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Research Article

Green Consumerism and Business Sustainability: A Behavioural Economic Study of Eco-Conscious Purchasing Patterns in Urban India

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ABSTRACT

This study explores how green consumerism is changing and how it affects sustainable business practices in Indian marketplaces. Examining how behavioural economics explains the discrepancy between consumers' perceived environmental consciousness and their actual purchasing behaviour is the main goal. Businesses are changing their business models to meet the demand for sustainable products and services as eco-consciousness grows in urban India. Nevertheless, there is still a sizable intention-behaviour gap in spite of this apparent change in attitudes. In order to identify the factors that influence and hinder green purchase decisions, this study uses a mixed-methods approach, combining quantitative surveys with qualitative information from a few chosen urban centres. The results provide suggestions for companies and legislators to promote true sustainable consumption and match market products with ecologically conscious consumer conduct.

Keywords: *Green Consumerism, Business Sustainability, Eco-Conscious, Purchasing Patterns, quantitative surveys*

Introduction:

Environmental sustainability has become a focal point in both economic and business discussions worldwide, as defined by the Brundtland Commission: “development that meets current needs without compromising the ability of future generations to meet their own needs” (World Commission on Environment and Development [WCED], 1987). Over the past two decades, green consumerism has gained significant momentum, with urban consumers preferring products and services that are ethical and environmentally friendly (Taufique & Vaithianathan, 2018). In India’s metropolises characterized by rising incomes, educational attainment, and growing environmental awareness this shift is particularly evident (Mohan, Sivakumar, & Sharma, 2019). However, despite strong environmental intentions, a pronounced intention–behaviour gap persists, with many consumers failing to act sustainably during actual purchase decisions (Durif, Elhaffar, & Dubé, 2020).
To address this gap, the current study adopts behavioural economics frameworks such as the Theory of Planned Behavior and prospect theory, which account for cognitive biases and social influences often overlooked in traditional economic models (Taufique & Vaithianathan, 2018; Klein & Deissenroth, 2018). These theories help explain why ecologically aware consumers may still opt for less sustainable options due to factors like perceived cost or convenience. Meanwhile, businesses, under increasing pressure from ESG standards and circular economy mandates, are recalibrating their product offerings and strategies in response to the evolving demands of green consumers (European Commission, 2020). By examining how consumer behaviour influences corporate sustainability decisions, this paper illuminates the behavioural mechanisms that underpin the green market transition and demonstrates how behavioural economics can decode these intricate dynamics.

Objectives of the Study

1. To identify the key behavioural and psychological factors influencing eco-conscious purchasing decisions in urban India.
2. To evaluate the gap between environmental awareness and actual consumer behaviour regarding green products.

3. To assess the role of socio-economic variables such as income, education, and gender in shaping green consumer behaviour.
4. To explore how Indian businesses are adapting their strategies to meet the demands of eco-conscious consumers.
5. To suggest policy-level and business-level interventions that can promote sustainable consumption patterns.

Hypotheses

1. H_1: A higher level of environmental awareness significantly influences the likelihood of purchasing green products.
2. H_2: Price sensitivity is a major barrier that negatively affects the adoption of sustainable products.
3. H_3: The presence of credible eco-labels positively influences consumer trust and purchase decisions.
4. H_4: Demographic factors such as education level, income group, and gender have a statistically significant impact on green purchasing behaviour.
5. H_5: There exists a measurable intention-behaviour gap in the domain of green consumerism among urban Indian consumers.

Review of Literature:

Green consumption is becoming increasingly important as a social movement and a market trend, according to academic and business research. Early research by Peattie and Charter (2003) emphasize the importance of ethical consumption in advancing corporate sustainability. Scholars in India have noticed that urban consumers have great environmental concerns, but practical difficulties such as price, availability, and product authenticity hinder green purchases (Narula, 2016). Behavioural economics provides important insights into these issues.

Prospect theory, loss aversion, and the concept of bounded rationality all serve to explain why customers do not always act in the most ecologically friendly manner. Research has also demonstrated that eco-labels can minimize information asymmetry and improve customer trust, but their influence differs among demographic segments. Furthermore, the literature indicates that organizations that engage in transparent sustainability measures frequently experience increased brand loyalty and consumer goodwill. However, the efficiency of green marketing depends on consumer perception, which is influenced by both cognitive and emotional aspects.

