The Attitudes of Customers towards Green Investments

W.M.C.B. Wanninayake
Department of Marketing Management
bwanninayake@yahoo.com

And

H.M.R.P. Herath,
Department of Marketing Management
achirarid@yahoo.com

ABSTRACT

With the arrival of societal Marketing concept to the business environment, Green Investment has gained much importance than it had. The societal marketing concept says that an organization should deliver the desired satisfaction of the customer in a way that preserves or enhances the consumers' and the society's well-being. Investment in green shares gives relatively high rates of return as a sort of highly socially responsible investment. In the western countries a domestic growth in green investments introductions at the beginning of the 1990's and currently the market for green investments has been expanded rapidly. In the USA, one out of eight US dollars invested in Green shares. The Sri Lankan market in Green Investments, still not have reached to that level of western countries, but gradually it has been improved than earlier years. Only a few organizations can be found in Sri Lanka those who engage in tropical forestry.

This paper deals with an evaluation of attitudes of potential customer clientele towards the Green Investments, specially invest on tropical forestry. The study was based on secondary data and primary data. Primary data were collected by conducting a representative survey of interviewing 200 respondents through a structured questionnaire. The sample elements were selected using convenience sampling techniques descriptive statistics were used to analyze gathered data.

Findings showed that only a less percentage of interviewed customers had favorable attitudes towards invest in tropical forestry and further it was revealed that the willingness to invest in forestry is a function of variables of education level, income, environmental awareness, nature of promotions and expected profits. Based on the results, conclusions are drawn regarding marketing strategies to improve their market in the marketer's point of view.

Key words –Green Investments, Societal Marketing Concept, Attitudes

Introduction

When it is considered the green investments in western countries a wider range can be seen such as energy conservation and the recycling of waste which are carried out in larger scale. Investment in green products is also more popular in those countries. These products include: energy efficient "white" goods such as fridges and washing machines; organic food which is natural and additive- free and low emission and fuel efficient cars. At the same time a customer category called "Green consumers" is emerging in those countries who are more concerned about the environment and the impact of businesses towards the environment. In Sri Lanka the Green investment market has been not reached up to that level prevails, in western countries. Only, less than five companies are operating in this business. But it can be seen a booming trend towards this. Specially when it is paid attention on Sri Lankan green investments market, invest in green forestry is more prominent than other green products. The attitudes of the potential customer's play a vital role here in selecting a product to buy since in the context of consumer buying behavior an evaluation of prevailing attitudes has a considerable effect. In a consumer behavior context, an attitude is a learned predisposition to behave in a consistently favorable or unfavorable way with respect to a given object. Object may be a product or product category or any marketing concept. Attitudes are learned predisposition because they are formed based on the customers experience, word of mouth and so on. Also between the attitudes and the behavior a consistency can be seen. In this research it is measured the attitudes of potential customers towards the object of (a product) Green Investments.

Literature

Literature found do not straight forward address the relationship between the attitudes of potential customers and the product of Green Investment. But there is sufficient literature about the green investments, how the concept has been evolved and the importance of it in present scenario. Efforts to identify environmentally friendly consumers can be traced back to the early 1970s (Anderson and Cunningham, 1972). Socially and environmentally responsible investing has gained momentum during the last ten to 15 years, with roots at least dating back to the beginning of the twentieth century.(Getzner and Krauter, 2004). Sparks (2001) emphasizes that the key distinguishing factor of socially responsible investments "lies in its combination of social and environmental goals with the financial objective of achieving a return on invested capital approaching that of the market." Investing in green shares and buying green products improves the environment while, on the other hand, consumers can purchase "moral satisfaction" increasing their private utility" (Porter and Van der linde, 1995)

