

# **Building Competitive Advantage by Adoption of Green marketing Practices**

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## **Abstract**

Green marketing may be defined as the specific development, pricing, promotion and distribution of products that do not harm the natural environment. Green marketing involves a broad range of activities like bringing out product modifications, changes in production processes, packaging changes, packing modifications and modifying advertising. Entrepreneurs wanting to exploit emerging green markets will either identify customer's environmental needs and develop products accordingly or they may develop environmentally responsible products to have more impact than competitors. Most customers will be prepared to pay a premium for these products if there is a perception of additional product value. This value may be improved performance, function, design, visual appeal or taste. Very few customers will go out of their way 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 that they are not just appealing to a small green niche market. 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 your green credentials and achievements. Some of the attributes of green consumers are they are well educated, expect green customers to function as effectively as non green products, green products should be able to satisfy their basic need or want, will tolerate only minimal inconvenience while using green products, will be eager to learn and analytical and one who will not believe in companies to have perfect green credentials.

This paper demonstrates options for how to push green products, especially green consumer products out of the niche into the mass markets. The underlying assumption is that green issues could become issues of tomorrow's competition. Positioning green products should be understood as a dynamic learning process .thus a company has to re-ensure that it comes closer to the needs of its customers while stretching those needs at the same time. Company should note only focus on customers but also on its stakeholders.This study supports significant attitude effects of both functional and emotional green positioning strategies. Thus, brand managers should deliver emotional benefits through the brand, at the same time making sure that target groups perceive real environmental benefits. Originality/value - Although green marketing has been an important research topic for more than three decades, hardly any research has been conducted that focuses specifically on green branding. This paper analyses the dimensionality of green brand positioning, offers green branding insight and suggests strategic tools for brand managers.

## **Introduction**

There is a growing concern for environmental conservation all over the globe. Environmental issues influence all human activities. Few academic disciplines have already integrated green issues into their literature. This is especially true for marketing. People, Businesses and governments globally are realizing the unprecedented challenges of environmental, social and technological changes.. Most businesses, as they strive to achieve long term sustainability, are realizing the need to build strong social and environmental credentials in order to get the social license to operate.

The earth is a primary source supplier of resources for the human population. The edifice of the production and consumption fully depends on this source only. It is true that much of the economic growth draws raw materials from forests, soils, seas and waterways. The earth's vital resources are shrinking to an abnormal level due to unsustainable developmental activities. The need for further economic activities is likely to impose colossal burden on the ecosphere.

The gain in human welfare over the past few decades is outstanding. The potential for future gains is also promising. Marketing played a vital role in these gains by facilitating the use and

development of products with the introduction of new technology. Marketing facilitates consumption and in doing so sets in motion many interrelated type of industrial, commercial and customer activities that generate byproduct wastes. As human population and life styles move to higher levels, this triggers corresponding increase in the scale of activities necessary to meet consumption needs. Additional wastes are generated which may enter the ecosystem as pollution. Increased consumption increases pollution, which degrades environment, and ultimately reduces habitability. To stop this, waste management product design must become an integral part of business in customer decision making. Unless this occurs consumption at higher levels cannot continue indefinitely.

### **Climate change challenges**

**Physical:** Climate change will physically impact company's activities, the supply chains on which they depend, and the communities and consumers which they serve. Companies need to develop adaptation strategies to cope with climatic changes.

**Regulatory:** evolving policy frameworks at all levels of government- from local to international- will dictate the scale and timings of corporate action. Many countries around the world are taking unilateral action to combat climate change, setting absolute GHG reduction targets and enacting policies focused on mitigation and adaption.

**Reputational:** Societal awareness, expectations and norms are changing. Companies can differentiate themselves from competition by decarbonising their portfolio. Companies can demonstrate proactive and innovative leadership which will build Brand trust and market capital.

**Legal:** The science of climate change attribution is maturing and more litigation can be expected against companies deemed responsible for contributing to climate related disasters.

**Disruptive Market innovation:** new business models and innovations are more likely to catalyze transformational change and sudden discontinuities may well topple many of today's market incumbents.

