

## GREEN MARKETING - AN OVERVIEW

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### **Abstract**

*The objective of this paper is to examine the need and significance of green marketing and also to evaluate the initiatives taken by the Indian companies and concern for green marketing in their core business values.*

### **Introduction**

According to the American Marketing Association, Green Marketing is the marketing of products that are presumed to be environmentally safe. 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 where several meanings intersect and contradict each other; an example of this will be the existence of varying social, environmental and retail definitions attached to this term. Other similar terms used are Environmental Marketing and Ecological Marketing. The first wave of Green Marketing occurred in the 1980s.

### **Green marketing Mix**

Every company has its own favorite marketing mix. Some have 4 P's and some have 7 P's of marketing mix. The 4 P's of green marketing are that of a conventional marketing but the challenge before marketers is to use 4 P's in an innovative manner.

### **Product**

The ecological objectives in planning products are to reduce resource consumption and pollution and to increase conservation of scarce resources (Keller man, 1978).

### **Price**

Price is a critical and important factor of green marketing mix. Most consumers will only be prepared to pay additional value if there is a perception of extra product value. This value may be improved performance, function, design, visual appeal, or taste. Green marketing should take all these facts into consideration while charging a premium price.

### **Promotion**

There are three types of green advertising: -

- Ads that address a relationship between a product/service and the biophysical environment  
Those that promote a green lifestyle by highlighting a product or service
- Ads that present a corporate image of environmental responsibility

#### **Place**

The choice of where and when to make a product available will have significant impact on the customers. Very few customers will go out of their way to buy green products.

#### **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

#### **Benefits of Green Marketing**

##### **Internal Benefits**

Marketing starts before a business begins advertising or promoting its products. It includes strategies covering product development, pricing and distribution. In addition to helping boost sales, green marketing can help companies reduce operating and production costs, specifically by lowering energy usage. Environmentally sensitive companies are more attractive to potential employees who seek to become part of a positive corporate culture.

##### **External Benefits**

When a business uses energy efficient lighting, heating and cooling, reduces its water use, recycles office materials, organizes employee community cleanup activities, uses recycled materials and creates less waste, it generates positive public relations in its community and industry and with customers. It can advertise itself as a green company or its products as green on its product packaging, in its advertising and on its website. This can create brand preference or loyalty and boost sales and profits. Green marketers also

can qualify as vendors or suppliers with government agencies and businesses that prefer to do business with these types of businesses.

### **Green Marketing Strategies to Earn Consumer Trust**

#### **1. Walk your talk**

- Empower employees. Bring employees up to speed about climate change, clean technology and green consumer behavior. Identify ways to get involved.
- Green your marketing practices. Paper with recycled and/or sustainably harvested content and printed with soy-based inks reduces environmental impacts, as does the use of electronic media to replace printed marketing.

#### **2. Be transparent**

- Provide access to the details of products and corporate practices and actively report on progress.
- Respected nonprofit Global Reporting Initiative works with the United Nations Environment Programme, the ISO and other global groups. Its voluntary global standard and framework measures and reports on economic, environmental and social performance.

#### **3. Enlist the support of third parties**

- Popular and credible forms of third-party support include eco-labels, environmental product declarations and cause marketing.
- Create demand with marketing consistent with eco-label guidelines. Energy Star enjoys strong awareness thanks largely to the promotional efforts of manufacturers of labeled products, public service advertising and retailer efforts.

#### **4. Promote responsible consumption throughout the life cycle**

- It's one thing to design greener products, but minimizing their life-cycle impact requires responsible use and disposal. Consider that more than 90 percent of the energy associated with laundry detergent takes place in the use stage, when water is heated.

#### **5. Focus on primary benefits**

- As discussed in Ottman and colleagues' article "Avoiding Green Marketing Myopia," the surest route to avoiding a greenwasher label may be to avoid using green claims altogether. Eco-aware or not, consumers want to know how products can benefit them personally.

### **Adoption of Green Marketing**

There are basically five reasons for which a marketer should go for the adoption of green marketing. They are -

- Opportunities or competitive advantage
- Corporate social responsibilities (CSR)
- Government pressure
- Competitive pressure
- Cost or profit issues

### **Green Marketing Initiatives By Indian Companies**

#### **Philips Light's Cfl**

Philips Lighting's first shot at marketing a standalone compact fluorescent light (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.

