

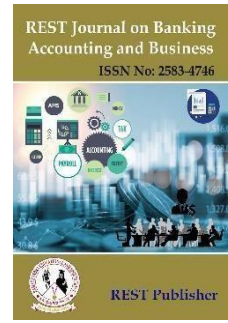


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## Green Marketing: Benefits and Challenges for Marketers

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**Abstract:** The term 'Green marketing' was first used by the American Marketing Association (AMA) in 1975. According to the American Marketing Association, green marketing is the marketing of products that are environmentally safe. The present exploratory paper is descriptive in nature and is based on secondary data derived from online databases like SSRN, Research Gate, etc. It attempts to study various aspects of green marketing. Increased sensitivity to environmental protection has given a boost to green practices. Firms are motivated to adopt green marketing strategies due to a number of reasons like customer's preference for environmentally sound products/services, governmental pressure, competitive pressure, long term cost advantage and tag of a socially responsible firm. Green marketing helps to boost sales, reduce operating and production costs, helps to decrease the long-term risks of depletion of resources, promote corporate social responsibility, etc. The present study focuses on the meaning of Green Marketing, the push factors of going green in business, the benefits of green marketing, and various challenges in the adoption of green marketing. The study concludes that it is still in its infancy stage and faces many challenges such as lack of cooperation, lack of consumer awareness, a trade-off between short-term and long-term cost-benefit analysis, perils of green myopia and limited scientific knowledge. Businesses should attempt to overcome these challenges and adopt green marketing because the present time is favorable to capitalize on this new trend given the emergency kind of situation of our environment and increasing eco-sensitivity of consumers.

**Keywords:** Green Marketing, Green products, Environment, Social responsibility and Brand loyalty.

### 1. INTRODUCTION

Green marketing or Environmental Marketing refers to all the activities aimed at generating and facilitating exchange of goods and services to satisfy human needs or wants with a minimal detrimental impact on the natural environment. It is a holistic marketing concept wherein the product, marketing, packaging, consumption and disposal of products and services is involved. It has gained acceptance by both marketers and customers because of growing awareness about the implications of global warming, non-biodegradable solid waste and the harmful impact of pollutants on the environment. Studies performed on consumers reflect that in most countries' consumers are becoming more aware and willing to act on environmental concerns and also ready to pay a premium for greener products. Green products are the ones that have natural ingredients or the ones which are eco-friendly, organic, recycled, reusable and biodegradable. They are not tested on animals and use only approved chemical contents. Some of the examples are power from wind and solar energy, solar heater, solar kitchen appliances, green data centers, electricity-powered vehicles, McDonalds's napkins and bags, etc. It evolved in stages beginning from ecological marketing, then environmental marketing and now finally promotes the principles of sustainable marketing. It has now modified the conventional four P's of the marketing mix and given them green aspects to make it a successful campaign. Green marketing helps a firm generate positive public relations and create a brand preference or loyalty which in turn helps to boost sales and profits in the long run. This is an exploratory paper that attempts to explore the concept of Green Marketing, push factors behind going green in business, benefits of green marketing and the challenges in the adoption of green marketing.

## 2. OBJECTIVES

- To understand the concept of Green Marketing.
- To understand the push factors for going green in business.
- To explore the benefits of green marketing.
- To explore the challenges in the adoption of green marketing.

## 3.ORGANISATION OF PAPER

The present paper is divided into a number of sections. Section 1 introduces the concept of Green Marketing, its evolution, its scope and the objectives of the study. Section 2 provides a review of published work related to Green Marketing. Section 3 describes the scope and methodology of this study. Section 4 presents the subject matter. Section 5 concludes the study.

