CHAPTER – 3
GREEN MARKETING – EVOLUTION AND STRATEGIC IMPERATIVE
Green Marketing- Evolution and Strategic Imperative

3.1: Introduction

Green marketing as a concept has emerged in the late eighties (Peattie and Crane, 2005). A predictable outcome of a green tide galvanized many marketers to apply different forms of marketing at the beginning of this ‘first’ stage of green marketing (Vandermerwe and Oliff 1990). During this period, a large number of marketers had expected to produce a positive consumer response that would have resulted in enhanced goodwill, increased market share and growth in sales volume owing to their green marketing activities. However, in spite of the fact that environmental problems represent the utmost public concerns, the market growth of green products fell short of the expectations of the marketers (Wong and Turner, 1996). Progressively, marketers began to realize that the concern of consumers for the environment and the associated desire for green products did not translate into their buying behavior (Schrum and McCarty, 1995).

Given the above backdrop, the chapter endeavours to highlight the concept and features of green marketing along with its evolution, importance and the strategic imperatives.

3.2: Green Marketing-concept and features

Green marketing has been defined in different ways and is presented in different forms by different firms. The practice of green marketing varies across industries and regions. Green marketing is seen as a holistic process that predicts, recognizes and assures the requirements of the customers and the society in an ecologically sustainable manner (Peattie, 1995; Button, 1989; Charter, 1992; Davis, 1993; Klafter, 1992). Green marketing is also seen as marketing or promotion of products based on their environmental performance or an improvement thereof (Charter and Polonsky, 1999). Green marketing is a concept that is applied on product modification, changes to the production process, packaging changes and advertising modification (Mishra,
Green marketing enables companies to focus on different aspects that influence the buying behavior of customers.

As opposed to common view on green marketing which mainly consists of promotion or advertising of products with environmental characteristics, green marketing covers a broad range of activities. Green marketing supports companies in marketing their products and services in line with the environmental requirements. Green marketing benefits firms in accessing to new markets and acquiring competitive advantage (Narayana, et. al, 2008). Towards the end of utilizing limited resources and satisfying consumers' wants, green marketing was plausible. Peattie (2001) asserts that the aims of green marketing are broadly twofold: to minimize the dependency on product groups responsible for environmental pollutions and to increase awareness of new product categories.

3.3: Evolution of Green Marketing

The evolution of green marketing, which was initially known as 'ecological marketing' where all environmental activities were concerned with helping to mitigate environmental problems through provisions of remedies, is traced back to mid 80s when green marketing was first discussed in the industrial circle which was followed by the term 'environmental marketing' that focuses on clean technology that is involved in designing innovative products, to 'sustainability marketing' the next form and to 'green marketing' the current form.

Peattie (2001) traces the evolution of green marketing which was initially known as 'ecological marketing' to late 1980s where all environmental activities were concerned with helping to mitigate environmental problems through provisions of remedies.

A predictable coming out of a green tide galvanized many marketers to apply different forms of marketing in the beginning of the said first stage. During this time, a huge number of marketers could produce positive consumer response that translated into an increase in terms of goodwill, market shares and sales from their acts regarding the green marketing. This was followed by environmental marketing that
focuses on clean technology used to designing innovative products. Sustainability was the next, and the latest term coined being 'green marketing'.

3.4: Importance of Green Marketing

Green marketing is important because of the following reasons:

1. Firms perceive green marketing as an opportunity that can be used to achieve their objectives.
2. Firms believe that they have a moral obligation towards the society and it is the green marketing that makes them socially responsible.
3. Firms are forced by competition to adapt to changing environmental marketing.
4. The costs of waste disposal and material usage reductions force firms to modify their behaviors (Mishra, 2007). As such, green marketing benefits firms in ensuring sustainable long-term growth along with growth in profitability by becoming cost efficient.

3.5: Green Marketing Strategy

A typical green marketing strategy would involve three stages- making a marketing audit, developing a marketing plan and implementing the marketing strategy. 'Green marketing strategy includes marketing audit, developing a marketing plan that outlines 4Ps strategies and implementing these marketing strategies' (Narayana and Babu, 2008). Moreover, the marketing mix of green marketing is different from a typical 4Ps (of product, price, place and promotion), and is buttressed by three additional Ps such as people, planet and profits.

