

Effect of Covid 19 on Green Marketing in FMCG Sector

Prof. Pinki Rai

Research Scholar, Institute for Technology and Management, Navi Mumbai., (pinkifpm@gmail.com)

Abstract:

Purpose: The goal of this research is to determine how Covid-19 has influenced Green Marketing in the FMCG market. The 4P's of green marketing, Product, Packaging, Place, and Price, were evaluated to investigate this influence. According to extant research from manufacturers', businesses' websites and white papers, the marketing structure has become unbalanced due to the Covid-19 pandemic. On one hand, packaging has gotten more intensive and environmentally unfriendly, while demand for green or environmentally friendly items has grown. As a result, the entire marketing system has become unbalanced.

Objective: After the thorough study of the literature review, the researcher developed four hypothesis on the 4Ps of marketing mix in order to statistically prove the theory of marketing mix imbalance caused by Covid 19.

Methodology: In this study, the data was collected from primary sources of information, such as a survey questionnaire. The researcher collected 200 responses using a non-probability accidental sampling method. The questionnaire had 5-point Likert scale. It was self-administered through google form. A statistical tool, SPSS and AMOS was used to analyse the data in order to confirm the hypothesis.

Implications: Researchers' findings can be beneficial to marketing professionals.

To survive in this uncertain post covid times, we need to have effective green marketing strategies that incorporates industry specific effect of covid. Purchasing, using, and disposing of green products has both social and environmental benefits. Statistical analysis of this research paper shows that making and selling locally can be a viable method of surviving Covid's uncertain times.

Keywords: Consumer behaviour, eco-friendly products, Green product, Green strategies.

Introduction:

The world is facing a unique challenge because of the COVID-19 pandemic. It was China where the first case was detected and in no time, it did spread across the earth. On March 11, 2020, WHO Director-General Dr. Margaret Chan declared the coronavirus outbreak a "pandemic." (World Health Organization, 2020) Unavailability of a vaccine to stop the spread of the extremely infectious virus COVID-19, nations across the globe have been forced to adopt safety precautions like social distancing and declaring country-wide lockdowns. (Kaplan et al., 2020). It was during this lockdown that the world, and so did India realize the importance of the environment and its impact of being cleaner and healthier. It took an epic episode of virus pandemic to make

humans realize that they have exploited the earth a lot and it is time to reverse the cycle, push the pause button of fast, irresponsible life and think about environment and take responsibility to protect it.

Several studies say that this environmental conscious behaviour has been reflecting in the buying and the consumption pattern of the consumers, since covid. Numerous reports and studies have shown that the coronavirus has refocused our minds on making the world a better, healthier place (BBC News). Accenture's global head of consumer goods and services, Oliver Wright, agrees that the consumption pattern has changed since the covid times. He claims that it is a black swan event. It is causing people to consider how they buy things and how they spend their time in relation to global

challenges of sustainability. Accenture conducted a survey in 2020 that said that consumers have changed dramatically, sixty percent of them choose eco-friendly and sustainable products. Consumers now prefer ethical and ecological products. Capgemini, conducted research, too, to find out the impact of covid on consumer behaviour, specially with the context of eco- friendly or Green Products. They studied the gap of consumer's expectations of sustainable products and how well retailers understood the same. Sustainability has made it to the top of the customer's mind, according to the survey, with 79 percent of customers bending towards socially responsible, inclusiveness, or environmentally friendly product. It is clear from these studies that Covid 19 has certainly changed consumer behaviour for good of the environment, Green Products have definitely gained awareness and purchasing behaviour is definitely getting environment friendly. Individuals who are knowledgeable about the environment are more likely to participate in environmentally-friendly practices. (Sheltzer et al., 1991). Although, academics have defined green purchasing behaviour differently. Many Researches like, (Chan 2001), has objectively defined, studied and explored the relation between the intention or willing to buy environmental friendly products and for in real if the knowledge and intention translates in the buying behaviour or spending money on buying of the green products. Plus, knowing the consumer's perception in accordance with the 4Ps of the marketing will give them better strategy formulation technique.

