

GREEN MARKETING: A GIMMICK OR THE REAL DEAL?

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ABSTRACT

Green marketing is a phenomenon which has developed particular important in the modern market. Green marketing is the marketing of products or goods that are supposedly believed to be environmentally safe. This concept has enabled for the re-marketing and packaging of existing products which already adhere to such guidelines. Additionally, the development of green marketing has opened the door of opportunity for companies to co-brand their products into separate line, lauding the green-friendliness of some while ignoring that of others. Such marketing techniques will be explained as a direct result of movement in the minds of the consumer market. As a result of this businesses have increased their rate of targeting consumers who are concerned about the environment. These same consumers through their concern are interested in integrating environmental issues into their purchasing decisions through their incorporation into the process and content of the marketing strategy for whatever product may be required. This paper discusses how businesses have increased their rate of targeting green consumers, the reason why companies are adopting it and future of green marketing. The paper identifies important principles which are important to avoid green marketing myopia. The paper also examines the present trends of green marketing in India and concludes that green marketing is something that is continuously growing in both practice and demand.

Key Words: - Green Product, Recyclable, Environmentally safe, Eco Friendly.

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INTRODUCTION

Maintaining ecological balance is a major issue confronting the corporate world today. The damage done to the environment has already crossed the threshold and reached alarming limits. Non-replenishable natural resources are getting depleted at a rapid pace. Generation of waste, including biodegradable pollutants, is increasing enormously. All these negative developments have forced mankind to think more seriously about conserving the environment. Green Marketing is one such initiative towards environment protection, which is gaining popularity. According to the **American Marketing Association**, Green Marketing is

Retailing Definition: The marketing of products that are presumed to be environmentally safe.

Social Marketing Definition: The development and marketing of products designed to minimize negative effects on the physical environment or to improve its quality.

Environmental Definition: The efforts by organizations to produce, promote, package, and reclaim products in a manner that is sensitive or responsive to ecological concerns.

Thus green marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes as well as modifying advertising.

1. EMERGING NEED FOR GREEN MARKETING

The mankind has limited resources on the earth to satisfy their unlimited wants. As firms face limited natural resources, they must develop new or alternative ways of satisfying these unlimited wants. Green marketing looks at how marketing activities utilize these limited resources. Different group of consumers have different levels of environmental concerns and thus different attitudes towards green marketing. There are some reasons for which a marketer should go for the adoption of green marketing.

1.1 Social responsibility

All types of consumers, both individual and industrial are becoming more concerned and aware about the natural environment. So firms are realizing to behave in an environmentally responsible manner and integrating environmental issues into the firm's corporate culture.

1.2 Governmental Pressure

As with all marketing related activities, governments want to "protect" consumers and society; this protection has significant green marketing implications. Governmental

regulations relating to environmental marketing are designed to protect consumers in several ways,

- To reduce production of harmful goods or by-products.
- To ensure that the consumers have the ability to evaluate the environmental composition of goods.
- To modify industry's consumption of harmful goods.
- Introduction of voluntary recycling programs.

For example, some governments have introduced voluntary curbside 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.

1.3 Competitive Pressure

Another major force in the environmental marketing area has been firm's desire to maintain their competitive position. In many cases firms observe competitors promoting their environmental behaviors and attempt to emulate this behavior. In some instances this competitive pressure has caused 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.

1.4 Cost or Profit Issues

Firms may also use green marketing in an attempt to address cost or 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 firms that can reduce harmful wastes may incur substantial cost savings. When attempting to minimize waste, firms are often forced to reexamine 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.

2. GLOBAL SCENARIO IN GREEN MARKETING

The impulse to go “green” is spreading faster than morning glories. Organizations of all types are launching green campaigns- from London’s congestion charge on automobiles to Wal-Mart stores push to sell organic food. According to a 2007 Mckinsey Survey of 7,751 people in Brazil, Canada, China, France, Germany, India, the UK and the US, 87% consumers worry about the environmental and social impact of products they buy. But when it comes to actually buying green goods, words and deeds often part ways. No more than 33 % of consumers of survey are ready to buy green products or have already done so. A global Synovate survey conducted in 2007 in association with Aegis, and repeated in 2008 in association with BBC World, also found that consumers in most countries are becoming more aware and willing to act on environmental concerns.

