

REVIEW ARTICLE

Implementation of the Green Marketing Concept: A Synthesis of Literature

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Abstract

Business logic for green marketing has been largely operational or technical; however, some executives see environmental opportunities as a major source of revenue growth. Levels of pollution are relatively low in developed countries, as a result of stringent regulations, the greening of most industries, and the relocation of most polluting activities to emerging market economies. To some extent, the greening of the developed world has been successful as most of its consumers are enlightened and appreciate a green environment. The situation is however different in most developing economies/emerging markets. This conceptual paper examined the greening concept by discussing the increasing concern for environmentally safe packages and products, greening the marketing strategy as well as what should be avoided in developing green marketing programmes. It is concluded that environmental sustainability is not simply a matter of compliance but the need for businesses accept the fact that competitive advantages and business opportunities could be gained from eco-sustainability and green marketing.

Keywords: *Green marketing, Emerging markets, Competitive advantage, Green environment.*

Introduction

Increasing consumer concern about the environmental effects of various products, especially in industrialized countries, have led to some form of response from manufacturers when advertising their products. Conserving resources and limiting waste have become just as important to customers as value and quality. Marketing materials are by far a big consumer of resources and a process that creates waste. In an attempt to change this paradigm, many products are now labelled as environmentally friendly, ozone friendly or chlorofluoro carbon free to additional create value. The tendency towards paying attention to very little environmental issues in the total product is noted. Also, free trade requirements increasingly circumscribe or reduce the ability of countries to achieve environmental protection if the domestic rules are shown to discriminate against the import.

Many countries, especially those in the developed world have passed laws either banning the use of non-refillable containers or requiring deposit for containers ranging from milk to soft drinks and other alcoholic beverages. Other legislations on toxic emissions and waste disposals have forced industries to include environmental agenda in their production processes. Consequently there has been a surge in green marketing over the pass

decade. In the United States, UK and Australia, for instance, several companies aggressively market their "environmental friendliness," and their consumers are also willing to pay more for such products. Responsibility, trends of conservations, consumer choices of goods and services, tastes and preferences and value will continue to grow in the business marketing arena. Indeed every marketer is now responding to the explosion of environmental consciousness by wrapping themselves in green colours.

Despite the recent concerns about the need to embrace the green marketing ideology and practice, the situation in developing countries like Ghana needs much to be desired as streets, gutters, home and community surroundings are filled with non-decomposable product packs. Ghana is gradually turning into a dumping ground for all sort of electrical gadgets, plastic products, and other dangerous items, all in the name of donations and through the operations of some business activities. The focus of this paper is to discuss the need for some listed Ghanaian firms to adapt green marketing practices and the practical challenges and implications for the company adapting it. It will also look at green marketing best practices and their impact on business operations and further suggest some strategies for a sustainable universe.

Theoretical Review

The concept of green marketing (otherwise referred to as "environmental marketing" or "ecological marketing") has been around since the 1970s. The idea did not fully catch on until the 1980s, when rising public interest in the environment led to a demand for more green products. The American Marketing Association (AMA) held the first workshop on "Ecological Marketing" in 1975. The proceedings of this workshop resulted in one of the first books on green marketing entitled "Ecological Marketing" [1]. In spite of its growing popularity, the green marketing movement faced serious setbacks in the late 1980s as a result of many industries making false claims about their products.

Without environmental labelling standards, consumers could not tell which products were truly beneficial. Consumers ended up paying extra for misrepresented products. The media came up with the term "green washing" to describe cases where organizations misrepresented themselves as environmentally responsible. During the late 1990s, green marketing received a large boost in America when an executive order was issued, directing federal offices to purchase recycled and environmentally preferable products. Examples of some environmentally-beneficial products and services include paper containing post-consumer wastepaper, cereals sold without excess packaging, cleaning supplies that do not harm humans or environment, wood harvested from sustainable forests, energy-efficient light bulbs, and energy-efficient cars.

The challenge for marketing therefore is in twofold. In the short run, ecological and social issues have become significant external influence on companies and the markets within which they operate. Companies have to react to changing customer needs, new regulations and new social zeitgeist that reflect increasing concern about the socio-environmental impact on businesses. In the longer term, the pursuit of sustainability will demand fundamental changes to the management paradigm which underpins marketing and the other business functions.

The root of green marketing can be traced back to the wave of environmental concern of the 1970s. It was largely concerned with those industries with the most severe environmental impacts, and with developing new technologies to alleviate particular environmental problems. The integration of environmental concern into

marketing theory and practice is also viewed by some as simply an extension of the societal marketing concept. However, it is more helpful to view the concept of 'green marketing' which has developed as a response to the green movement of today, as something which integrates and expands upon the ideas embedded in the ecological and societal marketing concepts.

