The theoretical framework intends to present scientific theories and models which provides the foundation for data analysis. This part makes an elaboration on the evolution of Green Marketing, green marketing mix, development of green marketing concept, the challenges and opportunities, as well as the description of eco-labels. The model applied for analyzing the customer behaviour of the FMCG industry is also dealt with in this chapter.
3.1 Green Marketing - Introduction

Green marketing refers to the process of developing and marketing of products and services to satisfy the requirements of customers, which at the same time do not have a detrimental impact on the physical environment or to improve its quality. It incorporates a broad range of activities like eco-products design, development, product modification, change in the production process, packaging, modifying advertising, etc., aimed at reducing negative impact of products and their consumption and disposal on the environment. As consumers are more concerned about the environment, the demand for eco-friendly products is increasing and it exerts severe external pressure going on green. Globally the need for green marketing has increased and companies are striving to reduce the negative impact of products and services on the environment.

Owing to climatic changes, there has developed an unprecedented concern than they were even few years ago. Consumers concern for the environment has led to radical changes in consumer preferences and life style. Consequently, customers have decided to purchase products that are environmentally advantageous. Due to the shift from traditional marketing to green marketing, companies these days are forced to meet several new challenges.

Green marketing is under spot light and has become a global issue. As society becomes more concerned with the natural environment, firms start to modify business behaviours in an attempt to address the environment among consumers. Some firms responded favourably to concepts such as environment management system and green marketing. These firms have integrated environmental concepts into their business activities. Many companies have now successfully implemented green marketing practices and it has achieved global importance. By offering business incentives at the grass root level, companies have been able to accelerate their growth in green production. Green marketing offers business bottom line incentives and top line grow possibilities. Companies that develop new and improved products and services achieve access to new markets and substantially increase profits and enjoy competitive advantages over those marketing non-environmentally responsible alternatives. Green marketing is a creative opportunity to innovate ways
that make a difference and at the same time achieve business success. As business activities are the reasons for many of the environmental problems, there has been an increased recognition that green business is vital for the creation of an ecologically sustainable society. 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. Companies have a responsibility to drive development towards greater sustainability. They should aim at creating markets for environment-friendly products and services and educate and influence customers to change their behaviour. Cost saving and the market opportunity potential are environmentally appropriate strategies and practices that motivate companies to go green. Companies can save money by using recycled raw material and by minimising energy consumption. Companies by becoming more eco-oriented and eco-friendly can increase their market shares as well as improve company image. Such companies become more competitive and gain first mover advantage in greening. This first-mover advantage, however, is not sufficient any more as more companies orient themselves ecologically and customers have the advantage to choose from a variety of eco-labelled products.

Green marketing is concerned with designing, developing, modifying and delivering products that are eco-friendly - creating products that cause least harm to the environment and its stakeholders. This requires a strategic move to identify and employ supply chain participants who care for eco-friendliness. From another perspective, Green marketing means making effective utilization of the Green resources of a country in such a way that the utilization itself contributes to preservation and regeneration of resources, meaning in no way that future generation of the country is deprived of the benefits enjoyed by the present generation in terms of natural resources. The prime concern behind Green marketing is obviously effective utilisation and efficient management of the available natural resources for the benefit of humanity. Green marketing mix consists of product, price, place, promotion, process, physical distribution and people with utmost concern for eco-friendliness to preserve the green environment. As regards to products, various attributes are identified, evaluated, procured, processed and preserved to provide
healthy consumption and thereby prevent health hazards. For this purpose, the price is fixed, taking into account the value of service rendered or product produced. The promotion comprises of advertising, publicity, and other sales promotion measures which also takes into account the eco-friendly approach as regards to utilisation of material, manpower and other resources. The processing of the products needs special care in such a way that pollution-generating elements are tackled. As regards to place and physical distribution, the activities involved in storage, warehousing, logistics, etc., should adhere to ecological temperament. The people associated with Green marketing can be categorised as internal and external customers. Internal customers are employees who are involved in producing and delivering the product and services. On the other hand, external customers are the target market for whom the product and services are aimed. The internal and external consumers are expected to have a greater degree of concern over eco-friendliness in each and every aspect of production and consumption so that the objective of Green marketing will be meaningfully fulfilled.

3.2 Evolution of Green Marketing

The roots of green marketing can be traced back to the wave of environmental concern of the early 1970’s which spawned the ‘ecological marketing’ concept. Ecological marketing proposed to encourage industries to promote products which have only a positive impact on the environment and develop new technologies to alleviate environmental problems. According to Peattie (2001), three phases can be noticed in the evolution of green marketing:

**First phase** was termed “Ecological Green Marketing”, and during this period all marketing activities were concerned with detecting environmental problems and providing solution.

**Second phase** which was termed “Environmental Green Marketing” focused on clean technology that involved designing of innovative new green products that curbed pollution and waste.

**Third phase** was “Sustainable Green Marketing”. It came into prominence during the period between 1990 and 2000.
<table>
<thead>
<tr>
<th>Factor</th>
<th>1970's Environmentalism</th>
<th>1990's Green</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emphasis</td>
<td>On environmental problems</td>
<td>On the underlying problems with our social, economic, technical or legal system.</td>
</tr>
<tr>
<td>Geographical focus</td>
<td>On local problems (eg: Pollution)</td>
<td>On global problems (eg: global warming)</td>
</tr>
<tr>
<td>Identity</td>
<td>Closely linked to other anti-establishment causes</td>
<td>A separate movement embraced by many element of the establishment</td>
</tr>
<tr>
<td>Sources of support</td>
<td>An intellectual elite and those at the fringes of society</td>
<td>A broad-base</td>
</tr>
<tr>
<td>Basis of Campaign</td>
<td>Used forecasts of exponential growth to predict future environmental problems (eg: limits to growth)</td>
<td>Uses evidence of current environmental degradation (eg: the hole in the ozone layer)</td>
</tr>
<tr>
<td>Attitude to business</td>
<td>Business is the problems, Generally adversarial</td>
<td>Business seen as a part of the solution. More partnership formed.</td>
</tr>
<tr>
<td>Attitude to growth</td>
<td>Desired for zero growth.</td>
<td>Desired for sustainable growth</td>
</tr>
<tr>
<td>View of environment/business interaction</td>
<td>Focused on negative effects of business activity on the environment</td>
<td>Focused on dynamic interrelationship between business society and the environment</td>
</tr>
</tbody>
</table>

The integration of environmental concern in marketing theory and practice has been viewed by some as simply an extension of the societal marketing concept. However, it is more importantly helpful to view the concept of ‘green marketing’ as a response to green movement. The key differences between green marketing concept and societal marketing lie in the following:

- An emphasis on the physical sustainability of the marketing process, as well as its social acceptability.
- A more holistic and interdependent view of the relationship between the economy, society and the environment.

- An open-ended rather than a long term perspective.

- A treatment of the environment as something with intrinsic value over and above its usefulness to society.

- A focus on global concern rather than on particular societies.

In both the ecological and societal marketing concepts, the emphasis on socio-environmental issues has mostly been framed in terms of costs and constraints. Another important aspect of green marketing was the emphasis it laid on socio-environmental issues which served as potential sources of innovation and opportunity for marketers.

Green marketing has not lived up to the hopes and dreams of many managers and activists. Although public opinion polls consistently show that consumers prefer to choose a green product over one that is less friendly to the environment when all other things are equal, those "other things" are rarely equal in the minds of consumers (Hackett, 2000). Company must always keep in mind that consumers are unlikely to compromise on traditional product attributes, such as convenience, availability, price, quality and performance. It's even more important to realise, however, that there is no single green-marketing strategy that can be accepted by all companies. Despite the increasing eco-awareness in contemporary market economies, it is generally recognized that there are still considerable barriers to the diffusion of more ecologically oriented consumption styles.

