

# THE ROLE OF CONSUMERS' BEHAVIOR IN APPLYING GREEN MARKETING: AN ECONOMIC ANALYSIS OF THE NONALCOHOLIC BEVERAGES INDUSTRY IN KOSOVA

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## INTRODUCTION

In general, green marketing is defined as 'All activities designed to generate and facilitate any exchanges intended to satisfy human needs or wants, such that the satisfaction of these needs and wants occurs, with minimal detrimental impact on the natural environment'.<sup>1</sup> New approach considers that 'green marketing facilitates the development and marketing of more sustainable products and services while introducing sustainability efforts into the core of the marketing process and business practices'.<sup>2</sup>

The European Union (EU) is committed to a 'high level of consumer protection'.<sup>3</sup> Kosova aspires to join the EU. The nonalcoholic beverages industry in Kosova has a substantial role in evolving sustainability and economic growth. Economics, demographics, lifestyle, and consumer behavior towards the environment and food consumption tend to converge within the fragile market of the country. According to the Kosova Green Report, consumption of nonalcoholic beverages ranks as the fifth most consumed food category (9%), following meat (21%), milk, eggs, and cheese (18%), bread and cereals (17%), and vegetables (12%).<sup>4</sup> Environmental challenges the country is facing include mounting waste. Waste from

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<sup>1</sup> Michael Jay Polonsky, 'An introduction to green marketing' (1994) 1(1) EGJ <<https://www.uow.edu.au/~sharonb/STS300/market/green/article2.html>> accessed 10 December 2017

<sup>2</sup> Ross Gordon, Marylyn Carrigan, Gerard Hastings, 'A framework for sustainable marketing' (2011) 11(2) 143 MT <<https://doi.org/10.1177/1470593111403218>> accessed 11 November 2017.

<sup>3</sup> Treaty on the Functioning of the European Union (1958) Title XV: Consumer Protection.

<sup>4</sup> Ministry of Agriculture, Forestry and Rural Development 'Kosovo Green Report 2017' (2017) GK 15, 181.

nonalcoholic beverage containers, such as aluminum, plastic and glass is increasing and it is damaging the environment. Waste management has not reached the planned collection levels.<sup>5</sup>

While consumers' awareness of the environmental and health impact of food sourcing and processing is on the rise, producers have adapted their production to be more environmentally friendly. Consequently, the nonalcoholic beverages sector is committed to reducing the amount of plastic and glass waste in landfills. Despite limited financial resources, domestic producers of nonalcoholic beverages have begun investing on energy efficiency, production of organic beverages, clean technology, water treatment plants, waste management, and are also taking initiatives for the collection of plastic and glass bottles for recycling. Green marketing practices of producers encompasses promotion of 'green concepts' through marketing communication channels. Focus is on promotion of green branding, eco-labeling, the eco-system, health benefits, quality, product features, recycling, pricing, and distribution.

The objective of this study is to identify how consumers' environmentally friendly behavior drives the demand for new eco-value market offerings. Concurrently, the study aims to prove how domestic producers of nonalcoholic beverages can use their capabilities to deliver new eco-value market offerings. Currently, there is no significant research available in Kosova related to green marketing, the green consumer, green behavior, green communication, green products, and eco-production.

Five hypotheses have been established, based on the literature review, and practically through field research conducted in the country. Hypotheses test correlations between the following variables: (1) green marketing awareness of consumers and purchase of eco-friendly products, (2) producers of nonalcoholic beverages claiming to be environmentally friendly and consumer's trust in labels with regard to health benefits, (3) consumer involvement in environmental protection activities and willingness to pay more for eco-friendly products (natural beverages), (4) the social media effect and the family effect towards environmentally friendly consumer behavior, and (5) the governmental regulatory infrastructure effect and the environmental organizations effect towards environmentally friendly consumer behavior.

Consumers must be informed in order to gain knowledge for choosing and consuming products that cause minimal environmental damage. There is a need to raise consumers' awareness on environmental issues, sustainability and green marketing in order to influence their purchases of green products.<sup>6</sup> Consumer doubts still persist about green product performance, exacerbated by the competing views expressed around the benefits of organic food.<sup>7</sup> Peattie and Collins advise that 'consumers must understand and become sensitized to the linkages between production, consumption and disposal

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<sup>5</sup> Ministry of Environment and Spatial Planning 'Strategy on Waste Management 2013-2022' (2013) GK 8, 63.

<sup>6</sup> Anastasios Pagiaslis, Athanasios Krystallis Krontalis, 'Green consumption behavior antecedents: Environmental concern, knowledge, and beliefs' (2014) 31 (5) PM 335, 348 <<https://doi.org/10.1002/mar.20698>> accessed 22 November 2017.

<sup>7</sup> Jill Meredith Ginsberg, Paul Bloom, 'Choosing the right green marketing strategy' (2004) 46 (1) MIT SMJ 79, 84 <<https://sloanreview.mit.edu/article/choosing-the-right-greenmarketing-strategy>> accessed 8 January 2018.

systems, and to the environmental impacts caused by such structures'.<sup>8</sup> Yadav and Pathak argue that 'consumers' intention to buy green products in turn influences their green purchase behavior'.<sup>9</sup> Price is perceived as a crucial factor in consumers' consumption choices. The Nielsen Survey Report reveals that willingness to pay extra for sustainable products is lower in North America (42%) and Europe (40%) compared to Asia-Pacific (64%), Latin America (63%), and the Middle East (63%).<sup>10</sup> Consumers in Kosova make purchases based more on necessity, rather than based on desire, due to low incomes.

## I. METHODOLOGY

The research method applied in this study has been the quantitative method applied through a questionnaire. The survey was self-administered and was conducted from January 2018 to June 2018, applying random sampling technique. Sampling consisted of 541 respondents from major urban regions of Kosova. The main limitation of this survey was the exclusion of rural zones. The questionnaire contained 45 questions. The majority of the questions were close-ended questions (38) that required respondents to choose responses from among those provided. The types of close-ended questions that were most commonly used included: dichotomous, Likert scale, and multiple choice. The (7) remaining questions were open-ended questions, requiring respondents to express in their own words their attitudes, preferences and beliefs. The primary data was collected, processed, and analyzed using the Test of Significance Pearson Correlation Coefficient (Two Tailed) on Statistical Package for the Social Science (SPSS) software (version 20).

## II. LITERATURE REVIEW

Kilbourne & Beckman were among the first authors to review the literature on green marketing published in the English language marketing journals from 1971 to 1997, focusing on 'environmental awareness, green consumer characteristics, corporate attitudes and behaviors towards environmental protection, and legal infrastructure such as public policy

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<sup>8</sup> Ken Peattie, Andrea Collins, 'Guest editorial: perspectives on sustainable consumption' (2009) 33 (2) IJCS 107, 122 <<https://doi.org/10.1111/j.1470-6431.2009.00758.x>> accessed 23 February 2018.

<sup>9</sup> Rambalak Yadav, Govind Swaroop Pathak, 'Young consumers' intention towards buying green products in a developing nation: Extending the theory of planned behavior' (2016) 135 JCP 732, 739 <<https://doi.org/10.1016/j.jclepro.2016.06.120>> accessed 11 March 2018.

