

A Critical Evaluation and Analysis of Green Marketing

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Abstract: *This paper analyses green/environmental marketing while looking at its limitations and potential. A comparison is made of the regular marketing mix with how it is implemented within green/environmental marketing to see if it has substance or not. Both macro and micro environmental issues are considered.*

The findings shows that the green/environmental strategy will continue to grow as more and more companies implement these issues within their policy. The implementation has begun in the western world, but the developing countries do not have the same perspective because of a different economy and legislation.

1. INTRODUCTION

Green/environmental marketing is a wide used expression, but the meanings can be somewhat different. To get an overview of what it actually is we have to start of explaining marketing itself:

”The management process which identifies, anticipates and satisfies customer requirements efficiently and profitably.” (CIM, 2001) from Principles of Marketing, third edition p.4 so what is green / environmental marketing? One definition written by Jay Polonsky goes like this:

“Green or environmental marketing consists of all activities designed to generate and facilitate and 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.” (Polonsky, 1994, p.2)

The key phrase is “with minimal detrimental impact on the natural environment”, because this is the main difference from the regular marketing concept. Therefore more explanation needs to be done before we can discuss what it actually means. So to understand the key phrase mentioned above we need to define consumerism and environmentalism:

- Consumerism: “a social movement seeking to augment the rights and power of buyers in relation to sellers” (Lancaster & Massingham, 1998, p.394)
- Environmentalism: “An organised movement of concerned citizens and government agencies to protect and improve people’s living environment.” (Kotler, Armstrong, Saunders & Wong, p.56)

Green/environmental marketing has to be looked upon together with present consumerism and environmentalism. For the last 40 years interest groups has asked questions about what we are doing, and how it will affect nature and the environment in the future. This has affected businesses because the spotlight has been put on them; because of e.g. production practices, use of materials, waste etc. To avoid a backfire from awareness in the community, both the industrial and the retail business now have really opened their eyes about the issue of this relatively new marketing strategy.

2. POTENTIALS/LIMITATIONS OF GREEN/ENVIRONMENTAL MARKETING

The potentials and limitations have a strong connection to consumerism and environmentalism. Within consumerism sellers has certain rights, but it is two of them that is of real importance to green and environmental marketing:

- To introduce any product in any style or size, provided that it is not injurious to health and safety and provided that potentially hazardous products are supplied together with appropriate warnings. (Lancaster & Massingham, 1998, p.394)
- To say what they like in promotion of their products, provided that any message is not dishonest or misleading in content or execution. (Lancaster & Massingham, 1998, p.395)

You have to see this in the same context as the environmentalist, who wants organisations to think of the environment when producing a product. As the sellers' rights states, organisations can produce whatever they want, as long as it is not hazardous to the buyers. The market changes all the time, because it involves the consumers demand for better life quality. But do the buyers, even the sellers, have the knowledge of which products that can be hazardous to the people or the environment long after the sale has been made? This is one of the many factors green marketing wants to highlight. History shows that a lot of products has been made, sold and used, but nobody knew the consequences, e.g. CFC (chlorofluorocarbons) in refrigerators, leaded petrol etc. Green/environmental marketing wants to use all of the factors of a product, everything from the raw material, fair trade prices of material, production, use, waste and after use, to highlight the product itself. The second bullet point talks about the promotion of products, this has to do with the marketing itself in green/environmental marketing. All the work done prior to the product comes out to the shelves, in the shelves and the aftermath of use are all potential information to use in the marketing itself. This means that those who actually take green and environmental issues into account can use this by implementing a new promotion strategy using what they already do. There are some limitations with this though. As mentioned before, history shows that products that have been used with good purpose, but then later shown harmful in one way or the other later on. A good example is CFC in refrigerators. After a long time using the CFC gas, studies showed that it was harmful to the environment, so the producers changed it to HFC (hydrofluorocarbons), which later also showed to be a greenhouse gas. (Polonsky, 1994)

Another potential of green/environmental marketing is that one mans waste can be another mans bread. We can continue on the example of refrigerators, because the hazardous gasses in them just should not be thrown on a land dump. They need to be emptied of gas before thrown away.

Separate businesses actually specialise in doing so, therefore some companies live out of dealing with other companies' problems and waste. Another example of this would be the electric battery business. In some countries the promotion and the packaging states that you shouldn't throw e.g. button batteries, rechargeable batteries in the regular trash bins. However alkaline batteries are looked upon as none hazardous. (The Humboldt Standard, 2002) The reason for this being that certain types of electrical batteries contains material, e.g. metals, mercury, silver etc, that can be hazardous to animals and humans if it reaches the subsoil water. This means that there are room for businesses to arise to handle these issues. This is a result of the environmental and green issues brought up by the new society.

