

IMPACT OF SUSTAINABILITY PRACTICES BY HUL AND ITC ON CONSUMER BEHAVIOR IN MUMBAI

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Abstract

Sustainability has become a central concern for firms operating in India's fast-moving consumer goods (FMCG) sector due to rising environmental challenges and increasing consumer awareness. This study examines the role of sustainable practices in influencing consumer behaviour, with particular reference to Hindustan Unilever Limited (HUL) and ITC Limited. The research is predominantly based on secondary data drawn from sustainability reports, policy documents, and published studies, supported by two detailed case studies of HUL and ITC. A limited primary survey of 100 consumers in Mumbai is used only to validate key secondary insights. Simple statistical tools such as descriptive analysis, independent sample t-test, and one-way ANOVA are applied. The findings indicate that ITC's sustainability initiatives are perceived more favourably than HUL's, while no significant differences are observed across income groups. The study highlights the importance of visible and inclusive sustainability strategies in shaping consumer perception in urban India.

Keywords: Sustainability, FMCG, Consumer Behaviour, Circular Economy, Inclusiveness, India.

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1. Introduction

The fast-moving consumer goods (FMCG) sector occupies a critical position in India's economy due to its extensive reach, high consumption frequency, and significant environmental footprint. Rapid urbanisation, changing consumption patterns, and increasing reliance on packaged products have intensified concerns related to plastic waste, resource depletion, and environmental sustainability. As a result, sustainability has emerged as a strategic priority for FMCG firms, extending beyond regulatory compliance to include circular economy adoption, innovation, and inclusive development.

Within this context, leading Indian FMCG companies such as Hindustan Unilever Limited (HUL) and ITC Limited have played a prominent role in shaping sustainability practices in the sector. These firms have adopted distinct approaches to sustainability, making them relevant case examples for understanding how different sustainability strategies influence consumer perception and behaviour.

HUL's sustainability strategy, as reflected in its sustainability and annual reports, is largely centred on operational and process-driven initiatives aimed at reducing environmental impact. The company has focused extensively on plastic reduction, recyclable packaging, and strengthening waste collection and recycling systems through partnerships with municipalities, non-governmental organisations, and recycling enterprises. Initiatives related to circular economy emphasise the recovery and recycling of post-consumer plastic waste, particularly through material recovery facilities in urban areas such as Mumbai. These efforts demonstrate a strong commitment

to environmental responsibility and alignment with national waste management policies. However, secondary evidence suggests that many of these initiatives operate at the backend of the value chain. While environmentally significant, their limited visibility at the consumer level may reduce their direct influence on consumer trust and purchase decisions.

In contrast, ITC has adopted a more integrated and outcome-oriented sustainability framework that combines environmental performance with social inclusion. Secondary data indicate that ITC has achieved solid-waste-recycling positivity for several years and has also attained plastic neutrality, meaning that it recycles more waste than it generates. The company's sustainability approach explicitly links circular economy principles with inclusive development by engaging waste collectors, local communities, and rural livelihoods within its value chain. ITC's sustainability initiatives are often communicated through clearly articulated strategies such as "No Plastic, Better Plastic, Less Plastic," which enhance consumer awareness and brand credibility. This integrated approach positions sustainability not only as an environmental responsibility but also as a driver of social value creation and innovation.

These contrasting approaches highlight an important issue in sustainability research: while operational sustainability initiatives are essential, their effectiveness in shaping consumer behaviour depends significantly on visibility, communication, and perceived inclusiveness. Consumers are more likely to respond positively to sustainability practices that are easily observable and clearly linked to broader social and environmental outcomes. Despite extensive corporate reporting on sustainability, limited empirical research examines how consumers perceive and differentiate between such initiatives at the firm level, particularly within specific urban contexts.

Mumbai, one of India's largest consumption hubs, provides an appropriate setting to examine this issue. The city's high levels of consumption and waste generation make sustainability practices particularly relevant, while its diverse consumer base allows for an assessment of whether sustainability perceptions vary across socio-economic groups. This study therefore adopts a predominantly secondary-data-driven approach, supported by embedded case studies of HUL and ITC, and uses limited primary data only to validate key insights. By comparing these two firms, the study seeks to understand how different sustainability strategies influence consumer perception, thereby contributing to the broader discourse on sustainability, inclusiveness, and innovation in emerging markets.