Products, which can be made from recycled materials or from used goods, have to be developed depending on the needs of the consumers. Efficient products are developed with saving water, energy and money as well as reducing harmful environmental effects. The role of marketers in product management includes providing product designers with market-driven trends and consumer requirements for green product attributes. Some of these attributes are energy saving, organic, green chemicals and local sourcing among others (Narayana and Babu, 2008). Bhat (1993) has furthered
this when he mentioned that green marketing programme starts with the green design since inputs, manufacturing processes, distribution, use and disposal methods are decided during the design stage. It is in this stage that comparison of green design alternatives are achieved which can provide designers with guidance to select superior designs.

Green pricing is also becoming a necessity. It was argued that green products are inclined to be more expensive than conventional ones, and was carried out to ensure efficient productivity. Value-added features are integrated to change the product's appearance; and its functionality through customization, all of which contribute to prices (Narayana and Babu, 2008).

Green place is about managing logistics for the purpose of cutting down on transportation emission; in effect, aiming to reduce carbon footprint (Narayana and Babu, 2008).

Finally, green promotion involves the tools of promotion such as advertising, marketing materials, signage, white papers, websites, videos and presentations (Narayana and Babu, 2008).

However, Mishra (2007) also noted that there are problems with green marketing. Firms which make use of green marketing must ensure that their activities are not misleading to consumers or industry, and conforms to the regulations or laws dealing with environmental marketing. As such, marketing claims must clearly state environmental benefits. Inaccuracy of consumer perceptions and negative future backlash of environmental decisions are other problems with green marketing (Crane, 2000). Strong (1996) contends that the ethically-aware consumer has become ethically aware and is joined by many other consumers who believe in the principles of fair trade. These well-informed consumers not only demand for fair traded products but are also challenging manufacturers and retailers to guarantee ethical claims they are making about their products.
3.6: Green Consumerism

The campaign for greener, more environment friendly ways of living and consumerism is rapidly gaining momentum (Tse and Yim, 2002). In social marketing, green consumer behavior is considered as a form of ethically oriented consumer behavior that is being motivated not only by the personal needs of the consumers but also their concern for the welfare of the society (Osterhus 1997). Green consumerism has customarily been conceptualized as a personal ethical orientation or even a set of pro environmental personal values and attitudes that result in a particular form of socially conscious or socially responsible decision making (Moisander and Pesonen, 2002). The socially conscious green consumers are typically viewed as goal oriented individuals who take into account the public consequences of their private consumption in an attempt to bring about the social change (Moisander and Pesonen, 2002).

Green consumer focuses on availing green brand. Green brand is one that offers a vial eco advantage over the incumbents and which consequently appeals to those who are willing to make green a higher priority. There are strong green brands targeting both retail consumers and also the B2B customers (Grant, 2008).

The term green consumer was first coined and used by environmental consultant John Elkington in 1986. Green consumerism was launched into the market place in September 1988, together with the Green Shopping Week and the publication of The Green Consumer Guide. The said event had considerable media impact, and was followed by another promotion in 1989 and other publications. The main objective of this movement was to encourage and motivate consumers to be more aware of the different environmental impact of products they buy; and at the same time mobilize consumer action in order to push manufacturers and retailers to offer environment friendly alternatives. The said campaign created a widespread public concern generated by a succession of environmental scares in the media. At the same time, it helped to empower ordinary people to take action (Childs and Storry, 1999). As a fall out of this, consumers have become vigilant regarding the different issues that are connected to the environmental aspect of different organizations and companies in the world, particularly in the developed countries. Green consumerism has its antecedents
in a long tradition of consumer boycotts and political consumerism. It encourages consumers to avail products that are considered environmentally acceptable rather than simply to refuse those which are not. The main idea focuses on the fact that business and firms will respond readily and creatively to positive market signals than to the negative sanctions (Childs and Storry, 1999).

