

GREEN MARKETING - CHALLENGES AND OPPORTUNITIES

Dr. (Mrs.) Surekha Sunil Awate*

Abstract:

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. These same consumers through their concern are interested in integrating environmental issues into their purchasing decisions through their incorporation into the process and content of the marketing strategy for whatever product may be required. This paper discusses how businesses have increased their rate of targeting green consumers, those who are concerned about the environment and allow it to affect their purchasing decisions. The paper identifies the three particular segments of green consumers and explores the challenges and opportunities businesses have with green marketing.

Keywords: Challenges, Green marketing, Opportunities.

Introduction

According to the American Marketing Association, green marketing is the marketing of products that are presumed to be environmentally safe. Thus, 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

* Assistant professor, DRK college of commerce, Kolhapur;
Mob. No.: 7057480264; Email address: patil.surekha7@gmail.com

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. Pride and Ferrell (1993) Green marketing, also alternatively known as environmental marketing and sustainable marketing, refers to an organization’s efforts at designing, promoting, pricing and distributing products that will not harm the environment Polonsky (1994) defines green marketing as ‘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’. Elkington (1994: 93) defines green consumer as one who avoids products that are likely to endanger the health of the consumer or others; cause significant damage to the environment during manufacture, use or disposal; consume a disproportionate amount of energy; cause unnecessary waste; use materials derived from threatened species or environments; involve unnecessary use of, or cruelty to animals; adversely affect other countries.

Importance of Green Marketing

It is really scary to read these pieces of information as reported in the Times recently: “Air pollution damage to people, crops and wildlife in US. Total tens of billions of dollars each year”. “More than 12 other studies in the US, Brazil Europe, Mexico, South Korea and Taiwan have established links between air pollutants and low birth weight premature birth still birth and infant death”. As resources are limited and human wants are unlimited, it is important for the marketers to utilize the resources efficiently without waste as well as to achieve the organization’s objective. So green marketing is inevitable. There is growing interest among the consumers all over the world regarding protection of environment. Worldwide evidence indicates people are concerned about the environment and are changing their behavior. As a result of this, green marketing has emerged which speaks for growing market for sustainable and socially responsible products and services. Thus the growing awareness among the consumers all over the world regarding protection of the environment in which they live, People do want to bequeath a clean earth to their offspring. Various studies by environmentalists

indicate that people are concerned about the environment and are changing their behavior pattern so as to be less hostile towards it. Now we see that most of the consumers, both individual and industrial, are becoming more concerned about environment- friendly products. Green marketing was given prominence in the late 1980s and 1990s after the proceedings of the first workshop on Ecological marketing held in Austin, Texas (US), in 1975. Several books on green marketing began to be published thereafter. According to the Joel makeover (a writer, speaker and strategist on clean technology and green marketing), green marketing faces a lot of challenges because of lack of standards and public consensus to what constitutes “Green”. The green marketing has 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.

Green Products and its characteristics

The products those are manufactured through green technology and that caused no environmental hazards are called green products. Promotion of green technology and green products is necessary for conservation of natural resources and sustainable development. We can define green products by following measures:

1. Products those are originally grown,
2. Products those are recyclable, reusable and biodegradable,
3. Products with natural ingredients,
4. Products containing recycled contents, non-toxic chemical,
5. Products contents under approved chemical,
6. Products that do not harm or pollute the environment,
7. Products that will not be tested on animals,
8. Products that have eco-friendly packaging i.e. reusable, refillable containers etc.

Need of Green Marketing: An Anthropological view

Issues like Global warming and depletion of ozone umbrella are the main for the healthy survival. Every person rich or poor would be interested in quality life with full of health and vigor and so would the corporate class. Financial gain and economic profit are the main aims of any corporate business. But harm to environment cost by sustain business across the globe is realized now though off late. This sense is building corporate citizenship in the business class. So green marketing by the business class is still in the selfish anthropological perspective of long-term sustainable business and to please the consumer and obtain the license by the governing body. Industries in Asian countries are catching the need of green marketing from the developed countries but still there is a wide gap between their understanding and implementation.

Businesses and Green Marketing

There are serious changes for awakening in the business world regarding the responsibility towards the environment and the society. Strategies targeting not only making a profit for the day but also for long-term profitability and environmentally friendly sustainability have started to become agendas of the companies. Corporate ethical code of the 21st century is being green. The ideology of “always me, always me” of profit-making companies has no longer any effect. Of course, the primary objective of companies is profitability but it is too hard for companies with the sole objective of making profit to obtain sustainability. Companies should be aware of their responsibilities towards the environment and the society in the same way as towards clients, shareholders and employees. Climate change, environmental issues and social problems will challenge the leaders of future generation for taking efficient and comprehensive decisions. In the process of taking these decisions, the priority of business people should be based on the principal of protecting the environment rather than profitability of the business. The opinion of Rakesh Khurana and Nitin Nohria, professors of business administration at Harvard, is such that priority should take its place in the professional literature with an oath similar to the Hippocratic Oath. The concept of creative capitalism defined by Bill Gates underlines that the leaders of future generations are responsible not only for obtaining desired results but also for the impacts of their decisions on elements other than their own companies

and markets (Businews, 2010).

Green Consumer

The green consumer is generally defined as one who adopts environment – friendly behaviors or who purchases green products over the standard alternatives. Green consumers are more internally-controlled as they believe that an individual consumer can be effective in environmental protection. Thus, they feel that the job of environmental protection should not be left to the government, business, environmentalists and scientists only; they as consumers can also play a part.

