

To What Extend the Environmental Issues Control and Impact Consumers Behaviors

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Abstract: Recently, the world has started showing concern about environmental and humanitarian issues such as controlling the production of ecologically harmful products. Through a survey of 200 Australian consumers, this report aims to explore their awareness of environmental issues and willingness to adopt eco-friendly habits. The survey results indicate that Australian consumers have a reasonable level of environmental awareness, though it is not enough to change their actual consumption behaviour. The possible reasons behind this could be the lack of credibility of companies marketing green products, consumer preference for traditional goods and the low quality of green items. The report recommends that governments promote the idea of green marketing among consumers and distributors, like imposing laws on companies to produce ecologically friendly products.

Keywords: Environmental and Humanitarian Issues, Australian Consumers.

1. INTRODUCTION

Since the early 1960s, the world started becoming concerned about the environment — an issue that has gained significance in recent years. Despite the advances in technology, the world still appears to face a lot of ecological problems like global warming, pollution, a reduction in natural resources and the production of goods that are harmful to the environment. Many experts and specialists have debated the environmentally damaging effects of everyday business activities, such as the over-consumption of scarce resources, use of harmful or environmentally damaging materials and neglecting environmental regulations (Saha & Darnton; 2005).

In light of these concerns, different societies and organizations have emerged calling for the preservation of the environment to make it a safe place to live, and laws and legislations have been issued in many countries regarding this. In response to this legislation, many business organizations have started to reconsider their social and ethical responsibilities towards the community. The problem is the lack of consumer awareness of the damage caused by traditional products or goods that are harmful to the environment. In the latter half of the 1980s, focus was shifted to “green marketing”, which is centred on a strong commitment to environmental responsibility in all marketing activities. The purpose of this report is to explore the awareness of Australian consumers and their willingness to adopt environmentally friendly consumption behaviour.

2. THE OBJECTIVE

This study aims to assess the environmental awareness of Australian consumers and the extent of eco-friendly consumption. To achieve this, the following research questions have been formulated:

- 1.) What are the trends of Australian consumers about environmental issues in general?
- 2.) What is the level of the Australian consumer culture adopting environment friendly products and supporting green marketing?

3. GREEN MARKETING MIX

The use of the marketing mix of companies varies according to the target, and green marketing’s “4P’s” are related to those of conventional marketing, but the challenge is to use these points in an innovative manner (Prasad; 2010). The traditional methods used in the green marketing mix are as follows:

- ❖ **Product:** The goal is to reduce pollution while manufacturing the product, and increase the protection of renewable resources;
- ❖ **Price:** This is an important factor, and the reason why many customers may not be willing to pay more to be green;
- ❖ **Promotion:** This should create awareness among consumers about the importance of a green lifestyle;
- ❖ **Place:** The location or availability of green products can have a significant impact on customers.

4. MARKETING STRATEGIES

The Role of Incentives and Structural Factors: This process briefly provides new contexts that create a new lifestyle for consumers. This method aims to reduce global warming by including taxes imposed on individuals or groups.

Information Disclosures: This strategy involves the disclosure of information to both managers and policymakers, and can be reflected through three levels: industry, company and product. This information should be disclosed in a legal and voluntary way.

Greening Products versus Greening Firms: Based on how to influence consumer decisions because they identify the product through its features. Consumers are also interested in the level of the companies' green policies, and want products that meet the needs or requirements of consumers who want to save the environment.

5. METHODOLOGY

A sample of 200 consumers from Canberra was asked to fill out a questionnaire (Appendix A). For the purpose of this survey, the respondents were all Australian consumers, varying in age, gender and socio-economic background. The ages ranged from 18 to 26, with 40% of them being female and the rest male. The participants were given a questionnaire divided in two sections of 17 questions. In the first section, four questions were about their gender, age; socioeconomic background and the rest were designed to obtain information related to their consumption of green products. In the second section, the candidates were asked if they were concerned about the environment and if they were willing to change their consumption behaviour.

6. RESULTS

Question 3 shows the respondents' monthly income and aims to determine if income has an effect on the consumption behaviour of the respondents. The results showed that 43% earned less than \$2,500, 27% got more than \$2,500, 17% earned between \$3,000 and \$4,000, while the rest made more than \$4,001.

Question 4 shows that 9% of the respondents are in high school, 11% at undergraduate degree level, 68% at university/master's level and 12% at doctorate level. There were no respondents at the professor level.

