

# Green Marketing in India: Emerging Opportunities and Challenges

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## Abstract

Green marketing is a phenomenon which has developed particularly important in the modern market. This concept has enabled for the re-marketing and packaging of existing products which already adhere to such guidelines. Additionally, the development of green marketing has opened the door of opportunity for companies to co-brand their products into separate line, lauding the green-friendliness of some while ignoring that of others. Such marketing techniques will be explained as a direct result of movement in the minds of the consumer market. As a result of this businesses have increased their rate of targeting consumers who are concerned about the environment. These same consumers through their concern are interested in integrating environmental issues into their purchasing decisions through their incorporation into the process and content of the marketing strategy for whatever product may be required. This paper discusses how businesses have increased their rate of targeting green consumers, those who are concerned about the environment and allow it to affect their purchasing decisions. The paper identifies the three particular segments of green consumers and explores the challenges and opportunities businesses have with green marketing. The paper also examines the present trends of green marketing in India and describes the reason why companies are adopting it and future of green marketing and concludes that green marketing is something that will continuously grow in both practice and demand.

**Keywords:** - Green Product, Recyclable, Environmentally safe, Eco Friendly.

## INTRODUCTION

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. Yet defining green marketing is not a simple task where several meanings intersect and contradict each other; an example of this will be the existence of varying social, environmental and retail definitions attached to this term. Other similar terms used are Environmental Marketing and Ecological Marketing. Thus, "Green Marketing" refers to holistic marketing concept wherein the production, marketing consumption and disposal of products and services happen in a manner that is less detrimental to the environment with growing awareness about the implications of global warming, non-biodegradable solid waste, harmful impact of pollutants etc., both marketers and consumers are becoming increasingly sensitive to the need for switch in to green products and services. While the shift to "green" may appear to be expensive in the short term, it will definitely prove to be indispensable and advantageous, cost-wise too, in the long run.

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.

## **WHY GREEN MARKETING?**

It is scary to read these pieces of information as reported in the Times recently "Air pollution damage to people, crops and wildlife in US. Total tens of billions of dollars each year". "More than 12 other studies in the US, Brazil Europe, Mexico, South Korea and Taiwan have established links between air pollutants and low birth weight premature birth still birth and infant death". As resources are limited and human wants are unlimited, it is important for the marketers to utilize the resources efficiently without waste as well as to achieve the organization's objective. So green marketing is inevitable. There is growing interest among the consumers all over the world regarding protection of environment. Worldwide evidence indicates people are concerned about the environment and are changing their behavior. Because of this, green marketing has emerged which speaks for growing market for sustainable and socially responsible products and services. Thus the growing awareness among the consumers all over the world regarding protection of the environment in which they live, People do want to bequeath a clean earth to their offspring. Various studies by environmentalists indicate that People are concerned about the environment and are changing their behavior pattern so, as to be less hostile towards it. Now we see that most of the consumers, both individual and industrial, are becoming more concerned about environment friendly products.

Green marketing was given prominence in the late 1980s and 1990s after the proceedings of the first workshop on Ecological marketing held in Austin, Texas (US), in 1975. Several books on green marketing began to be published thereafter. According to the Joel makeover (a writer, speaker and strategist on clean technology and green marketing), green marketing faces a lot of challenges because of lack of standards and public consensus to what constitutes "Green". The green marketing has evolved over a period of time. According to Peattie (2001), the evolution of green marketing has three phases. First phase was termed as "Ecological" green marketing, and during this period all marketing activities were concerned to help environment problems and provide remedies for environmental problems. Second phase was "Environmental" green marketing and the focus shifted on clean technology that involved designing of innovative new products, which take care of pollution and waste issues. Third phase was "Sustainable" green marketing. It came into prominence in the late 1990s and early 2000.

## **GREEN PRODUCTS AND ITS CHARACTERISTICS**

The products those are manufactured through green technology and that caused no environmental hazards are called green products. Promotion of green technology and green products is necessary for

conservation of natural resources and sustainable development. We can define green products by following measures:

1. Products those are originally grown,
2. Products those are recyclable, reusable and biodegradable,
3. Products with natural ingredients,
4. Products containing recycled contents, non-toxic chemical,
5. Products contents under approved chemical,
6. Products that do not harm or pollute the environment,
7. Products that will not be tested on animals,
8. Products that have eco-friendly packaging i.e. reusable, refillable containers etc.

