



ECO MARKETING: A STRATEGIC IMPERATIVE FOR SUSTAINABLE BUSINESS

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ABSTRACT

Going green has become imperative to the world as it is the buzzword in recent times. Many businesses throughout the world have claimed to be ecological responsible and run towards implementing various strategies to draw attention of potential consumers. There is a noticeable shift in consumer's choices and attitudes towards an eco-friendly lifestyle and have directed their interest towards green products. So as society becomes more focused towards sustainable development, there are organizations that began to tap this crucial area by modifying their processes and address the global issue. Nevertheless, consumers expect companies to be socially responsible and operate in an environmentally friendly manner. Hence, many global companies are now effectively implementing their green strategies for gaining the competitive edge and for sustainable development. This paper intends to study the core concept of eco marketing with its need and importance. And the key factors which helps in fostering opportunities and challenges for its implementation. Eco marketing is a profitable attempt imperative for sustainable growth of businesses.

KEYWORDS: *Consumers, Environment, Eco Marketing, Sustainable development*

1. INTRODUCTION

Environmental concern is the major reason for green movement in India. It has been growing rapidly in the world. Therefore, consumers are becoming more conscious towards their environmental approaches, desires and purchases. Human beings are now a day's aware of the

environmental threats like global warming, pollution, ozone layer depletion, scarcity of natural resources etc. All these threats are somewhere or the other are related to production and therefore it includes strong strategies to be adapted for sustainable businesses. And here comes the concept of Eco Marketing. As a result, the increasing numbers of consumers who are willing to buy environmentally friendly products are building opportunity for businesses that are using “eco-friendly” or “environmental friendly” as a factor of their worthiness. Businesses that provide products which are manufactured and designed with an environmental marketing mix have a stable competitive advantage. Ecological Marketing helps in fulfilling the aim of the companies and giving them an edge over others by playing an eco friendly business. This marketing strategy needs careful and in-depth analysis of the behavior of potential consumers to be a success. Winning marketing strategies includes identifying such trends and offering the products and services in a way to attract the consumers and make our planet greener.

2. CONCEPTUAL FRAMEWORK

Consumer awareness and motivation continue to drive change in the marketplace, notably through the introduction of more eco-friendly products. As green is the new thing which appeals most of the consumers in today’s scenario. The key elements of going into eco marketing are as follows:

2.1 Ecological marketing

Green marketing or Ecological marketing is the marketing of products that are presumed to be environmentally preferable to others. Thus green marketing incorporates a broad range of activities, including alteration in the product, in the process, packaging as well as different advertising strategy to appeal consumers. Green, environmental and eco-marketing are part of the new marketing approaches which do not just change, alter or augment existing marketing practices and strategies, but look for challenging approaches which provide a substantially different perspective to the businesses.

In more detail green, environmental and eco-marketing belong to the group of approaches which seek to address the lack of fit between marketing as it is currently practiced and the ecological and social realities of the wider marketing environment. Belz F., Peattie K.(2009). Eco marketing caters to the need of the hour that is to the major concern of our environment.

Green or Environmental Marketing consists of all activities designed to generate and facilitate any exchanges intended to satisfy human needs or wants, such that the satisfaction of these needs

and wants occurs, with minimal detrimental impact on the natural environment. [Polonsky 1994b, 2]. Although it is important to note that no one definition has been universally received. This definition incorporates much of the traditional components of the marketing definition, that is "All activities designed to generate and facilitate any exchanges intended to satisfy human needs or wants"[Stanton and Futrell 1987]. Therefore it ensures that the interests of the organization and all its consumers are protected, as voluntary exchange will not take place unless both the buyer and seller mutually benefit. Thus green marketing should look at minimizing ecological harm, not necessarily eliminating it.

2.2. Sustainable development

Sustainable development is the process of meeting human development goals while sustaining the ability of natural systems to continue to provide the natural resources and ecosystem services upon which the economy and society depends. Sustainable development is the organizing principle for sustaining finite resources necessary to provide for the needs of future generations of life on the planet. Sustainable development requires "sustainable marketing" that is marketing efforts that are not only competitively sustainable but are also ecologically sustainable (Polonsky et al, 1997). However, marketing's vital role in development will only be appreciated if; it meets the needs of the present without compromising the ability of future generations to meet their own needs through sustainable marketing or green marketing (Polonsky et al, 1997). Ecological marketing is imperative for the sustainable businesses and taking an edge over other competitors. According to Business Dictionary, the definition of green marketing is promotional exercises intended at taking benefits of shaping consumer behavior towards a brand. These adjustments are progressively being affected by a company's practices and policies that influence the characteristic of the environment and indicate the standard of its concern for the community. On the other hand, it can be recognized as the promotion of environmentally-secure or advantageous goods (Yazdanifard, 2011). According to the World Commission on Environmental Development (1978), Sustainable Development defines "meeting the needs of the present without compromising the ability of the future generations to meet their own needs" (p.134).

