

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

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A STUDY ON ENVIRONMENT FRIENDLY MARKETING

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ABSTRACT

Now a days in our country people have become more aware and interested in environmental issues. This has led to an increased demand for environmental friendly products. Previously the sale of product is determined by price often determined if a customer bought the product or not. Environment friendly marketing has not lived up to the hopes and dreams of many managers and activists. Although public opinion polls consistently show that consumers would prefer to choose a green product over one that is less friendly to the environment. This paper is based on the study about the need and use of Environment Friendly Marketing. It also studies about the various problems, social responsibility, cost profit issues and opportunities of Environment friendly marketing. Finally an idea is given about a strategy to implement Environment friendly marketing.

KEYWORDS

Ecological Marketing Strategy, Environment Friendly Marketing, Green Marketing, Social responsibility.

INTRODUCTION

People are getting more aware of the environmental issues every day. One only have to read in a daily paper to realise to what extent today's society affect the environment, how the general public is becoming more aware of the problem and willing to do something about it. That humankind is disturbing the natural balance in the world by its way of living has been especially evident in recent year's earlier environmental changes and the human effect on the environment slowly appeared, making the effects less noticeably. People are becoming inclined to give up some of their personal comfort in order to be more environmental friendly. This can be demonstrated through travelling by bus instead of by car, by saving electricity, by buying environmental friendly products and by supporting products and services that are produced locally in order to reduce waste even though those efforts might mean higher prices and less comfort. The awareness of the environment has led to a shift in the demand for environmental friendly products from the public. Many grocery stores today provide organic-, echo-, toxic free products and so forth, as alternatives to the regular products. This can be seen as a result of the environmental awareness of people and the increased demand for healthier food.

Although environmental issues influence all human activities, few academic disciplines have integrated green issues into their literature. This is especially true of marketing. As society becomes more concerned with the natural environment, businesses have begun to modify their behaviour in an attempt to address society's "new" concerns. Some businesses have been quick to accept concepts like environmental management systems and waste minimisation, and have integrated environmental issues into all organisational activities. Some evidence of this is the development of journals such as "Business Strategy and the Environment" and "Greener Management International," which are specifically designed to disseminate research relating to business' environmental behaviour. One business area where environmental issues have received a great deal of discussion in the popular and professional press is marketing. Terms like "Environment Friendly Marketing" and "Environmental Marketing" appears frequently in the popular press. Many governments around the world have become so concerned about Environment Friendly marketing activities that they have attempted to regulate them.

ENVIRONMENT FRIENDLY MARKETING

Environment Friendly marketing is marketing that include environmental issues in the marketing efforts. The main idea is that customers that are provided with information of the environmental effect of the products they are considering buying, can and will take this information into account when deciding which product to purchase. Those aspects will in turn make companies more inclined to produce products that are better from an environmental point of view.

Unfortunately, a majority of people believe that Environment Friendly marketing refers solely to the promotion or advertising of products with environmental characteristics. Terms like Phosphate Free, Recyclable, Refillable, Ozone Friendly, and Environmentally Friendly are some of the things consumers most often associate with Environment Friendly marketing. While these terms are Environment Friendly marketing claims, in general Environment Friendly marketing is a much broader concept, one that can be applied to consumer goods, industrial goods and even services. For example, around the world there are resorts that are beginning to promote themselves as "eco-tourist" facilities, i.e., facilities that "specialise" in experiencing nature or operating in a fashion that minimizes their environmental impact.

Thus Environment Friendly marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising. Yet defining Environment Friendly marketing is not a simple task. Indeed the terminology used in this area has varied, it includes: Environment marketing, Environmental Marketing and Ecological Marketing.

REVIEW OF LITERATURE

The first signs of interest in Environment Friendly marketing could be seen in the 1970s but it was not until the late 1980s and the 1990s that environmental friendly or ecological marketing gained attention from a broader audience. Researchers argued for a rapid growth in the use of ecological products which represented a shift in consumption behaviour (Prothero, 1990). Much research was conducted on the subject which identified a greater awareness of the environment from the public. Furthermore the findings showed an increased demand for green products from consumers and that people were inclined to pay additional costs for environmental friendly characteristics (Mintel, 1991). Furthermore the view of green management as a profitable strategy arose, since green corporations ideally use less raw material, waste less and produce less pollutions (Wasik, 1996). The interest in Environment Friendly marketing from corporations rose as a result of all of those aspects. Companies claimed to have changed to more environmental friendly approach and promotion and advertisement containing green information rocketed (Crane, 2000). Companies such as McDonald's, Merck and Quaker Oats were praised for their environmental efforts in terms of adopting environmental policies, recycling efforts, energy efficiency, corporate responsibility and so forth (Wasik, 1996). The positive response those efforts gave in the press were examples of how environmental efforts could pay.