According to comprehensive global report by Global Industry Analysts Inc. of 2011, the global market of green marketing is projected to reach \$3.5 trillion by the year 2017, driven by the rising awareness about environmental issues among consumers, governments and businesses.

Further, 12% of the US population is identified as “True Greens” by Mintel (a market research firm), who are consumers seeking out and buying green products.

3. GREEN MARKETING IN INDIA

In India, the concept of Green Marketing has been utilizing right from the use of biogas in the villages to using environment-friendly products like bamboo furniture, CFL, etc. In fact, the pottery made from earthenware and the use of traditional *surai* and *matka* for drinking cool water rather than the refrigerator, is another interesting example. Use of steel utensils which are reusable, rather than disposable plates, can also be viewed as a green initiative. The use of coolers rather than air conditioners goes a long way in reducing the carbon footprint. However, these traditional items seem to be gradually losing their sheen, with more and more people using modern gadgets and gizmos.

According to Google Trends report 2007, on a relative basis, more searches for “green marketing” originated from India than from any other country.

4. BARRIERS TO GREENING

There are many concerns regarding the commercial viability of green products, their acceptance by consumers and also how beneficial they are.

4.1 Lack of Awareness

Consumers are equally confused about buying green products and with good reason. Companies should create awareness among consumers regarding green products and facilitate their sales. For example, Honda has run a campaign to build awareness about how fuel efficient its cars fleet is. With an average fuel economy of 30.1 MPG, Honda claims to sell “greener” products (inclusive of both hybrid and conventional engines) that are more than 20% more fuel efficient than the US average over the past 10 years.

4.2 Negative Perceptions

Even when consumers can correctly identify environmentally sound products, the green label sometimes proves to be the kiss of death. Some green products such as Toyota Motor Corp’s “Prius automobile” have become status symbols, but many environmentally friendly products suffer an image problem. According to the 2007 Green Gauge study of more than 2,000 Americans, 61% believe that green goods perform worse than conventional items. Indeed, early green products often trailed behind their conventional competition. Early hybrid cars, for example, had less power than non-hybrid cars. CFL light bulbs also had to overcome problems, early versions were slow to light up, had weak light when they did illuminate, and didn’t fit properly into most normal light fixtures.

4.3 Distrust

A 2007 study by Terra Choice Environmental Marketing Inc. (“The Six Sins of Green washing”) examined 1,753 environmental product claims and found that all but one were misleading or just plain false. In the misleading category, some companies tout product features that are actually mandated by law. For example, insecticides, lubricants, oven cleaner gels, cleaners, and disinfectants all labeled as CFC-free. But no products sold today in the United States have CFCs, because the federal government banned the ozone-eating propellants almost three decades ago. Other companies mislead consumers by highlighting one positive product feature while not mentioning their other negative qualities.

4.4 High Prices

Price is considered as the largest barrier for buying green products, found the U.K. Department for Environment, Food, and Rural Affairs in its 2007 survey of 3,600 U.K. consumers. Sometimes, the markets are not mature enough to accept green products because of their high price as compared to the non-green equivalents. As in case of Honda’s hybrid

car, green products have to be made more affordable in order to increase their acceptance. Otherwise, customers may not see any benefit in paying a high price for a product, when a cheaper substitute is available.

5. BREAKING DOWN BARRIERS: KEYS TO SUCCESSFUL GREEN MARKETING

Knowing what stops consumers from buying green products is only half the battle. The other half knows how to break down these barriers. Below are the ways which companies should consider for removing the hurdles between green thoughts and green acts.

5.1 Know your customer

Make sure that the consumer is aware of and concerned about the issues that your product attempts to address. For example, Whirlpool learned the hard way that consumers wouldn't pay a premium for a CFC-free refrigerator because consumers didn't know what CFCs were.

5.2 Empower consumers

Make sure that consumers feel, by themselves or in concert with all the other users of your product, that they can make a difference. This is called "empowerment" and it's the main reason why consumers buy greener products.

5.3 Be transparent

Consumers must believe in the legitimacy of your product and the specific claims you are making. This means that

- Companies are actually doing what they claim to be doing in their green marketing campaign, and
- The rest of their business policies are consistent with whatever they are doing that's environmentally friendly.

Both these conditions have to be met for business to establish the kind of environmental credentials that will allow a green marketing campaign to succeed.