2.3. Evolution of ecological marketing

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" (Henion and Kinnear, 1976). As per Mr. J. Polonsky (1999), 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 their needs and wants occur with minimal detrimental input on the national environment." The tangible milestone for the first wave of green marketing came in the form of published books, both were called Green Marketing and was contributed by Ken Peattie (1992) in the United Kingdom and by Jacquelyn Ottman (1993) in the United States of America. In simple version, Green marketing refers to the process of selling products and/or services based on their environmental benefits. According to Peattie(2001), the evolution of green marketing has *three* phases.

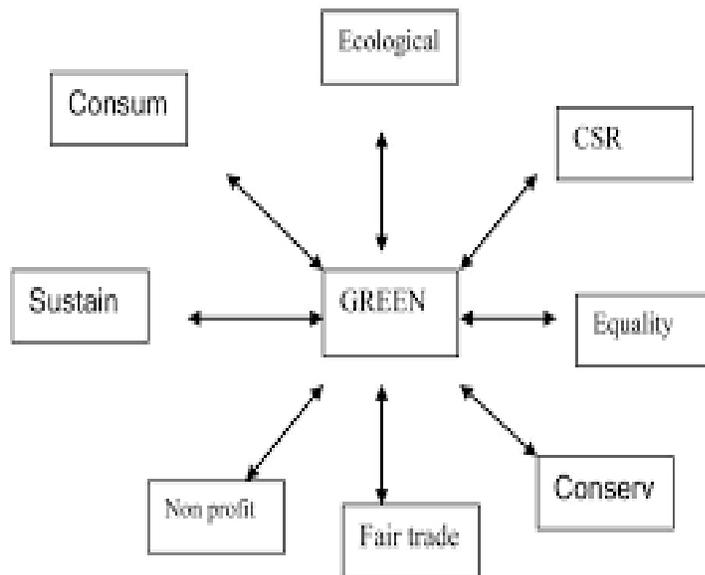
- In the *first* phase, all the marketing actions were concerned to solve environment problems and providing suitable remedies for it.
- In *second* phase, the focus shifted to cleaner technology that involved innovations in new products and its process which ultimately take care of pollution and waste issues.
- During the last and *third* phase, it dealt with "Sustainable" aspect of green marketing. Here green marketing looks into minimizing the environmental harm rather than eliminating it totally.

2.4. Common characteristics of green products

However, there is no proper definition of green products but based on different definitions of green marketing, some common attributes/ characteristics of green products are listed here. Some characteristics of generally accepted green products are:

- Use green energy (wind and geothermal energy) in efficient manner
- Products those are recyclable, reusable and biodegradable.
- Products grown without using harmful pesticides or chemicals.
- Products with natural ingredients.
- Products containing recycled contents and non-toxic chemical.
- Products that do not harm or pollute the environment.
- Products with eco-friendly packaging.
- Reduce production waste (in both energy and materials)
- By using green manure while cultivating(organic agriculture)
- Buy/sell locally produce, reducing transportation energy
- Reduce product packaging(biodegradable food packaging)
- Cosmetics made from organic content and do not harm animals or tested on them.

Figure 1: Meaning of Green



Source: (Peattie,K. (1995), Environmental Marketing Management,p.26)

3. RESEARCH METHODOLOGY

In this paper, the study is based on secondary data which is collected from various websites, online journals and research papers from various authors.

4. LITERATURE REVIEW

Green marketing is a creative opportunity to innovate in ways that will create variation and at the same time achieve business achievement (Grant, 2007, p. 10). Business activities harm environment in many ways therefore it is crucial for the businesses to be more environment conscious in all their actions. Companies, especially multinationals, play an essential role in the world economy, and they have also the resources and capacity to put ecological solutions into practice (Tjárnemo, 2001, p. 29). Companies have a liability to drive the development towards greater sustainability and becoming greener, so that a company's aim is to create markets for more environmentally friendly products and services and educate and influence customers to change (Hart, 1997, p. 67). Becoming more eco-oriented and offering environmentally friendly products might result in increased market shares as well as an improved brand image and thus,

companies gaining first-mover advantages in greening should become more competitive (Tjärnemo, 2001, pp. 29-30).

A *green consumer* is defined by Peattie (2001, p. 187-191) as someone who voluntarily engages in consumer practices that are regarded as environmentally friendly by marketing academics and practitioners. Thus, *green or eco friendly activities* deal, for instance, with energy-efficient operations, better pollution controls and recycled materials (Armstrong and Kotler, 2007, p. 509).