Moreover, environmentally responsible behavior usually involves difficult motivational conflicts, arising from the fundamental incompatibility of environmental protection-related collective goals and individual consumers' personal or self-interested benefits and the resulting free-rider problem (Wiener and Doesher, 1991). Public policymakers will continue to develop more efficient ways to regulate waste and pollution, and scientists will continue to gather information about the environmental risks from various sources. As they do, pricing structures will evolve...
that communicate even more accurate information to manufacturers and entrepreneurs about the true cost of commercial activities and the potential rewards from innovative solutions to environmental problems. 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" (Schlegelmilch et al, 1996). There are usually severe external constraints to green consumerism, arising from the cultural, infrastructural, political and economic circumstances in the markets and society (McIntosh, A. 1991).

3.3 From Traditional Marketing to Green Marketing – changes in managerial perspective

Marketing is unique because it creates beneficial products and services for a customer, communicate their availability and desirability in a persuasive manner, and then delivers these products and services at low cost with high accessibility. Marketing as a discipline is traced from its origins as a business activity to its contemporary position as a generic activity applying to all types of organizations and exchange transactions.

Marketing as defined by Chartered Institute of Marketing, is that “it is a management process responsible for identifying, anticipating and satisfying customer requirements profitably”. Based on this definition green marketing can be defined as: “the holistic management process responsible for identifying, anticipating and satisfying the requirement of customers and society, in a profitable and sustainable way” (Peattie K, 1995, p.27).

Most traditional marketing communications focus on functional or emotional benefits of a product or service. Green marketing, instead of selling to customers functional or emotional benefits promotes a radically different message, “our product, process or philosophy is better than another and those who do it the other way are wrong”.
Table No: 3.2 Difference between Traditional Marketing and Green Marketing

<table>
<thead>
<tr>
<th>Traditional Marketing</th>
<th>Green Marketing</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Starts with the identification of needs of their target customer.</td>
<td>• Starts with the identification of the needs of their target customers.</td>
</tr>
<tr>
<td>• Customers need is at centre point for decision making.</td>
<td>• Environmental needs are at the centre point for decision making.</td>
</tr>
<tr>
<td>• Self centred approach with short term orientation and without giving the attention to environment.</td>
<td>• Social cost benefit approach with long term orientation and giving importance to environment.</td>
</tr>
<tr>
<td>• Produce products according to the needs and wants of customers.</td>
<td>• Produce products that are better from an environmental point of view.</td>
</tr>
<tr>
<td>• With an aim of achieving satisfied customer.</td>
<td>• The aim is to include environmental issues in marketing efforts.</td>
</tr>
<tr>
<td>• Practicing is good for company as well as customers.</td>
<td>• Practicing is good for mankind as well as environment.</td>
</tr>
<tr>
<td>• Remain with satisfied customers.</td>
<td>• Remain with satisfied eco-friendly customers.</td>
</tr>
<tr>
<td>• Focus on tangible goods.</td>
<td>• Focus on ‘products and services’.</td>
</tr>
<tr>
<td>• Development of product as per their needs, delivering and providing the after sales services.</td>
<td>• Development of product by analysing ecological compatibility of the product, its raw material, packaging and reuses etc.</td>
</tr>
<tr>
<td>• Total quality management.</td>
<td>• Proactive approach to waste management.</td>
</tr>
<tr>
<td>• Use of strategic alliances to accomplish traditional goals.</td>
<td>• Total quality environmental management.</td>
</tr>
<tr>
<td></td>
<td>• Use of strategic alliances to accomplish sustainable goals.</td>
</tr>
</tbody>
</table>

3.4 Green Marketing Mix

When companies launch innovative and eco-friendly products, they should consider the ecological aspects before developing the elements of marketing mix. Like traditional marketing, green marketing must address the 4 P’s in view of changed scenario.
Theoretical Framework of Green Marketing

**Green Product:** - A product is “green” if it is developed according to the demand of the customers who prefer environment friendly products to satisfy their needs. Green marketers should consider product designs, market trends; product attributes, etc. and the use and disposal of which do not harm human health and environment. In developing “green” products, it is necessary to consider the influence of the product on the environment. Eco-innovations or new green products try to fulfill customer needs in a new and exciting way, and promote social values and ecological feasibility. The new innovative green products use recycled raw materials and packaging that does not end with their disposal after use; as they can be used as raw materials in the production of new items.

**Green Price:** - Price is one of the most critical and important factors in green marketing mix. Green pricing should be adopted in such a way that it not only ensures efficient productivity, but also takes care of the entire people, planet and profit. Development of new renewable materials, replacement of old technology for green one, and other expenses may produce an increase in costs. The companies have to adjust all their expenses, and should also try to compensate for higher prices with improved quality and stronger emphasis on green products and services in their promotional campaign.

**Green Place/Distribution:** - Green place is about managing logistics to cut down on transportation emissions, thereby aiming at reducing the carbon footprint. The preference of where and when to make a product obtainable have major impression on the customers. Physical distribution is one of the first functions and the modification of which may minimise unwanted effects on the environment. Among all elements of distribution, transportation is the first element whose application may contribute to environmental protection in a relatively cheap way. By using ecologically more responsible logistics, companies are trying to reduce effects of physical movement of products from producers to consumers.

**Green Promotion:** - Green promotion involves configuring the tools of marketing communication, such as advertising, publicity, personal sales, public relations, signage, websites, videos and presentations on the basis of performance, economy, health, convenience and environment friendliness, so as to target a wide range of
green consumers. The importance of green marketing is to present green products in
the market, provide additional information, develop customer tendency to purchase
certain brands and to contribute to the creation of a positive perception of a "Green"
company and to underline the importance of ecological problems.

Marketing by any company for its product is spelled out in terms of promotion,
placement, pricing, product differentiation, positioning, etc. It is a strategy a
company adopts for the marketing of its product. i.e., the 4 P’s of marketing. In the
case of green marketing also one can talk of 4S and 4Ps of marketing mix:-

**4S’s of green marketing mix are**

1) Satisfaction of customer needs

2) Safety of products and production for consumers, workers, society and the
environment.

3) Social acceptability of a product, its production and other activities of the
company

4) Sustainability of the product, their production and other activities of the
company.

**External P’s of green marketing are**

1) **Paying customers:** What are their needs in relation to green products and
services? What information are they receiving about green products?

2) **Providers:** How green are suppliers of services and the materials to the
company?

3) **Politicians:** Public awareness and the concern over green issues to have a
strong influence on legislation and this have a direct impact on the conduct of
business. A modern organisation considers this as a part of its concern.

4) **Pressure groups:** What are the main issues of concern? Which groups are
involved and what new issues are likely to concern them?

5) **Problems:** Which environmental issues have been a problem for the company?
6) **Predictions:** What environmental problems loom in the future? Awareness of scientific research can be strategically vital.

7) **Partners:** How green are the allies? How are business partners perceived? Will these pose problems?

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**External Green P's**
- Paying customers
- Providers
- Politicians
- Pressure groups
- Problems
- Predictions
- Partners

**Internal Green P's**
- Products
- Price
- Place
- Promotion
- Process
- Policies
- Providing information

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**GREEN MARKETING**

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**The S's of Green Success**
- Satisfaction of customer needs
- Safety of products and processes
- Social acceptability of the company
- Sustainability of its activities

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**Fig. No: 3.1 The Green Marketing Components**

3.5 **Green Marketing - Getting Success**

Green marketing is a marketing strategy that can help to get more customers and make more money if it’s done in the right manner. For green marketing to be successful, companies have to follow few fundamental rules that will shape the future of the business. The companies have to show potential customers that they...
follow green business practices and thereby the company can reap more green on bottom line.

The fundamental strategy is to use the 4 P's suitably modified to meet the needs of green marketing, but there are few points that need to be stressed before embarking on a strategy.

