

Encouraging Green Consumption : Role of Green trust and Green experience

ANSH GUPTA

(E-mail: ansh.gupta@iiml.ac.in)

and

Prof. S.B DASH

Indian Institute of Management
Lucknow



“Business is the only mechanism on the planet today powerful enough to produce the changes necessary to reverse the environmental and social degradation”

- Paul Hawken

(an environmentalist, entrepreneur, and author)

Co-author : The Ecology of commerce

Co-founded : Smith & Hawken



Scenario A

- An eco-friendly product
- Saves environment



Scenario B

- An eco-friendly product > Imagery re-calls of nature
- Good for health > Economical in long-term
- Beneficial for other stake holders in the society > Saves environment
- Consumers of this product will be tagged as “**ECO-BENEFACTORS**” on FB
- The product carries the label - **certified by the environmental ministry**



Presentation Structure

- The Context
- Need for the study
- Research Objectives
- Research Hypotheses and Framework
- Research Design and Methodology
- Research Implications
- Expected Limitations and Future Research Directions



The Context

- **Negative Impacts of human activities on environment and society are more perceptible than before**



The Context (Cont...)

- **Growing awareness** about environmental issues
- People are also **voicing their concern** for our planet



The Context (Cont...)

- ‘Green marketing’ is the trend at present



Need for the study

- Despite 4 decades of extensive research in green marketing, **only handful of green products/services has been successful** (terrachoice report, 2010)
- A serious disconnect between **what marketers are offering** as benefits of green consumption to the consumers and **what consumers are looking for.**
- **Benefits** sought from consumption of green products/services are **not immediate** and are **intangible**
- But, Certain **green products are highly successful.**
Why?



New Age Consumers

- Experience is more important than just a good product or service
- Looking for “meaningful” consumption experiences with minimum negative impact on environment
- Becoming increasingly concerned about environmental issues¹
- Many individuals now realize that their purchasing decisions directly influence the environment²
- Willing to consider and pay more for Green Products/services³
- Lack of trust about green claims of the products/services⁴



Research Objective

1. To study relationship between green experiential values and intention to buy green product/service.
2. To examine the role of green trust in the relationship between green experience and intention to buy green.



Green Experiential Value

- Defined as the **customers' perceptions of Green products or services based on interactions involving either direct use or indirect observation of its eco-friendly aspects.**

<u>Customer Value Dimensions</u>	Extrinsic	Intrinsic
Self-oriented	<u>Economic Value</u> 1	Hedonic Value 2
Other-oriented	Social Value 3	Altruistic Value 4

Ref:- Holbrook, 2006

1. Economic utility theory (Stigler,1950)
 - Consumers perceive that the consumption of green products/services deliver additional benefit (value) of not harming the environment / better health/ saving cost (Hartmann et al. 2005)
2. Biophilia hypothesis (Wilson, 1995)
 - Aesthetic pleasure and emotional enticement associated with nature is the "central issue of biophilia."
3. Costly Signaling Theory (Grafen 1990;Zahavi, 1975)
 - People engage in buying green products/services to attain status (Griskevicius, 2010)
4. Theory of Warm Glow giving (Andreoni, 1990)
 - Customers experience an intrinsic value in using green products/services, and individual motivation is driven by a "warm glow of giving" (Hartmann et al. 2006)



Green Trust

- “a willingness to depend on one object based on the belief or expectation resulting from its credibility, benevolence, and ability about environmental performance” (Chen ,2010)
- Because of **non-immediate and intangible benefits** of ‘green’ features, trust is more important.
- According to Youl Ha and Perks (2005), **customers’ brand experiences directly affect trust.**
- **Customer trust can influence their purchasing decisions** (Gefen and Straub, 2004).

