

Green marketing in india: importance and challenges



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This paper explains the concept, importance, challenges of green marketing. It also includes some green marketing cases and its future in India. Green marketing is a new concept which has developed particular importance in the modern market. Green marketing is the marketing of products that are presumed to be environmentally safe. Other similar terms used are Environmental Marketing and Ecological Marketing. Firms may choose to green their systems, policies & products due to economic and non-economic pressures from their consumers; business partners, regulators, citizen groups & other stakeholders. Indian literate and urban consumer is getting more aware about the merits of green products. As a result of this businesses have increased their rate of targeting consumers who are concerned about the environment.

1. Introduction

Environmental issues have gained importance in business as well as in public life through out the world. It is not like that a few leaders of different countries or few big renowned business houses are concerned about the day to day deterioration of oxygen level in our atmosphere but every common citizen of our country and the world is concerned about this common threat of global warming.

So in this scenario of global concern, corporate houses has taken green-marketing as a part of their strategy to promote products by employing environmental claims either about their attributes or about the systems, policies and processes of the firms that manufacture or sell them.

Clearly green marketing is part and parcel of over all corporate strategy; along with manipulating the traditional marketing mix (product, price, promotion and place), it require an understanding of public policy process. So we can say green marketing covers a broad range of activities.

1. 1 What is Green Marketing?

“ 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”.

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.

Firms use green marketing in an attempt to address cost or profit related issues. In implementing green marketing, consumers, corporate and the government play a very important role. But there are few constraints in implementing it like lack of consumer awareness, financial constraints, limited scientific knowledge, lack of stringent rules and competitive pressures. Green marketing involves developing and promoting products and Services that satisfy your customer wants and needs for quality, performance, affordable pricing and convenience without having a detrimental impact on the environment

2. Four P's of Green Marketing

Product

A firm needs to develop environmentally safe products to have more impact on consumers than competitors. For this, it needs to identify customers environmental needs and develop products to address these needs.

Price

Usually environmental benefit is an added bonus but will often be the deciding factor between products of equal value and quality. Most customers will only be prepared to pay a premium if there is a perception of additional product value.

Place

Green products, in most cases, positioned broadly in the market place but very few customers will go out of their way to buy green products merely for the sake of it. For this, In-store promotions and visually appealing displays or using recycled materials to emphasize the environmental and other benefits.

Promotion

Promotion includes paid advertising, public relations, sales promotions, direct marketing and on-site promotions. Green marketers will be able to reinforce environmental credibility by using sustainable marketing and communications tools and practices.

3. Why do firms go green?

Firms may choose to green their systems, policies and products due to economic and noneconomic pressures from their consumers, business

partners, regulators, citizen groups and other stakeholders(non market environment). Some other reasons may includes:

1. Some scholar claim that Green policies/products are profitable: Green policies can reduce costs; green firms can shape future regulations and reap first mover advantage.
2. Now a day's firms are becoming more concerned about their social responsibilities (S. R). They have taken S. R as a good strategic move to build up an image in the heart of consumers. Even the socially responsible firms are getting leverage, whenever they intend to enter into foreign countries. There are example of firms like ITC, HLL (Surf excel) who are heavily promoting them as an environmentally concerned firms, where as there is example of firms who are working in this direction in a silence manner like Coca-Cola, who have invested crores of money in various recycling activities, as well as having modified their packaging to minimize its environmental impact. While being concerned about the environment coke has not use their concern as a marketing tool. Another big organization who is also working in this field without claiming any credit is Walt Disney World (WDW). So we can see that firms in this situation have taken two perspectives:
 - They are using green marketing as marketing tool.
 - They are working in this field without promoting the fact.
3. Change in customers attitude: With increasing concern about environment, consumers attitude towards firms having green policies or green products are becoming motivating factor.