Defining green marketing is not a simple task as several meanings intersect as well as contradict each other. This is due to the existence of varying social, environmental and retail definitions attached to this term. Some definitions have described green marketing as:

- The holistic management process responsible for identifying, anticipating and satisfying the needs of customers and society, in a profitable and sustainable way.
- The actions of companies to ensure that their production processes do not harm the environment. The product that comes out at the end of the production processes is then proffered as environmentally friendly.
- A way to use the environmental benefits of a product to promote sales.

According to the American Marketing Association (AMA), 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 campaigns.

The green marketing concept is similar in most respect to the societal marketing concept. This is because both focus on the need to use marketing effort to promote societal well-being. However the key differences between the green marketing concept and societal marketing lie in:

- An emphasis on the physical sustainability of the marketing process, as well as its social acceptability.
- A more holistic interdependent view of the relationship between the economy, society and the environment.
- An open-ended rather than a long term perspective.
- A treatment of the environment as something with intrinsic value over and above its usefulness to society.
- A focus on global concerns, rather than those of particular societies.

In both the ecological and societal marketing concepts, the emphasis on socio-environmental issues for marketers has mostly been framed in terms of cost and constraints. Another important new dimension that green marketing introduced was an emphasis on socio-environmental issues as a potential source of innovation and opportunity for marketers (www.wikipedia.org). A sustainable approach to consumption and production involves enjoying a material standard of living today, which is not at the expense of the standard of living of future generations. It is a deceptively simple concept comprising two parts:

- Using natural resources at a rate at which environmental systems or human activities can replenish them (or in the case of non-renewable resources at a rate at which renewable alternatives can be substituted in).
- Producing pollution and waste at rate which can be absorbed by environmental systems without impairing their viability.

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 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 with the emphasis on sustainability issues.

For the purpose of this paper, Green marketing would be defined as developing and promoting products that satisfy customers' wants and needs for quality, performance, affordable pricing and convenience without having a detrimental impact on the environment.

Green Marketing and Corporate Profit Motive

Firms may choose to adopt green marketing strategies due to normative reasons and pressures from their nonmarket environment. This is because its goal is to maximize shareholders' wealth. But, institutional theory focuses on the impacts of nonmarket institutions on firms' policies. It suggests that firms are not always profit maximizers; their policies often reflect external pressures for legitimacy. To win the trust of external institutions, firms could have a compelling rationale to green their products/policies and to provide adequate and

verifiable information to consumers on these subjects.

Firms have societal responsibilities that may or may not reinforce the profit objective. Firms green their products/ policies because they wish to be socially responsible-these are the 'right or ethical things to do'. Such policies may or may not generate quantifiable profits in the short run.

However, in the long run, socially responsible policies could have economic payoffs. Similarly, stakeholder theory suggests that firms should design policies that take into account the preferences of multiple stakeholders-stakeholders being 'any group or individual who can affect or is affected by the achievement of the organization's objectives'. Thus, firms will green their products/policies/processes and disclose adequate and credible information, if stakeholders demand it. Retailer in the UK have taken the lead in offering environmentally considered choices: the reusable shopping bag, green points for customers, carbon-cutting initiatives, better packaging and policies that support animal welfare. Marks and Spencer, for example is making moves into green energy. In 2009, green consumerism was worth £35.5bn, according to the Co-operative Bank's *Ethical consumerism* report. A survey conducted by Gyro International in 2009 found that only 28 per cent of UK consumers are "willing to pay a premium for environmentally friendly products or services". The study also found out that 30 per cent of UK consumers are more likely to pay a premium for "green" goods given the current economic climate as at the time, set against 32 per cent who would not.

Enviropreneurial marketing strategies; the processes for 'formulating and implementing entrepreneurial and environmentally beneficial marketing activities with the goal of creating revenue by providing exchanges that satisfy firms economic and social objectives has been suggested as an effective strategy for this purpose as it could help firms to pre-empt command-and-control regulations that often hurt their profits and enable them to shape future regulations, thereby reaping first-mover advantages. Championing stringent product and process standards will be attractive to technologically advanced firms since they could claim to be virtuous, and at the same time, raise rivals' cost of entry-the assumption being that higher standards will lead to stringent regulations. Toward this end, firms could rally support from key stakeholders that are often anti-business. Thus, firms pursuing economic

objectives could strategically employ institutional, stakeholder and/or CSP arguments for adopting green marketing.

