

## A Study on Challenges of Green Marketing: Present Scenario



### Marketing

**KEYWORDS :** Environmental benefit, socially responsible products, Green marketing.

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### ABSTRACT

*As people become more concerned with the natural environment, businesses have begun to modify their behavior in an attempt to address peoples "new" concerns. Green Marketing has created revolution since few years in the market. Attempts are made by business organizations to be in line with environment friendly products to attract customers. This paper is an attempt to study the basic concepts and ideas behind green marketing, importance of green marketing and the challenges which are associated with different aspects of green marketing in the present scenario.*

### INTRODUCTION

There is growing interest among the consumers all over the world regarding protection of environment. Worldwide evidence indicates people are concerned about the environment and are changing their behavior. As a result of recent natural and man-made calamities, both enterprises and customers have commenced to be aware of a series of environmental-protection issues. These days Going green is a common phrase among companies and consumers. Climate Change, reducing energy dependence and costs, excess consumption, burning forests, threatened species and the media attention around them has been an important driver for both consumers and companies to go green.

The term Green Marketing came in the late 1980s and early 1990s, began in Europe in the early 1980s when certain products were found to be harmful to the environment and Society as a whole. Consequently new types of products were created, called "Green product" that would cause less damage to the environment.

According to Peattee (2001), the evolution of green marketing can be divided into three phases; first phase was termed as "Ecological" green marketing, to help solve the Environment problems through remedies. Second phase was 'Environmental' Green Marketing with focus on clean technology that involved designing of innovative new products, when take care of pollution and waste issues. Third phase was "Sustainable" where it becomes essential for companies to produce environment friendly products as the awareness for such products in on the rise as customers are demanding eco-friendly products and technologies.

Green marketing involves developing and promoting products and services that satisfy customers want and need for Quality, Performance, Affordable Pricing and Convenience without having a detrimental input on the environment. As a result of this, green marketing has emerged which speaks for growing market for sustainable and socially responsible products and services.

### OBJECTIVES OF THE STUDY

1. To study the basic concepts and ideas behind green marketing.
2. To study the importance of green marketing.
3. To identify the challenges associated with different aspects of green marketing in the present scenario.

### CONCEPTUAL FRAMEWORK

#### Green Marketing

Green marketing going by 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 your marketing message in

order to capture more of the market by appealing to people's desire to choose products and services that are better for the environment.

According to the American Marketing Association, green marketing is the marketing of products that are presumed to be environmentally safe. Thus green marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising. Yet defining green marketing is not a simple task where several meanings intersect and contradict each other; an example of this will be the existence of varying social, environmental and retail definitions attached to this term.

According to Pride and Ferrel (1993), green marketing refers to the organization's efforts at designing, promoting, pricing and distributing products that will not harm the environment.

### Importance of Green Marketing

Possible Reasons for firms increased use of Green Marketing are:

1. Organizations perceive environmental marketing to be an opportunity that can be used to achieve its objectives [Keller 1987, Shearer 1990];
2. Organizations believe they have a moral obligation to be more socially responsible [Davis 1992, Freeman and Liedtka 1991, Keller 1987, McIntosh 1990, Shearer 1990];
3. Governmental bodies are forcing firms to become more responsible [NAAG 1990];
4. Competitors' environmental activities pressure firms to change their environmental marketing activities [NAAG 1990]; and
5. Cost factors associated with waste disposal, or reductions in material usage forces firms to modify their behavior [Azzone and Manzini 1994].

### Reasons for Companies going Green

**1. Opportunities** - As demand changes, many firms see these changes as an opportunity to exploit and have a competitive advantage over firms marketing non- environmentally responsible alternatives.

**2. Government Pressure** - As with all marketing related activities, governments want to "protect" consumers and society; this protection has significant green marketing implications. Governmental regulations relating to environmental marketing are designed to protect consumers in several ways,

- 1) Reduce production of harmful goods or by- products;
- 2) Modify consumer and industry's use and/or consumption of harmful goods; or
- 3) Ensure that all types of consumers have the ability to evaluate the environmental composition of goods.

Governments establish regulations designed to control the amount of hazardous wastes produced by firms. Many by-products of production are controlled through the issuing of various environmental licenses, thus modifying organizational behavior. In some cases governments try to "induce" final consumers to become more responsible. For example, some governments have introduced voluntary curb-side recycling programs, making it easier for consumers to act responsibly. In other cases governments tax individuals who act in an irresponsible fashion. For example in Australia there is a higher gas tax associated with leaded petrol.

One of the more recent publicized environmental regulations undertaken by governments has been the establishment of guidelines designed to "control" green marketing claims [Polonsky 1994a]. These regulations include the Australian Trade Practices Commission's (TPC) "Environmental Claims in Marketing - A Guideline [TPC 1992], the US Federal Trade Commission's (FTC) "Guides for the Use of Environmental Electronic Green Journal, 1(2), Article 3 (1994).

**3. Competitive Pressure** - Another major force in the environmental marketing area has been firms' desire to maintain their competitive position. In many cases firms observe competitors promoting their environmental behaviors and attempt to emulate this behavior. In some instances this competitive pressure has caused an entire industry to modify and thus reduce its detrimental environmental behavior.

**4. Social Responsibility:** many firms are beginning to realize that they are members of the wider community and therefore must behave in an environmentally responsible fashion. This translates into firms that believe they must achieve environmental objectives as well as profit related objectives. This results in environmental issues being integrated into the firm's corporate culture. Firms in this situation can take two perspectives;

- 1) They can use the fact that they are environmentally responsible as a marketing tool; or
- 2) They can become responsible without promoting this fact.