Question 5 asks the respondents if they are concerned about the environment. As shown in **Figure 1**, most of the female respondents, and a significant majority of the males are concerned about the environment. In other words, there was not a substantial difference between the two genders.

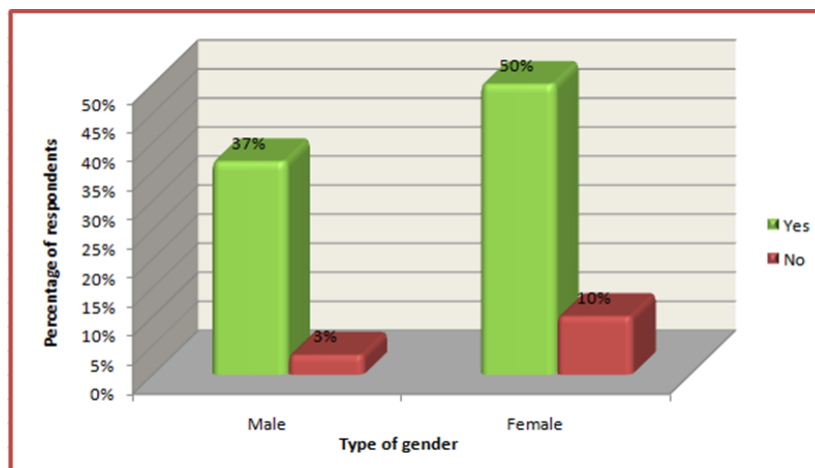


Figure 1: The extent of respondents' concern about the environment

Question 6 investigates the behaviour of the respondents and steps they take to save energy. As shown in **Figure 2**, most respondents turn off the lights at home when they go out, half of them advise others to keep the environment clean, while about 10% avoid buying products made from scarce resources.

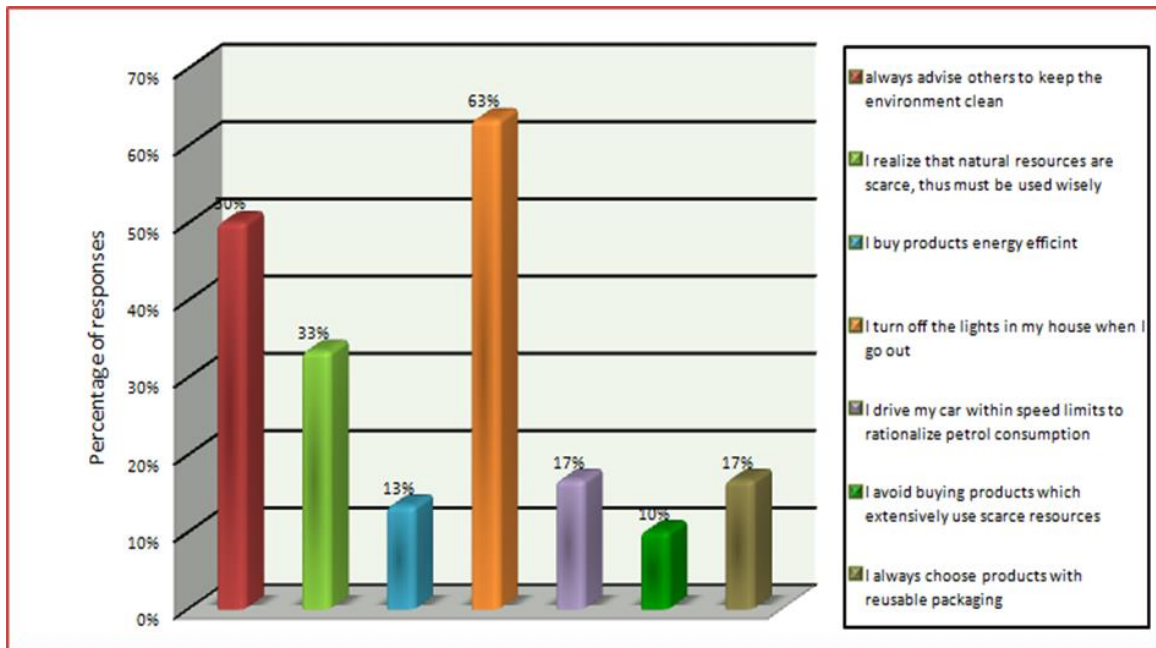


Figure 2: The behaviour of the respondents to conserve energy

Question 7 asks respondents about the importance of buying environmentally friendly products. As shown in **Figure 3**, respondents who earn \$2,500 or less do not consider eco-friendly products important, followed by those who consider it less important and those who find them important or extremely important. Respondents who earn \$4,001 or more find eco-friendly products extremely important and those who get \$3,000 to \$4,000 also opt for important.

