

Green Marketing: Challenges and Strategies for Indian Companies

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Abstract – The paper examines the need and significance of green marketing . This paper attempts to capture some of these initiatives in India, which may provide ideas for other companies in both developing and developed markets and evaluates the challenges and strategies faced by the Indian companies and their concern for green marketing to tackle social and environmental problem using innovative solutions. Green marketing is a vital constituent of the holistic marketing concept today. It is particularly applicable to those businesses that are directly dependent on the physical environment. Changes in the physical environment may pose a threat to fishing, processed foods tourism and adventure sports industries. Consequently new types of products were created, called "green" products, which would cause less damage to the environment. Thus green marketing plays an important role to promote and reinforce the idea of environmental protection and sustainable development both in the minds of the customer and the firms.

Many global players in diverse businesses are now successfully implementing green marketing practices .Various studies by environmentalists indicate that people are concerned about the environment and are changing their behavioral pattern. The most of the consumers, both individual and industrial, are becoming more concerned about environment-friendly products. Majority of them feel that environment-friendly products are safe to use. As a result, green marketing has emerged, which aims at marketing sustainable and socially-responsible products and services. Now is the era of recyclable, non-toxic and environment-friendly goods. This has become the new mantra for marketers to satisfy the needs of consumers and earn better profits.

Green marketing is the process of developing products and services and promoting them to satisfy the customers who prefer products of good quality, performance and convenience at affordable cost, which at the sometime do not have a detrimental impact on the environment. It includes a broad range of activities like product modification, changing the production process, modified advertising, change in packaging etc., aimed at reducing the detrimental impact of products and their consumption and disposal on the environment. Companies all over the world are striving to reduce the impact of products and services on the climate and other environmental parameters. Marketers are taking the cue and are going green. Thus there is growing interest among the consumers all over the world regarding protection of environment in which they live; People do want to bequeath a clean earth to their offspring. Worldwide evidence indicates people are concerned about the environment and are changing their behavior. As a result of this, green marketing as emerged which speaks for growing market for sustainable and socially responsible products and services.

Keywords: - Green marketing, Development, Product Process System, Packaging, Environment etc.

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INTRODUCTION

According to the American Marketing Association, "Green marketing is the marketing of products that are presumed to be environmentally safe, involves developing and promoting products and services that satisfy customers want and need for Quality, Performance, Affordable Pricing and Convenience without having a detrimental input on the environment.

Thus green marketing incorporates a broad range of activities, including product modification, change to the production process, packaging change, as well as modifying advertising. Yet defining green marketing is not a simple task where several meanings intersect and contradict each other. Other similar terms used are environmental marketing and ecological marketing. Thus green marketing refer to holistic marketing concept where in the production, marketing consumption an disposal of products and services happen in a

manner that is less detrimental to the environment with growing awareness promoting, pricing and distributing products that will not harm environment.

Polonsky (1994) defines in green marketing as 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 minimum detrimental impact on the natural environment.

OBJECTIVE OF THE STUDY

The main objective of this study is to understand green marketing and also examine the challenges and strategies for Indian companies in green marketing.

METHODOLOGY

Nature of the study is descriptive and exploratory.

Study is entirely based on secondary data.

MEANING AND DEFINITION

According to the American Marketing Association, "Green marketing is the marketing of products that are presumed to be environmentally safe, involves developing and promoting products and services that satisfy customers want and need for Quality, Performance, Affordable Pricing and Convenience without having a detrimental input on the environment" Green marketing also ties closely with issues of industrial ecology and environmental sustainability such as extended producers liability, life-cycle analysis, material use and resource flows, and eco-efficiency. As per Mr. J. Polonsky, green marketing can be defined as, "All activities designed to generate and facilitate any exchange intended to satisfy human needs or wants such that satisfying of these needs and wants occur with minimal detrimental input on the national environment".

The "Green Marketing" is holistic marketing concept incorporates a broad range of activities, wherein the production, marketing, consumption and disposal of products and services happen in a manner that is less detrimental to the environment.

According to Charter (1992), green marketing is defined as 'greener marketing is a holistic and responsible strategic management process that identified, anticipates, satisfies and fulfill stakeholder needs, for reasonable reward, that does not adversely affect human or natural environmental well-being'. This definition adds a strategic dimension stressed the importance of a long term perspective and the role played by stakeholders. It is rightly opinioned Jacquelyn Ottman, author of Green Marketing: Opportunity for Innovation from an organizational standpoint, environmental

considerations should be integrated into all aspects of marketing - new product development and communications and all points in between.

WHAT ARE GREEN COMPANIES

Companies having following characteristics called green companies:

- Minimum use of plastic material: use recyclable packaging materials.
- Generate electricity from hydroelectric plants.
- Reduce toxic emissions, etc.
- Recycle biodegradable waste.
- Use natural gas for boiler fuel.
- Use biomass and solar radiation as sources of renewable energy.

