

## **CHAPTER 2**

### **LITERATURE REVIEW**

This chapter will begin with the discussion and review of previous literature on green marketing, consumers' environmental knowledge, attitudes, behaviours, as well as on cultural differences impact on consumer behaviour. Hypotheses development and research framework will be presented at the end of this chapter.

#### **2.1 Green Marketing**

Over the past 40 years, academic research and concern about the environment has experienced cyclical changes. It starts with a great attention in the 70's and followed by a rapid decline due to the consumers' fluctuating demand. In fact, not much academic research has been done during that time. In the 90's, once again the "green" wave was triggered by the National Anxiety center reports stated that among the issue making up its top worry list are five dealing with the environment (Schlossberg, 1992). Thereafter, researches have started academically analyzing the environment which centered in the consumer marketplace.

Despite some "green" attention received in the 1970s, it is really only in the late 1980s that the idea of green marketing emerged. The decade of the late

1980s marked the first stage of green marketing, when the concept of "green marketing" was newly introduced and discussed in industry (Peattie and Crane, 2005). Later, according to Charter and Polonsky (1999), green marketing is a set of marketing or promotion activities of a product or service based on its environmental performance or an improvement thereof. Like any (relatively) new marketing phenomena, it was soon the subject of a great deal of market research. Much survey evidence from reputable research bodies was cited as identifying heightened environmental awareness, a growing consumer interest in green products, and a pronounced willingness to pay for green features (Mintel, 1991). Thus, most marketers believe that would be a huge potential growth of demand on green products from the green consumers in the future.

Notwithstanding this optimistic picture, by the mid-1990s, according to Mintel's (1995) follow-up report on the environment recorded only a very slight increase in green consumers since 1990. Researchers have identified a significant gap between concern and actual purchasing - a picture replicated in subsequent management research (Wong et al., 1996; Peattie, 1999; Crane 2000). According to research survey by McKinsey in 2007 of 7751 people in Brazil, Canada, China, France, Germany, India, the United Kingdom, and the United States has shown 87% of consumers worry about the environment and the social impact of the products they buy (Bonini and Oppenheim, 2008). Indeed, consumers have voiced up their interest in adopting the green lifestyles. However, the actual green purchasing act is far lower than it said. In a 2007 Chain Store Age survey of 822 U.S consumers, only 25% of them report having

bought any given green products other than organic foods or energy-efficient lighting. In reality, most of the green goods on the market have tiny market shares. For example, green laundry detergents and household cleaners accounted for only 2% of the US sales in their categories (Bonini and Oppenheim, 2008).

Given this gap, it can be hard for marketers to judge what they need to do from a marketing perspective. How much will be "green" really affect consumers' attitudes towards their brand, and people's purchasing decisions? Until today, most of the "green marketing" programmes have not been entirely successful. Two main problems are: First, consumers may believe the product is of inferior quality as a result of being green and second, they may feel the product is not really that green to begin with (Adler, 2006). Peattie and Crane (2005) have identified five marketing practices which led to the failure of green marketing during this period. They are:

*Green spinning.* Taking a reactive approach by publicizing their green stance as part of their public relations activities to deny or discredit the public's criticisms against the company's practices.

*Green selling.* A sales orientation approach by adding some green claims in their promotional campaign on existing products with the intention to boost sales, to target the environment concerned customers.

*Green harvesting.* Becoming enthusiastic about the environment only when greening could result in cost savings (e.g., in terms of energy and material input inefficiencies, package reductions, etc.). Firms only focused on cost reduction, short-term profitability, and shareholder value.

*Entrepreneur marketing.* Developing innovative green products to market without comprehensive market research and a true understanding what the consumers actually want.

*Compliance marketing.* It is a disguise for firms who wished to attract the environmental concerned customers by promoting the company's green credentials using simple compliance with implemented or expected environmental legislation. These firms are never intended to be genuine green marketers or making any significant advances towards sustainable green marketing.

In summary, firms which pursue green marketing have encountered numerous challenges mainly from the fluctuation of consumer demand, unfavourable consumer perception on the green goods' quality and high cost. As a result, it is important to understand the key concern in an understanding of green consumers and their characteristics to enable firms to develop a new target and segmentation strategies (D'Souza et al., 2007).

### **2.1.1 Green Products and Green Consumers**

Green products and environmental products refer to products that strive to protect or enhance the natural environment by conserving energy and / or resources and reducing or eliminating the use of toxic agents, pollution, and waste (Ottman et al., 2006).

