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A conceptual study on issues and challenges of green marketing in Indian scenario

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ABSTRACT

Environment is the sum of all social, economical, biological, physical (or) chemical factors which constitute the surroundings of Organisms. Due to global warming, green house gas emissions, pollution, and energy crisis, world is facing a severe threat of being a very difficult place to live in. Therefore, the marketers need to include a green approach in framing the marketing programs/ strategies. With regards to this the marketers now have to go green. It means that due care must be taken while framing the marketing plans, strategies and policies so as to prevent the environment and nature from any harm caused due to its operations not only today but also in future. Few business firms have also started turning 'green' and embracing green marketing practices to comply with green pressures and environmental legislation. According to Kangis (1992), green marketing must be more than either a green way of marketing, or the marketing of so-called green products. Green has to refer both to the method and to the product. This is why the very idea of green marketing needs considerable development and analysis, with rules and integrity in economic, scientific, academic and ethical terms. Consumers too have become more ecologically conscious and have started demanding green products, giving rise to a movement which has been dubbed as 'green consumerism'. The outcome of this paper may trigger the minds of readers and marketer to give a thought current market Scenario and explores the challenges and opportunities businesses have with green marketing.

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Introduction

The term "Green marketing" refers to the planning, development and promotion of products or services that satisfy the needs of consumers for quality, output, accessible prices and service, without having a negative effect on the environment, with regard to the use of raw material, the consumption of energy etc (Davis, 1991)

A variety of terms are used to capture the essence of green marketing and these range from environmental marketing, eco-friendly marketing, sustainable marketing, ecologically-correct marketing to ecological marketing.

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".

According to The American Marketing Association, 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.

The term 'green marketing' came into prominence in the late 1980s and early 1990s. It began in Europe when specific products were identified as being harmful to the earth's atmosphere. As a result, new "green" products were introduced that were less damaging to the environment. The first wave of green marketing occurred in the 1980s (geetika singh, 2013). The American Marketing Association (AMA) held the first Workshop on Ecological Marketing in 1975.

Green marketing refers to the process of selling products and/or services based on their environmental benefits. Such a product or service may be environment friendly in itself or produced and/or packaged in an environment-friendly way. The definition has been refined and segmented into three main brackets:

1. **Retailing Definition:** The marketing of products that are presumed to be environmentally safe.
2. **Social Marketing Definition:** The development and marketing of products designed to minimize the negative effects on the physical environment or to improve its quality.
3. **Environmental Definition:** The efforts by organizations to produce, promote, package and reclaim products in a manner that is sensitive or responsive to ecological concerns.

All the three definitions speak to the fact that green marketing involves informing consumers about initiatives undertaken by the organization that will benefit the environment, with the overall goal of improving sales or reducing costs.

A survey by McKinsey and company revealed that: (1) 92% of CEOs believe that environment should be top management priority; (2) 35% CEOs believe that their companies have adopted strategies to anticipate impacts of environment on business.

Green marketing has been an important academic research topic since it came. (Ottman, 1994). Attention was drawn to the subject in the late 1970's when the American Marketing Association organized the first ever workshop on —Ecological marketing|| in 1975 which resulted in the first book on the subject entitled —Ecological Marketing|| by Henion and Kinnear in 1976.

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Issues and Challenges of Green Marketing

Implementing Green marketing is not going to be an easy job. The firm has to face many problems while treading the way of Green marketing. Challenges which have to be faced are listed as under:

- Green marketing encourages green products/services, green technology, green power/energy; a lot of money has to be spent on R&D programmes. Thus practicing green marketing initially will be a costly affair.
- Customers may not believe in the firm's strategy of Green marketing, the firm therefore should ensure that they convince the customer about their green product, this can be done by implementing Eco-labeling schemes. Eco-labeling schemes offer its "approval" to "environmentally less harmless" products have been very popular in Japan and Europe. In fact the first eco-label programme was initiated by Germany in 1978.
- Initially the profits will be very low since renewable and recyclable products and green technologies are more expensive. Green marketing will be successful only in long run.
- Many customers may not be willing to pay a higher price for green products which may affect the sales of the company.
- The firm may give up on Green marketing concept or be forced to practice unfair means to cut cost to sustain in the competition and thus the entire idea of going green will be a farce.
- The firms practicing Green marketing have to strive hard in convincing the stakeholders and many a times there may be some who simply may not believe and co-operate. (M.N Welling 2010)

