

## GREEN MARKETING : CHALLENGES & OPPORTUNITIES FOR INNOVATION AND SUSTAINABLE DEVELOPMENT

**\*DR. PRANAM DHAR, \*\*SOUMYAJIT DAS**

*\*Associate Professor, Department Of Commerce & Management, West Bengal State University, Barasat, West Bengal, Kolkata - 700126.*

*\*\*Asstt. Professor, Department Of Mba, Supreme Knowledge Foundation Group Of Institutions, Hooghly, West Bengal.*

---

### Abstract

Recently, as the environmental protection and green consumption emerge, the public have concerned about the health and environmental protection issues in our residences. This article covers terms and concepts of green marketing, briefly discuss why going green is important and also examine some of the reason that organizations are adopting a green marketing philosophy. These days, only marketing doesn't seem to be working as well as it has in the past. For sustainability and growth a marketer has to consider innovative environment friendly trends .It also focuses some of the opportunities and challenges in green marketing. The main challenges for Green Marketing are Lack of credibility or trust by consumers and end-users, Confusion regarding green or sustainable product claims, Reputational risk from "misleading claims",Liability risk from "greenwashing" under FTC(Federal Trade Commission) Green Guides. The article briefly gives the ideas taken by McDonald's, ITC, NTPC, Philips Light's CFL etc to save environment.

**Keywords:** green marketing, reasons for going green, sustainable development, greenwashing.

---

### 1.0. INTRODUCTION

Although environmental issues influence all human activities, few academic disciplines have integrated green issues into their literature. As society becomes more concerned with the natural environment, businesses have begun to modify their behavior in an attempt to address society's "new" concerns. Some businesses have been quick to accept concepts like environmental management systems and waste minimization, and have integrated environmental issues into all organizational activities. One business area where environmental issues have received a great deal of discussion in the popular and professional press is marketing. Terms like "Green Marketing" and "Environmental Marketing" appear frequently in the popular press. Many governments around the world have become so concerned about green marketing activities that they have attempted to regulate them. For example, in the United States (US) the Federal Trade Commission and the National Association of Attorneys-General have developed extensive documents examining green marketing issues.

### 2.0. FUNDAMENTAL ISSUES FOR DISCUSSION

One of the biggest problems with the green marketing area is that there has been little attempt to academically examine environmental or green marketing. While some literature does exist, it comes from divergent perspectives. This paper attempts 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.

### 3.0. GREEN MARKETING

Unfortunately, a 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, Ozone Friendly, and Environmentally 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 much broader concept, one that can be applied to consumer goods, industrial goods and even services. For example, around the world there are resorts that are beginning to promote themselves as "ecotourist" facilities, i.e., facilities that "specialize" in experiencing nature or operating in a fashion that minimizes their environmental impact. 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.

"Green or Environmental Marketing consists of 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."

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. Indeed the terminology used in this area has varied, it includes: Green Marketing, Environmental Marketing and Ecological Marketing. While green marketing came into prominence in the late 1980s and early 1990s, it was first discussed much earlier.

#### 4.0. IMPORTANCE OF GREEN MARKETING

Green marketing offers business bottom line incentives and top line growth possibilities. While modification of business or production processes may involve start-up costs, it will save money in the long term. For example the cost of installing solar energy is an investment in future energy cost savings. Companies that develop new and improved products and services with environmental impacts in mind give themselves access to new markets, substantially increase profits and enjoy competitive advantages over those marketing non-environmentally responsible alternatives.

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

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. Governmental bodies are forcing firms to become more responsible.
3. Competitors' environmental activities pressure firms to change their environmental marketing activities.
4. Cost factors associated with waste disposal, or reductions in material usage forces firms to modify their behavior.

Green marketing is driving a lot of corporate social responsibilities (CSR) themes today. Some firms are going green for short term benefits while others are looking at it as a long term responsibility and incorporating green as a part of their Corporate DNA. This involves developing and marketing environment friendly products that use sustainable methods and include green packaging and labels.

Consumers worldwide are showing more concern about the environment by preferring environment friendly products.

Among the recent green marketing efforts in India was the NDTV- Toyota Greenathon campaign to support the 'Lighting a Billion Lives' cause by providing solar power

to villages without electricity. Toyota PRIUS the hybrid electric car is another effort in the green space. Hindustan Unilever's 'Save Water' campaign is yet another with the company deciding to launch products that consume less water.

But are all green campaigns really tuned into environmental concern? Consumers will discard 'greenwashing'- green messages that are deceptive of self serving. Marketing primary benefits of green products can broaden their appeal. Actually customers today are looking for more than just functional benefits in their products- they want brands that share their values.

From a holistic point of view green marketing should not only include products or ideas but should have a parallel connection between eco-friendliness and consumer satisfaction. A few companies get caught up in the web of green marketing myopia, wherein the balance between environmental concern and consumer satisfaction is lost.

Sustainability is the biggest challenge for a green campaign, as too the maturity of our consumers. Are our consumers 'green' enough?

#### 5.0. THE SEVEN PS OF GREEN MARKETING

Like conventional marketers, green marketers must address the 'four Ps' in innovative ways.

##### 1. 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.

## 2. 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.

## 3. 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.

## 4. 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 recognizing the value of alliances with other companies, environmental groups and research organizations 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. Publicize stories of the company's and employees' green initiatives. Enter environmental awards programs to profile environmental credentials to customers and stakeholders.