In the United Kingdom, only 10% of consumers were considered to be hardcore green consumers (Curlo, 1999). Generally, green consumers are referred as consumers who are aware of and interested in environmental issues (Soonthonsmai, 2007) and may consider environmental issues into their purchase decision making process. According to Ottman (1992), consumers would appear to be most receptive to green products when their primary needs such as performance or quality, convenience and affordability are met. Furthermore, an awareness coupled with better understanding on how the green products would help to curb and reduce environmental issues would certainly motivate their purchase intention.

### **2.2 Environmental Knowledge**

According to Othman et al. (2004), environmental knowledge could be demonstrated as one's ability to recognize and understand on the sources and consequences of environmental issues or problems. Subsequently, they should be able to know the method on how to protect or enhance the environment.

Knowledge about the environment plays a multi-faceted role in influencing behaviour: it provides the subject with knowledge about action strategies; it provides knowledge of issues; and, it helps shape attitudes and intentions through the belief system (Laroche et al., 1996).

Previous study done by Laroche et al. (1996) has developed a set of questions related to environmental knowledge or eco-literacy in order to measure how one's ability to identify or define a number of ecologically-related symbols, concepts and behaviours. It has been validated that the environmental knowledge is found to be correlated with some environmental attitudes and behaviours. Similar findings have evidenced consumer's environmental knowledge has positive relationship with environmental attitudes and environmentally friendly behaviours (Chan, 1999; Othman et al., 2004; Haron et al., 2005). Moreover, Amyx et al. (1994) found that individuals highly knowledgeable about ecological issues are more willing to pay a premium price for green products.

Othman et al. (2004) assessed the environmental knowledge among 355 Form Five Malaysian students; half of them from Science stream while the other half from the Arts stream. The study found that these students have low level of environmental knowledge and less committed to take action in environmental behavioural manner. It appears that an increase of customer knowledge about environmental issues has direct effects on customer attitudes and behaviours. Notwithstanding, individuals with little knowledge about the environment may still

exhibit a strong affective attachment to the environment (Henion, 1972). Therefore, environmental knowledge should be an initial step to cultivate a person concern for environmental awareness, preservation and subsequently impact on their purchasing decision-making process.

### **2.3 Environmental Attitudes**

According to Schultz and Zelezny (2000, p.443), “attitudes of environmental concern are one rooted in a person’s concept of self and degree to which an individual perceives him or herself to be an integral part of the natural environment”. Basically consumer attitudes are a composite of a consumer’s belief, feelings and behavioural intentions toward some objects. In short, it represents the forces that influence how consumer will react to the object; like or dislike (Tsen et al., 2006).

Attitudes, as opposed to knowledge and behaviour, are the most significant predictors of consumers’ willingness to pay more for ecologically favourable products (Laroche et al., 2001). The two most influencing attitudes were the importance and the inconvenience of being environmentally friendly. According to Amyx et al. (1994), importance, with respect to the environment, can be defined as the degree to which one expresses concern about ecological issues to themselves and to the society as a whole.

On the other hand, inconvenience refers to how inconvenient it is perceived for the individual to behave in an ecologically compatible fashion (Laroche et al., 2001). For example, regardless how important individuals believe recycling to be, the inconvenience of recycling had a greater influence on their actions (McCarty and Shrum, 1994). Similarly, as Malaysian consumers may know that Styrofoam cup will be harmful to the environment, but still they will continue to use it because they are convenient. Therefore, if most people found recycling activity was inconvenient, consequently less likely they were to recycle. In addition, Laroche et al. (2001) reported that people who actually behave in an ecologically favourable manner are those who perceive it is important to be environmental friendly and it is not inconvenient at all. Hence, either importance or inconvenience being environmental friendly is ultimately depending on how an individual perceives on environmental issues.

Another well-known attitude in the ecological literature is the perception of severity of environmental problems. Environment sensitive people have realized the seriousness of the environmental threats, and the hazardous economic and health problems that result from them. Whereas consumers who are less sensible to ecological issues perceive that environmental problems will resolve themselves (Banerjee & McKeage, 1994). Subsequently, they are unlikely to adopt environmental behaviours. Tsen et al. (2006) found importance and inconvenience being environmental friendly, and perceives severity of



environmental problems are significant determinants on consumer willingness for environmental friendly products.

