

## **GREEN MARKETING: CHALLENGES AND OPPORTUNITIES FOR BUSINESS**

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### **ABSTRACT**

"Green marketing is a phenomenon which has developed particular importance in the modern market. This concept has endorsed for the re-marketing and packaging of existing products which already follow to such guidelines. Additionally, the development of green marketing has opened the door of opportunity for companies to co-brand their products into separate line, mentioning the green-friendliness of some while ignoring that of others. Such marketing techniques as will be explained are as a direct result of movement in the minds of the consumer market. As a result of this businesses have increased their rate of targeting consumers who are concerned about the environment. These same consumers through their concern are interested in integrating environmental issues into their purchasing decisions through their incorporation into the process and content of the marketing strategy for whatever product may be required. This paper discusses how businesses have increased their rate of targeting green consumers, those who are concerned about the environment and allow it to affect their purchasing decisions. The paper identifies the three particular segments of green consumers and explores the challenges and opportunities businesses have with green marketing. The paper also examines the present trends of green marketing in India and describes the reason why companies are adopting it and future of green marketing and concludes that green marketing is something that will continuously grow in both practice and demand.

**Keywords:** Green Product, Recyclable, Environmentally safe, Eco-Friendly

## **Introduction**

According to the American Marketing Association, green marketing is the marketing of products that are supposed to be environmentally safe. Thus green marketing includes a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising. Yet describing 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. Other similar terms used are Environmental Marketing and Ecological Marketing. Thus "Green Marketing" refers to holistic marketing concept wherein the production, marketing, consumption and disposal of products and services happen in a manner that is less damaging to the environment with growing awareness about the implications of global warming, non-biodegradable solid waste, harmful impact of pollutants etc., both marketers and consumers are becoming increasingly sensitive to the need for switch in to green products and services. While the shift to "green" may appear to be expensive in the short term, it will definitely prove to be essential and valuable, cost-wise too, in the long run

## **Why Green Marketing?**

It is really scary to read these pieces of information as reported in the Times recently: "Air pollution damage to people, crops and wildlife in India". More than 12 other studies in the US, Brazil Europe , Mexico , South Korea and Taiwan have established links between air pollutants and low birth weight premature birth and infant death".

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 organization's objective. So green marketing is inescapable. There is growing interest among the consumers all over the world regarding fortification of environment. Worldwide evidence indicates people are concerned about the environment and are changing their behavior. As a result of this, green

marketing has emerged which speaks for growing market for sustainable and socially responsible products and services.

Green marketing is the process of developing products and services and promoting them to satisfy the customers who prefer products of good quality, performance and suitability at reasonable cost, which at the same time do not have a detrimental impact on the environment.

It includes a broad range of activities like product modification, changing the production process, modified advertising, change in packaging, etc., aimed at reducing the detrimental impact of products and their consumption and disposal on the environment. Companies all over the world are striving to reduce the impact of products and services on the climate and other environmental parameters. Marketers are taking the cue and are going green.

Green marketing is a vital constituent of the holistic marketing concept. It is particularly applicable to businesses that are directly dependent on the physical environment; for example, industries like fishing, processed foods, and tourism and adventures sports. Changes in the physical environment may pose a threat to such industries. Many global players in diverse businesses are now successfully implementing green marketing practices.

**The Three R's of environmentalism are:**

- Reduce
- Reuse and
- Recycle.

**Green Products and its Characteristics**

These products that are manufactured through green technology and that caused no environmental hazards are called green products. Promotion of green technology and green

products is necessary for conservation of natural resources and sustainable development. We can define green products by following measures:

- Products those are originally grown.
- Products those are recyclable, reusable and biodegradable.
- Products with natural ingredients.
- Products containing recycled contents, nontoxic chemical.
- Products contents under approved chemical.
- Products that do not harm or pollute the environment.
- Products that will not be tested on animals.
- Products that have eco-friendly packaging i.e. reusable, refillable containers etc.

### **Goals of Green Marketing**

- Eliminate the concept of waste.
- Re-invent the concept of product.
- Make prices reflect actual and environmental costs.
- Make environmentalism profitable.
- Bringing out product modifications.
- Changing in production processes.
- Packaging changes.
- Modifying advertising

### **Challenges in Green Marketing**

#### **➤ Need for Standardization**

It is found that only 5% of the marketing messages from “Green” campaigns are entirely true and there is a lack of standardization to authenticate these claims. There is no standardization to

authenticate these claims. There is no standardization currently in place to certify a product as organic. Unless some regulatory bodies are involved in providing the certifications there will not be any verifiable means. A standard quality control board needs to be in place for such labeling and licensing.

