

# Impact of Green Pricing and Green Promotion on the Buying Behaviour of Consumers in Hypermarkets of Pakistan

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## Abstract

Consumer buying behavior (CBB) in Pakistani hypermarkets can benefit from green pricing and green advertising. Hypermarkets may influence consumers to make more sustainable purchase decisions by providing environmentally friendly products at competitive prices and successfully promoting these products. This study intends to examine how green pricing and green advertising affect consumers' purchase decisions in Pakistani hypermarkets. A total of 185 questionnaires out of 220 were returned, with an 84% return rate, from different hypermarkets in Peshawar, Pakistan. AMOS 28 was employed. The measurement model was utilized to evaluate the instrument's reliability and validity before the structural model was determined. The outcome showed that green price and promotion had a positive and significant association. Green price also had a substantial impact on CBB. The findings also point to a considerable and favorable influence of green promotion on CBB. One conclusion is that because the study's scope is limited to the Peshawar area, it may not be able to extrapolate its findings to other contexts. Second, the study only considers how green pricing and advertising effect customer behavior, ignoring other factors like personal views and attitudes that can influence consumer behavior.

**Keywords:** *Green price, green promotion, consumer buying behaviour, employees, hypermarkets, Pakistan*

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## Introduction

Traditional marketing concepts and philosophies have substantially transitioned toward embracing social and environmental issues in recent decades. Consumer awareness of environmental issues, changes in governmental regulations, and escalating concerns about climate change are just a few causes of this transition. Customers are becoming more interested in environmental concerns, and businesses incorporating sustainability into their marketing strategy can strengthen customer connections (Luchs et al., 2010). According to Nielsen (2018), customers are ready to pay extra for environmentally friendly goods and services in many markets. Modern marketers frequently use the "green marketing mix" to set their products and services apart from their rivals and obtain a competitive edge (Reints, 2019).

Recent research indicates a growing environmental awareness in Pakistan due to government and organizational efforts, with Peshawar's substantial population of around 3.4 million offering a valuable context to explore the effects of green pricing and promotion on CBB in hypermarkets (Tan et al., 2022; Haq et al., 2021). Ali et al. (2022) studied variables influencing Pakistani businesses' green marketing adoption, revealing obstacles like customer knowledge gaps and resource limitations. Focusing on Lahore's hypermarkets, the study underscores price, product quality, and store environment as key factors shaping consumer purchase intention.

The study highlights the need for greater focus on Peshawar's hypermarkets, where Pakistani customers are increasingly environmentally conscious and inclined towards sustainable businesses. Despite extensive research on the impact of green promotion, pricing, and CBB, there is a significant research gap regarding the effects of green pricing and promotion on CBB within Peshawar hypermarkets. Further investigation is essential to comprehend Peshawar consumers' responses to green pricing and hypermarket promotion strategies, especially as environmental sustainability gains prominence in Pakistan.

The study aims to bridge this research gap by examining the influence of green pricing and promotion on CBB in Peshawar's hypermarkets, contributing valuable insights to an area with limited existing exploration. It further seeks to empower businesses and policymakers in fostering sustainable consumption by examining how green marketing strategies can influence consumer decision-making, potentially altering attitudes and practices toward more ecologically friendly purchases and contributing to environmental conservation.

## Methodology

In this study, the green price and the green promotion are independent variables. Hashem and Al-Rifai (2021) measured the green promotion by six items and the green price by three items (self-adopted). On the other hand, the dependent variable is measured by eight items and is related to consumer purchasing behavior (Rezai et al., 2012; Chiu et al., 2013). All the variables are measured by 5 Likert scale, where 5 represents a strong agreement, and 1 represents a strong disagreement.

A systematic questionnaire was used to gather data from 185 respondents in Pakistan's Peshawar province customers who reported using and buying ecologically friendly products made up of the study's participants. A survey design method was used to obtain primary data, and academic journals, books, and other published materials were used to gather secondary data.