Methods and materials:

This study adopts a mixed-methods approach, combining both quantitative and qualitative data collection and analysis (Creswell & Plano Clark, 2018). The research covers five Tier-1 and Tier-2 cities—Mumbai, Pune, Nashik, Surat, and Indore—and uses stratified random sampling to ensure representation across age, economic, and educational categories (Fowler, 2014). A total of 500 respondents (100 from each city) were surveyed using a standardized questionnaire with a 5-point Likert scale (DeVellis, 2017), and semi-structured interviews were conducted with sustainability executives from select retail and manufacturing enterprises. Statistical techniques include descriptive statistics for data summarization, regression and chi-square tests for examining variable relationships, and factor (component) analysis to identify underlying dimensions of consumer behaviour (Field, 2018).

Results and Discussion:

This study used descriptive statistics, regression analysis, chi-square testing, and factor analysis. The goal was to analyse central patterns in responses, determine correlations between variables, and extract hidden behavioural components.

Table 1: Descriptive Statistics Summary

Variable	Mean	Std. Deviation	Mini	Maxi
Environmental Awareness	4.31	0.62	2	5
Green Purchase Frequency	2.79	0.84	1	5
Price Sensitivity	3.88	0.77	2	5
Trust in Eco-Labels	3.45	0.91	1	5
Willingness to Pay Premium	3.12	0.89	1	5

The average environmental awareness score (Mean = 4.31, SD = 0.62) suggests that the majority of urban respondents are concerned about environmental issues. However, when it comes to the frequency of purchasing green products (mean = 2.79), the average remains closer to the middle of the scale, indicating moderate participation rather than consistent green behaviour. Notably, price sensitivity is observed at a rather

high average of 3.88, confirming the premise that cost is a substantial barrier. The standard deviation values for factors like trust in eco-labels and readiness to pay a premium (SD = 0.90) show various perspectives among respondents, demonstrating that consumer confidence in sustainability claims is not universal. Overall, despite widespread awareness, true commitment to green consumption is variable and driven by price and perceived authenticity.

Table 2: Regression Analysis (Dependent Variable: Green Purchase Frequency)

Predictor Variable	**B Coefficient**	**Std. Error**	**t-value**	**Significance (p-value)**
Environmental Awareness	0.48	0.06	8	0.000***
Price Sensitivity	-0.31	0.08	-3.88	0.000***
Trust in Eco-Labels	0.29	0.07	4.14	0.000***
Income Level	0.17	0.05	3.4	0.001**
Education Level	0.12	0.06	2	0.045*
Gender (Male = 0, Female = 1)	0.1	0.04	2.5	0.012*

Significance Levels: *p<0.05, **p<0.01, ***p<0.001

The multiple regression model attempted to predict green purchasing behaviour based on a variety of independent variables. Environmental awareness (B = 0.48, p < 0.001) is the largest positive predictor, suggesting that eco-conscious consumers are more likely to engage in sustainable purchasing behaviours. Trust in eco-labels (B = 0.29, p < 0.001) was also identified as a crucial factor, emphasizing the significance of product transparency and third-party certifications in shaping customer decisions. However, price sensitivity (B = -0.31, p < 0.001) has a detrimental impact on green purchasing, highlighting the importance of affordability. Income (B = 0.17) and education (B = 0.12) have moderate but statistically significant effects, indicating that higher-earning and more educated people are more likely to be environmentally sensitive. The gender variable (female coded as 1) also has a minor but significant positive influence, indicating that women are slightly more motivated to buy sustainably than males.

