GREEN MARKETING – A HEAD START FOR SUSTAINABILITY

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ABSTRACT

Since early 1990s, a major concern on ecological impact of industrial house on environment has been surfaced on marketplace. Not only the relation between human, organization and natural environment being redefined ,but the implication thereof arebeing interpreted; because of these, new perceptions are being formed or re-evaluated on issues like environmental friendly products, recycle ability, waste-reduction, the cost associated with pollution and the price value relationship of environmentalism. Pressure from various stakeholders, Govt., environmentalists, NGOs, consumers is placed on businesses, which in turn keeps them under constant and relentless watch in their daily operations. A direct result can be seen in developed and developing countries where Govt. became more strict in imposing regulations to protect environment; at the same time, the consumers of these countries are being more and more outspoken regarding their needs for environmentally friendly products, even though questions remain on their willingness to pay a higher premium for such products. So in this era where consumers determine the fate of a company, green marketing imparts a proactive strategy for these companies to cater the market by imparting nature-friendly products/services which otherwise reduce or minimize any detrimental impact on environment. Green marketing must satisfy two objectives: improved environmental quality and customer satisfaction. This paper throws light on the concept and scope of Green Marketing and how it results in sustainability.
INTRODUCTION

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

--Amartya Sen.

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 itself 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. While green marketing is growing greatly as increasing numbers of consumers are willing to back their environmental consciousnesses with their dollars, it can be dangerous. The public tends to be sceptical of green claims to begin with and companies can seriously damage their brands and their sales if a green claim is discovered to be false or contradicted by a company's other products or practices.

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. Clearly, green marketing is part and parcel of the overall corporate strategy (Menon and Menon, 1997). Along with manipulating the traditional marketing mix (product, price, place and promotion), it requires an understanding of public policy processes. Green marketing also ties closely with issues of industrial ecology and environmental sustainability such as extended producers' liability, life-cycle analysis, material use and resource flows, and eco-efficiency. Thus, the subject of green marketing is vast, having important implications for business strategy and public policy. Firms can ‘green’ themselves in three ways: value-addition processes (firm level), management systems (firm level) and/or products (product level). Greening the value-addition processes could entail redesigning them, eliminating some of them, modifying technology and/or inducting 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. Conceivably, consumers may reward such firms, if they can easily access and interpret such information. 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). Firms may choose to green their systems, policies and products due to economic and noneconomic pressures from their consumers, business partners (the market environment), regulators, citizen groups and other stakeholders (the nonmarket environment).

EVOLUTION OF GREEN MARKETING

The green marketing is 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 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.

LITERATURE SURVEY

David Baron (1995) has argued, market and nonmarket environments impact each other. Thus, firms need to adopt an integrated approach to their market (in the context of household consumers in the discussion below) and nonmarket strategies. Recent polls report that 87% of U.S. adults are concerned about the condition of the natural environment (Phillips,1999), 80% believe that protecting the environment will require major changes in current life-styles (Ottman, 1996) and 75% consider themselves to be environmentalists (Osterhus,1997). Not surprisingly then, some scholars believe that consumers are willing to pay premiums for green products because consumers often prioritize green attributes over traditional product attributes such as price and quality: 50% of Americans claim to look for environmental labels and to switch brands based on environment-friendliness (Phillips, 1999). However, the caveat is that such claims and attitudes may not always translate into actual behaviors (McGuire, 1985). One reason could be the social pressures to be ‘green’ (Ritchie and McDougall, 1985). Some scholars claim that green policies/products are profitable: green policies can reduce costs; green firms can shape future regulations and reap first-mover advantages (Porter and van der Linde, 1995; for a critique, see Rugman and Verbeke, 2000). However, this does not seem to be the norm within and across most industries. Many believe that green policies are expensive; especially after the initial gains – the ‘low hanging fruit’ – in reducing end-of-the-pipe pollution have been harvested (Walley and Whitehead, 1994). As a result, firms often need to charge premium prices for green products. Of course, if green products were cheaper than other products, their premium pricing would be less of an issue for consumers. The above discussion raises two issues regarding consumers’ benefit–cost calculus: first, whether consumers regard greenness of products/firms as ‘hygiene’
or ‘motivating’ factors, and second, to what extent green products create social benefits but impose private costs. Extending Maslow’s (1943) theory, Herzberg (1966) developed a theory of work motivation that focused on two work-related factors: those that motivated employees (motivators) and those that prevented dissatisfaction among them (hygiene). As discussed in Prakash (2000), a key challenge for marketers is to understand whether consumers view firm/product greening as motivating factors (their presence induces consumers to purchase a given product; preference for a product is an increasing function of the greening level) or hygiene factors (their absence may bother consumers but, after a low threshold of greening, the preference for a product is not an increasing function of the greening level). An important strategic reason for green marketing is that it could help firms to pre-empt command-and-control regulations that often hurt their profits (Fri, 1992), and enable them to shape future regulations, thereby reaping first-mover advantages. Championing stringent product and process standards will be attractive to technologically advanced firms since they could claim to be virtuous, and at the same time, raise rivals’ cost of entry – the assumption being that higher standards will lead to stringent regulations (Barrett, 1991; Salop and Scheffman, 1983). Toward this end, firms could rally support from key stakeholders that are often anti-business, the alliance between ‘Baptists and the Bootleggers’, as Vogel (1995) puts it. Thus, firms pursuing economic objectives could strategically employ institutional, stakeholder and/or CSP arguments for adopting green marketing.

