

# Introduction to Green Marketing

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## INTRODUCTION

The negative impact of human activities over environment is a matter of concern today. Governments all over the world making efforts to minimize human impact on environment. Today our society is more concerned with the natural environment. Understanding the society's new concerns businesses have begun to modify their behavior and have integrated environmental issues into organizational activities. Academic disciplines have integrated green issues in their literature. This is true with marketing subject too, and the terms like "Green Marketing" and "Environmental Marketing" are included in syllabus. Governments all over the world have become so concerned about green marketing that they have attempted to regulate them.

Green marketing definitions can be a little confusing, since green marketing can refer to anything from greening product development to the actual advertising campaign itself. Going by alternative names such as sustainable marketing, environmental marketing, green advertising, eco marketing, organic marketing, all of which point to similar concepts though perhaps in a more specific fashion, green marketing is essentially a way to brand your marketing message in order to capture more of the market by appealing to people's desire to choose products and services that are better for the environment.

There are many environmental issues impacted by the production of goods and rendering of services, and therefore there are also many ways a company can market their eco-friendly offerings. Green marketing can appeal to a wide variety of these issues: an item can save water, reduce greenhouse gas emissions, cut toxic pollution, clean indoor air, and/or be easily recyclable. When put side by side with the competition, the more environmental marketing claims your product or service can make, the more likely it is the consumer will select it, provided the price point isn't too much higher than the alternative.

## DEFINITION

"Marketing products and services based on environmental factors or awareness. Companies involved in green marketing make decisions

relating to the entire process of the company's products, such as methods of processing, packaging and distribution".

## What is green 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

## Evolution of Green Marketing

The term Green Marketing came into prominence in the late 1980s and early 1990s.

- The green marketing has evolved over this period of time. The evolution of green marketing had 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. This was the result of the term sustainable development which is defined as "meeting the needs of the present without compromising the ability of future generations to meet their own needs."

## ASSUMPTION

- 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



- Frito Lay All Natural Snacks. They say, "We Grow the Best Snacks on Earth." This definitely gives the impression that they are giving you a healthy product, and that they are growing their crops the way any normal farmer would grow their crops. And we see on their bags that the chips are "still made with all natural oil."
- But Frito Lay brand chips are not a healthy snack.
- As The Greenway Communiqué points out about a bag of Cheetos Puffs, "here may not be any trans fat, but every ounce has one and a half grams of saturated fat and ten grams of total fat. As for the real cheese, it's in there. Listed on the ingredients just after "salt." So, one 11-ounce bag of these "nutritious" snacks will give you more than 150 percent of your daily fat needs with just a pinch of cheese." Sounds like they are trying to cover up the facts with slogans about all natural oils, or using real cheese, or 0 grams of trans fats.

### Benefits of Green Marketing

Companies that develop new and improved products and services with environment inputs in mind give themselves access to new markets, increase their profit sustainability, and

enjoy a competitive advantage over the companies which are not concerned for the environment.

Some of the advantages of green marketing are,

1. It ensures sustained long-term growth along with profitability.
2. It saves money in the long run, though initially the cost is more.
3. It helps companies market their products and services keeping the environment aspects in mind. It helps in accessing the new markets and enjoying competitive advantage.
4. Most of the employees also feel proud and responsible to be working for an environmentally responsible company.

### US Federal Trade Commission

Firms using green marketing must ensure that their activities are not misleading to consumers or industry, and do not breach any of the regulations or laws dealing with environmental marketing.

Green marketing claims must;

- ✓ Clearly state environmental benefits;
- ✓ Explain environmental characteristics;
- ✓ Explain how benefits are achieved;
- ✓ Ensure comparative differences are justified;

- ✓ Ensure negative factors are taken into consideration; and
- ✓ Only use meaningful terms and pictures.

### **Adoption of Green Marketing**

There are basically five reasons for which a marketer should go for the adoption of green marketing. They are

#### **1. Opportunities or competitive advantage**

In India, around 25% of the consumers prefer environmental-friendly products, and around 28% may be considered healthy conscious. Therefore, green marketers have diverse and fairly sizeable segments to cater to.

