

# FACTORS INFLUENCING THE CUSTOMERS PURCHASE DECISION TOWARDS ECO - FRIENDLY PRODUCTS WITH REFERENCE TO COIMBATORE CITY

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#### Abstract

Due to increase in global warming and climate change the public concern for environmental issues is gradually increased over the past decades. The customers are started demanding eco-friendly products and they pay more attention to the environment, wealth and health. Objectives of the study, To analyse the Factors Influencing the Customers Purchase Decision Towards Eco - Friendly Products with reference to Coimbatore City. Methodologies of the study, Primary data as well as secondary data were used in this study. Interview scheudle is designed in such a way that there are several questions included for studying the objectives of the research. The questions includes firstly on the demographic factors of the respondents, secondly on the awareness towards eco-friendly products. Primary data collected thrugh interview schedule. Suggested this study, Green marketing is a considerably large sector in the economy which has to open their eyes on eco-friendliness. Green marketing is one of the growing industries that concern about the green marketing. Conclude this study, green has become the new success mantra and is being discussed by people from all walks of life. The above study indicates that the Customers of Coimbatore city of Tamilnadu are aware about the eco-friendly products and they have more concern for eco-friendly product

#### Introduction

Due to increase in global warming and climate change the public concern for environmental issues is gradually increased over the past decades. The customers are started demanding eco-friendly products and they pay more attention to the environment, wealth and health. The companies are started adopting green marketing practices in their activities as a part of social responsibility and they were trying to reach the customers with their green messages. The "Green movement" then has entered the mainstream status in many developed countries, where eco-friendliness is becoming a major customer preference among the best living in such nations. But though in India, the green movement has started in the late 1990s and 2000s, it was still in the infancy stage. Eco-friendly products are those products that will not pollute the earth or deplore natural resources, product which can be recycled or conserved, products with natural ingredients, products containing organic elements and products contents under approved chemical.

## **Statement of the Problem**

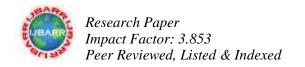
Green or environment marketing consist of all activities designed to generate and facilitate any exchanges intended to satisfy human needs or wants, such that the satisfaction of these needs and wants occurs, with minimal detrimental impact on the natural environment (Polonsky 1994). (Peattie (2001), described evolution of Green marketing in 3 phases. First phase is termed as "Ecological" green marketing and during this period all marketing activities are concerned to help environmental problems and provide remedies for environmental problems. Second phases "Environmental" green marketing and the focus shifted on clean technology that involved designing of innovation new products, which take care of pollution and waste issues. Third phase was "sustainable" green marketing came into prominence in the late 1990s and early 2000. "incorporates the strategies in recycling or with recycled content, reduced packaging or using less toxic materials to reduce the impact on the natural environment is known as Green products or eco-friendly products (Elkington, 1999). There is a growing interest among the customers all over the world for protection of the environment. The green customers are the main motivating force behind the green marketing process. It is their concern for environment and their own well being that drives demand for eco-friendly products, which in turn encourages improvements in the environment performance of many products and companies (Sudir Sachdev, 2011).

#### **Objectives of the Study**

- 1. To analyse Factors Influencing the Customers Purchase Decision Towards Eco Friendly Products With Reference to Coimbatore City
- 2. 2. To offer the suitable suggestion to purchasing eco-friendly products.

# Methodology of the Study

Primary data as well as secondary data were used in this study. Interview scheudle is designed in such a way that there are several questions included for studying the objectives of the research. The questions includes firstly on the demographic factors of the respondents, secondly on the awareness towards eco-friendly products. Primary data collected through interview schedule. Secondary data were collected through reports, websites, journals and magazines. Simple random



sampling has adopted in this study. This sample is used because it allows the researcher to obtain basic data and trends regarding his study without the complications of using a randomized sample. This sampling technique is also useful in documenting that a particular quality of a substance or phenomenon occurs within a given sample. Such studies are very useful for detecting relationships among different phenomena. Factor anlaysis used in this study. Data collection is from 2015-16.

