

Identifying Factors In Green Marketing

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ABSTRACT - Green marketing is a business practice of selling goods showcasing their environmental friendly features. Green marketing applies for a product right from the process of production to the method of advertising and selling.

The development of ecologically safer products, recyclable and biodegradable packaging, energy-efficient operations, and better pollution controls are all aspects of green marketing. Green marketing must satisfy two main objectives: improved environmental quality and customer satisfaction.

This paper is an attempt to explain the concept of green marketing, to identify the underlying factors effecting green practices by business houses. Focus is made to identify the main parameters in green marketing and sub-factors underlying each parameter based on review of literature. The study also focused on the problems faced by companies to employ green marketing, and ways to overcome the hurdles in green marketing.

KEY TERMS: Green marketing, environment standards, green consumer, green procurement, green technology, green transportation.

I. INTRODUCTION

During the past few years the word GREEN is gaining much prominence than anything else, and the credit goes to global warming. Global warming is the result of uncontrolled industrial activities, the foundation for this current situation is laid in 17th century with industrial revolution, resources were adequate and the environment was also clean so this led to uncontrolled industrial activities that resulted in not only eroding natural resources but also causing heavy pollution. If this is not contracted the mere existence of life on this planet will be at stake. The only alternative available is to increase the greenery; any activity that is environmental friendly can be termed as a GREEN activity. In this context GREEN MARKETING plays an important role.

II. GREEN MARKETING

Green marketing is an activity of selling goods and services based on their environmental benefits. So if any product is produced and packaged in an environmental friendly manner, it is green marketing.

The product or production process should help in upgrading environmental quality. Customer satisfaction is the main objective of any marketing activity; if the customer is not satisfied the product will have no future how much environment friendly it may be.

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.

Advances in green marketing include packaging made from recycled paper, phosphate free detergents, refillable containers for cleaning products and bottles using less plastic.

A green activity will be much clear if one understands what is not green. A product or activity is not green if; its raw materials are scarce and hard to get the manufacturing causes excess pollution production process involves excess power usage the product is non-degradable.

III. REVIEW OF LITERATURE

Zhang Xiao-di, Zhang Tie-jun (2000), in their paper focused the rising practices of green marketing globally and its importance towards environmental protection. They observed the importance of green marketing in improving production and marketing practices and making companies

competitive in world markets. The paper focused on studying its significance in market economic conditions and offers suggestions how China can exploit opportunities and meet challenges of green marketing.

Rex, E., & Baumann, H. (2007) conducted a study and observed that ecolabels are important tools of green marketing but its market share is very low. His study suggested, the marketer should concentrate on positioning strategies as to place, price, promotion and promoting creativity instead of promoting labeling.

XiuchengFAN, made a study on Green marketing and sustainability and Marketing to the new generation. The paper highlighted the basis of development of green products and evolution of dozens of green stores in Beijing, Shanghai, Guangzhou and other cities. Also stated several aspects of low carbon consumption like low-emission cars, environmental friendly house ware, and people consider sustainability as new luxury.

E.Chiellini (2008), in his book stated packaging materials can have a negative impact on environment, although environmental pollution seems to be one of the most important issues worrying the customer, they neither realize nor show awareness regarding the importance of recycling and bio-degradable packing. The reason being lack of adequate information and most consumers believe it is government's task to provide incentives to manufacturers to use recyclable and bio degradable packing. The book suggested an aggressive and intensive campaign should be undertaken by consumers worldwide in conjunction with incentives from government.

A study by Elham Rahbar et al. (2011) proposes to determine the effect of green marketing tools on consumer's actual purchase behavior in case of Penang (Malaysia). A survey was carried out on 250 Chinese, Malay, Indian and other races that represent the Penang population. The result revealed that customer's trust in eco-label and eco-brand and their perception of eco-brand show positive and significant impact on their actual purchase behavior. The paper observed that government can promote green marketing can by providing promotional incentives to green products manufacturers and encouraging public to buy products with eco-labels.

China's National Report on Sustainable Development (2012), stated measures to promote the implementation of sustainable development strategies by setting up top-down energy-saving, eco-environmental regulatory agencies, established an energy-saving management system to improve organizations efficiency. Also advocating green consumption through public participation and implementing the systems of standards, certification and energy efficiency labeling to consumer goods and several measures to promote green consumerism.

