

**The impact of green marketing on brand loyalty  
and willingness to pay more with the mediating  
effects of awareness from environmental issues**



**Supervised by:**

**Dr. Fuad Bashir Awan**

**Submitted by:**

**Muhammad Hassan Bhatti**

**Department of Business Studies**

**Pakistan Institute of Development Economics, Islamabad.**

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The impact of green marketing on brand loyalty and willingness to pay more with the mediating effects of awareness from environmental issues

By

Muhammad Hassan Bhatti

Has been approved

For the Pakistan Institute of Development Economics, Islamabad

External Examiner: \_\_\_\_\_

*Guilaw*

Supervisor: \_\_\_\_\_

*Fuad Bashir Awan*

Dr. Fuad Bashir Awan

Assistant Professor,

SZABIST, Islamabad.

Head of Department: \_\_\_\_\_

*Nadeem Ahmed Khan*

Dr. Nadeem Ahmed Khan

Head, Department of Business Studies,

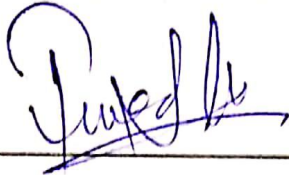
PIDE, Islamabad.

**Certificate:**

**It is certify that Muhammad Hassan Bhatti has carried out all the work related to this thesis under my supervision at the department of Business Studies,**

**Pakistan Institute of Development Economics, Islamabad.**

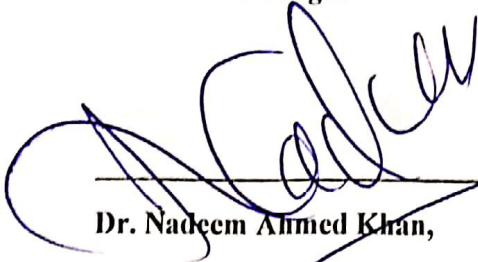
**Supervisor:**



**Dr. Fuad Bashir Awan**

Assistant Professor,  
SZABIST, Islamabad.

**Submitted through:**



**Dr. Nadeem Ahmed Khan,**

Head, Department of Business Studies  
PIDE, Islamabad.

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## **Abstract**

The main aim of this study is to investigate the impact of green marketing on brand loyalty and willingness to pay more and to investigate the mediating effect of awareness from environmental issues on brand loyalty and willingness to pay more. An analysis of 250 samples indicated that green marketing positively influence brand loyalty and willingness to pay more. While consumers show their willingness to pay more if, they are aware from environmental issues. This study is useful to managers, practitioners and policy makers, with the help of this study environment sustainable organization able to target and get their consumers more efficiently.

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**Keywords:** Green marketing, brand Loyalty, Willingness to pay more, Awareness from Environmental Issues



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# Chapter 1: Introduction

## 1.1 Background of Study

The phenomena of globalization start when first human settled in different areas of the world their migration for their settlement their personal motive and for their business purpose from the last few decades. Globalization is a process in which companies make their strategies internationally to expand their businesses and to communicate globally. It also gives platform to enhance their technological aspects their reputation all over the world and associate it with socioeconomic and environmental development. By globalization a company or organization, reduce their operating cost while it also gives competitive advantage two the organization.

By diversifying risk factor it also, provide opportunities to minimize macroeconomic volatility on output and consumption. On the other hand, it also endanger domestic industries in one country due to the advantages of those same industries in other countries. It also promote industrialization in the country. Contribution of industrialization has a significant role in the development of country. It also increase the employment in the country beside this industrialization also had bad impact on the environment. As industrialization, also lead towards pollution and anti-environmental activities. The role of industry is not good for environmental concern as their production processes, methods and their deliverance of product to consumer not well defined regarding environmental concern. While the role of greenery and eco-friendly products are very significant as far as the environmental concern. Organizations must have to pay their roles in maintaining and make environmental more safer.

In this perspective, organizations have to perform their corporate social responsibility because the products and the industry destroy ozone layer day by day and it is alarming

situation for us. Green and healthy environment is very much important for whole world for these purpose industries and organizations have to undertake green marketing approach.

Green marketing refers to those all process in which the making, using and disposing of product are environmental friendly. The green products are although more costly than the traditional products to produce. Organizations facing this problem as the main aim of the organizations is to maximize their profits and minimize their production cost as well. Therefore, it is a series concern for organizations that how to get rid from this. In present study i investigate this problem that how green marketing respond towards brand loyalty, and are consumers are willing to pay more for those products, which are environmental sustainable or not.

## **1.2 Research Gap**

Most of the researches conducted which describes the relationship and their impact in the green marketing content. Whereas there are also many research gap represent future perspective. Previous researches mostly focused on in general pollution & energy conversation. Green marketing is the latest manifestation with concern to research on environment and not study our direction of research yet. Several variables studied for their impact but the mediating effect of environmental concern not studied yet. From a study in which influence of green branding on purchase intention willingness to pay more and consumer emotional response is measured and according to this the gap also describe by the author “We have also suggested the addition of the variable environmental awareness as moderating/mediating variable of green branding and purchase intention, willingness to pay and consumer emotional response” (Dellarmelin, Moraes, Hoeckesfeld, Severo, & Hahn, 2018).