<sup>10</sup> Nielsen Survey Report, 'Doing well by doing good increasingly, consumers care about corporate social responsibility, but does concern convert to consumption?' (2014) <<http://www.nielsen.com/content/dam/nielsen-global/apac/docs/reports/2014/Nielsen-Global-Corporate-Social-Responsibility-Report-June>> accessed 26 March 2018.

frameworks'.<sup>11</sup> Chamorro, Rubio & Miranda proceed further with reviewing the literature on green marketing from 1993 to 2003, by dividing the literature into five categories 'green consumer, green communication, concepts and strategies, macro marketing, and recycling behavior'.<sup>12</sup>

Chabowski, Mena and Gonzalez-Padron reviewed the literature on sustainability in marketing covering the period from 1958 to 2008. The fundamental themes under review comprise 'external and internal focus, socio-environmental emphasis, ethics, legal infrastructure, marketing tools and financial performance'.<sup>13</sup> McDonagh & Prothero through their review of green marketing articles from 1998 to 2013, refer to 'the past, the present and the future of the sustainable marketing' by targeting enterprises that apply green marketing practices along with all other matters related to the macro marketing.<sup>14</sup>

Kumar classifies thematic literature on green marketing from 1990 to 2014 within these categories: 'eco-orientation, green marketing strategies, promotions, retailing and distribution, products, supply chain, and other green marketing issues'.<sup>15</sup>

Leonidou & Leonidou review literature on environmental marketing from 1969 to 2008, revealing seven dimensions of macro marketing interrelated with environmental marketing and environmental management.<sup>16</sup> Peattie provides 'a detailed academic study of the relationship between environmental concerns and the principles and practice of marketing by examining how aspects of marketing can be applied to developing and implementing greener strategies as well as how environmental issues must influence marketing decisions'.<sup>17</sup> Papadas, Avlonitis & Marylyn assert that 'companies are adopting green marketing practices to achieve better business performance. However, no research has yet operationalized all the organizational facets that are necessary to become a green marketing oriented company'.<sup>18</sup>

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<sup>11</sup> William Kilbourne, Suzanne Beckmann, 'Review and critical assessment of research on marketing and the environment' (1998) 14 (6) JMM 513,532

<sup>12</sup> Antonio Chamorro, Sergio Rubio, Francisco Miranda 'Characteristics of research on green marketing' (2009) 18(4) BSE 223,239 < <https://doi.org/10.1002/bse.571> > accessed 5 October 2017

<sup>13</sup> Brian Chabowski, Jeannete Mena, Tracy Gonzalez-Padron, 'The structure of sustainability research in marketing 1958-2008: a basis for future research opportunities' (2011) 39 (1) JAMS 55,70 JM 68, 81 <<https://doi.org/10.1007/s11747-010-0212-7> > accessed 19 February 2018

<sup>14</sup> Pierre McDonagh, Andrea Prothero, 'Sustainability marketing research: past, present and future' (2014) 30 JMM 1186,1219 < <https://doi.org/10.1080/0267257X.2014.943263> > accessed 9 February 2018

<sup>15</sup> Prashant Kumar, 'State of green marketing research over 25 years (1990-2014): Literature survey and classification' (2016) 34(1) MIP 137,158<<https://doi.org/10.1108/MIP-03-2015-0061>> accessed 6 December 2017

<sup>16</sup> Constantinos Leonidou, Leonidas Leonidou 'Research into environmental marketing management: a bibliographic analysis' (2011) 45 (1,2) EJM 68,103<<https://doi.org/10.1108/03090561111095603>> accessed 10 April 2018

<sup>17</sup> Ken Peattie, 'Environmental marketing management: Meeting the green challenge' (1995) University of Michigan: Pitman Publishing.

<sup>18</sup> Karlos Konstantinos Papadas, George Avlonitis, Marylyn Carrigan, (2017) 'Green marketing orientation : Conceptualization, scale development and validation' (2017) 80 JBR 236, 246 <<https://doi.org/10.1016/j.jbusres.2017.05.024>> accessed 28 August 2018.

Lu, Bock & Joseph contend that 'green marketing is a philosophy used to develop, practice and communicate environmental missions and that would reflect enterprises reputation and market performance'.<sup>19</sup> Nguyen, Phan, Cao & Nguyen conclude that 'barriers for purchasing of green products involve high price, low availability of the products, low credibility and inadequate information regarding ecological factors within labels'.<sup>20</sup> The first hypothesis examines consumers' green marketing awareness and their purchasing decisions.

H<sub>1</sub>: Consumers' green marketing awareness is correlated to consumers' purchase of eco-friendly products (natural beverages).

Trust is an important determinant that affects food purchase intentions of consumers. Ball, Coelho, & Machas argue that the relationship marketing theory has been well supported in the marketing empirical literature and trust has been empirically demonstrated to be an important mediator between corporate activities and consumer loyalty.<sup>21</sup> Reichheld & Scheffer observe that 'Loyalty is still about earning the trust of the right kinds of customers'.<sup>22</sup> As per Mayer, Davis, & Schoorman three primary factors of trustworthiness that must be taken in consideration are: 'perceived benevolence, integrity and ability of the trustee'.<sup>23</sup> Lee, Chang, Cheng & Chen advise that 'food companies that would like to distinguish themselves by marketing their products as organic assume that the organic label tells consumers that the food is healthy'.<sup>24</sup> The second hypothesis covers the trust level of respondents in advertising.

H<sub>2</sub>: Consumers' level of trust toward producers of nonalcoholic beverages claiming to be environmentally friendly is correlated to consumers' level of trust in labels displaying health benefits of nonalcoholic beverages.

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<sup>19</sup> Leslie Lu, Dora Bock, Mathew Joseph 'Green marketing: what the Millennials buy', (2013) 34 (1) JBS 3, 10 <<https://doi.org/10.1108/JBS-05-2013-0036>> accessed 1 June 2018.

<sup>20</sup> The Ninh Nguyen, Thi Thu Hoai Phan, Tuan Khanh Cao, Hoang Viet Nguyen, 'Green purchase behavior: mitigating barriers in developing countries' (2017) 33 (8) SD 4, 6 <<https://doi.org/10.1108/SD-04-2017-0064>> accessed 11 March 2018.

<sup>21</sup> Dwayne Ball, Pedro Simões Coelho, Alexandra Machás 'The Role of Communication and Trust in Explaining Customer Loyalty: An Extension to the ECSI Model' (2004) 38 (9, 10) EJM 1272, 1293 <[doi.org/10.1108/03090560410548979](https://doi.org/10.1108/03090560410548979)> accessed 2 March 2018.

<sup>22</sup> Frederick Reichheld, Phil Scheffer, 'E-loyalty your secret weapon on the Web' (2000) 78 (4) HBR 105,113

<sup>23</sup> Roger Mayer, James Davis, David Shoorman, 'An integrative model of organizational trust' (1995) 20 (3) AMR 709, 734 <<https://doi.org/10.5465/amr.1995.9508080335>> accessed 29 May 2018.

<sup>24</sup> Hsiao Ching Lee, Chun Tuan Chang, Zhao Hong Cheng, Yen Ting Chen 'Will and organic label always increase food consumption? It depends on food type and consumer differences in health locus of control' (2018) 63 FQP 88, 96 <<https://doi.org/10.1016/j.foodqual.2017.08.002>> accessed 28 August 2018.

Prices are another determinant of green marketing.<sup>25</sup> According to Martenson ‘good decisions are based on what consumers actually do, not what they say they would like to do’.<sup>26</sup> Consumers can have an influence on pricing strategies of producers and retailers. Kotler & Keller consider that ‘consumers may have a lower price threshold below which prices signal inferior or unacceptable quality, as well as an upper price threshold above which prices are prohibitive and the product appears not worth the money’.<sup>27</sup> The third hypothesis takes the income of respondents into consideration.

H3: Consumers’ participation in environmental protection activities is correlated to consumers’ willingness to pay more for eco-friendly products (natural beverages).

