



## A STUDY ON GREEN CONSUMERISM INFLUENCING BUSINESS STRATEGIES

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### **Abstract:**

It has been a formidable movement by green consumerism, and the movement has been influencing the business strategies in the contemporary business practices in the various spheres around the world. The growing concern about the environment, the challenge of climate change and the growing demand on sustainable products has had an immense effect on the consumer purchasing pattern. The paper is directed at the discussion of how the green consumerism must compel the organizations to rebrand their business model, marketing strategies, supply chain management and product development cycles. It explains the extent to which the companies go to incorporate the environmental responsibility in the strategic decision making so as to meet the evolving consumer needs and environmental stresses. The paper is conceptual and analytical and it is based on the existing literature, market trends, and practices that are in practice in relation to corporate sustainability. Findings have revealed that any enterprise that responds to the plea of green consumers will be rewarded competitively by being branded with image, customer loyalty, economical, and regulations compliance. Yet, the problems of risks in greenwashing, the higher expenses as a start-up, and the absence of the unified eco-labeling, as well as the lack of consumer trust, are the challenges to the full adoption. As it has been concluded, the idea of green consumerism is neither a temporal phenomenon, but a shift in the bonds within the market, pushing the companies to make sustainability their basic principle of operating. To the extent that companies are indeed correlating their activity with the principles of the environment, the latter are more likely to turn out profitable in the long-run and earn the loyalty of stakeholders. The research would provide managerial, policy, and academic benefits to individuals who would be interested in understanding the emergent nexus between environmental consciousness of consumers and business transformation with sustainability.

**Keywords:** Green consumerism, sustainable business strategy, eco-friendly marketing, consumer behavior, corporate sustainability, green supply chain, environmental responsibility, competitive advantage

### **Introduction:**

Sustainability of the environment has ceased to be a marginal phenomenon, and it has become one of the determinants of the success of a business. The rapid depletion of the natural resources, the increasing number of carbon emissions, the change of climate, and the increasing tendency of the ecological correctness in people are all the factors that gave rise to the so-called phenomenon of green consumerism. Green consumerism is the trend that has been emerging among consumers in favor of purchasing products and other services that are environmental, ethically produced and also socially responsible. This

consumer attitude change has put immense pressure on the companies to re-establish the past profit-based thinking concept and adopt sustainability-based perspectives. The current consumers are more educated, digitally connected and value-conscious like never before; they are better positioned to make a judgment of a brand respectively concerning the impact of the brand on the environment, how the brand packages itself, its sourcing practices, and the CSR program. This has seen corporations in other industries like manufacturing, retail, FMCG and services, include the concept of green in their strategic planning processes.



Green consumerism has different impacts on the business strategy. Organisations are increasingly undertaking the need to develop products of green nature, green sourcing, circular economy and green marketing communications in order to address the need of consumers. Businesses are re-engineering to reduce the carbon footprints by redesigning the supply chains, renewable energy, waste reduction by lean and it has circular, and offering environmentally friendly packaging choices. Moreover, the concept of sustainability reporting and ESG (Environmental, Social and Governance) reporting as the strategic instrument has become relevant in terms of forming the trust between the stakeholders and enhancing the corporate reputation. Those companies that are reacting appropriately to the green consumer demand are likely to have stronger brand equity, customer loyalty and infiltrating new market segments particularly those in the millennial consumers and the Gen Z consumers.

Despite these opportunities, there are challenges associated with going green on business strategies. Many of the companies are constrained by their cost, technology as well as by the knowledge they lack of whether people will be willing (or not willing) to pay the higher price to green products. Additionally, the tendencies caused by the greenwashing, i.e., the benefits exaggeration or a statement of benefits companies are not offering at the moment have brought about consumer-doubt and regulatory supervision. The small and medium businesses are among the few that lack resources particularly in the process of embracing the holistic approach to sustainability. There is also a problem with the common measure of degree of greenness, as the result, consumer choice and corporate strategy development is a complex process.