Another problem where consumerism and environmentalism clashes, is the waste problem. Redundant packaging and lack of recycling is a growing problem. "Recycling levels in developed countries are climbing, but have not kept pace with increasing output." (BBC, 2002) An average American has almost 50 percent more waist output compared to 40 years ago. (BBC, 2002) With green/environmental marketing this issue can be looked at by eliminating or minimising before even created. This can reduce the redundant packaging used in products in store shelves, takeaway food etc. But there is a limitation here as well. A lot of products are known exactly how their packaging looks like. If this minimising does not work a long with people's personal perception of the product, it can affect the sale of the product itself. The recycling could be a chapter by itself, but it has to be said we are loosing raw materials to the landfill, but these could have been used to make new products with less use of energy and fossil fuel. The producers also gain by reducing their packaging because it is cost effective. Just look at MacDonal'd's who in 2002 reduced their plastic use by 230.953 kilograms. (MacDonal'd's, 2003)

The government is also playing an important piece in this picture. Legislation can be a helping hand regarding the usefulness of green/environmental marketing. The Kyoto agreement is one example where the government steps in and get through new legislation to meet social responsibilities. Social marketing is closely linked with green/environmental marketing because it

has some of the same aim; it may have little immediate benefit for the individual, but profound significance for society as a whole. (Polonsky, 1994) The only problem is that this can be a limiting factor for the manufacturers, at first because of higher prices coming from extra taxing in production etc, but in the long run be beneficial to the society. The car industry went through a big change when a social and legal (in some countries e.g. Norway) demanded catalysers in all new cars manufactured. (Ministry of finance, 2003) The car industry couldn't do anything else than to respond by doing exactly what the legislation demanded. But at the same time this made cars even more expensive. So for the micro environment this didn't really help people afford a car, but the macro environment will benefit in the long run. The same scenario is happening as we speak about alternative combustion engines. Research and development, new material and changes in the production lines all costs money. Hybrid and electrical cars are still priced high compared to their competitive cars. (Foss, 2004) But it uses less or no raw material e.g. gasoline, and in some countries e.g. Norway (Ministry of finance, 2003) there is no yearly road tax and parking in cities is free. The US has also introduced a new scheme regarding a car tax against the CO2 emission and what fuel the car is running on. (Channel 4, 2004) But the limitations are in the use of electric engines with today's technology. They are great in city cars etc, but what about lorries and planes? They all use gasoline or diesel, and at present day there are not any substitutes for them. However, it is the people's opinion on electric cars and new sources of energy that really counts. Currently the gap between combustion engine cars and electric cars is too large. Take the example of a sport utility vehicle (SUV), people tends to know that it pollutes a lot, but still wants and buys them. Awareness and the fact that people care about what is happening is the biggest issue here. When the market grows, the manufacturers have to follow their customers and use more money on research and development on new technology to maintain their market share. There is also always a threat to be pushed out of the market because the all the other businesses take the necessary steps with the green and environmental issues. The ones that don't take the new social awareness and green issues into account can get bad publicity because of this. This results in a big loss for the companies because not only end users, but from other companies using them as intermediaries can cut them out. The difficulty of peer pressure and legislation on these issues can be that companies only do what is necessary to avoid bad publicity. This means that consumers can be misled by these firms, because they state they are environmentally responsible. An executive once said: "If you can't beat them, join them" (Henriksen & Orvik, 2002, p.1), which says the importance to do what the other do from time to time.

This all comes down to whom is green/environmental marketing aimed at?

It is aimed at the human kind, not individuals, but the whole population. A lot of times not even our generation either, but the ones to come later on. Businesses want to gain big revenue, and of course the biggest profits they can make as long as they exist. This marketing strategy also wants to exactly that, but at the same time take the macro environment into account doing so. Legislation, social awareness and new technology are changing in the direction of doing so in most of the western world. What about the third world and the developing countries? A lot of companies in the western world have outsourced their factories to the third world because of cheaper labour. As the third world is developing, this cost of labour will increase in these countries as well. A decade ago, child labour was a fairly normal thing in the third world, but the attention this has had in the western world has made the companies to change this. This is a problem in some of the third world countries because the families are dependent on every family member's income to eat and drink. With this knowledge green/environmental marketing has to look at fair trade as well so the company does not put them selves in this kind of position. All of these factors are slowly pushing the prices up on the products made in the developing and third world countries. As mentioned, some of these factors are a result of awareness and environmentalism in the western world.

3. CRITICAL EVALUATION AND ANALYSE OF THE CONCEPT GREEN/ENVIRONMENTAL MARKETING

So does green/environmental marketing have substance in today's modern market?

One important aspect within marketing is the marketing mix: "the combination of the 4Ps (Product, Price, Place and Promotion) that create an integrated and consistent offering to potential customers that satisfies their needs and wants." (Brassington & Pettitt, 2003, p.1105)

So is it possible to apply the marketing mix within green/environmental marketing?