3.7: Indian Retail Industry and the Green movement

PricewaterhouseCoopers has estimated the present Indian retail sector at 350 billion USD which is slated to grow at 15 to 20 percent per annum. The same estimate puts the organized retail penetration between 5 to 8 percent. The unorganized market comprises 12 million mom-and-pop stores, or ‘kiranas’. The retail and wholesale sector in India accounts for approximately 14 percent of GDP, and over 25% of the value added in the service sector. In terms of employment, the sector is the second largest employer, next to agriculture, providing over 10 percent of the formal jobs in India.

The goal of green marketing program is to implement approaches that will enable companies to purchase and supply products or services of high quality, at reasonable price, while also lowering the impact on the environment and human health.

Green marketing has the potential to impact sustainable consumption and also result in significant shifts in demand and supply on the basis of environmental performance. While the development of these items is at a nascent stage, consumers are driving research and development (R&D) initiatives of companies due to increased awareness about climate change and the rising energy prices, enhanced focus on health and safety, and the desire to help contribute to the preservation of environment. Green marketing typically aims to satisfy customers and improve the quality of the environment. Retailers therefore need to take several initiatives to shift their focus from niche to mainstream consumers, make green products affordable and contribute to solving environmental issues.

Environmental and social impacts can occur at any stage of a product’s life cycle from extraction or acquisition of raw materials, transportation, production, manufacturing,
packaging, distribution, operation, maintenance and disposal or reuse of the products or services.

Consumers are becoming increasingly attuned to sustainability issues and demanding retailers to keep pace with their changing expectations. Most consumers in India are in the early stages of thinking of sustainability as a high cost option or a ‘luxury’ that ‘normal people’ cannot afford. Retailers, therefore, assume an important role in promoting the accessibility of sustainable products to all consumers. Further, consumers are smarter, better informed and more discerning than before. In today’s economic climate, consumers want to understand why a price premium exists so they can make an informed choice about products that best fit their emotional, ethical and functional needs.

3.8: Corporate Orientation in Green Marketing

It’s a competitive world and only the strongest and smartest will survive. To stand out in the competition, corporate units make strategies, devise ways to develop quality products and reach out to the right customer base and then remain in their memory. Green marketing is one such innovative ways of doing business. Growing consumer awareness has become a defining criterion for brands today. Environment is on top of the list for the educated class of consumers who want no harm done to Planet Earth. Green marketing is just not about spreading the green word. It is going green right from the word ‘go-in’ the way they procure raw materials, manufacture their products and come out in the market. It is a big investment by brands to go green in the true sense of the word. When it comes to reaching out to the consumers, social media applications are helping them to reach faster. Woodland recently started an initiative Eco-lution along with MTV India which was completely run on facebook encouraging young mass across India to plant trees. Digital space is becoming the hot shot place for companies to spread their green status. Organizations are taking initiatives and launching campaigns for environment.

The adoption of an eco marketing orientation by a firm is principally a response to the increased pressure by society for the business to meet its comprehensive ethical and moral responsibilities, while adhering to the marketing concepts basic tenants of meeting customer needs at a profit (McCarthy and Perrault, 1984). In addition, a
green marketing orientation may provide the organization strategic advantage in both domestic and international markets.

The eco marketing orientation may conceptually decompose into four components of marketing orientation, augmented by both an explicit concern for ecologically and socially responsible business and consumer behavior and the innovative and environmental adaptive characteristics of entrepreneurial orientation (Kotler 1988). Dimensions of the proposed eco-marketing orientation include

- a market focus;
- an obsession with both known and latent customer needs;
- an integrated and coordinated marketing throughout the entire organization;
- focus on long term profitability;
- an explicit concern for the ecological and social aspects of all business activities and design; and
- proclivity to innovate and adapt to exploit environmental opportunity.

The degree of an organization's eco marketing orientation can best be measured by the 'eco-marketing orientation adaptability framework' as suggested by McNamara (1972) which comprises of both structural and behavioral indicators as given below:

**Structural indicators** of eco-marketing orientation may include

- employee, supplier, community and customer eco-education programs;
- toll free eco-concern and eco-hotlines;
- a designated ecological and social concern marketing staff;
- cradle to grave planned product and eco lifecycles;
- explicitly considering ecological and social concerns in all strategic and tactical planning; and
- a systematic environmental scanning procedure explicit in all business decision making.

