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Effect of Price: Structured Abstract

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Consumers' Environmental Sustainability Perceptions on Their Attitude: The Moderating Effect of Price: Structured Abstract

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INTRODUCTION

In the present, brands are seeking new ways to engage with customers (Ind et al., 2013). They listen to their brand communities and ask questions to customers to test their offerings (Füller et al., 2008; Gouillart, 2014) since consumers are increasingly seeking solutions to their concerns to create a better world. Likewise, they make their purchase decisions guided by their moral values (Hollenbeck and Zinkhan, 2010). Hence, they push companies to carry out corporate social responsibility (CSR) practices (Iglesias et al., 2020). On the other hand, some studies also showed that consumers demonstrate closeness to brands that care about well-being, security, equality, and respect (i.e., Shaw et al., 2005). In other words, consumers' choices may depend on their higher-order needs for social, economic, and environmental justice (Kotler et al., 2010). Environmental sustainability is one of the ethical actions that companies should perform and many firms noticed the importance of it and give importance to their CSR activities to get a competitive position by helping to preserve natural resources, minimize waste, and reduce emissions (Krause, et al., 2009). Consequently, environmental sustainability provides firms to engage in activities that are connected to corporate environmental management and care for natural resources (Bansal, 2005; Hart, 1995). However, to compete in the business market and get profits in the long-term, it is highly important to understand consumer perceptions about environmental sustainability by discovering their attitudes towards these actions of the companies as well as different price levels.

BACKGROUND

Environmental sustainability activities are highly important to direct consumer attitudes to bring organizational success. Therefore, it is important to explore the relationship between environmental sustainability perceptions by looking into different consumer behaviors.

Consumer loyalty is one of the most significant consumer attitudes to provide company success. Organizations can develop consumer loyalty by listening to customers' opinions and being responsive to their concerns. To comprehend customer needs, being responsive to their concerns, and adjusting products and services offered are crucial in building customer loyalty (Keller and Kotler, 2012). According to the literature, companies can gain consumer loyalty by increasing their environmentally sustainable benefits (Forte and Lamont, 1998; Sheikh and Beise-Zee, 2011). Moreover, there are shreds of evidence in the literature that sustainability activity bonds to higher levels of consumer loyalty (Gupta and Pirsh, 2008; Kirchoff et al., 2011; Stanaland, et al., 2011; Lee et al., 2012). Regarding literature, an environmentally

committed company has important influences not only in loyalty but also on satisfaction (Matute-Vallejo, et al., 2011). Many companies introduced sustainability practices into their operations to empower the satisfaction of the consumers (Menon et al., 1999). Introducing sustainable practices into an organization leads to greater consumer satisfaction (Björklund et al. 2012; Eskandarpour, et al., 2013). The reason for the satisfaction of consumers is that they believe they are contributing to an environmental or social issue by involving in an exchange relationship with the sustainable company (Rios, et al., 2006). On the other hand, there is a positive relationship between the consumers' purchase intention and companies' environmental sustainability practices (Sen and Bhattacharya 2001; Lichtenstein, et al., 2004; Kim and Choi 2005; Mohr and Webb 2005), because consumers care about environmental issues and it may reflect their purchase intention, whereas consumers have high purchase intention concerning companies who have sustainable practices and they have less intention to the less responsible organizations (Brown and Dacin, 1997; Oliver and Lee, 2010).

Hence, we proposed the following hypotheses:

H1: An increased perceived environmental sustainability contributes to an increase in customer loyalty.

H2: An increased perceived environmental sustainability contributes to an increase in customer satisfaction.

H3: An increased perceived environmental sustainability contributes to an increase in customer purchase intention.

On the other hand, sustainability may increase the cost of operations. Thus, most multinational companies do not give enough importance to sustainability about cost-saving (Pullman et al., 2009). In many cases, sustainability has inevitable trade-offs and may increase the cost (Devinney, 2009). Consequently, companies have to charge high prices for sustainable products or services (Kang and James, 2007; Husted et al., 2013). Even though there is an increasing demand among customers to buy sustainable products, they often put price over sustainability practices. Notwithstanding examined customers' perceptions of a company's motivation to support sustainability practices and found that customers choose negatively-motivated or neutral companies if the price of the positively-motivated company's product is high (Barone et al., 2000). Therefore, price is a priority for most of the customers (Horne, 2009). Many customers are not willing to pay high prices even the product or service is eco-friendly (Gleim, et al., 2013). Consumers expect firms to present goods and services and develop new processes, but not those that could harm nature and certainly not at a high price (Devinney, 2009). Expensive products and services cause a decline in loyalty and satisfaction levels of consumers (Simola, 2012). According to Bray, Johns, and Kilburn (2010), price is the main obstacle to ethical consumption for consumers of ethical products, but they demonstrate great loyalty to an ethical alternative when the price is ignored. Sustainable products have high prices and high prices have a negative impact on consumer behavior (Lindgreen et al., 2009; Garrette and Karnani, 2010; Wolf, 2011; Gleim et al., 2013). Thus, this point of view addresses the moderating effect of price on the relationship between sustainability and consumer behavior.

Therefore, we proposed the following hypotheses:

H4: Price has a moderating effect on the relationship between environmental sustainability and customer loyalty.

H5: Price has a moderating effect on the relationship between environmental sustainability and customer satisfaction.

H6: Price has a moderating effect on the relationship between environmental sustainability and customer purchase intention.

