



## GREEN MARKETING: SOME ECONOMIC IMPLICATIONS

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### Abstract

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. Thus, "Green Marketing" is a marketing concept wherein the production, marketing consumption and disposal of products and services happen in a manner that is less detrimental to the environment with growing awareness about the implications of global warming, non-biodegradable solid waste, harmful impact of pollutants etc. As resources are limited and human wants are unlimited, it is important for the marketers to utilize the resources efficiently without waste as well as to achieve the organization's objective. So green marketing is inevitable. There is growing interest among the consumers all over the world regarding protection of environment. Worldwide evidence indicates people are concerned about the environment and are changing their behaviour. As a result of this, green marketing has emerged which speaks for growing market for sustainable and socially responsible products and services. In agriculture use of chemical fertilizers and pesticides have played a positive role in increasing agricultural productivity and in making India self-sufficient in food grain production. Agriculture sustainability, soil degradation, bio-diversity, impact on human health and on environment as a whole are the some of the concerns that are being raised for reviewing part of the agricultural growth potentials based on the current strategy. Search for alternates with a focus on long-term sustainability of agriculture has been enhanced in the last decade. In developed countries, the initiatives towards greening agriculture have been prompted both by market attractiveness as well as state support activities. As a result of increasing domestic and international demand for greening agriculture across the countries both economic and non-economic factors such as institutions/organizations, industrial and trading firms, farming communities, civil society and their representatives played significant role in determining the extent of greening the agricultural production activities. Now this is the right time to select "Green Marketing" globally. It will come with drastic change in the world of business if all nations will make strict roles because green marketing is essential to save world from pollution. In India, around 25 per cent of the consumers prefer environmental-friendly products, and 28 per cent may be considered health conscious. Green marketing helps in the effective outcomes like cost cutting, employee satisfaction, waste minimisation, society welfare for the companies as well for society. It is the right time to adopt the concept of sustainable development in the marketing mix of the companies and integrate them to save the planet from the upcoming risk. Finally, consumers, industrial buyers and suppliers need to pressurize effects on minimize the negative effects on the environment-friendly. Green marketing assumes even more importance and relevance in developing countries like India.

### Introduction

Green marketing is the marketing of products that are presumed to be environmentally safe. It consist of all activities designed to generate and facilitate any exchanges intended to satisfy human needs or wants, such that the satisfaction of these needs and wants occurs with minimal detrimental impact on the natural environment. Thus "Green Marketing" refers to holistic marketing concept wherein the production, marketing consumption and disposal of products and services happen in a manner that is less detrimental to the environment with growing awareness about the implications of global warming, non-biodegradable solid waste, harmful impact of pollutants etc. As today's consumers become more conscious of the natural environment, businesses are beginning to modify their own thoughts and behaviour in an attempt to address the concerns of consumers.

### Green Marketing-Needs

In the present scenario, challenge is to keep the customers as well as consumers in fold and even keep our natural environment safe – which is the biggest need of the time. Companies may lose many loyal and profitable customers and consumers due to absence of green management. In today's innovative business world of high technology due to growing community and consumer interests in green and socially responsible products, increased community pressure on companies to internalize externalities, such as health issues, neighbourhood amenity, climate change; environmental and governmental legalizations and initiatives; innovative technologies and approaches of dealing with pollution, improved resource and energy efficiency, and to retain old (loyal and profitable) customers and consumers, it is very much urgent to implement green marketing. In India, around 25% of the consumers prefer environmental-friendly products, and around 28% may be considered healthy conscious. Therefore, green marketers have diverse and fairly sizeable segments to cater to.



### Green Marketing Mix

The 4 P's of green marketing are that of a conventional marketing but the challenge before marketers is to use 4 P's in an innovative manner if they wanted to adopt the policy of green marketing. They are product, price, place, promotion.

### Green Marketing-Challenges

**New Concept:** The consumer needs to be educated and made aware of the environmental threats.

**Need for Standardization:** It is found that only 5% of the marketing messages from "Green" campaigns are entirely true and there is a lack of standardization to authenticate these claims.

**Cost Factor:** Green marketing involves marketing of green products/services, green technology, green power/energy for which a lot of money has to be spent on R&D programmers for their development and subsequent promotional programs which ultimately may lead to increased costs.

**Avoiding Green Myopia:** The first rule of green marketing is focusing on customer benefits

**Patience and Perseverance:** The investors and corporate need to view the environment as a major long-term investment opportunity, the marketers need to look at the long-term benefits from this new green movement.