K.S.Thakur, Sweta Gupta (2012), in their study have observed green marketing as important ingredient of the marketing process for most of the companies, they can improve efficiency and performance through green marketing. In their study, they identified the factors causing the change in trend of advertising and have divided them into individual and external factors, environmental attitude has significant correlation with the environmental concern and income level. The findings suggested that these respondents have high positive attitude and concern regarding green products as well as their income level permits them and are willing to purchase green product⁷.

Mohajan, Haradhan (2012), made a study of environment friendly goods which can be incorporated through product alteration, changes to production process, modifying packaging and advertising. His paper stated that both producers and the customers must be aware about the eco-labeling of the products. The green economy is not only aim at producing clean energy but also for cleaner production processes that reduce environmental impact or improve natural resource use. The paper also proposes improving the practice of green marketing which is presumed to be environmentally safe for the sustainability in the 21st century.

OBJECTIVES OF THE STUDY:

The current paper is a descriptive study based on available data and previous studies made; the paper aims to observe in detail:

- 1). The parameters of green marketing
- 2). The initiatives undertaken by Indian business houses for achieving sustainability.
- 3). Challenges in green marketing and its path to success.

IV. RESEARCH METHODOLOGY

The current study is an empirical research performed to identify the factors concerning GREEN MARKETING. The empirical research relied on secondary data to study the qualitative aspect of the topic. The sources of secondary data included previous studies, magazines and annual reports of business houses. The data is then analyzed and the finding are presented.

V. RESULTS AND DISCUSSION

PARAMETERS OF GREEN MARKETING:

GREEN CONSUMERS: Consumers who use eco-friendly or environmental friendly products and are very much concerned about the environment.

The study identified the following factors in **GREEN CUSTOMERS:**

Use products made from natural ingredients

Use products with little or no packing

Use products made without causing pollution.

Reliability on producer for the sustainable features

Switch to other brands for ecological reasons.
 Pay high price for green products.

GREEN PROCUREMENT: The producer should procure and use sustainable resources in the process of product creation.

The study identified the following factors in GREEN PROCUREMENT:

- Using material which is not harming the environment, obtain goods from green producers or suppliers following environmental standards.
- Encourage suppliers to use bio-degradable material
- Encourage supplier to use recycled material
- Influence suppliers to use less packaging

GREEN TRANSPORTATION: Carbon emissions are one major concern which is effected by both production and consumption, optimization in transport help in reducing these carbon emissions.

The study identified the following factors in GREEN TRANSPORTATION:

- Efficiency in routing and scheduling changes in transportation of material
- Use of energy efficient vehicles
- Locating production units near source of raw material

GREEN TECHNOLOGY: It encompasses a continuously evolving group of methods and materials, from techniques for generating energy to non-toxic cleaning products.

The study identified the following factors in GREEN TECHNOLOGY:

- Use of renewable energy in production process.
- Reuse of water, sewage treatment, etc.
- Solid waste management by the producers.
- Water and air purification to reduce pollution.
- Adoption of better technology and recovery of used material to reduce pollution.

VI. GREEN MARKETING BUSINESS STATISTICS

Many are aware of green marketing and green products but are not opting for them as they are expensive and give fewer benefits.

In India, around 25% of the consumers prefer environmental-friendly products, and around 28% may be considered healthy conscious. Therefore, there is a lot of diverse and fairly sizeable untapped segment in India, which green marketers can serve through offering eco-friendly products for profitability and survival in the era of globalization.

We will have a comparison of existence of green marketing in different countries:

IPSOS/MORI Survey, made by Communications Company TANDBERG questioned people about their environmental consciousness and found;

Table1: TABLE SHOWING PERCENTAGE OF CONSUMERS ECOFRIENDLY

COUNTRY	% OF CONSUMERS Environmental Friendly
US	12
CANADA	60
AUSTRALIA	55
CHINA	52
ITALY	17
RUSSIA	21
INDIA	25

Canada is on top with 60% of people being environmental friendly and ready to buy green products even though little expensive, and US has low percent of people favoring green products only 12% of people are true greens and 34% want to buy green products but are not aware. So, there is large scope for firms who are planning to go for green marketing all over the world.

Another report was conducted by IPSOS over nine countries (US, UK, Germany, France, Spain, Mexico, Brazil, India and China) using over 11,000 online interviews and 18 focus groups. The findings are

79% of consumers would rather buy from companies doing their best to reduce their impact on the environment – this is most marked in China and Brazil, but least in the UK and US

89% of people are likely to buy more green goods in the next 12 months

35% are willing to pay a premium for green goods

74% of consumers feel they can actively contribute to solving Climate Change – this figure is higher in developing countries, but lower in developed countries

Only 11% of respondents strongly feel their respective government is doing enough to tackle Climate Change.

