Proactive Environmentalism: An Examination of the Australian Consumer Market

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The current study attempts to gain a better understanding of proactive environmentalism and how it can target the green consumer segment. The article proposes that proactive environmentalism can be obtained by support mechanisms from two major contributors: government and business. For government initiatives, recycling is considered. For business initiatives price and quality of green products are identified. Based on the six green segment groups, the study proposes a matrix on proactive business/government initiatives that can be targeted to green consumers and provides some recommendations.

Introduction

The causes of environmental problems are related directly or indirectly to the patterns of production by industries, consumption and behaviour of the consumers (Said, Ahmadun, Paim & Masud, 2003). Australian surveys have shown that saving the environment is a high priority to most American citizens, with public concern growing faster than any other issue (Schwart & Miller, 1991). Like the US, a national study undertaken by Australian National Opinion Polls (1991), claims that Australia has a high level of environmental citizenship, and is still one of the most environmentally concerned nations on earth.

However, it is stated that Australia ranks as one of the highest producers of waste. In the year 2002-03 it was indicated that over 17 million tons of waste were disposed of at landfills in Australia, of which over 30% contributed to domestic or municipal waste (Year Book, 2005).

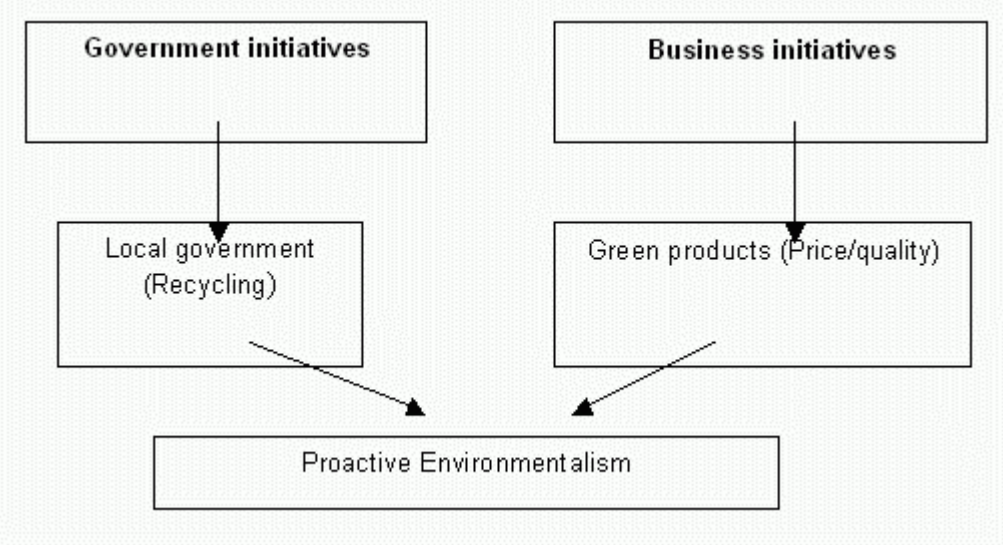
The waste problem appears to be acute and there are ways by which both businesses and governments can co-operate to reduce it. One approach is by *proactive environmentalism.* Proactive environmentalism can be defined as taking positive initiatives towards protection of the environment. Growing commitment from institutional drivers such as businesses and governments set the stage for encouraging consumers to buy green products that help save the environment, for example, green products that can be recycled. Chan, Lorett and Lau (2000) have argued on how countries take a stance on recognising the environmental impact of economic development and the task of cleaning up the pollution left by industrialization. They suggest that once governments realize the costs involved in the clean up, they will have to act

quickly (Chan, Lorett & Lau, 2000).

One way in which businesses can offer their support to promoting proactive environmentalism is by offering green products. Green products are environmentally friendly products; products that do little or no harm to the environment, products that can be reused and recycled. Although, the recession in Australia took its toll on companies to cut corners and downsize their operations, Australians witnessed a decline in green products, but this did not deter Australian consumers who still strongly held their commitment to the environment (Australian National Opinion Polls, 1991).

