

A CONTEMPORARY SUSTAINABLE STRATEGY: GREEN MARKETING

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Abstract

As society is becoming more concerned with the natural environment, businesses have begun to modify their behavior in an attempt to address society's "new" concerns. Green Marketing is one such phenomenon which has grabbed particular attention in the modern day market by corporate houses. They have been quick to accept concepts like environmental management systems and waste minimization, and have integrated environmental issues into all organizational activities. Green marketing subsumes greening products as well as greening firms. In addition to manipulating the 4Ps (product, price, place and promotion) of the traditional marketing mix, it requires a careful understanding of public policy processes. This concept has enabled for the re-branding & rejuvenation of the existing products. Firms can green themselves in three ways: value-addition process, managements systems and / or products of the organization. This paper seeks to better understand the role of "green" as a marketing, management and operations literatures. It highlights the ways in which corporate marketers are taking an advantage of the opportunities unfolding today. It analyzes trends and profiles of several leading green companies and initiatives taken by them to increase sales, enhance brand reputation and customer loyalty to build competitive advantage and to attract employees & investors. An attempt is made to analyze the opportunities and challenges faced by the companies adhering to green marketing. Despite the challenges, green marketing has continued to light growing global concern about climate change. Companies not just in world but also in India are putting their best foot forward to come across as responsible entities to "green matters" seriously, by increasingly getting more aware and alarmed about environmental degradation. The results of the literature search is based on articles published over the last decade are presented as an annotated bibliography.

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INTRODUCTION

Today many companies are moving much ahead than the marketing concept to the customer concept. As the marketing concept was gaining wide acceptance in business organizations, it was noticed that firms were ignoring their social responsibility while satisfying the needs and wants of the consumers and achieving their organizational goals. A firm may totally satisfy its customers, can also achieve handsome profits but in the process of doing so, they might also be polluting the air and water in the environment or damaging the cultural environment. As companies came to realize their social responsibility, this factor became one of its primary objectives. It was seen that for a company to prosper in the long-run, it needed to satisfy social needs as well as the economic needs of customers.

Green, environmental and eco-marketing are part of the new marketing approaches which do not just alter, adjust or enhance existing marketing thinking and practice, but seek to challenge traditional approaches to provide a significantly different perspective. It seeks to address the lack of fit between marketing as it is currently practiced and the ecological and social realities of the wider marketing environment.

EVOLUTION OF GREEN MARKETING

The term Green Marketing came into prominence in the late 1980s and early 1990s. 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". With the well-publicized Earth Day activities in the United States in April 1990, the "green marketing" movement came into existence. An explosion of "environmentally friendly" products and marketing programs appeared as firm after firm tried to capitalize on consumers' perceived increased sensitivity to environmental issues.

Green marketing has evolved over a period of time. According to Peattie (2001), the evolution of green marketing has three phases. **First phase** was termed as "Ecological" green marketing. Thereby focusing on the environment and environmental problems, 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.

MEANING OF GREEN MARKETING

According to the American Marketing Association, *Green marketing* is the marketing of products that are presumed to be environmentally safe. It comprises of a broad range of activities, including product alteration, changes to the production procedure, changes in the style of packaging, as well as transforming advertisements. The subject of green marketing is vast, having important implications for business strategy and public policy. However, defining green marketing is not a simple task as several meanings intersect and contradict with each other. There are other similar terms used for Green Marketing as **Environmental Marketing** and **Ecological Marketing**.

There is growing concern and interest among the consumers all over the world regarding protection of environment indicates that people worldwide are concerned about the environment and are changing their behavior. As a result of this, green marketing has come into view which speaks for growing market for sustainable and socially responsible products and services. Green marketing is part and parcel of the overall corporate strategy (Menon and Menon, 1997).

PROCESS OF GREEN MARKETING

Firms can 'green' themselves in three ways:

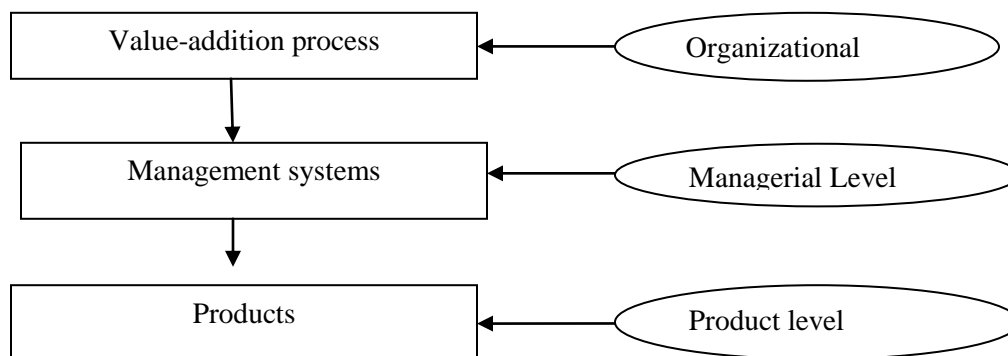


Fig: 1 Process of Green Marketing

Greening the value-addition processes could entail redesigning them, eliminating some of them, modifying technology and/or inducing new technology – all with the objective of reducing the environmental impact aggregated for all stages. A steel firm may install a state-of-the-art furnace (new technology), thereby using less energy to produce steel. Firms could adopt **management systems** that create conditions for reducing the environmental impact of value-addition processes. A good example is the Responsible Care program of the chemical industry, which establishes systems to promote environmental, health and safety objectives. However, management systems' efficacy for greening value-addition processes is difficult to quantify if they are not accompanied by performance measures. Thus, by having measurable (therefore, easily monitored and understood) performance indicators, firms can make verifiable claims about the environmental impact of their management systems. The third greening strategy pertains to products. Building on Charter (1992), this could take place in the following ways:

(i) repair – extend the life of a product by repairing its parts; (ii) recondition – extend the life of a product by significantly overhauling it; (iii) remanufacture – the new product is based on old ones; (iv) reuse – design a product so that it can be used multiple times; (v) recycle – products can be reprocessed and converted into raw material to be used in another or the same product – and (vi) reduce – even though the product uses less raw material or generates less disposable waste, it delivers benefits comparable to its former version or to competing products. In addition, greening products could include 'designing for the environment' and devising new institutions to reduce environmental impact of product use by developing systems to replace dominant pattern

of private ownership and use (as in cars) by a mix of collective and private use (through leasing and renting).

MARKETING MIX OF GREEN MARKETING

With the growing concern of the concept of green marketing, the green marketing is presumed to be environmentally safe and focuses on supported three P's as people, planet and profits with the traditional 4 P's of marketing

A. PRODUCT

While considering the concept of green marketing the producers offer ecological products, which not only save the environment but should also, protect it. The marketer's role in green product management not only includes providing product designers with market-driven trends and customer requests for green product attributes such as energy saving, organic, green chemicals, local sourcing, etc., but also to companies must make efforts to minimize the environmental impact associated with how consumer use and dispose of their products. Nike is the first among the shoe companies to market itself as green. It is marketing its Air Jordan shoes as environment-friendly, as it has significantly reduced the usage of harmful glue adhesives. It has designed this variety of shoes to emphasize that it has reduced wastage and used environment-friendly materials.

It is a sustainable challenge to get the benefits associated with the green products because for that the consumer needs to change their habits for eg. The use of reusable shopping bags which a customer generally forgets to take to the store. The companies associated with green marketing are realizing that just reducing the resource consumption of the business is not enough to reach the sustainability goal, they must make efforts to teach consumers how to use and dispose of their products. Many companies are making efforts to make customers aware to reduce the life cycle impact of the products they purchase. A prominent example is of Levis Strauss & Co.'s and Goodwill designed to teach the consumer to care and dispose of their jeans through their campaign 'A care tag for our planet'

B. PRICE

Pricing of green marketing is important and considering the fact that they support environmental friendliness so the Value can be added to the product for changing its appearance, functionality and through customization, etc. Wal-Mart unveiled its first recyclable cloth shopping bag. Pricing of such products can be higher than the conventional products/alternatives available in the market. The customers are also aware of the benefits upheld by green products so even they are willing to pay higher prices for the benefits associated with the green products.

C. PLACE

This P of marketing mix provides a choice to make a product available to customers. The logistics are very important in marketing, while talking of green marketing the management of logistic becomes very important and crucial since proper management of logistics can cut down transportation emissions, which would result in reduced carbon footprint. Another way to avoid

pollution is by promoting local production instead of imported goods, since local production will reduced shipping cost and in turn more importantly the reduction in carbon emission by the Ships and other means of transportation.

D. PROMOTION

The promotion mix is concerned with the vehicles used the business organization to inform and make the customers aware about the companies offerings through advertising, public relations, word of mouth, branding, packaging etc. The major concern of companies now a days are people, planet and profits, so they employ the strategies to promote 'Green' as a promotional tool through advertising, marketing materials, white papers, web sites, videos and presentations. The companies like ITC have taken a step by introducing environmental-friendly, free from elemental chlorine papers and boards. Toyota, a well knoen car brand has been promoting itself as eco-friendly Car Company by pushing gas/electric hybrid technology into the product line.