They are:

a) **Being genuine** means that (a) that you are actually doing what you claim to be doing in your green marketing campaign and (b) that the rest of your business policies are consistent with whatever you are doing that is environmentally 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.

b) **Know your customer**: If the company wants to sell a green product to its customer, it has to make 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.

c) **Educating the customer** means informing the people that whatever you do is not only to protect the environment, but also to provide information to the customers. Otherwise, for a significant portion of the target market, it’s a case of “so what?”, and the companies green marketing strategy goes nowhere.

d) **Empower consumers**: Make sure that consumers feel, by themselves or in concert with all the other users of your product, that they can make a difference. This is called “empowerment” and it’s the main reason why consumers buy greener products.

e) **Be transparent**: Transparency means that (a) In reality you are actually practicing, what you claim to be doing in the green marketing campaign and (b) The 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.

f) **Pricing for the consumer:** The campaign must make sure that consumers can afford the premium and feel it’s worth it, which is being charged for the product, as many environmentally preferable products costs more due to economies of scale and use of higher-quality ingredients.

g) **Reassure the buyer:** customers must be made to believe that the product being offered shall fulfil the objectives or purpose for which it has been purchased. i.e. The consumers won’t compromise with product quality in the name of environment.

h) **Giving the consumer an opportunity to participate:** means personalizing the benefits of your environmentally friendly actions, normally through letting the customer take part in positive environmental action, and at the same time keeping in view the challenged expectations of the customers.

### 3.6 Green Marketing – Challenges

As an increasing number of consumers associate themselves with environmental friendly products, many organisations want to turn green. Though green marketing is adopted by specialist manufacturers and retailers such as Philips, Tata group, Taj chain, Ben and Jerry’s, etc., there are a number of problems with the idea of greening the world through marketing. Some of the companies do it in order to increase sales or profits and it is not an easy job to implement green marketing. The major challenges to green marketing are:

a) **New concept:** Indian literate and urban consumers are becoming more and more aware of the merits of green products, but it is still a new concept for the masses. The consumers need to be educated and it requires considerable time and effort. The company and government need to take steps that create more awareness about the new concept to the consumers. India’s ayurvedic heritage inspires Indian consumers to 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.

b) **Cost**: Green marketing involves marketing of green products/services, green technology, green power/energy for which a lot of money has to be spent on R&D programs which ultimately leads to increased cost.

c) **Patience and Perseverance**: The investors and corporate need to view the environment as a major long-term investment opportunity and the marketers need to look at the long-term benefits from the new green movement. To achieve the benefit requires a lot of patience. Green marketing is a new concept, it will take its own acceptance period and after that it automatically reaches the consumers. So the investors have to wait up to that period.

d) **Convincing Customers**: The customers may not believe in the firm’s strategy of green marketing. Therefore the firm should ensure that they undertake all possible measures to convince the customer about their green products. The best possible option is by implementing eco-labeling schemes. Eco-labeling schemes offer its “approval” to “environmentally less harmful” products. In fact the first eco-label program was initiated by Germany in 1978. As eco-labeling is an expensive program, the price of the product is likely to shoot up and customers may not be willing to purchase the product unless they are convinced about the quality of the product.

e) **Sustainability**: Sustainability of a green firm depends on the product manufactured. For the manufacture of green products, producers strictly adhere to green technology, i.e. use of renewable, recyclable technology. As a matter of policy, they cannot compromise on technology although it is expensive and profit generation slow. This should not make producers resort to unethical practices to generate huge profits.

f) **Non Co-Operation**: The success of a green product depends on the successful sale of a product for which the co-operation of the stakeholders is essential. The firms have to convince the customers, about the quality and features of the green product inorder to achieve marketing advantage.
g) **Avoiding Green Myopia**: Green marketing should satisfy two objectives. They are improved environmental quality and customer satisfaction. Misjudging either or overemphasising the former at the expense of the latter can be termed "green marketing myopia". The first rule of green marketing stresses on customer benefits. Information regarding a product should be repeatedly disseminated to the customers and update the awareness about the product and thus liberate them from marketing myopia. Freedom from marketing myopia would enhance the customers' purchasing power.

Firms using green marketing must ensure that their activities are not misleading to consumers or industry, and do not breach any of the regulations or laws dealing with environmental marketing. While governmental regulation is designed to give consumer the opportunity to make better decisions or to motivate them to be more environmentally responsible, there is difficulty in establishing policies that will address all environmental issues.

The green marketing claims of a firm must adhere to the following:

a) Environmental benefits.

b) Environmental characteristics.

c) Benefits achieved.

d) Justification of comparative differences.

e) Consideration for negative factors.

f) Use meaningful terms and pictures.

These are the ways through which a modern green marketing firm can gain competitive advantage over its rival counterparts.

**3.7 Green Marketing – A strategy adopted by firms**

Many companies in India realise that they are members of wider community and therefore must behave in an environmentally responsible fashion. This knowledge has inspired firms to achieve both environmental as well as profit related
objectives. This results in environmental issues being integrated into the firm’s corporate culture. Most of the companies venture into green marketing owing to the following reasons:

- Green marketing as an opportunity that can be used to achieve organisational objectives.
- Obligations to the society.
- Mandates from governmental bodies.
- Pressure from competitors.
- Cost effect associated with waste disposal and reduction in material usage.

a) **Opportunities**: All types of consumers, both individual and industrial are concerned about the natural environment. In India, around 25% of the consumers prefer environment friendly products, and around 28% opt for green due to health consciousness. Therefore, green marketers have diverse and fairly sizable segment to cater to.

It can be assumed that firms marketing goods with environmental characteristics have a competitive advantage over firms marketing non-environmentally responsible alternatives. There are numerous examples of firms that have strived to become more environmentally responsible, in an attempt to satisfy customer needs better.

- McDonalds replaced its clam shell packaging with waxed paper in the face of increased consumer concern relating to polystyrene production and ozone depletion.
- Videocon, one of the largest Indian consumer durables manufacturers, announced ‘green’ television sets with features like Digital semi Eye, SVMC Technology, Selectable Sound etc. To convey its greenness the company used taglines “Ecologic for a Sustainable Life” and “Keeping products Eco-Fit”.
• Xerox introduced a “high quality” recycled photocopier paper in an attempt to satisfy the demand of firms or less environmentally harmful products.

• The Surf Excel detergent which saves water (advertised the message-“do buckets paani roz bachana”) and the energy saving LG consumer durables are examples of Green marketing.

Some firms mislead consumers by making false or misleading green marketing claims in an attempt to gain market share.

(b) **Social Responsibility:** Many firms have started integrating environment issues into their corporate culture owing to the realisation that they are members of a wider community and should behave in an environment-friendly fashion, to achieve both profit and environmental objectives. Firms adopt two strategies in this context.

• *As a marketing strategy firms announce that they are environmentally responsible:*

Organisations like Nokia, Body shop heavily promote the idea that they are environmentally responsible. Body shop was established specifically to offer consumers environmentally responsible alternatives to conventional cosmetic products. The philosophy professed by Body Shop is directly fused with the overall corporate culture.

• *Their commitment towards the environment is revealed more in their action than in their words:*

Coca-Cola has invested large sums of money in various recycling activities and modified its packaging to minimise environmental impact. Coke has not claimed its pro-environment activities as a marketing tool and so many consumers have yet to realise that Coke is an environmentally committed organisation.

Walt Disney World (WDW) has an extensive waste management system and they have not highlighted this for tourism promotional activities.
(c) **Governmental pressure:** The governments of different countries have established regulations to protect both the consumer and the environment. The Indian government too has developed a framework of legislations to reduce the production of harmful goods. This has disseminated the industry's production of harmful goods and detrimental to the environment. E.g. the ban of plastic bags in Mumbai, prohibition of smoking in public areas, etc. Government has initiated stringent measures against law breakers by levying taxes and imposing penalties on them. The more recent government regulation is the establishment of guidelines to control green marketing claims by firms to ensure that the consumers have the right information to assess the firm’s environmental claims and to make more informed decisions.

(d) **Competitive pressure:** Another major force in the environmental marketing area is that many companies take up green marketing to maintain their competitive edge. There are instances where by emulating its competitors, firms try to upgrade itself to eco-friendly behaviour. The ‘green behaviour’ of many rich companies like Xerox, Body shop and others, have prompted many mainline competitors to follow suit. For example: it could be argued that Xerox’s “Revive 100% Recycled paper” was introduced a few years ago in an attempt to address the introduction of recycled photocopy paper by other manufacturers.

