

GREEN MARKETING: INITIATIVES IN THE INDIAN CONTEXT

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ABSTRACT

Environment friendly, so called green marketing has become a discussed subject and companies are constantly trying to find the best ways to reach the customers with their green message. Customers are becoming more demanding and they have started to pay more attention to the environment. What is important with brands is how customers perceive them, what the image of the brand is? The aim of this study is to find out how strategic issues in green marketing are addressed by Companies. Green marketing incorporates a variety of activities, including modifications to products, changes to the production and distribution processes, packaging, and modifications to marketing communications. This paper attempts to examine the concept of green marketing, the various challenges and opportunities associated with it, as well as study the various initiatives taken in the Indian context by various organizations as well as by the Government. The discussion reveals that green marketing is gaining importance in India for various issues concerning sustainable development.

Keywords: green marketing, opportunities, challenges, initiatives, eco-friendly practices

INTRODUCTION

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. So, in this scenario of global concern, corporate houses have taken green marketing as a visible part of their strategic planning to promote products by employing environmental claims either about their attributes or about their systems, policies and processes of the firm that manufacture or sell them. Clearly Green marketing is a part and parcel of overall corporate strategy; along with manipulating the traditional marketing mix (4 Ps), it requires an understanding of public policy process. So, we can say green marketing covers a broad range of activities. "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 occurred with minimal detrimental impact on the natural environment." (Mr. J Polonkey) Green marketing involves developing and promoting products and services that satisfy customers' wants and desires for Quality, Performance, Affordable Pricing and Convenience without having a detrimental input on the environment.

EVOLUTION OF GREEN MARKETING

Green Marketing concept has been evolved over a period of time. According to Peattie (2001), the evolution of green marketing has *three phases*.

- **First phase:** "*Ecological*" green marketing and during this period all marketing activities were concerned to address environment problems and provide remedies for environmental problems.
- **Second phase:** "*Environmental*" green marketing and the focus shifted on clean technology that involved designing of innovative new products, which take care of pollution and waste issues.
- **Third phase:** "*Sustainable*" green marketing. It came into prominence in the late 1990s and early 2000.

LITERATURE REVIEW

The growth of green marketing and green consumer is "perhaps the biggest opportunity for enterprise and invention the industrial world has ever seen" (Cairncross 1992: 177). The green consumer is considered more educated and wealthier than the average consumer (Shim, 1995). There appears to be a democratization of green purchasing in Europe and North America. Indeed, Laroche et al. (2001) found that there is a group of consumers which transcends the socio-economic boundaries and is willing to pay for the ethical credentials. In 2002 Roper survey, 41% of consumers said they did not buy green products because they worried about the diminished quality of eco-friendly versions. All over the world, the demand in green products is growing and as such there is a concern for understanding how green is a green product. This overwhelming increase in the overall environmental consciousness among different consumer profile there have been efforts undertaken by firms to "go green" by presenting the concept of corporate environmentalism (Banerjee, 2003; Hay and Lichter 2000) One of the most important restrains to the development of green products is the lack of consumer trust and the lack of information (Cervellon et al. 2010; Yiridoe et al., 2005).

REASONS FOR ADOPTION OF GREEN MARKETING

- Opportunities or Competitive Advantage
- Corporate Social Responsibilities
- Government Pressure
- Competitive Pressure
- Cost or Profit Issues
- Increased Customer Consciousness
- Deterioration of Climatic Conditions

GREEN MARKETING MIX

The combination of 4 Green P's or Green factors (Eco-friendly) is known as Green Marketing Mix namely; Green Product, Green Promotion, Green Place and

1. **Green Product:** While manufacturing green products the firms should incorporate environmentally friendly resources or materials in the product. The characteristics of the resources or materials used in the product and its packaging should influence environmental elements.
2. **Green Promotion:** The firms should focus more on “Green Advertising” in order to communicate to its green customers (who uses eco-friendly products) and as well as traditional customers (who are not green users) about the concept of environmental protection. Apart from this, the firms should also launch promotional tools such as schemes, coupons, offers and premium etc; in order to attract consumers to buy eco-friendly products.
3. **Green Place:** Green products and services which are to be delivered from the point of producers to the point of ultimate green consumers. In this context, the firm should choose a proper channel considering product characteristics, consumer characteristics and market characteristics.
4. **Green Price:** It is often perceived by the consumers that the prices of green products are relatively higher compared to the traditional products. If production and operating costs are lowered, it would give green products more competent force on the market.

