Green Marketing: A Marketing Mix Point of View

Mohammad Solaiman¹, Abdullah Osman² and Mohd Suberi Bin Ab. Halim³

ABSTRACT

This paper tries to provide an overview of green marketing from marketing mix point of view. The aim of green marketing is to include environmental issues in the marketing efforts. The idea is that marketers provide consumers with better information about the green properties of the products offered and then they will include this information in their purchasing decisions. This will consequently push companies to produce products that are better from an environmental point of view. Consequently companies have executed various green marketing strategies to meet the demands of environmentally sensible customers as they are very much aware of what they are consuming. For this reason they demand such products that are environment friendly and organizations are bound to meet the requirements for their survival in today’s competitive market. Companies that use the extreme green strategy fully incorporate environmental issues and responsibility into their business strategies and address issues related to marketing mix for the environment. Strategic greening in one area may or may not be leveraged effectively in others. So, organizations must ensure that green marketing activities are assimilated holistically, especially if they are used in positioning or promotional activities.

Keywords: green marketing, environment, marketing mix

1. INTRODUCTION

The concept of “green marketing” appeared in the late 1980s (Peattie & Crane, 2005). It refers to a firm’s efforts at designing, promoting, pricing and distributing products that will not harm the environment (Pride & Ferrell, 1993). According to Welford (2000), green marketing is the management process responsible for recognizing, anticipating and meeting the requirements of customers and society in a profitable and sustainable way. Most scholars describe green marketing using many terms like ecological marketing, environmental marketing and even responsible marketing. All these terms have a common focus on the exchange process that both the parties should ensure the wellbeing of environment. It is because of the fact that the rise of environmental consciousness, environmental issues have become valued and

¹ MOHAMMAD SOLAIMAN, School of Business Innovation and Technopreneurship, Universiti Malaysia Perlis, solaimannktgcou@yahoo.com
² ABDULLAH OSMAN, School of Business Innovation and Technopreneurship, Universiti Malaysia Perlis, abdullahosman@unimap.edu.my
³ MOHD SUBERI BIN AB. HALIM, School of Business Innovation and Technopreneurship, Universiti Malaysia Perlis, suberi@unimap.edu.my
mainstream (Chen, 2010). Whether or not these definitions and related practices look for advancing the quality of life of the world’s citizens or improving the natural environment remains imprecise. An effective definition of green marketing, therefore, must integrate transformative change that creates value for individuals and society as well as for the natural environment.

Many firms are concerned with the effectiveness of adopting green marketing strategies and environmental appeals on consumer behavior (Chen & Chai, 2010; Lee, 2009). Many studies on consumer behavior have focused on the environmental issues (de Grosbois, 2012; Goldstein et al., 2008; Han & Kim, 2010; Lee et al., 2010; Kang et al., 2012; Kim & Han, 2010; Manaktola & Jauhari, 2007; Rahman et al., 2012; Robinot & Giannelloni, 2010). The central character of green marketing is green consumer as firms try to understand and respond to external pressures to increase their environmental performance (Peattie, 2001a). Academic studies on green marketing began in the 1990s and the majority have focused on concepts and approaches (Polonsky, 1994; Peattie, 2001; Peattie & Crane, 2005; Rex & Baumann, 2007) the evaluation of green marketing strategies (Polonsky & Rosenberger, 2001; Rivera-Camino, 2007), green marketing’s relationship with customers (Laroche et al., 2001; Ginsberg & Bloom, 2004; D’Souza et al., 2006; Lee, 2008) and its application (Johri & Sahasakmontri, 1998; Teisl et al., 2002; Gurau & Ranchhod, 2005). Consequently companies have executed various green marketing strategies to meet the demands of environmentally sensible customers. Some companies have designed green products as per market demand or have developed products that save energy and resources during the production process (Porter, 1991). Some companies have made advertisements that reflect their commitment to environmental protection (Kangun et al., 1991). Marketers also set higher prices for their green products to balance consumers’ sensitivity to cost against their willingness to pay more for the product (Lampe & Gazda, 1995). Other companies have found ways to lessen pollutants and save resources during the transportation of products to market (Bohlen et al., 1993). Menon and Menon (1997) suggest that green marketing activities can occur at three levels in the firm: strategic, quasi-strategic and tactical. In strategic greening, there is a substantial fundamental change in corporate philosophy. Quasi-strategic greening entails a substantial change in business practices. With tactical greening, there is a shift in functional activities, such as promotion. In times of drought, water authorities might use promotional campaigns to encourage consumers to behave in a more responsible, water-efficient fashion. These three levels can be used to identify the amount of change a firm requires and may reflect the degree of commitment to various environmental objectives.