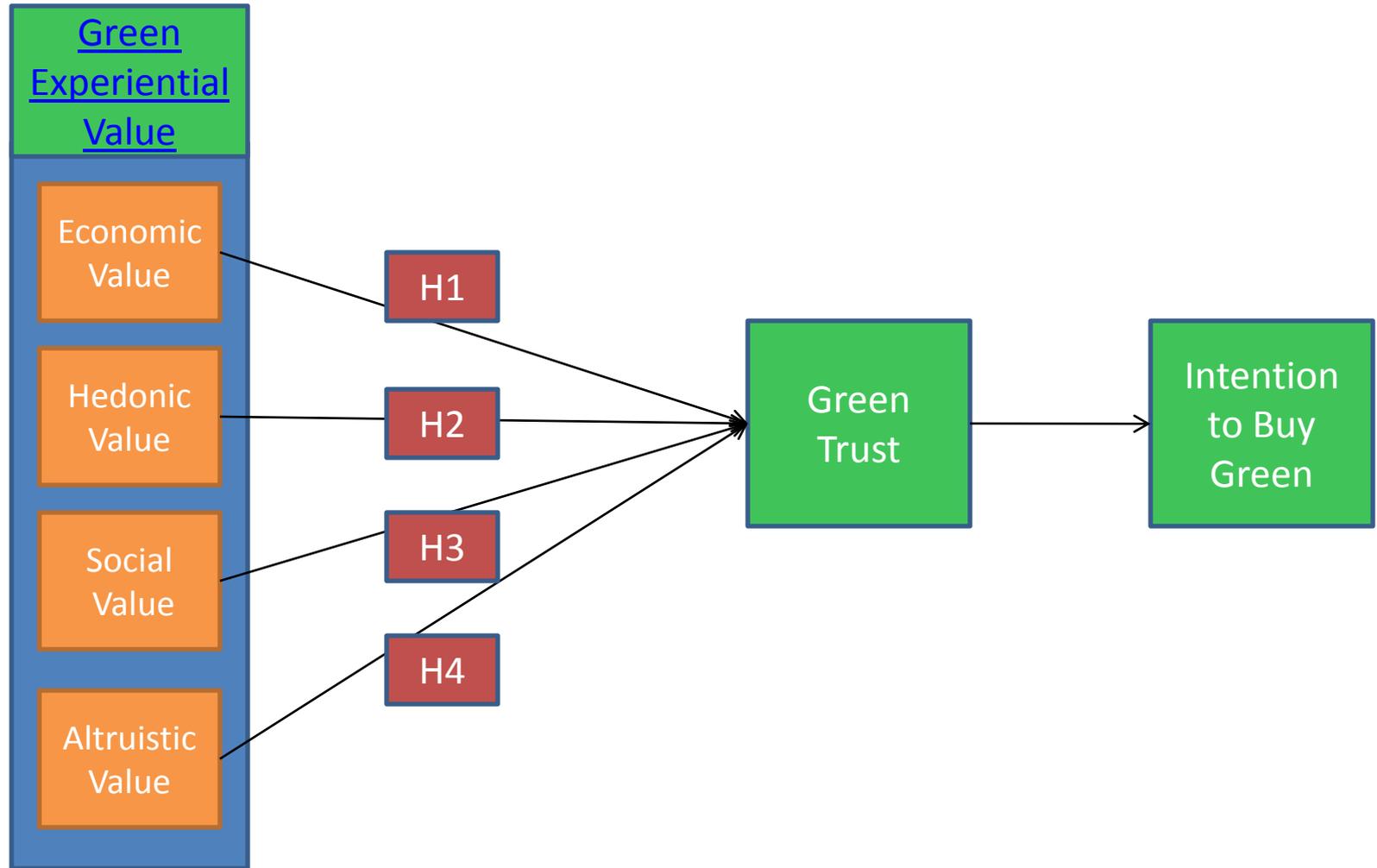


Relationship between Green Experiential Value, Green Trust and Purchase Intention

- Positive green experience with a product is influential in developing trust about environmental claims and will results in increased probability of purchase of green brand (Baker and Ozaki, 2008)
- **Hypotheses**
 - H1: The green trust mediates the relationship between green experiential value dimension economic value and intention to buy green.
 - H2: The green trust mediates the relationship between green experiential value dimension hedonic value and intention to buy green.
 - H3: The green trust mediates the relationship between green experiential value dimension social value and intention to buy green.
 - H4: The green trust mediates the relationship between green experiential value dimension altruistic value and intention to buy green.



Hypotheses and Framework



Research Design

- To achieve our research objective we have chosen the context of **(green)hotel services which are highly experiential in nature.**
- Both **Qualitative and Quantitative** approach were used.
- Survey instrument was designed to test the hypotheses
- Data was collected at various **green hotels in India.**



Methodology-Summary

Qualitative

- In-depth Interviews with 25 guests (Delhi, Jaipur, Mumbai)
- Male-64% ; Female- 36%
- Age:-(<25)- **12%**; (26-35)-**24%**; (35-45)-**16%**; (46-55)-**16%**; (56-65)-**24%**; (>65)-**8%**
- Type of traveler:
 - Leisure- 42%; Business-46%; Both- 12%
 - Domestic- 32%; Foreigner- 68%

Survey Items

- Green experiential value dimensions items were adopted from the perceived environmental benefits scale by Hartmann et al. (2011).
- The green trust items were adopted from Chen's (2010)

Quantitative

- **Convenience sample-105 were usable** (Delhi, Jaipur, Kochi, Ahmadabad, Chandigarh and Mumbai) ; **46% response rate**
- **Demographic details** - 67% male, 33% Female; **42%** foreigner, **62%** age band of 30 yrs to 50 yrs, and **52%** business trip
- **Multivariate regression analysis**
- The mediation hypotheses are tested using 4 step mediation analysis suggested by Baron and Kenny (1986).



