

The Green Revolution in Marketing

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Abstract

Environmental issues influence all human activities, few disciplines have integrated green issues into their literature. As society becomes more concerned with the natural environment, businesses have begun to modify their behavior to address society's "new" concerns. Some businesses are quick to accept concepts like environmental management systems and waste minimization, and have integrated environmental issues into all organizational activities. Business 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. World-wide evidence indicates that people are becoming concerned about the environment and are changing their behaviour accordingly. There is a growing market for sustainable and socially responsible products and services. When all else is equal – quality, price, performance and availability – environmental benefit will most likely tip the balance in favour of a product. This paper is written with a view to make an attempt to introduce the terms and concepts of green marketing and briefly discuss why going green is important as well as examine some of the reasons that organizations are adopting a green marketing philosophy and have a focus on some of the problems with green marketing.

Key words: Green Marketing, Ecological Marketing, Life Cycle Analysis, Product line Analysis

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. Green marketing refers to the process of selling products and/or services based on their environmental benefits. Such a product or service may be environmentally friendly in it or produced and/or packaged in an environmentally friendly way. The obvious assumption of green marketing is that potential consumers will view a product or service's "greenness" as a benefit and base their buying decision accordingly. The not-so-obvious assumption of green marketing is that consumers will be willing to pay more for green products than they would for a

less-green comparable alternative product - an assumption that, in my opinion, has not been proven conclusively.

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.

Evolution of Green Marketing

The green marketing has evolved over a period of time. According to Ottman (1993), the evolution of green marketing has three phases. First phase was termed as "**Ecological**" green marketing, and during this period all marketing activities were concerned to help environment problems and provide remedies for environmental problems. Second phase was "**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 was "**Sustainable**" green marketing. It came into prominence in the late 1990s and early 2000.

Progress is possible, No one can stop it, but obstacle is there, we have to face it."

AMARTYA SEN

Green Marketing Mix

Every company has its own favorite marketing mix. Some have 4 P's and some have 7 P's of marketing mix. The 4 P's of green marketing are that of a conventional marketing but the challenge before marketers is to use 4 P's in an innovative manner.

Product

The ecological objectives in planning products are to reduce resource consumption and pollution and to increase conservation of scarce resources. Entrepreneurs wanting to exploit emerging green market either:

- ❖ identify customers' environmental needs and develop products to address these needs; or
- ❖ develop environmentally responsible products to have less impact than competitors.

The increasingly wide varieties of products on the market that support sustainable development and are good for the triple bottom line include:

- ❖ Products made from recycled goods, such as Quik'N Tuff housing materials made from recycled broccoli boxes.

- ❖ Products that can be recycled or reused.
- ❖ Efficient products, which save water, energy or gasoline, save money and reduce environmental impact. Queensland's only waterless printer, Print point, reduces operating costs by using less water than conventional printers and is able to pass the savings on to customers.
- ❖ Products with environmentally responsible packaging. McDonalds, for example, changed their packaging from polystyrene clamshells to paper.
- ❖ Products with green labels, as long as they offer substantiation.
- ❖ Organic products — many consumers are prepared to pay a premium for organic products, which offer promise of quality. Organic butchers, for example, promote the added qualities such as taste and tenderness.
- ❖ A service that rents or loans products – such as toy libraries.
- ❖ Certified products, which meet or exceed environmentally responsible criteria.

Whatever the product or service, it is vital to ensure that products meet or exceed the quality expectations of customers and are thoroughly tested.

Price

Price is a critical and important factor of green marketing mix. Most consumers will only be prepared to pay additional value if there is a perception of extra product value. This value may be improved performance, function, design, visual appeal, or taste. Green marketing should take all these facts into consideration while charging a premium price. Environmental benefits are usually an added bonus but will often be the deciding factor between products of equal value and quality. Environmentally responsible products, however, are often less expensive when product life cycle costs are taken into consideration. For example fuel-efficient vehicles, water-efficient printing and non-hazardous products.

Promotion

Promoting products and services to target markets includes paid advertising, public relations, sales promotions, direct marketing and on-site promotions. Smart green marketers will be able to reinforce environmental credibility by using sustainable marketing and communications tools and practices. For example, many companies in the financial industry are providing electronic statements by email, e-marketing is rapidly replacing more traditional marketing methods, and printed materials can be produced using recycled materials and efficient processes, such as waterless printing.

Place

The choice of where and when to make a product available has a significant impact on the customers being attracted. Very few customers go out of their way to buy green products merely for the sake of it. Marketers looking to successfully introduce new green products should, in most cases, position them broadly in the market place so they are not just appealing to a small green niche market. The location must also be consistent with the image which a company wants to project. The location must differentiate a company from its competitors. This can be achieved by in-store promotions and visually appealing displays or using recycled materials to emphasise the environmental and other benefits. The choice of where and when to make a product available will have significant impact on the customers. Very few customers will go out of their way to buy green products. Like conventional marketers, green marketers must address the 'four Ps' in innovative ways.

Green Marketing as an effective tool for business firms

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
5. Cost factors associated with waste disposal, or reductions in material usage forces firms to modify their behavior

(A) Opportunities-

It appears that all types of consumers, both individual and industrial are becoming more concerned and aware about the natural environment. Nowadays, firms marketing goods with environmental characteristics have realized 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 does not mean 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. In many other cases firms have jumped on the green bandwagon without considering the accuracy of their behavior, their claims, or the effectiveness of their products. This lack of consideration of the true "greenness" of activities may result in firms making false or misleading green marketing claims.