2. CATALYSTS OF GREEN MARKETING

Customers are very much aware of what they are consuming. For this reason, they demand such products that are environment friendly and organizations are bound to meet the requirements for their survival in today’s competitive market. McDonald’s replaced its polystyrene clamshell packaging with waxed paper in direct response to
consumer concern over CFCs produced in making polystyrene, even though scientifically it might not have been the most ecologically responsible decision (Polonsky & Philip, 2001). Sometimes, it is seen that organizations follow their competitors. If one competitor takes a new initiative, others may try to adopt it. As environmental concern is now an important issue, firms are thinking green initiative as an opportunity and leveraging this in their marketing mix and some organizations have become successful adopting green marketing in their business policy. Some studies have tried to determine the motives and reasons behind green marketing. Shearer (1990) indicates that a main driving force behind the implementation of green marketing is that some organizations perceive it as an opportunity to achieve their objectives. Other driving forces include a company’s moral obligation (McIntosh, 1990), pressure from government bodies and competitors (Delmas & Toffel, 2008) the potential to improve revenues (Bansal & Roth, 2000; Kuo & Dick, 2010), the opportunity to save on costs (Kuo and Dick, 2010) and the opportunity to form a positive image (Saha & Darnton, 2005). Despite the reasons for adopting a green marketing strategy, certain barriers including the confusion of environmental information and its low credibility have been found to influence the effectiveness of green marketing (Moisander, 2007). Green marketing got importance due to the environmental damage and the media, public opinion and social concern for the environment, social forces and the greening of business, green political power, and environmental law. A major catalyst of public opinion to preserve the environment has been environmental damage or the threat of environmental harm. These events are usually carried to the public by the media. The media's influence is not just limited to coverage of 'catastrophic' environmental threats and events. A study in the UK found that the word 'green' was used 3617 times in selected newspapers and magazines in June 1984. By June 1989 'green' was mentioned 30,777 times by the same publications (Smith, 1990). Popular entertainers, television and film professionals and non-profit environmental advocacy groups have all used the media to advance pro-environment themes (Blumenfeld & Gilbert, 1990). Media coverage of the environment may be the driving force in what environmental issues concern the public. Public concern for the environment grew much faster than for any other issues. Business receives most of the blame for causing pollution problems, because of its manufacturing operations and the products it uses. But vast majorities also criticize government for being careless in enforcing regulations and consumers for being more interested inconvenience than the environment. Public concerns have translated into strong forces for the environment including green political power and green consumerism.