**Why is green marketing imperative?**

Green marketing is neither a social movement nor a system to return to the lower levels of living and a simpler way of life, rather it is an adaptation of current marketing practice. In brief, green marketing can be defined as various marketing activities concerned with scanning for green marketing environment, identifying ecological sensitive customers and studying their green needs and motivation to designing, pricing, promoting and distributing products that have a minimum detrimental impact on the environment. In essence, green marketing places emphasis on sustainability of marketing activities of a firm so that these either create a positive impact or lessen the negative impact on the environment.

The main drivers of environmental action by business are:

- **Market pressures from consumers and other stakeholders**  
Consumers Today, with the enhancement of communication technologies, has greater access to information. They seek to purchase environmentally responsible products. Competitive pressures have also caused an entire industry to modify and thus reduce its detrimental environmental behavior. For example Xerox launched 100% recycled paper which forced others in the industry to emulate the same.
- **Government regulations and policies**  
Without intervention by the government, environment cannot be fully protected. There are various government policies like environment protection act 1986, the hazardous waste management rules 1989 and National Tribunal act 1995 to check pollution and environmental degradation.
- **Sense of responsibility**  
Many firms are beginning to realize that they are members of a wider community and therefore must behave in environmentally responsible manner. This translates into firms that believe they must achieve environmental objectives as well as profit related objectives. They can incorporate environment issue in their corporate culture and use it as a tool to build goodwill in the market.
- **Self interest that is by saving money by reducing waste.**

### **New role of Marketing**

Marketing has vital role in the development process of any economy and it is well recognized. The marketing process that offer and stimulates consumption opportunity to satisfy human needs and wants triggers much of the economic activities. However marketer's critical role in development will be only appreciated only when it lives through sustainable marketing practices. This means that it might have to shed its present profligacy that encourages unsustainable development path.

Therefore, a new approach of marketing ought to be evolved which should aim at serving the material wants of consumers through an ever increasing volume of goods without any attempt to use too much of resources. Life quality should represent not only the quality and quantity of consumption of goods and services but also quality of environment.

### **Improving your company's competitiveness**

Firms have tried to assess their exposure to climate change and have stated to develop climate strategies which include various steps, each of which require strong leadership at the top and involve significant learning across the organization.

### **Quantify your carbon footprints**

Since you can manage only what you measure, companies need to first understand the source and the level of their own green house gas emissions and begin tracking those emissions over time. This quantitative and relatively straightforward task can lead to heightened consciousness of climate change issues within a company and set the stage for a broader look at the strategic risks and opportunities as they pose. They should differentiate between direct and indirect emissions- that is, between their own "smokestack" emissions and those resulting from their energy consumption, travel and other activities. The aim is to identify and prioritize emission reduction opportunities. The pharmaceutical giant Pfizer has set guidelines requiring it to reduce the environmental footprint by lowering energy consumption. It has identified more than 6 such projects at all levels of the company for this. This sends a strong signal to customers and public that they recognize the importance of climate change as a business risk and an opportunity.

### **Assess your carbon elated risks and opportunities**

The emission footprint tells only part of the story. After determining the direct and indirect impact your company is having on the climate, companies need to broaden their analysis and think strategically that how these risks could hurt or offer opportunities that better position their business. To put it in other words companies can look at ways in which climate change can affect their revenues and costs. On the cost side, climate change might drive increases in raw material costs, direct regulatory costs, capital expenditures for example, new facilities with lower emissions levels and possibly even new tax liabilities. Revenues will be affected by your ability to pass these costs on to the customers through new pricing structures while exploiting new market opportunities and maintaining market share.

### **Adapt your business in response to the risks and opportunities**

Having assessed the ways in which climate change could affect their company, they should develop strategies and make moves based on that knowledge. These could be reductions in energy consumptions and carbon emissions to sometimes reinventions of new products and facilities. Companies need to think not just about the impact of their product in the hands of the consumer, but also the process by which the product made are sold. They have to be concerned about every products eco balance, the minimization of risk and its impact throughout its production life cycle, and the resources required to make or deposit it. A new marketing approach promoting re-consumption should be considered in all product planning and development. Developing products that can be re consumed over several generations and educating the consumers about re consumption is the need of the hour. Wal-Mart has designed a plan to reduce energy use at its stores by up to 30%.

