

# OPPORTUNITIES AND CHALLENGES OF GREEN MARKETING IN INDIA

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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. 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. An entrepreneur by keeping watch on growing needs of green marketing can sustain development and make his survival damn possible in the business world. Green marketing is a business practice that considers the consumer concerns about promoting preservation, and conservation of natural resources. In the modern era of globalization, privatization and liberalization, it has become a challenge to keep the customers as well as consumers in hold and even keep our natural environment safe and that is the biggest need of the time. The paper examines the present trends, challenges and opportunities of green marketing in India and describes the reason why companies are adopting it and future of green marketing and concludes that green marketing is something that will continuously grow in both practice and demand.

**Key Words:** Environmental Issues, Green Marketing, Sustainable Development, Opportunities, Challenges.

## INTRODUCTION

**Green marketing** is a relatively new concept, which involves the promotion of products and services which are safe for the environment. It involves development, manufacturing, promotion, distribution, consumption, and disposal of the products and services in a sustainable fashion so that least damage is caused to nature. Customers often link green marketing with terms such as recyclable, refillable, ozone friendly, and environmentally friendly. Whilst these terms are green marketing claims, in general, green marketing is a much broader concept. Green marketing is applicable to consumer goods, industrial goods, and as well as services. Theoretically speaking, green marketing is about designing, developing, and delivering products that are eco-friendly which cause less possible harm to the environment and its stakeholders. The American Marketing Association (AMA) has defined green marketing as the marketing of products that are not harmful to the natural environment.

Green marketing is a unique category of marketing in which products are promoted based on their environmental benefits. The purpose of using the word “Green” is that the production of products is done without causing any damage to the environment, and also ingredients and packaging of products are environmental-friendly.

The green marketing term was first introduced in the late 1980s and early 1990s when industries started showing concern towards the environment in order to attract customers. And in the present times, green marketing has become one of the most popularly used methods of marketing because of the degrading condition of environment and climate change. With green marketing campaigns, companies show that they are concerned about the environment and are doing their bit to save the *environment*.

Green marketing is not only limited to advertising, but it consists of various things such as the production of eco-friendly products, using sustainable business practices, using eco-friendly packaging, and creating marketing campaign that talks about the environment-friendly features of the products. Making all of these changes makes green marketing an expensive type of marketing.

But green marketing can prove to be beneficial for the company and can provide a competitive edge over competitors. 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

## LITERATURE REVIEW

The literature review will elucidate the green marketing in general and some key factors were selected to describe how green marketing has a bright future in business world to capture a large share of market.

**Prothero, A. (1998)** introduces several papers discussed in the July 1998 issue of 'Journal of Marketing Management' focusing on green marketing. This includes; a citation of the need to review existing literature on green marketing, an empirical study of United States and Australian marketing managers, a description of what a green alliance look like in practice in Great Britain, ecotourism and definitions of green marketing.

**Oyewole, P. (2001)** in his paper presents a conceptual link among green marketing, environmental justice, and industrial ecology. It argues for greater awareness of environmental justice in the practice for green marketing. A research agenda is finally suggested to determine consumers' awareness of environmental justice, and their willingness to bear the costs associated with it.

**Prothero, A. & Fitchett, J.A. (2000)** argues that greater ecological enlightenment can be secured through capitalism by using the characteristics of commodity culture to further progress environmental goals. Marketing not only has the potential to contribute to the establishment of more sustainable forms of society but, as a principle agent in the operation and proliferation of commodity discourse, also has a considerable responsibility to do so.

**Kilbourne, W.E. (1998)** discusses the failure of green marketing to move beyond the limitations of the prevailing paradigm. The author identifies areas that must be examined for their effect in the marketing/environment relationship, namely economic, political and technological dimensions of the cultural frame of reference.

**Malhotra Gunjan and Maheshwari Aditya (2011)** in their research study Green Marketing: A Study on Indian Youth investigated that most consumers now display concern about environmental deterioration. In this study, authors have focused on the youth and have tried to understand awareness level of green products, their perception about green products, the parameters they consider for buying green products and if Green Marketing really affects their decision to buy products. Result showed that consumers are not overly committed to improving their environment and may be looking to lay too much responsibility on industry and government.

**Vinayagamoorthy A. and Somasundaram M. (2012)** in their research paper Emerging Trend of Green Marketing revealed that green marketing factor is making its place in the modern market trend. As a result of this, businesses have increased their efforts of targeting consumers who are concerned about the environment.

**Kiran Uday K. (2012)** in the research study Opportunity and Challenges of Green Marketing with special reference to Pune examined some of the reasons why organizations are adopting green marketing philosophy besides some of the problems linked with green marketing. The study concluded that increased awareness among the consumers forces the business houses to inculcate green practices into their operations.

**Agarwal Kriti and Sharma Pooja (2013)** in their research study The Altering Magnitude of Green Marketing: Indian Development concluded that green marketing is a phenomenon which has developed its particular growth in the modern market. It has emerged as an important concept in India as in other parts of the developing and developed world which opened the door for companies to earn profits in greener way.

**Kaur Parminder (2013)** in her study Green Revolution in Marketing: Need of the Hour in Changing Business Environment discussed about the benefits of adopting green approach by the companies. The study concluded that marketing approaches should be customer and environmental oriented for sustainable growth. There is a need for shift in the pattern of the way the business houses think about their role in attaining sustainable development.

**Tyagi Himani (2013)** in research study Emerging Strategies of Green Marketing in India emphasized upon green marketing as a business practice that takes into account consumer concerns about promoting preservation and conservation of the natural environment. The study concluded that marketers are responding to growing consumer demand for environment- friendly products specifically for those concerned with energy efficiency, waste reduction, sustainability, and climate control.

## OBJECTIVES OF THE STUDY

- To understand the concept of green marketing and its benefits
- To know the opportunities and challenges for green marketing in India
- To study the companies which take initiatives in green marketing
- To study the present trends of green marketing in India

## RESEARCH METHODOLOGY

Research methodology is a way to systematically solve the research problem. It may be understood as a science of studying how research is done scientifically. Research methodology used in this study is descriptive in nature. For this study data and information has been collected with the help of Books, Magazines, Newspapers, Research articles and E-Journal.

## BENEFITS OF GREEN MARKETING

Today's consumers are becoming more and more conscious about the environment and are also becoming socially responsible. Therefore, more companies are responsible to consumers' aspirations for environmentally less damaging or neutral products. Many companies want to have an early-mover advantage as they have to eventually move towards becoming green. Some of the advantages of green marketing are

**1. Improves credibility:** The first and most important benefit is the improved credibility of the organization. An organization needs to have an excellent image to draw profits in the long run. A company with a positive vision in the market will not only attract more customers but also attract business partners who value its credibility. If you, as an organization looking for methods to improve the credibility of your organization, then using green marketing is the best option for you.

**2. An opportunity to enter a new market:** It opens a new market segment for the organization. In order to produce and sell green products, companies are required to make changes in their production process, replace the material used in production with eco-friendly material, and are required to opt for **environmental-friendly** packaging for the products.

**3. Long-Term Growth:** Opting eco-friendly methods might be expensive initially, but it is worth for long term growth. Green marketing is a good option for long term growth. Because in the present times, more and more people prefer eco-friendly products, and their number is going to increase in the future.

**4. Offers a Competitive Edge:** Not every company can offer to turn into an eco-friendly company and change their processes into eco-friendly processes. Your organization will get a competitive advantage over all those organizations if you decide to opt for the methods.

**5. More room for innovation:** When you choose to adopt green marketing, then you are required to recreate your production process and change your raw material with eco-friendly raw material. This provides you an opportunity to innovate your product.

**6. More Profit:** Eco-friendly methods are expensive, and thus it is ok for you to increase the price of your products. People don't mind to pay a little extra as long as they are getting the right quality product and the satisfaction of doing their part to protect the environment.

**7. Good for the Environment:** The last benefit where the money is not concerned is the benefit of satisfaction that you will get by saving your environment. You will be leaving a better place for your coming generations to live. Your small effort can do huge. Therefore, if you haven't yet adopted green methods, then it is still not too late to do so.

### CHALLENGES IN GREEN MARKETING

**1. Need for Standardization:** It is found that only 5% of the marketing messages from "Green" campaigns are entirely true and there is a lack of standardization to authenticate these claims. There is no standardization to authenticate these claims. There is no standardization currently in place to certify a product as organic. Unless some regulatory bodies are involved in providing the certifications there will not be any verifiable means. A standard quality control board needs to be in place for such labeling and licensing.

**2. New Concept:** Indian literate and urban consumer is getting more aware about the merits of Green products. But it is still a new concept for the masses. The consumer needs to be educated and made aware of the environmental threats. The new green movements need to reach the masses and that will take a lot of time and effort. By India's ayurvedic heritage, Indian consumers do appreciate the importance of using natural and herbal beauty products. Indian consumer is exposed to healthy living lifestyles such as yoga and natural food consumption. In those aspects the consumer is already aware and will be inclined to accept the green products.

**3. Patience and Perseverance:** The investors and corporate need to view the environment as a major long-term investment opportunity, the marketers need to look at the long-term benefits from this new green movement. It will require a lot of patience and no immediate results. Since it is a new concept and idea, it will have its own acceptance period.

**4. Avoiding Green Myopia:** The first rule of green marketing is focusing on customer benefits i.e. the primary reason why consumers buy certain products in the first place. Do this right, and motivate consumers to switch brands or even pay a premium for the greener alternative. It is not going to help if a product is developed which is absolutely green in various aspects but does not pass the customer satisfaction criteria. This will lead to green myopia. Also if the green products are priced very high then again it will lose its market acceptability.

### GOLDEN RULES OF GREEN MARKETING

**1. Know you're Customer:** Make sure that the consumer is aware of and concerned about the issues that your product attempts to address, (Whirlpool learned the hard way that consumers wouldn't pay a premium for a CFC-free refrigerator because consumers didn't know what CFCs were.).

**2. Educating your customers:** isn't just a matter of letting people know you're doing whatever you're doing to protect the environment, but also a matter of letting them know why it matters. Otherwise, for a significant portion of your target market, it's a case of "So what?" and your green marketing campaign goes nowhere.

**3. Being Genuine & Transparent:** means that a) you are actually doing what you claim to be doing in your green marketing campaign and b) the rest of your business policies are consistent with whatever you are doing that's environmentally friendly. Both these conditions have to be met for your business to establish the kind of environmental credentials that will allow a green marketing campaign to succeed.

**4. Reassure the Buyer:** Consumers must be made to believe that the product performs the job it's supposed to do-they won't forego product quality in the name of the environment.

**5. Consider Your Pricing:** If you're charging a premium for your product-and many environmentally preferable products cost more due to economies of scale and use of higher-quality ingredients-make sure those consumers can afford the premium and feel it's worth it.

**6. Giving your customers an opportunity to participate:** means personalizing the benefits of your environmentally friendly actions, normally through letting the customer take part in positive environmental action.

**7. Thus leading brands should recognize that consumer expectations have changed:** It is not enough for a company to green its products; consumers expect the products that they purchase pocket friendly and also to help reduce the environmental impact in their own lives too.

#### **PRESENT TRENDS IN GREEN MARKETING IN INDIA**

Organizations are Perceive Environmental marketing as an Opportunity to achieve its objectives. Firms have realized that consumers prefer products that do not harm the natural environment as also the human health. Firms marketing such green products are preferred over the others not doing so and thus develop a competitive advantage, simultaneously meeting their business objectives.

Organizations believe they have a moral obligation to be more socially responsible. This is in keeping with the philosophy of CSR which has been successfully adopted by many business houses to improve their corporate image. Firms in this situation can take two approaches:

1. Use the fact that they are environmentally responsible as a marketing tool.
2. Become responsible without prompting this fact.

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. It does so in following ways:

1. Reduce production of harmful goods or by products
2. Modify consumer and industry's use and /or consumption of harmful goods; or
3. Ensure that all types of consumers have the ability to evaluate the environmental composition of goods.

Competitors' Environmental Activities Pressure Firms to change their Environmental Marketing Activities. In order to get even with competitors claim to being environmentally friendly, firms change over to green marketing. Result is green marketing percolates entire industry. Cost Factors Associated With Waste Disposal or Reductions in Material Usage Forces Firms to Modify their Behaviour. With cost cutting becoming part of the strategy of the firms it adopts green marketing in relation to these activities. It may pursue these as follows:

1. A Firm develops a technology for reducing waste and sells it to other firms.
2. A waste recycling or removal industry develops.

## **GREEN MARKETING IN INDIA: INITIATIVES TAKEN BY THE GOVERNMENT AS WELL AS BY VARIOUS ORGANIZATIONS**

Considering the importance of the environment for human beings, the Indian Government as well as various organizations is taking 'green initiatives' for the sake of environmental protection and sustainability.

### **A. INITIATIVES TAKEN BY ORGANIZATIONS**

Various initiatives have been taken by various organizations for adopting environment friendly practices/green practices, some of them are as follows:-

- HCL launched HCL ME 40, its range of eco-friendly notebooks. HCL claims that it is an eco friendly notebook free from polyvinyl chloride (PVC). Further, this product was given a five-star rating by the Bureau of Energy Efficiency. They also meet REACH (REACH is the European Community Regulation on chemicals and their safe use) standards and are 100% recyclable and toxin free (Rediff.com: Here are some of India's Leading 'Green' Companies, 2011).
- In 2007, Voltas (Tata Group) launched the 'Green' range of air-conditioners, following which it was made mandatory by the government to have energy star ratings for electronic home appliances. Energy Star is a well known international standard for energy efficient consumer products that originated in the United States (Rediff.com: Here are some of India's Leading 'Green' Companies, 2011).
- Wipro also launched eco-friendly desktops which were introduced under the Wipro Green Ware initiative, with an aim to cut down e-waste. The systems launched are toxin free and operate under a total recycling policy. Wipro has 17 e-waste collection centres in India where products are collected and recycled, and 12 Wipro campuses in the country have been certified as green buildings (Rediff.com: Here are some of India's Leading 'Green' Companies, 2011).
- ACC recently launched its eco-friendly brand, 'Concrete+'. This brand uses fly ash (a hazardous industrial waste) to help conserve natural resources as dumping of fly ash is a major environmental problem, thus making it an eco- friendly product. The new product has been designed exclusively to ensure high durability (Rediff.com: Here are some of India's Leading 'Green' Companies, 2011).
- MRF launched eco-friendly tubeless tyres MRF ZSLK, which are made from unique silica-based rubber compounds and promises to offer fuel efficiency for vehicle owners (Rediff.com: Here are some of India's Leading 'Green' Companies, 2011).
- Pidilite has launched environment friendly synthetic resin adhesive named Fevicol AC Duct King Eco Fresh. It is claimed to be the first eco-friendly adhesive of India and boasts of being an all-in one adhesive. The company officials say that this water-based adhesive spreads easily and smoothly at room temperature, without emitting any harmful fumes and is suitable for residential as well as industrial projects (Rediff.com: Here are some of India's Leading 'Green' Companies, 2011).
- Haier India took the green initiative by launching its 'Eco-Life' series electronic products aimed at designing smart and environment friendly products that should fulfil environmental norms along

with meeting customers' needs. The range of electronic products the company is offering through this series includes refrigerators, all ranges of automatic washing machines, split and window air conditioners, a wide range of water heaters and LED & LCD TVs (Rediff.com: Here are some of India's Leading 'Green' Companies, 2011).

- P&G India introduced compact detergents in India for Ariel and Tide using fewer raw materials and packaging material, while ensuring superior consumer value. P&G India also redesigned the pump package of their beauty product Olay, which reduces plastic consumption and is 25% lighter than the earlier packaging. Re-designing the pump package has saved over 400 tonnes of packaging a year (the weight of a Boeing 747) (P&G, 2013).
- SBI is using eco and power friendly equipment which consumes less electricity in its new ATMs, which has helped SBI to save power costs and earned it carbon credits. SBI opened its first green banking branch at Jotsoma Science College in Kohima under the green banking initiative of State Bank of India (The Times of India, 2012).

## **B. INITIATIVES TAKEN BY THE GOVERNMENT**

The following are the initiatives taken by the Government of India:-

- The Reserve Bank of India has requested the Non Banking Financial Corporation's (NBFCs) to take proactive steps and initiatives to increase the use of electronic payment systems, and to gradually phase-out cheques and eliminate post-dated cheques in their routine business transactions as a part of "Green Initiative" (Department of Financial Services, Government of India : Green Initiative Master Circular, 2012).
- The Finance Minister announced ` 600 crore for green initiatives in the Union Budget, 2011 mainly for the protection and regeneration of forests and for environmental management (I Government , 2011).
- The Government has set up various standards for environment protection such as energy efficiency standards for appliances (refrigerators, air conditioners, tube lights, transformers, and other electrical appliances), energy conservation building code (ECBC), and fuel efficiency/emission norms for vehicles (Ministry of Environment and Forest, Government of India, 2010).
- The Ministry of Corporate Affairs (MCA), Government of India has taken a 'Green Initiative in the Corporate Governance' vide its Circular Nos. 17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 which enables the entity to deliver all important documents to shareholders in the electronic form (i.e. to their e-mail address) that have been registered with the depository participants, including the notice of extra ordinary general meeting, annual general meeting, director's reports, audited financial statements, and so forth (Octane Research, 2013).
- In the Government's report of annual Indian economic survey 2011-2012, sustainable development and climate change was introduced for the first time, where lower-carbon sustainable growth was proposed as a central element of India's 12th five-year-plan (Patankar, 2012).

## THE FUTURE OF GREEN MARKETING

There are many lessons to be learned to be learned to avoid green marketing myopia, the short version of all this is that effective green marketing requires applying good marketing principles to make green products desirable for consumers. The question that remains, however, is, what is green marketing's future? Business scholars have viewed it as a “fringe” topic, given that environmentalism's acceptance of limits and conservation does not mesh well with marketing's traditional axioms of “give customer what they want” and “sell as much as you can”. Evidence indicates that successful green products have avoided green marketing myopia by Following three important principles:

### CONCLUSION

Now this is the right time to select Green Marketing globally. It will come with drastic change in the world of business if all nations will make strict roles because green marketing is essential to save world from pollution. From the business point of view because a clever marketer is one who not only convinces the consumer, but also involves the consumer in marketing his product. With the threat of global warming looming large, it is extremely important that green marketing becomes the norm rather than an exception. Recycling of paper, metals, plastics, etc., in a safe and environmentally harmless manner should become much more systematized and universal. It has to become the general norm to use energy-efficient lamps and other electrical goods. Marketers also have the responsibility to make the consumers understand the need for and benefits of green products as compared to non-green ones. In green marketing, consumers are willing to pay more to maintain a cleaner and greener environment. Green marketing assumes even more importance and relevance in developing countries.

### SUGGESTIONS

Green marketing is still in its infancy and a lot of research is to be done on green marketing to fully explore its potential. There are some suggestion that an organizations should implement for catering challenges of green marketing and successful exploitation of green marketing. Those are: Consumer needs to be made more aware about the merits of Green products. It is still a new concept for the masses. The consumer needs to be educated and made aware of the environmental threats. It should be made sure that the consumer is aware of and concerned about the issues that your product attempts to address. Green Marketing campaign and green advertising is good step toward it. Consumers must be motivated to switch brands or even pay a premium for the greener alternative. Make sure that consumer feel that they can make a difference. Make sure that consumer feel that they can make a difference. This is called —empowermentl and due to this main reason consumers will buy greener products. Further steps should be taken to control false promise and claim by the marketer to maintain legitimacy and trust worthiness of green products. Consumers must be made to believe that the product performs the job it's supposed to do-they won't forego product quality in the name of the environment. For effective and efficient implementation of this concept of Green Marketing the factor that plays a major role is the Government. Unless the government creates specific and stringent laws and utilizes its authority to implement them the concept cannot be conceptualized. If the Consumer, the Organization and the Government work in unison towards the common goal of minimizing the

detrimental environmental impact of their activities, then they can surely save this environment and make this world a better place to live in. Thus leading brands should recognize that consumer expectations have changed. It is not enough for a company to green its products; consumers expect the products at they purchase pocket friendly and also to help reduce the environmental impact in their own lives too. Today's consumers are becoming more and more conscious about the environment and are also becoming socially responsible. Therefore, more companies should become responsible to consumers' aspirations. Many companies want to have an early mover advantage as they have to eventually move towards becoming green. Green marketing is very low on the agenda of most businesses and therefore its still an underleveraged USP (Unique Selling Proposition). Therefore, effective green marketing targeted at the right audience will make a difference.

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