

GREEN MARKETING PRACTICES IN INDIAN COMPANIES

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ABSTRACT

Going green is the buzzword in today's business environment catching the attention of both the marketers and the consumers. In India, around 25% of the consumers prefer environmental-friendly products, and around 28% may be considered health conscious. Therefore, green marketers have diverse and fairly sizeable segments to cater to. Green marketing aims at marketing sustainable and socially-responsible products and services. In this era of recyclable, non-toxic and environment-friendly goods this has become the new mantra for marketers to satisfy the needs of consumers and earn better profits. Keeping in mind the subset of concerned environment friendly consumers this paper basically studies few Indian companies to explore different strategies they adopt concerning green product. The paper focuses on the green marketing activities of top Indian companies and their concern to tackle social and environmental problem using innovative solutions. Though their initiatives are different but the goals are similar and

the initiatives have resulted in competitive advantage for these organizations. This paper describes the various initiatives introduced by selected companies for promoting green marketing-revolution and concludes that green marketing is something that will continuously grow in both practice and demand.

Key Words: Green Marketing, Green Product, Sustainable Development

GREEN MARKETING:

A radical change in Indian consumer's lifestyle, preferences and attitudes has brought about sudden emergence in green marketing activities. The companies are actively trying to increase

their impact on the environment while making a shift from traditional marketing to green marketing.

The wave of Green Marketing has started very quietly although it has taken a steady statesince the past two decades.Green marketing is a relatively quiet recent phenomenon and it is growing awareness amongst consumers and businesses about minimizing the adverse impact on the environment. Communicators are using the trend to spark consumer interest and drive sales. It has captured the market in every ways and at all places such as Labels with green color schemes, print advertisements with “natural” images and commercials boasting environmental claims both intentionally and subliminally address the green movement .

The term Green came into dominance in the late 1980s, when the American Marketing Association (AMA) held its first workshop on ‘ecological marketing’ in 1975 and defined it as: the study of the positive and negative aspects of marketing activities on pollution, energy depletion and non-energy resource depletion [Henion and Kinnear].

AMA defines green marketing as the marketing of products that are presumed to be environmentally safe; it incorporates several activities such as product modification, changes to production processes, and packaging, advertising strategies and also increases awareness on compliance marketing amongst industries.

Green marketing is a much broader concept, one that can be applied to consumer goods, industrial goods and even services. For example, around the world there are resorts that are beginning to promote themselves as "ecotourist" facilities, i.e., facilities that "specialize" in experiencing nature or operating in a fashion that minimizes their environmental impact [May 1991, Ingram and Durst 1989, Troumbis 1991]. Thus green marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising. Yet defining green marketing is not a simple task.

Importance of Green Marketing

Green Marketing offers business bottom line incentives and top line growth possibilities. While modifying of business or production processes may involve start-up costs. It will save money in

the long-term .When looking through the literature there are several suggested for firms increased use of Green-marketing. Possible reasons are as follows:-

1. Organization's perceives environmental marketing to be opportunities that can be used to achieve its objectives.
2. Organization believes they have a moral obligation to be more socially responsible.
3. Governmental bodies forcing firms to become more responsible.
4. Competitor's environmental activities pressure firms to change their environmental marketing activities.

Life-cycle assessment - During the late 1980s, new instruments such as life-cycle assessment (LCA) were invented which allowed ecological considerations to be introduced into marketing decisions.

The life cycle assessment model seeks to identify the main types of environmental impact throughout the life cycle of a product. LCA was developed according to ISO 14040. The main goal of the LCA is to define the energy and environmental profile of the finished products. The reasons to use LCA arose from the need to have a precise process accounting and to highlight potential improvements that could be used in order to increase the environmental, energy and economic efficiency and overall effectiveness of the processes. In addition, the purpose was to quantify the environmental advantages deriving from the use of recycled raw material

Which consumer should be targeted?

LOHAS stands for Lifestyles of Health and Sustainability, and describes an integrated, rapidly growing market for goods and services that appeal to consumers whose sense of environmental and social responsibility influences their purchase decisions.