OBJECTIVES

This paper will attempt

- 1) To introduce the terms and concepts of Environment Friendly marketing
- 2) To briefly discuss why going green is important
- 3) To examine some of the reason that organisations are adopting a Environment Friendly marketing philosophy; and
- 4) To Mention some of the problems with Environment Friendly marketing .

RESULTS & DISCUSSION**IMPORTANCE OF ENVIRONMENT FRIENDLY MARKETING**

The question of why Environment Friendly marketing has increased its importance is quite simple and relies on the basic definition of Economics. Economics is the study of how people use their limited resources to try to satisfy unlimited wants. Thus mankind has limited resources on the earth, with which he/she must attempt to provide for the worlds' unlimited wants. While the question of whether these wants are reasonable or achievable. In market societies where there is "freedom of choice", it has generally been accepted that individuals and organisations have the right to attempt to have their wants satisfied. As firms face limited natural resources, they must develop new or alternative ways of satisfying these unlimited wants. Ultimately Environment Friendly marketing looks at how marketing activities utilize these limited resources, while satisfying consumers' wants, both of individuals and industry, as well as achieving the selling organisation's objectives.

WHY ARE FIRMS USING ENVIRONMENT FRIENDLY MARKETING?

When looking through the literature there are several suggested reasons for firms increased use of Environment Friendly marketing. Five possible reasons cited are:

1. Organisations perceive environmental marketing to be an opportunity that can be used to achieve its objectives.
2. Organisations believe they have a moral obligation to be more socially responsible.
3. Governmental bodies are forcing firms to become more responsible.
4. Competitors' environmental activities pressure firms to change their environmental marketing activities.
5. Cost factors associated with waste disposal, or reductions in material usage forces firms to modify their behaviour.

OPPORTUNITIES

It appears that all types of consumers, both individual and industrial are becoming more concerned and aware about the natural environment. In a 1992 study of 16 countries, more than 50% of consumers in each country, other than Singapore, indicated they were concerned about the environment. A 1994 study in Australia found that 84.6% of the sample believed all individuals had a responsibility to care for the environment. A further 80% of this sample indicated that they had modified their behaviour, including their purchasing behaviour, due to environmental reasons. As demands change, many firms see these changes as an opportunity to be exploited. Given these figures, it can be assumed that firms marketing goods with environmental characteristics will have a competitive advantage over firms marketing non-environmentally responsible alternatives. There are numerous example of firms who have strived to become more environmentally responsible, in an attempt to better satisfy their consumer needs.

- McDonald's replaced its clam shell packaging with waxed paper because of increased consumer concern relating to polystyrene production and Ozone depletion.
- Tuna manufacturers modified their fishing techniques because of the increased concern over driftnet fishing, and the resulting death of dolphins.
- Xerox introduced a "high quality" recycled photocopier paper in an attempt to satisfy the demands of firms for less environmentally harmful products.

This is not to imply that all firms who have undertaken environmental marketing activities actually improve their behaviour. In some cases firms have misled consumers in an attempt to gain market share. An Introduction To Environment Friendly marketing cases firms have jumped on the green bandwagon without considering the accuracy of their behaviour, their claims or the effectiveness of their products. This lack of consideration of the true "greenness" of activities may result in firms making false or misleading Environment Friendly marketing claims.

SOCIAL RESPONSIBILITY

Many firms are beginning to realise that they are members of the wider community and therefore must behave in an environmentally responsible fashion. This translates into firm's belief that they must achieve environmental objectives as well as profit related objectives. This results in environmental issues being integrated into the firm's corporate culture. Firms in this situation can take two perspectives;

- (a) They can use the fact that they are environmentally responsible as a marketing tool; or
- (b) They can become responsible without promoting this fact.

There are examples of firms adopting both strategies. Organisations like the 'Body Shop' heavily promote the fact that they are environmentally responsible. While this behaviour is a competitive advantage, the firm was established specifically to offer consumers environmentally responsible alternatives to conventional cosmetic products. This philosophy is directly tied to the overall corporate culture, rather than simply being a competitive tool. An example of a firm that does not promote its environmental initiatives 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 realise that Coke is a very environmentally committed organisation. Another firm who is very environmentally responsible but does not promote this fact, at least outside the organisation, 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.

