

Annexure H

**CONSUMER RESPONSE TO
RECYCLED PRODUCTS**

A REPORT BY ECOEXIST

A Green Ideas Initiative

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ACKNOWLEDGMENTS

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OBJECTIVES OF THE MARKET SURVEY

This market survey was conducted during the Beauty of Recycling festival, an event which showcased recycled products made by organisations from all over the country of India. The Beauty of Recycling was held over three days from the 18th to the 20th of December, 2015 at Seasons Mall, Magarpatta City in Pune, Maharashtra, a state in India.

The main objectives of this market survey are to capture consumer response to recycled products in this particular set up where they are exposed to a wide variety of recycled products being sold at the exhibition and are faced with a conscious purchase decision. Hence this survey tries to judge the response and willingness to pay for recycled products by the average mall-visiting consumer. These consumers are assumed to possess the capacity to pay for such products by virtue of being in the mall.

Through the data collected the survey tries to shed light on two main questions-

1. How does the pricing of recycled products deter people from buying them?
2. Does their understanding of recycling help them appreciate the final cost of the products?

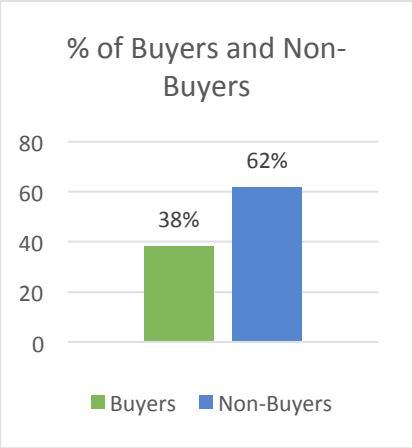
METHODOLOGY

370 respondents were interviewed during the three days of the Beauty of Recycling Festival. The sample of respondents was limited to the consumers who visited the exhibition over the three days of the festival. The respondents were randomly interviewed by enumerators as they exited the exhibition after seeing/buying the products. The consumers were free to self-select themselves as respondents of this survey, i.e. they were interviewed only if they were willing to participate in the survey. Since the consumers became acquainted with the concept of recycled products after attending the exhibition and had made a conscious decision to purchase or not purchase just prior to the survey, this was judged the best way to capture an accurate consumer response on recycled products which is a relatively new category of consumer products.

Figure 1. % of Buyers and Non-Buyers

Out of 370, 32 respondents had to be dropped due to missing data in the questionnaires. This amounts to 8.6% of the sample which is quite small to impact the conclusions significantly.

The final sample of 338 respondents was classified into 129 Buyers and 209 Non-Buyers based on their response to the buyer/non-buyer option in the questionnaire. The share of buyers and non-buyers as a percentage of the sample is shown in the graph alongside.



The results for the Buyers and Non-Buyers are analyzed separately. The following pages will show an insight into consumer thinking and willingness to pay for recycled products. The graphical results of the market survey are available in the last chapter on 'Results'.

LIMITATIONS OF THE STUDY

- The sample of this study may not be representative because it is limited to the people who attended the Beauty of Recycling Festival at Seasons Mall, Pune, from 18th to 20th December hence it is difficult to justify external validity.
- Since the respondents had limited time to answer the questions, the questionnaire had to be kept short and limited to 9-10 questions only.
- Due to the limit on the questionnaire size there were several questions which could not be included related to demographics like age, gender, etc. which could have enriched the analysis.
- To keep the questions impersonal and anonymous no personal details like names, age, contact information, income etc. were asked.
- The results are interpreted completely on the basis of the self-classification of the respondents as Buyers and Non-Buyers.

QUESTIONNAIRE

Welcome to the Beauty of Recycling Festival! This survey will just take a couple of minutes!

1. Would you be willing to buy a product made out of waste?

Yes No Maybe

FOR BUYERS

(i) What items did you buy?

Utility

Decorative

Both

(ii) Would you buy them again?

Yes

No

Maybe

(iii) How much did you spend on the recycled products?

< 100

100-500

500-1000

1000<

FOR NON BUYERS

(i) Why did you not buy anything?

