

GREEN MARKETING AND ITS IMPACT TO CUSTOMER ATTENTION

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APPROVAL

I, hereby declare that I have read this project paper. This project paper is submitted to Universiti Teknikal Malaysia Melaka as a requirement for completion and reward of Degree Bachelor of Technology Management (High Technology Marketing).

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DECLARATION

“I hereby declare that the work of this exercise is mine except for the quotations and summarize that have been duly acknowledge”

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DEDICATION

I would like to dedicate the appreciation for my beloved mother, Salbia Binti Omar and beloved father Hj. Abdul Rashid Bin Hj. Abdul Ghaffar who are strongly give moral support and motivation in order to complete this research study. Next, I would like to thank my supervisor Dr. Norfaridatul Akmaliah Binti Othman, for the valuable knowledge.

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ABSTRACT

The research study is on the green marketing specifically on consumers attitudes and purchase intention of eco-friendly products. It has been the global concern for the purpose of the preservation of the polluting and degradation of environment. Marketing Strategy consist of 4P's, that is price, place, promotion and product. Before constructing a project, marketers needs to consider this marketing strategy because it is related and have effect to the customers buying behavior.

Many studies have been done on the green marketing exploring the importance of the topic and relationship to the attitude and purchasing behavior of the consumers of eco-friendly products. Through the vital information provided by the expertise, competent and experience researchers, companies have understood the importance of green marketing in order to produce eco-friendly products and these provided much rich information for the literature studies of the thesis.

As a conclusion, to determining the marketing strategy can enhance the customer's buying behavior on purchasing a green product, marketers have to know the knowledge on customers behavior that can be apply to the marketing strategy. In this research, the researcher try to clarify if marketing strategy can be use to enhance the customer's buying behavior.

Keyword : Green Product, Green Price, Green Promotion and Green Place

ABSTRAK

Kajian penyelidikan pemasaran hijau secara khusus kepada pengguna sikap dan niat pembelian produk mesra alam. Ia telah menjadi perhatian global untuk tujuan pemeliharaan pencemaran dan degradasi alam sekitar. Strategi pemasaran terdiri daripada 4P, iaitu harga, tempat, promosi dan produk. Sebelum pembinaan projek, pemasar perlu mempertimbangkan strategi pemasaran ini kerana ia adalah berkaitan dan mempunyai kesan kepada pelanggan.

Banyak kajian telah dilakukan ke atas pemasaran hijau untuk meneroka kepentingan topik dan hubungan dengan sikap dan tingkah laku membeli daripada pengguna produk mesra alam. Melalui maklumat yang penting yang disediakan oleh penyelidik, syarikat telah memahami kepentingan pemasaran hijau untuk menghasilkan produk yang mesra alam dan menyediakan maklumat ini untuk kajian tesis.

Kesimpulannya, untuk menentukan strategi pemasaran yang dapat meningkatkan tingkah laku membeli pelanggan untuk membeli produk yang hijau, pemasar perlu mengetahui pengetahuan tentang tingkah laku pelanggan yang boleh dipraktik untuk strategi pemasaran. Dalam kajian ini, penyelidik cuba untuk menjelaskan jika strategi pemasaran boleh digunakan untuk meningkatkan tabiat membeli daripada pelanggan untuk produk hijau.

Kata kunci: Produk Hijau, Harga Hijau, Promosi Hijau dan Tempat Hijau

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2	Percentage	%
3	Point of Estimate	R
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CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION/BACKGROUND OF THE STUDY

Entire world and human being is the main concern for environmental. The main environmental problems like air pollution, greenhouse effect and ecological unbalances have concerned with the activities of human being. Nowadays, majority of customers prefer to buy and use green products and green services to increase the environmental concerns. Environmental awareness will contribute the environmental green consumer to improve the environmental information through eco-labeling schemes, consumer groups and consumer guides. People need to apply many theory and activities about green marketing like green revolution, going green, environmental protection, sustainable life cycle to protect our earth. (Peattie, 1995)

As we know the word „green“ in marketing will assume to be expensive in the short and long term. So, marketer and consumers will think increasing sensitive to the apply in green product and green services. The literature discuss about green marketing and get respond the relationship between customers attitudes and strategies of environmental issues in marketing aspects. Green marketing is the basic idea towards customer where provide information with product to purchase. Nowadays, company brainstorming idea carry out their business with green environmental principles. This situation encouraged the increasing environmental awareness consumer and also increase the number of nation that use sophisticated green marketing.

