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GREEN MARKETING

19.1 INTRODUCTION

Historically, marketing has neglected its relationship with society. Marketing typically mirrors changes in the entire business environment. As a result, the marketer usually carries much of the responsibility for dealing with the various societal issues affecting his or her firm.

The role of businesses in society and as social systems has been recognized with the emergence of “societal marketing”. Societal marketing concerns (1) the relationship between social responsibility in marketing and the profit

motive, and (2) the process for making socially responsible decisions in the organization.

The fact the businesses are also physical systems which exist within a finite and vulnerable physical environment has been ignored as a marketing and management issue in traditional marketing approach. Environmental concern and green consumer demand have led to the emergence of “green marketing”. Green marketing extends societal marketing to embrace society’s increasing concern about the natural environment. It is a more holistic and interdependent view of the relationship between the economy, society and the environment.

In the new marketing age, products are being evaluated not only on performance or price, but on the social responsibility of manufacturers. Value now includes the environmental soundness of product and package. Increasingly, it will embrace the long-term impact of a product on society after it is used.

According to Dr. Genichi Taguchi, one of the Japanese quality gurus, quality means the minimum loss to the society by the time the product is shipped. The definition of quality represents a significant concern on the part of society. The principal idea in the Taguchi philosophy is that quality should be carried out in the whole product life cycle : from raw material through production to distribution and final disposal. Quality is a concept that no longer stands apart from environmental impact.

In just a few short years, environmental quality has risen from a concern of the fringe to the top public priorities. More and more people are refusing to sacrifice environmental quality for the sake of a stronger economy. Growing members of consumers are boycotting the products of companies with poor environmental and social records. They are shaping a new trend called “environmental consumerism”. Consumers are voicing their environmental concern through the power of their purchasing decisions.

19.2 WHAT IS GREEN MARKETING

Green marketing serves two key objectives :

- To develop products that balance consumers' primary needs with environmental compatibility, that is, a minimal impact on the environment.
- To enlist consumer support for lifestyle changes necessary for greener behavior.

Traditional marketing involves providing products that satisfy consumer needs at affordable prices and supporting those products with communications that project value to the consumer. Green marketing is a holistic marketing approach for identifying, anticipating and satisfying the needs of consumers and society, in a profitable and sustainable way.

Green marketing introduces into marketing strategy the concept of “eco-performance”, which represents the impact that products and businesses have on human and natural environment. Generally, we can list several aspects of eco-performance: planned obsolescence, pollution, recycling waste materials, and preservation of resources.

Planned obsolescence occurs where the manufacturer produces items with limited durability. Planned obsolescence has always represented a significant ethical question for the marketer. On the one side is the need for maintaining sales (and employment) and on the other side is the philosophy of providing better quality (and durability).

Pollution is usually defined as “making unclean”. Pollution of such natural resources such as the water and the air is a major issue in eco-performance.

Recycling, the reprocessing of used materials for reuse, is another important aspect of eco-performance. The theory behind recycling is that if the used materials can be processed so as to be reusable, they would benefit society by

providing a new source of raw materials as well as alleviating a major factor in environmental pollution.

The preservation of natural resources is needed in order to eliminate the waste and duplication of efforts inherent in separate policies for oil, gas, electrical, and nuclear energy.

Green marketing demands that marketing decisions are made in the context of a wider social system. The principles of Green marketing are as follows:

1. It is guided by the limitations on resources and not by the creation of consumer needs.
2. It should attribute greater importance to stabilizing the ecosystem and energy consumption than to the production of throw-away products.
3. It should promote ecological product design, minimize packaging and develop recycling concepts.

19.3 THE GREEN MARKETING MIX

□ GREEN PRODUCT

What makes a product green? The development of a green product ought to show regard to the material and energy consequences of the whole life-cycle of the product. Basically, life-cycle thinking means taking a holistic environmental view of a product or service; from raw materials through production to distribution and final disposal.