Philip Kotler argues that ‘marketing tools could be used to change behaviors that were counterproductive’ and that ‘we could run positive programs to encourage people to exercise and eat healthier foods’.<sup>28</sup> The fourth and fifth hypotheses take into account the effect of different communication means on influencing consumers’ environmentally friendly behavior.

H4: The effect of social media on influencing consumers to behave environmentally friendly is correlated to the effect of family on influencing consumers to behave environmentally friendly.

H5: The effect of the governmental regulatory framework on influencing consumers to behave environmentally friendly is correlated to the effect of environmental organizations on influencing consumers to behave environmentally friendly.

The Law on Consumer Protection (2004/17) in Kosova has a fundamental role in the protection of consumers’ ‘health, environment and economic interests’.<sup>29</sup> Furthermore, the Article 169 of the Treaty on the Functioning of the European Union, requests protection of ‘health, safety and economic interests of consumers’ while ‘promoting rights for information, education, and organizing themselves in order to safeguard their interests’.<sup>30</sup>

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<sup>25</sup> Tim Cooper, ‘Slower consumption: Reflections on product life spans and the “throwaway society”’ (2005) 9 (1,2) JIE 51, 67 <<https://doi.org/10.1162/1088198054084671>> accessed 15 December 2017 and Katharina Sammer, Rolf Wüstenhagen ‘The influence of eco-labelling on consumer behavior-results of a discrete choice analysis for washing machines’ (2006) 15 (3) BSE 185, 199 <<https://doi.org/10.1002/bse.522>> accessed 11 November 2017.

<sup>26</sup> Rita Martenson, ‘When is green a purchase motive? Different answers from different selves’ (2018) 46 (1) IJRDM 21, 33 <<https://doi.org/10.1108/IJRDM-11-2016-0228>> accessed 20 July 2018.

<sup>27</sup> Philip Kotler, Kevin Lane Keller ‘Marketing Management’ (2012) 14<sup>th</sup> ed. New Jersey: Pearson Education Prentice Hall 386.

<sup>28</sup> Philip Kotler, (2017) ‘Philip Kotler: some of my adventures in marketing’ (2017) 9(2) JHRM 203, 208 <<https://doi.org/10.1108/JHRM-11-2016-0027>> accessed 7 February 2018.

<sup>29</sup> Official Gazette of Assembly of Kosovo, Law No.2004/17 ‘Consumers Protection’ (2004) Article 3, Assembly of Kosova.

<sup>30</sup> Treaty on the Functioning of the European Union (1958) Title XV: Consumer Protection.

### III. DATA ANALYSIS

The survey polled 541 respondents in Kosova. The data from the survey was coded and entered in SPSS for processing and statistical analysis such as calculation, interpretation, comparison, and evaluation. The data set is presented using descriptive statistics, tables, and charts. Categorical data placed respondents into groups (such as gender or work status), summarized numbers of respondents in each group (frequency), and provided percentages of respondents in each group (relative frequency). The presented data using mean, median, mode, and range were useful measures for numerical data.

Demographic segmentation according to age, gender, geographic location, occupation, family size, and income are presented below. The survey targeted the population of major urban regions in the country. The respondents represent the following urban areas: Prishtine (53%), Prizren (11.3%), Besiane (10.8%), Gjakove (5.3%), Xerxe (3.6%), Peje (2.8%), Fushe Kosove (2.8%), Decan (1.9%), Junik (1.9%), Rahovec (1.5%), Malisheve (0.9%), Dragash (0.8%), Drenas (0.6%), Mitrovice (0.6%), Ferizaj (0.6%), Vushtri (0.4%), Therande (0.4%), Skenderaj (0.2%), Gjilan (0.2%), and Obiliq (0.2%).

From the total number of respondents who stated their gender, females made up 54.43% and males 45.57%. The youngest respondent was 16 years old. The oldest respondent was 78 years old. The mean for the age was 37, median 34, mode 27, and range 62 (years). From the total number of 524 respondents who reported their job status, 78.4% were employed and 21.6% were unemployed.

Occupation is another important variable in marketing. The population in the sample consisted of the following occupations: economists (23%), lawyers (10.2%) , students (10%), housewives (4.5%), handymen (4.5%), construction engineers (3.9%), civil servants (3.1%), nurses (2.9%), elementary school teachers (2.6%), doctors (2.4%), agronomists (1.8%), information technology engineers (1.8%) psychologists (1.8%), waiters (1.6%), professors (1.6%), managers (1.6%), shop assistants (1.4%), educators (1.2%), dentists (1%), high school teachers (1%), and other occupations (16.9%).

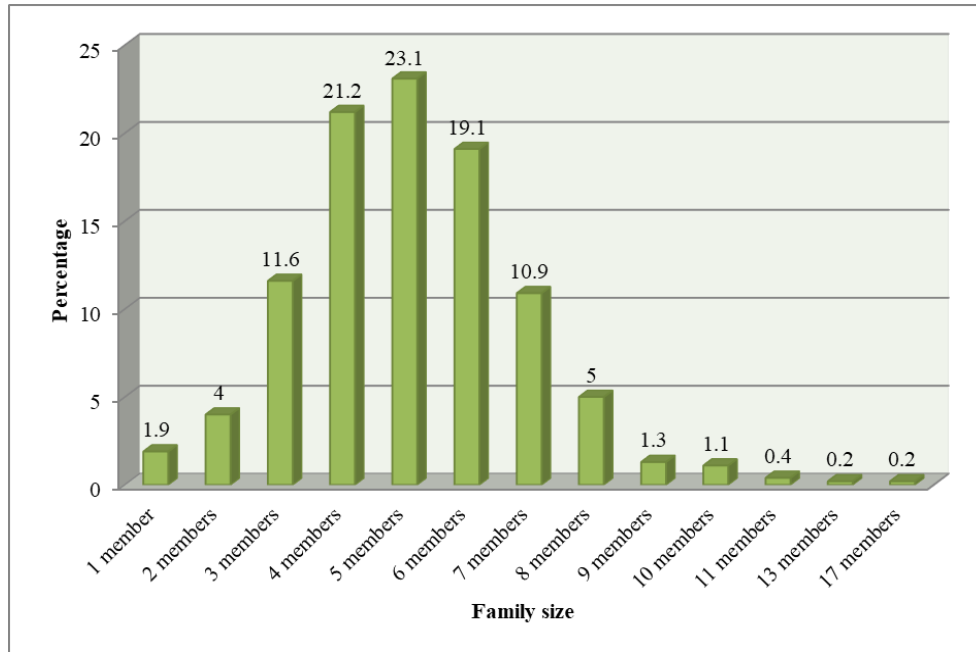


Chart 1: Family size

One of the most important determinants of the consumer's behavior is the impact of family. It is acknowledged in marketing that family has a great impact on the individual's consumption choices. The survey revealed that family sizes varied from a family with a single member to a large family with as many as 17 family members. Family size was 5 for each: median, mean, and mode values. The tradition of having a large family in Albanian society can be traced to ancient times (Podvorica, 2011). Families with 5 members represented 23.1% of the total of families of respondents, 4 members (21.2%), 6 members (19.1%), 3 members (11.6%), 7 members (10.9%), 8 members (5 %), 2 members (4%), 1 member (1.9%), 9 members (1.3%), 10 members (1.1%), 11 members (0.4%), 13 members (0.2%), and 17 members (0.2%). Chart 1 exhibits family size variance. 65 respondents did not disclose the size of their families.

Income has been associated with the willingness to pay more for green products. The lowest reported monthly income was 75€ and the highest was 2300€ with median of 400€, mean of 500€, and mode of 400€. Chart 2 presents monthly income of 70% of respondents as representation of the most frequent reported income amounts. From 338 respondents that disclosed their monthly income, five of the most frequently reported amounts were: 49 respondents earned 400€, 26 respondents earned 500€, 23 respondents earned 450€, 21 respondents earned 250€, and 19 respondents earned 300€.