A two-stage Structural Equation Modeling analysis, beginning with the measurement model, was carried out in the study using AMOS version 28. Item loading, internal consistency, and convergent validity were used to evaluate the measurement model's accuracy and dependability (Schumacker & Lomax, 2010). The skewness-kurtosis method was employed to determine whether all the variables were normal by using SPSS 28 (Hair et al., 2010).

Confirmatory Factor Analysis evaluates model fit to data and ensures accurate representation of constructs. Indicators with loadings below 0.4 were removed to enhance model fit and validity (Hair et al., 2010). Fit indices (RMSEA, RMR, AGFI, GFI, NFI, CFI, CMIN/DF) assessed model goodness of fit. Good fit criteria include  $RMSEA < 0.08$ ,  $CFI/TLI > 0.90$ , and  $RMSR < 0.08$  (Byrne, 2016). Refinement process involved examining covariance matrix, modification indices, and regression weights. Lower-loading items were removed from green pricing, green promotion, and consumer behavior scales. The adjusted model showed good fit based on fit indices, despite a significant chi-square value.

Cronbach's alpha (CA), composite reliability (CR), and average variance extracted (AVE) assess reliability and validity. All three constructs exhibit strong internal consistency with CA values above .70. Green price, green promotion, and consumer purchasing behavior have CA values of .811, .868, and .916 respectively. CR values for all constructs exceed the recommended threshold of .70, confirming validity. AVE values for each concept surpass the recommended cutoff of .50.

## Findings

The study finds a significant positive correlation (H1) between green pricing and CBB, indicating consumers' willingness to adopt eco-friendly habits even when prices rise. Prior research by Luchs et al. (2010) supports this, suggesting consumers choose environmentally responsible products despite higher green prices. The study focuses on Taiwanese organic foods, and while the link's generalizability may vary, other factors like product quality and marketing can impact green pricing's influence on CBB (Namkung & Jang, 2017).

The study establishes a positive and significant relationship (H2) between green promotion and CBB, indicating that effective green marketing and promotions can encourage environmentally friendly practices and product purchases. This influence on CBB is noteworthy, as there is a clear and positive link between green promotion and consumer purchasing behavior. Hypermarkets' adoption of eco-friendly promotions can positively impact consumers' buying choices, possibly driven by heightened environmental awareness and a desire to support ecologically beneficial products. However, the strength and direction of this relationship can vary based on factors like promotion type, target market, and offered goods/services. The study underscores a significant positive correlation between green marketing and consumer purchasing patterns.

Green marketing and promotional methods may persuade consumers that environmentally friendly items are more valuable and worthy of a higher price if there is a positive and substantial association between green price and promotion (H3). It may result in a rise in the demand for environmentally friendly goods and a change in consumer behavior toward more sustainable ones. The study in China examined the connection between eco-friendly promotions and consumers' willingness to pay for them. Consumers exposed to green advertising were shown to be more inclined to pay more for eco-friendly hotels than consumers who were not (Wang & Wong, 2020).

## Conclusion

The study highlights the substantial impact of green pricing and marketing on consumer purchasing behavior in Pakistani hypermarkets. Specifically, the research underscores the importance of focusing on green marketing aspects, particularly pricing and promotion, to attract and retain environmentally conscious customers. The study establishes a positive and strong correlation between green marketing practices and consumer buying patterns. It further reveals

significant links between green pricing, consumer behavior, and green advertising. The study's reliable measurement model and well-fitting structural model validate the accurate assessment of constructs. Consequently, implementing effective green marketing techniques, such as green pricing and promotion, can positively influence customer behavior within hypermarkets.

Furthermore, the research underscores the connection between rising prices of environmentally friendly products and heightened customer inclination to make such purchases. This trend may stem from increased consumer environmental awareness, willingness to pay more for value-aligned goods, or businesses incorporating sustainable practices and passing on associated costs. By employing green pricing strategies, businesses can effectively communicate their commitment to sustainability and social responsibility, attracting customers who share these values and potentially driving sales of eco-friendly products. Successful green marketing can enhance the perceived value of environmentally friendly items, enabling businesses to command higher prices and stand out in competitive markets. Nonetheless, it's important to recognize that the impact of green promotion may vary across industries and geographical regions.

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