

Impact of Firms Strategic Predisposition on Consumers Perceived Value of Green Products

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Abstract

This study aims to investigate firms' strategic predisposition and its impact on perceived value towards green products. The model comprises strategic predisposition, perceived value and green products. A purposive sampling has been proposed which accounts for 50 knowledgeable respondents both working professionals and laymen (users of designated products). All the constructs in the constituted model have been tested using a five point likert scale developed by the researcher subject to preliminary and post interviews followed pilot testing. The data has been analyzed using descriptive statistics as well as Regression, and One Way ANOVA. The study has concluded that given the strategic predisposition of firms, strong perceived value could contribute in having green products. Furthermore, perceived value can be positively formed when firms pursue strategic predisposition about environmentalism. The presence of such strategic actions tends to form positive relationship between the independent variables and the dependent variable also implies two way (firms & consumers) readiness.

Key Words: *Firms, Strategy, Perceived Value, Sustainable Marketing, Green Products.*

Introduction

Strategic predisposition envisages firms' integration of resources and strategies aligned with their key objectives. Throughout the process, value and market driven approaches are used to effectively market firms' offering. This way of marketing helps firms gain a sustained competitive position in their respective industries. Nowadays multinational firms are meticulously devising their marketing programs with increased focus on environment. Ever since environmental degradation started taking place, the concern for environmental conservation has become important for individuals, communities, societies and organizations. As a result of this concern, business and consumer practices have transformed from being production oriented to society oriented (Charter, 1992).

A considerable amount of literature reflects those human and organizational efforts towards making the environment safe and free of pollution. At first, it is necessary to mention the belongings (products or

services) which have direct or indirect association with the environment. Secondly, the value of such products or services to be perceived by humans (consumers) is imperative to explore in the proposed study. Since the concept of marketing already embraces identifying consumer needs and tailoring offers accordingly, the role of firms (strategic marketing) in specifically devising marketing strategies to promote products as green is yet to be determined in the context of consumers' perceived value. The present study proposes that if there is any effect of firms' strategic predisposition on perceived value of green products.

Knowledge Gap

Studies so far have been analyzing green purchases in the context of behavior. Whereas the present research studies strategic predisposition of companies for green products.

Problem Statement

After industrial revolution, environmental degradation took place and later as need was felt for reforms; the evolution of green products is doing a great deal in restructuring corporate strategies. In spite of the fact that awareness campaigns have been launched internationally, the anticipated behavior for such green products has not matured; maybe due to customers' prioritization of their need fulfillment and firms' lack of green initiation. In the presence of such problems, awareness programs, and strategic predisposition of firms further needs to be strengthened.

Significance of Study

This study will be a significant contribution to the body of knowledge on firms' real contribution towards green purchase behavior (perceived value) through their strategic predisposition, particularly in developing countries where there is a considerable shortcoming in environmental awareness.

Literature Review

Strategic predisposition reveals how marketing efforts integrate firms' resources, establish competitive advantages, and tailor marketing programs in accordance with the requirements of market targeted. In doing so, markets' demographics are carefully examined in order for marketing programs to be customized thus satisfying consumer needs in a diversified way. In addition, firms existing resources need to be optimally utilized where a sustained competitive advantage could be gained and this refers to a resource based view in strategic marketing. The resources may be from financial, physical, human, commercial, technological, and organizational sides of firms which transform raw materials into finished product for customer's use (Barney, 1991). Thus, the foremost thrust of strategic marketing is to devise a market driven strategy which encompasses customer orientation (Cravens, 2009).

Product positioning is also emphasized as part of strategic marketing which purely communicates product's image to customers and hence formulates value. Primarily not entire benefits could be delivered by a product but through positioning, much of benefits are highlighted with conviction that inclines consumers perceiving higher quality of products. Through strategic marketing, consumers are likely to form a strong perceived value for products as reflected in marketing programs of many multinational firms (Elliott, 2010; Perkins, 2010). Since greener aspect of products contains additional feature of firms' being proactive for ecology, this adds in quality of products increasing the chances of acceptability in consumers views (Velimirović, et al., 2011).

Perceived value can be drawn from two different dimensions i.e. Subjective and Objective. Subjective construct refers to personal opinions about products features (Kortge et al., 1993) whereas objective dimension refers to consumers conceiving of environmental perspective from multiple sources. Strategic marketing targeting both dimensions related with consumers improves likelihood for consumers' higher perceived value. Based on previous literature regarding green products, consumers irrespective of their demographics view green products differently; some perceiving them as costlier and some as less

important. The variation in consumers view might be based on various factors like price, quality, and availability of products. Hence it is firms' strategic marketing process which may harness consumers support for green products and eventually raises perceived value of such products. As consumers have responded to specifically designed marketing programs containing elements for consumers' wellbeing, therefore there is a likelihood of acceptance of green product if highlighted from the perspective of environment. Such products even with premium prices are preferred by consumers (Trudel & Cotte, 2009).

Low perceived value hampers consumers from buying products even of special features but companies never leave them in the myopia and continue to pursue products through their life cycles in order to find out how products can be adapted according to customers' needs and at the same time indoctrinate the aspects which are beneficial for environment and communities. Employing strategic marketing by firms broadens the scope of offerings and improves financial performance. For that matter, market segmentation with a view of people preferring traditional products and green products is considered as vital by firms (Peattie, 2001). The present study attempts to find through application of strategic marketing by firms that how consumers' perceived value of green products can be elevated.