According to recent studies, companies that prioritize environmental concerns are more profitable. This implies a commitment to green management. Green marketing and environmental features as a source of competitive advantage have become increasingly popular among corporations for this very reason. Thus, in these uncertain times of pandemic, understanding green consumer profiles and behavior is critical for businesses to develop new targeting and categorization techniques (D'Souza et al., 2007; Chen and Chai, 2010; Huang and Kung, 2011).

It is here, that the paper, tests quantitatively the theory of being more eco-friendly or "GREEN" as a sustainable marketing strategy post covid. To do so the researcher picks up 4 Ps of

marketing. First being Green Products, Price of Green Products, its availability (Place) and its Packaging. The quantitative construct has been built on the existing literature review about all the 4P's of the marketing.

Five variables have been selected for each P from the existing literature to run the regression test to show the difference between each for pre and post behaviour.

Literature review:

Green Marketing

Peattie and Charter (2003) advocates for both internal process to be green plus the long term impact of the marketing processes to be Green. That will impact on the quality of life and develop a sustainable society. The marketers and researcher say that traditional 4 P's of marketing should be viewed with the Green lens and an additional 4 S's should be added to it, that includes customer satisfaction, product safety and social acceptability and sustainability.

Green Product:

One of the definitions of Green Products from literature that comes is from Maniatis "The concept of green products is related to sustainable manufacturing and supply chain management, which involves environment friendly, planet friendly, and people friendly standards, technologies and practices" (Palevich, 2012). The term "Green Product" encompasses all aspects of the production and delivery of a green product, including the acquisition of raw materials, manufacturing, packing, shipping, and distribution with minimal carbon footprints (Palevich, 2012). Since the paper studies the Green Products from the perspective of 4P's of the marketing, the construct for the Green Product for the paper is based on this definition, where survey questionnaire had the question on packaging and kind of raw material used to make the product.

Price of Green Products:

Several studies have shown that the price of green products influences consumer purchasing decisions, including Chekima et al. (2016), Gleim et al. (2016), and Malhotra and Maheshwari (2016). Meanwhile, Neff (2012) argues that consumers are less willing to pay a premium price for green products in general,

and this perception is also backed up by Malhotra and Maheshwari (2011). Pandemic has impacted overall people's income, says economic times. So, one of the construct questionnaires had was to check people's attitude on Price of the Green Products.

Packaging and Green Products:

Growing awareness of the significance of sustainable development since the pandemic led to an increase in environmental concern. An increasing number of studies are being conducted because of the growing concern among consumers regarding sustainable consumption such as (Pekkanen et al., 2018; Fischer, Stanszus et al., 2017; Liu et al., 2016; Geels et al., 2015). Concerns about the quantity of waste that is generated each year are linked to both of these issues (Hoornweg & Bhada-Tata, 2012).

Among all the P's of the marketing, packaging was one of the features that was affected the most. This affected the packaging industry the most. Since everything was home delivered and fear of virus spreading through "touch", the demand of plastic packaging increased. Plastic was perceived to be sprayed or cleaned easier and provide a sturdy packaging for products. Few examples that were sighted was Amazon carton. A survey sighted an increase of at least 40% - 50% rise in packaging from pre and post covid time. This was south side of the Green Marketing that took toll on "Green Marketing".

Place:

Researchers and marketers say that during uncertain times like recession, pandemic and war, firms should shorten the distribution channel to as short as possible. (Keoksal and Ozgetal, 2007).sPlus, the research says that consumers prefer local products that has the impression of being more eco-friendly, as it has travelled less. The paper had a construct developed from the variables taken from literature to measure this perception of the consumer pre and post covid too.

Design of the Study:

Objectives of the Study:

Impact of Covid on marketing of GreenFMCG product (Green Products) :

- 1) Effect of Covid on use of Green Products pre and post COVID-19.
- 2) Consumer's perception on change in the price of Green Products pre and post Covid.
- 3) Effect of packaging on "green" part of the Green Products.
- 4) Preference of consumer on locally made Green Products post Covid.

Research Hypotheses:

Hypothesis 1:

H0: Covid 19 has no positive impact on Green Products.

