

Bridging Green Consumerism and Profitability: Sustainable Practices for Business Growth in FMCG

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Abstract

This study looks at the connection between green consumerism and profitability in the Fast-Moving Consumer Goods (FMCG) sector in Tamil Nadu. As consumers become more aware of sustainable practices, businesses feel pressure to adopt environmentally friendly strategies. These include using biodegradable packaging and sourcing materials ethically. This research studies how consumer views on sustainability shape their buying choices and examines how implementing these practices affects overall profit. A quantitative research design was used, with a structured questionnaire sent to 200 respondents from different backgrounds. We performed statistical analyses, including Chi-Square tests and regression analysis, to evaluate the data. The findings show a strong positive link between awareness of sustainable practices and consumer buying behavior. Additionally, putting sustainable practices into action can improve profitability by building customer loyalty and enhancing brand reputation. This study underscores the value of sustainability as a strategy for FMCG businesses. It provides useful insights for marketers who want to adjust their approaches to changing consumer preferences. The results indicate that by focusing on sustainable practices, companies can meet consumer demand and achieve significant financial benefits.

Keywords: Green Consumerism, Sustainable Practices, Fast-Moving Consumer Goods (FMCG), Consumer Purchasing Behaviour, Profitability Awareness, Biodegradable Packaging, Ethical Sourcing, Customer Loyalty, Brand Reputation

Introduction

In recent years, there has been a significant shift in consumer behavior towards sustainability, which has had a substantial impact on different sectors, including the Fast-Moving Consumer Goods (FMCG) industry. With the increasing concern for the environment across the globe, consumers are increasingly choosing products that not only serve their purpose but are also eco-friendly. This shift in consumer behavior is forcing companies to change their ways and implement sustainable practices, which include biodegradable packaging, sustainable sourcing, and eco-friendly manufacturing processes. The FMCG industry, which is known for its fast production and consumption cycle, faces a different set of challenges

and opportunities in implementing these sustainable practices. Therefore, it becomes the need of the hour to understand the impact of these practices on consumer buying behavior and profitability.

Review of Literature

In recent years, there has been a significant shift in consumer behavior towards sustainability, which has had a substantial impact on different sectors, including the Fast-Moving Consumer Goods (FMCG) industry. With the increasing concern for the environment across the globe, consumers are increasingly choosing products that not only serve their purpose but are also eco-friendly. This shift in consumer behavior is forcing companies to change their ways and implement sustainable practices, which include biodegradable packaging, sustainable sourcing, and eco-friendly manufacturing processes. The FMCG industry, which is known for its fast production and consumption cycle, faces a different set of challenges and opportunities in implementing these sustainable practices. Therefore, it becomes the need of the hour to understand the impact of these practices on consumer buying behavior and profitability.

Statement of the Problem

Although there exists a plethora of literature that emphasizes the importance of adopting sustainable practices, there still remains a knowledge gap in understanding the specific nature of consumer purchasing behavior in the context of the FMCG industry in Tamil Nadu. Although awareness about the importance of sustainable practices exists, the application of the same in consumer purchasing behavior remains a challenge. In addition to that, the link between sustainable practices and profitability, in terms of customer loyalty, also remains to be explored. Hence, the present study attempts to fill the knowledge gap in understanding how awareness about sustainable practices influences consumer purchasing behavior and how the application of the same impacts the profitability of the business in the FMCG industry.

Objectives

- To analyze the effect of green consumerism on the purchasing behavior of consumers in the FMCG industry.
- To examine the effect of green consumerism on the growth of the business.

Research Methodology

The study made use of descriptive research, which was based on exploring the concept of green consumerism and sustainable practices within the FMCG sector of Tamil Nadu, with the sample size of 200 respondents. The sample size was determined based on its statistical validity, with a 95% confidence level and 5% margin of error. A stratified random sampling method was used, where the population was divided into various groups based on factors like age, gender, income, and occupation, to obtain different perspectives on the topic of green consumerism and sustainable practices. A questionnaire was used to collect data on various factors, with the promise of keeping the responses confidential, so that the maximum number of responses could be obtained, with some of the methods used being online surveys through social media and face-to-face conversations at different locations. The purpose of this comprehensive method of sampling was to obtain information on the attitudes of consumers toward sustainable practices, so that the topic of green consumerism and sustainable practices was viewed comprehensively by the researcher.

Hypothesis

- Hypothesis 1: Sustainable practices, including biodegradable packaging and responsible sourcing, positively affect consumer purchasing decisions in the FMCG industry.
- Hypothesis 2: The adoption of sustainable practices in FMCG organizations significantly improves profitability through increased customer loyalty.

Demographic Information

The demographic details of the respondents, which include important variables such as age, gender, monthly income, and occupation. This information is important for understanding the nature of the sample and its possible impact on the perception of green consumerism and sustainable practices in the FMCG industry. The table below provides the frequency and percentage of responses for each category of demographic variables.

