
BEHAVIORAL ANTECEDENTS FOR ENHANCING GREEN CUSTOMER LOYALTY IN RETAIL

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Abstract

Sustainability is a pressing concern and a constant challenge for the contemporary society, being carefully monitored by individuals and diligently implemented by companies within their business strategies. Companies increasingly resort to highlighting the characteristics and advantages of sustainable and environmentally friendly products in an attempt to curry favour with green consumers who recycle products, prefer organic food or green products and visit and buy from retailers exhibiting environmental consciousness.

The empirical research conducted on a sample of 3,382 consumers of different ages reveals how the attitudes and values of green-oriented consumers as well as their proclivity for sustainable consumption and willingness to pay a premium price for environmentally friendly products represent antecedents for creating their loyalty to the retail stores that use green and environmental-oriented strategies. The research findings clearly reveal that consumers' positive attitude to environment protection will prompt them to immediately look for and prefer retailers offering such sustainable products. From a theoretical perspective, the paper contributes to broadening the understanding of behavioral antecedents that create green loyalty on an emerging market. From a practical perspective, the paper provides retailers with possible solutions when designing offers for their target segments.

Keywords: Green consumer, sustainable products, behavioral antecedents, green loyalty, green retailing

JEL Classification: Q01, F64, L81, M14, M31

Introduction

Preservation of resources, consumption sustainability, responsibility towards society and environment protection are a more and more frequent concern of modern organizations and a constant feature of the business environment. The interest in and the consistent implementation of these issues within their business activities and strategies does not automatically trigger consumers' preference for "green" or sustainable products, brands and services. The consumption of the "green" products, services, brands is encouraged by

“activating” the conative side of attitudes so that the individual makes a behavioral decision (Silva Braga Jr. et al., 2015).

In a society in which technological development and the fast emergence of innovations prevail the concern for the environment and social responsibility becomes the company’s main pillar/instrument in approaching the market. The fierce competition prompts companies to better differentiate their offers and position them by focusing on sustainable business practices designed to attract and better satisfy customers’ needs and desires and gain their loyalty. Variety of assortment and the services provided, the varied pricing policies and the sending of information about products and services, the relatively large number of competitors fighting hard for a unique “position” in the mind of customers as well as the image and awareness of each retailer can be better enhanced in this century of social media through specific actions governed by concern for the environment and sustainability.

An empirical research study on a sample of about 3,000 Romanian respondents was conducted to determine the behavioural antecedents that create customer loyalty—regardless of customers’ age and generation—towards the retail stores implementing an environmental protection-oriented sustainability strategy. The authors then emphasize the relevance of sustainability in retail and describe how retailers rely on environmentally friendly products to capture consumers’ attention and satisfy them. Afterwards, they set to operationalize the theoretical concepts and carry out the empirical research. Following the validation of the model by means of statistical tests and structural equation modeling, the authors put forward the research findings and some pertinent conclusions which, theoretically, help understand the role of green behavior and of a proactive and positive attitude towards environment protection in creating customer loyalty. From a management perspective, the paper provides some strategic recommendations which, when properly implemented by retailers, may contribute to the development of effective strategies for approaching emerging markets.

2. Literature review

2.1. Sustainability in retail

Sustainability represents the major concern of researchers (Kwok et al., 2016; Chankrajang, Muttarak, 2017) and of different contemporary organizations and is amply documented in the WCED report (1987) as the development that meets the needs of the present generations without compromising or jeopardizing the access of future generations to similar resources. In other words, sustainability promotes the concept that an individual or a company may use natural resources as part of their own processes but cannot exploit them to the full. As market competitiveness has increased, sustainability has become the necessary condition for a company to survive in a tumultuous and ever-changing competition environment (Martin, Shouten, 2012; Dabija, Băbuț, 2013).

