

General Article

Green Marketing and Environment

Bed Nath Sharma

Professor of Management

Email: sharma.bednath@gmail.com

Article History

Received 02 May 2018

Revised 8 June 2018

Accepted 30 November 2018

Abstract

Green revolution is protecting our earth, people and many more through a natural phenomenon in everyday life. Green marketing is a tool used by many companies in various industries to follow this trend. There have been a lot of literature review on green marketing over the years, here analysis of the aspects of green marketing on customer value addition, satisfaction, environmental safety, sustainable development, benefits to stakeholders, prospects are presented. This can be used by researchers who need to study green marketing on these issues.

Keywords: Consumer, environmental safety, green marketing, strategy, sustainable development, value Addition

© The Author. Published by JRCC, Janapriya Multiple Campus
ISSN 2362-1516

Introduction

In the last decade, consumers have become more enlightened on environmental issues. Green marketing refers to selling product or rendering services based on environmental benefit. It came into existence in late 1980s and early 1990s. Green marketing is growing rapidly and consumers are willing to pay a lot for green products. There have been little analysis of the impact of this new market on the consumers, environment, development, stakeholders benefits, etc. Green marketing affects all areas of economy, it does not just lead to environmental protection but it also create new market and job opportunities. Companies that are environmental friendly stand a chance of gaining many satisfied and loyal customers. Besides these support for development as well as many benefits to stakeholders are countable (Hopfenbeck, 1993).

There is now a real sense that environmental protection is highly necessary. Everyone believes a green life is a better and healthier life for present and future generation. Most consumers' spending pattern shows that they have a desire for brands that 'go green'. Consumers not only want to buy their products but are willing to pay more for it. Based on research, 70 percent of some 2000 people in US, UK, Germany, the Netherlands, Australia and Japan are willing to pay a premium for energy alternatives such as wind and solar power (Baumann, 2002). Consumers are motivated to buy products from companies that are eco-friendly in the production. When a company display's the green logo on their product, it shows that their product or services stands out from the crowd and this gives them a competitive edge. Consequently, most customer buying decisions are influenced by green product label. In this context to explore green marketing process, its value and prospects on the basis of literature is the objective of the paper.

Green marketing and its objectives

Generally, green marketing refers to the process of selling products and services based on their environmental benefits. The American Marketing Association (AMA) held the first workshop on ecological marketing in 1975, 1980 was the first time green marketing came into existence. AMA defines green marketing as the marketing of products that are presumed to be environmentally safe, it incorporates several activities such as product modification, changes to production processes, packaging, advertising strategies and also increases awareness on compliance marketing amongst industries. Business Dictionary defines green marketing as promotional activities aimed at taking advantage of changing consumer attitude towards a brand. These changes are increasingly being influenced by a firm's policies and practices that affect the quality of the environment and reflect the level of its concern for the community. It can also be seen as the promotion of environmentally safe or beneficial products. Major attributes of green marketing are recyclable level, ozone friendly, energy saving, hazardous chemical free, environment protection and value addition.

Main objective of green marketing is to produce, promote and sell the environment friendly products and services. Specific objectives can be pointed as: eliminating the concept of waste, reinvent the concept of

product, make environmentalism profitable, bringing out product modification, changing in production process, changes in packaging, modifying in advertising.

Green marketing mix

Green Marketing begins with 'green design'. **Product** design constitutes an active interface between demand (consumers) and supply (manufactures). The product itself has to be made in such a way that it satisfies consumer and manufacture's needs. For ecologically sustainable products to be successful, green branding attributes have to be efficiently communicated. Most buyer decisions are influenced by the labeling, (green labeling) that states all that makes the product green compliant.

The **Price** of green product has to be affordable for the customer to encourage purchase. Industrial differentiation works only when products reduce client's cost. More value addition encourages to pay more price.

Most buyers are influenced by **Promotion** activities including advertisement that reflects a company's commitment to environment. Companies that do green advertisement that tend to portray an image of environmental friendliness, influences their customer purchase decisions. Consumers love to associate themselves with companies that are environmental stewards. When a company communicates this through their advertisements, promotions, publicity and corporate social responsibilities, they are sure to get many loyal customers.

Green **Place**/distribution is a very delicate operation. Customers must be guaranteed of the 'ecological nature' of the product. The green environment is a constantly regulated environment and as such high level of compliance is necessary when carrying out distribution of green products. This is a common procedure in the developed countries.

Green Marketing Strategy

In order to expand the market of green products it require some of strategies which can be conducive to boost up the market of the green products. Those strategies are as follows:

Product Differentiation: It is necessary to make continuous efforts which can be helpful to differentiate then products and services using green marketing practices. It can be used eco-performance to differentiate and to compete. It has been observed that the product with poor eco-performance can become target for new substitution.