Some people may have strong concerns toward the environment but think and perceive that its preservation is the responsibility of the government, or big corporations, or both (Wiener and Sukhdial, 1990; Tsen et al., 2006). These people think their contribution to protect the environment is not important because it cannot make any major significant differences to the environment. Thus, they believe that it is important that the government or big corporation to take the lead to solve the environmental issues.

## **2.4 Environmental Behaviours**

According to Suchard and Polonski (1991), ecological conscious consumers will try to protect the environment in such ways; recycling, checking that package is made of recycled material and purchasing only green products. Precisely, green purchasing behaviour refers to the consumption of products that are:

- benevolent/ beneficial to the environment;
- recyclable/ conservable; or
- sensitive/ responsive to ecological concerns (Mostafa, 2007).

Not all environmental conscious or green consumers exhibits the same environmental behaviours. For example, consumers who actively recycle paper might not be the ones who are willing to pay for recycled or environmental friendly paper (Pickett et al., 1993). Similar finding is consistent with Laroche et al. (2001), recycling is not a good predictor of consumers' willingness to pay more for green products. On the other hand, consumers who considered environmental issues when making a purchase are more likely to spend more for green products. This means price is not an issue that set consumers apart for paying more on green products. Based on Hopkins (2009), price is not the main obstacle that influences consumer's consideration on green products. However, the biggest barrier is consumers' lack of awareness of green products and the real benefits of them.

Most researchers found that relationships between environmental knowledge, attitudes and behaviours are weak (Laroche et al., 2002 ; Haron et al., 2005 and Tsen et al., 2006). The results might be attributed by many factors such as cultural background, personal and other external factors. For example, a person who recycles paper might aim to reduce cost rather than to protect the environment. Thus, they might not be willing to pay more for green paper. Quah and Tan (2010) reported that consumers who purchased for organic food products are affected by attitudinal characteristics such as food safety concerns and the availability of sick family members in one family. Thus, these factors might contribute to the complexity of ecological oriented consumption pattern.

In short, there is substantial discrepancy between people's surface environmental attitudes and their actual behaviours. Some of this discrepancy between talking and walking could reflect consumers' insincerity, laziness, posturing, motivation or other unsavory traits. But much more of it is because businesses have not educated consumers about the benefits of green products and have failed to create green products that meet consumers' needs (Bonini and Oppenheim, 2008).

## **2.5 Profiles of Malaysian Consumers**

Malaysian population has a unique racial composition that consisting of Malay, Chinese, Indian and a proportion of other races. According to Department of Statistics Malaysia (2010), Malays accounted for 54.4% of the population, [Chinese](#) 25%, [Indians](#) 7.5% out of the total population of 28.25 million people. Each of this ethnic group has maintained their separate ethnic identities, and continued practicing their distinct cultures in their customs, behaviours, language they speak, norms, values and beliefs.

### **2.5.1 Cultural Traits**

Culture is the complex whole that includes knowledge, belief, art, law, morals, customs, and any other capabilities and habits acquired by members of society, and is perhaps the most pervasive influence on consumer behaviour

(Hawkins et al., 2007). One of the important cultural phenomenon elements that shape consumers' behaviour is ethnicity. The term "ethnicity" is generally agreed to refer to "people who perceive themselves as constituting a community because of common culture, ancestry, language, history, religion, or customs" (Riggins, 1992, p.1).

In Malaysian context, Malay refers as Muslim, who embraces Islam, speaks the Malay language, adopts and practices the Malay culture. Malays respect their leaders to act as role models who are spiritually and religiously in tune. Most of the time, leader of a group will make decision and others follow to maintain peace and harmony. Malays uphold the values of self respect of face, politeness, sensitivity to feelings, value relationship, humility and cooperation (Abdullah, 1992).

As for the second largest ethnic group in Malaysia, Chinese are brought up with distinctive culture with its amalgam of Confucian, Taoist and Buddhist elements and various dialects with Mandarin as the language of education. Values that characterize them are wealth or prosperity, hard work or diligent, pragmatic practices, face saving, flexibility or adoption to change, frugality, harmony and risk taking (Abdullah and Pedersen, 2003).

Indians (the third largest ethnic group in Malaysia) generally speak Tamil and English. They include mainly Tamils, Malayalis, Punjabis, Bengalis and Gujeratis in descent. In terms of religion, the majority of Indians follow Hinduism with the minority following Christianity or Islam faith. The Indians value face, fear of God, sense of belonging, 'Karma', champion of causes and filial piety. They

are also characterized by their hard work, humility and obedience (Abdullah and Pedersen, 2003).

