

A Review on Green Marketing

¹Pavikumar.K, ²Vignesh.M and ³D.Shobana,

^{1,2}Scholar, ³Assistant Professor,

^{1,2,3}Department of IT, Sri Krishna Arts and Science College, Coimbatore, India

Abstract: Although environmental issues influence all human activities, few academic disciplines have integrated green issues into their literature. This is especially true of marketing as society becomes more concerned with the natural environment, businesses have begun to modify their behavior in an attempt to address society's "new" concerns. This paper reviews benefits and importance of green marketing.

Keywords: United Nations Environment Program (UNEP), International Union for Conservation of Nature and Natural Resources (IUCN), African NGOs Environment Network (ANEN), Environment Liaison Center (ELC), European Environment Bureau (EEB).

I. INTRODUCTION

Environmental Movement dates back to 1830s with George Catlin first proposing the idea of national parks in the United States of America in which wildlife would be conserved (United Nations Environment Programme (UNEP), *The Public and Environment*, 1988). However, modern environmentalism began in 1950s but became more active in 1960s with public pressure, which led to National Environmental Policy Act of 1969 in the United States. In 1970s, environmental issues became established as a permanent feature of national and international policy with first Earth Day held in 1970 and first United Conference on the Human Environment held in Stockholm in 1972. To date there are many types of environmental groups ranging from local, national and international groups and Non-governmental organizations (NGOs). Among the better known NGOs which campaign on many separate environmental issues are International Union for Conservation of Nature and Natural Resources (IUCN), The Green Belt Movement of Kenya (1977), The European Environment Bureau (EEB), African NGOs Environment Network (ANEN) and Environment Liaison Center (ELC) based in Nairobi (UNEP, *The public and environment*, 1988).[1]

A. Green Marketing

Green marketing refers to the process of selling products and/or services based on their environmental benefits. Such a product or service may be environmentally friendly in itself or produced and/or packaged in an environmentally friendly way.

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, in my opinion, has not been proven conclusively.

While green marketing is growing greatly as increasing numbers of consumers are willing to back their environmental consciences with their dollars, it can be dangerous. The public tends to be skeptical of green claims to begin with and companies can seriously damage their brands and their sales if a green claim is discovered to be false or contradicted by a company's other products or practices. Green marketing as "consisting of all activities designed to generate and facilitate any exchanges intended to satisfy human needs, such that the satisfaction of these needs and wants occurs, with minimal detrimental impact on the natural environment". This definition is much broader and incorporates much of the traditional components of the conventional marketing definition and also includes the protection of natural environment. For the purpose of this paper Polonsky's definition will be used.[2]

II. GREEN MARKETING AND SUSTAINABLE DEVELOPMENT

Majority of people believe that green marketing refers solely to the promotion or advertising of products with environmental characteristics. Terms like Phosphate Free, Recyclable, Refillable, and Ozone friendly and environmental friendly are some of the things consumers most often associate with green marketing. While these terms are green marketing claims, in general green marketing is a broader concept, one that can be applied to consumer goods and industrial goods and services (Polonsky, 1994). The misconception of green marketing by majority of people makes its definition very critical, yet defining green marketing is not a simple task. Indeed the terminologies and definitions used in this area are varied. The terminologies include; green marketing, Environmental marketing and ecological marketing (Polonsky, 1994). Therefore, there is no universally accepted terminology and definition of green marketing up to today. For the purpose of this paper the term green marketing will be used. According to the American Marketing Association green or ecological marketing refers to the "the study of the positive and negative aspects of marketing activities on pollution, energy depletion and

non-energy resource depletion” (Henion and Kinnear 1976b, 1). According to Herbig et al (1993) green marketing refers “to products and packages that have one or more of the following characteristics; they are less toxic; are more durable; contain reusable materials and/or are made of recyclable materials”.

Green marketing focus on undertaking all marketing activities while protecting the environment. On the other hand sustainable development demands that the future generations inherit the natural environment in the same state or better as inherited by the previous generations. This calls for the protection and improvement of the environment. Therefore, sustainable development is a dependent variable of green marketing and other factors (See fig I conceptual framework of green marketing and sustainable development which illustrates this relationship.)

