



ENVIRONMENTAL MARKETING: TRENDS, OPPORTUNITIES, AND CHALLENGES – A STUDY OF INDIAN COMPANIES

Dr. Ajay Kumar Dogra

Assistant Professor,

University Institute Of Applied Management Sciences,

Panjab University, Chandigarh, India-160014.

ABSTRACT

Marketing is one area of business which has attracted the attention of environmental issues in business operations and proceedings. Mass production, mass consumption and mass marketing of products which are least concerned about surrounding environment lead to the concern of society towards natural environment. Environmental marketing is relatively new focus in business endeavours and came into prominence in the late 1980s and early 1990s (Ottman 1998) began in Europe in the early 1980s when certain products were found to be harmful to the environment and society as a whole. An increased focus on environmental issues, has contributed to a rise in the demand for environment friendly products and services. The spotlight on sustaining the environment has created terminology such as “carbon footprint” and “offsetting”. Many organisations have adapted their marketing strategies to capitalise on the consumer appetite for environment friendly products and services. Green marketing is a phenomenon which has developed particular important in the modern market. This concept has enabled for the re-marketing and packaging of existing products which already adhere to such guidelines. Additionally, the development of green marketing has opened the door of opportunity for companies to co-brand their products into separate line, lauding the green-friendliness of some while ignoring that of others. Such marketing techniques will be explained as a direct result of movement in the minds of the consumer market. In order to meet stricter environmental standards, both marketers and consumers are becoming increasingly sensitive to the need for switch in to green products and services. As a result, green marketing has emerged which speaks for growing market for sustainable and socially responsible products and services. World Commission on Environment and Development define sustainable development as meeting "the needs of the present without

compromising the ability of future generations to meet their own need" Environmental marketing also ties closely with issues of industrial ecology and environmental sustainability such as extended producer's liability, life-cycle analysis, material use and resource flows, and eco-efficiency.

Key Words: Environment, Marketing, Green marketing, Opportunity, Challenges, Competitive Advantage

Introduction

Marketing is one area of business which has attracted the attention of environmental issues in business operations and proceedings. Mass production, mass consumption and mass marketing of products which are least concerned about surrounding environment lead to the concern of society towards natural environment. Because of this behaviour of society and consumers the business organizations have started to modify their behaviour and ways of doing business and marketing so that they can put forward a strong and positive brand image in the eyes of consumers and society.

Waste minimization and environmental concern has been taken seriously by many business firms and they have integrated the environmental issues into almost all the business activities which they perform on day to day basis.

Many governments across the world have taken environmental or green marketing and its effects so seriously that they have started regulating the environment so that more and more business houses start using it for the benefit of present and future generations.

Most of the people think that environmental marketing is all about promoting the products and services with environmental characteristics, but it is not completely true, defining it is a complex exercise. We can say that it is activity including product modification, changes in production processes, new procedures of packaging as well as changing the mediums and process of promotion and advertising. According to the American Marketing Association, "Green marketing is the marketing of products that are presumed to be environmentally safe, involves developing and promoting products and services that satisfy customer's want and need for Quality, Performance, Affordable Pricing and Convenience without having a detrimental input on the environment" Green marketing also ties closely with issues of industrial ecology and environmental sustainability such as extended producers liability, life-cycle analysis, material use and resource flows, and eco-efficiency.

Review Of Literature

As per Mr. J. Polonsky, environmental 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." In the 21st century, climate change and rapid depletion of natural resources and biodiversity are some of the challenges humanity must come to grips with. The subject of green marketing is vast, having important implications for business strategy and public policy. Clearly, green marketing is part and parcel of the overall corporate strategy (Menon and Menon, 1997).

