

A study on green marketing and its challenges

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Abstract

The last decade has witnessed a dramatic increase in environmental consciousness worldwide. One recent survey found that 82 per cent of British citizens rated the environment as an immediate and urgent problem, while another study established that 69 per cent of the general public believes that pollution and other environmental damage are impacting on their everyday life. The increase in environmental consciousness has had a profound effect on consumer behaviour, with the green product market expanding at a remarkable rate. Companies all over the world are striving to reduce the impact of products and services on the climate and other environmental parameters. Marketers are taking the cue and are going green. The current article highlights the concept of green marketing and its challenges.

Keywords: green, marketing, environment, product, services

Introduction

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. In order to position green product offerings, companies must first segment the market according to levels of pro-environmental purchase behaviour and then target the "greener" consumer segments.

However, a review of the literature indicates that socio-demographic and personality indicators have had only limited success in profiling consumers according to their proenvironmental purchasing behaviour. The demand for green products has been shown to be uneven across different market segments. Thus, "for organizations to position green products, or communicate their environmental efforts, to members of the population who are likely to be concerned about environmental issues, green consumer segments need to be identified".

However, Green marketing should not neglect the economic aspect of marketing. Marketers need to understand the implications of green marketing. 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 effects on minimize the negative effects on the environment-friendly.

Balancing economic interests along with social and environmental responsibility is referred to as "sustainability," a growing approach to business that has led stakeholders to put increased pressure on companies

to optimize their goals and corporate responsibility. Yet the messages are mixed and quite fuzzy.

Shareholders expect from companies to generate profits, but they also want from these companies to make a positive contribution towards society through negating environmental impact. Employees, regulators and, the customers all want a company to do well in financial and growth term, but they also want it to "do good." Innovative organizations that are successful in this space have explored competitive advantages inherent in embracing sustainability. Consumer is ruling the market today and they are exercising their "vote" with everything they purchase (Ottman, 2006; Polonsky, 1994; Prakash, 2002).

By a conscious decision to exchange money for a good or service, a consumer is validating the importance of that good or service. Today customers put a lot of emphasis on choosing products that they believe in on an ethical level. On one level, this might mean, say, avoiding clothing stitched by child laborers.

For another consumer, the tipping point might be the way the company treats the environment in their design, testing, and production processes. Successful businesses have realized that at the end of the day a business is going to be assessed by its profits as well as contribution to human potential and harmony with other resources, both natural and artificial. However, Selling environment-friendly products is almost as difficult as cleaning it up. It entails much more than a new package, using recycled material instead of virgin ones and natural and organic ingredients instead of artificial ones.

Marketers have historically faced an uphill battle when it comes to marketing eco-friendly goods. Simply put, it is difficult to influence consumer purchase behavior without first impacting attitudes and values (Thogersen and Olander, 2002). These values, however, take a concerted effort over a long period of time to change.

Review of Related Literature

India is world's 2nd largest populated country and the natural resources are under tremendous pressure and therefore there is an urgent need to pay attention for a right balance between consumption with conservation of natural resources. This paper reviews the existing literature on Green Marketing and proposes the role of different stakeholders in 'Green marketing strategy'.

Further it examine the various factors hampering the uptake of Green products in India and highlight the need of creating consumer awareness and extensive use of cleantech (environmental friendly technology) to address green myopia in India. India is currently facing the challenge of degraded environment and is paying heavy health and economic price for it (Nagdeve, 2002). After Copenhagen, Indian market is swamped with commodities claiming to be green. State has declared subsidies on the production of green products and for complying with the CDM norms to reduce carbon prints. Corporate world has also geared up to encash the profits coming from claiming green from state as well as consumers. Market is trying to pull the consumers who are exercising their "vote" with everything they purchase (Ottman *et al*, 2006; Polonsky, 1994; Prakash, 2002) by putting a lot of emphasis on choosing products that they believe in on an ethical level.

