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A Conceptual Study on Evolution of Green Marketing Strategies

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ABSTRACT

As society becomes more concerned with the natural environment, businesses have begun to modify their behavior in an attempt to address society's "new" concerns. Some businesses have been quick to accept concepts like environmental management systems and waste minimization, and have integrated environmental issues into all organizational activities. Some evidence of this is the development of journals such as "Business Strategy and the Environment" and "Greener Management International," which are specifically designed to disseminate research relating to business' environmental behavior. One business area where environmental issues have received a great deal of discussion in the popular and professional press is marketing. Terms like "Green Marketing" and "Environmental Marketing" appear frequently in the popular press. Many governments around the world have become so concerned about green marketing activities that they have attempted to regulate them. Increasing awareness on the various environmental problems has led a shift in the way consumers go about their life. There has been a change in consumer attitudes towards a green lifestyle. People are actively trying to reduce their impact on the environment. However, this is not widespread and is still evolving. Organizations and business however have seen this change in consumer attitudes and are trying to gain an edge in the competitive market by exploiting the potential in the green market industry.

1. INTRODUCTION

Like any marketing communications challenge, consumers needs sound bites that relay information as simply as possible, but no simpler. The message needs to be relevant to their daily lives. The narrative needs to be easily digestible and sharable so that it quickly becomes part of the broader lexicon. It also needs to instill a sense of urgency, but not leave a feeling of being overwhelmed. One possible way to address this challenge is to reframe the climate change conversation around water. This shift is necessary for many reasons:

First, the current narrative around global warming is too complex and abstract for most audiences to grasp fully: rising temperatures, melting polar ice sheets, burning rainforests, rising sea levels, and so forth. Focusing on water enables communicators to simplify the message, as water is familiar to all of us and essential for our own survival. Rather than shortchanging the complexity of climate change, communicators that narrow the message enable consumers to more easily digest it.
Second, focusing on water allows us to shift communications away from the cause of climate change to its impact. Natural water variability is expected from year to year, but overall, supplies in the US, even in the arid west, have traditionally been relatively predictable from year to year. In the current world, a ”100-year” drought actually only occurs every 100 years.

Yet, climate change has already disrupted this paradigm. Today, we are shifting to a world of water volatility, where the probability of extreme droughts and floods increases dramatically. For

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example, in 2010, the Amazon rainforest experienced its second "100 year" drought in 5 years. When this happens, people start to pay attention.
Finally, water enables communicators to reposition global climate change as an inherently local issue. It has long been the case that consumers have had a difficult time connecting with – let alone financially supporting – global environmental issues. Redefining climate change as a local issue makes it more personal, and provides an opportunity to motivate more grassroots support for action at the local level.
Yet, today, the impact of climate change is being felt closer to home. Local communities in the US are being devastated by water – or the lack there of – from extreme droughts and wildfires across Texas to torrential rains and flooding in Vermont. Globally, the impact has arguably been more severe because people in places like Pakistan, Bangladesh and even China have fewer resources to cope with it.
To this end, it is important to outline a communications construct that shifts the focus of climate change to its impact on water. Here is one approach:

2. PAY-AS-YOU-GO PAYS FOR THE ENVIRONMENT

Pay-as-you-go (PAYG) is emerging as a winning consumption model for the environment. It does so in two ways. First, by charging for incremental use, PAYG discourages overconsumption often associated with flat rate pricing. Second, it incentivizes shared use of resources during peak periods in order to avoid excess investments in capacity that would otherwise be underutilized for much of the time.
In recent years, several PAYG models have emerged that are having a positive impact on the environment. For example, smart grid initiatives provide consumers with tiered pricing models that incentivize them to reduce or shift energy use during peak periods. Additionally, PAYG models in cloud computing allow consumers the flexibility to add computing capacity in real-time, while avoiding the need to overinvest in server capacity utilized only during peak periods.
This month, another consumption model got a big boost when the California Insurance Commission approved the launch of PAYG car insurance in the country's largest car market. Beginning in February, 2011, California residents will be able to purchase insurance from State Farm and the Automobile Club of Southern California and pay based on how much – and how safely – they drive. The less they drive, the less they pay.
Such a model is enabled through the tracking of personal driving data. Consumers self-report miles driven (and validate periodically through inspection) or do so automatically through an active On star system or small telemetric device that plugs into a diagnostic port under the dashboard. Insurance companies then effectively create personalized rates based on actual car use.
Potential benefits for the environment from PAYG are significant: The State of California estimates that subscribers may reduce miles driven by 10% or more, saving consumers money while reducing accidents, congestion and air pollution.
A wide variety of companies are now in a position to consider testing PAYG models with their customers, especially those that are price sensitive, tend to use a product less than the average or demand additional services during peak periods. While consumers may focus on saving money, the real benefits may be saved for the environment.

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3. LITERATURE SURVRY

The term "Green Marketing" has been used to describe marketing activities which attempt to reduce the negative social and environmental impacts of existing products and production systems, and which promote less damaging products and services. Managers need to identify what ought to be greened: a company (systems, processes), a product or both. Green marketing in services includes service delivery processes. Other known titles for green marketing are: sustainable marketing, environmental marketing, and ecological marketing. Marketers need to develop strategies which will allow them to overcome three major problems associated with green marketing: poor credibility, consumer cynicism, and consumer confusion. If these problems cannot be overcomed, then it is questionable whether green marketing, as a whole, will be effective.

Robert Dahlstrom (2011) examined that Green Marketing has positive influences on multiple participants in the economy. The environment, developing economies, consumers, corporate strategy, the product, production processes, and supply chain benefit from green marketing. Green marketing firms establish strategic alliances with government, local communities, nongovernmental organizations (NGOs), industry experts, and competitors.

Mulchand Sen(2007) explored that Green Marketing covers more than a firm‘s marketing claims. has pointed out that Green Marketing should not neglect the economic aspect of marketing. Marketers need to understand the implications of Green Marketing. Thus Green Marketing is a golden goose, and can be a very powerful marketing strategy though when it is done right.

Alwitt, L.F. & Berger, I.E. (1993)1 in their article have examined the structure and behavioural implications of a model of attitude in an environmentally sensitive product domain. The study measured attitude valence and the dimensions of attitude strength with respect to a single product category – single-serve aseptic fruit juices and puddings. Data was collected from 134 undergraduate students with the help of a survey instrument. The structure of attitude strength and its relationship with purchase intentions were examined. It was inferred from the analysis that general attitude toward environment is not significantly related with purchase intention whereas attitude towards the product is positively related to purchase intention. Regression analysis was also performed on behavioural intention as a function of attitude valence, attitude accessibility and extremity. The results of the attitude strength dimensions can be used by policy makers who want consumers to take environmentally positive actions.

Das, J.K. (2002) in his article has presented the emerging issues and ideas on environmental pollution and also the role of the government and business organisations in India to mitigate the effects of environmental degradation. Balanced growth with environmental conservation is difficult even for the most economically powerful nations. It requires not only high investments but also effective governance. A plan that addresses these issues for the consumers of today through the promotion of 'green activities', meaning environmental-friendly activities, should be developed with a marketing perspective – for it is the marketing concepts that focus on needs and wants of consumers. The article also presents an idea of the concepts such as environmental goods, environmental services, green marketing, and green consumers. Environmental consumerism today represents deep psychological and sociological shifts from the conventional marketing strategies and, therefore, green consumers need to be addressed differently. Marketers are, thus, facing tough new challenges. Giving a brief account of international green practices, the article has envisaged the emergence of green initiatives in India and how the government initiated a voluntary scheme to label consumer products as "environment-friendly" in the year 1991. This 'eco-mark' is yet to takeoff as the consumers are driven more by price considerations and brand loyalty rather than the 'ecomark' scheme by the government including legal enforcement of 'eco-mark' on products which in the present scenario of liberalization may not be quite acceptable. The conviction to save

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the environment and, therefore the government and the industry need to be proactive. The articles has suggested strategic measures for an effective promotion of marketing strategies to be adopted by the business sector in order to position themselves as an environmental friendly company and derive business advantage in the short and eventually in the long run were also suggested.

REWARDS AS A DRIVER OF GREEN CONSUMER ENGAGEMENT

Today, it remains a powerful way to expand the appeal of green.
As every marketer knows, it is expensive, time consuming and downright difficult to change consumer attitudes. By contrast, rewards can reframe the dialogue by creating a financial incentive for consumers to engage, regardless of interest or attitude. The result is that rewards can expand the target audience to those motivated less by altruism than by financial gain. Suddenly, consumers that did not make the environment a priority are willing to take action to earn rewards. Marketers should be fine with this as long as it helps achieve business objectives in a cost-effective way.
Interestingly, rewards can be a critical tool for companies looking to enhance their marketing efforts. Rewards can be a tool to:

Motivate Consumer Engagement. Today, marketers are tasked with engaging with consumers in order to increase brand awareness, change sentiment and motivate purchase. Rewards can accelerate this effort by incentivizing consumers to take desired actions in order to earn rewards. Such a cost per engagement model can be particularly relevant for emerging green products with low awareness, as it provides an added incentive for consumers to engage, perhaps tiered based on the type, level or value of the interaction.

Optimize Engagement Experience. Marketers can optimize their efforts by promoting those consumer behaviors or sequence of behaviors that are more aligned with desired outcomes. Here is how it might work: Consumers earn points as they engage with content or tools online or take offline actions. Consumer behaviors are tracked and associated with specific points earned and rewards redeemed. Marketers can then optimize consumer engagement by promoting those behaviors that are most correlated with fulfilling campaign objectives.

Enhance Existing Incentives. Even when financial incentives already exist, they may not be sufficient to grab – and hold – significant consumer mind share. Today, several energy platforms such as OPOWER motivate consumers to save money on their bills by empowering them with personal usage data, comparative feedback and tangible steps on how to reduce their energy use. Indeed, OPOWER has had success in changing consumer behavior, reporting that such passive (one-way) engagement does empower consumers to take action – with participating consumers averaging 1.5% to 3% in energy savings over a control.

GREEN GROUPON

Group buying platforms like Groupon and Living Social are growing rapidly. Such platforms aggregate consumer demand in order to purchase goods or services at a significant discount. A minimum number of customers must commit to purchase before the offer can be fulfilled for all.
Consumers have fallen in love with group buying because it provides access to discounts which they couldn’t previously take advantage of. Marketers are also having a love affair because it facilitates bulk sales – guaranteeing a minimum volume – and upfront payment. Moreover, such

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platforms increasingly allow marketers to target specific offers to consumers based upon demographics and category interests.
Green marketers should take advantage of such platforms. Not only do such platforms drive bulk sales, but they can also expand the market for green products. Here's how:

PLATFORMS TARGET INTERESTED CONSUMERS

Group buying sites can easily create green affinity groups in order for marketers to more precisely target those already predisposed to greener offers. Such segments can be based on either self-reported data or past engagement and purchase behavior.

Discounts overcome price premiums. Making a product more eco-friendly is often associated with higher costs. When demand is aggregated, companies are more willing (and able) to provide discounts, making them more price competitive with less eco-friendly alternatives.
Peers influence purchase decisions. Group buying platforms can help influence purchase decisions through the power of social messaging. Most group buying sites provide real-time tallies of the number of consumers that have committed to purchase each item, as well as the number still needed to strike a deal. Such techniques are powerful motivators of consumer behavior by providing peer affirmation for their purchase decisions. This is especially important for greener products that may traditionally appeal to a niche audience. The more consumers believe that their peers have committed to purchase a product, the more likely that they will also give it a try.
Group buying platforms have provided a new marketing channel for many traditional products and services – green marketers would do well to similarly experiment with this platform to help expand their audience.