GOVERNMENTAL EFFORTS

As with all marketing related activities, governments want to "protect" consumers and society; this protection has significant Environment Friendly marketing implications. Governmental regulations relating to environmental marketing are designed to protect consumers in several ways –

- (a) Reduce production of harmful goods or by-products;
- (b) Modify consumer and industry's use and/or consumption of harmful goods; or
- (c) 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 organisational 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.

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 behaviours 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.

COST OR PROFIT ISSUES

Firms may also use Environment Friendly 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 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 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. The last way in which cost or profit issues may affect firms' environmental marketing activities is that new industries may be developed. This can occur in two ways:

- (a) A firm develops a technology for reducing waste and sells it to other firms; or
- (b) A waste recycling or removal industry develops.

For example, firms that clean the oil in large industrial condensers increase the life of those condensers, removing the need for replacing the oil, as well as the need to dispose of the waste oil. This reduces operating costs for those owning the condensers and generates revenue for those firms cleaning the oil.

SOME PROBLEMS WITH GOING GREEN

An Introduction to Environment Friendly marketing no matter why a firm uses Environment Friendly marketing there are a number of potential problems that they must overcome. One of the main problems is that firms using Environment Friendly 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. Environment Friendly marketing claims must;

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

Another problem 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. Take for example the McDonald's case where it has replaced its clam shells with plastic coated paper. There is ongoing scientific debate which is more environmentally friendly. Some scientific evidence suggests that when taking a cradle-to-grave approach, polystyrene is less environmentally harmful. If this is the case McDonald's bowed to consumer pressure, yet has chosen the more environmentally harmful option. When firms attempt to become socially responsible, they may face the risk that the environmentally responsible action of today will be found to be harmful in the future. Take for example the aerosol industry which has switched from CFCs (chlorofluorocarbons) to HFCs (hydrofluorocarbons) only to be told HFCs are also a greenhouse gas. Some firms now use DME (dimethyl ether) as an aerosol propellant, which may also harm the ozone layer. Given the limited scientific knowledge at any point in time, it may be impossible for a firm to be certain they have made the correct environmental decision. This may explain why some firms, like Coca-Cola and Walt Disney World, are becoming socially responsible without publicizing the point. They may be protecting themselves from potential future negative backlash; if it is determined they made the wrong decision in the past. While governmental regulation is designed to give consumers the opportunity to make better decisions or to motivate them to be more environmentally responsible, there is difficulty in establishing policies that will address all environmental issues. For example, guidelines developed to control environmental marketing address only a very narrow set of issues, i.e., the truthfulness of environmental marketing claims. If governments want to modify consumer behaviour they need to establish a different set of regulations. Thus governmental attempts to protect the environment may result in a proliferation of regulations and guidelines, with no one central controlling body.

ECO LABELS AND GREEN SALES

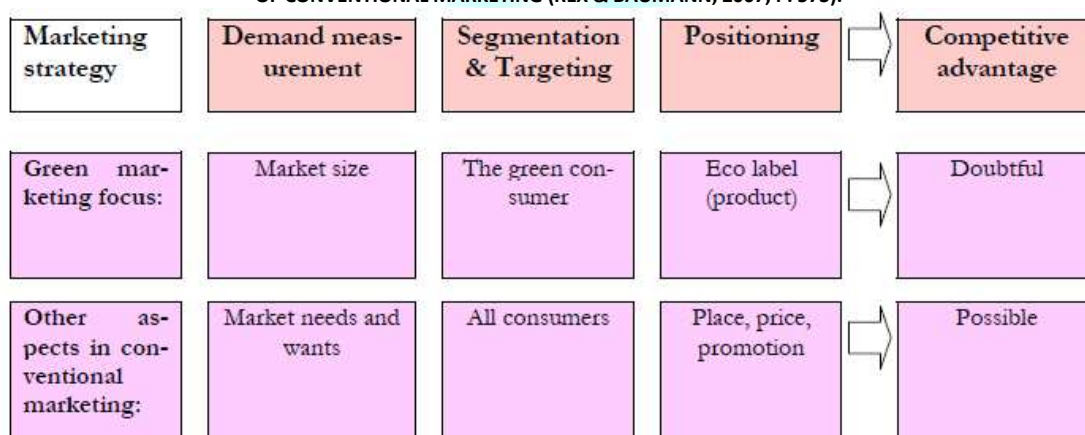
Eco labels have emerged as the main marketing tool, since Environment Friendly marketing was introduced in the 1990s. However eco labels still represent a very small share of the total market which partly depends on the fact that they have been directed towards consumers that are very aware of environmental issues and their effect on the environment.

