



Green Marketing: Importance and Problems associated

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Abstract

Environmentally responsible or "green" marketing refers to the satisfaction of consumer needs, wants, and desires in conjunction with the preservation and conservation of the natural environment. Considered an oxymoron by many environmentalists (because it still promotes consumption, albeit so-called responsible consumption), green marketing manipulates the four elements of the marketing mix (product, price, promotion, and distribution) to sell products and services offering superior environmental benefits in the form of reduced waste, increased energy efficiency, and/or decreased release of toxic emissions. These benefits are frequently estimated using [life-cycle analysis](#) (LCA) studies, which measure the environmental impact of products over their entire life cycle—resource extraction, refining, manufacturing, transportation, use, and disposal.

World-wide evidence indicates that people are becoming concerned about the environment and are changing their behaviour accordingly. As a result, there is a growing market for sustainable and socially responsible products and services. When all else is equal – quality, price, performance and availability – environmental benefit will most likely tip the balance in favour of a product. [Green marketing](#) isn't just a catchphrase; it's a marketing strategy that can help companies to get more customers and make more money. But only if they do it right.

Through this paper I have made an attempt

- 1) to introduce the terms and concepts of green marketing;
- 2) briefly discuss why going green is important;
- 3) examine some of the reason that organizations are adopting a green marketing philosophy; and 4) mention some of the problems with green marketing.

Key words : Preservation, Oxymoron, toxic emissions, life-cycle analysis, green marketing,

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What is Green marketing?

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 itself 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. The not-so-obvious assumption of green marketing is that consumers will be willing to pay more for green products than they would for a less-green comparable alternative product - an assumption that, in my opinion, has not been proven conclusively.

While green marketing is growing greatly as increasing numbers of consumers are willing to back their environmental consciences with their dollars, it can be dangerous. The public tends to be skeptical of green claims to begin with and companies can seriously damage their brands and their sales if a green claim is discovered to be false or contradicted by a company's other products or practices. Presenting a product or service as green when it's not is called greenwashing.

Importance of Green marketing: Green marketing is the marketing of products which are considered not to be harmful for environment. In the 21st century the world is facing a severe threat of sustainability due to economic crisis, energy crisis, environment pollution, and greenhouse gas emissions which cause global warming. Our resources are limited but human needs are unlimited, so that our resources must be utilized economically and in an environment friendly way. For the sustainability of the humankind green marketing practice is needed in the society. Manufacturing and providing products to the consumers must be of good quality and not harmful to them in the long run and which will be sustainable developed. Adoption of green marketing in the society may not be easy in the short run, but in the long run surely it will be profitable.

Internal Benefits

Marketing starts before a business begins advertising or promoting its products. It includes strategies covering product development, pricing and distribution. In addition to helping boost sales, green marketing can help companies reduce operating and production costs, specifically by lowering energy usage. Environmentally sensitive companies are more attractive to potential employees who seek to become part of a positive corporate culture.

External Benefits

When a business uses energy efficient lighting, heating and cooling, reduces its water use, recycles office materials, organizes employee community cleanup activities, uses recycled materials and creates less waste, it generates positive public relations in its community and industry and with customers. It can advertise itself as a green company or its products as green on its product packaging, in its advertising and on its website. This can create brand preference or loyalty and boost sales and profits. Green marketers also can qualify as vendors or suppliers with government agencies and businesses that prefer to do business with these types of businesses



The Four Ps of Green Marketing

Product-

Entrepreneurs wanting to exploit emerging green markets either:

- identify customers' environmental needs and develop products to address these needs; or
- develop environmentally responsible products to have less impact than competitors.

The increasingly wide variety of products on the market that support sustainable development and are good for the triple bottom line include:

- Products made from recycled goods, such as Quik'N Tuff housing materials made from

recycled broccoli boxes.

- Products that can be recycled or reused.
- Efficient products, which save water, energy or gasoline, save money and reduce

environmental impact. Queensland's only waterless printer, Printpoint, reduces operating

costs by using less water than conventional printers and is able to pass the savings on to

customers.

- Products with environmentally responsible packaging. McDonalds, for example, changed

their packaging from polystyrene clamshells to paper.

- Products with green labels, as long as they offer substantiation.
- Organic products — many consumers are prepared to pay a premium for organic products, which offer promise of quality. Organic butchers, for example, promote the added qualities such as taste and tenderness.
- A service that rents or loans products – such as toy libraries.
- Certified products, which 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.

Price-

Pricing is a critical element of the marketing mix. Most customers are prepared to pay a premium if there is a perception of additional product value. This value may be improved performance, function, design, visual appeal or taste. Environmental benefits are usually an added bonus but will often be the deciding factor between products of equal value and quality.