Price was too high

Not satisfied with Quality

None of the products were useful

I don't like products out of waste

Other reasons _____

2. According to you, is recycling done more for decoration purposes or for use?

Decoration 1 2 3 4 5 Use

3. How accessible/available for you are recycled products as compared to regular products?

(1 being not accessible and 5 being highly accessible for you)

Not Accessible 1 2 3 4 5 Highly Accessible

4. According to you, how should recycled products be priced?

- Less than regular products
- Same as regular products
- More than regular products

5. According to you, how are recycled products currently priced? (1 being very low priced and 5 being very high priced)

Low 1 2 3 4 5 High

6. When you compare the quality of recycled products with regular products do you think they are

- Better
- Worse
- Equal

7. All other factors being equal would you choose a recycled product over a regular product?

- Yes
- No
- Maybe

Why? _____

8. Do you think recycled products have positive social/environmental impact?

- Yes
- No
- Maybe

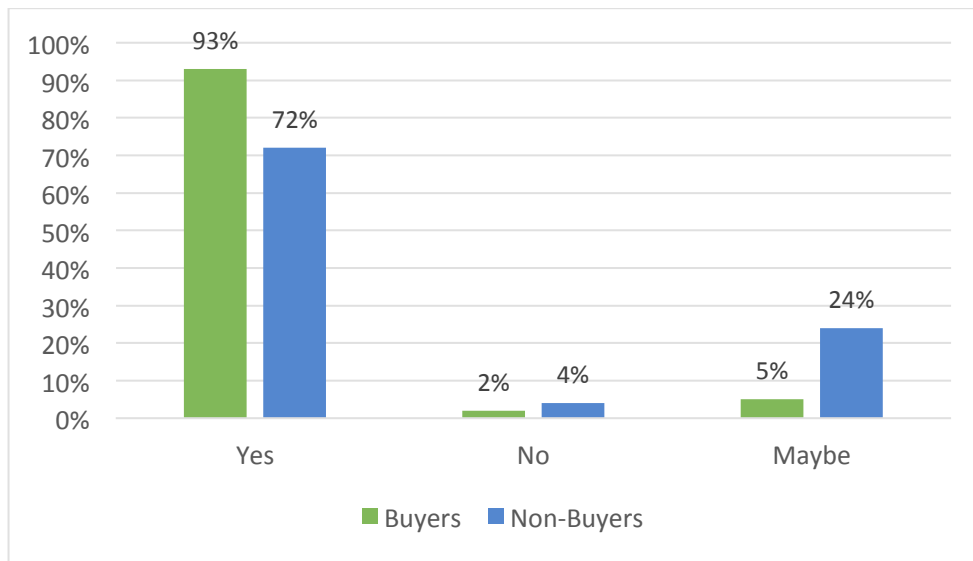
9. Knowing this, would you be willing to pay extra for them?

- Yes
- No
- Maybe

ANALYSIS

A significant number of people, i.e. 80% of the respondents, comprising both buyers and non-buyers expressed a willingness to buy recycled products but only 38% of the respondents actually bought a product at the exhibition. Non-buyers showed a lower preference for recycled products with 72% of them expressing a willingness to buy versus 93% of the buyers (Figure 2).

Figure 2. Would you be willing to buy a product made out of waste?



Buyer Statistics

38% of the respondents bought a recycled good at the Beauty of Recycling Exhibition while 62% just visited but did not buy anything.

Figure 3 What items did you buy?

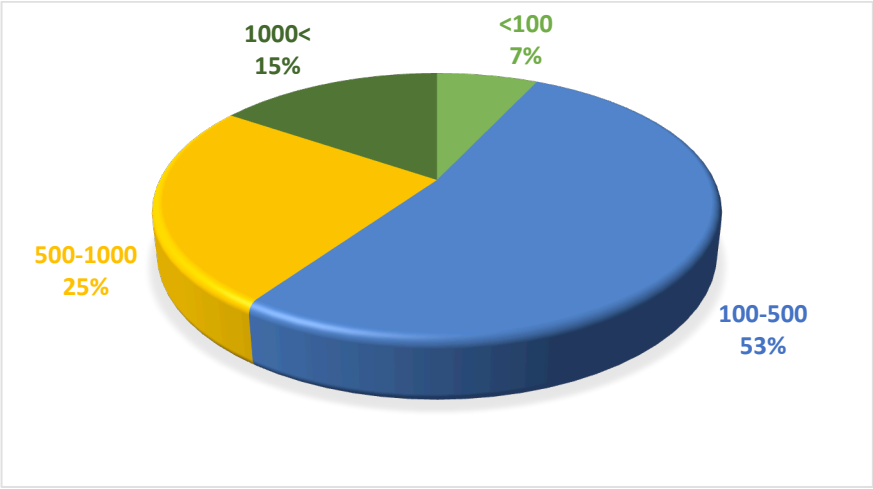
A majority of the Buyers (53%) bought only utility items while 15% bought only decorative items. 32% of the Buyers bought both utility and decorative products.