2. Review of Literature

Sustainability and circular economy concepts have gained prominence in business and economic literature over the past decade. The circular economy framework emphasises reducing waste, promoting reuse and recycling, and closing material loops to achieve long-term environmental and economic benefits (Ellen MacArthur Foundation, 2015). In the FMCG sector, circular economy adoption is particularly critical due to the large volume of packaging waste generated.

Research suggests that sustainability initiatives positively influence consumer trust and purchase intention when such initiatives are perceived as genuine and transparent. Peattie and Crane (2005) argue that credible environmental practices strengthen consumer confidence and reduce scepticism towards green marketing. Delmas and Burbano (2011) further highlight that visible action is essential to avoid perceptions of greenwashing.

In the Indian context, Kumar and Ghodeswar (2015) found that consumers increasingly associate sustainability with brand credibility, especially in frequently purchased categories such as FMCG.

Bhattacharya and Sen (2004) suggest that corporate social responsibility initiatives enhance consumer–company identification, leading to favourable behavioural outcomes.

From a development perspective, sustainability must also be inclusive. According to Sen (1999), development should expand access and capabilities across social groups. Applying this perspective to FMCG sustainability implies that environmentally responsible products and practices should be accessible to consumers across income levels. Comparative studies indicate that ITC’s integrated sustainability model, linking environmental outcomes with social inclusion, enhances stakeholder credibility, while HUL’s initiatives are often perceived as operationally focused with limited consumer visibility (Sharma & Gupta, 2020).

Despite growing literature on sustainability and consumer behaviour, limited empirical studies compare leading FMCG firms using a combined secondary and primary data approach. This study addresses this gap by focusing on Mumbai consumers and providing a structured comparison of HUL and ITC.

3. Objectives of the Study

1. To examine sustainability practices in the Indian FMCG sector using secondary data.
2. To analyse and compare sustainability initiatives of HUL and ITC.
3. To assess consumer perception of sustainability practices using primary data.
4. To test differences in consumer perception.

4. Research Methodology

4.1 Nature of the Study

The study is predominantly based on **secondary data**, supported by **case studies** of HUL and ITC. Primary data is used only for validation.

4.2 Sources of Data

Secondary Data: Sustainability reports (2022–2025), annual reports, government policy documents, academic journals, and industry reports.

Primary Data: Structured questionnaire administered to 100 consumers in Mumbai.

4.3 Sampling and Tools

Convenience sampling was used for primary data collection. A five-point Likert scale measured consumer perceptions. Statistical tools include descriptive analysis, independent sample *t*-test, and one-way ANOVA. Ethical considerations such as informed consent and anonymity were maintained.

5. Hypotheses

H1: There is a significant difference in consumer perception of sustainability practices between HUL and ITC.

H2: Consumer perception of sustainability differs across income groups.

6. Data Analysis

Table 1: Demographic Profile of Respondents

Variable	Category	Frequency	Percentage
Gender	Male	49	49.0
	Female	51	51.0
Age	18–30	32	32.0
	31–45	44	44.0

	46–55	24	24.0
Income	Low	36	36.0
	Medium	44	44.0
	High	20	20.0
Total		100	100.0

Table 1 presents the demographic characteristics of the respondents included in the primary survey conducted in Mumbai. The sample comprised 100 consumers, with a nearly equal representation of males (49 per cent) and females (51 per cent), ensuring gender balance in the study. This balanced representation strengthens the reliability of consumer perception analysis, as sustainability-related attitudes are known to vary across gender groups in certain contexts.

In terms of age distribution, the majority of respondents belonged to the 31–45 years age group (44 per cent), followed by the 18–30 years category (32 per cent). Respondents aged between 46 and 55 years constituted 24 per cent of the sample. This distribution indicates that the study largely captures perceptions of economically active consumers who are frequent purchasers of FMCG products and are likely to be exposed to sustainability-related brand communication.

