



An Empirical Study On perception of consumers towards adoption of Green Products in the FMCG Sector

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Abstract

The growing awareness of environmental issues has led to a significant shift in consumer behavior, particularly in the Fast-Moving Consumer Goods (FMCG) sector, where the demand for green products is steadily increasing. This research explores the factors influencing consumer perception and their subsequent impact on the adoption and purchasing decisions of green products within this sector. The study finds that environmental awareness, brand trust, and transparency are key drivers of positive consumer perception, while price sensitivity and demographic factors such as age, education, and income also play crucial roles. Despite the increasing interest in sustainable products, barriers such as higher costs and skepticism towards greenwashing persist. The study concludes that for companies to succeed in the green product market, they must address these barriers by building credibility, ensuring transparency, and making green products more accessible and affordable. By understanding and addressing these consumer perceptions, companies can enhance adoption rates and secure a competitive advantage in the evolving FMCG landscape.

Keywords: Consumer Perception, Green Products, FMCG Sector, Environmental Awareness, Brand Trust, Adoption Behavior, Sustainability, Price Sensitivity, etc..

Introduction:

In recent years, there has been a significant shift in consumer behavior towards more sustainable and eco-friendly products, driven by increasing awareness of environmental issues and a growing sense of social responsibility. This shift is particularly evident in the Fast-Moving Consumer Goods (FMCG) sector, where the demand for green products—those that are produced, packaged, and marketed in environmentally sustainable ways—has seen a notable rise. The adoption of green products is no longer a niche trend but is gradually becoming mainstream, with consumers across the globe actively seeking out products that align with their values of environmental stewardship.

The FMCG sector, known for its rapid turnover of products and significant environmental impact due to large-scale production and packaging, is at the forefront of this green

revolution. Companies within this sector are increasingly adopting sustainable practices, from sourcing raw materials to manufacturing processes and packaging. The rise of green products in the FMCG sector is not just a response to consumer demand but also a strategic move by companies to differentiate themselves in an increasingly competitive market. Brands that can effectively communicate their commitment to sustainability and offer genuinely eco-friendly products are more likely to gain a loyal customer base and enhance their market share.

Consumer perception plays a critical role in the adoption of green products. Various factors influence how consumers perceive these products, including their environmental impact, price, availability, and the authenticity of the claims made by manufacturers. With the proliferation of greenwashing—where companies falsely claim their products are environmentally friendly—consumers have become more skeptical and discerning. This skepticism has led to a demand for transparency and verifiable information about the environmental benefits of green products. As a result, consumers are more likely to adopt green products from brands that they trust and that provide clear, evidence-based claims about their sustainability efforts.

The adoption of green products is also influenced by demographic factors such as age, education, income, and geographic location. Younger consumers, particularly millennials and Generation Z, are often more environmentally conscious and willing to pay a premium for green products. Additionally, urban consumers with higher levels of education and income are more likely to adopt green products compared to their rural counterparts. However, despite the growing interest in green products, several barriers to adoption remain, including higher costs, limited availability, and a lack of awareness about the benefits of these products.

The FMCG sector faces the challenge of balancing consumer demand for green products with the need to maintain affordability and convenience, which are key drivers of purchasing decisions in this sector. As the market for green products continues to evolve, it is crucial to understand the factors that influence consumer perception and adoption. This understanding will enable companies to develop more effective marketing strategies and product offerings that meet the needs and preferences of eco-conscious consumers.

The rise of green products in the FMCG sector represents a significant shift in consumer behavior and market dynamics. As environmental concerns continue to grow, the adoption of green products is likely to increase, driven by a combination of consumer demand, corporate responsibility, and regulatory pressures. Understanding consumer perception and the factors that influence the adoption of green products is essential for companies looking to succeed in this evolving market.

1.2 Objectives of the study:

1. To analyze the factors influencing consumer perception of green products in the FMCG sector.

2. To assess the impact of consumer perception on the adoption and purchasing decisions of green products in the FMCG sector.