A researcher from America conducted research in United States of America in which he recommend that the future studies must be conducted in different part of the world as his study only limits in America his main aim for the research is to measure the impact of green marketing on willingness to pay more (Hartman Group, 2010). “How willing are consumers to change their lifestyles to improve environmental conditions?” (Zimmer & Stafford, T. F., & Stafford, M. R. in 1994). “Consumers’ appearance of objective and significant of willingness to pay more will open future opportunities of research” (Biswas, A., & Roy, M. 2016). By studying these dimensions of green marketing and after gathering these references it, enable us to identify the gap on which our study based. Their present a gap to study in which consumer awareness from environmental issues linking with green marketing and its mediating impact on creating brand loyalty and also willingness to pay more. As “The linking of the dimensions of CSR with consumer socially sustainable consumption is lacking” (Chang, H. H. 2017).

### **1.3 Research Problem**

Organizations focusing on green marketing usually tends to produce products more costly than the traditional one. This is the major problem facing by the organizations to capture more customers by undertaking the cost and environmental sustainability as well. The problem is that can organization by their green approach make consumers more loyal to their brand or by making them loyal will they pay more for their products as compared for other products. In addition, how much companies have to get in for making consumers more aware from environmental issues or consumers also have awareness from environmental issue. Environmental concern is the only variable to effect both the loyalty and willingness to pay more or there is any other variable, which can effect this.

This study explore how organizations plan for getting out from this situation by undertaking both the perspective, their consumers and environment as well and how they respond to it.

#### **1.4 Research Significance**

Based on above discussion this study plays significance contribution in making organizations more profitable and for making protection to environment respectively. The parallel combination of these also make organization to make their consumers more loyal towards their brands. This study helps the organization to make their production and processes more environmental sustainable and to generate awareness from environmental issues among the consumers. By this, organizations also contribute their part in making society and environment healthy and by this they contribute huge amount in developing and representing cooperate social responsibility. By adopting this, they also get competitive advantage over other competitors. As the main concern of organization is to become cost efficient but in green concern it always be the costly one as compared to non-environmental products if they make their green procedure more representative and put their effort in making society more aware from environmental issue they surely get those results that organizations wants to get. Consumers tends to pay more for their eco-friendly products and also shows their loyalty to their specific brand as green marketing is not just a tool for the protection of environment but it is also a marketing strategy which organizations can adopt.

This study not only benefit organization but also make environment more healthy by realizing, that the economic benefit is not just only key for success but the contribution of organization as well as consumers towards environmental concerns are also a revolution in world because now a days environmental issue is the major concern globally. As this research would be the new source of innovation for setting market trends.

## 1.5 Research objectives

Above discussion helps us to develop objectives for our research as they are:

- To investigate the effect of Green Marketing on Brand loyalty.
- To investigate the effect of Green Marketing on Willingness to pay more.
- To investigate the effect of Green Marketing on Awareness from environmental issues.
- To analyse the impact of environmental issues awareness on Brand loyalty.
- To analyse the impact of environmental issues awareness on Willingness to pay more.
- To determine the effect of Awareness from environmental issues between Green marketing and Brand loyalty.
- To determine the effect of Awareness from environmental issues between Green marketing and Willingness to pay more.

## 1.6 Research Questions

The research questions for this study are:

- Q** What is the impact of green marketing on brand Loyalty?
- Q** What is the impact of green marketing on willingness to pay more?
- Q** What is the impact of green marketing on awareness from environmental issues?
- Q** What is the impact of awareness from environmental issues on Brand Loyalty?
- Q** What is the impact of awareness from environmental issues on willingness to pay more?

**Q** Is awareness from environmental issues mediate relationship between green marketing and brand loyalty?

**Q** Is awareness from environmental issues mediate relationship between green marketing and willingness to pay more?



## **Chapter 2: Literature review**

From the past few years, many researches were conducted as in the concern about increasing in environmental issues and to highlight green marketing aspects. However, the impact of green marketing as a whole is a broad concept and it is difficult to gauge it as a whole. While brand loyalty, attraction towards brand their preferences, ethical beliefs, consumer in this manner exercises willingness to pay more and other many subjective variables. Therefore, it is an important aspect to study the consumer connectivity to awareness from environmental issues to that of green marketing and their brand loyalty. Following are the slice outline of previous conducted studies concerning to green marketing and consumers.

### **2.1 Green Marketing**

Green marketing refers to the processes and activities undertaken by firms that are concerned about the environment problems through lessen the impact on the environment during the process of planning and implementations of products or services, price, place, promotion (Soonthonsmai, 2007; Chamorro & Bañegil,2006). “Green pricing programs concerns on pricing practices that includes both economic and environmental costs of making and marketing, while providing value to the customers” (Martin & Schouten, 2012). While green placement refer to concept of distribution that involves the management to make their whole supply chain and logistics management more environmental friendly as in case to reduce their impact on environments. While many shades are represented by green marketing. At product level greenness is defined as the characteristics performed by the product to be green there variables such as its decomposable packaging, composition of natural ingredients its production, consumption and disposal standards. “Green purchase behaviour is different from purchase of general products purchase because when the consumer selects to buy green products he is concerned with the environment and the human well-being” (Solaiman et al., 2017). These are some of the shades of a product to be or pretended to be green.

“Organizations perceive environmental marketing to be an opportunity that can be used to achieve its objectives” (Keller 1987, Shearer 1990). It is the implication for those companies, which are committed for the development of sustainable environment and for social corporate responsibility. By implementing green marketing and sustainable healthy and environment friendly practices for business organizations recognized in this way they can make their product more attractive to their customers and in this way they also reduce their expenses in the form of their transportation, water and energy usage product packing and product itself and etc.