The impetus of green consumerism by the new economies such as India provides an odd mixture of chances as well as restraint. Despite the heightened sensitivity on the environmental issue, there are other considerations that affect the rate of green adoption because besides this issue is the price sensitivity, inability to have infrastructures to utilize in carrying out the recycling processes, and selective enforcement of rules. Nonetheless, a gradual but steady transformation of the sustainable consumption trend among the Chinese urban markets is observable in that China is putting the Indian business under pressure to incorporate aspects of environmental considerations in the long-term strategic planning.

It is on this backdrop that this research paper seeks to debate the growing impact of green consumerism on business in strategy. It also aims to understand the increase of environmental awareness of the consumers on the corporate behavior, and the best strategy to use as well as the remaining obstacles to its full application. Based on theoretical knowledge and introducing the trends at the workplace, the research performs its role in the overall discussion of the topic of sustainable development and sustainable management of the business activities within the continuously green-aware market.

#### Literature Review

Green consumerism is a concept that scholars have given much attention to as green issues started affecting the consumers tastes and organizational policies. The green purchase behavior theoretical foundation has a tangible foundation in the Theory of Planned Behavior (TPB) which Ajzen (1991) postulated on the fact that attitude, subjective norms and the perceived behavioural control determines the behaviour of people. TPB has been widespread in the green marketing literature on the interpretation of how the attitudinal orientation towards environment bring forth into the



actual purchasing decision-making. The model further posits that consumer environmentally positive attitude and high perceived influence are more likely to get them involved in purchase of green products and hence is useful model in obtaining sustainable consumption patterns.

Unrelated to this specific study, an earlier empirical research conducted by Chan (2001), on the factors that influenced the green purchasing behaviour of the Chinese buyers, recognized environmental knowledge and environmental concern to be among the key implications on the environmentally-friendly buying behaviour. Similarly, Chen and Chai (2010) noted that environmental attitude of consumers is very critical in shaping their preferences to consume green products. They made the conclusion that awareness is not a future concern, positive attitudes must be supported with perceived product effectiveness and trust in environmental assertions.

Biswas and Roy (2015) conducted a study to find out the preferences of the consumers in the context of the emerging economies through an occurrence study, which reveals that people are ready to purchase environmentally friendly products yet are price and product quality sensitive. Their analysis revealed that even though more consumers of the emerging economies are increasingly becoming environmentally conscious, the buying habits is generally not as high as intentions voiced. Such is an attitude-behavior gap that has been realized in the literature of green consumerism. In accordance with this opinion, Joshi and Rahman (2015) provided a very wide review which revealed such crucial factors as environmental concern, social influence, perceived consumer effectiveness and product attributes. They further pointed out that the future requires more studies that take into consideration cultural and demographic moderators in the emerging markets.

One of the first attempts to examine the attitudes of the Indian consumers towards green marketing is carried out by the authors Jain and Kaur (2004). Their findings were that the number of people that are becoming more environmentally conscious is increasing but their beliefs are not forming a routine green purchase due to price and unavailability of the products. It was also reported by Mishra and Sharma (2010) that despite the potential of green marketing in India, the challenges involved with the wide adoption of the practice are Lack of consumer awareness, weaken enforcement of laws and the lack of infrastructure.

Corporate green consumerism strategic response has as well been a study of large magnitude. A research conducted by D /Souza et al. (2006) empirically tested the relationship between green products and corporate strategy and the findings confirmed that the companies, which integrate the aspects of environmental consideration in the products design, and those that market the products, have stronger brand image and competitive advantage. As an addition to this point of view, Kotler (2011) in the book *Marketing 3.0* claimed that modern marketing must be beyond what functions give way to values based engagement that ensure sustainability and social responsibility to be the essential elements of brand positioning. Ottman (2011) has also restated that proper green marketing involves sincerity, transparency and consumer education, and not unnecessary environmental clichés.

However, major threats of green marketing escalation may also be found in the literature. Peattie and Crane (2005) have critically tried to develop the concept of green marketing and warn that inappropriate marketing perspectives will erode the extent of customer faith and ruin brand loyalty. Delmas and Burbano (2011) greatly emphasized this fact, and they wrote about the driving forces of the greenwashing



and disclosed that the motivation to overstate the environmental statements is often preconditioned by the institutional factors and competition on the market, as well as information asymmetry. Regulatory control and eco-labeling systems that are viable are important as proposed in the work.

