

## **GREEN MARKETING : POLICIES AND PRACTICES FOR SUSTAINABLE DEVELOPMENT**

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### **Abstract :**

*Green revolution, going green, environmental protection, sustainable life style, sustainable development, protecting our earth and many more has become a natural phenomenon in our everyday life. Green marketing is a tool used by many companies in various industries to follow this trend. There has been a lot of literature review on green marketing over the years, this paper analysis the impact of green marketing strategies on customer satisfaction and environmental safety using comprehensive literature review. As a result, this paper can be used by researchers who need to find out the impact of green marketing on customer satisfaction and environmental safety. Green marketing is a phenomenon which has developed particular importance in the modern market. This concept has enabled for the re-marketing and packaging of existing products which already adhere to such guidelines. Additionally, the development of green marketing has opened the door of opportunity for companies to co-brand their products into separate line, lauding the green-friendliness of some while ignoring that of others. Such marketing techniques will be explained as a direct result of movement in the minds of the consumer market. As a result of this businesses have increased their rate of targeting consumers who are concerned about the environment. The paper identifies the particular segments of green consumers and explores the challenges and opportunities businesses have with green marketing.*

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**Keywords :** Green Product, Recyclable, Environmentally safe, Eco Friendly, Sustainable Development, Competitive Advantage, Corporate Social Responsibility.

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### **1. Introduction :**

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. Generally terms like Phosphate Free, Recyclable, Refillable, Ozone Friendly, and Environmentally Friendly are some of the things consumers most often associate with green marketing. The American Marketing Association (AMA) held the first workshop on "Ecological Marketing" in 1975. The proceedings of this workshop resulted in one of the first books on green marketing entitled "Ecological Marketing". Green marketing is defined as "***Green or Environmental Marketing consists of all activities designed to generate and facilitate any exchanges intended to satisfy human needs or wants, such that the satisfaction of these needs and wants occurs, with minimal detrimental impact on the natural environment.***" Some of the other aspects are:

1. “The marketing of products that are presumed to be environmentally safe” (American Marketing Association).
2. “The process of selling products and/or services based on their environmental benefits” (<http://sbinfocanada.about.com>).
3. “Green marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising”.
4. “Green marketing is mostly about making (breakthrough) green stuff seem normal-not about making normal stuff seem green”.

As the above definitions illustrate, green marketing encompasses a broad range of activities from product design to writing advertising copy. It is increasingly important because US consumers are paying more attention to a product’s or service’s sustainability features as well as the practices of the provider organization. A component of green marketing environmental consumer segmentation based on attitudes toward sustainability has become somewhat of a cottage industry among market research firms in recent years. Marketing experts also have begun to focus on other extremely detailed and specific elements of green marketing. Examples include defining the precise shade of green “most associated with the environment” and “visual images most associated with the environment.”

Green marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising. Firms use green marketing in an attempt to address cost or profit related issues. In implementing green marketing, consumers, corporate and the government play a very important role. But there are few constraints in implementing it like lack of consumer awareness, financial constraints, limited scientific knowledge, lack of stringent rules and competitive pressures.

In business, the terms “green product” and “environmental product” are used commonly to describe those that strive to protect or enhance the natural environment by conserving energy and/or resources and reducing or eliminating use of toxic agents, pollution, and waste. Paul Hawken, Amory Lovins, and L. Hunter Lovins write in their book *Natural Capitalism: Creating the Next Industrial Revolution* that greener, more sustainable products need to dramatically increase the productivity of natural resources, follow biological/cyclical production models, encourage dematerialization, and reinvest in and contribute to the planet’s “natural” capital. The marketing of successfully established green products showcases non green consumer value, and there are at least five desirable benefits commonly associated with green products: efficiency and cost effectiveness; health and safety; performance; symbolism and status; and convenience. Some green products do not offer any of the inherent five consumer desired benefits noted above. This was the case when energy-efficient and CFC-free refrigerators were introduced in China in the 1990s.