## **2.2 Willingness to Pay More**

This section can investigate the ultimate piece of the green marketing that is purchase and their willingness to pay more. A study from Mitchell & Ramey (2011) suggested that consumers’ willingness to pay more for green may be rooted in their passion for the environment. As by this condition, it would strengthen the arguments for paying more if there is passion and that passion again associate with the knowledge and awareness from environmental issues. Their study also claims that the environmental enthusiasts had more passion towards environment which motivates individual to purchase more green marketing instruments while there is no matter for them that what shade or what kind of green it will be.

Study held by Basgoze and Taktas in 2012, which describes some factors, which are effecting the behaviour of consumers for paying more. The first thing is price of the green products. If the prices are high, the product is also environmentally sustainable, and it gives them long term financial benefits such as appliances, automobiles then they tend to buy those products and if their prices are high but the quality is cheap as compared to that of green process products then they go with the non-green products. Willingness to pay more also depends upon the time gives by the individual for extensive research on environmental issues and also depends upon their fast paced society in which mega stores are also play important role in

creating green awareness for consumers it would be both the negative and positive one. In addition, mega stores concise the multiple stop shopping option for green products.

### **2.3 Brand Loyalty**

Brand loyalty related to the users' repetitive buying behaviour over time with a positively biased emotive, evaluative and/or behavioural tendency towards a branded, labelled or graded alternative or product choice (Jagdish and Sheth, 1974). If consumer attached to their preferred brands for the social recognition, it means it not only depends upon the quality or price or upon their usage but also society play huge impact for these responses. Therefore, in this study i also measuring it with the mediating effect of environmental issues awareness, which also leads to society responses.

Aaker in 1991 explore that there are four levels for brand loyalty with respect to consumers. First, are switcher in this category consumer's concern is only for their financial benefits such as sales and discount. While the second one is habitual loyal consumer which only purchase particular product and feel unpleasant to buy other brand. The third one are those who are satisfied with their brand but thought to buy other one in case of increase in the price for their brand. At last the forth one are those who satisfied with their brand and also develop positive affection towards their brand and recommend it to others in society voluntarily. This type of loyal consumers are more valuable to the organizations to contain as they make positive word of mouth in society for that particular brand.

By this now a days corporate sector realizing that increase in the brand loyalty associates with the highly involvement of company to high level of social responsibility among consumers which are highly socially conscious. As far as the concern to national or global environmental issue, it would be one of the best or key factor for adaptation of green marketing approach. In the green marketing context, in order to gain competitive advantage,

more and more companies devote great efforts to satisfy consumers' environmental demands by adopting green marketing strategies (Chan, 2013; Chen, 2010; Kang and Hur, 2012). Brand loyalty contributes to positive brand consequences including positive word-of-mouth communication, an acceptance of premium price and an increase in repurchase probability (Chaudhuri and Holbrook, 2001; Shankar et al., 2003). While in this case organizations increase their brand loyalty by indicating environmental social responsibilities as well as self-expressive benefits.

## **2.4 Awareness from Environmental Issues**

As every consumer had their own perception regarding environmental issues and their commitments towards it. For this concept, three main categories are to be distinguished. "One conceptualization is environmental concern, which describes as awareness of environmental problems and perception of the necessity to protect the environment" (Schwartz & Miller, 1991). "Second, scholars have conceptualized green involvement as a general positive attitude toward green products" (e.g. Roberts, 1996). "A third definition of highly involved green consumers relies on their self-reported green purchase behaviour" (Chang, 2011; Mohr et al., 1998; Shrum et al., 1995). While all three dimensions are related but their outcomes are different. As by the study of (Petty & Cacioppo, 1986), it suggested that the involvement is a fundamental factor in motivation of individual for the processing of incoming information.

Awareness also leads towards environmental knowledge and further environmental knowledge describes the knowledge of a consumer that how use of a specific product affects the environment or also how their manufacturing affects the environment. Now a day's awareness from environmental issues influence the buying behaviour of consumers.

Information about the possession of environmental knowledge among consumers helps in evaluating green consumer behaviour & suggesting action strategies (Cheah & Phau, 2011).

Therefore, the present study attempts to explore to count the mediating effect of the environmental awareness to that of brand loyalty and willingness to pay more by green marketing.

## **2.5 Green Marketing and Awareness from environmental issues**

From the past few year's consumer come to be more sensible about environmental issues while on the other hand green marketing refers to process, deliverance, product, services and their disposal, which based on environmental benefits. By a prior, research "Rejection of 'green' brands is due to a lack of awareness where a 'green' message is not sufficient to influence the shoppers' consideration set" Wheeler et al. (2013). But now a days green marketing growth is very fast as it not only participate in convincing environmental issues but also gives new dimension for business and create new job opportunities. As AMA (America marketing association) defines "Green marketing as the marketing of goods that supposed to be environmental friendly, also see it as the environmental friendly and beneficial products promotions". "Green marketing awareness is related to companies' understanding of their accountability for the quality of the environment while meeting customer needs demands and satisfaction" (Chan et al., 2012; Soonthonsmai, 2007). Haws et al (2010) "Identified five dynamics subsidizing to environmental awareness while purchasing products – consciousness about impression of products on atmosphere, considering impacts of personal actions on environment, connecting purchase habits with environmental protection, concerned about waste, commitment to environmental safety, and willing to be discommoded for taking environment friendly actions". While "the green consumer is considered more educated and wealthier than the average consumer" (Shim, 1995; Mintel, 2009).

