



## RESEARCH ARTICLE

### SHADES OF GREEN MARKETING STRATEGIES IN CONSUMER'S MINDS

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#### ABSTRACT

The development of green marketing has opened the door of opportunity for companies to co-brand their products into separate line. Green marketing not only has the potential to boost brand esteem and win greater customer loyalty; if applied to the marketing process itself, it can save money and add "green" to the company's bottom line. This paper discusses how businesses have increased their rate of targeting green consumers, those who are concerned about the environment and allow it to affect their purchasing decisions. The paper identifies the challenges which the Green marketers are facing and strategies which they need to adopt to sell their green products by differentiating them from others along with the present trends of green marketing in India and reason why companies are adopting it.

## INTRODUCTION

Green marketing is a way to use the environmental benefits of a product or service to promote sales. Many consumers will choose products that do not damage the environment over less environmentally friendly products, even if they cost more. Green marketing has focused on marketing green products and addressing the environmental concerns of consumers. Green marketing means "All activities designed to generate and facilitate any exchange intended to satisfy human needs and wants such that satisfying of these needs and wants occur with minimal detrimental input on the national environment Green marketing refers to the process of selling goods and/or services based on their environmental benefits. Such a product or service may be environmentally friendly in it or produced and/or packaged in an environmentally friendly way. The obvious assumption of green marketing is that potential consumers will view a product or service's "greenness" as a benefit and base their buying decision accordingly Marketers play an important role in using and diverting the resources in a manner to give maximum satisfaction to the consumers with minimum efforts and cost. Another important aspect which a marketer needs to deal with is to anticipate the changes which can take place in future and accordingly frame the marketing strategies. The marketers today face a challenge from the environment point of view. Due to global warming, green house gas emissions, pollution, and energy crisis, world is

facing a severe threat of being a very difficult place to live in. Therefore, the marketers need to include a green approach in framing the marketing programs/ strategies. With regards to this the marketers now have to *go green*. It means that due care must be taken while framing the marketing plans, strategies and policies so as to prevent the environment and nature from any harm caused due to its operations not only today but also in future. According to The American Marketing Association, "Green or Environmental Marketing consists 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."

#### Objective of the study

- To examine the present trends(with few examples) of green consumer segments and problems of green marketing in India
- To study the current optimal strategies which are needed to adopt to sell green products

#### Competitive strategy

Porter (1980) proposes three strategies that have latent capacity to increase competitive advantage and can make firms get ahead of the others. Generally, these strategies are called "generic competitive strategy" and have been used by many

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firms to develop marketing plans. The three kinds of strategies are described as follows:

- (1) **Overall cost leadership:** This strategy aggressively develops the scale of economics and eliminates R&D and marketing expense. The production and marketing costs are controlled by increasing product efficiency.
- (2) **Differentiation:** Great efforts are put into the creation of unique products and services to develop competitive advantage. The differentiation in products and services includes superior quality of the product, better service level, and brand image.
- (3) **Focus:** Businesses focus on a specific market segment or part of the product line to gain competitive advantage. The following figure shows the structure of Michael Porter's generic competitive strategy.

Competitive Range	Competitive Advantage	
Differentiation	Low Cost	
Wide	Differentiation Strategy	Overall Cost Leadership Strategy
Narrow	Focus Strategy	

### Differentiation Strategy

To be different, are what organizations strive for; companies and product ranges that appeal to customers and "stand out from the crowd" have a competitive advantage. Porter asserts that businesses can stand out from their competitors by developing a differentiation strategy. With a differentiation strategy the business develops product or service features which are different from competitors and appeal to customers including functionality, customer support and product quality.

If going green means that you are able to achieve greater success in marketplace through differentiation- that's the great reason to do so.

S No.	Differentiation strategy
1	Unique product feature
2	Unique product performance
3	Exceptional services
4	New technology
5	Quality of input
6	
7	Detailed information

### The Need for Green Strategy

Green 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 when all other things are equal, those "other things" are rarely equal in the minds of consumers. However, a growing number of people are willing to pay a premium for organic foods because, whether it is actually true or not, they believe organic food to be healthier, tastier and safer. Likewise, some consumers have been willing to pay an up-front premium for energy-efficient, water-conserving washer and dryer units (although the price premium has diminished recently). Such consumers realize that they will actually save money on energy and water bills over the long term. Organic foods and energy-efficient appliances thus appeal to consumers' self-interest. Green marketing has not fulfilled its initial promise, but companies can take a more effective approach if they realize

that a one-size-fits-all strategy does not exist. Green Marketing success involves ensuring that the marketing mix and the company also meet four "S" criteria (Peattie, 1995).