Psychology of Consumers in the Green Market

The concept and the practice of greening can only gain root if consumers accept and share its philosophy. But public understanding of buying environmentally friendly goods/services is due an overhaul. Phillips, (1999) found that 87% of U.S. adults are concerned about the condition of the natural environment. Similarly Ottman, [2] discovered that 80% of U.S. adults believe that protecting the environment will require major changes in current life-styles; and 75% consider themselves to be environmentalists. Posited that consumers are willing to pay premiums for green products because consumers often prioritize green attributes over traditional product attributes such as price and quality. This is confirmed by who found that 50% of Americans claim to look for environmental labels and to switch brands based on environment-friendliness. But is questioned whether such claims and attitudes always translate into actual behaviors exhibited by consumers. This is because consumers are induced by so many factors in making purchasing decisions including social, psychological and economic factors. The opportunity in marketing sustainability is in making people more aware of the true environmental impact of everyday things they buy especially about the true cost.

Porter and Van Der Linde [3] claim that green policies/products are profitable: green policies can reduce costs; green firms can shape future regulations and reap first-mover advantages. However, this does not seem to be the norm within and across most industries. However, as was posited, many believe that green policies are expensive; especially after the initial gains -the 'low hanging fruit' -in reducing end-of-the-pipe pollution have been harvested. As a result, firms often need to charge premium prices for green products. Of course, if green products were cheaper than other products, their premium pricing would be less of an issue for consumers. When customers appreciate the benefits to the environment and their own health of eating organic foods the premium no longer seems like simply paying extra.

Many researchers including have tried finding out if consumers regard greenness of products/firms as 'hygiene' or 'motivating' factors, and to what extent do green products create social benefits or

impose private costs. Using Maslow's (1943) theory as was extended by, Herzberg (1966) indicated that a key challenge for marketers is to understand whether consumers view firm/product greening as motivating factors (their presence induces consumers to purchase a given product; preference for a product is an increasing function of the greening level) or hygiene factors (their absence may bother consumers but, after a low threshold of greening, the preference for a product is not an increasing function of the greening level). If consumers favor firms with green policies (for example, ISO 14001 certification) or green products (for example, products with a higher percentage of recycled inputs), green policies/products are motivating factors. He concluded that managers have economic justification to ensure that their products are greener than their competitors if they are to attain competitive advantage over them.

On the contrary, if consumers do not care much about who is greener, but penalize firms that violate environmental laws or emit high levels of toxins, then greenness is a hygiene variable. The task of management is to obey environmental laws, stay out of trouble with the regulators and avoid bad press by undertaking minimal beyond-compliance initiatives. The practice of green marketing has both *societal* benefits and *private* costs on firms. The wealth maximization goal of the firm is defeated if such costs are not recovered by passing it to the consumers. But the other side of the issue is whether consumers are ready to bear increased *direct* costs (as opposed to *indirect* costs imposed by environmental regulations or more stringent product standards) either for societal well being or due to their skepticism about firms' environmental claims. As puts it, except for an expanding number of niche markets, consumers resist paying premiums for green products. In effect how ready consumers are aware of or willing to pay the price for the green product will bring about the success or failure of the ideology in the society.

It seems logical for marketers, when faced with a population professing increased environmental concern, to respond by trying to identify 'green consumers' and finding out what motivates purchases of environmentally marketed products. Many market research agencies have identified many factors as influencing the purchasing behaviour of green consumers to include: changing consumer values, demographic factors, knowledge of environmental problems and alternative products, perceived personal relevance,

and the ability of the individual to make an effective contribution. The difficulties in isolating green consumer behaviour reflect several factors:

- It overlooks the point made that all consumers (barring a few who enjoy contrariness for its own sake) are "green consumers" in that, faced with a choice between two products that are identical in all respects except that one is superior in terms of its eco-performance, they would differentiate in terms of the environmentally superior product.
- By attempting to relate the consumer's environmental concern to purchases, marketing researchers may be looking in the wrong place. Many of the most significant contributions that consumers can make towards environmental quality come in product use, maintenance and disposal, or in delaying or avoiding a purchase through a 'make do and mend' mentality.
- Environmental improvements in products are often entangled with economic or technical benefits. Therefore drivers may choose lead-free fuel for environmental or economic reasons, or people may choose organic foods for reasons of environmental concern, personal health concern or simply for the taste benefits.
- Many green purchases involve some form of compromise over conventional purchases. The compromise can take a variety of forms including paying a green premium; accepting a lower level of technical performance in exchange for improved eco-performance (e.g. rechargeable batteries provide less power but are ultimately cheaper and greener); travelling through non-standard distribution outlets.

Where there is a compromise involved in making a greener purchase, a key factor that determines whether or not this is acceptable to customers is the confidence they have in the environmental benefits involved. Customers will need to be confident that the environmental issues involved are real problems; the company's market offering has improved eco-performance compared to competitor or previous offerings; and purchasing the product will make some sort of material difference.

