

GREEN MARKETING: AN EMERGING PARADIGM OF DIFFERENTIATION

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Abstract

According to the American Marketing Association, green marketing is the marketing of products that are presumed to be environmentally safe. Thus green marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising. Other similar terms used are Environmental Marketing and Ecological Marketing. Green, environmental and eco-marketing are part of the new marketing approaches which do not just refocus, adjust or enhance existing marketing thinking and practice, but seek to challenge those approaches and provide a substantially different perspective. In more detail green, environmental and eco-marketing belong to the group of approaches which seek to address the lack of fit between marketing as it is currently practiced and the ecological and social realities of the wider marketing environment. Green marketing is a phenomenon which has developed particular importance in the modern market. This concept has enabled for the re-marketing and packaging of existing products which already adhere to such guidelines. Additionally, the development of green marketing has opened the door of opportunity for companies to co-brand their products into separate lines, lauding the green-friendliness of some while ignoring that of others. Such marketing techniques will be explained as a direct result of movement in the minds of the consumer market. As a result of this businesses have increased their rate of targeting consumers who are concerned about the environment. These same consumers through their concern are interested in integrating environmental issues into their purchasing decisions through their incorporation into the process and content of the marketing strategy for whatever product may be required.

In this research paper we have tried to find the variables on which marketers can differentiate their offerings (green products) in the market, create competitive advantage for them and see how people perceive the green products.

Keywords: Green Marketing, marketing, green environment, ecology,

Introduction

Green Marketing refers to holistic marketing concept wherein the production, marketing consumption and disposal of products and services happen in a manner that is less detrimental to the environment with growing awareness about the implications of global warming, non-biodegradable solid waste, harmful impact of pollutants etc., both marketers and consumers are becoming increasingly sensitive to the need for switch in to green products and services. 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. Some definitions related to green marketing:

- Pride and Ferrell (1993):-Green marketing, 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.
- Polonsky (1994) defines 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 minimal detrimental impact on the natural environment.
- Elkington (1994: 93) defines 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.

P'S of Green marketing

Green Marketing begins with 'green design'. Product design constitutes an active interface between demand (consumers) and supply (manufactures). An example by Ottman and Terry: super concentrated laundry detergents are associated with energy saving, reduced packaging, space and money. The product itself has to be made in such a way that it satisfies consumer and manufacture's needs. For ecologically sustainable products to be successful, green branding attributes have to be efficiently communicated. Most buyer decisions are influenced by the labelling (green labelling) that states all that makes the product green compliant. The price of green product has to be affordable for the customer to encourage

purchase. Industrial differentiation works only when products reduce client's cost. Most buyers are influenced by advertisement that reflects a company's commitment to environment.

Companies that do green advertisement tend to portray an image of environmental friendliness, influences their customer purchase decisions. Consumers love to associate themselves with companies that are environmental stewards. When a company communicates this through their advertisements, promotions, publicity and corporate social responsibilities, they are sure to get many loyal customers.

Green distribution is a very delicate operation. Customers must be guaranteed of the 'Ecological nature' of the product. The green environment is a constantly regulated environment and as such high level of compliance is necessary when carrying out distribution of green products. This is a common procedure in the USA.

So, A model of a green marketing mix contains all 4P's:

- **Product:**

A producer should offer ecological products which not only must not contaminate the environment but should protect it and even liquidate existing environmental damages. The products have to be developed depending on the needs of the customers who prefer environment friendly products. Such products can be made from recycled materials or from used goods.

- **Price:**

The green pricing takes into consideration the people, planet and profit in a way that health of employees and communities is not taken for granted while ensuring competent output. Prices for such products may be a little higher than conventional alternatives. But target groups (premium class) are willing to pay extra for green products.

- **Place:**

Green place is about managing logistics to cut down on transportation emissions, thereby in effect aiming at reducing the carbon footprint. A distribution logistics is of crucial importance. Main focus is on ecological packaging. Marketing local and seasonal products e.g. vegetables from regional farms is much easy to be marketed "green" than products imported.

- **Promotion:**

A communication with the market should put stress on environmental aspects, for example that the company possesses a CP certificate or is ISO 14000 certified. This may be publicized to improve a firm's image. Furthermore, the fact that a company spends expenditures on environmental protection should be advertised. Third, sponsoring the natural environment is also very important.

