

Green Marketing: A New Corporate Social Responsibility

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ABSTRACT

The dynamics of business environment not only impact the business enterprises but also affect the values of society at a large. It forces the businesses to revitalize and express the changes through strategies that meet the change and expectation held by consumers and the other stakeholders. Consumers of this era are environmentally friendly and prefer eco-friendly, safe and clean products that do not pollute the environment. This changing attitude of consumers forces enterprises to look for new alternatives where the principles of corporate social responsibility would be integrated. This article assents to the attitude that it is possible to implement corporate social responsibility by applying the philosophy of Green Marketing. It is a marketing of products that are considered to be environmentally safe and incorporates wide range of activities. By providing green products for welfare of environment and for the customers as a whole, green enterprises not only fulfill their social responsibility but also develop distinctive competitive advantage which makes them different from other companies. Thus the present paper identifies the significance of green marketing as an approach to corporate social responsibility and the initiatives adopted by various companies.

Keywords: Corporate Social Responsibility, Environment, Green Marketing.

Introduction

Green marketing refers to the process of selling 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.

As per Mr. J. Polonsky, green marketing can be defined 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."

According to the American Marketing Association (AMA), 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.

Corporate social responsibility (CSR) also called corporate conscience, corporate citizenship, social performance, or sustainable responsible business/ Responsible Business, is a form of corporate self-regulation integrated into a business model. CSR policy functions as a built-in, self-regulating mechanism whereby a business monitors and ensures its active compliance with the spirit of the law, ethical standards and international norms. CSR is a process with the aim to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere.

The main idea behind CSR is to consider the interest of society and take responsibility of impact of their activities on customers, suppliers, employees, shareholders, community, environment and future

generation. The companies in turn would be benefitted in terms of increase in Goodwill, Better Branding and Improved perception in the eyes of public and potential customers.

Green marketing offers business bottom line incentives and top line growth possibilities. Well modification of business or production processes may involve start-up costs; eventually it will save money in the long run. Companies that develop new and improved products and services with environmental impacts in mind give themselves access to new markets, substantially increase profits and enjoy competitive advantages over those which are not concerned for the environment.

Why green marketing is treated as a new CSR-

The growing awareness among the consumers all over the world regarding protection of the environment in which they live have led the corporate think twice about producing those products which have harmful impact on the environment. Now days we can see that most of the consumers, both individual and industrial, are becoming more concerned about environment friendly products. As resources are limited & human wants are unlimited it is important to utilize resources efficiently. People do want to bequeath a clean earth to their off springs.

This growing interest among the consumers regarding protection of environment has let this Green Marketing take a major role in today's market planning activities.

Benefits of green marketing

Companies that develop new & improved products & services with environment inputs enjoy the following benefits:

- Access to new markets.
- Increased profit sustainability.
- Enjoy a competitive advantage.

Literature Review

The green marketing has evolved over a period of time. According to Peattie (2001), the evolution of green marketing has three phases. First phase was termed as "Ecological" green marketing, and during this period all marketing activities were concerned to help environment problems and provide remedies for environmental problems. 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. Third phase was "Sustainable" green marketing. It came into prominence in the late 1990s and early 2000.

Green Marketing Mix

To use 4 P's of green marketing in an innovative manner is a challenge before the marketer:

- **Product:** The ecological objective behind this is to reduce resource consumption, pollution and to increase conservation of scarce resources.
- **Price:** Most consumers will only pay additional 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 -
 - That shows relationship between a Product and Service & Biophysical Environment.
 - That promotes a Green Lifestyle.
 - That presents a corporate image of environmental responsibility.
- **Place:** 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.

Green Initiative Taken by the Countries All Over the World

There is now a real sense that environmental protection is highly necessary. Everyone believes a green life is a better and healthier life for present and future generation. Most consumers' spending pattern shows that they have a desire for brands that 'go green'. In the same fashion the governments all over the world came up with the concept of "CARBON CREDIT". 'Carbon Credit' is a permit that allows the holder to emit one ton of carbon dioxide. Credits are awarded to countries or groups that have reduced their green house gases below their emission quota. Carbon credits can be traded in the international market at their current market price. Investopedia explains 'Carbon Credit'- The carbon

credit system was ratified in conjunction with the Kyoto Protocol. Its goal is to stop the increase of carbon dioxide emissions.

