

Green Attributes & Customer Loyalty towards ABC Supermarket in Colombo District, Sri Lanka

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ABSTRACT

At present, people are more concerned with the environment because of growing environmental consequences. According to that shift, retail businesses are converting from traditional marketing practices to green marketing practices. In the Sri Lankan context. Most of the retail businesses are shifting to green practices. But customers' actual green purchase behaviors are very low level. This study was conducted to examine green attributes impact on customer loyalty towards ABC supermarket in the Colombo district. This study observes six independent variables such as green products, eco branding, eco-labeling, eco advertising, environment awareness, and green price and customer loyalty as the dependent variable. This study was conducted using a quantitative research approach and explanatory design. Therefore, the researcher used self-administered questionnaires to collect primary data. The questionnaire was disseminated among 384 ABC supermarket users under the convenience sampling method. In this study, Correlation and multiple linear regression analysis were employed to analyze the hypotheses. According to the result of this study, there is no significant influence of eco-labeling and eco-advertising on customer loyalty. The other five independent variables such as green products, eco branding, environment awareness, and green price are a significant influence on customer loyalty. Furthermore, the analysis identified some limitations in the research and gave recommendations to future researchers to generate a successful and accurate result of the study.

Keywords-- Green Marketing Mix, Green Products, Green Attributes, Customer Loyalty

I. INTRODUCTION

1.1 Background of the Study

Green marketing relates to business practice that promotes sustainable development (P. Govender & L. Govender, 2016). In a recent worldwide survey of 17,000 people, 56% identified themselves as green or 'one who avoids harmful products from the atmosphere, minimizes waste, tries to save energy and prefers environmentally friendly goods as much as possible' and seeks green attributes when choosing goods and services (Fernando et al., 2017). Businesses and customers are becoming aware of issues related to the environment.

Climate change has now become a significant factor in the purchase decisions of individuals (Kotler, 2011).

Sri Lanka will be negatively affected by climate change, rising water levels, temperature shifts, beach erosion, dying forests, increased weather anomalies, and natural disasters (*Global Majority E-Journal*, 2010). When considering the Sri Lankan context, companies in Sri Lanka are focusing on a greener public view of the company that encourages consumers to purchase environmentally friendly products (Mandawala & Gamage, 2019). In Sri Lankan context the supermarket industry is at the growing stage of its Industry Life Cycle. The major supermarket chains that are dominating the industry are Cargill's Food City and Keels super (Randiwela, 2007). ABC supermarket is the country's leading supermarket chain, which has been in operation for the last 20 years and they currently have 96 supermarkets and are underway with aggressive growth plans to make their presence known in more locations (Reads, 2020). ABC supermarkets tend to use green attributes because consumers' perception has changed towards green consumption and get green brand loyalty (ABC et al., 2018).

1.2 Problem Statement

In Sri Lankan context the supermarket industry is at the growing stage. ABC supermarket is the major supermarket chain in Sri Lanka. ABC supermarket tends to use green attributes such as eco-labels, environmental advertising, environmental awareness, green prices, and green promotion are the variables that influence the customer's green brand loyalty. Also, they provide green products such as affordable eco-friendly reusable bags, Arecanut plates, clothing bags, and organic foods (ABC et al., 2018). They provide that kind of green products but only a small number of customers buy green products. ABC supermarket offers environmentally friendly fresh vegetables and fruits to their customer. ABC introduced organic vegetables and fruits under the fresh food department. They try to give a big opportunity for their customer to contribute to minimizing environmental issues. However, consumers are less concerned about purchasing organic vegetables and fruits than upcountry and low-country vegetables and fruits.

ABC supermarket introduces other environmentally friendly products under the dry department such as reusable bags and leafy life areca plates for their customer. But consumers are less concerned about environmentally friendly products. So, many consumers come to the ABC outlet but only a few consumers are concerned about purchasing reusable bags and leafy life areca plates. Today ABC supermarket is concerned with environmental issues and they use green attributes but consumers are less loyal to green products. By studying all these things, identify there is a problem within the green brand loyalty of the customers. Therefore, by considering the problem this study aimed to identify how the influence of green attributes on customer loyalty.

II. LITERATURE REVIEW

2.1 Green Marketing Mix

According to previous researches, buying behavior has shown that the marketing mix of product, price, place, and promotion has a significant impact on the purchase behavior of customers (Anvar & Venter, 2014). Most of the previous research added a green concept to the traditional marketing mix (Hossain & Rahman, 2018; Mahmoud, 2018; Hashem & Al-Rifai, 2011). The researchers analyzed the relationship between the green 4Ps and the perception and response of consumers towards a sustainable brand. They found a significant relationship between green 4Ps and brand loyalty in their research (Eneizan et al., 2015).

