
Green Consumerism - An Overview

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ABSTRACT:

Population explosion at an alarming rate, rapid movement towards urbanization and industrialization, increasing needs of energy and fast scientific and technological advancement have resulted in depletion of environmental resources and the contamination of the planet earth. Some environmental problems have been linked to individual consumption and this has brought the environmental problem down to the consumer level. Educated purchases by consumers can drastically reduce worldwide pollution and help conserve the environment. The ultimate end point of all production is ultimately consumption.

Companies worldwide have attempted to respond to the growing environmental concern of consumers with the introduction of a variety of green products.

Green consumerism is practiced through 'positive buying' in that green products are favoured or 'moral boycott' i.e. negative purchasing or specific company- based purchasing.

A green product is one that has less of an environmental impact or is less harmful to human health than the traditional product equivalent. Green consumerism demands that the production process, marketing and even disposal of products should be environmentally sustainable.

The present paper is an attempt to study green consumerism in its different aspects, including the challenges facing it nowadays.

Key words; environmental problems, green products, positive buying, moral boycott, green consumerism

GREEN CONSUMERISM—AN OVERVIEW

Meaning of consumerism—

Consumerism is the concept that consumers should be informed decision makers in the marketplace. The consumer movement is the social movement which refers to all sections and all entities within the marketplace which give consideration to the consumer. The consumers are to be protected against useless, inferior or dangerous goods, misleading advertisement etc.

Consumerism also means “high levels of consumption” which is supposed to be economically desirable. In a 1955 speech, John Bugas of the Ford Motor Company coined the term ‘consumerism’ as a substitute for ‘capitalism’ to better describe the American economy. “The term ‘Consumerism’ would pin the tag where it actually belongs- on Mr. Consumer, the real boss and beneficiary of the American system.” Bugas’s definition aligned with the Austrian economist Carl Menger’s vision of consumer sovereignty whereby consumer preferences, valuations and choices control the economy entirely.

Vance Packard changed the meaning of the term ‘consumerism’ from a positive word about consumer practices to a negative word meaning excessive materialism and waste.

Reasons for buying any product/ service by the consumer—

(1) Necessity driven buying behaviour -Every human being has certain basic needs and to fulfil these basic needs, one has to buy the required products. Such buying behaviour is said to be necessity driven and varies from person to person.

(2) Impulsive buying behaviour- Sometimes, there is no preconceived notions about the purchase in the minds of the consumers. Certain product features, packaging, promotional schemes etc force the consumers to buy them on the spur of the moment.

Variables influencing consumer behaviour-

The study of consumer behaviour is quite complex, because of the many variables involved and their tendency to interact with and influence each other. These variables can be divided into 2 major sections-