### **2.5.2 Cultural Differences on Consumer Behaviour**

In the consumer behaviour literature, ethnicity is recognised as a powerful force shaping consumers' behaviour. According to Mokhlis and Salleh (2009), consumer decision-making processes and shopping behaviours among youth Malay, Chinese and Indian are culturally dependent. In addition, it is found that the family decision makings in grocery and major appliances purchases vary across the three ethnic groups in Singaporean context (Jung and Kau, 2004). Therefore, it is expected that the distinct ethnic-cultures differences among Malays, Chinese and Indians will play important role in influencing their consumer behaviours. On the other hand, Ong and Moschis (2006) found an absence of the effects of ethnic and religious cultures on brand and store preferences, and this could be due to environmental factors such as major life event that causes the changes.

### **2.5.3 Cultural Differences on Environmental Knowledge, Attitudes and Behaviours**

Past study on Canadian cultures has found cultural differences in environmental knowledge, attitudes, and behaviours among the French-Canadians and English-Canadians (Laroche, et al., 2002). The study indicates that the French-Canadians, as opposed to their English counterparts;

1. Are more knowledgeable and concerned about ecology,
2. Perceive that it is important to behave in an environmentally friendly fashion,
3. Believe that most corporations are acting responsibly toward the environment,
4. Consider environmental issues to a greater extent when making a purchase.

On the other hand, English-Canadians are more likely to recycle and are more willing to pay a premium price for ecologically compatible products.

However, this issue on cultural differences on environmental knowledge, attitudes and behaviours has rarely been examined simultaneously in Malaysia. Based on Malaysian multi-cultural roots, it is believed that different ethnic group will impact on their values, attitudes, and behaviours toward their willingness to pay for green products.

In the next paragraphs, we will present some of the green studies conducted in Malaysian context.

Othman et al. (2004) found Malaysian teenagers' environmental attitudes and knowledge are influenced by gender and ethnicity. Specifically, Malays have expressed stronger sentiments towards environmental issues, Indians are most committed verbally in environmental matters and Chinese are more environmental knowledgeable. On the other hand, according to Haron et al. (2005), Malaysian respondents' basic or general environmental knowledge is high but ethnicity differences do not affect their level of environmental knowledge. Obviously, there are some mixed arguments of the ethnicity factor on environmental knowledge, attitudes and behaviours which needed further examination.

Another green study conducted by Tsen et al. (2006) found consumer environmental attitudes to be the most consistent explanatory factor in predicting their willingness to pay more for green products. Tsen et al. (2006) study did not examine neither cultural difference in related to consumer environmental attitudes nor their willingness to pay more for green products.

Additionally, we have studies examined the purchase decision of organic food products in Malay's Kedah (Shaharudin et al., 2010), and in Penang: cross-ethnic analysis (Quah and Tan, 2010), respectively. According to Sharuddin et al. (2010), Malay consumers perceived value and health consciousness factors are found to have the most impact on customer purchase intention on organic food. Meanwhile, Quah and Tan (2010) argued that organic food products purchases by consumers of various ethnicities are affected by socio-demographic and attitudinal factors. It is found that Malay purchase decisions are motivated by females, urbanites and those with higher income levels, Chinese market consists of older female consumers with fewer children, who are concerned about food safety and who acquire health supplements regularly, Indian are solely motivated by being users of health supplements. However, Shaharudin et al. (2010) and, Quah and Tan (2010) studies did not examine Malaysian consumers on environmental knowledge, attitudes and behaviour dimensions.

Hence, the aim of this study is to bridge the gap of the previous studies into examining the effect of different cultures on environmental knowledge, attitudes and behaviours of Malaysian consumers.

## **2.6 Hypotheses Development**

Based on the previously cited theoretical and empirical literatures, the following hypotheses referring to the knowledge, attitudes and behaviours toward the environment were proposed.

Based on Othman et al. (2001), Chinese teenagers were found to be more knowledgeable about environmental issues compared to Malay and Indian counterparts. Hence, we hypothesize:

**H1:** Chinese are more knowledgeable about environmental issues than Malays and Indians.

Past studies in Malaysia has not examined cross-cultural impacts on the environmental attitudes. Thus, no references could be found in this area. However, according to Chan, 2001, Chinese are significantly related to environmental attitudes due to their Chinese cultural dimensions; man-nature-orientation and collectivism. This led us to our second hypothesis:

**H2:** Chinese display stronger environmental attitudes than Malays and Indians.

Quah and Tan (2010) found that Malays are statistically more likely to acquire Organic Food Product compared to Chinese and Indians. In addition, according Chan (2001) the Chinese Green Purchase Behavior is far behind the satisfactory level. Thus, we hypothesize:

**H3:** Malays engage in more environmentally friendly behaviours than Chinese and Indians.



## 2.7 Research Framework

From hypotheses, the research framework for this research project is created and shown in Figure 2.1.

