1. INTRODUCTION

1.1 GREEN MARKETING

MARKETING: DEFINITION

According to American Marketing Association “Marketing is an organizational function and a set of process of creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders”

In present day Marketing focuses on delivering value to customers apart from selling goods and services to consumers. Marketing uses communication, distribution, pricing strategies to provide consumer and other stakeholders with goods, services, ideas, values and benefits they desire when and where they want them. It creates mutually beneficial relationships for customers and organization. It also involves various stake holders in organization such as employees, stockholders etc.

GREEN MARKETING: DEFINITION

Ottman (1993) Davis (1993) and Kangun (1994) defines “Green marketing consists of all activities designed to generate and facilitate any exchanges intended to satisfy human needs or wants, such that the satisfaction of these needs and wants occurs with minimal detrimental impact on the natural environment”

Green Marketing includes product modification with eco-friendly ingredients as raw materials, changes in production process, packaging changes, distribution with less emission promotion and usage changes to minimize detrimental impact on the natural environment.
1.2 GREEN MARKETING CONCEPT AN OVERVIEW:

Green Marketing got its attention during 1970s but it was in late 1980s the idea of green marketing emerged.

American Marketing Association (AMA) first held its workshop on Ecological Marketing in 1975 and defined it as “the study of positive and negative aspects of marketing activities on pollution, energy depletion and non-energy resource depletion (Hinion and Kinnear 1976)

During 1980s many problems that affected main stream marketing such as sales orientation, compartmentalism affected development of green marketing. This had led to five failed methods of green marketing:

GREEN SPINNING: Green spinning is a reactive approach using PR function involving reputation management, risk management compartmentalization of green marketing within PR function. There is no change in product, production and policy decision but publicity plays a bigger role in firm’s communication strategy to allay and pacify public concerns. This failed as organization looks inward for solution when many answers are found by looking outside the organization.

GREEN SELLING: This involves taking advantage of consumer’s green concern using promotional strategy with little or no input to product development. This leads to mistrust by consumers and eventually green selling failed.

GREEN HARVESTING: Firms realized going green is cost saving for them in many ways but charged premium price to customers for green products. But for further moving ahead towards sustainability investment should be done by business, so going green becomes a less attractive option.

ENVIROPRENEUR MARKETING: These are boutique firm initiatives without product specific market research, this failed as more focus is on production rather than products what consumers actually wanted.

COMPLIANCE MARKETING: This involves firm producing green products to meet government regulations. As there is no further advancement towards sustainability beyond meeting the regulations it could not make differentiation and attract green consumers so the business firms had never moved to genuine green marketers from compliance marketers.
After these failed models it was during late 1990s there was a movement in green marketing towards environment-based competitive advantage. This had led to new marketing thought of redefinition of product, willingness to change market, emphasis on benefits from product use, Marketing communication that focuses on informing rather than impressing, focus beyond current consumer need, willingness to manage demand and expectation and taking more responsibility.

Green marketing forces companies towards Drucker’s concept of total marketing because customer satisfaction is related partly to: Products and their packaging, the pollution and waste from the processes that produce them, the raw materials and energy involved and the impact of company policies on the environment, the workforce and other countries. Environmental degradation and resulting climate change is the main concern for all nowadays and emerged issue in every part of market place. Most people have realized that environmental protection is important to moderate the effect of climate change and to preserve natural resources. This has culminated in public considering environmental aspects in their consumption habits and business in turn felt strong need of green marketing activities. Thus comprehending climate change and its impact will provide a base for imperativeness of adopting green marketing in wider scale.

Polonsky (1994) defines green marketing in similar way as Ottman and Davis.

According to Jacquelyn A Ottman (1998) environmental issues and green marketing should have balance with basic need of customers. A company should consider environmental aspects for integrating with all marketing aspects such as new product development, communication with the target customer etc. The nature of green marketing suggests that in addition to suppliers and retailers new stakeholders should also be considered such as educators, members of society, government regulators and NGO.

Ottoman’s perspective includes Conventional marketing entails developing product that meet consumers’ needs at affordable prices and then communicating the benefits of those products in a compelling way. Environmental Marketing is more complex. It involves developing products that balance consumer’s needs for quality, performance, affordable pricing and convenience with environmental compatibility that has minimal impact on the environment. These products should project an image of high quality including environmental sensitivity relating to both product attributes and its manufacturer’s track record for environmental
achievement. Companies should join with corporate environmental stakeholders in cooperative, positive alliances and they should work hand in hand with suppliers and retailers to manage environmental issues throughout the value chain. Internally cross functional teams convene to find the best possible holistic solution to environmental challenges. Long term rather than short term in their orientation these companies manage with a double bottom line, one bottom line for profits the other one reflecting their contribution to society.