Challenges in Green Marketing

Need for Standardization

It is found that only 5% of the marketing messages from “Green” campaigns are entirely true and there is a lack of standardization to authenticate these claims. There is no standardization to authenticate these claims. There is no standardization currently in place to certify a product as organic. Unless some regulatory bodies are involved in providing the certifications there will not be any verifiable means. A standard quality control board needs to be in place for such labeling and licensing.

New Concept

Indian literate and urban consumer is getting more aware about the merits of Green products. But it is still a new concept for the masses. The consumer needs to be educated and made aware of the environmental threats. The new green movements need to reach the masses and that will take a lot of time and effort. By India’s ayurvedic heritage, Indian consumers do appreciate the importance of using natural and herbal beauty products. Indian consumer is exposed to healthy living lifestyles such as yoga and natural food consumption. In those aspects the consumer is already aware and will be inclined to accept the green products.

Patience and Perseverance

The investors and corporate need to view the environment as a major long-term investment opportunity, the marketers need to look at the long-term benefits from this new green movement. It will require a lot of patience and no immediate results. Since it is a new concept and idea, it will have its own acceptance period.

Avoiding Green Myopia

The first rule of green marketing is focusing on customer benefits i.e., the primary

reason why consumers buy certain products in the first place. Do this right, and motivate consumers to switch brands or even pay a premium for the greener alternative. It is not going to help if a product is developed which is absolutely green in various aspects but does not pass the customer satisfaction criteria. This will lead to green myopia. Also if the green products are priced very high then again it will lose its market acceptability.

Golden Rules of Green Marketing

Know you're Customer: 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.)

Educating your customers: is not just a matter of letting people know you're doing 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.

Being Genuine & Transparent: means that a) you are actually doing what you claim to be doing in your green marketing campaign and b) 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.

Reassure the Buyer: Consumers must be made to believe that the product performs the job it's supposed to do-they won't forego product quality in the name of the environment.

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 those consumers can afford the premium and feel it's worth it.

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.

Thus, leading brands should recognize that consumer expectations have

changed: It is not enough for a company to green its products; consumers expect the products that they purchase pocket friendly and also to help reduce the environmental impact in their own lives too.

Present trends in Green Marketing in India

Organizations perceive Environmental marketing as an opportunity to achieve their 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:

1. Reduce production of harmful goods or by products
2. Modify consumer and industry's use and /or consumption of harmful goods; or
3. 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 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:

1. A Firm develops a technology for reducing waste and sells it to other firms.
2. A waste recycling or removal industry develops.

Examples of Green Marketing in India

1. Digital Tickets by Indian Railways: - Recently IRCTC has allowed its customers to carry PNR no. of their E-Tickets on their laptop and mobiles. Customers do not need to carry the printed version of their ticket anymore.

2. No Polythene carry bags for free:-Forest & Environmental Ministry of India

has ordered to retail outlets like Big Bazar, More, Central, D-Mart etc that they could provide polythene carry bags to customers only if customers are ready for pay for it.

3. Green IT Project: State Bank of India:-By using eco and power friendly equipment in its 10,000 new ATMs, the banking giant has not only saved power costs and earned carbon credits, but also set the right example for others to follow. SBI is also entered into green service known as —Green Channel Counter||. SBI is providing many services like; paper less banking, no deposit slip, no withdrawal form, no checks, no money transactions form all these transactions are done through SBI shopping &ATM cards. State Bank of India turns to wind energy to reduce emissions. The wind project is the first step in the State Bank of India's green banking program dedicated to the reduction of its carbon footprint and promotion of energy efficient processes, especially among the bank's clients.

4. Lead Free Paints from Kansai Nerolac:- Kansai Nerolac has worked on removing hazardous heavy metals from their paints. The hazardous heavy metals like lead, mercury, chromium, arsenic and antimony can have adverse effects on humans. Lead in paints especially poses danger to human health where it can cause damage to Central Nervous System, kidney and reproductive system. Children are more prone to lead poisoning leading to lower intelligence levels and memory loss.

5. Wipro's Green Machines:-Wipro Infotech was India's first company to launch environment friendly computer peripherals. For the Indian market, Wipro has launched a new range of desktops and laptops called Wipro Green ware. These products are RHS (Restriction of Hazardous Substances) compliant thus reducing e waste in the environment.

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||. Evidence indicates that successful green products have avoided green marketing myopia by following three important principles.

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 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 country like India.

References

- Ahn, Y. and Pearce, A. (2007). Green Construction: Contractor Experiences Expectations and Perceptions. *Journal of Green Building*.
- Axelrod, R. (2000). Brave New Words: The Financial Value of Environmental Communications. *Environmental Quality Management*.
- Belz, F. and Peattie, K. (2008). *Sustainability Marketing: A Global Perspective*. John Wiley and Sons.
- Building Online (2010). Homebuyers' Interest in Green Home Features Increases With Energy Efficiency Cited as Top Priority Retrieved.
- Business Wire (2008). Americans Ready to Spend More Green on the Home. Retrieved.
- Chan, K. (1999). Market Segmentation of green consumers in Hong Kong. *Journal of International Consumer Marketing*.
- Halford T. (2011). Survey: How Consumers and Builders Feel About Green Homes Retrieved.
- Junnila, S. (2004). The environmental significance of facilities in service sector companies. *Facilities*, 2004.
- J.A Ottman, et al, "Avoiding Green Marketing Myopia", *Environment*, Vol-48, June- 2006.