

Green marketing adoption by the firms marketing essay



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INTRODUCTION

The promotion of environmentally safe or beneficial products, green marketing began in Europe in the early 1980s 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 concept caught on in the United States and has been gaining steadily ever since.

Divergent aspects of green marketing include ecologically safer products, recyclable and biodegradable packaging, energy-efficient operations, and better pollution controls. Advances produced from green marketing include packaging made from recycled paper, phosphate-free detergents, refillable containers for cleaning products, and bottles using less plastic.

As today's consumers become more conscious of the natural environment, businesses are beginning to modify their own thoughts and behavior in an attempt to address the concerns of consumers. Green marketing is becoming more important to businesses because of the consumer's genuine concerns about our limited resources on the earth. By implementing green marketing measures to save the earth's resources in production, packaging, and operations, businesses are showing consumers they too share the same concerns, boosting their credibility

DEFINITIONS

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.

Positive aspects of green marketing

- First and foremost, a good green marketing program is one that either: adds renewables that would not already be added or supports renewable projects that might not otherwise continue to operate. If these things are already happening and being paid for by all, then the program doesn't meet the bottom-line test: green marketing programs must make a difference.
- A sign of a good green marketing program is one that has strong links to local environmental groups and that achieves broad support among regional and national groups with an interest in promoting renewable power. Public Service of Colorado, for example, has developed a close

working partnership with the Land and Water Fund and other environmental groups in the state.

- A green marketer that is seriously interested in greening the electric system will have a program that is linked to a largervision and a strategic plan for making renewables an increasingly larger part of the generation mix. A good example of this is Central and Southwest's recent decision to acquire a significant amount of renewables capacity, with the intent of ratebasing a good portion of it, and subscribing the rest through a green pricing program.
- For green marketing programs to be successful in the long run, they should both improve the environment and be fair to consumers. Prices should not be excessively higher than the actual cost of the resources in the portfolio. This is particularly true for green pricing programs, which are scrutinized by regulators, and in imperfectly competitive markets, because in these cases, there is no real competition in the green market. In markets that are vibrantly competitive and in which consumers have good information, this is less of a problem since lower-cost providers can compete to displace those providers charging excessive prices.

Negative aspects of green marketing

- Selling green power at a mark-up that would have been produced anyway with the cost shared by all. An example of this would be renewable power that is already included or would be included in a utility's ratebase without the green program. These types of programs sell nothing as if it is something, which is worse than doing no green

marketing at all, because these programs are fundamentally unfair and breed consumer cynicism. If we permit these types of programs to occur, they will undermine the market for those marketers who are actually making a difference.

- Programs that do not in some way directly benefit the renewable generator. An example of this would be a utility that has an existing power purchase contract with a renewable generator, but does not flow any benefit through to the generator.
- Programs that make false claims and do not adequately inform consumers about the nature of their product. For example, selling “nuclear and coal free” power when consumer dollars are sent to a nuclear- and coal-owning utility. This is a recipe for creating cynicism, once the anti-nuclear consumers find out their dollars have been channeled to the owners of plants they dislike. Electrons and dollars are fungible, so, in these kinds cases, unless the marketer can prove to the public that the consumer dollars they are collecting do not in any way support the nuclear and coal plants, and support only the resources claimed as “green,” such claims should not be made. This is not to say that portfolios necessarily need to be nuclear- and coal-free for marketers to make green claims, but marketers should not misrepresent their portfolio.
- Collecting premiums in exchange for vague promises to build renewables in the future. Consumers should not be asked to pay for someone else’s investment when they get nothing in return, and when no tangible benefit to society results.

PROBLEMS WITH GOING GREEN

One of the main problems is that firms using green marketing must ensure that their activities are not misleading to consumers or industry, and do not breach any of the regulations or laws dealing with environmental marketing. Another problem firms face is that those who modify their products due to increased consumer concern must contend with the fact that consumers' perceptions are sometimes not correct like in McDonald's case where it has replaced its clam shells with plastic coated paper. When firms attempt to become socially responsible, they may face the risk that the environmentally responsible action of today will be found to be harmful in the future. This may explain why some firms, like Coca-Cola and Walt Disney World, are becoming socially responsible without publicizing the point. They may be protecting themselves from potential future negative backlash, if it is determined they made the wrong decision in the past.

Governments want to modify consumer behavior thus they need to establish a different set of regulations and sometimes may result in a proliferation of regulations and guidelines, with no one central controlling body.

Reacting to competitive pressures can cause all "followers" to make the same mistake as the "leader." A costly example of this was the Mobil Corporation who followed the competition and introduced "biodegradable" plastic garbage bags. While technically these bags were biodegradable, the conditions under which they were disposed did not allow biodegradation to occur. Mobil was sued by several US states for using misleading advertising claims. Thus blindly following the competition can have costly ramifications.

End-of-pipe solutions may not actually reduce the waste but rather shift it around, though it may minimize its short term affects. Ultimately most waste produced will enter the waste stream, therefore to be environmentally responsible organizations should attempt to minimize their waste, rather than find “ appropriate” uses for it.

GREEN MARKETING – ADOPTION BY THE FIRMS.