Successful green marketers no longer view consumers as people with appetite for material goods but as human beings concerned about the condition of the world around them. The corporations that excel in green marketing are those that are basically proactive in nature. These organizations consider themselves to be interdependent with nature’s processes. Consumers purchase products primarily based on products’ attributes. However, in some other cases, firm-level attributes (greenness of processes and systems) may be important for developing promotional strategies. Perhaps consumers want green products from green firms. From a managerial perspective, if brand attributes are

more salient, firms should invest in greening products, but if corporate images are more important, focusing on firm-level processes/ systems is desirable. Consumer goods companies, such as Unilever, and Procter and Gamble, focus their communication on their brands and the benefits they deliver. This paper is not arguing that such brand-focused firms ignore their corporate image. They do not. However, such firms focus their communication on highlighting brand attributes and how these attributes satisfy consumer needs. The advertising of Procter and Gamble highlights the superior cleaning performance of Tide, the freshness of Ivory soap or the beauty enhancing effect of Oil of Olay. Most consumers probably do not link these brands to Procter and Gamble. Hence, for firms that focus on communicating brand attributes, product greening is the desirable strategy. This enables them to leverage their brand names, linking the products' green attributes to consumer needs.

## **2. Pre-requisites for Effective Green Markets :**

Green marketing mirrors the goals of traditional marketing, which is to “facilitate exchanges intended to satisfy human needs or wants.” The point of difference is that green marketing seeks to accomplish that with minimal detrimental impact on the natural environment. As companies face limited natural resources, they must also develop new or alternative ways of satisfying their customers' needs. So green marketing is also a way of looking at how marketing activities can make the best use of these limited resources while meeting corporate objectives.

### **Set the Right Green Objectives :**

Commentators have suggested a number of reasons why companies are increasingly considering green marketing:

- They believe green marketing is an opportunity that can be used to meet their corporate objectives.
- They believe they have a moral obligation to be more socially responsible.
- Government regulations are forcing them to become more environmentally responsible.
- Competitors' environmental activities are pressuring them to change their marketing activities.
- Cost factors associated with waste disposal, or reductions in material usage are forcing them to modify their behavior.

### **Demonstrate Social Responsibility :**

Many companies realize that they are part of the wider community and must behave in an environmentally responsible way. They set their environmental objectives as well as corporate and profit objectives. In some cases, concern for environmental issues has become integrated into the company's culture—a fact which is recognized by customers and other influencers. Companies who manufacture products can make a further contribution to environmental improvements by encouraging their suppliers to behave in a more environmentally-responsible way.

### **Comply with Legislation :**

Apart from proactively embracing green marketing, it is also essential to comply with environmental legislation. Governments try to protect consumers and society by minimizing the impact of business on the environment. For example, they try to reduce production of harmful goods, modify consumer and industry's use of harmful goods, and ensure that businesses provide accurate information on the environmental aspects of their activities.

**Respond to Competitive Initiatives :**

In some market sectors, companies who have undertaken green initiatives have increased market share as a result. Competitors, recognizing the value of the “green factor,” may introduce their own versions. A good example is the cosmetics industry in which organizations like The Body Shop successfully pioneered an ethical approach that was later followed by the majority of their competitors. In cases like this, the actions of one company have caused an entire industry to modify its environmental behavior.

**Provide Accurate Environmental Information :**

If you intend to practice green marketing, it is essential that your activities and your communications do not mislead consumers or industry, and do not breach any of the regulations or laws dealing with environmental marketing. Any green marketing claims should:

- Clearly state environmental benefits;
- Explain environmental characteristics;
- Explain how benefits are achieved;
- Justify any environmental claims;
- Use meaningful terms and pictures.

**Identify Products with Green Characteristics :**

There are a wide variety of products that support sustainable development and demonstrate commitment to green marketing, including:

- Products made from recycled goods;
- Products that can be recycled or reused;
- Products with environmentally responsible packaging;
- Organic products;
- Services that rent or loan products-such as car sharing;
- Products that meet or exceed environmentally responsible criteria.

Whatever the product or service, it is vital to ensure that products meet or exceed the quality expectations of customers and are thoroughly tested.