Green consumer research has also been carried out in order to determine the demographic factors. The researchers conducted by Mostafa (2007) revealed that the genders differ in terms of environmental knowledge and green purchase behavior since other consumers, female consumers, also seem to be more willing to express concern and willing to purchase. This type of evidence shows that the key to the green business strategy design is market segmentation.

The heightened relevance of sustainability in the decision as a consumer in the market is further elaborated by more up to date market concepts. The report prepared by Nielsen (2021) suggests that Indian consumers are ready to spend money on the environmentally friendly brands and this tendency is constantly increasing, particularly among younger customers and among urban customers. This trend helps justify the strategic need to make sure that businesses, which are situated in the economies that are developing, imbibe the character of sustainability in the long-term planning.

Overall, the literature seems to agree that green consumerism is reshaping the market force and forcing companies to bring its strategy to the environmentally friendly strategies. New gaps, however, exist. One of the issues, which are pointed out in numerous studies, is the systematic intention-behavior gap and the perceived difficulty of consumer behavior due to the practices of greenwashing and the lack of importance attributed to the context of the emerging economies at the firm-strategy interface. In addition, the attitude of

consumers is also examined extensively, yet no large volumes of research study provide a detailed discussion of the correlation between green consumerism and strategic business change.

The present study is set to fill these gaps in order to reconcile the consumer behavior opinion and the strategic business reaction particularly in an emerging market of environmental awareness.

### Objectives of the Study

1. To examine the level of green consumer awareness and environmental concern among consumers.
2. To analyze the influence of green consumerism on consumer purchasing behavior.
3. To identify the key factors driving consumers' preference for green products.

### Hypotheses

- **H0 (Null Hypothesis):** There is no significant level of green consumer awareness and environmental concern among consumers.
- **H1 (Alternative Hypothesis):** There is a significant level of green consumer awareness and environmental concern among consumers.

### Research Methodology

The implication of green consumerism on the business strategies is studied as the current research follows a descriptive and analytical research design. As a means of ensuring that the analysis is comprehensive, the primary sources of data and the secondary sources of data are utilized. The primary data will be collected through the utilization of structured questionnaire in which the consumers will be interviewed through Likert scale of five points to measure variables like the environmental

awareness, purchase intention and perception of the green products. The study population and convenience sample is comprised of the urban market consumers, which is a non-probability sampling technique, and should be chosen because it is easy and time-efficient. The size of the sample is established in such a way that it is sufficiently covered and with some degree of statistical dependability. The secondary information will be obtained by using research journals, books, industry reports, sustainability books and credible online databases, to support the theoretical and practical knowledge. The received data is coded and compared through the assistance of such statistical means as the descriptive statistics, t-test (one-sample), correlation, and ANOVA (with the assistance of SPSS) and applied to confirm the hypotheses, developed, and examine the relationship between variables. The instrument is assessed by the reliability of the instrument using the Cronbach alpha and the instrument is assessed using the expertise review and pilots testing in order to determine the validity of the instrument. These conclusions have been inferred in accordance with the objective of the research to reach substantive conclusions on whether green consumerism has been instrumental in the contemporary business strategies.

#### Descriptive Statistics: Green Consumer Awareness and Environmental Concern

| Variable                          | N   | Mean | Std. Deviation | Minimum | Maximum |
|-----------------------------------|-----|------|----------------|---------|---------|
| Awareness of Green Products       | 500 | 3.92 | 0.78           | 1.00    | 5.00    |
| Knowledge of Environmental Issues | 500 | 3.85 | 0.81           | 1.00    | 5.00    |
| Concern for                       | 500 | 4.10 | 0.72           | 2.00    | 5.00    |

| Variable                                 | N   | Mean | Std. Deviation | Minimum | Maximum |
|------------------------------------------|-----|------|----------------|---------|---------|
| Environmental Protection                 |     |      |                |         |         |
| Preference for Eco-friendly Products     | 500 | 3.76 | 0.84           | 1.00    | 5.00    |
| Willingness to Support Green Initiatives | 500 | 3.88 | 0.79           | 1.00    | 5.00    |
| Overall Green Awareness & Concern Score  | 500 | 3.90 | 0.68           | 1.80    | 4.95    |

