

CONTEMPORARY GREEN MARKETING - BRIEF REFERENCE TO INDIAN SCENARIO

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ABSTRACT

In the modern era of globalization, it has become a challenge to keep the customers as well as consumers in fold and even keep our natural environment safe and that is the biggest need of the time. Environmental pollution is a buzz word in today's business environment. Consumers are also aware of the environmental issues like; global warming and the impact of environmental pollution. Green marketing is a phenomenon which has developed particular important in the modern market and has emerged as an important concept in India as in other parts of the developing and developed world, and is seen as an important strategy of facilitating sustainable development. In this research paper, main emphasis has been made of concept, need and importance of green marketing. Data has to be collected from multiple sources of evidence to understand the importance of green and sustainability management, in addition to books, journals, websites, and news papers. The Paper aims at finding out what actually Green Marketing is all about and how can a business firm be more competitive by using green marketing strategies to gain a competitive edge over others. It explores the main issues in adoption of green marketing practices. The paper describes the current Scenario of Indian market and explores the challenges and opportunities businesses have with green marketing. Why companies are adopting it and future of green marketing and concludes that green marketing is something that will continuously grow in both practice and demand.

KEYWORDS: Green Marketing, Globalization, Sustainability.

GREEN MARKETING- 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 "Green Marketing".

Green marketing has been an important academic research topic for at least three decades and has been defined in many different ways. According to The American Marketing Association, "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 we can say that Green Marketing involves:

- Manufacturing and providing products to the consumers which are of good quality and at the same time not harmful to them even in long run.
- Use the resources for development in such a manner which will enable the future generations to avail the resources to meet their needs leading to Sustainable Development.
- Framing and implementing policies which will not have any detrimental effect on the environment i.e. at present as well in future.

Thus "Green Marketing" refers to holistic marketing concept wherein the production, marketing consumption and disposal of products and services happen in a manner that is less detrimental to the environment with growing awareness about the implications of global warming, non-biodegradable solid waste, harmful impact of pollutants etc. Both marketers and consumers are becoming increasingly sensitive to the need for switch in to 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 too, in the long run. The first wave of Green Marketing occurred in the 1980s. Two tangible milestones for wave 1 of green marketing came in the form of published books, both of which were called Green Marketing. They were by Ken Peattie (1992) in the United Kingdom and by Jacquelyn Ottoman.

OBJECTIVES OF THE STUDY

- To discuss the need for Green marketing in India from different perspectives.

- To understand the strategy needed for successful Green marketing.
- To study the present scenario and potential of Green marketing in India.
- To study the challenges faced by Green marketers in India.

LITERATURE REVIEW

Green marketing has been an important academic research topic since it came.(Coddinton.1993;Fuller;1999;Ottman,1994).Attention was drawn to the subject in the late 1970's when the American Marketing Association organized the first ever workshop on "Ecological marketing" in 1975 which resulted in the first book on the subject entitled "Ecological Marketing" by Henion and Kinnear in 1976. Peattie and Crane (2005) claims that despite the early development, it was only in the late 1980's that the idea of Green Marketing actually made an appearance because of the consumers growing interest in green products. Green marketing was given prominence in the late 1980s and 1990s after the proceedings of the first workshop on Ecological marketing held in Austin, Texas (US), in 1975. Several books on green marketing began to be published thereafter. The green marketing has evolved over a period of time. According to Peattie (2001), the evolution of green marketing has three phases. First phase was termed as Ecological" green marketing, and during this period all marketing activities were concerned to help environment problems and provide remedies for environmental problems. Second phase was "Environmental" green marketing and the focus shifted on clean technology that involved designing of innovative new products, which take care of pollution and waste issues. Third phase was "Sustainable" green marketing. It came into prominence in the late 1990s and early 2000. During 1990s, the concern for environment increased and resulted in to increasing challenges for the companies (Johri and Sahasakmontri, 1998). Dutta, B. (2009, January) in his article on Green Marketing titled *Sustainable Green Marketing The New Imperative* published in Marketing Mastermind states that Green Marketing involves developing good quality products which can meet consumer needs and wants by focusing on the quality, performance, pricing and convenience in an environment-friendly way. Barkar is of the view that, Companies need to believe first that Green Marketing „can work“ and make diligent efforts

to make necessary product improvements, which deliver performance, and are marketable and profitable. Unruh, G. And Ettenson, R. (2010) in their research article titled, *Growing Green: Three smart paths to developing sustainable products*. Published in Harvard Business Review, is for executives who believe that developing green products make sense for their organization and need to determine the best path forward. The authors have introduced and described three broad strategies that companies can use to align their green goals with their capabilities:

Accentuate: Strategy involves playing up existing or latent green attributes in your current portfolio.

Acquire: Strategy involves buying someone else's green brand.

Architect: Strategy involves architecting green offerings – building them from scratch.

Green marketing mainly focuses on four issues. These issues are: first, importance of green marketing; second, impact of green marketing on firms' competitiveness and performance; third, improving effectiveness of green marketing.

In India green Marketing is a relatively new topic introduced by few multinational companies operating in India like Philips India limited.

