CONSUMPTION OF GREEN GOODS: INDIAN MARKETING STRATEGY

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Consumption variations are explained by changes of consumer behavior. Due to socio demographic and psychological differences decision making process of consumption is altered. Any single variable is not sufficient to predict efficient outcomes from marketing. Hence a detailed analysis is rather important for Indian consumers. This paper discusses characteristics of Indian consumers to help in formulation of marketing strategies to effect consumption. Environmental degradation is a global concern. A shift to green goods is essential. Although being a large scale market of an advanced country, Indian consumers lack interest in green goods. We will discuss perception of Indian consumers towards green goods. For marketing we want to understand what changes have occurred in between social classes and produce strategies for growth of Indian green goods consumption.

Keywords: Marketing strategy, Consumption, Green foods, Consumer behavior

INTRODUCTION

In eighteenth century England while economic thought was developing. An extraordinary reflection of consumption in formulation of economic theory foundation is evident. Adam Smith in his work “An inquiry into the Nature and Causes of the wealth of the Nations” declares consumption as the sole and end purpose of production. Even after a strong emphasis on consumption in all Smith’s theories, he did not develop exclusive theory on consumption. In classical economics consumption was a part of production. Consumption was seen as a rational, self-motivated and long term process. It was seen as method of self improvement. The society comprises of producers and consumers. Agents of production behave like well behaved and rational consumers as well. Thus the same individual is consumer as well as producer in the economy in classical economic thought. Individual’s behavior defines new social and political order. Predominant features of classical economists were concerned with production and growth surplus.

In Malthusian theory of demand, consumption is describes as need of capitalist demand. “Effective Demand” which is the demand which is high enough to ensure continuity of production. This level of demand helps the producer to cover up cost of production plus profit. It is not
dependent on labors, whose returns are less than their contribution in production neither on capitalists who have a greater propensity to save or invest than consume. Malthusian theory considers production as the chief instrument. Malthusian view describes the inability of commoner’s consumption capacity to capture investment. Malthus also describes interdependency between production and consumption. Capital accumulation does not mean increase of production. A different class of consumer who is not directly the means of production but participates in consumption process decides the magnitude of economic growth. They are defined to be servants, judges, scholars, statesman, etc. These are the unproductive consumers who decide the intensity of consumption in the economy. Thus productive capacity of each country depends on efficiency of unproductive consumers. The unproductive consumption provides the capitalist extra profits which is contribute in production.

Karl Marx describes the features of modern economy from view of capital and not wants to determine production. Marxian view of consumer is a class formed as a product of division of labor in capitalist mode of production. They are slave of the market, whose desires are forever to be expanded in order of growth in production. The essential element is production which is a creative transformation of commodities through human creative potentiality. Marx defines value of a commodity by physical properties of the commodity. Labor makes commodities and not take part in capital accumulation. The values of objects are defined by physical productivity attached to it which increases with improvement of productivity. Labor is a source of value from two mediums, productivity and intensity. Intensity is generally number of hours or time investment of labor and productivity is measured by efficiency attached to labor houses. By Marxian principal, greater the productivity of labor the less number of hours required to produce an article. The lesser labor intensive article, the less its value. Capital accumulation from surplus value needs manipulation of consumer’s demand so that consumer no longer remains free chooser. The manipulation of consumption needs leads to derivation of profit and thus capital accumulation. Marx fails to explain consumer’s requirements beyond normative utility of commodities. The real demand remains out of focus.

Georg Simmel explains in relativist theory of value, the relative need of commodity defines demand not the absolute requirements. The value of a thing depends on its relative judgment. Usefulness does not define demand, but the demand defines usefulness of goods.

Marginalist view of consumption introduces utility theory of demand. The value of a thing was measured by usefulness to consumer. Subjectivity arises from the concern of consumption value. As a good is consumed subsequently the additional value added to consumer decreases. Beyond a limit the same good will provides disutility. Utility is thus comparable and physiological phenomenon. But Menger says economic value can be considered at face value, i.e., arising from scarcity rather than wants of the commodity. Exchange is due to existence of differences in relative subjective valuations of the same good rather than dependent on human propensity to trade of as in

1 Unproductive consumer: One who does not take part in production directly. But is rather active in consumption.
Smithian theory. The consumer in marginalist theory is conceived to be rational, so they develop choice to maximize satisfaction. Marginalist formulated demand function as a separate function from production. But the interrelationship of consumption and production was acknowledged in equilibrium of market.

