

GREEN MARKETING A NEW IMPERATIVE AND ITS IMPACT

Dr Simran Jewandah,

Associate Professor ,Rayat Institute of Management,Railmajra

E-mail : scd_sush@yahoo.co.in

Ms Rubinder Sandhu,

Assisntant Professor,CKD Institute of Management & Technology,Taran Taran

Introduction

According to the American Marketing Association, green marketing is the marketing of products that are presumed to be environmentally safe. 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 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. Thus "Green Marketing" refers to holistic marketing concept wherein the production, marketing consumption an disposal of products and services happen in a manner that is less detrimental to the environment with growing awareness about the implications of global warming, non-biodegradable solid waste, harmful impact of pollutants etc., both marketers and consumers are becoming increasingly sensitive to the need for switch in to green products and services. While the shift to "green" may appear to be expensive in the short term, it will definitely prove to be indispensable and advantageous, cost-wise too, in the long run.

Green marketing is the process of developing products and services and promoting them to satisfy the customers who prefer products of good quality, performance and convenience at affordable cost, which at the same time do not have a detrimental impact on the environment. It includes a broad range of activities like product modification, changing the production process, modified advertising, change in packaging, etc., aimed at reducing the detrimental impact of products and their consumption and disposal on the environment. Companies all over the world are striving to reduce the impact of products and services on the climate and other environmental parameters. Marketers are taking the cue and are going green.

Green marketing is a vital constituent of the holistic marketing concept. It is particularly applicable to businesses that are directly dependent on the physical environment; for example, industries like fishing, processed foods, and tourism and adventure sports. Changes in the physical environment may pose a threat to such industries. Many global players in diverse businesses are now successfully implementing green marketing practices. Today, many companies have accepted their responsibility not to harm the environment. So, products and production processes become cleaner and more companies go green because they realize that they can reduce pollution and increase profits at the same time. Green marketing is a creative opportunity to innovate in ways that make a difference and at the same time achieve business success (Grant, 2007, p. 10). As business activities caused many of the environmental problems in the past and still do, there is increasing recognition that business is vital in the process of a more ecological sustainable society. Companies, especially multinationals, play an essential role in the world economy, and they have also the resources and capacity to put ecological solutions into practice (Tjärnemo, 2001, p. 29). Companies have a responsibility to drive the development towards greater sustainability and becoming greener, so that a company's aim is to create markets for more environmentally friendly products and services and educate and influence customers to change. At least two motives for companies to change to more environmentally appropriate strategies and practices are cost saving and the market opportunity potential. Companies can save money by reducing the amount of raw material and energy used in production. Becoming more eco-oriented and offering environmentally friendlier products might result in increased market shares as well as an improved company image and thus, companies gaining first-mover advantages in greening should become more competitive (Tjärnemo, 2001, pp. 29-30). This first-mover advantage however is not sufficient anymore as more companies orient themselves ecological and customers can choose from a variety of eco-labeled products.

The Emergence of Green Marketing

The beginning of environmentalism can be referred to the 1960s and early 1970s with increasing concern about the impact of consumption and production patterns on the environment due to debates about health effects and the impact of economic and population growth (Cohen, 2001, pp. 21-37). But, despite some attention during this time the real idea of green marketing emerged in the late 1980s with an increase in green consumerism. Environmental awareness, increasing interest of consumers in green products and the willingness to pay for green features led to corporate interest in green marketing, initiating major changes and innovations (Peattie and Crane, 2005, p. 358). Green was „in“ during the 1990s and the green market was growing remarkably (Menon and Menon, 1997, pp. 51-67). But despite this optimism, a