Political leaders promoted the environmental cause. Public opinion has had an important influence on environmental public policy-making. Politicians are directly responsive to the voters when opinion polls indicate increasing support for environmental issues. Pressure groups such as different clubs and environmental protection movement organizations play a key role influencing government. Green political power has resulted in the proliferation of environmental laws. Since most of these laws require businesses to protect the environment, they also provide a green marketing opportunity. Some companies join green lobbyists to support stricter
environmental regulations. In addition to the forces of politics, law and consumers, pressures on business to protect the environment emanate from investors and employees including all levels of management. In the world, socially responsible investing is a growing trend. Individual and institutional investors may avoid companies with a poor environmental record or seek those with a positive environmental performance. Such choices are made for both ethical and financial reasons. Stockholders are offering an increasing number of environmental resolutions at annual meetings (Sheets, 1990). Companies have encouraged and reinforced green behavior by employees through various management initiatives. "Classroom training, awareness programs and performance appraisal systems that tie compensation to participation in environmental protection programs are some of the ways companies are encouraging managers and employees to become involved in environmental issues" (Blumberg, 1990). Companies have created positions for 'green' executives and expanded employee duties to cover environmental responsibilities (Lublin, 1991). Globally companies are reassigning a higher status to environmental management and weaving it into all levels and functions of their corporate structure (Ghahremani, 1990). These forces and institutional pressures from investors and employees (including management), have been major catalysts for the greening of business, which, in turn, has given rise to the concept of green marketing.

3. WHY GREEN MARKETING

Green marketing is defined as the marketing response to the environmental effects of the design, production, packaging, labeling, use, and disposal of goods or services. The perception of many business leaders is that green marketing is profitable. A 1989 Gallup poll of Fortune 500 executives found that 58% said their customers would pay more for products with recyclable packaging or components (Schorsch, 1990). An executive for Procter and Gamble's European operations, comments: "Companies that do not take up the environmental challenge will initially lose market share" (Evans, 1990). There is a growing realization that, in addition to green marketing, the environment also offers an opportunity for the development and sale of green technology to other businesses and government (Sheets, 1990). "For farsighted companies, the environment may turn out to be the biggest opportunity for enterprise and invention the industrial world has seen" (The Economist, 1990a). German companies, with their nation's head start, have already benefited from the sale of 'green' technology (Evans, 1990). For an increasing number of companies the environment is becoming an integral part of business strategy and green marketing is a key element of that strategy. Key opportunity that can arise from engaging in green marketing is to create a new playing field with few, if any competitors. In going green, a firm can generally do several things: lower costs, differentiate it or revitalize it. There are several fundamentals for creating a competitive advantage and going green could present a three-for-one opportunity (Polonsky & Philip, 2001). First, greening production processes often results in improved resource efficiencies, thus lowering the firm’s cost structure and improving its competitive position. Second, going green enables the firm to differentiate it by offering new products in new markets and/or
offering additional benefits for current products; this may improve its value proposition to the customer and allow it to tap into new customer segments, enhance customer loyalty, and raise profitability— in other words, improve its relative position in the marketplace. Third, the firm can treat the process as an opportunity for corporate self-renewal. However, minimal efforts, especially empty ones seen as green washing are apt to fail and may even put the firm at a competitive disadvantage in the market.

4. GREEN MARKETING MIX

Ginsberg and Bloom (2004) used the primary marketing-mix tools of product, price, place and promotion to divide green marketing into four main strategies: (1) the lean green strategy, (2) the defensive green strategy, (3) the shaded green strategy and (4) the extreme green strategy. According to scholars, companies that adopt the lean green strategy do not do much to promote their green initiatives and try only to reduce costs by implementing environmental programs. Companies that use the defensive green strategy do so as a precautionary measure to respond to external pressures from competitors and environmental groups. When the shaded green strategy is used, companies normally focus on long-term benefits and view green activities as opportunities to create innovative products and technologies. A well-developed system is also used to achieve the desired outcomes. Finally, companies that use the extreme green strategy fully incorporate environmental issues and responsibility into their business strategies and address issues such as pricing, quality and manufacturing for the environment.