Different perspective for green marketing from that of previous years was given by Welford. Green marketing represents a discontinuous shift in corporate philosophy. Green Marketing ought to be ethical, ecological and compatible with sustainable development. This partly represents culture change process which emphasizes cooperation rather than competition, eliminates sales hype and provides honest information to the customer. Its selling techniques are non-stereotypical, non-exploitative and open to public scrutiny. Hence green marketing involves setting ecological criteria for product design, careful consideration of promotion and packaging of products and the company should be open and honest about the achievements of the firm from ecological perspective and be able to demonstrate commitment to do even more. Above all, it needs to give the consumer honest and accurate information about products so that better informed decisions can be made. It should help consumer’s decision making through providing education to consumers and must take a lead in demonstrating its own commitment to sustainable development. (Richard Welford 2000)

Forest L.Reinhardt (2000) says that green marketing should bring environmental product differentiation. A business creates products that provide greater environmental benefits or that impose smaller environmental costs than similar products. It also produces goods and services in a way that are less environmentally burdensome than the production process of its competitors. Though the changes made in production process raise the business costs it enables the business to command a price premium in the market place or capture additional market share. For environment product differentiation to happen a business should satisfy three requirements:

(i) It must find or create a willingness among customers to pay for environmental quality.
(ii) It must establish credible information about the environmental and other attributes of its products.
(iii) Its innovation should not be easily imitated by competitors and must be defensible.

Green marketing is moving towards companies using environmental differentiation as a vehicle for overcoming competition but this is not the sole reason for going green. If improvements in the environmental performance drive-up variable production costs a clean firm will be placed at a cost disadvantage as stated by Kuhn. This can be traded off against quality/environmental advantage that allows the firm to extract a premium from its customers. Competitive strategy within such an industry will then be determined in the triangle of cost advantage vs. quality/environmental advantage vs. product differentiation. (Michael Kuhn 2005).

K.Suresh(2006) gives a gist about Green Marketing in Indian Scenario. This concept is relatively new in India. Firms in India take green initiatives partly to differentiate their offerings in competitive milieu and partly to take advantage of price premium possible and branded products are offered in certain product categories. Thus it falls in line with latest definition by Michael Kuhn. Due to multiple reasons- regulatory pressures, technological developments, consumer movement, emergence of niche segments- Indian marketers are going green in new product development, product modification and packaging.

Clare D Souza, Mehdi Taghian, Rajiv Kholsa(2007) reaffirm that Green Marketing should focus on building high quality green products so that there is strong competitive advantage in terms of product quality and justification for premium price that could be charged on consumers. It is essential to develop and project profile of green consumers based on demographics. Consumer expectations should be met genuinely as well as effectively and recognized by consumers as socially responsible. This will assist in improving market share and obtaining long-term profitability.

Green Marketers in India should focus on heavy promotion to convince the consumers about qualitative aspects of green products to charge premium price as Indian consumers are price sensitive also they are suspicious about real greenness of eco-friendly products and tend to
search information before buying. This trend also falls in line with the latest definition of green marketing of Richard Welford. (Sourabh Bhattacharya 2011)

Thus Green Marketing concept evolution started in 80s without much change in product, production process, packaging and further investment and failed to take off losing consumer trust. It was during late 90s Green Marketing moved towards product development taking into consideration environmental concerns and started off with products satisfying needs and want of customers also addressing environmental issues. During 2000 Green Marketing context changed towards using environmental differentiation for competitive advantage and providing genuine information to consumers for decision-making regarding green products. From 2005 to 2010 Green Marketing emphasizes on producing high quality green products with environmental advantage and charging premium price for product differentiation. Green marketers should also focus on genuinely meeting customer expectation and establish credible information about environmental attributes of product and other attributes to build trust and educate green consumers.

1.3 CLIMATE CHANGE AND ITS IMPACT

1.3.1 GLOBAL SCENARIO:

The year 2011 was the 11th warmest year globally since records began in 1880. The year’s global average land surface temperature was 0.80.8°C (1.49°F) above the 20th century average of 8.5°C (47.3°F) and ranked as the eighth warmest on record.