significant gap between concern and actual purchasing has been identified. Many companies launched their own green product ranges, but the substance was missing and many of those early green products failed because they were expensive, hard to find and lacked functionality (Grant, 2007, p. 25). This reduced the demand for green products, being displayed by the decline of green marketing and pessimism about green products, claims and the companies behind them. Many companies have to rethink in order to concentrate more on sustainable issues and not only to exploit green agendas for commercial ends. The marketing philosophy and process is “[...] built around the customer and the relationship between the company and the customer” (Peattie and Crane, 2005, p. 359). If the relationship is characterized by distrust and pessimism, companies will not be able to acquire customers through the changes required to shift towards sustainability (Grant, 2007, p. 26; Peattie and Crane, 2005, p. 359). This old marketing approach could be seen as image-washing of companies, constructing brands for industrialized manufacturing businesses by adding attractive cultural images, personalities and descriptions. But active customer engagement is necessary as well as knowing exactly which products consumers want, which price-performance trade-offs they are willing to accept and what marketing approach they will respond to. Companies have to establish a significant market presence in the long-term and successfully research, understand and educate their customers in order to build brands, products and services helping green things to find mainstream acceptance (Peattie and Crane, 2005, p. 363; Grant, 2007, p. 6). As there are many unnecessary, inefficient, wasteful and harmful products and processes in everyday life, there is quite plenty space for improvement in order to meet peoples’ actual needs and aims in a better way. Therefore, business success depends on the ability of marketing to make green alternatives appear normal and acceptable and to innovate in different ways (Grant, 2007, p. 10). Customer requirements and needs can often be effectively met when creating environmental improvements by innovations in market structures and in supporting services (Peattie and Crane, 2005, p. 365). The importance of customer focus also in green marketing activities becomes crucial. This is an orientation that was mostly not addressed before.

Research Methodology:

An exploratory research design was chosen in order to develop a profound understanding of the research topic and to obtain in-depth data about the research objectives. All main elements of the research paper, comprising theory, findings and analysis were incorporated in a lucid and cohesive manner and structured in order to address and evaluate the central research objectives appropriately. The research study is qualitative in nature as the selected research method ought to be effective in collecting the data needed to answer the research objectives. Secondary data has been collected through numerous types of documents providing the theoretical background.

Major Issues In Green Marketing

Green Consumers and Green Marketing Challenge

According to Grant (2007), marketing can make more people willing and able to „go green. by education and getting green living out of the green lifestyle niche, as well as extending green culture and lifestyles beyond all classes and by acculturation. Currently, there is a substantial wave in public interest and concern about the environment and a growth in ethical consumer purchasing can be observed. The green consumer is someone who voluntarily engages in consumer practices that are regarded as environmentally friendly (e.g. Peattie, 2001). Certainly, the green consumer is often subsumed under such terms as ethical consumerism (Connolly and Prothero, 2008, p. 118). There are numerous studies about the characteristics of green consumers, aiming at identifying typical demographic qualities of green consumers. For instance, young people, females and people with a relatively high education and income were identified as most likely to engage in green consumer behavior. But there are also studies that use psychographic characteristics, like political orientation and environmental concerns to identify a green consumer, which came out to be better at explaining dissimilarities in green consumer behavior than demographic criteria. The individuals belief that their efforts will contribute to a difference has been indicated as being useful in predicting actual buying behavior and experiences of environmental-related problems are considered decisive to the buying behavior of green. Since eco-concern is found across a wide range of consumers today, regardless of socio-demographic variables, such as age and income, ecological concern cannot be explained by traditional segmentation variables. Empirically observed, there is no such person as an environmentally concerned consumer, who is concerned in all different situations at all times. Different behavioral situations lead to environmental concern in some ways and not in others, so that ecological concern is proposed to be more a multi-dimensional construct, including knowledge, attitude and behavioral dimensions. Thus, consumer behavior should be more focused as the environmental problems were likely to depend more on behavior than on attitudes and intentions (Tjärnemo, 2001, pp. 40-41).