Demographic and Socio-economic Characteristics

Such variables, would offer easy and efficient ways for marketers to segment the market and help and develop adequate marketing strategies for green investments. Under the category of demographic and socio-economic characteristics following sub factors could easily found from the literature. The findings of several early studies supported the general belief that the green consumer is younger than average. Straughan and Roberts (1999) found that (young) age to be significantly correlated with ecologically conscious consumer behavior. In 1996 Roberts identified the environmentally

conscious consumer as being older than average. Samdhal and Robertson (1989) also found that age was positively associated with ecological behavior, but less strongly influential on perceptions of environmental problems. Age might additionally be an explanation for the type of investment, with younger consumers being more risk-friendly than older ones. Several researchers have found that women tend to be more ecologically conscious than men (Anderson and Cunningham, 1972; Stern et al., 1993; Laroche et al, 2001). But some studies have found that the relationship to be significant (MacDonald and Hara, of the expected relationship, 1994).Income and Education are generally thought to be positively correlated with environmental concerns and behaviour. As far as income is concerned the most common justification for this belief is that individuals at higher income levels can bear the increase in cost associated with supporting green concerns and favouring green product offerings (Strughan and Roberts, 1999). Several studies have shown the positive relationship between income and ecologically friendly behavior (Zimmer et al, 1994; Schhwepker and Cornwell, 1991; Chan, 1999), where as others have found a negative relationship between income and environmental concerns (Samdahl and Robertson,1989). Several studies found that the place individuals are living is a matter of fact in this regard. People live in urban areas are likely to be more ecologically aware consumers than individuals living in rural areas (Samdhal and Robertson, 1989; Zimmer et al, 1994) Schwepker and Cornwell (1991) found that individuals living in larger American cities are more concerned about pollution than those living in smaller communities. Several studies found consumers' attitudes to be excellent predictors or moderators of ecologically friendly behavior (Balderjahn,1988; Schwepker and C ornwell, 1991; McCarty and Shrum, 1994;

Roberts, 1996;Chan, 1999;Kalafatis et al.. 19999; Laroche et al., 2001)Values or attitudes that are related to a point of reference- which can be a specific object, a subject, a concept or a specific situation- are closer to the actual behaviour.(Dembkowski and Hanmer- Lloyd, 1994). Laroche et al.,(2001) found that consumers willing to pay more for green products do not perceive it to be inconvenient to behave in an ecologically favourable way. Laroche et al. (2001) hypothesized that environmentally friendly behaviour is an important factor that influences consumers, willingness to pay a higher price for environmentally friendly products.

Research Problem

When it is considered the great attention that the customers have been given to the environmental concerns or the extent that they have been ecologically concerned specially in the western countries (as per literature) it will be highly important and timely requirement to study that how much the Sri Lankan people are concerned about their surrounding that they are living. Invest in forestry is primarily considered as Green Investments in Sri Lanka since it is the more popular version that it is having currently. Therefore measuring the attitudes of Sri Lankan customers towards green investment will be more vital in this kind of a context of which environmental pollution is a critical problem. Hence, the problem centered in this study is to measure the extent to which the Sri Lankan customers' attitudes affects on green investments.

Research Objectives

In accordance with the research problem that is referred the following listed objectives were identified to achieve through the research.
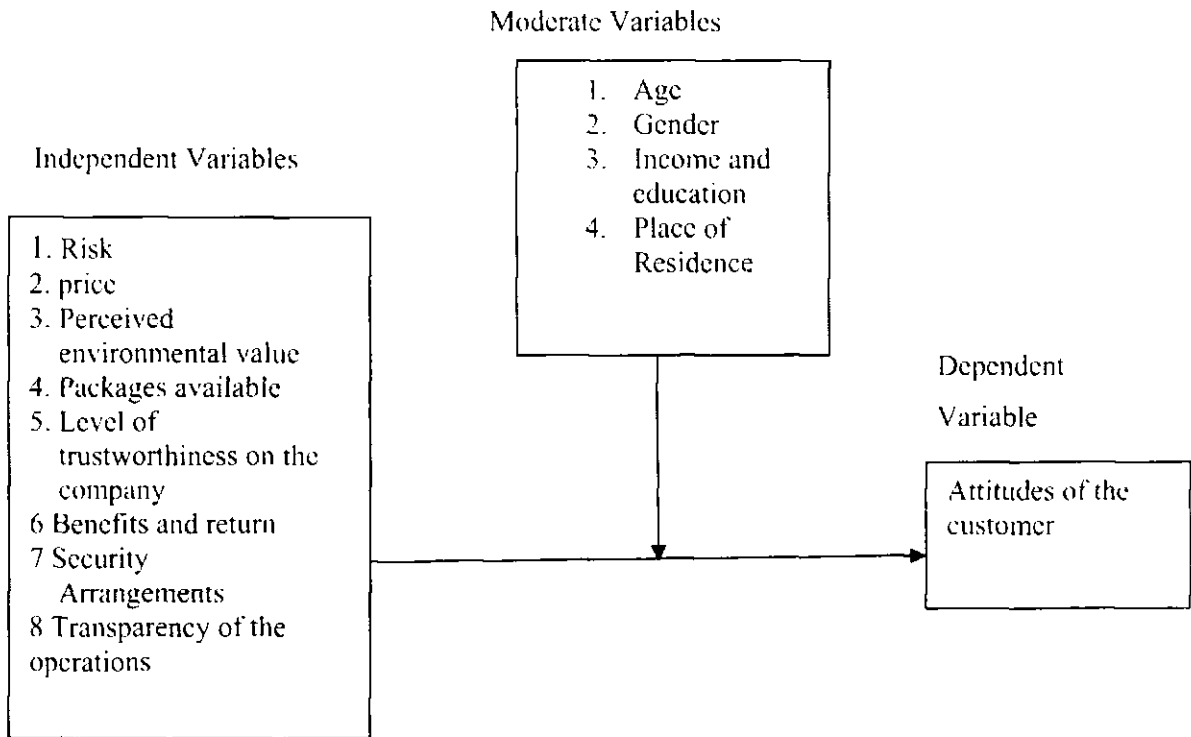
1. To identify the set of factors those decide the attitudes of customers towards green investments.

2. To understand the nature of relationship between each and every factors identified which is impacting on attitudes and invest in green investments.

3. To identify and understand the nature of effect towards the attitudes from demographic and socio economic variables such as age, gender, income and education and place of residence of the customers.

Conceptual Framework

Through the analyzed literature and other secondary data the researchers were able to identify some factors that customers will think and evaluate about when they are above to make the decision of whether to invest in green investments or not. Risk of the buying green investments ,price of the product, perceived environmental value of green investments, different available packages, the level of trustworthiness that the customers are bearing on the companies doing the business, the benefits and return those customers are getting through, the other additional security arrangements that the companies are providing to build a certain confidence level among the customers and the transparency that the companies are demonstrating to the customers are the variable which define the level of

customer attitudes towards green investments. But, mean while the demographic and socio economic variables such as age, gender, income and education and place of residence also again shape up those attitudes indirectly that customer are possessing. Therefore though there is a possibility to the company to change the attitudes favorably towards the product companies it is important select the right customer segment since there is an effect from the nature of the customer also.

Conceptual Framework

Moderate Variables

Independent Variables

Moderate Variables
1. Age
2. Gender
3. Income and education
4. Place of Residence

Independent Variables
1. Risk
2. price
3. Perceived environmental value
4. Packages available
5. Level of trustworthiness on the company
6 Benefits and return
7 Security Arrangements
8 Transparency of the operations

Dependent

Variable

Attitudes of the customer

Methodology

This study was based on both secondary and primary data. The secondary data were gathered through referred journal articles, text books, central bank reports and the annual reports of relevant companies who are in green investment business. To collect primary data the basic research approach used was the survey method. A structured representative questionnaire was given to the selected customers. In the questionnaire since it is used more qualitative variables seven point semantic differential scales were used for each variable measured. Target population was all the customers who are interested in invest green investments. The sample size was 200 and the sample elements were selected through the sampling technique of cluster sampling which is a probability sampling technique. Three stage cluster sampling method was used to draw the sample elements. As the first stage by using area sampling method Colombo and Gampaha districts were selected and as the second stage from each district 100 respondents were drawn. Again from each district 25 respondents selected from rural area and the rest from urban area as the third stage. More were selected from urban area because secondary data shows a trend towards that.

