

## **Green Marketing in the Modern Era: Obstacles and Strategic Approaches**

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### **Abstract**

This paper reviews the literature on the concept of green marketing and green and emphasis on green marketing intervention strategies to environmental problems facing the world today. The review indicates that individuals and organizations can benefit from green marketing strategies and at the same time protect the environment to achieve sustainable development. At the end of the paper some insight about the challenges faced by the marketers in the implementation of the green strategies has been discussed along with the green marketing strategies followed by some Indian companies are also reviewed.

**Key Words:** *Green Marketing, Ecological Marketing, Environmental Marketing, Sustainable Marketing and Sustainable Development.*

### **1. Introduction**

The environmental concern has led to an increase in consumers' demand for environmentally-friendly products. This has created new environmental ethics, which have increased individuals' awareness and significantly changed their consumption behaviour. Companies have responded by introducing a variety of green initiatives such as green products and service design, green supply chain management, and innovation practices. While some green products are widely advertised to have numerous attractive features to persuade consumers to try them, this is not sufficient to satisfy modern consumers and lead to actual purchases. This emphasises the way in which consumers have formed a relationship between the attributes of products and the environment. They are more concerned with green consumption than attractive advertising (Schuhwerk and Lefkoff-

Hagius, 1995). Furthermore, products with environmental consideration are no longer simply the choice of a few eco-conscious customers, but have now shifted into the mainstream market. The change in society's expectations motivates businesses to response to the evolving consumer demand. While firms are eager to make inroads into this growing market, some may encounter failure when representing their green position to consumers. It is a challenging and complicated task to deliver customer satisfaction. Therefore, it is critical to pay attention to the source of personal responses as well as consumers' level of judgement when responding to the establishment of sustainable competitive advantage (Ralston et al., 1999).

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 interest and contradict each other, an example of this will be the existence of varying social, environmental marketing retail definitions attached to the this term. Other similar term used is environmental marketing. Thus "green marketing" refers to holistic marketing concept where in the production, marketing consumption and disposal of products and services happen in the manner that is less detrimental to the environment with growing awareness about the implication of global warming, non-biodegradable solid waste harmful impacts of pollutants etc. both marketers and consumers are becoming increasingly sensitive to the need for the switch in 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 to, in the long run.

### **1.1 Green Marketing**

Majority of people believe that green marketing refers solely to the promotion or advertising of products with environmental characteristics. Terms like Phosphate Free, Recyclable, Refillable, and Ozone friendly and environmental friendly are some of the things consumers

most often associate with green marketing. While these terms are green marketing claims, in general green marketing is a broader concept, one that can be applied to consumer goods and industrial goods and services (Polonsky, 1994). The misconception of green marketing by majority of people makes its definition very critical, yet defining green marketing is not a simple task. Indeed the terminologies and definitions used in this area are varied. The terminologies include; green marketing, Environmental marketing and ecological marketing (Polonsky, 1994). Therefore, there is no universally accepted terminology and definition of green marketing up to today. For the purpose of this paper the term green marketing will be used. According to the American Marketing Association green or ecological marketing refers to the “the study of the positive and negative aspects of marketing activities on pollution, energy depletion and non-energy resource depletion”. According to Herbig et al (1993) green marketing refers “to products and packages that have one or more of the following characteristics; they are less toxic; are more durable; contain reusable materials and/or are made of recyclable materials”. These two definitions are narrow in scope as they focus on a narrow range of environmental issues. Green marketing need to be broadly defined. Polonsky (1994) defines green marketing as “consisting of all activities designed to generate and facilitate any exchanges intended to satisfy human needs, such that the satisfaction of these needs and wants occurs, with minimal detrimental impact on the natural environment”. This definition is much broader and incorporates much of the traditional components of the conventional marketing definition and also includes the protection of natural environment.