How green marketing can be successful

To be successful green marketing companies there are a few fundamental rules that will go a long way in shaping the future of the business in the coming years. The fundamental strategy is to use the Four P's suitably modified to meet the needs of Green Marketing, but there are a few points that are needed to be stressed on before embarking on Strategy. They are:

- 1. Knowing the Customer:** Means making sure that the consumer is aware of and concerned about the issues that your product attempts to address, without which success in green marketing will be difficult to achieve.
- 2. Educating the customer:** Means educating the people the reasons as to whatever you're doing is not only to protect the environment, but also matters of letting them know why it matters. Otherwise, for a significant portion of your target market, it's a case of "So what?", —Does it matter to me? and your green marketing campaign goes nowhere.
- 3. Genuineness & Transparency to the customer:** It shows that **a)** In reality you are actually practicing, what you claim to be doing in your green marketing campaign and **b)** your business policies are in lieu with whatever you are doing that's eco friendly. Both these conditions have to be met for your business to establish the kind of environmental credentials that will allow a green marketing campaign to succeed.
- 4. Reassuring the Buyer:** Means that the customers must be made to believe that the product being offered shall fulfill the objective or purpose for which it has been purchased i.e.-no compromise in product quality in the name of the environment.
- 5. Pricing for the customer:** Means making sure that consumers can afford the premium and feel it's worth it, which is being charged for your product, as many environmentally preferable products cost more due to economies of scale and use of higher-quality ingredients.
- 6. Giving the customers an opportunity to participate:** Means personalizing the benefits of your environmentally friendly

actions, normally through letting the customer take part in positive environmental action, at same time keep in view the changed expectations of the customers

In the present scenario, challenge is to keep the customers as well as consumers in fold and even keep our natural environment safe – which is the biggest need of the time. – (R. Shrikanth, D.Surya Narayana Raju, 2012)

According to analysis of **Dr. M N Welling, Mrs. Anupamaa S Chavan they conclude that** Green marketing is not going to be an easy concept. The firm has to plan and then carry out research to find out how feasible it is going to be. Green marketing has to evolve since it is still at its infancy stage.

Current Indian Scenario

Many analysts are predicting that 2011 will be a make-or-break-it year for many green businesses as increasing competition in the green sector drives some businesses to new heights of innovation and service while other businesses lag behind. Trends may come and go, and of course, it is impossible for any green business to stay on top of all of them, nor is it worthwhile to try. However, keeping track of green business trends is a great way to ensure that your business stays fresh, flexible, and creative in the face of new challenges and opportunities, the surest way to green business success in 2011 and beyond.

Consumers - As per research, India is the only country to choose deforestation and air pollution as the most important green issue. India is the only country in which more consumers say it should be developing countries that should focus on green innovation versus developed countries. The results of the recently released 2011 edition of the Global Image Power green Brands Survey show that concern about the environment by the consumers, is translating into a willingness to pay for a premium for green products. 64% of Indian consumers indicate that they plan to spend more on green products next year. Furthermore consistent with emerging countries, Indians are willing to pay a green premium price, with 48% of Indians willing to spend 10% more on a product simply because it is green. Consumers in India are trusting of green advertising compared to other countries, with 86% of Indian consumers reporting that advertising about green products help them in making choices. In India 28% of consumers intend to purchase auto in the next year as compared to purchase of 16% in last year.

Producers – AMUL has been rated as the Top Indian Green Brand by Global Green Brands survey. The International Dairy federation has also awarded AMUL Green movement as the best Environment Initiative in the —Sustainability Category in 2010. It also has been awarded Srishti's good green Governance award for four consecutive years.