The sales of ecological products could be greater. However there are an insufficient number of ecological farmers and producers. Therefore the demand is greater than the supply. Ecological products have become a scarce commodity and existing products are always sold out. The general dealers report that ecological items such as dairy products, flour products and meat have a huge demand. One of the main reasons why people argue for that they do not purchase ecological products is that they think ecological products are much more expensive compared to the conventional ones. Conclusively ecological products seem to be a growing segment in a quite mature market. Environment Friendly marketing did not correspond to the expectations it were given in the 1990s. However the concept is now highly interesting again. The demand for ecological products is increasing from customers. Eco labelling has become the main tool to verify the ecological features of products.

ECOLOGICAL MARKETING STRATEGY

Making use of a marketing strategy is about measuring the demand from customers or anticipating a future demand, segment and target the market, and Frame of Reference thereafter positioning the company/product/service, which hopefully will result in a competitive advantage. Environment Friendly marketing is presently the same as ecological labelling, in other words the product. The other three traditional marketing tools price, place and promotion has been left out which according to Rex & Baumann (2007) results in a position where it is doubtful if a competitive advantage is reached.

FIGURE: 1- MARKETING STRATEGIES FROM TWO PERSPECTIVES; THE CURRENT FOCUS OF ENVIRONMENT FRIENDLY MARKETING AND ADDITIONAL ASPECTS OF CONVENTIONAL MARKETING (REX & BAUMANN, 2007, P. 573).



A decision to buy can be based on the situation, the context and the object; the consumer's ability and motivation to process information or the person and its lifestyle. Price, quality and accessibility is important to various degrees for a customer considering purchasing environmental friendly products depending on how the consumers value environmental features and the reliability of those features. The prices of environmental friendly products are in some cases higher than the prices of the ordinary alternatives. A higher price compared to the ordinary alternative can be determining factor for some consumers, verifying the accurateness of the products green features. Others do not consider the price at all but choose the environmental friendly alternative regardless. Some purchase green products when the price is comparable to the ordinary alternative. Quality is another determinant factor when considering buying environmental friendly products. Some customers are willing to accept lower quality (such as wash powder that does not remove all stains since it does not contain certain chemicals). Others are not willing to sacrifice their personal comfort and purchase the ordinary alternative in such cases. Accessibility is the third determinant factor when considering purchasing green products or not. Such consumers are not willing to actively search for locations where green products are promoted or scrutinize

products on the shelf's which are poorly labelled or not actively promoted. Such consumers buy environmental friendly products that are easy to access and identify in the store. Consumers that are very dedicated to environmental friendliness are willing to sacrifice time and efforts to actively search and assure themselves of the validity of the green features.

Environment Friendly marketing could adopt and learn many tools and techniques from traditional marketing, in order to make use of other means than labelling in order to promote green products. Such efforts could be to address a broader range of customers, not only targeting green consumers by promoting the environmental friendly features of the product as one of the appeals of many. It could also be to engage more actively in the creation of the market and make strategic use of the traditional positioning strategies of price, place and promotion.

CONCLUSION

Environment Friendly marketing is the need of present era. Consumers are becoming more aware about eco-friendly products. Environment Friendly marketing covers more than a firm's marketing claims. While firms must bear much of the responsibility for environmental degradation, ultimately it is consumers who demand goods, and thus create environmental problems. One example of this is where McDonald's is often blamed for polluting the environment because much of their packaging finishes up as roadside waste. It must be remembered that it is the uncaring consumer who chooses to dispose of their waste in an inappropriate fashion. While firms can have a great impact on the natural environment, the responsibility should not be theirs alone. Consumers are not overly committed to improving their environment and may be looking to lay too much responsibility on industry and government. Ultimately Environment Friendly marketing requires that consumers want a cleaner environment and are willing to "pay" for it, possibly through higher priced goods, modified individual lifestyles, or even governmental intervention. Until this occurs it will be difficult for firms alone to lead the Environment Friendly marketing revolution.

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