

EVOLUTION AND FUTURE OF ENVIRONMENTAL MARKETING

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ABSTRACT

Environmental marketing (popularly known as Green marketing) refers to the process of selling products and/or services based on their environmental benefits. Such a product or service may be eco-friendly in it or produced and/or packaged in an environmental friendly way. There were three long phases in the evolution of the much glorified green marketing. The first phase was known as the ecological phase. The second phase was called the environmental phase. The third phase is termed as the sustainable phase. Unfortunately, green marketing approach is largely used as a publicity stunt by the corporate houses in order to make a difference in the consumer's point of view. To avoid green marketing short-sightedness, the future success of product dematerialization and more sustainable services will depend on convincingly communicating and delivering consumer-desired worth in the marketplace.

KEYWORDS: Green marketing, ecological, sustainable, marketplace.

1. INTRODUCTION

The term Environmental Marketing (popularly known as Green Marketing) came into prominence in the late 1980s and early 1990s. It began in Europe when specific products were identified as being harmful to the earth's atmosphere. As a consequence, new "green" products were introduced that were less damaging to the environment. The American Marketing Association (AMA) held the first workshop on "Ecological Marketing" in 1975. The proceedings of this workshop resulted in one of the first books on green marketing entitled "Ecological Marketing".

Green or Environmental Marketing consists of all activities designed to generate and facilitate any exchanges intended to satisfy human needs, such that satisfaction of these needs and wants occur, with minimal detrimental impact on the natural environment. It 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.

Now a days meaning of the term "marketing" is moving towards "consumer satisfaction along with environment protection" through the promotional campaigns of almost every big business houses across the globe. India is not an exception; the words like 'eco-marketing', 'environmental caring', 'eco-friendly export', 'green consumerism' etc. are very popular in India. In the developed countries, companies (particularly MNCs) have started making use of

green marketing strategies and techniques into their marketing practices. The societal marketing concept and environmental laws have been come into existence.

2. GREEN MARKETING – MEANING

"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 detrimental 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.

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.

J. Polonsky defined green marketing as, "all activities designed to generate and facilitate any exchange intended to satisfy human needs or wants such that satisfying of these needs and wants occur with minimal detrimental input on the national environment."

Thus, we can say, Green marketing refers to the process of marketing products and/or services based on their environmental benefits. Such a product or service may be environmentally friendly in it or produced and/or packaged in an environmentally friendly way. The different forms of green marketing may be or categorized as:

- Marketing of products /or services based on their environmental benefits.
- Incorporates a broad range of activities
- Product modification
- Changes to the production process
- Packaging changes

Although green marketing is growing to a great extent as increasing numbers of consumers are willing to back their environmental consciousnesses with money, it can be dangerous. The public tends to be sceptical 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. Launching a product or service as green when it's not is called green washing. In fact, a workshop on 'ecological marketing' was held by the American Marketing Association in 1975. Ever since then, the definition has been refined and segmented into three major clusters:

- a) Retailing Definition: The marketing of products that are supposed to be environmentally safe.

- b) **Social Marketing Definition:** The development and marketing of products designed to minimize negative effects on the physical environment or to get better its quality.
- c) **Environmental Definition:** The attempts and efforts by organizations to produce, promote, package, and retrieve products in a manner that is sensitive or receptive to ecological concerns.

These definitions articulate to the fact that green marketing involves informing consumers about steps the producer/marketer have undertaken that will benefit the environment, with the overall objective of improving sales or curtailing costs.

3. EVOLUTION OF GREEN MARKETING

As resources are scarce 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 the need of the hour. There is growing interest among the consumers over the globe regarding protection 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.

The green marketing has evolved over a period of time. According to Peattie (2001), the evolution of green marketing has three phases:

The first phase was known as "Ecological" green marketing, and during this period all marketing activities were concerned to help environment problems and provide remedies for environmental problems.

The 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.

The third phase was "Sustainable" green marketing. It came into prominence in the late 1990s and early 2000. This was the result of the term sustainable development which is defined as "meeting the needs of the present without compromising the ability of future generations to meet their own needs."

4. ADOPTION OF GREEN MARKETING

Mainly five reasons are identified for which a marketer can go for adoption of green marketing. These are -

- Opportunities or competitive advantage.
- Corporate social responsibilities (CSR).
- Government pressure.

- Competitive pressure.
- Cost or profit issues.
- Green Marketing Mix.

5. MARKETING MIX OF GREEN MARKETING

As soon as a company come up with new innovations like eco friendly products, it can access new markets, enhance their market shares, and increase profits. Just as we have 4Ps product prices, place and promotion in marketing, we have 4ps in green marketing too, but they are a bit different. They are buttressed by three additional Ps, namely people, planet and profits.

PRODUCT

The products have to be developed depending on the needs of the customers who prefer environment friendly products. Products can be made from recycled materials or from used goods. Efficient products not only save water, energy and money, but also reduce harmful effects on the environment. Green chemistry forms the growing focus of product development. The marketer's role in product management includes providing product designers with market-driven trends and customer requests for green product attributes such as energy saving, organic, green chemicals, local sourcing, etc., For example, Nike is the first among the shoe companies to market itself as green.

PRICE

Green pricing takes into consideration the people, planet and profit in a way that takes care of the health of employees and communities and ensures efficient productivity. Value can be added to it by changing its appearance, functionality and through customization, etc. Wal-Mart unveiled its first recyclable cloth shopping bag. IKEA started charging consumers when they opted for plastic bags and encouraged people to shop using its "Big Blue Bag".

PLACE

Green place is about managing logistics to cut down on transportation emissions, thereby in effect aiming at reducing the carbon footprint. For example, instead of marketing an imported mango juice in India it can be licensed for local production. This avoids shipping of the product from far away, thus reducing shipping cost and more importantly, the consequent carbon emission by the ships and other modes of transport.