Figure 3)

90% of the respondents said they would buy these products again. This indicates a positive reception of recycled products among the Buyers.

Buyers were also asked the approximate range which they spent on buying recycled products at the exhibition. Based on their replies we found over 53% of the Buyers spent in the range of Rs. 100-500 on recycled products, 25% spent between Rs. 500-1000 while 15% spent over Rs. 1000 on recycled products. (Error! Reference source not found.)

Figure 4 How Much did you spend on the Recycled Products? (Value in Rs.)

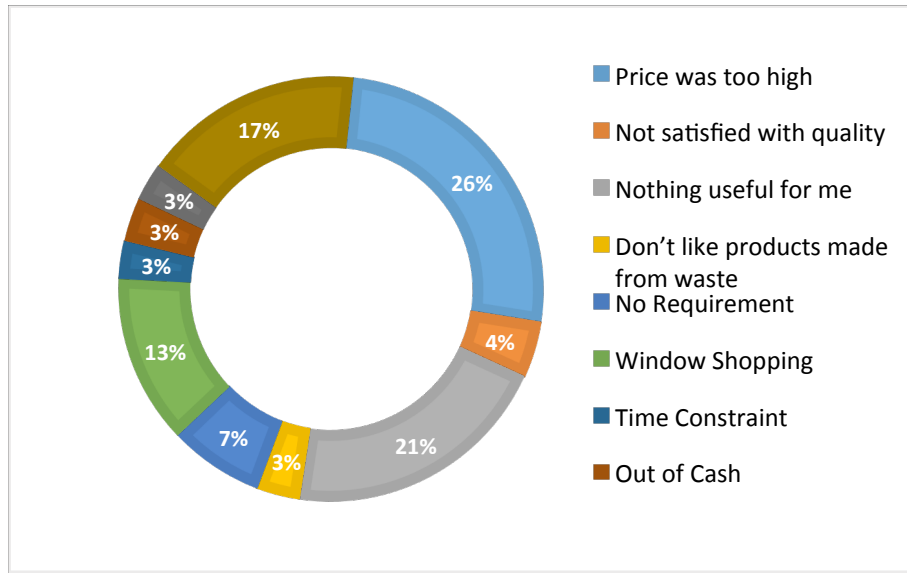


We also asked the Non-Buyers to choose from a set of reasons why they did not buy any recycled products at the exhibition. Two major reasons from those given by Non-Buyers which included the following-

1. 'Price was too high'
2. 'Nothing useful for me'

A large number of people were also window shoppers or did not have time to buy products. The proportion of reasons given are illustrated below. (Figure 5) 'Others' included reasons such as: products that I wanted were not available, will buy next time, will return later with friends/family, products not sufficiently attractive, I couldn't decide what to buy, no intention to buy, Can make some of these products on my own, not really interested, I visited to get new ideas, came to donate old things to Dariya Dil Dukaan, etc.

Figure 5. Why did you not Buy anything?

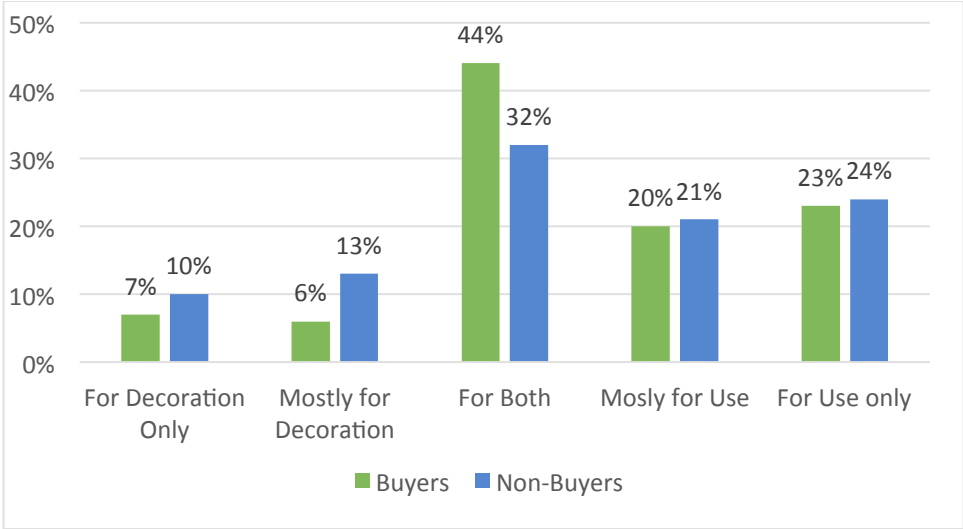


A majority of Buyers bought utility products and 90% of them were willing to buy them again. High price and non-usefulness of the products were the main reasons cited by Non-Buyers.

