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Green Retailing: Navigating Change towards Eco-Friendly Business Models in Tier-2 Cities

Mrs Shashikala K G

Assistant Professor, SDM College of Business Management, Mangalore

E-mail: shashikala_kg@ssmcbm.ac.in

ABSTRACT

The Indian retail sector is increasingly incorporating environmental considerations into product selection, packaging, store operations and consumer communication. This chapter examines the transition towards eco-friendly retailing in selected emerging non-metro urban markets, with particular attention to Mangaluru, Mysuru, Hubballi, Coimbatore and Kochi. The study adopts a descriptive and conceptual approach supported by secondary literature, government documents, industry material and exploratory field observations and informal interactions with retail managers and staff. The field component focused on packaging, sourcing, energy use, waste handling, digital practices and consumer responses. Recent academic evidence indicates that environmental knowledge, green awareness, store credibility and access to sustainable products can influence green consumption, while price, availability and information gaps may constrain adoption. The chapter also reviews India's Plastic Waste Management Rules and presents a conceptually grounded 4P Green Model comprising Green Product, Green Packaging, Green Practice and Green Promotion. The model is proposed as a practical framework for small and medium retailers; it is not presented as an empirically validated causal model. The chapter concludes that gradual, transparent and measurable green practices can help retailers respond to changing consumer expectations while improving resource efficiency.

Keywords: Green Retailing, Eco-Friendly Business Models, Tier-2 Cities, Sustainability, Green Consumerism, Plastic Waste Management, 4P Green Model

1. INTRODUCTION

Retailing is increasingly being discussed not only in terms of price, assortment and convenience but also in terms of environmental responsibility. Green retailing refers broadly to retail practices that seek to reduce environmental impact through responsible sourcing, lower resource consumption, waste reduction, sustainable packaging and the promotion of environmentally preferable products. This extends the traditional marketing perspective by connecting product and promotion decisions with environmental performance.

The relevance of green retailing is particularly visible in emerging urban markets where organised retail, local businesses and digitally connected consumers coexist. For this chapter, the term 'Tier-2 cities' is used as a working description for selected non-metro urban markets Mangaluru, Mysuru, Hubballi, Coimbatore and Kochi—rather than as a claim that all five cities have identical official administrative classifications. Such markets provide a useful context for examining how sustainability practices are interpreted and implemented by retailers.

Recent research supports the importance of consumer awareness and credible communication in green consumption. Naini (2024), studying consumers in Hyderabad, found relationships among environmental attitude, green awareness and green behaviour. Choudhury et al. (2024), using data from 310 Indian respondents, identified green self-identification, environmental knowledge, environmental consciousness and social media influence among important factors associated with green purchase intention. Tryphena and Arul Aram (2023), based on 460 respondents in Chennai and Bengaluru, reported that environmental knowledge and perceived consumer effectiveness were significant factors in sustainable clothing purchase intention.

These studies indicate that consumer-side factors matter, but they do not by themselves establish that all consumers in Tier-2 cities behave in the same way.

2. REVIEW OF LITERATURE

Earlier green marketing literature established the importance of integrating environmental concerns with marketing strategy. Kotler and Keller (2016) discuss marketing as a coordinated process involving product, pricing, distribution and promotion decisions; these principles provide a useful foundation for adapting the marketing mix to sustainability.

Recent retail research has added stronger empirical grounding. Kumar and Utkarsh (2023) examined 763 respondents and found that the quality of green information provided by stores is related to consumer engagement, with store credibility playing an important mediating role. This supports the inclusion of transparent and verifiable communication within a green retail framework.

Ghaffar et al. (2023) examined sustainable retailing and considered sustainable retailers, product packaging, product availability and price perception in relation to sustainable behavioural intention. Their work supports the view that green retailing cannot depend on environmental claims alone; product availability and consumer value perceptions also matter.

Naini (2024) investigated green awareness and green behaviour in India using 129 responses from Hyderabad. The study reported significant roles for interpersonal influence, environmental attitude and green awareness in explaining green consumption behaviour. This is relevant to the present chapter because retailers operate within a wider social and communication environment.