The top 10 Green Brands in India are:

1. AMUL
2. Dabur India Ltd.
3. Infosys
4. Taj Hotels
5. Britannia Industries Ltd.
6. Suzlon India
7. Hindustan Unilever Ltd.
8. Wipro technologies Ltd.
9. Maruti Udyog Ltd.
10. Godrej Consumer Products

The findings emphasize that today situation being both green and consumer friendly is the only mantra for long term success.

Government Initiatives- The Indian government has also done its mite in promoting green marketing and eco friendliness by way of banning plastic bags from daily use, helping its automotive industry to develop greener vehicles by supporting hybrid and electric vehicles (EVs), by investing in greener cars the Government of India is capitalizing on an underutilized segment and building an infrastructure that will generate economic growth and reduce emissions. The government took the initiative of promoting green buildings construction, usage of alternate sources of energy by companies. Governmental Bodies are forcing Firms to Become More Responsible. In most cases the government forces the firm to adopt policy which protects the interests of the consumers by reducing production of harmful goods or by products, Modify consumer and industry's use and /or consumption of harmful goods; or, Ensure that all types of consumers have the ability to evaluate the environmental composition of goods.

Understanding the demographics of green consumerism can help entrepreneurs explore the environmental market and home in on likely prospects. Research has shown that green consumers who are sincere in their intentions, with a growing commitment to greener lifestyles, almost always judge their own environmental practices as inadequate. The development of a green marketing strategy by a company is a complex process. Green marketing is viewed as “creating [an] opportunity to innovate in ways that make a difference and at the same time achieve business success (Grant, 2007: 25).” Various authors have proposed different models to develop the marketing strategy, which include the green marketing grid and the green marketing strategy matrix (Ginsberg and Bloom, 2004). Further, a holistic and integrated approach is necessary to implement green marketing strategies in all areas of the marketing mix, as emphasized by Polonsky and Rosenberger (2001). Green marketing strategies are considered

to be environmentally superior as they create competitive advantage by stimulating innovation and tapping into the concerns of consumer (Porter and van der Linde, 1995). The study by Jacquelyn Ottman (1993) revealed that practising green marketing helps companies to increase their market share and also become more profitable. Green marketing is viewed as a means to achieve the organization's objectives (Keller, 1987; Shearer, 1990). Studies indicate that consumers and the general public are concerned about the environment (Van Liere and Dunlop, 1981; McCarty). Studies also suggest that concern for the environment is being reflected in changes in consumption related perceptions and behaviour. Closer home, in a comprehensive attitudinal and behavioral analysis of Indian consumers with regard to green marketing, Jain and Kaur (2004) found that the consumers surveyed reported a high level of concern for the environment and engagement with environmental issues.

There is a heartening trend among consumers in India, China and Brazil towards choosing green products. A sizeable 64 per cent of Indian consumers plan to spend more on green products in 2012. Furthermore, consistent with the trend in other emerging countries, 28 per cent of the Indian consumers in the survey expressed the intent to purchase green automobiles in 2012, as against the 16 per cent that purchased green automobiles in the previous year

Recommendations and conclusion

a. Companies should start organized and unified campaigning to enhance the awareness about green marketing among customers, keeping factors like age, region, and income among others in perspective.

b. Marketers and producer should develop their product and services according to the genuine need of the customers because merely producing the green product and services is not enough rather that must be well suited to the reality of customers need.

c. The research and development expenses should be increased as it will bring some new innovative and better ways to generate, communicate and deliver green product and services.

d. Government should promote green concept of product and services and eventually should move towards green economy.

e. Government should subsidise the green efforts, so that marketer could avail green product and services at reasonable prices.

f. Organizations should introduce new ways of enhancing green efforts such as at the recruitment of new employee their green contribution should also be acknowledged with their academic qualification.

g. Organizations should adapt green policies as long term strategy because most of the green efforts took heavy initial cost but in long term it is beneficial and cost effective to the organizations.

h. It could easily be concluded here that much work and efforts are required on part of the government and industry for proper planning and implementation of green marketing. The attitude of the consumers towards better environment and subsequently their contribution in making the green marketing initiatives successful is of paramount importance. No amount of Endeavour vis-à-vis green marketing would be successful without their participation.

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