Nature of Recycled Products

On the perception of the nature of recycled products, 44% of buyers and 32% of non-buyers felt that recycled products were both for decorative purposes as well as for use. But over 40% of both buyers and non-buyers felt that recycling is mostly done for utility rather than for decoration. (Figure 6)

Figure 6. Is Recycling for Decoration or for Use?



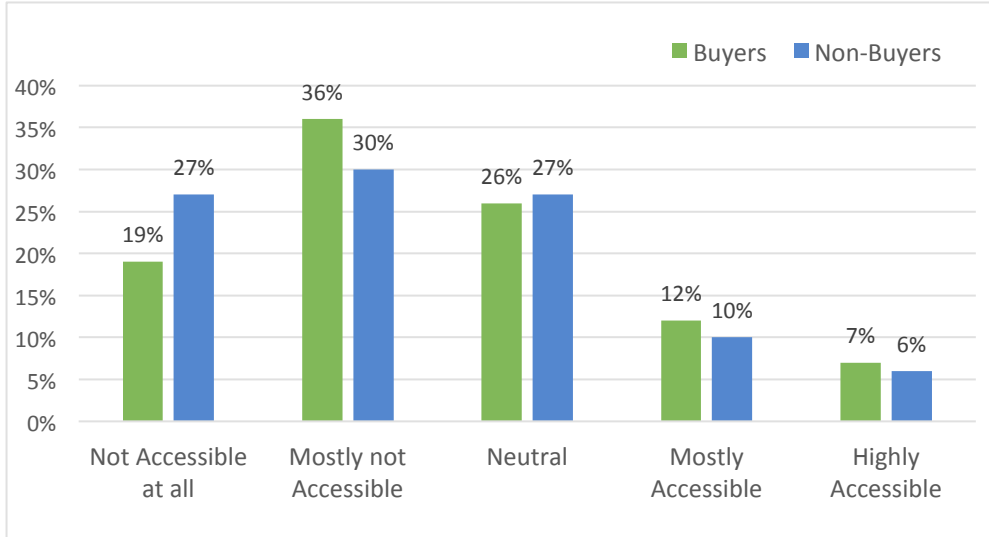
More people felt that recycling is done for producing useful products rather than decorative items.

Availability of Recycled Products

Respondents were asked whether they felt that recycled products are easily available and accessible to them. 55% of buyers and 57% of non-buyers said that recycled products were generally not accessible (Figure 7). An equal number of buyers and non-buyers, (around 37% of all the respondents) were neutral about the availability of recycled products. A smaller proportion of 17% of Buyers and 16% of non-buyers said recycled products were available, i.e. 17% of all the respondents (in total) were positive about the availability of recycled products which is encouraging but it is clear that lot of more work needs to be done in terms of marketing and advertising.

The break-up of Buyers and Non-Buyers is given below.

Figure 7. How Accessible/Available are Recycled Products for You?



A majority of people, 56% of all respondents felt recycled products are not easily accessible in the market. Only 17% of the respondents were positive about the availability of recycled products.

Pricing of Recycled Products

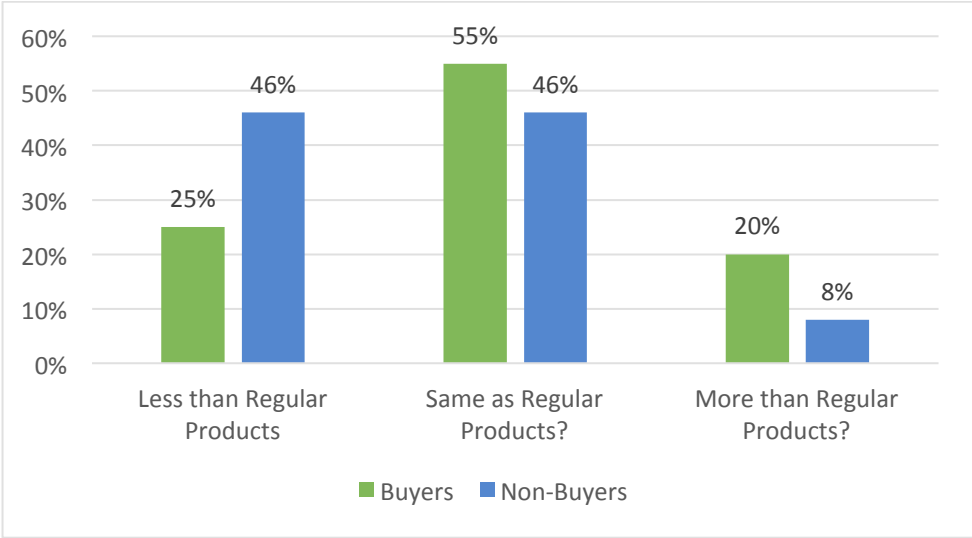
To judge consumer sentiment about the pricing of recycled products we asked both positive and normative questions. First, respondents were asked the normative question on how recycled products should be priced in relation to regular products according to them. This was followed up with a question on how respondents felt recycled products were currently priced at the Beauty of Recycling Festival.

