



## Green Marketing and Rural Marketing- Drivers for Marketing Paradigms in India

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### KEYWORDS :

**Introduction:** The concept of marketing has undergone many modifications since its inception. The customer preferences have always kept changing. There was a time when customer demanded just a basic product which can satisfy his needs. But now the customer demands much more than the basic products. The marketers are continuously coming out with innovations to meet growing demands from the customers. The marketers bring innovations by taking existing problems as the opportunity for them. The two existing serious issues in India are environment and development of rural areas. There is a continuous degradation of environment. The growing air pollution, noise pollution, level of carbon dioxide in the atmosphere, melting of glaciers, global warming, etc are the issues which are making people worried about the environment. The various studies have shown that an average customer is concern about the environment and they want to purchase products which are good for the environment or atleast not harmful for the environment. The marketers have taken this as an opportunity and gave the concept of 'Green Marketing' i.e marketing of the products which are environment friendly. The second issue in India is the rural development to take care of large rural population. The large rural population has provided a great opportunity to the marketers and, as a result, they came out with the concept of rural marketing. So, this paper discusses 'Green Marketing' and 'Rural Marketing' as the key drivers of the marketing paradigms in India.

**Green Marketing:** 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 occurs, with minimal detrimental impact on the natural environment. (Polonsky et al, 1994). This definition of Green marketing includes the very core of marketing i.e. satisfaction of human needs and wants through exchange process. Moreover this definition also points out that detrimental impact on the environment can only be minimized and cannot be fully eliminated. Dam and Apeldoorn (1996) define green marketing as, "Green marketing focuses on market pull and legislative push towards improved, environmentally friendly corporate performance." The focus of green marketing in this definition is on legislation as well as on corporate performance.

There are many other definitions of Green marketing, the most important among all is the definition given by the American Marketing Association (AMA) which defines green marketing in the following way:

"Green marketing is marketing of products that are presumed to be environmentally safe." Green marketing can additionally be defined as "marketing that includes both the development and the marketing of products designed with minimal negative effects on the environment with the objective of improving its qualities".

### Global Scenario in Green Marketing

The impulse to go "green" is spreading all over the world much faster than ever. All types of organizations are launching green campaigns from McDonald's decision to use cardboard package instead of plastic bags to Idea Cellular's campaign to save paper. According to a survey conducted by McKinsey, a business advisory and counseling company, on 7,751 people in Brazil, Canada, China, France, Germany, India, UK and the USA, 87% of the consumers worry about the environmental

and social impact of the products they buy.

A comprehensive global report by Global Industry Analysts Inc. in 2011 concludes that the global market of green marketing is projected to reach \$ 3.5 trillion by the year 2017 as a result of growing environmental awareness among all stockholders of business i.e. consumers, governments, society, etc.

### Green Marketing in India:

The concept of Green Marketing in India is not new. For example the use of environment friendly biogas in the Indian villages, and the use of 'surahi' and 'matka' for drinking cool water rather than the refrigerator are some of the examples of the green initiatives in rural India. In urban areas as well, there has been a widespread use of energy saving CFL, bamboo furniture, the use of cooler rather than air conditioners is also an example of green initiative. According to Google Trends Report, most searches for Green marketing originated from India than from any other country. Firms have realized that consumers prefer products that do not hurt the natural environment and human health. The firms which are marketing "green products" are having competitive advantage over the firms that are not involved in green marketing. The philosophy of corporate social responsibility (CSR) adopted by many business houses also forces firms to go green as an indication to be more socially responsible. Government bodies also force firms to be more socially responsible. In order to ward off the competition, firms are changing their policies towards Green Marketing. It may be concluded that green marketing percolates across industries.

Some of the Green initiatives taken by the Indian firms are mentioned as under:-

- Idea Cellular implemented its national campaign 'Use Mobile, Save Paper'.
- Nokia started the policy to reduce the environmental impact of its products.
- For the Indian market, Wipro has launched a new range of desktops and laptops called Wipro Green ware.
- Samsung launched eco friendly mobile handsets (made of recyclable materials) in India.
- ONGC introduced energy-efficient Moksha Green crematorium, which saves 60% to 70% of wood and a fourth of the burning time per cremation.
- Bangalore based company Reva, was the first in the world to release an electric car. Reva is in demand in countries like UK, Ireland, Belgium, Spain, Greece and Norway.
- Mahindra group launched a project called "Mahindra Hariyali"
- ITC introduced 'Paper Kraft', a premium range of eco-friendly business paper. This initiative has greened over 80,000 hectares of arid land.