### **NEED OF GREEN MARKETING: AN ANTHROPOLOGICAL VIEW**

Issues like Global warming and depletion of ozone umbrella are the main for the healthy survival. Every person rich or poor would be interested in quality life with full of health and vigor and so would the corporate class. Financial gain and economic profit is the main aim of any corporate business. However, harm to environment cost by sustain business across the globe is realized now though off late. This sense is building corporate citizenship in the business class. So green marketing by the business class is still in the selfish anthropological perspective of long-term sustainable business and to please the consumer and obtain the license by the

Governing body Industries in Asian countries are catching the need of green marketing from the developed countries but still there is a wide gap between their understanding and implementation.

### **CHALLENGES IN 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. However, 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 green in various aspects but does not pass the customer satisfaction criteria. This will lead to green myopia. In addition, if the green products are priced very high then again it will lose its market acceptability.

### 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 didn't 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 is supposed to do-they won't forego product quality in the name of the environment.
- 5. Consider Your Pricing:** If you are 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 is 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 to Help reduce the environmental impact in their own lives too.

### GREEN MARKETING – ADOPTS BY THE FARMS

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 demand changes, many firms see these changes as an opportunity to exploit and have a competitive advantage over firms marketing nonenvironmentally responsible alternatives. Some examples of firms who have strived to become more environmentally responsible, in an attempt to better satisfy their consumer needs are:

1. McDonald's replaced its clam shell packaging with waxed paper because of increased consumer concern relating to polystyrene production and Ozonedepletion.
2. Tuna manufacturers modified their fishing techniques because of the increased concern over driftnet fishing, and the resulting death of dolphins.

3. Xerox introduced a "high quality" recycled photocopier paper in an attempt to satisfy the demands of firms for less environmentally harmful products.

**2. Government Pressure** - As with all marketing related activities, governments want to "protect" consumer and society; this protection has significant green marketing implications. Government regulations relating to environmental marketing are designed to protect consumers in several ways,

1. Reduce production of harmful goods or by-products Modify consumer and industry's use and/or consumption of harmful goods
2. Ensure that all types of consumers have the ability to evaluate the environmental composition of goods. Government establish regulations designed to control the amount of hazardous wastes produced by firms.

**3. 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 environmental behavior. For example when one tuna manufacture stopped using driftnets the others followed suit.

**4. 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. This translates into firms that believe they must achieve environmental objectives as well as profit related objectives. This results in environmental issues being integrated into the firm's corporate culture. There are examples of firms adopting both strategies.

**An example** of a firm that does not promote its environmental initiative is Coca-Cola. They have invested large sums 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 used this concern as a marketing tool. Thus many consumers may not realize that Coke is a very environmentally committed organization. Another firm who is very environmentally responsible but does not promote this fact, at least outside the organization, is Walt Disney World (WDW). WDW has an extensive waste management program and infrastructure in place, yet these facilities are not highlighted in their general tourist promotional activities.

**5. Cost of Profit Issues** - 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.

## SOME CASES

Interestingly, green marketing continues to be an issue of 5 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.

| Rank | Country   |
|------|-----------|
| 1.   | India     |
| 2.   | UK        |
| 3.   | US        |
| 4.   | Thailand  |
| 5.   | Australia |
| 6.   | Canada    |
| 7.   | China     |

Many companies are adopting green for capturing market opportunity of green marketing some cases

#### **EXAMPLE 1 : Best Green IT Project: State Bank of India: Green IT@SBI**

*By using eco and power friendly equipment in its 10,000 new ATMs, 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.

#### **EXAMPLE 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.

#### **EXAMPLE 3 : Indian Oil's Green Agenda Green Initiatives**

1. Indian Oil is fully geared to meet the target of reaching EURO-III compliant fuels to all parts of the country by the year 2010; major cities will upgrade to Euro-IV compliant fuels by that time.
2. Indian Oil has invested about Rs. 7,000 crore so far in green fuel projects at its refineries; ongoing projects account for a further Rs. 5,000 crore.
3. Motor Spirit Quality Improvement Unit commissioned at Mathura Refinery; similar units are coming up at three more refineries.
4. Diesel quality improvement facilities in place at all seven Indian Oil refineries, several more green fuel projects are under implementation or on the anvil.

