CHAPTER I: INTRODUCTION

The rapid increase in population, the planet is pressurized with heavy consumption of goods and services; this is leading to degradation of Environment of the Planet. Imbalance is causing due to heavy depletion of natural resources which leading to problems of Climate Change, Global Warming, Disasters like Tsunami and Earthquakes etc, Thus there are many issues and problems which are posing problems to all the countries on the earth.

Today we are facing effects of the global warming on ecological and sociological life and human activities are primary driver for it. Global warming (GW) caused by many things but manmade cause probably do the most damages like, Pollution by burning fossil fuel (oil, coal, gas etc.) they given off CO$_2$. And another major man made cause of GW is population, more population means more food requirements means more transportation and more transportation causes again more CO$_2$. Since CO$_2$ contributes for global warming, increased population makes the problem worse because we breathe out CO$_2$. Also the trees can convert CO$_2$ to oxygen but for land utilization. we cut down the trees for our homes, buildings, roads and transportation purpose sometimes also to fulfill our basic need. So we are constantly taking maximum advantage of our natural resources but nothing back in return. [1]

According to environmentalist, What happened in Uttarakhand and Pune before few months back; may be considered as these are effects of Global Warming i.e. change in frequency of extreme weather events, change in rainfall patterns and also increase in surface temperature.

This has created the stung reactions from active group of environmentalists. Government intervention has become essential. Thus pressure from public cry of active environmentalists, government policies and other stake holders are putting pressure on companies to produce the products which are in tune with the environment means they should not be detrimental to environment and further the companied packaging has to be eco friendly and even marketing efforts of all types need to be of environment friendly nature.

With this impetus the Word Green Marketing emerged:

This chapter discusses the
(a) Issues in involved in Green Marketing and its characteristics
(b) FMCG Products and its characteristics
(c) Semi Urban Areas Characteristics
At the end it explains the Rationale of the Study.
1.1 Green Marketing:

American Marketing Association held the first workshop on ‘Ecological marketing’ in 1975. The proceedings of this workshop resulted in one of the first book on green marketing entitled ‘Ecological marketing’. [2]

Now, today both buyers and sellers have developed the concern about the future of the world and as its effects on customers buying attitude for preferring environment friendly or eco-friendly products. By considering this change in preferences of customers the production companies have changed their production process and are tending to produce more eco-friendly products. This Green policy caused to adopt broad range of activities like:

1. Product modification
2. Change in production process
3. Packaging changes
4. Modifying the advertisements
5. and finally,

*Adoptions of all these strategies for sustainability of business unit are known as Green marketing.*

Green marketing refers to the process of selling products and/or services based on their environmental benefits. Such a product or service may be environmentally friendly in it or produced and or may package in an environmentally friendly way. [3]

“Green marketing Pride and Ferrell (1993) [4], also alternatively known as environmental marketing and sustainable marketing, refers to an organization's efforts at designing, promoting, pricing and distributing products that will not harm the environment.”

1.1.1 Green Consumer:

Increase in awareness about Green Products and their beneficial characteristics given rise to Green Consumers, “Green consumer as one who avoids products that are likely to endanger the health of the consumer or others; cause significant damage to the environment during manufacture, use or disposal; consume a disproportionate amount of energy; cause unnecessary waste; use materials derived from threatened species or environments; involve unnecessary use of, or cruelty to animals; adversely affect other countries.” Elkington (1993: 94). [5]
The green consumer is generally defined as one who adopts environmentally friendly behaviors and/or who purchases green products over the standard alternatives. Green consumers are more internally-controlled as they believe that an individual consumer can be effective in environmental protection. Thus, they feel that the job of environmental protection should not be left to the government, business, environmentalists and scientists only; they as consumers can also play a part. They are also less dogmatic and more open-minded or tolerant toward new products & ideas. Their open-mindedness helps them to accept green products and behaviors, more readily. But it is become necessary to know more about Green Products and their characteristics.

