

## GREEN MARKETING ISSUES AND CHALLENGES IN CURRENT BUSINESS SCENARIO

PRADEEP SHUKLA & BHUWAN GUPTA

*Assistant Professor, Institute Of Engineering and Technology, Alwar, Rajasthan*

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### ABSTRACT

The paper's contends that the global warming crisis and skyrocketing energy costs are causing businesses of all types to look for more cost-efficient methods of doing business. In this paper I am trying to states that a growing number of companies have benefited from incorporating environmentally responsible systems into their operations. The paper identifies the three particular segments of green consumers and explores the opportunities of businesses that green marketing has. The paper also examines the message of green marketing, explain how green marketing works. The paper considers key areas of green marketing and challenges ahead in green marketing. 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. A summary of the essential factors about the core elements of these issues and important findings is presented in the conclusion

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### INTRODUCTION

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 it or produced and/or packaged in an environmentally friendly way.

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

"Green marketing refers to companies trying to reach out to customers with products and services that are harmonious with natural resources and are manufactured ethically." Acc. To k .Suresh k in his book green marketing concept and cases

Now, some consumers prefer to do without products that are environment hostile and openly boycott them. Instead, they prefer paying a premium for products or services offered by green or environment-friendly companies. Green marketing refers to companies trying to reach out to customers with products and services that are harmonious with natural resources and are manufactured ethically. This is in response to the growing awareness of environmental protection globally after the oil spill by Exxon and other such incidents that harm the environment. Greenpeace and other such organizations contribute by bringing about an awareness of the ozone layer depletion and global warming

### HISTORY OF GREEN MARKETING

- Green marketing began in the 1980's, with the implementation of Corporate Social Responsibility (CSR) Reports which provided an overview of companies' environmental, social, and financial impacts. The government of India launched an Eco-mark Scheme in 1991 to increase consumer awareness in respect of environment friendly products. The aim of the scheme is to encourage the customers to purchase those products which have less harmful environmental impact. Eco label is an environmental claim that appears on the packaging of a product .It is awarded to a manufacturer by an appropriate authority. ISO 14020 is a guide to the award of Eco-labels

### Three 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.

1) *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.

2) *Educating your customers* isn't 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.

3) *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.

Companies have more than one reason to produce "environmentally friendly" products. Sustainability usually encourages efficiency. Creating a sustainable process for manufacture and distribution often results in lower overall costs in the long run. Once companies get over the sticker shock of the capital investments required to renovate and reduce environmental damage, they often realize that net revenues will increase. Profits remain a primary concern in a capitalist economy, as they should, and cost effectiveness is an additional, persuasive, reason to become environmentally friendly.

Although there is spirited debate about the reasoning behind social accountability, the fact remains that corporations are stepping up to become socially accountable. Part of accountability involves the effect a company's actions will have on the environment of their consumers. The movement towards social corporate responsibility encompasses accountability for the environmental impacts of their products, a movement that results in both a reduced impact and recognition for sustainable efforts. Although today's consumers are balancing complex lifestyle choices, environmental awareness is a growing factor in product selection.

With consumers making their own decisions about what "environmentally friendly" means, producers are scrambling to capture the market and convey the sustainability of their products. Although modern consumers are making an active effort to buy more responsibly, many still have little knowledge about what phrases like "100 % natural", "safe for Health" and "ECO Labelling" truly mean. Further confusing the issue are the varying degrees of consumer interest in "green" products. Currently 32% of consumers are classified as those that attempt to buy a green product every time they make a purchase, while 68% of consumers will only occasionally pursue a green option.

## REQUIREMENT OF GREEN MARKETING

On the basis of review the question arise that why the marketer need for green marketing

- The consumers prefer Environmental-Friendly products
- It is compatible with goals of the company
- Customers are Health Conscious
- It satisfies the consumers

Most of the companies are venturing into green marketing because of the following reasons:

### **CASH THE OPPORTUNITY**

In India, around 25% (on the basis of research) prefer environmental-friendly products, and around 28 % are very much conscious about his health. Therefore, green marketers had an expanded and fairly sizeable segment to cater to. The Surf excel detergent which saves water (advertised with the message -"do bucket paani roz bachana" and the energy saving LG consumers durables are examples of green marketing. We also have green buildings which are efficient in their use of energy, water and construction materials, and which reduce the impact on human health and the environment through better design, construction, operation, maintenance and waste disposal. In India, the green building movement, spearheaded by the Confederation of Indian industry (CII) - Godrej Green business Center, has gained tremendous impetus over the last few years. From 20,000 sq ft in 2003, India's green building footprint is now over 25 million sq ft.

### **SOCIAL-RESPONSIBILITY**

Many companies have started realizing that they must behave in an environment-friendly fashion. They believe both in achieving environmental objectives as well as profit related objectives.