To the question on how recycled goods should be priced, taking Buyers and Non-Buyers as a homogenous set, 38% of the respondents felt that recycled products should be priced lower than regular products, 50% of the respondents said they should be priced the same as regular products and 12% of the respondents said they should be charged at a higher price than regular products.

Further, when comparing the results for Buyers and Non-Buyers, the opinions contrasted to some extent. Only 25% of the buyers felt recycled products should be priced lower than regular products

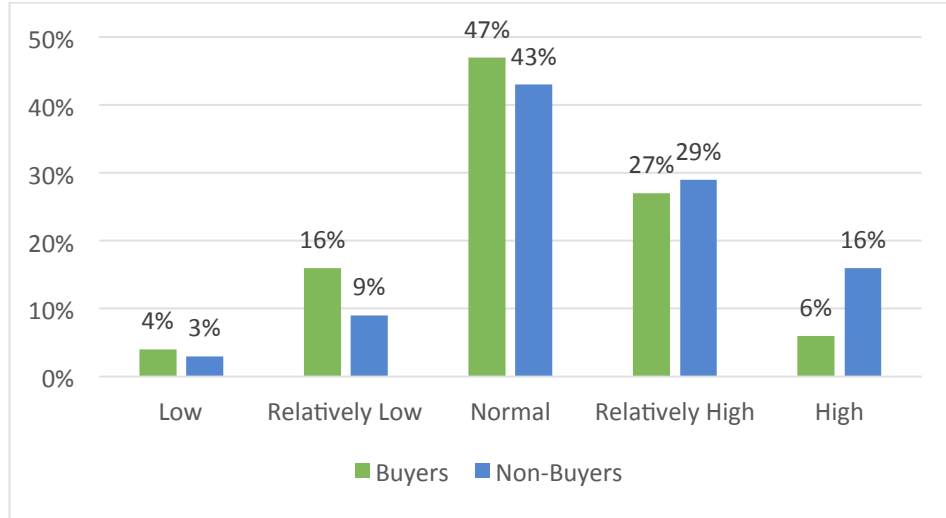
versus 46% of the non-buyers who felt so; Similarly, 20% of the buyers felt recycled products should be priced higher than regular products while only 8% of non-buyers echoed this opinion. 55% of the buyers and 46% of non-buyers said they felt recycled products should be priced the same as regular products. Overall, buyers seemed to be more appreciative of the cost involved in recycling as compared to non-buyers (Figure 8).

Figure 8. How Should Recycled Products be Priced?



When respondents were asked about the current pricing of recycled products at the exhibition, 45% of the total respondents (Buyers and Non-Buyers) said that recycled products were normally priced. 12% of the total respondents felt that prices were relatively lower than that of regular products while only about 4% of the respondents strongly felt that prices of recycled products were very low. On the other hand, 28% of the respondents felt that recycled products were priced relatively higher than regular products while 12% felt that prices were very high. Out of this, almost majority of buyers and non-buyers said prices were normal; not too high, not too low. But overall, more non-buyers than buyers felt that prices of recycled goods were high (Figure 9).

Figure 9. How are Recycle Products currently Priced? (At the Beauty of Recycling Festival)



A comparative analysis of the entire set of respondents revealed that of those who felt that recycled products should be priced lower than regular goods, 51% felt that recycled goods were priced higher than normal while only 12.5% felt that recycled goods were priced lower than normal. On the other hand those who felt that recycled goods should be priced higher than regular products, 52% of them felt the prices of the goods at the exhibition were normal. Similarly the respondents who felt that recycled goods should be priced at par with regular ones also showed a similar distribution where 37% felt that the goods were priced higher and only 14% felt goods were priced lower. The rest 49% of the respondents felt recycled goods were priced normally.