Sustainability has become a major concern of the companies in the retail sector as well. The main reason thereof is the need to adapt company strategies to the needs of the modern society and suit the offers to the demands of consumers who increasingly embrace green values and visit stores and/or retail formats depending on the extent to which such stores/retail formats advertise and sell organic products made of natural fibres within environmentally harmless technological processes (Schmidt et al., 2012; Joshi, Rahman, 2015). Retailers are also concerned with marketing fair trade products (Pop, Dabija, 2014) manufactured in compliance with ethical principles (Dabija et al., 2016) and with a low

consumption of raw and other materials (Gershoff, 2011), which protect the environment (Joshi, Rahman, 2015) and are energy-saving (Euromonitor International, 2015) etc. For the modern consumer of the twenty-first century, a retailer's adopting and implementing a sustainability strategy and striving to protect the environment has increasingly become a good reason to revisit and recommend the retailer, leading to the creation of customer loyalty. Certainly, the implementation of a sustainability strategy calls for companies to use innovation and promote responsible consumption because the impact of their own actions on the environment has to be as low as possible.

2.2. Enhancing consumer loyalty by means of green products

The individual's buying decision is influenced by the stimuli coming from the producer or the seller as well as by his or her past experience, own values and various contextual factors (Dabija, 2010; Joshi, Rahman, 2015). The synergy between all these factors enhances or suppresses the preference of a brand, product, store, retail format or company. An individual's values have a strong bearing on his or her beliefs which, in turn, are influenced by the social and cultural context in which s/he lives, his/her background, lifestyle or customs and traditions (Joshi, Rahman, 2015). Collins et al. (2007) show that collectivism-oriented people have a tendency towards sustainable behaviour, pay increased attention to and get actively involved in social responsibility campaigns of various organizations. Such individuals are a lot more concerned with their fellows, with the preservation of environment resources and with the extent to which future generations have access to living conditions similar to those enjoyed by today's generations. Their involvement in the decision to buy a product or to prefer a particular store is much more intense. Such people actually "choose" the producer or the retailer and remain loyal to it depending on the extent to which the organization's sustainability actions are in harmony with their precepts, values, beliefs and attitudes (Stern et al., 1999). The individual's care for the environment is also the result of his/her orientation towards universalism achieved by his/her communion with nature and the emphasis placed on the need for social justice (Schwartz, 1992). It is actually the wisdom of the human being that makes people maintain a lifestyle centered around strong values.

Consumers' preference for environmentally friendly products, brands or services made in compliance with sustainability principles is largely conditioned by the existence of sustainable consumption (reflected in two behaviour attitudes: desire to recycle products and avoid food waste) (Ferguson, 2014; Laroche et al., 2001), ecological consciousness, understood as the effort made to purchase non-polluting products (Pop, Dabija, 2013) and of a willingness-to-pay, that is, the individual's financial willingness to pay a premium price for the desired product (Batte et al., 2007; Tsakiridou et al., 2008; Aryal et al., 2009). This willingness-to-pay is dependent on people's socio-demographic characteristics (level of education, marital status, household size etc.) as well as their knowledge, values, experience, attitudes and behaviour. Informed people, who are concerned with environment protection, know the major negative effects of pollution. This motivates them to easier accept to pay a premium price hoping that in this way they will make a minimum contribution to the protection of the environment (Laroche et al., 2001).

An individual's decision to buy sustainable, green, environmentally friendly products is actually made depending on how much they harm or do not harm the environment, are "friendly" with it, can be recycled or reused and comply with the environment protection and resource preservation norms and requirements (Lee, 2009). It is often the case that the

attitude towards a company, brand, product or service may influence the desire to buy such products. The importance that each individual places on such environmentally friendly products is essential because the consumer also selects the company depending on its image in his/her mind. This image is created as a result of the company's involvement in social responsibility or environment protection campaigns (Laroche et al., 2001; Collins et al., 2007).

Once a positive and strong image of the environmentally friendly company that markets sustainable products is created in the individual's mind (Dabija, 2010), the company may expect the customer to show increased willingness to pay a higher price for such products and be aware of the environment protection issues faced by contemporary society when making a buying decision. Moreover, the consciousness of recycling or reusing products whenever possible as well as the habit of using environmentally friendly products are essential levers for generating customer's trust in, and satisfaction with the company's sustainable products and services, which is a prerequisite to gaining his/her loyalty (Larouche et al., 2001).