According to Chaudhary, Tripathi, and Monga (2011) the term of “green marketing” first revealed in the late 1970s. American Marketing Association (AMA) defined it as “ecological marketing”. Green marketing refers to an organization that puts its efforts in to promoting, pricing, and distributing products with eco-concerns (Sarkar, 2012). Green marketing also consists business activities which intends to satisfy customers needs and wants, and can less the negative impacts on the natural environment (Tiwari, Tripathi, Srivastava, & Yadav, 2011). American Marketing Association (AMA) stated that the green marketing theory is the marketing of products that are focused on environmental safety with cooperation with business activities which consist of packaging modification, production process, and green advertising (Yazdanifard & Mercy, 2011). Green marketing is also described promotional activity which focus the environmental ethics as business fundamentals and it can perceive an advantage of consumer behavior towards a brand (Peattie & Charter, 2003). In general, objectives of green marketing were to decrease the environmental hazards which are caused by the industrial manufacturing and to strengthen corporate eco-centric image in the consumers perception.

Both marketers and consumers are becoming increasingly sensitive to the need for green products and services. A variety of literature discuss about green marketing and gains attention to the relationship between customers attitudes and environmental strategies in relation to the company use of marketing. Green marketing is refer to environmental issues in the marketing efforts. The basic idea is that customers are provided with information of the environmental effect of the products and they can and use this information while cutting between product to purchase (Rex & Baumann, 2007). A specific view of traditional marketing, green marketing contains the same ingredients of traditional marketing like product, price, promotion and place. It has become important for companies to create and sustain a relationship with all who they interact with suppliers, market intermediaries, the public and most importantly their customers (Ravald & Grönroos, 1996). Many companies today open commit themselves to carrying out their business in accordance with environmental principles. It increases environmental awareness among law makers, environmental groups, consumers, financial institution, insurers, and the company own employees and, most of all, the customers. This also increases

the number of national and international environmental schemes, laws and regulations that has been established.

1.2 PROBLEM STATEMENT

There are many studies about the consumer behavior concerning the environment but most of them are concentrated on one or two marketing-mix elements and they do not make a link with the factors that companies use to make consumers buy green products and their attitudes towards these products. Furthermore, previous findings concerning consumers' attitudes towards eco-friendly products are conflicting. Some studies found that consumers think conventional products have high quality compared to eco-friendly ones but in other studies results show the opposite (Vernekar and Wadhwa, 2011, p.67). In some studies we can find that consumers are willing to pay more for green products and in other studies it is not the case or the extra price has to be low (De Pelsmacker et al., 2009; Pirani and Secondi, 2011; Purohit, 2011; Vernekar et al., 2011).

Indeed the aim of this study is to examine factors which influence the purchase of eco-friendly products in a broad way, in order to demonstrate what factors used by companies from the marketing-mix elements that are the product, the price, the place and the promotion where have an influence on green purchase behaviors and if some are more important than others. Furthermore others factors which do not depend of the companies but more of the consumer point of view will be examined. These factors are the word of mouth and the satisfaction.

1.3 RESEARCH QUESTION

From the journal and literature, there are several opinion reasons for consumer to contribute use of Green Marketing

- a) How consumer perceive green marketing to be an opportunity that be used to achieve its objectives?
- b) Why consumer believe they have a moral obligation to be more socially responsible about green marketing?
- c) What the advantages of consumer to changes their green marketing knowladge?

1.4 RESEARCH OBJECTIVES

- a) To identify green marketing elemet such as product, place, price and promotion.
- b) To examine the impact of green marketing refer the customer expectation.
- c) To improve quality to appreciate the advantages the product succesfully.

1.5 SCOPE, LIMITATION AND KEY ASSUMPTIONS OF THE STUDY

Consumer will attract towards green packaging products and enviromental activities. The researches concentrate on the consumer point of view only as it is often the case in previous studies about consumer attention. Its focused on the consumer, on green tangible products. These products will be used in a general way no particular product will be analyzed. The aim is to focus on attitudes towards consumer attitude refer to green marketing, green packaging and enviromental activities but not on a special brand in order to generalize the study.