For example:

India's software companies are considered green companies. India is a world leader in green IT potential, according to a recent released global enterprise survey conducted by Green Factor. HCL is duty bound to manufacture environmentally responsible products and comply with environment management processes right from the time products are sourced, manufactured, bought by customers, recovered at their end-of-life and recycled. Apple, HP, Microsoft, IBM, Intel, Sony and Dell, HCL have a comprehensive policy designed to drive its environment management program ensuring sustainable development.

As per study about 25% of the Indian consumers in India consider environment friendly products to be safe for nature, 28% are concerned with safety to human health and happiness and protective to nature. With above figures, it can be assumed that firms which are marketing or thinking to market goods with environmental characteristics will have a competitive advantage over firms which are marketing non-environmentally responsible alternatives.

Why Green Marketing

Most of the Indian and foreign companies are venturing into green marketing because of the following reason:

Social responsibility:

In 21st century most of the companies have started realizing that they must behave in an environment

friendly fashion. The HSBC bank became the world's first bank to go carbon neutral.

Government pressure:

The Indian government too has developed a framework of legislations to reduce the production of harmful goods and by products to protect consumers and the society at large. For example, the ban of plastic bags in Mumbai, prohibition of smoking in public areas, etc...

Pressure of competition:

Most of the companies take up green marketing to maintain them into the market. If they don't go green they can't face competition.

Reduction in the cost:

Green marketing also reduce the cost of production by reducing by harmful waste and promote substantial cost savings.

Opportunities in Green marketing

In India, around 25% of the consumers prefer environmental-friendly products, and around 28% may be considered healthy conscious. The Surf Excel detergent which saves water (advertised with the message—"do bucket paani roz bachana") and the energy-saving LG consumers durables are examples of green marketing.

Indian companies initiatives into the green marketing:

There are many strategies by adopting them the companies to be green. There are three ways by which companies to be green these ways are:

- Value addition processes
- Management system
- product

There are many companies who have strived to become more environmentally responsible serving to better satisfy their consumer needs. Moreover, their activities also help them to improve their revenues and profit in various ways.

- Lifebuoy (a brand of soap from Unilever in India) had an advertising campaign encouraging children to keep their streets clean and not worry about germs as Lifebuoy protects them-
- McDonald's restaurant's napkins, bags are made of recycled paper.

- Coca-Cola pumped syrup directly from tank instead of plastic which saved 68 million pound/year.
- Badarpur Thermal Power station of NTPC in Delhi is devising ways to utilize coal-ash that has been a major source of air and water pollution.
- Barauni refinery of IOC is taken steps for restricting air and water pollutants.
- Introduction of CNG in all public transport systems to curb pollution in Delhi
- HCL's Environment Management Policy under HCL eco-Safe
- HP's promise to cut its global energy use 20 percent by the year 2010.
- The Hewlett-Packard Company announced plans to deliver energy-efficient products and services and institute
- Energy-efficient operating practices in its facilities worldwide.
- E-commerce business and office supply company Shop let which offers a web tool that allows you to replace similar items in your shopping cart with greener products.
- Walt Disney World, have instituted environmentally responsible behavior in their processes and systems
- The refrigerator industry has shifted from chlorofluoro carbon (CFC) gases to more environmentally friendly gases.
- Plantation and cultivation activities taken up by Intel India is an example of socially responsible firms contributing to preservation of environment.
- Philips Light's CFL
- Maruthi: Greening of Supply Chain
- Amway claims that its products are environmentally friendly.

CHALLENGES OF GREEN MARKETING

Need for standardization:

It is found that only 5% of the marketing messages from "green" companies are entirely true and there is a lack of standardization to authenticate these

claims. There is no standardization to authenticate these claims. There is no standardization currently in place to certify a product as organic. Unless some regulatory bodies are involved in providing the certifying there will not be any verifiable means. A standard quality control board needs to be in place for such labeling licensing.

New concept:

Indian literate and urban consumer is getting more aware about the merits of Green products. But it is still a new concept for the masses. The consumer needs to be educated and made aware of the environmental threats. The new green movements need to reach the masses and that will take a lot of time and effort. By India's ayurvedic heritage, Indian consumers do appreciate the importance of using natural and herbal beauty products. Indian consumer is exposed to healthy living lifestyles such as yoga and natural food consumption. In those aspects the consumer is already aware and will be inclined to accept the green products.

Patience perseverance:

The investors and corporate need to view the environment as a major long term investment opportunity, the marketers need to look at the long term benefits from this new green movement. It will require a lot of patience and no immediate results. Since it is a new concept and idea, it will have its own acceptance period.