INITIATIVES TAKEN UP BY BUSINESS ORGANISATIONS TOWARDS GREEN MARKETING IN INDIA:

India is growing at 9% annually and expected to double its energy consumption between 2005 and 2030, is under pressure to take action for providing clean environment for all future generations to come.

Many Indian companies have come forward for the cause of environmental concerns and issues requiring immediate attention like: global warming, Water and Air pollution, E-waste.

NTPC Limited has decided to allocate 0.5% of distributable profit annually for its "Research and Development Fund for Sustainable Energy," for undertaking research activities in development of green and pollution free technologies.

Mahindra Group has announced the launch of project Mahindra Hariyali in which 1 million trees will be planted nation-wide by Mahindra employees by 2008.

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.

ITC - Almost 100% of solid waste is recycled.

HCL's Environment Management Policy under HCL ecosafe ensures that the 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.

Most companies are trying to do their part for a better environment.

VII. GREEN MARKETING - CHALLENGES:

As green marketing involves a wide range of activities, it is difficult to really go green. Some major obstacles in the way are;

PRODUCTION COST: Green products require material that is costly, renewable and recyclable material is mostly used which involves cost, thus being production cost high the cost of end product will also be high. For example: Eco fabrics are expensive because low impact dyes are costly and manufacturing locally includes heavy cost. So, cost is becoming the biggest barrier for going green by companies.

TECHNOLOGY: Green products require new technology, which requires huge investment in R&D. The technology thus created should also be environmental friendly.

PERFORMANCE ASSURENCE: Green products do not always guarantee better performance. For example: Phosphate free detergents are environmental friendly but leave clothes less clean than chemical based detergents.

CONSUMER AWARENESS: Majority of people are not aware of green products and their uses. In a country like INDIA where rural, uneducated population is more, creating awareness of green products is difficult.

PREMIUM PRICE: These green products are expensive because of costly raw materials and processes. Most consumers are not willing to pay a premium for these products.

NO ECONOMIES OF SCALE: As demand for green products is less, production is also less, so it is not possible for green producers to benefit economies of scale.

We can say that - habit, confusion, unfamiliarity, doubt of performance, lesser quality or lack of availability is stopping the consumer to become green.

PATH TO GREEN MARKETING:

A product creates its own demand, if it is an improvement over the existing product or if it is a new type of product. Being genuine and by following few simple things the marketer can overcome the challenges of green marketing and easily establish base in consumer's mind about the green product:

Understand the customer and create awareness that the product is green.

Empower consumers by assuring that they can make a difference by making the purchase.

Being transparent and supporting their claims.

Reassure the buyer with proper packaging with information about the product.

Pricing should be adequate.

Government plays a major role in making green marketing successful. If government lays strict norms as to pollution emissions, it will encourage firms and consumers to go for green products like EURO norms for automobile sector, introduction of CNG run vehicles, firms following ISO standards, etc and giving special incentives for less polluting companies, etc and incentives for consumers like waiver of Excise Duty on purchase of electric cars (REVA) in NCR (National Capital Region), etc- green is possible.

VIII. DISCUSSIONS & CONCLUSION

Even though its quiet long time green marketing came into existence, it is still in its infancy. Because of the complications involved in production- industry is not going for green marketing and because of high price-customers are not going for green products. Most cases lack of awareness is the reason for not adopting green marketing.

Gary Akehurst et al. (2012) also observed the factors influencing ecological conscious consumer behavior by analyzing green consumer profile and green purchase behavior. The study found ecological conscious consumer behavior has a positive impact on green purchase behavior, another study by Hans Ruediger Kaufmann et al. (2012) made a study about green buying behavior and factors impacting consumers green buying decisions. The current study goes along with previous studies, the study suggests that firms should take social responsibility and do their part for nature like, McDonald has taken an initiative by replacing restaurant's napkins and bags with recycled paper napkins and bags; similarly Coca-Cola started pumping syrup directly from tank instead of plastic which is saving them 68million/pound per year and reduced use of plastic. With mutual cooperation by industry and society green

marketing can be possible; still a lot of research is to be done to explore its potential.

Most countries being signatories of Kyoto Protocol, are trying to reduce green houses gasses and implement strict pollution control norms, green marketing will be a step forward towards achieving green planet.

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