Sample Profile

Districts	Areas	No.of respondents	Total respondents
Colombo	Urban	75	
	Rural	25	100
Gampaha	Urban	75	
	Rural	25	100
		Total sample	**200**

Data Analysis Procedure

To analyze the data got through seven point semantic differential scales some descriptive statistical tools such as percentage, mean, mode and frequency counts were used through the facilitation of SPSS package.

Findings and Discussion

When it is considered the mean values of each variable measures through the questionnaire which are having a direct effect on customer attitudes (see annexure 01) it is a higher figure (6.25) with regard to the variable of perceived risk of the customers. It says that they perceive a higher risk in investing green investments which is unfavorable attitude. The value the customers are giving on the environment is very low (3.25) which reflect an unfavorable attitude towards green investments.

Any how when the companies provide more choices to the customer slight upward trend can be seen which indicates through a some what higher mean value of 4.875. Hence it can be said that attitude towards this aspect is favorable. Though the companies are trying to reflect a higher extent of transparency still the customer perceive it negatively by which the companies posses unfavorable attitudes of the

customers. The attitude that the customers are bearing on benefits is also unfavorable which indicates through lower mean value of 3.33. Nowadays the green investments companies provide customer more security ensured facilities such as insurance schemes and so on. But the mean value of 4 says that, attitudes towards security of the customers is still average. Regarding the price the respondents were bore a negative attitude since they have perceived it as highly expensive which demonstrates through the higher mean value of 5.5. With regard to transparency a very lower mean value was evident (3.16) and unfavorably the customers have got it. Other than the mean value of 4.875 which was slightly higher than the average value, regarding all other variables customers are bearing unfavorable attitudes which indicate through below the average mean values.

When it comes older people their attitudes are unfavorable than younger ones. Also the females are not possessed favorable attitudes compared to the males. Between the variable of income and education and the attitudes there is a positive relationship since the income and education level go up there is tendency to have more favorable attitudes. And also the people who are living in urban area have more favorable attitudes than who are living in rural areas.

When it is considered as a whole, generally it can be said that overall attitudes of customers towards green investments are unfavorable.

Recommendations

1. The customers are perceived green investments as a high risky business and also their level of eco literacy or the perceived environmental value is lower. The reason behind this pathetic situation is the low awareness that is having among the customers. Therefore the marketers should carryout massive promotional campaigns with all necessary information targeting at the proper customer segment in order to increase the level of awareness among the customers. Recently introduced security arrangements such as insurance schemes have been able to support to some extent in this regard.

2. Presently most of the companies engaging in the business of green investments carrying out a higher degree of transparency revealing to the customer how they are operating in the field , how a particular customers project is progressing and so on. Again the level of trustworthiness towards the companies also remains at a lower level. It is because the bad image and the perception those customers are already having. The customer thinks that the companies are cheating them. They are over exaggerating and they do not deliver up to the level they promised to the customer. Therefore there is a huge challenge to the marketers to develop the damaged image and perception among the customers. It is also possible through making the customer aware.

3. Talking about the variables of price, benefits and return the attitudes customer posses are more unfavorable. Mainly because of the customers are thinking that paying a higher price they have stay for a longer period to have benefits through the money that they have invested. This belief also has been formed among the customer because of the lower knowledge the customers are having regarding the green investments. Therefore specially in terms of benefits selected customer segments can be approached by the marketers. The customers should be convinced by justifying the benefits and return compared the basic cost that they are spending.

4. Since there is an impact from the demographic, socio and economic variables of the customers towards their attitudes marketers should pay their attention on this issue when they segment and target the relevant stakeholder group.

5. Inability to identify potential customers is another reason to being the market so small because marketers have been lost in finding the location of the right customer. In order to do this successfully they can execute a comprehensive island wide survey and through direct marketing tools the company can approach the customer regardless of the geographical barriers.