**Behavioral indicators** of eco-marketing orientation may include

- packaging in recyclable containers;
- packaging in containers made of recyclable materials;
- having an active recycle program;
- having a commitment to buy products which have been produced utilizing some portion of recycled material;
- actively seeking input from ecological and social concern organizations on strategic decisions;
- a tendency to adapt to environmental changes with innovations.

A brief sketch of the four of the traditional business orientations, namely, Production Orientation, Sales Orientation, Marketing Orientation, and Entrepreneurial Orientation, compared to the proposed eco-marketing orientation has been given in Table 3.1.

Table 3.1: Comparison of traditional business orientation with eco-marketing orientation

<table>
<thead>
<tr>
<th>Orientation Symptom</th>
<th>Production Orientation*</th>
<th>Sales Orientation*</th>
<th>Marketing Orientation*</th>
<th>Entrepreneurial Orientation**</th>
<th>Green Orientation*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Typical Strategy</td>
<td>Lower costs</td>
<td>Increase sales volume</td>
<td>Build market share and profitability</td>
<td>Seek high risks/high return opportunities</td>
<td>Monitoring perceived corporate environmental sensitivity held by major market segments, environmental scanning, innovative product development, management of technology.</td>
</tr>
<tr>
<td>Key Systems</td>
<td>Cost accounting</td>
<td>Sales projections</td>
<td>Strategic marketing plan</td>
<td>Growth, profits</td>
<td></td>
</tr>
<tr>
<td>Traditional Strengths</td>
<td>Engineering, logistics</td>
<td>Sales</td>
<td>Marketing</td>
<td>Pragmatic, aggressive marketing, innovative</td>
<td>Marketing, product innovation, logistics innovation.</td>
</tr>
</tbody>
</table>

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<thead>
<tr>
<th>Orientation</th>
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<th>Marketing Orientation</th>
<th>Entrepreneurial Orientation</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Normal Focus</td>
<td>Internal efficiencies</td>
<td>Short-term sales, distribution</td>
<td>Customer satisfaction, satisfy organizational goals</td>
<td>Growth innovation, dominance</td>
<td>Customer and societal satisfaction with the total product, including service and organizational business practices.</td>
</tr>
<tr>
<td>Typical Response to Competitive Pressure</td>
<td>Cut costs</td>
<td>Cut price, increase selling efforts</td>
<td>Consumer research, modification of marketing mix</td>
<td>Innovative solutions, aggressive response towards competition</td>
<td>Educate consumers about the organization’s eco-programs including (1) waste recycling and eco friendly disposal (2) packaging in recyclable containers (3) packaging in containers made of recycled materials (4) organizational commitment to buy products produced from recycled material (5) employee, supplier, community and customer eco-education program (6) innovation.</td>
</tr>
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<tr>
<td>Overall Mental set</td>
<td>“What we need to do in this company is get our cost down and our quality up”</td>
<td>“Where can I sell what we make”</td>
<td>“What will customers buy that we can profitably make”</td>
<td>“What project offers the best opportunity”</td>
<td>“What we need to do in this company is to create high value, eco friendly products, sold in high volumes, through traditional distributors to a wide array of consumers. Objectives include (1) to educate non-green consumers to have product form insistence for green and eco-friendly products (2) to produce high value eco-friendly products that will create brand preference to the brands by green consumers and (3) to achieve sufficient distribution to minimize stock outs and brand switching.”</td>
</tr>
</tbody>
</table>

Note: * Adapted from Cravens, Hills, and Woodruff (1987), ** Adapted from Miles and Arnold (1991)
In order to be perceived as legitimate global citizens by consumers, firms must explicitly consider the impact of their business decisions and activities on both ecology and society (Varadarajan, 1992). They must transcend a concern for profits from individual product offerings to a vision of managerial approach that consciously develops products that are congruent with global and ecological needs.

