

Green Marketing and Its Implications on Consumers and Businesses in Malaysia – An Empirical Study

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INTRODUCTION

Consumers the world over are turning "green". Global awareness about the environment is being aroused by media reports on ecological disasters and industrial accidents such as Chernobyl, the Three Mile Island nuclear episode, acid rain and the global warming trend.

Recycle, Biodegradable and Reusable are terms representing the dawn of a new era - Environmental Consumerism. Shaped by consumer environmental concerns, the environmental or green consumerism trend proved to be an attempt by individuals to protect themselves and the planet by buying only products they consider "green" and leaving non-green products on the shelves. In their efforts to protect themselves and their world, they are scrutinizing products for environmental safety (Ottman, 1994a).

Currently, products are being evaluated not only on performance or price, but on the social responsibility of manufacturers. Value now includes the environmental soundness of product and package. The ingredients and processes involved in every phase of a product's life-cycle from raw material procurement, manufacturing and production, straight through to after-use (reuse and recycling) and disposal now command green consumers' attention.

However, because consumers' green concerns affect all aspects of a corporation's operations, they are emerging as a fundamental business issue. Many corporations are beginning to understand that the green phenomenon is a serious marketing trend and a long-term one, reflecting a permanent shift in societal values. They realize that they cannot afford to make environmental issues mere afterthoughts and therefore, are beginning to incorporate the new values and consumers' buying criteria into their marketing strategies.

Walter (1990) found that consumers concern about environmental issues does not always

translate into purchasing decisions. Different segments of the workforce react differently towards the green issue. Dagnoli (1990) found that environmentalism was such a concern that most consumers would still switched to an environmental product even if it priced much higher than a less environmentally friendly product.

Hayes (1991) in his study found that most consumers felt that in order to protect the environment, requirements and standards should not be too high. At the same time, continuing environmental progress must also be made regardless of the cost. Yap Mei (1994) in a study on Malaysian industries found that chemical companies in Malaysia took initiative to reduce the emission of pollutants as well as reducing its energy consumption.

Understanding consumer trends and expectations is crucial to competitive marketing. Responding to the trends relating to the consumer values and attitudes is significant and it is essential not only to achieve top environmental performance but also a healthy market share. The inevitable and undeniably active movement to market green products has prompted most companies to establish a complete green philosophy that covers the entire range of ingredients, formulations, packaging, advertising and general image creation. The companies are changing their ways of manufacture, redesigning their packaging and even changing their products to make them more environmentally acceptable. Companies that have developed products with the environment in mind seemed to be reaping the rewards of becoming green.

The emergence of green consumers has lead to corporate change, particularly in marketing (Ottman, 1994b). Conventional marketing involves providing products that satisfy consumer needs at affordable prices and supporting those products with communicators and project value to the consumer. Environmental or green marketing is more complex and thus, requires new

marketing and management strategies that can effectively address key challenges relating to how one defines green, how one develops green products and how one portrays one's commitment with credibility with respect to the green revolution.

The objective of this research is to study selected aspects of the green revolution in the Malaysian context. The study focuses on consumers and the green corporations. Consumers' perceptions of 'green' and their purchase decisions, and the marketing strategies of green corporations, are investigated in this research.

Hypotheses: It was hypothesized that

1. Consumers are concerned about the environment.
2. Consumers have a positive attitude towards purchasing the green products.
3. Green marketing will have a positive implication on businesses.

METHODOLOGY

Sample: The participants of the study were 150 respondents in the Bangsar and Subang Jaya residential areas. Stratified convenience sampling method was used to collect the data. The questionnaire was personally administered to each individual and data was collected. The questionnaire consisted of 25 items that was divided into two parts. Part A comprised of questions pertaining to consumer perceptions of green marketing and green products and Part B stressed on the classification and demographic questions. A four point Likert scaling from agree to disagree was used in the questionnaire.

A structured questionnaire was also used for interviewing the business organisations. Four prominent green corporations in the Klang valley of Malaysia were selected for the study. Part A of the questionnaire was used to collect the background information of the organisation. Part B of the questionnaire looked at the opinions and views of the organisation regarding their green activities and green products. This part of the questionnaire also identified the companies marketing strategies.