### **Do it better than your competitors**

You don't only have to develop strategies but also beat competitors in both areas: reducing exposure to climate related risks and finding business opportunities within those risks. ITC for six years in a row has been a water positive company, and for three consecutive years to date has been able to sustain the carbon positive status along with large growth in their business. Today they have three times more fresh water harvesting potential than they consume and sequester almost twice the amount of carbon they emit. In 2008 they have also achieved 100% benchmark in recycling solid waste in several of their operations. This makes them the only company in the

world of their size and diversity to have achieved these three milestones. GE in 2005 launched Ecomagination, a coordinated product offering that features clean technologies that serve the transportation, energy water and consumer product sectors. GE's goals for the program was to double its annual investment in clean technologies to \$1.5 billion by 2010 and to increase it to at least \$20 billion the revenue generated from products and services that offer customers measurable environmental performance advantages.

### **Re orientation**

Green marketing requires the reorientation of the entire marketing mix, everything from the product and packaging to promotion. Every market will have to assess the environmental impact of the manufacturing, content package, label, advertising, distribution, use and disposal of its products. Reorientation is also required in selling approaches and sales incentive programs. Packaging, product mix variables and long life time warranties would be steps that are aimed at delivering ecologically beneficial results. Credible environment themes based on appropriate environmental customer education can make the difference.

### **Redirection**

It is the marketer task to redirect the consumer needs and wants towards consumption, which is ecologically least harmful. The use of market research and in depth customer analysis will provide the most sustainable results. In this respect, consumer's attitude studies will help in designing proper communication messages for green marketing.

### **The four Ps for green marketing.**

Like conventional marketers, green marketers must address the 'four Ps' in innovative ways. (Kotler, P. and Keller K. L., 2005)

### **Product**

Entrepreneurs wanting to exploit emerging green markets will either:

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

The increasingly wide variety of products on the market that support sustainable development and are good for the triple bottom

- Product made from recycled goods, such as quick'N tuff housing materials made from recycled broccoli boxes'
- Products that can be recycled or refused.
- Efficient product, which saves water, energy or gasoline, save money & reduce environmental impact.
- Product with environmentally responsible packing. McDonalds for example, changed their packaging from polystyrene clamshells tom paper.
- Product with green labels, as long as they offer substantiation.
- Organic products- many consumers are prepared to pay a premium for organic products, which offer promise of quality. Organic butchers, for example, promote the added qualities such as taste & tenderness.
- A service that rents or loans products-toy libraries.
- Certified products, which meet or exceed environmentally responsible criteria.

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

### **Price**

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 additional products 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 & quality.

Environmentally responsible products, however are often less expensive when product life cycle coast are taken into consideration, for example fuel- efficient vehicles, water efficient printing & non – hazardous products.

### **Place**

The choice of where & when to make a product available will have significant impact on the customers you attract. Very few customers will go out of their way 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 you want to project and allow you to project your own image rather than being dominated or compromised by the image of the venue.

The location must differentiate you from your competitors. This can be achieved by in –store promotions and visually appealing displays or using recycled materials to emphasize the environmental & other benefits.

### **Promotion**

Promoting products & services to target markets includes paid advertising, public relations, sales promotions, direct marketing & on-site promotions.

Smart green marketers will be able to reinforce environmental credibility by using sustainable marketing and communications tools & practices. For example, many companies in the financial industry are providing electronic statement by email, e- marketing is rapidly replacing more traditional marketing methods, and printed materials can be produced using recycle materials & efficient processes such as waterless printing.

Retailers, for example are recognizing the value of alliances with other companies, environmental groups & research organizations. When promoting their environmental commitment to reduce the use of plastic bags & promote their green commitment, some retailers sell shopping bags & promote their green commitments, for example those products by land care Australia cleanup & planet Ark, under the banner of the Go Green Environment Fund.

### **Conclusion**

Green marketing covers more than a firm's marketing claims. An environmentally committed organization may not only produce goods that can reduce their detrimental impact on the environment but also may be able to pressure their suppliers to behave in a more environmentally responsible fashion. A green future is now being created by visionaries with a competitive spirit in their bellies and social activism in their hearts. Some companies will be better positioned than others who pursue clean technologies, demonstrate ability in acquiring new skills, working with unconventional partners, incubating disruptive innovations, shredding obsolete businesses and creatively destroying existing product portfolios to name a few. Incumbent firms with these skills set possess a potentially powerful first mover advantage.

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