Additional Social Marketing "P's" that are used in this process are as followed:

- **Publics**-- Effective Social Marketing knows its audience, and can appeal to multiple groups of people. "Public" is the external and internal groups involved in the program. External publics include the target audience, secondary audiences, policymakers, and gatekeepers, while the internal publics are those who are involved in some way with either approval or implementation of the program.
- **Partnership**-- Most social change issues, including "green" initiatives, are too complex for one person or group to handle. Associating with other groups and initiatives to team up strengthens the chance of efficacy.
- **Policy**--Social marketing programs can do well in motivating individual behavior change, but that is difficult to sustain unless the environment they're in supports that change for the long run. Often, policy change is needed, and media advocacy programs can be an effective complement to a social marketing program.
- **Purse Strings**-- How much will this strategic effort cost? Who is funding the effort?

In the last decade, consumers have become more enlightened on environmental issues. Green marketing refers to selling products or rendering services based on environmental benefit. It came into existence in late 1980s and early 1990s. Green marketing is growing rapidly and consumers are willing to pay a lot for green products. Green marketing affects all areas of our economy, it does not just lead to environmental protection but it also creates new market and job opportunities. Companies that are environmental stewards stand a chance of gaining many satisfied and loyal customers. Many people believe that the green marketing solely refers to promotion or advertising of products with environmental characteristics. But in general, green marketing is a much broader concept which can be applied to consumer goods, industrial goods and even services. For example, across the world there are resorts that are beginning to promote themselves as ecotourism facilities, i.e. facilities that specialize in experiencing nature or operating in a fashion that minimizes their environmental impact. So green marketing involves a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising.

I think it is the right time to select "Green Marketing" globally on a much larger scale now. 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 in it. Marketers also have the responsibility to make the consumers understand the

need for and benefits of green products as compared to non-green ones. In green marketing, consumers are willing to pay more to maintain a cleaner and greener environment.

The consciousness about the environment in people has evolved over a period of time. The business environment is increasingly realizing the importance of sustainable differentiation and shifting to green methods is now becoming a competitive choice. Green marketing over a period of time has proved to be a factor for strong differential advantage and a platform for intrinsic communication about the brand image and its social responsibility. Nowadays it is a challenge before marketers to inform customers not only about the benefits of green products/services they offer but also to make them understand the implication of their actions on the eco-system as well as in every walk of life.

It is now the responsibility of marketers to become caretakers of the environment and design strategies within their ambit to reap benefits of profit, increased customer involvement, improved shareholders value and above all a competitive advantage.

Differentiation is the core essence of strategy today. It provides not only competitive advantage but also a tremendous leverage to the sustainability quotient. Due to intense competition in the market, companies have to think of something which could differentiate them and help them to occupy a specific place in the minds of target customers. organisations need to reach maximum number of target customers through an identity which is unique, identifiable and clearly agreeable.

And as per me one solution to this would be to go for green marketing which would enable them not only to fulfill their social responsibility but also reach to the prospect customers who are willing to pay extra for green products and give them strong variables for differentiation in terms of product, price, promotion etc.

Literature Review

Green or Environmental 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. Environmental marketing, more popularly known as green marketing or sustainable marketing can be defined as the effort by a company to design, promote, price and distribute products in a manner which promotes environmental protection (Polonsky, 2011). Green marketing has be defined 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 minimal detrimental impact on the natural environment' by Polonsky (2011). In this paper, green marketing covers the overall brand of marketing activities undertaken by companies in a manner

that they promote manufacture of products which have a positive impact on environment or alternatively reduce negative impact on the environment. Today green marketing is a vital component of marketing research which began due to increasing media exposure and pressure on firms to present eco friendly behaviour. The growth in green marketing over the years has been promoted by adoption of product packaging and presenting to the public these improvements. Over the years there has been a subtle shift from practicing environmental marketing practices as a result of compulsion identified as a result of legislations and pressure from environmental groups to genuine efforts to improve sustainable marketing plans and behaving in an eco responsible manner (Polonsky and Rosenberger, 2001).

Consumerism can perhaps be identified as a movement which initially begun as a process which was presented to protect consumers against practices of unethical marketing. Over time this has extended and become broader in nature. When today's agenda with regards to consumer activism is taken into consideration it can be observed that protection of the environment is the most vital aspect (Dono et al., 2010). There is a resultant increase in the concern expressed towards environmental protection leading to "green consumerism" (Eriksson, 2002).