Research Question

Does strategic predisposition of firms play any significant role in raising consumers' perceived value for green products?

Research Objective

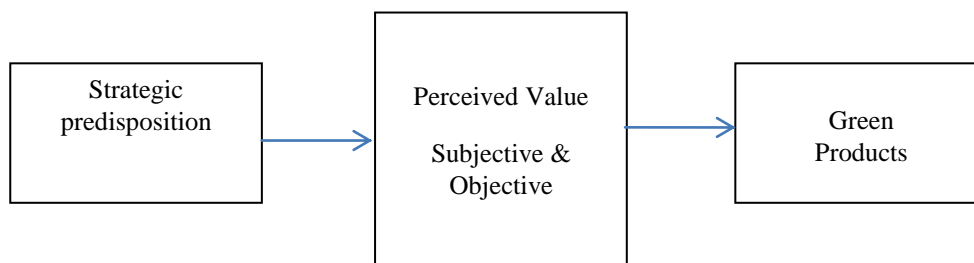
This study has the following objective:

To assess what role strategic predisposition can play in raising consumers' perceived value for green products.

Research Hypothesis

H₁ Strategic predisposition of firms leads to a positive perceived value of green products.

Conceptual Framework



Methodology

Sampling and Measurement Tool

A purposive sampling approach according to research question (Marshall, 1996) has been adopted where 50 respondents as part of focus group across business and consumer segments of the society i.e. executives in corporate offices' and consumers (educated) views have been elicited through a measurement tool to be developed by the researcher based on preliminary and post interviews subject to pilot study. In analysis part, SPSS is being used to test the hypothesis in Regression and One Way ANNOVA for further analysis.

Demographic and Organizational Profile of Respondents

In below table, there are total of 50 respondents. The majority of the targeted population is males which constitutes 60%. Female workers make up 40% of the total. In terms of education, 24% of the respondents are undergraduate, followed by 76% respondents who have graduate degrees.

The respondents are from different income bands. 22% respondents have income of more than 60000 per month. 34% have 45000 and above 44% have income level of 30000 and above. Similarly, 58% respondents are from officer cadre and 42% from executive cadre.

Demographic Variable	Category	Frequency	Percentage
Gender	Male	30	60%
	Female	20	40%
Education	Undergraduate	12	24%
	Graduate	38	76%
Income	60000 and above	11	22%
	45000 and above	17	34%
	30000 and above	22	44%
Profession	Officers	29	58%
	Executives	21	42%

Data Analysis

Data has been analyzed using regression and One Way ANNOVA. The findings are here as under:

Regression

Table.1 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.646 ^a	.417	.405	.02728
2	.666 ^b	.444	.420	.02693

a. Predictors: (Constant), SP

b. Predictors: (Constant), SP, PV

The regression coefficient R assesses the overall fit of the model, which is high. The value of R Square is 0.417 and 0.444 respectively. The adjusted R Square value is 0.405 and 0.420 showing that Strategic predisposition in this model accounts for 40.5% variance in consumers perceived value and as a result green products are likely to be positively affected 42%. Clearly, Strategic Predisposition is a strong predictor of consumers' perceived value of green products.

Analysis of Variance (ANOVA)

One – way ANOVA has been applied to indicate whether statistically there is any mean difference in perceived value of green products across two demographic characteristics. It indicates that there are significant differences with respect to age and education among different groups as $p < 0.05$. Also the F value in this case is more than the critical value of F, therefore, the proposed hypothesis is to be accepted. The means are significantly different. Hence, the results are significant.

ANOVA

Model		Mean Square	F	Sig.
1	Regression	.026	34.320	.000 ^a
	Residual	.001		
	Total			
2	Regression	.014	18.738	.000 ^b
	Residual	.001		
	Total			

a. Predictors: constant), SP

b. Predictors: (Constant),SP,
PV

c. Dependent Variable: GP

Results and Discussion

It has been proposed in the underlying research that the independent variables, i.e. Strategic Predisposition would affect the perceived value of green products which is a mediating variable. The research has followed the natural course of logic by hypothetically testing the stated variables, which presumed that firms' strategic predisposition helps form a positive consumers' perceived value for green products. The strategic predisposition implied firms' ability to amalgamate all the resources at its disposal and the vision it embarks upon in line with strategies geared towards strong ecological perceived value. However, statistical findings did support the assumption. Strategic predisposition of firms has been measured strong in our analysis; respondents representing their respective organizations have displayed a substantial interest in environmental issues owing to strategic predisposition. However, these findings are contrary to the findings of Moorthy and Srinivasan (1995) who conceded that even strong green initiatives by firms did not improve people's perception of ecology due to some socioeconomics factors. Therefore in this study, it was recommended that price rebate should be given on green products. Bang et al., (2000) expounded that in developed countries where consumers' perceived value about environmentalism is robust, are more willing to purchase ecological products even with premium pricing.

Conclusion

Based on the data and findings of the study, it can be concluded that strategic predisposition of firms could result in stronger perceived value of green products provided strategies are properly pursued. Pursuing strategies must translate actions which are pro environmental. In the present case, strategic predisposition implies that all the actions employed on the basis of firms' vision should primarily be directed towards sustainability. In order for consumers' to place green products on top of their priority, as much advertisement programs and marketing messages should be envisaged and applied. In developing countries where people are more concerned about meeting their day to day needs hardly could be inclined towards such issue of sustainability. But firms with the support of government should endorse green activities like eco labeling, recycling, signs, ads, symbols, and sales promotional strategies for green products to build confidence among consumers.

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