GREEN MARKETING-NEED

In the present scenario, challenge is to keep the customers as well as consumers in fold and even keep our natural environment safe – which is the biggest need of the time. Companies may loose many loyal and profitable customers and consumers due to absence of green management. In today's innovative business world of high technology due to growing community and consumer interests in green and socially responsible products, increased community pressure on companies to internalize externalities, such as health issues, neighborhood amenity, climate change; environmental and governmental legalizations and initiatives; innovative technologies and approaches of dealing with pollution, improved resource and energy efficiency, and to retain old (loyal and profitable) customers and consumers, it is very much urgent to implement green marketing. Further green management produces new environment friendly customers which lead to increase in sales and profits of an organization that leads to growth and development of business; it also leads to good public image of the organization. In the present times when the

government regulations around the globe are very strict and the whole world is talking about global warming ,climate change and environment protection the companies would be left with no option but to adopt green marketing otherwise it might be too late to survive in the greener world. The consumer's world over in general and India in particular are increasingly buying energy efficient products. In a nutshell most of the companies are venturing into green marketing because of the following reasons:

- In India, around 25% of the consumers prefer environmental-friendly products, and around 28% may be considered healthy conscious. Therefore, green marketers have diverse and fairly sizeable segments to cater to.
- Many companies have started realizing that they must behave in an environment-friendly fashion and believe both in achieving environmental objectives as well as profit related objectives.
- Various regulations recently framed by the government to protect consumers and the society at large led to the adoption of Green marketing as a compulsion rather than a choice. For example, the ban of plastic bags in many parts of the country, and prohibition of smoking in public areas, etc.
- Many companies take up green marketing to maintain their competitive edge.

GREEN MARKETING –GETTING SUCCESS

To be successful green marketing companies there are a few fundamental rules that will go a long way in shaping the future of the business in the coming years. The fundamental strategy is to use the Four P's suitably modified to meet the needs of Green Marketing, but there are a few points that are needed to be stressed on before embarking on Strategy. They are:

1. Knowing thy Customer: Means making sure that the consumer is aware of and concerned about the issues that your product attempts to address, without which success in green marketing will be difficult to achieve.

2. Educating thy customer: Means educating the people the reasons as to whatever you're doing is not only to protect the environment, but also matters of letting them know why it matters. Otherwise, for a significant portion of your target market, it's a case of "So what?", "Does it matter to me?" and your green marketing campaign goes nowhere.

3. Genuineness & Transparency to thy customer: It shows that **a)** In reality you are actually practicing, what you claim to be doing in your green marketing campaign and **b)** your business policies are in lieu with whatever you are doing that's eco 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.

4. Reassuring thy Buyer: Means that the customers must be made to believe that the product being offered shall fulfill the objective or purpose for which it has been purchase i.e.-no compromise in product quality in the name of the environment.

5. Pricing for thy customer: Means making sure that consumers can afford the premium and feel it's worth it, which is being charged for your product, as many environmentally preferable products cost more due to economies of scale and use of higher-quality ingredients.

6. Giving thy 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, at same time keep in view the changed expectations of the customers.

The Four Ps of Green Marketing

Like conventional marketers, green marketers must address the 'Four Ps' in new perspective in view of changed scenario:

Product-

Marketers wanting to exploit emerging green market 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.

- Products that can be recycled or reused.
- Efficient products, which save water, energy or gasoline, save money and reduce Environmental impact.
- Products with environmentally responsible packaging.
- 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.
- A service that rents or loans products – such as toy libraries.
- Certified products, which meet or exceed environmentally responsible criteria.

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.

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 emphasize 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 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.

CURRENT SCENARIO-INDIA

Many analysts are predicting that 2011 will be a make-or-break-it year for many green businesses as increasing competition in the green sector drives some businesses to new heights of innovation and service while other businesses lag behind. Trends may come and go, and of course, it is impossible for any green business to stay on top of all of them, nor is it worthwhile

to try. However, keeping track of green business trends is a great way to ensure that your business stays fresh, flexible, and creative in the face of new challenges and opportunities, the surest way to green business success in 2011 and beyond.

Consumers - As per research, India is the only country to choose deforestation and air pollution as the most important green issue. India is the only country in which more consumers say it should be developing countries that should focus on green innovation versus developed countries. The results of the recently released 2011 edition of the Global Image Power green Brands Survey show that concern about the environment by the consumers, is translating into a willingness to pay for a premium for green products. 64% of Indian consumers indicate that they plan to spend more on green products next year. Furthermore consistent with emerging countries, Indians are willing to pay a green premium price, with 48% of Indians willing to spend 10% more on a product simply because it is green. Consumers in India are trusting of green advertising compared to other countries, with 86% of Indian consumers reporting that advertising about green products help them in making choices. In India 28% of consumers intend to purchase auto in the next year as compared to purchase of 16% in last year.

Producers – AMUL has been rated as the Top Indian Green Brand by Global Green Brands survey. The International Dairy federation has also awarded AMUL Green movement as the best Environment Initiative in the “Sustainability Category in 2010. It also has been awarded Srishti”’s good green Governance award for four consecutive years since 2011.