Analyzing green purchases in terms of the compromises and confidence involved can help to explain some of the inconsistencies in the research findings into green consumer behaviour. It is obvious that we cannot have an effective green market unless and until we have a truly competitive market in general. This will require all of the following:

Low Entry Barriers

Every effort must be made to keep entry barriers as low as possible. This means that there need to be a large number of competitors in every local market to curb market power. This is particularly important to renewable energy because, if markets are competitive, it is expected that entrepreneurs will try to break into the market using the environment and some renewable as a marketing hook. But if entry is blocked, consumers will never be presented with real choices. The electricity industry is a clear cut example of this situation as naturally high entry barriers exist because of its inherent capital-intensity, the long lead time that is required for new projects, the associated siting and permitting difficulties, and so forth. That is, there's no easy exit and entry to begin with in this market.

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," consumers must have information that is good enough to allow them to make comparison and shop among suppliers on the basis of their costs and the environmental characteristics of their resource portfolio. This necessarily requires disclosure of fuel sources and emissions not just for those claiming "greeness," but for all suppliers. Without uniform disclosure requirements, the burden will fall on green marketers to investigate their competitors' portfolios and educate consumers about them. This is a difficult and expensive task and, even if undertaken, consumers may not trust marketers' claims. Verifying marketers' claims will be a task too formidable for most environmental groups, especially local ones, and many will be unwilling to spend their limited resources for this purpose. So, without uniform disclosure requirements, consumers may have no reliable source of information to give them confidence in marketers' claims and the green market in general. If consumers are mistrustful of green claims, then the green market will be undermined, as interests in disclosure requirements give legitimacy and value to its product.

Corrected Market Failures

A market in which renewables get no credit for their public benefits -environmental, energy security, and fuel price stability benefits - is one that will seriously hinder the development of renewables. Even perfectly competitive markets

only work well when consumers receive the benefits of the goods they pay for and not to people who are not paying for them. This is the classic public goods problem that underlies virtually every environmental law, even in markets with relatively low entry barriers. While there will be some people who will be altruistic enough to pay more to make everyone else's air cleaner, it is no more realistic to expect green marketing to substitute for renewable energy policy than it is to expect green marketing to substitute for the Clean Air Act, even though, if all consumers acted according to their values, that would be true.

A Market Steered to Society's Goals

Another prerequisite to creating the conditions for an effective green market is that markets need to be directed to achieve, through policy, the minimum goals that society wishes to achieve. Consumers express a willingness to pay more for environmentally friendly products. Policy is often necessary to give consumers meaningful choices, especially when the environment is involved, especially with renewables. For instance, in order for consumers to have the choice of purchasing renewable energy, there must be strong renewable energy industries. Given the high entry barriers in the electric industry, it must be ensured that a meaningful base of renewables is built into the system and paid for by all.

The Greening of Marketing Strategy

The evolution of the green challenge has brought about a change in the relationship between marketing and the physical environment. The environmental concerns of the 1970s inspired a raft of legislation and relatively reactive response among companies. The emphasis was on compliance and bolting-on "end-of-pipe" technologies to alleviate pollution. The focus was on issues relating to production rather than to the scale and nature of consumption. Therefore, for marketers it was easy to dismiss the challenge as something to concern the production engineers and corporate lawyers. Environmental response was viewed as an additional cost burden and an operational issue, concerned with a relatively small number of "front-line" industries such as oil, chemicals and cars.

During the 1980s and 1990s, a more productive style of corporate response emerged, and the front line broadened to include a much wider range of industries. Companies began to recognize that environmental responsiveness is something that customers, investors and other stakeholders take

an interest in, and which can provide opportunities for innovation and competitive advantages. As the environment emerged as an issue of strategic importance, and one with the potential to influence the attitudes and behaviour of consumers, so did marketers increasingly begin to take an interest. However, much of the early response among marketers was rather superficial, in seeking to connect particular attributes of existing products to the environmental concern being expressed by customers.

Marketers' response to the green agenda is sometimes proactive and sometimes reactive. Reactive strategists tend to emphasize compliance with legislation, and responding to any specific customer pressure for improvements to socio-environmental performance. Proactive strategists tend to emphasize communication with stakeholders, keeping ahead of legislation and customer demands for improvement, and participation in debates about social and environmental issues.

The Four Ps Strategy for Green Marketing

According to Narayana and Babu [4] when companies come up with new innovations like eco friendly products, they can access new markets, enhance their market shares, and increase profits. The 4Ps (product, place, price and promotion) are applied in green marketing too, but they are a bit different. Green marketers must address the 4Ps in innovative ways.

