

Issues and Challenges of Green Marketing



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Abstract

In today's business world environmental issues play an important role in marketing. There appears to be a growing interest among the consumers all over the world regarding protection of environment. In certain cases, the more environmental friendly product influences the purchase decision of the consumers, who look to reduce energy consumption and waste generation. It was felt that, when a movement becomes popular, it is then the corporate takes notice of it and attempts to implement it.

The obvious assumption of green marketing is that potential consumers will view a product or service's "greenness" as a benefit and base their buying decision accordingly. The not-so-obvious assumption of green marketing is that consumers will be willing to pay more for green products than they would for a less-green comparable alternative product - an assumption that has not been proven conclusively.

Some experts argue that it is a way to use the environmental benefits of a product or service to promote sales. On the other hand, some participants felt that, consumers will choose products that do not damage the environment over less environmentally friendly products, even if they cost more. With green marketing, advertisers focus on environmental benefits to sell product such as biodegradable diapers, energy-efficient light bulbs, and environmentally safe detergents.

In the modern era of globalization, it has become a challenge to keep the consumers in fold and even keep our natural environment safe and that is the biggest need of the time. Green marketing is a phenomenon which has developed particular importance 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.

This paper introduces the terms and concepts of green marketing, briefly discusses why going green is important and focuses on some of the issues and challenges of green marketing.

Keywords: Consumer, Green Marketing, Environment, Social Responsibility.

Introduction

Green marketing is a vital constituent of the holistic marketing concept today. It is particularly applicable to those businesses that are directly dependent on the physical environment. Thus green marketing plays an important role to promote and reinforce the idea of environmental protection and sustainable development both in the minds of the consumer and the firms. According to American Marketing Association, "Green Marketing is the marketing of products that are presumed to be environmentally safe. Green marketing refers to the process of selling products and/ or services based on whether they are produced in an environmentally friendly way or packed in environmentally friendly way".

Polonsky (1994) defines Green Marketing as, all activities designed to generate and facilitate any exchange 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.

Green marketing has evolved over a period of time. As resources are limited and human wants are unlimited, it is important for the marketers to utilize the resources efficiently without waste as well as to achieve the organisation's objectives. Companies all across the globe have started differentiating their products and services by using "Go-Green" concern and have started utilizing ecological marketing approach as a competitive edge.

Increasing awareness on various environmental issues has led to a shift in the way consumers go about their life. There has been a change

in consumer attitudes towards a green lifestyle. People are actively trying to reduce their negative impact on the environment. However, this is not widespread and is still evolving. Organizations and business however have seen this change in consumer attitudes and are trying to gain an edge in the competitive market by exploiting the potential in the green market industry.

Green marketing definitions can be a little confusing, since green marketing can refer to anything from green product development to the actual advertising campaign itself, referred to alternative names such as sustainable marketing, environmental marketing, green advertising, eco marketing, organic marketing all of which point to similar concepts though perhaps in a more specific fashion, green marketing is essentially a way to brand a marketing message in order to influence the market that it appeals to people's desire to choose products and services that are better for the environment.

Evolution of Green Marketing

The green evolution has evolved steadily over the period of time. Green marketing has experienced a recent resurgence as environmental issues are becoming incorporated into the public psyche; green marketing has been around for several decades. The term Green marketing came into prominence in the late 1980s and early 1990s. The American Marketing Association (AMA) held the first workshop on "Ecological Marketing" in 1975. Ecological marketing was based on the idea that environmental protection and resource conservation can be better advanced through less regulation by the public sector and more enterprise in the private sector. This idea in turn, is based on the premises that the ecologically concerned consumer is a legitimate but largely unused market segment- one that is identifiable, accessible and measurable. In 1970s the importance of small number of environmental issues like oil use or pollution for a narrow range of industries (for example car & chemicals) was framed as something that was relevant to engineers, lawyers and marketers within companies. Green marketing began in 1980's with the implementation of Corporate Social Responsibility (CSR) Report which provide an overview of companies' environmental, social and financial impact. When consumers were able to monitor a company's operational practices, they were better able to understand which companies were wasteful and which were implementing sustainable measures. There were initially three long phases in the evolution of green marketing. 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.

What is Green Marketing

"The holistic management process responsible for identifying, anticipating and satisfying the requirements of customers and society, in a profitable and sustainable way (Peattie, 1995)". Green 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. Terms like Phosphate Free, Recyclable, Refillable, Ozone Friendly, and Environmentally Friendly are some of the things consumers most often associate with green marketing. However, green marketing is a much broader concept, one that can be applied to consumer goods, industrial goods and even services. For example, around the world there are resorts that are beginning to promote themselves as "ecotourist" facilities, i.e., facilities that "specialize" in experiencing nature or operating in a fashion that minimizes their environmental impact (May, (1991), Ingram and Durst, (1989), Troumbis (1991). Thus green marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising.