The growth of green marketing and green consumer is "perhaps the biggest opportunity for enterprise and invention the industrial world has ever seen" (Cairncross 1992: 177). A green consumer can be identified to be one who avoids any product which may harm damage to any living organism, cause deterioration of the environment during process of manufacturing or during process of usage, consume a large amount of non renewable energy, involves unethical testing on animals or human subjects (Elkington, 1994).

There have been a number of different factors which are instrumental in promoting green consumers to purchase green products. Extensive research over the years identify that heightened awareness of green issues; increased level of information availability on environmental sustenance; green advertising by corporations; increased concern for the environment; increase in popularity of green products by social and environmental charities as some factors. This overwhelming increase in the overall environmental consciousness among different consumer profile there have been efforts undertaken by firms to "go green" by presenting the concept of corporate environmentalism (Banerjee, 2003; Hay and Lichter 2000). Today green development are identified as opportunities by business firms as opportunities to improve their marketing niche rather than just actions which need to be carried out.

In this field following are some of the important studies which have been already undertaken:

Mathur sanjeela, Midha aditi(2012), "Green marketing: the emerging driver to differentiation and sustainability", Emerging paradigms of marketing, vol 1,127-145.

Differentiation is the core essence of strategy today. It provides not only competitive advantage but also a tremendous leverage to the sustainability quotient. Opportunities for differentiation exist in virtually every industry and eventually become source of enduring profits and a robust learning system that drive constant improvement across the business. Green marketing has emerged today as one of the answers to the pertinent requirement of organizations today to reach the maximum number of target audience with an identity which is unique, identifiable and clearly agreeable. The need for green strategy becomes all the more relevant as the cost of materials continue to rise, there is mounting public pressure and an inevitable rise in consumer demand and awareness for ecology and environmentally friendly products. Hence organizations are recognizing the appeal of developing strategies which focus on developing core competencies in products, processes and other supply chain activities that emphasize long term sustainability through out the entire supply chain.

Nicola Mendleson, Michael Jay Polonsky, (1995) "Using strategic alliances to develop credible green marketing", Journal of Consumer Marketing, Vol. 12 Iss: 2, pp.4 – 18.

Manufacturers of consumer goods face various problems when they attempt to integrate environmental attributes into their marketing mix. In many cases the inclusion of environmental issues in the marketing mix is largely motivated by the organization's desire to address consumers' increasing level of environmental awareness. However, producers face three problems when they attempt to utilize environmental marketing: a lack of credibility; consumer cynicism; consumer confusion over claims. Strategic alliances with environmental groups can assist manufacturers of consumer goods to overcome these problems, as well as provide other advantages. These other advantages are: increased consumer reliability in green products and their claims; increased access to environmental information; increased access to new markets; publicity and reduced public criticism; and education of consumers about key environmental issues relating to a firm's product. To achieve these benefits, producers need to follow a careful selection process when choosing an environmental strategic alliance partner. This selection process includes: determine alliance objectives; specify outcomes desired; and determine the fit between the organization, environmental group and target market.

William E. Kilbourne (1998), Green Marketing: A Theoretical Perspective, Journal of Marketing Management, Volume 14, Issue 6, pages 641-655.

The theoretical view of greenmarketing, derived from within institutional economics, environmental politics, and technological theory, is a multi-disciplinary perspective suggesting that a potential environmental crisis resides not necessarily in specific behaviours but rather within the dominant social paradigm (DSP) of Western industrial societies. Effective policies and strategies then must recognize the crisis as one of paradigms. This paper addresses the failure of contemporary greenmarketing to move beyond the limitations of the prevailing paradigm. While there are nascent macro developments in marketing thought that might lead to a truly greenmarketing considering sustainability, holistic thought, and the limitations of the prevailing paradigm, they remain thus far on the periphery of the discipline. They will remain so until a broader, multi-disciplinary approach incorporating the multiple dimensions of the DSP is developed.

Ken peattie(2001), towards sustainability: the third age of green marketing, the marketing review, vol 2, no.2, pp 129-146.

Integrating concern about the environment into the practice and principles of marketing is an idea that has been with us since the 1970s. Over time our understanding of the interaction between the economy and the environment has developed, and therefore our ideas about what might constitute "green marketing" have continued to evolve. This article reviews this evolution in terms of three stages with different implications for marketing:

- (1) Ecological marketing, a narrowly focused initiative which concentrated on reducing our dependence on particularly damaging products.
- (2) Environmental marketing, a more broadly based initiative which aimed to reduce environmental damage by tapping into green consumer demand and opportunities for competitive advantage.
- (3) Sustainable marketing, a more radical approach to markets and marketing which seeks to meet the full environmental costs of production and consumption to create a sustainable economy.

