

A STUDY ON GREEN MARKETING

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ABSTRACT

Green marketing refers to the process of selling products and/or services based on their environmental benefits. Green marketing is defined as "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." This definition incorporates much of the traditional components of the marketing definition, that is "All activities designed to generate and facilitate any exchanges intended to satisfy human needs or wants" Therefore it ensures that the interests of the organization and all its consumers are protected, as voluntary exchange will not take place unless both the buyer and seller mutually benefit. This paper will attempt 1) to introduce the terms and concepts of green marketing; 2) briefly discuss why going green is important; 3) examine some of the reason that organizations are adopting a green marketing philosophy; 4) mention some of the problems with green marketing; and 5) mention some of the golden rules of green marketing.

1.1 INTRODUCTION

Although environmental issues influence all human activities, few academic disciplines have integrated green issues into their literature. This is especially true of marketing. The American Marketing Association (AMA) held the first workshop on "Ecological Marketing" in 1975. The proceedings of this workshop resulted in one of the first books on green marketing entitled "Ecological Marketing". As society becomes more concerned with the natural environment, Businesses have begun to modify their behavior in an attempt to address society's "new" concerns. Some businesses have been quick to accept concepts like environmental management systems and waste minimization, and have integrated environmental issues into all organizational activities. Some evidence of this is the development of journals such as "Business Strategy and the Environment" and "Greener Management International," which are specifically designed to disseminate research relating to business' environmental behavior. One business area where environmental issues have received a great deal of discussion in the popular and professional press is 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.

1.2 WHAT IS GREEN MARKETING?

Unfortunately, a 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 "eco tourist" facilities, i.e., facilities that "specialize" in experiencing nature or operating in a fashion that minimizes their environmental impact.

1.3 Definition

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.

1.4 CHARACTERISTICS OF GREEN PRODUCTS

The products those are manufactured through green technology and that caused no environmental hazards are called green products. Promotion of green technology and green products is necessary for conservation of natural resources and sustainable development. We can define green products by following measures:

- Products those are originally grown
- Products those are recyclable, reusable and biodegradable
- Products with natural ingredients
- Products containing recycled contents, non-toxic chemical
- Products contents under approved chemical
- Products that do not harm or pollute the environment
- Products that will not be tested on animals
- Products that have eco-friendly packaging i.e. reusable, refillable containers etc.

1.5 WHY ARE FIRMS USING GREEN MARKETING?

When looking through the literature there are several suggested reasons for firms increased use of Green Marketing. Five possible reasons cited are:

1. Organizations perceive environmental marketing to be an opportunity that can be used to achieve its objectives
2. Organizations believe they have a moral obligation to be more socially responsible
3. Governmental bodies are forcing firms to become more responsible
4. Competitors' environmental activities pressure firms to change their environmental marketing activities and
5. Cost factors associated with waste disposal, or reductions in material usage forces firms to modify their behavior

1.6 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. 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. 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 examples 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.
- Tuna manufacturers modified their fishing techniques because of the increased concern over driftnet fishing, and the resulting death of dolphins.
- Xerox introduced a "high quality" recycled photocopier paper in an attempt to satisfy the demands of firms for less environmentally harmful products.

This is not to imply that all firms who have undertaken environmental marketing activities actually improve their behavior. In some cases firms have misled consumers in an attempt to gain market share.

1.7 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.

There are examples of firms adopting both strategies. Organizations like the Body Shop heavily promote the fact that they are environmentally responsible. While this behavior is a competitive advantage, the firm was established specifically to offer consumers environmentally responsible alternatives to conventional cosmetic products. This philosophy is directly tied to the overall corporate culture, rather than simply being a competitive tool.

An example of a firm that does not promote its environmental initiatives is Coca-Cola. They have invested large sums of money in various recycling activities, as well as having modified their packaging to minimize its environmental impact. While being concerned about the environment, Coke has not used this concern as a marketing tool. Thus many consumers may not realize that Coke is a very environmentally committed organization.

1.8 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.

These regulations are all designed to ensure consumers have the appropriate information which would enable them to evaluate firm's environmental claims. In addition to these guidelines many States in the US have introduced legislation to control various environmental marketing activities. In most cases these State laws are more stringent than the FTC's guidelines. To date the majority of prosecutions of firms using misleading green marketing has occurred in State rather than Federal courts.

