

Managing Strategic Challenges of Green Marketing - A Conceptual View

N. Venkatesh Kumar *

Abstract

All types of consumers, both individual and industrial are becoming more concerned and aware about the natural environment. Unfortunately, a majority of people believes that green marketing refers solely to the promotion or advertising of products with environmental characteristics. Terms like Phosphate Free, Recyclable, Refillable, Ozone Friendly, and Environmentally Friendly are some of the things consumers most often associate with green marketing. While these terms are green marketing claims, in general green marketing is a much broader concept, one that can be applied to consumer goods, industrial goods and even services. For example, around the world there are resorts that are beginning to promote themselves as "Ecotourist" facilities, i.e., facilities that "specialize" in experiencing nature or operating in a fashion that minimizes their environmental impact. The issues pertaining to green marketing came into prominence in the late 1980s and early 1990s.

INTRODUCTION - GREEN MARKETING

The American Marketing Association (AMA) held the first workshop on "Ecological Marketing" in 1975. At this workshop ecological marketing is defined as,

"The study of the positive and negative aspects of marketing activities on pollution, energy depletion and non-energy resource depletion".

According to Polonsky,

"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 occur, with minimal detrimental impact on the natural environment".

IMPORTANCE OF GREEN MARKETING

In market societies where there is "freedom of choice", it has generally been accepted that individuals and organizations have the right to attempt to have their wants satisfied. As firms face limited natural resources, they must develop new or alternative ways of satisfying these unlimited wants. Ultimately green marketing looks at how marketing activities utilize these limited resources, while satisfying consumers wants, both of individuals and industry, as well as achieving the selling organization's objectives.

* Assistant Professor, Department of Management Studies, Acharya Institute of Technology, Soladevanahalli, Bangalore - 560 090 Mobile : 94480 18675 E-mail : npavsk@yahoo.com

GREEN MARKETING – AN OPPORTUNITY

In the perfect market, all types of consumers, both Individuals and Industrial organisations have become more concerned about the natural environment. According to various studies which had been conducted across the globe, majority of the individuals were concerned about the environment and they had also changed their purchasing behaviour on account of environmental reasons. This potential change in the buying behaviour of the individuals, this could be the right time to the organisation to take greater advantage in the market. Organisations that market their goods with environmentally packed characteristics will definitely have competitive advantage than non-environmentally responsible organisations. Accountability of corporate environmental progress has been slow in coming. But in recent years, the momentum is dramatic. For example,

- ❖ A University of Michigan study found that companies saw improvements in operating performance within the first year of pollution prevention programs. By the second year, these companies additionally reaped enhanced return on equity, a gauge of the value of the investment.
- ❖ Corporate accountants are discovering that industrial ecology is good business. Even by reducing waste output, the costs of doing business can be cut by millions of rupees.
- ❖ The Xerox Corporation found that an investment of \$10 million in recycling toner cartridges resulted in a \$200 million profit.

REASONS FOR USING GREEN MARKETING

- Organizations perceive environmental marketing to be an opportunity that can be used to achieve its objectives.
- Organizations believe they have a moral obligation to be more socially responsible.
- Governmental bodies are forcing firms to become more responsible.
- Competitors' environmental activities pressure firms to change their environmental marketing activities.

- Cost factors associated with waste disposal, or reductions in material usage forces firms to modify their behavior.

FUNDAMENTAL REQUIREMENTS FOR A EFFECTIVE GREEN MARKET

1. A truly competitive market

For an effective green market the market should be perfect.

- Low entry barriers

Heavy industries will always have high entry barriers because of huge investment, Govt. policies, Social related controversies etc. It is not as easy as to enter and exit from the market. So, it is feasible for the organisations to keep the barriers as low as possible. In this context, the organisations would like to get into the market; they need to have potential competition in the market in order to succeed.

- Good information

A fundamental precondition to an efficient market is that consumers must have complete information about the choices that are available to them. To encourage a market in "green," consumer must have information that is good enough to allow them to comparison shop among suppliers on the basis of their costs and the environmental characteristics of their resource portfolio. The organisations, which are willing to implement the green marketing strategies, they need to have uniformity in disclosing the green claims. If there is no uniformity in disclosure requirements, the burden will fall on the organisation that is willing to go green in order to determine the competitor's portfolios as well as educating the consumers. This is a difficult as well as expensive task and even if it is undertaken consumers will not trust the claims. And consumers will not have reliable source of information that gives them confidence in the marketers claims, which in turn undermine the green market.

- Corrected market failures

Even perfectly competitive markets only work well when consumers receive the benefits of the goods they pay for. They do not work well when the benefits go to people that aren't paying for them. There should be a continuous market research that will facilitate the organisations in order to overcome from the failures as well as to sustain the market share.

2. A market steered to society's goals

The markets need to be directed to achieve, through policy, the minimum goals that society wishes to achieve.

PROBLEMS ASSOCIATED WITH IMPLEMENTING GREEN MARKETING

No matter how a firm uses green marketing there are a number of potential problems that they must overcome.

1. The 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. Green marketing claims must,

- Clearly state environmental benefits
- Explain environmental characteristics
- Explain how benefits are achieved
- Ensure comparative differences are justified
- Ensure negative factors are taken into consideration
- Only use meaningful terms and pictures.

2. Those who modify their products due to increased consumer concern must contend with the fact that consumers' perceptions are sometimes not correct. 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.

3. While governmental regulation is designed to give consumers the opportunity to make better decisions or to motivate them to be more environmentally responsible, there is difficulty in establishing policies that will address all environmental issues.

4. Reacting to competitive pressures can cause all "followers" to make the same mistake as the "leader."

5. The push to reduce costs or increase profits may not force firms to address the important issue of environmental degradation. End-of-pipe solutions may not actually reduce the waste but rather shift it around. While this may be beneficial, it does not




necessarily address the larger environmental problem, 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.

CONCLUSION

In the present scenario, apart from understanding the traditional marketing mix i.e. "4P's", understanding the **Public Policy Processes** has become very essential to the firms in order to go "GREEN". Firms can green themselves in three ways,

1. Value-Addition at the Process level.

Greening the Value addition processes could entail,

-  Redesigning the product
-  Withdrawing some of the product
-  Modifying the technical know-how or Inducting new technology

all with the objective of balancing the environmental impacts.

2. Management system level

Firms should adopt management systems that create conditions for reducing environmental impacts of value addition processes. As we all know, the chemical industry, which establishes systems to promote environmental, health and safety objectives. However, the management systems efficacy for greening the value addition processes is difficult to quantify if they are not accompanied by performance measures. Thus, by having measurable performance indicators, firms can make verifiable claims about the environmental impact of their management systems.

3. Product Level

- ❖ **Repair** – Extending the product's life by continuously repairing it.
- ❖ **Reconditioning**– Extending the product's life by continuously overhauling it.

- ❖ **Remanufacture** – Manufacturing the new products based on the existing products.
- ❖ **Reuse** – Design a product so that it can be used multiple times.
- ❖ **Recycle** – Products can be reprocessed and converted into raw materials to be used in another product or same one.
- ❖ **Reduce** – Though the product uses fewer raw materials or generates less disposable waste, it delivers benefits comparable to its former version or to its competing products.

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