

Impact of Green Marketing on Sustainable Business Development

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ABSTRACT

The term 'Green Marketing' was first coined in 1980's and since then, it has undergone tremendous changes. The importance of green marketing has been realised by business industry as a means of getting competitive advantage over the rivals. It has been developed as challenge to remain with their customers and consumers in fold and fulfil the biggest need of the time by keeping our natural environment safe and sustainable. Since the increased awareness of consumers has given a tremendous boost in green marketing which represented a paradigm shift in various brands and businesses. Today consumers are more aware about environment issues such as carbon emissions, global warming, environment pollution. In these circumstances green marketing phenomenon has been developed very fast across the globe and facilitating sustainable business development. In this research paper, we focused on the impact of green marketing and that's importance in business development. We used the qualitative data which was collected from various sources of evidence to understand the significance of sustainable business development via green marketing, in addition to different websites, various books, latest journals, newspapers. This study aims at finding out how can a business unit gain more advantage over other brands while using green marketing and how these green marketing strategies impacts on business development. This research concludes that green marketing will grow along with consumers awareness and will impact the sustainable business development.

KEYWORDS: Green Marketing, Business Development, Sustainability, Consumers Awareness, Global Warming, Environment Pollution

INTRODUCTION

The marketing which is safe for the environment is known as 'Green Marketing'. Therefore, it is the inclusion of a huge array of activities such as amend the changes in production process, changes in packaging, modified advertising. Basically, Green marketing is a process of selling services and the products for the benefits of environment [1]. These services and products may be manufactured in eco-friendly environment. Green marketing term coined in 1980's, when in 1975, American Marketing Association did their first workshop on Ecological Marketing. Eventually, A holistic concept related to market consumption, production, destruction of services & products occurs in a way which is slighter ruinous to the environment with increasing awareness regarding global warming affects, is known as 'Green Marketing' [2]. Today's generation is becoming more sensitive to need for switching to the greener products & services. The companies are also responding with equal zest by including those environmental concerns in business development [3].

The term 'Green Marketing' has been properly absorbed in today's scenario. Those brands which are following 4 Ps of marketing; Produce, price, promotion, place so as to protect environment in a manner that it doesn't mitigate the sustainability, can be influenced by consumers very early [4]. It can situate the link between brand and consumer at an early stage which entails a very holistic approach [5]

As to develop a marketing strategy, it includes the options like green products, green prices, green packaging, green communication. Green products address eco-friendly products, green packaging addresses the phenomena of the packaging that diminishes the damage of environment [6]. Green prices address the reflection of environment concern that is transferable to the consumer. After its green marketing attempts the green communication to foster a positive image of a brand and spreads the business companies concerns regarding environment and the people [7].



Figure 1. Framework of Sustainable Business Development

Generally, the brands use green marketing to gain profits over competitor brands in the industry by delivering the unmatched services. The strategy of green pricing involves a product at relatively low price by reducing basic cost which distinguished it from existing products in the market [8]. For that purpose brands focuses on selective groups of customers to cater. This strategy contains mainly two aspects; basic cost of product & distinguishing aspect. The basic cost strategy requires operational excellence through new modes of production, goods delivery, brand promotions, brand development, brand positioning in niche markets, customer satisfaction [9].

Literature Review

The green marketing evolution happened in three phases; sustainable marketing, ecological marketing, environmental marketing.

Ecological Marketing

Ecological marketing aspect came into 1950s. The marketing system was analysed between the environment and society. It was the first time when the concept of marketing was shown in terms of marketing impacts on environment. By the end of 1960s and early 1970s this issue was discussed more frequently. By the mid 1970s it was clear that we need to think a lot about paradigm shift in marketing [10].

In 1975 a book was published on 'Ecological Marketing' written by Karl Henion & Thomas Kineneer. This book was the first one to raise development of ecological marketing term. This work resulted in an increased awareness on environmental issues [11]. So we can say that mid 1970s was the ecological marketing period and by the mid 1980s it became widely accepted. Consequently, ecological orientation for marketing made the changes in legal regulations also for companies. Companies started to adapt new ecological requirements through the improvements in production processes with the main concern of environment [12].

Environmental Marketing

It affected the marketing practices in early 1980s. And undoubtedly, companies attempted practical implementation of environmental marketing. This phase involved the principles that moved marketing in stronger direction of sustainable business [13].

Environmental marketing is a planned, implemented and controlled process of product development, price formation and product distribution which adheres these criteria's; customer satisfaction, organizations goals achievement. Mostly marketing theories teaches that marketing fulfils the needs and wants but unfortunately, most of the marketing activities are satisfying only necessities, not needs [14].