Some leading research groups/companies and their research findings about consumer perceptions about green products are tabulated as below:

**Table No. 1.1: Consumer Survey Results**

(Source: Marketing Management 14th edition, Philip Kotler, Kevin Keller and Abraham Koshey, Mithileswar Jha)

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Market Research Group/Company</th>
<th>Year</th>
<th>Research Finding</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Media mark research &amp; Intelligence study</td>
<td>2008</td>
<td>Two third (66%) of US men and women stated that, Preserving environment as a guiding principle in your life was ‘very important’.</td>
</tr>
<tr>
<td>2</td>
<td>Washington post/ ABC News/ Stanford University</td>
<td>2007</td>
<td>94% of respondents were ‘willing’ to personally change some of the things to improve the environment while 50% were ‘very willing’.</td>
</tr>
<tr>
<td>3</td>
<td>TNS Survey (Taylor Nelson Safes)</td>
<td>2008</td>
<td>26% of Americans actively seeking environment friendly products.</td>
</tr>
<tr>
<td>4</td>
<td>Gallup</td>
<td>2008</td>
<td>28% of respondents claimed to have made major changes in their own shopping and living habits</td>
</tr>
</tbody>
</table>
1.1.2 Eco-friendly Green Products
The products those are manufactured through green technology and that caused no environmental hazards are called green products. Promotion of green technology and green products is necessary for conservation of natural resources and sustainable development.

Thus at broad level the characteristics of green product can be enumerated as below:

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

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

2. Wipro Green IT.
Wipro change their strategy for a sustainable tomorrow - reduce costs, reduce your carbon footprints and become more efficient - all while saving the environment. Wipro’s Green Machines (In India Only) Wipro InfoTech was India's first company to launch environment friendly computer peripherals. For the Indian market, Wipro has launched a new range of desktops and laptops called Wipro Green ware.

3. Samsung galaxy W
In this environmentally friendly are credentials are boosted by Samsung excellent recycling and manufacturing policies like Long life battery that is incredibly efficient 18hrs, regular use without charging, saving time, money and environment and recycling programmes.

4. McDonald replaced its clam shell packaging with waxed paper because of increased consumer concern relating to polystyrene production & ozone depletion.

5. Asian paint reduces the use of chemicals and toxic elements in their paints.
1.1.4 Definitions of Green Marketing:

The following paragraphs explain the backdrop of definitions, Jacquelyn Ottman [6] in his book entitled ‘The New Rules of Green Marketing’ stated that, from an organizational standpoint, environmental considerations should be integrated into all aspects of marketing new product development & communication & all points in between, environmental issues should be balanced with the primary customer need.

Joel Makeover [7] (a writer, speaker and strategist on clean technology and green marketing), quotes green marketing faces a lot of challenges because of lack of standards and public consensus to what constitutes "Green". The green marketing has evolved over a period of time.

Some definitions are brought at one place to have a broader perspective of the concept of Green Marketing:

1. The earliest definition of green marketing was given by Henion [8] as “the implementation of marketing programs directed at the environmentally conscious market segment.”

(Sudhir Sachdeva) [9] Polonsky (1994) defines “Green or environment marketing consists of all activities designed to generate and facilitate any exchange intended to satisfy human needs or wants such that the satisfaction of these needs and wants occurs with minimal detrimental impact on natural environment.”

2. American Marketing Association (AMA) divides the definition of green marketing in three aspects (marketingpower.com): as “the marketing of products that are presumed to be environmentally safe” (retailing definition) as “the development and marketing of products designed to minimize negative effects on the physical environment or to improve its quality” (social marketing definition) and finally as “the efforts by organizations to produce, promote, package, and reclaim products in a manner that is sensitive or responsive to ecological concerns” (environments definition).

3. Paul Hawken [10] an environmentalist, entrepreneur and author quotes on Green Marketing as, “Business is the only mechanism on the planet today powerful enough to produce changes necessary to reserve the environmental and social degradation.”

1.1.5. Dimensions of Green Marketing:

Green Marketing has different dimensions which are unfolded by many authors in their research papers which are extracted here.
1. According to Peattie (2001), [11] the evolution of green marketing has three phases. First phase was termed as "Ecological" green marketing, and during this period all marketing activities were concerned to help environment problems and provide remedies for environmental problems. Second phase was "Environmental" green marketing and the focus shifted on clean technology that involved designing of innovative new products, which take care of pollution and waste issues. Third phase was "Sustainable" green marketing. It came into prominence in the late 1990s and early 2000.