**Focus Product Development on Sustainability :**

Any new product development program should take into account environmental issues. The objective should be to develop products that can be produced, distributed, used, and recycled with minimal environmental impact. Product development should focus on these issues:

- How will the product be produced? You need to consider the materials, energy, and labor used to produce the product to assess whether the production process has any detrimental social or environmental impact.
- How will the product be used? You need to consider whether the product can be used for any unethical purpose. You also need to consider the resources the product will consume during its lifetime, balancing performance requirements against sustainability.
- How long will the product last? Here you need to balance your need for future product sales or upgrades against concerns about built-in obsolescence. You also need to consider how customers can dispose of the product at the end of its life.

### **Set Realistic Prices :**

Pricing is as critical in green marketing as in conventional marketing. Concerns about the overpricing of organic foods, for example, has made consumers skeptical about certain green claims. Most customers will only be prepared to pay a premium if they perceive additional value such as improved performance, function, design, visual appeal, or taste. Environmental benefits alone may not be a justification for higher prices. However, there is a case for communicating the potential hidden savings in green products. Environmentally responsible products may be comparatively less expensive when whole life costs are taken into consideration. Examples include fuel-efficient vehicles, water-efficient printing and nonhazardous products.

### **Eliminate Unnecessary Packaging :**

Packaging has become an environmental issue for marketing for a number of reasons:

- Packaging is a major component of domestic waste and therefore an important contribution to landfill.
- Discarded packaging is very visible as litter.
- Packaging reduction initiatives can reduce the environmental impact of a product while also saving companies money.

Retailers also play a role in reducing packaging waste by encouraging suppliers to minimize excess packaging or offering customers “shopping bags for life” to reduce the volume of plastic bags.

### **Practice Greener Distribution :**

Distribution is a key issue in attracting the right customers for green products and behaving in an environmentally responsible way. Experience indicates that customers will not go out of their way to buy green products just for the sake of it; where possible, products should be distributed through mainstream outlets so that they are not just available to a small niche market of green consumers. If you market your products across geographical boundaries, distribution becomes an environmentally sensitive issue. Look carefully at the physical distribution of your products to find where you could minimize the impact on the environment of your logistics operations. This might mean reducing the number of miles driven by keeping more regional inventory or by using fuel-efficient vehicles for distribution.

### **Promote Green Credentials Efficiently :**

The key to successful green marketing communications is credibility. Never overstate environmental claims or establish unrealistic expectations, and communicate simply through sources that people trust. Larger corporations may run major advertising and public relations campaigns to promote their commitment to environmental improvement, but promotion on this scale is not essential. Green marketers reinforce their environmental credibility by using sustainable marketing and communications tools and practices. Examples include:

- Providing electronic statements or billing by e-mail;
- Using e-marketing rather than paper-based direct mail;
- Offering downloadable publications to reduce print quantities and paper usage;
- Printing on recycled materials using processes such as waterless printing;
- Eliminating unnecessary packaging;
- Offering Webcasting as an alternative to live events to reduce representatives' travel.

### **Make It Easy for Customers to Be Green :**

Experience indicates that consumers and business customers are increasingly concerned about the environment and are changing their purchasing behavior. That means there is a growing market for sustainable and socially responsible products and services. The challenge for green marketing is to make it easy for customers to become green themselves. Commentators believe that when other factors such as quality, price, performance, and availability are equal, environmental considerations may tip the balance in favor of a green product.

### **3. Eight Keys to Successful Green Marketing:**

Show potential customers that you follow green business practices and you could reap more green on your bottom line. Green Marketing isn't just a catchphrase; it's a marketing strategy that can help you get more customers and make more money. But only if you do it right. For green marketing to be effective, you have to do three things; be genuine, educate your customers, and give them the opportunity to participate.

**(i) Being genuine** means that (a) that you are actually doing what you claim to be doing in your green marketing campaign and (b) that the rest of your business policies are consistent with whatever you are doing that's environmentally friendly. Both these conditions have to be met for your business to establish the kind of environmental credentials that will allow a green marketing campaign to succeed.