How to develop greener products? The following checklist provides a number of strategies for success:

1. Minimize direct environmental impact
2. Use source-reduced products and packaging

3. Use recycled content
4. Make product more energy efficient
5. Maximize consumer and environmental safety
6. Make products more durable
7. Make products and packaging reusable or refillable
8. Design products for re-manufacturing, recycling and repair
9. Take products back for recycling
10. Make products compo-stable

❑ **GREEN PACKAGE**

Packaging has been an obvious starting point for many companies' green marketing efforts. After being encouraged to provide safe, hygienic, tamper-evident and child-proof packaging, they are now being asked to provide minimal packaging. There are a range of ways in which the design of packaging can be made greener:

1. Reduce the size or complexity of the packaging, or use less material
2. See whether the packaging can be made recyclable, reusable, or safer
3. Offer a returnable pack
4. Design packaging that can be used in more than one way

❑ GREEN DISTRIBUTION

Ecological criteria impose the need for new directions in product distribution. Consumers may favor manufacturers to take responsibility for disposal. There is a need for a retro-distribution system for products and packaging after the phase of consumption or use. This system of distribution is built on the concept of returnability.

Green distribution policy also encompasses environmental logistics, which must include resource-based factors such as energy and raw materials, as well as environment-based factors such as emissions and waste.

❑ GREEN PRICING

Consumers' demand for green products can allow an addition of a green price premium. However, marketers should exercise caution in taking advantage of such opportunities. Positioning the product in the high price bracket reflects the readiness of the consumer to pay in this market segment.

Resistance to paying a premium is not surprising. Some consumers simply cannot afford it. Historically, most consumers have not been willing to pay extra money upfront for products that promise a long-term payback, such as energy-efficient refrigerators or light bulbs. Consumers may also equate environmentally sound products with poor value.

Lack of credibility may also represent a green barrier. Since marketers are not aware of the economics associated with bringing some green products to market in the quantities now being demanded, these higher prices may lead consumers to suspect manufacturers of price gouging. However, consumers are willing to pay a premium for green products that offer a perceived health or quality of life benefit. Products such as organically grown baby foods, natural soft drinks, and unbleached coffee filters command significant price premium over non-green alternatives.

❑ GREEN PROMOTION

More advertisers are seeing the advantages of using environmental friendliness as a selling proposition. Some companies have committed substantial sums to advertising their green credentials. However, companies with a vested interest in product that are not green should avoid the green arena.

Marketers have responded to consumer demands by making and advertising claims regarding the environmental attributes of their products. These claims appear as labels on the products and/or packaging that may take the form of statements, symbols, or graphics on product or package labels, product literature, technical bulletins, advertising, publicity, etc.

19.4 GREEN MARKETING STRATEGY

For those companies that are serious about green marketing, they need to develop a green marketing strategy. First, they must establish green marketing objectives. Secondly, they should integrate them into current marketing activities. Finally, they must adjust the current policies to meet the new environmental strategies.

In setting a green marketing strategy, marketing people need to gather information and then generate strategic plans. In order to gather information, marketers need to:

- Define stakeholders
- Do market research
- Do product analysis
- Assess environmental impact

Based upon the environmental information, companies can establish green marketing objectives and eco-performance. They can set up the strategic

plans according to the priority of product, customer or region. The strategic plans may include the following marketing activities:

- Green products
- Ethical selling
- Green claims
- Advertising and promotion
- Labeling
- Packaging
- Distribution

In order to implement the strategic plans, companies should adjust marketing policies and organization to the agreed green marketing strategy. They should ensure the organization can implement the strategies by:

- developing an environmental management system
- improving awareness by providing information and training
- providing incentives for achieving the environmental targets
- developing control and monitoring systems to measure performance

19.5 STAKEHOLDER INVOLVEMENT

Businesses are in direct contact with society through employees, customers, suppliers, banks, insurance companies and the public authorities. Each of these stakeholders can help or hinder the economic success of the company, depending on its approach to their shared environment.

Environmental stakeholders extend beyond the obvious corporate stakeholders of employees, suppliers and customers to include legislators and government agencies, educators, environmentalists, the media, and children.

Stakeholder involvement is vital for the development of appropriate green philosophies, strategies and policies. A green firm needs to take a holistic view of its various stakeholders and their relationships with the firm and each other. Stakeholder involvement requires a firm to develop a long-term relationship with different stakeholders, which includes:

1. Gaining top management commitment to green improvement
2. Identifying the needs of different stakeholders
3. Setting priorities according to the nature and importance of different stakeholders
4. Ensuring that stakeholders' awareness and attitudes are clearly understood
5. Sharing information about eco-performance with stakeholders
6. Inviting feedback from stakeholders

Stakeholder involvement can reap big rewards which can help marketers to:

- Anticipate problems and opportunities
- Obtain valuable input for initiatives and programs
- Foster dialogue that can result in greater objectivity
- Establish credibility with consumers and all constituents
- Enhance corporate image