Environmentally responsible products, however, are often less expensive when product life cycle costs are taken into consideration. For example fuel-efficient vehicles, water-efficient printing and non-hazardous products.

Place-

The choice of where and when to make a product available has a significant impact on the customers being attracted.

Very few customers go out of their way to buy green products merely for the sake of it. Marketers looking to successfully introduce new green products should, in most cases, position them broadly in the market place so they are not just appealing to a small green niche market.

The location must also be consistent with the image which a company wants to project. The location must differentiate a company from its competitors. This can be achieved by in-store promotions and visually appealing displays or using recycled materials to emphasise the environmental and other benefits.

Promotion-

Promoting products and services to target markets includes paid advertising, public relations, sales promotions, direct marketing and on-site promotions.

Smart green marketers will be able to reinforce environmental credibility by using sustainable marketing and communications tools and practices. For example, many companies in the financial industry are providing electronic statements by email, e-marketing is rapidly replacing more traditional marketing methods, and printed materials can be produced using recycled materials and efficient processes, such as waterless printing.

Retailers, for example, are recognising the value of alliances with other companies, environmental groups and research organisations when promoting their environmental commitment. To reduce the use of plastic bags and promote their green commitment, some retailers sell shopping bags, under the banner of the Go Green Environment Fund.

The key to successful green marketing is credibility. Never overstate environmental claims or establish unrealistic expectations, and communicate simply and through sources that people trust.



Promote your green credentials and achievements. Publicise stories of the company's and employees' green initiatives. Enter environmental awards programs to profile environmental credentials to customers and stakeholders.

Why are firms using Green Marketing ?

When looking through the literature, there are several suggested reasons for firms increased use of Green Marketing. Five possible reasons cited are:

1. Organizations perceive environmental marketing to be an opportunity that can be used to achieve its objectives
2. Organizations believe they have a moral obligation to be more socially responsible
3. Governmental bodies are forcing firms to become more responsible
4. Competitors' environmental activities pressure firms to change their environmental marketing activities
5. Cost factors associated with waste disposal, or reductions in material usage forces firms to modify their behavior

(A) Opportunities-

It appears that all types of consumers, both individual and industrial are becoming more concerned and aware about the natural environment.

Nowadays, firms marketing goods with environmental characteristics have realized a competitive advantage over firms marketing non-environmentally responsible alternatives. There are numerous example of firms who have strived to become more environmentally responsible, in an attempt to better satisfy their consumer needs.

- McDonald's replaced its clam shell packaging with waxed paper because of increased consumer concern relating to polystyrene production and Ozone depletion
- Tuna manufacturers modified their fishing techniques because of the increased concern over driftnet fishing, and the resulting death of dolphins
- Xerox introduced a "high quality" recycled photocopier paper in an attempt to satisfy the demands of firms for less environmentally harmful products.

This does not mean that all firms who have undertaken environmental marketing activities actually improve their behavior. In some cases, firms have misled consumers in an attempt to gain market share. In many other cases firms have jumped on the green bandwagon without considering the accuracy of their behavior, their claims, or the effectiveness of their products. This lack of consideration of the true "greenness" of activities may result in firms making false or misleading green marketing claims.

(B) Social Responsibility-

Many firms are beginning to realize that they are members of the wider community and therefore

must behave in an environmentally responsible fashion. This translates into firms that believe they must achieve environmental objectives as well as profit related objectives. This results in environmental issues being integrated into the firm's corporate culture. Firms in this situation can take two perspectives: 1) they can use the fact that they are environmentally responsible as a marketing tool; or 2) they can become responsible without promoting this fact.

There are examples of firms adopting both strategies. Organizations like the Body Shop heavily promote the fact that they are environmentally responsible. While this behavior is a competitive advantage, the firm was established specifically to offer consumers environmentally responsible alternatives to conventional cosmetic products. This philosophy directly ties itself to the overall corporate culture, rather than simply being a competitive tool.

An example of a firm that does not promote its environmental initiatives is Coca-Cola. They have invested large sums of money in various recycling activities, as well as having modified their packaging to minimize its environmental impact. While being concerned about the environment, Coke has not used this concern as a marketing tool. Thus many consumers may not realize that Coke is a very environmentally committed organization. Another firm who is very environmentally responsible but does not promote this fact, at least outside the organization, is Walt Disney World (WDW). WDW has an extensive waste management program and infrastructure in place, yet these facilities are not highlighted in their general tourist promotional activities.

(C) Governmental Pressure-

Governmental regulations relating to environmental marketing are designed to protect consumers in several ways: 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.