Alfred Marshall later shifted the focus on time element for demand supply equilibrium. The theory also deals with gap between total and marginal utility of demand. Absolute measure of utility from each commodity is not sufficient. The relative marking of each commodity was required. Allen and Hicks followed by Samuelson created numerical presentation of revealed preferences. Samuelson’s theory is: the consumer gives preferences based on constraints of budget through utility maximization, defined by satisfaction derived from bundles of goods matching his/her preferences. As the marginal utility and quantity is negatively associated, consumer responses to changes in price and quantity of goods are therefore crucial in defining the demand function.

Consumption behavior deals with explaining the aggregate behavior of the society. It deals with the whole economy where as consumer behavior uses individualistic approach. Usually in practice of marketing, consumption behavior is used in case of normal goods. In case of luxury good consumer behavior is rather beneficial. Katona (1963) describes usefulness of consumer expectations on aggregate demand. His study also concerns consumer’s interest of spending or investing and consuming and on macroeconomic stabilities. The consumer is concerned about utility maximization as discussed in consumer behavior theory. It is rather observed in many consumers who are attracted towards expensive commodities or pay higher for their comfort brand product rather than shift to a cheaper substitute. In many instances cheaper substitutes are considered are inferior and cost defines status product rather than efficiency.

In various instances we find inclusion of sociological variables and analysis in consumer behavior. The concepts used in economies, sociology or physiological study of consumer behavior find overlapping techniques like questionnaire, interview and other survey instruments and similar foundations. Thus it is difficult to segregate these fields of study. The social parameters have often shown great explaining power and are crucial for consumer behavior analysis. Max Weber describes the relationship between consumption and social values: “With some over-simplification, one might thus say that ‘classes’ re stratified according to their relations with the production and acquisition of goods; whereas ‘status groups’ are stratified according to the principles of their consumption of goods as represented by special ‘styles of life’” (Gerth and Mills, 1948, p. 193). Sociological study of consumer behavior also undertakes reference group like in analysis of consumer behavior (Pollis 1968, Stafford 1966).

In analysis of consumer’s purchasing patterns social class and social pattern plays an important role. The social class in studies usually represents status characteristics rather than class segmentations. The division of social class is less researched in Indian context. Lloyd Warner’s Index of Status characteristics is one of the most widely used measures of social class, albeit often in a modified form (Warner, 1949).
Researchers have failed to establish social stratification of class in respect of their innovative dynamics. Graham (1956) points out the complexities of accepting same good in different strata of society. The absence of study in dynamic social change causes inability to define social classes. Rather we have been able to define status of different classes. Graham uses a criticized indicator as an instrument of social class demarcation. In his research occupation defines the class an individual belongs. Occupation defines the receptive capacity of a class to a commodity. But this research lacks the clarity regarding position of population not taking part in economic occupation like house wife, servant etc. Coleman predicts flexibilities in consumption from higher social class (Coleman, 1960). The greater income elasticity in higher income group facilitates the risk taking behavior. Frank (1967), Martineau (1958) has worked on the alliance between social classes effects on variety of products consumed.

This research work is based on King’s "trickle effects". The new products are accepted more readily by classes ranking higher and latter transmitted to lower class. Although research have not been able to substantiate this effect but the present socio economic situation of India delivers a rock bed for trickle effect analysis. Tucker (1964) defines behavior of salesman in a furniture store environment has been noticed to differ according to the customer base. Lansing and Kish (1957), Kenkel (1961) defines consumption tendency’s relationship with spending units and role of decision making process. Katz (1957) describes the importance for word of mouth on media advertisements. The gradual increase in share of small scale industries and social ventures shows the purchase behavior.

These organizations often cannot afford to spend much on media advertisements thus the only support of growth in customer base is through word of mouth. This is also considered as a trusted and efficient long term way of engaging customers.

Each society has a different social structure. These differences creates diverse in decision making process. Societal norms, culture, heritage and flexibilities also help in decision making process. Nicosia (19966) defines a framework for empirical investigation regarding decision making process. It is seen in urban society usually the lifestyle and fashion products are highly influenced by female choice. Thus attracting female pair of eyes are important. In a recent visit to an international brands car showroom a striking difference was brought forward. The attended was dividing the time between me and my companion (who was a male) to describe the car’s feature. Handpicking the comfort, looks, accessories and durability to me where as millage, power, cost efficiency, etc., to my companion. The combination of sociology, psychology, economics, and anthropology provides insight of consumer behavior. But as per Engel et al. (1968) consumer behavior is a science like engineering technology. Kotler and Levy (1969) and Luck (1969) and other raise the question on inclusion of social parameters in marketing study. According to these research works marketing should rather be seen as an instrument of commercial objectives and other social issues be dealt separately. Due to globalization the macro economy have become more volatile. The opening up of economies has created an open scale of economies for producers. Multiple entries of firms in every sector have lead to establish a competitive scenario. In
this situation it is difficult to address the commercial objective of profit making without being concerned about social parameters. Social classification has shown predominant scope in profit making.