Product Strategy

The products have to be developed depending on the needs of the customers who prefer environment friendly products. Products can be made from recycled materials or from used goods. Efficient products not only save water, energy and money, but also reduce harmful effects on the environment. Green chemistry forms the growing focus of product development. The marketer's role in product management includes providing product designers with market-driven trends and customer requests for green product attributes such as energy saving, organic, green chemicals, local sourcing, etc

The increasingly wide varieties of products especially those made from recycled goods support sustainable development. Entrepreneurs wanting to exploit emerging green markets will.

- Identify customers' environmental needs and develop products to address these needs;
- Develop environmentally responsible products to have less impact than competitors.

- Develop products that can be recycled or reused.
- Offer efficient products that save water, energy or gasoline, money and reduce negative environmental impact.
- Develop products with environmentally responsible packaging. McDonalds, for example, changed their packaging from polystyrene clamshells to paper.
- Offer products with green labels, as long as they offer substantiation and differentiation
- Offer quality organic products for which many consumers are prepared to pay a premium. Organic boosters, for example, promote the added qualities such as taste and tenderness.
- Offer a service that rents or loans products – such as toy libraries.
- Offer certified products that meet or exceed environmentally responsible criteria.

Whatever the product, it is vital to ensure that products meet or exceed the quality expectations of customers and is thoroughly tested.

Price Strategy

Green pricing takes into consideration the people, planet and profit in a way that takes care of the health of employees and communities and ensures efficient productivity. Value can be added by changing the product's appearance, design, features, functionality, and application and through customization. Pricing is a critical element of the marketing mix. Most customers will only be prepared to pay a premium if there is a perception of an additional product value. This value may be improved performance, function, design, visual appeal or taste. Environmental benefits are usually an added bonus but will often be the deciding factor between products of equal value and quality. Environmentally responsible products such fuel-efficient vehicles, water-efficient printing and non-hazardous products, however, are often less expensive when product life cycle costs are taken into consideration.

Place Strategy

Green place 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 mango juice in Ghana 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.

The choice of location and when to make a product available will have significant impact on the customers to be attracted. Very few customers

will offer to buy green products merely for the sake of it. Marketers looking to successfully introduce new green products should, in most cases, position them broadly in the market place so they are not just appealing to a small green niche market. The location must also be consistent with the image the firm wants to project and allow it to project its own image rather than being dominated or compromised by the image of the venue. The location must be differentiated from the firm's competitors. This can be achieved by in-store promotions and visually appealing displays or using recycled materials to emphasise the environmental and other related benefits.

Promotion Strategy

Green promotion involves configuring the tools of promotion, such as advertising, marketing materials, signage, white papers, web sites, videos and presentations by keeping people, planet and profits in mind. British Petroleum (BP) displays gas station which its sunflower motif and boasts of putting money into solar power. Toyota is trying to push gas/electric hybrid technology into much of its product line. It is also making the single largest R&D investment in the every-elusive hydrogen car and promoting itself as the first eco-friendly car company. International Business Machines Corporation (IBM) has revealed a portfolio of green retail store technologies and services to help retailers improve energy efficiency in their Information Technical operations.

Green marketer can attract customers on the basis of performance, money savings, health and convenience, or just plain environmental friendliness, so as to target a wide range of green consumers. Consumer awareness can be created by spreading the message among consumers about the benefits of environmental-friendly products. Positing of profiles related to green marketing on social networks creates awareness within and across online peer groups. Marketing can also directly target the consumers through advertisements for product such as energy saving compact fluorescent lamps.

Promoting goods and services to target markets includes paid advertising, public relations, sales promotions, direct marketing and on-site promotions. Smart green marketers will be able to reinforce environmental credibility by using sustainable marketing communications tools and practices. For example, many companies in the financial industry are providing electronic statements by email, e-marketing is rapidly

replacing more traditional marketing methods, and printed materials can be produced using recycled materials and efficient processes, such as waterless printing. Retailers, for example, are recognising the value of alliances with other companies, environmental groups and research organisations when promoting their environmental commitment. To reduce the use of plastic bags and promote their green commitment, some retailers sell shopping bags. The key to successful green marketing is credibility. Never overstate environmental claims or establish unrealistic expectations, and communicate simply and through sources that people trust. Promote green credentials and achievements. Publicise stories of the company's and employees' green initiatives. Enter or participate in environmental awards programs to profile environmental credentials to customers and stakeholders.