By means of sustainable products, which often have attractive packaging and special design (Silva Braga Junior et al., 2015), environmentally conscious retailers seek to offer customers novelty and added value so as to gain their trust, satisfy them and develop their loyalty. Therefore, retailers expect people to exhibit a favourable attitude to any new product or service contributing to environment protection and manufactured in compliance with the principles of sustainability. By his/her attachment to the environmentally friendly company and its products, the customer will convey his/her positive feelings and experience to his/her fellows, leading to an attitudinal state in favor of the provider (Garcia de los Salmones et al., 2005). By fostering loyal behaviour, the customer will also prefer the environmentally friendly product in the future, will repurchase, recommend and positively describe it through word-to-mouth communication to his/her friends and acquaintances while becoming rather "immune" to the competitors' marketing actions intended to capture his/her attention (Sierra et al., 2015).

3. Research methodology

In order to determine the behavioral antecedents contributing to the creation of loyalty to the retail stores implementing sustainability and environment protection measures among Romanian consumers regardless of generation (baby boomers, X, Millennials and Z generations), the authors have carried out a survey-based empirical research study. The data were collected through face-to-face questionnaire administration. The questionnaire was operationalized for each individual construct (loyalty and its antecedents) according to the literature as respondents assessed the statements on a five-point Likert-scale. Loyalty was investigated in terms of the degree to which respondents from different generations (Baby Boomers, Gen Xers, Millennials and Z generation) are willing to recommend the store, patronize the store and make more purchases from the store that implements sustainability measures, preferring it over other less green stores (Nasir, Karakaya, 2014). Each loyalty antecedent was operationalized using several items: own environmental concern (Lastovicka et al., 1999), environmental impact of retailer's actions (Antil, 1984; Dabija et al., 2016), article use extension (Lastovicka et al., 1999; Haws et al., 2014).

The first behavioral antecedent assessed the extent to which the decision to buy a food or non-food product pays regard to environment protection or the own contribution to the reduction of resources consumption. Environmental impact of retailer's actions is about

measuring the degree to which respondents try to find out more information about the retailer that they patronize as well as the extent to which the green environmental standards are met when making and selling various products. The last antecedent contained the assessment of respondents' willingness to reuse the purchased electronic, household, clothing etc. items, make efforts not to throw out food, recycle products or use them for other purposes as a result of optimizing their own consumption or of their intention to achieve financial savings.

Respondents from Romania's administrative and territorial units were selected by operators by gender and age, according to the breakdown in the Statistical Yearbook (2014). They were approached in public places, in the proximity of stores or at their home. The collected data were sistematized and then analysed using statistical software to check their reliability, validity and internal consistency (Churchill, 1991). The four constructs exceed the minimum acceptable threshold levels. Cronbach α ($>0,7$) takes on values between 0.788 and 0.897 while the Kaiser-Meyer-Olkin criterion ($>0,7$) takes on values greater than 0.742. Each construct shows a variance of over 50%, with eigenvalues greater than 2 for each of the four individual dimensions (Churchill, 1991; Dabija, 2013). The exploratory factor analysis conducted on loyalty antecedents (Walsh, Beatty, 2007) confirmed the stability of the three constructs, which were subjected to structural equation modeling analysis to identify their contribution to the enhancement of customer loyalty to retail stores. The AMOS-computed fit indices (Forza, Filippini, 1998; Ju et al., 2006) of the structural model exceed the minimum acceptable thresholds (Table 1), which enabled the validation of the model and the interpretation of results. Each respondent had to state his/her year of birth so that they could be categorized in one of the generations considered, according to the literature: Baby Boomers (1945-1964), Gen Xers (1965-1979), Millennials Y (1980-1994), Z (1995-2000) (Gurău, 2012; Doster, 2013; Young, 2015; Dabija et al., 2017).