## **2.6 Green Marketing & Brand Loyalty**

“Green marketing is a concept used by company in satisfying customer’s needs with observing its impact to environmental sustainability” (M J Polonsky 2011). “While satisfaction leads to loyalty” Ottman, J. (1998). “Companies that communicate their ‘green product’ in their packaging, advertisement or manufacturing process, gain satisfied customers” (Yazdanifard, R., & Mercy, I. E. 2011, January).

## **2.7 Green Marketing & Willingness to pay more**

“Environmentally conscious customers have also shown a greater tendency to pay a price premium to firms that implement green practices” (DiPietro et al., 2013; Dutta et al., 2008; Hu et al., 2010; Kang et al., 2012; Laroche et al., 2001). Similarly, a study conducted in china, which states, “Green labels (eco-labels) are significant enablers for consumers willing to pay more for green products” (Xu et al. 2012). It shows the relationship between green marketing practices and their willingness to pay more for those products.

## **2.8 Awareness from environmental issues and Brand loyalty**

As green marketing as a whole also effects economy by this it also create new market dimensions for organizations. As the awareness from environmental issues now a days are more trending topic among society as compared from previous years. So for organizations with more practices of green marketing stands a chance of gaining more loyal & satisfied consumers. “One of the most important restrains to the development of green products is the lack of consumer trust and the lack of information” (Cervellon et al. 2010; Yiridoe et al.,

2005). “Most buyers are influenced by advertisement that reflects a company’s commitment to environment” (Polonsky, M., Ottman, J. 1998).

## **2.9 Awareness from environmental issues and Willingness to pay more**

Green marketing rapid growth leads towards consumer willingness to pay more as they had awareness from environmental issues and there were very few investigations on the influence of this new market dimension on the environment as well as consumer so far. Here in this context real example of appliances given like air conditioners, compact fluorescent lamps and eco-friendly cars. Many studies conducted for willingness to pay more for different products but few studies conducted for paying more for products that are environmental friendly and all this happens when there is presence of awareness from environmental issues. Tsakiridou, Boutsouki, Zotos, & Mattas (2008) also found that “Environment, animal welfare, health and quality are major motivators for consumers to buy organic, at different degrees”



## **Chapter 3: Research Methodology**

### **Introduction**

The specific process and techniques which are to be used for the sake of collecting processing and then analysing data and information for the purpose of research objective and also for the solution of our research questions.

The purpose of this chapter is:

- To check the reliability and validity for our overall study
- To discuss previous researches with our research philosophy

### **3.1 Research Philosophy**

Research philosophy is a very huge topic to discuss. As a research, philosophy refers to the process in which the data collected analysed and used. There are different types of research philosophy like positivism, realism, epistemology ad etc. "Two major philosophies have been identified in the western tradition of sciences which are positivism & interpretivist (Galliers, 1991).The approach of positivism is selected as research philosophy for this study.

#### **3.1.2 Positivism**

Positivists believe that reality is stable and can be observed and described from an objective viewpoint (Levin, 1988). From the past studies observed data and from their interrelationships predictions made. "Positivism has a long & rich historical tradition. It is embedded in our society that knowledge claims not grounded in positivist thought are simply dismissed as a scientific & therefore invalid"(Hirschheim, 1985). Positivism has also had a specific complete relationship with natural & physical science. "Likewise some variables of reality might have been previously thought unmeasurable under the positivist paradigm & hence went unsearchable" (Galliers, 1991). In this approach data researcher does collection

and interpretations and its finding are quantifiable and observable. In this type of study, the researcher is independent from the study and there are no provisions for human interests within the study. This approach demonstrate causality, hypothesis generation and their sampling requires large numbers and selected randomly. In positivism hypothesis generated, tested and then confirmed that which hypothesis will used for further research. Quantifiable observations obtained by this approach.

### **3.2 Research Strategy**

The strategies for positivism are:

- Laboratory Experiments
- Field Experiments
- Theorem proof
- Case studies
- Simulation
- Surveys
- Forecasting

For this study, the survey strategy adopted by this the data and information collected through questioners. It allows researcher to study multiple variables at one time. Quantitative analytical techniques used for drawing interference for existing relationships. By our research objectives, i have to investigate the relationship between green marketing to that of brand loyalty, willingness to pay more and awareness from environmental issues. With the mediating effect of awareness from environmental issues.

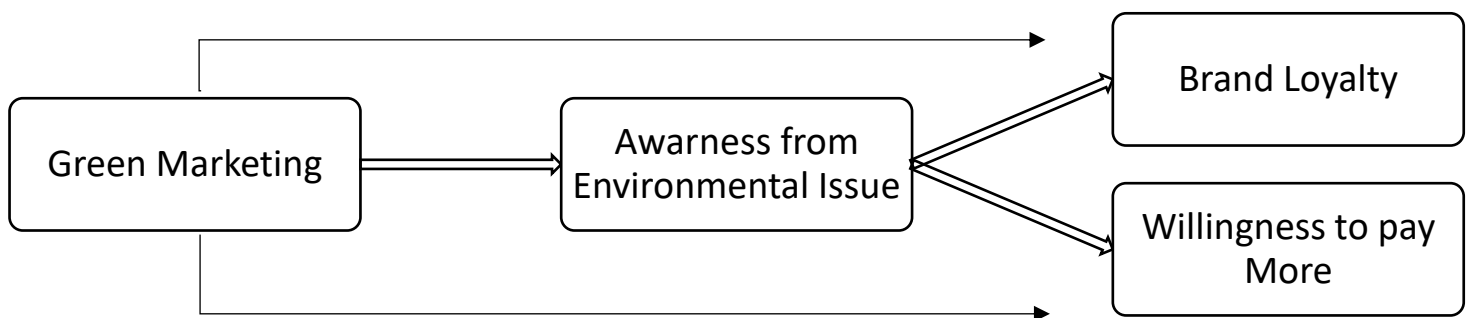
### 3.3 Theoretical Framework

In this research brand loyalty & willingness to pay more act as a dependent variable while, green marketing is the independent one. Whereas awareness from environmental issues mediates the relationship between brand loyalties, willingness to pay more and green marketing.