Table 3: Chi-Square Tests (Selected Cross-tabulations)

Variables Cross-tabulated	**Chi-Square Value**	**df**	**Significance (p-value)**
Environmental Awareness × Gender	10.42	2	0.005**
Green Purchase × Education Level	15.36	3	0.002**
Trust in Eco-labels × Age Group	12.15	3	0.007**
Willingness to Pay × Income Group	17.89	4	0.001***

Significance Level Key: $p < .05$ = *, $p < .01$ = **, $p < .001$ = ***

The chi-square tests determined whether category variables, notably socio-demographics, had a significant relationship with crucial behavioural responses. The study indicated a significant correlation ($\chi^2 = 10.42$, p = 0.005) between gender and environmental awareness, indicating that women are more concerned about the environment than men. This could be attributed to gender disparities in social responsibilities and domestic roles. A substantial correlation appears between education level and green purchasing frequency ($\chi^2 = 15.36$, p = 0.002), indicating that educated customers are more attentive to sustainability messages and marketing. Furthermore, there is a significant association between age and faith in eco-labels ($\chi^2 = 12.15$, p = 0.007), suggesting that older customers may be more sceptical or uninformed about green certifications. The relationship between income and willingness to pay for sustainable items ($\chi^2 = 17.89$, p = 0.001) demonstrates that financial capability is directly related to environmentally motivated purchasing. These findings verify the impact of demographic characteristics and imply that customer segmentation tactics should consider these dimensions for better targeting.

Table 4: Factor Analysis (Principal Component Extraction - Varimax Rotation)

Factor	**Item Loaded**	**Factor Loading**
F1	Ethical Values	0.82
	Environmental Concern	0.78
	Support for Sustainable Brands	0.75
F2	Price Sensitivity	0.8
	Purchase Delay Due to High Cost	0.77
F3	Social Influence	0.81
	Peer Behaviour	0.73
F4	Product Credibility	0.76
	Trust in Eco-labels	0.72

The exploratory factor analysis was used to find clusters of linked behavioural inclinations among customers. Four major factors emerged, each representing a unique aspect of eco-conscious behaviour:
Factor 1:
Ethical values and environmental concern (Factor 1) include moral responsibility, support for sustainable brands, and a strong concern for the environment. The high loading ratings indicate that a sizable proportion of consumers are primarily motivated by intrinsic ethical considerations.
Factor 2:
Price Sensitivity and Financial Constraints - This factor addresses concerns about the cost of green products and the inclination to postpone purchases owing to higher prices. It underlines the economic constraints that prevent sustainable behaviour.
Factor 3:
Social Influence focuses on peer influence and societal trends. Consumers motivated by social approval or a desire to fit in with eco-conscious circles represent a separate behavioural category.
Factor 4:
Product Credibility and Label Trust emphasizes consumers' trust in product claims and certifications. Consumers with high scores here rely substantially on external confirmation when making green choices.

Scope of the Study:

The study is limited to urban Indian consumers in certain cities, with an emphasis on FMCG, household goods, and personal care products. While it provides insights into consumer behaviour and company response, it does not include the environmental impact evaluation of individual products or industries.

Limitations:

- Data is self-reported and prone to bias.
- Rural and peri-urban areas are excluded.
- The study only examines consumer behaviour at a certain point in time and may not reflect long-term trends.

Conclusion:

The current study delves deeply into the changing landscape of green consumerism in urban India, employing a behavioural economics framework to explain the psychological and socioeconomic intricacies underlying eco-conscious purchase behaviour. While a sizable proportion of the urban population exhibits high levels of environmental awareness, there is a constant gap between professed concern and actual consumer behaviour in the marketplace. This intention-behaviour gap demonstrates the complex character of sustainable consumption, in which rational knowledge is frequently trumped by emotional, cognitive, and financial considerations. The study used descriptive statistics, regression analysis, chi-square testing, and factor analysis to identify critical variables that influence green purchase decisions.
Environmental concern, faith in eco-labels, and income levels were identified as substantial positive indicators, with price sensitivity emerging as a significant obstacle. Furthermore, demographic criteria such as gender and education had a substantial impact on consumer decisions, indicating that focused interventions may be more effective than broad-based efforts. The findings of this study highlight the critical need for businesses and politicians to approach sustainability via a behavioural perspective. Businesses must spend not only in sustainable product development, but also in effectively expressing their authenticity and worth. At the same time, regulatory frameworks should attempt to establish enabling environments through standardised eco-labelling, incentives, and public education that support and encourage responsible consumer choices. Ultimately, long-term transformation in urban India would require a communal shift in thinking, supported by educated decision-making, ethical corporate practices, and proactive governance. Bridging the gap between awareness and action is not just a marketing challenge; it is a critical step toward establishing an environmentally sustainable and economically equitable future.

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