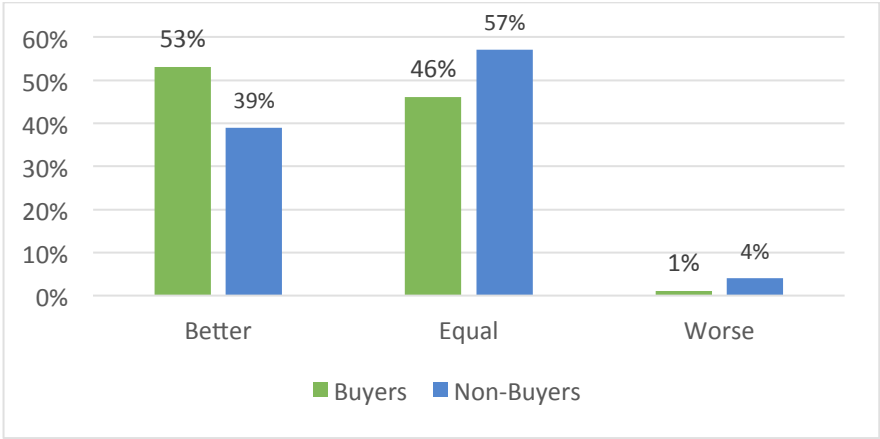
38% of respondents felt recycled products should be priced lower than regular goods versus 12% of respondents who felt recycled products should be priced higher than regular goods. Buyers were more appreciative of the cost involved in recycling as compared to non-buyers. 52% of the respondents felt recycled goods were priced normally at the exhibition.

Quality of Recycled Products

Majority of the respondents were positive about the quality of the recycled products at the Beauty of Recycling Exhibition. 52% of the total respondents (Buyers and Non-Buyers) felt the quality of recycled products was the same as that of regular products while 45% of the total respondents felt that the quality of recycled products was better than that of regular products. Only 3% felt that quality was worse than that of regular products.

Out of these, more buyers than non-buyers ranked the quality as better than that of regular products while more non-buyers than buyers ranked the quality as either equal or worse than recycled products (Figure 10).

Figure 10. Quality of Recycled Products when compared with regular products?



Quality was not a significant concern among the respondents. Consumers were largely satisfied with the quality of Recycled goods.

Purchase Decisions

When asked if consumers would consciously choose a recycled product over a regular one we got a significantly positive response. 73% of the total respondents said ‘Yes’, with 24% saying ‘Maybe’ and only 3% saying ‘No’. Most popular reasons volunteered for the affirmative decision included ‘Saving the environment’, ‘reduction of waste’ and ‘products are eco-friendly.’ (Figure 11).

When dividing the results into Buyers and non-buyers we found that 80% of Buyers were in favour of choosing recycled products versus 68% of Non-buyers. A larger number of Non-buyers were unsure about this decision with 28% saying ‘Maybe’ versus 18% of Buyers.

48% of the respondents chose to not give a reason for their decision. Out of this 25% of the Buyers did not give any reason while 62% of Non-Buyers chose to skip the question.

Respondents who said ‘No’ primarily had issues with quality of the products and high price. Most non-buyers who said ‘No’ did not give any reason for their response.

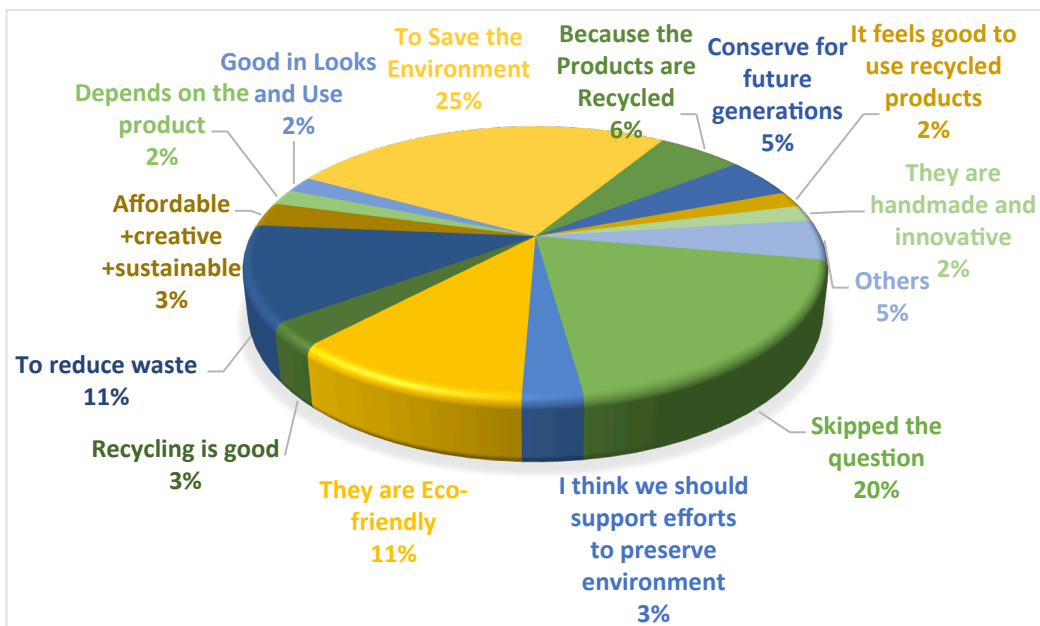
Respondents who answered ‘Maybe’ cited the following reasons-

