



GREEN MARKETING *A Theoretical Perspective*

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ABSTRACT:

Green marketing is comparatively a new phenomenon in the business environment. In recent years, when climate change, global warming and environmental degradation have gained attention from the global community and countries are entering in different agreements for preservation of environment, green marketing has also gained attention from the business community. This study is an attempt to explore the evolution of this concept and its various aspects so that it can provide guidelines to further empirical studies.

KEYWORDS: *Green marketing, business environment, global community.*

1. INTRODUCTION:

Technological advancement, economic progress and changes in institutional set-up in countries are causing many things to change around businesses. It has been also observed in the last three decades that there is a major shift in consumers taste and preferences. The tastes and preferences of consumers have shifted in the last three decades as they are now aware about the user impact of goods and services on their surrounding environment. The reason for this concern could be visible climatic changes, global warming and increasing air and water pollution. The focus of present day businesses is on **Green Marketing** phenomenon. *Green marketing*

is the marketing of products that are presumed to be environmentally safe. Thus, *green marketing*, also alternatively known as *environmental marketing* and *sustainable marketing*, refers to an organization's efforts at designing, promoting, pricing and distributing products that will not harm the environment (Pride and Ferrell, 1993). It includes 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 (Polonsky, 1994). Thus, *Green Marketing* refers to holistic marketing concept wherein the production, marketing, consumption and 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. (Yusuf and Fatima, 2015). It can be viewed both as a *type of marketing* like industrial or service marketing and is concerned with marketing of a specialized kind of product, i.e. green product; and a *marketing philosophy* which runs parallel to the societal marketing concept and that take into account the ecological interests of the society as a whole (Saxena and Khandelwal, 2008). It is a part of Corporate Social Responsibility (CSR). Many of the organizations in developed as well as emerging developing economies have now adopted the green philosophy and shifted themselves as green organizations. The worldwide shift of consumer preference towards environmentally safe goods has led these organizations

to alter their marketing strategy. A sound theoretical knowledge about the concept of green marketing is very essential for further study on business organizations' concern for green marketing in their core business values as well as study on consumer perception, preference and green consumption behaviour. This study is, thus, an attempt to shed some light on the idea of green marketing so that it can provide guidelines to further empirical studies.

2. EVOLUTION OF GREEN MARKETING

The first wave of green marketing occurred in the late 1980s. It was seminar organized by American Marketing Association (AMA) in 1975 on "ecological marketing" where for the first time the term "green marketing" was introduced. Most business houses regarded environmental regulations as something to be fought off as much as possible for several years however then complied with in a reluctant manner. However, this vision has changed gradually over the years and green marketing acquired an eminent status since early 1990s especially among the most polluting industries like chemicals and oils.

According to Peattie (2001), the evolution of green marketing has three phases. First phase (1980s) 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 (early 1990s) 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.

The period between 70s and 80s showed the occurrence of *green consumer* and *green consumerism*. Green consumers are defined as environmentally conscious consumers (Henion and Kinneer, 1976) while green consumerism is a specific type of socially conscious consumer behaviour with prime focus on protection of environment (Antil, 1984). With growing environmental awareness among consumers and improvement in the availability of environmental information through eco-labeling schemes, consumer groups and consumer guides, influence of the green consumer is growing in the prevailing market (Peattie, 1995).

Changing consumer behaviour generates a new market which may be seen as a challenge and opportunity both by many organizations. A successful business organization always focuses on these changes and implements it into its operations within time. Green marketing, thus, can be considered as business organization's response to satisfy consumer's demand in the changing scenario. Various studies supports that there are several reasons for firms to adopt use of Green Marketing, such as - organizations perceive environmental marketing to be an **opportunity** that can be used to achieve its objective (Keller, 1987; Shearer, 1990); they believe that they have to be more **ethically and socially responsible** (Keller, 1987; Shearer, 1990; Freeman and Liedtka, 1991; Davis, 1992;); **government bodies are forcing firms** to become more responsible (NAAG, 1990); eco-friendly **competitor pressure** makes the firms to change their environmental marketing activities (NAAG, 1990); **cost factors** associated with waste disposal, or reductions in material usage forces firms to modify their behaviour in favour of green marketing (Azzone and Mazini, 1994).

Consumers' actual consumption pattern can be predicted by their attitudes. Despite of showing a strong willingness to favour green products and companies', public action to do so in reality are debatable (Mendleson and Polonsky 1995). Mintel (1995) found a significant gap between consumers' concern and actual green purchasing. Consumers are substantially aware about green products; however applying green marketing practices in business operations is not an easy task (Juwaher, 2005). Still there are many business organizations which already have adopted the green philosophy while operating their businesses. However, there is long way to go in order to comply with the **2030 Agenda**¹.