Tryphena and Arul Aram (2023) studied sustainable clothing consumption among 460 urban Indian consumers in Chennai and Bengaluru. Their results highlighted environmental knowledge and perceived consumer effectiveness as important influences on purchase intention. The study also illustrates the attitude-behaviour gap: awareness does not automatically result in sustainable purchasing.

Choudhury et al. (2024) analysed 310 Indian responses using machine-learning approaches to predict green purchase intention. Green self-identification, environmental knowledge, environmental consciousness and social media influence were among the important factors identified. The evidence provides support for considering consumer awareness and digital communication when designing green promotion.

The literature therefore points to four recurring requirements relevant to this chapter: availability of green products, credible packaging and operational practices, consumer awareness, and transparent communication. The present chapter brings these elements together in a practical 4P Green Model while recognising that the model requires future empirical testing.

3. OBJECTIVES OF THE STUDY

- To explain the concept and scope of green retailing in emerging urban markets.
- To identify major factors that encourage retailers to adopt eco-friendly practices.
- To describe green practices observed in retail operations, particularly in sourcing, packaging, energy use, waste management and digital processes.
- To examine the practical challenges faced by small and medium retailers in adopting green practices.
- To propose a conceptually grounded 4P Green Model that can guide gradual transition towards greener retailing.

4. RESEARCH METHODOLOGY

The study is descriptive, exploratory and conceptual in nature. It combines secondary evidence with a field-based exploratory component. The purpose of the field component was not to generate statistically representative estimates, but to understand how sustainability-related practices are encountered in day-to-day retail operations.

4.1 Field observations and informal interactions

The field component consisted of direct observation of retail operations and informal interactions with retail managers and staff, as stated in the original study design. The interactions focused on five areas: (i) sourcing and product selection, (ii) packaging and carry-bag practices, (iii) energy and resource use, (iv) waste segregation and disposal, and (v) consumer responses to eco-friendly initiatives. Observations were made in the course of normal retail activity without experimental intervention. Questions were conversational and aimed at understanding existing practices, perceived benefits, operational difficulties and customer feedback.

The field observations were purposive and exploratory rather than based on probability sampling. No claim is therefore made that the observations represent every retailer or consumer in the selected cities. The evidence is used to identify practice patterns and issues that can be examined more systematically in future research.

4.2 Secondary data

Secondary information was obtained from peer-reviewed academic studies, government notifications and publications, industry material and relevant sustainability literature. Particular attention was given to recent academic studies on green consumption and retailing and to official information on India's Plastic Waste Management Rules.

4.3 Analytical approach

The evidence was synthesised thematically. Recurring themes from the literature and field observations were organised under drivers, practices, challenges and communication requirements. These themes were then used to construct the 4P Green Model. Since the study does not use a structured survey dataset, statistical testing and population-level estimates are outside its scope.

5. DRIVERS OF GREEN RETAILING IN EMERGING URBAN MARKETS

5.1 Regulatory and policy environment

India's Plastic Waste Management Rules, 2016, as amended, provide an important regulatory context for retailers. The identified single-use plastic items were prohibited from 1 July 2022, while plastic carry bags below 120 microns were prohibited from 31 December 2022. The 2022 amendment also established Extended Producer Responsibility provisions for plastic packaging. These measures create incentives for businesses to review packaging and waste-management practices.

5.2 Consumer awareness and environmental concern

Recent Indian studies show that environmental knowledge, awareness, attitudes and perceived effectiveness can be associated with green purchase intentions and behaviour. However, the evidence also indicates that awareness does not automatically translate into purchasing behaviour. Retailers therefore need to combine availability, affordability, convenience and credible information rather than relying only on environmental messaging.

5.3 Resource efficiency and operational considerations

Energy-efficient lighting, reduced paper use, digital billing, better inventory practices, local sourcing where commercially appropriate, and waste segregation can reduce resource use. The economic benefit will vary by retailer, product category, technology and local conditions; therefore, this chapter does not assume a fixed percentage of savings.

5.4 Competitive differentiation and trust

Green practices may help a retailer differentiate its offering when they are relevant to customers and communicated credibly. Research on green retailing indicates that complete, relevant and verifiable information can strengthen store credibility and engagement. The potential benefit is therefore linked to the quality and authenticity of implementation, not simply to the use of a 'green' label.