Thus, it ensures that the interests of the organization and all its consumers are protected, as voluntary exchange will not take place unless both the buyer and seller mutually benefit. There are two slogans like "less environmentally harmful" and "Environmentally friendly". Thus green marketing should look at minimizing environmental harm, if not eliminating it.

Green products stress the straight and tangible benefits provided by greener design, such as energy efficiency or recycled content, rather than stressing the environmental attributes them. Reducing the environmental impact of a product improves the product's overall performance and quality in ways that are important, not just the most dedicated and loyal green consumer but to all consumers. For example, CNG (Converted Natural Gas) use in the vehicles, super-concentrated laundry detergents not only save energy and packaging, they save end space, money and effort. Organically grown food not only better preserves soil and reduces the amount of toxins in the water supply; they have superior taste and health benefits compared to their counterparts. Therefore green product means any product, which is not hazardous for environment and consumer as well, and it also work as a future remedy of negative impact of a product.

The green consumers are the driving forces behind the green marketing process. It is they who drive consumer demand, which in turn encourages improvements in the environmental performance of many products and companies. Thus, for a marketer it is important to identify the types of green consumers. However, consumers may be green but their environmental commitments vary because of their different standards, expectation from producers, demand and buying power. It is thus not efficient to say that the green consumer is one who engages in

green consumption, specifically, consumes in a more sustainable and socially responsible way. A consumer acquires bundle of wants and needs and this is also true for the green consumer. To satisfy those needs businesses have to break down the market into different groups of consumers that differ in their responses to the firm's marketing mix program.

Review of Literature

Pride and Ferrell (1993) stated that Green Marketing also alternatively known as environmental marketing and sustainable marketing refers to an organization's efforts at designing, promoting, pricing and distributing products that will not harm the environment. Polonsky (1994) defines green marketing as a broad range of activities that may include "product modification, changes in the production process, packaging changes as well as modifying advertising activities". Sanjay K. Jain & Gurmeet Kaur (2004) opined that environmentalism have fast emerged as a worldwide phenomenon. Business firms too have risen to the occasion and have started responding to environmental challenges by practicing green marketing strategies. Green consumerism has played a catalytic role in ushering corporate environmentalism and making business firms green marketing oriented. May (1991), Ingram and Durst (1998), Troumbis (1991), help in understanding the concept of green marketing through examples of facilities that 'specialise' in experiencing nature or operating in a fashion that minimizes their environmental impact, e.g. resorts that are promoting themselves as "ecotourist" facilities. Brahma & Dande (2008), The Economic Times, Mumbai, had an article which stated that, Green Ventures India is a subsidiary of New York based asset management firm Green Ventures International. The latter announced a \$300 million India focused fund aimed at renewable energy products and supporting trading in carbon credits. Mangai and Subramaniam (2017) stated that green marketing deals with selling products and services with environmental benefits and product, price, place and promotion are the key components which should be modified or some variance needs to be offered in the marketing mix elements, so as to reduce waste and improve energy efficiency to encourage green marketing. They found that there is a dire necessity to educate and create awareness among the consumers about the green environment and there are many challenges because of which this concept is still blurred. Karna, Hansen & Juslin (2003) interpret that proactive marketers are the most genuine group in implementing environmental marketing voluntarily and seeking competitive advantage through environmental friendliness. The results also give evidence that green values, environmental marketing strategies, structures and functions are logically connected to each other as hypothesized according to the model of environmental marketing used to guide this study. Based on the data collected through a field survey, the paper makes an assessment of the extent of environmental awareness, attitudes and behavior prevalent among consumers in India.

Objectives of the Study

The objectives of this paper are 1) To outline the benefits of Green Marketing, 2) To find out the issues and challenges, if any, in Green Marketing.

Research Methodology

To meet the objectives of this paper, data was collected through primary as well as secondary sources. Secondary sources consisted of Journals, books and newspapers. Primary data was collected through Focused group discussions where three focused groups consisting of ten members each were held. The discussions were moderated, conducted and recorded by the researcher. Members of FDGs were teachers, traders, scholars and at least one green activist. Data was then qualitatively analysed through content analysis.