Thus governmental attempts to protect consumers from false or misleading claims should theoretically provide consumers with the ability to make more informed decisions. In Australia where regulations have affected many companies, one unintended casualty was an advertisement for the Federal Government's environmental labeling program "Environmental Choice." This ad was deemed to breach the TPC's guidelines, as it implied that only products with the logo were environmentally responsible.

1.9 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 manufacturer stopped using driftnets the others followed suit.

1.10 COST OR PROFIT ISSUES:- Firms may also use green marketing in an attempt to address cost or profit related issues. Disposing of environmentally harmful by-products, such as polychlorinated biphenyl (PCB) contaminated oil are becoming increasingly costly and in some cases difficult. Therefore firms that can reduce harmful wastes may incur substantial cost savings. When attempting to minimize waste, firms are often forced to re-examine their production processes. In these cases they often develop more effective production processes that not only reduce waste, but reduce the need for some raw materials. This serves as a double cost savings, since both waste and raw material are reduced.

In other cases firms attempt to find end-of-pipe solutions, instead of minimizing waste. In these situations firms try to find markets or uses for their waste materials, where one firm's waste becomes another firm's input of production.

One Australian example of this is a firm who produces acidic waste water as a byproduct of production and sells it to a firm involved in neutralizing base materials.

The last way in which cost or profit issues may affect firms' environmental marketing activities is that new industries may be developed. This can occur in two ways:

- 1) Firm develops a technology for reducing waste and sells it to other firms; or
- 2) Waste recycling or removal industry develops.

For example, firms that clean the oil in large industrial condensers increase the life of those condensers, removing the need for replacing the oil, as well as the need to dispose of the waste oil. This reduces operating costs for those owning the condensers and generates revenue for those firms cleaning the oil.

1.11 SOME PROBLEMS WITH GOING GREEN

Need for Standardization: It is found that only 5% of the marketing messages from "Green" campaigns are entirely true and there is a lack of standardization to authenticate these claims. There is no standardization to authenticate these claims. There is no standardization currently in place to certify a product as organic. Unless some regulatory bodies are involved in providing the certifications there will not be any verifiable means. A standard quality control board needs to be in place for such labeling and licensing.

New Concept: The literate and urban consumer is getting more aware about the merits of Green products. But it is still a new concept for the masses. The consumer needs to be educated and made aware of the environmental threats. The new green movements need to reach the masses and that will take a lot of time and effort.

Patience and Perseverance: The investors and corporate need to view the environment as a major long-term investment opportunity, the marketers need to look at the long-term benefits from this new green movement. It will require a lot of patience and no immediate results. Since it is a new concept and idea, it will have its own acceptance period.

1.12 Golden Rules of Green Marketing

Know your Customer: Make sure that the consumer is aware of and concerned about the issues that your product attempts to address, (Whirlpool learned the hard way that consumers wouldn't pay a premium for a CFC-free refrigerator because consumers didn't know what CFCs were).

Empower Consumers: Make sure that consumer feel. By themselves or in concert with all the other users of your product, that they can make a difference. This is called "empowerment" and due to this main reason consumers will buy greener products.

Be Transparent: Consumers must believe in the legitimacy of the product and the specific claims made in regard.

Reassure the Buyer: Consumers must be made to believe that the product performs the job it's supposed to do—they won't forego product quality in the name of the environment.

Consider Your Pricing: If you're charging a premium for your product—and many environmentally preferable products cost more due to economies of scale and use of higher-quality ingredients—make sure those consumers can afford the premium and feel it's worth it. Thus leading brands should recognize that consumer expectations have changed. It is not enough for a company to green its products; consumers expect the products that they purchase pocket friendly and also to help reduce the environmental impact in their own lives too.

2. CONCLUSION

This empirical study attempts to explore how the firms can introduce the concept of green marketing in their products and to sell products and/or services based on their environmental benefits. Such a product or service may be environmentally friendly in itself or produced and/or packaged in an environmentally friendly way. Though this concept is not reaching to all, mostly the literate and urban consumer is getting more aware about the merits of Green products. But it is still a new concept for the masses. So that firms should concentrate on customer empowerment.