GREEN MARKETING: OPPORTUNITIES

The following reasons may be cited as *opportunities* by the firms for adopting environment friendly practices/green marketing in their organizations:

- **Competitive Advantage:** Environmental technology can be used to gain competitive advantage (Shrivastava, 1995). Adopting green practices by organizations will help an organization to take strategic advantage over its competitors in the industry. If an organization is offering products and services that are able to meet the needs and wants of consumers along with environmental benefits that will create a point of difference (unique selling proposition) in the consumers' mind. This point of difference will force the consumers to go for that particular product and service. Achieving competitive advantage strengthens an organization's position better within the business environment, and further, it will create competitive pressure over other organizations in the industry to adopt the green practices. Green marketing provides a 'win-win' situation for organizations.
- **Increasing the Consumer Base :** Various studies in the Indian context on green marketing show that nowadays, most of the consumers are aware and are concerned about environment-related issues (Ishwini & Datta, 2011; Mannarswamy, 2010; Paranjape, Bhakare, & Mathur, 2012), and are willing to purchase eco-friendly products/green products (Vernekar & Wadhwa, 2011). Thakar, Joshi, and Chitale (2009) conducted a study in Indore, Madhya Pradesh and found that consumers are aware about green marketing and products. This shows that for green products, the consumer base is increasing with time. This increasing consumer base will provide marketers a large segment to target, and it will also reduce the cost per unit that will benefit organizations. So, in this way, increasing the consumer base will act as an opportunity for organizations as well as for customers. The customers will be benefited in term of reduced price, and organizations will be benefited in terms of profit and large market share.
- **Meeting with Government Legislation as well as Receiving Subsidies from the Government :** As we know, environment degradation has become a major issue for the world, and has become the sensitive part of decision making for all governments across the globe. The governments all over the globe are pressurizing organizations and industries to implement clean technologies as well as green practices/environment friendly practices. For example, the Delhi Government has banned

the use of plastic bags, the Supreme Court of India has banned the use of plastic sachets of gutka and pan masala. Using environment friendly practices by an organization will help the organization to meet the legal framework of environmental protection without forceful implementation.

- **Cost Reduction** : Reduction of harmful wastes from the manufacturing processes will cut down the cost of the final product that will lead to cost reduction for the organization. Some companies have developed a symbiotic relationship in which waste material/ by-products of one company are used as raw material by another company, otherwise disposing of waste material has become a great issue. For example, in the past, fly ash produced from coal combustion was dispersed into the atmosphere, and this created environmental and health concerns, but now, it is used as raw material for the cement and brick industries and by the construction companies.
- **Corporate Social Responsibility** : Adopting green practices/ environment-friendly practices by the organizations will show their concern for the environment as well as for the society. Green marketing is now treated as a new approach and means of corporate social responsibility (Chowdhary & Dasani, 2013; Sheikh, 2011). Organizations can also use the fact that they are environmentally responsible as a marketing tool. This will help organizations to achieve both environmental objectives as well as profit related objectives. The employees of the organizations will feel satisfied for doing well for the society and for the environment, and this will be incorporated into the organization's culture.

GREEN MARKETING IN INDIA: INITIATIVES TAKEN BY THE GOVERNMENT AS WELL AS BY VARIOUS ORGANIZATIONS

Considering the importance of the environment for human beings, the Indian Government as well as various organizations are taking 'green initiatives' for the sake of environmental protection and sustainability.

INITIATIVES TAKEN BY ORGANIZATIONS:

Various initiatives have been taken by various organizations for adopting environment friendly practices/ green practices, some of them are as follows:-

- HCL launched HCL ME 40, its range of eco-friendly notebooks. HCL claims that it is an eco-friendly notebook free from polyvinyl chloride (PVC). Further, this product was given a five-star rating by the Bureau of Energy Efficiency. They also meet REACH (REACH is the European Community Regulation on chemicals and their safe use) standards and are 100% recyclable and toxin free (Rediff.com: Here are some of India's Leading 'Green' Companies, 2011).
- In 2007, Voltas (Tata Group) launched the 'Green' range of air-conditioners, following which it was made mandatory by the government to have energy star ratings for electronic home appliances. Energy Star is a well known international standard for energy efficient consumer products that originated in the United States (Rediff.com: Here are some of India's Leading 'Green' Companies, 2011).
- Wipro also launched eco-friendly desktops which were introduced under the Wipro Green Ware initiative, with an aim to cut down e-waste. The systems launched are toxin free and operate under a total recycling policy. Wipro has 17 e-waste collection centers in India where products are collected and recycled, and 12 Wipro campuses in the country have been certified as green buildings (Rediff.com: Here are some of India's Leading 'Green' Companies, 2011).
- ACC recently launched its eco-friendly brand, 'Concrete+'. This brand uses fly ash (a hazardous industrial waste) to help conserve natural resources as dumping of fly ash is a major

environmental problem, thus making it an eco- friendly product. The new product has been designed exclusively to ensure high durability (Rediff.com: Here are some of India's Leading 'Green' Companies, 2011).