2. According to Mckinsey survey (2007), [12] 87% of people from various nations like Brazil, Canada, China, France, Germany, India, UK and the US have shown an interest in reducing their impact on environment.

3. Young et al. (2010) [13] note that there is an attitude-behavior gap (Blake, 1999) so that, although 30% of consumers claim to be very concerned about the environment, this does not translate into green purchase behavior. There is considerable empirical evidence of an attitude-behavior or “green gap” (Black 2010).

4. The authors Dr. Sachin Vernekar, and Preeti Wadhwa, [14] suggest business organizations to follow strategies in order to get benefits from the environmentally friendly approach as green marketing offers business incentives and growth opportunities while it may involve start-up costs, it will save money in the long term.

5. Green marketing is still in its infancy and a lot of reformation is to be done with a view to explore its full potential. The effective green marketing requires applying good marketing principles to make green products desirable for consumers, was stated by Yogita Sharma (2011). [15]

6. Jacquelyn Ottman in her book entitled ‘The New Rules of Green Marketing’ (Jan 2013) [16] stated that, from an organizational standpoint, environmental considerations should be integrated into all aspects of marketing new product development & communication & all points in between, environmental issues should be balanced with the primary customer need.
7. In a study by Ashwin Gupta and S M Shariq Abbs [17] (2013) they suggest that, much work and efforts are required on a part of government and industry for proper planning and implementation of green marketing.

8. Joel makeover [18] (a writer, speaker and strategist on clean technology and green marketing), quotes green marketing faces a lot of challenges because of lack of standards and public consensus to what constitutes "Green". The green marketing has evolved over a period of time.

From above descriptions the researcher understood following dimensions:

(a) Journey of Green marketing took place in three phases from Ecological to Sustainable.
(b) Globally the people are becoming more and more concerned about eco friendliness.
(c) There is a green gap means consumers do not purchase green products with the same degree of concern as much as they have for environmental protection.
(d) Short term costs for green production shall be recovered in the long run and this fact should provide incentive to firms.
(e) The companies should show the shift from traditional marketing to new rules of green marketing.
(f) The green marketing has many challenges to face to establish.
(g) The industry needs the support from Government, needs partnering as it is a herculean task to make the people truly put into action.
(h) The standards needed to evolve about all the factors influencing green including marketing efforts of the firms.

The figure on next page shows the pillars of Green Marketing:
1.1.5 Green Marketing Practices

It is fascinating to look at the responses of different companies with their initiative as regards products and processes. The following tables render a cursory look about them.

Table No 1.2: Green Marketing Practices

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of Company</th>
<th>Green Marketing Practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Nerolac Paints Ltd</td>
<td>Removal of hazardous products like Lead, Chromium, Arsenic, Antimony etc.</td>
</tr>
<tr>
<td>2</td>
<td>Wipro InfoTech</td>
<td>Development of environment friendly peripherals Desktops, Laptops- Wipro Green Ware.</td>
</tr>
<tr>
<td>3</td>
<td>Samsung</td>
<td>Samsung Galaxy W- Long life Battery and Excellent Recycling and Manufacturing Policies.</td>
</tr>
<tr>
<td>4</td>
<td>ITC</td>
<td>Collecting three times more Rainwater Harvesting potential than ITCs net consumption</td>
</tr>
<tr>
<td>5</td>
<td>NOKIA</td>
<td>Minimize use of toxic components and wide ranging recycling programme</td>
</tr>
<tr>
<td>6</td>
<td>HCL</td>
<td>ECOSAFE is targeted at integrating environmental management procedures into its business processes thereby protecting the environment, health, and safety.</td>
</tr>
<tr>
<td>7</td>
<td>Reva</td>
<td>Battery vehicle no emission of CO2.</td>
</tr>
<tr>
<td>8</td>
<td>Omni (Maruti-Suzuki)</td>
<td>Petrol to CNG</td>
</tr>
</tbody>
</table>
Green Marketing Practices in FMCG products

