

## **Green Marketing**

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Green marketing involves more than simply presenting an environmentally friendly product. It also speaks to, and actively promotes, a company's processes and business practices as having low environment impacts.

Terms like "Green Marketing" and "Environmental Marketing" appear frequently in the popular press. Many governments around the world have become so concerned about green marketing activities that they have attempted to regulate them. One of the biggest problems with the green marketing area is that there has been little attempt to academically examine environmental or green marketing.

This paper will attempt

- 1) To introduce the terms and concepts of green marketing;
- 2) Importance of going green ;
- 3) Reasons that organizations are adopting a green marketing philosophy; and
- 4) Discussion on problems with green marketing.

Green marketing involves more than simply presenting an environmentally friendly product. It also speaks to, and actively promotes, a company's processes and business practices as having low environmental impacts. Green marketing is the marketing of products that are presumed to be environmentally preferable to others. Thus green marketing incorporates a broad range of activities, including product modification, changes to the production process, sustainable packaging, as well as modifying advertising. Yet defining green marketing is not a simple task where several meanings intersect and contradict each other; an example of this will be the existence of varying social, environmental and retail definitions attached to this term. Other similar terms used are environmental marketing and ecological marketing.

Terms like "Green Marketing" and "Environmental Marketing" appear frequently in the popular press. Many governments around the world have become so concerned about green marketing activities that they have attempted to regulate them (Polonsky 1994a). For example, in the United States (US) the Federal Trade Commission and the National Association of Attorneys-General have developed extensive documents examining green marketing issues [FTC 1991, NAAG 1990]. One of the biggest problems with the green marketing area is that there has been little attempt to academically examine environmental or green marketing.

Green environmental and eco-marketing are part of the new marketing approaches which do not just refocus, adjust or enhance existing marketing thinking and practice, but seek to challenge those approaches and provide a substantially different perspective. In more detail green, environmental and eco-marketing belong to the group of approaches which seek to address the lack of fit between marketing as it is currently practiced and the ecological and social realities of the wider marketing environment.

Majority of people believe that green marketing refers solely to the promotion or advertising of products with environmental characteristics. Terms like Phosphate Free, Recyclable, Refillable, Ozone Friendly, and Environmentally Friendly are some of the things consumers most often associate with green marketing. While these terms are green marketing claims, in general green marketing is a much broader concept, one that can be applied to consumer goods, industrial goods and even services. For example, around the world there are resorts that are beginning to promote themselves as "ecotourist" facilities, i.e., facilities that "specialize" in experiencing nature or operating in a fashion that minimizes their environmental impact [May 1991, Ingram and Durst 1989, Troumbis 1991].

Thus green marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising. Yet defining green marketing is not a simple task. Indeed the terminology used in this area has varied, it includes: Green Marketing, Environmental Marketing and Ecological Marketing. While green marketing came into prominence in the late 1980s and early 1990s, it was first discussed much earlier.

This early definition has three key components,

- 1) it is a subset of the overall marketing activity;
- 2) it examines both the positive and negative activities; and definition it should be noted
- 3) a narrow range of environmental issues are examined.

While this definition is a useful starting point, to be comprehensive green marketing needs to be more broadly defined. Before providing an alternative that no one definition or terminology has been universally accepted. This lack of consistency is a large part of the problem, for how can an issue be evaluated if all researchers have a different perception of what they are researching.

Green or Environmental Marketing consists of all activities designed to generate and facilitate any exchanges intended to satisfy human needs or wants, such that the satisfaction of these needs and wants occurs, with minimal detrimental impact on the natural environment.

#### **Some Leaders In Green Marketing Include:**

- Use recycled materials in product production
- Use green energy (such as wind and geothermal)
- Reduce production waste (in both energy and materials)
- Use eco-friendly methods, including sustainable and organic agriculture
- Buy/sell locally reducing transportation energy
- Reduce product packaging
- make product reusable & recyclable

#### **Challenges**

Therefore one of the first challenges of effective green marketing is establishing credibility through a comprehensive plan. Second, green marketing has to be business-wide. It does no good to advertise the green properties of a product if the company's production and distribution

entirely ignore environmental concerns. Third, it has to be honest; unsubstantiated claims should be avoided. Fourth, it should be transparent. Consumers need information about a business to evaluate its claims and reputation; therefore, the business should promote awareness of its products' histories, including origin and manufacturing. Fourth, a product can be certified green by a third party (see Popular Green Certifications). Some companies do self-certification; however, for that to be credible, a third party needs to be able to review and approve their certification processes. There are many options for green certification—some 400, at least—with some devoted to single qualities (made from recycled components, or being energy efficient) and others evaluating multiple attributes. The most intense certifications involve Life Cycle Assessments, which examine the methods and energy that goes into producing a product, the product itself, and the future consequences of the product (such as its length of use, and if it can be recycled). If materials for a particular product must be purchased from another company, some life-cycle assessments will extend their evaluation to that company's processes as well.

In pursuing any type of green certification, companies should avoid “rubber stamp” certifications, or trying to pass off internal certification as a third-party endorsement. Such tactics may have an initial pay-off, but are bound to result in backlash. In addition, green messaging on products should be clear. A statement like “ingredients include biodegradable surfactants (anionic and nonionic) and enzymes” (found on a Tide bottle) can provoke more skepticism than confidence. “Green” can encompass many things—water/land conservation, recycling, non-toxic chemicals, reduced carbon footprint, sustainable agriculture—so it's important to identify how exactly a particular product or brand is green. (See also [Marketing Laundry Detergent](#))

Marketers must also remember that green virtues compete against other factors (such as quality and price), and generally cannot be sold on their own. Effective individual product marketing will focus on direct benefits (like health) first, adding the environmental benefits as icing on the cake. Meanwhile, marketers must make sure that these environmental benefits do not compromise the product's value. For example, when SunChips offered a new bag that composted easily, but produced more noise (enough to interfere with television-watching), consumers rejected the product. To them, the value of eating chips from the bag without noise was more important than the value of composting the bag.