ORGANIZATIONS ADOPTING GREEN MARKETING

SBI's Green IT Project:

During the financial year 2009-2010, State Bank of India undertook a massive rollout of Automated Teller Machines. The Bank was conscious of the need to reduce the carbon footprints as there were more than 10,000 ATMs to be installed all across the country. Apart from savings of recurring costs to the bank, the project helps in reducing the carbon footprints impacting the quality of life of the society at large. The project also supports the cause of the central bank's objective of spreading retail electronic payment culture and reduced dependence on paper based transactions throughout the country, done through rapid expansion of ATMs and debit cards.

In all the new ATMs, LCD monitors were deployed in lieu of CRTs. LEDs were used instead of tube lights/CFL, 5 star EER 3.1 rated ACs were installed. Specially designed ATMs were developed and installed that consumed low energy and require no air conditioning environment. This project is expected to help save a whopping 48508500 KWH per annum. This translates to about Rs 24.25 crores of energy savings per annum. Even solar powered ATMs were developed for rural areas. ATMs were built closer to the customer residences and their workplaces, so as to reduce their travel time thus saving time and fuel.

More benefits include the convenience of 24x7 banking, increased use of e-transactions. Most other banks in India are also realizing the benefits of adopting green practices, and are therefore gradually adopting the same site preparation specifications as used by SBI in this deployment.

Healthy home paints launched

Kansai Nerolac Paints Ltd (KNPL), a leading paint manufacturing company in India, claims to be the first in India to manufacture lead-free paints, has transformed its entire range of decorative paints to suit environment and people's health. It has introduced a new range of emulsions that was low in Volatile Organic Compounds (VOC) and subsequently had low odour. This new concept of Nerolac is called Healthy Homes and all these products are lead-free.

In the recent past, as the focus is on safer and eco-friendly paints, the company launched Nerolac Impressions Eco Clean, an interior paint with low-VOC. It has low odour, easy to maintain and stains can be easily washed off. The aim is to create a clean and healthy environment inside one's home. The Company adopted this approach to safeguard people from prolonged exposure to heavy metals present in paint which may cause many health related issues ranging from skin irritation, eye infection, respiratory problems to chronic blood, liver and kidney disease. In a significant move the brand has repositioned itself. In tune with the global positioning of its parent Kansai Paints, Nerolac also adopted the positioning based on environment -friendly attribute. The new campaign positions Nerolac as a healthy paint with no lead content and Eco-clean property.

Indian Oil's Green Agenda

As an active partner of Global Compact Programme of United Nations, Indian Oil is fully focused on “sustainable development.” The Corporation recognizes protection of environment as a core commitment of its business. It has a comprehensive safety, health & environment management system in place.

All Indian Oil refineries have been provided with full-fledged effluent treatment plants consisting of physical, chemical, biological & tertiary treatment facilities. Technologies like ‘Oilivorous-S’ & ‘Oilivorous-A’ are being used for the treatment of oily sludge and acid tar respectively. The treated effluent is better than stipulated MINAS quality and quantum standards. Treated effluent is being reused to the extent of 65-70% in the refinery units. Panipat Refinery continues to maintain zero discharge since commissioning in 1998. To control gaseous emissions all refineries use low-sulphur fuel oil, desulphurization of refinery fuel gas, tall stacks for better dispersion of flue gases, advanced process control systems; and energy conservation measures to reduce fuel consumption. Ambient air monitoring stations with automatic continuous monitoring instruments are provided at all the refineries. In particular, Mathura Refinery has set up three ambient air quality-monitoring stations between the refinery and the city of Agra and a fourth one at Bharatpur. Utmost care is taken to minimize the impact of refinery operations on the air quality of the surrounding areas so that the ambient air quality remains within the stipulated limits prescribed for sensitive areas. The result is that sulphur dioxide emissions at Indian Oil Refineries are well below the limits prescribed by the Ministry of Environment & Forests and State Pollution Control Boards.