**INTERNATIONAL CONSUMER BEHAVIOR**

Over the years of technological upgradation, mutual dependency between economies, economic growth and social development international economics have taken a turn. The trails of maturity in consumer behavior are less observed in this dynamic scenario. In 21st century importance to cross boarder consumer base and across different social class is essential. Globalization has brought technological advancement, resource mobility and media coverage. The effects of globalization on current society are expected to cause a convergence of consumer preferences and tastes (Assael, 1988, p. 501; Bullmore, 2000, p. 48; Czinkota and Ronkainen, 1933, p. 67; Jain, 1987, p. 229). Globalization has caused information symmetry in between consumers of different countries. But creation of a homogeneous consumer base like a “global consumer” is a yet to be achieved destination. This can help in simplifying international trade creation process. Trade theories are based on assumption of a similar taste and preferences of consumers. Violation of this assumption leads to changes in gains from trade and intensity of trade.

Levitt (1983) assumes consumer wants and needs to homogenize as consumers are expected to prefer standard products even at a higher price rather than their cheaper substitutes to eliminate risk. A consumer theory which discusses risk neutralization behavior of consumer assumes a rational population. The questions regarding

In most companies operations and marketing units are centralized. They produce marketing strategies to represent company’s choices. The centralization of marketing unit not only eliminates cultural insights of different countries but also flexibilities of marketing strategies. A single marketing process can not contain needs of diverse communities and put emphasize on minute details of communities. Ignoring influence of culture on international marketing decreases efficiency and profitability. Foust, Rocks and Kripalani (2000, p. 33) describes the case of Coca-Cola where the managers improvised packaging, pricing, advertisement campaigns as per the community requirements. Culture have shown influence on volume of mineral water or soft drinks consumption, preference of automobile (used or new), ownership of insurance, spending on luxury commodity, leisure activity, internet usage, lifestyle products as well as numerous other products and services (de Mooij, 1997, 1998, 2000, 2001).

Consumption variations are explained by changes of consumer behavior. Within countries there is a strong presence of socio demographic and psychological differences. For marketing we want to understand what changes have occurred in between these social classes. In intra country analysis units are nation or state because socio-cultural and demographic classification gets equal representation (Douglas and Craig, 1997). Grouping in respect of countries GNP or per capita income is also usual. However this eliminates cultural diversions explanatory power declines in theses analysis.
Income level influence consumption pattern. In some cases consumer do not leave their habit products for better substitutes due to familiarity. High propensity to consume luxuray or better quality products is found as the income increase as described by John Maynard Keynes in the theory of marginal propensity to consume. The permanent income hypothesis (Friedman, 1957, p. 20-37) describes how agents spread consumption over their lifetimes. Individual consumption at any point in time is determined by current income and expected income in future years. The expected income is a component of “permanent income”. In its simplest form, the hypothesis states changes in permanent income and not temporary income, decides the change of consumer’s consumption patterns. The several explanations regarding influence of income in consumption gives expression of freedom for consumer behavior analysis and consideration of one theory for nation provides comparability.

In the context of consumption behavior this paper concerns the environment friendly goods sector. There is a debate regarding the categorization of green goods. Many research establish them as normal good and thus the marketing of green products get similar attention as other normal goods and services. However, the price and conservativeness of consumers makes green goods a luxury option. It is usually consumed by higher class of society in terms of economic strength. As usually the upper class of social strata have higher educational attainments they are more likely to understand importance of green goods. Due to the production process undertaken for green goods it is usually the costlier substitute. Although not a perfect substitute to non-green products in laymen evaluation green goods fail to attain higher importance. This ignorance is from lack of knowledge regarding green goods, their importance, advantages and long terms effects. In many cases although green products are crucial for health concerns people are seen to go for their regular option complaining change of taste and unfamiliarity.

INDIAN CONSUMERS
The Indian consumer behavior is unique. To analyze why they behave how they behave an all-encompassing view is beneficial. No single point of view can be logical enough to explain effects. The decision making process has been transformed due to minute changes. Combination of several effects explains behavior of a consumer. The aggregate consumption theory in Indian context is defined by five factors.