'Ecological marketing must become an essential element of the marketing mix' (Coddington, 1990). Not only there has been a perception that ecological marketing is the principal component of the company's corporate ethics; but marketers should include the following initiatives in their marketing plan as suggested by Coddington:

- internal environmental marketing seminars
- consumer research
- product development
- advertising and promotion
- green retail manager
- sales education and incentive programs
- local marketing and promotion

It is essential that prior to the adoption of eco-marketing orientation, the firms must have internationalized their information processing and decision making frameworks which are the basic tenants of marketing orientation and the environmental adaptive and innovative characteristics of the entrepreneurial orientation. The firms should have environmental adaptability, comprehensive customer orientation, market focused, and financially sound, future oriented and innovative outlook. As the natural environment is becoming a constraint, firms need to consider and adopt eco-marketing or green orientation for developing unique competitive advantage. Table 3.2 is a depiction of how companies can go strategically green.
### Table 3.2: Green Orientation of Organizations

<table>
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</tr>
</thead>
<tbody>
<tr>
<td>Typical Strategy</td>
<td>Seek cost saving by utilizing recycled materials, customer needs focus</td>
<td>Target sales communication by discussing eco attributes, long-term exchanges focusing on customer needs</td>
<td>Determine the consumer's and society's long-term needs, consider social and ecological impacts</td>
<td>Exploit the high interest in green-oriented products via product development</td>
</tr>
<tr>
<td>Key System to Engender Marketing</td>
<td>Reverse logistics, Real time flexible manufacturing to reduce waste, superior engineering</td>
<td>Market segmentation by green orientation, abandon planned obsolescence, consider ecological and societal impact of decisions</td>
<td>Focus on anticipating customer and society needs and alter demand for eco-products by education, de-market products that are harmful to society</td>
<td>Innovation in green or socially responsible venues</td>
</tr>
<tr>
<td>New Strength</td>
<td>Soft engineering, logistical responsibility from production to reuse, creation of durable products</td>
<td>Promoting superior green attributes</td>
<td>Demand modification, social responsive marketing, adopt product durability standard</td>
<td>Innovation, product development, environmental assessments</td>
</tr>
</tbody>
</table>

Note: * Adapted from Cravens, Hills, and Woodruff (1987), ** Adapted from Miles and Arnold (1991)
The green orientation strategy of companies would thus induce them to go for

(i) producing eco-friendly products through product innovation and developments;

(ii) adopting to innovative business practices that gives impetus to green environment;

(iii) educating consumers, suppliers and the employees about the organization’s eco-programs’ including

1. waste recycling and eco friendly disposal,
2. packaging in recyclable containers,
3. packaging in containers made of recycled materials,
4. organizational commitment to buy products produced from recycled material,
5. employees, suppliers, community and customers eco-education program;

(iv) creating high value, eco friendly products that will create brand preference for the brands, and sold in high volumes through traditional distributors to a wide array of consumers by avoiding stock outs and brand switching;

(v) Environmental impact assessment of their products and services.

3.9: Conclusion

Green marketing refers to the marketing of products and services that are considered environment friendly and which make their marketers environmentally responsible. The evolution of green marketing, which was initially known as ‘ecological marketing’ where all environmental activities were concerned with helping to mitigate environmental problems through provisions of remedies, is traced back to mid 80s
when green marketing was first discussed in the industrial circle which was followed by the term 'environmental marketing' that focuses on clean technology that is involved in designing innovative products, to 'sustainability marketing' the next form and to 'green marketing' the current form.

It is from the late 1980s that the concept of green marketing got introduced and discussed in the industrial circle for the first time. A predictable coming out of a green tide galvanized many marketers to apply different forms of marketing in the beginning of the said first stage. During this time, a huge number of marketers could produce positive consumer response that translated into an increase in terms of goodwill, market shares and sales from their acts regarding the green marketing.

As opposed to a common perception on green marketing of promotion or advertising of products with environmental characteristics; green marketing covers a broad range of activities including product modification, changes in the production process, packaging and advertising campaign.

The main aim of green marketing is to minimize the dependency on product groups responsible for environmental pollutions and to increase awareness of new product categories and move towards a more sustainable future. The McNamara model of eco marketing is recommended as the best model of eco marketing that firms may think of adopting which will drive the firms to show higher interest in green-oriented products via product development, go for innovation in green or socially responsible venues, and undertake environmental assessments of their products and marketing activities.

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