## 4.REVIEW OF LITERATURE

- **Jaya Tiwari (2019)** explores various issues of green marketing. It is described as a phenomenon of particular importance in the modern market and an emerging issue in India. The paper explores the main issues in the adoption of green marketing practices, the current scenario of the Indian market and the challenges that come with green marketing. The business adopts green marketing due to the existing opportunities, social responsibility, competitive pressure, cost reduction and governmental pressure. The author also differentiates between traditional marketing and green marketing. Eco-labeling and greenwashing are prominent issues in this area.
- **Dominika Moravcikova, et al (2017)** summarizes the principles of green marketing, concepts related to it, and on the relationship, it has with the competitive position of the company in the automotive industry of Slovakia. Factor analysis and multiple regression have been used to conduct this study. It establishes that accepting the principles of green marketing increases the value of the company's products and provides businesses a competitive edge, improved image, access to new markets and the ability to cope with the environmental pressures of stakeholders.
- **Ravinder Kaur (2017)** in an exploratory study puts emphasis on the concept, need, importance and golden rules of green marketing. It is also differentiated from traditional marketing. The author describes the current scenario of Indian green marketing and explores the challenges it faces. It also establishes that there are three more P's in green marketing that are People, Profits and Planet in addition to McCarthy's conventional 4 P's of marketing.
- **Dr. P. Nagarajan (2016)** establishes that green marketing is not just an approach to marketing because it has societal and environmental dimensions associated with it. The economic aspects of green marketing should not be ignored by the marketers as they have the responsibility to make the stakeholders aware of the need and the advantages of green products. The author has highlighted various aspects on the evolution of green marketing along along with SWOT analysis.
- **Yakup Durmaz, et al (2016)** explores the practices of green marketing in Germany and Turkey, strategies of green marketing, benefits to businesses, and differences between traditional marketing and green marketing. The author also provides criticism of green marketing. This study establishes that necessary importance is not been given to the environment because a limited number of businesses show awareness on this environmental issue. Businesses are expected to perform important responsibility to protect the environment and produce eco-friendly green products.
- **Harendra Pal Singh Chauhan, et al. (2015)** provides an overview of the green marketing concept and problems in the adoption of green marketing in the Indian context. The author concludes that green marketing is continuously growing in both practice and demand although failure among business firms to fully understand and embrace the green marketing concept is the most prominent factor inhibiting its wider adoption. The author suggests being genuine, educating customers and giving them the opportunity to participate as important to make green marketing effective.
- **Neeraj Kumar Sharma (2015)** explores reasons for many corporates to be still hesitated to use green marketing practices even after government compulsion and brings out that the fear of increased cost is one factor. There is still a lack of consumer confidence related to green products and therefore marketers need to be more transparent and follow standards relating to products. The entire supply chain should be aligned with the idea of green marketing. The author also suggests responsible organizations to minimize their waste, work on organization policy, enhance employee awareness programs, encourage effective and transparent communication, and constantly reform products and processes.
- **Prashant Kumar (2015)** explores green marketing innovations in small Indian firms which provide dimensions for developing green identity in the market. Six categories of green marketing innovations as identified are marketing compliance, strategic partnership, environmental commitment, green teams, benchmarking and an environmentally ethical behavior. The study establishes that contemporary marketing innovations and decisions have now moved beyond limited alternatives based on product and market definitions to many market-related activities such as advertising, packaging, selling or distribution, based on compliance, commitment and leadership in the context of small firms.

- **Saleena TM (2015)** examines the concept of green marketing, performs SWOT analysis and explores the challenges and remedial measures for green marketing. The present study explains green as earth and marketing as eco-friendly innovation. Some of the strengths are related to the fact that it builds brand equity, enables marketers to charge a premium for the product, provides access to new markets, earns perception of being socially responsible and is economical in long run. Some of the weaknesses are that customers sometimes view the green label as a gimmick only and it is in an infancy stage which will need time to be completely acceptable in the minds of customers. Opportunities are there as the concept is gaining popularity among customers and provides a form of competitive advantage. Threats emerge from the fact of uncertainty related to current practices which are perceived to be environment-friendly.

### 5. SCOPE AND METHODOLOGY

The present paper is an exploratory study covering various aspects of green marketing like its evolution, four P’s, impact on business, reasons to go green, benefits to business and potential challenges. It is based on secondary data retrieved from online journals and articles from sources like Research Gate, SSRN, Emerald, Academia, etc.

**Analysis:** The term ‘Green marketing’ was first used in a seminar on Ecological Marketing organized by American Marketing Association (AMA) in 1975. According to the American Marketing Association, green marketing is the marketing of products that are environmentally safe. It incorporates a wide range of activities like modifications in product design, production process, packaging, as well as advertising. We can understand it as green denoting earth and marketing denoting eco-friendly innovations. The first wave of green marketing occurred in the 1980s and it is relatively a new concept that has gained importance particularly because of environmental and environmental problems. It involves marketing of products that are environmentally friendly and have all or any of the characteristics such as manufacturing in a sustainable manner, absence of toxic materials or ozone-depleting substances, recyclable or produced from recycled or renewable materials, devoid of excessive packaging, designed to be repairable, etc. Green marketing practices allow companies gain favor with consumers. The most prominent challenge to green marketing is related to short versus long term cost factors as the cost of greenness often doesn't fit into short-term budgets that don't internalize long-term total costs. It is typically practiced by companies committed to sustainable development and corporate social responsibility which in turn makes their products more attractive. This is because a high level of social responsibility increases brand loyalty among socially conscious consumers.