Need and Implication for Adapting Green Marketing Strategy

A growing number of corporate decision makers now appreciate the link between environmental responsibility and more efficient - and profitable - business practices. Stuart Hart, director of the Corporate Environmental Management Program at the University Of Michigan School of Business, explains that companies normally frame greening in terms of risk reduction, reengineering, or cost cutting. He further argued that when greening becomes part of strategy, opportunities of potentially staggering proportions open up. Ottman [5] suggested seven winning strategies of green marketing by challenging green marketers to:

- Do their homework by understanding the full range of environmental, economic, political, and social issues that affect their consumers and the firm's products now and over the long term.
- Create new products that balance consumers' desires for high quality, convenience and affordable pricing with minimal environmental impact over the entire life of their products.
- Empower consumers with solutions. Help them understand the issues that affect their business as well as the benefit the firm environmentally preferable technology, materials and designs.
- Establish credibility for the firm's marketing efforts
- Build coalitions with corporate environmental stakeholders.
- Communicate firm's corporate commitment and project its values.
- Continuously strive for "zero" environmental impact of their products and processes; learn

from their mistakes and not to quit.

Equipped with a better grasp of ecological issues, enlightened business people voluntarily adopt environmentally responsible business practices. Business communicators know how to use green marketing strategies to take advantage of opportunities to boost their corporate environmental images. Among the opportunities of green marketing are the following:

More Profits

Firms may use green marketing in an attempt to address cost or profit related issues. Disposing of environmentally harmful by-products, 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 offers 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.

Many companies and especially those in such highly polluting industries as chemicals, oil, and electrical power generation, now have management systems in place to make sure corporate environmental profiles and products exceed consumers' expectations. For instance, major U.S. corporations conduct environmental audits and recycle their waste. Countless others upgrade their facilities with energy-efficient technologies. Such steps reduce operating costs and liability while boosting profits. Producing eco-efficient products creates less waste, uses fewer raw materials and saves energy, too. The changes required to make and market environmentally sensitive products enhances employee morale and productivity with a payoff in improved customer relations and overall returns on investment. Enhanced corporate imagery ensues, and this can help attract investors and top talent.

Competitive Advantage

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 behaviour and attempt to emulate

this behaviour. In some instances this competitive pressure has caused an entire industry to modify and thus reduce its detrimental environmental behaviour. 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. Many marketers now know that being the first to the shelf with an environmental innovation brings competitive advantage. *Philips Lighting*, inventors of compact fluorescent lighting technology, stood ready when businesses and electric power utilities came calling for replacements for energy-guzzling incandescent.

Many of these leaders have been showered with any number of eco-accolades now offered by industry, media, government or environmental groups. Young, aggressive competitors adept at capturing the imaginations and winning the hearts of highly desirable environmentally and socially conscious customers are introducing some of the most exciting green products.

For the marketing strategist it is vital to understand the potential impact of their business and its customers. It is important to understand the relative strengths and weaknesses of the company's eco-performance. Good eco-performance is important in many markets because it can provide:

- New market opportunities through access to growing green markets.
- Differentiation opportunities.
- Opportunities for cost advantage.
- Niche opportunities.

Increased Market Share

In this tough competitive business climate, environmental compatibility breaks ties at the shelf. Pragmatic consumers skew purchases to those products and packages that must be recycled or otherwise safely disposed of in their communities. All else being equal, many consumers look to do their bit by happily switching brands, or "boycotting" those companies and products deemed environmentally sound and boycotting the brands of companies with disappointing environmental track records. Farese, Kimbrell and Woloszyk [6] posit that a significant number of consumers are willing to pay more for products that are environmentally friendly and ecologically sound as well as remain loyal to such firms. In view of this firms that give heed to this would make the needed profit. Check out the basic brown paper carry-out bags and speckled (recycled) napkins at *McDonald's* and

buy a *Compaq* PC emblazoned with the Energy Star energy-saving designation.

Better Products

While much brand switching is conducted in the name of altruism, what attracts many consumers to greener products is quite simply the prospect of higher quality: water-saving showerheads slash energy bills, concentrated laundry detergents are easier to carry and store, and nontoxic garden products are safer for children. Except these enhanced primary benefits-of performance, convenience, price, and safety, for example-that accompany environmental improvements to continue to propel the market for environmentally preferable products in the years and decades ahead.

Personal Rewards

Green marketing offers a rare opportunity to integrate one's values into the workplace. Creating products that are more in harmony with nature allows one to personally contribute to environmental cleanup and help ensure a more secure future for our children.

Incentives and Growth

Green marketing offers business bottom line incentives and top line growth possibilities. While modification of business or production processes may involve start-up costs, it will save money in the long term. For example the cost of installing solar energy is an investment in future energy cost savings. Companies that develop new and improved goods and services with environmental impacts in mind give themselves access to new markets, substantially increase profits and enjoy competitive advantages over those marketing non-environmentally responsible alternatives.

Corporate Reputation and Product Differentiation

As was put forth by Post, Lawrence and Weber [7], companies that develop a reputation for environmental excellence and that produce and deliver products with concern for their sustainability and attract environmentally aware customers.

