

GREEN MARKETING CHALLENGES IN INDIA – AN EMPIRICAL STUDY

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ABSTRACT

In the modern era of globalization, it has become a challenge to keep the customers as well as consumers in fold and even keep our natural environment safe and that is the biggest need of the time. Environmental pollution is a buzz word in today's business environment. Consumers are also aware of the environmental issues like; global warming and the impact of environmental pollution. Green marketing is a phenomenon which has developed particular important in the modern market and has emerged as an important concept in India as in other parts of the developing and developed world, and is seen as an important strategy of facilitating sustainable development. Indian brands have taken on the green challenge by aligning themselves with a green cause, by introducing green products, by taking steps to reduce energy consumption and reduce costs, and by embracing green as a business imperative. This paper focuses on understanding the alarming situation of the need of green marketing and organization's efforts in curbing it. It also focuses on consumer perception and use of green products in the Indian scenario. This paper also emphasizes on the present and future potential for green marketing. Data has been collected from multiple sources of evidence to understand the importance of green and sustainability management, in addition to books, journals, websites and news papers.

Keywords: Green Marketing, Consumers, Greenwashing, Govt. Initiation, Environment.

INTRODUCTION

Although environmental issues influence all human activities, few academic disciplines have integrated green issues into their literature. As society becomes more concerned with the natural environment, businesses have begun to modify their behaviour in an attempt to address society's

“new” concerns. Some businesses have been quick to accept concepts like environmental management systems and waste minimization, and have integrated environmental issues into all organizational activities. One business area where environmental issues have received a great deal of discussion in the popular and professional press is “Green Marketing”. Green marketing refers to the satisfaction of consumer needs, wants, and desires in conjunction with the preservation and conservation of the natural environment. According to the American Marketing Association, “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.

Green marketing is quickly making the shift from trendy marketing tactic to cultural movement as more and more consumers demand environmentally friendly products, made in a sustainable way. Businesses that have already picked up on this change and are currently pursuing a green business model or green marketing strategy are reaping such benefits as - increased revenue, reduced costs, enhanced brand reputation and market value, risk mitigation and world salvation (4Imprint, Inc., 2010). Both marketers and consumers are becoming increasingly sensitive to the need for switch in to green products and services. While the shift to green may appear to be expensive in the short term, it will definitely prove to be indispensable and advantageous, cost-wise too, in the long run.

Objectives of the Study

1. To discuss the need for green marketing in India from different perspectives.
2. To understand the consumer’s perspective towards green marketing in India.
3. To study the present scenario and potential of green marketing in India.

LITERATURE REVIEW

Various Indian and foreign authors have put forwarded a rich literature on green marketing. The review of literature indicate that the various authors have been high lighted the Green Marketing and its associated problems, strategies and challenges from local to world level. Green marketing has been an important concept topic since it came.

1. Attention was drawn to the subject in the late 1970’s when the American Marketing Association organized the first ever workshop on —Ecological marketing in 1975 which

resulted in the first book on the subject entitled —Ecological Marketing by Henion and Kinnear (1976).

2. Amitabha Ghosh (2008) has examined the strategies in Green Marketing Ghosh highlights the history, growth and challenges of Green Marketing in India and abroad. He also mentions some of innovative techniques of regulation on corporate environmental planning at various levels. Other coverage of this book on green marketing are integration of environmental Management, price premiums hold on as US organic produce market expands, retailing of organic products, challenges and opportunities, India's New approach on the trade of environmental goods and services etc.
3. Suresh K (2006) has discussed the conceptual framework of Green Market green product design, supplier environmental management green food claims, the Indian scenario of green marketing attitudinal and behavioral analysis of Indian consumers of green marketing and other related to pics.
4. Ottman, J.A. (1993) has made an analytical study on Green marketing which major challenges faced by the green marketing. It also covers the internal and external opportunities which could be helpful to expedite the expansion of green marketing.
5. Similarly, Porter, M.E., Vander Linde (1995) have highlighted the competitive features of green marketing of various products in the world. He also mentions some of limitations of green marketing of various products and services in the world market.
6. Smithe, T (1998) has mentioned some of myths which have associated with green marketing. Smithe also discuss some of fallacious notion which give a pernicious effects green marketing.
7. Wong, V., Turner, W; Stoneman P. (1996) have made a comprehensive review of different marketing strategies and market prospects for environmentally friendly consumer products" He has tried to correlate the cause-effect relationship of marketing strategies and market prospects potential of some of specific areas of the world.
8. The proactive marketers are the most genuine group in implementing environmental marketing voluntarily and seeking competitive advantage through environmental friendliness (Karna et al 2003).
9. A business firm can be more competitive by using green marketing strategies to gain a competitive edge over others. There are challenges and opportunities businesses have with green marketing in the current scenario of Indian market (Shrikanth & Surya 2012).

GREEN MARKETING IN INDIA

The Indian consumer is high on the ladder when it comes to being concerned about the environment. But will he take the plunge and pay more for eco-friendly products. Green marketing is a phenomenon which has developed particular importance in the modern market. Many analysts are predicting that 2011 will be a make-or-break- it year for many green businesses. Increasing competition in the green sector has driven some businesses to new heights of innovation and service while others lag behind. Trends may come and go, it is not possible for any green business to stay on top of all of them, nor it is worthwhile to try. However, keeping track of green business trends is a great way to ensure that your business stays fresh, flexible and creative in the face of new challenges and opportunities. It has been identified three broad strategies that companies can use to align their green goals with their capabilities:

Accentuate: Strategy involves playing up existing or latent green attributes in the current portfolio.

