

A Study on Green Marketing

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Abstract

In current business scenario environmental issues plays an important role in business. In most of the countries government is concerned about the environmental problems. In today's business environmentally sustainable development has become a key issue. Thus Green marketing is one of the strategies a firm can adopt to achieve this. Green Marketing refers to the process of selling products and /or services based on their environmental benefits. Such a product or service should be eco-friendly in itself or produced in an eco-friendly way. In today's environmentally conscious world the word "Green" has become a buzz word. Green causes are increasingly popular with public making green marketing good for public relations and sales. Green Marketing has been defined by AMA as "The study of the positive and negative aspects of marketing activities on pollution, energy depletion and non-energy resource depletion" However one of the basic assumptions of green marketing is that potential consumers would be willing to pay more for a "green" product. The present paper makes an attempt to analyze the awareness and willingness of the consumer to buy green products.

Keywords: Environment, Marketing, Green Marketing

Introduction

Global warming, carbon credits, ozone depletion, environmental hazards, environment impact assessment have all become common terminology in the 21st century and it is an indication of environmentally conscious society. Society becomes more concerned about natural environment when ill effects of environmental degradation are experienced by the society. One of the reasons for this degradation is problems that arise out of mass production, mass consumption and mass marketing of environmentally irresponsible products. As a result business houses have begun to modify their behavior in an attempt to address these kinds of 'new' concerns of the society. Conventional marketing involves selling products and services that satisfy consumer needs at affordable prices but green marketing has the additional challenge of defining 'what is green' and developing and selling products that the consumer will like. Green marketing

also known as environmental marketing involves a range of activities including product modification changes in production process, changes and modifications in packaging as well as modifying advertising.

As defined by Tapas K. Panda "Green or Environmental Marketing consists of all activities designed to generate and facilitate any exchange intended to satisfy human needs or wants such that the satisfaction of these needs and wants occurs with minimal detrimental impact on natural environment". It is imperative that when we talk and think about green products; to be really 'green' they should claim that they are 'less environmentally harmful' rather than environmentally friendly. Thus environmental marketing should look at minimizing environmental impacts. Environmentally friendly products balance environmental compatibility with performance, affordability and convenience. They are typically durable, recyclable, non-toxic and should be made out of materials which are either decomposable or recyclable. These products should have minimum

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packaging and embody low environmental energy impact. We all know that the resources on this earth are limited and human wants are unlimited. Therefore it is important for the marketers to utilize resources efficiently without waste as well as to achieve the objectives of the organization. There is a growing interest among the consumers all over the world regarding protection of environment. World wide evidence indicates that people are concerned about the environment and are accordingly modifying their behavior.

Green marketing has emerged as a result of this and it speaks of a growing market for sustainable and socially responsible products and services. As debates about how to cope with impact of human activity on environment continue in full force, such as global warming talks that dominate political circles, business have entered the 'green market'. Firms typically provide consumers eco-products or adopt green practices, and some firms simultaneously offer eco- or green products while committing to eco-production or eco philanthropy. Green business strategies have appeared in a wide range of industries and address a wide range of eco issues. A few examples of green products are hybrid automobiles, eco-friendly paint, organic food, recycled copy paper and environmentally friendly cleaning products. Businesses also promote their recycling efforts, use of wind power, or other practices intended to minimize the environmental impact of their actions. Firms in market economies make their production and marketing decisions based on many factors, including government regulations and consumers, which are primary forces shaping consumer products industry.

Consumer preferences regarding eco-friendly products and government regulation provide incentives for incorporating environmental and other green objectives in the firm's profit maximization decision. Some firms are proactive with respect to greening of their products while for some firms eco-friendly practices are a by-product of cost minimization strategy. An important aspect of green marketing is the willingness and ability of the consumers to buy green products and pay more for it. The US market for example has 3.5 million confirmed green consumers while European market also has a consumer base for Green Products. However there is very little data available on the consumer base in India or the willingness and ability of the consumer to pay extra for green products.

The present paper is an attempt to study the consumer awareness of people in the city of Kolhapur.

Literature Review

Green Marketing

Today, many companies have accepted their responsibility not to harm the environment. So, products and production processes become cleaner and more companies „go green“, because they realize that they can reduce pollution and increase profits at the same time (Hart, 1997, p. 67). Green marketing is a creative opportunity to innovate in ways that make a difference and at the same time achieve business success (Grant, 2007, p. 10). As business activities caused many of the environmental problems in the past and still do, there is increasing recognition that business is vital in the process of a more ecological sustainable society. Companies, especially multinationals, play an essential role in the world economy, and they have also the resources and capacity to put ecological solutions into practice (Tjärnemo, 2001, p. 29). Companies have a responsibility to drive the development towards greater sustainability and becoming greener, so that a company's aim is to create markets for more environmentally friendly products and services and educate and influence customers to change (Hart, 1997, p. 67).