As shown in Figure 1, five explanatory variables explain Indian consumer behavior. Values influence behavior (McCarty and Shrum, 1994). This study assumes a combination of five variables to describe consumption of Indian consumer population. They are commodity value, substitution effect, social cause, emotional attachments and situational constraints. A decision can be influenced by one or combination of more than one variable. Choice of variables are consistent with works of Maslow (1943, 1954, 1970), Katona (1953, 1971), Katz (1960), Seth et al. (1970).

COMMODITY VALUE
This assumption is based on theory of utility advanced by Marshall (1890) and Stigler (1950). They assume an individual under lenses of economic study is “rational” and thus always wants to maximize utility. Although traditional
explanation of utility will explain choice of a commodity to depend on amount of satisfaction provided by consumption of the commodity but in cases of present consumer factors like price, durability, usability and accessibility also determines utility of the commodity.

**SUBSTITUTION EFFECT**

The level of comfort for a consumer between two commodities can be defined as the substitutability. Due to substitution effect relative price changes that alters the slope of budget constraint but leaves the consumer on the same indifference curve as per Hicksian demand. In other words the consumer’s preferred basket changes. The less expensive commodity gets preference. International marketing strategies have accomplished in influencing consumers. Detailing of packaging, advertisement or even information sharing have caused changes in substitutability of good. In households were green goods were seen as a futile waste of extra money or just a marketing strategy due to sharing of knowledge and education of consumer people have started to consider green goods as preferred commodity.

**SOCIAL CAUSE**

Utility combined with consumption of a commodity to its alternative due to association with one or more social groups. An individual acquires taste from social interactions. Influences of demographics, socio economic and cultural issues on decision making are vital. The association with certain groups of people influence individual choices accordingly. For example female who are newly introduced to a group of female who have fetish towards modern costumes is observed to get a transformation of taste.

**EMOTIONAL ATTACHMENTS**

Emotional values contained in methods, products or situations make them preferred from their less expensive substitutes. Individual have been
accustomed by traditional practices and believes. They value aesthetic alternatives to utilitarian choices. In case of vegetables, there is a difference in taste and treatment between artificially grown and environment friendly products. In certain cases there is a difference of taste found in green goods. Although the green vegetables will be less harmful for individual and environment because of their traditional taste or cooking measure the later will be insignificant.

**SITUATIONAL CONSTRAINTS**

A substitute’s utility also depends on the situation. For example in wedding which is a once in a lifetime event people consider spending large amount of money to create to moments special. Seasonal greeting cards are only required in occurrence of event like new year, birthday, anniversary, etc. Situational decisions are often considered irrational in normal conditions.

**GREEN GOODS**

Environmental degradation have caused hazardous situation across globe. Major concerns in present era have given birth to a concept of green marketing. Green marketing refers to a process of infusing low impact nature friendly options in day to day life. Before having aims to purchase environment friendly products consumers must intend to protect environment (Peattie, 2001). Wiener and Sukhdial (1990) defines the low interest of consumers and lack of self-motivation in engaging environment friendly activity. There is also a considerable difference between intentions and actual behaviors on green products (Laroche, Toffoli and Muller, 199, Nakarado, 1996). Environmental research found that 47% of consumers dismiss environmental claims as “mere gimmicky” (Fierman, 1991). In Ottman’s research (1995) 63% consumers claim suspicion on green product claims whereas only 5% believed manufacturers (Einsmann, 1992).

The success of business depends on the accuracy of knowledge regarding its consumer. It covers not only their attributes and frequency of consumption but also the process of decision making. The presence of multinational products in local markets is an evidence of importance for world market. Marketing of commodities helps in influencing decision making for all segments. Consumer being rational is affected by motivation and influence. Marketing process requires moving from individual to social context theoretically known as “Diffusion Process”. The Indian consumers are not matured enough regarding green goods. It is one segment which is essential to focus on due to environmental situation and health concerns. In tropical countries the effect of environmental hazards are more. Also the emission laws are lenient which makes countries like India a hub of hazardous production process. Customized marketing strategy is required to increase consumption of environmentally sustainable products.

