



The relevance of green marketing in the present world

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Abstract

Now-a-days Green marketing is very popular day by day. It is the new concept being adopted all over the world. In order to preserve and protect the earth's natural environment and finite resources, both the marketers and the consumers are nowadays focusing on green products and services. It is the new aspect of the marketing field. The world is going Green and so are the companies. Now going green has become the new success mantra in marketing to differentiate the products and services from their competition. It has also become a platform for innovation. Now, more and more organizations are trying to follow the green path either directly or indirectly. This paper describes the concept of green marketing and its relevance for the companies. It highlights the five important reasons that companies go in for green marketing namely, providing an opportunity, being socially responsible, due to governmental pressure, due to competitive pressure and due to cost or profit issues.

Keywords: green marketing, marketing, sustainable marketing, business strategy, green strategy

Introduction

Green is the new buzzword in the marketing. The world is going Green and so are the companies and the governments. Now going green has become the new success mantra in marketing to differentiate the products and services from their competition. It has also become a platform for innovation. Now, more and more organizations are trying to follow the green path either directly or indirectly. The harmony among the three P's – People, Planet, and Profit is taking the center stage for the companies as well as for the governments.

According to Hallin (1995) and McCarty and Shrum (2001), people engage in environmental behavior as a result of their desire to solve an environmental problem, to become role models and a belief that they can help to preserve the environment. However, consumers' indications of a positive attitude towards environmental issues do not necessarily lead to actual environmentally friendly purchasing behavior (Laroche *et al.*, 2002). Majority of consumers do not purchase products based on the environmental concern alone and they will not trade-off other product attributes for a better environment (Yam-Tang and Chan, 1998).

In the last twenty-five years, the global environmental problems have become paramount. Environmental issues like air pollution, ozone depletion, hazardous waste, water pollution, global warming etc. are now so common that we need to address them as soon as possible to sustain our ecosystem. These environmental concerns have evolved through many different phases (Straughan and Roberts, 1999). It started in the 1960s with the greening concept, concentrating on pollution and energy conservation. Afterward, due to increased social and political pressure, organizations have moved beyond these concepts to recycling, alternative packaging, redesigning of product, and alternative products. Since the 1990s, environmental concern has become one of the most important issues. Both in the United States

and Europe, businesses have discovered that in future customers purchase decision will be influenced by environmental considerations. This phenomenon is known as green marketing (Lampe and Gazdat, 1995).

Green Marketing

Green marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising. Yet defining green marketing is not a simple task where several meanings intersect and contradict each other; an example of this will be the existence of varying social, environmental and retail definitions attached to this term. Other similar terms used are Environmental Marketing and Ecological Marketing. Thus "Green Marketing" refers to holistic marketing concept wherein the production, marketing consumption and disposal of products and services happen in a manner that is less detrimental to the environment with growing awareness about the implications of global warming, non-biodegradable solid waste, harmful impact of pollutants etc., both marketers and consumers are becoming increasingly sensitive to the need for switch in to green products and services. While the shift to "Green" may appear to be expensive in the short term, it will definitely prove to be indispensable and advantageous, cost-wise too, in the long run.

Green marketing is also known as environmental marketing (Coddington, 1993), ecological marketing (Fisk, 1974; Henion and Kinneer, 1976), green marketing (Peattie, 1995; Ottman, 1992), sustainable marketing (Fuller, 1999) and greener marketing (Charter and Polonsky, 1999). Many times, a majority of people believe that green marketing refers solely to the promotion or advertising of products with environmental characteristics. Consumers often associate green marketing with terms like phosphate free, recyclable,

refillable, ozone friendly, and environmentally friendly. While these terms are green marketing claims, in general green marketing is a much broader concept, which is applied to goods as well as services. Thus green marketing incorporates a broad range of activities, including product design, product modification, changes to the production process, packaging changes, as well as modifying advertising and promotions.

Although green marketing came into prominence in the late 1980s and early 1990s, it was first discussed in the workshop titled "Ecological Marketing" in 1975, undertaken by American Marketing Association (AMA). The proceedings of this workshop resulted in one of the first books on green marketing entitled "Ecological Marketing" [Henion and Kinnear 1976a]. Since that time a number of books have been published on this topic [Charter 1992, Coddington 1993, Ottman 1993].

The AMA workshop attempted to bring together academics, practitioners, and public policy makers to examine marketing's impact on the natural environment. At this workshop ecological marketing was defined as: the study of the positive and negative aspects of marketing activities on pollution, energy depletion, and nonenergy resource depletion. [Henion and Kinnear 1976 b,1]

This early definition has three key components,

- It is a subset of the overall marketing activity;
- It examines both the positive and negative activities; and
- A narrow range of environmental issues is examined.