1.6 IMPORTANCE OF THE STUDY

The important of the study about green marketing is think boardly about the customer. Many customer do not levels themselves as green or eco user and some younger people expect green credentials will be embedded within the brands they like. So, the green marketing can contribute new thinking and new knowladge about green marketing towards consumers.

The second important is about innovative apporach. Its related with ways to connect with consumers at the product level to solve sustainability issues and also consider innovative partnership. After that is about two ways communications. For the example any customers communication must relevent to the audiance. There is plenty scope for innovation around communication and green marketing but must supported by real action.

Green marketing knowladge also teach about „‘smart spending’“: If they pay more for a green product and green services, the product use in high sopisticated technology. But, it is still under as to wheather people will pay more for green product and green services.

1.7 SUMMARY

The effective green marketing are refer to applying good marketing principles to make green products popular and brand loyalty for consumers. Green marketing is still in its infancy and a lot of renovation is to be done with a view to explore its full specification. Green products require renewable and recyclable equipment, which is costlier and is not affordable by worker. Green marketing should never be considered as just one more addition to approach to marketing, but has to be refer with much great vigor. Consumer awareness must be created by corporate by transmitting the message among consumers about the benefits of environmental-friendly products and services. Finally, consumers, industrial buyers and suppliers need to emphasising on minimize the negative effects on the environment-friendly.

CHAPTER 2

LITERATURE RIVIEW

2.1 INTRODUCTION

This chapter is discuss about the problem statement about the consumer attention can contribute green marketing. After that, to states the process development in consumer attention and the impact of green marketing with the theoretical framework about the research topic. The green marketing has evolved over a period of time. Green marketing mainly focuses on four issues. These issues importance of green marketing, impact of green marketing on firms competitiveness and performance and improving effectiveness of green marketing.

2.2 OVERVIEW OF GREEN MARKETING

The main focus is the issues is green marketing can develop consumer attention. The suggestion of the environment to develop the consciousness of consumer's attitude towards green marketing in order to preserve the world (Luck et al., 2009, p. 2). It has become global struggling to achieve the purpose of the environmental protection because using various means to persuade the consumers' segments who are environmentally conscious to change their attitudes from the conventional products towards green products and also satisfy their needs (Kumar, 2011, p. 59). There are many studies about the consumer attention concerning the environment but most of them are concentrated on variable marketing-mix elements

and they do not make a link with the factors that companies use to make consumers buy green products and their attitudes towards green marketing. Furthermore, previous findings concerning consumers' attitudes towards eco-friendly products are conflicting because some studies found that consumers think conventional products have high quality compared to eco-friendly ones but in other studies results show the opposite (Vernekar and Wadhwa, 2011, p.67). It can be found that consumers are willing to pay more for green products and in other studies it is not the case or the extra price has to be low (De Pelsmacker et al., 2009; Pirani and Secondi, 2011; Purohit, 2011; Vernekar et al., 2011).

2.3 THEORY OF GREEN MARKETING

According to D.Surya Narayana Raju, (2012) he describes green management affects companies may lose many loyal and profitable customers and consumers. Innovative business world of sophisticated technology due to growing community and consumer interests in green marketing and green products, increased community pressure on companies to internalize externalities, such as health issues, climate change environmental, and governmental legalizations and initiatives with innovative technologies and approaches of dealing with pollution, improved resource and energy efficiency, and to retain old customers and consumers, it is to implement green marketing. Green management produces new environment friendly customers which lead to increase in sales and profits of an organization that leads to growth and development of business and leads to good public image of the organization. Successful green marketing have rules that will short distance and long distance view shaping the future of the business in the coming years. The fundamental strategy is to use the Four P's suitably modified to meet the needs of green marketing.

The strategy of green marketing is knowing the customer means make sure the consumer is aware and concern about the green product. Second is educate the customer means people expectation not only about the green product, but green marketing is about green packaging, green price and green environment. After that is the pricing for the customer means make sure that customer are able to use green product and lastly is giving the customers an opportunity to participate means

personalizing the benefits of green environmental actions, normally through letting the customer take part in positive environmental action, at same time keep in view the changed expectations of the customers.