The 2011, top 10 Green Brands in India are:

1. AMUL
2. Dabur India ltd.
3. Infosys
4. Taj Hotels
5. Britannia Industries ltd.
6. Suzlon India
7. Hindustan Unilever Ltd.
8. Wipro technologies ltd.

9. Maruti Udyog Ltd.

10. Godrej Consumer Products

The findings emphasize that today situation being both green and consumer friendly is the only mantra for long term success.

Government- The Indian government has also done its mite in promoting green marketing and eco friendliness by way of banning plastic bags from daily use, helping its automotive industry to develop greener vehicles by supporting hybrid and electric vehicles (EVs), by investing in greener cars the Government of India is capitalizing on an underutilized segment and building an infrastructure that will generate economic growth and reduce emissions. The government took the initiative of promoting green buildings construction, usage of alternate sources of energy by companies. Governmental Bodies are forcing Firms to Become More Responsible. In most cases the government forces the firm to adopt policy which protects the interests of the consumers by reducing production of harmful goods or by products, Modify consumer and industry's use and /or consumption of harmful goods; or, Ensure that all types of consumers have the ability to evaluate the environmental composition of goods.

GREEN MARKETING- CHALLENGES

Although a large number of firms are practicing green marketing, it is not an easy job as there are a number of problems which need to be addressed while Implementing Green marketing.

The major challenges to Green marketing which have to be faced are:

- **New Concept-**Indian literate and urban consumer is getting more aware about the merits of Green products. But it is still a new concept for the masses. The consumer needs to be educated and made aware of the environmental threats. The new green movements need to reach the masses and that will take a lot of time and effort

- **Cost Factor-** Green marketing involves marketing of green products/services, green technology, green power/energy for which a lot of money has to be spent on R&D programmes for their development and subsequent promotional programs which ultimately may lead to increased costs.
- **Convincing customers-**The customers may not believe in the firm's strategy of Green marketing, the firm therefore should ensure that they undertake all possible measures to convince the customer about their green product, the best possible option is by implementing Eco-labeling schemes. Eco-labeling schemes offer its "approval" to "environmentally less harmless" products. In fact the first eco-label program was initiated by Germany in 1978. Sometimes the customers may also not be willing to pay the extra price for the products.
- **Sustainability-** Initially the profits are very low since renewable and recyclable products and green technologies are more expensive. Green marketing will be successful only in long run. Hence the business needs to plan for long term rather than short term strategy and prepare for the same, at the same time it should avoid falling into lure of unethical practices to make profits in short term.
- **Non Cooperation-** The firms practicing Green marketing have to strive hard in convincing the stakeholders and many a times it may fail to convince them about the long term benefits of Green marketing as compared to short term expenses.
- **Avoiding Green Myopia-** Green marketing must satisfy two objectives: improved environmental quality and customer satisfaction. Misjudging either or overemphasizing the former at the expense of the latter can be termed "green marketing myopia."
- In short 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. The green marketing claims of a firm must do the following in order to overcome the challenges :

1. Clearly state environmental benefits;
2. Explain environmental characteristics;
3. Explain how benefits are achieved;
4. Ensure comparative differences are justified;
5. Ensure negative factors are taken into consideration; and
6. Only use meaningful terms and pictures.

CONCLUSION-

Green marketing is not going to be an easy concept. The firm has to plan and then carry out research to find out how feasible it is going to be. Green marketing has to evolve since it is still at its infancy stage. Adoption of Green marketing may not be easy in the short run, but in the long run it will definitely have a positive impact on the firm. Green Marketing is still in the stage of childhood in the Indian companies. The lots of opportunities are available in Indian market.. Customers too are ready to pay premium price for green products. This transformation in consumer's behavior is compelling corporate to think about the harmful impact of their activities on the natural environment of the world. The rapid increase for the environment concern in last two decades is stressing companies to prove the change to ensure the sustainable growth of the society. Green marketing should not be considered as just one more approach to marketing, instead should be pursued with greater vigor as it has societal and environmental dimensions. Marketers also have the responsibility to make the stakeholders aware about the need and the advantages of green products. Organizations are now aware with the fact that without adopting green in the core of their strategy they cannot survive in the present competitive era. Indian FMCG companies are also adopting green to retain their image in the market. The companies are involved in various activities to show their concern for environment as well as society, but at the same time it is necessary for the companies to understand that Green marketing should not overlook the economic aspect of marketing. Green marketing helps in the effective outcomes like

cost cutting, employee satisfaction, waste minimization, society welfare for the companies as well for society also. Only thing required is the determination and commitment from the all the stakeholders of the companies. Marketers also have the responsibility to make the consumers understand the need for and benefits of green products as compared to non-green ones and the benefits they can reap in the future. The green marketers can expect full support of the Government, and the consumers also will not mind paying more for a cleaner and greener environment. Finally, consumers, industrial buyers and suppliers need to promote the positive effects of Green marketing on the environment. Green marketing assumes even more importance and relevance in developing countries in the world like India which should be path breakers and trendsetters for all others to follow.

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