While the national study undertaken by Australian National Opinion Polls (1991), claims that Australia has a high level of environmental citizenship, more recent studies show ironic results. Jim Dickens' article in the *Sunday Telegraph* (2005) states that Australia remains one of the world's top greenhouse polluters in per capita terms; nonetheless it lags behind global best practice in recycling. In general, only 9% of Australian consumers rated environmental problems as the most important social issue (ABS, 2002). More recent surveys conflict with older surveys suggesting that Australia needs to recognize environmental problems as a critical social issue and recycling as an important factor for sustainable environmental protection. The key question is how best governments and businesses can take the initiative to assist with this problem? The study proposes that government initiatives such as providing appropriate recycling facilities and business initiatives by offering lower price and good quality for green products will help elevate some solutions to the multifaceted and complex environmental problems. In other words, businesses and governments should use a proactive approach towards environmentalism (see figure 1 below). Secondly, the study also evaluates the six segments proposed by Said (1997) suggesting that different segments require a different concentration of these initiatives.

Figure 1: Proactive Environmentalism



Government Initiatives

Recycling is regarded as an emerging trend, beginning with the greening of society during the 1970s, and really coming into force during the early 1990s (Anderson & Brodin, 2005). Recycling behaviour is voluntary; consumers also consider how convenient it is for them to recycle wastes. Attempts to dissect recycling behaviour have been useful in understanding what it is that triggers consumers to recycle. There has been a large body of studies indicating a positive relationship between environmental concern and ecologically responsible behaviour such as recycling (Arbuthnot & Lingg, 1975; Kellgren & Wood, 1986; Simmons & Widmar, 1990). Conversely, several studies indicate there is no relationship between general ecological concern and recycling (e.g., Oskamp et al., 1991; Vining & Ebreo, 1990).

Governments play a role through legislative framework to influence how market pressures react on consumer's behaviour. The management of household waste plays a critical role in environmental sustainability. Local governments support collection of household waste by provision of recycling bins for disposal of wastes. It has been found that although economic incentives are important they are not the only driving force behind the observed reduction of waste, it is suggested that given proper infrastructure to facilitate recycling, consumers are willing to participate more than purely by saving on their waste management expenses (Sterner and Bartelings, 1998).

Low recycling rates can be attributed to many factors such as inadequate provision of suitable recycling programs, poor use of current systems, the lack of ease with which the public can dispose of wastes, insufficient markets for recycled materials, socio-economic factors such as age, life stages and

income levels or just plain lethargy towards recycling (**McDonald & Oates, 1999; Foxall, 1995; Simmons & Widmar, 1990).**

The reasons people recycle may be due to moral obligation, reducing waste, or reduction to landfill, and the factors that discourage recycling can be due to no storage place, lack of curb side delivery (Mee & Clewes, 2004). In Australia, some of the more recent surveys show that most respondents recycled products in some form or the other. The recycle behaviour appears to be a popular activity with respondents ranging from 76% for metal and aluminium cans to 91% for glass and plastic (D'Souza, Taghian & Lamb, 2005). This was also due to local governments encouraging recycling behaviour by the provision of recycling bins.

While Hume's (1991) review of studies on consumer's self-reported actions found that although many consumers state that they are pro-environmental their actions might not dictate the same. In particular, Hume's study revealed that 74% of consumers support environmental protection as a main requirement even if it means slower economic growth, but few engage in protective environmental behaviours: only 46% of consumers recycle bottles and cans, and only 26% of consumers recycle newspapers. Three fourths of those consumers surveyed claimed that they would pay more for "green" grocery products, but only 14% of consumers regularly buy goods made from or packaged in recycled materials, and only 16% of consumers boycotted products from companies they consider as anti-environmental. These responses have made researchers very doubtful about consumers self reported behaviours, and raise a key question as to whether consumers will observe environmentally responsible behaviour such as recycling if provisions for recycling facilities are made by governments.