### Golden Rules of Green Marketing

- **Know you're Customer:** Make sure that the consumer is aware of and concerned about the issues that your product attempts to address, (Whirlpool learned the hard way that consumers wouldn't pay a premium for a CFC-free refrigerator because consumers didn't know what CFCs were.
- **Educating your Customers:** isn't just a matter of letting people know you're doing whatever you're doing to protect the environment, but also a matter of letting them know why it matters. Otherwise, for a significant portion of your target market, it's a case of "So what?" and your green marketing campaign goes nowhere.
- **Reassure the Buyer:** Consumers must be made to believe that the product performs the job it's supposed to do-they won't forego product quality in the name of the environment.
- **Consider Your Pricing:** If you're charging a premium for your product-and many environmentally preferable products cost more due to economies of scale and use of higher-quality ingredients-make sure those consumers can afford the premium and feel it's worth it.
- **Thus Leading Brands should Recognize that Consumer Expectations have Changed:** It is not enough for a company to green its products; consumers expect the products that they purchase pocket friendly and also to help reduce the environmental impact in their own lives too.
- **Being Genuine & Transparent:** means that **a)** you are actually doing what you claim to be doing in your green marketing campaign and **b)** the rest of your business policies are consistent with whatever you are doing that's environmentally friendly. Both these conditions have to be met for your business to establish the kind of environmental credentials that will allow a green marketing campaign to succeed.
- **Giving your Customers an Opportunity to Participate:** means personalizing the benefits of your environmentally friendly actions, normally through letting the customer take part in positive environmental action.

### Adoption of Green Marketing

There are basically five reasons for which a marketer should go for the adoption of green marketing. They are –

- Opportunities or competitive advantage
- Corporate social responsibilities (CSR)
- Government pressure
- Competitive pressure
- Cost or profit issues

### Some Cases for Green Marketing

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

By using eco and power friendly equipment in its 10,000 new ATMs, the banking giant has not only saved power costs and earned carbon credits, but also set the right example for others to follow.

SBI is also entered into green service known as "Green Channel Counter". SBI is providing many services like; paper less banking, no deposit slip, no withdrawal form, no checks, no money transactions form all these transaction are done through SBI shopping & ATM cards. State Bank of India turns to wind energy to reduce emissions: The State Bank of India became the first Indian bank to harness wind energy through a 15-megawatt wind farm developed by Suzlon Energy. The wind farm located in Coimbatore uses 10 Suzlon wind turbines, each with a capacity of 1.5 MW. The wind farm is spread across three states – Tamil Nadu, with 4.5 MW of wind capacity; Maharashtra, with 9 MW; and Gujarat, with 1.5 MW. The wind project is the first step in the State Bank of India's green banking program dedicated to the reduction of its carbon footprint and promotion of energy efficient processes, especially among the bank's clients.

### Why GO for Green Marketing Cost or Profit Issues

- Firms may also 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.
- 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.

### Green Marketing in Agriculture

As a result of increasing domestic and international demand for greening agriculture across the countries both economic and non-economic factors such as institutions/organizations, industrial and trading firms, farming communities, civil society and their representatives played significant role in determining the extent of greening the agricultural production activities. In order to understand the greening initiative in agriculture contextually, it is pertinent to have an overview of trends in chemical inputs into the agriculture in India. Hence in the following we present a brief overview of the same in Indian agriculture. The agricultural productivity in India was increased by two and a half time after green revolution. After this prolonged dependence on inorganic and mineral components for agriculture growth there has been an increasing need for rethinking agricultural growth strategy. Organic products are the part of green products from agricultural sector.

### Economic Implications of Green Marketing

- a. Increased revenue
- b. Reduced cost
- c. Enhanced brand reputation and market value
- d. Risk mitigation from the market forces
- e. World salvation from ecological disasters

### Green Outputs Market Trends & Potentials in India

Demand for green agricultural products is a stimulant for growth for input market. In other words if there is demand in market for organically produced farm products will encourage farmers to implement the organic farming practices and also to use organic input like bio-fertilizers, bio-pesticides, vermi-compost, green manure and FYM. Estimating area under organic agriculture in India is a difficult task as there is no central agency that collects and compiles this information. Different agencies have estimated the area under organic agriculture differently for instance the study undertaken by FIBL and ORG-MARG the area under organic agriculture to be 2,775 hectares (0.0015% of gross cultivated area in India). But other estimation undertaken by SOEL-Survey shows that the land area under organic cropping is 41000 hectare. The total numbers of organic farms in the country as per SOEL-Survey are 5661 but FIBL and ORG-MARG survey puts it as 1426. Some of the major organically produced agricultural crops in India include crops like plantation, spices, pulses, fruits, vegetables and oil seeds etc (Table: 1).