## **Analysis and Interpretration**

Factor Analysis is a multivariate statistical technique used to condense and simplify the set of large number of variables to smaller number of variables called factors. It is set of technique which by analyzing correlations between variables reduces their numbers into fewer factors which explain much of the original data, more economically. This technique is helpful to identify the underlying factors that determine the relationship between the observed variables and provides an empirical classification scheme of clustering of statements into groups called factors. Even though a subjective interpretation can result from a factor analysis output, the procedure often provides an insight into relevant psychographic variables, and results in economic use of data collection efforts. The subjective element of factor analysis could be reduced by splitting the sample randomly into two and extracting factors separately from both parts. The procedure of factor analysis attempts to estimates the value for the coefficient of regression when the variables are regressed upon the factors. These coefficients are referred to as 'factor loading'. The matrix of factor loadings provides the basis for grouping the variables into common factors. Each variable is assigned to the factor, where it has the highest loading. The Varimax Rotation method is used in factor analysis. For example, there are k (I=1...k) variables, n (j=1...n) hypermarket and m factors. If similar factors result, the analysis could be assumed as reliable or stable.

The factor analysis model, in the matrix notation then, may be written as follows:

 $X (k \times n) = A (k \times m) \times Z (m \times n)$ 

Where X= the matrix of variables of order  $(k \times n)$ 

A= the matrix of factor loadings of order (k x m)

Z= the matrix of factors of order (m x n)

Using all the thirty statements  $X_1$ ,  $X_2$ ,..... $X_{14}$ , factor analysis is performed and the results are presented in the following tables.

Table.1,KMO And Bartlett's Test For Factors Influence the Customers Purchase Decision at Eco Products

KMO and Bartlett's Test			
Kaiser-Meyer-Olkin Measure of Sampling Adequacy786			
Bartlett's Test of Sphericity	Approx. Chi-Square	9623.637	
	df	91	
	Sig.	.000	

Table represents two tests namely, Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) and Bartlett's Test of Sphericity have been applied to test whether the relationship among the variables has been significant or not. The Kaiser-Meyer-Olkin Measure of sampling adequacy shows the value of test statistics is 0.786, which means the factor analysis for the selected variable is found to be appropriate or good to the data. Bartlett's test of sphericity is used to test whether the data are statistically significant or not with the value of test statistics and the associated significance level. It shows that there exists a high relationship among variables.

Table.2, Communalities Factors Related to Influence the Customers Purchase Decision at Eco Products

Communalities					
	Initial	Extraction			
MADE OUT OF NATURAL PRODUCTS	1.000	.841			
GREEN LABEL MARKS	1.000	.610			
PRICE	1.000	.655			
PRODUCT QUALITY	1.000	.714			
OFFERS AND DISCOUNTS	1.000	.467			
PRODUCT PROMOTION	1.000	.739			
INNOVATIVE DESIGN	1.000	.836			
PRODUCT USEFULNESS	1.000	.861			
BIO-DEGRADABLE	1.000	.616			

RECCLING	1.000	.751
ENVIRONMENTAL KNOWLEDGE	1.000	.860
ETHNIC FEATURE	1.000	.798
LONG USAGE IN THE FAMILY	1.000	.618
OZONE FREE NATURE	1.000	.802

Source: Primary Data.

The above table (Communalities) represents the application of the Factor Extraction Process, it was performed by Principal Component Analysis to identify the number of factors to be extracted from the data and by specifying the most commonly used Varimax rotation method<sup>4</sup>. In the principal component analysis, total variance in the data is considered. The proportion of the variance is explained by the fourteen factors in each variable. The proportion of variance is explained by the common factors called communalities of the variance. Principal Component Analysis works on initial assumption that all the variance is common. Therefore, before extraction the communalities are all 1.000. Then the most common approach for determining the number of factors to retain<sup>5</sup> i.e. examining Eigen values was done.

Table – 3, Eigenvalues Factors Related to Influence the Customers Purchase Decision at Eco Products

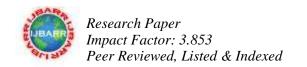
Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings			
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.402	31.444	31.444	4.402	31.444	31.444	4.006	28.612	28.612
2	3.725	26.61	58.054	3.725	26.61	58.054	3.19	22.788	51.4
3	2.039	14.565	72.62	2.039	14.565	72.62	2.971	21.219	72.62

Extraction Method: Principal Component Analysis.

The results of the factor analysis presented in the table – 3 regarding factors related to influence in choosing Eco friendly products, have revealed that there are fourteen factors that had Eigen value exceeding "one". Among those three factors, the first factor accounted for 31.44 percent of the variance, the second 26.61 percent and the third factor 14.56 percent, final factors solution and they all together represent 72.62 percent of the total variance in the scale items measuring the factors related to influence in choosing eco friendly products. Hence from the above results, it is certain these are the factors influence the customers purchase decision at the green products.