H1: Covid 19 has positive impact on Green Products.

Hypothesis 2:Effect of Covid 19 on the purchasing power of consumer on Green Products.

H0: Covid 19 has no impact on purchasing power of consumer of Green Products.

H2: Covid 19 has positive impact on purchasing power of Green Products.

Hypothesis 3: Covid 19 has made packaging non-eco-friendly

H0: Covid 19 has no impact on packaging of Green products.

H3: Covid 19 has made packaging non-eco-friendly

Hypothesis 4: Covid 19 has made consumers go locally.

H0: Covid 19 has no impact on sourcing of Green products.

H4: Covid 19 has made consumer's go local for eco-friendly

Statistical data analysis

Factor analysis was used to find the factors that affected the consumer's behaviour post covid. By definition, factor analysis condenses many variables into one countable variable.

Bartlett's test of Sphericity was run to prove that there was no redundant variable in the matrix. The adequacy of the factor analysis is evaluated using the KMO measure of sampling. Factor analysis is useful when the value is between 0.5 and 1.0. Table 1 clearly shows that factor analysis is suitable, since the data meet both criteria.

Table 1

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.845
Bartlett's Test of Sphericity	Approx. Chi-Square	3345.462
	Df	400
	Sig	.000

Table 2: Total Variance Explained

Component	Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %
1	3.502	19.001	14.002
2	3.211	9.943	24.009
3	2.320	9.240	32.312
4	2.453	8.761	41.373
5	1.892	7.341	56.295
6	1.763	7.823	49.511
7	1.524	7.010	62.277

*Extraction Method: Principal Component Analysis

Table 2 classified almost 65 % of the variance in data is explained by 7 components.

Analysis and Conclusions:

The data was collected through Google form and statistical test was done on SPSS 2.0. The reliability test too was run on questionnaire.

Reliability test and Factor Analyses

MS Excel was used to indexed in MS excel and was run on SPSS 2.0. With Cronbach's alpha value for questionnaire as 0.802, shows high internal consistency among the questions. Researcher used principal component analysis and varimax rotation for variable factor analysis. The score of 0.000 for Bartlett's test and .719 for KMO, met all the conditions for factor analysis. Components with factor loading more than 0.5 were kept as considerable factor. This is consistent with previous research in the field (Gregory and Leo, 2003; Kucukusta et al., 2013).

Structural equation model was used to come up with the model that can test the covariance figured out as the result of the factor analysis to predict the plausible change in the observed data. AMOS V2.0 was used to create the model; maximum likelihood technique was employed for CFA. The model fit was assessed using a variety of indicators.

With CFI score of 0.900, the analysis showed quite a fit, confirmed by (Browns Cudeck, 1993),.0071 was RMSEA score. With chi-

square of 688.662, the six-factor model has base fit, it had GFI of .809 and adjusted GFI as .843. So, it can be inferred that all six components were best identified for the study of the affect of the covid on consumer behaviour from the perspective of the "Green Marketing".

The findings revealed generally good levels of fit (Browne and Cudeck, 1993), with a CFI of 0.900 and an RMSEA of 0.071. To sum it up, the six-factor model had an adjusted goodness of fit index (AGFI) and a χ^2 statistic of 688.662 that was the finest fit to the data. As a result, it can be concluded that green marketing is best defined along six aspects of the 4P's taken into account. When it comes to the reliability of composites, they ranged from 0.63 to 0.91, much beyond the standard of 0.06.

The variables identified from the secondary study of white paper and corporate's website hold support in the empirical analysis. First factor "Impact of Covid on Green Products" explains consumer perceptions for green products after covid had changed positively. They do believe that FMCG products should be made eco-friendly. Second factor "Impact of Covid on Price of Green Products" is related to consumers', consumers feel that top price of eco-friendly products should be made affordable. Analysis shows that Green product is associated with premium pricing, and that the price should

be brought down, to make it affordable. Fourth factor "Impact of Covid on packaging of Green Products" is related to consumers' concern towards the impact of covid on the packaging of the Green Products, to that the factor turns out to be positively evolving with the hypothesis. Meaning, consumers do believe that packaging has been adversely affected. They feel the necessity to of eco-friendly recyclable packaging. Fifth factor "Impact of Covid on sourcing of Green Products" is related to consumers' purchase decisions of green products by the distance it travels, both before and after manufacturing. The analysis clearly claim that consumers have started believing that raw material used should be locally sourced and the products should travel less to keep the "Green Product" or eco-friendly product in line with its definition.