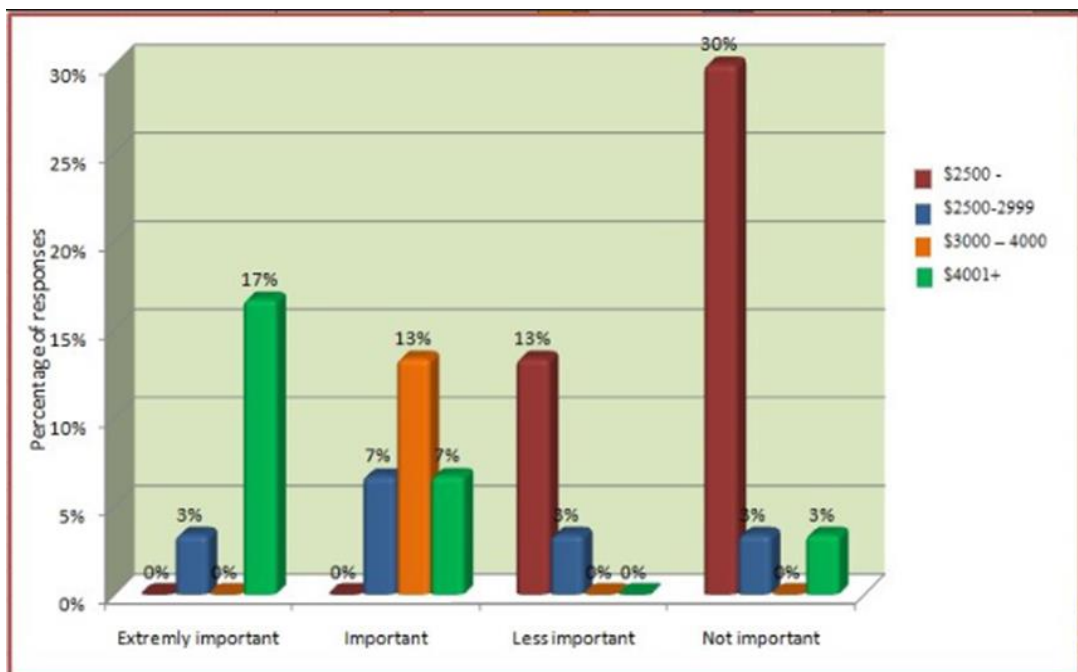


Figure 3: The importance of buying environmentally friendly products based on the income of the respondents

Question 8 aims to identify what types of green products are bought by respondents. As shown in **Figure 4**, most of the respondents buy organic foods, followed by several who buy products made of natural materials. Finally, a minority of the respondents opt for recyclable products.

