CHAPTER I
INTRODUCTION

Green marketing, environmental marketing are the elements of innovative marketing approaches which do not change, increase or regulate idea about the persisting marketing practice, but search for challenging those traditional ideas and provide considerably different point of view. In more detail environmental, eco-marketing and green marketing belong to the group of approaches which seek to address the lack of fit between marketing as it is practiced presently and the social and ecological realities of the larger marketing environment.

Environmental concern as the combination of marketing management discipline has appeared recently and inconsistently. The nucleus and essential element of green marketing is sustainability Charter (1992). Pierre and Prothero (1997) opined that green approach towards consumption and production includes getting pleasure from today’s standard of living without harming the standard of living that is to be enjoyed by future generations to come. Environmental problems are social challenges which are now converted in marketing problems. Sustainability is social goal, when achieved will nearly change everyone’s behaviour (Dam & Apeldoom, 1996).

Globalization and international trade have continued to increase over the last decade as a result of the number of multinational enterprises. Due to this, competition has amplified. 1970’s was an unstable period in the history of the global marketplace. Major shifts in the social, economic and political climate had significant impact on marketing professionals.

Severe questions were raised on marketing practices adopted during this period and specific questions were raised against the marketing practices affecting the natural ecosystem. During this period, it was believed that ‘ecological concern’ would pose threat to persisting marketing practices and more of regulation regarding environment may come up. However, marketers proposed that the threat of environment on marketing can be converted to opportunity through green/ ecological marketing. Henion (1976) said that initially green marketing can be executed to the segment of consumers who buy eco-friendly products and respond positively to ecological appeal.
The discipline of marketing has not been immune from the social concern about the deteriorating environment that has developed in recent decades. The researchers in the field of marketing have started a new line of research that has been given various labels, such as ecological marketing (Henion et al., 1976), greener marketing (Charter, 1992), environmental marketing (Peattie, 1995), green marketing (Smith 1998), sustainable marketing (Van Dam & Apeldoorn, 1996) or enviropreneurial marketing (Menon & Menon, 1997). Although some authors distinguish these labels conceptually they are normally considered synonymous terms referring to the same field of study. The analysis of how marketing activities impact the environment and how the environmental variable can be incorporated into the various decisions of corporate marketing has been studied.

Ecological marketing has not grown up to the expectations and ideas of many marketing professionals. Public opinion through opinion polls, time and again demonstrates that consumers are ready to make green product purchase when all other things are equal. Those ‘other things’ are rarely equal in the minds of consumers while making practical purchase behaviour.

Companies have accepted their accountability and responsibility not to harm the environment. So, products and production processes become cleaner and more companies “go green”, because they realize that they can reduce pollution and increase profits at the same time (Hart, 1997).

Green marketing (Peattie, 1992; Pierre & Prothero, 1997; Ottman, 1998) is also termed as environmental marketing (Coddington, 1993; Peattie, 1992 & 1995); greener marketing (Charter & Polonsky, 1999); and sustainable marketing (Fuller, 1997). Even though green marketing revolution did not occur as predicted, there is no decline in the interest of the topic. Grant (2007) claims that green marketing is at a tipping point and what we do next, will decide if the topic continues to develop and gain momentum.

The activities by the companies that are concerned about the green problems and environment by delivering eco-friendly products or services for consumer satisfaction is termed as green marketing (Soonthonsmai, 2007).
To sustain in competitive market, companies have developed more worries about various trade and marketing techniques. ‘Green marketing’ is one among a variety of marketing strategies adopted. Trade firms employ eco-friendly activities into their business model so as to sustain in competitive markets. In today’s business world, environmental issues play an important role in marketing. Almost major governments around the world are concerned about green marketing activities and have attempted to regulate them. Consumers are watchful of impact on environment while making purchase decisions for products and services. Consumers are purchasing green products and during some of the purchases consumers are not aware that the purchased product is eco-friendly in nature.

Environmental sustainability is not simply a matter of compliance or risk management but it is the need of hour. Sustainable development is perhaps the most significant and yet the most difficult problem that marketing and human economic activity in general faces at the beginning of the third millennium (Diamond, 2005). Business is increasingly recognising competitive advantages and business opportunities which are gained from eco-sustainability and green marketing. People around the globe are changing their behavior as they are concerned about the pollution happening on globe. Hence there is a huge demand for the socially responsible products and services in the market. Slowly there is a change in the type of business, product they produce and approaches of marketing adopted by the manufacturing companies.

Green marketing involves developing and promoting products and services that satisfy customers need for performance, quality, convenience and affordable pricing without having a detrimental impact on the eco-system. Green marketing is picking up as increasing amount of consumers are willing to back the environmental conscious products with their allocated funds. The general public seems to be doubtful of green claims made by the companies and companies are really damaging their brands by exposing their non-green products/services produced from non-green practices. Showcasing a product or service as environmentally friendly when it's actually not, then it is termed as called green washing.

Human wanted are unlimited and resources are limited, it is essential for the companies to have optimum usage of the resources and simultaneously achieving organisationals objectives. So, green, environmental marketing is important. Consumers are developing
Evidence from across the globe, it is clear that consumers are worried about the environment and are modifying their respective behaviour. This has lead to increment in sustainable market and socially concerned products and services.