Green & Sustainable Marketing

By the end of 1980s, next phase of marketing began. At that time, in 1984 the Indian town Bhopal gas tragedy happened, in 1985 the emergence of Ozone layer occurred, in 1986 the Chernobyl disaster happened, all these disasters attracted the world community's attention. The media opened the people's eyes to environmental problems. Then companies found their footing and ran that green wave. There are certain conceptualization in economic activities and environment. The initial concept was 'sustainable business development' which came into existence in WCED report, which is also known as 'Brundtland report', in 1987 with the title of 'Our Common Future' [15]. This report defined the sustainable development where the present generation needs are satisfied but not at the stake of future generation. Sustainable development is the inclusion of renewable natural resources where the rate of their consumption coincides with the rate of recovery. There is an important reason to cover the sustainable development in the brands reports that environmental problems are arising because of unsustainable production methods and incorrect consumption system. Sustainable development need was felt across the globe, at least 'on paper' by the government organisations and the firms & brands [16].

Then another concept was 'waste free technologies' in which companies started to tackle production waste by developing their new production processes or with the incorporation of new innovative production system. The another concept is 'green consumers' who distinguished the consumer behaviour [17]. They consume mainly natural resources which doesn't coincide with the benefits. Though, green consumers don't fall in any specific definition but the consumers whose products consumption is related to the environmental and social concerns are counted in green consumers category. They mostly purchases green products due to their social image, which provides them social identity based marketing strategies. The next concept is 'eco-performance' which mentions that competing products and companies have differentiated on the basis of ecological dimension. They have other level of eco-performance [18].

Objective of this Study

There are few objectives of this study:

- Discuss the impact of green marketing on sustainable business development
- Understand the strategy required for green marketing
- Understand the current scenario and future of green marketing
- Understand the need to manufacture sustainable products

Research Methodology

The whole study is based on the qualitative data which was collected from various secondary sources like journals available online and offline, newspapers, research publications,

magazines, books, websites. The complete information was gathered through libraries and websites. All the information given in the literature is cross checked and validated.

Strategies of Green Marketing

The increased awareness amongst consumers towards environment forced the firms to change their marketing strategies. There are two essential characteristics of green marketing strategy; companies need to develop those products that can satisfy consumers' need without harming the environment, the other one is to keep the commitment towards environment [19].

The changes in the marketing strategies have brought a change in consumers and firms' relationship also. While satisfying consumer needs with the help of green marketing strategy, the benefits of that particular product also must be highlighted. There is a difference between green marketing strategy and traditional marketing strategy such as integrated approach, long term orientation, value based, human being and environment centric initiatives. Companies need to adapt a proactive approach in green marketing to gain the competitive advantage via product positioning in the minds of customers [20]. To make the business sustainable its necessary to incorporate suppliers, distributors and business partners. To take the benefits from green marketing strategies companies needs to do their own homework by making themselves clear what they sought to do. To avail the benefits from green marketing strategy brands needs to give the importance to market positioning, green costs, manufacture green product, green promotion, green partnerships, green marketing mix.

A brand has to decide its customer segment at the first place or business strategy to reap advantages. Few brands prefer to indulge to promote their products via media to approach environment conscious consumer base. Earlier consumers were concerned about the design of the products since there were many environmental hazards regarding design of product. So, it was viable for the companies to develop those designs which are eco-friendly with environment. It required a new product development with new designs. In this green marketing strategy pricing factor also played a major role as it is paid by customer. Consumers are also aware that they need to pay a little higher price for green products. To develop a green product involves a huge sum of money from the point of view of wastage management, reuse and recycling, research and development and other external costs. The product cost sometimes varies as it involves low packaging and high packaging cost, if product would carry high packaging, then automatically the prices would be little higher [21].

Then the other significant aspect is supply chain management and handling of the products. Companies needs to focus on inventory management also to reduce waste. It has become a major concern to dispose the waste. Companies require to think over it to mitigate the release of waste in hazardous manner. Big companies have started to realize the importance of reuse and recycling of products to counterbalance the environment damages. Then another aspect is green promotion, for that it's necessary to choose the right channels, correct mode of means, messages at accurate time to reach out to right customer base. No promotion would be successful unless brands start to do the same practice whatever they are propagating. This is the area where consumers judge the brand and develop their mindset towards a brand. Earlier, companies backfired in green marketing strategies because they didn't transform their words into deeds.

Companies are adapting strategic alliances with other businesses to achieve green marketing objectives. There are few brands who doesn't have good image in the market or lacking their expertise in green marketing. That's why they started forming alliances with business partners to acclaim their future objectives. It would be more beneficial for existing brands if their alliance partners have proven track record of knowing as an environment conscious. There will

be the exchange of knowledge and resources so the strategic partnerships would be mutually beneficial [22].

By adaptation of pro-active approach in green marketing business firms are recognising the value of continuous learning about consumer needs.