4.1 Green Product

Green products namely, environmentally friendly products or environmentally conscious products are referred to as products designed to lessen the consumption of natural resources required and minimize the adversely environmental impacts during the whole life-cycles of these products (Albino et al., 2009; Janssen & Jager, 2002; Tsai, 2012). Driven by environmental concerns more and more customers are inclined to purchasing green products and even willingly pay comparatively higher prices for these products (Chen, 2008; Zhou & Schoenung, 2007). Before developing green products and pursuing market opportunities after producing them, firms are urged to take both environmental sustainability and profit into consideration (Albino et al., 2009; Bansal & Roth, 2000). In academic circles likewise, much research regarding green marketing has been proposed (Bamberg, 2003; Chan et al., 2008; Diamantopoulos et al., 2003; do Paço & Raposo, 2010; Flamm, 2009; Han et al., 2010; Mostafa, 2007; Peattie, 2001a; Roberts, 1996; Roberts & Bacon, 1997; Tanner & Kast, 2003; Wong et al., 1996). These studies have concentrated on targeting green customers with an aim to promoting the sales of green products. Yet, despite the scholarly attention paid to green issues, the market shares of many green products have not increased significantly in accordance with academic interest and pursuit over the past decade (Brécard et al., 2009; Peattie & Crane, 2005; Rex & Baumann, 2007; Sheth...
et al., 2011). A major reason for this lies in the fact that many green products in the market place cannot fulfill customers’ expectations and get their purchase because gaps exist between customers’ expectations and their perceptions of green products (D’Souza et al., 2006; Horie et al., 2005). Simon Williams, the CEO of The Michael Peters Group, indicates that there are four areas that help to define a product as being green: (1) content (2) structure and packaging (3) message and (4) positioning (Mathews, 1990).

4.1.1 Labeling

A very important area of consideration has been the area of eco-labels, labeling which certifies that a given product is environmentally safe or friendly. A key consideration is whether this labeling should be done by a private, independent and presumably impartial organization or whether it should be done by a government entity. Another consideration is whether there should be a single label for the whole country or several labeling organizations. The approach varies from country to country.

4.1.2 Packaging

An important part of the total product for many companies is the packaging which not only provides information but also serves as a type of promotion for the product. The packaging also is a major source of environmental waste. Much of the green marketing discussion, both in Europe and the US is over excessive packaging and the material that the packaging is made of. The demand for recycled or recyclable materials shows it is important to consumers. Many companies in the US have instituted green packaging campaigns mainly because of consumer and consumer group pressure. McDonald’s switched from plastic foam containers to paper wrappers on its hamburgers. A much more significant prompting is coming from government pressure. The recycling law has companies’ worldwide concerned about its eventual impact. In 1991 a provision took effect that required companies selling in Germany to "collect and recycle packaging used to transport their goods or to pay someone else to do it." A law, effective, 1993, required the collection and recycling of consumer packaging (Havemann, 1992). German consumers can strip off secondary packaging in the store and it must be collected and recycled. The aim is to prompt significantly reduced packaging (Goflon, 1991). Green dots on a package signify that the manufacturer will recycle the package. It also reminds consumers to deposit the package in conveniently located recycling bins.

4.2 Green Pricing

Pricing of green marketing is important and considering the fact that they support environmental friendliness so the value can be added to the product for changing its appearance, functionality and through customization, etc. (Shrama & Goyal, 2012). The pricing of green oriented products has typically been higher than conventional products to reflect the added costs of modifying the production process, the packaging or the disposal process. An additional reason for higher prices was the perception that
consumers would pay more for green products. Surveys indicate that consumers say that they will pay from 7 to 20% more for environmentally friendly products (Reitman, 1992). But the relationship between attitudes and behavior has always been an important one for marketers and it appears to be significant when one considers green marketing activities. This discrepancy may explain the fact that consumers are unwilling to pay more for green products, even though they continue to say they will. The customers are also aware of the benefits upheld by green products so even they are willing to pay higher prices for the benefits associated with the green products.