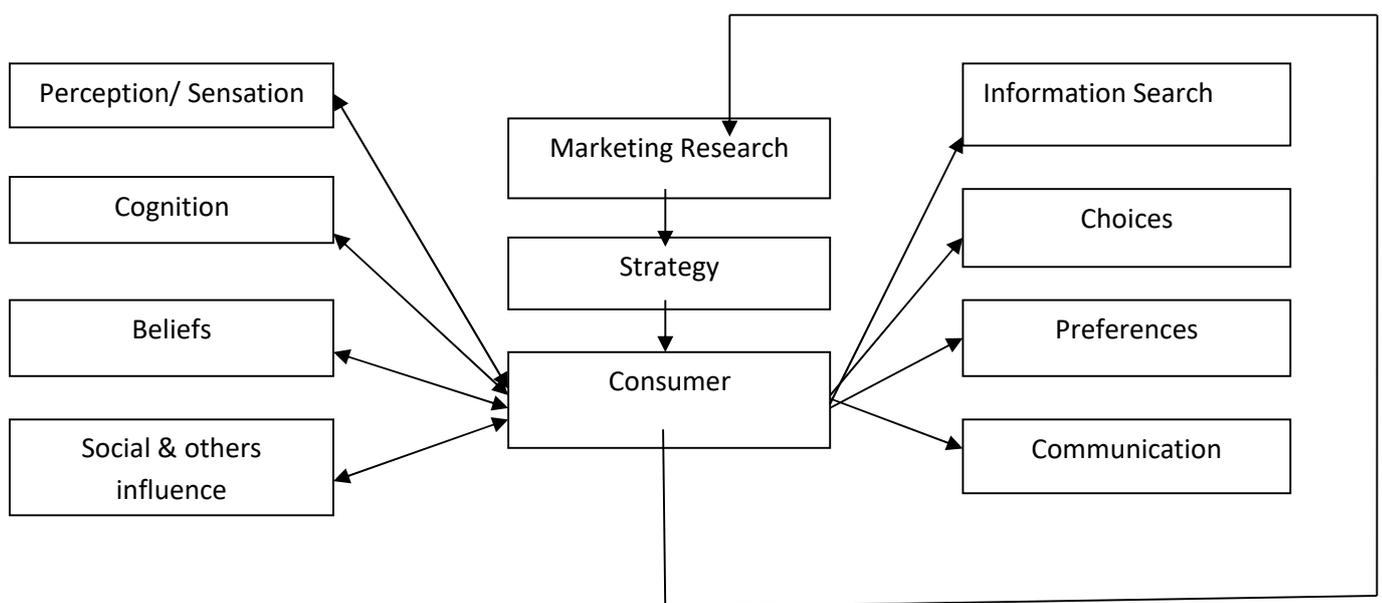
(1) External Environmental Variables influencing behaviour ; These are the factors controlled by external environments. The following form the basis of external influences over the mind of a consumer-

- (a) Culture and sub culture
- (b) Social class and social group
- (c) Family and inter- personal influences
- (d) Other influences (like geographical, political, economic and religious environment etc)

(2) Individual determinants of behaviour- Major individual determinants of consumer behaviour are the human mind and its attributes. These variables are personal in nature and they are influenced by the above set of external factors and in turn influence the way consumers proceed through a decision making process re: goods and service4s. They are –

- (a) Personality and self concept.
- (b) Motivation and involvement.
- (c) Perception and information processing.
- (d) Learning and memory.
- (e) Attitude.

Influence on & of consumer behaviour



Marketers are frequently uncertain about the variables that are at play influencing and affecting consumers. Sometimes this occurs because they do not clearly understand the extent of variables that might be having an influence. Sometimes some variables are not directly observable. Other times, variables are known to the marketers but their exact nature and relative strength of influence is not apparent. The human mind being as complex as it is, the understanding of the buying behaviour of the consumers becomes a continuous activity of application of various theories and concepts by the marketers.

Effect of Environmental concerns on consumer decision making—Green Consumerism—

Population explosion at an alarming rate, rapid movement towards urbanization and industrialization, increasing needs of energy and fast scientific and technological advancement have resulted in depletion of environmental resources and the contamination of planet earth. Pollution, global warming, climate change, loss of biodiversity etc. are some of the major environmental hazards threatening the existence of mankind. The environmental damage already inflicted cannot be reversed unless there is collective thinking, will and effort. These call for public awareness and participation for bringing about an attitudinal change and finally restricting further damage to the environment. Educated purchases by consumers can drastically reduce worldwide pollution and help conserve the environment. After all, the ultimate end point of all production is consumption.

Over the past few years, the environment has become a persistent public issue, with some calling the 1990s “the Earth Decade” (Mc Daniel and Rylander, 1993) or “the Decade of the Environment” (Mc Dougall, 1993). Some environmental problems have been linked to individual consumption and this has brought the environmental problem down to the consumer level. Indeed, 30-40% of environmental degradation is brought about by the consumption activities of private households (Grunert, 1993). As a result of the public realization that its consumption activities lead to environmental problems, some consumers are translating their environmental concern into actively purchasing green products. Companies worldwide have attempted to respond to the growing environmental concern of consumers with the introduction of a variety of green products.

Green Consumerism is practiced through ‘positive buying’ in that green products are favored, or ‘moral boycott’ i.e. Negative purchasing or specific- company –based purchasing.