Value positioning of consumer: The organization can design environmental products to perform as promoting and delivering the customer's desired value of environmental products and target relevant customer market segment can be proved conducive to organization to differentiate.

Designing the packaging: It has been observed that promotion of green products have been strongly influenced by the packaging. They buy environment friendly packaged green products. Green marketing should modify the product packaging by making use of recycle as well as hand- made paper in packaging rather than using more mechanized material. The manufacturers, who are using plastic for packaging should meet some of requisite standard.

Product design strategy: In order to promote green products it is an urgent need to identify customer's environmental necessities and develop the products accordingly. It includes more environmentally responsible set which ensure that products meet or exceed the quality

expectation of the consumers; so that the marketers may charge higher price with highlighting the eco-logical viability of the products.

Distribution strategy: In this strategy of green marketing, it is very essential to take customer support. In this case, the location must be differentiated from the competitors. It can be achieved by promoting the in-store activities like recycling of materials by focusing the environmental and other related benefits.

Life cycle analysis strategy: Product brand is a vital aspect, which can help to formulate plans for green marketing. It is a best tool for performing life cycle analysis complex assessment which can provide useful statistics on social, environmental and economic impact of products. Life cycle analysis can inform a brand requirement to go before it claims to be sustainable. Such study and analysis help to modify the existing strategy to be followed.

Technology and process change strategy: Product related technology will be changing continuously that also direct to the required change in production process. Up to date information about it and fast required change in process is also concerned with strategy.

Effect of green marketing

Green marketing is helpful to establish enterprise's green image and green brand to increase customer's recognition. It effects to customer satisfaction, environment, value addition, development, stakeholders, etc differently.

Customer Satisfaction

Satisfaction retains to customers. It is the perceived performance of a customer from a product in relation to the expectations. It is post purchase outcome. Customer satisfaction has been defined in two basic ways: as either an outcome or as a process. As an outcome, satisfying the end state resulting from the consumption experience. As a process, it is the perceptual evaluative and psychological process that contributes to satisfaction. The definition is varied with regards to their level of simplicity which includes; Product satisfaction, satisfaction with the purchase decision experience, satisfaction with the performance attribute, satisfaction with the store or institution, satisfaction with pre-purchase experience.

Marketing literature suggests that there is a relationship in between customer satisfaction and loyalty. Satisfaction leads to attitudinal loyalty. It could be seen as the intension to purchase and satisfaction is an outcome that occurs without comparing expectations. Customer satisfaction could also be defined as an evaluative response to perceived outcome of a particular consumption experience. It is an overall judgment on satisfaction, based on the assumption that satisfaction is the outcome of service quality.

Many Authors believe that customers have a high level of involvement regarding environmental issues as a consequence of growing environmental consciousness. Studies have shown the significant influence of environmental knowledge and consciousness on consumer environmental attitude. consequently, companies that communicate their 'green product' in their packaging, advertisement or manufacturing process, gain satisfied customers. Because of the green trend, companies that fail to 'go green' are not failing to fail in their industry. Customers want to associate themselves with companies and products that are eco-friendly.

Environmental Safety

Environment is simply surroundings. The increased awareness on environmental issues is as a result of increased publicity on the media on issues such as the wearing off of the ozone layer and increased

pollution of the environment by industries. Customers have become concern about their everyday habit and the impact it has on their environment.

Managing environmental safety issue is highly challenging, time consuming and expensive. There are many laws on environmental safety that have made companies liable to any wrongdoings. These laws cover areas such as, harmful pollution, managing of hazardous materials and so on. As a result, several hazard control, pollution control and prevention programs are held in different parts of the world on emergency procedures, contingency planning and employee training.

Similarly, many regulatory bodies and acts are set to ensure environmental safety and protection, some of which include, OSHA (Occupational Safety and Health Act), CERCLA (Comprehensive Environmental Respond Compensation Liability Act), TSCA (Toxic Substance Control Act), HMTA (Hazardous Material Transportation Act), FIFRA (Federal Insecticide, Fungicide and Rodenticide Act), FFDC (Federal Food, Drug and Cosmetic Act), CAA (Clean Air Act), CWA (Clean Water Act), GHSCLC (Globally Harmonized System of Classification and Labeling of Chemicals) etc (Pujari, 2003).

Environmental safety is not an easy task to implement. Implementing the accepted standardization policies of a single frame work of the classification and labeling of chemicals so hazards are consistently defined across different national jurisdiction is beneficial but highly challenging, especially in countries like U.S, Japan and Korea that have multiple regulatory authorities. EH&S (Environmental Health and Safety) regulatory compliance and CSR (Cooperate Social Responsibility) initiative throughout the supply chain can help promote and sustain ongoing improvement within an organization. These improvements will help the company achieve regulatory compliance and position itself as a socially responsible company.