**PRODUCT**

The ecological objectives in planning products are to reduce resource consumption and pollution and to increase conservation of scarce resources (Keller man, 1978).

**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.

**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.

**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:
1. Marketing Audit (including internal and external situation analysis)
2. Develop a marketing plan outlining strategies with regard to 4 P's
3. Implement marketing strategies
4. 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. 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. Badarpur Thermal Power station of NTPC in Delhi is devising ways to utilize coal-ash that has been a major source of air and water pollution. Barauni refinery of IOC is taken steps for restricting air and water pollutants.

GREEN MARKETING STRATEGIES

Marketing literature on greening products/ firms builds on both the societal and social marketing research. Societal marketing implies that organizations (governments, businesses and nonprofits) need to determine the needs of target markets and to deliver the desired satisfactions in a way that enhances the consumer’s and the society’s well being. Social marketing focuses on designing and implementing programs that increase the acceptability of a social idea, cause, or practice in (a) target group(s) (Kotler, 1994). Traditionally, marketers focus on individual needs for designing/marketing products to best serve these needs. This approach is predicated on two assumptions. First, individuals are motivated by the promise that products will satisfy their needs at outlays acceptable to them. Second, individual actions do not have significant externalities (the divergence between public and private costs/benefits), positive or negative. The presence of externalities often instigates actions from the nonmarket environment, mainly in the form of governmental regulations. Unlike traditional marketers, social and societal marketers seek to persuade consumers to alter their behaviors that have significant externalities. However, these behavioral modifications may not directly/sufficiently benefit consumers or the benefits may also be no excludable. In addition, social marketing literature suggests that consumers’ incentives may be eroded if they believe that their actions alone may not enhance the community’s welfare.

IMPORTANCE OF GREEN MARKETING:

Since early 1990s, a major concern on ecological impact of industrial house on environment has been surfaced on marketplace. Not only the relation between human, organization and natural environment being redefined ,but the implication thereof are being interpreted; because of these, new perceptions are being formed or re-evaluated on issues like environmental friendly products, recycle ability, waste-reduction, the cost associated with pollution and the price value relationship of environmentalism. Pressure from various stakeholders, Govt., environmentalists, NGOs, consumers is placed on businesses, which in turn keeps them under constant and relentless watch in their daily operations. A direct result can be
seen in developed and developing countries where Govt. became stricter in imposing regulations to protect environment; at the same time, the consumers of these countries are being more and more outspoken regarding their needs for environmentally friendly products, even though questions remain on their willingness to pay a higher premium for such products. So in this era where consumers determine the fate of a company, green marketing imparts a proactive strategy for these companies to cater the market by imparting nature-friendly products/services which otherwise reduce or minimize any detrimental impact on environment.

CONCLUSION

In this scenario of global concern, corporate houses has taken green-marketing as a part of their strategy to promote products by employing environmental claims either about their attributes or about the systems, policies and processes of the firms that manufacture or sell them. Clearly green marketing is part and parcel of overall corporate strategy; along with manipulating the traditional marketing mix (product, price, promotion and place), it require an understanding of public policy process. So we can say green marketing covers a broad range of activities. Different writers has given different definition about green marketing which tried to cover all major components of green marketing.

REFERENCES