Table no 1.3: FMCG Products Green Initiative.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Product</th>
<th>Company</th>
<th>Green Initiative</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Galaxy W</td>
<td>Samsung</td>
<td>Recycled mobile and long run battery</td>
</tr>
<tr>
<td>2</td>
<td>Chocolate</td>
<td>Cadbury</td>
<td>Introducing recyclable cardboard packaging for its Roses and Heroes chocolates.</td>
</tr>
<tr>
<td>3</td>
<td>Fast Food/ Readymade Foods</td>
<td>KFC</td>
<td>Earth-Friendly Packaging – KFC switching from cardboard to recyclable and biodegradable paper wrapping</td>
</tr>
<tr>
<td>4</td>
<td>Mobiles</td>
<td>Samsung</td>
<td>Samsung launched an eco-phone made with corn-based bio plastics.</td>
</tr>
<tr>
<td>5</td>
<td>Electric Bulbs-CFL</td>
<td>Philips</td>
<td>Up to 80% Energy Efficient Bulbs</td>
</tr>
<tr>
<td>6</td>
<td>X-temptation</td>
<td></td>
<td>No Chlorofluorocarbon, which affects on Ozone Layer</td>
</tr>
<tr>
<td>7</td>
<td>Tea</td>
<td>Natalia Ponomareva a company of Russia</td>
<td>Green Berry Tea Natural Tea</td>
</tr>
<tr>
<td>8</td>
<td>Note Books</td>
<td>ITC</td>
<td>Recycled paper used for new notebooks</td>
</tr>
</tbody>
</table>

1.2 Fast Moving Consumer Products (FMCG)

With increase in population and increasing consumption quantitatively, with the market started absorbing various products. Similarly, there is a change in consumption pattern also. This resulted in rapid demand for the products which made it fast moving goods. Youth and even middle age persons are also using these products with higher and higher frequency. The products also show change in rapid ways by adding new features in a very short period of time.

FMCG products and having very high volume in purchasing and therefore constitutes a major portion of consumption.

Similarly, this consumption needs a long supply chain and the number of consumers also forms a very wide web of consumers.

It’s packing and their disposal is of extreme importance from the viewpoint of environmental degradation.
If we take the example of McDonald food items, the company is blamed for their residual material becomes roadside waste.

Similarly, milk bags have no limits for their spread as a single consumer and his consumption is voluminous.

In case of Personal care products the fact is glaring. Thus, degradation depends directly in proportion to the consumption and hence FMCG products rate very high from Green Marketing point of view.

Indian Brand Equity Foundation (IBEF) states in their reports, FMCG is the fourth largest sector in the Indian economy, this sector grown with annually average 11% over the last decade. And the rising incomes and growing youth population have been key growth drivers of the sector.

Therefore, in future also FMCG products are going to larger and larger in quantity of consumption.

The conclusion is even price wise FMCG are small but volume wise form environ friendliness this class of great significance.

1.2.1 Characteristics of FMCG and Products:

From the above the characteristics common to different FMCGs are:

a) FMCG characteristics with consumer perspective:
   - Frequent Purchase/ High Sales
   - Low Price/ Cost
   - Low Involvement/ Sold quickly
   - Easily substitutable

b) FMCG characteristics with Marketer perspective:
   - High Volume
   - Low contribution margin
   - Extensive Distribution Network
   - High Stock Turnover
Semi Urban Consumers:

India is showing very fast change of urbanization and therefore, earlier town places like Sangli in Western Maharashtra or Indore in Madhya Pradesh are turning in to smaller towns and areas or villages in the last decades are tuning in to Semi Urban Areas. The consumer dwelling in these areas has show following characteristics from consumer’s behavior point of view. The key characteristic of such emerging Semi Urban Consumer is that they are becoming early adopters and also desire to consume more and more as well as what is available to Urban Consumers. This has made the products more rapid in their demand and shots up both movement (From frequency of consumption point of view) and quantity also.
These factors are responsible for wider and wider markets in Semi Urban area.

**Semi Urban Area**

A circular issued by Reserve Bank of India dated December 01, 2009 under the caption Relaxation in Bank Authorization Policy and Guidelines to identify Census Centers (*Copy annexed as Annexure A1 and Annexure A2*)

Both the guidelines clearly mention about the areas as follows:

<table>
<thead>
<tr>
<th>Population</th>
<th>Area type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less up to 9,999</td>
<td>Rural</td>
</tr>
<tr>
<td>From 10,000 to 99,999</td>
<td>Semi Urban</td>
</tr>
<tr>
<td>From 1,00,000 to 9,99,999</td>
<td>Urban</td>
</tr>
<tr>
<td>From 10,00,000 and Above</td>
<td>Metro Politian</td>
</tr>
</tbody>
</table>

(*Source: RBI circular RBI/2009-10/243 dated 1/12 /2009*)

Villages in India are growing in population very rapidly; rather they are becoming bottom of pyramid as the population above 9999 is found in many villages which are apparently considered ad rural one.