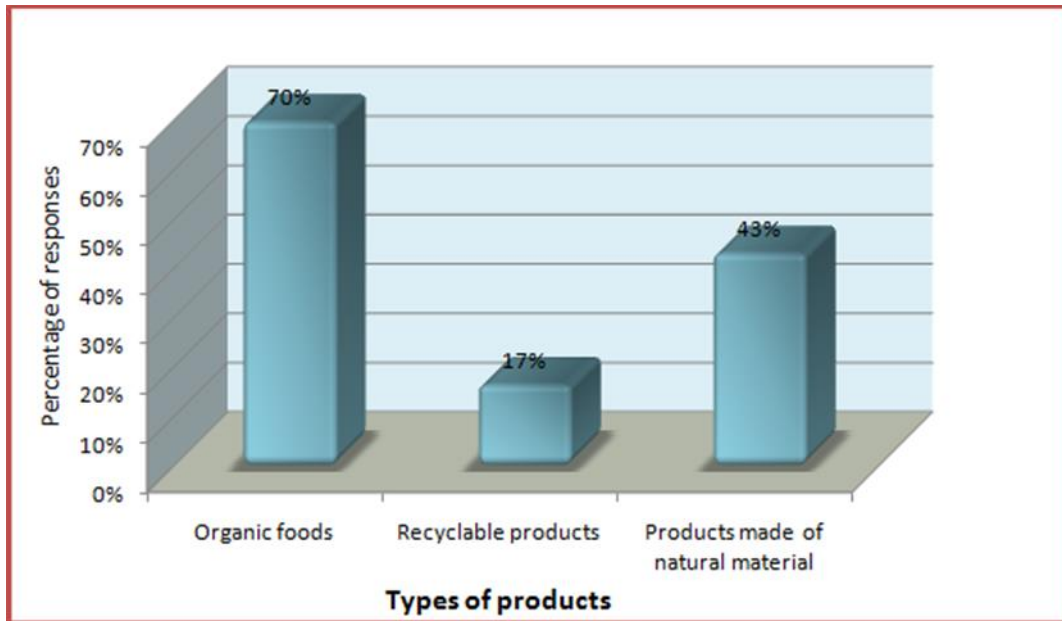


Figure 4: Green products purchased by the respondents

Question 9 aims to identify the respondents' priorities when buying products. As shown in Figure 5, many consider the price of products as the most important factor, a few said it is not important, followed by several who consider the quality of the product more important, while a few did not find it important. On the other hand, most of the respondents considered the environmental effects of products as not important and none considered it as most important.

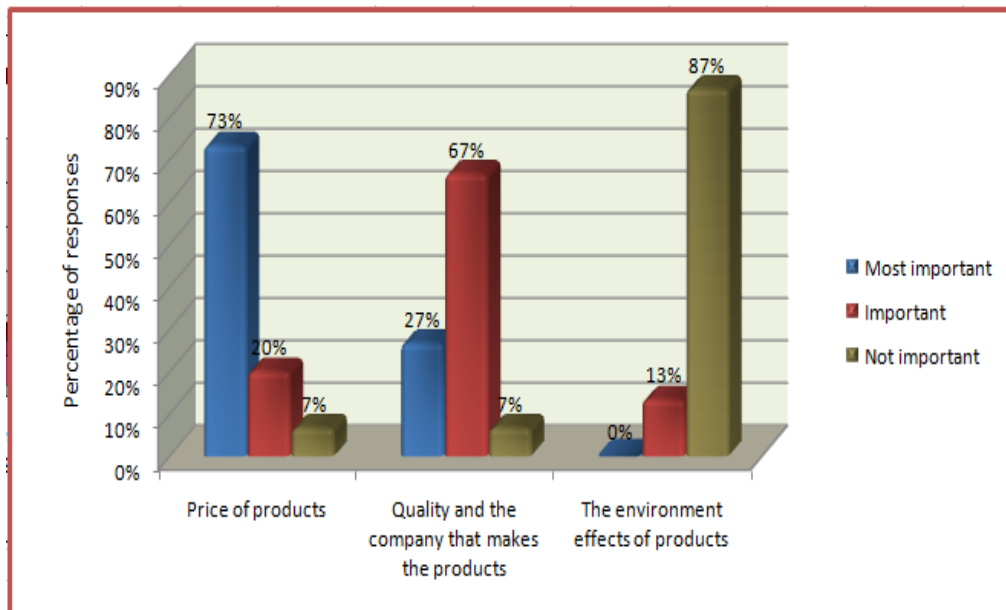


Figure 5: Priorities of the respondents when shopping

Question 10 shows both the proportion of respondents who think that green products are as effective as standard ones, and the percentage who believe the opposite. 58% of the consumers believe that green products are not equal to traditional ones in terms of efficacy or are even ineffective, compared to 42% who believe that environmental friendly products and standard products are equally beneficial.

Question 11 shows the respondents' level of education and their willingness to pay a higher price for green products. Figure 6 shows that as the level of education improves, the respondents are more willing to pay a higher price for environmentally friendly products. Up to 36% of the respondents at the university and master's level say that they are willing to pay \$1 to \$10 more for green products, while 3% are willing to pay \$11 to \$20 more. On the other hand, no one is willing to pay more than \$20 for green products.