**Independent variable:** Green marketing

**Mediator:** Awareness from Environmental issues

**Dependent variable:** Brand loyalty, Willingness to pay more



*Figure 3.3.1 Research model*

### **3.4 Hypothesis Development**

As discussed in my literature review, and for the understanding of my research hypothesis generated which defines my study dimension and gives provision to my theoretical framework.

Following hypothesis generated for the justification of my study:

**H1:** Green marketing positively influence Brand loyalty.

**H2:** Green marketing positively influence willingness to pay more.

**H3:** Green marketing positively influence awareness from environmental issues.

**H4:** Awareness from environmental issues positively influence brand loyalty.

**H5:** Awareness from environmental issues positively influence willingness to pay more.

**H6:** Awareness from environmental mediates the relationship between green marketing and brand loyalty.

**H7:** Awareness from environmental mediates the relationship between green marketing and willingness to pay more.

### **3.5 Sample Selection**

According to a research “number of variables multiplies by twenty and then double it” (Hair et al.,) for this study, 4 variables x 20= 80, 80+80= 160 but for minimizing any uncertainty I send 250 questionnaires to get the results.

### **3.6 Population frame**

The population frame of our research is public located in Islamabad and Rawalpindi. In which employees, businessperson's, students, homemakers that are usually general consumers, fill questionnaires.

### **3.7 Type of Study**

For our study, i adopt descriptive type of study as i check the cause and effect in our given model, the green marketing, brand loyalty and willingness to pay more with the mediating role of awareness from environmental issues.

### **3.8 Sampling Technique**

I use convenient sampling technique. These are types of non-probability sampling technique.

### **3.9 Research Instruments**

The instrument for this study not generated but adapted from previous conducted studies. The instrument contain two portions in first part demographic variables are composed like age, gender, income, education and status. In the next part, questions are included. For the variables green marketing, brand loyalty, willingness to pay more and awareness from environmental issues on five Likert scale (Likert, 1967) is used. The instrument is adapted Reliability of the test is 0.77 (Cronbach alpha reliability) and 0.76(Test-retest reliability).

Validity of the test is content and face validity. **Researcher:** Preeti Srivastava, Department of Pedagogical Sciences, Faculty of Education, Dayalbagh Educational Institute.

### **3.10 Data Collection Procedure**

Through printed research instrument that is in the form of questionnaires, i collected data to check the relationship of our selected variables. English language used in questionnaires for the respondents for their responses. Moreover, no personal information given to third party.

### **3.11 Data Analysis Techniques and Tools**

- Demographic statistics used to find the frequencies and percentages for demographic variables.
- Reliability analysis used to check the reliability on the scale provided (Cronbach alpha).
- Descriptive statistics used to check the normality of data by calculating mean, standard deviation, skewness and kurtosis.
- Correlation used to check the strength and direction of the relationships.
- Either regression analysis used in which linear regression run on data to test the hypothesis on which results concluded that it is accepted or it rejected.
- Macro process installed in SPSS version 20 and bootstrapping method suggested by Hays (2013) used to test the mediation of variable on which result concluded that hypothesis accepted or rejected.
- IBM Statistics SPSS 20 software used for running these analysis and tools.

## Chapter 4: Data Analysis

### 4.1 Demographics

Through questionnaires, responses received filled by 250 respondents by the samples analysis performed and demographics been taken. Through descriptive statistics, i concluded the validity and frequency of our data.

**Table 4.1.1 Gender**

	<b>Frequency</b>	<b>Percent</b>
<b>Male</b>	128	50.8
<b>Female</b>	122	48.4

From the data in table 4.1.1 out of 250 more than 50 percent, respondents were male and 48.4percent were females.

**Table 4.1.2 Age**

	<b>Frequency</b>	<b>Percent</b>
<b>15-20</b>	7	2.8
<b>21-25</b>	80	31.7
<b>26-30</b>	99	39.3
<b>31-35</b>	37	14.7
<b>36-40</b>	19	7.5
<b>40+</b>	8	3.2

While table 4.1.2 shows the age of respondents in which 2.8percent are between the ages of 15 – 20 while there are 31.7 percent lies between the ages of 21 – 25. Similarly 39.3 percent from 26 – 30 , 14.7percent from 31 – 35 years , 7.5percent from 36 – 40 years and 3.2 percent of the total sample was above 40 years.



**Table 4.1.3 Income**

	<b>Frequency</b>	<b>Percent</b>
<b>Below 15,000</b>	27	0.8
<b>15000-25000</b>	73	29
<b>26000-35000</b>	67	26.6
<b>36000-45000</b>	53	21.0
<b>46000-55000</b>	44	17.5
<b>Above 55,000</b>	11	4.4

Table 4.1.3 shows the income level of the respondents. There are 0.8 percent are below then 15000. 29percent ranging from 15000 – 25000, 26.6percent from 26000 – 35000, 21.0 percent from 36000 – 45000, for income level 46000 – 55000 there are 17.5 percent while there are 4.4 percent respondents having income level more than 55000.