Sanjay K. Jain & Gurmeet Kaur (2004) in their study have highlighted that green consumerism has played a catalytic role in helping corporate environmentalism and making businesses tapping green aspect.

Selvakumar & Ramesh Pandi (2011) suggested that Green Marketing is not only about producing green products but also including the marketing strategies to develop consumer's eco-friendly nature and changed attitude so to help in creating lesser negative impact on environment.

Banumathi Mannarswamy (2011) in her study had reported that these days people are more concerned about the environment and are changing their behavior accordingly. As an outcome there is a strong market growth for sustainable and socially responsible products and services.

Sandhya Joshi (2011) highlighted that Environmental problems have gained significance throughout the world in consumers as well as in marketers' life. Undoubtedly green marketing is the crucial part of corporate strategy these days as it includes not only four Ps of marketing: product, price, place, promotion but also incorporates the green strategies.

5.1 Why Eco-marketing?

After reviewing the literature there are several suggested reasons for firms using Eco or Green Marketing.

Five possible reasons cited are:

1. Organizations perceive environmental marketing to be an opportunity that can be used to achieve its objectives [Keller 1987, Shearer 1990];
2. Organizations believe they have a moral obligation to be more socially responsible [Davis 1992, Freeman and Liedtka 1991, Keller 1987, McIntosh 1990, Shearer 1990];
3. Governmental bodies are forcing firms to become more responsible [NAAG 1990];

4. Competitors' environmental activities pressure firms to change their environmental marketing activities [NAAG 1990];
5. Cost factors associated with waste disposal, or reductions in material usage forces firms to modify their behavior [Azzone and Manzini 1994].

5.2. Benefits of using Eco marketing

Many studies have come up with the conclusion that consumers prefer eco-friendly products which are less harming to the environment and have a positive outlook towards brands following green practices. A strong desire is shown by the today's empowered consumers who are mindful in all their purchases and actually opt for those products and services which are eco-safe or less harming to the environment.

Some of the benefits are listed here:

- i) **Profitability:** Green based products create less waste, use fewer raw materials, and saves energy.
- ii) **Competitive advantage:** Companies that are using innovation enjoys competitive edge among others.
- iii) **Increased market share:** Brand loyalty is near all time low. In fact the percentage of Americans who feel that some brands are worth paying more for is declining. According to a poll conducted by the Porter Novelli consumers viewed company's record on the environment as an important determinant of their purchase decision.
- iv) **Better products:** Green products are higher in quality in terms of energy saving, performance, convenience, safety, etc.
- v) **Personal Rewards:** Green products offer consumers with the benefits of healthier, more fulfilled lives and power to make the world a better place.
- vi) **Better Physical Environment:** Well co-ordinated use of all green marketing strategies will result in better physical environment in terms of reduced air and water pollution, waste energy depletion, global warming, deforestation, depletion of natural resources and so on.
- vii) **Sustainable Development:** meeting the present needs without compromising the future demands.

5.3. Marketing mix

Marketing mix is a tool used by firms or businesses to promote or brand their products in the market. In Eco-marketing, environmental concern is the spotlight of marketing mix for

sustainable development. Marketing mix ordinarily known as 4P's comprises of components such as product, price, place and promotion. As per the eco-marketing every component in the marketing mix is basically deals with the green aspect starting from the manufacturing process, to launching of the product or whether its packaging or how it transported to the ultimate consumers. Like conventional marketers, green marketers must address the four P's of marketing in innovative ways:

Product: The products have to be manufactured in manners which are eco friendly and harmless to the environment. During production process the resource wastage should be less and environment pollution has to be reduced. Proper waste management techniques must be adopted by businesses. The increasingly wide varieties of products on the market that support sustainable development are products made from recycled goods, efficient products, products with environmentally responsible packaging;(McDonalds changed their packaging from polystyrene clamshells to paper), Products with green labels, as long as they offer substantiation, Organic produce which is locally grown without using any pesticides or chemicals.

Price: Pricing is a important component of the marketing mix. Most of the customers are prepared to pay a premium if there is an added product value. This value can be added to it by changing its appearance, functionality and through customization, etc. This added value is basically the environment concern of the business attached to the product. Environmental benefits are usually an additional benefit but will often be the deciding aspect between products of equal value and quality. Environmentally friendly products, are often less expensive when product life cycle costs are taken into consideration (For example fuel-efficient vehicles, water-efficient printing and non-hazardous products, Wal-Mart unveiled its first recyclable cloth shopping bag).