**Evolution of Green Marketing:** According to Peattie (2001), there are three phases of evolution of green marketing which are: "Ecological" green marketing: All marketing activities were directed to help cope up with environmental problems and provide remedies accordingly. "Environmental" green marketing: Here, the focus shifted on clean technology that involved designing innovative new products for lesser emission of pollution and waste. "Sustainable" green marketing: It came into prominence since late 1990s. It is concerned with developing good quality products which meet consumers need by focusing on the quality, performance, pricing and convenience in an environment-friendly manner.

**TABLE 1.** 4 P’s of Green Marketing

<b>4 P’s of Green Marketing</b>	
<b>Green Product</b>	<ul style="list-style-type: none"> <li>○ Identify customers' environmental needs and develop products accordingly.</li> <li>○ <b>Develop organic products.</b></li> <li>○ <b>Incorporation of environmentally friendly resources or materials in the product.</b></li> <li>○ <b>Materials used in the product and its packaging should influence environmental elements. Example: McDonald's changed their packaging from polystyrene clamshells to paper.</b></li> <li>○ Develop products that can be recycled or reused.</li> </ul>
<b>Green Price</b>	<ul style="list-style-type: none"> <li>○ <b>Optimize production and operating costs to give green products a more competent force in the market.</b></li> <li>○ Making customers aware of the additional environmental value of products to let them pay a premium.</li> </ul>
<b>Green Place</b>	<ul style="list-style-type: none"> <li>○ <b>Choose proper channels to deliver products from the point of producers to the point of ultimate green consumers.</b></li> <li>○ In-store promotions and visually appealing displays are important to emphasize the environmental value and force consumers to go out of their way to buy those green products.</li> <li>○ Making products broadly available in the market place so they are not just appealing to a small green niche market.</li> <li>○ The location must be consistent with the image which a company wants to project.</li> </ul>

<b>Green Promotion</b>	<ul style="list-style-type: none"> <li>○ The location must differentiate a company from its competitors.</li> <li>○ Focus on “Green Advertising” to communicate to green customers meaning those using eco-friendly products.</li> <li>○ Launch promotional tools to attract non-green consumers to buy eco-friendly products.</li> <li>○ Use of sustainable marketing and communication tools to reinforce environment credibility.</li> <li>○ Making alliances with other companies, environmental groups and research organizations for promoting their environmental commitment.</li> <li>○ No need for overstatement of green claims and unrealistic expectations.</li> <li>○ Promotion of environmental award programs of the firm.</li> </ul>
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**Push factors for adopting green marketing:** Firms are motivated to adopt green marketing strategies due to a number of reasons. Literature suggests the following main factors pushing businesses to adopt green products and marketing strategies. It is perceived as an opportunity by businesses to achieve economic objectives. Green firms can shape future regulations and also capitalize on first-mover advantages. It is in sync with the moral obligation of socially responsible behavior. Firms are becoming more concerned about their social responsibilities and in some cases also take green marketing as a strategic move to build an image. This also helps them enter into foreign countries. So, in this sense, green marketing is also used as a marketing tool. Governmental pressure of becoming more responsible for environmental issues because most governments in the world have laws to protect the consumers and the environment from harmful goods or by-products. Government attempts to regulate firms through various environmental licenses to make them socially responsible. Competitors' environmental activities put pressure on firms to change their own environmental marketing activities. In some cases, this competitive pressure causes an entire industry to modify its practices and reduce its detrimental environmental behavior. There are cost factors involved with waste disposal or reductions in material usage which motivates firms to modify their behavior. Studies claim that green policies/products are profitable in the long run. Customers' attitude is changing due to increasing concern about the environment. Consumers prefer firms having green policies or green products forcing firms to adopt such environment-friendly activities.