2.2 Green Product

According to Hashem & Al-Rifai (2011), green products are products that meet the needs and needs of the environment. A Green product is an environmentally friendly product with the least negative effects; the product can be recycled, and natural resources can be preserved and locally prepared (Chintkuntla, 2015). Green product has low environmental effects and combines approaches of recycled products, reduced packaging, and less harmful substances (Karunarathna et al., 2017).

2.3 Eco Branding

The American Marketing Association defines a brand as “a name, term, sign, symbol, or design, or the combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of a competitor”. Eco brand is a name, symbol, or design that stands for environmentally friendly goods. Using the eco-brand features may help customers distinguish them from other non-green goods in some way (Fernando et al., 2017).

2.4 Eco-Labeling

Eco-labels function like certification marks or approval seals to warn customers about the environmental attributes of a product or service while assuring customers that such statements are valid (Atkinson & Rosenthal, 2014). The Ecolabel is

characterized as a tool for consumers to help make progress in the decision to choose an eco-friendly product (Fuiyeng & Yazdanifard, 2015).

2.5 Eco Advertising

Eco advertising is an important facet of green marketing that communicates greenness in products, services, practices, and processes of organizations. It refers to the attractions that include ecological, environmental sustainability, or environmentally friendly messages that target the needs of environmentally friendly consumers (Kumar, 2017).

2.6 Environment Awareness

Green awareness is the behavior of the customer to purchase environmentally friendly products, followed by the interest of the customer to choose and consume them (*Global Majority E-Journal*, 2010). Green awareness is expressed as a consumer's consciousness that consuming green products would contribute to give the environment good value (Intention, Prima, 2017).

2.7 Green Price

The price is the cost paid for a product that is a critical element of the marketing mix. Most consumers will only be prepared to pay a premium if there is a perception of the added value of the product (Mahmoud, 2018). Green pricing refers to the price in particular in the light of the environmental consideration policies of the company imposed by the rules and company instructions or its initiatives in this respect (Hashem & Al-Rifai, 2011).

2.8 Customer Loyalty

The actions of the customer concerning maintaining a relationship with a company by purchasing their goods or services can be defined as customer loyalty (Singh & Sirdeshmukh, 2000). According to Mohd Suki (2015), customer loyalty is described as 'a deeply held commitment to regularly repurchase or re-patronize a preferred product or service in the future, given environmental pressures and marketing strategies that may trigger switching behavior.

III. METHODOLOGY

For this study deductive research approach is followed by the researcher. The present research has used the deductive approach as the research approach because it tests a theory using a hypothesis and designs a research strategy to test the hypothesis. The researcher follows an explanatory research design. Explanatory research designs explain the relationship between independent variables (green product, eco branding, eco-labeling, eco advertising, environment awareness, and green price) and the dependent variable (customer loyalty) while achieving the research objectives through hypothesis testing accordingly.

The target population for this study is the customers who visit ABC supermarket in the Colombo district. ABC supermarket is the country's leading

supermarket chain, which are operation currently has 96 supermarkets and most of the outlets are in the Colombo district (ABC et al., 2018). Also, Colombo district represents the highest number of consumers among 25 districts (*Department of Census and Statistics, 2012*). Therefore, the most applicable group for this research is the customers who visit ABC supermarket at Colombo district. The sample Size of this study is 384. The researcher used a structured questionnaire to collect the data. In this study, data collection from sample element by distributing the questionnaire through consumer who visit ABC supermarket in Colombo district.

After collect data that needed for the research, then the analysis of the quantitative data is needed. The researcher will use the Statistical Package for the Social Science (SPSS) 21 version software for analyze the data.

IV. DATA ANALYSIS AND FINDING

4.1 Descriptive Statistics

The mean value of customer loyalty is 3.7477 with a standard deviation of 0.69295. Other than that, mean values of independent variables, green product, eco branding, eco-labeling, eco advertising, environment awareness, and green price are as 3.7078, 3.4474, 3.3682, 3.4419, 3.4811, and 3.4104 respectively.

4.2 Reliability & Validity

The corresponding Alpha value of a given set of questions is greater than 0.7 or closer to the accepted minimum level of 0.7 (Mandawala & Gamage, 2019). The Alpha value above 0.8 is good and less than 0.6 is

poor. The questionnaire of this study can be considered as a reliable one as all values are greater than 0.7 or closer.