Hines, Hungerford, and Tomera (1986) report a meta-analysis of 128 studies that investigate the predictors of responsible environmental action suggesting that "knowledge of issues, knowledge of action strategies, locus of control, attitudes, verbal commitment, and an individual's sense of responsibility" are all related with responsible environmental action. It would appear that the most common individual environmental behavior has been recycling, and that a common set of factors lead to responsible environmental behavior (Hines, Hungerford & Tomera, 1986) . However, this was not supported by Oskamp et al. (1991) who suggest that a similar set of variables don't predict every type of responsible environmental behaviour, and instead each form of responsible behaviour should have separate set of predictors.

Recycling behavior has confused social scientists, and behavior often has been linked with pro-environmental attitudes. A pro-environmental attitude

is an attitude that supports environmental responsibility. It is generally expected that people with a pro-environmental attitude act in ways consistent with that attitude, for example, recycling, or supporting environmental initiatives (Mainieri et al, 1997).

Researchers also suggest that functional predictors of recycling are contextual factors, which include variables of convenience of behavior, knowledge of environmental issues, family composition, neighbor's (implies ownership) expectations and behavior, sense of personal efficacy, and degree of intrinsic satisfaction associated with the behavior (Oskamp et al., 1991).

The literature cited above raises a few points. While it has been suggested that those with pro environmental behavior would support recycling activities, many studies have also indicated that there is no relationship between general ecological concern and recycling. The same analogy can be used in terms of pro-environmental attitudes. Thus these consumers may not be falling into the category of green consumers, but may be willing to recycle given that there are adequate provisions for recycling. An interpretive task for local governments is in the provision of recycling bins and facilities.

Business Initiatives

Business interest in environmental initiatives indicated by research findings suggested major changes and innovations (Peattie & Crane, 2005). While it is evident that the emergence of the green consumer witnessed businesses adapting to their needs (Dunlap & Liere, 1984; Pollard et al., 1995; Roberts, 1996; Zucarro & Fortin, 1992) and those businesses who addressed environmental concerns remained competitive in the marketplace (Bennett, 1993; Bennett et al., 1993; Bernstam, 1991; Drumwright, 1994; Lecomber, 1975; Sheth & Parvartiyar, 1995; Shrivastava, 1995; Wasik, 1996). Furthermore, they also increased market share (Fitzgerald, 1993; Ottman, 1993; Porter & Van der Linde, 1995; Saunders & McGovern, 1993, 1995; Scerbinski, 1991).

Areas that have gained significant consumer interest are product recycling and packaging reduction. Most of the businesses have gained from recycled products and environmentally friendly consumer products and packaging (Peattie & Ratnayaka, 1992). Unfortunately, businesses have attempted to consider these as potential premium-priced goods, but have found the market to be less receptive than expected (Wasik, 1992).

Technically, the green market segment emerges from a shift in preferences

in response to either industry regulation to go green or the firm's decision to produce green products. The consumer then has to differentiate between competing products or processes on the basis of their environmental characteristics. Secondly, the market allows green consumers to express their preferences (Hussain, 1997). This could mean taking into account other factors such as price and quality of green products. Thus, mangers that decide to promote a product's "greenness" have two options. One is in the satisfaction of aiming towards regulatory compliance and social corporate environmental responsibility and the other is differentiating the green product, either by low price or high price and quality, as quality is relative to high costs. To establish which options are desirable, businesses would have to have a clear understanding of the variation in green consumers' interests and green consumer segmentation.

Price and Quality

The emerging green market does not necessarily indicate that consumers would attempt to purchase environmentally friendly products for higher prices. Drawing attention to this crucial price factor are contradictory results on willingness to pay more for green products. Green consumers have been identified as extremely price-sensitive when it comes to buying environmentally friendly products (Mandese, 1991). In some cases where the consumer claims that they were willing to pay more for green products they don't necessarily buy green products (Bennett, 1992; Winski, 1991). Although many consumers say they are for the environment often do not act that way (Hume, 1991). Consumers have also indicated that recycled materials often cost more than their virgin produced counterparts (Moore, 1992). Recent trends indicate a lack of willingness to actually pay premium prices for green products (Wasik, 1992).