1.3.2 INDIA SCENARIO:

- The Indian Meteorological Department (IMD) announced in 2010 that 2009 was the warmest year in India since 1901 (Attri and Tyagi, 2010). Once again in 2011 the confirmation was done that 2010 was the warmest year since 1901 (IMD, 2011). The annual mean temperature for the country as a whole is estimated to have risen by 0.56°C over the period. All this confirms with widespread perception that world is warming.
1.3.3 IMPACT OF CLIMATE CHANGE

Climate change if prolonged will lead to food scarcity as rice production will be affected in China and India because of rapid glacier melt of Himalayas which is the main source of water supply for both the Asian countries. Climate change also weakens monsoon rains and reduces mountain snowpack leading to significant disruptions in supply of water to highly populated regions of world. It leads to health problems such as drought, malnutrition, diarrhea and infectious diseases because of compromised food production. Diseases carried by vectors and rodents would go up tremendously. Other effects of climate change include submerging of islands, coastal cities forcing people to leave original homes and become environmental refugees. There will be hot summers for many parts of the world which would mean more consumption of electricity. It would also affect agricultural production and ecological balance.

1.4. GLOBAL INITIATIVES FOR TACKLING CLIMATE CHANGE:

1.4.1 A brief on Kyoto Protocol:

At Kyoto conference, US declared that they would stabilize US emission to 1990 levels by 2010 whereas EU, G77 and China, demanded reduction by 15% below 1990 level. USA expected this response and came prepared with a variety of market-based remission trading mechanisms that would help it to take the levels below 1990 levels. These mechanisms were included in Kyoto Protocol. Finally, Kyoto was a big success for US, and a bargain for USA in which trading mechanisms were accepted by other groups. Trading of emissions between nations got into protocol in the last minute. USA signed the Protocol. This Kyoto protocol on climate change was due to expire on December 2012.

1.4.2 A BIRD’S-EYE VIEW ON LATEST CLIMATE CHANGE TALKS:

In the latest climate change talks on Doha Summit 2013, Kyoto protocol on climate change that was due to expire on December 2012 was extended for 7 years from 2013 to 2020. This period is called “Second Commitment Period” of Kyoto protocol which is the only legal-binding treaty on climate change till date. The 27 members of European Union, Australia,
Switzerland and eight other industrialized nations had agreed to 20% carbon emission cuts from 1990 levels. These countries represent about 15 percent of global emissions. Four developed nations i.e. Japan, NewZeland, Canada and Russia have already backed out of the 1997 Kyoto protocol. This extension of protocol locks in only developed nations and excludes major developing polluters such as China and India as well as US which refuse to ratify it. Since this agreement is for only 15% of global emissions and every country has its own target any way this will make little difference to global pollution levels. India had committed for voluntary reduction in emission intensity of 20% -25% by 2020.

1.5 GLOBAL WARMING -MEANING

Global warming means gradual increase in world temperatures caused by greenhouse gases (GHGs). The main green house gas is carbon dioxide (CO₂); others are nitrous oxide, CFCs (chorofluorocarbons), methane and some organcholoride compounds like perflurocarbons (PFCs) and sulphuric fluoride, GHGs come from various sources from burning of fossil fuels, usage of harmful ingredients in manufacturing etc. These gases trap the sun’s rays in the earth’s atmosphere causing the temperature to rise resulting in what is known as greenhouse effect or global warming.

1.6 GREEN MARKETING- ROLE FOR MODERATING GLOBAL WARMING AND CLIMATE CHANGE EFFECTS

Green Marketing integrates all activities that reduce global warming. Green marketing involves satisfying needs and wants of customers for facilitating exchange by producing product with less power consumption or using renewable sources of energy, less water consumption, evading harmful ingredients in manufacturing, reducing emission in distribution and linking reforestation schemes in sales promotion or public relation strategy of the firm. By adopting green marketing in personal care and home care product category harmful ingredients in product composition such as Phosphates, Fluoride, Lead, Arsenic are evaded, manufacturing process with minimal usage of resources bio-degradable packing material is used. In totality green marketing is marketing with minimal detrimental impact on environment. It encourages consumers to buy products for eco-friendly reasons inculcating the behaviour of protecting environment and enhancing health. Thus by adopting green marketing strategy a firm can contribute to reduce global warming.
1.7 SCOPE AND IMPORTANCE OF THE STUDY

This research work studies purchasers and non-purchasers of Natural personal care and home care products in Trichy and Chennai city to augment the consumption of these products. Natural personal care and home care product category is affordable to many consumers when compared to other natural product categories such as automobile or electronics category. Thus, by focusing on increasing consumption of this product category the research work tries to enable mass purchase of green products for green marketing adaptation to reduce climate change or global warming impact.