Based on a review of the literature on the subject, Polonsky (1994) has identified several possible reasons for companies adopting green marketing. Green Makes Business Sense. Green marketing is viewed as a means to achieve the organization's objectives (Keller 1987, Shearer 1990). Several studies indicate that consumers and the general public were concerned about the environment (Roberts 1995, Roberts and Bacon 1997, Van Liere and Dunlop 1981, McCarty and Shrum 1994). Few other studies indicate that concern for the environment is being reflected in changes in consumption-related perceptions and behaviour (Allen and Ferrand 1999, Gamba and Oskamp 1994, Shrum et al 1995). Phillips (1999) reported that 87 % of U.S. adults are concerned about the natural environment and 59 % of them say that they look for environmental labels and choose the brands that are more environmental-friendly. Jain and Kaur (2004), found that Indian consumers surveyed report a high level of concern for the environment and engagement in environmental behaviour

According to Charter (1992), green marketing is defined as 'greener marketing is a holistic and responsible strategic management process that identified, anticipates, satisfies and fulfill stakeholder needs, for reasonable reward, that does not adversely affect human or natural environmental well being'. This definition adds a strategic dimension stressed the importance of a long term perspective and the role played by stakeholders. It is rightly opinioned Jacquelyn Ottman, author of Green Marketing: Opportunity for Innovation from an organizational standpoint, environmental considerations should be integrated into all aspects of marketing - new product development and communications and all points in between.

Pride and Ferrell (1993) Green marketing, also alternatively known as environmental marketing and sustainable marketing, refers to an organization's efforts at designing, promoting, pricing and distributing products that will not harm the environment

Polonsky (1994) defines green marketing as .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.

Elkington (1994: 93) defines green consumer as one who avoids products that are likely to endanger the health of the consumer or others; cause significant damage to the environment during manufacture, use or disposal; consume a disproportionate amount of energy; cause unnecessary waste; use materials derived from threatened species or environments; involve unnecessary use of, or cruelty to animals; adversely affect other countries.

Objectives Of The Study

1. To understand the current trends of environmental marketing in present scenario.
2. To study the challenges and opportunities for Environmental marketing.
3. To focus on the environmental marketing in the context of Indian Business organizations.
4. To suggest some strategies for implementing Environmental marketing

Green Products And There Characteristics:

The products those are manufactured through green technology and that caused no environmental hazards are called green products. Promotion of green technology and green products is necessary for conservation of natural resources and sustainable development. We can define green products by following criteria:

- Products those are naturally grown,
- Products those are recyclable, reusable and biodegradable,
- Products with natural ingredients,
- Products containing recycled contents, non-toxic chemical,
- Products contents under approved chemical,
- Products that do not harm or pollute the environment,
- Products that will not be tested on animals,
- Products that have eco-friendly packaging i.e. reusable, refillable containers etc.

Use Of Environmental Marketing By Firms:

Marketers these days are more concerned about use of environmentally friendly products. Governments are also using strict norms for using environmental friendly products and services, for example Euro norms for cars in India.

The Judiciary is also following stringent norms for implementation of these issues related to control of environmental pollution, for example Supreme Court of India ordered use of CNG buses in New Delhi, the capital of India to reduce pollution.

The companies are also trying to use environmental marketing as a competitive tool to gain competitive advantage and as a strategic tool to compete in Market, for example Safal, as a brand is selling environmental friendly vegetables in India.

There are basically five reasons for which a company should go for the adoption of green marketing.

- i. Social responsibility is taken as a moral obligation by the companies.
- ii. Environmental marketing is seen as an opportunity that can be used to achieve company's objectives.
- iii. Modification in behaviour of companies because of cost factors associated with disposal of waste.
- iv. Competitors' environmental activities pressure firms to change their environmental marketing activities.
- v. There is a pressure from government agencies to adopt the environmental or green marketing practices.

Indian Companies Following Good Environmental Practices:

1. ITC Limited

ITC strengthened their commitment to green technologies by introducing 'ozone treated elemental chlorine free' bleaching technology for the first time in India. The result is an entire new range of top green products and solutions: the environmentally friendly multi-purpose paper that is less polluting than its traditional counterpart.

2. State Bank Of India

SBI is also entered into green service known as "Green Channel Counter". SBI is providing many services like; paper less banking, no deposit slip, no withdrawal form, no checks, no money transactions form all these transaction are done through SBI shopping & ATM cards. State Bank of India turns to wind energy to reduce emissions: The State Bank of India became the first Indian bank to harness wind energy through a 15-megawatt wind farm developed by Suzlon Energy.