4. Governmental pressure: In all most all civilized countries Govt. has the law to protect the consumers and the environment from the harmful goods or by products and ensure through law that all types of consumers have the ability to evaluate the environmental composition of goods. Govt. established several regulations to control the hazardous waste produced by firms and many by-products of production are controlled through the issuing of various environmental licenses, thus shaping the behavior of organization towards more socially responsible one.
5. Competitive pressure: Competition is the integral part of business; and you cannot over look any competitive action taken by your competitor. So to be in the market you have to have a vigil over your competitors move for marketing its products. Some firms have taken green-marketing as a strategy to build up its image rather than inculcate it as a part of the policy and work silence. In some instances this competitive pressure has caused an entire industry to modify and thus reduce its detrimental environmental behavior.
6. Cost or profit issue: Firms may also use green marketing in an attempt to address cost or profit related issues. Disposing of environmentally harmful byproducts, such as polychlorinated biphenyl (PCB) contaminated oil are becoming increasingly costly and in some cases difficult. Therefore firms that can reduce harmful wastes may incur substantial cost savings. When attempting to minimize waste, firms are often forced to re-examine their production processes. In these cases they often develop more effective production processes that not only reduce waste, but reduce the need for some raw materials. This serves

as a double cost savings, since both waste and raw material are reduced. In other cases firms attempt to find end - of - pipe solutions, instead of minimizing waste. In these situations firms try to find markets or uses for their waste materials, where one firm's waste becomes another firm's input of production. One Australian example of this is a firm who produces acidic waste water as a by-product of production and sells it to a firm involved in neutralizing base materials.

4. Challenges of Green Marketing

Need for Standardization

It is found that only 5% of the marketing messages from " Green" campaigns 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 certifications there will not be any verifiable means. A standard quality control board needs to be in place for such labeling and 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 and 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 customer 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 priced very high then again it will lose its market acceptability.

5. Golden Rules of Green Marketing

1. Know you're Customer: Make sure that the consumer is aware of and concerned about the issues that your product attempts to address, (Whirlpool learned the hard way that consumers wouldn't pay a premium for a CFC-free refrigerator because consumers dint know what CFCs were.).
2. Educating your customers: Isn't just a matter of letting people know you're doing whatever you're doing to protect the environment, but

also a matter of letting them know why it matters. Otherwise, for a significant portion of your target market, it's a case of "So what?" and your green marketing campaign goes nowhere.

3. **Being Genuine & Transparent:** Means that a) you are actually doing what you claim to be doing in your green marketing campaign and b) the rest of your business policies are consistent with whatever you are doing that's environmentally 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. **Reassure the Buyer:** Consumers must be made to believe that the product performs the job it's supposed to do-they won't forego product quality in the name of the environment.
5. **Consider Your Pricing:** If you're charging a premium for your product-and many environmentally preferable products cost more due to economies of scale and use of higher-quality ingredients-make sure those consumers can afford the premium and feel it's worth it.
6. **Giving your 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
7. **Thus leading brands should recognize that consumer expectations have changed:** It is not enough for a company to green its products; consumers expect the products that they purchase pocket friendly and also to help reduce the environmental impact in their own lives.

6. Green Marketing Cases

Interestingly, green marketing continues to be an issue of global interest. In fact, Google Trends reports that, on a relative basis, more searches for “green marketing” originated from India than from any other country

Many companies are adopting green for capturing market opportunity of green marketing. Some cases are:

CASE 1: Best Green IT Project: State Bank of India: Green IT@SBI

By using eco and power friendly equipment in its 10, 000 newATMs, the banking giant has not only saved power costs and earned carbon credits, but also set the right example for others to follow.

SBI is also entered into green service known as “Green Channel Counter”. SBI is providing many services like; paper less banking, no deposit slip, no withdrawal form, no checks, no money transactions form all these transaction are done through SBI shopping & ATM cards. State Bank of India turns to wind energy to reduce emissions: The State Bank of India became the first Indian bank to harness wind energy through a 15-megawatt wind farm developed by Suzlon Energy. The wind farm located in Coimbatore uses 10 Suzlon wind turbines, each with a capacity of 1.5 MW. The wind farm is spread across three states - Tamil Nadu, with 4.5 MW of wind capacity; Maharashtra, with 9 MW; and Gujarat, with 1.5 MW. The wind project is the first step in the State Bank of India’s green banking program dedicated to the reduction of its carbon footprint and promotion of energy efficient processes, especially among the bank’s clients.