Background of Green Consumer Behaviour—

Dobson (2007) argues that behaviour change towards sustainable development that is driven by environmental citizenship considerations is more likely to last than behaviour driven by financial incentives. He states that attitudes work at a deeper level than behaviour and that attitude change is what most environmental policy is aimed at.

Surveys and opinion polls around the world have shown that environmental issues sit high on the public agenda. A 2007 Mc Kinsey Global Survey of more than 7500 consumers in 8 major economies found that 87% of the consumers are concerned about the environmental (and social) impacts of the products they buy. The Mc Kinsey Global Survey (2010) found that most of the respondent companies regard climate change/ energy efficiency as the most important environmental (and sustainability) issue facing their business (43%), along with waste/ pollution/ recycling (42%). The Nielsen Global Survey of Corporate Social Responsibility and Sustainability (2015) which polled more than 30,000 online consumers in 60 countries found that 66% of the respondents say they are willing to pay more for products and services that come from companies that are committed to positive environmental (and social) impact, up from 55% in 2014 and from 50% in 2013.

Concept of Green products/ eco friendly products—

The term ‘green’ or ‘sustainable’ often refer to products, services or practices that allow for economic development while conserving for future generations. A green product is one that has less of an environmental impact or is less detrimental to human health than the traditional product equivalent. Almost no product will

ever be 100% ‘green’, since all product development will have some impact on the surrounding environment. It all comes down to degrees of impact and trading off between impacts. The select attributes that describe green products and services are-

- (1) Energy efficient, durable and often have low maintenance requirements.
- (2) Free of ozone depleting chemicals, toxic compound and do not produce toxic byproducts.
- (3) Often made of recycled materials or content or from renewable and sustainable sources.
- (4) Obtained from local manufacturers or resources.
- (5) Bio degradable or easily reused either in part or as a whole.

Companies producing Green products—

Until recently, there have been few ways to measure not only how brands are performing environmentally but also how the public perceives that performance.

With that in mind, Fortune published the 50 Best Global Green Brands in 2014 in conjunction with the consulting firm Deloitte and Interbrand. The list was first created in 2011. The nominees for the year 2014 were drawn from Interbrand’s annual Best Global Brands report, which ranks the world’s 100 most valuable brands. After Deloitte measured effectiveness, Interbrand then checked to see whether the public actually knew about all this hard work. It surveyed 10,000 people in countries with the ten largest GDPs to measure the perceived greenness of each brand.

In the 2014 Global Green Brands list, Ford replaced Toyota as the number 1 brand. In 2014, Ford offered seven electrified models, six being hybrids and the seventh, the Focus Electric, being a pure battery electric car.

The Best Global Green Brands list also posts a score for each brand that represents the gap between its overall performance score and its overall perception score. A positive score indicates a brand is doing more than it is given credit for, while a negative score indicates that a brand is being given more credit than its actions merit.

Panasonic, for e.g., had a high positive gap score. In other words, the brand is doing a lot of impressive work to become more sustainable but is not getting credit for it from the public. Apple has a negative gap score. While the company is definitely doing more to improve its environmental performance, consumers believe that Apple is greener than it actually is.

The **Best Global Green Brands 2014** are as follows—

2014 Rank	Name of the brand	Sector	2014 gap	2013 rank
1	Ford	Automotive	+3.2	2
2	Toyota	Automotive	+0.3	1
3	Honda	Automotive	+1.8	3
4	Nissan	Automotive	+6.6	5
5	Panasonic	Electronics	+13.9	4
6	Nokia	Electronics	+19.0	9
7	Sony	Electronics	+10.7	11
8	Adidas	Sports Goods	+6.1	15
9	DANONE	FMCG	-1.3	8
10	Dell	Technology	+6.9	10
11	Samsung	Technology	+8.3	16
12	Johnson &	FMCG	+2.8	6