1. Satisfaction of customers needs
2. Safety of products
3. Social acceptability of the product
4. Sustainability of the product

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. Many companies have started realizing that they must behave in an environment-friendly fashion and believe both in achieving environmental objectives as well as profit related objectives. Various regulations recently framed by the government to protect consumers and the society at large led to the adoption of Green marketing as a compulsion rather than a choice. For example, the ban of plastic bags in many parts of the country, and prohibition of smoking in public areas, etc. Many companies take up green marketing to maintain their competitive edge.

### Analysing Green Consumer Segments

While buying green may not appeal to everyone, there are substantial numbers of consumers who are potentially receptive to a green appeal. According to the Roper survey mentioned above, 58% of U.S. consumers try to save electricity at home, 46% recycle newspapers, 45% return bottles or cans and 23% buy products made from, or packaged in, recycled materials. So it is clear that some consumers already demonstrate sporadic green sentiment in their habits and purchasing behavior. Understanding the target consumer will help marketers to know whether "greenness" is an appropriate selling attribute and how it should be incorporated into the marketing mix. To respond to consumers' varying degrees of environmental concern, marketers can segment the market into different shades of green. The Roper survey divides consumers into the following groups:

**True Blue Greens (9%):** True Blues have strong environmental values and take it upon themselves to try to effect positive change. They are over four times more likely to avoid products made by companies that are not environmentally conscious. Consumers are unlikely to compromise on product attributes such as convenience, availability, price, quality and performance to buy green products.

**Greenback Greens (6%):** Greenbacks differ from True Blues in that they do not take the time to be politically active. But they are more willing than the average consumer to purchase environmentally friendly products.

**Sprouts (31%):** Sprouts believe in environmental causes in theory but not in practice. Sprouts will rarely buy a green product if it means spending more, but they are capable of going either way and can be persuaded to buy green if appealed to appropriately.

**Grousers (19%):** Grousers tend to be uneducated about environmental issues and cynical about their ability to effect change. They believe that green products cost too much and do not perform as well as the competition.

➤ **Basic Browns (33%):** Basic Browns are caught up with day-to-day concerns and do not care about environmental and social issues.

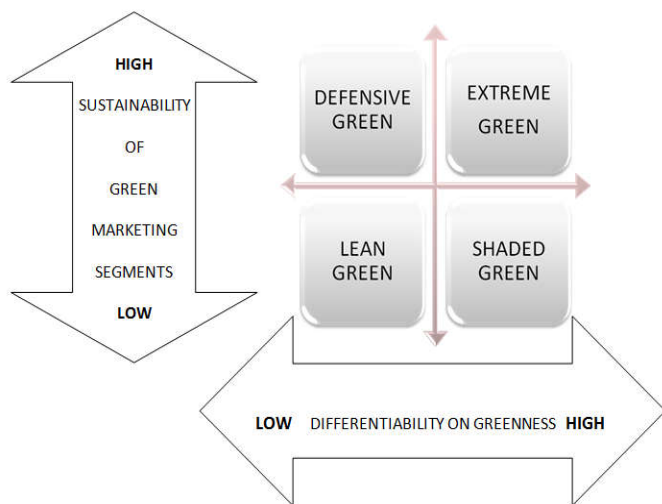
These figures indicate that somewhere between 15% and 46% of the overall consumer market could be receptive to a green appeal, depending on the product category and other factors. And there are social, cultural and economic trends that could cause the size of this target market to grow. One trend worth noting is the aging of the baby boomers — their concern about living longer, healthier lives is leading them to place a high priority on environmental quality.

**The Green Marketing Strategy Matrix**

Companies should consider the likely size of the green market in their industry as well as their ability to differentiate their products on "greenness" from those of competitors before choosing one of the strategies in the matrix. Others have learned to design products that are better for the environment. A review of several possible strategies should make the choices and trade-offs clearer.

**Choosing a Green Strategy**

Companies contemplating a green strategy must consider how competitors are pursuing these potential target segments. Managers must ask themselves two primary questions regarding a green marketing strategy: First, how substantial is the green consumer segment for the company? Second, can the brand or company be differentiated on the green dimension? Answers to both these sets of questions will help a company determine how much it should stress greenness as a differentiating attribute in its marketing, not how much it should invest in environmentally friendly business practices. How a company responds to that issue should be guided by a host of other considerations.



**Fig.1. Green Strategy Model**

Depending on how these questions are answered, companies should consider one of these strategies:

**Lean Green**

**Lean Greens** try to be good corporate citizens, but they are not focused on publicizing or marketing their green initiatives. Instead, they are interested in reducing costs and improving

efficiencies through pro-environmental activities, thereby creating a lower-cost competitive advantage, not a green one. An example company is Coca-Cola.