Literacy increase, Advent of Information Technology, Access to Internet the consumers in this area are changing their life style very fast.
They are also developing awareness about environmental issues as the facilities of education are reaching them due to efforts of the government.

The market size is increasing with a good rate for FMCG products. Tooth cleaning sticks or rough dust (Rakhundi) was very commonly in villages two decades before and now hardly there would be very few families are using it. This generation and also earlier generation have shifted tooth paste or tooth powder. The shift from stones for rubbing the skin is replaced by Soaps.

Thus habits and uses of new FMCG personal and Dental Care are of signs of change in life style.

Youth is very eager to change to more sophisticated urbanized kind of goods, products and commodities as they are available as well as awareness exists.

Thus from marketing point of view the real growth of market is in Semi Urban Areas

Thus new market are at Pockets of Semi Urban Areas which shall in next five to six years will become Urban and rural village today shall grow to Semi Urban Areas.

Thus for FMCG products have the growing markets available in these pockets.

**Figure: 1.4: Triangle of Context**

A frame or context of the study contains three aspects to be seen together.

**Consumer Behavior**

(Perspective about GM, Influencing factors etc.)

**Semi urban Consumers**

**Semi Urban Area Characteristics**

**FMCG Products**

**The Rationale of the Study:**

The study is undertaken on account of following:

1. **Why Green Marketing?**

The Green marketing is the demand of the today and tomorrow. Every company needs to take cognizance from the societal point of view.

Thus, it is essential for marketers to have strong bond through the green marketing with its consumers. This is the way to obtain the edge over others and compete (as these days almost all products are same in attributes of the products) by green differentiation has large scope. Innovative green strategies only can show them
survival and growth. They would provide sustainable benefits to all the stake holders at the same time by following green marketing practices.

Green marketing area is selected on its merits of continuity in future for further scope of research and most importantly the relevance in Marketing Study Field.

2. Why Semi Urban Area?

The facts mentioned above in above sufficiently show the significant density of population and FMCG consumption is the function of Population.

A separate band of segment which is not studied as with separate attention although rural and urban consumer studies are abundantly available.

Sangli District is one which is economically and socially advanced against the villages and districts in Vidharbha and Kokan. The consumers in these villages have good purchasing power as Sugar and allied products like Milk and Poultry make the District moderately rich and the land is not Famine Prone now and even in the past.

3. Why FMCG?

The growth of FMCG is evident from the report of Mckinsey. The products are increasing day by day. If we look at the range of Personal Care Products then one can understand how many and how fast the products are being added into FMCG sector.

Considering the above facts it is essential to have a research in these combined factors. The outcome of the research would throw light on developing marketing efforts and strategies which are full of green initiatives. How they can affect the consumer behavior by educating them and promoting the products. The green product shall render benefits to a society at large.

Thus, FMCG is selected on the merits of their volume which would be increasing proportion with more vulnerable to degrading of environment particularly because of its packing as well product ingredients.

Research Problem:

FMCG is a volume driven business area. The FMCG products are in perfect competition market from economics point of view. There are many seller and many buyers. Green marketing would help to collect wafer thin profits by capturing large share from the bottom of pyramid. The Semi Urban Consumers behavior is necessary to be converted into favorable disposition to green products and green initiatives. The research is necessary to find out the factors influencing green buying and evolving the green efforts for the same. This will help in Semi Urban Consumers to buy more and more green products and services. This would offer them to possess good quality of life in respect of consumption which is ultimate of every buyer.

The next chapter is regarding Literature Scrutiny received from different sources.
REFERENCES:


[7] [18] Joel makeover


[10] Paul Hawkin


[19] [www.ibef.org](http://www.ibef.org)

[20] Indian Brand Equity Foundation (IBEF)