	Johnson			
13	BMW	Automotive	+5.8	13
14	Philips	Electronics	+5.4	23
15	Intel	Technology	+12.3	21
16	Volkswagen	Automotive	+3.0	7
17	Hewlett-Packard	Technology	+9.7	12
18	Nestle	FMCG	+4.0	14
19	IKEA	Home furnishing	-6.5	33
20	Coca-Cola	Beverages	-12.2	19
21	Apple	Technology	-1.1	22
22	L'Oreal	FMCG	+15.3	20
23	GE	Capital Goods	-1.8	25
24	Mercedes –Benz	Automotive	+10.0	17
25	IBM	Business Services	+10.9	27
26	Canon	Electronics	+3.8	30
27	Xerox	Business Services	+14.6	29
28	UPS	Transportation	+6.3	32
29	Nike	Sports Goods	-0.5	31
30	Pepsi	Beverages	-2.3	26
31	Siemens	Capital Goods	+14.1	18
32	Chevrolet	Automotive	-2.9	-
33	Cisco	Technology	+19.0	28
34	Zara	Apparel	+4.7	48
35	Kia	Automotive	+9.5	37
36	3M	Capital Goods	+3.4	24
37	Starbucks	Restaurants	-2.0	36
38	Kellogg's	FMCG	-6.0	38
39	H & M	Apparel	+4.7	42
40	Hyundai	Automotive	+7.2	34
41	Microsoft	Technology	-9.1	35
42	Avon	FMGG	+5.7	41
43	Mc Donald's	Restaurants	-14.5	47
44	Santander	Financial Services	-0.9	46
45	AXA	Financial Services	+0.9	44
46	Caterpillar	Capital Goods	+3.1	39
47	Shell	Energy	-9.1	40
48	Colgate	FMGG	-7.0	50
49	Disney	Media	-9.1	-
50	Heineken	Alcohol	-1.5	-

Green Consumerism demands that the production process, marketing and even disposal of products should be environmentally sustainable.

Green Production processes—Green production processes seek to minimize the impact of the manufacturing process on the environment at every stage. Hart and P. Shrivastava defined “green production” as follows—“Green production focuses upon 3 fundamental goals—(1) minimize emissions, effluents and accidents; (2) minimize the use of virgin materials and non-renewable forms of energy and (3) minimize the life-cycle cost (cradle to grave) of products or services.”

Reliance on recyclable or renewable materials, new energy and material conservation initiatives and ‘replenishment’ programs (such as forest replanting programs) are all considered as effective tools in establishing processes that do not unduly harm the environment.

Again, information from industry studies and consumer research is being used to develop new products and to redesign existing products and services in order to reduce their impact on the environment and virtually eliminate pollution. Some businesses have altered their product and packaging designs to use fewer materials or to be easily disassembled so that high-value components can be recycled more readily. Also, product packaging is an important element of an environmentally sensitive production operation. Examples of green packaging include the use of recycled content in packaging materials, source reduction and refill alternatives. Whatever form the packaging takes, it should clearly state whether green claims pertain to the product or to its package.

There are quite a few companies worldwide that have consciously adopted eco-conscious production processes-

1. **IKEA**: - IKEA uses lot of lumber to make its furniture. However the company uses sustainable forestry techniques and also invests in solar and wind energy to an unprecedented degree. The company plans to hit 100% clean energy by 2020.
2. **NIKE**: - its head quarters in Netherlands use recycled aluminum frames and underground energy storage. It also enforces strict emission standards at all of its factories and has been able to reduce its overall carbon footprint by approx 80% since the late 90’s.
3. **Johnson & Johnson**: - Is has begun switching much of its energy dependency over to solar power and is now the second largest user of solar power in the US.
4. **QMI services**: - QMI is a company that designs automated handling equipment (such as bar code scanning system and weigh in motion devices) for use in factories around the world. They use energy efficiently on the production line. Again the products they manufacture help other companies also efficiently use energy on the production line.
5. **Philips Electronics**:- Not only does Philips strive to drastically increase its energy efficiency in its production process, but it also invests billions of Euros into green research, so that every company on earth can someday be as eco friendly as it is trying to be. That research has resulted in a tiny LED, award winning LED, the world’s “Smartest” LED, the most efficient wide LED and much more.
6. **Earth Tec**: - Usually companies recycle materials into new products. Earth Tec takes it a step further by using recycled products in the production process. Things like plastic bottles are saved from landfills so that they can be used to help make eco friendly clothing.
7. **Schott**: - Schott manufactured the world’s first glass-ceramic cook top without using heavy metals – arsenic and antimony as additives. Limiting the use of heavy metals is crucial to environmental stability since the methods to extract them from the earth are so damaging. It also lowered its emission and waste products substantially in the last 20 years.
8. **Dell**: - A company pledge to reduce its total manufactory emission.
9. **Tupperware**: - Initiatives to reduce pollution, consume energy and recycle are standard in the Tupperware of plants around the world.