¹ Agenda 2030 refers to the Sustainable Development Goals (SDGs) set by the UN in 2015, formal name for which is "Transforming our World: the 2030 Agenda for Sustainable Development." It is a collection of accomplishing 17 goals that cover issues including

3. GREEN MARKETING: THE UNDERLYING FEATURES

3.1. Objectives of Green Marketing

There are basically five reasons for which marketers should go for green marketing – competitive advantage, corporate social responsibility (CSR), government pressure, competitive pressure and cost or profit issues. While thinking about green marketing, firms must consider the following objectives –

Avoiding waste by means of creating biodegradable products, reduction in water consumption, reduction in the amount of trash that goes into landfills etc.;

Reinventing products i.e. modification in the product itself in order to lessen its impact on the environment;

Making green while being green i.e. along with producing products safe for the environment, the companies are allowed to make a profit while doing so.

Creating eco-friendly messaging i.e., to help the consumers to understand a product's green benefits and a company's commitment to the environment. This is also an important avenue to educate the people about sustainability of the environment.

3.2. Green Product: Meaning

There is no general consensus on what exactly is constitutes "green". There is no unique definition of green product. However based on different definitions of green marketing, green product can be defined as the product manufactured through green technology and has no detrimental impact on the environment are called green products. Promotion of green technology and green products is necessary for conservation of natural resources and sustainable development. Thus, products which are actually accepted as green are:

- Energy efficient (both in use and in production).
- Water efficient (both in use and in production).
- Low emitting (low on hazardous emissions).
- Safe and/or healthy products.
- Recyclable and/or with recycled content
- Durable (long-lasting).
- Biodegradable.
- Renewable.
- Reused products.
- Third party certified to public or transport standard (e.g., organic, certified wood)
- Locally produced.

3.3 Green Marketing Strategies

3.3.1 Basic Motives and Marketing Strategies

The most essential motives to start green strategies are caused by (Charter and Polonsky, 1999):

- **External factors:** *government legislation, public concern, customer needs, suppliers;*
- **Internal factors:** *cost reduction, organisational culture need for competitive advantage.*

Every business' central aim is to satisfy the customer needs (Bruhn and Georgi, 2006), and that is why this *external factor is the most important motivator enhancing companies to start green business* (Charter and Polonsky, 1999). Various studies found that consumers' desire to purchase products and services that are less environmentally harmful and even wish to pay more for such products (Mendleson and Polonsky, 1995). There emerges a class of consumer that has become more concerned about their everyday habits and the impact that these can have on the environment. During the recent

poverty, hunger, health, education, global warming, gender equality, water, sanitation, energy, urbanization, environment and social justice.

three decades, consumers appear to have become aware of the fact that the environment is now more fragile than they once believed, and that there are limits to the use of natural resources. This, in turn, stimulated a widespread feeling that the time for corrective action has arrived (Wong et al., 1996).

Both internal and external and internal set of factors together have led to a company's reaction to engage into *corporate environmentalism*². Corporate environmentalism can be implemented at different levels of strategy depending on the characteristics of the firm itself, industry features, regulatory force, public concern, and macro environment (Charter and Polonsky, 1999):

- **Enterprise strategy.**

This is the broadest level of strategy which integrates the total organization into its environment. Environmental concerns can force the company to re-examine its mission and include other stakeholders, such as the public and environmental protection agencies into the enterprise strategy level. The examples of such companies are Ben-Jerry, The Body Shop.

- **Corporate strategy.**

Company considers all the tools for reaching the most important goal of a company. *Socio-political* and *cultural factors* need to be considered in this level of strategy. The fact of increasing 'green products' consumption, is the key reason for developing this kind of strategy.

- **Business strategy.**

It involves the optimal allocation of its resources in order to achieve competitive advantage by reducing total cost (cost advantage) or by differentiation advantage or even by both manners. Company can use TQEM³ (Total Quality Environmental Management) in order to be eco-effective or to gain good positioning in the market.

- **Functional strategy.**

In this strategy environmental issues may affect only functional activities, for example planning, organising and implementing of one of several elements within the Green Marketing Mix.

3.3.2 Implementation of Green Marketing strategies

Green marketing strategy can be implemented through the process called as the Greening of Marketing Mix. The classical Marketing Mix 4P, where product, price, place, promotion plays the most important role, can not fit the greening context where *quality, process, accessibility and reliability* become also significant.

A model green marketing mix contains four "P's":

- **Product:** A producer should offer ecological products which not only must not contaminate the environment but should protect it and even liquidate existing environmental damages.
- **Price:** Prices for such products may be a little higher than conventional alternatives. But target groups, for example LOHAS⁴, are willing to pay extra for green products.

