



International Research Journal of Interdisciplinary & Multidisciplinary Studies (IRJIMS)

A Peer-Reviewed Monthly Research Journal

ISSN: 2394-7969 (Online), ISSN: 2394-7950 (Print)

Volume-II, Issue-XII, January 2017, Page No. 17-29

Published by: Scholar Publications, Karimganj, Assam, India, 788711

Website: <http://www.irjims.com>

Role of Green Marketing in Satisfying the Customers and Its Impact on Environmental Safety

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Abstract

The following research paper will explore the influence of consumer and the response of customer towards green marketing. The study will help to develop a trend for green marketing and will help to take decision for investing in green marketing projects to produce green products. Green-Marketing is a very vast topic with limited scope of research. The objective of the research is to analyze the response to green marketing and the influence for green marketing which helps to analyze whether green marketing should be adopted by the companies. The results of this research project (Green-marketing) shows that customers have a high level of involvement regarding environmental issues as a consequence of growing environmental consciousness. The study has shown the significant influence of environmental knowledge and consciousness on consumer environmental attitude. Consequently, companies that communicate their 'green product' in their packaging, advertisement or manufacturing process, gain satisfied customers. Because of the green trend, companies that fail to 'go green' are not failing to fail in their industry. Customers want to associate themselves with companies and products that are eco-friendly. Environmental Safety is not an easy task to implement. There is now a real sense that environmental protection is highly necessary. Everyone believes a green life is a better and healthier life for present and future generation. Most consumers' spending pattern shows that they have a desire for brands that 'go green'. Consumers not only want to buy their products but are willing to pay more for it. Consumers are motivated to buy from companies that are eco-friendly in the production.

Keywords: consumers, eco-friendly, green marketing, green products, packaging.

Introduction: According to the American Marketing Association, green marketing is the marketing of products that are presumed to be environmentally safe. The green marketing incorporates a broad range of activities, including product notification, changes to the production process, packaging changes, as well as modifying advertising. Other similar terms used are Environmental Marketing and Ecological Marketing. Polonsky (1994) defines Green marketing as: "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”.

As resources are limited and human wants are unlimited, it is important for the marketer's to utilize the resources efficiently without waste as well as to achieve the organization's objective. So green marketing is inevitable. There is growing interest among the consumers all over the world regarding protection of environment. Worldwide evidence indicates people are concerned about the environment and are changing their behaviour. As a result of this, green marketing has emerged which speaks for growing market for sustainable and socially responsible products and services. Companies that develop new and improved products and services with environment inputs in mind give themselves access to new markets, increase their profit sustainability. They enjoy a competitive advantage over the companies which are not concerned for the environment.

Green Marketing is a phenomenon which has developed particular importance in the modern market. 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. With green marketing, advertisers focus on environmental benefits to sell products such as biodegradable diapers, energy-efficient light bulbs, paper bags, and environmental safety detergents. The general public view about green marketing is that it refers only to the endorsement/ advertising/ promotion of products with environmental characteristics. However claims that green marketing contains a broad range of activities, such as product alteration, amendment to the production process, packaging modifications, as well as modifying promotional strategies.

Literature Review:

El Diefa. M & Fontb. X (2010) explores the determinants of green marketing practices in the Red Sea hotel sector in Egypt. The model assesses green marketing practices against the personal and organizational values of the marketing managers, together with a range of organizational and demographic variables expected to influence hotels' environmental behavior. From a valid sample of 89 marketing managers responsible for 194 hotels, it was found that organizational contextual variables, and in particular targeting Western tourists, being affiliated to an international hotel chain and the marketers' own demographics, including age, academic subject studied and gender, were the best predictors of more proactive green marketing. Personal environmental values did not explain the pro-environmental behavior of marketers, and the organizational environmental values that had explained part of their ethical behavior had resulted from voluntarism rather than utilitarian or conformance-based values. Government policies also appeared to be ineffective determinants.