Dagnoli's (1990) research on potential buyer behavior reveals that most respondents claimed they would willingly pay 5% more. However, this roughly coincides with research by Kalwani and Yim (1992), who found that most consumers have a range of price indifference (about 5%) surrounding the products they purchase. It is possible that the reported willingness to pay more for environmentally friendly products is based simply on a range of prices that customers feel fair for a product. The lack of consumer interest may be strongly related to consumer perceptions of price and quality of environmentally friendly products (Reitman, 1992, Wasik, 1992).

Some conclusions may be drawn from the above. As suggested by Frankel and Coddington (1994), it has been noted that consumers expressed levels of environmental concern exceed their actual buying behavior by a significant margin. The fact that interest in greener products, as expressed

in surveys, exceeds actual sales might be explained through the inertia and inconsistency of green consumers, which would suggest that it is not merely a `halo effect', i.e. when consumers exaggerate their socially desirable behavior when questioned (Frankel, 1993). On the other hand, one may suggest that the product itself may not be as attractive to stimulate sales.

D'Souza, Taghian and Lamb (2005) found that willingness to pay somewhat higher prices and accepting somewhat lower quality of green products appears to be independent of heavy and light recycling behavior. This conclusion reconfirms the previous finding that the current customer's overall perception of green products is such that they will refrain from any compromise on price or quality. Additionally, consumer's expectation appears to be that all products need to be environmentally safe regardless of the additional cost of compliance, and that corporate culture needs to support and react favourably to this expectation (D'Souza, Taghian, & Lamb, 2004).

The results of D'Souza, Taghian and Lamb's (2005) research demonstrate that market level price and quality play a very important role as antecedents to green purchase behavior. These have direct implications for marketers intending to introduce new green products or to reposition their current products to project green status. Those managers that seek to increase market penetration of these products should consider equalizing their prices to the established market prices and refrain from premium pricing strategy. In addition to quality issues, marketers should attempt to compete on similar bases as main stream products and should not compromise on quality issues.

Proactive Environmentalism and Segmentation

By clustering environmental green consumers into groups, an assumption can be made regarding how proactive environmentalism such as approaches to business initiatives and government initiatives will impact on green segments as given below. Some recommendations can be made regarding these segments based on their profiles and what is required to be done in the case of business/government initiatives to assist these segments.

The initial move to study correlates of pro environmental behaviors generally focused on traditional demographic segmentation variables, such as age, gender, income, marital status, social class, and education (Cleveland, Kalamas & Laroche, 2005; **Diamantopoulos, et al., 2003**). Researchers have indicated that perceived consumer effectiveness offers the greatest insight into ecologically conscious consumer behavior and the inclusion of altruism to the profile appears to add significantly to past efforts (Straughan

& Roberts, 1999). Furthermore they suggest that environmental segmentation alternatives are more stable than past profiles such as demographic criteria. Said (1997) identified six segments of the Australian green market, as identified in Table 1.

Table 1: Six segments of Australian Green Market

Segments	Percentage	Profile of Consumers
The "Living Greens"	28.5%	Strong environmental commitment, anti-religion, pro-feminist, strong on family and community. Above average income and education and were mostly aged between 35-45. Equally male or female.
The "Nurturing Greens"	21%	Had traditional Australian values, environmental degradation threatens my family and community. They have above average income and education and were mostly under 45, slightly more female.
The "Grudging Greens"	12%	The wealthiest and best educated group. Prepared to do the right thing. Mainly younger and male. Could be bosses, DINKS and yuppies.
The "Lip Service Greens"	17%	Mainly talkers, mostly older, working class mum and grandmothers, concerned, are trying to do the right thing.
The "Light Brown Battlers"	12.5%	Typically a young working class mum, not very well educated, financially not very well off, but has some concerns about the environment and makes some effort.
The "Brown Bombers"	9%	Mainly young men, often tradesmen. Not tertiary educated or earning high incomes.