Table- 4.Rotated Component Matrix for Factors Related to Influence in Choosing Eco Friendly Products

l Component Matrix			
	1	2	3
PRODUCT USEFULNESS	.906		
MADE OUT OF NATURAL PRODUCTS	.901		
PRODUCT PROMOTION	.860		
INNOVATIVE DESIGN	.775		
PRODUCT QUALITY	.770		
OZONE FREE NATURE		.883	
ETHNIC FEATURE		.882	
LONG USAGE IN THE FAMILY		.782	
ENVIRONMENTAL KNOWLEDGE		.683	
GREEN LABEL MARKS		.590	
RECYCLING			.861
PRICE			.743
PRICE			.664
OFFERS AND DISCOUNTS			.635



Extraction Method: Principal Component Analysis.

The above table represents the Rotated Component Matrix, which is an important output of principal component analysis. The coefficients are the factor loadings which represent the correlation between the factors and the fourteen variables ( $X_1$  to  $X_{14}$ ). From the above factor matrix it is found that coefficients for factor-I have high absolute correlations with variable Product Usefulness, Made Out of Natural Products, Product Promotion, Innovative Design, Product Quality and product quality that is, .906, .901, .860,.775 and.770 respectively. Similarly factor-II has high absolute correlation with variable Ozone Free Nature, Ethnic Feature, Long Usage In The Family, Environmental Knowledge And Green Label marks that is, .883, .882, .782,.683 and.590 respectively. Next, factor III has high absolute correlation with variable Recycling, Price, Price And Offers and Discounts that is, .861,.743,.664 and .635 respectively. For example in this study, factor I is at least somewhat correlated with twelve variable out of the fourteen variables with absolute value of factor loading greater than or equal to 0.5. In such a complex matrix it is difficult to interpret the factor. So proceed to compute the rotated factor matrix.

Table - 5

COMPONENT TRANSFORMATION MATRIX				
Component	1	2	3	
1	.662	.521	.539	
2	743	.550	.381	
3	.098	.653	751	

Source: Primary Data.

The above table reveals the factor correlation matrix. If the factors are uncorrelated among themselves, then in the factor correlation matrix, the diagonal elements will be 1's and off diagonal elements will be 0's. Since matrix was rotated with Varimax, barring some variables all other variables are found to have, even if not zero correlations but fairly, low correlation.

#### Conclusion

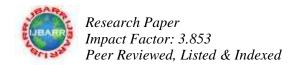
Thus the fourteen variables in the data were reduced to three Component factors and each factor may be identified with the corresponding variables as follows:

Table- 6		
VARIBLES	%	Factor
PRODUCT USEFULNESS	82.08	Factor I
MADE OUT OF NATURAL PRODUCTS	81.18	
PRODUCT PROMOTION	73.96	
INNOVATIVE DESIGN	60.06	
PRODUCT QUALITY	59.29	
OZONE FREE NATURE	77.97	
ETHNIC FEATURE	77.79	
LONG USAGE IN THE FAMILY	61.15	FACTOR II
ENVIRONMENTAL KNOWLEDGE	46.65	
GREEN LABEL MARKS	34.81	
RECYCLING	74.13	
PRICE	55.20	
PRICE	44.09	FACTOR III
OFFERS AND DISCOUNTS	40.32	

Source: Primary Data.

### Suggestions of the Study

- 1. Green marketing is a considerably large sector in the economy which has to open their eyes on eco-friendliness. Green marketing is one of the growing industries that concern about the green marketing. Green marketers can attract customers on the basis of performance, money savings, health and convenience or just plain environmental friendliness, so as to target a wide range of green customers.
- 2. Environmental education is important to society. It refers to organize efforts to teach about how natural environments function and particularly how human beings can manage their behavior and ecosystem in order to live sustainably. Activities



on environmental education are considered extracurricular activities and such as given serious attention to the society. Cultivating a habit takes time. If customers are taught when they are small, it can motivate their concern towards environment and subsequently become green customers.

#### Conclusion

Green has become the new success mantra and is being discussed by people from all walks of life. The above study indicates that the Customers of Coimbatore city of Tamilnadu are aware about the eco-friendly products and they have more concern for eco-friendly products. The study shows they are identifying the eco-friendly products through the eco-label and therefore it can be considered as a major tool for Environmental marketing. The government, the organization and the customers has to put hands.

#### References

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