#### ➤ **New Concept**

Indian literate and urban consumer is getting more aware about the merits of Green products. But it is still a new concept for the masses. The consumer needs to be educated and made aware of the environmental threats. The new green movements need to reach the masses and that will take a lot of time and effort. By India's **Ayurvedic heritage**, Indian consumers do appreciate the importance of using natural and herbal beauty products. Indian consumer is exposed to healthy living lifestyles such as yoga and natural food consumption.

#### ➤ **Patience and Perseverance**

The investors and corporate need to view the environment as a major long-term investment opportunity, the marketers need to look at the long-term benefits from this new green movement. It will require a lot of patience and no immediate results. Since it is a new concept and idea, it will have its own acceptance period.

#### □ **Benefits of Green Marketing**

Today's consumers are becoming more and more conscious about the environment and are also becoming socially responsible. Therefore, more companies are responsible to consumer's 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 are:

- It ensures sustained long term growth along with profitability.

- It saves money in the long run, though initially the cost is more.
- It helps the companies market their products and services keeping the environment aspects in mind.

- **Golden Rules of Green Marketing**

1. **Know your 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.).

2. **Educating your customers:**

It 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 no-where.

3. **Re-assure 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.

4. **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 higher quality ingredients. Make sure those consumers can afford the premium and feel it's worth it.

### **Green Marketing - Adopts by the Firms**

Green marketing has been widely adopted by the firms worldwide and the following are the possible reasons cited for this wide adoption:

1) **Opportunities –**

As demands change, many firms see these changes as an opportunity to be exploited and have a competitive advantage over firms marketing non-environmentally responsible alternatives. Some examples of firms who have strived to become more environmentally responsible, in an attempt to better satisfy their consumer needs are:

- McDonald's replaced its clam shell packaging with waxed paper because of increased consumer concern relating to polystyrene production and Ozone depletion.
- Xerox introduced a "high quality" recycled photocopier paper in an attempt to satisfy the demands of firms for less environmentally harmful products.

2) **Governmental 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 byproducts. Modify consumer and industry's use and consumption of harmful goods
2. 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.

New Delhi, the India's capital was getting polluted gradually at a very fast pace till Supreme Court of India forced a change of fuel on it. In 2002, a directive was issued to completely adopt CNG in all public transport systems to curb pollution.

### **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.

**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.

### **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.

**Some Cases** Interestingly, green marketing continues to be an issue of global interest. In fact, Google Trends reports that, on a relative basis, more searches for green marketing originated from India than from any other country.

<b>Rank</b>	<b>Country</b>
1	INDIA
2	US
3	UK
4	THAILAND
5	AUSTRALIA
6	CANADA
7	CHINA

**EXAMPLE 1: Best Green IT Project: State Bank of India: Green IT@SBI**

By using eco and power friendly equipment in its 10,000 new ATMs, the banking giant has not only saved power costs and earned carbon credits, but also set the right example for others to follow.

SBI is also entered into green service known as “Green Channel Counter”. SBI is providing many services like; paper less banking, no deposit slip, no withdrawal form, no checks, no money transactions form all these transaction are done through SBI shopping & ATM cards.

**State Bank of India turns to wind energy to reduce emissions:** The State Bank of India became the first Indian bank to harness wind energy through a 15-megawatt wind farm developed by Suzlon Energy. The wind farm located in Coimbatore uses 10 Suzlon wind turbines, each with a capacity of 1.5 MW. The wind farm is spread across three states - Tamil Nadu, with 4.5 MW of wind capacity; Maharashtra, with 9 MW; and Gujarat, with 1.5 MW.

### **Best Green IT Project: Company Scenario**

#### **Before Deployment**

- Wastage of energy due to usage of CRTs, conventional lighting, and air conditioning in ATMs.

#### **After Deployment**

- 48508500 KWH of electricity savings, translating to Rs. 24 Cr+ savings in energy bills.

#### **What was deployed?**

- Usage of LCD, LEDs inside ATM and even for signage, and usage of energy efficient ACs.
- Aluminum composite panels were put to use instead of wood based materials in the preparation of sites.
- 30,000 eco-friendly ATMs across India.

### **EXAMPLE 2:**

#### **GM to launch Spark Electra in India**

GM had entered into a technology tie-up with Bangalore based Reva Electric Car Company to produce green cars for the Indian market. While Reva will provide the technology, GM will do the engineering and manufacturing of the green cars.

### **EXAMPLE 3:**

#### **Indian Oil's Green Agenda- Green Initiatives**

- Low Sulphur (0.5%) Diesel was introduced in metros from April 1996.
- Extra-low Sulphur (0.25%) Diesel was introduced in the eco-sensitive Taj Trapezium area from September 1996, in Delhi from October 1997, and across the country from 1st January 2000.
- Diesel with 0.05% sulphur content was introduced in the metros in 2001.
- Unleaded Motor Sprit (petrol or Gasoline) was made available all over the country since February 1, 2000.
- The R&D Centre of Indian Oil is engaged in the formulations of eco-friendly biodegradable lube formulations.