Sundeepa. S (2011) analyze that 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. Final consumers and industrial buyers also have the ability to pressure organizations to integrate the environment into their corporate culture and thus ensure that all organizations minimize the detrimental environmental impact of their activities. An environmentally committed organization may not only produce goods that have reduced their detrimental impact on the environment, these may also be able to pressurize their suppliers to behave in a more environmentally “responsible” fashion. It is suggested that a firms to promote increased use of Green Marketing.

Hardeep (2011) analyze that Green marketing is considered the most essential part of development in business process now a days. According to Henion “Green Marketing is defined as the implementation of marketing programs directed at the environmentally conscious market segment.” Keeping in mind all the points related to environment protection, the role of green marketing is expected to be observed at all levels of business process in this world of internationalization. Main emphasis has been made on analysis of the concept and need of green marketing in business process so as to make our environment human friendly. As society becomes more concerned with the natural environment, business organizations have begun to modify their working in an attempt to increase greenery to the maximum possible. Questionnaires, market survey and personal interviews with marketing professionals and environment research scholars are conducted. There is utmost need to create awareness, implement and follow green marketing as much as possible in today's business world of innovative technologies.

Polonsky et al (2009) examines the inclusion of sustainability into marketing activities of the top Australian firms. Almost half of organizations (46%) did not integrate sustainability or environmental issues into their mission statement. Of those that did include sustainability in their mission, few then integrated environmental issues into other areas of their activities, as reported on their corporate web sites. It is suggested that while sustainability is frequently talked about within organizations as being important, it does not necessarily translate in to a strategic integration across activities. Firms might therefore be using environmental issues tactically, which could unfortunately result in superficial attempts at becoming environmentally sustainable.

Savale. K.T, et al (2003) analyze that 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. Government and Social organizations may compel all the organization to practice Green Marketing for sustainable development. Customers too will be ready to pay premium price for green products. A smart marketer is one who not only convinces the consumer, but also involves him in marketing his product. Green marketing should not be considered as just one more approach to marketing, but has to be pursued with much greater vigour as it has societal and environmental dimensions. Marketers also have the responsibility to make the stakeholders aware about the need and the advantages of

green products. The green marketers will have full support of the Government, and the consumers also will not mind paying more for a cleaner and greener environment.

Evolution of Green Marketing: Green Marketing concept has been evolved over a period of time. According to Peattie (2001), the evolution of green marketing has three phases.

- **First phase:** "Ecological" green marketing and during this period all marketing activities were concerned to address environment problems and provide remedies for environmental problems.
- **Second phase:** "Environmental" green marketing and the focus shifted on clean technology that involved designing of innovative new products, which take care of pollution and waste issues.
- **Third phase:** "Sustainable" green marketing. It came into prominence in the late 1990s and early 2000.

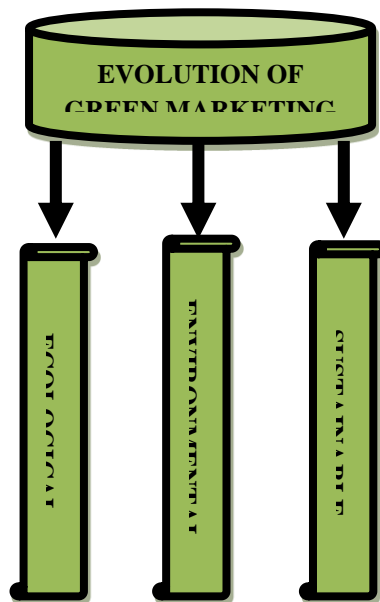


Figure-1

The concept of green or ecological marketing calls upon businesses to follow ethical and green practices while dealing with customers, suppliers, dealers, and employees. Companies have started marketing themselves as green companies. Even the Public Sector Units and state governments are now paying a lot of attention towards environmental issues such as global warming, pollution, or water contamination and have started taking steps to prevent environmental pollution. In a recent survey conducted by *National Geographic Society* and the international polling firm Globescan (2010) to determine consumers' green attitude called "Consumer Greendex", the top scoring consumers were in the developing economies of India, Brazil and China while industrialized countries ranked at the bottom. Consumers showing the largest increase in environmentally sustainable behaviour were in India, Russia

and the United States (Howe et al., 2010). A company to be successful in green marketing requires to be committed to operate in environmentally friendly ways.