CASE 2: Lead Free Paints from Kansai Nerolac

Kansai Nerolac Paints Ltd. has always been committed to the welfare of society and environment and as a responsible corporate has always taken initiatives in the areas of health, education, community development and environment preservation. Kansai Nerolac has worked on removing hazardous heavy metals from their paints. The hazardous heavy metals like lead, mercury, chromium, arsenic and antimony can have adverse effects on humans. Lead in paints especially poses danger to human health where it can cause damage to Central Nervous System, kidney and reproductive system. Children are more prone to lead poisoning leading to lower intelligence levels and memory loss.

CASE 3: India's 1st Green Stadium

The Thyagaraja Stadium stands tall in the quiet residential colony behind the Capital's famous INA Market. It was jointly dedicated by Union Sports Minister MS Gill and Chief Minister Sheila Dikshit. Dikshit said that the stadium is going to be the first green stadium in India, which has taken a series of steps to ensure energy conservation and this stadium has been constructed as

per the green building concept with eco-friendly materials.

CASE 4: Eco-friendly Rickshaws before CWG

Chief minister Shiela Dikshit launched a battery operated rickshaw, " E-rick", sponsored by a cellular services provider, to promote eco-friendly transportation in the city ahead of the Commonwealth Games.

CASE 5: Wipro Green It

Wipro can do for you in your quest for a sustainable tomorrow – reduce costs, reduce your carbon footprints and become more efficient – all while saving the environment.

Wipro's Green Machines (In India Only)

Wipro Infotech was India's first company to launch environment friendly computer peripherals. For the Indian market, Wipro has launched a new range of desktops and laptops called Wipro Greenware. These products are RoHS (Restriction of Hazardous Substances) compliant thus reducing e-waste in the environment.

CASE 6: Phillips's "Marathon" CFL light bulb

Philips Lighting's first shot at marketing a standalone compact fluorescent light (CFL) bulb was Earth Light, at \$15 each versus 75 cents for incandescent bulbs. The product had difficulty climbing out of its deep green niche. The company re-launched the product as "Marathon," underscoring its new "super long life" positioning and promise of saving \$26 in energy costs over its five-year lifetime. Finally, with the U. S. EPA's Energy Star label to add credibility as well as new sensitivity to rising utility costs and electricity shortages, sales climbed 12 percent in an otherwise flat market.

8. The Future of Green Marketing

The question that remains, however, is, what is green marketing's future? Business scholars have viewed it as a "fringe" topic, given that environmentalism's acceptance of limits and conservation does not mesh well with marketing's traditional axioms of "give customer what they want" and "sell as much as you can". Evidence indicates that successful green
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products have avoided green marketing myopia by following three important principles:

Consumer Value Positioning

- Design environmental products to perform as well as (or better than) alternatives.
- Promote and deliver the consumer desired value of environmental products and target relevant consumer market segments.
- Broaden mainstream appeal by bundling consumer desired value into environmental products.

Calibration of Consumer Knowledge

- Educate consumers with marketing messages that connect environmental attributes with desired consumer value.
- Frame environmental product attributes as “ solutions” for consumer needs.
- Create engaging and educational internet sites about environmental products desired consumer value.

Credibility of Product Claim

- Employ environmental product and consumer benefit claims that are specific and meaningful.
- Procure product endorsements or eco-certifications from trustworthy third parties and educate consumers about the meaning behind those endorsements and eco certifications.
- Encourage consumer evangelism via consumers social and internet communication network with compelling, interesting and entertaining information about environmental products.

9. Some Eco- friendly products in India

- HANDMADE PAPERS ECO WHEELS
- ECO-FURNITURE
- HANDICRAFT PRODUCTS PAPER BAGS

10. 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 save 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. Recycling of paper, metals, plastics, etc., in a safe

and environmentally harmless manner should become much more systematized and universal. It has to become the general norm to use energy-efficient lamps and other electrical goods. 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. Finally, consumers, industrial buyers and suppliers need to pressurize effects on minimize the negative effects on the environment-friendly. Green marketing assumes even more importance and relevance in <https://assignbuster.com/green-marketing-in-india-importance-and-challenges/>

developing countries like India. Live a green life and let the greenery of nature live for ever