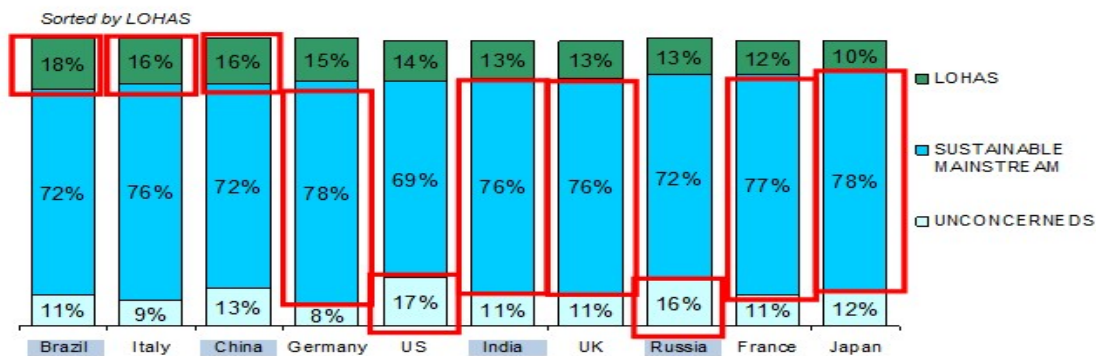
The five LOHAS segments as defined by NMI(Natural Marketing Institute) include:

- **LOHAS:** Active environmental stewards dedicated to personal and planetary health. These are the heaviest purchasers of green and socially responsible products and the early adopters who influence others heavily.

- **Naturalites:** Motivated primarily by personal health considerations. They tend to purchase more LOHAS consumable products vs. durable items.
- **Drifters:** While their intentions may be good, DRIFTERS follow trends when it is easy and affordable. They are currently quite engaged in green purchasing behaviours.
- **Conventionals:** Pragmatists who embrace LOHAS behaviour when they believe they can make a difference, but are primarily focused on being very careful with their resources and doing the ‘right’ thing because it will save them money.
- **Unconcerned:** Either unaware or unconcerned about the environment and societal issues mainly because they do not have the time or the means – these consumers are largely focused on getting by.

Hence, LOHAS consumers can be a prime target for companies marketing green, socially-responsible, or healthy products. Another reason to target them is that often their buy-in is fundamental to reaching other consumer segments.

Figure 1 (% (Country) LOHAS segments)



“Developing” countries

Percentages may not add to 100% due to rounding

Source: Natural Marketing Institute (NMI) 2010 LOHAS Global

The Sustainable Mainstream is comprised of the following three segments: Naturalites, Drifters and Conventionals.

Green Marketing Mix

Every company has its own favorite marketing mix. Some have 4 P's and some have 7 P's of marketing mix. The 4 P's of green marketing are that of a conventional marketing but the challenge before marketers is to use 4 P's in an innovative manner.

Product-The ecological objectives in planning products are to reduce resource consumption and pollution and to increase conservation of scarce resources (Keller man, 1978).

Price: Price is a critical and important factor of green marketing mix. Most consumers will only be prepared to pay additional value if there is a perception of extra product value. This value may be improved performance, function, design, visual appeal, or taste. Green marketing should take all these facts into consideration while charging a premium price.

Promotion: According to Scholossberg (1993) as quoted by Polonsky (1997), green promotion helps consumers to overcome the “greatest environmental hazard”, that is, the lack of environmental information. To lessen the gap on environmental information through promotion Ottman (1997) has suggested several green promotion strategies.

There are three types of green advertising:

- Ads that address a relationship between a product/service and the biophysical environment;
- Those that promote a green lifestyle by highlighting a product or service;
- Ads that present a corporate image of environmental responsibility.

Place: The choice of where and when to make a product available will have significant impact on the customers. Very few customers will go out of their way to buy green products. Marketers looking to successfully introduce new green products should, in most cases, position them broadly in the market place so they are not just appealing to a small green niche market.

WHAT ARE GREEN COMPANIES?

Firms contributing to the conservation of environment through Biodiversity, producing environment friendly products, conservation of energy, water and natural resources, climate

protection, maintenance of schools, roads, parks, providing assistance for upliftment of the rural sector and the underprivileged, and so on so forth.

The Common Characteristics of Green Companies are

- Use natural gas for boiler fuel.
- Recycle biodegradable waste.
- Minimum use of plastic material; use recyclable packaging materials.
- Use biomass and solar radiation as sources of renewable energy.
- Generate electricity from hydroelectric plants.
- Reduce toxic emissions, etc.

A survey conducted by BT- AC Nielsen ORG-MARG, ranked Oil and Natural Gas Company (ONGC) the greenest company in India followed by Reliance Industries. BPCL, Castrol India and HPCL are other companies in this sector that were rated green companies in the survey.

GREEN MARKETING PRACTICES IN DIFFERENT INDIAN COMPANIES:

Voltas

Air-conditioners, refrigerators and plasma or LCD TVs are going green with a vengeance. Next in the line is, Voltas from the Tata Group.