III. BENEFITS OF USING GREEN MARKETING AND GENERAL STRATEGIES

Environmental concerns present both challenges and opportunities. Enlightened Chief Executive Officers have taken advantage of opportunities by using green marketing strategies which has resulted in various benefits (Ottman, 1997):

- **Profitability:** Green based products create less waste, use fewer raw materials, and saves energy.
- **Competitive advantage:** Companies that are first to put their environmental innovation on the shelf enjoys competitive advantage.
- **Increased market share:** Brand loyalty is near all time low. In fact the percentage of Americans who feel that some brands are worth paying more for is declining. According to a poll conducted by the Porter Novelli consumers viewed company’s record on the environment as an important determinant of their purchase decision.
- **Better products:** Green based products are higher in quality in terms of energy saving, performance, convenience, safety, etc.

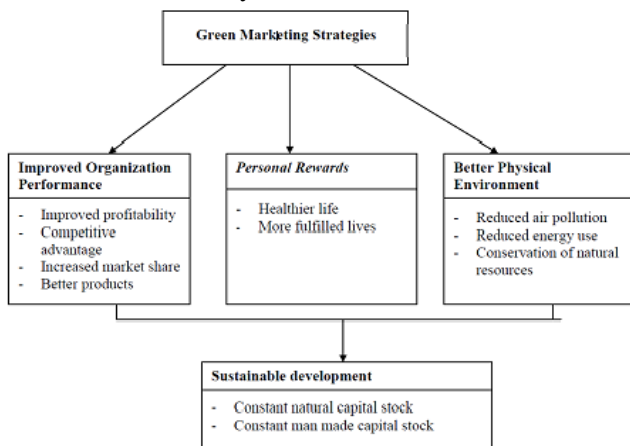


Figure 1: Benefits of Green Marketing

IV. GOLDEN RULES OF GREEN MARKETING

- **Know You're Customer:** Make sure that the consumer is aware of and concerned about the issues that your product attempts to address, (Whirlpool learned the hard way that consumers wouldn't pay a premium for a CFC-free refrigerator because consumers didn't know what CFCs were.).
- **Educating Your Customers:** isn't just a matter of letting people know you're doing whatever you're doing to protect the environment, but also a matter of letting them know why it matters. Otherwise, for a significant portion of your target market, it's a case of "So what?" and your green marketing campaign goes nowhere.
- **Being Genuine & Transparent:** means that a) you are actually doing what you claim to be doing in your green marketing campaign and b) the rest of your business policies are consistent with whatever you are doing that's environmentally friendly. Both these conditions have to be met for your business to establish the kind of environmental credentials that will allow a green marketing campaign to succeed.
- **Reassure The Buyer:** Consumers must be made to believe that the product performs the job it's supposed to do-they won't forego product quality in the name of the environment.
- **Consider Your Pricing:** If you're charging a premium for your product-and many environmentally preferable products cost more due to economies of scale and use of higherquality ingredients-make sure those consumers can afford the premium and feel it's worth it.
- **Giving Your Customers An Opportunity To Participate:** means personalizing the benefits of your environmentally friendly actions, normally through letting the customer take part in positive environmental action.
- **Thus Leading Brands Should Recognize That Consumer Expectations Have Changed:** It is not enough for a company to green its products; consumers expect the products that they purchase pocket friendly and also to help reduce the environmental impact in their own lives too. [3]

V. IMPORTANCE OF GREEN MARKETING

Green marketing offers business bottom line incentives and top line growth possibilities. While modification of business or production processes may involve start-up costs, it will save money in the long term. For example the cost of installing solar energy is an investment in future energy cost savings. Companies that develop new and improved products and services with environmental

impacts in mind give themselves access to new markets, substantially increase profits and enjoy competitive advantages over those marketing non environmentally responsible alternatives. When looking through the literature there are several suggested reasons for firms increased use of Green Marketing. Five possible reasons are as follows:

- Organizations perceives environmental marketing to be an opportunity that can be used to achieve its objectives.
- Organizations believe they have a moral obligation to be more socially responsible.
- Governmental bodies are forcing firms to become more responsible.
- Competitors' environmental activities pressure firms to change their environmental marketing activities.
- Cost factors associated with waste disposal, or reductions in material usage forces firms to modify their behavior. THE FOUR Ps OF GREEN MARKETING Like conventional marketers, green marketers must address the 'four Ps' in innovative ways.[5]

CONCLUSION

Green marketing should not neglect the economic aspect of marketing. Marketers need to understand the implications of green marketing. Green marketing is still in its infancy and a lot of research is to be done on green marketing to

fully explore its potential. Marketers also have the responsibility to make the consumers understand the need for and benefits of green products as compared to non-green ones. In green marketing, consumers are willing to pay more to maintain a cleaner and greener environment. Finally, consumers, industrial buyers and suppliers need to pressurize the minimizing of the negative effects on the environment. Green marketing assumes even more importance and relevance in developing countries like India.

[5]

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