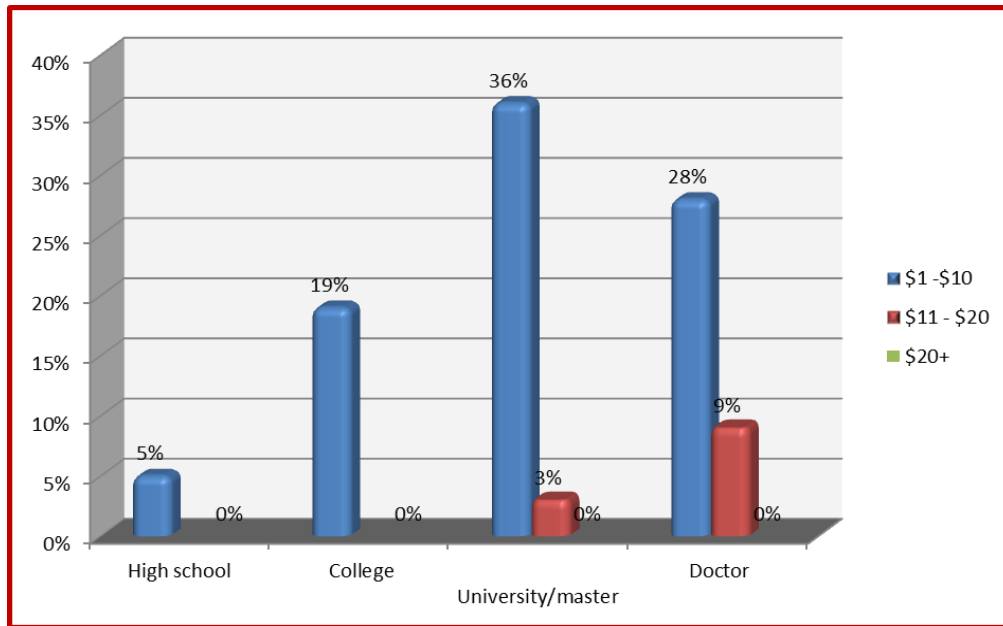


Figure 6: The percentage of respondents who are willing to pay more for environmentally friendly products.

Question 12 reveals respondents' knowledge of the recyclable symbol. Though a majority of the respondents know this symbol, surprisingly a few did not recognize it.

Question 13 aims to identify the willingness of respondents to spend time looking for recyclable products. As shown in Figure 7, most of the respondents do not spend time looking for recyclable products, followed by a minority who spend some time looking for recyclable products, followed by a few who look for recyclable products often, and finally, a those who are constantly looking for recyclable items.

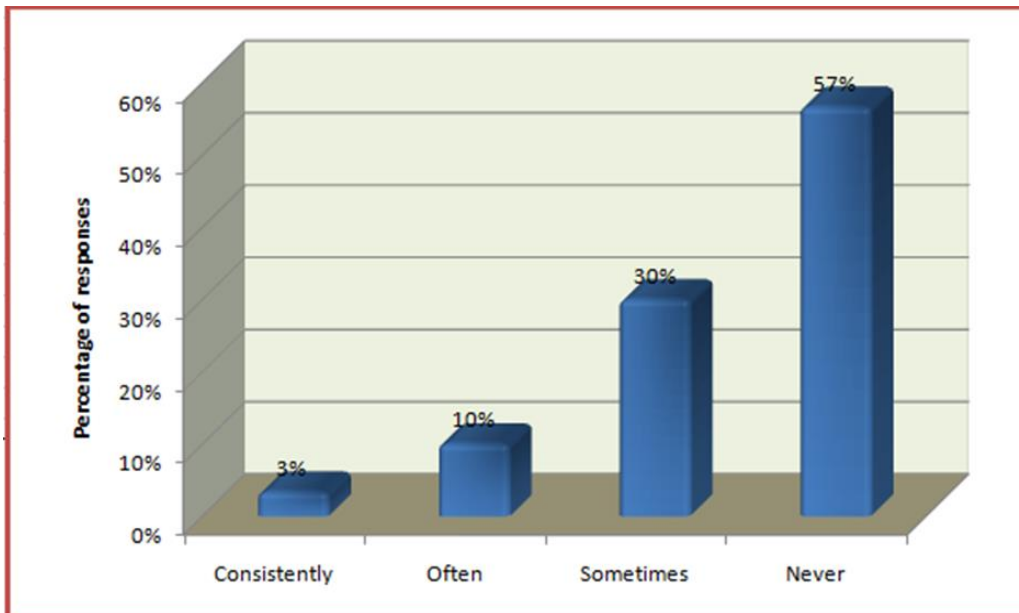


Figure 7: Respondents who are willing to spend time looking for recyclable products

Question 14 shows the response of Australian consumers when asked if they will buy green products that are not certified. The results indicate that 65% will not buy green products without certification, while 35% say they did not mind buying uncertified products.

Question 15 shows the degree of importance that respondents believe companies should give toward being environmentally friendly. The result shows that 45% consider it not important, 25% less important, 18% important and 12% say it is extremely important for companies to be environmentally friendly.