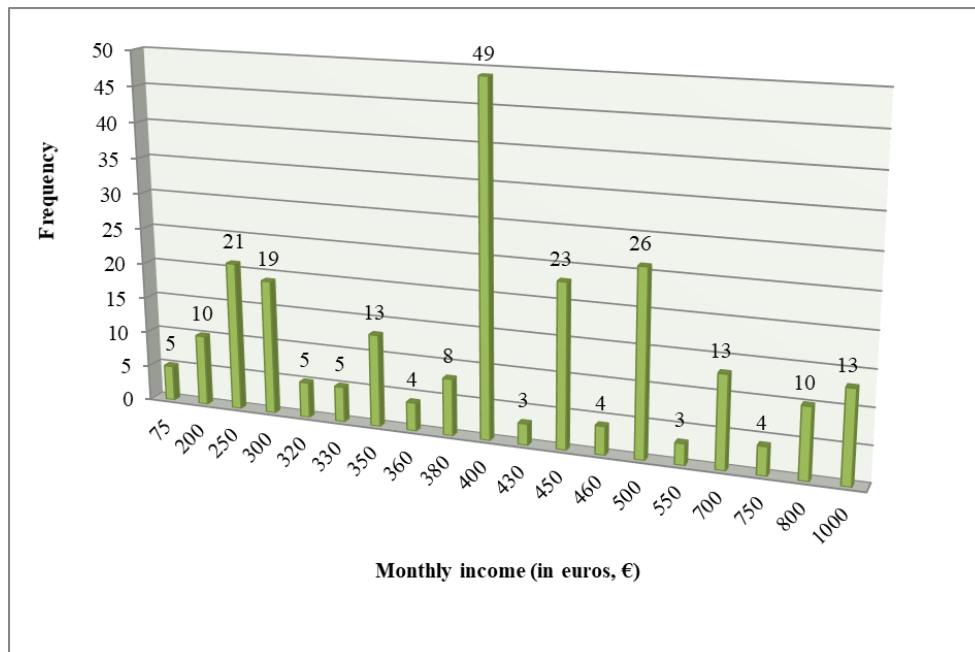


Chart 2: Monthly income (in euros, €)

Respondents that considered that the purchasing of eco-friendly products may contribute to sustainable development accounted for 54.7%, as exhibited on Chart 3. In contrast, 6.4% of respondents did not believe that the purchasing of eco-friendly products contributed to sustainable development. Moreover, 38.9% of respondents were undecided regarding the contribution of the purchasing of eco-friendly products on sustainability.

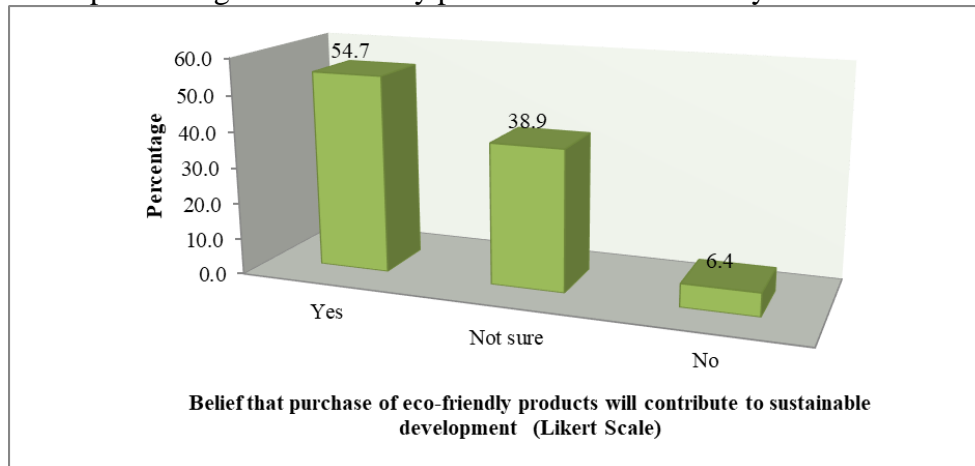


Chart 3: Purchase of eco-friendly products

Chart 4 exhibits that green marketing awareness among respondents is low (26.2%). Majority of respondents (43%) are "somewhat" aware of green marketing and 30.8% claim that they are unaware regarding the topic.

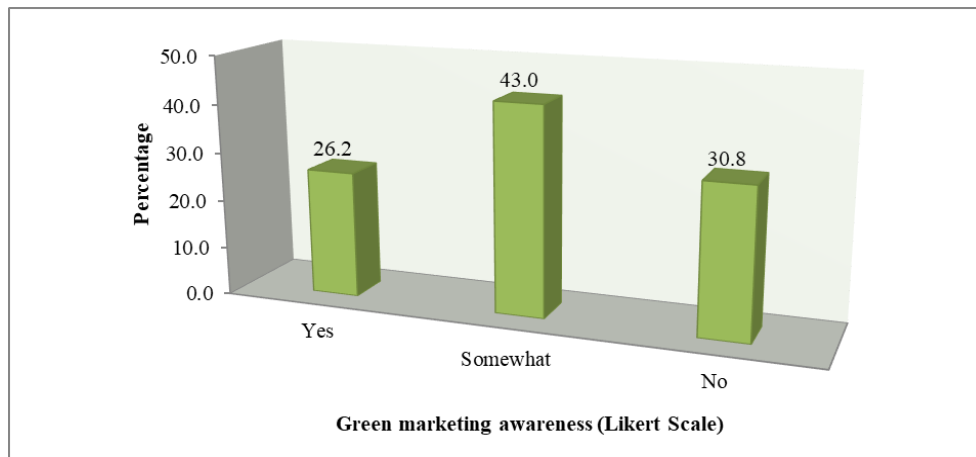


Chart 4: Respondents' green marketing awareness

The first hypothesis correlation test is exhibited below in Table 1. The first hypothesis assumed that consumers' green marketing awareness is correlated to consumers' purchase of eco-friendly products (natural beverages). A Pearson correlation coefficient was computed to assess the relationship between the two variables. There was a positive correlation between the two variables,  $r = 0.215$ ,  $n = 531$ ,  $p = 0$ , inferring that there was a strong positive relationship between respondents having green marketing awareness and respondents purchase of eco-friendly products (natural beverages).

Table 1: First Hypothesis Test

Hypothesis 1		Green marketing awareness	Purchase of eco-friendly products (natural beverages)
Green marketing awareness	Pearson Correlation	1	.215**
	Sig. (2-tailed)		0
	N	539	531
Purchase of eco-friendly products (natural beverages)	Pearson Correlation	.215**	1
	Sig. (2-tailed)	0	
	N	531	532

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

Crosby, Evans & Cowles define customer trust as 'a belief that the product or service provider can be relied on to behave in such a manner that the long term interests of the consumers will be served'.<sup>31</sup> Pursuant to Article 3, paragraph 3.3 of the Kosova Administrative Instruction (MH) No.12/2005 on the Labeling of Food Products 'Labeling and used methods should not be such as to present the food product with special nourishing features, which attribute to it preventing features and treating of diseases, or refer to other

<sup>31</sup> Lawrence Crosby, Kenneth Evans, Deborah Cowles, 'Relationship quality in services selling: an interpersonal influence perspective' (1990) 54 (3) JM 68, 81 < [www.jstor.org/stable/1251817](http://www.jstor.org/stable/1251817)> accessed 19 February 2018.

features when the food product really does not contain them. Exemptions to this rule are the natural mineral waters'.<sup>32</sup>