The Surf Excel detergent which saves water (advertised with the message—"do bucket paani roz bachana") and the energy-saving LG consumers durables are examples of green marketing.

We also have green buildings which are efficient in their use of energy, water and construction materials, and which reduce the impact on human health and the environment through better design, construction, operation, maintenance and waste disposal.

#### **2. Social Responsibility**

Many companies have started realizing that they must behave in an environment-friendly fashion. They believe both in achieving environmental objectives as well as profit related objectives. The HSBC became the world's first bank to go carbon-neutral. Other examples include Coca-Cola, which has invested in various recycling activities. Walt Disney World in Florida, US, has an extensive waste management program and infrastructure in place.

#### **3. Governmental Pressure**

Various regulations are framed by the government to protect consumers and the society at large. The Indian government too has developed a framework of legislations to reduce the production of harmful goods and by products. These reduce the industry's production and consumers' consumption of harmful goods, including those detrimental to the environment; for example, the ban of plastic bags in Mumbai, prohibition of smoking in public areas, etc.

#### **4. Competitive Pressure**

Many companies take up green marketing to maintain their competitive edge. The green marketing initiatives by niche companies such as Body Shop and Green & Black have prompted many mainline competitors to follow suit.

#### **5. Cost Reduction**

Reduction of harmful waste may lead to substantial cost savings. Sometimes, many firms develop symbiotic relationship whereby the waste generated by one company is used by another as a cost-effective raw material. For example, the fly ash generated by thermal power plants, which would otherwise contribute to a gigantic quantum of solid waste, is used to manufacture fly ash bricks for construction purposes.

### **Green 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.

#### **1. Product**

The ecological objectives in planning products are to reduce resource consumption and pollution and to increase conservation of scarce resources. The marketer's role in product management 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.,

For example, 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.

#### **2. 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. E.g. Wal Mart unveiled its first recyclable cloth shopping bag. IKEA, EASYDAY stores started charging consumers when they opted for plastic bags and encouraged people to shop using its "Big Blue Bag".

### 3. Promotion

There are three types of green advertising:

Ads that address a relationship between a product/service and the biophysical environment. Those that promote a green lifestyle by highlighting a product or service. Ads that present a corporate image of environmental responsibility.

### 4. Place

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.

#### Strategies

The marketing strategies for green marketing include: -

- Marketing Audit (including internal and external situation analysis)
- Develop a marketing plan outlining strategies with regard to 4 P's
- Implement marketing strategies
- Plan results evaluation

#### Challenges Ahead

- Green products require renewable and recyclable material, which is costly.
- Requires a technology, which requires huge investment in R & D.
- Water treatment technology, which is too costly.
- Majority of the people are not aware of green products and their uses.
- Majority of the consumers are not willing to pay a premium for green products.

#### Some Cases

- McDonald's restaurant's napkins, bags are made of recycled paper.

- Coca-Cola pumped syrup directly from tank instead of plastic which saved 68 million pound/year.

#### Introduction of CNG in Delhi

New Delhi, capital of India, was being polluted at a very fast pace until Supreme Court of India forced a change to alternative fuels. In 2002, a directive was issued to completely adopt CNG in all public transport systems to curb pollution.

#### Conclusion

- Green marketing should not neglect the economic aspect of marketing. Marketers need to understand the implications of green marketing.
- If we think customers are not concerned about environmental issues or will not pay a premium for products that are more eco-responsible, then we should think again. We must find an opportunity to enhance your product's performance and strengthen your customer's loyalty and command a higher price.
- Green marketing is still in its infancy and a lot of research is to be done on green marketing to fully explore its potential.
- Marketers also have the responsibility to make the consumers understand the need for and benefits of green products as compared to non-green ones. In green marketing, consumers are willing to pay more to maintain a cleaner and greener environment.
- Finally, consumers, industrial buyers and suppliers need to pressurize the minimizing of the negative effects on the environment. Green marketing assumes even more importance and relevance in developing countries like India.

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