² Corporate environmentalism is the process by which firms integrate environmental concerns into their core business decisions. According to Prakash (2002), "corporate environmentalism is the organization wide recognition of the legitimacy and importance of the biophysical environment in the formulation of organizational strategy, inclusion of the environmental impact of business actions in the strategic planning process, organizational communication of the corporate environmental goals, and the organization's responsiveness to environmental issues."

³ Total Quality Environmental Management refers to business management practices that reduce or prevent environmental pollution achieved through Total Quality Management (TQM) techniques. TQM is a system of management based on the principle that every member of staff must committed to maintain high standards of work in every aspect of a company's operations.

⁴ LOHAS stands for Lifestyles of Health and Sustainability. LOHAS describes an integrated, rapidly growing market for goods and services that appeal to consumers whose sense of environmental and social responsibility influences their purchase decisions.

- **Place:** A distribution logistics is of crucial importance; main focus is on ecological packaging. Marketing local and seasonal products e.g. vegetables from regional farms is easier to be marketed “green” than products imported.
- **Promotion:** A communication with the market should put stress on environmental aspects. There are three types of green advertising: -
 - i. Ads that address a relationship between a product/service and the biophysical environment;
 - ii. Those that promote a green lifestyle by highlighting a product or service ;
 - iii. Ads that present a corporate image of environmental responsibility.

4. RULES FOR GREEN MARKETING

Know You’re Customer: Consumer must be aware of and concerned about the issues that the product attempts to address.

Educating the customers: It is not just a matter of letting people know that the firms are doing whatever needs to protect the environment , but also a matter of letting them know , why it matters.

Being Genuine and Transparent: It implies that firms are actually doing what they claim to be doing in their green marketing campaign and the rest of their business policies are consistent with whatever they are doing that’s environment friendly.

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 the Pricing: While charging a premium for the product and many environmentally preferable products it may cost more due to economies of scale and use of higher-quality ingredients, therefore, firms’ have to make sure that the consumers can afford the premium and feel it’s worth it.

5. GREEN MARKETING: OPPORTUNITIES AND CHALLENGES

5.1 Opportunities

Companies that boast new products, services, processes, or procedures that shine a light on their attention to environmental or social issues unlocks several opportunities which were unapproachable before. Thus, when a firm resorts to green marketing it expands the firm’s opportunities such as:

- When a business shines light on the positive impacts their product or service brings about they have the possibility of piercing new target markets. Environmentally conscious consumers may flock to the eco-friendly brand and embrace the products;
- It ensures sustained long-term growth along with profitability;
- It also creates a wider choice of marketing points that a firm can promote which go beyond traditional strategies such as having the lowest price, durability and style. Firm can now focus on product’s environmental and social benefits instead of solely marketing the price and value.
- The direct and foremost advantage of green marketing initiatives is enhancement of goodwill in the eyes of consumers and suppliers. Customers are loyal to the brand which satisfy their needs and benefits the society or environment as well.

5.2. Challenges

Green marketing, being a phenomenon that has crossed its evolutionary course in the last three decades, is still very much new in the practical field. This may bring varied challenges to the companies resorting to this strategy which includes:

- **New Concept:** Green marketing 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 especially among the masses of Third World Nations.

- **Large Initial Investment:** A large amount of money is required when a firm changes its marketing tactics or develops a new strategy, which typically translates into increased costs. This, in turn, restricts the small businesses to adopt green marketing strategy.
- **Maintenance cost:** A firm's duty doesn't end after making investment once. To maintain the brand's ecological claim, firms have to acquire renewable and recyclable material, which is quite costly. Firms have to incur heavy cost in order to maintain it which takes a large portion of their profits.
- **Unwillingness of consumers to pay premium price:** Adoption of green marketing leads to hike in product brand's price which is obvious as the firm had to incur huge costs to produce it. However, majority of consumers don't buy that brand since they have to pay premium price because of less disposable income. On the other hand, some consumers are least concerned about environmental issues because they do not have the time or the means.
- **Avoiding Green Myopia:** The first rule of green marketing is focusing on customer benefits i.e. the primary reason why consumers buy certain products in the first place. It is not going to help if a product is developed which is absolutely green in various aspects but does not pass the customer satisfaction criteria. This will lead to green myopia. Also if the green products are priced very high then again it will lose its market acceptability.

6. CONCLUSION

In present days, when global climatic condition is on its way towards a downward movement and environmental degradation is rampant, the most appealing strategy is to adopt "Green Marketing" globally. It is therefore essential for the companies to make the consumers understand the need and benefits of green products as compared to non-green ones. Green marketing strategy should be followed as a norm rather than an alternative marketing approach in business operations.

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