Despite all efforts put forth by companies to sell the products with green labels, the uptake of the green products in Indian market is still near to the ground (Aggrawal *et al*, 2010) ^[1]. Consumer perception for GREEN is still unclear (Chris Ely, 2010) ^[3]. Studies from the developed countries reported 90 percent of consumer's familiarity with terms like 'recycling', 'energy efficiency', 'organic' and 'global warming' and consumers purchase environmentally friendly products, even if that means paying a higher price (Hume 1997; Miller 1993) ^[9, 10].

Having addressed consumer behaviour and behaviour related to green concepts and activities, one of the biggest questions facing the industry is how environmental awareness and concerns translate when it comes time to buy. The demand for green products has been shown to be uneven across different market segments (Ottman, 1992; Peattie, 1992). Thus, "For organizations to position green products, or communicate their environmental efforts, to members of the population who are likely to be concerned about environmental issues, green consumer segments need to be identified" (Bohlen *et al.*, 1993, p. 415).

There is an 'attitude-behaviour gap' where 30% of consumers report that they are very concerned about environmental issues but they are struggling to translate this into purchases (Young, Hwang & Caroline J Oates, 2010). This gap is even larger in emerging economies like India. Realizing this gap the present study has been designed to understand the factors affecting the green purchasing behaviour in India.

Challenges for Green Marketing

Green marketing covers more than a firm's marketing claims. While firms must bear much of the responsibility for environmental degradation, ultimately it is consumers

who demand goods, and thus create environmental problems. One example of this is where McDonald's is often blamed for polluting the environment because much of their packaging finishes up as roadside waste. It must be remembered that it is the uncaring consumer who chooses to dispose of their waste in an inappropriate fashion.

While firms can have a great impact on the natural environment, the responsibility should not be theirs alone. It appears that consumers are not overly committed to improving their environment and may be looking to lay too much responsibility on industry and government. Ultimately green marketing requires that consumers want a cleaner environment and are willing to "pay" for it, possibly through higher priced goods, modified individual lifestyles, or even governmental intervention.

If you think customers are not concerned about environmental issues or will not pay a premium for products that are more eco-responsible, think again. You must find an opportunity to enhance you product's performance and strengthen your customer's loyalty and command a higher price. Until this occurs it will be difficult for firms alone to lead the green marketing revolution. It must not be forgotten that the industrial buyer also has the ability to pressure suppliers to modify their activities.

Thus an environmental committed organization may not only produce goods that have reduced their detrimental impact on the environment, they may also be able to pressure their suppliers to behave in a more environmentally "responsible" fashion. Final consumers and industrial buyers also have the ability to pressure organizations to integrate the environment into their corporate culture and thus ensure all organizations minimize the detrimental environmental impact of their activities. Green marketing is still in its infancy and a lot of research is to be done on green marketing to fully explore its potential.

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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 effects on minimize the negative effects on the environment-friendly. Green marketing assumes even more importance and relevance in developing countries like India & Pakistan. The significance India will have on the world in the future will be extraordinary; we've only scratched the surface.

The thing that remains to be seen is the importance green business has in India. Tackling mass poverty is the first thing that is happening, and it should be the first thing that the country emphasizes. India will be an economic powerhouse, and could be a leader in green business if they choose to be. The direction that business takes in India will have massive impact on the world. If business

leaders there recognize the vast potential that green business has, and then decide to invest time, money, and effort, the world would only benefit. India is in a very unique position right now, they could either lead the world, or potentially aid in its destruction.

Conclusions

Green marketing is still in its infancy in India still this study shows that it is offering a number of significant benefits to Indian Market:

1. Marketers get access to new markets and gain an advantage over competitors that are not advocating "greenness."
2. Marketers can charge a premium on products that are seen as more eco-responsible.
3. Organizations that adopt green marketing are perceived to be more socially responsible.
4. Green marketing builds brand equity and wins brand loyalty among customers.
5. Most customers choose to satisfy their personal needs before caring for the environment.
6. Overemphasizing greenness rather than customer needs can prove devastating for a product.
7. Many customers keep away from products labeled "green" because they see such labeling as a marketing gimmick, and they may lose trust in an organization that suddenly claims to be green.
8. Green marketers need to find out the value their customers place on green benefits. It is important that they position the product on the basis of the functional need it caters to and then talk about the additional benefits of greenness.

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