3. Indian Oil

- Indian Oil met the target of reaching EURO-III compliant fuels to all parts of the country by the year 2010; major cities were upgrade to Euro-IV compliant fuels by that time.
- Indian Oil has invested about Rs. 12,000 crore so far in green fuel projects at its refineries; ongoing projects account for a further Rs. 4,000 crore.
- Motor Spirit Quality Improvement Unit commissioned at Mathura Refinery; similar units came up at three more refineries.

4. Suzlon Energy

The world's fourth largest wind-turbine maker is among the greenest and best Indian companies in India. Tulsi Tanti, the visionary behind Suzlon, convinced the world that wind is the energy of the future and built his factory in Pondicherry to run entirely on wind power. Suzlon's corporate building is the most energy efficient building ever built in India.

5. Tata Metaliks Limited(TML)

Every day is Environment Day at TML, one of the top green firms in India. A practical example that made everyone sit up and take notice is the company's policy to discourage working on Saturdays at the corporate office. Lights are also switched off during the day with the entire office depending on sunlight

6. Wipro Technologies:

Wipro Technologies, the global IT services division of Wipro Limited, has announced its membership in "The Green Grid", a global consortium dedicated to advancing energy efficiency in data centers and business computing ecosystems. Wipro's green IT initiatives extend from energy efficient data centers to eco friendly product engineering designs and PC ranges. Wipro will broaden its green IT initiatives through its participation in "The Green Grid", as the consortium seeks to provide industry-wide recommendations on best practices, metrics, and technologies that will improve overall data centre and business computing energy efficiencies.

7. Kansai Nerolac

Kansai Nerolac Paints Ltd. has always been committed to the welfare of society and environment and as a responsible corporate has always taken initiatives in the areas of health, education, community development and environment preservation.

Kansai Nerolac has worked on removing hazardous heavy metals from their paints. The hazardous heavy metals like lead, mercury, chromium, arsenic and antimony can have adverse effects on humans. Lead in paints especially poses danger to human health where it can cause damage to Central Nervous System, kidney and reproductive system. Children are more prone to lead poisoning leading to lower intelligence levels and memory loss.

8. HCL Technologies

This IT major may be considered as the icon of Indian green initiatives, thanks to the "go green" steps taken in solving the problem of toxics and e-waste in the electronics industry. HCL is committed to phasing out the hazardous vinyl plastic and Brominated Flame Retardants from its products and has called for a Restriction on Hazardous Substances (RoHS) legislation in India.

9. Oil and Natural Gas Company (ONGC)

India's largest oil producer, ONGC, is all set to lead the list of top 10 green Indian companies with energyefficient, green crematoriums that will soon replace the traditional wooden pyre across the country. ONGC's Mokshada Green Cremation initiative will save 60 to 70% of wood and a fourth of the burning time per cremation.

10. Indus Ind Bank

Green banking has been catching up as among the top Indian green initiatives ever since Indus Ind opened the country's first solar-powered ATM and pioneered an eco-savvy change in the Indian banking sector. The bank is planning for more such initiatives in addressing the challenges of climate change

11. IDEA Cellular

One of the best Indian companies, IDEA, paints India green with its national 'Use Mobile, Save Paper' campaign. The company had organized Green Pledge campaigns at Indian cities where thousands came forward and pledged to save paper and trees. IDEA has also set up bus shelters with potted plants and tendrill climbers to convey the green message

12. Hero Honda Motors

Hero Honda is one of the largest two-wheeler manufacturers in India and an equally responsible top green firm in India. The company's philosophy of continuous innovation in green products and solutions has played a key role in striking the right balance between business, mankind and nature

Challenges of Environmental Marketing:

1. One of the biggest challenges of environmental marketing is to make it sure that companies are not misleading the consumers and industry, and to confirm it that there is no breach of rules and regulations pertaining to environmental marketing. The claims made by organizations in India must ensure that they are clearly mentioning

environmental benefits, product or service characteristic, way in which benefits are achieved, and justification of comparative advantage.