**Table 4.1.4 Education**

	<b>Frequency</b>	<b>Percent</b>
<b>Inter</b>	4	1.6
<b>Bachelors</b>	92	36.5
<b>Masters</b>	136	54.8
<b>PhD</b>	18	7.1

Table 4.1.4 in which 1.6 percent are intermediate and 36.5 percent are bachelor’s degree holders describes the education level off respondents. While there are 54.8 percent, masters graduate. 7.1 percent are PhD doctors.

**Table 4.1.5 Status**

	<b>Frequency</b>	<b>Percent</b>
<b>Student</b>	4	1.6
<b>Employed</b>	157	62.3
<b>Businessman</b>	73	29.0
<b>Housewife</b>	16	6.3

Table 4.1.5 define the status of the respondents 1.6 percent are students, 62.3 percent employed, while 29 percent are running their own businesses. The rest 6.3 percent are homemakers.

## **4.2 Reliability analysis**

For analysing the data first of all we have to check the reliability for this in 1978 Nunnally introduce the method which is known as Cronbach's alpha denoted by " $\alpha$ ". Its ranges if  $\alpha > 0.7$  define acceptance and rejection then the date is acceptable and we further proceed it and if it reached more than 0.9 then it falls in excellent category.

**Table 4.2.1 Reliability Analysis**

<b>Sr. No</b>	<b>Variables</b>	<b>Cronbach's Alpha (<math>\alpha</math>)</b>	<b>No of Items</b>
<b>1</b>	<b>Green marketing</b>	<b>.806</b>	<b>7</b>
<b>2</b>	<b>Brand Loyalty</b>	<b>.925</b>	<b>5</b>
<b>3</b>	<b>Willingness to pay more</b>	<b>.900</b>	<b>10</b>
<b>4</b>	<b>Awareness from environmental issues</b>	<b>.750</b>	<b>10</b>

The above table shows the reliability analysis results in which four variables of 250 samples are containing 32 items. According to above results all variables shows reliability and said to

be acceptable because according to Cronbach's alpha value all are greater than 0.7. Whereas all three variables are good and hence it proves the reliability of the data.

### 4.3 Descriptive Statistics

Before analysing correlation and regression, the first step is to check the normality of the data. In this statistics Mean, Standard deviation, skewness and kurtosis calculated to check and prove the normality of data.

**Table 4.3.1 Descriptive Statistics**

Sr.	Variables	Mean	Std. Dev	Skewness	Kurtosis
1	Green Marketing	3.7669	.73739	-2.069	2.936
2	Brand loyalty	3.9896	.92899	-2.093	3.035
3	Willingness to pay more	3.8864	.78026	-2.103	2.985
4	Awareness from environmental issues	3.1324	.26847	-1.110	1.356

Table 4.3.1 defines the descriptive statistics from the data provided by the respondents for all the variables. So according to this the values are given as for green marketing (Mean =3.7669, Std. deviation = 0.73739, Skewness = -2.069, Kurtosis = 2.936). For brand loyalty (Mean = 3.9896, Std. deviation = 0.92899, Skewness = -2.093, Kurtosis = 3.035). For willingness to pay more (Mean =3.8864, Std. deviation = 0.78026, Skewness = -2.103, Kurtosis = 2.985). For awareness to pay more (Mean =3.1324, Std. deviation = 0.26847, Skewness = -1.110, Kurtosis = 1.356). All the variables are confirmed their normality of the data because the “ranges of skewness and kurtosis is -2 to +2 and -3 to +3 respectively” (Torchim, Donnely, & James, 2006)

## 4.4 Correlation

For checking the direction as well as the strength of the relationship correlation analysis performed. It also proves the significance of the relationship the value shows the strength and their signs shows the direction of the relationship.

**Table 4.4.1 Correlation (*r*) & Significance**

	<b>GM</b>	<b>BL</b>	<b>WPM</b>	<b>AEI</b>
<b>Green Marketing</b>	<b>1</b>			
<b>Brand loyalty</b>	.921**	<b>1</b>		
<b>Willingness to pay more</b>	.928**	.929**	<b>1</b>	
<b>Awareness from environmental issues</b>	.695**	.647**	.699**	<b>1</b>

\*\*Correlation is significant at the level 0.01 (2-tailed)

The results from above table shows the correlation between all the relationships. Green marketing and brand loyalty have positive significant correlation and shows the positive relationship between them ( $r = 0.921$ ,  $p < 0.01$ ). Green marketing and willingness to pay more also shows significantly positive correlation among themselves and strong positive relationship as well ( $r = 0.928$ ,  $p < 0.01$ ). Moreover, green marketing and awareness from environmental issues had also positive significant correlation with less moderate positive relationship ( $r = 0.695$ ,  $p < 0.01$ ). Similarly there is significantly positive correlation shows between brand loyalty and willingness to pay more with strong positive relationship between brand loyalty and willingness to pay more ( $r = 0.929$ ,  $p < 0.01$ ). Brand loyalty and awareness from environmental issues also had positive significant correlation among themselves and shows a less moderate positive relationship between brand loyalty and awareness from environmental issues ( $r = 0.647$ ,  $p < 0.01$ ). The positive significant correlation also present between willingness to pay more and awareness from environmental issues and shows

moderate positive relationship between willingness to pay more and awareness from environmental issues ( $r = 0.699$ ,  $p < 0.01$ ).