With the exception of generation Z who either still are high school students or just started college, most members of the other generations hold university degrees (Millennials: 714 persons; Xers: 475 persons; Baby Boomers: 202 persons). In the case of Baby Boomers, the number of high school graduates is almost equal to those with vocational training (100 persons) but in the case of Millennials there are twice as many high school graduates (310 persons) as persons with vocational training (164 persons). It is possible that Millennials are a lot more likely than the other generations to find a well-paid job with only high school diploma. Almost 85% of respondents live in urban areas and only 15% of them come from rural areas.

4. Research findings

As Table no. 1 indicates, all dimensions considered (own environmental concern, article use extension, environmental impact of retailers actions) has a direct and positive influence on green consumer loyalty as all relationships are highly significant (****). However, the findings reveal that the greatest influence in shaping green loyalty across all generations and retail formats is exerted by Green consumers propensity (0.542****). Therefore, respondents keep a watchful eye on each and every detail and the environment protection activity of the producers of the articles they purchase. They get information about the characteristics of the goods purchased from their favourite stores (for example, raw materials, active substances etc.) because, to them, it is important that, not only the

purchased article but also its parts and subassemblies have an impact as low as possible on the environment.

Table no. 1: Behavioral antecedents for enhancing green loyalty towards food and non-food retail stores

Effects (all consumers)			Model fit		
Green reuse motivation → Green Loyalty	0,177****		χ^2	df	χ^2/df
Green consumers values → Green Loyalty	0,228****		1495,821	364	4,60
Green consumers propensity → Green Loyalty	0,542****		GFI	AGFI	NFI
****p<0.001	SRMR (≤ 0,08)	0,0328	0,952	0,937	0,952
	RMSEA (≤ 0,08)	0,052	CFI	TLI	
			0,956	0,949	

Loyalty is also determined by consumers’ own environmental concern (0.228****). When making buying decisions, consumers follow their own beliefs and attitudes but, at the same time, they ponder seriously about the impact of their own actions on the environment. Therefore, consumers pay attention to the manner in which the planet’s resources are managed and how the environment is preserved and make efforts so that their activities and the purchased food and non-food products may not harm the environment in any possible way (Table no. 1).

The lowest and equally highly significant impact on building consumer loyalty (revisiting, recommending, increasing purchase frequency etc.) to food and non-food retail formats is exerted by consumers’ concern to have even a small contribution to product recycling and reuse (article use extension). As excessive soil and environmental pollution caused a lot of problems, many consumers think about using the products repeatedly and identifying new uses for the already purchased articles. Their concern for the purchased products is accounted for by the need to make significant financial savings. They choose, revisit and/or recommend the retail formats depending on the extent to which these stores make efforts to recover or reclaim old articles. Therefore, consumer loyalty may be generated by buy back programs which retailers may implement both in fashion retail and electronic and household appliances retail (Dabija et al., 2016).

Conclusions

The present research clearly suggests that consumers eagerly seek green products, organic food and products complying with and integrating principles of sustainability when they are mentally oriented towards, and have positive experiences concerning environment protection and preservation of natural resources. Therefore, consumers choose retail stores depending on the extent to which they are capable of offering sustainable products. On the other hand, retailers are able to attract consumers with a favourable attitude towards environmentally friendly products and satisfy them with well-conceived and carefully structured offers, thus gaining their loyalty and making them to recommend the retailer to other people in a positive way and revisit it. The research findings are also supported by other studies which show that a positive image ingrained in customers’ mind and the existence of behavioral antecedents (recycling, desire to have a minimum contribution to sustainability and/or environment protection, orientation towards healthy, green etc. food) enhance individuals’ affection for environmentally friendly products and retailers (Laroche et al., 2001; Collins et al., 2007). The result is that individuals will prefer, become loyal to

(Garcia de los Salmones et al., 2005) and buy from these retailers to the detriment of their competitors (Sierra et al., 2015).

Among the research limitations is the failure to consider retailers' marketing measures in the form of communication, customer service and store ambience, which may serve as important stimuli for capturing the attention of customers and drawing them to the store. At the same time, future research will have to examine more closely how behavior antecedents differ significantly between young persons, on the one hand, and adult and elderly people, on the other hand, since it is well known that young people are more willing to buy/use green products than their parents or grandparents (Young, 2015; Dabija et al., 2017).

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