## 5. People

'People' is one of the very important elements of service marketing mix. Here people refer to those who are involved in providing the green services. The most important criteria for the provider of the green services is that the people must be 'green' in their mindsets and in their activities otherwise the performance of green services will be at stake.

## 6. Process

Process is another very important element of service marketing mix. Here process refers to the pedagogy and methodology with the help of which the green services will be provided. It is also very important that the process should be executed such a way so that the main objective of green marketing can be taken care of. The process of green marketing must be executed keeping in mind the greenness of the entire system.

## 7. Physical Evidence

As services are basically intangible in nature so for increasing the credibility and reliability of the service we need to give some tangible touches to the intangibles and that can best be done by giving some physical evidences. In case of Green Marketing the physical evidences must be given from a very much holistic point of view so that the purpose of keeping the greenness of the entire system safely protected.

## 6.0. REASONS FOR 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. For example 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.

The last way in which cost or profit issues may affect firms' environmental marketing activities is that new industries may be developed. This can occur in two ways: 1) a firm develops a technology for reducing waste and sells it to other firms; or 2) a waste recycling or removal industry develops. For example, firms that clean the oil in large industrial condensers increase the life of those condensers, removing the need for replacing the oil, as well as the need to dispose of the waste oil. This reduces operating costs for those owning the condensers and generates revenue for those firms cleaning the oil.

### 7.0. STRATEGIES

The marketing strategies for green marketing include: -

- ❖ Marketing Audit (including internal and external situation analysis)
- ❖ Develop a marketing plan outlining strategies with regard to 4 P's
- ❖ Implement marketing strategies
- ❖ Plan results evaluation
- ❖ Take necessary controlling actions

### 8.0. 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-fluorocarbons) 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 back lash, if it is determined they made the wrong decision in the past.

While governmental regulation is designed to give consumers the opportunity to make better decisions or to motivate them to be more environmentally responsible, there is difficulty in establishing policies that will address all environmental issues. For example, guidelines developed to control environmental marketing address only a very narrow set of issues, i.e., the truthfulness of environmental marketing claims. If governments want to modify consumer behavior they need to establish a different set of regulations. Thus governmental attempts to protect the environment may result in a proliferation of regulations and guidelines, with no one central controlling body.

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.

#### 9.0. 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
- Lack of credibility or trust by consumers and end-users
- Confusion regarding green or sustainable product claims
- Reputational risk from "misleading claims"
- Liability risk from "greenwashing" under FTC Green Guides

#### 10.0. SOME CASES

- ◆ McDonald's restaurant's napkins, bags are made of recycled paper.
- ◆ Coca-Cola pumped syrup directly from tank instead of plastic which saved 68 million pound/year.
- ◆ 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.

#### 11.0. CONCLUSION

Green marketing covers more than a firm's marketing claims. While firms must bear much of the responsibility for environmental degradation, ultimately it is consumers who demand goods, and thus create environmental problems. One example of this is where McDonald's is often blamed for polluting the environment because much of their packaging finishes up as roadside waste. It must be remembered that it is the uncaring consumer who chooses to dispose of their waste in an inappropriate fashion. While firms can have a great impact on the natural environment, the responsibility should not be theirs alone. It appears that consumers are not overly committed to improving their environment and may be looking to lay too much responsibility on industry and government.

Ultimately green marketing requires that consumers want a cleaner environment and are willing to "pay" for it, possibly through higher priced goods, modified individual lifestyles, or even governmental intervention. Until this occurs it will be difficult for firms alone to lead the green marketing revolution. It must not be forgotten that the industrial buyer also has the ability to pressure suppliers to modify their activities. Thus an environmental committed organization may not only produce goods that have reduced their detrimental impact on the environment, they may also be able to pressure their suppliers to behave in a more environmentally "responsible" fashion. Final consumers and industrial buyers also have the ability to pressure organizations to integrate the environment into their corporate culture and thus ensure all organizations minimize the detrimental environmental impact of their activities. 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.

## REFERENCES

Crane, A. (2000), "Facing the backlash: green marketing and strategic re-orientation in the 1990s", *Journal of Strategic Marketing*, Vol.8, No.3, , pp. 277-96. Elkington, J. (1994), "Towards the sustainable corporation: win win business strategies for sustainable development", *California Management Review*, Vol. 36 No.2 pp. 90-100. Mintel (1991). London, The green consumer report. Ottman, J.A. (1993), *Green Marketing: Challenges and opportunities*, NTC Business Books, Chicago, IL. Porter, M.E., Van der Linde (1995), "Green and competitive: ending the stalemate", *Harvard Business Review*, Vol.73, No.5, pp.120-33. Shelton, R.D. (1994), "Hitting the green wall: why corporate programs get stalled", *Corporate Environmental Strategy*, Vol.2, No.2, pp.5-11. Smithe, T. (1998), "The Green Marketing Myth: Tending out Goats at the Edge of Apocalypse, university of Toronto press, Toronto. Wong, V., Turner, W., Stoneman, P.(1996), "Marketing strategies and market prospects for environmentally-friendly consumer products", *British Journal of Management*, Vol.7, No.3, pp.263-81.