Objectives:

- To explore that how green marketing can be used as a tool of differentiation.
- To develop a scale to analyse customer's perception on whether green marketing can be used as a tool of differentiation or not.
- To analyse customer's attitude towards green products.
- To identify the various elements of green marketing mix and their characteristics.

Sources of Information

- **Primary Source:**The Primary source of collecting data for research is: Structured Questionnaire filled by the respondents.
- **Secondary Sources:** In this study the secondary data is collected from the following sources:
 - Articles
 - Journals
 - Presentations
 - Editorials
 - Research Papers
 - Books And also making use of the internet.

Primary Data Collection:

- **Research Technique:**In this study the survey method is used as a research technique. This method helps to obtain right information from respondents.
- **Contact Method:**In this study mailing and personally contacting respondents are taken as tools for contact method in which the questionnaires are filled by respondents who were selected as per our judgement and convenience.

Sampling Plan:

- **Sample Size:**The sample size covered during the research is 125.
- **Sampling type:** Non-probability judgemental sampling.

Sample Duration: The sample duration is taken in March 2014.

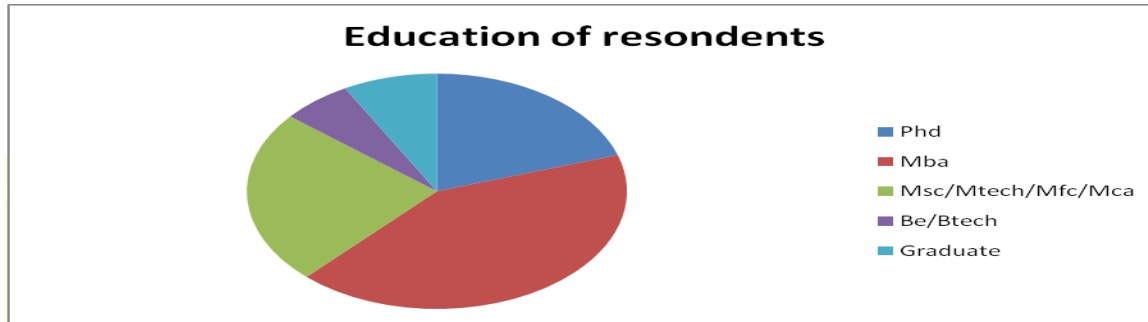
Data Analysis and Interpretation

The sample size is 125 comprising of respondents from different States/UTs of INDIA,

- Jammu and Kashmir
- Delhi
- Haryana

- Uttar Pradesh

Education of respondents

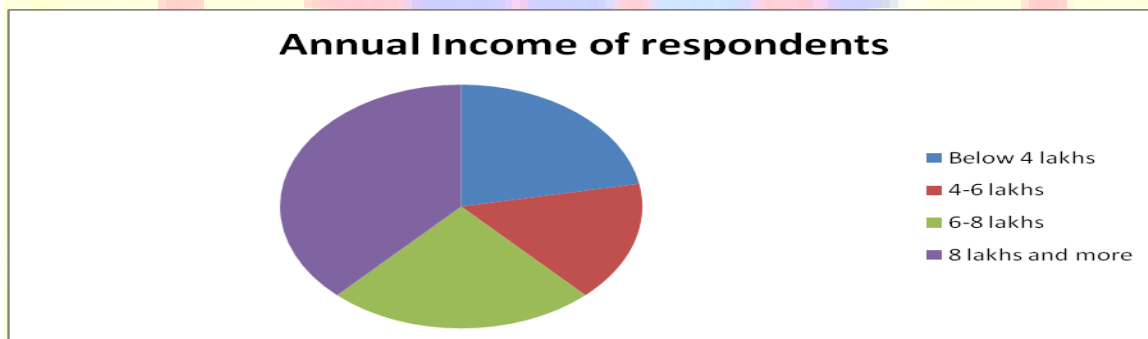


Interpretation:-

Out of 125 respondents asked, (20%) are either pursuing or have pursued PhD, (42%) are either doing or have completed their MBA, (24%) have done MCA/M.Tech/MFC/MSc, (4%) are doing or have done BE/B.tech and rest (8%) are graduates.