From time to time, green marketing has been defined by several authors. On the whole, it involves designing, promoting, pricing and distributing products and services according to the customers' want and needs, with minimal detrimental impact on the natural environment (Grant, 2008; Jain and Kaur, 2004; Kangis, 1992; Pride and Ferrell, 2008).

In the last fifteen years, concern for the environment has been steadily increasing, due to increased media coverage, greater awareness of environmental problems, the impact of major industrial disasters and the rise of activist groups on the environment (Kalafatis *et al.* 1999). As a result, various customers started considering nature protection as a central factor to incorporate in their buying decisions, increasing realization that environmental protection is not just a task to be performed by government institutions or organizations, but is each citizen's responsibility (Fraj and Martinez, 2006).

This concern has created a new segment of 'Green Consumers'. That's why in recent times, there are encouraging signs, which show that the demand for greener products is picking up. According to Natural Marketing Institute reports, more than 200 billion \$ market of Lifestyles, Health and Sustainability (LOHAS) is expected to become double by 2010 and quadruple by the end of 2015 (Widger, 2007). Therefore, understanding consumers' green buying behavior is of paramount importance for environment-friendly businesses; besides being important for academics and practitioners. In this regard, Theory of Planned Behavior states that intention is seen as the proximal determinant of behavior: the more one intends to engage in a particular behavior, the more likely one is to actually engage in it (Ajzen, 1985; Kalafatis., Pollard., East., and Tsongas, 1999).

Several types of research have been conducted on green

purchasing intentions. Among these, many researchers have identified the determinants of consumers' green purchase behavior, majority of them have been conducted in industrialized countries (Bleda and Valente, 2008; Chatterjee, 2009; Chan, 2004; Davis, 1993), but the findings often contradict each other (Elham, R, and Nabsiah, A.Wahid, 2011). For that reason, the findings may only be relevant in certain cultural, demographical and geographical context, and time. Because of complexity in green purchasing behavior of consumers', generalization is often not meaningful under different cultural, social and demographical contexts. To strengthen this argument, Elham, and Nabsiah (2011), Ottman (1992) and Peattie (1992) reported that demand and attitudes for environment-friendly products are likely to be uneven across different market segments and cultures. That's why there is a need for research on consumers' green purchase intentions in India.

Objectives of green marketing

Most of the companies in present scenario integrating appropriate green strategies into their marketing activities in order to achieve a competitive advantage in the saturated markets, therefore it's a need to understand the important aspect of green marketing in current position & also the consumer purchasing decision that are influenced by the green marketing practices undertaken by the companies. Moreover, there arises a need to understand the challenges faced by companies nowadays while pursuing green marketing activities and to develop a green marketing mix for the consumers as a whole. The important aspect of green marketing is to protect the environment as well as to protect the industries also.

Importance of green marketing for companies

There are various reasons to 'Go green' for the companies. Those are given below:

- Organizations perceive environmental marketing to be an opportunity that can be used to achieve its objectives [Keller 1987, Shearer 1990];
- Organizations believe they have a moral obligation to be more socially responsible [Davis 1992, Freeman and Liedtka 1991, Keller 1987, McIntosh 1990, Shearer 1990];
- Competitors' environmental activities pressure firms to change their environmental marketing activities [NAAG 1990];
- Governmental bodies are forcing firms to become more responsible [NAAG 1990]; and
- Cost factors associated with waste disposal, or reductions in material usage, forces firms to modify their behavior [Azzone and Manzini 1994].

Importance of green marketing as an opportunity

Generally, it has been found that all types of consumers, both individual and industrial are becoming more concerned about the environment. In a 1992 study of 16 countries, more than 50% of consumers in each country, other than Singapore, indicated they were concerned about the environment [Ottman 1993]. A 1994 study in Australia found that 84.6% of the sample believed all individuals had a responsibility to care for

the environment. A further 80% of this sample indicated that they had modified their behavior, including their purchasing behavior, due to environmental reasons [EPA-NSW 1994]. As demands change, many firms see these changes as an opportunity to be exploited. In turn, it means that the companies selling environment-friendly products will have a competitive advantage over other companies.

Few examples are:

1. McDonald's replaced its clamshell packaging with waxed paper, because of increased consumer concern relating to polystyrene production and Ozone depletion [Gifford 1991, Hume 1991].
2. Xerox introduced a "high quality" recycled photocopier paper in an attempt to satisfy the demands of firms for less environmentally harmful products.
3. Tuna manufacturers modified their fishing techniques because of the increased concern over driftnet fishing, and the resulting death of dolphins [Advertising Age 1991].
4. 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.
5. Indian Tobacco Company (ITC) has introduced environmental-friendly papers and boards, which are free of elemental chlorine.

