

## Green Marketing-Demonstrating a Strong Commitment to the Environment

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### Abstract

*Environmental sustainability is not simply a matter of compliance or risk management. Business is increasingly recognizing the many competitive advantages and business opportunities to be gained from eco-sustainability and green marketing. There is a growing concern for environmental conservation all over the globe. Environmental issues influence all human activities. The new challenges we face are environmental degradation. We have to continue to improve our growth rate, provide basic minimum life support services to a large section of our population and deal with the problems of poverty and unemployment. When household incomes increase, the demand for environmental services ("green" products and services such as organic foods, environmentally friendly packaging, environmentally friendly production and distribution processes) increases faster than the demand for agricultural commodities. As a result, environmental management plays a larger role in the food industry. By keeping in view the emergence of green marketing, this paper is an attempt to address some issues related to the impact of green marketing, role of green marketing in environmental business, the future and benefits of green marketing, and four P's for green marketers with the help of few cases like Wal-Mart, Philips, Car sharing services and HP.*

**Key words:** *Environmental sustainability, Green marketing, Environmental business, Eco-sustainability, Business opportunities*

### Introduction

The vast majority of consumers, however, will ask, "If I use 'green' products, what's in it for me?" In practice, green appeals are not likely to attract main stream consumers unless they also offer a desirable benefit, such as cost-savings or improved product performance. To avoid green marketing myopia, marketers must fulfill consumer needs and interests beyond what is good for the environment. Theodore Levitt introduced the concept of "marketing myopia" in a now-famous and influential article in the Harvard Business Review. The marketing of successfully established green products showcases non-green consumer value, and there are desirable benefits commonly associated with green products. The political process responds to these demands by setting standards and developing public programs. Market participants -- buyers and sellers -- also respond. Consumers and investors now reward farms and agribusinesses that supply desired environmental services along with food and fiber. These market participants are turning to "green" products and the firms that produce them. The

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marketing industry can 'walk the talk' and become the new corporate champions of the environment. Successful green marketers will reap the rewards of healthy profits and improved shareholder value, as well as help make the world a better place in the future.

### **Objectives of the Paper**

1. To know green marketing & its benefits
2. To find out the impact of green marketing.
3. To know the 4P's of green marketing.
4. To know how green products provide an extra edge to the organizations.
5. To identify the future of green marketing.

### **Green Marketing – What it means?**

The promotion of environmentally safe or beneficial products, green marketing began in Europe in the early 1980s when specific products were identified as being harmful to the earth's atmosphere. As a result, new “green” products were introduced that were less damaging to the environment. The concept caught on in the United States and has been gaining steadily ever since. Green Marketing involves developing and promoting products and services that satisfy your customers' wants and needs for quality, performance, affordable pricing and convenience without having a detrimental impact on the environment.

As today's consumers become more conscious of the natural environment, businesses are beginning to modify their own thoughts and behavior in an attempt to address the concerns of consumers. Green marketing is becoming more important to businesses because of the consumer's genuine concerns about our limited resources on the earth. By implementing green marketing measures to save the earth's resources in production, packaging, and operations, businesses are showing consumers they too share the same concerns, boosting their credibility.

### **Advantages/Benefits of Green Marketing**

The marketing of successfully established green products showcases non-green consumer value, and followings are the five desirable benefits of green products:-

1. Efficiency and effectiveness.
2. Health and safety.
3. Performance.
4. Symbolism and status.
5. Convenience

### **The four Ps of Green Marketing**

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

## **Product**

- Identify customers' environmental needs and develop products to address these needs.
- Develop environmentally responsible products to have less impact than competitors.
- Products made from recycled goods, such as Quik'N Tuff housing materials made from recycled broccoli boxes.
- Products that can be recycled or reused.
- Products with environmentally responsible packaging. McDonalds, for example, changed their packaging from polystyrene clamshells to paper.
- 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.
- Certified products, which meet or exceed environmentally responsible criteria.

## **Price**

- Pricing is a critical element of the marketing mix. Most customers will only be prepared to pay a premium if there is a perception of additional product value.
- This value may be improved performance, function, design; visual appeal 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.

## **Place**

- The choice of where and when to make a product available will have significant impact on the customers you attract.
- Very few customers will go out of their way to buy green products merely for the sake of it. Marketers looking to successfully introduce new green products hold, 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 you want to project and allow you to project your own image rather than being dominated or compromised by the image of the venue.
- The location must differentiate you from your 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.
- Promote your green credentials and achievements. Publicise stories of the company's and employees' green initiatives. Enter environmental awards programs to profile environmental credentials to customers and stakeholders.

