the consumers with regard to the purchase decision. Majority of the consumers are willing to pay more if the products are environmental friendly, having greener feature attached. The organizations need to concentrate more on creating awareness regarding the availability of such products in the market. The awareness could be through proper campaigning by the organizations and by the

government entities so that people get used to such products. The consumers normally do prefer products that are cheaply available, but because of the growing concern over the environmental and health factors there is a drastic change in the preference mode of the consumers today.

The study even though with least sample being identified reveals that the consumer awareness should be enhanced with genuine eco-friendly products being made available by the manufacturers and effort should be made to educate the consumers through various programmes.

REFERENCES

1. Fabien D, Caroline B, Charles J (2010) In Search of a Green Product Definition, Innovative Marketing 6: 25-33.
2. Vernekar SS, Preeti W (2011) Green Consumption - An Empirical Study of Consumers Attitude and Perception regarding Eco-friendly FMCG products, with special reference to Delhi and NCR region, Opinion 1: 65-74.
3. Sudhir S (2011) Eco-Friendly Products and consumer Perception. International Journal of Multidisciplinary Research 1: 279-287.
4. Mangali M, Francis K (2012) Green Marketing: Consumers' Attitudes Towards Eco-Friendly Products and Purchase Intension in the Fast Moving Consumer Goods (FMCG) Sector, Master Thesis, Umea School of Business.
5. Nagaraju B, Thejaswini HD (2014) Consumers' perception analysis - Market Awareness Towards Eco-Friendly FMCG products - A case study of Mysore District, IOSR Journal of Business and Management 16: 64-71.
6. Sudhir S, Vinod M (2014) Consumer Perception Regarding Eco-Friendly Fast Moving Consumer Goods in India. International Journal of Engineering, Business and Enterprise Applications 40-43.
7. Namitha R, Ruchika K, Akansha K (2014) A Study of Consumers' Attitudes and Purchase Intentions towards Environment: Friendly Products in FMCG Sector in India 4: 14-20.
8. Wanninayaka WMCB (2008) Consumer Attractiveness Towards Green Products of FMCG Sector: Empirical Study, Oxford Business and Economics Conference Programme.