Wipro goes Green:

Wipro has moved up because of its performance in the chemical criterion and for using recycled plastic. Besides, the company has recently launched GreenWare range of desktops which are not only 100% recyclable, but also toxin free. The GreenWare range has a 13% share of the company's total hardware output. Rajesh Nag, general manager (Business Operations), Wipro Infotech (Systems and Technology), says, “Wipro takes pride in being a responsible IT organization and actively participating in the green journey. The core mission of Wipro green computing is to work towards clean and sustainable IT products and solutions, which help customers, achieve high productivity in energy, space and asset management through the lifecycle”. Out of the twenty-five green buildings that IT industry has to its credit in India, as

many as nine belong to Wipro, even going by sheer numbers that's almost 40% of the pie. And of course, such numbers entail a huge amount of investments too. According to Wipro, they are not only trying to make all their existing buildings green, but are also committed towards making all their future premises green too. The Wipro complex in Gurgaon, like almost all its complexes, uses solar panels and recycles all the water within its premises.

Going green: Tata's new mantra

India's oldest industrial house, TATA is stepping up efforts to reduce its carbon footprint across the value chain — from manufacturing processes to distribution networks to eco-friendly consumer products. Tata Steel aims to reduce carbon dioxide emissions at its Jamshedpur plant from the current 1.8 tonne to 1.7 tonne per tonne of liquid steel made by 2012. Tata Motors is setting up an eco-friendly showroom using natural building material for its flooring and energy-efficient lights. The Taj chain, is in the process of creating eco rooms which will have energy-efficient mini bars, organic bed linen and napkins made from recycled paper. But there won't be any carpets since chemicals are used to clean those. And when it comes to illumination, the rooms will have CFLs or LEDs. About 5% of the total rooms at a Taj hotel would sport a chic eco-room design. Taj Green Cove in Kovalam, which uses the waste generated at the hotel to meet its cooking requirements. Another eco-friendly consumer product that is in the works is Indica EV, an electric car that will run on polymer lithium ion batteries. Tata Motors plans to introduce the Indica EV in select European markets this year.

GREEN OPPORTUNITIES IN INDIAN MARKET

Today the consumer wants to see 'green' and thus emphasis on caring for the planet. Marketers as per the demand are sticking the green label on their products because they know their consumers want to see that. They perceive environmental marketing to be an opportunity that can be used to achieve its objectives and generate profit by serving the customers better than competitors and also differentiate their brand to access to larger market share. Thus, companies world over including India are putting their best foot forward to come across as responsible entities.

1. Increase in environment friendly products:

Since consumers now a day's prefer environment-friendly products and have become health conscious, the opportunities for green marketing has increased tremendously. Firms cash on these opportunities to have competitive edge over non-environmental friendly firms. The Surf Excel water-saving detergent (with the message..... "do bucket paani roz bachaana") and LG's consumer durables are highlighting the opportunities available for green marketing in India. These attractive messages of the firms integrated profit and environmental objectives together resulting into higher market share and incremental profits.

2. Government pressure:

Protection of the society and the consumers is the major concern of the government. Various regulations are framed by the government to protect consumers and the society at large. It is the

responsibility of the government to protect consumers from false and misleading claims made by the firms. The Indian government too has been active in taking steps and formulating laws to reduce the production of harmful goods and by products, this has been made possible by the introduction of various environmental licenses. The result of such practices reduces the industry's production and consumers' consumption of harmful goods, encourage the consumers to become more responsible, also try to educate the consumers so that they can evaluate the firms' claims.

3. Corporate social responsibility

The importance of CSR has been rising in Indian market. Corporate social responsibility means that the firms behave ethically in conducting the business activities while contributing to the economic development and also improving the quality of life society as a result the firms are emphasizing on the profit related objectives with environmental objectives. Coca-Cola is a common example which has invested in various recycling activities as a corporate social responsibility

Being the responsible member of the society, social community expects the business firms to act as responsible members of the social community as well as to provide goods and services efficiently. The organizations are also striving to maximize its positive impact and minimize its negative impact on society by finding the new ways to dispose of garbage, recycle and reuse of packaging.

Corporate Initiatives for Green Marketing as Social Responsibilities:

NDTV, in partnership with car maker **Toyota Kirloskar Motor Pvt. Ltd** launched *Greenathon* a 24-hour live television event to create responsiveness about environmental issues.

Panasonic Corp. is spreading awareness about global warming with its interactive campaign a go-to-schools

Nokia India Pvt. Ltd has encouraged consumers to dump old mobile phones and accessories, by their recycle electronic waste campaign.

4. Competitors pressure

Many companies take up green marketing with the desire to enhance competitive position and create a competitive advantage. The green marketing initiatives by niche companies prompted many mainline competitors to follow the trend. Many market leaders have also started introducing green marketing programmes to create significant competitive advantage, which would not only consolidate their leadership position but also enhance their market share in long run. The prominent example could be of Xerox's "Revive 100% Recycled paper" was introduced a few years ago to address the introduction of recycled photocopier paper.