Findings

Benefits of Green Marketing

It was commonly believed that urban consumers were more conscious of the importance of ecological balance and environmental issues. Most participants felt that more and more consumers are becoming socially responsible. In response to this more companies tend to feel responsible to consumers' aspirations for environmentally less damaging or neutral products. Many companies want to have an early-mover advantage as they have to eventually move towards becoming green. Some of the advantages of green marketing according to the participants were:

1. It ensures sustained long-term growth along with profitability. This is supported by the findings of Keller (1987) and Shearer (1990), who stated that organizations perceive environmental marketing to be an opportunity that can be used to achieve its objectives.
2. It saves money in the long run, though initially the cost is more. Azzone and Marzini (1994), also found that cost factors associated with waste disposal, or reductions in material usage forces firms to modify their behavior.
3. It helps companies market their products and services keeping the environment aspects in mind. It helps in accessing the new markets and enjoying competitive advantage. N AAG (1990), stated that competitors' environmental activities pressure firms to change their environmental marketing activities.
4. Most of the employees also feel proud and responsible to be working for an environmentally responsible company. It improves the image of the organization as a being more socially responsible. Davis (1992), Freeman and Liedtka (1991), Keller (1987), McIntosh (1990), Shearer (1990) reported that organizations believe that they have a moral obligation to be socially responsible.

Issues and Challenges of Green Marketing

The participants also deliberated upon potential issues that must overcome to make green marketing successful. These issues and challenges that came up during the discussion are as follows:

1. Firms using green marketing must ensure that their activities are not misleading to consumers or

- industry, and do not breach any of the regulations or laws dealing with environmental marketing.
- Firms that wish to modify their their products due to increased consumer concern must contend with the fact that consumers' perceptions are sometimes not correct, particularly keeping in mind the green perspective.
 - Sometimes the consumers may be either confused or may distrust the credibility of the green products. Therefore, to ensure consumer confidence, marketers of green products need to be much more transparent, and refrain from breaching any law or standards relating to products or business practices.
 - The green movement still needs to reach the heart of the customer who may not be willing to change their lifestyle or adapt to newer products. Therefore some participants felt that a lot of time and effort will be required before this movement actually reaches the masses.
 - The skepticism of the customers regarding green products may also be due to a lack of standardization or authentication of green claims. A standard quality control board needs to be in place for such labeling.
 - 23 % of the participants raised the issue of 'green myopia', which means focus on going green at the cost of customer satisfaction. The rule of green marketing is focusing on customer benefits because it is not going to help if a product is developed which is absolutely green in various aspects but does not give customer satisfaction.

Almost all the participants emphasized the need to address the skepticism and distrust of the consumers with respect to the genuineness of the green claims made by firms. Some suggestions that came up for firms are:

- Clearly state environmental benefits.
- Explain environmental characteristics.
- Explain how benefits are achieved.
- Ensure comparative differences are justified.
- Ensure negative factors are taken into consideration.
- Only use meaningful terms and pictures in promotion of the products.

Conclusion

Many companies have started realizing the benefits of green marketing and recognize that they must behave in an environment-friendly fashion. They believe both in achieving environmental objectives as well as profit related objectives. The HSBC became the world's first bank to go carbon-neutral last year. Other examples include Coca-Cola, which has invested in various recycling activities.

Various regulations rarely framed by the government to protect consumers and the society at large. The Indian government has developed a framework of legislations to reduce the production of harmful goods and by products. These reduce the industry's production and consumers' consumption of harmful goods, including those detrimental to the environment; for example, the ban of plastic bags and prohibition of smoking in public areas, etc.

Many companies take up green marketing to maintain their competitive edge. The green marketing initiatives by niche companies such as Body Shop and Green & Black have prompted many mainline competitors to follow suit.

Reduction of harmful waste may lead to substantial cost savings. Sometimes, many firms develop symbiotic relationship whereby the waste generated by one company is used by another as a cost - effective raw material. For example, the fly ash generated by thermal power plants, which would otherwise contributed to a gigantic quantum of solid waste, is used to manufacture fly ash bricks for construction purposes.

Green marketing involves focusing on promoting the consumption of green products. Therefore, it becomes the responsibility of the companies to adopt creativity and insight, and be committed to the development of environment-friendly products. This will help the society in the long run. Companies or firms that embark on green marketing should adopt the following principles in their path towards greenness: a) adopt new technology/ Process or modify existing technology/ Process so as to reduce environmental impact. b) establish a management control system that will lead to adherence of stringent environmental safety norms. c) explore possibilities of recycling of the used products so that it can be used to offer similar or other benefits with less wastage and d) use more environment-friendly raw materials at the production stage itself.

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