A company is either making a product or serving some kind of service, so we can say there is a product involved. The product has intangible and tangible assets in both cases. Both a product and a service has a "Product life cycle (PLC)" (Brassington & Pettitt, 2003, p.1105), even though they differs a lot in length and stages. Green/environmental marketing is very concerned with the PLC. It takes the work before the product is launched, and what to do with it afterwards into context. As mentioned before this involves the packaging, fair trade prices, materials used, how to recycle, reuse etc. But at the same time it does not forget the main objective, namely that the product is there to gain a profit. A business also wants to try to draw up a positioning map on their product to see where they are within the PLC. Green/environmental marketing is still using the traditional Boston Consulting Group (BCG), but has extended it to a three-dimensional matrix, Illinitch and Schaltegger's "green" portfolio planning model (Lancaster & Massingham, 1998), to take the green and environmental issues into account. By doing so they can differentiate between a "Dirty cash cow" and a "Green cash cow" etc. (Lancaster & Massingham, 1998) This will be of significant importance for more and more companies as they go green, because they might want to use the "green" word in their promotion etc. If they use the "green" word and at the same time they have a "dirty cash cow" they may receive bad publicity of consumer groups.

In regular marketing place has to do with the channel lengths, logistics and distribution so that the products is found in right quantity, right time, right condition and right degree of advice and installation. (Brassington & Pettitt, 2003) Green/environmental marketing has the same elements. However, at the same time it looks at the environmental impacts of logistics. It also looks at the channel length, but with more criteria for them, e.g. how they deal with green issues, what other brands/services do they handle etc. This makes the distributors, trucking companies and other intermediaries to take green/environmental issues into account as well.

Green/environmental marketing can have one out of two ways to handle their promotion:

- "They can use the fact that they are environmentally responsible as a marketing tool." (Polonsky, 1994, p.4)
- "They can become responsible without promoting this fact." (Polonsky, 1994, p. 4)

As the promotion sends out an image to the market of your product, companies tend to be careful of what they state and say. History shows that companies have made the mistake of promoting something they thought were environmentally right, but because of limited scientific knowledge at that time, they actually made a huge mistake. (Polonsky, 1994) When this happens, the company behind the advert can receive a lot of negative publicity, and even loose customers if they don't respond quickly.

A lot of this comes back to price. As mentioned before often prices on green/environmental products are higher than traditional products. However people's opinions about what they buy has changed slightly the last 10 years. More and more people buy free hen eggs, ecological milk, fair trade coffee, none animal tested cosmetics etc. This clearly shows a change in the consumer behaviour because of the green/environmental marketing. It also shows that people are willing to pay more for environmentally friendly products.

So by the use of the marketing mix we clearly see that green/environmental marketing is a complex and massive strategy. Furthermore, by looking at how the strategy is carried out we can draw a close link to social marketing. As marketing is developing and changing, it shows that green/environmental marketing is expanding by the minute because of the close relationship to consumerism and environmentalism.

4. CONCLUSION

We have discovered that green/environmental marketing strategies are more and more used in today's society. Through an analysis of what green/environmental marketing is all about, we found out that it is the environmentalists marketing strategy. This strategy has potentials and limitations regarding consumerism, but in the long run they go hand in hand both for the macro and micro environment. Marketing has changed to be more social, green and environmental over the last years. This has much to do with the media attention placed on individual firms or whole

markets. None profit organisations and a big volume of different associations are now working for greener and more environmental products. New legislation has been made by governments individually and in groups to try to decrease the problem of global warming. Furthermore, this means that the manufacturers, intermediaries etc, have to look at the limiting factors they may face in the future, e.g. shortages of raw materials, increased cost of energy, when planning their future plans. In Sweden, energy conservation already has a tax system which penalizes polluting energy sources like coal and oil, while less polluting energy sources like peat receive a favourable tax treatment. (Jobber, 2004) This shows that segmentation, knowing its market, is just going to be more and more important in the competitive world. As consumers and legislation drive to get greener products to “save the world”. So it all comes down to the consumer, they want environmental friendly products, but at the same time want a performance product that pollute. It is the barrier of the compromise within this gap that is the one of the biggest problems to solve, e.g. SUV’s.

To end this analysis of green/environmental marketing we want to end with a quote from the United Nations Environment Status Report (GEO 2000), where the conclusion states:

“The environmental gains we get from new technology and legislation disappears with the economical growth and growth in world population.” (Henriksen & Orvik, 2002, p.2)

This is the paradox with the companies’ green/environmental marketing, which makes us buy greener products, but the consumption, is only increasing and increasing. How to solve this paradox will be the next step for the human kind to research to try to get a solution. If this issue is not dealt with, the green/environmental marketing would be a waste in the first place.

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