For example, if an environmentalist group plants enough trees to reduce emissions by one ton, the group will be awarded a credit. If a steel producer has an emissions quota of 10 tons, but is expecting to produce 11 tons, it could purchase this carbon credit from the environmental group. The carbon credit system looks to reduce emissions by having countries honour their emission quotas and offer incentives for being below them.

This is the step taken by countries all over the world to reduce the hazards that are caused to the environment due to emissions from industries. Industrial houses are not allowed to dispose of the waste without processing.

Corporate Giants using the concept of Green Marketing

Many companies in India are adopting green for capturing market opportunity of green marketing. Listed below are examples of some Indian companies which have taken a green initiative. This shows a commitment of companies, either as part of their corporate social responsibility or otherwise, to do something worthwhile in this direction.

- **Idea Cellular** implemented its national campaign 'Use Mobile, Save Paper'. The company Organized Green Pledge campaigns to save paper and trees. Idea decorated bus shelters with potted plants and tendril climbers to communicate the green message.
- **Nokia's** policy is to reduce the environmental impact of its products. It has taken the initiative to take back, recover useful materials and dispose of waste in a manner that causes least harm to the environment
- **IBM** is selling green solutions to corporate data centres where energy constraints and costs are limiting their ability to grow, with the promise that the energy costs would be reduced by half.
- **Wipro InfoTech** (Green It) was India's first company to launch environment friendly computer peripherals. For the Indian market, Wipro has launched a new range of desktops and laptops called Wipro Green ware. These products are RoHS (Restriction of Hazardous Substances) compliant thus reducing e-waste in the environment.
- **Samsung**, in fact, offers a host of eco-friendly products. It was the first to launch eco-friendly mobile handsets (made of renewable materials) – W510 and F268- in India.
- **Tamil Nadu Newsprint and Papers Limited (TNPL)** was awarded the Green Business Leadership Award in the pulp and paper sector for the year 2009-10, based on the EVI Green Business Survey conducted by Financial Express and Emergent Ventures India. This was given in recognition of two clean development mechanism projects implemented by the company generating biogas from bagasse wash water, and using the same as a substitute for furnace oil.
- **Oil and Natural Gas Corporation Ltd (ONGC)**, India's largest oil company, has introduced energy-efficient Mokshada Green Crematorium, which saves 60 to 70% of wood and a fourth of the burning time per cremation.
- **Reva**, India's very-own Bangalore-based company was the first in the world to commercially release an electric car. Reva is being sold in countries like UK, Ireland, Belgium, Spain, Cyprus, Greece and Norway.
- **Honda India** introduced its Civic Hybrid car. However, initially it was unable to sell the same due to the high price. The price was reduced to Rs. 8 lakh, and within a day, 98 Civic Hybrids were sold, which was more than what Honda had been able to sell during the previous five months since its launch.
- **Mahindra Group** had launched project Mahindra Hariyali in which 1 million trees would be planted nation-wide by Mahindra employees and other stakeholders including customers, vendors and dealers.
- **ITC** has introduced Paper kraft, a premium range of eco-friendly business paper. The company's social and farm forestry initiative has greened over 80,000 hectares of arid land.
- **IndusInd Bank** installed the country's first solar-powered ATM and thus brought about an eco-savvy change in the Indian banking sector.

- **Suzlon Energy** manufactures and markets wind turbines, which provide an alternative source of energy based on wind power. This green initiative taken by the company is extremely important for reducing the carbon footprint.
- **IRCTC** the Indian railways have adopted the policy of paper free travel. The recent policy says that the sms sent by IRCTC is enough of a proof and there is no need of taking a printout of the ticket to save paper.
- **Godrej** the consumer durables giant came up with the EON series in refrigerators and air conditioners which are 5 star rated products in terms of energy saving. Moreover the company has adopted the concept of "Green Think", As an initiative in this space, the company has taken a step towards reusing discarded materials as a resource for manufacturing. They came up with **3 Rs- Reduce, Reuse, Recycle** element in their processes.
The primary benefits of recycling are:
 - **Saves Natural Resources** : By reusing materials we conserve land and also eliminate digging into the minerals.
 - **Saves Energy**: It takes less energy to make recycled products, for instance making recycled aluminium takes 95% less energy than new aluminium from bauxite ore.
 - **Saves Clean Air and Water** : Making products from recycled material creates far lesser air and water pollution compared to manufacturing products from virgin materials.