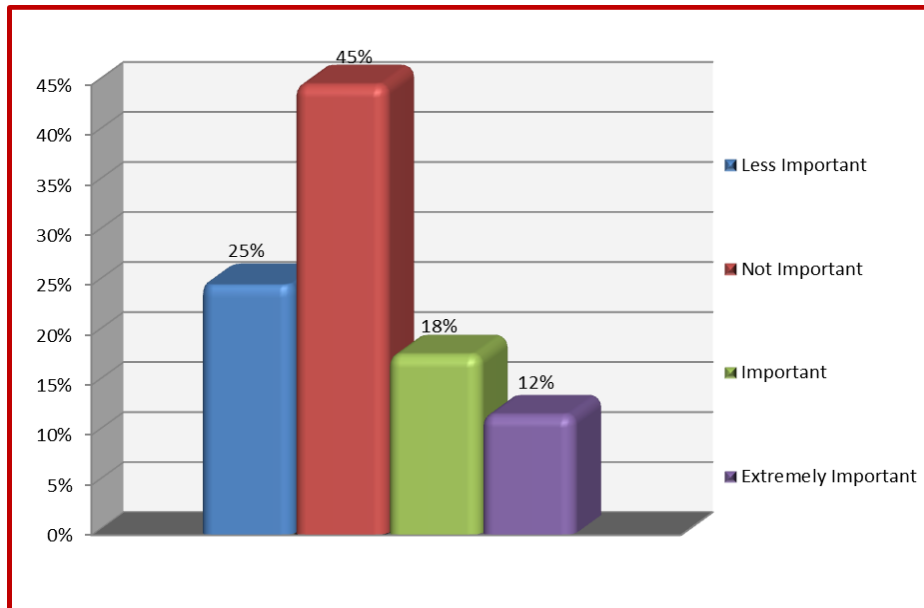


Figure 8: Consumers' belief about companies' responsibilities towards the environment

Question 16 asks respondents for suggestions on promoting the consumption of green products. The results show that 33% of the respondents suggested increasing the advertisement of green products, 54% did not have any suggestions, while 13% suggested that the prices of green products be reduced and consumer awareness of environmental problems increased.

Question 17 asks respondents what they think governments should do in the deployment of green marketing. The results showed that 23% believe governments should impose regulations forcing companies to produce green products, 27% suggest that green products be made cheaper and taxes on traditional products be raised, while 50% did not have any suggestions.

7. DISCUSSION AND EXAMPLES

7.1 Consumers:

The results indicate that there are two possible factors affecting respondents' behaviour and asserts that Australian consumers are showing reasonable levels of environmental awareness. However, this is not enough to change their actual consumption behaviour in terms of buying green products, the knowledge of recyclable products and energy conservation.

7.1.1. Social Factors:

Some experts think that there are two possible factors that can have an impact on environmental awareness of the respondent's gender and income. With respect to all professionals' opinions, the result found this statement is not very accurate. Firstly, gender does not have an effect on consumer behaviour, because both male and female respondents are concerned about the environment. According to Alsmadi (2007), females obtain 2.94, while males obtain 2.92 out of 5 on a scale the environmental awareness. The second vital point is income. According to the findings minority of those who earned \$2,500 or less believe that buying environmentally friendly products is not important. So, increasing the income for consumers is crucial to enhancing their awareness and curiosity for environmentally friendly products.

7.1.2. Education Related Factors:

The results show that respondents are willing to pay a higher price for green products. More than half indicated their willingness to pay more for environmentally friendly products. Furthermore, another study has shown that the majority of consumers in the United States are willing to pay higher prices for green products (Kadlecek, 2010). These results came from respondents who were doing academic studies. Mainieri (2013) asserted that educational levels correlate positively with environmental awareness. An important example for this is Organic Valley Company. Despite the recession in 2010, Organic Valley had a great revenue by 600 million \$ driven by educated women (John Tozzi.2010).

7.1.3. Consumer-Behaviour Related Factors:

The respondents demonstrate their knowledge of the recyclable symbol, but this is not reflected in their actual behaviour, where more than half of them do not spend time looking for recyclable products, although many can identify these products. Perhaps this is due to the failure to provide consumers with necessary information about green products (Ottman, 2004).

Furthermore, the respondents show the proportion of buying different types of green products, which shows the success of the marketing of green products. In his 1999 study of the importance of environmental issues in America's business world, Kaufman said that green marketing is a profitable business opportunity rather than merely an environmental commitment, since consumer trends towards green products are positive. This proved that the respondents embraced the idea of green marketing with different purposes, with most of the respondents opting for organic food Such as Pure Harvest, Bio Nature, Parmalat, Spiral and Melrose. As a result, most of the consumers spend money on eco-friendly products if they have a direct impact on their health. Otherwise, they are not interested.

