
Green Marketing : Way to go

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Abstract

Today, we face unprecedented environmental challenges such as climate change, biodiversity loss, pollution and resource scarcity. Time has come to introduce a new type of development, a different focus for economic growth while promoting the efficient use of ecological resources. Many companies are adopting green marketing as a tool to follow the trend of going green. Earlier, industries were attempting to work towards green marketing or for making business environment green in order to be compliant to the Government policy initiatives. Now, companies are taking their own initiatives to create eco friendly products to protect the environment. While steps by companies are appreciated, this alone may not motivate consumers to choose a green brand. There is a need for developing green marketing strategy to influence the final consumer to buy green products.

This paper explains the meaning of green marketing and explores its challenges and opportunities. It also discusses the recent trend of 'sharing' towards going green. This paper also identifies some of the questions that should be answered before a company promotes itself as green. The paper also studies strategies for successful green marketing. At the end, some of the Indian cases are discussed.

Introduction

Unfortunately, a majority of people believe that terms such as green marketing, ecological marketing, Environmental marketing and sustainable marketing refer solely to promotion or advertising of products with environmental characteristics. Terms like recyclable, ozone free, environment friendly are some of the things consumers associate with green marketing. In general, green marketing is a much broader concept. It applies to consumer goods, industrial goods and even to services.

The term Green Marketing came into prominence in the late 1980's and early 1990's. The American

Marketing Association held the first workshop on "Ecological Marketing" in 1975. The proceeding of this workshop resulted in one of the first books on Green Marketing entitled "Ecological marketing".

At this workshop, Ecological marketing was defined as "the study of the positive and negative aspects of marketing activities on pollution, energy depletion and non energy resource depletion." This early

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definition has three components: 1) It is a subset of the overall marketing activity; 2) It examines both the positive and negative activities; 3) a narrow range of environmental issues are examined.

According to Polonsky (1994), 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 occur with minimal detrimental impact on the natural environment. This definition stresses on satisfaction of consumers wants while reducing the harmful impact on environment.

According to American Marketing Association, the green marketing is the marketing of products that are presumed to be environmentally safe. Thus, the 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 are the existence of varying social, environmental and retail definitions attached to this term.

Evolution

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 them.

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 1990's and early 2000.

WHAT CONSTITUTES GREEN PRODUCTS

Although no consumer product has a zero effect on environment, in business terms "green product" and "environmental product" are used commonly to describe those that strive to protect or enhance the natural environment by conserving energy and/or resources and reducing or eliminating use of toxic agents, pollution and waste.

They may also be represented by products which are produced using methods or a process which saves resource or represents a reduction in environment impact in comparison to a competitive or previously available product. We categorize green products into the following areas:

Recycled content

Greenhouse friendly

Water & natural resource saving

Energy efficient

Low-toxicity & chemical free

Fuel efficient

Organic, biodynamic, eco Organic

Towards Sharing Economy

The idea of sharing, collaborating and reselling is nothing new. Neighbours in tight-knit communities have always borrowed an egg in a pinch; we've probably all carpoled for convenience at some point; and girlfriends have forever swapped clothes with each other. What's unique about these behaviours today is how easily these are facilitated by the internet and social media in particular. Prior to digital era, you had to know your neighbours well enough to knock at their doors, you knew who was driving where and when or you had to have friends to give your things to. Now there are a plethora of sites ready to help you buy, swap or donate just about anything you may need.

When products aren't being used to their fullest capacity and through life cycle or when they could be resold on a secondary market, why not take advantage of these unrealized opportunities for profit? This is the goal of "mesh" companies or those companies that use websites and social media to convert a product need into a service offering therefore extending the life and use of each product. For instance, we can take Carpooling.com as an example. Carpooling.com enables people to advertise empty seats in their personal vehicles. The company's International Senior Product Manager Odile Beniflah explained how the tremendous demand for this car-sharing service has grown to two million users a month across 45 countries. She's now preparing for their launch in the U.S. where the average car is used merely one hour per day while having 3-5 empty seats. 'The greatest public transportation infrastructure we have is the empty seats on the road', Beniflah explained.

Sharing Economy to Yield Macroeconomic Benefits

Overall, it seems possible for a healthy national sharing economy to yield many macroeconomic benefits. Sharing services could create countless jobs for entrepreneurs. Sharing options could open up niche or expensive products to much wider consumer markets. Sharing frameworks adopted by manufacturers could extend the money-making capacity of their products without requiring additional production costs.

While ownership and one-time-use will never become obsolete, scarce resources will dictate that they become less frequent in most product categories. For this reason, sharing may very well be the 21st century's miracle way in that it is nearly immune to ecological constraints. After all, efficiencies were gained from the Industrial Age and the Information Age and the greatest efficiencies of all may be yet to come in the Sharing Age.

Green Marketing Opportunities

It appears that all type of consumers both individual and industrial are becoming more concerned and aware about the natural environment.

As per Greendex, the top-scoring consumers of 2012 who 'feel the guilt of their impact' on the environment are in the developing economies of India, China and Brazil in descending order.

Challenges of Green Marketing

Implementing green marketing is not going to be an easy job. Firms have to face many problems while treading towards green marketing. Following challenges need to be taken into account :

- Green marketing encourages production of green products / services with green technology using green power / energy; a lot of money has to be spent on R & D. Thus practicing green marketing initially will be a costly affair.
- The customers may not believe in the firm's strategy of green marketing. The firm therefore should ensure that they convince the customer about their green product. This can be done by implementing Eco labeling schemes.
- Initially, profits will be very low since renewable and recyclable products and green technologies are more expensive. The green marketing will be successful only in the long run.
- Many customers may not be willing to pay a higher price for green products which may affect sales of the company.
- The firm may give up on the green marketing concept or be forced to practice unfair means to cut cost to sustain in competition and thus the entire idea of going green becomes a farce.