(e) **Cost or profit issues:** Firms may also use green marketing as an attempt to address cost or profit related issues. Sometimes disposal of environmentally harmful products by is not only difficult, but also cost ineffective. Therefore, firms that reduce production of such wastes will incur substantial cost savings, since an attempt to diminish waste will require re-examining of the existing production process, which in turn may lead to developing more effective production processes that will curtail wastes and also raw materials. This would be a two sided game for manufacturers. Firms may develop symbiotic relationship among themselves where the waste generated by one will be used by another as cost-effective raw materials.
3.8 Green Marketing and Sustainable Development

As an integral part of the social system, the survival and development of enterprises is closely related to the ecological nature. Protection of the ecological environment and promotion of economic and ecological development are not the only requirement of green marketing. It is also to accelerate the development of the nation through social commitment. In the 1990s, green marketing impelled the enterprises’ marketing into a rationally advanced one with a responsibility towards society. In the age of green marketing, the strategic management of green products has become the key to the victory of enterprises. This is the ultimate goal of Green business practices and it reflects the idea that business should operate at a level that “meets the needs of the present without compromising the ability of future generations to meet their own needs” (Brundtland, 1987). Sustainable businesses operate so that they have little or no negative impact on the environment. Examples of environmental impacts are obvious through exhaustion of the existing natural resources and creation of non-degradable wastes. Enterprises should change the traditional marketing values from profit related objectives to environmental safety and customer satisfaction which are pivotal to green marketing. The *product-centred theory* holds that “Green marketing is a kind of marketing that explains the cause and effects of ‘product to environment’ as a centre”. It stresses the need for environmental protection, quality of the product, production processes and the need for successful waste management. *Environment-centred theory* upholds that “Green marketing is a kind of marketing practice based on environmental issues.” It aims at product promotion by highlighting environmental issues. The *development-centred theory* holds that “Green Marketing is a kind of management process which includes recognition and expectation in accordance with the needs of consumers and society for sustainable and profitable operation.” It connects the permanent business operations with sustainable development of human society.

According to the World Commission on Environmental Development (1978), Sustainable Development is “meeting the needs of the present without compromising the ability of the future generations to meet their own needs”. The common theme, throughout this strategy of sustainable development, is the need to integrate
economic and ecological considerations in decision making by making policies that conserve the quality of eco-development and environmental protection. The end product of Green marketing is: environmental protection for the present and the future generation. The development of energy-efficient operations, better pollution controls, recyclable and biodegradable packaging, and ecologically safe products are all part of Green marketing which leads to sustainable development.

Environmental marketing strategy involves decisions at the business and functional levels. Business level actions attempt to improve the firm’s competitive position through commercial strategies, while the functional strategy manages planning operations and procedures in different functions such as marketing, research and development. Environmental marketing strategy tries to satisfy the needs of a segment of customers that is demanding greener products and services through different actions such as the launch of new ecological products, the redesign of products and packaging in order to minimise their negative environmental impact. The use of ecological messages in the firm’s advertising, and development of specific programmes in order to educate consumers’ and the development of strategic alliances with environmental organisations. Consequently, environmental marketing strategy not only involves the commercialization of Green goods and services with the purpose of satisfying the Green customers’ needs; but also requires the greening of systems and processes in order to avoid consumers’ apathy or distrust of environmental claims.

**3.9 Green Marketing Strategy Matrix**

There is no single green marketing strategy that can fit all firms. Strategies work best under different market and competitive settings. Managers should consider two sets of questions before choosing a green marketing strategy. They are: (1) How substantial the green consumer segment is for the firm? (2) Whether the brand or firm can be differentiated from the green dimension?

Ginsberg and Bloom (2004) developed four strategies for green marketing. They are: “less green” approach, “extreme green” approach, “defensive green” and “shaded green”. The green marketing strategy matrix is illustrated in figure no:
Fig. No: 3.2 The Green Marketing Strategy Matrix


According to Ginsberg and Bloom (2004), firms should consider the likely size of the potential green market within the industry and the company’s ability to differentiate their products from those of the competitors before choosing the green marketing strategy in the matrix.

- **Lean green**: These companies adopt the green practices but they do not emphasize publicising or marketing their green initiatives. They make efforts in trying to be good corporate citizens. Their interest lies in reducing costs and improving efficiencies through pro-environmental activities, thus creating a lower-cost competitive advantage, not a green one. For companies such as these, substantial amounts of money cannot be made from the green market segments. Instead, the main drive is to comply with regulations and finding pre-emptive solutions in the long term. Concerned with being held to a higher standard which they cannot always live up to or differentiate themselves from competitors, Lean Greens are often hesitant to promote their green activities or green product attributes. Announcing green initiatives may cause all products to be labelled as green which may not be beneficial and therefore, creating a separate brand for environmentally friendly products is a safer approach.
**Defensive Green**: This kind of marketer use green marketing in response to a crisis, as a precautionary measure, or a response to actions made by competitors. Defensive greens have identified green market segments as important consumers that cannot afford to alienate and will attempt to create the positive brand image. They do not spend resources on aggressive promotion of greenness as this would create expectations that they cannot meet, unless it would yield a sustainable competitive advantage.

**Shaded Green**: The companies those adopt shaded green strategy makes substantial financial and non-financial commitments by investing in long term, system wide environmentally friendly processes. These companies are capable of significantly differentiating themselves and gaining competitive advantages through greenness, but choose not to do so as they can make more money by highlighting other attributes. Environmental features are promoted as secondary benefits. They see green as an opportunity to develop a competitive advantage in terms of innovative needs - satisfying products and technologies.

**Extreme Green**: These firms are shaped by holistic philosophies and values. Environmental issues are fully integrated into the business and product life cycle process in these firms. Greenness has often been the major driving force behind these companies from the very beginning. They engage in life-cycle pricing approaches, total-quality environmental management and manufacturing for the environment. Extreme Greens 'products and services usually serve niche markets.

**Table no: 3.3 Primary marketing mix tools with green strategy**

<table>
<thead>
<tr>
<th></th>
<th>Product</th>
<th>Price</th>
<th>Place</th>
<th>Promotion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lean Green</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Defensive Green</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Shade Green</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Extreme Green</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
<td>✓</td>
</tr>
</tbody>
</table>

*Green Marketing of Fast Moving Consumer Goods*
In Ginsberg and Bloom's theory, the differences among the four green marketing strategies can be seen by considering how the four elements of the marketing mix are utilized in each strategy. Although this matrix proves to be a useful tool, and firms use the strategies to integrate green marketing into their marketing plans, these are not enough for easy use and generalization.

3.10 Green Product Development

Green product is known as an ecological product or environment-friendly product that will not pollute the earth or natural resources, and can be used without any harmful effect on the environment and health of human beings. It is a product that has a more environmentally sound content or green design, which helps the producer and customer to keep the environment more green by Green production and consumption. Abdul-Mulmin (2002) and Chen (2006) defined Green product quality as the dimensions of product features, product design, and production technology that are involved in energy-saving, pollution-prevention, waste reduction, and being more environment-friendly while they are in use.

As customers are aware of environmental protection, manufacturers are asked to design and produce their products more environmentally conscious in both design and manufacturing. It has been proved that the Green design should incorporate the voices from customers and producers at the same time. Customer needs might be the driving force, while producers are asked to do so from cost, technical ability, and other aspects. It is important to know what kind of Green products are acceptable in the marketplace, and it is also essential to understand if manufacturing this type of Green products is possible from the point of cost, material, marketability, and other aspects. Therefore, a consensus should be reached between customers and manufacturers since it might be unreasonable to make undesired products with unacceptable costs from customer viewpoints. The philosophy of Green design should begin with the above consensus between customers and manufacturers. In addition when customers demand more and more environmentally conscious design and production and are willing to pay a much higher price, manufacturers will have
advanced techniques or methods to design and produce environment-friendly products.