In 2007, Voltas initiated the 'Green' range of air-conditioners, following which the government made it mandatory for home appliances to have energy star ratings.

Energy Star is an international standard for energy efficient consumer products that originated in the US. Thus, devices carrying the star logo, such as computer products and peripherals, kitchen appliances and other products, use about 20-30 per cent less energy than the set standards.

Panasonic India

Panasonic has an Econavi range of air conditioners and LCD screens which is once again based on energy conservation. Econavi home appliances use sensor and control technologies to minimize energy consumption, based on a family's lifestyle.

For instance, a door-opening sensor and lighting sensor allows the refrigerator to learn the time periods when the family typically doesn't use - when they're sleeping or away from home. The refrigerator goes into sleep mode accordingly. Globally, Panasonic is aiming to become top green innovation company in the electronics industry by 2018 and is laying a lot of emphasis on eco-friendly products.

ACC Ltd

India-based cement manufacturer ACC has recently launched its eco-friendly brand, 'Concrete+'. This brand uses fly ash (a hazardous industrial waste) to help conserve natural resources, thus making it an eco-friendly product. The new product has been designed exclusively to ensure high durability and resistance of structures under extreme climate.

Jayanta Datta Gupta, chief commercial officer of ACC Ltd, said that the new product is a result of continuous feedback from customers, influencers and dealers.

Suzlon Energy

The world's fourth largest wind-turbine maker is among the greenest and best Indian companies in India. Tulsi Tanti, the visionary behind Suzlon, convinced the world that wind is the energy of the future and built his factory in Pondicherry to run entirely on wind power. Suzlon's corporate building is the most energy efficient building ever built in India.

State Bank of India

Green IT@SBI SBI entered into green service known as "Green Channel Counter". SBI is providing many services like paper less banking, no deposit slip, no withdrawal form, no checks, no money transactions form all these transaction are done through SBI shopping & ATM cards. State Bank of India turns to wind energy to reduce emissions

Tamil Nadu Newsprint and Papers Limited (TNPL)

Adjudged the best performer in the 2009-2010 Green Business Survey, TNPL was awarded the Green Business Leadership Award in the Pulp and Paper Sector. The initiatives undertaken by this top green firm in India includes two Clean Development Mechanism projects and a wind farm project that helped generate 2,30,323 Carbon Emission Reductions earning Rs. 17.40 Crore.

Vivanta by Taj Hotel Resorts & Palaces

Earth friendliness is the hallmark of the Vivanta line, just as it is at all Taj hotels. The parent company follows guidelines established at a United Nations Earth Summit and endorsed by nearly 200 countries. These green benchmarks are monitored by a leading worldwide certifier, Green Globe.

Taj aims to bring the total of its Vivanta hotels to 30-plus in the next 2 years, totaling 5,000-plus guest rooms.

Oil and Natural Gas Company (ONGC)

India's largest oil producer, ONGC, is all set to lead the list of top 10 green Indian companies with energy-efficient, green crematoriums that will soon replace the traditional wooden pyre across the country. ONGC's Mokshada Green Cremation initiative will save 60 to 70% of wood and a fourth of the burning time per cremation.

Wipro's Green Machines (In India Only)

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

Tata group of companies:

Tata Motors Ltd. has developed their showroom by using green items and elements in its design. It shows eco-friendly atmosphere that attracts people towards itself. They are also going to launch a low cost water purifier which is made of pure and natural ingredients.

CONCLUSION

To be a successful green marketing company there is a few fundamental rules that will go a long way in shaping the future of the business in the coming years. The fundamental strategy is to use the Four P's suitably modified to meet the needs of Green Marketing, but there are a few points that are needed to be stressed on before embarking on Strategy. They are: Knowing thy Customer, Educating thy customer, Genuineness & Transparency to thy customer, Reassuring thy Buyer, Pricing for thy customer, Giving thy customers an opportunity to participate.

Green marketing is a relatively quiet recent phenomenon and it is growing awareness amongst consumers and businesses about minimizing the adverse impact on the environment. Environmental issues are given more importance these days .This paper helps us to know the various practices made by companies for promoting green environment and also aimed at transforming the consumer minds and their perceptions towards environment. Well in this scenario, many corporate has taken green marketing further and as a part of their company strategy just to create brand image, gain the attention of the consumers. More and more companies need to emerge and also facilitate to the environment. This paper can also be viewed as a source of new opportunities to grow in today's highly competitive global environment.

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