- **Ecological Issues:**

As mentioned above, there is no one and only definition of green marketing. If ecological response is expected to require wide commitment of a company, extending into the company's culture and strategy, traditional marketing may not convince consumers that products and companies are ecological oriented. It can be argued that eco marketing is neither ecologically nor economically sustainable when it does not reflect eco management. The risk of a short-term approach to inaccurate or inconsistent greening, leading to a positive company image, may rapidly change into problems. So, environmental marketing and management is dependent on each other and implies that the connection between a product and its company gets closer. Consumers purchasing decision, for instance, might be affected by the impact of the producer on the environment, so that they evaluate products also to ecological attributes related to values, actions and behaviors of the company behind the products. Consumers might boycott certain products as a signal of their concern also in the production process and it has been assumed that consumers. Increasing ecological concerns affect the way they evaluate companies and not only products. It can be assumed that consumers support True Blue Greens Major green purchasers and recyclers Greenback Greens Will buy or give green but won't make lifestyle changes Sprouts Care but would only spend a little more to buygreen Grouzers Environment is somebody else's problem Basic Browns Essentially don't/ won't care companies that they rate as ecological oriented (Tjärnemo, 2001, pp. 36-40) or hence, might boycott green products signaling that they reveal something else. Hence, green marketing requires that customers view all parts of a company and not only its products or brands. Four different marketing strategies can be summarized according to Mendleson and Polonsky (1995). These are repositioning existing products without changing product composition and modifying existing products to be less environmentally harmful indicating more product marketing activities modifying the entire corporate culture to ensure that environmental issues are integrated into all operational aspects and the formation of new companies that target green consumers and only green products., indicating a broader approach (Mendleson and Polonsky, 1995, p. 4). Nestlé's approach, for example, also goes beyond pure product marketing when incorporating ecological issues in the entire company, as mentioned in their Corporate Business Principles "our investments must be good for the company and for the countries where we operate" and "we will not sacrifice long-term development for short-term gain" (Nestlé, 2004, Nestlé Corporate Business Principles). So, green marketing needs to be reflected throughout the company and the pursuit of sustainability needs to go beyond long-term to become open-ended (Peattie and Crane, 2005, pp. 364-365). Another framework, illustrating marketing strategies, differentiates between tactical, quasi-strategic and strategic environmental marketing orientation. Tactical environmental marketing is driven by changes and opportunities in the marketplace, requires only inter-functional coordination and has short-dated effects that can be changed and re-changed easily. Quasi-strategic environmental marketing strategies attempt to change the company's production process and products to improve the negative consequences on the environment, such as pollution prevention and require intra-functional coordination. Based on the principles of sustainable development, strategic environmental marketing orientation requires overall business system coordination and has long-lasting effects (Menon and Menon, 1997, pp. 51-67).

Ecological issues have been integrated into various activities in the field of marketing, based on a range of academic literature, such as planning, product and package design, pricing, distribution, promotion, customer segmentation, marketing strategy and so on. Some authors point at different approaches to green marketing, so that it becomes obvious that there is no strict use of terms within the field. Rather green, environmental and ecological marketing are used as synonyms (Tjärnemo, 2001, pp. 39-40).

Challenges Ahead

Most of the companies are venturing into green marketing because of the following reasons:

a. Opportunity

In India, around 25% of the consumers prefer environmental-friendly products, and around 28% may be considered healthy conscious. There fore, green marketers have diverse and fairly sizeable segments to cater to. The Surf Excel detergent which saves water (advertised with the message—"do bucket paani roz bachana") and the energy-saving LG consumers durables are examples of green marketing. We also have green buildings which are efficient in their use of energy, water and construction materials, and which reduce the impact on human health and the environment through better design, construction, operation, maintenance and waste disposal. In India, the green building movement, spearheaded by the Confederation of Indian industry (CII) - Godrej Green business Center, has gained tremendous impetus over the last few years. From 20,000 sq ft in 2003, India's green building footprint is now over 25 million sq ft.