## **1.2 Global Scenario in Green Marketing**

“Green’ is the buzzword that is gaining popularity among the current generation. A number of businesses right from private entities such as Wal-Mart trying to push the concept of organic food to public entities like the London governments congestion charge are all aimed at improving the environment by promoting ‘Green’ products and issues. 87% of people from various nations like Brazil, Canada, China, France, Germany, India, the UK and the US have shown an interest in reducing their impact on the environment, according to a survey

by (McKinsey, 2007). However, showing interest and actually acting on the interest are two different deeds. This fact is proved by a survey that was conducted on a global scale, which was repeated in 2008 with the help of BBC World, which showed that not a lot of people were actually doing something to move their lifestyle to a green lifestyle. The overall market for green marketing is said to be worth \$ 3.5 trillion by the year 2017, according to a report by Global Industry Analysts Inc. of 2011. The report also states that increasing awareness about the environmental issues among the people, businesses and the governments is one of the main reasons for such market potential. Another research study by Mintel, clearly showed that 12% of the American population actively sought green products. There is a growing need to switch over to green products and services by both marketers and consumers. Even though the shift to 'green' will be expensive to both the consumers as well as businesses, it will most definitely pay off in the long run. There are a number of literatures that focus on various aspects related to green marketing and also delves into the various inter relationships between the customers attitudes and environmental strategies in relation to the organizations use of marketing. Environmental issues are addressed in green marketing efforts. The core idea of green marketing is to create awareness among people on the environmental issues and how consumers would be helping the environment if they switch over to green products. Thus green marketing aims to provide more information to people and also gives those more choices to switch over to green lifestyle. According to (Rex and Baumann, 2007), those aspects will spur businesses to develop more products from an environmentally friendly perspective. Green marketing is a part of marketing and therefore shares a number of aspects with traditional marketing such as price, promotions, products and place. Even green marketing requires that businesses develop and maintain a strong relationship with all their suppliers, their market intermediaries and significantly with the consumers, according to (Chan et al., 2012). A number of businesses have begun committing themselves to making their entire operation more environmentally friendly. Thus corporations are becoming more aware of their responsibilities towards the environment. This has forced the law makers, environment groups, consumers, financial institution,

insurers and the organization's own employees to become more aware of environmental aspects and this in turn has led to an increase in the number of policies and schemes and regulations at both the national and international levels.

## **2. Objective of the Study**

The main objective of the study is to understand the concept of green marketing and to review some of the studies that have dealt with development of some of the strategies relating to green marketing and to identify the challenges faced by green marketers in India.

## **3. Research Methodology**

This study is a conceptual study based on secondary sources of information from Publication of various Institutes, Organisations, published newspapers, journals-online & printed, magazines, web sites, books. The information is collected from libraries and websites. The literature is cross checked and validated to gives the latest information.

## **4. Green Marketing Mix Based Strategies**

Green marketing mix strategies include developing green-based products, green logistics, green promotion, green pricing and green consumption. The general strategies are not limited to marketing discipline but may be used by marketing as well as other functional areas of organization in dealing with problem of sustainability. They include; adoption of eco-marketing orientation as a business philosophy, government intervention, undertaking life-cycle analysis and teaming up for success (Polonsky et al, 1997; Ottman, 1997; Willum, 1998). 267 *The Special Issue on Arts, Commerce and Social Science* © Centre for Promoting Ideas, USA.

### **4.1 Green based product strategies**

The activities associated with sustainable development may be construed by business either as a potential threat or as an opportunity. Green products represent a substantial product opportunity, the opening of a provocative strategic window (Polonsky et al, 1997). Green

products are typically durable, non-toxic, made from recycled materials, or minimally packaged (Ottman, 1997). Green based product strategies comprise any or a combination of recycling, reduction of packaging materials, reconsumption, dematerializing the products; using sustainable source of raw materials, making more durable products; designing products that are repairable, making products that are safe for disposal, making products and packagings that are compostable, and making products that are safer or more pleasant to use (Bhat, 1993; Ashley, 1993; Polonsky et al, 1997; Ottman, 1998 and Charter et al, 1999).