Lesser Governmental Pressure

As with all marketing related activities, governments want to "protect" consumers and society; this protection has significant green marketing implications. Governmental regulations relating to environmental marketing are designed to protect consumers in several 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. Governments establish regulations designed to control the amount of hazardous wastes produced by firms. Many by-products of production are controlled through the issuing of various environmental licenses, thus modifying organizational behaviour. In some cases governments try to "induce" final consumers to become more responsible. For example, some governments have introduced voluntary curb-side recycling programs, making it easier for consumers to act responsibly. In other cases governments tax individuals who act in an irresponsible fashion. For example in Australia there is a higher gas tax associated with leaded petrol. Firms that produce environmentally products come under less government pressure and received positive public ratings.

The Practical Challenge -Greening the Marketing Mix

There are a number of potential problems that one must overcome in adapting the green marketing programme [2]. In adapting the green market concept, marketers would have to contend with certain practical problems including:

Green Product Management

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. Green marketing claims must clearly state environmental benefits. A problem of the 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. To create a significantly greener economy, there will need to be a range of new and greener products and technologies. Instead of seeking to ameliorate environmental and social impacts of existing products and technologies through 'end-of-pipe' initiatives, there is a growth and more innovative 'clean technology' solutions. Green product attributes fall into two general categories. First, there are those relating to the social and environmental impact of the tangible product itself. Improving the post-use eco-performance of products requires the integration of opportunities for some or all of the 'five Rs' into the product concept: repair, reconditioning, reuse, recycling and remanufacture. The second category of attributes is those that relate to the processes by which the product is created and the attributes of the

company that produces it.

Green Packaging and Labelling

Packaging has been an obvious starting point for many companies' green marketing efforts, since packaging can often be safely reduced without expensive changes to core products or production processes and without a risk of disaffecting customers. For the reuse and recycling of packaging materials to make a meaningful difference, manufacturers need to ensure that efforts are supported by the infrastructure of collection systems and customer information and education [2].

Labelling has been a particularly important issue within green marketing, with relevance to both promotion and logistics. According to Bovee' and Thill [8], environmentally conscious consumers look carefully at product labelling and packaging. As a promotional device, green labels are often important to provide customers with a simple and trustworthy signal of a product's social and environmental credentials. In terms of logistics, labelling is important in terms of providing customers with information to support their recycling behaviour. For example labelling plastic containers to indicate the type of plastic used makes the recycling process simpler.

Green Promotion

Many companies have sought to promote themselves and their products through explicit or implicit association with environmental or social issues. However, promotion has been one of the most controversial areas of the green marketing agenda. Conventional advertising has been criticized for presenting green products as oversimplified solutions to complex environmental problems.

A number of prescriptive and regulatory guidelines have been developed to guide marketers in formulating and using claims about environmental performance. Suggests the following:

- Ensure that the promoted benefit has a real impact, e.g. reduced harmful emissions.
- Identify the product's specific benefit in terms of the product attribute that contributes to improved environmental performance.
- Provide specific data about the benefits.
- Provide a context to allow consumers to make meaningful comparisons.
- Define any technical terms used.
- Explain the benefits, since consumers often have limited understanding of environmental issues

Green Pricing

Pricing is, in many ways, the crux of the green marketing challenge. If the external social and environmental costs of production were reflected in the prices that customers pay, then there would be considerable incentives for manufacturers to reduce those costs and become more sustainable. Companies seeking to absorb those costs and pass them unto the consumer are vulnerable both to accusations of exploiting customer interest in green pricing and to undercutting from competitors still effectively subsidized by the environment. The 'win-win' argument for greening proposed by the likes of Porter and Van der Linde [3] suggest that consumer demand for green products can allow for the addition of green price products.

Green Marketing Programs

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. A green marketer that is seriously interested in greening the electric system will have a program that is linked to a larger vision and a strategic plan for making renewables an increasingly larger part of the generation mix.

Also 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.

What should be avoided in Green Marketing Programs

First, 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 rate base 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 these types of programs are permitted to occur, they will undermine the market for those marketers who are actually making a difference.

Also, 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 channelled to the owners of plants they dislike. For instance, 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.

Companies should desist from 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.

Green Marketing Best Practices

Conserving resources and limiting waste are becoming just as important to customers as value and quality. Marketing materials are big consumers of resources as well as creators of waste-printed material in the form of advertising brochures, posters, packaging, labels, catalogues, magazines etc. For this reason, the global move to green practices has made green marketing efforts a necessary part for most business operations.

Companies must inform customers about efforts being made to use and encourage green practices in their operations. Add a note about your business' green practices to your brochures, labels

and packaging to encourage them to practice it too.