Although in some cases, it has been a genuine effort by the company. In most of the other cases, companies are merely looking for jumping on the green bandwagon for immediate gains. That's why sometimes these companies make false or misleading green marketing claims.

Importance of green marketing as social responsibility

Many companies are taking the initiative to become environment-friendly. Sometimes it also acts as a marketing tool, while in some cases they are doing it without promoting this fact.

- HP's 'Power to Change' campaign to save electricity is also one of the social responsibility measures.
- Panasonic's 'Eco Ideas' to produce energy efficient products, to reduce CO₂ emissions across all their manufacturing sites and to spread awareness about the environmental activities through celebrity endorsers in India and all across the world.
- Coca-Cola does not promote its environmental initiatives. Although they have invested large sums of money in various recycling activities and also modified their packaging to minimize the environmental impact. Coca-Cola pumped syrup directly from the tank instead of plastic.
- McDonald's restaurant's napkins, bags are getting made of recycled paper.

Importance of green marketing due to governmental pressure

Many governments all across the globe are also trying to do their bit for the environmental concern. Governmental

regulations relating to environmental marketing are designed to protect consumers in several ways,

1. To reduce production of harmful goods or byproducts,
2. To modify consumer and industry's use and/or consumption of harmful goods, and
3. To ensure that all types of consumers have the ability to evaluate the environmental composition of goods.

Governments establish regulations designed to control the number of hazardous wastes produced by firms. Many by-products of production are controlled through the issuing of various environmental licenses, thus modifying organizational behavior. In some cases, governments try to "induce" final consumers to become more responsible. For example, some governments have introduced voluntary curbside recycling programs, making it easier for consumers to act responsibly. In other cases, governments tax individuals who act in an irresponsible fashion.

These are few examples.

- Bureau of Energy Efficiency (BEE) Label in India has also been helping the customers to buy energy-efficient electrical appliances with its five-star labels.
- In Australia, there is a higher gas tax associated with leaded petrol.
- In 2002, a Supreme Court directive made all the difference to curb pollution by issuing an order to completely adopt Compressed Natural Gas (CNG) in all public transport systems in Delhi. Now it is followed all across India to curb pollution.

Importance of green marketing due to competitive pressure

Due to competitive pressure also, many companies are forced to look after the environmental concerns, as consumers are more aware and educated than before. In many cases firms observe competitors promoting their environmental behaviors and attempt to emulate this behavior. In some cases, this competitive pressure has caused an entire industry to modify and thus reduce its detrimental environmental behavior. For example, it could be argued that Xerox's "Revive 100% Recycled paper" was introduced a few years ago in an attempt to address the introduction of recycled photocopier paper by other manufacturers. In another example when one tuna manufacturer stopped using driftnets the others followed suit [Advertising Age 1991].

Importance of green marketing due to cost or profit issues

Companies also need to address the cost issues and profit issues, which heads them to go green. Companies can reduce harmful wastes may incur substantial cost savings. When attempting to minimize waste, firms are often forced to re-examine their production processes. In these cases, they often develop more efficient production processes that not only reduce waste but reduce the need for some raw materials. This serves as double cost saving since both waste and raw material are reduced. In other cases firms attempt to find end-of-pipe solutions, instead of minimizing waste. In these situations, firms try to find markets or use for their waste materials, where one firm's waste becomes another firm's input of production.

In the era of going green, many new businesses are also coming up to cater to the new needs of the industry like

1. A company may develop a technology for reducing waste and sells it to other firms, or
2. A waste recycling or removal industry can develop [Yurman 1994].

For example, firms that clean the oil in large industrial condensers increase the life of those condensers, removing the need for replacing the oil, as well as the need to dispose of the waste oil. This reduces operating costs for those owning the condensers and generates revenue for those firms cleaning the oil.

Conclusion of the study

From the above elaboration, it states that Green marketing is still in its infancy stages in many countries of the world and more research needs to be undertaken on different aspects of green marketing to explore its potential to the maximum possible extent. When companies adopt green marketing activities, they should ensure that the economic aspect of marketing is not neglected. Thorough understanding of the implications of green marketing activities must be undertaken by the companies so as to ensure that they achieve competitive advantage in the markets. It also helps the companies to become socially responsible and it may happen due to governmental pressure or, due to competitive pressure or, due to cost or profit issues. Thus, companies must try to locate these opportunities and must take advantage of them. On the whole, green marketing is going to benefit the consumers ultimately with better products and help the society on the whole, by building a green business ecosystem.

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