b. Social Responsibility

Many companies have started realizing that they must behave in an environment-friendly fashion. They believe both in achieving environmental objectives as well as profit related objectives. The HSBC became the world's first bank to go carbon-neutral last year. Other examples include Coca-Cola, which has invested in various recycling activities. Walt Disney World in Florida, US, has an extensive waste management program and infrastructure in place.

c. Governmental Pressure

Various regulations are framed by the government to protect consumers and the society at large. The Indian government too has developed a framework of legislations to reduce the production of harmful goods and by products. These reduce the industry's production and consumers' consumption of harmful goods, including those detrimental to the environment; for example, the ban of plastic bags in Mumbai, prohibition of smoking in public areas, etc.

d. Competitive Pressure

Many companies take up green marketing to maintain their competitive edge. The green marketing initiatives by niche companies such as Body Shop and Green & Black have prompted many mainline competitors to follow suit.

e. Cost Reduction

Reduction of harmful waste may lead to substantial cost savings. Sometimes, many firms develop symbiotic relationship whereby the waste generated by one company is used by another as a cost-effective raw material. For example, the fly ash generated by thermal power plants, which would otherwise contribute to a gigantic quantum of solid waste, is used to manufacture fly ash bricks for construction purposes.

Future of Green Marketing Eco-Labeling

One of the main instruments emerged from green marketing are eco labels which are intended as a means for consumers to make choices that will reduce environmental impact and enable them to influence how products are made. There is widespread interest in eco labels and academically much effort has been invested in their design and use and how to make eco labels more effective. Other studies include whether or not consumers recognize various labels, if they understand their meaning and if they trust the labels' message. During the last 30 years, an increasing amount of eco labels has been developed by individual companies, industrial sectors and non-governmental organizations (NGOs) as well as national and international organizations (EU, 2001). Only in Europe one can find 126 labels for eco-friendly products and services (Eco-labeling Homepage). Companies expect from labels to legitimize its business practice, protect it from public regulation and help to gain competitive advantages, whereas from a consumer's point of view it is important that labels reduce uncertainty about environmental performance of products and enable to choose products causing less damage to the environment.

Concluding Remarks

The purpose of this paper was to investigate issues that determine the long-term efficiency of green marketing. To fulfill this purpose, the paper is based upon a sound theoretical framework and literature, which were combined in thorough analysis of the empirical findings. After having analyzed the topic carefully, the underlying research questions can be answered.

In theory, it was implied that a company's eco-responses should start with substantive action, for instance, by changing its production processes or by making their products recyclable (e.g. Peattie, 1995; Hart, 1997). However, the literature pointed out that practically, one way of responding to the increasing eco-concern had been by means of marketing activities, like green marketing campaigns or talking rather than acting green (Peattie, 1995). Ecological orientation only on the marketing side would create distrust and skepticism among consumers, as they could not distinguish anymore which products or brands from which company has taken its environmental responsibility seriously anymore. Thus, environmental responsibility

and ecological orientation needs to be based upon the entire business strategy of a company and implemented in its core principle in order to deal effectively and efficiently with this topic.

Green marketing has increased in prominence in the business community as the desire increases to control the effect of business activities on the environment and to minimize environmental impact. Competitive advantage can be achieved by environment-related activities and motivates companies to go beyond mere legal compliance, so that competition itself might promote more ecologically sustainable practices. As analyzed, proactive companies do their best to reduce environmental impact, through cooperation or implementation of environmental standards. The need to address sustainability is crucial, as there have been some instances of farce in some early green marketing claims, focusing only on company image and not on real environmental responsibility. Moreover, there has been cynicism and distrust among consumers concerning eco labels. Eco labels have emerged as one of the main instruments of market communication for green certifications of products. Skepticism should be mitigated by providing consumers with better information about the environmental impact of products, thus creating trust and confidence towards a company and its products as consumers rely heavily on the information provided on labels.

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