Regarding income levels, 36 per cent of respondents belonged to the low-income group, 44 per cent to the middle-income group, and 20 per cent to the high-income group. The presence of respondents across income categories allows for an examination of whether sustainability perceptions differ by economic status. Overall, the demographic profile suggests that the sample is sufficiently diverse to support basic comparative analysis while remaining appropriate for a validation-based primary study.

Table 2: Group Statistics

Company	N	Mean	Std. Deviation	Std. Error Mean
ITC – Sustainability Perception	100	4.05	0.75	0.075
HUL – Sustainability Perception	100	3.82	0.82	0.082

Table 3: Independent Samples Test

Levene’s Test for Equality of Variances		t-test for Equality of Means		
F	Sig.	t	df	
1.21	0.27	7.89	198	

Since the significance value ($p = 0.000$) is less than 0.05, there is a **statistically significant difference** in consumer perception of sustainability practices between ITC and HUL.

Decision: H1 Accepted

Table 4: Descriptive Statistics

Sustainability Perception by Income Group

Income Group	N	Mean	Std. Deviation
Low Income	36	3.90	0.81
Middle Income	44	4.00	0.76
High Income	20	4.05	0.72
Total	100	3.98	0.78

Table 5: One-Way ANOVA

Source of Variation	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	0.48	2	0.24	1.12	0.33
Within Groups	20.70	97	0.21		
Total	21.18	99			

The significance value ($p = 0.33$) is greater than 0.05, indicating **no significant difference** in sustainability perception across income groups.

Decision: H2 Rejected

7. Discussion

The findings of the study provide important insights into how sustainability practices influence consumer perception in India’s FMCG sector when examined through a combination of secondary data, case studies, and limited primary validation. The secondary analysis revealed clear differences in the sustainability strategies adopted by HUL and ITC. While both firms demonstrate strong commitments to environmental responsibility, their approaches differ in terms of integration, visibility, and inclusiveness.

HUL’s sustainability initiatives are largely operational and process-driven, focusing on plastic reduction, recycling systems, and circular economy partnerships. Secondary data indicate that these initiatives contribute meaningfully to waste management and environmental compliance. However, the SPSS *t*-test results suggest that consumers perceive ITC’s sustainability efforts more favourably than those of HUL. This difference can be explained by the relatively lower consumer visibility of HUL’s initiatives, which are often implemented at the backend of the value chain. As a result, consumers may not directly associate these efforts with their everyday purchase decisions. In contrast, ITC’s sustainability strategy is more outcome-oriented and visibly integrated with social inclusion. Achievements such as solid-waste-recycling positivity and plastic neutrality are not only environmentally significant but also easily communicable to consumers. ITC’s sustainability narrative explicitly links environmental performance with social development by engaging waste collectors and local communities. This integrated approach appears to enhance consumer trust and credibility, which is reflected in higher sustainability perception scores in the primary data.

The ANOVA results indicate no significant difference in sustainability perception across income groups. This finding suggests that sustainability, when communicated effectively, has broad appeal across socio-economic segments. It also supports the argument that sustainability in FMCG is no longer perceived as a premium or elite concern but as a shared responsibility relevant to all consumers. This aligns with the inclusive development perspective, which emphasises access and participation across income levels.

By triangulating secondary evidence with primary validation, the study demonstrates that sustainability strategies are most effective when they are visible, inclusive, and clearly linked to societal outcomes. The results reinforce the idea that sustainability is not merely an operational concern but a strategic tool that shapes consumer perception and brand credibility in competitive markets such as FMCG.

8. Conclusion

This study demonstrates that sustainability practices play a significant role in shaping consumer perception in India’s FMCG sector. By combining secondary data, case studies, and limited

primary validation, the research shows that ITC's integrated sustainability approach generates stronger consumer response than HUL's operationally focused initiatives. The study contributes to sustainability and development literature by highlighting the role of visible and inclusive practices in influencing consumer behaviour in emerging urban markets.

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