### Challenges to Green Marketing in India:

Green Marketing is popular among many firms these days. The companies are adopting different policies to establish themselves as a "Green Firm" and to have a competitive advantage. But there are many concerns about the commercial viability of green products,

their acceptance by consumers and also how beneficial those products are. There are many challenges faced by firms in marketing Green Products. Some of these challenges are discussed below:

**(1) Attitude of the consumers:** Green attitude of consumers does not change into green behavior. Several studies have shown that consumers show their concern for environment. They claim that they prefer a product which is environment friendly but when they actually buy the product, they do not pay much attention towards the green aspect of the product. The reasons of this are lack of awareness and negative perception about product efficiency.

**(2) High Price:** Price is the main barrier for marketing green products. The markets are not mature enough to accept green products because of their high price as compared to non-green equivalents. Customers do not see any benefit in paying a high price for a product when a cheaper substitute is available.

**(3) Green Marketing Myopia:** Ottman *et al* (2006) gave the concept of 'Green Marketing Myopia' which means that green marketers give too much importance to the environmental features of their products and ignore the other very important aspect of customer satisfaction which is a core of the marketing concept. Many products have failed due to this approach of the marketers.

**Rural Marketing:** In the developing countries, like India, majority of the population lives in villages. 70 % of the Indian population lives in rural areas (Census, 2011), however, development was largely confined to the urban and major towns in India. The opening up of the economy in the 1990s speeded up the development in the rural areas and brought them to the mainstream economy sooner than expected.

#### PRESENT SCENARIO OF RURAL MARKET

Rural India today offers enormous untapped potential to the Indian consumer durable companies and FMCG companies to market their goods and services especially when the urban markets are getting crowded with intensifying competition and saturating demand. The marketers are realizing the increasing prosperity in rural India, which has opened up new opportunities, leading to definite upswing in demand for durable and non durable goods. There are significant changes in the buying and consumption patterns of the rural consumers. Today rural areas are consuming large quantities of industrial and urban manufactured products. Rural marketing has therefore assumed great significance. Indian rural market with its vast size and demand base offers great opportunities to companies. But the great geographical spread, cultural diversity and disparity of incomes among the rural folks are throwing up enormous challenges to rural marketing.

#### Corporate Sector Initiatives in Rural Market Penetration (Shinde, 2013):

Doordarshan TV made pioneering efforts to awaken rural population. It was a government initiative to enlighten and educate the rural people by spreading Doordarshan network across the country into the rural heartland. This exposed them to urban lifestyle. It also provided a platform for manufacturers to advertise their products and services to the rural masses.

- Hindustan Unilever started 'Operation Bharat' to tap the rural markets and sold low-priced sachets.
- ITC Chaupal Sagar, one of the first organized retail effort in rural area, extended its warehouses in to rural shopping- cum-information center offering wide range of products.
- "Sachet" revolution has indeed changed rural market dynamics. Companies are coming out with low priced small pack products to make them affordable to rural consumers. For instance, HUL introduced Lifebuoy soap for Rs.2 and Coca-cola introduced returnable 200 ml glass bottle for Rs.5 for rural markets.
- Ranbaxy Fortis Health World is tying up with Hariayali Kisan Bazaar to enter the rural market.
- Indian Oil is tapping the rural market by opening Kisan Seva Kendras across the rural areas to provide fuel and non fuel services to rural consumers.
- Gaon Chalo' by Tata Tea is a distinctive rural marketing initiative started in the year 2006 in UP. The company partnered with

NGOs with wide reach among UP's rural masses. The project created employment opportunities to village youths. Tata Tea's consolidated market share from rural areas rose from 18% to 26.6%.

- As most rural customers are price sensitive, Nokia launched 7 handsets in the price range of Rs. 1,500 to Rs.5,500 targeting rural customers. Further Nokia is promoting low cost subscription based service called 'Life Tools' which provides information about agriculture that is helpful to rural people.
- The Kisan Seva Kendra is a one stop retail rural outlet of IOC which offers fuel and non fuel products like fertilizers, grocery, tools used for cultivation, seeds, personal care products, auto spares, etc.