2. Second challenge is that how to modify the products according to the increased concerns of consumers as consumers these days are becoming more and more aware and educated. Consumers want a detailed explanation of the benefits which are being provided to society because of environmental marketing and they do go for a comparative analysis of different products under same category.
3. When companies try to go for social responsibility, the challenge which they face is that environmental marketing which they are using today may prove to be harmful in future. This may explain why some firms like coca cola and walt Disney world, are becoming socially responsible without publicizing this point, this may be considered as strategy of protecting themselves from potential future negative backlash.
4. While using the concept of environmental marketing the organizations face the challenge of following the policies and procedures laid down by government. While governmental regulation is designed to give consumers the opportunity to make better decisions or to motivate them to be more environmentally responsible, there is difficulty in following these policies and procedures in best possible way.
5. Competitive pressure can be a big challenge as it can force companies to commit mistakes. An example of this is Mobil Corporation, which followed the competition and introduced "biodegradable" plastic garbage bags. Although technically these bags were biodegradable but the conditions in which they were disposed off did not allow the biodegradation to occur because of this several states of USA sued Mobil for using misleading advertisement.
6. Indian literate and urban consumer is getting more aware about the merits of Green products. But it is still a new concept for the masses. The consumer needs to be educated and made aware of the environmental threats. The new green movements need to reach the masses and that will take a lot of time and effort. By India's ayurvedic heritage, Indian consumers do appreciate the importance of using natural and herbal beauty products. Indian consumer is exposed to healthy living lifestyles such as yoga and natural food consumption. In those aspects the consumer is already aware and will be inclined to accept the green products.

Opportunities For Environmental Marketing:

1. Increasing Awareness of Consumers: Both Individual and industrial consumers are becoming more and more aware about the natural environment, both types of

consumers have started modifying their behaviour including their purchase behaviour also due to environmental conditions. As the demand is changing and consumers are looking for more environmental friendly products and services it can act as an opportunity for the marketers. As consumers are becoming more concerned about environment and are looking forward to better environmental friendly products, it can give marketers an opportunity to gain competitive edge over others by providing consumers what they want.

2. Social responsibility and environmental marketing: Corporate social responsibility is the concept in which the organizations start to realize that they are member of a wider community and therefore they should act in an environmentally responsible way, and because of this concept companies are focusing more and more on environmental marketing or the green marketing. Firms start believing that they can earn profits by becoming socially responsible and hence the concept of environmental marketing becomes a part of the organizational culture. Now it depends upon the organization if they want to promote their corporate responsibility like in case of Body Shop, heavily promote the fact that they are socially and environmentally responsible, this serves as a competitive advantage, whereas there are companies like coca cola who are using the environmental friendly processes and recycling with waste reduction but they do not promote it, as it can prove fatal for company in near future when these techniques will become obsolete.
3. Government Pressure Issues: Government is responsible for the protection of environment, consumers and society from the marketing activities of companies. Legislations are brought in such a manner that negative impact of marketing activities are minimized for the society. So, basic motive of government regulations, licences, taxes and other provisions is to safeguard the consumers, hence it can be used as an opportunity by the firms to follow better environmental marketing practices and position themselves as companies working for the benefit of society.
4. Competitive Pressure - Another major force in the environmental marketing area has been firms' desire to maintain their competitive position. In many cases firms observe competitors promoting their environmental behaviours and attempt to emulate this behaviour. In some instances this competitive pressure has caused an entire industry to modify and thus reduce its detrimental environmental behaviour. For example when one tuna manufacture stopped using driftnets the others followed suit.