#### **Green Fuel Alternatives**

In the country's pursuit of alternative sources of energy, Indian Oil is focusing on CNG (compressed natural gas), Auto gas (LPG), ethanol blended petrol, bio-diesel, Hydrogen energy.

### **EXAMPLE 4: DELL India**

Dell has introduced two new initiatives designed to promote a green approach towards technology adoption for consumers in India - discount coupons and the Dell Go Green Challenge. These initiatives are the latest in Dell's mission to make "being green" easy and cost-effective for customers.

### **EXAMPLE 5:- Guide to Greener Electronics**

The guide ranks the 18 top manufacturers of personal computers, mobile phones, TVs and games consoles according to their policies on toxic chemicals, recycling and climate change.

- ❑ **Cleanup their Products** by eliminating hazardous substance.
- ❑ **Take back & Recycle** products responsibly once they become obsolete.
- ❑ **Reduce the climate Impact** of their operations and products.

### **Present Trends in Green Marketing in India**

➤ **Organizations are Perceive Environmental marketing as an Opportunity to achieve its objectives.**

Firms have realized that consumers prefer products that do not harm the natural environment as also the human health. Firms marketing such green products are preferred over the others not doing so and thus develop a competitive advantage, simultaneously meeting their business objectives.

➤ **Organizations believe they have a moral obligation to be more socially responsible.**

This is in keeping with the philosophy of CSR which has been successfully adopted by many business houses to improve their corporate image. Firms in this situation can take two approaches:

- Use the fact that they are environmentally responsible as a marketing tool.
- Become responsible without prompting this fact.

➤ **Governmental Bodies are forcing Firms to Become More Responsible.**

In most cases the government forces the firm to adopt policy which protects the interests of the consumers. It does so in following ways:

- a. Reduce production of harmful goods or by-products
- b. Modify consumer and industry's use and consumption of harmful goods.
- c. Ensure that all types of consumers have the ability to evaluate the environmental composition of goods.

➤ **Competitors' Environmental Activities Pressure Firms to change their Environmental Marketing Activities.**

In order to get even with competitors claim to being environmentally friendly, firms change over to green marketing. Result is green marketing percolates entire industry.

➤ **Cost Factors Associated With Waste Disposal or Reductions in Material Usage Forces Firms to Modify their Behavior.**

With cost cutting becoming part of the strategy of the firms it adopts green marketing in relation to these activities. It may pursue these as follows:

- a. A Firm develops a technology for reducing waste and sells it to other firms.
- b. A waste recycling or removal industry develops.

**The Future of Green Marketing**

There are many lessons to be learned to avoid green marketing myopia, the short version of all this is that effective green marketing requires applying good marketing principles to make green products desirable for consumers. The question that remains, however, is, what is green marketing's future? Business scholars have viewed it as a “fringe” topic, given that environmentalism's acceptance of limits and conservation does not mesh well with marketing's traditional axioms of “give customer what they want” and “sell as much as you can”.

Evidence indicates that successful green products have avoided green marketing myopia by

Following three important principles:

**Consumer Value Positioning**

- a. Design environmental products to perform as well as (or better than) alternatives.
- b. Promote and deliver the consumer desired value of environmental products and target relevant consumer market segments.
- c. Broaden mainstream appeal by bundling consumer desired value into environmental products.

**Calibration of Consumer Knowledge**

- a. Educate consumers with marketing messages that connect environmental attributes with desired consumer value.
- b. Frame environmental product attributes as “solutions” for consumer needs.
- c. Create engaging and educational internet sites about environmental products desired consumer value.

**Credibility of Product Claim**

- a. Employ environmental product and consumer benefit claims that are specific and meaningful.
- b. Procure product endorsements or eco certifications from trustworthy third parties and educate consumers about the meaning behind those endorsements and eco-certifications.

## **Conclusion**

Now this is the right time to select “Green Marketing” globally. It will come with drastic change in the world of business if all nations will make strict rules because green marketing is essential to save world from pollution. From the business point of view because a clever marketer is one who not only convinces the consumer, but also involves the consumer in marketing his product. Recycling of paper, metals, plastics, etc., in a safe and environmentally harmless manner should become much more systematized and universal. Marketers also have the responsibility to make the consumers understand the need 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 coerce effects on minimize the negative effects on the environment-friendly. Green marketing assumes even more importance and relevance in developing countries like India.

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