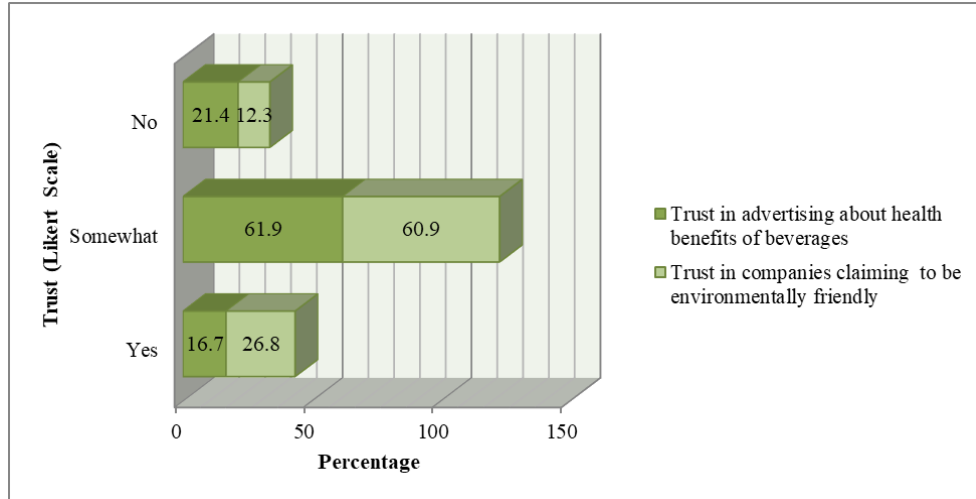


Chart 5: Respondents' trust in advertising concerning health benefits of nonalcoholic beverages versus respondents' trust in producers claiming to be environmentally friendly.

Respondents were asked to state their trust in advertising regarding health benefits of nonalcoholic beverages using communication channels such as television, press, and social media. 16.7% of respondents stated that they trust advertising related to health benefits of nonalcoholic beverages. On the other hand, 21.4% respondents claimed that they do not trust advertising of health benefits of nonalcoholic beverages. The majority of respondents (61.9 %) leaned to some extent toward trusting advertising of health benefits of nonalcoholic beverages.

<sup>32</sup> Ministry of Health, 'Administrative Instruction MSH 12/2005 on Labeling of Food Products' (2005) Article 3, GoK 17.

Table 2: Second Hypothesis Test

<b>Hypothesis 2</b>		Trust in producers claiming to be environmentally friendly	Trust in advertising concerning health benefits of beverages
Trust in producers claiming to be environmentally friendly	Pearson Correlation	1	.115**
	Sig. (2-tailed)		0.008
	N	529	524
Trust in advertising concerning health benefits of beverages	Pearson Correlation	.115**	1
	Sig. (2-tailed)	0.008	
	N	524	533

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

The number of domestic producers of nonalcoholic beverages that claim to be environmentally friendly is increasing. Therefore, respondents were asked to rank producers that claim to be environmentally friendly based on their trustworthiness. Chart 5 exhibits that the majority (60.9%) of respondents is neutral to these claims. 12.3% of the respondents did not trust these claims. 26.8% of the respondents expressed trust in producers' claims of being environmentally friendly.

The second hypothesis test results are exhibited in Table 2 (above). The second hypothesis assumed that consumers' level of trust toward producers of nonalcoholic beverages claiming to be environmentally friendly is correlated to consumers' level of trust in labels displaying the health benefits of nonalcoholic beverages. A Pearson correlation coefficient was computed to assess the relationship between two variables. There was a positive correlation between the two variables,  $r = 0.115$ ,  $n = 524$ , and  $p = 0.008$ , inferring a strong positive relationship between respondents' level of trust toward producers of nonalcoholic beverages claiming to be environmentally friendly and respondents' level of trust in labels displaying health benefits of nonalcoholic beverages.

Participation in environmental protection activities is an important factor related to consumer behavior and green marketing. Chart 6 displays respondents' answers related to participation in environmental protection activities. The majority of housewives (95%) stated that they did not participate in environmental protection activities. Also, percentages of respondents that did not participate in such initiatives are listed in descending order and categorized by their occupations: educators (83%), dentists (80%), shop assistants (71%), elementary school teachers (69%), information technology engineers (67%), professors (63%), high school teachers (60%), lawyers (52%), economists (50%), and doctors (42%). Respondents that were more active with environmental protection programs and activities are categorized by occupation and listed in descending order: waiters (75%), cashiers (75%), psychologists (67%), agronomists (62%), managers (60%),

civil servants (57%), construction engineers (53%), students (53%), economists (50%), and nurses (50%).

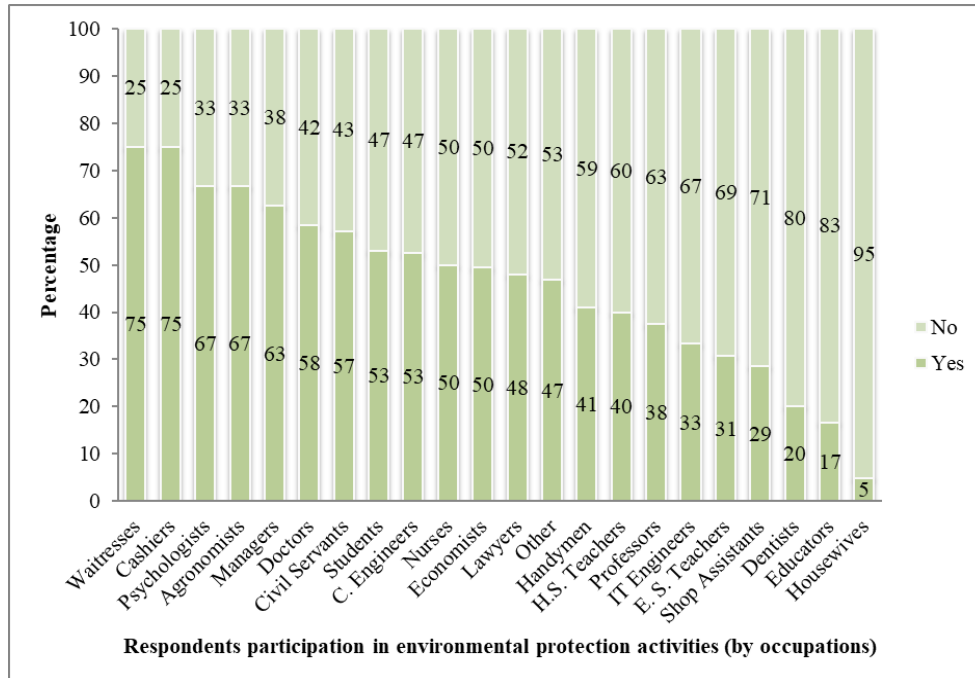


Chart 6: Participation in environment protection activities

Article 2 of the Administrative Direction (MH) No.12/2005 on Labeling of Food Products issued by the Government of Kosova, Ministry of Health, defines labeling as ‘any text written, stamped or any graphical presentation that stands on the label, accompanies the product or is placed next to it to stimulate sale’. Moreover, Article 3, paragraph 3.1 of the Administrative Direction (MH) No.12/2005 on Labeling of Food Products states that ‘the label placed on the goods packaging should not present the goods in a wrong way, falsely or to create a wrong impression about its real nature, with the purpose of deceiving the consumers’.