Green product development contributes to literature by exploring relationships between specific environmental manufacturing practices (e.g., reducing raw materials use, recycling, solid waste, re-designing products to be more environmentally sustainable) and specific competitive manufacturing outcomes (manufacturing cost, product quality), and other competitive outcomes (e.g., company image and innovativeness). Moreover, pollution prevention and product stewardship can be referred to as environmentally sustainable manufacturing practices, or environmental sustainability in manufacturing. Environmental manufacturing practices that are classified as product stewardship practices will tend to have a positive impact on company image. That is, product stewardship practices will tend to improve company image and this will tend to have a positive impact on attracting new customers.

**Table no: 3.4 Marketing messages connecting green products with desired consumer value**

<table>
<thead>
<tr>
<th>Value Message</th>
<th>Business/product</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficiency and cost effectiveness &quot;The only thing our washer will shrink is your water bill&quot;.</td>
<td>ASKO</td>
</tr>
<tr>
<td>“Did you know that between 80 and 85% of the energy used to wash clothes comes from heating the water? Tide cold water - The Coolest Way to Clean”</td>
<td>Tide Coldwater Laundry Detergent</td>
</tr>
<tr>
<td>“20 years of refusing to farm with toxic pesticides. Stubborn, perhaps. Healthy, most definitely”.</td>
<td>Earthbound Farm Organic</td>
</tr>
<tr>
<td>“Safer for You and the Environment”</td>
<td>Seventh Generation Household Cleaners</td>
</tr>
<tr>
<td>“Environmentally friendly stain removal. It’s as simple as H2O”.</td>
<td>Mohawk Ever Set Fibers Carpet</td>
</tr>
<tr>
<td>“Fueled by light so it runs for ever. Its unstoppable. Just like the people who wear it”.</td>
<td>Citizen Eco-Drive Sport Watch</td>
</tr>
<tr>
<td>“Think is the chair with a brain and a conscience”.</td>
<td>Steelcase’s Think Chair</td>
</tr>
<tr>
<td>“Make up your mind, not just your face”.</td>
<td>The Body Shop</td>
</tr>
<tr>
<td>“Long life for hard-to-reach places”.</td>
<td>General Electronics’ CFL Flood Lights</td>
</tr>
<tr>
<td>“Performance and luxury fueled by innovative technology”.</td>
<td>Lexus RX400h Hybrid Sports Utility Vehicle</td>
</tr>
</tbody>
</table>


### 3.10 (1) Characteristics of a green product

Green products can be defined by the following measures:

- Originally grown products.
- Recyclable, reusable and biodegradable products.
- Natural ingredient products.
- Products with recycled contents and non-toxic chemicals.
- Approved chemical contents.
- Pro-environment products.
- Products not tested on animals.
- Eco-friendly packaged products, i.e. reusable, refillable containers, etc.

### 3.10 (2) Strategy of Green Product

The traditional modes of “producing based on selling” and “selling based on producing” did not take into consideration products’ harm to human health and negative impact on environment. In addition, with the establishment of Green consumption step-by-step, enterprises are gradually developing strategy for the management of Green products. So production of environment-friendly products has been inevitable. Green products focus on reducing parts, rationalising and reuse of
raw materials. A Green product, during its life cycle, is in line with the specific requirements of environmental protection; has no or extremely little harm to the environment; uses efficient resource with the lowest energy consumption. Green product development is the basis of green marketing, and is also the key to the performance of environmental responsibility and obligation.

3.10 (3) Stages of Life Cycle of Green Products

The life cycle of green product involves four stages. These stages show that green product has concern for ecological right from the developmental stage to disposal. The question of environmental sustainability would not arisen if each stage was given due consideration.

<table>
<thead>
<tr>
<th>Table no: 3.5 Life cycle of green products</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Stage - I</strong></td>
</tr>
<tr>
<td><strong>Stage – II</strong></td>
</tr>
<tr>
<td><strong>Stage – III</strong></td>
</tr>
<tr>
<td><strong>Stage – IV</strong></td>
</tr>
</tbody>
</table>

3.11 Green Consumer

Green Consumers are those who are aware of and interested in environmental issues. Consumers prefer green products with performance, quality, convenience and also affordability; they know how a green product could help to solve environmental problems and they actively promote the preservation of the planet. The common attitudes and beliefs of green consumers as described by the International Institute for Sustainable Development (IISD) is as follows:

- Commitment to green lifestyles
- Critical of their own environmental practices and impact
- Looking for companies that incorporate green practices
- Overstate their green behaviour
- Want environmental protection to be easy
- Tend to distrust companies environmental claims
- Lack of knowledge about environmental issues, and tend not to trust themselves to evaluate scientific information about environmental impacts. However, at the same time they are eager to learn.

This means that consumer education is one of the most effective strategies that entrepreneurs can use.

The most responsive age group tends to be young adults, many of whom are influenced by their children. In addition, women are the key target for green products, and often make purchases on behalf of men. The best ‘green’ customers are people with more money to spend. As a result, the most promising products for ‘greening’ tend to be at the higher end of the market. The most promising outlets for green products are retail stores frequented by better-off shoppers.

In general, green consumers have the education and intellectual orientation to appreciate value; they will understand evidence that is presented in support of environmental claims.
3.12 Characteristics of the green consumer

According to the Green Gauge Report produced by Roper Starch Worldwide, the green market was typically divided into market segments based on 'greenness' of consumer. This report describes all individuals as fitting into one of the five categories: true-blue green, green back green, sprouts, grousers, or basic brown.

- **True-Blue greens**: The most environmentally concerned and active group of the society. Major green purchases and recyclers.

- **Green back greens**: The most willing to pay extra for green products (will buy or give green but won’t make lifestyle changes).

- **Sprouts**: They are “on the fence” regarding the environment (care but would only spent a little more to buy green).

- **Grousers**: They are those disinterested in environmental issues, who feel environment as somebody else’s problem.

- **Basic browns**: They don’t do anything about the environment because they don’t consider it their problem.

Table no: 3.6 Share of consumers according to typology by Ogilvy and Mather (1992)

<table>
<thead>
<tr>
<th>Consumer typology by Ogilvy and Mather</th>
</tr>
</thead>
<tbody>
<tr>
<td>16% Activists</td>
</tr>
<tr>
<td>Likely to buy green products and services</td>
</tr>
<tr>
<td>34% Realists</td>
</tr>
<tr>
<td>Are worried about the environment but skeptical about the green bandwagon</td>
</tr>
<tr>
<td>28% Complacent</td>
</tr>
<tr>
<td>See the solution as somebody else’s problem</td>
</tr>
<tr>
<td>22% Alienated</td>
</tr>
<tr>
<td>Are unaware of green issues or see them as transient</td>
</tr>
</tbody>
</table>
Table no: 3.7 Share of consumers according to typology by US Roper Starch Worldwide (2000)

<table>
<thead>
<tr>
<th>Consumer typology by US Roper Starch Worldwide</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>11% True Blue Greens</td>
<td>Major green purchasers and recyclers</td>
</tr>
<tr>
<td>5% Greenback Greens</td>
<td>Will buy or give green but won’t make lifestyle changes</td>
</tr>
<tr>
<td>33% Sprouts</td>
<td>Care but would only spend a little more to buy green</td>
</tr>
<tr>
<td>18% Grousers</td>
<td>Environment is somebody else’s problem</td>
</tr>
<tr>
<td>31% Basic Browns</td>
<td>Essentially don’t/won’t care</td>
</tr>
</tbody>
</table>

The Natural Marketing Institute (NMI) divides the market into following categories:

- **Lohhas**: Very progressive on environment and society, looking for ways to do more; not too concerned about price.

- **Naturalities**: Primarily concerned about personal health and wellness, and use many natural products; would like to do more to protect the environment.

- **Conventional**: Practical, likes to see the results of what they do; interested in green products that make sense in the long run.

- **Drifters**: Not too concerned about the environment, gets time to fix the environmental problems; don’t necessarily buy a lot of green products.

- **Unconcerned**: Have other priorities, not really sure what green products are available and probably wouldn’t be interested anyway; they buy products strictly on price, value, quality and convenience.