Statistical Analysis: The data collected was analysed using one-way ANOVA and factor analysis to test the hypothesis by using SPSS

package. Factor analysis was used to reduce the number of variables to a more manageable number that belong to a cluster. The responses for the 25 items on green issues obtained from the questionnaire was factor analysed using the principle component method with varimax rotation. Items with loading greater than 0.40 and those factors with an eigen value greater than 1.0 were selected.

RESULTS AND DISCUSSION

Purchase Decision: Consumers, regardless of their locality of their stay are concerned about the environment. The results of the data shows that gender and age group were insignificant in determining the consumers' environmental concerns. Consumers, despite their differences in their educational background and monthly income, viewed the environment as a significant issue. However, the higher income consumers are more inclined to purchase green products than their lower income counterparts (Table 1).

Table 1: Relationship between monthly income and purchase decisions

Monthly income	Purchase green products	
	Yes	No
RM2000 and below	62.9%	37.1%
RM2001-4000	89.5%	10.5%
RM4001-6000	100.0%	
RM6001-8000	100.0%	
RM8001-10000	100.0%	

This data is supported with one-way ANOVA results that showed a significant difference between the various income groups in response to the purchase decisions ($p < .001$). The study also showed that not all consumers concerned about the environment were willing to change their concerns into purchase decisions. 79% of the concerned consumers admitted that they would make the purchase. Therefore we accept the hypothesis and conclude that consumers have a positive attitude towards purchasing green products.

21% of consumers were not willing to pay more for green products. This is consistent with findings reported by Levin (1991b) that consumers might be concerned but are not necessarily

willing to pay more for the green products. This could be due to the higher prices of green products compared to the non-green ones.

Green Product Characteristics: Given the option to choose the characteristics of a green product, 62.7% preferred 'recyclable products' (Table 2) with 21.3% ranking it as the top characteristic. Even though 45.3% preferred products made from recycled paper, aluminium or other reusable materials, products that do not contain bleaches, dyes or other toxic materials and also those that use natural ingredients as the characteristic of a green product. 16% of the respondents chose the latter as one of the top characteristics as compared to the earlier two. This could be due to the fact that the respondents perceived natural as being associated with "green."

Table 2: Green Product Characteristics

<i>Green Product Characteristics</i>	<i>Frequency</i>	<i>Ranking¹</i>	<i>Ranked²</i>	<i>Percentage</i>
Uses natural ingredients	68	24	2	45.3
Is recyclable	94	32	16	2.7
Is made from recycled paper, aluminum or other reusable materials	68	2		45.3
Does not contain bleaches, dyes or other toxic materials	68	6		45.3
Is a type of vegetable or green plant	40	22	3	26.7

Notes: ¹ Number of consumers choosing this characteristic as most important

² Top 3 characteristics

The four green corporations (3M, Canon, Monark, Body Shop) were interviewed for this study. They were making useful contributions with each having their own strategies for helping the environment. 3M was stressing on the prevention of pollution from the source rather than removing it. (prevention is better than cure concept). Canon Marketing highlighted its Clean Earth Campaign which emphasise the recycling of cartridges rather than allowing those used cartridges to end up in landfills and pollute the environment. Monark in contrast emphasised the recycling of bottles and also ensures that their manufacturing processes are green in order to

control pollution and reduce waste. Rampai-Niaga or more commonly known as The Body Shop differentiated itself from its competitors by focusing on cruelty-free toiletries and cosmetic products (products that are not tested on animals).

All the four companies have long realised the importance of green marketing and have since incorporated the green values into their operations. They are aware of the environmental issues and have long held the idea of greening their businesses in order to attain competitive advantage.

Factor Analysis: Among the consumers, the most significant factor related to the Green issue is the 'Companies' attitude'. This factor accounted for 12.8% of the variance. This factor consisted of four loaded statements which stated that 'Companies are offering more education and information to facilitate and promote new values and behaviours of being green' was identified as the most important variable.