From this we interpret that most of the respondents are the people who have a very good educational background.

Annual Income of respondents

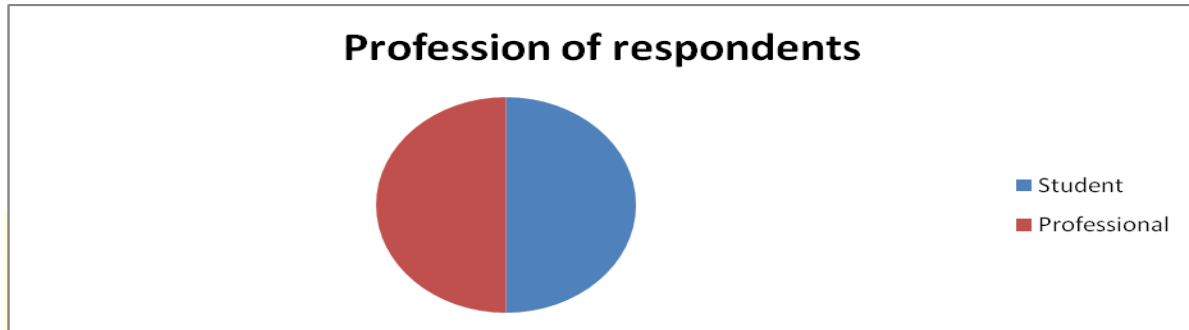


Interpretation:-

Out of 125 respondents asked, (22%) have annual income below 4 lakhs, (16%) have their income in the range of 4-6 lakhs, (24%) fall in the bracket of 6-8 lakhs and rest (38%) have annual income of 8 lakhs and more.

From this we interpret that most of the respondents are the people who are economically in a very good condition.

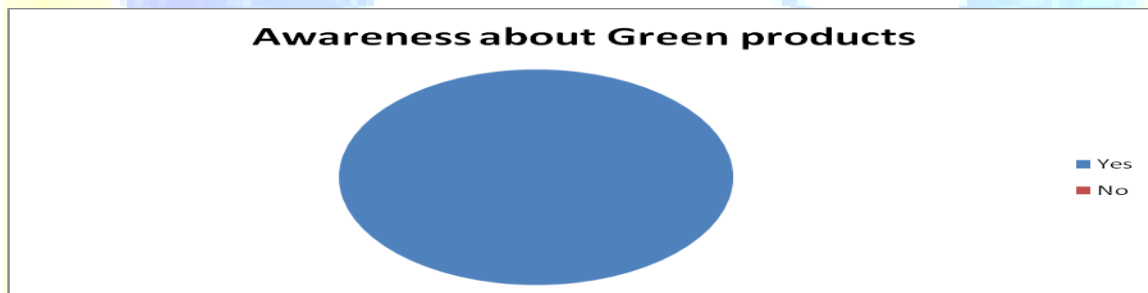
Profession of respondents



Interpretation:-

Out of 125 respondents asked (50%) are students and (50%) are professionals. So, a mix of respondents has been chosen.

Are respondents aware about Green products?

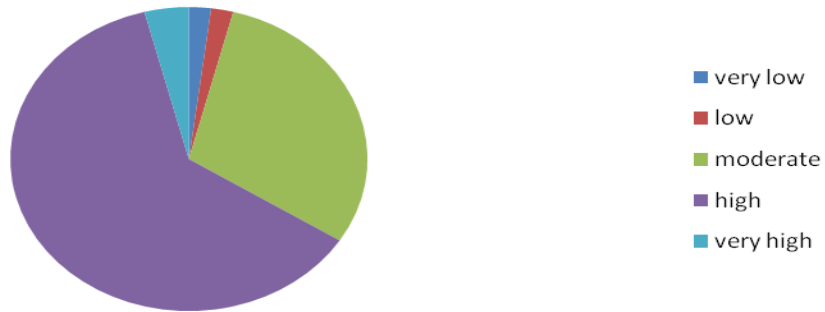


Interpretation:-

Out of 125 respondents asked (100%) were aware about green products. So, green products are now almost known to everyone.