1. The HSBC became the world's first bank to go carbon-neutral last year. 2. Tata Group Of Companies also take an initiative for fulfill the Social responsibility
  - Tata motors ltd. is setting up an eco-friendly showroom using natural material for its flooring and energy efficient lights.
  - The Taj chain, is in the process of creating eco-rooms which have energy efficient mini bars, organic bed linen and napkins made up of recycled papers. The rooms will have CFLs or Leds.
3. Launched a low cost water purifier made up of natural ingredients.
4. Developing Indica EV, an electric car that would run on polymer lithium ion batteries.
5. Samsung Launched Solar mobile guru.
6. Battery operated LG TV.

Other examples include Coca-Cola, which has invested in various recycling activities. Walt Disney World in Florida, US, has an extensive waste management program and infrastructure in place.

### **GOVERNMENTAL-PRESSURE**

Various regulations rare framed by the government to protect consumers and the society at large. The Indian government too has developed a framework of legislations to reduce the production of harmful goods and by products. These reduce the industry's production and consumers' consumption of harmful goods, including those detrimental to the environment; for example,

- The ban of plastic bags in Mumbai,
- Prohibition of smoking in public areas, etc
- Introduction of CNG in Delhi
- Badarpur Thermal Power station of NTPC in Delhi is devising ways to utilize coal ash that has been a major source of air and water pollution.
- Barauni refinery of IOC is taken steps for restricting air and water pollutants.

### **COMPETITIVE-PRESSURE**

Many companies take up green marketing to maintain their competitive edge. The green marketing initiatives by niche companies such as Body Shop and Green & Black have prompted many mainline competitors to follow suit.

### **Challenges Ahead**

- Green products require renewable and recyclable material, which is costly
- Requires a technology, which requires huge investment in R & D
- Water treatment technology, which is too costly
- Majority of the people are not aware of green products and their uses
- Majority of the consumers are not willing to pay a premium for green products

### **BENEFITS OF GREEN MARKETING**

Today's consumers are becoming more and more conscious about the environment and are also becoming socially responsible. Therefore, more companies are responsible to consumers' aspirations for environmentally less damaging or neutral products. Many companies want to have an early-mover advantage as they have to eventually move towards becoming green. Some of the advantages of green marketing are,

- It ensures sustained long-term growth along with profitability.
- It saves money in the long run, though initially the cost is more.
- It helps companies market their products and services keeping the environment aspects in mind. It helps in accessing the new markets and enjoying competitive advantage.

Most of the employees also feel proud and responsible to be working for an environmentally responsible company.

### **PROBLEMS OF GREEN MARKETING**

Many organizations want to turn green, as an increasing number of consumers' want to associate themselves with environmental-friendly products. Alongside, one also witnesses confusion among the consumers regarding the products. In particular, one often finds distrust regarding the credibility of green products. Therefore, to ensure consumer confidence, marketers of green products need to be much more transparent, and refrain from breaching any law or standards relating to products or business practices.

### **SUGGESTED SOLUTION**

- a. Environmentally responsible organizations should attempt to minimize their waste
- b. Organization policy
- c. Employee Awareness Program
- d. Effective Communication e. Constantly Refine the Product & Processes

### **PATHS TO GREENNESS**

Green marketing involves focusing on promoting the consumption of green products. Therefore, it becomes the responsibility of the companies to adopt creativity and insight, and be committed to the development of environment-friendly products. This will help the society in the long run. Companies which embark on green marketing should adopt the following principles in their path towards greenness.

- Adopt new technology/ Process or modify existing technology/ Process so as to reduce environmental impact.
- Establish a management control system that will lead to adherence of stringent environmental safety norms.
- Explore possibilities of recycling of the used products so that it can be used to offer similar or other benefits with less wastage.
- Using more environment-friendly raw materials at the production stage itself.

## CONCLUSION

Green marketing should not neglect the economic aspect of marketing. Marketers need to understand the implications of green marketing. As a marketer You must find an opportunity to enhance our product's performance and strengthen your customer's loyalty and command a higher price. Green marketing is still in its infancy and a lot of research is to be done on green marketing to fully explore its potential.

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 countries like India

## GREEN MARKETING CASES

### 1. Philips Light's "Marathon"

Philips Lighting's first shot at marketing a standalone (CFL) bulb was Earth Light, at \$15 each versus 75 cents for incandescent bulbs. The product had difficulty climbing out of its deep green niche. The company re-launched the product as "Marathon," underscoring its new "super long life" positioning and promise of saving \$26 in energy costs over its five-year lifetime. Finally, with the U.S. EPA's Energy Star label to add credibility as well as new sensitivity to rising utility costs and electricity shortages, sales climbed 12 percent in an otherwise flat market.

### 2. Introduction of CNG in Delhi

New Delhi, capital of India, was being polluted at a very fast pace until Supreme court of India forced a change to alternative fuels. In 2002, a directive was issued to completely adopt CNG in all public transport systems to curb pollution.

### 3. Electronics sector

The consumer electronics sector provides room for using green marketing to attract new customers. One example of this is HP promise to cut its global energy use 20 percent by the year 2010. To accomplish this reduction below 2005 levels, The Hewlett-Packard Company announced plans to deliver energy-efficient products and services and institute energy-efficient operating practices in its facilities worldwide

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