Disposal & waste management: - The safe collection, storage & recycling of waste is vital for the protection of natural resources.

Waste to land fill goes against sustainable, principle such as 're –use, recover, recycle, remanufacture'. It means that new products one being processed from scratch & typically results in high demand on fuel, energy, materials and other resources. At the waste breaks down, it also contributes to green house gas emission such as methane and CO₂.

There are direct environmental risks from hazardous waste that might contaminate the soil or water supply & direct emission gases or particulates to the air. There can, also be business risks and costs associated with these incidents.

Waste management focus for a company depends on what material it uses & its process of production.

Waste management can be improved by using one or more of all 'R' activities-

E.g.

1. Reduce: This focuses on improving efficiency, reestablishing technology and practices that reduce the amount of waste generated.
2. Reuse: Using a product without change or remodeling, weather for the original or a different application.
3. Recover: Capturing or extracting elements of a product or process, for e.g, chemicals from computer parts or heats from a production process.
4. Recycle: Processing a product or components into a changed from, usually for a different application.
5. Remanufacture: Rebuilding a product to its original (or better) specifications, this goes beyond reconditioning or repairing to an acceptable working state.

Green labeling or eco labeling & green washing-

As businesses have come to recognize that environmental concerns may be translated into a market advantage for certain products & services, various environmental declaration , claim and labels have emerged, such as natural, recyclable, eco friendly, low-energy , recycled content etc. These have attracted consumes looking for ways to reduce environmental impacts through their purchasing choices. But they have also led to some confusion & skepticism. Unproven or irrelevant claims have been branded 'green wash'.

Green labeling or eco labeling is a voluntary method of environmental performance certification & labeling that is practiced around the world. An eco label identifies products or services proven environmentally preferable overall, within a specific product a services category. In contrast to ' green ' symbols a claim statements developed by manufacturers & service providers, the most credible labels are awarded by an impartial third party for specific products or services that have been independently determined to meet transparent environmental leadership criteria, based on life cycle consideration.

The International standards Organization (ISO) has classified label into 3 typologies:

1. Type I (Eco label)
2. Type II (Green claims)
3. Type III(Environmental impact labels)

Type I- Eco labels (ISO 14024:1999)

Only independent and reliable labels that consider the life –cycle impact of products & services are called 'eco labels'.

Type II- Self environmental claims (ISO 14021:1999)

These labels are developed internally by companies and are not independently verified. If the information conveyed in claims is vague, misleading or inaccurate (green washing) , the consequence can be loss of trust in claims and labels in general.

Type III- Environmental impact labels (ISO 14025:2006)

Type III labels consist in qualified product information based on life cycle impacts. Environmental parameters are fixed by a qualified third party, then companies compile environmental

information into the reporting format and these data are independently verified. Type III labels do not assess or weigh the environmental performance of the products they describe. This type of environmental labels only shows the objectives data and their evaluation is left to the buyers.

There is also a fourth group ‘Type 1-like’. This has a verification and certification process similar to that of eco labels but focuses on single issues (e.g. energy consumption sustainable forestry etc).

A product declaration made by a co about the environmental quality of its products, but not verified by an external source, is called ‘green claim’. A reliable green claim should respect the criteria indicated by ISO 14021. This implies that the claim should be truthful and accurate. It should be communicated in straightforward way and the information behind the claim should be verifiable and accurate. When the criteria of transparency and accuracy are not respected, the behavior of firms who falsely claim to have a sound environmental record is known as green washing. The practice of green washing distorts the choice of consumers who want to buy green products, but end up with products that do not deliver the benefits they promise. It also creates confusion in the markets and undermines the effectiveness of true claims and labels, taking away their market share. In the long term, it damages the reputation of all labels and environmental claims.