There is a misunderstanding of green marketing commonly, it is not only about the commodity being produced in an environmentally process (Polonsky, 1994). Green marketing concerns the overall impact of production, consumption as well as marketing procedure. Even after been widely recognized, green products fail to prove powerful in capturing market. Purchase and consumption of green products have been disappointing. This concept is gaining momentum in corporate community and becoming a major concern (Gurau and Ranchod, 2005). In Indian markets green products are lack
in continue interests. Environmental sustainability is responsibility of each member of the society (Grant, 2008). Green products are required to be environment friendly in production as well as consumption process. For example a product produced in environmental friendly process might not be bio degradable in nature. Thus create negative impact on environment after being consumed. Products like this are not environment friendly. In most cases the production and manufacturing process is not taken into account. Impact of green products is long term and gradual. The changes cannot be seen with naked eyes. Even being highly conscious regarding enhancing their own lives individuals are rather not interested in issues that do not directly affect their wellbeing.

CONCLUSION

According to Hardisty and Weber (2009) the equation between personal benefits and environmental benefits is a difficult choice and it is not possible to decide one optimal solution. As green products undertake a costlier production process they have lesser money to invest in advertisement and marketing. The artificial counter parts are cheaper and have abundance of resources for large scale marketing. Green products often fail to attract customers. Malpractices like green washing is also increasing where in non-green products are sold under green labels. As a result various consumers have become unwilling and lack in trust towards original products. State intervention to create a bottle neck for false products through marking strictly is required. Although a marking system is available from government of India, continuous overlooking is also essential. Monitoring production process and penalization for environmental deration is ideal. Also privileges for green manufacturer will be useful to attract producers and provide extra funds for additional activities like marketing. It will also cut down prices of green goods.

Due to lack of motivation people have a non-bothering attitude towards green products. Hence a collaborative effort from state, consumer and producer is essential (Stephen et al., 1996). Studies have found positive correlations between environmental concern and environment friendly activities (Schlegeemich et al., 1996, Van Liere and Dunlap, 1981, Roberts and Bacon, 1997, Simmons and Widmar, 1990). But in some cases the relationship between attitude and behavior towards green products shows insignificant impact (Wicker, 1969). As per existing demographic divisions, green consumers are generally educated, pre middle aged females from mid to high income group. But environmental marketing currently should focus on psychographics rather than traditional issues like education (Arbuthnot, 1977, Schwartz and Miller, 1991, Newell and Green, 1997), age (Roberts, 1996b, Van Liere and Dunlap, 1981, McEvoy, 1972), gender (Banerjee and McKeage, 1994, MacDonald and Hara, 1994, Laroche et al., 2001), income (While Zimmer, 1994, Roberts, 1996b) as the younger generations are more likely to be the focus group. Only demographic profiling of green consumer is not effective as expected (Straughan and Roberts, 1999). The social responsibility sense cannot be explained by demographic specifications (Roberts, 19996a) rather usage of social variable can provide efficient explanations (Suchard and Polonski, 1991). Marketing has a positive impact of consumer preferences. Motivation towards environment friendly behavior can cause easier acceptance by consumers. The usefulness of
motivation in attracting consumers towards green goods is discussed by Bei and Simpson (1995) and Laroche et al. (2001). Elimination of traditional belief and restoration of knowledge affects consumer’s behavior. Alba and Hutchinson (1987) provide evidence of positive impact of knowledge on green consumption. Media should be used for knowledge sharing rather than counting short comings. Firms prefer not to influence sale by advertising about environmental motive to avoid negative sentiments (Crane, 2000). The individual survey on green goods showcase a very positive future however lack of positive increase in expenditure data causes a dearth of trust. This is called social over reporting of environmental concern among consumer (Peattie, 2001). Social networking can be used to educate, motivate and increase demand for green products. This can be through creation of a separate segments of green eateries on popular websites and forums like Zomato.

Contribution of effects is different according to the stimulus. Effects differ according to situation. Amongst commodity value, substitution effect, social cause, emotional attachments and situational constraints the composite matter is of more importance. Each effect has an independent impact on consumer as well. Thus before producing a strategy for green goods a detail assessment of consumer base is beneficial.

Due to the prominence of social classification in India trickle down effect has crucial role. The trends taken up by higher class is followed by lower classes diligently. In many cases involvement of well known people has given greater effects than collective effort. Similarly, if green goods are consumed and marketed by well known people based on their word of mouth other people will incorporate them in their lives. Indian consumers are hyper sensitive about social taboos which makes influencing a potential marketing medium. Also communal gatherings like haats, fairs or council meets for organic products at national and international levels will increase accessibility. E commerce is a great success tool to catch consumers. State certified website for all kinds of green goods can increase trust factor and also easy marketing facility.

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