The Seven Strategies for the Success of Green Marketing

1. Understand the deeply held environmental and social beliefs and values of consumers and other stakeholders develop a long-term plan to align with them.
2. Create new products and services that balance consumer's desires for quality, convenience, and affordability with minimal adverse

environmental and social impacts over the life of the product.

3. Develop brands that offer practical benefits while empowering and engaging consumers in meaningful ways about the important issues that affect their lives.

4. Establish credibility of efforts by communicating the corporate commitment and striving for complete transparency.

5. Be proactive. Go beyond what is expected from stakeholders. Proactively commit to solve emerging environmental and social problems - and discover competitive advantage in the process.

6. Think holistically. Underscore community with users and with the broad array of the corporate environmental and societal stakeholders.

7. Don't quit. Promote responsible product use and disposal practices. Continuously strive for "zero" impact.

Focus on Consumer's Self Interest

1. Avoid green marketing myopia:

Research indicates that many green products have failed because of green marketing myopia – marketer's myopic focus on their products "greenness" over the broader expectations of consumers or other market players (such as regulators)

2. Quiet Green Marketing:

Underscoring the primary reasons why consumers purchase your brand - sometimes referred to as "quiet green" - can broaden the appeal of your green products and services way beyond the niche of committed green consumers. Quiet green might also help overcome a premium price hurdle. So, it is necessary to focus on communication for greener products on how consumers can protect their health, save money, or keep their home and community safe and clean. It is also necessary to show busy consumers how some environmentally inclined behaviours can save time and effort.

- Does your green product improve health?

Keep in mind that the number one reason why consumers buy greener products is not to "save the planet" but to protect their own health. Categories most closely aligned with health are growing fastest and tend to command the highest premiums.

- Does your product appeal to the style-conscious?

American Apparel was created as a brand that provides excellent working conditions for its employees and uses organic cotton. But, in 2004, when its "sweatshop free" label did not bring in numbers that CEO Dov Charney was hoping for, he switched to promoting a sexy, youthful image for his company - complete with racy, controversial ads with young women. Three years later, the company has 180 stores and revenue estimated at \$380 million. Sounds heretical? Keep in mind that the same sustainably responsible clothing is still being sold to consumers, together with all the same benefits to society and the environment.

- Does your product save consumers money?

Many brands find that their green products benefit neatly translate into something direct and meaningful to the customer, such as energy savings translating into cost savings.

Avoiding Green Marketing Myopia Through 3 C's

Green marketing must satisfy two objectives: improved environmental quality and consumer satisfaction. Misjudging either or overemphasizing the former at the expense of the latter can be termed "green marketing myopia".

Evidence indicates that successful green products have avoided the green marketing myopia by following three important principles:

1. Consumer value positioning

- Design environmental products to perform as good as (or better than) alternatives.

- Promote and deliver the consumer-desired value of environmental products and target relevant consumer market segments.
- Broaden mainstream appeal by bundling (or adding) consumer desired value into environmental products (such as fixed pricing for subscribers of renewable energy)

2. Calibration of consumer knowledge

- Educate consumers with marketing messages that connect environmental product attributes with desired consumer value (for example pesticide free produce is healthier)
- Frame environmental product attributes as “solutions” for consumer needs (for example rechargeable batteries offer longer performance)
- Create engaging and education internet sites about environmental products and desired consumer value.

3. Credibility of product claims

- Produce environmental product for consumer benefit that are specific, meaningful, unpretentious and qualifiable (that is compared with alternatives)
- Procure product endorsements or eco certifications from trustworthy third parties, and educate consumers about the meaning behind these endorsements and eco-certifications.

Indian Cases

Many companies in India are adopting green for capturing opportunities of green marketing. Listed below are some companies, who either as a part of their corporate social responsibility or otherwise has done something worthwhile in this direction.

• Indian Railways

As a part of going Eco Friendly environment, India Railways is now accepting Virtual Reservation Message (VRM) instead of the Reservation Slip.

Virtual Reservation Message (VRM) is a screen shot of the e-ticket displayed through laptops / palmtops / mobile phones.

• Idea cellular

It implemented its national campaign ‘Use Mobile, Save Paper’. The company organized Green pledge campaign to save paper and trees. Idea decorated bus shelters with potted plants and tendril climbers to communicate the green message.

• Reva

India's very own Bangalore based company was the first in the world to commercially release an electric car. Reva is sold in countries like UK, Ireland, Belgium, Spain, Cyprus, Greece and Norway.

• Carpooling

Carpooling sites in India like www.poolmycar.in, www.megacarpool.com help Indian cities reduce pollution, save money and go green. However, security is the foremost and formidable challenge in carpooling.

• ONGC

Oil and Natural Gas Corporation Ltd., India's largest oil company, has introduced energy efficient Mokshada Green Crematorium, which saves 60% to 70% of wood and a fourth of burning time per cremation.

Conclusion

Green marketing uplifts the economical sustainability of a nation. It is still in its infant stage and a lot needs to be done. The push has to come from both sides such as manufacturers and consumers. Both live in the world and have a responsibility to live a healthy life as well as leave the earth in a better state than it was. Manufacturers can design and market products that are eco friendly and help reduce wastages whereas consumers should 1) think before buying and 2) be responsible in their consumption for example turning the tap and light off when not in use.

Creating a sustainable society requires, among other things, that each one of us use only what we need and that we help recapture resources for users in future.

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