With launch of the ‘Make in India’ proposal, Shri Narendra Modi, Prime Minister of India aims to provide worldwide identification to the Indian economy and also regards India on the globe as a manufacturing centre. India has also set for itself a determined target of increasing the contribution of manufacturing production to 25% of gross domestic product (GDP) by 2025, from 16% in 2014. As India is positioning itself as a global manufacturing centre, more and more manufacturing set-ups and industries are expected to be placed in India, which will lead to pollution and causing harm to the environment.

Business scenario in the Indian manufacturing sector continued to get better in January 2015 backed by accelerated growth of output, making the third consecutive month of expansion on the Purchasing Managers' Index (PMI). The PMI rose to 52.4 points in January 2015 from 51.1 in previous month. The composite PMI that combines both services and manufacturing sectors rose to 53.3 points in January 2015 from 52.9 in December 2014. There is potential for the sector to account for 25-30 per cent of the country’s GDP and create up to 90 million domestic jobs by 2025. Mr. Ravi Shankar Prasad, Minister for Communications and IT, Government of India said that “India have received 57 investment proposals of over Rs 19,000 crore (US$ 3.05 billion) of which 30 proposals worth Rs 6,500 crore (US$ 1.04 billion) have been approved” (Ministry of External Affairs 2015).

Since, this research study aims at evaluating the green marketing strategies among the manufacturing sector, the researcher decided to discuss the importance of manufacturing sector in the light of financial development. The manufacturing sector is widely called as the transformational sector, as workers of farming sector move from low skilled to more value added employment. Historically, it is noticed that, a pattern of getting people out of farming and moving them into non-farm activities such as manufacturing is seen for economic development. Huge mass of employment in India is engaged in agricultural activities and comparatively, a very small share of contribution is made to GDP of Indian
Economy. Solid growth in the manufacturing sector can be a possible solution for providing employment to majority of the populace (12th Five Year Plan).

According to the report by Deloitte entitled ‘India Matters: Winning in Growth Markets’, India is likely to surface as the world’s major middle class consumer market with an collective consumer spending of nearly US$ 13 trillion by the end of 2030. Backed by increasing incomes and raising affordability, the durable goods market is expected to get better at a CAGR (Compound Annual Growth Rate) of 14.8 % to USD 12.5 billion in fiscal year 2015 from USD 7.3 billion in fiscal year 2012. The major share of 65% of total revenues is accounted by urban market in the consumer durables sector in India. In rural markets, consumer durable goods, like electronic items and refrigerators are likely to witness increasing demand in years to come. From USD 2.1 billion in 2010, the rural India is assumed to grow at a Compound Annual Growth Rate of 25 % to touch USD 6.4 billion in fiscal year 2015. The researcher has shared the idea regarding durable goods as this study focuses on durable goods.

The product that do not wear out and can be used over a period of time again and again are referred to as consumer durables. Durable goods provide utility over a period of time. Some of the common examples of consumer durable goods are kitchen appliances, electronic goods, leisure equipments, home furnishings and etc. (Subsequent chapters will give the details regarding consumer durables goods in detail).

1.1 NEED FOR THE STUDY

The simple justification about why the environment matters is because, as human being, the environment is our dwelling place. It is the place where we exist, resbre, eat, etc. The entire life support system relies on the welfare of the species dwelling on earth. While industries are developed, environmental impact is neglected. Trees were cut, and water and air are polluted. This is noticed more in developing countries than in developed countries. Suddenly, it is found that fish in rivers and lakes are dead and over a period of time lakes disappear. Environmental problem once begun, will take long time to be noticed and rectified. Any small damage to environment at local scale can cause damage globally to generations to come. Hence it is very important to know about the environment and the sources affecting the same.
Today it has been evident that many non-governmental organisations are demonstrating against the detrimental impact of the manufacturing companies on environment. The remnants of production are let into the environment without proper treatment, which causes lot of damage to nature. In this polluted environment, human beings dwell and there are high chances that human beings get affected by polluted environment (air, water or soil). Primarily, this contamination may cause severe health related problems, thereby hindering the socio-economic development in the long run. To keep this type of contamination under control, the governments have to spend huge amount of funds to maintain the status quo of the environment. If environment is not damaged, then funds can be utilised in development of the nation. Similarly, if the citizens of the country start having health problems then governments has to focus on health related issue and it will be a hindrance in the growth of country’s economy.

As a part of the corporate social responsibility, companies spend considerable amount of funds for well-being of the nearby community. It is learnt that the companies go green to indulge themselves in corporate social responsibility, gain competitive advantage and satisfy stakeholders.

Even the purchasing power of individuals will decrease, if they are suffering from health issues as majority of the funds are spent for health related treatment. Hence, it is very important to study the eco-friendly practices of manufacturing companies and the perception of stakeholders (dealers and consumers) towards green marketing practices.