There are numerous studies about the characteristics of green consumers, aiming at identifying typical demographic qualities of green consumers. For instance, young people, females and people with a relatively high education and income, are...
identified as most likely to engage in green consumer behaviour. But there are also studies that use psychographic characteristics, like political orientation and environmental concerns to identify a green consumer, which came out to be better at explaining dissimilarities in green consumer behaviour than demographic criteria. The individuals' belief that their efforts will contribute to a difference which has been indicated as being useful in predicting actual buying behaviour and experiences of environment-related problems, considered decisive to the buying behaviour of green customers.

3.13 Green Purchasing Decisions

Green purchasing decision is influenced by four determining factors: environmental consciousness, willingness to pay higher price, perceived environmental performance of a product, and company's perceived environmental performance. Though a direct relationship between environmental consciousness and pro-environmental behaviour is possible, the conceptual model also reveals that such a relationship can be oversimplified. Environmental consciousness can thus be indirectly related to ecological buying behaviour through an individual's willingness to pay more for an environment-friendly product. More specifically, some individuals only manifest environment-friendly purchasing behaviours when they are convinced that the characteristics of the product and the company's environmental performance are worthy of paying a higher price for the Green product.

The factors affecting the environment-friendly behavior of customers are:

- Perceived consumer effectiveness,
- Environment-friendly attitude,
- Global view of ecological values,
- Groups of environmental knowledge
- Perceived importance of environmental problems.
3.14 Green Marketing Actions

- Oriented to satisfy Green market needs
- Analysis of Green consumer needs
- Analysis of Green consumer behaviour
- Analysis of Green market potentials
- Analysis of Green behaviour potential of competitors
- Use and distribution of Green criteria
- Analysis of Green product design
- Pricing of Green products
- Use of Green publicity
3.15 Eco-Label

A green label is defined as a graphic symbol applied to packaging of a green product, or inserted in a brochure that accompanies the product, offering information regarding how the marketed products have less of a harmful impact on the environment (Green labeling 2007).

Rotherham (1999) defines eco-label as synonymous descriptors that refer to information a product provides “about the environmental impacts associated with the production or use of a product”. The environmental labels are increasingly being utilized by marketers to promote the identification of green products (D’Souza et al., 2006). Eco-labels are indeed an instrument used by firms and governments in order to forward the better ecological quality of a given product with respect to the unlabelled goods.

The government’s goal is the improvement of the environment through substitution between green and brown products. International organisation for standardization (2007) identified the overall goal of labels is “through communication of verifiable and accurate information, that is not misleading, on environmental aspects of products and services, to encourage the demand for and supply of those products and services that cause less stress on the environment, thereby stimulating the potential for market-driven continuous environmental improvement”.

Eco-labels provide consumers with more information about the environmental effects of their consumption, generating a change towards more environmentally friendly consumption patterns, and to encourage producers, governments and other agents to increase the environmental standards of products/services (Gallastegui, 2002, p.316). There are different forms of eco-labels, some are mandatory and some are voluntary. Mandatory labels are rules of certain standard of the product established by the government and written in the law. For example, the EU energy label which assesses the energy consumption for household appliances (Rex and Baumann, 2006, pp.569-570). Voluntary labels can be divided into three categories according to the ISO standard: type I, type II and type III.
Theoretical Framework of Green Marketing

Fig. No: 3.4 Different forms of eco-labels

Green Marketing of Fast Moving Consumer Goods
The first type of eco-labels refers exactly to the environmental quality of a product; it tries to persuade people to buy environment friendly goods (Gallastegui, 2002:317). This type of label is mostly known by the customers and commonly referred to as eco-labels (Rex, Bauman, 2006: p.570). These labels are produced by the third party and monitored through a certification or auditing process (Ecospecifier, 2010). Some of the examples of such labels on Swedish market are KRAV and BRA Miljöval (Rönngren, Turesson, 2004, p.12). Examples of such voluntary labels are the EU eco-label and the Blue Angel in Germany.

Type II are labels which are made by the manufacturer of the product, importers or distributors and concern specific qualities of the product, for example ‘CFC free’ products (free of Choloro-Fluro-Carbons, which are harmful chemicals that destroy the ozone.

Type III labels give quantified environmental data of a product which is based on independent verification using present parameters. These parameters are set by qualified independent bodies and based on life cycle assessment. This type of information provided by the label is similar to nutrition labels on food products that detail fat, sugar or vitamin contents. It is a rare label (Ecospecifier, 2010; Gallastegui, 2002, p.316).

Table no: 3.8 Examples of Eco-labels (Pedersen and Neergaard, 2006, p.16)

- **Swan Label** - In 1989, the Nordic Council of Ministers decided to introduce a common, official environmental label in the Nordic countries. The swan was chosen as a symbol demonstrating that the product would be a good environmental choice. The Swan label calls attention to the products impact on the environment throughout the products life cycle, and the requirements are continuously raised to ensure that the Swan labeled products are always at the cutting edge of environmentalism. The label is available to
approximately 60 product groups for which eco-labeling is assumed to be essential and beneficial. The label is usually valid for three years, after which the criteria are revised and companies must reapply for a license (www.svanen.nu).

• **EU Flower** - In 1992, the European eco-label scheme was approved by the European Parliament and the Council (revised in 2000 Regulation (EC) 1980/2000). The scheme is expected to encourage manufacturers to design environmentally friendly products and give consumers the means to make informed and reliable environmental choices when shopping. The European eco-label award scheme enables European consumers, including public and private purchasers, to identify officially approved green products across the European Union, Norway, Liechtenstein and Iceland. In 2000, a new regulation came into force, widening the scope of the scheme to include services. From now on, traders and retailers can apply directly to their own brands. (www.europa.eu.int/commission/environment/ecolabel)

• **Blue Angel** - Germany’s introduction of the Blue Angel in 1978 was the first environmental label worldwide. Today, about 3900 products and services from approximately 800 label users in Germany and abroad are certified as ‘Blue Angel’ products. Products and services that are particularly environmentally friendly from a holistic point of view and at the same time comply with high standards of industrial safety, health protection and serviceability may apply for certification. Here, an economizing use of raw materials is
considered in addition to an integral evaluation of the entire product life (manufacture, use, disposal).
(www.blauer-engel.de)

Bra Miljöval - The eco-label of the Swedish Society for Nature Conservation (SSNC). It is referred to as ‘Good Green Buy’ or ‘Good Environmental Choice’ in English. The “Bra Miljöval” eco-label using the falcon as the symbol was launched in 1992. The label has set environmental criteria throughout a products life cycle. Today, the system covers 13 product areas.
(www.smf.se)

Milieukeur - The Dutch national eco-label founded in 1992. Milieukeur has been developed and is managed by the Stichting Milieukeur (the Eco-label Foundation). Products certified as Milieukeur products are expected to be less damaging to the environment than other similar products. A certified Milieukeur products must comply with strict environment criteria throughout the entire life cycle from raw material extraction and production to use and waste -disposal.
(www.milieukeur.nl/english)

Moreover several eco-labels covering social and environmental issues have been launched, e.g. Krav (Swedish organic farming), Max Havelaar (trademark for fair trade), FSC (Forest Stewardship Council) label, EMAS (EU Eco-Management and Audit Scheme), ISO 14024 (principles for eco-labeling), etc.

Eco-labels are used by a variety of stakeholders, such as policymakers, consumers, sellers and other groups. Policymakers use labels to create incentives for business to change the market in a more sustainable direction or as a first step towards increasingly pressure on producers, such as from voluntary to mandatory
labeling. NGOs use labels to put pressure on producers and consumers to make progress towards sustainability or labeling initiatives may stimulate public dispute. Companies use labels because of competitive advantages and improved market shares (De Boer, 2003, pp.258-261).