The Economics Conference (most popular in green industry), was organised in Santa Barbara, California in 2010 to discuss green marketing and best practices. High profile leaders from Yale, Walt Disney, GE, Recycle Bank, the Climate Group and some Wall Street Journal's editors participated. The main outcomes from the conferences about green marketing best practices include;

- Companies should focus on improving their own energy efficiency, while emphasizing benefits to local communities. Look for the 'low-hanging fruit' for quicker ROI
- Companies should consider how waste can be an opportunity, not a cost or liability
- Companies should give customers reasons to adopt environmentally responsible behaviours
- Companies should provide information about a product's environmental benefits close to the point of purchase. Make the message personal by explaining how a consumer's purchase has direct environmental results.
- When providing information to stakeholders, companies should avoid a hard sell on environmental benefits. Instead, engage stakeholders in a dialogue
- In green marketing, companies should explain the benefits to the environment as part of a bigger value proposition
- When working with nongovernmental organizations, there must be a shared understanding of the goals and constraints of a partnership, with both sides understanding and respecting the rules of engagement.
- To get a project off the ground, companies should consider new forms of financing, both public and private. For instance, it is possible to add solar panels at no cost using power purchase agreement (PPA)
- Companies should get a double whammy by undertaking a project that will boost productivity at the same time as cutting emissions.

Companies are therefore advised to be continuously innovative and appreciate sustainability as a central part of business operations. Companies should also explain the rationale behind adopting energy efficiency and reducing environmental impacts.

The Future of Green Marketing

Green marketing as a concept is not without challenges. The dangers today include exploding

population growth, urbanization and industrialization activities, rapid depletion of resources, technological effects etc. However, the major challenge is inadequate standards or public consensus about what constitutes "green," according to Joel Makower, a writer on green marketing. In essence, there is no definition of "how good is good enough" when it comes to a product or company making green marketing claims. This lack of consensus -- by consumers, marketers, activists, regulators, and influential people -- has slowed the growth of green products, says Makower, because companies are often reluctant to promote their green attributes, and consumers are often skeptical about claims. However, research has shown that companies can reduce pollution and increase profit at the same time.

In the light of the aforementioned, green marketers must do well to uphold the future of green marketing. Sustainability as a concept can be controversial, open to multiple interpretations, very hard to measure and difficult to translate into meaningful actions amongst the very real political, economic and technological constraints faced by companies and government. The underlining point, however, is very clear. The system or activity that is not sustainable ultimately can not be sustained. Although this can be dismissed as a truism, it is a point that often seems to be missed.

A fully integrated environmental strategy should guide competency development and also shape the company's relationship to customers, suppliers, other companies, policymakers, and all its stakeholders.

The role that marketing can, and should, play in the development of a more sustainable economy has been the subject of some debate. Marketing has often been presented as part of the problem in stimulating unsustainable levels of consumption, and in using public relations and other means of communication to obscure or deny the negative consequences of consumption. Marketing is also frequently presented as an important part of the solution in the context of market mechanism being used to encourage more sustainable consumption.

Another important role that would need to be played by marketing in the future is to promote more sustainable ways to live and consume. The concept of sustainability itself will also need to be marketed. The responsibility for ensuring a

sustainable world lies in the hands of world companies and public policies (economic engines) of the future.

Conclusions and Implications

Environmental sustainability is not simply a matter of compliance or risk management. Business is increasingly recognising the many competitive advantages and business opportunities to be gained from eco-sustainability and green marketing. The developed world evidence indicates people are concerned about the environment and are changing their behaviour accordingly. As a result, there is a growing market for sustainable and socially responsible products and services. The types of businesses that exist, the products they produce and their approaches to marketing are changing. People generally want to do the right thing, so the challenge and opportunity for the green marketer is to make it easy for people to do so. When all else is equal – quality, price, performance and availability-environmental benefit will most likely tip the balance in favour of a product.

The marketing industry can 'walk the talk' and become the new corporate champions of the environment. Successful green marketers will

reap the rewards of healthy profits and improved shareholder value, as well as help make the world a better place in the future. A mind once expanded never goes back to where it was. No longer content to promise consumers that their clothes will become "whiter than white" or breath that is "fresher than fresh", green marketers—like their bosses who manage for a double bottom line—cultivate higher levels of satisfaction and reward. They offer their consumers the prospect of healthier, more fulfilled lives, and the power to make the world a better place.

Companies that create a vision of sustainability will be ready to take advantage of the opportunities presented by the need for a sustainable global economy. Hart has identified three stages of environmental strategy: pollution prevention, product stewardship, and the development of clean technology. Conclusively, in meeting our current needs, we are destroying the ability of future generations to meet theirs. By some estimates, human activity now exceeds sustainability on a global scale. The challenge is to develop a sustainable global economy—an economy that the planet is capable of supporting indefinitely [9-13].

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