#### **4.2 Green Logistics strategies**

The most common form of greening logistics is reverse channel system. Reverse channel systems deal with the issue of post-consumer recycling. The term recycle mean „...to extract and reuse useful substances found in waste“ (American Heritage Dictionary, 1985) while the traditional approach to product disposal can be described as linear in which waste materials are indiscriminately dumped (Neace, 1990 as quoted by Fuller, 1997). The definition of recycle clearly demonstrates that the goal is to reverse this result by achieving a circular flow that effects a reintegration of materials with markets (Fuller et al, 1997). The reverse channel systems possess the following characteristics. Firstly, the consumer becomes the seller and manufacturer the buyer (Zikmund and Stanton, 1971 as quoted by Fuller, 1997). Secondly, they emphasize on the function of sorting and accumulation (Fuller, 1997). Thirdly, the recyclable materials can flow backwards through reverse channels to any of three generalized industrial markets: (1) original manufacturer, (2) firms in the raw materials producing industry; or (3) other industries that can use recyclables as virgin material substitutes (Guibinah and Nwokoye, 1974 as quoted by Fuller, 1997), and finally the consumers (sellers) tend to play a more passive role rather than proactive role of the typical seller in conventional channel (Ginter and Starling, 1978 as quoted by Fuller, 1997). Figure 4 depicts reverse flow of recyclable materials from consumer/households to industrial user market through various types of reverse channel intermediaries. The modified reverse channel system proposes that consumer waste sources are individual consumers and households. The remaining recyclable materials after individual consumers/household own

consumption moves through Jua kali\* artisans or micro enterprises, manufacturer own system, local authorities, agents/wholesalers and street “children” to industrial user markets: original manufacturers, firm in raw materials industries and micro enterprises. Table 3 shows the functions performed by consumer waste sources, reverse channel types and industrial user market (Fuller, 1997). Other components of green logistics strategies include reduction of packaging material to directly or indirectly lower distribution costs, use of integrated transportation systems and the Internet. However, more emphasis has been given to reverse channel systems (Willums, 1998; Polonsky, 2001).

**Table 3: Functions of channel members of reverse channel systems**

Channel members	Functions
Consumer waste sources – individual households	Collection and sorting
Reverse channel types	Collection, processing, accumulation and transportation.
Industrial user market	Reintegration into production consumption cycle.

#### **4.3 Green pricing strategies**

Many consumers assume that green products are often priced higher than conventional products (Peattie, 1999; Polonsky, 2001). While their assumption may be true Peattie (1999) argues that these products are not unusually expensive, but the conventional products are unrealistically cheap because they exclude socio-environmental costs of production, product use and disposal.

He suggests that one way to deal with the high price controversy is to ask the consumer “whether they want to continue buying inexpensive products that damage the environment?” The implication of the above is that consumers need more information on benefits of green products in order to judge their value more objectively.

#### **4.4 Green promotion strategies**

Green promotion is an activity of promoting products as having characteristics that do not harm the natural environment (Polonsky et al, 1997). According to Benerjee et al (1995) it should meet one or more of the following criteria: -

- i) Explicitly or implicitly addresses the relation between a product/service and the bio-physical environment.
- ii) Promotes a green lifestyle with or without highlighting a product/service.
- iii) Presents a corporate image of environmental responsibility.

To lessen the gap on environmental information through promotion Ottman (1997) has suggested several green promotion strategies. Thus the green companies should:

- i) Educate consumers on the environmental problems that a green product solves.
- ii) Empower consumers with solutions by demonstrating to consumers how environmentally sound products and services can help consumers protect health, preserve the environment for future generations.
- iii) Provide performance reassurance of green-based products, as many consumers perceive them to be inferior to conventional products.
- iv) Consider a suitable mix of media. For instance environmental consumers are more receptive to messages conveyed through direct marketing, community programs, public relations, and packaging and
- v) Appeal to consumer self-interest by bringing out the benefits of green products to both actual consumers and potential consumers.

#### **4.5 General Strategies**

As mentioned earlier the general strategies are not limited to marketing discipline but they cut across the entire organization. However, they are very necessary in facilitating adoption or success of green marketing mix strategies.

#### **Present Trends in Green-Marketing in India**



Organizations are to perceive environmental marketing as an Opportunity to achieve its 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 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 keep in with the philosophy of CSR which has been successfully adopted by many business houses to improve their corporate image.

### **Indian Companies Adopting Green Marketing**

**TAMIL NADU NEWS PRINT AND PAPER LIMITD (TNPL):** Adjudged the best performer in the 2009-2010 Green Business Survey, TNPL was awarded the Green Business Leadership Award in the Pulp and Paper Sector. The initiatives undertaken by this top green firm in India includes two Clean Development Mechanism projects and a wind farm project that helped generate 2,30,323 Carbon Emission Reductions earning Rs. 17.40 Crore.

