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Green Marketing: Third Millennium Paradigm

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Abstract: *This study is a descriptive analytical study whose objective is to define and explain green marketing and its goals as a novel phenomenon in today's world. This is a comprehensive look into the problems of green marketing, acceptance of green products, strategic alliances, strategies for green consumer sections, the perceived value of green products, and the advantages of green products. This study tries to help organizations find the correct pathway for producing green goods and increase the understanding of green consumers. In this study, we will explain how organizations can improve their image for the customers and consumers through strategic alliances with environmental groups. The attitudes of green consumers towards purchasing green products are among the important issues addressed in this paper.*

Keywords: *Green Marketing, Strategic Alliance, Perceived Value, Green Products.*

INTRODUCTION

At the beginning of the 21st century, the increase in the greenhouse emissions in the atmosphere, the gap in ozone layer due to CFC gases, the widespread destruction of rain forests, and the extinction of various animal species attracted the attention of the human populations towards the environment. Academic studies indicated an increase in green consumerism at the time, which created an inevitable and significant change in the consumption of green products. The increasing concerns of the consumers with regards to the environment are manifested in their purchasing behavior (Anusua, 2017). In order to really support the environment, this section of consumers are willing to pay more to purchase green products and choose those products which do not harm the environment (Katler and Armstrong, 1998). In response to the concerns of green consumers, European multi-national corporations tried to change their products and claim that they have changed their manufacturing systems (Vendermerwe and Oliff, 1990). For instance, five percent of all the new products introduced in 1989 were green products while in 1990, this increased to 10 percent (Nicola and Michael, 2006). However, in the past, some organizations only claimed producing green products in theory and the customers didn't witness any changes in practice. Therefore, many customers grew suspicious of this issue. The green degree report shows that the main reasons for not purchasing green products by the customers include the belief that they have to pay a higher price for poor performance without benefiting from important environmental advantages. In order to use green marketing as a strategic tool (Norazah, 2013), consumer products manufacturers had to find ways to validate the claims of companies in the view of the consumers. When the organization combined green marketing with strategic control, it was able to create the environmental organizational culture and substantiate its claims (Karolos et al., 2017). Hence, the 90s started

with relatively promising predictions with regards to the green revolution in marketing (Vendermerwe and Oliff, 1990). As time went by, green activities encountered a number of problems and in order to overcome these problems, organizations formed strategic alliances with environmental groups; they were able to reach the majority of their objectives through this strategy (Nicola and Michael, 2006). Nowadays, green products are considered acceptable and trustworthy products in the majority of countries and people pay much more attention of green products.

Green Marketing

In 1976, the American Marketing Association defined green marketing as “studying the positive and negative impacts of marketing on pollution and the reduction of energy sources as well as other sources”. However, it should be mentioned that unfortunately this definition is not a comprehensive one and we need a more comprehensive definition. Green marketing refers to the process of holistic management responsible for identifying, predicting, and meeting the conditions and demands of consumers and the society as a whole through a stable and profitable method (Yasmin and Shansuddin, 2014). Indeed, green marketing or environmental marketing covers all the activities designed to create and facilitate exchanges in order to meet the needs and desires of human beings in a way that meeting these needs and desires produces the minimum level of negative and destructive impact on the environment (Dinuk and Rashad, 2014). Generally, green marketing seeks two goals: improving the quality of the environment and customer satisfaction. In fact, green marketing uses programs and trainings which relate the characteristics of green products with the desirable value for the customers. Successful marketing plans are designed based on the knowledge of the green products consumers. Therefore, by providing the promised value for the customers and delivering the environmental advantages, green products must meet or exceed the expectations of the customers to reach customer satisfaction (Pavan and Paya, 2014).

The Problems of Green Marketing

Consumer products marketers must develop strategies which allow them to overcome three problems related to green marketing, which include low validity, suspicion of consumers, and the confusion of customers (Louis et al., 2015). Lack of validity among customers is somewhat the result of the poor performance of some companies in the past with regards to the environment. The problem of the suspicion of the consumers is also related to the history of green marketing since many manufacturers neglect the complete correction of activities and suddenly and without any research enter the field of green marketing (Varun et al., 2016). In other cases, such an approach has led to the failure of products which claimed green marketing. For instance, between 1989 and 1990, fourteen green cleaning products were introduced in Australia and in 1994, at least seven of those products exited the market (Patricia, 2016). The confusion of consumers regarding environmental claims is one of the permanent problems of green marketing. The lack of sufficient real information is considered as the biggest environmental danger for consumers (Ana, 2016). In many cases, even if the consumers understand certain claims, they usually lack the necessary position and vantage point to effectively evaluate the accuracy of these claims. Therefore, companies must devise strategies to overcome these problems. One of the strategies recently used by organizations to make their environmental marketing activities more effective is creating strategic alliances with environmental activist groups (Norazah, 2013). In fact, environmental disasters can become one of the reasons behind these strategic alliances (Fuller, 1999).