PROMOTION

Green promotion involves configuring the tools of promotion, such as advertising, marketing materials, signage, white papers, web sites, videos and presentations by keeping people, planet and profits in mind. British petroleum (BP) displays gas station which its sunflower motif and boasts of putting money into solar power. Indian Tobacco Company has introduced

environmental-friendly papers and boards, which are free of elemental chlorine. Toyota is trying to push gas/electric hybrid technology into much of its product line. It is also making the single largest R&D investment in the every-elusive hydrogen car and promoting itself as the first eco-friendly car company. International business machines Corporation (IBM) has revealed a portfolio of green retail store technologies and services to help retailers improve energy efficiency in their IT operations.

Green marketer can attract customers on the basis of performance, money savings, health and convenience, or just plain environmental friendliness, so as to target a wide range of green consumers.

Consumer awareness can be created by spreading the message among consumers about the benefits of environmental-friendly products. Positing of profiles related to green marketing on social networks creates awareness within and across online peer groups. Marketing can also directly target the consumers through advertisements for product such as energy saving compact fluorescent lamps, the battery –powered Reva car, etc.

6. PROBLEMS OF GREEN MARKETING

Many organizations want to turn green, as an increasing number of consumers' want to associate themselves with environmental-friendly products. Alongside, one also witnesses confusion among the consumers regarding the products. In particular, one often finds distrust regarding the credibility of green products. Therefore, to ensure consumer confidence, marketers of green products need to be much more transparent, and refrain from breaching any law or standards relating to products or business practices. The negative aspects of environmental marketing are:

- 1) Selling green power at a mark-up that would have been produced anyway with the cost shared by all. An example of this would be renewable power that is already included or would be included in a utility's rate base without the green program. These types of programs sell nothing as if it is something, which is worse than doing no green marketing at all, because these programs are fundamentally unfair and breed consumer cynicism. If we permit these types of programs to occur, they will undermine the market for those marketers who are actually making a difference.
- 2) Programs that do not in some way directly benefit the renewable generator. An example of this would be a utility that has an existing power purchase contract with a renewable generator, but does not flow any benefit through to the generator.
- 3) Programs that make false claims and do not adequately inform consumers about the nature of their product. For example, selling "nuclear and coal free" power when consumer dollars are sent to a nuclear- and coal-owning utility. This is a recipe for creating cynicism, once the anti-nuclear consumers find out their dollars have been channelled to the owners of plants they dislike. Electrons and dollars are fungible, so, in these kinds cases, unless the marketer can prove to the public that the consumer dollars they are collecting do not in any way support the nuclear and coal plants, and support only the resources claimed as "green," such claims should not be made.

This is not to say that portfolios necessarily need to be nuclear- and coal-free for marketers to make green claims, but marketers should not misrepresent their portfolio.

4) Collecting premiums in exchange for vague promises to build renewable in the future. Consumers should not be asked to pay for someone else's investment when they get nothing in return, and when no tangible benefit to society results.

7. CHALLENGES AHEAD

- Green products require renewable and recyclable material, which is costly.
- Requires a technology, which requires huge investment in R & D.
- Water treatment technology, which is too costly.
- Majority of the people are not aware of green products and their uses.
- Majority of the consumers are not willing to pay a premium for green products.
- Green marketing should not neglect the economic aspect of marketing. Marketers need to understand the implications of green marketing.

8. GREEN MARKETING – KEYS FOR SUCCESS

Green marketing involves focusing on promoting the consumption of green products. Therefore, it becomes the responsibility of the companies to adopt creativity and insight, and be committed to the development of environment-friendly products. For green marketing to be effective, you have to do three things:

- i) Being genuine 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.
- ii) Educating your customers about the green policy of the company.
- iii) Giving your customers an opportunity to participate in the green mission of the company.

9. STRATEGIES TO BE ADOPTED

The marketing strategies for green marketing include:

- Marketing Audit (including internal and external situation analysis).
- Develop a marketing plan outlining strategies with regard to 4 P's.

- Implement marketing strategies.
- Plan results evaluation.

10. CONCLUSION

The word “eco-friendly” has become a buzzword of today’s marketing practices of different companies through out the world. Green marketing is gaining noteworthy attention from both marketers and consumers. Given that a carefully crafted green marketing strategy can earn credibility with customers and provide a stage for revenue growth, it’s an area worthy of additional reflection. Green marketing covers more than a firm's marketing claims. While firms must bear much of the responsibility for environmental degradation, the responsibility should not be theirs single-handedly. Finally green marketing requires that consumers want a cleaner environment and are willing to "pay" for it, possibly through higher priced goods, modified individual lifestyles, or even governmental involvement. Until this occurs it will be difficult for firms alone to lead the green marketing revolution. It must not be forgotten that the industrial buyer also has the ability to pressure suppliers to modify their activities. Thus an environmental committed organization may not only produce goods that have reduced their harmful impact on the environment, they may also be able to pressure their suppliers to behave in a more environmentally "responsible" fashion.

A smart marketer is one who not only convinces the consumer, but also involves the consumer in marketing his product. Green marketing should not be considered as just one more approach to marketing, but has to be pursued with much greater vigour, as it has an environmental and social dimension to it. With the threat of global warming looming large, it is extremely important that green marketing becomes the norm rather than an exception or just a fad. Recycling of paper, metals, plastics, etc., in a safe and environmentally safe mode should become much more systematized and widespread. Marketers also have the accountability 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 compel effects on minimize the negative effects on the environment-friendly. Green marketing assumes even more significance and weight in developing countries like India. Thus green marketing should look at minimizing environmental harm, not necessarily eliminating it.

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