Green Consumerism—the Indian scenario—

Data monitor’s latest survey titled ” Green Consumers in India” (2009) finds that making green choices is a high priority for around 60% of Indian consumers and 95% of consumers who make the green choices claim to do so to protect the environment.

The report provides an analysis of the Indian consumers’ attitude towards green practices, products and services across mainly, 3 sectors—energy, retail and transport. It also rates different consumer segments by assigning them green scores, based on their level of adoption of green behaviour across these sectors.

The report finds that—

- (1) Over 85% of consumers in India consider human activities to be the primary factor driving climate change.
- (2) Over half of the consumers feel that India’s automotive industry has the greatest potential to make an impact on the environment by reducing carbon emissions.
- (3) Women and urban dwellers are more inclined towards adopting green behaviour across the 3 sectors as compared to men and rural population.

As per the Data monitor Green Scores, India scores higher than most Asia-Pacific countries except China.

Green companies in India- India’s leading ‘green companies’ at present are—LG India, HCL, Haier India, Samsung Electronics, Voltas, Panasonic India, Nokia, Wipro, MRF Tyres, ACC Ltd, Fevicol, Grassroot, Vivanta by Taj Hotel Resorts and Palaces.

Green products in India—Wipro Info tech (Green It) was India’s first company to launch environment friendly computer peripherals.

Samsung was the first to launch eco friendly mobile handsets (made of renewable materials) – W510 and F268 – in India.

Reva, India’s Bangalore- based company was the first in the world to commercially release an electric car.

Honda India introduced its Civic Hybrid car. ITC has introduced Paper Kraft, a premium range of eco friendly business paper. Indus Ind Bank installed the country’s first solar powered ATM. Suzlon Energy manufactures and markets wind turbines, which provide an alternative source of energy based on wind power.

Eco labeling in India—The Government of India launched an Eco mark scheme in 1991 to increase consumer awareness in respect of environment- friendly product. ISO 14020 is a guide to the award of eco labels.

Conclusion and policy recommendations—

Consumers polled in different studies globally express their concern for environment and emphasise their intention to buy green products. But when it comes to actually buying green goods, words and deeds often part ways. Eco friendly products tend to be higher priced than their traditional counterparts and this pushes away the urge of the consumers for purchase. Consumers usually buy selected green products—like organic food, energy efficient lighting etc. By and large, they tend to ignore other Earth- friendly products such as energy- saving computers or carpets made from recycled fibre.

Even the green goods that have caught on have tiny market shares. Organic foods- which consumers buy more for their own health than for the environment's—accounted for less than 3% of all food sales in 2006 in USA. Hybrid cars made up little more than 2% of the US auto market in 2007.

Companies can reap multiple benefits by going green. They can reduce their energy consumption, lessen their risks, meet competitive threats, enhance their brands and increase their revenues. To realize the true potential of the green market, businesses must help consumers change their mindset and behaviours. Companies must remove the hurdles between the would- be green consumers' intentions and actions.

For this, they can undertake the following steps-

(1) Educate consumers- Because consumers are largely unaware of green alternatives, businesses first need to think of themselves as educators, not salespeople. And they must expand their lesson plans beyond their own products to the larger issues of pollution, climate change, overfishing and other environmental problems.

(2) Build better products- For consumers to improve their opinions of green products, companies must create ones that are equal to, or better than, conventional alternatives. Consumers still value performance, reliability or durability much more than a product's ecological soundness.

(3) Strengthen consumers' trust by being honest- In recent years, consumers have caught companies red-handed at 'green washing'. To rebuild public trust, companies must inform the public about their true environmental impact, as well as about their attempts to reduce that impact.

(4) Lower the prices of green products-

And (5) increase these products' availability.

Businesses alone cannot lead consumers from intention to action. In many instances, the government and the civil sector need to be heavily involved to achieve long lasting changes in consumer behaviour. We can conclude our discussion on Green consumerism by quoting Gaylord Nelso—

“The ultimate test of man's conscience may be his willingness to sacrifice something today for future generations whose words of thanks will not be heard.”

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