- **Benefits of green marketing:** Businesses perform many environmentally friendly activities such as the use of energy lighting, heating and cooling, reduce water use, recycle office materials, use recycled materials and create less waste, etc. All these generate positive public relations and help to create brand preference or loyalty and boost sales and profits. Also, these firms can qualify as vendors or suppliers with government agencies that prefer to do business with these types of businesses. There are many benefits of green marketing which forces not only consumers but also the marketers to adopt practices in line with environment- friendliness. Marketing includes product development, pricing and distribution. In the entire process, green marketing helps to boost sales, reduce operating and production costs by lowering energy usage, decreasing waste, reusing the materials. Such companies are more attractive to potential employees who seek to become part of an environmentally responsible company. Consumers increasingly demand eco-friendly products, packaging, and management styles. Businesses that develop such environment strategies may become the leader. It also helps to decrease the long-term risks of depletion of resources, fluctuations in energy cost, pollution and waste management. It ensures sustained long-term growth with profitability. It also saves money in the long run. It promotes corporate social responsibility. Green marketing provides environmental benefits by positively impacting trends in climate change, air, water, and soil conservation. It helps to reduce fossil fuel consumption. Consumers benefit from the knowledge that they are doing something to reduce climate change and favor corporate efforts to reduce pollution. Companies with ecological consciousness reap strategic benefits by enhancing their images among consumers, employees, investors, insurers, and the general public.

**Challenges for Green Marketing:** Many organizations want to adopt green marketing practices because of the number of benefits it brings to marketers, customers and the environment but there is still some hesitancy among firms. This is basically because it's a new concept and it comes along with some challenges for the businesses. This section provides an overview of some of the challenges.

- There is a lack of standardization to authenticate the claims of green campaigns and to certify a product as green.
- There is an immense need to educate consumers and make them aware of the environmental threats. It will take a lot of time for green movements to reach the masses in general because green marketing is still a new concept.
- There are consumers who only want to satisfy their needs and are indifferent to their environmental impact. This makes them unwilling to pay any extra for green products.

- The renewable materials needed to make the products greener are comparatively costly demotivating firms to adopt this strategy. It is a costly affair for the firm because green technology and green power/energy need a lot of money to be spent on R&D programs for their development.
- There is a need for long-term planning because initially, the profits may be very low since renewable and recyclable products and green technologies are more expensive. It can be successful only in the long run so there is a need to plan for long term rather than short term. The environment should be viewed as a major long-term investment opportunity and should look at the long-term benefits of this new green movement. This requires a lot of patience.
- Firms must ensure avoiding green myopia which is misjudging or overemphasizing the improved environmental quality at the expense of customer satisfaction.

Despite all the challenges, studies find out that it is now the right time to go for green marketing. This will prove to be a major contributor to the efforts to save the world from pollution. By convincing the consumers and also involving them in the marketing of products, one can expect to cope up with the challenges. It should not be viewed as something exceptional but should become a way of doing business. It is the marketers who have the responsibility to make the consumers understand the need for and benefits of green products as compared to non-green ones. Green marketing is still in its infancy. Consumers should be motivated to accept brands and pay a premium for the greener alternative. Marketers in general and academicians, in particular, should ensure that consumers feel that they can make a difference through empowerment. False promises should be avoided to maintain the legitimacy and trustworthiness of green products. The concerned government should create stringent laws. It should not ignore the economic aspect of marketing so firms must enhance a product's performance and strengthen customer's loyalty to command a higher price. The entire supply chain should be integrated into making green products and should work constantly to find out more about green materials, methods of making a green finished product, etc.

## 6. CONCLUSION

Green marketing refers to the process of selling products or services based on their environmental benefits. For instance, eco-furniture or handcraft re-usable paper bags or cloth bags are green products. It is not just another approach to marketing because it has an environmental and social dimension attached to it. The first wave of green marketing occurred in the 1980s and it is relatively a new concept. With increasing awareness for environmental protection, it is now needed that green marketing becomes the norm rather than an exception. It is currently typically practiced by companies committed to sustainable development and corporate social responsibility which in turn their products become more attractive. It increases brand loyalty among socially conscious consumers. Not just consumer loyalty but there are many other factors which encourage an organization to adopt green practices such as the moral obligation of socially responsible behavior, governmental pressure of becoming more responsible, competitors' environmental activities, cost factors, etc. Green marketing helps to boost sales, reduce operating and production costs, become more attractive to potential employees, provides them with competitive advantage, helps to decrease the long-term risks of depletion of resources, promotes corporate social responsibility, provides environmental benefits by positively impacting it, etc. But because it is still in its infancy stage, it comes with many challenges such as lack of cooperation, lack of consumer awareness, trade-off between short-term and long-term cost-benefit analysis, limited scientific knowledge, etc. in future, businesses should attempt to overcome these challenges and adopt green marketing because the present time seems to be perfect for its adoption and promotion keeping in mind the emergency kind of situation of our only planet with life. Reports show that consumers increased inclination to eco-sensitivity is a great opportunity which can be capitalized upon by all kinds of businesses.

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