2.4 GREEN MARKETING MIX

Marketers is to use 4 P's in an innovative manner if they wanted to adopt the policy of green marketing because the 4 P's of green marketing are that of a conventional marketing. (Yogita Sharma, 2011)

2.4.1 Green Product

The objectives in planning green products are to reduce resource consumption and pollution and to increase conservation of scarce resources (Keller man, 1978). Marketers must to exploit emerging green marketing like investigate customers enviromental need and contribute products to adress these needs, increase the variety of product on the market and support sustainable development, product made from recycle goods, product can be recycled or reused, create efficient and smooth product where can save water, save money, save energy and decrease the enviroment impact, products with enviromentally packaging, product with green label, launch organic product where consumer are prepared to pay a premium for organic products, a services that rent, and certified products (D.Surya Narayana Raju, 2012).

Enviromentally polution increasing with industrialization born products hazardous to the environment. So, businesses started to manufacture environmentally friendly or in other words green products and to create green product policies (Uydacı, 2002: 113). Green products durable, non-toxic, and minimally packaged (Ottman, 1997). Green based product strategies use a combination of recycling,

reduction of packaging materials, re-consumption, dematerializing the products, using sustainable source of raw materials, designing products repairable, making product safe, making products and packaging compostable, and making products safe or more pleasant to use (Bhat, 1993; Ashley, 1993; Polonsky et al, 1997; Ottman, 1998 and Charter et al, 1999).

2.4.2 Green Price

Price is the important factor of green marketing mix. Majority consumers assume prepared to pay additional value if there is a self perception of extra product value. This value may be improved design, function, performance, visual appeal, or taste. Green marketing must consider facts while charging a premium price from the customer. After that, price also required with environmentally responsible products because often less expensive when product life cycle costs are taken into consideration D.Surya Narayana Raju, (2012). A lower price contribute cost saving and this situation can encourage consumers to buy environmentally friendly products. Lower price will be a more successful strategy for the company when the demand for a product is price responsive. The price in the same level, positive properties of the product about the environment can be used as a competitive advantage element. Next, the price of the product is higher, should be given to promotion of differentiated green product and also there should be consumers ready to overpay for the product. In this case, important thing is level of price (Emgin and Turk, 2004).

Many consumers think where green products are often priced higher than conventional products (Peattie, 1999; Polonsky, 2001). Green pricing takes into consideration the people, and profit in a way that takes care of the health of employees and communities and ensures efficient productivity. Value of green product can be added to it by changing its mentallity, functionality and through customization. Wal Mart unveiled its first recyclable cloth shopping bag. The retail shops like Big Bazzar, Life style , Reliance trends, Nilgiris, Mc Rennett started charging consumers when they opted for plastic bags and encouraged people to shop

using its Eco friendly bag. Price also is a challenge when it comes to mainstreaming green products. The solution is to work towards bringing prices down or up to the same level as those types of products that are not sustainable.

2.4.3 Green Place

Place is an aspect of where and when to make a product available by a company, that can give significant impact on the customers. Some of the customers will go out of their way to buy green products. Marketers searching to successfully introduce new green products, in cases, position them broadly in the market place so they are not just appealing to a small green niche market. The location must also be suitable with the image which a company wants to project. Next, the location must differentiate a company from its competitors. This can be achieved by promotions and visually through displays or using recycled materials to emphasize the environmental and other benefits D.Surya Narayana Raju, (2012).

Place also refer when “firms decide the most effective outlets through which to sell their products and how best to get them here” (Blackwell et al, 2006, p.49). Kotler and Keller define the place as including location, inventory, assortments, channel and coverage (2009, p.62). In the other word is the process of transporting the product or service to the customer. This involves the availability of the product and transporting to the selecting wholesalers and retailers (Patrick et al, 2010, p. 3). Furthermore a point of purchase is “the location where the purchase is made” (Kotler and Keller, 2009, p. 788) but there are two stages of point of purchase (POP) that is macro level include the market, the mall, the city and the micro level include the interior of the store where the display is also called point of sale (POS).

Store display plays important role in the purchasing attitude of the consumers for recognition of the products through displays view of the items in the store. It is the way of consumers to get the information to make a decision to purchase products. For the example, as advertising, place can lead to unplanned buying, for the example, “a Danish survey indicated that that nine out of ten customers did not plan purchase of at least one-third of the goods they acquired” (Solomon et al, 2010, p. 83).