The second factor grouped variables related to 'Product characteristics'. Out of the three variables in the factor, the perception that "Consumers doesn't necessarily buy a product just because it is green" was identified as most important. This indicated that the green image of the product was not sufficient to influence consumer's purchase decision.

The third factor identified was 'Environmentally friendly' which accounted for an additional 9.0% of the total variance. The most important variable 'Most green products in the market are not as environmentally friendly as they pollute the environment one way or another had a loading of 0.74.

The fourth factor grouped variables related to 'Consumers' attitude'. The most important variable was 'Consumer prefers to buy non-green products because they were cheaper' but the loading had a negative sign indicating that consumers did not agree with that statement. Consumers preferred non-green products because they were not really concerned about the implications of the product to the environment, or the product was better in terms of its characteristics as compared to the green ones. Therefore we reject the second hypothesis.

The variable on financial factor shows that

the lower income group buys less green products compared to other products. This indicates the financial difficulty of the consumers to buy green products as they were more expensive. The factors on green awareness and concern about the environment seems to be a general concern among the respondents. They were aware of the global environmental issues such as the acid rain and global warming which are of concern to them. Lastly the environmental factor had a loading of 0.80 but with a negative sign, indicating that consumers did not agree with the statement.

Table 3: Results of Factor Analysis

<i>Key factors identified</i>	<i>Eigen-value</i>	<i>Percentage of variance</i>
1. Companies' attitude	3.192	12.8
2. Product characteristics	2.603	10.4
3. Environmentally friendly	2.258	9.0
4. Consumers' attitude	1.875	7.5
5. Financial factors	1.739	7.0
6. Green awareness	1.625	6.5
7. Green product	1.257	5.0
8. Concern about the environment	1.201	4.8
9. Environmental factors	1.162	4.6

CONCLUSION

This study shows that the Malaysian consumers in general are concerned about the environment. They are aware of the green issues and are realising its importance. Their concern is not significantly related to demographic factors such as sex, age group, education level and monthly income.

The study also showed that not all the consumers are concerned with the green issues and put their actions into purchasing decisions. Nevertheless, 78.9% of the consumers have a positive attitude towards purchasing green products. It was hypothesized that consumers who are more educated and those with higher incomes were expected to purchase the green products. This study showed however that though the higher income consumers were more inclined to make the purchase of green products, the highly educated consumers were not the only ones doing so as the less educated consumers too shared similar purchasing decisions.

Consumers still do not fully comprehend the idea of a green product. Most consumers could

only define it as a product that would not harm the environment. The term 'recyclable' was identified as highly related to a green product. It shows that consumers perceived recyclable products as green products. In the minds of the consumers, there is no clear definition of a green product but as long as the products do not cause pollution, deplete the ozone layer or harm the environment they understand it as a green product.

The government is currently playing a proactive role in the green revolution. It is expected to continue with its green campaigns to further enhance the existing environmental awareness among the consumers. Media should be used to disseminate and promote the green values among the people. Walley (1991) in his study has also recommended in similar lines. Corporate companies should improve their green image and green corporations should continue to live up to the reputation by improving their green manufacturing processes and emphasizing on environmentally inclined products. The organisations should go green not only to gain the competitive edge over their non-green rivals but also contribute to the well-being of the environment as a whole.

KEY WORDS Green Marketing. Consumerism. Reusable. Pollutants. Purchase Decision. Green Corporation.

ABSTRACT Environmental issues are fast becoming important business issues in Malaysia. Many corporations are beginning to incorporate 'green values' into their marketing strategies. Malaysian consumers have been slow in responding to the environmental issues in the past but with increased per capita income and higher education the attitude is changing rapidly. This study was undertaken to find out the level of understanding of the concepts of green marketing and green products among consumers and marketers in Malaysia. Data was collected from 150 respondents using a questionnaire method. Multivariate statistics was used to analyse the data. The research also evaluated the 'green corporations' and their role and responses to the green revolution. The results of the study showed that there is a high degree of environmental awareness among the consumers.

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