

GREEN MARKETING: THE ENGINE OF SUSTAINABLE ECONOMIC GROWTH

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ABSTRACT

Green production, consumption and disposal of products have become a key variable on which the current purchases of the consumers and the future success of the organizations are based on. Increasingly consumers are becoming aware of the importance of buying green products and eco-conscious consumption. This has resulted in a positive consumer sentiment towards organizations that employ sustainability as their core operating premise. This article attempts to understand the concept of green marketing and highlight its underlying drivers and to identify the challenges faced by green marketers.

KEYWORDS: *Green Marketing, Green Marketing Mix, Eco-conscious consumer, Sustainability.*

Introduction

The basic parameter of Green Marketing is to carry out regular marketing activities and creating an ideal marketing mix that achieves maximum profitability for the firm while minimizing the harmful effects of these activities on the environment by adhering to the principles of sustainability in every aspect of business operations. It also is based on complete transparency and accountability to the consumer and the community.

Literature Review

Terms like "Sustainable", "environmentally friendly", "green", "pro-environmental", and "ecological" have been used interchangeably to refer to firms, products, and production processes that consume less energy, recycle, reduce industrial waste and minimize the harmful effects of their actions by controlling pollution and preserving natural resources (Simula et al, 2009). According to the American Marketing Association, green marketing refers to the marketing of products that are environmental friendly and safe. Consumers are becoming increasingly eco-conscious and are prepared to pay a higher price for the products which they believe are environment friendly (Kotler&Armstrong, 1999). Polonsky (2011) defines green marketing as the conscious effort made by a company to create products, price them, promote these products and distribute them in a manner promotes environmental protection. Green marketing comprises of all activities designed to create and facilitate transactions between consumers and businesses in a manner that satisfy human needs and demands while having minimum harmful effects on the environment (Cheah & Phau, 2005).

Green Marketing Mix

- **Green Product:** focus is on creating products with organic, locally sourced raw materials supplied by fair trade suppliers and using lean manufacturing processes to reduce the carbon footprint of the company not only during product creation but also during disposal. Hence, product packaging also plays a crucial role in the product's sustainability.
- **Green Price:** marketers of sustainable products and services need to ensure the price paid by the consumers and the resultant value derived by them is in sync and the green products are priced close to the other non-green competing products for maximum acceptance of the products. One of the limiting aspects in this regard is the fact that green products tend to be more expensive than similar existing conventional products which leads to a price gap. This price barrier prohibits consumers from making purchases due to lack of financial resources in spite of their willingness. Moreover, generally consumers are not willing to pay higher prices for products if they do not derive additional tangible benefits by paying the price premium.

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- **Green Promotion:** usually organizations follow one of the three strategies for their promotional activities. They highlight the relation between the product/service and its beneficial effect in preserving the environment or they inspire the customers to adopt a green lifestyle by highlighting a product or service or they create promotion campaigns that focus on the environmental responsibility of the corporation.
- **Green Distribution:** environmental impact during delivering products to customers needs to be considered for designing the distribution strategies like recycling system of wastes and packaging, creating energy-efficient stores, using more alternative fuels in its trucks, optimizing distribution routes; and identifying and collaboratively working with vendors to ensure that they are following sustainable practices in the entire product development cycle while continuously improving these practices.

Green Marketing - The Key Influencers

- **Rise of the Socially Conscious Consumers:** The basic rule of marketing underlines the fact that marketers need to create products as per the demand of the consumers. Today's consumer especially the urban, well educated segment has an acute awareness of the impending global disaster if he does not change his purchase behaviour. As such, this consumer segment which not only is an advocate of sustainable consumption but also has the required purchasing power is increasingly demanding green products. This segment provides a lucrative opportunity which can be leveraged by organizations.
- **Changing Competitive Landscape:** In order to exploit this market opportunity, firms are highlighting their sustainable practices and product features as competitive advantage. Other firms also follow suit to attract the consumers and to retain the loyalty of their existing customers. This has led to entire industries modifying their operations and adopting sustainable business processes that are environmentally responsible.
- **Role of Government:** Due to the global commitment towards sustainable existence, the Government agencies are also taking credible efforts in terms of policy implementation and mandates for protecting the consumer and society which the organizations need to follow to avoid penalty. This has made it compulsory for the firms to adopt sustainable measures in their business models.
- **Innovations Leading to Societal Contribution and Profitability:** Increasingly the firms are investing in innovative systems, processes and products that focus of the triple bottom line of people, planet and profits. These firms are integrating environmental responsibility as the core value that governs their business decisions. This endeavour to re-look at processes and products from a sustainable perspective and develop alternatives that are eco-friendly also most of the times results in cost saving and minimizing wastage thereby increasing the profitability of the firms. Social responsibility, therefore, become a value and profitability driver if incorporated innovatively.

Challenges in Green Marketing

- **Standardization for Authentication:** There are no standard processes which can validate the claims of the organizations regarding adoption of green practices in their marketing campaigns. Regulatory bodies need to start certifying the authenticity of the claims of the companies. The companies would need to go through standard control and benchmarking processes to get the certification that can validate their claims of being sustainable and eco-friendly.
- **Lack of Awareness:** Though the urban and cosmopolitan consumers today are becoming increasingly aware about the concept of green products and sustainability plays a key role in determining their purchase choices; it is still a relatively new concept for the mass segment. The mass consumer segment needs to be educated about the hazards of environmental damage. However, the upside is that the Indian consumers are pre-disposed towards a healthy lifestyle due to the Indian traditional customs and heritage like yoga and ayurveda. The organization should also be able to create opportunities for providing immersive experiences for the customers whereby they can actively engage with the sustainable and eco-friendly values being promoted by the brand.

- **Long Term Approach:** The marketers need to adopt a long term approach while evaluating the benefits of adopting green practices. Because of the nascent stage of awareness of this concept, the current acceptability is limited and it will take time to reap actual benefits resulting from a sustainable image. Moreover, the rest of the business policies of the organization should also be consistent with the sustainability approach being adopted by the firm.
- **The Green Myopia Trap:** The fundamental of green marketing is customer satisfaction. Marketers should avoid being carried away by creating products and services that have green characteristics but fail to meet the expectations of the customer and provide the desired benefits. In order to avoid falling into the trap of green myopia, marketers need to adopt strategies that motivate the customers to switch to sustainable choices and even be willing to pay a premium for the green products. But if the companies price their green products exorbitantly high, it will discourage the customers from purchasing these products.

Conclusion

The key parameters for creating an effective green marketing strategy include: a) understanding the values, beliefs and needs of the consumers and other key stakeholders and developing strategies that are aligned with them by reengineering of manufacturing processes for greater efficiency and product or service design to develop more innovative offerings; b) bringing in transparency and authenticity in the entire marketing mix based on the central premise of sustainability through eco-certifications from reliable third parties; c) educating and engaging with the customers to discuss issues related to sustainability that are meaningful and relevant to them; and d) form associations and business networks with other organizations that also uphold and operate on the principles of eco-friendliness.

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