The augmented purchase of Natural personal care, home care products will lead to reduction in global warming and pollution by avoiding harmful ingredients in product composition, manufacturing process with minimal usage of resources or using renewable resources and bio-degradable packing material. This will result in calamity free world also ensuring good health of consumers of the product. Though research in green marketing is done in India, research focussing on particular product category in specific cities in states like Tamil Nadu is not done before. In Tamil Nadu, Chennai city is having the largest population with maximum number of natural product retailers located in the city. Hence studying Chennai city will give good knowledge about purchasers, non-purchasers of natural personal care and home care products for the possibility of adopting green marketing. Trichy is the other city studied by this research work. This city is also having a good number of natural product retailers next to Chennai and the number of stores is increasing over time. This implies consumption of natural products is increasing in Trichy market so studying this market will provide knowledge for possibility of adopting green marketing in a city other than Chennai. Study of Trichy market helps to gain knowledge about purchasers and non-purchasers of natural personal care and home care products other than Chennai city that is located in other parts of Tamil Nadu. The study of two cities located in different parts of Tamil Nadu that has presence of natural product retailers will provide valuable research inputs for green marketing adaptation.

1.8 STATEMENT OF PROBLEM

Natural products consumption level is low among consumers and at growth stage when compared to normal products in all product categories as stated in the review of Linda
Formichelli (2007). Sanjay K. Jain * & Gurmeet Kaur(2004) say that natural products are purchased for health reasons rather than eco-friendly reasons but this is not clear in a particular product category like natural personal care, home care product in a particular city. Even though natural product manufacturers are using eco-friendly practices in marketing mix while manufacturing and packaging natural products it is not used for promoting the products to consumers. Clare D ‘ Souza, Mehdin Taghian and Rajiv Khosla (2007) state that there is a need to motivate non-purchasers to buy natural products to increase consumption thereby reducing environmental impact. There is a need for research information to increase consumption for natural product among consumers in a particular product category in a specific city to find out the possibility of adopting green marketing.

1.9 RESEARCH OBJECTIVES

(1) To assess the knowledge level and performance level of natural products among purchasers.

(2) a. To determine the buying intention of natural products by non-purchasers if eco-friendly variant of present products is introduced.
   b. To determine the buying intention of non-purchasers towards existing natural products.

(3) To assess the reasons behind purchase of natural products by purchasers and reasons behind positive buying intention by non-purchasers if eco-friendly variant of present products is introduced.

(4) To formulate marketing strategies and suggest policy measures to augment consumption of natural products among purchasers and non-purchasers for adopting green marketing based on the study.

1.10 LIMITATIONS OF STUDY

(1) This research study with a sample size of 885 carried out in Chennai and Trichy cannot be generalized to other areas.

(2) Responses given by purchasers and non-purchasers may vary with time with the introduction of new products.
(3) Personal bias and prejudices of respondents could have affected the study.

1.11 ORGANIZATION OF THE STUDY

The study is organized into following chapters:

1. **CHAPTER 2-INDUSTRY PROFILE** - This chapter gives details about personal care industry and natural personal care market in India and globally. It also describes the profile of study area.

2. **CHAPTER 3-REVIEW OF LITERATURE** – This chapter gives literature reviews related to the study.

3. **CHAPTER 4-RESEARCH METHODOLOGY** - This chapter gives details on research design, sources of data, sampling method, sampling size, reliability of questionnaire, research gaps, research objectives and hypothesis.

4. **CHAPTER 5-DATA ANALYSIS AND INTERPRETATION**- This chapter gives detailed analysis and interpretation of data gathered for the study.

5. **CHAPTER 6-FINDINGS, SUGGESTIONS, CONCLUSION AND SCOPE FOR FURTHER STUDY** - This chapter gives in detail findings of the study, suggestions, conclusion and scope for further study.
2. Lamb, Hair, Sharma, McDaniel (2012), Marketing- South Asian perspective, Cengage Learning.

WEBSITES: