

A STUDY ON CUSTOMER PERCEPTION OF GREEN MARKETING

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ABSTRACT

Green marketing includes green products as well as green firms. Green marketing is being considered very much these days. Branding green products is riskier as it is unknown and volatile nature of environmental friendly products and customer reaction to marketing efforts. Basically customers do not know the actual meaning and advantage of green marketing. This research paper tries to study the awareness and attitude of customers towards green marketing and their willingness to pay extra money for green products.

The objective of this paper is to explain the need and importance of green marketing and also to explicate certain initiatives taken by the companies for green marketing practices. The research has been done by considering primary as well as secondary data. A sample of 80 consumers has been taken. The paper tries to study the magnitude of green marketing and also provide need to recognize the value of green marketing. If the business is not managed with respect to environmental and social sustainability, the business won't be sustained for longer time period. A commitment to environmental sustainability in product style and producing will harvest major opportunities to grow the business, to pioneer, and to create whole equity.

Keywords: *Green Marketing, Green Products, Awareness, Willingness, Environmental and Social Sustainability*

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INTRODUCTION

Green marketing came into lime light in the late 1980s and early 1990s. Green marketing is a buzzword these days and the top companies are focusing on products which are environment friendly. The usage of organic product can by default generate products which are environment friendly and causes less harm to environment during their production process. Organic farming is the means of manufacturing organic merchandise. The motive of Green marketing has two things: improved environmental quality and customer gratification. Misjudging either or overemphasizing the former at the expense of the latter can be termed “Green marketing myopia.” In 1960, Harvard business professor Theodore Levitt introduced the concept of “marketing myopia” in a now-famous and influential article in the Harvard Business Review.

Environmental marketing focuses on clean technology that involved designing innovative products. Sustainable green marketing benefits firms in ensuring sustained long-term growth along with profitability and supporting companies in marketing products and services in line with environmental requirements.

The various terminologies used in this aspect have varied: Green Marketing, Environmental Marketing and Ecological Marketing. According to The American Marketing Association “Green marketing as efforts by businesses and organizations to produce, promote, package and reclaim products in a manner that is sensitive or responsive to ecological concerns. Green marketing refers to the process of selling products and/or services based on their environmental benefits.

Green products have been referred with several names and some of them are explained below:

Organic Products: The products that can claim to be organic are those that are considered to be agricultural products. This term is regulated by the United States Department of Agriculture (USDA) and all organic products are required to meet specific guidelines to seek USDA Organic certification.

*Ozone safe or friendly Products:*The term is generally used to describe a product or packaging that does not harm the upper ozone layer, such as aerosol cans which do not emit chlorofluorocarbons (CFCs).

*Recyclable Products:*Product or package which can be collected separated or otherwise recovered from the solid waste stream through an established recycling program called as recyclable product.

Re-cycled Products: It is the product or package that is produced from recycled content. This recycled content has been recovered or diverted from the solid waste stream, either pre-consumer (during the manufacturing process) or post-consumer (after consumer use).

*Refillable Products:*A product or package with a system in place to provide collection and return of the packaging for refill by consumers called as refillable.

*Sustainable Products:*Refers to methods of farming, construction, manufacturing and generating electricity in ways that don't rely on exhaustible resources—like coal or oil—and can be used infinitely.

*Degradable:*A product or package that completely breaks down and it returns to nature in a reasonably short period of time after consumer disposal called as degradable product.

Natural Products: 'Natural' products don't necessarily have any environmental impact but rather are assumed to be made of natural materials or ingredients as opposed to those that are manmade. While a product marketed as 'natural' may sound better to the consumer, in many cases it's just talk.

OBJECTIVES OF THE STUDY

1. To know the requisites of good green marketing.

2. To examine the cause that organizations are adopting a green marketing philosophy.
3. To test the awareness of customers of green marketing.
4. To check the willingness to pay extra money for green products.
5. To discuss problems with green marketing.

RESEARCH METHODOLOGY

Type of Research: Exploratory Research

Sampling method: Probability Sampling Method

Sampling Technique: Stratified Random Sampling

Sample Size: 80

Data: Primary and Secondary data

Data Collection Method: Questionnaire

Sources of Secondary Data: Websites, articles, previous statistics

LITERATURE REVIEW

Strong (1996) says in his paper that the ethically-aware consumer has become ethically aware and is joined by many other consumers who believe in the principles of fair trade.

Kilbourne and Beckmann (1998) is of the opinion that the growth of green marketing will be in accordance with the emergence of topics related to individual's motivation such as perceived consumer effectiveness and cooperative behaviors and strategic alliances.

Peatti (2001) ideas the evolution of green marketing which initially is known as ecological where all environmental activities were concern with helping in mitigating environmental problems through provisions of remedies.

Peattie & Crane (2005) gives the opinion of late 1980s which was marked as the first stage of green marketing, when the conception of green marketing was lately introduced and discussed in the industry.

Bhat (1993) mentioned that green promoting program starts with the green style since inputs, production processes, and distribution and disposal strategies are unit determined throughout the planning stage. It's during this stage that comparison of green styles alternatives are unit achieved which might offer designers with steering to pick superior styles.

Narayana and Baboo (2008) Green pricing is additionally turning into a necessity and had been argued that green product are unit inclined to be dearer than standard ones, and was meted out to confirm economical productivity. Value-adding options are unit integrated to vary its look, practicality and through customization, all of that contributes to costs.

NECESSITIES OF SUCCESSFUL GREEN MARKETING

Advertising: Green products are subsidiary of a larger company and don't have millions to spend on expansive marketing campaigns. To access this market, companies must advertise at the appropriate venues and to the right markets to ensure their efforts are rewarded.

Know the customer: If anyone wishes to sell a greener product to customers they should initially have to be compelled to make certain consumers attentive to and anxious regarding the problems that product tries to deal with.

Transparency: Consumers must believe in the legitimacy of product and the specific claims they are making.

Reassure the buyer: Consumers need to believe that product performs the job it's purported to do. They won't miss product quality in the name of the environment.

Consider pricing: If business is charging more for green product—and many environmentally preferable products cost more due to economies of scale and use of higher-quality ingredients—should make sure that consumers can afford the premium and feel it's worth of it. Many shoppers cannot afford premiums for any style of product of late, a lot of less greener ones, thus it has to be kept in mind when developing audience and products specifications.

DATA ANALYSIS

Table 1: Awareness of Green Marketing

Particulars	No. of Responses	%
Aware	66	82%
Not Aware	14	18%

From the above table it can be said that 82% of the respondents are aware about and the availability of green products and rest 18% are not aware about it.

Table 2: Willingness to pay extra price for green products

Particulars	No. of Responses	%
Willing	54	68%
Not Willing	26	32%

It is found that 54 respondents out of 80 are willing to pay extra price for green products. Remaining 32% of respondents are not willing to pay extra price

Table 3: Satisfaction of customers

Particulars	No. of Responses	%
Satisfied	49	61%
Not Satisfied	31	39%

49 respondents have given positive response about the green products and 31 respondents have said they are not satisfied with the products.

EXEMPLAR OF GREEN CONCEPTS**Introduction of CNG in Delhi**

New Delhi, capital of India, was being polluted at a very fast pace until Supreme Court of India forced a change to alternative fuels. In 2002, a directive was issued to completely adopt CNG in all public transport systems to curb pollution.

The Hewlett-Packard Company

The consumer electronics sector provides room for using green marketing to attract new customers. One example of this is HP's promise to cut its global energy use 20 percent by the year 2010. To accomplish this reduction below 2005 levels, The Hewlett-Packard Company announced plans to deliver energy-efficient products and services and institute energy-efficient operating practices in its facilities worldwide

Phillips's CFL lightbulb

Philips Lighting's first shot at marketing a standalone compact fluorescent light (CFL) bulb was Earth Light, at \$15 each versus 75 cents for incandescent bulbs. The product had difficulty climbing out of its deep green niche. The company re-launched the product as "Marathon," underscoring its new "super long life" positioning and promise of saving \$26 in energy costs over its five-year lifetime. Finally, with the U.S. EPA's Energy Star label to add credibility as well as new sensitivity to rising utility costs and electricity shortages, sales climbed 12 percent in an otherwise flat market.

Bank of America

Bank of America is proving that eco-friendly operations can coexist with business growth. According to their corporate website, the company reduced paper use by 32% from 2000-2005,

despite a 24% growth in their customer base! Bank of America also runs an internal recycling program that recycles 30,000 tons of paper each year, good for saving roughly 200,000 trees for each year of the program's operation. As if that weren't enough, the company also offers employees a \$3,000 cash back reward for buying hybrid vehicles

General Electric

General Electric's presence on this list might surprise you, but the steps they have taken toward green operations are undeniable. Since 2006, the company has sold over \$12 billion of its Ecomagination products (including solar panels). For those who are still upset at GE's polluting of the Hudson River with polychlorinated biphenyls, the company is also making headway on an ambitious cleanup of that area. Barring further setbacks, the river should be cleaned up to a much better state in just a couple of years

Dupont

Dupont is another company that has drawn the ire of green advocates for many, many years. However, it now seems that they are taking strides toward more sustainable operations. In addition to drastically lowering its emissions of airborne carcinogens and greenhouse gases, Dupont has appointed an ex-Greenpeace head as an adviser to the board. And true to its word, the company successfully reduced greenhouse gas emissions during the 90's by 63% – far ahead of the timetable set forth in the controversial Kyoto Protocol.

McDonalds

Time was not long ago when McDonalds wouldn't have come within striking distance of making this list. However, the increasing public shift toward greener living has sent a clear signal to the powers that be at the popular fast-food chain. Instead of ravaging the natural habitats of animals,

McDonalds now works in close collaboration with PETA on systematically reforming its business practices to be more humane and friendly to the environment in which they operate.

Starbucks

Starbucks has green advocates smiling about its “bean-to-cup” approach, which stresses top efficiency at each link of its global supply chain. By all measures the program appears to be a great success, with the company’s decision to use coffee cup sleeves made of recycled paper saving roughly 78,000 trees per year since 2006. Starbucks has also partnered up with many environmental organizations, from Conservation International to the Earthwatch Institute, in efforts to do right by the communities it operates in.

Walmart

Possibly the most hated name in the entire green movement, Wal-Mart is now positioned to make all but the most dogmatic of its detractors eat their words. According to Sustainablog, Wal-Mart has launched an ambitious long-term plan to eventually power each and every one its stores using 100% renewable energy sources. According to the company’s executives, Wal-Mart is committed to using its waste-eliminating corporate philosophy to make its own operations more eco-friendly than ever.

Coca-Cola

Coca-Cola has narrowed down 3 environmental goals on which to focus their efforts: water stewardship, sustainable packaging, and climate & energy protection. Each of these initiatives is detailed and explained at their corporate website. In just a few years, Coca-Cola has already gotten itself involved in community recycling programs and a complete, sustainability-focused overhaul of its packaging designs.

Dell

Computer equipment has historically been one of the most difficult and costly products to safely dispose of. Fortunately, one of the major leaders in that field has stepped forward to make the task less daunting. Through its “no computer should go to waste” recycling program, Dell allows customers to return any Dell-branded product back to the company – for free. The company has even gone so far as to establish programs that accept computers, monitors, or printers from other companies for safe disposal, as well.

Tesco

This British grocery chain has enlisted its customer base in the fight to go green by offering savings to shoppers who bring reusable shopping bags to their stores. The company has also turned each of its stores into wind-powered, high-recycling, biodiesel truck delivered epicenters of environmental sustainability, running at such high efficiency Ralph Nader would be beside himself. In another major breakthrough, Tesco is aiming to estimate the “carbon costs” of each item it sells.

Honda

According to a CNN Money’s “10 Green Giants” piece, Honda has gone above and beyond in its environmental duties. Going so far as to call Honda “the most fuel-efficient auto company in the US”, CNN tells the story of how Honda is hard at work on the hydrogen fuel cell powered “FCX.” Honda is apparently also taking steps to create an entire infrastructure for hydrogen, looking forward to a day when – hopefully – more cars will be powered by that instead of gasoline. In addition to all of this, Honda has pledged to reduce its carbon dioxide emissions by 5% between 2005-2010, and that’s not including that 5% it already achieved from 2000-2005.

Toyota

Toyota is famous for offering the Prius, the world's first mass-market hybrid vehicle. The popular car is now sold in over 40 countries. The Environmental Protection Agency has recognized Toyota's efforts as well, crowning the Prius and its 48MPG as the most fuel-efficient car available for purchase in the U.S. Similar authorities in the United Kingdom have applauded the Prius, namely the UK Department of Transport, who ranked the vehicle as the third least carbon-emitting auto in the country.

CHALLENGES OF GREEN MARKETING

1. Renewable and reusable material required for producing is expensive
2. The technology and Research & Development attracts huge investment for the company
3. Majority of the people are not aware of green products and their uses.
4. Some consumers are not ready to pay extra price for green products.

CONCLUSION

Green marketing offers business more incentives and prime line growth prospects. The modification of business or production processes could involve start-up prices, little question in long-term will economize. Corporations that develop new and improved merchandise and services with environmental impacts offer themselves access to new markets, considerably increase profits and revel in competitive blessings over those promoting non-environmentally accountable alternatives. Green Product development is quite simply making merchandise that square measure environmentally friendly. By widening deepening the means of green, relevant actors can have an economic incentive to pursue inexperienced development.

Green promotions relies on the premise that companies have a responsibility to satisfy human wants and needs whereas conserving the integrity of the natural setting. There are significant

indications that environmental issues will grow in importance over the coming years and will require imaginative and innovative redesign and reengineering of existing marketing efforts on the part of many businesses. The marketer is one who convinces the consumer as well as involves the consumer in marketing green product. The threat of global warming green marketing becomes the norm rather than an exception or just a trend. Recycling of paper, metals, plastics etc., in an exceedingly safe and environmentally harmless manner ought to become far more systematized and universal. It has to become the common norm to use energy efficient lamps and other electrical goods. Green marketing can take up even more importance and relevance in developing countries like India.

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