Acquire: Strategy involves buying someone else's green brand.

Architect: Strategy involves architecting green offerings – building them from scratch. Green marketing mainly focuses on four issues. These issues are: first, importance of green marketing; second, impact of green marketing on firm's competitiveness and performance; third, improving effectiveness of green marketing. In India green Marketing is a relatively new topic introduced by few multinational companies operating in India like Philips India limited.

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 loose 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. Further green management produces new environment friendly customers which lead to increase in sales and profits of an organization that leads to growth and development of business; it also leads to good public image of the organization.

Growing interests among the consumers all over the world, regarding protection of environment which tends to establish a reciprocal relationship between man and environment. As a result, green marketing notion has been given a third dimension to man and environment relationship. It includes sustainability and socially responsible products and services, rendered for human being, living on this earth. That is why green marketing has been widely adopted by the firms world wide and the following are the reason for widely adoption of this conception. There are basically five reasons for which a marketer should go for to adoption of green marketing:

1. Opportunities or Competitive advantage
2. Corporate social responsibility (CSR)
3. Government pressure
4. Competitive pressure
5. Cost or Profit issues

A number of factors have caused business firms to behave more responsibly towards the natural environment. Perhaps foremost among these is the possibility of capitalizing on opportunities from the sale of environmental services and/or "earth-friendly" products. Environmental awareness has increased dramatically. In India, companies like Hero Honda (before they split), Volkswagen and Toyota in automobiles, Voltas, Panasonic and LG in consumer durables, Nokia (now Microsoft), Sony Ericsson and Philips in personal electronics and Wipro (with its non-toxic Green PCs) are shining examples. The Green Marketing is aimed at following objectives in general:

1. Eliminate the concept of waste
2. Reinvent the concept of product
3. Make environmentalism profitable
4. Bringing out product modification
5. Changing in production processes
6. Packaging changes
7. Modifying advertising

Greenwashing

This term refers to all industries that adopt outwardly green acts with an underlying purpose to increase profits. The primary objective of greenwashing is to provide consumers with the feeling that the organization is taking the necessary steps to responsibly manage its ecological footprint. In reality, the company may be doing very little that is environmentally beneficial. In short it means exaggerated and falsified green claims made by the companies, which acts as a major challenge for the industry, as it leads to consumer scepticism pertaining to such green claims.

Role of Government

The Indian government has also done its mite in promoting green marketing and eco friendliness by way of banning plastic bags from daily use, helping its automotive industry to develop greener vehicles. The government took the initiative of promoting green buildings construction, usage of alternate sources of energy by companies. It has developed a framework of legislations to reduce the production of harmful goods and by products so that there is reduction in the industry's production and consumers' consumption of harmful goods. Governmental Bodies are forcing firms to become more responsible. In most cases the government forces the firm to adopt policy which protects the interests of the consumers.

CONSUMERS' TAKE ON GREEN MARKETING

A green future with greener surroundings and a green bank balance is on most companies list irrespective of which side of the globe they are on. This has happened largely due to the consumers also, who today are aware & concerned of what they are getting into while making small buying decisions. This scenario is no different in India too where changing profile of the Indian customer has made it imperative for the marketer to change the way he communicates with the customer. The next generation Indian customers are educated, smart, equipped with technology and well informed through various media channels available now.

Green is slowly and steadily becoming the symbolic colour of eco-consciousness in India. Increasingly consumers are also aware and concerned about the efforts companies make towards the conservation of environment and community development. The concept of societal marketing and green marketing is being increasingly used in recent times. Consumers across the world have

become more conscious about the environment. They think highly of brands that are associated with environmental conservation. According to the Greendex 2010: Consumer Choice and the Environment – a worldwide tracking survey conducted by the National Geographic Society and polling firm GlobeScan - Indian consumers' lifestyle emerged as the most environmentally sustainable with 62.6% claiming to care about the environment. Paradoxically, that very consumer is reluctant to fork out more money for a green product. Recent estimates indicate that green spending in India could reach \$150 billion by 2017. Indian consumers are particularly inclined to seek green products and favour companies they consider green. 78% of Indians surveyed in 2009 by WPP agencies, Cohn & Wolfe, Landor Associates and Penn, Schoen & Berland Associates (PSB) as well as independent strategy consulting firm Esty Environmental Partners said they would spend more on green products. India and Brazil were the only two of the seven countries surveyed in which consumers express more concern for the environment than for the economy. The consumer's world over in general and India in particular are increasingly buying energy efficient products. In a nutshell most of the companies are venturing into green marketing because of the following reasons:

1. 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.
2. 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.
3. 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.
4. Many companies take up green marketing to maintain their competitive edge.

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 behaviour 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. Consumers in developing countries express greater concern over the state of the environment in their countries, which may contribute to their greater willingness to pay more for green products. There is a growing environmental-consciousness amongst all the citizens of Indian society. India is beleaguered with hazardous problems such as air and water pollution. It has made the population more responsive and aware towards green marketing appeals. It is very imperative to boost the morale of younger consumers to adopt a positive attitude towards the purchase of eco-friendly products. It could witness marketers rewarded with long-term relationship with this segment. It will take efforts from the company and the government to make a consumer loosen the purse strings to own or use a green product. Marketers have the responsibility to make the consumers understand the need for and benefits of green products as compared to non-green ones and to stay away from greenwashing. It is seen that consumers are willing to pay more to maintain a cleaner and greener environment.

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