Hypotheses testing

AMOS was used to develop structural model. The results were evaluated and discussed using a regression weight table. First relationship between pre and post covid on the sales of the Green Product was analysed. It was found that the covid has positively impacted the sales of Green Products since covid. The data analysis too supported this analysis, which was found statistically significant with ($p < 0.05$), agreed by H1, hypothesis. They also recognise that paying a premium price for green products help improve the environment's quality.

The relation between purchase power and effect of covid on it has turned out significant. This indicates that the individual who care about the environment are likely to purchase green products even at the little higher price, provided quality is promised. Even if they are a bit more expensive, as long as they are guaranteed to be of good quality. This study is in line with Lee (2009), who found that customers who appreciate the importance of individual activities in affecting environmental quality are more likely to take action.

The relationship between Covid and packaging of green products (H3) is also supported ($p < 0.001$) in the study. This finding is consistent with those of white papers and corporates report which cites the fact that use of packaging material has increased during

covid. And the disbalance has happened when it comes to impact on the carbon footprints. Impact of the lockdown was such that keeping eco-friendly packaging too was not feasible, (Economics times Oct-2020)

As far as the Covid's impact on going local as the definition of Green Products has $p < .05$, which suggests that after Covid, consumer do prefer local goods and less travelled products, also because of the availability, this finding, aligns with, (Pacto et al. 2013), which states that Shopping energy-efficient items, less packed, environmentally less destructive, recycled products, and so on are examples of green purchasing behaviour, but it can also involve purchasing fair-trade products (which contribute to social justice) and locally produced products (contributing to carbon reduction).

Discussion of Findings:

A pandemic like Covid 19 is bound to impact every market and firm activities. These uncertain times need strategies not only for survival but also to give competitive advantage in the market. Accordingly, this study aims to answer the questions regarding consumer's changing attitude towards Green Products during and post Covid. Data analysis shows the preferences from the consumers perspective that the interest has increased in eco-friendly products, Price sensitive consumers are ready to spend extra for environmental concern as long as quality is promised. The rise in packaging material has been unanimous concern among both corporates and consumers. Packaging has gone up and secondary study says that a lot in non-eco-friendly direction, but making eco-friendly packaging and reducing the packaging little less won't harm the demand. Though a good percentage of consumer do believe that packaging is important as it protects the goods from being carrier of virus during covid, plus increase in online shopping has increased the packaging material as stated by Accenture's study of effect of Covid on retail consumers. So, to keep a head in market plus have some competitive advantage it is important to have eco-friendly packaging. Sourcing locally and keep the product simple, too scored good on the scale, as the need of the time and marketers can implement this to not only cut cost on logistics

but also score on less carbon foot prints on products.

Limitations

The data collected is from Pune. It is a cross sectional study. It studies the past to predict the future consumer behaviour or “Green Consumerism”. It is the analytical study supported by the statistical data.

References:

1. Mahajan, Yogesh D , “Impactof Coronavirus Pandemic on FMCG Sector in India.”
2. Covid -19 and world of work ,International labour Organization.
3. Mukerjee ,Writankar , et al , “Consumer Goods fly off the shelves as Coronavirus spread in India.” The Economic times, 2020.
4. Kantar study ,et al , “Eco-friendly Shoppers amount to 22% globally , ET , Brand Equity.com.
5. Accenture Survey, “ More than half of Consumers would pay more for sustainable products,” Newsroom Accenture.
6. Bamberg S (2003), How does environmental concern influence specific environmentally related behaviour ? Journal of Environmental Psychology (21 – 23).
7. Cerjack , Markovine J, (2010), “ What motivates consumers to buy organic food: comparison of Croatria, Bosnia, Slovenia,” Journal of Food Products Marketing, (278 – 292).