Rate of awareness

Rate of awareness



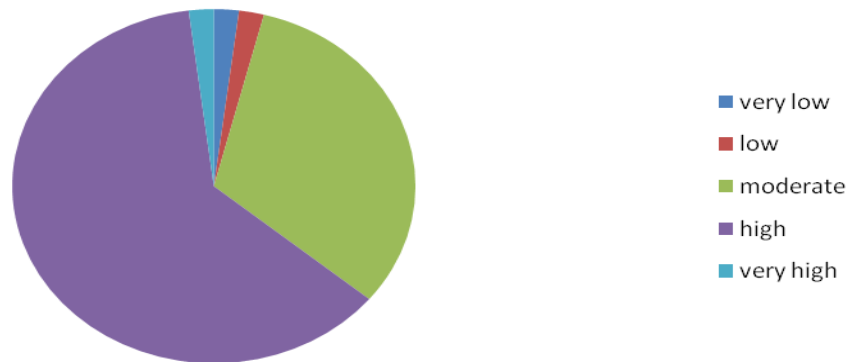
Interpretation:-

Out of 125 respondents asked (62%) have high level, (30%) have moderate level, (4%) have very high level, (2%) have low level and (2%) have very low level of awareness about green products.

From this we interpret that there is a very good level of awareness about green products among the people which is of course a good sign for the companies manufacturing them.

Rate of knowledge about green products

Rate of knowledge

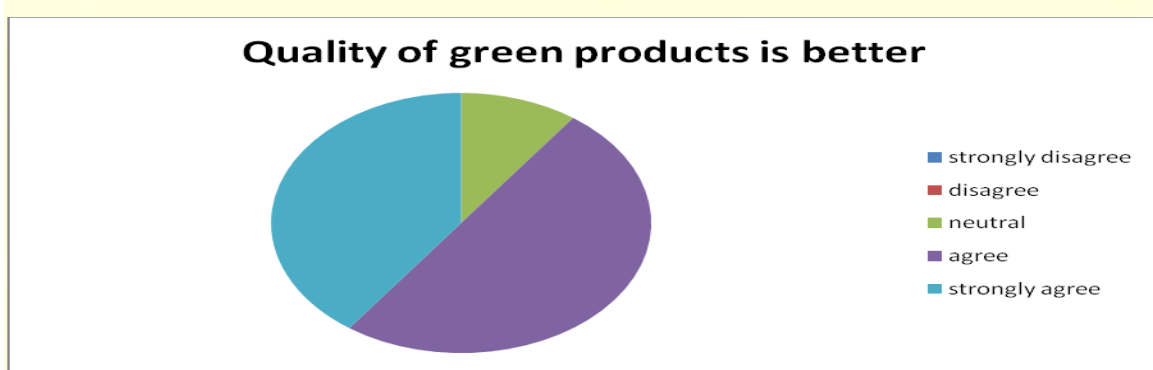


Interpretation:-

Out of 125 respondents asked (62%) have high level and (32%) have moderate level of knowledge about green products. And (6%) respondents have low, very low and very high levels of knowledge (2% each) about green products.

From this we interpret that people are fairly very knowledgeable about green products.

Quality of green products is better than normal products

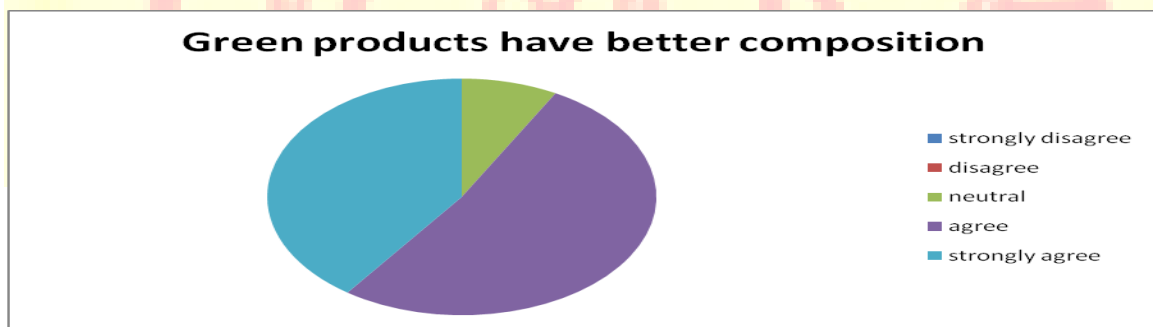


Interpretation:-

Out of 125 respondents asked, about 90% respondents agreed that green products have better quality than the normal products and none of them disagrees with the same.

So the interpretation is that green products are better quality products than normal ones thereby creating one dimension for such companies to differentiate their offerings.