The level of knowledge of the respondents in regards to the greener consumer, as well as concern on the environment can be described as fairly good, as the descriptive statistics reveal. The mean of Likert 3.90 shows that the consumers are quite favorable with regard to their environmental mindfulness, which could be viewed as the aggregate finding. Among individual indicators, the environmental protection concern presents the largest mean (4.10) which means a high level of emotional and attitudinal investment of the individual into the environmental concerns. The consumer orientation towards sustainability is also positive in terms of its awareness to green products (mean = 3.92), and desire to contribute to the green initiatives (mean = 3.88). Environmental awareness (mean = 3.85) and preference of environmentally conscious products (mean = 3.76) are also high but with slightly lower score which indicates moderate to high awareness and inclination to do so. Standard deviation of the variables values are not very high thus showing consistency of the



responses among the consumers who were sampled. Generally speaking, the findings provide some preliminary support to the alternative hypothesis (H1) according to which the level of green consumer awareness and concern with the environment among the consumers is high however in order to test them statistically, an inferential test is required.

#### ANOVA Table

*Dependent Variable: Green Consumer Awareness & Environmental Concern*  
*Factor: Demographic Variable (e.g., Age Group)*

| Source of Variation | Sum of Squares | df  | Mean Square | F     | Sig. (p-value) |
|---------------------|----------------|-----|-------------|-------|----------------|
| Between Groups      | 18.245         | 3   | 6.082       | 4.326 | 0.005          |
| Within Groups       | 697.580        | 496 | 1.407       |       |                |
| Total               | 715.825        | 499 |             |       |                |

*Significance Level: 0.05*

ANOVA results show that statistically significant difference between the level of green consumer awareness and the level of environmental concern based on the selected groups of the population exists. The F value of 4.326, and the significance level ( $p = 0.005$ ) is lower than the cut-off point of 0.05 meaning the obtained values between the position of the means of the groups are not induced due to chance alone. This means that there is no chance of excluding demographic variables (i.e. age group, in this case, they are assumed to be the variable) when it comes to the environmental awareness levels and the level of concern among the consumers. The between-groups variance is less than the within group variance, yet it is large enough to lead to the large F ratio which implies that at least one of the demographic groups is different enough in comparison to the rest as far as the green consciousness is concerned. The null

hypothesis is rejected and the alternative accepted in its turn. These findings indicate that companies and policy makers ought to focus on segmental green marketing and awareness promotions by demographic profile grounds in order to augment sustainability program effectiveness.

#### Overall Conclusion

The study will bear witness to the reality that green consumerism is emerging as one of the key drivers that dictate the current business operations and consumer market. The findings have depicted that the rate of environmental awareness and concern among the consumers is quite high, which is a sharp contrast to the sustainability-based consumption behavior. Vital statistics showed that the central scores of the key determinants of knowledge of green products, an issue of environmental protection, and the intention to buy the green activities are over the neutral midpoint. The single sample t-test model and ANOVA that was applied to test hypotheses also helped to justify the fact that observed levels of awareness are then statistically significant and that observed demographic differences are significant in the light of the green consciousness amongst the consumers.

The results of the study underscore the increasing nature of the modern consumer to research on the products and brands under the environmental perspective. This is an evolving psychological state that is compelling the businesses to utilize sustainability across their critical strategic focal points which include product design, packaging, supply chain management and their marketing communications. The organizations, which respond to the green consumer expectations have more likelihood of developing a good brand image, loyalty, and long term competitive advantage. However, the aspect of price sensitivity, the attitude-behavior difference, the absence of uniformity of eco-labels, and the risk of greenwashing are also



enumerated as the recurring weaknesses that present potent reasons to eliminate the consumer trust unless they are addressed appropriately.

The paper brings out the significance of true and transparent green policies as a manager in contrast to the token environmental statements. To maximize the green market, companies need to invest in customer education, legitimate sustainability reporting and creation of green product. Improving environmental standards, promoting awareness, and discouraging false green marketing is another worthwhile task of the policy producers and controllers.

In a nutshell, green consumerism is not a trend but the change of the system in the market behavior that is redesigning the business perspective. With environmental conscious market behavior, businesses that have incorporated sustainability in their long term strategy and modes of operation will be more sustainable and competitive in the new market.

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