Moreover, the results show that most of the respondents conserve energy by turning off lights. Energy conservation is one of the green marketing methods (Stafford, 2003). However, this is not enough to change consumers' behaviour because they are not convinced enough to buy products that do not consume a lot of energy. This could be because respondents do not believe that the environment will be protected through the purchase of such products.

7.1.4. Product Certification:

The survey demonstrates that huge percentage of consumers will not pay for products that are uncertified by independent associations. Advertisements are convincing, but sometimes confusing and misleading to consumers (Kinneer et al 1974; p 23). For instance, The CBC program pointed out two companies which are guilty of this: Aubrey Organics and Avalon Organics. Besides these, if you actually take a closer look at what's in the products of Burt's Bees and Nature's Gate, you will see how misleading the branding really is (Tonya Zavasta.2011). Labelling products as eco-friendly is not enough to convince pro-green consumers. Many consumers are also ignorant of the scientific process or technological aspects involved in the production of their favourite brands, and therefore need experts, such as independent associations, to advise them. These associations help assure the consumers on the environmental safety of products (Straughan & James, 1999; p 589). For example, Coles Organic Instant Oats is certified by Australian Certified Organic Association as a healthy product.

However, few consumers do not care if a product is certified or not before they buy it. For them other factors influence their purchasing decision, not green endorsement. Consumers are attached to products because of various reasons such as price, taste, effectiveness and general prejudice; therefore any other factor is less likely to guide their decision to pay for products (Charter & Polonsky, 1999; p 198).

7.1.5. Companies' Attitude:

Many marketers view green marketing as a secondary objective for companies. On the other end of the scale, only 12% of the respondents peg the success of companies on their ability to be environmentally friendly. These respondents are considered to be committed to the consumption of green products and therefore believe all companies strive to be environmentally friendly (Roberts & Bacon, 1997; p 84).

However, the majority of the population has yet to prioritize green marketing. In a world where most successful companies still produce environmentally harmful products, going green is a new trend for most consumers. According to Roberts & Bacon (1997), most people prefer companies that produce efficient and affordable products regardless of the effect on the environment. A clear example for this is Exxon Oil Company. Exxon is estimated to produce more than twice the pollution of countries such as Norway. However, many customers around the world buy its products because they are very effective (X-Ray Technician Schools)

7.1.6. Product-quality evaluation:

The results highlight that a huge percentage of Australian consumers do not trust green products because they do not believe they are effective, or at least they assume that the claims made by the companies about their health benefits are not true. For example, 58% think that green products are not effective or are falsely marketed by companies (SmartMoney, 2010). An example from company side is Lemongrass Oil Soap. This is an organic soap that is less effective than standard ones like Dove.

Many consumers in other countries believe the same as Australian consumers. For instance, a survey conducted in the U.S. in 2007 on 1,753 consumers about the efficacy of green products showed that 62% believe green products are not effective or at least not similar to traditional ones in terms of efficiency (CIOinsight, 2011).

7.2. Companies:

7.2.1. Green marketing approaches:

🌱 Green Spinning:

Many of the organisations that have par taken in a Green offensive are those organisations that are regarded by the public to be the main contributors to environmental pollution, for example organisations such as oil companies etc. These organisations engaged in PR campaigns to improve their reputation (Varadarajan & Menon 1997). This approach to green marketing is focused on reputation management and risk management and suggests a compartmentalisation of green marketing within the PR function, a place where there is little opportunity to affect product, production or policy decisions. (Peattie and Crane, 2000, pp. 361).

🌱 Green Selling:

In the 2005 there was a plethora of research pertaining to the field of Green Marketing and from this came the perception that Green sells. In order to benefit from this many organisations adapted their current marketing campaigns to incorporate green issues. This was done without changing the original product but rather searching for environmental claims that could be made about the existing product. This reflected a typical sales orientation, since interest in the environment tended to be limited to promotional activity, with little or no input into the product development (Peattie and Crane, 2000, pp. 361).

🌱 Green Harvesting:

Many organisations realised the cost reducing potential of going green and therefore engaged in green marketing, not to increase sales but to reduce costs. However, while the company benefited from these savings very rarely did the customer receive any benefits this has contributed to the low market penetration of green products. Compliance marketing

These are firms who only engage in green marketing to comply with legislation and regulations. These organisations do the absolute minimum in terms of the environment; yet try to use their compliance with the law as a marketing and PR tool for environmentally responsible behaviour and concern. It can be seen from the above, despite increased awareness about environmental issues since the 1960, and Green marketing has significantly underachieved. Peattie and Crane (2000) identify the reasons for this by offering five manifestations of green marketing. Van der Veen, Peelen and Langerak, 1998, agree that green marketing has under achieved and attributed this to a lack of knowledge and understanding in the area of green marketing. The next section looks at the different rational for organisations engaging in green marketing.