## 4.5 Regression Analysis

### 4.5.1 Linear Regression

Linear regression used to analyse and testing the data and hypothesis. In which hypothesis, are based on data provided by the respondents, are analysed. The results from this test states either hypothesis are accepted or rejected this test check the linearity of the relationships.

**Table 4.5.1 Linear Regression**

Hypothesis	IV	DV	R <sup>2</sup>	F	Beta	t-test	Sig	Status
H1	GM	BL	.848	1384.258	1.160	37.206	.000	Accepted
H2	GM	WPM	.861	1541.223	.982	39.258	.000	Accepted
H3	GM	AEI	.483	231.249	.253	15.210	.000	Accepted
H4	AEI	BL	.419	178.923	2.240	13.376	.000	Accepted
H5	AEI	WPM	.488	236.432	2.030	15.376	.000	Accepted

*IV: independent variable, DV: Dependent Variable, GM: Green Marketing, BL: Brand Loyalty, WPM: Willingness to pay more, AEI: Awareness from Environmental issues*

**HYPOTHESIS 1** states that the green marketing has positive relationship with brand loyalty. The above table shows that 84.8% of variation in brand loyalty is because of green marketing ( $R^2 = 0.848$ ). It also states that this model is fit for regression ( $F = 1384.258$ ). The change of 1 unit in green marketing cause 1.160 unit's change in brand loyalty and it is defined by the coefficient  $\beta$  value in the table ( $\beta = 1.160$ ). The analysis for hypothesis 1 had a significant impact ( $t = 37.206$ ,  $p < 0.05$ ). As hypothesis had significant impact, so that is why it states that green marketing has a positive impact on brand loyalty. So by this conclusion hypothesis one accepted.

**HYPOTHESIS 2** states that the green marketing has positive relationship with willingness to pay more. The above table shows that 86.1% of variation in willingness to pay more is because of green marketing ( $R^2 = 0.861$ ). It also states that this model is fit for regression ( $F = 1541.223$ ). The change of 1 unit in green marketing cause 0.982 unit's change in willingness to pay more and it is defined by the coefficient  $\beta$  value in the table ( $\beta = 0.982$ ). The analysis for hypothesis 2 had a significant impact ( $t = 39.258, p < 0.05$ ). As hypothesis had significant impact, so that is why it stated that green marketing has a positive impact on willingness to pay more. So by this hypothesis 2 also accepted.

**HYPOTHESIS 3** postulates that green marketing has a positive effect on awareness from environmental issues. The above table shows that 48.3% variation in awareness from environmental issues is due to green marketing ( $R^2 = 0.483$ ). The analysis also verify the fitness of the model and it is fit for the regression ( $F = 231.249$ ). The coefficient value indicates that change in one unit of green marketing changes 0.253 units of awareness from environmental issues ( $\beta = 0.253$ ). The analysis also states the significant impact of this hypothesis ( $t = 15.210, p < 0.05$ ). Hence, hypothesis 3 has also significant results. Therefore, this hypothesis accepted that green marketing has a positive impact on awareness from environmental issues.

**HYPOTHESIS 4** postulates that awareness from environmental issues has a positive effect on brand loyalty. The above table shows that 41.9% variation in brand loyalty is due to awareness from environmental issues ( $R^2 = 0.419$ ). The analysis also verify the fitness of the model and it is fit for the regression ( $F = 178.923$ ). The coefficient value indicates that change in one unit of awareness from environmental issues changes 2.240 units of brand loyalty ( $\beta = 2.240$ ). The analysis also states the significant impact of this hypothesis ( $t = 13.376, p < 0.05$ ). Hence, hypothesis 4 has also significant results. Therefore, this hypothesis accepted that awareness from environmental issues has a positive impact on brand loyalty.

**HYPOTHESIS 5** says that awareness from environmental issues has a positive effect on willingness to pay more. The table shows that 48.8% variation in willingness to pay more is due to awareness from environmental issues ( $R^2 = 0.488$ ). The analysis also verify the fitness of the model and it is fit for the regression ( $F = 236.432$ ). The coefficient value indicates that change in one unit of awareness from environmental issues changes 2.030 units of willingness to pay more ( $\beta = 2.240$ ). The analysis also states the significant impact of this hypothesis ( $t= 15.376$ ,  $p < 0.05$ ). Hence, hypothesis 5 has also significant results. Therefore, this hypothesis accepted that awareness from environmental issues has a positive impact on willingness to pay more.

#### 4.5.2 Mediation Analysis

To analyse mediation the process of macro used for the mediating variable.

**Table 4.5.2 Mediation (Brand Loyalty)**

Outcome	Effect ( $\beta$ )	SE	LLCI	ULCI
<b>Total effect</b>	1.1602	.0312	1.0988	1.2216
<b>Direct Effect</b>	1.1473	.0434	1.0618	1.2328
<b>Indirect Effect</b>	.0129	.0333	-.0488	.0789

The above table 4.5.2 represents the relationship of green marketing and brand loyalty through awareness from environmental issues. According to the table, awareness from environmental issues does not support the mediating relationship, as the indirect effect is insignificant. The direct effect of this relationship is described by value (Beta = 1.1473, SE = 0.434, CI = 1.0618-1.2328) while comparing it with the mediating effect its indirect effect has lesser effect with the value of (Beta = 0.0129, SE = 0.333, CI = -.0488 \_\_ 0.789). While the basic relationship remains significance as the value describe this by total effect (Beta = 1.1602, SE = 0.312, CI = 1.0988-1.2216). Hence **hypothesis 6** is rejected which states that



the awareness from environmental issues mediates the relationship between green marketing and brand loyalty.