Place: Place refers to all those practices to cut down the transportation emissions and thereby aiming at reducing the harmful impact on environment. Green distribution comprise appointing pathway in a manner to diminish environmental impairment. (For example, instead of marketing an imported mango juice in India it can be licensed for local manufacturing). This avoids shipping of the product from far away, thus reducing transport cost and more importantly, the subsequent carbon emission by the ships and other modes of transport and reducing other resource wastage.

Promotion: Green promotion considers 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. The major information of go green has to transmit to the customers through direct marketing, sales promotions, advertising and public relations. Public relations and advertising indeed have become the most broadly used platforms to launch the green outlook of a business. Smart marketers will be able to highlight environmental integrity by using sustainable marketing and promotional tools and practices. (For example, ICICI Bank started with the paperless banking facilities like paperless bank statements, e-passbooks etc). E-marketing is rapidly replacing more traditional marketing methods, thereby reducing the resource wastage in all manners.

The key to successful eco marketing is integrity. Never overstate environmental claims, promote your green credentials and achievements. In this manner the profile of the business has become awarded in the eyes of the stakeholders.

6.1 OPPORTUNITIES

It is a crucial tool for various firms to market goods with environmental characteristics will have a competitive advantage over firms marketing non-environmentally responsible alternatives. There are abundant examples of firms who have strived to become more environmentally responsible, in an attempt to better satisfy their consumer needs. Most of the businesses now realized the fact of exploiting the opportunity in the best possible manner by adopting all eco marketing techniques in their processes.

- McDonald's replaced its clam shell packaging with waxed paper because of increased consumer concern relating to polystyrene production and Ozone depletion [Gifford 1991, Hume 1991].
- Starbuck's decision to use coffee cup sleeves made of recycled paper saving roughly 78,000 trees per year since 2006.
- Tuna manufacturers modified their fishing techniques because of the increased concern over driftnet fishing, and the resulting death of dolphins [Advertising Age 1991].
- Xerox introduced a "high quality" recycled photocopier paper in an attempt to satisfy the demands of firms for less environmentally harmful products.
- McDonalds now works in close collaboration with PETA to claim to be more humane and friendly to the environment in all their processes.

Many firms have undertaken environmental marketing activities seriously and exploiting this opportunity in the best possible manner by adopting eco-marketing thus creating a loyal customer base for themselves.

6.2 CHALLENGES

Although there is extensive numbers of organizations which are turning green, as an increasing number of consumers' want to connect themselves with environment-friendly products. There is wide spread confusion among the consumers regarding products. Though there is no proper definition of 'green' as such. But it is marketer's responsibility to be obvious in all their processes relating to eco-products and claims so to gain the maximum confidence of consumers. There is large number of challenges in the field of green marketing which is sum up as follows:

Fresh Concept- Consumers in India are getting more aware about the advantages of Green products. But it is still a newest idea for the common people. The consumer needs to be educated and made aware of the environmental fears. And this can be done by reaching to masses through advocacy programmes and eco movements. Majority of the people are not aware of green products, its uses and the benefit out of it so it will take a lot of time and effort.

Cost Factor- Green marketing involves marketing of products/services having green impact, newer technology, renewable power/energy for which requires a huge investment in R&D. These new techniques, processes, marketing will need more money and majority of the consumers are not willing to pay that extra penny for green products.

Sustainability- Primarily the profits are nominal since green technology and practices require more money and efforts. Green marketing will be fruitful only in long run. Hence the business needs a long term strategy rather than short terms plans and avoid any unethical practices to gain profits. Eco marketing requires a lot of patience to get the desired results.

Lack of trustworthiness-The customers may not totally agree with the company's strategies of green marketing, therefore the company should guarantee that they undertake all possible actions to persuade the customer about their green products. Else consumers are not very willing to buy these products.

Non Cooperation- The organizations practicing Green marketing have to struggle really hard in compelling the stakeholders as most of the times consumers fail to understand the long term benefit of using green products and saving the environment.

Avoiding confusion- Green marketing must not confuse consumers regarding green or sustainable claims. The marketers must avoid the 'misleading claims'. Pick the products or

services you promote saying them ‘green’ with care and be more cautious about what part of your product or packaging is green so to avoid confusion among consumer’s minds.

7. CONCLUSION

It is concluded that eco marketing is the need of the hour and definite approach for protecting the environment & for the generations to come. Thus businesses to survive in this competition, they need to go eco-friendly in all their actions and processes. As the consumers are more conscious now, firms have to use green marketing as a tool to increase their competitive advantage over others in the market. Consumers want to recognize themselves with companies that are green compliant and are willing to pay more for a greener life style. For this reason, green marketing is not only an environmental protection device but also a marketing strategy (Yazdanifard, 2011). So it is imperative for all businesses to get into eco-marketing for gaining maximum benefit as well as saving our mother nature by reducing the environmental harm.

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