5. **Cost of Profit Issues** - Firms may also use green marketing in an attempt to address cost or profit related issues. Disposing of environmentally harmful byproducts, such as polychlorinated biphenyl (PCB) contaminated oil are becoming increasingly costly and in some cases difficult. Therefore firms that can reduce harmful wastes may incur substantial cost savings. When attempting to minimize waste, firms are often forced to re-examine their production processes. In these cases they often develop more effective production processes that not only reduce waste, but reduce the need for some raw materials. This serves as a double cost savings, since both waste and raw material are reduced. In other cases firms attempt to find end - of - pipe solutions, instead of minimizing waste. In these situations firms try to find markets or uses for their waste materials, where one firm's waste becomes another firm's input of production. One example of this is a firm who produces acidic waste water as a by-product of production and sells it to a firm involved in neutralizing base materials.

Environmental or green marketing strategy:

1. Knowing the Customer: Means making sure that the consumer is aware of and concerned about the issues that your product attempts to address, without which success in green marketing will be difficult to achieve.

2. Educating the customer: Means educating the people the reasons as to whatever you're doing is not only to protect the environment, but also matters of letting them know why it matters. Otherwise, for a significant portion of your target market, it's a case of "So what?", Does it matter to me?, and your green marketing campaign goes nowhere.

3. Genuineness & Transparency to the customer: It shows that a) In reality you are actually practicing, what you claim to be doing in your green marketing campaign and b) your business policies are in lieu with whatever you are doing that's eco 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.

4. Reassuring thy Buyer: Means that the customers must be made to believe that the product being offered shall fulfill the objective or purpose for which it has been purchase i.e.-no compromise in product quality in the name of the environment.

5. Pricing for thy customer: Means making sure that consumers can afford the premium and feel it's worth it, which is being charged for your product, as many environmentally preferable products cost more due to economies of scale and use of higher-quality ingredients.

6. Giving thy customers an opportunity to participate: Means personalizing the benefits of your environmentally friendly actions, normally through letting the customer take part in positive environmental action, at same time keep in view the changed expectations of the customers.

When companies come up with new innovations like eco friendly products, they 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

Marketing Mix Strategy For Environmental Marketing:

A. Green 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. It is marketing its Air Jordan shoes as environment-friendly, as it has significantly reduced the usage of harmful glue adhesives. It has designed this variety of shoes to emphasize that it has reduced wastage and used environment-friendly materials.

B. 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".

C. Green 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.

D. Green 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. The centre piece of this portfolio is the IBM Sure POS 700, a point-of-sale system that, according to IBM, reduces power consumption by 36% or more. We even see the names of retail outlets like “Reliance Fresh”, Fresh@Namdhari Fresh and Desi, which while selling fresh vegetables and fruits, transmit an innate communication of green marketing.

CONCLUSION

Green marketing is not going to be an easy concept. The firm has to plan and then carry out research to find out how feasible it is going to be. Green marketing has to evolve since it is still at its infancy stage but adoption of Green marketing may not be easy in the short run, but in the long run it will definitely have a positive impact on the firm. Most of the companies are venturing into green marketing because of opportunity, social responsibility, Govt. Pressure, competitive edge and cost reduction.

Marketers also have the responsibility to make the consumers understand the need for and benefits of green marketing. Consumers are willing to pay more to maintain a cleaner and greener environment. Green Marketing is still in the stage of childhood in the Indian companies. Finally, consumers, industrial buyers and suppliers need to promote the positive effects of Green marketing on the environment.

REFERENCES

1. Chitra.K(2007),”In search of the Green Consumers: A perceptual study” ,Journal of Services Research, Vol.7, No.1, pp.173- 191.
2. J.A Ottman,.et al,”Avoiding Green Marketing myopia” ‘Environment,Vol-48,June- 2006.
3. Kotler, Philip. Marketing Management – The Millennium Edition Prentice Hall of India Private Limited, New Delhi.

4. Sanjay K Jain , Gurmeet Kaur (2004),”Green Marketing : An Indian Perspective, Decision, Vol.31,no.2,July –December 2004.

5. William E kilbourne (1998), Green Marketing A Theoretical Perspective”, Journal of marketing Management, Vol .14,pp.641-655.

www.greenmarketing.net/stratergic.html

www.epa.qld.gov.au/sustainable_ industries

www.greenpeace.org/international

www.google.com

www.iocl.com/AboutUs/environment%28GFA%