Consumers' Insights

"The environmental focus of this hotel is visible the moment you enter the hotel, in the lobby, in the rooms. I feel fresh and charged up. I think its value for money."

"I think choosing this hotel which is doing something for the environment, I feel good about contributing my bit towards environmental well being."

"I always stay in this hotel when I visit this city. I feel relaxed, at ease and enjoy that feeling of being an environmentally responsible traveler."

"Everyone talks about being eco-friendly these days. It feels good to be associated with the brand which focuses on protecting environment. I have already made a FB update"



Results

- Reliability of scale
 - Cronbach's alpha for
 - green experiential value dimensions
 - α for **economic** dimension = **0.893**
 - α for **hedonic** dimension = **0.828**
 - α for **social** dimension = **0.848**
 - α for **altruistic** dimension = **0.898**
 - green trust , $\alpha = 0.819$.



Results (Cont..)

- Mediation Analysis

- **Step 1:** All zero-order relationships between experiential values (economic, hedonic, social and altruistic) and Intention to purchase green were found significant

Green Experiential Value Dimensions	Standardized Coefficients	t	Sig.
	Beta		
Altruistic	.585	11.231	.000
Hedonic	.100	1.925	.057*
Social	.430	8.269	.000
Economic	.438	8.425	.000
Adjusted R2 = 0.718 (F=67.299; p<0.001) [* significant at p<0.1]			
Table 1: Dependent Variable-purchase intention			



Results (Cont..)

- **Step 2:** All zero-order relationships between experiential values (economic, hedonic, social and altruistic) and green trust were found significant

Green Experiential Value Dimensions	Standardized Coefficients	t	Sig.
	Beta		
Altruistic	.298	7.794	.000
Hedonic	.258	6.736	.000
Social	.550	14.390	.000
Economic	.629	16.466	.000
Adjusted R2 = 0.848 (F=146.075; p<0.001),			
Table 2, Dependent Variable-Green Trust			



Results (Cont..)

- **Step3:** The relationship between green trust and green purchase intention were observed as significant.

	Standardized Coefficients	t	Sig.
	Beta		
Green Trust	.735	11.011	.000
Adjusted R2 = 0.536 (F=121.235; p<0.001)			
Table 3			

- **Step4:** Relationship between green trust and intention to buy green found to be significant whereas relationship between **economic, hedonic and social dimension of green experiential value** and intention to purchase green found to be **insignificant** when controlled for green trust.
- In case of **altruistic dimension** of green experiential value and intention to purchase found to be **significant** (p<0.001) when controlled for green trust. Relationship between green trust and intention to purchase green also observed as significant.



Findings

- H1, H2, H3 are supported
- H4 is **partially supported** - means green trust partially mediates relationship between social dimension of green experiential value and green purchase intention.
- Green trust has been shown to play a mediating role in relationship of green experiential value and intention to purchase
- Thus, gives a new framework to analyze the frequently highlighted gap between pro-environmental attitude and purchase of green brands.



Implications

- **Disintegrating green experiential value into 4 dimensions** offers rich insights to the practitioners & academicians about the various kinds of benefits that seek from eco-friendly product/services.
- The marketing researchers can **appreciate the motivations and drivers** behind consuming green/sustainable brands.
- The study offers managers **a model for analyzing various dimensions of green experiential value** and how relatively these impact the green consumption.
- The study suggests that **companies should invest more resources in enhancing the green experiences** of the consumers and built the **trust in green claims**.
- In the era of experiential economy, this **study offers maiden framework to enhance green consumption**.
- Research results are helpful to managers, researchers, practitioners, and governments, and provide useful contribution to relevant studies who are **trying to make this world greener**.



Limitations and Future Works

- This study is **examined general lodging customers' eco-friendly experience** and its effect on purchase intention
 - future research should examine the relationships among study constructs in other products/services context to validate the current model.
- There may be **more existing variables** that are important in explaining relationship between green experience and green consumption **not considered in the present study** (e.g. personal characteristics, environmental consciousness and values etc.).
- Lastly, for future research, **cross-cultural studies** using the proposed model are recommended to validate the results of this study across nations and cultures.