1.2 PROBLEM STATEMENT

There is a niche segment of consumers who are ecologically concerned and there are termed as ecologically concerned consumers. These consumers are hard to be identified in market as they are geographically scattered and it is hard to reach them (Arndt & Helgesen 1979). The organisations which are involved in green marketing have not communicated the same to its employees and hence the stakeholders are not aware of the same to its maximum extent. It is essential that consumers should have right spirit of going green, so that they do not blindly accept advertisements of companies, which will hinder the progress of the green movement. Hence, it is only with the right attitude of both the
consumers and the marketers, that “going green” can be achieved in the true sense. Green-marketing, as a concept is nascent, and as a consequence, it has not been extensively explored/researched to the extent it should have been, particularly in India. To meet this gap both in terms of literature and research, this topic entitled “Green Marketing Strategies for select Consumer Durables” has been chosen as a topic of research.

1.3 OBJECTIVES OF THE STUDY

This study on Green Marketing Strategies has following objectives:

1. To identify preference towards selected parameters influencing companies to adopt green management.
2. To evaluate green marketing strategies adopted by selected durable goods manufacturing companies.
3. To assess the relative strength of each green marketing mix strategies.
4. To analyse the impact of green marketing mix strategies on marketing performance.
5. To examine dealers’ perception towards green marketing.
6. To identify the factors motivating consumers opting for green products.

1.4 HYPOTHESES FOR THE STUDY

Hypotheses: Manufacturing companies (HM – Hypotheses Manufacturers)

HM₀: There is no significant variation in preference towards selected parameters in adoption of green management.

HM₁: There is significant variation in preference towards selected parameters in adoption of green management.

HM₀ (a): There is no significant difference in perception towards parameters influencing green management among selected manufacturing companies.

HM₁ (a): There is significant difference in perception towards parameters influencing green management among selected manufacturing companies.

HM₀: No difference exists on adoption of various green marketing mix strategies among manufacturers.

HM₂: Difference exists on adoption of various green marketing mix strategies among manufacturers.
There is no significant difference between relative strengths of each green marketing mix strategies

There is significant difference between relative strengths of each green marketing mix strategies

There is no significant influence of green marketing mix strategies on marketing performance

There is significant influence of green marketing mix strategies on marketing performance.

Hypotheses: Dealers (HD – Hypotheses Dealers)

There is no favourable opinion among dealers towards Green Marketing adopted by their parent companies.

There is favourable opinion among dealers towards Green Marketing adopted by their parent companies.

Hypotheses: Consumers (HC – Hypotheses Consumers)

There are no specific factors influencing consumers to take up green products.

There are specific factors influencing consumers to take up green products.

1.5 SCOPE OF THE STUDY

This study focuses on different marketing strategies employed by durable goods manufacturer/marketers and examine those strategies in terms of response pattern received by the marketing professional, dealers and consumers/customers. Worldwide, various organisations are claiming to be environmentally friendly in their respective business activities. This study also throws light on the superiority of each of the green marketing mix strategies (GMMS) over other GMMS (product, price, place & promotion). The focus is also to see the influence of each of the components of green marketing mix like product, price, place and promotion related GMMS on overall marketing performance which will help the researcher to suggest the thrust areas of the marketing mix for developing effective green marketing strategies. The study has also assisted in gaining thorough understanding about the organisations and its driving forces to take up green marketing. It is important to understand the parameters influencing the organisations to take up the green management.
The study has more significance in present scenario as the sectors selected for the study has marketing professionals, dealers and consumers, as respondents. The selected sectors included are automobile sector (two wheeler and four wheeler) and electronic sector (computer and peripheral manufacturers). Simultaneously the study focuses on the perception of dealers on adoption of green marketing strategies by their parent companies. It also throws light on dealers understanding and importance attached to each of the GMMS. Finally, the consumer view point is taken into consideration. The various factors influencing consumers to take up green products has been explored with their perception and attitude towards green products. The study also seeks to cover the environmental policies and the present state of green marketing strategies employed in these organisations. The study is conducted in Indian context and precisely for consumer durables sector.

1.6 CHAPTERISATION

The report is laid out in chapters spread out in the following manner.

Chapter 1: Introduction

This chapter contains the introduction to the study, need for the study, problem statement, objectives, hypotheses and scope of the study.

Chapter 2: Literature Review

This chapter contains an insight about the various research studies conducted in the field of green marketing. At the end of the chapter research gaps have been discussed.

Chapter 3: Conceptual Framework

This chapter presents brief introduction about the concept, definition and need for green marketing. Few of the GMS models have also been presented.

Chapter 4: Green Marketing Practices of selected companies

This chapter highlights about sustainable marketing practices adopted by selected durables goods manufacturing companies.

Chapter 5: Research Design and Method

This chapter covers methodology adopted to carry out research work.

Chapter 6: Data Analysis and Interpretation
This chapter contains the data analysis and interpretation from the viewpoint of marketing professionals, dealers and consumers.

Chapter 7: Discussion and Conclusions

This chapter focuses on major finding, verification of hypotheses and suggestion for future research.

References

Appendix 1: Questionnaire 1 for Companies
Appendix 2: Questionnaire 2 for Dealers
Appendix 3: Questionnaire 3 for Consumers
Appendix 4: Statement wise analysis of selected nine companies