**Defensive Green**

**Defensive Greens** usually use green marketing as a precautionary measure, a response to a crisis or to a competitor's actions. They seek to enhance brand image and mitigate damage, recognizing that the green market segments are important and profitable constituencies that they cannot afford to alienate. Gap, Inc. falls into this category.

**Shaded Green**

**Shaded Greens** invest in long-term, system-wide, environmentally friendly processes that require a substantial financial and non-financial commitment. They have the capability of truly differentiating themselves on greenness, but they choose not to do so because they operate in markets in which they can make more money by stressing other attributes. Toyota implements this strategy in marketing their Prius.

**Extreme Green**

Holistic philosophies and values shape extreme Green companies. Environmental issues are fully integrated into the business and product life-cycle process of these firms. Usually greenness has been a major driving force behind the company since day one. For example, The Body Shop, Patagonia and Honest Tea of Bethesda, Maryland

	Product	Price	Place	Promotion
Lean	X			
Defensive	X			X
Shaded	X	X		X
Extreme	X	X	X	X

**Fig.2. Marketing Mix & the Green Marketing Strategy Matrix**

Differences among the four strategies of green marketing can be seen by considering how the four elements of the marketing mix -- product, price, place and promotion -- are utilized in each strategy. The lean green strategy is one in which greenness tends to be exhibited mostly in product development, design and manufacturing. The defensive green strategy mainly involves the promotion aspect of the marketing mix making particular use of quieter public relations promotions rather than overt tools like advertising. The defensive green also quietly pursues greenness in its product development, design and manufacturing. The shaded green strategy puts some secondary emphasis on greenness in its more overt promotional efforts and also pursues greenness in product development, design and manufacturing as well as in pricing if cost efficiencies can be achieved with greenness. Finally, the extreme green strategy involves heavy use of all the marketing mix elements, including the place element, as distribution systems and retailers are chosen and given incentives on the basis of their greenness a competitor's actions. They seek to enhance brand image and mitigate damage, recognizing that the green market segments are important and profitable constituencies that they cannot afford to alienate. Their environmental initiatives may be sincere and sustained, but their efforts to promote and publicize those initiatives are sporadic and temporary, since they do not typically have the ability to differentiate themselves from

competitors on greenness. Aggressive promotion of greenness would be wasteful and would create expectations that could not be met.

### Hassles with Green Marketing

According to Mendleson & Polonsky (1995) the major problems associated with green marketing are,

- Poor credibility
- Consumer cynicism
- Consumer confusion

**Poor Credibility** has been a result of some poor past environmental performance. The companies when started promoting environmentally friendly products, without actually integrating environmental awareness in their culture. The result is such that they have started producing environmentally responsible products in a seemingly environmentally irresponsible manner leading to poor environmentally marketing credibility.

**Consumer Cynicism** is also related to green marketing past history. In US, as many companies tried to jump on the green bandwagon without thinking about the result of their actions. They had to jump off eventually, when government announced regulations and agreed that some of the companies' claims were deceptive. In some of the cases the result was failure of products that made green marketing claims. As a result of new governmental regulations a lot of products were taken off the market. The products that made totally meaningless environmental claims resulted in disappearing from the market.

**Consumer Confusion** is a result of lack of knowledge amongst the consumers regarding the environment. Whether the consumers will be able to differentiate between what products to be recycled and determine where to recycle those products, has strained the government to issue environmental guidelines (Kangun and Polonsky, 1995). Products carry special markings or symbols approved by government to ease the consumer confusion. Eg, energy star ratings, ecolables, etc

### Considerations in choosing a Green marketing strategy

To understand where a brand or company really stands on the two dimensions of green market size and the ability to differentiate on the basis of greenness requires careful research. As a good starting point for trying to understand the size of the green market segment, managers should gather data from customer records or surveys to determine whether a significant portion of a brand's current customers fall within the True Blue Green, Greenback Green or Sprout segments. If the brand is not currently appealing very much to those segments, the company would probably not be able to capitalize on becoming greener. On the other hand, if any of the green segments are prominent within the current customer base, estimates need to be made, again relying on customer records or surveys, of how much the company stands to lose if perceptions of its greenness are diminished by a crisis. Estimates also need to be made of what the company stands to gain if it is perceived by these segments as improving in greenness. If a change in perceived greenness in either a negative or positive direction would not affect the purchasing habits in these segments very much, the size of the market cannot be considered large.