At least two motives for companies to change to more environmentally appropriate strategies and practices are cost saving and the market opportunity potential. Companies can save money by reducing the amount of raw material and energy used in production. Becoming more eco-oriented and offering environmentally friendlier products might result in increased market shares as well as an improved company image and thus, companies gaining first-mover advantages in greening should become more competitive (Tjärnemo, 2001, pp. 29-30).

This first-mover advantage however is not sufficient anymore as more companies orient themselves ecological and customers can choose from a variety of eco-labeled products. The role of marketing has become a matter of discussion as lifestyles and consumption patterns in the industrialized world are a major originator of environmental damage. On the one hand, marketing

has been criticized for contributing to the environmental degradation by emphasizing on consumption, consequently contributing to a throwaway society and emphasizing on satisfying short-term consumer or customer wants. On the other hand, marketing can be seen as a significant instrument in order to sell new lifestyles and change overall consumption habits, not only to ecologically concerned consumers. Thus, marketing should contribute to more sustainable forms of society. Marketing has developed and widened its scope towards ecological issues from focusing on the production process, transaction and exchange.

There is more than one definition of green marketing (Tjärnemo, 2001, p. 34-36). For example, Peattie (1995, p. 28) defines green marketing management as “the holistic management process responsible for identifying, anticipating and satisfying the requirements of customers and society, in a profitable and sustainable way” while Coddington (1993, p. 1) defines it as “marketing activities that recognize environmental stewardship as a business development responsibility and business growth opportunity [...]”. However, both definitions entail an overall eco-orientation further than the marketing section, the universal strategy or philosophy. Environmental sustainability is defined as a management approach that involves developing strategies that sustain the environment and produce profits for the company. It is a crucial but difficult social target and many companies are taking at least some actions to protect and preserve the environment (Armstrong and Kotler, 2007, pp. 509-510). It is also the idea that environmental objectives are not incompatible with ongoing economic success as it is a step nearer to marketing (Grant, 2007, p. 2). A green consumer is defined by Peattie (2001, p. 187-191) as someone who voluntarily engages in consumer practices that are regarded as environmentally friendly by marketing academics and practitioners. Thus, green or environmentally friendly activities deal, for instance, with energyefficient operations, better pollution controls and recycled materials (Armstrong and Kotler, 2007, p. 509). Eco labels are a main tool used in green marketing.

Eco labels are defined as labels which identify overall environmental preference of a product or service within a specific product or service range. So, an eco-labeled

product is entitled to carry a logo that comes with a claim that the product has been produced in accordance with certain environmental standards. An eco label, in contrast to green symbols or statements, has to consist of three components, namely, the certification standard, an independent accreditation body and independent certification bodies. Eco-labeling schemes demand independent third-party certifications that the product concerned meets the predefined standards, ensuring strict and continuous compliance with the standard by producers. Consequently, the managing label guarantees the correctness of the claim of the eco label (European Commission Homepage).

However, notwithstanding reports that environmental problems constituted one of the uppermost public concerns, market growth for green products disappointingly fell short of marketers’ expectations (Wong et al., 1996). The dramatic growth in green marketing excitements at the beginning of the 1990s has gradually subsided (Peattie and Crane, 2005). Green marketing entered its second stage in the 1990s, when marketers started to experience a backlash (Wong et al., 1996). Gradually, marketers realised that consumer concern for the environment and a related desire for green products did not translate into purchasing behaviour (Schrum et al., 1995). Among all the major hindrances, the main aspect contributing to the backlash against green marketing was consumer cynicism about green products, green claims and the companies’ intention as well as practices (Mendleson and Polonsky, 1995; Peattie and Crane, 2005; Wong et al., 1996).