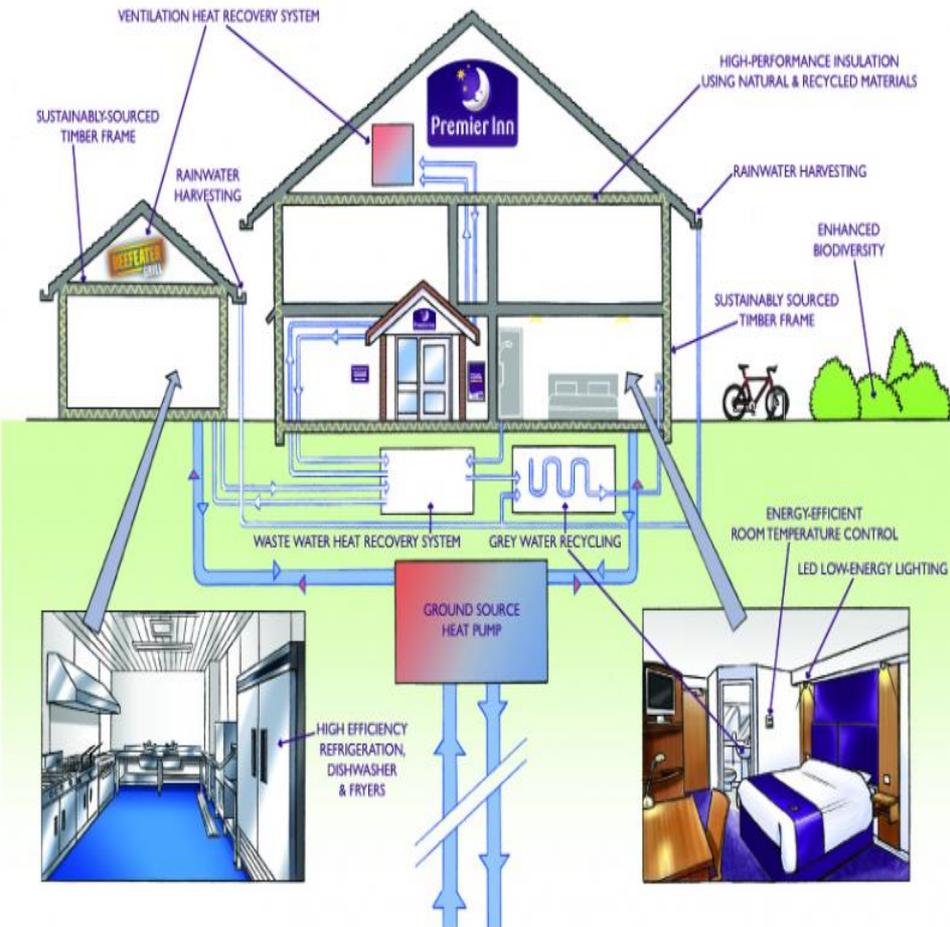
THANK YOU

- Feedback
- Suggestions
- Comments



Green Marketing in Hospitality Industry

- The **hotel industry**, due to its very specific operating characteristics and the services it provides, **consumes substantial quantities** of energy, water and non-durable products (Robinet and Giannelloni, 2010).
- Following **Green marketing practices** (e.g. Reducing utility usage) is not only about helping **save our environment**; there are also **financial gains** to be realized (PKF Hospitality Research, 2007)
- Thus, for hoteliers the **concept of Green marketing** is the way to **ensure sustainable growth** of the industry and **gain competitive advantage** (Porter and van der Linde, 1995)



Consumer Experiential Value Dimensions

Green Experiential Value	Defined as customers' perceptions of Green products or services based on interactions involving either direct use or indirect observation of its eco-friendly aspects.
Economic value	refers to the case in which a green consumption experience serves as a means to a consumer's own objectives — to protect the environment for better and healthy future so as to have reduced cost of health and enjoying nature (<i>in context of present study</i>)
Social value	occurs when one's own consumption behavior serves as a means to shaping the responses of others — as when I consume anything green that makes a status-enhancing favorable impression or bask in the reflected glory of my esteem-evoking eco-friendly consumption (<i>in context of present study</i>)
Hedonic value	arises from my own pleasure in consumption experiences appreciated for their own sake as ends in themselves — as in the fun that I might derive from being in coherence with nature or the aesthetic enjoyment that I might feel in closer to nature, or a beautiful scenic vista of natural surroundings or décor (<i>in context of present study</i>)
Altruistic value	entails a concern for how my own consumption behavior affect others where this experience is viewed as a self justifying end-in-itself — as when engaging in ethically or environmentally desirable practices in which “virtue is its own reward” (e.g., contributing to a charity, being no damaging to environment)



Overall Green Brand Equity

Green Brand Equity

Definition:- 'a set of brand assets and liabilities about green commitments and environmental concerns linked to a brand that enhance or detract from the value provided by a product or service' (Kang and Hur, 2011; Chen, 2010)