Furthermore, the EU Directive 2006/114/EC, Article 2(b) clarifies that ‘misleading advertising means any advertising which in any way, including its presentation, deceives or is likely to deceive the persons to whom it is addressed or whom it reaches and which, by reason of its deceptive nature, is likely to affect their economic behavior or which, for those reasons, injures or is likely to injure a competitor’.<sup>33</sup> It is imperative to reveal to what extent producers are informing, engaging, and energizing their consumers through marketing campaigns in order to determine the degree of trust which consumers’ have in eco-friendly claims on labels.

<sup>33</sup> Official Journal of the European Union (2006) ‘Directive 2006/114/EC of the European Parliament and of the Council of 12 December 2006 concerning misleading and comparative advertising (codified version) <<https://eur-lex.europa.eu/eli/dir/2006/114/oj>> accessed 3 June 2018.

Chart 7 shows that 43.8% of respondents have been exposed to green marketing campaigns. On the other hand, 22.9% of respondents had not noticed green marketing campaigns whereas 33.1% of respondents are unsure as to their exposure to green marketing campaigns.

Respondents' trust in labels is shown in Chart 8. The following list ranks respondents based on their degree of trust for product labels: very often (23%), often (37.5%), rarely (20.2%), very rarely (12.6%), and never (6.6%).

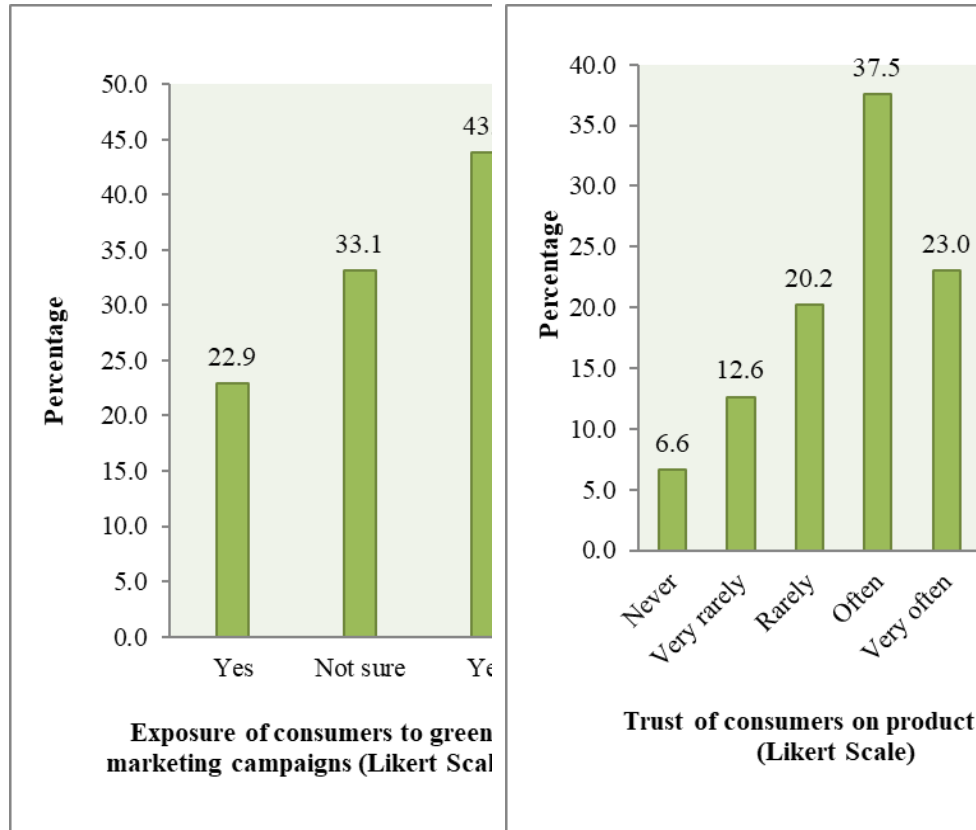


Chart 7: Exposure to green marketing campaign

Chart 8: Trust in product labels

Kaplan, Gelioni and Reed (2018) argue that ‘many communities use promotion in regards to the sustainable purchasing, but there is no conceptual understanding of the right price required to be set for green products’.<sup>34</sup> The survey aimed to determine the number of respondents who were ready to pay more for natural nonalcoholic beverages and to reveal the highest amount of premium that respondents were willing to pay for a product. The data exhibited in Chart 9 reveals that 39.61% of respondents, with 20.58% females and 19.03% males, were willing to recognize quality, sustainability, and origin (e.g., domestic over foreign products) and pay a premium for natural nonalcoholic beverages compared to processed nonalcoholic beverages. Also, there is no significant variance between genders when it comes to the number of respondents (25.17%) who reflect price sensitivity and unwillingness to

<sup>34</sup> Brent Kaplan, Brett Gelioni, Derek Reed, ‘A behavioral economic approach to green consumerism: Demand for reusable shopping bags’ (2018) 27 BSI 20, 30 <<https://doi.org/10.5210/bsi.v27i0.8003>> accessed 11 August 2018.

pay extra for natural nonalcoholic beverages compared to processed nonalcoholic beverages (13.2% females and 11.07% males). From a total of 36.12% respondents who were 'somewhat' willing to pay more for natural nonalcoholic natural beverages, there is a gender gap with females making up 20.97% and males at 15.15%.

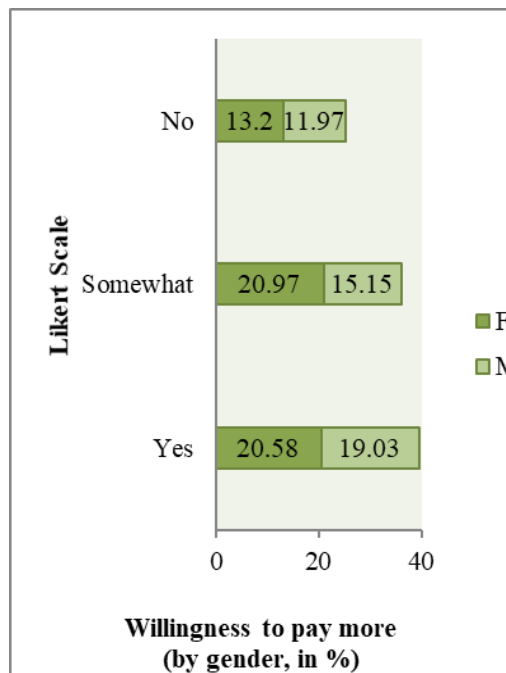


Chart 9: Consumers' willingness to pay more

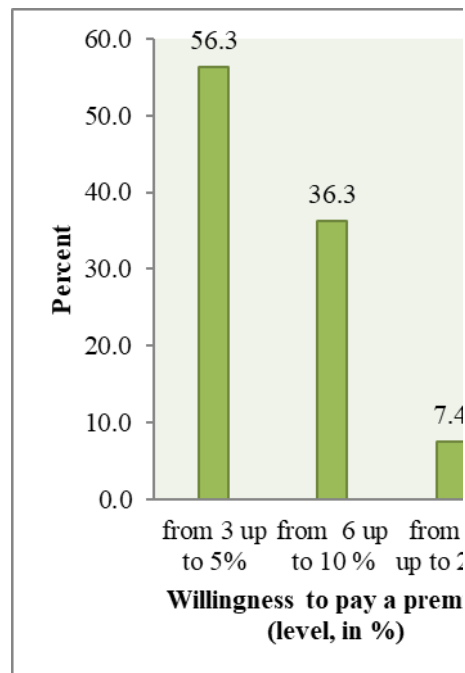


Chart 10: Level of premium consumers are willing to pay

Results show that the majority of respondents (61.29%) were either unwilling to pay more (25.17%) or indifferent (36.12%) about paying extra for eco-friendly products (nonalcoholic natural beverages).