**(ii) Educating your customers** isn't just a matter of letting people know whatever you're doing to protect the environment ; but also a matter of letting them know why it matters. Otherwise, for a significant portion of your target market, it's a case of "So what?" and your green marketing campaign goes nowhere.

**(iii) Giving your customers an opportunity to participate** means personalizing the benefits of your environmentally friendly actions, normally through letting the customer take part in positive environmental action.

**(iv) Know your customer :** If you want to sell a greener product to consumers, you first need to make sure that the consumer is aware of and concerned about the issues that your product attempts to address. (Whirlpool learned the hard way that consumers wouldn't pay a premium for a CFC-free refrigerator because consumers didn't know what CFCs were!).

**(v) Empower consumers :** Make sure that consumers feel, by themselves or in concert with all the other users of your product, that they can make a difference. This is called "empowerment" and it's the main reason why consumers buy greener products.

**(vi) Be transparent :** Consumers must believe in the legitimacy of your product and the specific claims you are making. Caution: There's a lot of skepticism out there that is fueled by the raft of spurious claims made in the "go-go" era of green marketing that occurred during the late 80s to early 90s- one brand of household cleaner claimed to have been "environmentally friendly since 1884 !

**(vii) Reassure the buyer :** Consumers need to believe that your product performs the job it's supposed to do — they won't forego product quality in the name of the environment. (Besides, products that don't work will likely wind up in the trash bin, and that's not very kind to the environment.)

**(viii) Consider your pricing :** If you're charging a premium for your product -and many environmentally preferable products cost more due to economies of scale and use of higher-quality ingredients-make

sure that consumers can afford the premium and feel it's worth it. Many consumers, of course, cannot afford premiums for any type of product these days, much less greener ones, so keep this in mind as you develop your target audience and product specifications.

#### **4. Green Marketing Mix:**

Every company has its own favorite marketing mix. Some have 4 P's and some have 7 P's of 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.

**Product :** The ecological objectives in planning products are to reduce resource consumption and pollution and to increase conservation of scarce resources.

**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: -

1. Ads that address a relationship between a product/service and the biophysical environment
2. Those that promote a green lifestyle by highlighting a product or service
3. 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: -

- 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

#### **5. Challenges Ahead:**

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

#### **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 edge
2. Corporate social responsibilities (CSR)
3. Government pressure
4. Competitive pressure
5. Cost or profit issues

## 6. Conclusion :

Consumers today are much more concerned about climatic changes than they were even few years ago. Moreover, they are expecting their favorite brands not only to share their concern but to take action (or enable their consumers) to mitigate it.

The earlier perception of industry towards green marketing was that the pressure for making business environment green and behaving in a more responsible manner especially comes from Government and its legislations. Now that old perception is changing throughout the globe as studies performed on consumers reflect that in most countries consumers are becoming more aware and willing to act on environmental concerns. There is a radical change in consumer preferences and life styles. They prefer environment friendly products over others and many a times are ready to pay a little extra price for such green products. Due to this shift from traditional marketing to green marketing, companies these days are facing many new challenges.

This can also be viewed as a source of new opportunities to grow in today's highly competitive global environment. A 2008 survey by the National Geographic Society and GlobScan on consumer choice and the environment reported on current behavior in fourteen countries (including Canada, China, France, Germany, India, Mexico, Russia, the UK and the US). The study found signs that consumer in all countries "feel empowered when it comes to the environment and are taking some action in their daily lives to reduce consumption and waste." A global Synovate survey conducted in 2007 in association with Aegis, and repeated in 2008 in association with BBC World, also found that consumers in most countries are becoming more aware and willing to act on environmental concerns. Most of such studies on green philosophy and green marketing are done in developed countries but such studies however, remain conspicuously missing in the context of developing economies like India. Green marketing is still in infancy stage & lot of research needs to be done by the companies to project a green Corporate Image rather than focusing on the environmental benefits. In future only those companies will reap the greatest reward that innovate with new products, materials, technologies which are eco-centric and address the challenge by walking their talk.

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