Necessity of Green Marketing:

Green marketing has made significant inferences in today's market. It effects positively on environment and the consumer. Green marketing does the roleplay to provide protection for the environment for future generations. It gives pragmatic influence on environmental safety. Green Marketing helps in getting rid from the products which are developed from plastic. These products are not viable as they are non-biodegradable. If we will not stop the use of plastic, in future there will be sea and oceans of plastic everywhere. This is the reason to focus on green marketing to develop sustainable business to promote eco-friendly packaging, sustainable business practices, marketing campaigns which can generate consumer awareness towards environment. Today every individual wants to live quality life without compromising the environment. Every company wants to earn profit to gain economic stability but not at the stake of environment. This sense of feeling developing the business class' corporate citizenship. In Asian countries, firms are getting inspiration for green marketing but still a huge gap exists there between their understanding and implementation [23].

4 Ps in Green Marketing

The single P (Price) from microeconomic theory originated the word Marketing Mix. Often it refers 4Ps to transform marketing planning into practice. 4Ps are not related to marketing theory or any scientific theory but that's a conceptual framework which can identify the offerings according to customer needs. The term marketing mix refers the inclusion of 4 Ps: Price, Placement, Product, Promotion. Marketing mix often works as a panacea as it alienates the marketing from other activities of the company, makes the marketing easy to handle. The marketing mix conceptualisation presents two important benefits; It helps the managers to reveal various other dimensions of marketing and another benefit is it helps the marketing managers to trade off the profits of other brands competitive strength. There are certain shortcomings of 4Ps of marketing mix frameworks as the traditional marketing has become the point of intense criticism. There are a lot of critics rejecting 4Ps altogether [24].

The concept of 4Ps is all related to the product orientation in spite of customer orientation. These all variables should be seen from customer's perspective. The marketing mix has these few criticisms:

It is customer oriented but doesn't count consumer behaviour

It doesn't count customer relationships

It simply focuses on management attention

It doesn't offer help for marketing activities personalization

It doesn't consider the unique elements of service marketing

Green marketing is so much expensive as it involves additional burden on promotions due to premium prices. The main focus of green marketing is to convey the message to the customers through sales promotions, direct marketing, advertising. Since it's a fact that so many consumers are not very conscious about the benefits of green product, to bring it in notice brands do different green promotional strategies. Consumers must be informed of the types of environment issues that a product can solve in initial phase for them if they would choose a green product. Consumers who are more receptive to direct marketing channels would prefer greener products. Brands positive image will also help in gaining public relations. Therefore, research can also help green marketing.

A company who is promoting green marketing need to make few adjustments in internal functioning also such as restructuring of their business processes. It is a misconception that only marketing department can bring revolution through green marketing. But it's a fact that there should be a perfect marketing strategy to align other functions of the organizations. A few changes in business model which is must for green marketing could be achieved via focusing on certain measures.

Efficacy of Green Marketing Strategy in Sustainable Business Development

Green marketing provides various benefits in sustainable business development. The foremost benefit is the mitigation in production cost. Green production will help in lessen the waste, lessen the raw material usage and energy saving costs. By reducing all these, there would be a significant increase in business profit. Also, green marketing will help in brand loyalty. Green marketing helps the brands to gain a positive image. Consumers attachment with any brand depends on brands perception and on their buying behavior. In green marketing strategy, retailers also play a big role, in creating high impact on green brand perception, consumers buying decisions, environmental values [24].

Limitations of Green Marketing Strategies

As we have discussed above that green marketing came into existence in early 1980's. From that time there was a concern amongst consumers regarding consumption of green products. In the beginning of 1990's mostly brands started green marketing to gain over rival brands. The main drawback of green marketing strategy exists in the variance between environment concern and transforming it into real purchasing. We can't ignore the fact that the products in the market have improved their quality and mitigated the effect on environment.

Green marketing strategy has a constraint on finance orientation also. As it impacts the cost of the products in terms of pricing, packaging and others. There are so many brands which are under criticism for resorting to green marketing. So many critics are there who argue that a brand which was damaging the environment may astonishingly can turn green or propagate being green campaign. Therefore, a green strategy seems like an eyewash. The various stakeholders associated with their brands and various functional divisions of the business are giving their contribution in success of green marketing. To overcome these difficulties, the firms need to look over the green marketing concept in an innovative way [25].

Conclusion

Green marketing generated an opportunity for the companies to increase their market share by introducing enviro friendly products. Since, the term green marketing is the inclusion of marketing products which are eco-friendly, products which can reduce environmental hazards, packaging and promotion which can protect the environment. In fact, green marketing creates a link between consumer and brands. It creates a qualitative change in relationship between consumer and brand & develops strategic positioning in consumers' mind. To make the business sustainable, green marketing strategy must focus on brand's green positioning, Proper segmentation of market, green pricing, green supply chain, reduced waste, green promotions strategy, green marketing mix, green partnership with suppliers.

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