3.15 (1) Characteristics of Eco-labels:

Attributes characterizing eco-labels are that they are based on a criterion set by third parties and that they are voluntary. Throughout their entire life cycle eco-labels aim to identify products with less environmental impact. The selection of product categories and the determination of criteria are carried out by independent experts, which consider interest groups and technical inputs and are openly obtainable. Furthermore, products fulfilling the criteria and companies paying the fee and application costs may use the eco logo for a fixed period of time (Galarraga Gallastegui, 2002, p.317).

3.15 (2) Eco-Labeling initiatives:

The objective of eco-labeling is to provide authentication to genuine claims regarding the environmental impact of products and processes by manufacturers.

Eco-labeling schemes in India:

The ministry of environment and Government of India has prescribed the following criteria for products:

- That they cause substantially less pollution than comparable products in production, usage and disposal.
- That they are recycled and/or recyclable where as comparable products are not.
- That they contribute to a reduction on adverse environmental health.
- That they comply with laws, standards and regulations pertaining to the environment,
- That their price is not exorbitantly higher than comparable products.
Eco-Mark in India:

The products which are less harmful to the environment or have benign impact on environment through the various stages of development – manufacture, packaging, distribution, use and disposal or recycling may be awarded the Eco-mark. An earthen pot has chosen as the logo for eco-mark scheme in India. the logo eco-mark scheme signifies that the product which carries it does least damage to the environment.

3.15 (3) Green code:

- **G: Generalises with care.** Consumer behaviors will not necessarily be consistent across different product type, and particular market segments may respond to certain issues on the green agenda, but not others.

- **R: Remembers,** the validity of a piece of market research.

- **E: Explores** the context from which market research data comes. Be clear on the nature of the sample used, the questions asked, the way in which responses were recorded and the time and place from which the response come.

- **E: Ensures** that where market research is crossing international border lines, that the terminology and interpretation remains consistent. Terms like ‘environment’, ‘green’, and ‘conservation’ do not always translate precisely between languages.

- **N: Neutrality** is important. Ensure that when we pose questions to consumers, they can make any response without being made to feel guilty or uncomfortable.

3.15 (4) Eco-labels promise:

Even though many consumers are willing to pay more for environment friendly products, the amount of such products bought is only a small percentage of the total due to skepticism towards products that claim to be environmentally friendlier.
The majority of existing environmental labeling programs are of the ‘seal of approval’ or eco-label’ category, being certification marks awarded to those products in a particular group which have met certain predefined standards. In order to favor eco-labels and aid consumers in their purchasing decision, arguments are that a particular comparable measure might reach a wider audience as most consumers are apt to invest modest time to discover the possible environmental impact of a product, when accurate information is provided.

3.16 Factors Influencing More Payment on Green Products

![Diagram showing factors influencing payment on green products]

**Demographics**
- Age
- Gender
- Income
- Level of education
- Employment Status
- Marital Status
- Family size

**Knowledge**
- Ecoliteracy

**Behaviours**
- Considering environmental issues when making a purchase
- Recycling
- Buying environmentally friendly products

**Values**
- Individualism
- Collectivism
- Security
- Fun/Enjoyment

**Attitudes**
- Importance of being environmentally friendly
- Inconvenience of being environmentally friendly
- Severity of environmental problems
- Level of responsibility of corporations

**Consumer’s willingness to pay more for environmentally friendly products**

Figure no: 3.5 Model of Consumers’ Willingness to Pay More for Environment-friendly Products

The key factors that help Green consumers to purchase a more ethical technology product may be stated as follows:

- The consumer’s Green value is strong;
- The consumer has purchase experience;
The consumer has plenty of time for research and decision-making;

She/he has good knowledge of the relevant environmental issues;

Green products are reasonably available; and,

The consumer can afford and is prepared to realise the cost.

### 3.17 Green Satisfaction

In recent years, corporations have imposed trends in terms of environmental initiatives. More and more small and medium companies are interested and actively participating in eco-friendly operations. Being ‘green’ has become a business plan itself. ‘Green’ competition is becoming increasingly active. Each company tries to move forward in order to gain a larger share of the market. Moreover, a wave of interest from consumers on the ecological issues has become quite pronounced. Because of this, managers have realised that eco-methods of production and environmental protection can have values of profitability too, and not only of admission to legal regulations and standards. As regards customers’ Green Satisfaction, it is observed that, at the product/service level, consumers are considering specific ‘green’ issues. These issues can be assigned individually and also simultaneously into three categories, namely: environmental issues, personal benefits, and social factors. A consumer will be attracted by the following Green effects:

- Superior energetic class (Being Power Savings)
- Low level of pollution
- Recyclable
- Biodegradable
- Use of natural/renewable resources
- Use of less hazardous materials
- Manufactured more efficiently
- No ozone depleting substances
- Production free from toxic by-products
- Reused
- Safe for people and environment
- Minimal package
- Low maintenance costs
- Animal welfare

3.18 A Systemic Approach to Strategies for Green Innovative Products

Companies should enhance their strategic mix taking into consideration: Green planning, Green processes, Green product and Green promotion. To this aim, a systematic approach is presented in green innovation, starting from the changes in the marketplace.

![Diagram of Organisational, Marketing, and Strategic Dimensions leading to Strategies of Green Innovation, which further lead to Product, Process, and Technological Dimensions.]

**Figure no: 3.6 A systemic Approach to Green Innovation**
This approach has to take into consideration six dimensions: the organizational dimension, the strategic dimension, the technological dimension, the process dimension, the product dimension and the marketing dimension.

❖ **The Organisational Dimension**

A continuous improvement of organisational culture can be a main source for obtaining competitive advantage. In this context, improving the efficiency in the bottom line and the internal relationships could and should be a good response to actual economic change. This means continuous effort to improve the organisational climate and productivity of the core Green business in response to the continuous changes in the marketplace.

❖ **The Strategic Dimension**

The business strategy for sustainable development aims to achieve growth in both top line and bottom line. Another main source for obtaining competitive advantages could be represented by the implementation of a durable Green Corporate Strategy. A durable Green Corporate Strategy involves:

- Highlighting of the major investments concerning innovation and Green products design, at the internal level;
- Watching the emerging markets and technologies, at the external level, in order to create Green advantages.

❖ **The Technological Dimension**

The challenge for companies is to innovate, without resources waste and harmful effects upon environment. At the phases of the products, processes or activities, conception must be effective, so that environmental parameters should prepare for business opportunities.

The modifications of the actual procedures must focus on the following requisites:
Theoretical Framework of Green Marketing

- Modifications of the product, process or activity specifications; A Life Cycle Analysis attainment in order to identify weaknesses;

- The setting up of guides for Eco-Design.

△ The Process Dimension

This dimension must have the ever-changing Green needs of current customers and keeping cash flow healthy. Cost-cutting efforts can build the bottom line. Obtaining organic products will not always bring competitive advantage, especially since such production requires important financial resources. The ‘green’ cost needs to be covered by ‘green’ profit.

△ The Product Dimension

An innovative, ‘green’, product-orientated strategy should have insight into the following issues:

- Focus on Green issues throughout the complete value chain;

- Targeting primary results to build stimulus, credibility and motivation;

- Setting Green goals;

- Making sure that potential consumers understand why the green product offered is superior to all the others;

- Getting the pricing right.

Compliance with these requirements will result in achieving the principle ‘the greener, the better’ to a greater extent.

3.19 Global Green Marketing

“Green marketing” is a relatively recent phenomenon; alert consumers all over the world have become familiar with environmental marketing messages in recent years. In the United States, numerous organisations - even including college
campuses are “going green”. Recent political and scientific trends are largely responsible for consumer’s preoccupation with environmentally friendly consumption; concerns about global warming, specifically, have given rise to concerted efforts on the part of the world’s shopping public to conserve and preserve. Where once convenience placed first as a core benefit sought by consumers, “greenness” is rapidly gaining ground for many. Multinational corporations as well as local firms in foreign markets are tapped into the practice in increasing numbers. In a world where local and regional markets are ever converging into global ones, a movement with the potency of the green trend becomes far reaching with considerable speed. The green movement generally portends to stanch the bleeding of a wound suffered by all those who inhabit planet, Earth, its moderate-to-significant global success is no surprise. However, the global trending of many markets, and despite the global implications for the practice of green marketing, the fact remains that people in different regions are motivated differently to conserve, and cultures receive and respond to marketing messages differently. In order for global marketers to promote their firms greenness, the, those marketers must evaluate the motivations behind consumers conservation urges as well as the communication needs of each culture to which the firms intends to sell its goods or services.