However, if it is discovered that consumers in these segments are very responsive to changes in greenness or that some of the segments might grow when cultivated properly, the market size probably would be high and **defensive green or extreme green strategies** would be appropriate. Choosing between a defensive or extreme strategy in this situation should be guided by what is learned in additional research on competitors and company capabilities. It should also be guided by consumer research on the non green segments — companies want to be sure they won't suffer costly abandonment of a brand if it is perceived as "too green" by customer segments that are indifferent or even hostile to green product attributes. In addition to studying consumer responsiveness, it is also crucial to gain an understanding of how competitors are perceived by consumers on greenness as compared with the company's brand. At the same time, gathering information about the reality of how competitors are performing on greenness is also necessary. A critical eye must also be focused on the company's own green processes and its upper management commitment to greenness. It must be determined whether consumers perceive the greenness of the company and its competitors accurately or whether misperceptions are creating differentiation in the markets. If a marketer feels that it is possible to truly differentiate a brand in a way that will be honest, credible and long-lasting, a **shaded green or extreme green strategy** will be viable. But if competitors are really better and are capable of maintaining this edge — or if the cost of becoming greener than competitors does not seem worth the effort, given the prospects for additional revenue — then a **lean green or defensive green strategy** will make more sense. It's also important to educate consumers. Product packaging or in-store displays can be a major source of information about environmental action. Point-of-sale demonstrations and knowledgeable salespeople can help to educate consumers. Giving out free samples might be a good way to ease customers' initial reluctance to try a new product. Another key element of green marketing strategy is credibility. Having a good reputation to begin with can go a long way in helping to ease customer skepticism. Companies with socially responsible corporate values will appear more credible to target audiences, but it is critical that they also back up environmental claims. Finally, because consumers buy products and services primarily to fulfill individual needs and wants, companies should continue to highlight the direct benefits of their products. They should continue to tout the traditional product attributes of price, quality, convenience and availability and make only a secondary appeal to consumers on the basis of environmental attributes.

Few examples of adoption of green marketing in India are as follows:

#### **EXAMPLE 1: 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 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.

#### **EXAMPLE 2: Lead Free Paints from Kansai Nerolac**

Kansai Nerolac Paints Ltd. has always been committed to the welfare of society and environment and as a responsible corporate has always taken initiatives in the areas of health, education, community development and environment preservation. Kansai Nerolac has worked on removing hazardous heavy metals from their paints. The hazardous heavy metals like lead, mercury, chromium, arsenic and antimony can have adverse effects on humans. Lead in paints especially poses danger to human health where it can cause damage to Central Nervous System, kidney and reproductive system.

#### **EXAMPLE 3: Wipro Green It**

Wipro can do for you in your quest for a sustainable tomorrow-reduce costs, reduce your carbon footprints and become more efficient - all while saving the environment.

#### **Wipro's Green Machines (In India Only)**

Wipro Infotech was India's first company to launch environment friendly computer peripherals. For the Indian market, Wipro has launched a new range of desktops and laptops called Wipro Greenware. These products are RoHS (Restriction of Hazardous Substances) compliant thus reducing e-waste in the environment.

#### **EXAMPLE 4: Going Green: Tata's new mantra**

Tata Motors is setting up an eco-friendly showroom using natural building material for its flooring and energy efficient lights. Tata

Motors said the project is at a preliminary stage.

The Indian Hotels Company, which runs the Taj chain, is in the process of creating eco rooms which will have energy efficient mini bars, organic bed linen and napkins made from recycled paper. But there won't be any carpets since chemicals are used to clean those. And when it comes to illumination, the rooms will have CFLs or LEDs. About 5% of the total rooms at a Taj hotel would sport a chic eco-room design.

#### **Conclusion**

Green marketing is not going to be an easy concept. The firm has to plan and then carry out research to find out how feasible it is going to be. Green marketing has to evolve since it is still at its infancy stage. Adoption of Green marketing may not be easy in the short run, but in the long run it will definitely have a positive impact on the firm. Green Marketing is still in the stage of childhood in the Indian companies. The lots of opportunities are available in Indian market. Customers too are ready to pay premium price for green products. This transformation in consumer's behavior is compelling corporate

to think about the harmful impact of their activities on the natural environment of the world. The rapid increase for the environment concern in last two decades is stressing companies to prove the change to ensure the sustainable growth of the society. Green marketing should not be considered as just one more approach to marketing, instead should be pursued with greater vigor as it has societal and environmental dimensions. Organizations are now aware with the fact that without adopting green in the core of their strategy they cannot survive in the present competitive era. Indian FMCG companies are also adopting green to retain their image in the market. Green marketing helps in the effective outcomes like cost cutting, employee satisfaction, waste minimization, society welfare for the companies as well for society also. Only thing required is the determination and commitment from the all the stakeholders of the companies. Marketers also have the responsibility to make the consumers understand the need for and benefits of green products as compared to non-green ones and the benefits they can reap in the future. The green marketers can expect full support of the Government, and the consumers also will not mind paying more for a cleaner and greener environment. Finally, consumers, industrial buyers and suppliers need to promote the positive effects of Green marketing on the environment. Green marketing assumes even more importance and relevance in developing countries in the world like India which should be path breakers and trendsetters for all others to follow.

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