**Table 4.5.3 Mediation (Willingness to pay more)**

<b>Outcome</b>	<b>Effect (<math>\beta</math>)</b>	<b>SE</b>	<b>LLCI</b>	<b>ULCI</b>
<b>Total effect</b>	.9821	.0250	.9328	1.0314
<b>Direct Effect</b>	.9056	.0341	.8383	.9728
<b>Indirect Effect</b>	.0765	.0279	.0270	.1351

The above table 4.5.3 represents the relationship of green marketing and willingness to buy more through awareness from environmental issues. According to the tables awareness from environmental issues support the mediating relationship, as the indirect effect is significant. The direct effect of this relationship is described by value (Beta = 0.9056, SE = 0.0341, CI = 0.8383-0.9728) while its indirect effect with the value of (Beta = 0.0765, SE = 0.0279, CI = .0270 \_\_ 0.1351). While the basic relationship remains significance as the value describe this by total effect (Beta = 0.9821, SE = 0.0250, CI = 0.9328-1.0314). Hence **hypothesis 7** is accepted which states that the awareness from environmental issues mediates the relationship between green marketing and willingness to pay more.

## **Chapter 5: Discussion and Conclusion**

The main aim of this study is to investigate the relationship of Green Marketing, Brand Loyalty, Willingness to pay more and Awareness to pay more and to investigate the mediating effect of Awareness from Environmental Issues between green marketing to Brand loyalty and Willingness to pay more respectively. The study verified previous studies for these variables where hypothesis 1-3 are supporting the fact that green marketing has positive relationship with brand loyalty, willingness to pay more and awareness from environmental issues. While hypothesis 4 and 5 also supports the relationship that awareness from environmental issues had positive influence on brand loyalty and willingness to pay more. As this study also proved that awareness from environmental issue had positive mediating impact on willingness to pay more while it fails to mediate the relationship on brand loyalty.

Keeping these considerations in mind, it concludes that by only focusing on just green marketing for loyalty and for making consumer to pay premium prices is not the key but also by taking their social corporate responsibility to aware consumers about environmental issues regulates their perspective about those products and practices. Norazah (2013a, 2013b) have highlighted that “increase in environmental knowledge makes the consumers to develop green marketing awareness”. Hence, awareness from environmental issues leads to better motivate and influence consumers to pay more and it would be the prerequisite direction for the organizations who practice green marketing approach or wants to be. Because consumers not only wants to purchase those products but also agree to pay more for these.

## **Implication of the study**

- **Theoretical Implication**

The current study provided a theoretical framework of green marketing in which it suggested to see how it influences the consumers and to the environment. As this, type of study previously a gap for this dimension in Pakistan. As we discussed previously this type of mediation not studied in context of Pakistan, which contains mediation for two variables i.e. brand loyalty and willingness to pay more.

- **Managerial Implication**

It tells marketing managers & practitioners about the key predictors of green consumerism among consumers. However, for green marketing purpose this model helps the organization to respond according to the environmental concern and to how they can get competitive advantage over others. It not only limited to organizations but also a framework for government to take serious decisions regarding environmental sustainability purpose. Marketing managers should allocate their budget by considering this model for corporate social responsibility to enhance the awareness from environmental issues as this model states the positive mediation of awareness from environmental issues on willingness to pay more. This model also be adoptable for those organizations who are currently following traditional market approach rather than green marketing approach and wants to maximize their profits.

Hence, “Organizations should convey quality environmental functionality for strengthen consumers and brand associations”. For e.g., green revolution programs, including green product and green process novelties can be implemented since they can lessen production waste and increase production and corporate green brand image can be heightened” (Chen et al., 2006; Chen, 2008). By this it, also great positive word of mouth by following this study

as by social responsiveness customers respond more towards the company and referring it to other and companies get publicity through it.

## **Limitations and Recommendations**

Not every research is perfect or complete there are also had some limitations in the research and recommendations for future research purpose. In this study, the population is only from Rawalpindi and Islamabad while sample size is not as much as it would be. Therefore, for future research it will collected from another city or region. Other variables are also to be investigate such as consumer perception, buying behaviour, individual gender effect etc.

Correlation in my study is very high for almost all variables so it will be normalize by taking bigger sample size.

In addition, to investigate in future that on which factors hypothesis 6 rejected. Why brand loyalty not mediated by awareness from environmental issues. In addition, here in this study the mediation effect of awareness from environmental is measured it may also be measured as moderating variable or also by considering other variables for mediating and moderation purpose for this model. Alternatively, is willingness to pay more leads to brand loyalty in green marketing perspective?

## **Conclusion**

According to this study, it indicates the relationship between green marketing, brand loyalty and willingness to pay more as the prior studies also conclude this relationship. However, the mediating effect of awareness from environmental issues plays role in mediating the relationship between green marketing and willingness to pay more. Therefore, while making marketing strategies organizations have to use this study for the betterment of their methods and strategies. By this approach, organizations can motivate consumers to buy their products even at high cost because they willing to pay more for these products.

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