- Smart green marketers will be able to reinforce environmental credibility by using sustainable marketing and communications tools and practices.

### **Technology, Research and Development**

Agro-environmental services often suffer missing market incentives for two different reasons. Some benefits extend geographically beyond the farm boundary, as with reductions in sediment and nutrients. Other benefits, such as the preservation of biodiversity, fall mostly to future generations. Public investment in developing production systems that reduce environmental wastes and public risk is essential to capture long term social benefits. The new R&D orientation requires increased public funding and an ongoing effort to enhance adoption of BEM i.e. (Business Environmental Management) in agriculture, and to respond to demands for agro-environmental services.

### **What is the Green Business Program?**

The Green Business Program is a successful partnership of environmental agencies and utilities that assist recognize and promote businesses and government agencies that volunteer to operate in a more environmentally responsible way. To be certified "green," participants must be in compliance with all regulations and meet program standards for conserving resources, preventing pollution and minimizing waste. We offer motivated businesses and agencies an easy-to-use framework for improving environmental performance. Over 725 businesses and public agencies have been certified since 1996 bay area wide and over 115 of those are in Santa Clara County.

### **An Organization's got to Know its Limitations**

Consumer demand and willingness to pay for environmental attributes associated with food and fiber products and their production processes; Investment costs and long-run returns to integrated production systems that reduce wastes and conserve environmental services.

BEM transaction and administrative costs for addressing complex problems, such as the protection of biodiversity on public and private lands; and Potential roles of NGOs, for eco-labeling, certification, monitoring, and other services.

A shift toward BEM means that farmers and agribusinesses will have greater access to rewards for producing environmental goods. Private incentives can develop and spread environmentally and economically sustainable production and marketing system innovations. However, public roles remain essential, especially in setting clear performance targets, reducing regulatory risks during transition, delivering management education, and developing science-based innovations for the next generation of food and fiber systems.

## **Few Cases**

### **Wal-Mart Goes from Zero to Hero**

If you've been reading these pages lately, you've seen a succession of stories about Wal-Mart's environmental commitments: its efforts to reduce the toxic ingredients of the products it sells; its five-year plan to reduce packaging; its commitment to green its textile supply chain; its pledge to sell 100 million compact fluorescent light bulbs in 2007; its potentially ravenous appetite for solar; and more.

I'll be honest: I didn't see it coming. The green uttering of the company's CEO, Lee Scott, notwithstanding, it was hard to imagine that this much-maligned, seemingly intransigent company could change much, if at all. But I'll be the first to give credit where it's due. Wal-Mart like Nike, Starbucks, McDonald's, and several other corporations prodded toward sustainability by activists - seems hell bent to be a leader, and appears to be putting its considerable heft behind that notion. And there's much more to come, I've been told by several of the consultants, environs, and others that have been spending more time than they ever imagined in Bentonville, Arkansas.

To be sure, Wal-Mart is far from green, and it has other issues - labor, community, etc. - to clean up before it can be considered a truly "good" company. But over the past year, I've found myself fascinated with the conversations taking place in Bentonville. And if Wal-Mart can embrace green, it feels like anything is possible.

### **Phillips's "Marathon" CFL Light Bulb**

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 % in an otherwise flat market.

### **Car sharing Services**

Car-sharing services address the longer-term solutions to consumer needs for better fuel savings and fewer traffic tie-ups and parking nightmares, to complement the environmental benefit of more open space and reduction of greenhouse gases. They may be thought of as a "time-sharing" system for cars. Consumers who drive less than 7,500 miles a year and do not need a car for work can save thousands of dollars annually by joining one of the many services

springing up, including Zip Car (East Coast), I-GO Car (Chicago), Flex Car (Washington State), and Hour Car (Twin Cities).

### **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.

### **CNG in Delhi**

New Delhi, capital of India, was being polluted at a very fast pace until Supreme Court of India forced a change to alternative fuels. In 2002, a directive was issued to completely adopt CNG in all public transport systems to curb pollution.