5.4 Reassure the buyer

Consumers must be made to believe that the product performs the job it is supposed to do; they won't forego product quality in the name of the environment.

5.5 Consider your pricing

If companies are charging a premium for their product and many environmentally preferable products cost more due to economies of scale and use of higher-quality ingredients, make sure that consumers can afford the premium and feel it's worth it.

5.6 Give your customers an Opportunity to participate

This means personalizing the benefits of your environmentally friendly actions, normally through letting the customer take part in positive environmental action.

6. GREEN INITIATIVES TAKEN BY SOME COMPANIES IN INDIA

Many companies in India are adopting green for capturing market opportunity of green marketing. Listed below are examples of some Indian companies which have taken a green initiative. This shows a commitment of companies, either as part of their corporate social responsibility or otherwise, to do something worthwhile in this direction.

- **Idea Cellular** implemented its national campaign 'Use Mobile, Save Paper'. The company organized Green Pledge campaigns to save paper and trees. Idea decorated bus shelters with potted plants and tendrils climbers to communicate the green message.
- **Nokia's** policy is to reduce the environmental impact of its products. It has taken the initiative to take back, recover useful materials and dispose of waste in a manner that causes least harm to the environment
- **IBM** is selling green solutions to corporate data centers where energy constraints and costs are limiting their ability to grow, with the promise that the energy costs would be reduced by half.
- **Wipro Infotech (Green It)** was India's first company to launch environment friendly computer peripherals. For the Indian market, Wipro has launched a new range of desktops and laptops called Wipro Greenware. These products are RoHS (Restriction of Hazardous Substances) compliant thus reducing e-waste in the environment.
- **Samsung**, in fact, offers a host of eco-friendly products. It was the first to launch eco-friendly mobile handsets (made of renewable materials) – W510 and F268- in India.
- **Tamilnadu Newsprint and Papers Limited (TNPL)** was awarded the Green Business Leadership Award in the pulp and paper sector for the year 2009-10, based on the EVI Green Business Survey conducted by Financial Express and Emergent Ventures India. This was given in recognition of two clean development mechanism projects implemented by the

company generating biogas from bagasse wash water, and using the same as a substitute for furnace oil.

- **Oil and Natural Gas Corporation Ltd (ONGC)**, India's largest oil company, has introduced energy-efficient Mokshada Green Crematorium, which saves 60 to 70% of wood and a fourth of the burning time per cremation.
- **Reva**, India's very-own Bangalore-based company was the first in the world to commercially release an electric car. Reva is being sold in countries like UK, Ireland, Belgium, Spain, Cyprus, Greece and Norway.
- **Honda India** introduced its Civic Hybrid car. However, initially it was unable to sell the same due to the high price. The price was reduced to Rs. 8 lakh, and within a day, 98 Civic Hybrids were sold, which was more than what Honda had been able to sell during the previous five months since its launch.
- **Mahindra Group** had launched project Mahindra Hariyali in which 1 million trees would be planted nation-wide by Mahindra employees and other stakeholders including customers, vendors and dealers.
- **ITC** has introduced Paperkraft, a premium range of eco-friendly business paper. The company's social and farm forestry initiative has greened over 80,000 hectares of arid land.
- **IndusInd Bank** installed the country's first solar-powered ATM and thus brought about an eco-savvy change in the Indian banking sector.
- **Suzlon Energy** manufactures and markets wind turbines, which provide an alternative source of energy based on wind power. This green initiative taken by the company is extremely important for reducing the carbon footprint.

7. CONCLUSION

Thus, we can conclude that although the government and many private companies have been making an effort to bring about a green mindset among the people and promote green products, a lot still need to be done to make green products truly viable and workable in India. The green marketers in India should carry out heavy promotional campaigns, because a majority of the Indian consumers are not sure about the quality of the green products. They are indecisive whether to pay premium for purchasing green products. They are highly suspicious regarding the real greenness of the eco-friendly products and tend to search for more information before

buying. While consumer awareness can be increased by the government in association with NGOs, it would be more important to develop appropriate and affordable technologies so that green products achieve wider acceptance on a significant scale, so as to make a perceptible impact on protecting the environment. So, Green marketing is not a gimmick, it is a real deal. It can help companies stimulating their sales and profit provided it is utilizing in a proper sense considering legal regulations. Green marketing is gaining importance and the demand for eco-friendly products is increasing due to increased awareness regarding environment conservation.

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