Chart 10 exhibits that among respondents (39.61%) who were willing to pay a premium, the level of the premium varied as shown below:

- 56.3% of respondents were willing to pay from 3% up to 5% more for ecofriendly features of the natural beverages,
- 36.3% of respondents were willing to pay from 6% up to 10% more for ecofriendly features of the natural beverages, and
- 7.4% of respondents were willing to pay from 11% up to 20% more for ecofriendly features of the natural beverages.

Table 3: Third Hypothesis Test

<b>Hypothesis 3</b>		Participation in environment protection activities	Willingness to pay more for eco-friendly products (natural beverages)
Participation in environment protection activities	Pearson Correlation	1	.135**
	Sig. (2-tailed)		0.002
	N	534	517
Willingness to pay more for eco-friendly products (natural beverages)	Pearson Correlation	.135**	1
	Sig. (2-tailed)	0.002	
	N	517	522

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

Table 3 summarizes the third hypothesis. The third hypothesis assumed that consumers' participation in environmental protection activities is correlated to consumers' willingness to pay more for eco-friendly products (natural beverages). A Pearson correlation coefficient was computed and it was determined that there is a positive linear correlation between the two variables,  $r = 0.135$ ,  $n = 517$ ,  $p = 0.002$ . Generally, there was a strong positive relationship between consumers' participation in environmental protection activities and consumers' willingness to pay more for eco-friendly products (natural beverages).

The consumer's buying decision process begins when the consumer recognizes the need for the product. The second step in the decision process involves information search. Consumers' personal experiences with certain products or services are remembered and may be recalled easily, especially if it involves regular or frequent purchase of a particular product. On the other hand, if the consumer had no first-hand experience or previous information for the product, internal or external information search is necessary. Consumers then seek information from family, friends, social media, salespeople, retailers, producers, media, and variety of sources on the Internet (e.g., online reviews and reports).

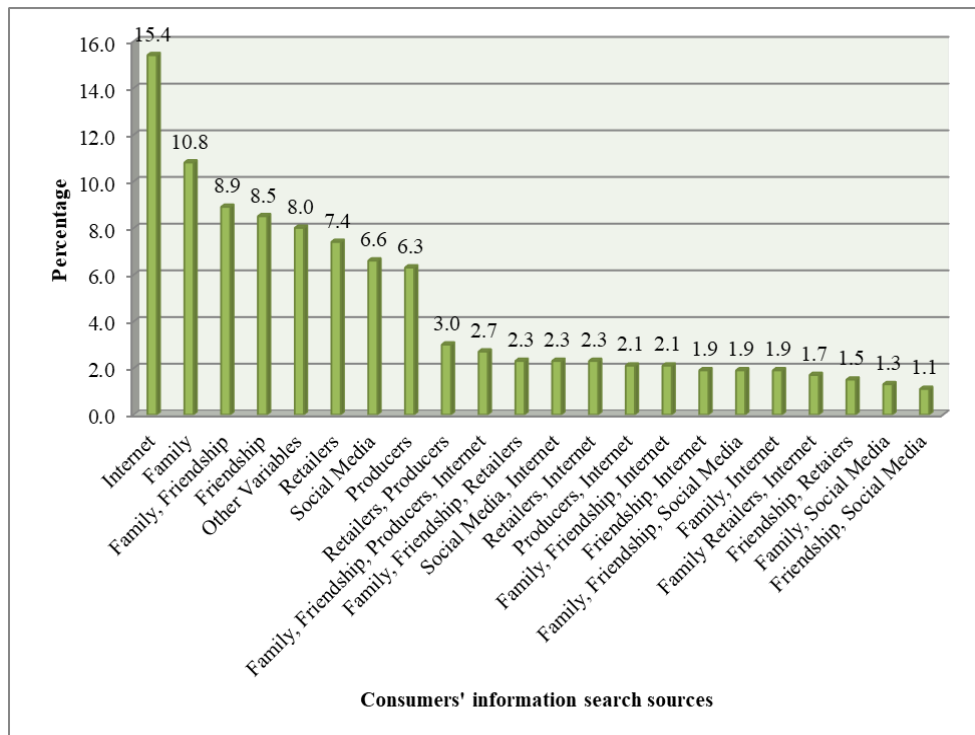


Chart 11: Consumers' information search for the purchasing of nonalcoholic beverages

The data presented in Chart 11 reveals that the most preferred information channel for respondents is the Internet, indicating usage of 15.4%. Additionally, Internet usage widened to a total of 32.3% when considered in combination with, or as a facilitator of, other channels of information search, such as: social media and the Internet (2.3%), friends and the Internet (1.9%), family, retailers and the Internet (1.7%), retailers and the Internet (2.3%), family and the Internet (1.9%), producers and the Internet (2.1%), family, friendship, producers and the Internet (2.7%), and family, friends and the Internet (2.1%).

After the Internet, family came in the second place (10.8%) followed by friends (8.5%) as providers of information. Family and friends as joint sources of information made up 8.9%. Altogether, family and friends, considered separately and jointly, accounted as sources of information for 28.2% respondents and ranked high as sources of information for consumers.

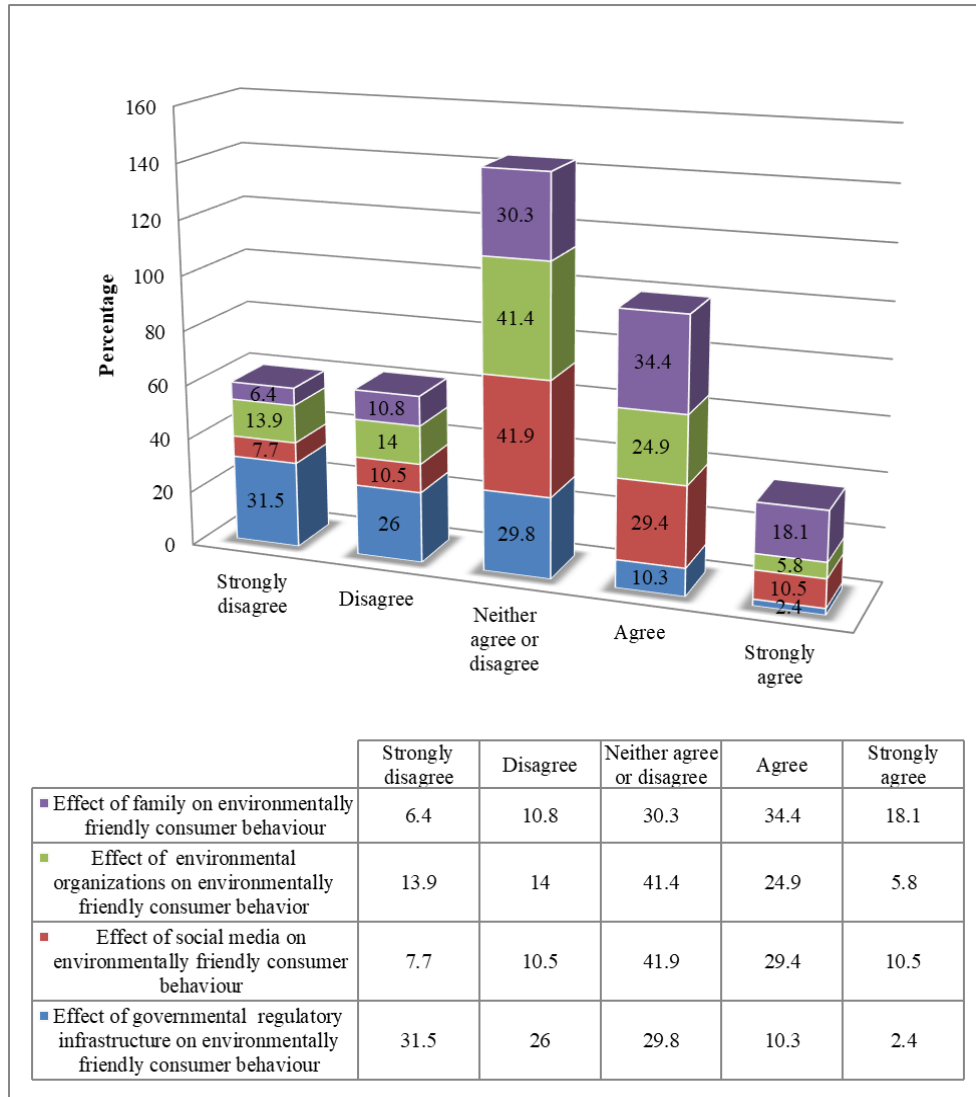


Chart 12: Statements on environmentally friendly consumer behavior

Responders who considered retailers as the source of information made up 7.4%. Producers were the source of information for 6.3% of respondents. Social media was a source of information for 6.6% of respondents.