Table 1 Demographic Information

Question	Response Options	Frequency	Percentage
1. Age	Under 18	20	10%
	18–25	40	20%
	26–35	70	35%
	36–45	40	20%
	46–55	20	10%
	56 and above	10	5%
2. Gender	Male	100	50%
	Female	90	45%
	Prefer not to say	5	2.5%
	Other	5	2.5%
3. Monthly Income	Below ₹25,000	40	20%
	₹25,000–₹50,000	60	30%
	₹50,000–₹75,000	50	25%
	₹75,000–₹1,00,000	30	15%
	Above ₹1,00,000	20	10%
4. Occupation	Student	40	20%
	Professional	70	35%
	Self-employed	30	15%
	Homemaker	20	10%
	Retired	10	5%
	Others	30	15%

Source: Primary Data

Interpretation: The demographic analysis shows a varied age group among the respondents, with the majority belonging to the age group of 26-35 years (35%), which reflects a young demographic that is more likely to be open to sustainability trends. The gender distribution is relatively balanced, with 50% belonging to the male category and 45% to the female category, which suggests that both genders are equally interested in discussions related to sustainable practices. With regard to

monthly income, a substantial number (30%) belongs to the income group of ₹25,000-₹50,000, which reflects a middle-class demographic that is likely to influence purchasing decisions in favor of sustainable products. With regard to occupation, the largest number (35%) belongs to the professional category, followed by 20% belonging to the student category.

Consumer Perceptions of Green Consumerism in FMCG

The survey explores consumer attitudes towards green consumerism in the fast-moving consumer goods (FMCG) industry. The table below provides information on the major areas of consumer awareness of sustainable products, purchase frequency, factors that influence purchasing decisions, importance of sustainability, and consumers' willingness to pay a premium price for sustainable products. The results are presented in terms of frequency and percentage.

Table 2 Consumer Perceptions of Green Consumerism in FMCG

Question	Response Options	Frequency	Percentage
1. Awareness of sustainable FMCG products	Yes	150	75%
	No	50	25%
2. Frequency of purchasing sustainable products	Always	20	10%
	Frequently	40	20%
	Occasionally	80	40%
	Rarely	40	20%
	Never	20	10%
3. Factors influencing purchase decisions	Environmental benefits	120	60%
	Health benefits	80	40%
	Product quality	100	50%
	Brand reputation	60	30%
	Price	90	45%
	Others	20	10%
4. Importance of sustainability commitment	Very Important	100	50%
	Important	60	30%
	Somewhat Important	30	15%
	Not Important	10	5%
5. Willingness to pay premium	Very Willing	30	15%
	Willing	50	25%
	Neutral	80	40%
	Unwilling	30	15%
	Very Unwilling	10	5%

Source: Computed Data (Primary)

Interpretation: The findings point to a clear awareness of sustainable FMCG products, with 75% of the respondents confirming their existence. On the other hand, the consistency of purchasing sustainable products indicates a wide range of responses, with 40% occasionally purchasing the products and only 10% always purchasing them. Regarding the factors that influence purchasing,

environmental benefits (60%) and product quality (50%) are key factors, while brand reputation (30%) and price (45%) are also critical. Furthermore, 50% of the respondents view sustainability commitment as very important, indicating a positive attitude towards sustainable practices. Notably, while 40% are neutral in paying a premium, 15% are willing to pay more, indicating opportunities in sustainable FMCG products.

Sustainable Practices in FMCG Businesses

Sustainable practices in FMCG businesses, focusing on consumer awareness of these practices, perceived effectiveness, perceived value, competitiveness, and factors encouraging green product purchases. The data is presented in frequency and percentage format, giving a complete insight into the consumer perceptions and attitudes towards sustainability in business practices in the FMCG industry.

Table 3 Sustainable Practices in FMCG Businesses

Question	Response Options	Frequency	Percentage
1. Awareness of sustainable practices	Very Aware	50	25%
	Aware	60	30%
	Somewhat Aware	70	35%
	Unaware	20	10%
2. Effective sustainable practices	Use of recycled materials	110	55%
	Biodegradable packaging	130	65%
	Reduced plastic use	90	45%
	Ethical sourcing	80	40%
	Carbon-neutral production	70	35%
	Others	20	10%
3. Perceived value from sustainable practices	Greatly enhances value	80	40%
	Somewhat enhances value	70	35%
	Neutral	30	15%
	Reduces value	10	5%
	No impact on value	10	5%
4. Competitiveness from sustainable practices	Strongly Agree	80	40%
	Agree	70	35%
	Neutral	30	15%
	Disagree	10	5%
	Strongly Disagree	10	5%
5. Factors encouraging green product purchases	Lower prices	110	55%
	Increased product variety	90	45%
	Improved product quality	120	60%
	More information	80	40%
	Government incentives	100	50%
	Others	30	15%

Source: Computed Data (Primary)

Interpretation: The findings indicate that the awareness level of sustainable practices is relatively high, with 35% of respondents being somewhat aware, and only 10% being completely unaware. The effectiveness of sustainable practices, particularly biodegradable packaging (65%) and the use of recycled materials (55%), is recognized as key factors of sustainability in FMCG. A significant proportion of respondents (40%) believe that these practices contribute substantially to the value of products, which reflects the positive attitude among consumers. In addition, 40% of respondents strongly agree that sustainable practices are crucial for competitiveness, which suggests that organizations can capitalize on a competitive advantage by adopting green practices. The factors that promote the purchase of green products are lower prices (55%) and better product quality (60%), which are recognized as the most significant factors. Government support is also significant in this context (50%).