Based on the above segmentation category provided by Said (1997), the following assumptions can be made (see Figure 1 below). "The Living Greens" (that comprise 28.5%) and the "Nurturing Greens" (21%) are highly

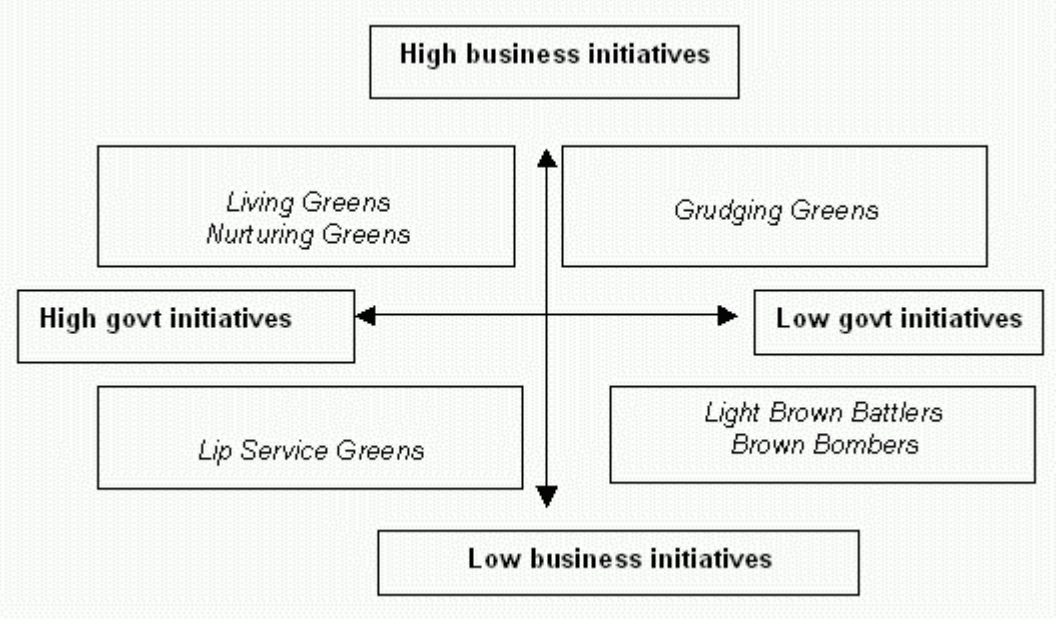
committed to the environment and would probably support government and business initiatives. These segments fall into quadrant I. This group will probably support recycling and higher prices for green products may not be a major issue.

However, the "Grudging Greens" (12%), who are the wealthiest and best educated group, prepared to do the right thing, may not encounter many problems in trying to educate this group about environmentalism as they are willing to do the right thing. They may be high on supporting business initiatives such as higher prices for green products, but low on government initiatives due to their fast lifestyle. If such is the case then flexibility on curb side recycling should be provided and emphasis should be paid on the importance of recycling. This category can be grouped into quadrant II.

The lukewarm groups are the "Lip Service Greens" (17%) who are concerned and trying to do the right thing. In other words these are consumers that may support government initiatives such as recycling but may not be willing to pay more for green products as they consist of mostly older (who may be retired), working class mums and grandmothers. This category of consumers can be grouped into quadrant III. As this category can be attracted to lower priced green products, businesses should position their products based either on lower prices or perhaps differentiating green products from other products.

The "Light Brown Battlers" (12.5%) and the "Brown Bombers" (9%) can be grouped into quadrant IV. Since they have some concerns about the environment they will be low on both government initiatives and business initiatives. Strong emphasis on consumer education towards protection of the environment is a requirement for this group. Since consumers falling into this category are not financially well off, green products should be priced lower as compared to generic products if this group is to be attracted or incentives for recycling can be given towards encouraging this group of customers.

Figure 2: A matrix of business and government initiatives



Conclusions

In short, the article expresses two support mechanisms towards proactive environmentalism. One is the provision of business initiatives and the other is government initiatives. Consumers can be segmented into green consumers, based on this segmentation; proactive steps can be taken by businesses and governments to initiate environmental protection. A call for consumer education with respect to recycling, lower prices, or differentiating products with high prices and higher quality is the direction that businesses and governments should take towards achieving proactive environmentalism.

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