Avoiding green myopia:

The first rule of green marketing is focusing on consumer benefits i.e. the primary reason why consumers buy certain products in the first place. Do this right, and motivate consumers to switch brands or even pay a premium for the greener alternative. It is not going to help if a product is developed which is absolutely green in various aspects but does not pass the customer satisfaction criteria. This will lead to green myopia. Also if the green products are paid priced very high then again it will lose its market acceptability.

Some other challenges are as follows

- Majority of the consumers are not willing to pay a premium for green products
- Lack of credibility or trust by consumers and end-users
- Confusion regarding green or sustainable product claims
- Reputational risk from "misleading claims"
- Liability risk from "green washing" under FTC Green Guides
- Beard offered four steps to avoid claims and possible legal charges of green washing;
- Pick the products or services you promote on green grounds with care.

STRATEGIES FOR GREEN MARKETING

Marketing literature on greening products, firms builds on both the societal and social marketing research. Social marketing focuses on designing and implementing programs that increase the acceptability of a social idea, cause, or practice in (a) target group(s) (Kotler, 1994). KenPeattie (1999) defined environmental marketing in terms of customer satisfaction in a sustainable fashion which refers as 'the holistic management process responsible for identifying, anticipating, and satisfying the requirements of the consumers and society, in a profitable and sustainable way'. It implies that organizations (governments, businesses and nonprofit organisations) need to determine the needs of target markets and to deliver the desired satisfactions in a way that enhances the consumers and the society's well-being. Green marketing involves focusing on promoting the consumption of green products. Therefore, it becomes the responsibility of the companies to adopt creativity and insight, and be committed to the development of environment-friendly products. This will help the society in the long run. Companies which embark on green marketing should adopt the following principles in their path towards "greenness."

- Green products require renewable and recyclable material, which is costly
- Requires a technology, which requires huge investment in R & D
- Water treatment technology, which is too costly
- Majority of the people are not aware of green products and their uses
- Adopt new technology/ Process or modify existing technology/ Process so as to reduce environmental impact.
- Establish a management control system that will lead to adherence of stringent environmental safety norms.
- Explore possibilities of recycling of the used products so that it can be used to offer similar or other benefits with less wastage.

- Using more environment-friendly raw materials at the production stage itself. The marketing strategies for green marketing include the following,
- Marketing Audit (including internal and external situation analysis)
- Develop a marketing plan outlining strategies with regard to 4 P's
- Implement marketing strategies
- Plan results evaluation
- Body Shop heavily promotes the fact that they are environmentally responsible.
- Coca-Cola, Tata group, Colgate Palmolive etc. have invested large sums of money in various recycling activities, as well as having modified their packaging to minimize its environmental impact.
- The Government regulations relating to environmental marketing are also designed to protect consumers in
- several ways,
- To reduce production of harmful goods or by-products;
- To modify consumer and industry's use and/or consumption of harmful goods; or
- To ensure that all types of consumers have the ability to evaluate the environmental composition of goods.

CONCLUSION

Now this is the right time to select green marketing globally. It will come with drastic change in the world of business if all nations will make strict roles because green marketing is essential to solve world from pollution. From the business point of view because a clever marketer is one who not only convinces the consumer, but also involves the consumer in marketing his product. Green marketing should not be considered as just one more approach to marketing' but has to be pursued with much greater vigor, as it has an environmental and social dimension to it. With the threat of global warming looming large, it is extremely important that green marketing becomes the norm rather than an exception or just a fad. Green marketing in India is still in its infancy and a lot of research is to be done on green marketing to explore its full potential. Marketers need to understand the implications of green marketing. Most of the studies on the subject show that although the awareness and

environmental behavior of consumers across countries educational levels, age and income groups may differ, environmental concerns are increasing worldwide. With the threat of global warming looming large, it is extremely important that green marketing becomes the norm rather than an exception or just a fad. Recycling of paper, metals, plastics, etc., in a safe and environmentally harmless manner should become much more systematized and universal. Green marketing methods produce highly effective results. Lead to cut costs, raise response rates and increase growth. Businesses are entering the green marketplace at breakneck speed to keep pace with customer and societal demands to reduce their environmental impacts. But greening one's business is no small feat. While clear opportunities

Abound in this new economy, business leaders pursuing a green strategy are finding few roadmaps and established rules and plenty of hidden twists and turns.

"The greening of business is not a fad--it's a fundamental change in how commerce is conducted given the new energy and climate realities. For the organizations of the future, considerations about the long-term environmental impact of their actions will have to become an integral part of their business philosophy. It said rightly by Fred Krupp, president of the Environmental Defense Fund and author of *Earth The Sequel*, *The Race to Reinvent Energy and Stop Global Warming* "The greening of business is not a fad--it's a fundamental change in how commerce is conducted given the new energy and climate realities. Joel Makeover charts the course for this new era, showing how leadership companies large and small are harnessing innovation to transform the challenges into opportunities While the shift to "green" may appear to be expensive in the short term; it will definitely prove to be indispensable and advantageous, cost-wise too, in the long run.

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