GREEN PRODUCT PARADOX

A common mantra in green marketing is that if you want the masses to buy your product, focus your messaging on more traditional attributes such as price, quality or service. A product's "greenness" is likely secondary for many mainstream consumers. For green marketers then, the holy grail may be to offer a product that is competitive on dimensions both traditional and eco-friendly. This would result in the greatest number of products sold and greatest impact on the environment. But, things are not always that simple. Consider the scenario when an innovative green product spurs new demand across an entire product category, rather than just replaces the existing generation of products in market. Is the individual product still green if the aggregate impact of the category is greater than what it replaced? Take, for example, household lighting. Most of us are aware that switching from incandescent to fluorescent light bulbs can result in a dramatic reduction in energy use. But, overall adoption has been relatively modest in comparison to the potential market, likely due to the premium price commanded for the bulbs. Today, an even newer generation of lighting technology is on the commercial horizon. Solid state lighting, described as a "souped up" version of the light emitting diodes (LEDs) that are commonly used today to illuminate electronic displays on alarm clocks and audio equipment, promises to provide lighting at a fraction of the energy used by today's bulbs. ("Not Such a Bright Idea", *The Economist*, August 26, 2010) Mass adoption of such technology could have significant implications for the environment given that 6.5% of the world's energy is used for illumination. In many ways, we should celebrate such technology fixes given their benefits to the environment. For marketers, solid state lighting clearly has the potential to be one of those "holy grail products". Yet, green products such as solid state lighting also present a paradox in that their adoption in mass

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might actually be detrimental to the environment. How could this be the case? Well, according to J Y Tsao and colleagues at the Sandia National Laboratory, cheaper lighting that sips energy will likely *increase* overall demand and uses for light, and with it, overall energy consumption. (J Y Tsao, *et. al*., "Solid-State Lighting: An Energy-Economics Perspective", *Journal of Physics D: Applied Physics*, August 19, 2010) The rationale? Today, Tsao *et. al.*, contends that consumers underconsume indoor light – with current fixtures providing 1/10th of the illumination as ambient outdoor light on cloudy days and 1/60th of ambient outdoor light on sunny ones. Tsao rationalizes that there is plenty of room to consume more – including in new ways that have yet to be thought of. As evidence, Tsao *et. al.*, models historical lighting use and adoption rates for new technologies – from gas lanterns to fluorescent bulbs – and extrapolates forward demand based on the amount of light produced (measured in lumens) and cost per lumen. Historic trends clearly indicate that consumer demand greatly increased when cost dropped and other attributes – such as faster turn on/off and greater cleanliness – expanded lighting uses. Extrapolating into the future, Tsao *et. al.*, predicts that with solid state lighting, demand has the potential to increase10x by 2030 and with it, perhaps a 2x increase in energy use. How paradoxical. It is important to note that the green product paradox is not isolated to LED lighting. Increased demand for electric cars, for example, could result in a similar dilemma if the added electricity load needed to power the vehicles is generated using higher polluting coal. As such, the green product paradox presents quite the challenge for a marketer. For individual companies, such products can be both profitable and (at least appear) socially responsible. It is only by looking at the forest from the trees – and perhaps a little into the future – does it become apparent that, in aggregate, such products may, paradoxically, have a negative impact. A sustainable brand might try itself to mitigate any impact that its products may have. But, this will only have broad impact if it ultimately compels competitors to follow suit. Given this, marketers should recognize that a solution to the paradox may not lie within an individual company's grasp. Alternatively, it may take an industry consortium to make the necessary product changes or evolve consumer expectations. Or, it may take collaboration across industries to have lasting impact. In both examples cited above, a shift to lower-polluting sources for energy generation would mitigate an increase in demand for both products. Overall, the green product paradox presents a difficult challenge for green marketers. Doing good for the planet may not always be as a simple as motivating purchase of greener goods. In some cases, it just might be too much of a good thing.

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