These governmental regulations are designed to control the amount 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 curb-side recycling programs, making it easier for consumers to act responsibly. In other cases governments tax individuals who act in an irresponsible fashion. Forexample in Australia there is a higher gas tax associated with leaded petrol.

One of the recent publicized environmental regulations undertaken by governments has been the establishment of guidelines designed to "control" green marketing claims. These regulations include the Australian Trade Practices Commission's (TPC) "Environmental Claims in Marketing – A Guideline, the US Federal Trade Commission's (FTC) "Guides for the Use of Environmental Marketing Claims" and the regulations suggested by the National Association of Attorneys-General. All these regulations were designed to ensure appropriate information to consumers so that they could evaluate firm's environmental claims.

Thus, governmental attempts to protect consumers from false or misleading claims theoretically provide consumers with the ability to make more informed decisions.

(D) Competitive Pressure-

Another major force in the environmental marketing area has been a firm's desire to maintain its competitive position. In many cases, firms observe competitors promoting their environmental behaviors and attempt to emulate this behavior. It is only in some instances that this competitive pressure causes 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 manufacture stopped using driftnets, the others followed suit.

(E) Cost / Profit Issues-

Certain firms use green marketing to address cost/profit related issues. Disposing of environmentally harmful by-products, such as polychlorinated biphenyl (PCB) contaminated oil are becoming increasingly costly and in some cases difficult. Therefore, when attempting to minimize waste, firms are often forced to re-examine their production processes. In these cases, they often develop more effective production processes that not only reduce waste, but reduce the need for some raw materials. This serves as a double cost savings, since both waste and raw material are reduced.



In many other cases, it has been found that firms find end-of-pipe solutions, instead of minimizing waste. In these situations firms try to find markets or uses for their waste materials, where one firm's waste becomes another firm's input of production.

Some problems with going Green

Although a large number of firms are using green marketing, there are a number of potential

problems which need to be addressed. One of the main problem is that firms using green marketing must ensure that their activities are not misleading to the consumers or the industry, and do not breach any of the regulations or laws dealing with environmental marketing. In short, green marketing claims of a firm must:

- Clearly state environmental benefits;
- Explain environmental characteristics;
- Explain how benefits are achieved;
- Ensure comparative differences are justified;
- Ensure negative factors are taken into consideration; and
- Only use meaningful terms and pictures.

Furthermore, as many firms have tried to modify their products due to increased consumer concern, are misled with the fact that consumers' perceptions are always correct. Take for example the McDonald's case where it replaced its clam shells with plastic coated paper. There is ongoing scientific debate which is more environmentally friendly. Some scientific evidence suggests that when taking a cradle-to-grave approach, polystyrene is less environmentally harmful. If this is the case, McDonald's bow to consumer pressure, has chosen the more environmentally harmful option.

When firms attempt to become socially responsible, they face the risk that the environmentally

responsible action of today will be found to be harmful in the future. Take for example the aerosol industry which has switched from CFCs (chlorofluorocarbons) to HFCs (hydro-fluoro-carbons) only to be told HFCs are also a greenhouse gas. Some firms now use DME (dimethyl ether) as an aerosol propellant, which may also harm the ozone layer. Given the limited scientific knowledge at any point in time, it may be impossible for a firm to be certain they have made the correct environmental decision. This explains why some firms, like Coca-Cola and Walt Disney World, are becoming socially responsible without publicizing the point. They may be protecting themselves from potential future negative backlash, if it is determined they made the wrong decision in the past.

Reacting to competitive pressures can cause all "followers" to make the same mistake as the



"leader." A costly example of this was the Mobil Corporation who followed the competition and introduced "biodegradable" plastic garbage bags. While technically these bags were biodegradable, the conditions under which they were disposed did not allow biodegradation to occur. Mobil was sued by several US states for using misleading advertising claims. Thus, blindly following the competition can have costly ramifications.

The push to reduce costs or increase profits may not force firms to address the important issue of environmental degradation. End-of-pipe solutions may not actually reduce the waste but rather shift it around. While this may be beneficial, it does not necessarily address the larger environmental problem, though it may minimize its short term affects. Ultimately most waste produced will enter the waste stream, therefore to be environmentally responsible organizations should attempt to minimize their waste, rather than find "appropriate" uses for it.

Conclusion

In a nutshell:

- Green product development is more than just creating products that are environmentally

friendly, it is about systemic change in society that includes consumers, producers and the

general commercial structure within which they negotiate

- By widening & deepening the meaning of green, relevant actors will have an economic

incentive to pursue green product development.

- Harnessing the market forces that favour green product development will lead to mainstream green.

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