#### FMCG- The Rural Market Accelerator (Shinde, 2013):

FMCGs are more fascinating to the rural people. The total market for FMCGs in India is \$15bn. While the share of the urban areas in the total FMCG sales is tapering, that of the rural areas is on the increase. Younger generation in rural areas is now spending more on personal care and grooming products. The share of rural India in the FMCG market is around 54% and is expected to reach 60% in 2010. FMCGs are penetrating more and more households in rural areas due to their innovative and aggressive marketing approaches. According to FICCI in 2007 approx 143 mn people from rural areas used FMCG products compared to 136 mn in 2004. According to the latest estimates released by the Assocham 180 mn rural and semi urban people are using FMCG products with substantial increase in the use of branded consumer goods. Rural India is now being termed as a "high opportunity" region for FMCG products and is projected to yield rich dividends in the years to come as well. Currently, FMCG products are witnessing 10% annual growth in rural India. Prompted by the growing demand in rural areas, FMCG marketers are aiming at improving their presence and market share among rural consumers.

#### Understanding the Potential of Rural Market (Kalotra, 2013):

1. Large Population.
2. Growth in Market
3. IT Penetration in Rural India
4. Impact of Globalization
5. Increasing Income and Purchasing Power
6. Accessibility of Markets
7. Consumer Behavior Changes
8. Competition in Urban Markets
9. New Employment Opportunities
10. Green Revolution
12. Better Credit Facilities through Banks
13. Green Card / Credit Card for Farmers

#### 7.4. Marketing Challenges, Problems, Opportunities (Shinde, 2013):

Rural market has tremendous potential that is yet to be tapped. A small increase in rural income, results in an exponential increase in buying power because of huge population. The major concerns faced by marketers / companies entering rural markets are:

1. Lack of proper transportation facilities and logistic services
2. Implementing appropriate marketing communications taking into account fears, aspirations, needs, culture, habits, and language of the rural consumers.
3. Training the sales force to make them understand the rural mindset and motivating them to go and work in the villages
4. Rampant presence of spurious brands, which are look-alikes and are sold at very low prices when compared to the genuine equivalents
5. Complexities in managing multiple channels of distribution
6. Too many tiers in the distribution system increasing distribution cost.
7. Absence / inadequate warehousing / godown facilities in many parts of rural India.
8. For sustained growth there is a strong need to build assurance and trust about the product quality, service support and company credentials in the minds of rural consumers.
9. Rural market being intensely price sensitive, reaching them at a lower cost is a major challenge; it has to be looked from the perspective of income generation of the farmers.
10. To effectively tap the rural market a brand must associate with

their culture and their personality by utilizing the various rural folk media to reach them in their own language and in large numbers.

11. Rural marketing is complex and the study of the perception of rural consumers is always a difficult task compared to that of the urban consumers

**Conclusion:** Green marketing and rural marketing have emerged as new dimensions for marketing in India. The cut throat competition has forced marketers to identify new segments of customers and target them. The growing problems of environment have made people more environment focus and this forms a segment of customers who are concerned about the environment and who want to buy environment friendly products. Green marketers target this segment of customers. Many firms in India have successfully launched their green products in Indian markets as already discussed in the paper. Idea started green initiative of not using paper. Similarly, IRCTC appeals to its customers not to print e-tickets, if not necessary. There are many other such initiatives taking by firms like Samsung, Nokia, Mahindra, IOC, etc. But there are many challenges in the path of green marketers. The important challenges are green marketing myopia and sins of greenwashing. Green marketers should give special focus about not making false environmental claims as well ensuring customer satisfaction, alongwith green features.

The other important segment for marketers in India is the rural consumer. The rural markets in India have possessed great potential due to large population of rural consumers. The marketers have shown their interest in the Indian rural markets as Indian rural market is now more attractive than Indian urban market. But rural marketing is different from urban marketing in terms of 4P's of marketing. The product design, pricing techniques, ways of promotion and distribution for rural markets is different than that for urban markets. The rural marketing is characterized by small sachets, low price and small quantity, training for farmers, targeting panchayat members, etc. The FMCG firm is a winner in rural markets in India. Likewise, green marketing, rural marketing also faces some challenges. The most important challenge is to provide product of reasonable quality at low prices as rural consumers are not affluent ones and they cannot afford to invest money on the things which are not on their priority list. This has been done by companies by reducing the amount of product and sells it at a lower price.

So the concepts of green marketing and rural marketing have their potential in India. The marketers are alert to this opportunity and they are making of it by introducing many offers which are suitable for green and rural markets. The key to make success of green and rural markets is sustainable success is to innovate.

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