#### **Electronics sector**

The consumer electronics sector provides room for using green marketing to attract new customers. One example of this is HP's 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.

#### **ITC**

ITC has been 'Carbon Positive' three years in a row (sequestering/storing twice the amount of CO<sub>2</sub> than the Company emits). 'Water Positive' six years in a row (creating three times more Rainwater Harvesting potential than ITC's net consumption). Close to 100% solid waste recycling. All Environment, Health and Safety Management Systems in ITC conform to the best international standards. ITC's businesses generate livelihoods for over 5 million people. ITC's globally recognised e-Choupal initiative is the world's largest rural digital infrastructure benefiting over 4 million farming families. ITC's Social and Farm Forestry initiative has greened over 80,000 hectares creating an estimated 35 million person days of employment among the disadvantaged. ITC's Watershed Development Initiative brings precious water to nearly 35,000 hectares of drylands and moisture-stressed areas. ITC's Sustainable Community Development initiatives include women empowerment, supplementary education, integrated animal husbandry programmes.

### **Maruthi: Greening of Supply Chain**

The company has remained ahead of regulatory requirements in pursuit of environment protection and energy conservation at its manufacturing facilities, and in development of products that use fewer natural resources and are environment friendly. The company credited the 'Just-in-Time' philosophy adopted and internalized by the employees as the prime reason that helped to excel in this direction. The company has been promoting 3R since its inception. As a result the company has not only been able to recycle 100% of treated waste water but also reduced fresh water consumption. The company has implemented rain water harvesting to recharge the aquifers. Also, recyclable packing for bought out components is being actively promoted.

The company has been facilitating implementation of Environment Management System (EMS) at its suppliers' end. Regular training programs are conducted for all the suppliers on EMS. Surveys are conducted to assess the vendors who need more guidance. The systems and the environmental performance of suppliers are audited.

The green co-efficient of this system is much better than the conventional system HCL's Environment Management Policy under HCL ecoSafe

The key objective under HCL ecoSafe is targeted at integrating environmental management procedures into its business processes thereby protecting the environment, health, and safety of all its stakeholders. HCL commits to manufacture products that are environment friendly in all respects and are free from hazardous chemicals. HCL ecoSafe focuses on product lifecycle management to ensure that our products right from when they are manufactured, bought by customers, recovered at their end-of-life and recycled after useful life are done in an environmentally responsible manner.

### **Some more Examples**

- 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.
- Public Opinion on Green Marketing:
- Shoppers are thinking green, but not always buying that way, according to a new study released by the Grocery Manufacturers Association (GMA) and Deloitte. The study found that while 54 percent of shoppers indicate that environmental sustainability is a factor in their purchasing decisions, they actually bought green products on just 22 percent of their shopping trips. The survey is the basis of the

GMA-Deloitte report titled Finding the Green in Today's Shoppers: Sustainability Trends and New Shopper Insights and was based on interviews with over 6,400 shoppers.

- Consumers perceive themselves as being environmentally responsible. Successful green marketing requires matching a company's brand attributes with its customers' identity as "green. An article suggested examining green marketing from the perspective of the 4 P's of marketing -- product, price, placement and promotion -- plus a 5th P, "prove it."

\* The survey, by the research firm Global Market Insite, quizzed more than 15,000 online consumers in the U.S. and 16 other countries about their socially conscious business practices.

\* Surprisingly, a large majority of online consumers in the less developed countries of China and India, 91% and 71% respectively, will pay more for socially responsible products, while almost half (47%) of the U.K. respondents indicated they would spend more for these types of goods.

### Conclusion

Green marketing should not neglect the economic aspect of marketing. Marketers need to understand the implications of green marketing. If we think customers are not concerned about environmental issues or will not pay a premium for products that are more eco-responsible, think again. We must find an opportunity to enhance our product's performance and strengthen our customer's loyalty and command a higher price.

So, if today's successful marketing is about appealing to personal values and delivering consumer empowerment, then surely the time is right to inject sustainable development into the marketing mix to help address some of the gritty issues currently facing our planet. Green marketing methods produce highly effective results. They apply all of the steps you need to cut costs, raise response rates and increase growth in the most important marketing metric we are all held accountable for—the bottom line.

### References

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