### **Renewable Become the New Recycled**

Remember way back in the early 1990s, when "recycled" was the cutting edge of corporate environmental practice? Companies competed over the use and percentage of recycled materials in their products -- mostly because it was a marketable claim that the public readily understood. Now, "green power" is the alluring buzzword, and companies are jumping on board, leapfrogging one another to be seen as the leader, at least for the moment. From Walgreens to Whole Foods, the race is on. Who will build the biggest solar installation? (It's Google's claim for now.) Who will claim the largest purchase of renewable power? (The bragging rights were handed to Wells Fargo in recent months.)

But even the Bush administration's Environmental Protection Agency knows that all these efforts aren't enough. Making a dent in climate change will require tackling some big hairy audacious goals, or at least doing more than buying a few megawatt-hours of wind power. As the stark reality of climate stabilization wedges has demonstrated, big companies need to be doing much more, and doing it much more quickly. Electronic waste, or e-waste, became a focus for several activist groups, which pressed major computer manufacturers to provide the ways and means to take back used machines for decommissioning, reuse, recycling, or other disposition. Largely as the result of boycotts, protests, and shareholder actions, Apple, Dell, HP, and other companies made significant commitments. Green peace shook things up with its ratings of companies' efforts on toxics and recycling, the first such ranking ever made. Things are even more heated on the energy front. Millions of computer servers operating 24/7 -- processing e-mail, operating Web sites, and managing just about everything else in our digital

and wireless world - have become gluttonous energy users. One factoid: A single high-powered rack of computer servers consumes enough energy each year to power a hybrid car across the United States 337 times. And with customers of server and chip manufacturers paying those growing monthly energy bills, computer hardware manufacturers have found themselves in a race to the top, competing on who can be most efficient.

What are the benefits of becoming a Certified Green Business?

- Save money and increase profits.
- Get the marketing advantage.
- Demonstrate community goodwill.
- Publicity and recognition.
- Streamlined environmental assistance.
- Improved operations through innovations.

By successfully participating in the Green Business Program, your business will receive

- Recognition certificate.
- Green Business window decal.
- Use of Green Business logo on marketing materials.
- Ongoing promotions through local advertising and public events.

Even Toyota has seen the average fuel economy of its vehicles decline as it pursued the U.S. market with the fuel-hungry trucks and SUVs that Americans demand. Although public concern over climate change seemed to crystallize this past year, it hasn't been fully reflected in our buying decisions. We're green hypocrites, according to Joel Makower, executive editor of GreenBiz.com. "Consumers remain depressingly ignorant about the environmental impact of what they do," he says. "They find no irony in getting into their SUVs to drive a few miles and buy recycled toilet paper." In other words, American consumers haven't really begun to change their habits. To avert the worst that global warming has in store for us, we may have to make decisions even more radical than the ones business leaders are making now.

### **The Future of Green Marketing**

Clearly, here are many lessons to be learned to avoid green marketing myopia-the short version of all this is that effective green marketing requires applying good marketing principles to make green products desirable for consumers. Rising energy prices, growing pollution and resource consumption in Asia, and political pressures to address climate change are driving innovation toward healthier, more efficient, high-performance products. In short, all marketing will incorporate elements of green marketing. To avoid green marketing myopia, the future success of product dematerialization and more sustainable services will depend on credibly communicating and delivering consumer-desired value in the marketplace. Only then will

product dematerialization steer business onto a more sustainable path.

## **Conclusion**

In the 21st century green products and technologies tools are the competitive advantage. In sum, economic, political and environmental pressures are coalescing to drive cleaner and greener technological innovation in the twenty-first century, and companies that fail to adapt their products and processes accordingly are destined to suffer from the consequences of marketing myopia and creative destruction. At the same time, environmental conditions are deteriorating at an alarming rate, mostly due to consumption-oriented marketing. Therefore, it is suggested that it will require a proactive corporate marketing strategy and active government involvement to encourage green marketing. In addition it must encourage re-consumption of products through re-cycling of waste and excess capacity. Further, it must re-orient its marketing mix to develop and promote environmentally sales products and re-organize itself to achieve this aim. Concurrently, the government must also proactively promote the balancing of ecological and economic activities through regulation, procurement policy, and production policy, reforming the production and consumption practices through mandates, subsidies and incentives.

The marketing practices must shape customer's expectation and deliver them in a manner that creates a win-win situation between cost efficiency and environmental protection, here, the green marketing plays a crucial role in supplementing remedy for the cause of bad environmental and pollution to very great extent.

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