Green marketing has been widely adopted by the firms worldwide and the following are the possible reasons cited for this wide adoption:

1) OPPORTUNITIES

As demands change, many firms see these changes as an opportunity to be exploited and have a competitive advantage over firms marketing non-environmentally responsible alternatives. Some example of firms who have strived to become more environmentally responsible, in an attempt to better satisfy their consumer needs are:

- McDonald’s replaced its clam shell packaging with waxed paper because of increased consumer concern relating to polystyrene production and Ozone depletion.
- Tuna manufacturers modified their fishing techniques because of the increased concern over driftnet fishing, and the resulting death of dolphins.
- Xerox introduced a “ high quality” recycled photocopier paper in an attempt to satisfy the demands of firms for less environmentally harmful products.

2) SOCIAL RESPONSIBILITY

Many firms are beginning to realize that they are members of the wider community and therefore must behave in an environmentally responsible fashion thus resulting in environmental issues being integrated into the firm's corporate culture.

An example of a firm that does not promote its environmental initiatives is Coca-Cola which invested large sums of money in various recycling activities, as well as having modified their packaging to minimize its environmental impact. Another firm who is very environmentally responsible but does not promote this fact, at least outside the organization, is Walt Disney World (WDW) with an extensive waste management program and infrastructure.

3) GOVERNMENTAL PRESSURE

Governmental regulations relating to environmental marketing are designed to protect consumers through regulations designed to control the amount of hazardous wastes produced by firms by issuing of various environmental licenses, thus modifying organizational behavior. In some cases governments try to "induce" final consumers to become more responsible by taxing individuals who act in an irresponsible fashion. For example in Australia there is a higher gas tax associated with leaded petrol.

4) COMPETITIVE PRESSURE

Another major force in the environmental marketing area has been firms' desire to maintain their competitive position. In many cases firms observe competitors promoting their environmental behaviors and attempt to emulate this behavior. In some instances this competitive pressure has

caused an entire industry to modify and thus reduce its detrimental
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environmental behavior. For example, it could be argued that Xerox's "Revive 100% Recycled paper" was introduced a few years ago in an attempt to address the introduction of recycled photocopier paper by other manufacturers. In another example when one tuna manufacturer stopped using driftnets the others followed suit.

5) COST OR PROFIT ISSUES

Disposing of environmentally harmful by-products, such as polychlorinated biphenyl (PCB) contaminated oil are becoming increasingly costly and in some cases difficult. In minimizing wastes firms often develop more effective production processes that reduces the need for some raw materials thus serving as a double cost savings. In other cases firms attempt to find end-of-pipe solutions, instead of minimizing waste by trying to find markets or uses for their waste materials, where one firm's waste becomes another firm's input of production.

Green Code

Generalise with care. Consumer behaviour will not necessarily be consistent across different product types, and particular market segments may respond to certain issues on the green agenda but not others.

Remember, the validity of a piece of market research is not related to the degree to which it supports your preferred option.

Explore the context from which market research data comes. Be clear on the nature of the sample used, the questions asked, the way in which responses were recorded and the time and place from which the responses come.

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Ensure that where market research is crossing international borderlines, that the terminology and interpretation remains consistent. Terms like ‘environment’, ‘green’ and ‘conservation’ do not always translate precisely between languages.

Neutrality is important. Ensure that when you pose questions to consumers, that they can make any response without being made to feel guilty or uncomfortable, and ensure that your own preconceptions about the green agenda (such as an assumption that green products will cost extra) are not encoded within the questions.

CHOOSING THE RIGHT GREEN MARKETING STRATEGY

Green marketing has not lived up to the hopes and dreams of many managers and activists. Although public opinion polls consistently show that consumers would prefer to choose a green product over one that is less friendly to the environment when all other things are equal, those “other things” are rarely equal in the minds of consumers. And hopes for green products also have been hurt by the perception that such products are of lower quality or don’t really deliver on their environmental promises. Yet the news isn’t all bad, as the growing number of people willing to pay a premium for green products “from organic foods to energy-efficient appliances” attests.

How, then, should companies handle the dilemmas associated with green marketing? They must always keep in mind that consumers are unlikely to compromise on traditional product attributes, such as convenience, availability, price, quality and performance. Since there is no single green-

marketing strategy that is right for every company experts suggest that companies should follow one of four strategies, depending on market and competitive conditions, from the relatively passive and silent “lean green” approach to the more aggressive and visible “extreme green” approach with “defensive green” and “shaded green” in between. Managers who understand these strategies and the underlying reasoning behind them will be better prepared to help their companies benefit from an environmentally friendly approach to marketing.

CONCLUSION

Green marketing covers more than a firm’s marketing claims. While firms must bear much of the responsibility for environmental degradation, the responsibility should not be theirs alone.

Ultimately green marketing requires that consumers want a cleaner environment and are willing to “pay” for it, possibly through higher priced goods, modified individual lifestyles, or even governmental intervention. Until this occurs it will be difficult for firms alone to lead the green marketing revolution.

Having said this, it must not be forgotten that the industrial buyer also has the ability to pressure suppliers to modify their activities. Thus an environmental committed organization may not only produce goods that have reduced their detrimental impact on the environment, they may also be able to pressure their suppliers to behave in a more environmentally “responsible” fashion. Final consumers and industrial buyers also have the ability to pressure organizations to integrate the environment into their

corporate culture and thus ensure all organizations minimize the detrimental environmental impact of their activities. Thus green marketing should look at minimizing environmental harm, not necessarily eliminating it.