In Greece, even if they are in the initial stages of this tendency, green marketing is expected to strengthen, and influence the market even more. In United States of America millions of consumers are directed towards products that either protect the environment contrary to the conventional ones, or have been produced with processes that respect the society and the environment. The consumers that are interested in environmental matters take their purchasing decisions with criteria beyond the usual consuming models. Thus, it is observed that they reject excellent technical products because they are conscious of their damaging consequences in the environment due to the productive process or their disposal or because this is a way to show that they disapprove certain activities of their producers, suppliers or investors.
Green policies can contribute to growth and boost a nation's overall wealth. They help to reduce the damage done by environmental degradation, which is costly for an economy. But, the worse the environmental degradation and existing inefficiency, the greater the potential benefits to be obtained from green policies.

Tighter environmental regulation may cause firms to relocate, but they will choose locations that are more attractive overall, as pollution abatement costs represent a small share of production costs for more industries. Factors such as availability of capital, labour abundance, location, institutions, and agglomeration effects are more important than environmental policy in determining the location choice and competitiveness of firms.

The green movement is well underway in Cuba. Companies are starting to find there is a green option for nearly everything, including marketing services and products. The major advantage of green marketing in Cuba is their environmental benefits. These kinds of marketing products and services cause less waste, do not use harsh chemicals and dyes, and are often constructed with recycled materials. A residual benefit is that many consumers will appreciate the additional steps that the company is taking to be more eco-friendly and that will enhance the perception of the business. Although there are plenty of upsides to selecting a green marketing approach for the business, these kinds of products tend to cost more a substantial amount the time. However, the good thing is that as the accessibility to these types of marketing services and products rises the price will go down and based on the strategies the company utilise green marketing could help you lower your expenses in other ways. Another thing to consider is the possible lack of local green marketing options in some areas.

**Developed vs. the developing world**

The developed world is often perceived as having a more positive attitude towards green products and being more willing to pay a premium price, where as the developing part of the world is the bigger contributor to global warming. In fact it's a rather wrongly held perception by the common individual. Brazil, China and India
are among those who claimed to be most concerned by climate change and its issues compared to the U.S, U.K and Germany (Havas Media, 2008). On a further basis, China, Brazil, Mexico and India show a significantly higher motivation to pay premium and higher prices for environmentally friendly products than their counterparts in the U.S, U.K and Germany. The issue for the developed world is thought to be the reluctance to give up a standard of living, which supports the statements of Meyer (2001), who argues that green products will only as benefits as long as they appeal to consumer’s environmental awareness without compromising the performance, as in being equal or better than conventional products.

Table No: 3.9 Top 10 Global Green Brands 2011 Ranking

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Brand name</th>
<th>Country of Origin</th>
<th>Sector</th>
<th>Scores</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Toyota</td>
<td>Japan</td>
<td>Automotive</td>
<td>64.19</td>
</tr>
<tr>
<td>2.</td>
<td>3M</td>
<td>Unites States</td>
<td>Diversified</td>
<td>63.33</td>
</tr>
<tr>
<td>3.</td>
<td>Siemens</td>
<td>Germany</td>
<td>Diversified</td>
<td>63.08</td>
</tr>
<tr>
<td>4.</td>
<td>Johnson &amp; Johnson</td>
<td>United States</td>
<td>FMCG</td>
<td>59.41</td>
</tr>
<tr>
<td>5.</td>
<td>HP</td>
<td>United Statesd</td>
<td>Electronics</td>
<td>59.06</td>
</tr>
<tr>
<td>6.</td>
<td>Volkswagen</td>
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<td>Automotive</td>
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<tr>
<td>7.</td>
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<td>Japan</td>
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<td>8.</td>
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<td>9.</td>
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<td>Unites States</td>
<td>Business Services</td>
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</tr>
<tr>
<td>10.</td>
<td>Panasonic</td>
<td>Japan</td>
<td>Electronics</td>
<td>57.32</td>
</tr>
</tbody>
</table>

Source: www.interbrand.com
Green Marketing in Asia

While green marketing has taken the US and Europe by storm, marketers and consumers in Asia show few signs of jumping on the bandwagon...yet. Fad mad Japan is the main exception, where eco-friendly slogans are emblazoned on goods ranging from designer clothes and beer cans to gift-wrapping in department stores.

Elsewhere in Asia, environmental problems receive scant attention as both consumers and producers concentrate their energies on attaining the goals of economic development. Tropical rain forests continue to be cut down, waterways and air are befouled and concern for the environment is often dismissed as a luxury for rich countries only.

The ways of the West have spread to Asia, changing age old, environmentally sound traditions. The supermarket is replacing what markets; the convenience of canned and bottled products is weaning housewives away from fresh foods bought daily; plastic, glass, tin and polystyrene and wrapped around purchases with blithe disregard for their future as garbage or litter, and plastic bags are supplanting the housewife's basket in which all purchases once travelled home from the market.

The concepts of convenience and disposability – the very qualities which appeal to evolving consumer markets – have dangerous implications for the environment and its resources. As wealth grows, consumers will demand better surroundings in which to enjoy their rising standards of living. Then the pressure will be on marketers to provide buyers with goods produced and presented in a more ecologically friendly way. This trend is already apparent in South Korea and Taiwan where consumer pressure groups are fighting for a cleaner environment.

Marketers may not feel motivated to change until more Asians demand greenness with their purchasing power. But those who wish to capture some of the North American, European or Australian markets had better be prepared to make their products meet the standards now being demanded by consumers there.
Green Marketing in India

Corporates across India are hitching themselves to the green bandwagon. On account of the green revolution in India, people are consuming large quantity of industrial and urban manufactured products.

Green businesses are increasing competition in the green sector and it drives business to new heights of innovation. Keeping track of green business trends is a great way to ensure that your business stays fresh, flexible and creative in the face of new challenges and opportunities. As per the Global Image Power Green Brands Survey (2011), India is the only country to choose deforestation and air pollution as the most important green issue. India is the only country in which more consumers say it should be developing countries that focus on green innovation versus developed countries. The survey shows that concern about the environment by the consumers is translating into a willingness to pay premium for green products. Consumers in India are trusting green advertising compared to other countries and advertising about green products help them in making choices.

3.20 Background of the Study

This study is designed to investigate the Green Marketing Practices of different FMCG companies and their impact on the customer behaviour based on the type of products they purchase i.e., how the purchasing behaviour will affect the Green Satisfaction, Green Loyalty and the Green Brand Equity of the customers.. The model applied for analysing the customer behaviour of FMCG industry in this study is displayed below:
Against this theoretical framework, the model applied for analysing the customer behaviour of FMCG industry in this study is displayed below:

- Social Influence
- Environmental Knowledge
- Environmental Concern
- General Environmental Belief & Attitude
- Environmental Activism
- Perceived Seriousness of Environmental Problems
- Perceived Environmental Responsibility
- Government's Role
- Perceived Effectiveness of Environmental Behaviour
- Consumer awareness & Attitude towards Green Marketing
- Responses to Green Companies and their Products
- Expectation of Green Pricing
- Responses to Green Place/Distribution
- Responses to Green Package
- Responses to Green Promotion
- Consumer Awareness & Responses to Eco-Labels
- Green Brand Image

**Figure No: 3.7. Background of the Study**
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Green Marketing of Fast Moving Consumer Goods


Theoretical Framework of Green Marketing


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http://ec.europa.eu/environment/ecolabel/about_ecolabel/what_is_ecolabel_en.htm

eMarketergreen:


Ecospecifier, website about environmental products

www.ecospecifier.org

www.milieukey.nl/english

www.snf.se

Svan, Swedish eco-label- www.svanen.nu

www.greenresourcenetwork.com