**WIPRO TECNOLOGIES:** The list of top green Indian companies is never complete without Wipro which climbed to the top five brand league in Green peace's 'Guide to Greener Electronics' ranking. Despite the global financial crisis, Wipro held fast to its commitment towards energy efficiency and was lauded for launching energy star compliant products in the market.

### **ITC Limited:**

ITC strengthened their commitment to green technologies by introducing „ozone-treated elemental chlorine free“ bleaching technology for the first time in India. The result is an entire new range of top green products and solutions: the environmentally friendly multi-purpose paper that is less polluting than its traditional counterpart.

**TATA METALIKS LIMITED (TML):** Every day is Environment Day at TML, one of the top green firms in India. A practical example that made everyone sit up and take notice is the

company's policy to discourage working on Saturdays at the corporate office. Lights are also switched off during the day with the entire office depending on sunlight.

**HCLT TECHNOLOGIES:** This IT major may be considered as the icon of Indian green initiatives, thanks to the "go green" steps taken in solving the problem of toxics and e-waste in the electronics industry. HCL is committed to phasing out the hazardous vinyl plastic and Brominated Flame Retardants from its products and has called for a Restriction on Hazardous Substances (RoHS) legislation in India.

**OIL AND NATURAL GAS COMPNY (ONGC):** India's largest oil producer, ONGC, is all set to lead the list of top green Indian companies with energy-efficient, green crematoriums that will soon replace the traditional wooden pyre across the country. ONGCs Mokshada Green Cremation initiative will save 60 to 70% of wood and a fourth of the burning time per cremation.

**INDUSIND BANK:** Green banking has been catching up as among the top Indian green initiative sever since IndusInd opened the country's first solar-powered ATM and pioneered an eco-savvy change in the Indian banking sector. The bank is planning for more such initiatives in addressing the challenges of climate change.

**IDIA CELLULAR:** One of the best Indian companies, IDEA, paints India green with its national „Use Mobile, Save Paper“ campaign. The company had organized Green Pledge campaigns at Indian cities where thousands came forward and pledged to save paper and trees. IDEA has also set up bus shelters with potted plants and tendrill climbers to convey the green message.

**HERO HONDA MOTERS:** Hero Honda is one of the largest two-wheeler manufacturers in India and an equally responsible top green firm in India. The company's philosophy of continuous innovation in green products and solutions has played a key role in striking the right balance between business, mankind and nature. **Constraints/Challenges of Green marketing intervention strategies and general strategies**

Despite the numerous benefits of green marketing it is not without constraints/challenges.

The weaknesses include:

- i) In general all the green marketing strategies are expensive and difficult to implement in the short run.
- ii) The environmental benefits are intangible, indirect or insignificant to consumers For example, consumers cannot see the emissions being spared when they use energy saving appliance.
- iii) Environmental benefits are difficult to measure or quantify.
- iv) Some strategies (e.g. promotion) are subject to manipulation For example some marketers use false environmental claims in order to gain competitive advantage.
- v) The success of green marketing depends on several stakeholders who must work as a team. These include; general public, employees, retailers, government, environmental groups, and suppliers. Any group can derail the exercise.
- vi) The costs saved through recycling are doubtful

### **Conclusion**

Green marketing should not neglect the economic aspect of marketing. Marketers need to understand the implications of green marketing. Green marketing should not be measured as just one more approach to marketing, but has to be pursued with much better energy, as it has an environmental and social measurement to it. With the danger of global warming looming large, it is very important that green marketing becomes the norm rather than an exemption or just a fashion. Recycling of paper, metals, plastics, etc., in a safe and environmentally harmless way should become much more systematized and total. 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 remuneration of green products as compared to non-green ones. In green marketing, consumers are ready to pay more to maintain a cleaner and greener environment.

Companies must find an opportunity to enhance their product's performance and strengthen their customer's loyalty and command a higher price. Green marketing assumes even more importance and significance in developing countries like India. It is also true that 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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