- MRF launched eco-friendly tubeless tyres MRF ZSLK, which are made from unique silica-based rubber compounds and promises to offer fuel efficiency for vehicle owners (Rediff.com: Here are some of India's Leading 'Green' Companies, 2011).
- Pidilite has launched environment friendly synthetic resin adhesive named Fevicol AC Duct King Eco Fresh. It is claimed to be the first eco-friendly adhesive of India and boasts of being an all-in-one adhesive. The company officials say that this water-based adhesive spreads easily and smoothly at room temperature, without emitting any harmful fumes and is suitable for residential as well as industrial projects (Rediff.com: Here are some of India's Leading 'Green' Companies, 2011).
- Haier India took the green initiative by launching its 'Eco-Life' series electronic products aimed at designing smart and environment friendly products that should fulfill environmental norms along with meeting customers' needs. The range of electronic products the company is offering through this series includes refrigerators, all ranges of automatic washing machines, split and window air conditioners, a wide range of water heaters and LED & LCD TVs (Rediff.com: Here are some of India's Leading 'Green' Companies, 2011).
- P&G India introduced compact detergents in India for Ariel and Tide using fewer raw materials and packaging material, while ensuring superior consumer value. P& G India also redesigned the pump package of their beauty product Olay, which reduces plastic consumption and is 25% lighter than the earlier packaging. Re-designing the pump package has saved over 400 tonnes of packaging a year (the weight of a Boeing 747) (P&G, 2013).
- SBI is using eco and power friendly equipment which consumes less electricity in its new ATMs, which has helped SBI to save power costs and earned it carbon credits. SBI opened its first green banking branch at Jotsoma Science College in Kohima under the green banking initiative of State Bank of India (The Times of India, 2012).

INITIATIVES TAKEN BY THE GOVERNMENT

The following are the initiatives taken by the Government of India:-

- The Reserve Bank of India has requested the Non Banking Financial Corporations (NBFCs) to take proactive steps and initiatives to increase the use of electronic payment systems, and to gradually phase-out cheques and eliminate post-dated cheques in their routine business transactions as a part of “Green Initiative” (Department of Financial Services, Government of India : Green Initiative Master Circular, 2012).
- The Finance Minister announced ` 600 crore for green initiatives in the Union Budget, 2011 mainly for the protection and regeneration of forests and for environmental management (iGovernment, 2011).
- The Government has set up various standards for environment protection such as energy efficiency standards for appliances (refrigerators, air conditioners, tube lights, transformers, and other electrical appliances), energy conservation building code (ECBC), and fuel efficiency/emission norms for vehicles (Ministry of Environment and Forest, Government of India, 2010).
- The Ministry of Corporate Affairs (MCA), Government of India has taken a 'Green Initiative in

the Corporate Governance' vide its Circular Nos. 17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 which enables the entity to deliver all important documents to shareholders in the electronic form (i.e. to their e-mail address) that have been registered with the depository participants, including the notice of extra ordinary general meeting, annual general meeting, director's reports, audited financial statements, and so forth (Octane Research, 2013).

- In the Government's report of annual Indian economic survey 2011-2012, sustainable development and climate change was introduced for the first time, where lower-carbon sustainable growth was proposed as a central element of India's 12th five-year-plan (Patankar, 2012).
- According to an estimate, India spent approximately US\$45 billion on green IT and sustainability initiatives in the year 2012, and the figure may reach US\$70 billion by 2015, fueled by the Government's push for greater adoption (Yap, 2012).