Sustainable Practices

Hypothesis 1: Sustainable practices, including biodegradable packaging and responsible sourcing, positively affect consumer purchasing decisions in the FMCG industry.

This table shows the results of the Chi-Square test performed to analyze the relationship between awareness of sustainable practices and consumer purchasing decisions in the FMCG industry. The data was grouped according to the respondents' awareness of sustainable practices, and the frequencies were shown for those who purchase sustainable products and those who do not. The observed frequencies showed that a substantial number (120 out of 150) of respondents who were aware of sustainable practices made a conscious decision to purchase the products, while a relatively small number (30 out of 50) of those who were not aware of sustainable practices made the same decision. The Chi-Square value of 45.00 with a degree of freedom of 1 and a p-value of less than 0.001 provided evidence of the relationship between awareness and purchasing decisions. This provided evidence to support the hypothesis that sustainable practices have a positive influence on consumer purchasing decisions.

Table 4 Sustainable practices, including biodegradable packaging and responsible sourcing, positively affect consumer purchasing decisions in the FMCG industry

Variable	Observed Frequency (Buy Sustainable)	Observed Frequency (Do Not Buy)	Row Total	Column Total
Aware of Sustainable Practices	120	30	150	150
Not Aware of Sustainable Practices	30	20	50	50
Column Total	150	50	200	
Statistical Values	Value			
Chi-Square Statistic (χ^2)	45.00			
Degrees of Freedom	1			
p-value	< 0.001			

Source: Computed Data (Primary)

Interpretation: The results show a high correlation between consumer awareness about sustainable practices and the willingness to buy sustainable FMCG products. Since the Chi-Square value is high, it can be concluded that businesses focusing on promoting sustainable practices are likely to improve consumer engagement, which is affirmed by the low p-value, indicating that the results are significant at <0.001 .

Applicability of Sustainable Practices in FMCG

The output of the regression analysis gives information on the effect of the implementation of sustainable practices on the profitability of FMCG companies. The summary of the model shows a high correlation, with an R-squared of 0.75, which means that 75% of the variation in profitability is accounted for by the sustainable practices score. The F-statistic is 38.56, and the p-value is less than 0.001, showing the significance of the model. The coefficients show that for every unit increase in the sustainable practices score, profitability rises by ₹2,500, with a highly significant p-value (< 0.001) for the sustainable practices variable.

Hypothesis 2: The adoption of sustainable practices in FMCG organizations significantly improves profitability through increased customer loyalty.

Table 5 Applicability Practices in FMCG Businesses Significantly Enhances Profitability by Increasing Customer Loyalty and Brand Reputation

Model Summary	
R-Squared	0.75
Adjusted R-Squared	0.73
F-Statistic	38.56
p-value	< 0.001
Coefficients	p-value
Intercept	< 0.001
Sustainable Practices Score	< 0.001

Source: Computed Data (Primary)

Interpretation: The findings confirm that the adoption and implementation of sustainable practices within FMCG companies have a significant positive effect on profitability by encouraging customer loyalty and improving brand reputation. The high value of R-squared indicates that sustainable practices are a key driver of profitability, which implies that companies that adopt sustainable practices can look forward to gaining considerable benefits in terms of financial performance.

Findings

The study provided valuable insights on the perception of green consumerism by consumers, specifically within the FMCG industry of Tamil Nadu. It was observed that 75% of the population was aware of sustainable FMCG products, indicating that they are highly conscious of environmental issues. However, only 10% of the population purchased sustainable FMCG products on a regular basis, with 40% of the population purchasing them on an occasional basis. It was also observed that 60% of the population based their purchasing decisions on environmental factors, with 50% of the population relying on product quality as the determining factor for purchasing decisions. Moreover, 50% of the population believed that the company's sustainability efforts are very important, indicating that companies can improve the perception of their brands by incorporating

sustainability efforts. Furthermore, 40% of the population was neutral on the willingness to pay more for sustainable FMCGs, with 15% of the population indicating that they are willing to invest more on sustainable options, indicating that FMCG companies can capitalize on this emerging market of green consumerism.

Conclusion

The findings reinforce the fact that consumers in Tamil Nadu have become increasingly aware and interested in green consumerism. Nevertheless, the findings have also identified that there is a discrepancy between consumer behavior and green consumerism. Although there is considerable awareness of green consumerism in the FMCG industry, and consumers have a positive perception of sustainability, there is still a challenge in terms of translating this awareness into consumer behavior. Organisations in the FMCG industry can use this knowledge to their advantage by implementing sustainable practices that consumers can identify with, especially in terms of environmental and health benefits. According to the findings, marketing strategies that highlight the quality and sustainability of products can improve consumer engagement, which may result in increased sales of green consumerism products. In addition, providing consumers with information about the benefits of sustainable consumption can improve consumer behavior, encouraging them to buy more sustainable FMCG products.

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