In this study, internal validity was tested by using KMO & Bartlett's test. KMO & Bartlett' value between 0.5 and 0.6 is considered mediocre, between 0.6 and 0.7 is considered acceptable, between 0.7 and 0.8 is considered good and more than 0.8 is considered excellent (Integrative et al., 2016). KMO and Bartlett's value of four variables are excellent, two variables are good and one variable is accepted. All the sig value of Bartlett's test sphericity is lower than 0.5. Therefore, the internal validity of this study is high.

4.3 Regression Analysis

Regression is a statistical measure used to examine the strength of the relationship between two or more variables. The value of the adjusted R square shows the degree to which extent the variance of the dependent variable is explained by the independent variable. For this study R square calculated 57.6% (0.576) of the variance of customer loyalty is explained by green attributes such as green product, eco branding, environment awareness, and green price. 42.4% (0.424) of the variance of customer loyalty is explained by other influencing factors that are not covered by the current study.

The analysis of variance (ANOVA) test shows the regression model is a significant level is 0.000 which is less than the critical P value (0.05). Therefore, this research fitted model is significant.

Table 1: Coefficient table

Model	Unstandardized coefficients		Standardized coefficients Beta	T	Sig.
	B	Std. Error			
Constant	0.102	0.173		0.589	0.556
Green product	0.392	0.059	0.343	6.694	0.000
Eco branding	0.523	0.063	0.214	4.015	0.000
Environment awareness	0.171	0.057	0.157	2.996	0.003
Green price	0.213	0.049	0.197	4.353	0.000

Source: (survey data, 2022)

Table 2: Excluded variable

Model	Beta in	t	Sig.
Eco labeling	0.032	0.658	0.511
Eco advertising	0.041	0.859	0.391

Source: (survey data, 2022)

According to table 4.1, P-value for eco-labeling is 0.511 and 0.391 of P-value for eco advertising. From that, it can be identified eco-labeling and eco advertising variables are not significant because of P-value is greater than 0.05.

According to result of the study, researcher founded a positive impact of green product, eco branding, environmental awareness and green price on customer loyalty. And According to table 02 there is no

impact of eco labeling and eco advertising on customer loyalty of ABC super market.

V. DISCUSSION, CONCLUSION AND RECOMENDATION

5.1 Discussion & Conclusion

In this study, the researcher was trying to identify how the influence of green attributes on

customer loyalty of ABC supermarket in the Colombo district. The researcher was trying to find out which variables of the proposed model would most likely affect the impact of green attributes on customer loyalty. Therefore, 333 respondents are used for this study. The respondent who was selected for this study is the customers who visit the ABC supermarket in Colombo district. The researcher identified one dependent variable of customer loyalty and there four independent variables such as green product, eco branding, eco-labeling, eco advertising, environment awareness, and green price. These variables are identified based on previous researches. And also, based on the literature researcher buildup six hypotheses and analyzed by using correlation and regression analysis.

According to multiple regression analysis was performed to achieve research objectives with six variables as independent variables and customer loyalty as the dependent variable. The researcher used regression analysis to identify the influence of six independent variables and customer loyalty as a dependent variable. Four independent variables such as green product, eco branding, environment awareness, and green price have a positive influence with customer loyalty while the other two independent variables such as eco-labeling and eco advertising have no positive influence with customer loyalty of ABC supermarket in Colombo district. When multiple linear regression analysis was run between the independent variables and the dependent variable, which is the impact of green attributes on customer loyalty of ABC supermarket in Colombo district, except eco-labeling and eco advertising all of the other four variables proved to be significant.

5.2 Implications

The most significant considerations to be discussed in this study are the impact on customer loyalty of the green products. In this study, the main objective is identifying how green attributes such as green product, eco branding, eco labeling, eco advertising, environment awareness, and green price impact on customer loyalty. According to this research finding, the researcher can identify green products, eco branding, environment awareness, and green price positive impact on customer loyalty. According to this result, consumers more aware according to this result, consumers more aware of these factors for their green buying behavior. Therefore, the marketers need to be adopted green concepts to satisfy consumer's requirements then companies can create customer loyalty. Markets should make consideration to observe consumer buying behavior which is relevant to get and important to make consumers' attentive. According to the finding of this study, marketers should be more attention to these positive and negative impact factors of customer loyalty then markets can take a decision relevant to the green concept. In the present retail industry integrate with green concept. So, most of retail

businesses focus on green concept and practices. According to increase of consumer awareness supermarket chains more consider about green product and green attributes. Very few researchers investigated green attributes towards customer loyalty. Therefore, finding of the research benefited for all parties interested in this field. However, eco branding is most influential factor toward customer loyalty and eco labeling and eco advertising not impact on customer loyalty in this study.

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