References

Aaker, D.a. & Bagozzi, R.P.(1982), 'Attitudes toward public policy alternatives to reduce air pollution ', Journal of Marketing,46,85-94.

Azjen, I. & Fishbein, M.(1980), ` Understanding attitudes and predicting Social Behaviour', Prentice-Hall,englewood Cliffs, NJ.

Anderson, T. Jr & Cunningham, W.H. (1972), 'The socially conscious consumer', Journal of Marketing, 36:7, 22-31.

Balderjahn, I. (1988), 'Personality variables and environmental attitudes as predictors of ecologically responsible consumption

patterns', Journal of Business Research, 17, 51-6.

Dembkowski, S. & Hanmer-Lloyd, S.(1994), 'The environmental value-attitude system model: a framework to guide the understanding of environmentally-conscious consumer behavior', Journal of Marketing Management, 10,593-603.

Getzner M. & Grabner- Krauter S (2004), 'Consumer Preferences and marketing Strategies for "green shares"': specifics of the Austrian market, International Journal of Bank Marketing, 22 :4,260-279.

Kalafatis, S.P.Pollard, M.East, R.& Tsogas, M.H.(1999), 'Green marketing and Ajzen's theory of planned behavior: a cross –market examination', Journal of Consumer Marketing, 16:5, 441-60.

Knoll, M.S. (2002), 'Ethical screening in modern financial markets: the conflicting claims underlying socially responsible investment', Business Lawyer, 57:2, 681-726.

Laroche, M., Bergeron, J.& Barbaro –Forleo, G. (2001), 'Targeting consumers who are willing to pay more for environmentally friendly products', Journal of Consumer Marketing, 18 :6, 503-520.
MacDonald, W.L. & Hara, N.(1994), 'Gender differences in environmental concern among college students', Sex Roles, 33:5-6,369-374

Mc Cart,J.A. & Shrum, L.J. (1994), 'The recycling of solid wastes: personal values, value orientations, and attitudes about recycling as antecedents of recycling behavior', Journal of Business Research, 30:1,53-62.

Porter, M.E. & van der Linde,C. (1995), 'Toward a new conception of the environment

competitiveness relationship', Journal of Economics Perspectives, 9:4, 97-118.

Roberst, J.A.(1996), ' Green consumers in the 1990:profiles and implications for advertising', Journal of Business Research, 36:3,217-32.

Samdahl, D.M.& Robertson, R (1989),' Social determinants of environmental concern: specification and test of the model', Environment and Behavior, 21:1, 55-81.

Schlegelmilch, B.B.(1997), 'The relative importance of ethical and environmental screening: implication for the marketing of ethical investment funds ', International journal of Bank Marketing, 15:2, 48-53.

Schlegelmilch, B.B., Bohlen,G.M. & Diamantopoulos, A. (1996), 'The link between green purchasing decisions and measures of environmental consciousness', European Journal of Marketing. 30:5, 35-55.

Sparks,R. (2001), 'Ethical investment: whose ethics, which investment', Business Ethics, 10:3, 194-205.
Straughan, R.D. & Roberts, J.A. (1999), 'Environmental segmentation alternatives: a look at green consumer behavior in the new millennium', Journal of Consumer Marketing, 16:.6, 558-75.

Schwepker, C.H. Jr &Cornwell, T.B. (1991), 'An examination of ecologically concerned consumers and their intention to purchase ecologically-packaged products', Journal of Public Policy and Marketing. 10:2, 77-101.

Zimmer, M.R., Stafford, T.F. &Stafford, M.R. (1994), 'Green issues: dimensions of environmental concern', Journal of Business Research, 30:1,63-74.

ANNEXURE 01- Mean values of the Variables Measured

Variable measured	Total value	Mean value
Perceived risk towards Green investment	2500	6.25
Perceived environmental value	1300	3.25
Packages available	3900	4.875
Level of trustworthiness on the company	1900	3.16
Benefits and return	2000	3.33
Security Arrangements	1600	4
Price	3300	5.5
Transparency of the operations	1900	3.16