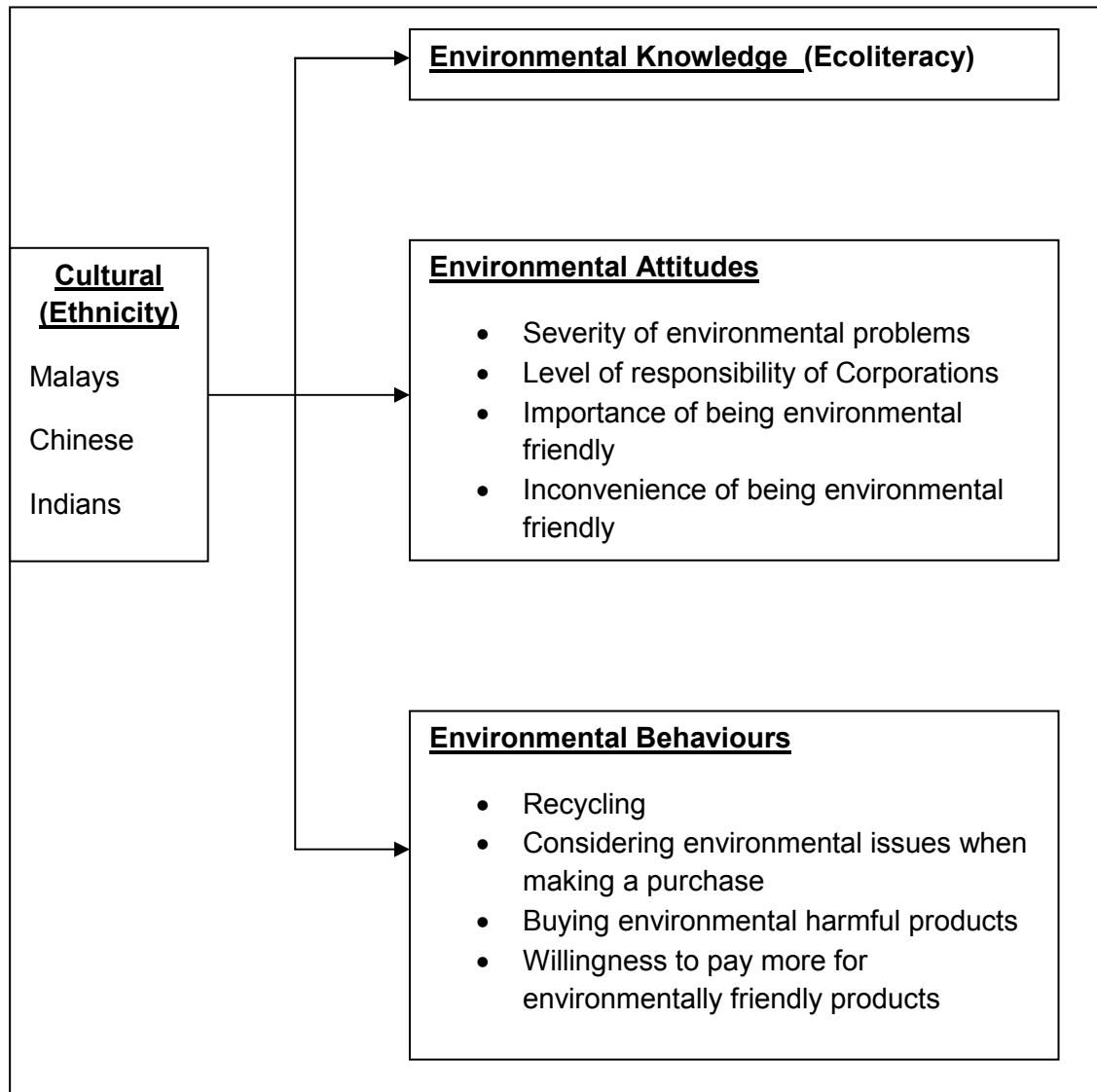


Figure 2.1: Research Framework (Source: Laroche et al., 2002)