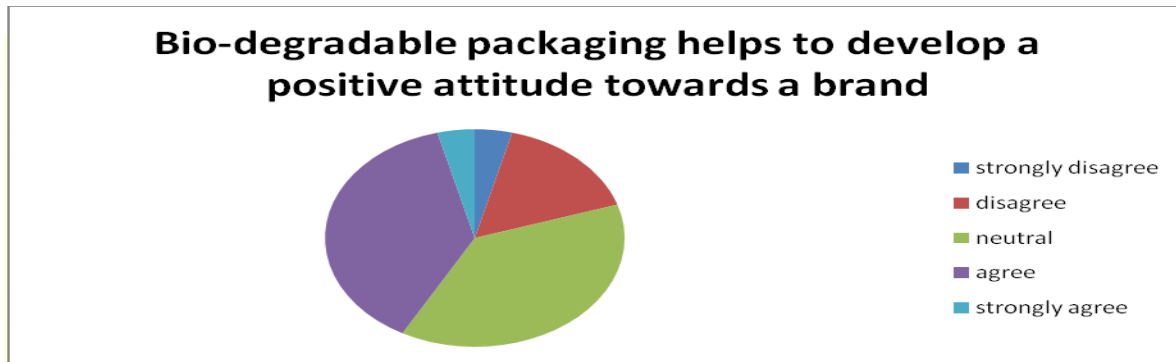
Green products have better composition/ingredients



Interpretation:-

Out of 125 respondents asked, more than 90% agree that green products have better ingredients/composition than the normal products and none disagrees with the same.

Bio-degradable packaging helps to develop a positive attitude towards a brand

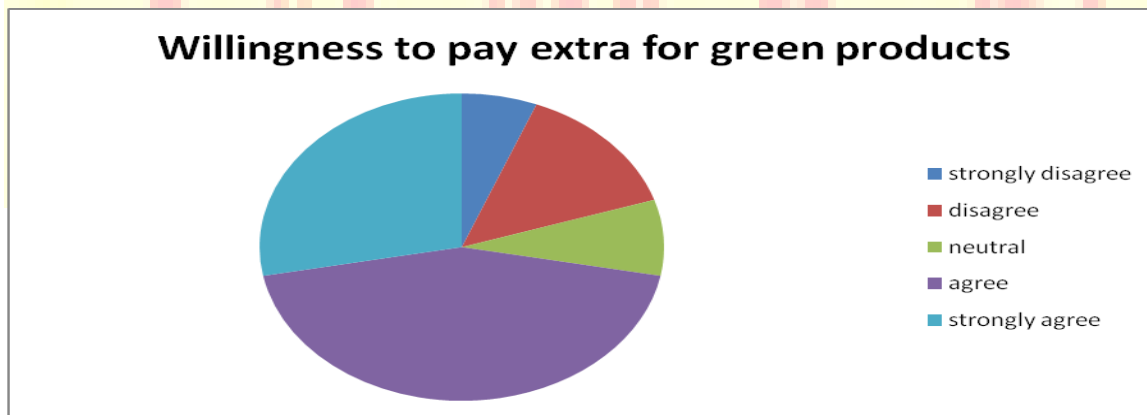


Interpretation:-

Out of 125 respondents asked about 40% agreed that green packaging helps to develop a positive attitude towards a brand, few disagreed and about 40% were neutral about the same.

This shows that green packaging is not a strong dimension on which companies can differentiate their offerings.

Willingness to pay extra for green products



Interpretation:-

Out of 125 respondents asked, more than 60% said they are willing to pay extra for green products, 20% disagree to it and the rest are neutral to the same.

This shows that there are a pretty large number of potential customers for green products who are willing to pay extra for them.

FINDINGS

- The quality of green products is perceived to be better than normal products and to it every 4.300 respondents out of 5 agree thereby giving an important variable to the marketers on which they can differentiate their offering.
- Distribution of green products is not so good as compared to normal products and to it every 3.76 out of 5 respondents agree.
- Of every 5 respondents asked 3.74 are willing to pay extra for green products and also has a direct correlation with the annual income of the respondent i.e. higher the income, more is the respondent willing to pay extra and vice-versa.
- The guarantee associated with green products is found to be appealing by 3.06 out of 5 respondents, thereby giving one more variable on which offering can be differentiated.
- 2.36 out of 5 respondents said that the services attached with green products are not so good as compared to normal products which means companies need to work on this dimension of improving the associated services.
- There is a strong belief in respondents that green products will help to maintain the balance of nature and in it every 4.26 out of 5 respondents gave a nod.
- Out of every 5 respondents 3.76 prefer green products because they perceive them to be healthy. So companies can typically differentiate their offerings by positioning them as healthy products.
- The concept of green advertisements is no doubt attracting but not that much as to it just 3 out of 5 respondents said that it motivates them for the purchase of green products.
- Although green marketing and green products are new concepts but still the rate of awareness is good among the people, as rate of awareness is more than moderate (3.64) at least among its potential customers.