5.5 Digital and social communication

Digital channels can make information about sustainable products and practices easier to access. Recent Indian evidence also identifies social media influence as relevant to green purchase intention. Retailers can therefore use digital communication, but claims should be specific, transparent and capable of verification to reduce the risk of greenwashing.

6. COMMON GREEN PRACTICES OBSERVED

6.1 Sustainable sourcing

Preference for local, seasonal or responsibly sourced products where feasible. Local sourcing can reduce transport requirements in some supply chains, but the environmental benefit depends on distance, production methods, logistics and product type.

6.2 Reduction and responsible use of packaging

Replacing unnecessary plastic packaging, encouraging reusable bags, and selecting suitable paper, cloth or other compliant alternatives. Packaging choices should consider durability, resource use, reuse and end-of-life management rather than assuming that every non-plastic material is automatically more sustainable.

6.3 Energy and resource efficiency

Use of LED lighting, energy-efficient equipment, appropriate refrigeration practices, natural ventilation where suitable, and monitoring of electricity consumption.

6.4 Waste segregation and recovery

Segregation of wet and dry waste, appropriate handling of recyclable packaging, and composting of suitable organic waste where facilities exist.

6.5 Promotion of green products

Making organic, natural, locally sourced, low-waste or other environmentally preferable products visible to consumers, while providing accurate information about the basis of the environmental claim.

6.6 Digital practices

Digital invoices, QR-based information and electronic payments can reduce paper use and improve convenience. Their environmental effect should be understood as one component of a broader sustainability strategy.

7. CHALLENGES IN IMPLEMENTING GREEN RETAILING

7.1 Cost and affordability

Some sustainable materials, technologies or certified products may involve higher purchase or transition costs. The magnitude of the additional cost varies by material, supplier, scale and market conditions; therefore, a fixed 30–40% cost premium is not assumed in this revised chapter.

7.2 Supply and availability constraints

Small retailers may have limited access to consistent supplies of certified, sustainable or locally appropriate products and packaging.

7.3 Consumer price and convenience expectations

Consumers may express support for sustainability while still prioritising price, convenience and product availability. This creates an attitude-behaviour gap documented in recent research.

7.4 Knowledge and staff capability

Green retailing requires staff to understand waste segregation, energy-saving routines, product information and communication. Training needs depend on store size and operating complexity.

7.5 Risk of greenwashing

Unclear or exaggerated environmental claims can reduce trust. Green communication should therefore be specific, evidence-based and verifiable.

8. PLASTIC WASTE MANAGEMENT REGULATORY CONTEXT

The Plastic Waste Management Rules, 2016 form the statutory framework for plastic waste management in India and have been amended several times. It is important to distinguish the 2021 amendment from the 2022 amendment. The Plastic Waste Management (Amendment) Rules, 2021 notified a prohibition on specified single-use plastic items with effect from 1 July 2022. The same regulatory changes also increased the minimum thickness requirement for plastic carry bags in stages, reaching 120 microns from 31 December 2022. The Plastic Waste Management (Amendment) Rules, 2022 introduced the Extended Producer Responsibility framework for plastic packaging. These measures should not be described simply as a general ban on all plastic packaging.

For retailers, the practical implication is that compliance requires attention to the type of plastic item, applicable thickness or other specification, packaging obligations, supplier practices and relevant local enforcement requirements. Retailers should also recognise that alternatives such as paper or cloth have their own resource implications. The objective is therefore not merely substitution, but reduction of unnecessary packaging, reuse where appropriate, segregation and responsible recovery of waste.

9. PROPOSED 4P GREEN MODEL FOR RETAILERS

The proposed 4P Green Model is a conceptual framework developed from the recurring themes identified in the literature and exploratory field observations. It adapts the familiar marketing-mix logic of product and promotion to include environmental considerations across the retail offer and store operations. The model is intended as a practical guide, not as a statistically validated model.