Customer Value Addition

Customer needs and expectations are changing. They expect more value by paying price. Value is the ratio in between what a customer gets and what she/he gives that can be calculated by dividing functional and emotional benefits by money, time, energy and psychic costs. Customers are value maximizers. Products value attracts to customers. They want more benefit by paying low price. Green marketing makes possible to buy and use more environmental friendly products. It can provide more utility and benefits by paying the price. Customers compare how much they paid and what they got. We can deliver more value by offering green products and services.

Sustainable Development

According to the World Commission on Environmental Development (1978), Sustainable Development is "meeting the needs of the present without compromising the ability of the future generations to meet their own needs". The common theme throughout this strategy of sustainable development, is the need to integrate economic and ecological considerations in decision making by making policies that conserve the quality of agricultural development and environmental protection. This is what the end product of green marketing is, environmental protection for the present and the future generation. The development of energy- efficient operations, better pollution controls, recyclable and biodegradable packaging, ecologically safe products are all part of green marketing which also leads to sustainable development.

Stakeholders

Investors, creditors, bankers, agencies, employees, overall society etc are concerned with green marketing. Investors can get more return on their investment. Creditors can supply inputs rapidly. Bankers can provide more credit for working capital and facility creation as well as for installation. Advertising and facilitating agencies can support for promotion, research and other expertise based works. Employees can help to increase the sales and their professional quality can developed. Besides these, all the communities and aspects of society can be benefited by green marketing.

Challenges and Prospects of Green Marketing

Ecological environment of the world is continuously destroying. It needs to check and control the negative expands. For this green marketing can be a supportive function to minimize it. From product design, production to sales and after purchase service all should be green. There are many associated challenges and prospects in implementation of green marketing.

Major challenges of green marketing are:

Expenses on R & D, high input cost, lower sales volume due to high price. lack of consumer awareness, difficult to communicate the concept sharply, problem of product standardization, use of new technology.

Future prospects of green marketing can be pointed out as follows;

Reduction in cost by minimizing waste and materials through effective production process, increase of exports by developing eco friendly products. Possibility to search new market, enhances the green image of the firm by offering eco friendly products and services, improvements in the health of the consumers through environmental protection, benefits of government tax rebate, increase in market share and profit by attracting customers, sustainable development is possible.

Conclusions

Green marketing is a new concept that is rapidly growing due to its usefulness to protect the environment for future generation. It concerns to holistic marketing concept that refers to the marketing of products those are presumed environmentally safe. Its main objective is to offer eco-friendly products. For this marketing must be managed appropriately by using the strategies related with product design, differentiation, value positioning, packaging, distribution and life-cycle analysis but research, consumer awareness, process effectiveness and increased cost cannot be ignored. Green marketing can contribute to customer satisfaction, safety environment and sustainable development. Similarly future scope of green marketing can be pointed out as it minimizes the waste, increase in export/market share, green image positioning, less negative effect in people's health, increase in profit and sustainable development.. For companies to survive in the market, they need to go green in all aspect of their business. Consumers want to identify themselves with companies that offer the green and are willing to pay a premium for a greener life style. As such, green marketing is not just an environmental protection tool but also a marketing strategy and process for overall interest of world and lives.

References

- Baumann, H., Boons, F., & Bragd, A. (2002). Mapping the green product development field: engineering, policy and business perspectives. *Journal of Cleaner Production*, 10, 409-25.
- Churchill, Gilbert A. & Carol S. (1982). An investigation into the determinants of customer satisfaction. *Journal of Marketing Research*, 19, 491 -504.
- Hines, J.M., Hungerford, H.R., & Tomera, A.N. (1987). Analysis and synthesis of research on responsible environmental behavior: a meta-analysis. *Journal of Environmental Education*, 18, 1-8
- Hopfenbeck, W. (1993). Dirección y Marketing Ecológicos, Ediciones Deusto, Madrid.
- Jaime Rivera-Camino, (2007). Re-evaluating green marketing strategy: a stakeholder perspective. *European Journal of Marketing*, 41 (11/12), 1328 – 1358
- Kinnear, T.C., Taylor, J.R., & Ahmed, S.A. (1974). Ecologically concerned consumers: who are they? *Journal of Marketing*, 38, 20-24.
- Ottman, J. (1998). *Green Marketing: Opportunity for Innovation*, 2nd ed., NTC/Contemporary Books, Lincolnwood, IL.
- Ottman, J., & Terry, V. (1998). Strategic marketing of greener product. *The Journal of Sustainable Product Design*, 5, 53-7.
- Polonsky, M., & Ottman, J. (1998a). Exploratory examination of whether marketers include stakeholders in the green new product development process. *Journal of Cleaner Production*, 6 (3), 269-75.
- Pujari, D., Wright, G., & Peattie, K. (2003). Green and competitive: influences on environmental new product development performance. *Journal of Business Research*, 56 (8), 57-71.