- Depends on the product

- If the products are accessible in the local market
- If recycled products are of same quality and durable as regular ones
- If it suits my budget
- To save the environment and reduce waste
- They are eco-friendly
- The products are largely decorative and fancy
- For aesthetic look
- For a social cause
- As a responsible citizen I may opt for recycled goods
- It gives you the feeling of helping someone

Buyers who said 'Yes' cited the following reasons as depicted in the chart below.

Figure 11. Why would you choose a Recycled Product over a Regular one?

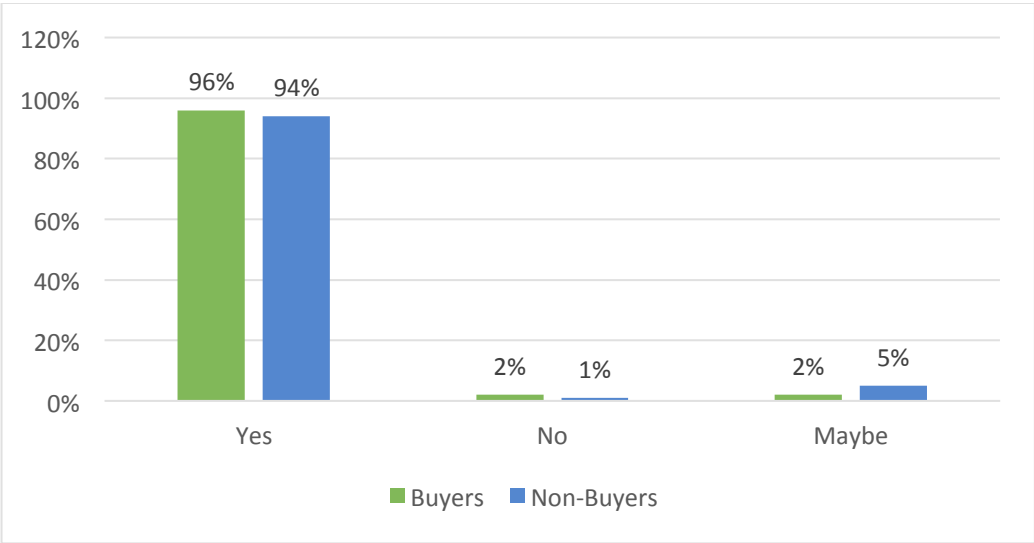


73% of the respondents were willing to consciously choose recycled products over their regular substitutes for reasons related to conserving the environment and reducing waste. More Buyers than Non-Buyers were willing to make this choice.

Social and Environmental Impact of Recycled Products

An overwhelming majority of respondents felt that Recycled products have a positive social and environmental impact (Figure 12). 96% Buyers and 94% Non-Buyers answered in the affirmative. Considering the entire sample of Buyers and Non-Buyers, 94.7% of the respondents agreed to the social and environmental impact of Recycled Products, 4.1% of the respondents were unsure and 1.2% denied the positive impact of recycled products.

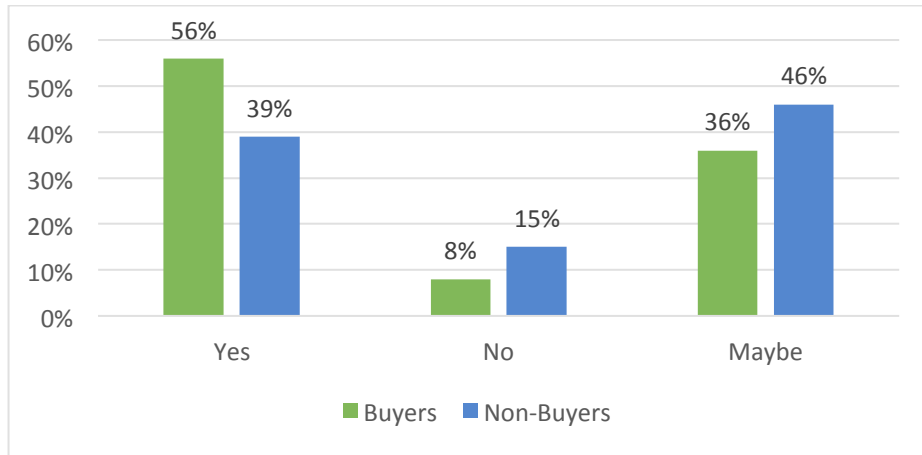
Figure 12. Do you think Recycled Products have a positive Social/Environmental Impact?