- Respondents perceive that green products give a better value for money and to it every 3.82 out of 5 respondents agree.
- The wide assortment of green products doesn't seem to attract much people and change their attitude towards green products in a positive way. Just 2.58 out of every 5 respondents asked said that it changed their attitude towards green products in a positive way.
- One major problem of green products is with their distribution as every 3.76 out of 5 respondents say that they are not available at their convenient locations for shopping.
- Because high value is often associated with green products, their pricing is perceived to be fairly good and to it 3.66 out of 5 respondents agree.
- Of every 3.1 out of 5 respondents said that if they get more discounts and offers on green products, they can switch to them.

Results and Conclusion

- From our study the first observation is that there is a direct relation between education level of respondents and the rate of awareness/knowledge about green products. The higher the education pursued by the respondent, higher is his level of awareness about green products.
- we found that the income of respondents directly impacts their willingness to pay extra for green products i.e. higher the income, the respondent is more willing to pay extra for green products.
- Most of the respondents are very well aware about green products which is of course a good sign to the concerned companies.
- Green products are perceived to be high quality products than the normal products by the respondents, thereby giving the companies a variable on which they can differentiate their offering.
- we found that green packaging helps to develop a positive attitude towards a brand.

- One of the findings from our study is that guarantee associated with green products is quite appealing and to it 3.06 out of 5 respondents agreed.
- Respondents said that the guarantee associated with green products is so important that it can even change their preference of a brand.
- Services attached with green products are not so good as compared to normal products.
- Most of the respondents said that they are willing to pay extra for green products over a little cheaper normal products and it has a direct relationship with their annual income.
- Green products give a better value for money, so green products typically tend to satisfy the customers more and more.
- Customers perceive that the pricing of green products is fairly good even though they are a bit expensive than the normal products.
- The concept of green advertisements doesn't seem to motivate much people for the purchase action.
- The physical attributes of a store like green colour on walls, green colour uniform of personnel etc and the wide assortment of green products are the factors which are not able to grab many customers for the purchase of green products.
- we also found that many people prefer green products because they feel doing so will help them to indirectly protect the environment.
- Many people prefer green products just because they are health-conscious and green products are very healthy as their composition is very natural.
- Respondents said that it were the awareness programs by various companies which made them believe that green products are better than normal products.
- The distribution of green products is not good as they are not easily available at many locations and this at many times makes people using green products to switch back to normal products.
- Most of the respondents believe that green products will ultimately help in maintaining the balance of nature.

- we also found that people feel that green products should be available at their convenient locations for shopping not essentially their door-steps.
- It is not the discounts and offers on green products which can make people switch to them but the factors like:
 - Health-consciousness of respondents
 - Quality of green products
 - Eco-friendly nature of green products etc

Which can make them do so.

- It is because that people are now becoming more conscious about the environment and think about performing their part to conserve the same, there is an opportunity for marketers to launch eco-friendly products.
- Green marketing gives a number of variables to the companies on which they can differentiate their offering like:
 - Quality
 - Guarantee
 - Green advertisements
 - Green packaging
 - Eco-friendly nature
 - Better value for money etc.

So from this we want to conclude that green products and green marketing are no doubt new concepts but there are people who view them as important concepts. Important as it will help them to protect the environment, differentiate themselves in the crowd of users of normal Products, improve their health condition etc. we would also like to say that green marketing can of course be used by companies as a tool of differentiation. This differentiation could be in any form like:

1. Product

- Quality
- Ingredients/composition

- Packaging/green packaging
 - Guarantee
 - Services attached.
 - Eco-friendly nature of product.
2. Price
- Green pricing
 - Better value for money
 - Discounts and offers.
3. Promotion
- Green advertising
 - Awareness programs
4. Place
- Wide assortment
 - Available at all convenient locations etc.

So we see that green marketing can give a number of variables on which companies can differentiate their offerings.

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