5. The R&D Centre of Indian Oil is engaged in the formulations of eco-friendly biodegradable lube formulations.
6. The Centre has been certified under ISO-14000:1996 for environment management systems.

### **GREEN FUEL ALTERNATIVES**

In the country's pursuit of alternative sources of energy, Indian Oil is focusing on CNG (compressed natural gas), Auto gas (LPG), ethanol blended petrol, bio-diesel, and Hydrogen energy.

#### **EXAMPLE 4 : 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 on Friday.

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.

#### **EXAMPLE 5: 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.

#### **EXAMPLE 6 : 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.

#### **EXAMPLE 7 : Agartala to be India's first Green City**

Tripura Sunday announced plans to make all public and private vehicles in Agartala run on compressed natural gas (CNG) by 2013, thus making the capital "India's first green city".

Tripura Natural Gas Co Ltd (TNGCL), a joint venture of the Gas Authority of India Ltd (GAIL) and the Tripura and Assam governments, has undertaken a project to supply CNG to all private and government vehicles. CNG will also be available to those now using electricity, petrol and diesel to run various machineries.

TNGCL chairman Pabitra Kar told reporters. He said: "The company will soon provide PNG connections to 10,000 new domestic consumers in the city and outskirts. Agartala will be the first city in India within a few years to become a green city.

#### **EXAMPLE 8 : Going Green: Tata's new mantra**

The ideal global benchmark though is 1.5. Tata Motors is setting up an eco-friendly showroom using natural building material for its flooring and energy efficient lights. Tata Motors said the project is at a preliminary stage.

The Indian Hotels Company, which runs the Taj chain, is in the process of creating eco rooms which will have energy efficient mini bars, organic bed linen and napkins made from recycled paper. But there won't be any carpets since chemicals are used to clean those. And when it comes to illumination, the

rooms will have CFLs or LEDs. About 5% of the total rooms at a Taj hotel would sport a chic eco-room design. One of the most interesting innovations has come in the form of a biogas-based power plant at Taj Green Cove in Kovalam, which uses the waste generated at the hotel to meet its cooking requirements. Another eco-friendly consumer product that is in the works is Indica EV, an electric car that will run on polymer lithium ion batteries. Tata Motors plans to introduce the Indica EV in select European markets this year.

### **PRESENT TRENDS IN GREEN MARKETING IN INDIA**

Organizations are Perceive Environmental marketing as an Opportunity to achieve its objectives. Firms have realized that consumers prefer products that do not harm the natural environment as also the human health. Firms marketing such green products are preferred over the others not doing so and thus develop a competitive advantage, simultaneously meeting their business objectives.

Organizations believe they have a moral obligation to be more socially responsible. This is in keeping with the philosophy of CSR which has been successfully adopted by many business houses to improve their corporate image. Firms in this situation can take two approaches:

1. Use the fact that they are environmentally responsible as a marketing tool.
2. Become responsible without prompting this fact.

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. It does so in following ways:

1. Reduce production of harmful goods or by products
2. Modify consumer and industry's use and /or consumption of harmful goods; or
3. Ensure that all types of consumers have the ability to evaluate the environmental composition of goods.

Competitors' Environmental Activities Pressure Firms to change their Environmental Marketing Activities. In order to get even with competitors claim to being environmentally friendly, firms change over to green marketing. Result is green marketing percolates entire industry.

Cost Factors Associated With Waste Disposal or Reductions in Material Usage Forces Firms to Modify their Behavior. With cost cutting becoming part of the strategy of the firms it adopts green marketing in relation to these activities. It may pursue these as follows:

1. A Firm develops a technology for reducing waste and sells it to other firms.
2. A waste recycling or removal industry develops.

### **THE FUTURE OF GREEN MARKETING**

There are many lessons to be learned to avoid green marketing myopia, the short version of all this is that effective green marketing requires applying good marketing principles to make green products desirable for consumers. 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 products have avoided green marketing myopia by Following three important principles:



### **CONSUMER VALUE POSITIONING**

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

### **CALIBRATION OF CONSUMER KNOWLEDGE**

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

### **CREDIBILITY OF PRODUCT CLAIM**

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

### **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 developing countries like India.

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