METHODOLOGY

In this research, the Social & Exchange Theory was conducted. This theory will provide to measure the cause-and-effect relationship between sustainability practices and different consumer attitudes. Sustainable practices provide a reason for consumers to reciprocate with their behaviors and attitudes because they believe that they will reward a company (Gouldner 1960; Udorn, et al., 1998). Likewise, consumers believe that they are contributing to pursue environmental welfare by involving in an exchange relationship with the sustainable company (Rios et al., 2006). The reciprocity provides a long-term relationship between customer and business. Reciprocal behaviors affect consumer loyalty, satisfaction, and purchase intention (Agustin and Singh, 2005; Beltramini, 2000; Sung and Choi, 2010; Wu, et al., 2008).

In an exchange relation, consumers anticipate purchasing environmentally sustainable products at the lowest price (Goebel, et al., 2012), which is rewarding for the consumer. Otherwise, a lack of reward will likely decrease purchase intention, loyalty, and satisfaction.

The survey methodology was conducted to test the hypotheses and it was distributed to 454 random participants regardless of their functions, ages, and genders to make a heterogenous composition from Istanbul, Turkey. The study consists of one four different scales; environmental sustainability (Kim, et al., 2015), loyalty (Yang and Peterson, 2004), satisfaction (Sung and Choi, 2010), and purchase intention (Dodds et al., 1991) scales.

To test the validity and reliability of the scales two statistical techniques were used, exploratory factor analysis and Cronbach's alpha test. After that, it has been seen that all items are reliable and valid (Environmental sustainability, 0.91; loyalty, 0.87; satisfaction, 0.82, purchase intention, 0.88 and price, 0.77). Structured Equation Modelling (SEM) was used to determine relationships.

RESULTS AND DISCUSSION

First of all, environmental sustainability perception shows a positive relationship with loyalty, satisfaction, and purchase intention. However, loyalty has the lowest effect on environmental sustainability as we compare with others (standard coefficient = 0.15, $p < 0.01$). Satisfaction and environmental sustainability relation's standard coefficient is 0.35 ($p < 0.01$) and purchase intention and environmental sustainability relation's standard coefficient is 0.36 ($p < 0.01$). Therefore, the hypothesis H1, H1, and H3 are supported (see Table1). On the other hand, there is a positive and significant relationship between environmental sustainability and consumer loyalty. Moreover, the price is also important in consumer loyalty, there is a negative relationship between environmental sustainability and consumer loyalty if the price is high. Hence, the hypothesis that the moderating effects of price on the relationship between environmental sustainability and consumer loyalty are significant and it is supported. It means that the level of loyalty of consumers is determined by the price of the product. Secondly, environmental sustainability has a positive relationship with consumer satisfaction, if perceived environmental sustainability increases, consumer satisfaction will also increase. On the other

hand, the effect of price with perceived environmental sustainability has a negative effect on consumer satisfaction, the hypothesis that the moderating effects of price on the relationship between environmental sustainability and consumer satisfaction are significant and it is supported. On the other hand, the regression coefficient of the term (Environmental Sustainability*Price) on consumer satisfaction is negative, which indicates that the moderating variable (Price) weakens the causal effect of environmental sustainability on consumer satisfaction (see Table1). In other words, the increase in the price of a product would give negative effects on consumer satisfaction. Thirdly, there is a positive and significant relationship between environmental sustainability and purchase intention. The hypothesis that the moderating effects of price on the relationship between environmental sustainability and consumer purchase intention are also significant and it is supported, whereas the regression coefficient of a term (Environmental Sustainability*Price) on consumer purchase intention is negative, which indicates that the moderating variable (Price) weakens the causal effect of environmental sustainability on consumer purchase intention. It means that the increase in the price of the product would give negative effects on consumer purchase intention.

Table1: Structural model results and hypotheses testing

Hypothesis	Relation	Std. Coefficient	p-value	z-score
H1	ES → LE	0.15	0.002	3.13
H2	ES → SAE	0.35	0.000	7.84
H3	ES → PIE	-.36	0.000	6.97
H4	ES*PE → LE	-.39	0.007	-2.68
H5	ES*PE → SAE	-.70	0.000	-4.73
H6	ES*PE → PIE	-.60	0.000	-4.41

Notes: ES: Environmental Sustainability, LE: Loyalty, SAE: Satisfaction, PIE: Purchase Intention, PE: Price

CONCLUSIONS AND IMPLICATIONS FOR THE THEORY AND PRACTICE

The proposed hypotheses models widely accepted, suggesting that environmental sustainability actions of the companies have a huge impact on consumers' behaviors. First of all, it highlights the importance of CSR actions of companies from the ethical side of consumers. Sustainability actions are not just regulations for companies to follow; it also has many advantages to gain a competitive position in the market. Environmental sustainability actions have a positive effect on consumers' behavior such as purchase intention, loyalty, and satisfaction. Thus, moral values such as protecting the environment, utilizing green technology, and recycling/using recycled materials are highly concerned from the consumer side to be successful in the market. On the other hand, this research also highlights the importance of price. Price is a crucial element in buying decisions and this study show this importance in different consumer behavior levels. In the environmental sustainability concept, price plays an important role in satisfaction, purchase intention, and loyalty. If the price is high, even the company cares about environmental sustainability, consumers may not be happy. Therefore, it affects their behavior towards the company. It can be said that consumers want to get sustainable brands at low prices. Even though the price is a crucial problem for companies, they should find new ways to launch sustainable products at an appropriate price level. Thus, companies may add value to their organizations by selling sustainable products/services with proper price levels. Furthermore, consumers feel delighted by using sustainable and cheap products/services, and thereby, it would positively reflect on their behavior. On the other hand, this study also has an importance on theoretical implications. First, there is a lack of study on environmental sustainability perception and different levels of consumer behaviors. This study addressed this issue.

Secondly, price effect is also measured by looking into the relationship of consumer attitudes and perceived environmental sustainability which was also a lacking argument in the literature.

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