**Table 1: Major Products Produced in India by Organic Farming**

Major Products Produced in India by Organic Farming	
Type of Product	Products
Commodity	Tea, Coffee, Rice, Wheat
Spices	Cardamom, Black pepper, white pepper, Ginger, Turmeric, Vanilla,
Pulses	Red gram, Black gram
Fruits	Mango, Banana, Pineapple, Passion fruit, Sugarcane, Orange, Cashew nut,
Vegetables	Okra, Brinjal, Garlic, Onion, Tomato, Potato
Oil seeds	Mustard, Sesame, Castor, Sunflower
Others	Cotton, Herbal extracts

India is best known as an exporter of organic tea and also has great export potential for many other products. Other organic products for which India has a niche market are spices and fruits. Org-Marg's survey also proves this fact as around 30% of respondents that includes producer, exporters and traders has responded that organic tea is produced in India and this is highest response for any single crop, next are spices, fruits, vegetables, rice and coffee .There is small response for cashew, oil seed, wheat and pulses. Among the fruit crops Bananas, Mangos and oranges are the most preferred organic products.

**Table: 2 Present Status of Organic Products in India**

Total production	3.88 M.T
Total quantity exported	69837 M.T
Total area under Certification (Including wild harvest)	USD 157.22 million (Rs. 699 Crores)
Total area under certified organic cultivation	4.43 million hectares
Share of Exports to total Production	0.24 million hectares
Increase in Export Value over previous year	33% approx.

Source: APEDA, 2012-13

### Eco-Labeling

Another vehicle that has been used with increasing frequency in recent years to convey environmental information to consumers is "eco-labeling." Eco-labeling programs are typically voluntary, third-party expert assessments of the environmental impacts of products. Two firms that are involved in such third party label verification work are Green Seal and Energy Star. Eco-labeling programs increase awareness of environmental issues, set high standards for firms to work towards, and help reduce consumer uncertainty regarding a product's environmental benefits. Thus far, however, the U.S. government has resisted instituting an officially-sanctioned eco-labeling program.

### Green Certification and Ecolabeling

To differentiate your product or service as environmentally sound, you may want to obtain certification from an independent, third-party so that you can include their logo or "ecolabel" on your product's label and other marketing materials. Ecolabeling is important way to market your product to green consumers.

### Domestic Certification

- Green Seal sets product standards and awards its label to a wide variety of products.
- Agriculture, Manufacturing, and Electricity: Certified by Scientific Certification Systems.
- Buildings: The U.S. Green Building Council LEED Green Building Rating System.
- Chlorine-Free Products: Certified by the Chlorine Free Products Association.
- Energy Efficient Products: Certified by the U.S. Government's ENERGY STAR Program.
- Organic Produce: Certified by the USDA National Organic Program
- Renewable Energy: Certified by the Green-e Certification Program
- Wood Products: Criteria set by Forest Stewardship Council; Certified by Scientific Certification Systems and Smart wood.

### International Certification

- The European Union Eco-Label Program is a voluntary scheme designed to encourage businesses to market products and services that are kinder to the environment and for European consumers
- Canada's EcoLogo Label program certifies products from the United States and Canada in over 120 categories
- Germany's Blue Angel program provides ecolabeling for a wide variety products
- Scandinavia's Nordic Swan allows companies to apply for an ecolabel in over 66 product categories
- Japan's EcoMark Program provides product certification and ecolabeling for several product types
- Taiwan's Green Mark and Energy Label programs provide certification and ecolabeling for green and energy efficient products.

### Conclusion

Green marketing helps in the effective outcomes like cost cutting, employee satisfaction, waste minimisation, society welfare for the companies as well for society. It is the right time to adopt the concept of sustainable development in the marketing mix of the companies and integrate them to save the planet from the upcoming risk. Finally, consumers, industrial buyers and suppliers need to pressurize effects on minimize the negative effects on the environment-friendly. Green marketing assumes even more importance and relevance in developing countries like India.

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