2. Literature Review:

Morel, M., & Kwakye, F. (2012) conducted the research study on the green marketing but specifically on consumers' attitudes and purchase intention of eco-friendly products. It has been the global concern for the purpose of the preservation of the polluting and degradation of environment. Many studies have been done on the green marketing exploring the importance of the topic and relationship to the attitude and purchasing behavior of the consumers of eco-friendly products. Through the vital information provided by the expertise, competent and experience researchers, companies have understood the importance of green marketing in order to produce eco-friendly products and these provided much rich information for the literature studies of the thesis. The objective of this research was looked into and explored the influencing of the four traditional marketing-mix elements, satisfaction and word of mouth (WOM) on attitude and purchasing intentions of consumers on eco-friendly products specifically fast moving consumer goods (FMCG) or non-durable ones. The purpose of the study was to obtain information from consumers' point of view. Furthermore, one perspective of the study was to look into the comparison of the Swedish and the Non-Swedish their attitudes towards eco-friendly products. A questionnaire provided to obtain the views of the Swedish and others nationalities, how they are influenced by the marketing-mix elements (4P), satisfaction and WOM concerning green attitudes and purchase intention of eco-friendly products. A quantitative approach was adopted for the study by using a questionnaire, one paper version and another online version the total sample was composed of 174 respondents, 81 were collected through internet by using Google.doc surveys and Facebook and 93 by using standard paper questionnaire form. Furthermore, convenient sample was used to collect data so the chosen boundary was Umeå University and its residents. Our findings indicated that consumers who already bought eco-friendly products and those who are satisfied by these previous purchases were willing to repeat purchases. Indeed satisfaction goes with purchase intention. Furthermore the importance of WOM and Advertising about green products the fact that consumers believe in green claim explain the variance of the purchase intention. Positive attitudes concerning willingness to pay an extra price for green products are also correlated with purchase intention. However we discovered also that positive attitudes towards green products do not always lead to action i.e. purchase of these products. Our findings demonstrated that there were differences in attitudes and purchase intention toward green products between mainly the women and men and between the Swedish and the Non-Swedish.

According to Nagaraju, B., & Thejaswini, H. D. (2014), in recent days, environmental issues have received a great deal of discussion in the field of marketing. When the society becomes more concerned with the natural environment, businessmen have begun to modify their

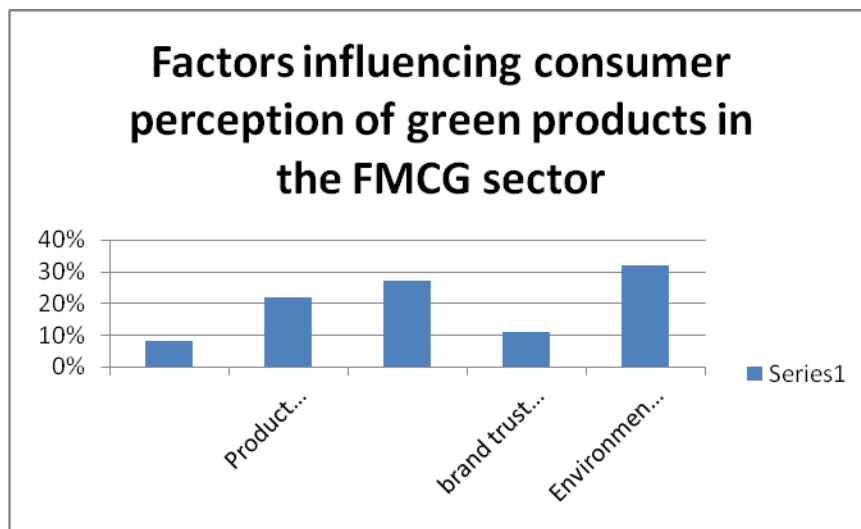
behavior to address the society's new concern. With the growing awareness about the implication of global warming, non-bio degradable solid waste, harmful impact of pollutants etc, both marketer and consumers are switching to eco-friendly products and many companies have accepted their responsibility not to harm the environment and not to waste the natural resources. The research study took place in Mysore district of Karnataka. A questionnaire is designed in order to find out the market awareness of eco-friendly products, to analyze the consumer perception towards eco-friendly products and also to find a response that how much consumers are willing to pay more for eco-friendly products. The result from this illustrates that whether the price and quality will affect their buying decision.

3. Research Methodology:

In the present research, descriptive research design has been used to describe the factors influencing consumer perception of green products in the FMCG sector. For this purpose, primary data has been collected through structured questionnaire distributed to consumers of FMCG products. Convenient sampling technique has been used to select the sample of 100 consumers.