4.3 Green Promotion

Green promotion needs to communicate substantive environmental information to consumers that has meaningful links to corporate activities. As such, it is unlikely to be an effective strategic tool unless it is supported by other corporate activities. Thus, promoting some real environmental attribute of a product or firm requires a change in the product, process or corporate focus. Such changes do not have to be strategic in nature. Environmental communication can be used to communicate tactical activities, such as relevant environmental sponsorships or minor product modifications. The goals of such activities need to be clear and the firm must be careful not to over claim. Otherwise, consumers may perceive these activities as green wash and ignore the promotion or even punish the firm by boycotting products or complaining to regulators. It has been suggested that "catering to environmental worries might be the hottest sales strategy. A major problem for marketers and the consumer has been the confusion with many of the environmental terms used in promoting products. Terms such as biodegradable, recyclable and environmentally friendly have come under harsh criticism and now, in many cases are being avoided by companies because of the difficulty in defining and documenting them. What began as positive promotion has turned into negative publicity in some cases. Many companies have simply stopped promoting the environmental advantages of their products. Even though guidelines are issued, this may not really help much in clarifying green claims. This pinpoints a real problem for marketers and their ability to properly promote their green actions and products. The problem facing companies attempting green marketing is that consumers do increasingly not believe environmental claims. Perhaps part of the answer lies in the fact that when looking at information about the environment, consumers are least likely to believe information that corporations supply them in advertisements, on product labels, or printed on packaging. One trend, however, has been the opening of green retail stores which stock environment oriented products. One of the first and the most successful, is the Body Shop started by Anita Roddick in the UK. They do not use traditional mass media advertising, but instead use a variety of other promotional and publicity methods. They have signs and leaflets in the stores, and promote by T-shirts worn by employees. While companies have been backing away from green claims, they have been attempting to better target green consumers. A process called 'environmental targeting' attempts to identify consumers who are most likely to buy green products. They sell advertisements on buses and commuter railroads in specific areas to target environmentally oriented consumers. Their program is appropriately called Green
Targeting. It is an example of the increasing interest that companies are paying to green consumers.

### 4.4 Green Distribution

Green distribution is about managing logistics to cut down on transportation emissions, thereby in effect aiming at reducing the carbon footprint. For example, instead of marketing an imported product to a country, it can be licensed for local production. This avoids shipping of the product from far away, thus reducing shipping cost and more importantly, the consequent carbon emission by the ships and other modes of transport. An important part of the distribution process for green products is through retailers who sell the goods to the end consumers. In many instances they share the responsibility of the claims made by the manufacturers of green products. For this reason, it has been suggested that retailers help verify the claims as an aid to the consumer (Supermarket News, 1992). Wal-Mart stores were one of the first retailers to develop their own green line of products and require that manufacturers meet certain criteria.

### 5. CONCLUSION

Green marketing is a natural outgrowth of growing societal concern over the environment and is still in its infancy and likely to be a growth area because of the persistent nature of our world's environmental problems. Commitment by business organizations to improve the environment and consumer support of these efforts through the purchase of green products, are keys to the future of green marketing. When firms view environmental objectives on the same level as other corporate objectives, the green issues are incorporated into the firm’s strategy and then integrated into its tactical activities. Companies must consider the environmental impact of a product throughout its complete life cycle. Every aspect of the product: design, production, packaging, use and disposal, provides an opportunity for a company to not only protect the environment but also benefit from positive consumer attitudes towards the environment. Not all consumers are strongly influenced by green marketing. Ultimately, green products will generate the greatest sales advantage if their price point is close to similar, less environmentally friendly, products. Thus, more efficient means of development and production will be necessary to assure reasonable profit margins. Managers, in selling and promoting green products, should expect to be met by an increasingly suspicious consumer. Claims must be substantiated if they are to have the desired positive effect. The development of common and easily recognized standards for green products will help in this process. Non-commercial sources of information on the benefits of green products such as universities and TV, radio and newspaper news reports will also build consumer confidence. Just like any integrated marketing communication approach, green marketing must involve extensive coordination across functional areas to be effective. Strategic greening in one area may or may not be leveraged effectively in others. Organizations must ensure that green marketing
activities are integrated holistically, especially if they are used in positioning or promotional activities. Thus, care must be taken while implementing green marketing.

REFERENCES