Green Products and Marketing Practices: Actually there is no consensus on what exactly is green. There is no accepted definition of green product. However based on different definitions of green marketing, some common characteristics of products generally accepted as green, including the products are:

1. Energy efficient (both in use and in production).
2. Water efficient (both in use and in production).
3. Low emitting (low on hazardous emissions).
4. Safe and/or healthy products.
5. Recyclable and/or with recycled content.
6. Durable (long-lasting).
7. Biodegradable.
8. Renewable.
9. Reused products.
10. Third party certified to public or transport standard (e.g., organic, certified wood).
11. Locally produced.

Objectives of the Study:

The study was designed and conducted to accomplish the following objectives:

1. To find out the initiatives taken by the various companies in promoting green products.
2. To measure the consumer's response and influence to buy environmental friendly products (Green products).
3. To study the impact of Green Marketing on Customer Satisfaction & Environmental Safety.
4. To study the roles played by the various Banks while adopting Green Marketing Concept.

Research Methodology: The research methodology used in this study is based on primary as well as secondary data. The primary data was collected from the study conducted through telephonic interactions and personal interviews. The study examines major aspects concerned with the Green Marketing. Specially structured questionnaires and interviews with employees, of well established companies and general public have been used for survey purpose.

Sample Size: 12 Branch/Territory Managers and 50 Employees.

General Customers: 100

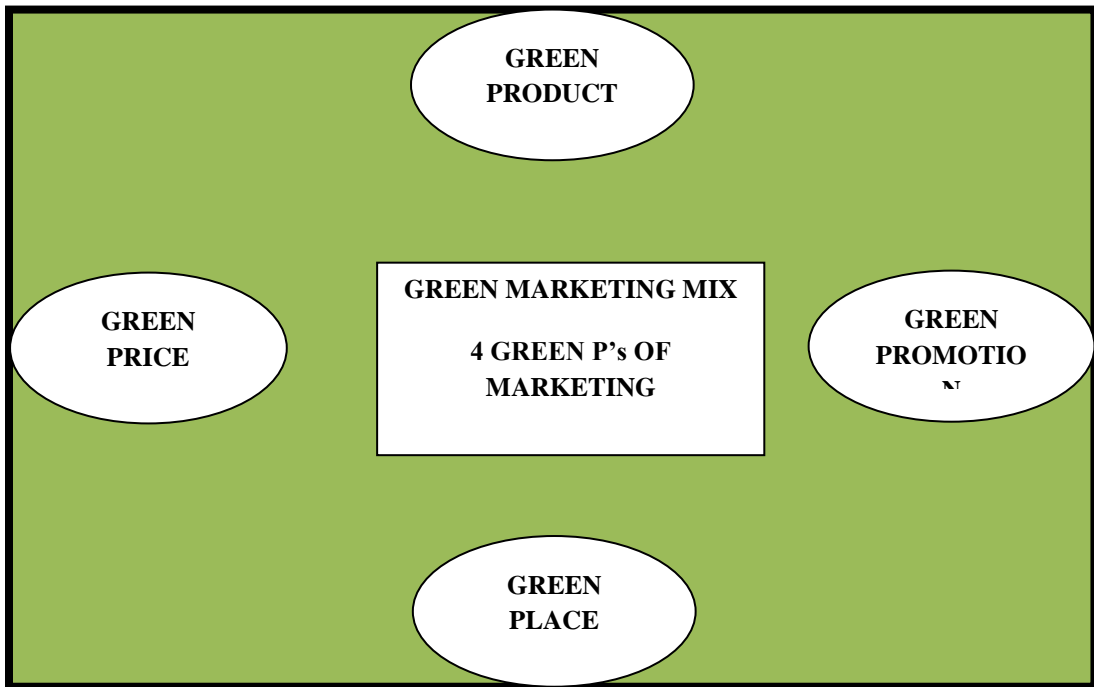
Method of Sample Collection: Random

Scope of the Study: In today's highly competitive environment companies are searching for programmes which would give them an edge over their competitors. These programmes

range within a myriad of activities, the green marketing form the pivotal among them. The Green Marketing which includes the various programmes initiating the prevention and preservation as well as promotion of green environment mixed in appropriate proportion and integrated into a single marketing programme is supposed to give a strategic advantage to the companies.

Green Marketing Mix: The combination of 4 Green P"s or Green factors (Eco-friendly) is known as Green Marketing Mix namely; Green Price, Green Product, Green Promotion and Green Place.

- **Green Product:** While manufacturing green products the firms should incorporate environmentally friendly resources or materials in the product. The characteristics of the resources or materials used in the product and its packaging should influence environmental elements.
- **Green Promotion:** The firms should focus more on "Green Advertising" in order to communicate to its green customers (who uses eco-friendly products) and as well as traditional customers (who are not green users) about the concept of environmental protection. Apart from this, the firms should also launch promotional tools such as schemes, coupons, offers and premium etc; in order to attract consumers to buy eco-friendly products.
- **Green Place:** Green products and services which are to be delivered from the point of producers to the point of ultimate green consumers. In this context, the firm should choose a proper channel considering product characteristics, consumer characteristics and market characteristics.
- **Green Price:** It is often perceived by the consumers that the prices of green products are relatively higher compared to the traditional products. If production and operating costs are lowered, it would give green products more competent force on the market.



Green Marketing Mix
Figure-2

Opportunities of Green Marketing: It appears that all types of consumers, both individual and industrial are becoming more concerned and aware about the natural environment. Nowadays, firms marketing goods with environmental characteristics have realized a competitive advantage over firms marketing non-environmentally responsible alternatives. There are numerous examples of firms who have strived to become more environmentally responsible, in an attempt to better satisfy their consumer needs.

1. McDonald's replaced its clam shell packaging with waxed paper because of increased consumer concern relating to polystyrene production and Ozone depletion.
2. Tuna manufacturers modified their fishing techniques because of the increased concern over driftnet fishing, and the resulting death of dolphins.
3. Xerox introduced a "high quality" recycled photocopier paper in an attempt to satisfy the demands of firms for less environmentally harmful products.

Green Banking: Banking sector is one of the emerging sectors in today's Indian economy. Today, we have well developed banking system with different types like International bank, National bank, private sector banks, regional rural banks and co-operative banks with the Reserve Bank of India as the foundation head of the system. The banking industry has experienced a series of significant transformation in the last few decades. Banks have increased the scope and scale of their activities and several banks have become very large institution with presences in multiple regions of the country. The side effects of the

development process have, however, also been equally enormous loss of biodiversity, climatic change, environmental damage, etc.

Environmentalism is a broad philosophy and social movement regarding concerns for environmental conservation and improvement of the state of the environment. Environmentalism and environmental concerns are often represented by the color „green“. Global warming, also called as “Green House Effect” is a global issue that calls for a global response. The warming effect of certain man-made gas emission such as carbon-dioxide, methane, nitrous oxide and hydro-Fluor carbon is found responsible for distortion in climate changes. The rapid change in climate will probably be too great to allow many eco systems to suitably adapt, since the changes have direct impact on bio diversity, agriculture, forestry, dry land, water resources and human health. However, there is general lack of adequate awareness on the above issues and hence there is urgent need to promote certain urgent measures for sustainable development and corporate social responsibility. “The supreme reality of our time is... the vulnerability of our Planet.” - John F. Kennedy

To avoid falling into similar trap, the impulse of ‘going green’ is running faster than blood in Indian Incorporations veins. From IT giants to luxurious hotels, from Automobiles to Aviations, from Mutual Funds to Banks corporate India is moving fanatically ahead with green initiatives.

Green Banking is like a normal bank, which considers all the social and environmental factors; it is also called as an ethical bank. Ethical banks have started with the aim of protecting the environment. These banks are like a normal bank which aims to protect the environment and it is controlled by same authorities as what a traditional bank do. Green banking is like a normal bank, which considers all the social and environmental/ecological factors with an aim to protect the environment and conserve natural resources. It is also called as an ethical bank or a sustainable bank. They are controlled by the same authorities but with an additional agenda toward taking care of the Earth's environment / habitats / resources. For banking professionals green banking involves the tenets of sustainability, ethical lending, conservation and energy efficiency. There are many differences compared with normal banking, Green Banks give more weight to environmental factors, their aim is to provide good environmental and social business practice, they check all the factors before lending a loan, whether the project is environmental friendly and has any implications in the future, a customer is awarded a loan only when he/she follow all the environmental safety standards. Green Banking means promoting environmental – friendly practices and reducing the carbon footprint from the banking activities. This comes in many forms:

- 1) Using online banking instead of branch banking.
- 2) Paying bills online instead of mailing them.
- 3) Opening up accounts at online banks, instead of large multi-branch banks.
- 4) Finding the local bank in your area that is taking the biggest steps to support local green initiative.

Initiative Taken by Indian Banks: State Bank of India (SBI) has become the first bank in the country to venture into generation of green power by installing windmills for captive use. As part of its green banking initiative, has installed 10 windmills with an aggregate capacity of 15 MW in the states of Tamil Nadu, Maharashtra and Gujarat. It has planned to install an additional 20 MW capacity of windmills in Gujarat soon and touch 100 MW power generation through windmills within five years, windmills are set up with a definite objective of reducing the dependence on the polluting thermal power and not on purely economic or business considerations. At present, the bank consumes 100 MW of power per year. So, SBI will try to be energy neutral and reduce its carbon footprints.

Banks are responsible corporate citizens. Banks believe that every small “GREEN” step taken today would go a long way in building a greener future and that each one of them can work towards to better global environment. “Go Green” is an organization wide initiative that moving banks, their processes and their customers to cost efficient automated channels to build awareness and consciousness of environment, nation and society Green.

Findings: Customer Satisfaction and Green Marketing Customer satisfaction has been defined in two basic ways: as either an outcome or as a process. As an outcome, satisfying the end state resulting from the consumption experience. As a process, it is the perceptual evaluative and psychological process that contributes to satisfaction. The definition is varied with regards to their level of simplicity which includes;

- Product satisfaction
- Satisfaction with the purchase decision experience.
- Satisfaction with the performance attribute.
- Satisfaction with the store or institution
- Satisfaction with pre-purchase experience.

Marketing literature suggests that there is a relationship between customer satisfaction and loyalty. Satisfaction leads to attitudinal loyalty. It could be seen as the intension to purchase. Satisfaction is an outcome that occurs without comparing expectations. Customer satisfaction could also be defined as an evaluative response to perceived outcome of a particular consumption experience. It is an overall judgment on satisfaction, based on the assumption that satisfaction is the outcome of service quality. Environmental Safety Environment is simply our surrounding. The increased awareness on environmental issues is as a result of increased publicity on the media on issues such as, the warring off of the ozone layer and increased pollution of the environment by industries. Customers have become concern about their everyday habit and the impact it has on their environment. Managing environmental safety issue is highly challenging, time consuming and expensive. There are many laws on environmental safety that have made companies liable to any wrong doings. These laws cover areas such as, harmful pollution, managing of hazardous materials and soon. As a result, several hazard controls, pollution control and prevention programs are held in different parts of the world on emergency procedures, contingency planning and employee training. Similarly, many regulatory bodies and acts are set to

ensure environmental safety and protection, some of which include, OSHA (Occupational Safety and health Act), CERCLA (Comprehensive environmental Respond Compensation liability Act), TSCA (Toxic Substance Control Act), HMTA (the Hazardous Material Transportation Act), FIFRA (Federal Insecticide, Fungicide and Rodenticide Act), FFDC (Federal food, Drug and Cosmetic Act, Clean Air Act, Clean Water Act, GHS (Globally Harmonized System of Classification and labelling of Chemicals). Environmental Safety is not an easy task to implement. There is now a real sense that environmental protection is highly necessary. Everyone believes a green life is a better and healthier life for present and future generation. Most consumers' spending pattern shows that they have a desire for brands that 'go green'. Consumers not only want to buy their products but are willing to pay more for it. Consumers are motivated to buy from companies that are eco-friendly in the production.