8. REASONS FOR FIRMS ENGAGEMENT

Understanding corporate motivations and pressures for greening is essential, because it shapes how green marketing is implemented throughout all organizational activities.

Increased demand from consumers and limited natural resources are two prominent reasons why organisations adopt green marketing. (Murphy and Commiskey, 2004). According to Polonsky, 1994 there are five other reasons for green marketing generally cited in literature. These are:

1. Opportunities:

Consumers are becoming more concerned with the environment and many firms are exploiting these changing consumer attitudes.

2. Social Responsibility:

Some organizations have incorporated a commitment to the environmental and environmental issues into their corporate culture. They believe that they have a duty to achieve not only profit related goals but also environmental related goals.

3. Governmental Pressure:

It is the role of governments to protect society. This extends to Green Marketing. Regulations relating to the environment are becoming increasingly common around the world.

4. Competitive Pressure:

In order to remain competitive and survive in today economy organisations must match their competitor behaviour if that behaviour is providing them with a competitive advantage.

5. Cost or Profit Issues:

Through improving their behaviour and becoming more environmentally focused, firms may incur cost savings.

9. PROBLEMS FIRMS FACE WHEN GOING GREEN

Some organisations exploit consumers changing preferences and increased environmental awareness by making false claims. This causes many valid attempts by organisations to be environmentally responsible being tainted and discourages others from changing their behaviour and engaging in green marketing.

1. Consumer Credibility:

Due to false and misleading environmental claims made in the past consumers have less belief in green marketing claims made by organisations.

2. Consumer Confusion:

The greatest environmental hazard facing consumers is the lack of factual information (Schlossberg, 1993a). An example of this (Viney, 1991) is that there are five separate definitions for the word. Therefore when claims such as this are made consumers are unable to accurately evaluate the validity of the claim.

Polonsky, 1994 in his article entitled an introduction to green marketing offers some other problems that an organisation must consider before it goes green. These are:

- Activities must comply with regulations and they must not mislead the consumer.
- The changing of activities to meet new or evolving customer needs must be carried out cautiously as consumer perceptions are not always right.

There are many different challenges that organisations face when they decide to go green. Firstly, due to bad practices by other firms and no comprehensive unified framework for describing green products, consumers are cynical about green marketing claims and confused about their meaning. Along with these challenges posed by consumers, firms must also consider other factors before it goes green. Polonsky, 1994, identifies five such factors. One way of avoiding the challenges posed by consumer cynicism and credibility issues, as well as facilitating increased understanding is to engage in a strategic alliance with an environmental group. This is discussed in the next section.

10. CONCLUSION


In conclusion, the majority of green marketing companies categorized environmentally friendly products as least important. In addition, a huge percentage of consumers did not trust environmentally friendly firms, and preferred to purchase products certified by independent associations. Furthermore, both individuals' financial status and the level of their education affect their behaviour toward environmentally friendly products. Therefore, this report shows that there is a reasonable level of consciousness among consumers to protect the ecosystem and they are urging others to do the same. However, when it comes to actual consumption behaviour, which needs finances, statistics indicate that respondents' behaviour changes dramatically to be less environmentally conscious.


11. IMPLICATIONS FOR MANAGERS


There are five important points that should be applied in order to help consumers change their behaviour.




Governments should promote the idea of green marketing and change the traditional idea of consumption by educating consumers about the benefits of environmentally friendly products.

 Governments could impose laws on companies to produce environmentally friendly goods not just by imposing high taxes on products that are harmful to the environment, but also providing facilities for companies to produce green products and offering them incentives. For example, after getting government support, C. S. Johnson changed the composition of their product “Raid” to one that is not harmful to the environment. Last but not least, companies may boost awareness among consumers through heavy advertising campaigns of green products.

 Identify and target the largest number of businesses that could become “green” and/or sometimes “green” to encourage them to increase the production of green goods.

 Target consumers who believe that global warming is an important international issue, and try to convince them through green marketing campaigns to show them the importance of limiting the problems by using eco-friendly products.

 Green marketing needs to outline public view and increase the request for products that are truly green.

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