(B) 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 directly ties itself 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. Another firm who is very environmentally responsible but does not promote this fact, at least outside the organization, is Walt Disney World (WDW). WDW has an extensive waste management program and infrastructure in place, yet these facilities are not highlighted in their general tourist promotional activities.

(C) Governmental Pressure-

Governmental regulations relating to environmental marketing are designed to protect consumers in several ways: 1) reduce production of harmful goods or by-products; 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.

These governmental regulations are 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.

One of the recent publicized environmental regulations undertaken by governments has been the establishment of guidelines designed to "control" green marketing claims. These regulations include the Australian Trade Practices Commission's (TPC) "Environmental Claims in Marketing - A Guideline, the US Federal Trade Commission's (FTC) "Guides for the Use of Environmental Marketing Claims" and the regulations suggested by the National Association of Attorneys-General. All these regulations were designed to ensure appropriate information to consumers so that they could evaluate firm's environmental claims.

Thus, governmental attempts to protect consumers from false or misleading claims theoretically provide consumers with the ability to make more informed decisions.

(D) Competitive Pressure-

Another major force in the environmental marketing area has been a firm's desire to maintain its competitive position. In many cases, firms observe competitors promoting their environmental behaviors and attempt to emulate this behavior. It is only in some instances that this competitive pressure causes 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.

(E) Cost / Profit Issues-

Certain firms use green marketing to address cost/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, 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 many other cases, it has been found that firms 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.

[THE GREENING OF BUSINESS]

A number of factors have caused business firms to behave more responsibly towards the natural environment. Perhaps foremost among these is the possibility of capitalizing on opportunities from the sale of environmental services and/or "earth-friendly" products. Environmental awareness has increased dramatically, particularly since the organized environmental movement emerged in the late 1960s. Issues ranging from global warming to animal rights to species preservation to the protection of wetlands are now prominent in the media and in the minds of consumers. "Green" consumers have thus arisen with preferences for products made from recycled materials or products whose use entails reduced environmental impact. Often such products command premium prices, and therefore the task of marketers has become all the more crucial.

As landfills fill up and public opposition mounts against opening new ones (the NIMBY, or "Not In My Back Yard," syndrome), waste treatment and disposal costs rise. Storage, transport, and disposal of hazardous wastes is quickly becoming unaffordable for many firms, stimulating a search for less-toxic alternative processes. Furthermore, liability and litigation costs for environmental damages are skyrocketing with little sign of abatement. At the time of the first Earth Day in April 1970, there were approximately 2,000 federal, state, and local environmental regulations. In the late 1990s there were approximately 100,000 such rules. By some estimates, U.S. businesses have spent well over a trillion dollars since the 1970s on environmental law compliance. Faced with a growing environmental consciousness, many business firms are adopting a pro-environment stance in hopes of improving credibility with the public. Unfortunately, some companies have been a bit overzealous with their environmental claims, prompting cries of "greenwashing" from critics. Another impetus causing business to embrace environmental concerns is to attract better employees and/or improve working conditions. Many young people entering the **workforce** today exhibit greater social concerns than those of ten years ago, and many wish to join firms perceived to be making a positive contribution to society.

Environmental regulations continue to increase in both number and complexity. Some firms have identified opportunities in this changing legal environment and are making changes to drive regulation for purposes of competitive advantage. Because many regulations require use of the "best available technology," firms actively involved in developing and implementing new technologies may achieve the benefits of monopoly status for a short while. Companies are also becoming more environmentally responsible as part of an overall commitment to **Total Quality Management** or sustainable development. Sustainable development involves

meeting the needs of the present without compromising the ability of future generations to meet their own needs.

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. It appears that consumers are not overly committed to improving their environment and may be looking to lay too much responsibility on industry and government. Ultimately green marketing requires that consumers want a cleaner environment and are willing to "pay" for it, possibly through higher priced goods, modified individual lifestyles, or even governmental intervention. Until this occurs it will be difficult for firms alone to lead the green marketing revolution. It must not be forgotten that the industrial buyer also has the ability to pressure suppliers to modify their activities. Thus, an environmentally committed organization may not only produce goods that have reduced their detrimental impact on the environment, they may also be able to pressure their suppliers to behave in a more environmentally "responsible" fashion. Finally, consumers and industrial buyers also have the ability to pressure organizations to integrate the environment into their corporate culture and thus ensure all organizations minimize the detrimental environmental impact of their activities.

Green marketing is based on the premise that businesses have a responsibility to satisfy human needs and desires while preserving the integrity of the natural environment. That this latter concern has been ignored throughout most of recorded human history does not mean it will be unimportant in the future. Indeed, there are significant indications that environmental issues will grow in importance over the coming years and will require imaginative and innovative redesign and reengineering of existing marketing efforts on the part of many businesses. Solutions to environmental problems can be characterized into roughly three categories: ethical, legal, and business (economic and technological). Long-term sustainability of the planet is likely to require some rather distinct changes in the ethical behavior of its human population. Barring a crisis, these changes will probably be a long time coming. Legislation is a useful tool for effecting social change; it has a tremendous advantage over moral persuasion in terms of speed and efficacy of implementation, although its results are not always as intended. In the short term, business solutions—the enlightened self-interest of commercial enterprises finding new ways to incorporate technology and carry on exchanges with greater concern for heretofore unpriced environmental goods and services—offer particular promise. Green marketing and the promotion of responsible consumption are part of that solution.

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