Finally, marketers must make sure that green products are being delivered to the right markets. For example, higher-priced green products are not likely to sell well in Walmart stores, where the average customer has only \$65 dollars a week for groceries. However, they may sell extraordinarily well in an upscale San Francisco neighborhood, where residents have more disposable cash in addition to a local culture that promotes environmental consciousness.

### **Opportunities :**

It appears that all types of consumers, both individual and industrial are becoming more concerned and aware about the natural environment. In a 1992 study of 16 countries, more than 50% of consumers in each country, other than Singapore, indicated they were concerned about the environment [Ottman 1993]. A 1994 study in Australia found that 84.6% of the sample believed all individuals had a responsibility to care for the environment. A further 80% of this sample indicated that they had modified their behavior, including their purchasing behavior, due to environmental reasons [EPA-NSW 1994]. As demands change, many firms see these changes

as an opportunity to be exploited.

Given these figures, it can be assumed that firms marketing goods with environmental characteristics will have a competitive advantage over firms marketing non-environmentally responsible alternatives. There are numerous example of firms who have strived to become more environmentally responsible, in an attempt to better satisfy their consumer needs.

McDonald's replaced its clam shell packaging with waxed paper because of increased consumer concern relating to polystyrene production and Ozone depletion [Gifford 1991, Hume 1991].

Tuna manufacturers modified their fishing techniques because of the increased concern over driftnet fishing, and the resulting death of dolphins [Advertising Age 1991].

### **Social Responsibility**

Many firms are beginning to realize that they are members of the wider community and therefore must behave in an environmentally responsible fashion. This translates into firms that believe they must achieve environmental objectives as well as profit related objectives. This results in environmental issues being integrated into the firm's corporate culture. Firms in this situation can take two perspectives; 1) they can use the fact that they are environmentally responsible as a marketing tool; or 2) they can become responsible without promoting this fact.

### **Governmental Pressure**

As with all marketing related activities, governments want to "protect" consumers and society; this protection has significant green marketing implications. Governmental regulations relating to environmental marketing are designed to protect consumers in several ways,

- 1) reduce production of harmful goods or byproducts;
- 2) modify consumer and industry's use and/or consumption of harmful goods; or
- 3) ensure that all types of consumers have the ability to evaluate the environmental composition of goods.

Governments establish regulations designed to control the amount of hazardous wastes produced by firms. Many by-products of production are controlled through the issuing of various environmental licenses, thus modifying organizational behavior. In some cases governments try to "induce" final consumers to become more responsible. For example, some governments have introduced voluntary curb-side recycling programs, making it easier for consumers to act responsibly. In other cases governments tax individuals who act in an irresponsible fashion. For example in Australia there is a higher gas tax associated with leaded petrol.

### **Competitive Pressure**

Another major force in the environmental marketing area has been firms' desire to maintain their competitive position. In many cases firms observe competitors promoting their environmental behaviors and attempt to emulate this behavior. In some instances this competitive pressure has caused an entire industry to modify and thus reduce its detrimental environmental behavior. For example, it could be argued that Xerox's "Revive 100% Recycled paper" was introduced a few years ago in an attempt to address the introduction of recycled photocopier paper by other manufacturers. In another example when one tuna manufacture stopped using driftnets the others followed suit [Advertising Age 1991]

### **Some Problems With Going Green**

No matter why a firm uses green marketing there are a number of potential problems that they must overcome. One of the main problems is that firms using green marketing must ensure that their activities are not misleading to consumers or industry, and do not breach any of the regulations or laws dealing with environmental marketing. For example marketers in the US must ensure their green marketing claims can meet the following set of criteria, in order to comply with the FTC's guidelines

- . Green marketing claims must;
- Clearly state environmental benefits;
- Explain environmental characteristics;
- Explain how benefits are achieved;
- Ensure comparative differences are justified;
- Ensure negative factors are taken into consideration; and
- Only use meaningful terms and pictures.

Another problem firms face is that those who modify their products due to increased consumer concern must contend with the fact that consumers' perceptions are sometimes not correct. Take for example the McDonald's case where McDonald's case where it has replaced its clam shells with plastic coated paper. There is ongoing scientific debate which is more environmentally friendly. Some scientific evidence suggests that when taking a cradle-to-grave approach, polystyrene is less environmentally harmful. If this is the case McDonald's bowed to consumer pressure, yet has chosen the more environmentally harmful option. When firms attempt to become socially responsible, they may face the risk that the environmentally responsible action of today will be found to be harmful in the future. Take for example the aerosol industry which has switched from CFCs (chlorofluorocarbons) to HFCs (hydrofluorocarbons) only to be told HFCs are also a greenhouse gas. Some firms now use DME (dimethyl ether) as an aerosol propellant, which may also harm the ozone layer [Debets 1989].

### **Conclusion**

Green marketing covers more than a firm's marketing claims. While firms must bear much of the responsibility for environmental degradation, ultimately it is consumers who demand goods, and thus create environmental problems. One example of this is where McDonald's is often blamed for polluting the environment because much of their packaging finishes up as roadside waste. It must be remembered that it is the uncaring consumer who chooses to dispose of their waste in an inappropriate fashion. While firms can have a great impact on the natural environment, the responsibility should not be theirs alone.