But when respondents were asked whether they would be willing to pay extra for recycled products, knowing that recycled products have a positive social and environmental impact, we got mixed answers. 46% of the respondents were willing to pay extra, 42% of the respondents were unsure and 12% of the respondents were not willing to pay.

Comparing Buyers and Non-Buyers on this point it was revealed that that 56% of Buyers and 39% of non-Buyers were willing to pay extra. 36% of Buyers and 46% of Non-Buyers were unsure about paying extra while 8% of Buyers and 15% of Non-Buyers were unwilling to pay extra for recycled products. Overall, Buyers showed a higher willingness to pay as compared to Non-Buyers (Figure 13).

Figure 13. If recycled products do have a positive social/environmental impact, would you be willing to pay extra for them?



95% of the respondents were in agreement with the positive social and environmental impact of recycled goods but only 46% of the total respondents were willing to pay extra for them. Buyers showed a higher willingness to pay extra for recycled goods as compared to Non-Buyers.

CONCLUSIONS

This survey had the primary aim of capturing consumer response to recycled products and tried to understand their willingness to pay for products made out of waste.

Overall, the responses to the survey and exhibition have tended towards a positive perception of products made from waste materials. Respondents expressed a high willingness to buy recycled products and also showed awareness about the positive impact they have on protecting the environment and waste management.

A majority of people agreed that recycled products were utility items, which makes a strong case for repeat buying and establish customer loyalty. This raises the question of durability and visibility of recycled products. Are they durable enough to last as long as their virgin counterparts and are they available easily for the consumer to buy again?

The perception about availability of recycled products was low. A significant number of people felt that recycled products are not easily available and accessible in the market. Only a small number of people, around 17% of the respondents felt recycled products were easily available which is an encouraging sign but also indicates that there is a long way to go in terms of creating awareness about availability as well as increasing market visibility of these goods. This creates a strong case for a higher investment in marketing and advertising about not only the availability of products but also the benefits of choosing them over regular products.

The main deterrent to the purchase of recycled products was price. Quality was not a significant concern among the respondents. Consumers were largely satisfied with the quality of Recycled goods. The two questions asked on pricing of recycled products offered valuable insight as to whether consumers are able to appreciate the input cost of recycled products. While 50% of all the respondents felt that recycled goods should be priced the same as their regular substitutes, 38% felt that recycled goods should be priced lower. This indicates either a lack of appreciation/knowledge of the cost and effort involved in the production of recycled products or a perception of inferiority of recycled goods relative to their regular substitutes.

This was further reflected in their responses to whether they are willing to pay extra for recycled products. Despite the acknowledgment by almost 95% of the respondents to the positive social and environmental impact of recycled goods, only 46% of the total respondents were willing to pay extra while 42% of the respondents were unsure and 12% of the respondents were unwilling to pay extra. Overall, it was also observed that Buyers showed a higher willingness to pay extra for recycled goods as compared to Non-Buyers.

This paradox was also observed when respondents were asked if they would consciously choose a recycled good over its regular substitute. A significant 73% answered in the affirmative with only 3% saying 'No' and 24% were unsure. This is in stark contrast with people the number of people who were willing to pay, and those who were unwilling to pay extra. Clearly, while people are able to appreciate

the positive impact of recycled products and are willing to make a socially conscious consumption choice, price is still a ruling factor in that decision.

The Way Ahead...

The experiences at the various Beauty of Recycling festivals have shown better sales for those products where consumers were able to comprehend the entire 'Trash to Product' journey of the recycled good. This could be adopted as a vital sales strategy by organisations engaged in making Recycled Goods to help consumers fully appreciate the cost and effort that goes into making recycled products of good quality.

Improving the visibility and availability of recycled goods is also one area which needs to be urgently addressed. Online forums would be ideal with their ability to constantly refresh public memory with advertisements. Repeat selling is only possible when the accessibility is easy. Selling via e-commerce organisations is also a good way to reduce advertising and marketing costs.