4P element	Core idea	Practical actions	Academic basis
Green Product	Make the product assortment more environmentally responsible.	Increase appropriate local, seasonal, durable, organic or lower-impact products; provide accurate product information; work with suitable suppliers.	Green purchase research highlights environmental knowledge, product attributes, availability and consumer value as relevant considerations.
Green Packaging	Reduce unnecessary packaging and improve packaging choices.	Reduce excess packaging; comply with plastic rules; encourage reusable bags; select suitable recyclable/reusable alternatives; communicate disposal information.	Plastic regulation and sustainable-retailing research show packaging is a key part of the retailer's environmental interface with customers.
Green Practice	Embed sustainability in day-to-day store operations.	Energy monitoring, efficient lighting, water conservation, waste segregation, digital billing, staff training and responsible waste handling.	Sustainability research supports operational resource efficiency and the integration of environmental practices into retail processes.
Green Promotion	Communicate environmental actions transparently.	Use in-store boards, labels and digital media; report measurable actions only when records exist; explain product or packaging claims clearly.	Research on green retailing shows that complete, relevant and verifiable information can strengthen store credibility and engagement.

The four elements are interdependent. Green promotion without green practice can create credibility problems; green products without adequate availability may not translate into purchases; green packaging without compliance and end-of-life consideration may simply shift environmental impacts. The framework therefore encourages retailers to implement the four elements together and progressively.

10. IMPLEMENTATION ROADMAP FOR SMALL AND MEDIUM RETAILERS

Step 1: Baseline

List major packaging materials, electricity-consuming equipment, paper use and common waste streams.

Step 2: Prioritise

Select two or three low-cost actions such as reducing unnecessary packaging, improving waste segregation or reducing paper use.

Step 3: Train

Explain the selected practices to staff and assign simple responsibilities.

Step 4: Measure

Maintain basic monthly records such as electricity consumption, number of reusable bags distributed or quantity of segregated recyclable waste where measurement is feasible.

Step 5: Communicate

Share only verified achievements and explain the environmental basis of product or packaging claims.

Step 6: Review

Review progress periodically and add further practices based on cost, feasibility, customer response and environmental relevance.

11. FINDINGS AND DISCUSSION

- The literature and exploratory field observations indicate that green retailing is broader than packaging substitution; it includes product assortment, store operations, waste management and communication.
- Regulatory requirements concerning identified single-use plastic items and plastic carry bags provide an important external driver for retailers to review packaging practices.
- Recent Indian research indicates that environmental knowledge, green awareness, perceived effectiveness, interpersonal influence and social-media exposure can be associated with green purchase intentions or behaviour, but these factors do not guarantee actual purchases.
- Credible information is important. Evidence from green-retailing research suggests that complete, relevant and verifiable environmental information can strengthen store credibility and consumer engagement.

- Small and medium retailers can begin with incremental operational measures such as reducing unnecessary packaging, segregating waste, improving energy practices and using digital processes. The economic and environmental outcomes will vary by store and should be measured rather than assumed.
- The 4P Green Model provides a practical synthesis of these themes. Its contribution is conceptual and managerial; its effectiveness should be tested through future empirical studies across different retail formats and cities.

12. LIMITATIONS AND SCOPE FOR FUTURE RESEARCH

The field component is exploratory and purposive, and it does not provide a statistically representative sample of retailers or consumers. The chapter also does not use primary survey data or infer causal relationships. In addition, green practices can differ considerably across grocery, apparel, pharmacy, food-service and other retail formats.

Future studies can test the 4P Green Model using structured questionnaires and larger samples across Tier-2 and Tier-3 cities. Researchers can also examine the relationship between green practices and measurable outcomes such as energy consumption, packaging reduction, customer retention, purchase intention and operating cost. Comparative studies across retail formats would further strengthen the evidence base.

13. CONCLUSION

Green retailing represents an emerging approach to integrating environmental considerations with everyday retail decision-making. The evidence reviewed in this chapter suggests that successful adoption depends on more than replacing plastic with another material. Retailers need to consider product choices, packaging, operational practices and the credibility of environmental communication together.

The revised 4P Green Model—Green Product, Green Packaging, Green Practice and Green Promotion—offers a simple framework for organising these actions. It is especially relevant to small and medium retailers because implementation can begin with manageable steps and progressively expand. At the same time, the model should be regarded as a conceptual proposal until it is tested empirically. Transparent claims, compliance with applicable plastic-waste requirements, measurable operational improvements and consumer education can provide a practical foundation for the transition towards more responsible retailing in emerging urban markets.

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