Green Marketing Cases

- **Philips's "Marathon" CFL Light Bulb**
Philips Lighting's first shot at marketing a standalone compact fluorescent light (CFL) bulb was Earth Light, at \$15 each versus 75 cents for incandescent bulbs. The product had difficulty climbing out of its deep green niche. The company re-launched the product as "Marathon," underscoring its new "super long life" positioning and promise of saving \$26 in energy costs over its five-year lifetime. Finally, with the U.S. EPA's Energy Star label to add credibility as well as new sensitivity to rising utility costs and electricity shortages, sales climbed 12 percent in an otherwise flat market.
- **Car Sharing Services**
Car-sharing services address the longer-term solutions to consumer needs for better fuel savings and fewer traffic tie-ups and parking nightmares, to complement the environmental benefit of more open space and reduction of greenhouse gases. They may be thought of as a "time-sharing" system for cars. Consumers who drive less than 7,500 miles a year and do not need a car for work can save thousands of dollars annually by joining one of the many services springing up.
- **Electronics Sector**
The consumer electronics sector provides room for using green marketing to attract new customers. One example of this was HP's promise to cut its global energy use 20 percent by the year 2010. To accomplish this reduction below 2005 levels, The Hewlett-Packard Company announced plans to deliver energy-efficient products and services and institute energy-efficient operating practices in its facilities worldwide.
- **Products & Services**
Now companies are offering more eco-friendly alternatives for their customers. Recycled products for example, are one of the most popular alternatives that can benefit the environment. These benefits include sustainable forestry, clean air, energy efficiency, water conservation, and a healthy office. One example is the E-commerce business and office supply company Shop let which offers a web tool that allows you to replace similar items in your shopping cart with greener products.
- **Introduction of CNG in Delhi**
New Delhi, capital of India, was being polluted at a very fast pace until Supreme Court of India forced a change to alternative fuels. In 2002, a directive was issued to completely adopt CNG in all public transport systems to curb pollution.

Reasons- Why Firms Emphasizing on Green Marketing

There are several reasons for the companies to adopt the Green Marketing as a primary concept in all the activities. The major of them are-

- Organizations perceive environmental marketing to be an opportunity that can be used to achieve its objectives.

- Organizations believe they have a moral obligation to be more socially responsible.
- Governmental bodies are forcing firms to become more responsible.
- Competitors' environmental activities pressure firms to change their environmental marketing activities.
- Cost factors associated with waste disposal, or reductions in material usage forces firms to modify their behavior.

Challenges Ahead

Although a large number of firms are using green marketing, there are a number of problems which need to be addressed. One of the main problem is that firms using green marketing must ensure that their activities are not misleading to the consumers or the industry, and do not breach any of the regulations or laws dealing with environmental marketing. In short, green marketing claims of a firm must:

- Clearly state environmental benefits;
- Explain environmental characteristics;
- Explain how benefits are achieved;
- Ensure comparative differences are justified;
- negative factors are taken into consideration; and
- Only use meaningful terms and pictures.

Conclusion

From above examples it is clear that companies from almost all the sectors have come up with different forms of Green Marketing. Though the government and many private companies have been making an effort to bring about a green mindset among the people and promote green products, a lot still need to be done to make green products truly viable and workable especially in India. The green marketers in India should carry out heavy promotional campaigns, because a majority of the Indian consumers are not sure about the quality of the green products. They are indecisive whether to pay premium for purchasing green products. They are highly suspicious regarding the real greenness of the eco-friendly products and tend to search for more information before buying. While consumer awareness can be increased by the government in association with NGOs, it would be more important to develop appropriate and affordable technologies and use time and energy towards R&D since the concept of Green marketing is still in its infancy and a lot of research is to be done to fully explore its potential so that green products achieve wider acceptance on a significant scale, so as to make a perceptible impact on protecting the environment.

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