4.1 Factors influencing consumer perception of green products in the FMCG sector:

According to the research findings, consumer perception of green products in the FMCG sector is shaped by a variety of factors, each playing a significant role in determining how consumers view and respond to these products. **Environmental awareness** is a primary driver, as consumers who are more informed about environmental issues tend to value and seek out products that minimize harm to the planet. **Price sensitivity** is another crucial factor; while some consumers are willing to pay a premium for green products, others may be deterred by higher costs, especially if they perceive the benefits as intangible or insufficient. **Product availability and accessibility** also influence perception—consumers are more likely to adopt green products if they are readily available in the market and convenient to purchase. Additionally, **brand trust and credibility** play a pivotal role, particularly in an era where greenwashing is a concern. Consumers are more likely to have a positive perception of green products from brands that are transparent, provide verifiable information about their sustainability practices, and have a history of corporate responsibility. **Demographic factors** such as age, income, education level, and geographic location further shape consumer perception, with younger, urban, and more educated consumers typically showing a stronger preference for green products. Understanding these factors is essential for businesses aiming to align their offerings with the expectations and values of eco-conscious consumers.



4.2 The impact of consumer perception on the adoption and purchasing decisions of green products in the FMCG sector:

Consumer perception significantly impacts the adoption and purchasing decisions of green products in the FMCG sector, as it shapes the attitudes and behaviors that drive consumer choices. When consumers perceive green products positively—viewing them as genuinely beneficial for the environment and their health—they are more likely to incorporate these products into their purchasing habits. A strong belief in the authenticity of a brand's eco-friendly claims can lead to higher consumer trust and loyalty, encouraging repeated purchases and greater willingness to pay a premium for such products. Conversely, negative perceptions, often fueled by skepticism towards greenwashing or doubts about the product's efficacy, can hinder adoption, leading consumers to opt for conventional alternatives. Additionally, the perceived value of green products, including their price-to-benefit ratio and alignment with personal values, plays a critical role in purchasing decisions. Consumers who believe that green products offer tangible benefits and align with their ethical or environmental values are more inclined to make the switch, even if it requires overcoming cost or convenience barriers. Thus, consumer perception not only influences initial interest in green products but also determines the extent to which these products are integrated into everyday purchasing behavior.

4. Findings of the study:

The findings of the study reveal that consumer perception plays a pivotal role in the adoption of green products within the FMCG sector. The research indicates that environmental awareness is a significant factor driving positive perceptions, with consumers who are more knowledgeable about environmental issues being more inclined to purchase green products. Additionally, brand trust and transparency emerged as crucial determinants, as consumers are more likely to adopt products from brands that they perceive as authentic and committed

to sustainability. The study also found that price sensitivity continues to be a barrier for many consumers, particularly in markets where green products are priced higher than conventional alternatives. However, those who perceive the long-term benefits of green products—such as health advantages and reduced environmental impact—are more willing to justify the additional cost. Demographic factors such as age, education, and income were also found to influence adoption rates, with younger, more educated, and higher-income consumers showing a stronger preference for green products. The findings suggest that while there is a growing interest in green products, companies need to address concerns about cost, availability, and authenticity to fully capture the potential of this market segment. In conclusion, the study underscores the importance of consumer perception in the adoption and purchasing decisions of green products within the FMCG sector. It highlights that while there is a growing awareness and interest in sustainable products, factors such as brand trust, price sensitivity, and demographic influences play crucial roles in shaping consumer behavior. For companies to successfully penetrate the green product market, they must focus on building credibility, ensuring transparency in their sustainability claims, and addressing cost concerns. As the demand for eco-friendly products continues to rise, understanding and addressing these consumer perceptions will be key to driving broader adoption and fostering long-term loyalty in the competitive FMCG landscape.

5. Recommendation:

To enhance the adoption of green products in the FMCG sector, companies should focus on strengthening brand trust and transparency by ensuring that their sustainability claims are credible and supported by third-party certifications. Clear communication about the environmental benefits of their products can build consumer confidence and mitigate skepticism. Additionally, addressing price sensitivity is crucial; companies should explore strategies to make green products more affordable, such as optimizing production processes, offering smaller package sizes, or providing incentives that emphasize the long-term value of these products. By aligning their offerings with consumer expectations and addressing key concerns, companies can drive greater adoption and foster loyalty in the green product market.

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