An example of a firm that does not promote its environmental initiatives is Coca-Cola. They have invested large sums of money in various recycling activities, as well as having modified their packaging to minimize its environmental impact. While being concerned about the environment, Coke has not used this concern as a marketing tool. Thus many consumers may not realize that Coke is a very environmentally committed organization. Another firm who is very environmentally responsible but does not promote this fact, at least outside the organization, is Walt Disney World (WDW). WDW has an extensive waste management program and infrastructure in place, yet these facilities are not highlighted in their general tourist promotional activities (Murphy 1985).

#### 4Ps of Marketing in CSR

**Product** - Address environmental needs

**Price**- Have less environmental impact than competitors Price

**Place**- Environmental benefits play a role but mostly a "bonus"

**Promotion**- Visually emphasizes environment friendliness Support of environmental organizations Promote and publicize green initiatives

#### Examples of companies being environmentally responsible:

- McDonald's replaced its clam shell packaging with waxed paper because of increased consumer concern relating to polystyrene production and Ozone depletion [Gifford 1991, Hume 1991].
- Tuna manufacturers modified their fishing techniques because of the increased concern over driftnet fishing, and the resulting death of dolphins [Advertising Age 1991].
- Xerox introduced a "high quality" recycled photocopier paper in an attempt to satisfy the demands of firms for less

environmentally harmful products.

**5. Cost of Profit Issues** - Firms may also use green marketing in an attempt to address cost or profit related issues. Disposing of environmentally harmful by-products, such as polychlorinated biphenyl (PCB) contaminated oil are becoming increasingly costly and in some cases difficult. Therefore firms that can reduce harmful wastes may incur substantial cost savings. When attempting to minimize waste, firms are often forced to re-examine their production processes. In these cases they often develop more effective production processes that not only reduce waste, but reduce the need for some raw materials. This serves as a double cost savings, since both waste and raw material are reduced. In other cases firms attempt to find end-of-pipe solutions, instead of minimizing waste. In these situations firms try to find markets or uses for their waste materials, where one firm's waste becomes another firm's input of production. One Australian example of this is a firm who produces acidic waste water as a by-product of production and sells it to a firm involved in neutralizing base materials,ing, calibration of consumer knowledge, and credibility of product claims.

#### CHALLENGES OF GREEN MARKETING - Present Scenario

**Polonsky:** One of the main problems is that 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. Other problems are:

##### Need for standardization of the products:

There is no 'yard stick' currently, from where we could certify that the product as organic. Until or unless some of regulatory bodies are involved in providing the certifications, which can be proved helpful to verify the authenticity of the product's characteristics. A standard quality control board needs to be in place for such labeling and licensing.

**New notion:** The new green movements and advocacy programmes need to reach the masses and that will be a time-consuming process. Indian ayurvedic heritage can help to boost up the green marketing for beauty products. Indian consumers have an extensive exposure to healthy living life style such as yoga and natural food taking habits; can be helpful to make out the concept of green marketing thoroughly.

##### Long gestation period require patience perseverance

It has been observed that the investors and corporate need to view the environment as a long-term investment opportunity. It is because of the projects related to 'Green marketing' have a long-gestation period. It requires a lot of patience to get the desired results.

##### Avoiding Green Myopia

The first principle of green-marketing is focusing the customer benefits. i.e that is why consumers buy particular goods and services in their first priority. Isit a right approach and motivate the customers to buy particular brands or even pay a premium for a 'greener' surrogate products. If green product not economical viable, as a result, it will reduce the market acceptability.

Other challenges, associated with 'Green Marketing' are green products which require renewable and recyclable material at the cost effective. It require a modern technology which again huge cost in Research and Development.

##### Challenges in Green Marketing Mix

Every company has its own favorite marketing mix. Some have 4 P's and some have 7 P's of marketing mix. The 4 P's of green marketing are that of a conventional marketing but the challenge before marketers is to use 4 P's in an innovative manner.

##### Product

The ecological objectives in planning products are to reduce resource consumption and pollution and to increase conservation of scarce resources (Keller man, 1978).

**Price**

Price is a critical and important factor of green marketing mix. Most consumers will only be prepared to pay additional value if there is a perception of extra product value. This value may be improved performance, function, design, visual appeal, or taste. Green marketing should take all these facts into consideration while charging a premium price.

**Promotion**

There are three types of green advertising:-

- Ads that address a relationship between a product/service and the biophysical environment
- Those that promote a green lifestyle by highlighting a product or service
- Ads that present a corporate image of environmental responsibility

**Place**

The choice of where and when to make a product available will have significant impact on the customers. Very few customers will go out of their way to buy green products.

**CONCLUSION**

Green marketing has to evolve since it is still at its infancy stage. Adoption of Green marketing may not be easy in the short run, but in the long run it will definitely have a positive impact on the firm. For green marketing to be effective, a company has to do three things; be genuine, educate your customers, and give them the opportunity to participate. Women are likely to be more CSR sensitive than men companies may try targeting products towards women "Green" products should be as effective as "non-green". Communicate quality, performance in addition to sustainable aspects Emphasize the personal benefits. Use terms like "safe", "energy efficient" instead of pure "green" terms Well educated audiences are more analytical and have more questioning mindsets, Use labels in compliance, Provide credible endorsements, facts. (CSR And Gender" Prof. Kellie McElhane). Green marketing should not be considered as just one more approach to marketing, instead should be pursued with greater vigor as it has societal and environmental dimensions. Marketers also have the responsibility to make the stakeholders aware about the need and the advantages of green products.

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