From the mid-1990s, consumers started to become more and more environmentally and socially aware (Strong, 1996). Critical consumers began to emerge as a new force of green consumerism during that period whereby they require social responsibility from corporations (Gurařu and Ranchhod, 2005). Gradually, the rise of green consumerism has led to an even broadened consumption concept called ethical consumerism (Uusitalo and Oksanen, 2004). According to Uusitalo and Oksanen (2004), ethical consumerism refers to buyer behaviour that reflects a concern with the problems that arise from unethical and unjust global trades, such as child and low-paid labour, infringement of human rights, animal testing,

labour union suppressions, inequalities in trading relations with the Third World and pollution of the environment (Strong, 1996). Both green consumerism and its subsequent ethical consumerism are forms of symbolic consumption because consumers consider not only individual but also social values, ideals and ideologies (Uusitalo and Oksanen, 2004). Since, the emergence of the green consumerism and ethical consumerism which arose in the mid-1990s, consumers have started to demand a say in the production, processing and resourcing of the products. Anticipating the continuous uprising forces of consumerism, scholars started to call for “sustainability marketing” in the late-1990s (Charter and Polonsky, 1999). Sustainability marketing refers to the building and maintaining of sustainable relationships with customers, social environment and the natural environment (Charter and Polonsky, 1999).

In the face of the challenges, green marketing entered a “self-adjusting” mode, whereby only corporations with a true intention for long-term sustainable business development continued to stay and improve on their products. Since 2000, green marketing has evolved into a third stage. With the implementation of more advanced technology, stricter state enforcement on deceptive claims, government regulations and incentives as well as closer scrutiny from various environmental organizations and the media, many green products have greatly improved and regained consumer confidence in the 2000s (Gurařu and Ranch hod, 2005; Othman, 2007). Together, with the continuous rise of growing global concern about the environmental quality, green marketing has gradually picked up momentum again. Some researchers postulate (Stafford, 2003) that green marketing is now “making a comeback” (Othman et al., 2006, p. 26).

Research Objectives

1. To study the awareness of consumers with respect to green marketing.
2. To find the willingness of the consumers to pay more for green products.
3. To find out awareness about eco- friendly or green products.

4. To analyze relationship between education and income with awareness of green products.

Hypothesis:

1. Consumers are aware about green marketing.
2. Consumers are willing to pay more for eco-friendly products.

Present Trends in Green Marketing In India

Organizations are Perceive Environmental marketing as an Opportunity to achieve its objectives. Firms have realized that consumers prefer products that do not harm the natural environment as also the human health. Firms marketing such green products are preferred over the others not doing so and thus develop a competitive advantage, simultaneously meeting their business objectives. Organizations believe they have a moral obligation to be more socially responsible. This is in keeping with the philosophy of CSR which has been successfully adopted by many business houses to improve their corporate image. Firms in this situation can take two approaches: • Use the fact that they are environmentally responsible as a marketing tool. • Become responsible without prompting this fact. Governmental Bodies are forcing Firms to Become More Responsible. In most cases the government forces the firm to adopt policy which protects the interests of the consumers. It does so in following ways: • Reduce production of harmful goods or byproducts • Modify consumer and industry's use and /or consumption of harmful goods; or • Ensure that all types of consumers have the ability to evaluate the environmental composition of goods. Competitors' Environmental Activities Pressure Firms to change their Environmental Marketing Activities. In order to get even with competitors claim to being environmentally friendly, firms change over to green marketing. Result is green marketing percolates entire industry. Cost Factors Associated With Waste Disposal or Reductions in Material Usage Forces Firms to Modify their Behavior. With cost cutting becoming part of the strategy of the firms it adopts green marketing in relation to these activities. It may pursue these as follows: • A Firm develops a technology for reducing waste and sells it to other firms. • A waste recycling or removal industry develops.

The Future of Green Marketing

There are many lessons to be learned to be learned to avoid green marketing myopia, the short version of all this is that effective green marketing requires applying good marketing principles to make green products desirable for consumers. The question that remains, however, is, what is green marketing's future? Business scholars have viewed it as a "fringe" topic, given that environmentalism's acceptance of limits and conservation does not mesh well with marketing's traditional axioms of "give customer what they want" and "sell as much as you can

Conclusion

Now this is the right time to select "Green Marketing" globally. It will come with drastic change in the world of business if all nations will make strict roles because green marketing is essential to save world from pollution. From the business point of view because a clever marketer is one who not only convinces the consumer, but also involves the consumer in marketing his product. Green marketing should not be considered as just one more approach to marketing, but has to be pursued with much greater vigor, as it has an environmental and social dimension to it. With the threat of global warming looming large, it is extremely important that green marketing becomes the norm rather than an exception or just a fad. Recycling of paper, metals, plastics, etc., in a safe and environmentally harmless manner should become much more systematized and universal. It has to become the general norm to use energy-efficient lamps and other electrical goods. 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 green environment. Finally, consumers, industrial buyers and suppliers need to pressurize effects on minimize the negative effects on the environment-friendly. Green marketing assumes even more importance and relevance in developing countries like India.

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