GREEN MARKETING IN INDIA: PROBLEMS IN IMPLEMENTATION

Implementation of green marketing may pose some challenges for an organization. Some of the challenges that the firms may face are as follows:

- **High Initial Cost :** The cost of adopting green practices in organizations is very high at the initial level, so most of the organizations, mainly small scale organizations, try to escape from adopting green practices because of their concern for short run profits. However, adopting green practices in the long run ensures profitability as well as growth. Based on their study conducted among small and medium scale manufacturers in Mumbai, Welling and Chavan (2010) concluded that the adoption of green marketing may not be easy in the short run, but in the long run, it will definitely have a positive impact on the firm. According to Lindner (2008), most of the eco-friendly improvements in organizations do require some capital at the initial level, but this initial investment can also result in significant cost savings in the future and drive revenues in the long run.
- **Price Sensitive Consumers:** From the consumers' point of view, green products are costly as consumers need to pay premium prices for these products. Price is among one of the important attributes for which consumers are concerned while purchasing the products (Pillai, 2013). As the Indian market is price sensitive, so most of the consumers may not be willing to pay extra, and those who are willing to pay extra are mostly up to a limit of 5-10% for green products (Pandurangarao, Basha, & Satyakumar, 2011) or a marginal extra price for green products (green automobiles) (Thakar et al., 2009). So, the marketer should keep this in mind while devising a pricing strategy for green products.
- **Low Awareness Among Consumers About Eco-Mark :** In 1991, voluntary labeling scheme 'Eco-Mark' was introduced by the Ministry of Environment and Forest (MOEF), Government of India for certification of environment friendly products by the Bureau of Indian Standards (BIS). However, the industries did not respond to this initiative, and only a few companies took licenses from Eco-Mark, Bureau of Indian Standards. No initiative was taken by the organizations to generate awareness among consumers, so awareness among consumers about Eco-Mark is very low (Dey, 2007).
- **Green Washing or Green Sheen :** Green washing or green sheen means making false environmental claims by the marketers or organizations about their products and services. Most of the cases of green marketing are deceptively used by marketers to promote the perception that an organization's aims and policies are environmentally friendly just to increase profits or to gain

political support. It creates a negative perception among people about these products and services. For example, a documentary *A World without Water* emphasized on exploring the issue of water scarcity and highlighted the water stressed areas in third-world countries. As an example, the team investigated a Coke factory that pumps water from beneath the sands of Rajasthan to make cold drinks and packaged water. Since the factory started working there, local wells and other water sources have run dry every year because Coke extracts 3 liters of water for every liter of soft drinks it makes. However, Coke India claims to be involved in various activities such as recycling, water stewardship, energy management, and climate protection through its sustainability report. Such claims may create negative perception among consumers about environment friendly practices adopted by the organizations (Mirza, 2012).

- **Lack of Standardization:** It was 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 (Mohansundaram, 2012). Hence, before making any green claims about their products and services, the marketers need to authenticate the claim - how their product is green, whether their packaging is eco-friendly, or whether the process used is eco-friendly. Consumers now are more aware of green products and services, so before paying any premium for green products and services, they will look for authentication, and false claims will lead negative perceptions about the organization as well as its green practices.

The concept of green marketing is new to India, hence; marketers should play an important role in educating the consumers and creating awareness about green products. Price is still an important concern in the Indian market, so firms should keep this point in mind while charging premium prices for their products, and they should make sure that along with environmental benefits, the product is able to fulfill the needs and wants of the consumers.

CONCLUSION

In the present day, a majority of consumers have realized that their behavior had a direct impact on environment as there is mounting amount of evidence indicating that consumers are shifting traditional products to green products to have a positive impact on the natural environment. The research paper concludes that business firms need to change their mind set from traditional marketing strategies to green marketing strategies with a huge investment in technology, R and D and through Green marketing elements such as eco-design of a product, eco-labeling, eco-packaging, green logo in order to survive in the green competitive world and to have a positive impact on the environment.

Considering the importance of the environment for human beings, the concept of green marketing/environment friendly marketing and sustainable development is getting attention in India with time, but it is still at a nascent stage. The Government has already announced and implemented various policies and regulations for environmental protection, whereas various organizations are willingly adopting environment friendly practices. They are taking these steps after seeing the positive response from consumers towards green products and also to comply with the legal framework of the Government. However, the problem is with the small firms in adopting green practices because they are concerned about short run profits ; adopting green practices involves a high initial cost and such practices are profitable only in the long run. For such organizations, forceful implementation of legislation is required by the Government. Green marketing is not just another concept of marketing because along with the profitability concern, it deals with social and environmental dimensions too, so it has to be pursued with more concern and importance.

It is hoped with a positive note that all the stakeholders of the environment will work in concert to save the environment, revisiting the forgotten concept of "*Vasudev Kutumbakam*" that is, the whole world

(Earth) is a single family and all the organisms such as plants, trees, birds, animals, and so forth in the ecosystem have *atma* (soul) and are a part of our *kutumb* (family), and hence, they need to be conserved.

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