Social Responsibility: Many firms are beginning to realize that they are members of the wider community and therefore must behave in an environmentally responsible fashion. This translates into firms that believe they must achieve environmental objectives as well as profit related objectives. This results in environmental issues being integrated into the firm's corporate culture. Firms in this situation can take two perspectives:

- 1) They can use the fact that they are environmentally responsible as a marketing tool; or
- 2) They can become responsible without promoting this fact.

Some Problems with Going Green: No matter why a firm uses green marketing there are a number of potential problems that they must overcome. One of the main problems is that firms using green marketing must ensure that their activities are not misleading to consumers or industry, and do not breach any of the regulations or laws dealing with environmental marketing. For example marketers in the US must ensure their green marketing claims can meet the following set of criteria, in order to comply with the FTC's guidelines. Green marketing claims must;

Clearly state environmental benefits;

Explain environmental characteristics;

Explain how benefits are achieved;

Ensure comparative differences are justified;

Ensure negative factors are taken into consideration; and

Only use meaningful terms and pictures.

Another problem firm's face is that those who modify their products due to increased consumer concern must contend with the fact that consumers' perceptions are sometimes not correct. For example the McDonald's case where it has replaced its clam shells with plastic coated paper. There is ongoing scientific debate which is more environmentally friendly. Some scientific evidence suggests that when taking a cradle-to-grave approach, polystyrene is less environmentally harmful. If this is the case McDonald's bowed to consumer pressure, yet has chosen the more environmentally harmful option. When firms attempt to become socially responsible, they may face the risk that the environmentally

responsible action of today will be found to be harmful in the future. Given the limited scientific knowledge at any point in time, it may be impossible for a firm to be certain they have made the correct environmental decision. This may explain why some firms, like Coca-Cola and Walt Disney World, are becoming socially responsible without publicizing the point. They may be protecting themselves from potential future negative backlash; if it is determined they made the wrong decision in the past. While governmental regulation is designed to give consumers the opportunity to make better decisions or to motivate them to be more environmentally responsible, there is difficulty in establishing policies that will address all environmental issues.

Green Washing: Consumer's Confusion: One challenge green marketers are likely to face as green products and a message become more common is confusion in the marketplace. "Consumers do not really understand a lot about these issues, and there's a lot of confusion out there," says Jacquelyn Ottoman (founder of J. Ottoman Consulting and author of "Green Marketing: Opportunity for Innovation.") Marketers sometimes take advantage of this confusion, and purposely make false or exaggerated "green" claims. Critics refer to this practice as "green washing."

Challenges Ahead: Green products require renewable and recyclable material, which is costly; requires a technology, which needs huge investment in R & D, requires Water treatment technology, which is too costly. Majority of the people are not aware of green products and their uses. Majority of the consumers are not willing to pay a premium for green products.

Recommendations: Advertisements of GREEN PRODUCTS should be more products expressive and easily comprehensive, so that a customer feels an urge to enquire about the products. Since sales executives are extremely important in selling the products, they should be trained on the concepts of green marketing and not just selling. Sales literature should be written in more customer friendly language, the technical terms should be clearly explain since it is considered as providing credibility to company's promise, company's seal or it will give even more authenticity to the promises made in the green products. Company should engage in keeping itself in news, should organize events, seminars etc.

Conclusion: With the threat of global warming looming large, it is extremely important that green marketing becomes the norm rather than an exception or just a fad. 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. Finally, consumers, industrial buyers and suppliers need to pressurize effects on minimize the negative effects on the environment-friendly. Green marketing assumes even more importance and relevance in developing countries like India. The Environmental problems in India are growing rapidly. For the success of "Green Mantra" and creating the awareness regarding it, publicity is also essential. The program regarding awareness of and

about green marketing is expected by the people too. For this purpose, with the help of Ministry of Environment at Central as well as State level, many promotional activities should be carried on like a rally at school- primary, secondary and college level, road shows, involvement of media, active participation of NGOs and many others. It can be concluded that it's the right time to implement the Green Marketing for long term growth of our economy.

Green marketing covers more than a firm's marketing claims. While firms must bear much of the responsibility for environmental degradation, ultimately it is consumers who demand goods, and thus create environmental problems. While firms can have a great impact on the natural environment, the responsibility should not be theirs alone.

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