Chart 12 shows the data derived from the four survey statement questions to determine the influence on encouraging environmentally friendly consumer behavior from the family, social media, environmental organizations, and the regulatory infrastructure.

In our daily life, we communicate and share a variety of experiences with family and friends. Communication may be favorable or unfavorable and experiences may be satisfactory or unsatisfactory. Since the communication is a two way process consisting of sending and receiving messages, word-of-mouth communication is an approach aimed at using personal recommendations and referrals for goods, services, ideas, behaviors and many other experiences. The effect of word-of-mouth communication with family and friends seems to have a strong influence on environmentally friendly consumer behavior. As Chart 12 exhibits, for 52.5% of consumers, their behavior towards the environment is affected positively through

communication with family and friends (i.e., 34.4% of consumers agreed with this qualification and 18.1% strongly agreed).

The use of social media and the Internet has increased as a means for creating and sharing information, thoughts, ideas and relationships online. The internet provides a variety of information and facilitates communication globally. As people engage with each other on social media sites, there is an opportunity for them to communicate in real-time via audio, text, images, and video and it is assumed that it can have a positive effect on influencing friendly consumer behavior toward the environment. In this aspect, social media and the Internet were the second greatest influencers of consumers' environmentally friendly behavior with a total of 39.9% respondents agreeing with this qualification (29.4% agreed and 10.5% strongly agreed).

Table 4: Fourth Hypothesis Test

<b>Hypothesis 4</b>		Effect of social media on environmentally friendly consumer behavior	Effect of family on environmentally friendly consumer behavior
Effect of social media on environmentally friendly consumer behavior	Pearson Correlation	1	.462**
	Sig. (2-tailed)		0
	N	534	533
Effect of family on environmentally friendly consumer behavior	Pearson Correlation	.462**	1
	Sig. (2-tailed)	0	
	N	533	535

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

Table 4 summarizes the results of the fourth hypothesis. The fourth hypothesis assumed that the effect of social media on influencing consumers to behave in an environmentally friendly manner is correlated to the effect of family on influencing consumers to behave in an environmentally friendly manner. A Pearson correlation coefficient revealed that there was a positive correlation between the two variables,  $r = 0.462$ ,  $n = 533$ ,  $p = 0$ . Generally, there was a strong positive relationship between the effect of social media on influencing consumers to behave environmentally friendly and the effect of family on influencing consumers to behave environmentally friendly.

Many different environmental actions can address specific behaviors, processes and activities that can easily be incorporated within national legislation and regulations and can have far reaching effects. Initiatives on a national level; such as gathering and recycling of plastic and glass bottles, water conservation, investing and using of renewable energy and measures towards ecosystem protection, are some examples of environmental actions

as a means to encourage environmentally friendly behavior and to promote sustainable behavior. The majority of respondents (87.3%) felt very reluctant about the effectiveness of national environmental legislation, regulatory infrastructure, action plans, strategies, or policies towards the encouragement of environmentally friendly behavior. Only 12.7% of respondents perceived the government and its legislation, policies and strategies as being effective means for influencing environmentally friendly behavior.

Environmental organizations are committed to a sustainable future and to improving the social, economic and environmental well-being of the community by creating a clean and safe place to live; by improving environmental quality; by delivering lessons on managing resources effectively and efficiently; by promoting reuse and recycling and by constructively challenging and encouraging each other to do better in order to deliver values to the entire society. The effect of environmental initiatives, programs and activities are perceived to have an impact on motivating environmentally friendly behavior for 30.7% of respondents. 41.9% of respondents do not agree with this statement.

Table 5: Fifth Hypothesis Test

<b>Hypothesis 5</b>		Effect of governmental regulatory infrastructure on environmentally friendly consumer behavior	Effect of environmental organizations on environmentally friendly consumer behavior
Effect of governmental regulatory infrastructure on environmentally friendly consumer behavior	Pearson Correlation	1	.484**
	Sig. (2-tailed)		0
	N	534	534
Effect of environmental organizations on environmentally friendly consumer behavior	Pearson Correlation	.484**	1
	Sig. (2-tailed)	0	
	N	534	534

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

Table 5 summarizes the results of the fifth hypothesis. The fifth hypothesis assumed that the effect of the governmental regulatory framework on influencing consumers to behave in an environmentally friendly way is

correlated to the effect of environmental organizations on influencing consumers to behave in an environmentally friendly manner. A Pearson correlation coefficient was computed to assess the relationship between the two variables. There was a positive correlation between the two variables,  $r = 0.484$ ,  $n = 534$ ,  $p = 0$ . There was also a strong positive relation between the effect of the governmental regulatory framework on influencing consumers to behave in an environmentally friendly manner and the effect of environmental organizations on influencing consumers to behave environmentally friendly.

### CONCLUSIONS AND RECOMMENDATIONS

The consumer is demanding new eco-value market offerings by judging the offerings based on a variety of elements such as: product features, quality, origin, taste, price, packing, labeling, performance, durability, services or any environmental features that might satisfy their need. Thus, alongside the growth of awareness on environmental concerns worldwide, the core benefit is to establish the environmentally friendly behavior of consumers, which, in turn, serves as an incentive to encourage the environmentally friendly behavior of producers. Statistical hypothesis tests have shown that there are linear positive correlations for all (five) hypotheses. Strikingly, the data revealed mistrust of respondents in the marketing activities of producers. Therefore, domestic producers of nonalcoholic beverages have to be careful with their promotions and should integrate environmental criteria within their strategic planning and honestly communicate their efforts when aiming to deliver new eco-value market offerings. The remaining challenge for producers is designing ethical green marketing communication mix platforms that are mandatory for a direct dialogue and to build trust with consumers, especially where green marketing activities are concerned. Additionally, government has to enforce laws regarding the protection of consumers from misleading advertisement.

Findings also revealed that word of mouth communication (family and friends) and social media and the Internet are effective channels of communication to positively influence consumers' environmentally friendly behavior. Notably, the governmental legislature and executives are perceived as being significantly less effective when persuading consumers with as to their legislative means. Similarly, environmental organizations have shown poor performance in relation to the implementation of environmental programs, activities and campaigns to alert people to the severity of the problem. Hence, the Ministry of Education, the Ministry of Environment, the Ministry of Trade and Industry, the Ministry of Health, the Agency for Environment Protection, the Food and Veterinary Agency and environmental organizations shall apply the multifaceted approach to the lifetime value of consumers' perceptions and trust regarding environmentally friendly behavior. National environmental action plans, consumer protection

programs and consumers' health protection programs should be advanced to encourage the consumers' environmentally friendly behavior in the short and long term.

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