5. Cost Issue

The corporation going green solely on the basis of ethics is a bit like asking a shark to stop eating because the other fish are getting upset, shark eat fish; corporations make money. Firm's uses



green marketing to address the profit related issues. Organizations feel that green marketing leads to higher profit and at same time lower cost. Consumers are willing to pay higher price for a green product, organic produces. Since the consumer feel that environmental degradation is not solely the responsibility of the firm's consumers also wants a cleaner environment and is willing to pay higher price for it. To minimize the waste caused by firms, the organizations examine and reexamine their production process which leads to development of the superior production process which reduces the production of harmful by-products at the same time reduced the need for several raw materials in some cases the waste material also become another organization's input for production. An example of it is a company that produces acidic waste water which it sells to another organization who then uses it to neutralize base water.

CHALLENGES FOR GREEN FIRMS

Businesses are born with a product, but die without customers. The modern marketing is a holistic marketing concept which relies on creation of superior customer value and delivering high levels of customer's satisfaction. The environmental claims appeals the customers, there is change in consumer lifestyle and preferences, and they are willing to pay higher prices for the green products. Consumers prefer brands that they identify as being more environmentally safe, to cash that firms are turning themselves to prove their association with the 'green' concept. The popularity of such marketing approach is making many firms to turn green which results in customer witnessing confusion regarding the products and its credibility. To ensure consumer confidence, marketers of green products need to be much more transparent. In an attempt to undertake Green marketing practices the organizations faces several problems:

Standardization:

Companies in the fight to prove there edge over the competitors the companies' claim its green product and very less percentage of the green product claims are true. These misleading claims, unethical marketing practices, misleading communications and exaggerated product claims leads to the need of a quality control board or some regulatory bodies who can provide the certifications such as labeling and licensing, so that the organics can be certified.

New model:

Indian traditions emphasis importance of nature and thus consume natural products available. They are already aware and have been appreciating the importance of using natural and herbal beauty products. They are also inclined to accept the green products. Green marketing is a growing but yet it's a new concept for the masses of India. It still has a long way to go. The consumer needs to be educated and made aware of the environmental threats and growing green concern

Patience and perseverance:

Preserving the environment is important to preserve not only the present needs but also for the indefinite future requirements. In long run, organic farming can serve our environment and our people in a better way. Green business is not a simple task it needs patience and hard work. The

environment is a major long-term investment opportunity & the marketers need to look at the long-term benefits from this new green movement.

Avoiding green myopia:

The term green marketing myopia refers to the marketing of the product that are presumed to be environmentally safe, it involves two things that is improved environmental quality and customer satisfaction but misjudging either or overemphasis the former leads to marketing myopia. Such myopia must be avoided which occurs when products fail to provide credible environmental benefits. Also if the green products are priced very high then again it loses its market acceptability. To avoid green myopia marketers must cater to the needs of the consumers beyond the environmental requirements.

Green washing:

The environmental activist have derived a pejorative term called Green washing from the commonly used term 'whitewashing' to describe the efforts made by corporations in order to mask environmental wrongdoings, by portraying themselves as environmentally responsible. It is something misleading which attempts to deceive the customers. Originally the organizations in an attempt to portray themselves as environmentally virtuous used the environmental advertising but as the corporations have been diversified and proliferated so have charges of green washing. The term now includes wider ranges of corporate activities, including certain instances of environmental reporting, event sponsorship, the distribution of educational materials. The main objective of green washing is to give consumers and policy makers an impression that the company is taking the necessary steps to manage its ecological footprints.

CONCLUSION

With the growing holistic marketing concept the marketers are now more concerned about the profit, planet and people not just theoretically but many companies are trying to implement it as well. This is evident from the above stated examples. The customers these days are also more aware and concerned about green concept and giving their inputs in developing the green practices. As a result companies are targeting the customers who are concerned about environmental issues. The preference is shifting the concern for greener environment and towards green marketing, in terms of green products, environmental protection. The firms are embracing these by providing the green products on comparatively high prices.

There are many companies who are rebranding themselves keeping in mind the urge of the time. Like Videocon going for changing the logo. Since "green symbolizes hope and growth". "Green is also associated with regeneration, fertility and rebirth for its connections to nature." It also symbolizes LIFE in its LUSH!! The younger, peppy, fresh, flowing, edgeless, green logo is surely a welcome change for the revival of the brand. But what needs to be seen is how much this change in logo going to be supported by improved product quality.

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