The Formation of Strategic Alliances

Strategic alliances are relations where the parties provide a certain skill or resource which usually complements the available resources or skills and by gathering the forces of the parties, the two can use each other's experiences (Jeannet and Hennessey, 1992). This type of relations are introduced as symbiotic marketing relations which are defined as the alliance of resources or plans among two or more independent organizations in order to increase the marketing potential of each one of them (Adler et al., 1996). An example of this is the American computer corporation called ASA (Advanced Software Applications) which created an alliance with the American Forestry Association (AFA) where ASA determines that AFA must plant ten trees on behalf of each one of its customers (Ana, 2016).

Many environmental groups are willing to establish various types of strategic alliances with different businesses (Mendelson et al., 1994). Three types of alliance are noteworthy here: product approval, company sponsorship, and licensed products (Norazah, 2013).

Product approval occurs when the environmental group is confident that the product meets a host of established criteria; then, they will approve the product. For instance, ACF criteria include the appraisal of the product from manufacturing to sales and the product must have distinguished environmental advantages as well (Ana, 2016).

Company sponsorship acts completely different from product approval. In these situations, organizations try to acquire an environmental understanding in order to perform certain activities. Under any conditions, the company will work with its environmental ally through monetary or non-monetary methods. The activities the company seeks to understand include direct partnership in certain environmental objectives, performing activities for raising the budget for environmental goals, or performing any and all activities in a way that is less dangerous for the environment. These activities are very desirable for building the social responsibility image of the company (Norazah, 2013).

Acquiring licenses for products is the third type of alliance. In this case, the manufacturers produce goods and products whose brands have been determined by the environmental group (Dinuk and Rashad, 2014).

The Advantages of Alliances

Strategic alliances with environmental groups provide five distinct benefits for the consumer products marketers. Increasing the trust of consumers in green products and related claims; establishing access to environmental information for companies; marketers' access to new markets; creating positive fame and reducing criticisms of the products and well as teaching important environmental issues about the company and its products to the consumers; considering the cooperation between the company and the environmental group, it is possible that any kind of reputation with regards to the products and the company may be positive reputation.

Green Consumer Segments

Green consumers are individuals who are highly concerned about the environment and correct their purchasing and consuming behaviors in order to support the environment by purchasing products which are environmentally safe (Aslihan and Fahri, 2014). Identifying and understanding target customers will help marketers to understand if the green characteristics can improve sales or not and how to incorporate them in the marketing mix? In order to respond to different degrees of environmental concerns of consumers, marketers can divide the market into various shades. Ruper (1998) divides consumers into different sections based on the degree of being green (Jill and Paul, 2004):

Real Green Blue (9 percent)

Real green blues have very strong environmental values and consider themselves responsible for affecting positive changes.

Supporting Greens (6 percent)

The difference between supporting greens and real green blues is that they do not have any political activity regarding green products; however, they often tend to purchase products which are environmentally desirable.

Sprouts (31 percent)

In theory, sprouts believe in environmental goals but they don't seem so in practice.

Browns (19 percent)

Browns haven't had any environmental training and they doubt their own abilities in affecting change. They believe that green products are too costly and cannot outperform other products.

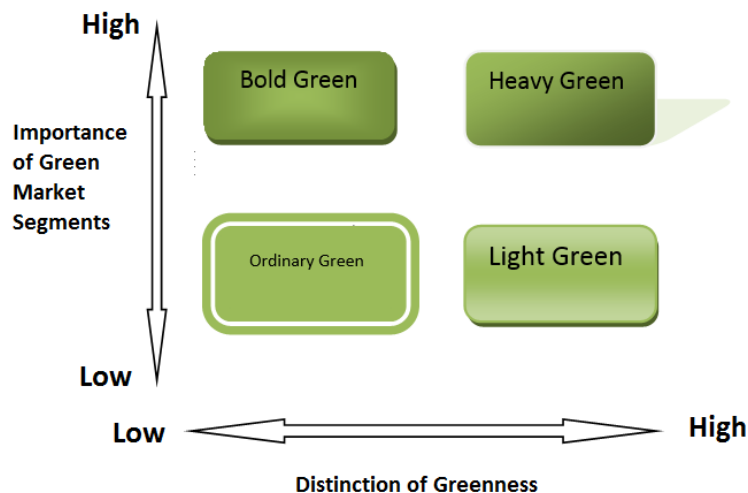
Bold Brown (33 percent)

These individuals are busy with their normal every-day life and they don't care about social and environmental issues.

These percentages show that about 15 to 46 percent of the entire consumer market tend towards green products based on product classification and other factors.

Green Marketing Strategies Matrix

Table 1. Green Marketing Strategies Matrix (Jill and Paul, 2004)



Green manufacturers are those who utilize technologies which mitigate or eliminate pollution and have useful environmental impacts (Eva et al., 2016). Companies must estimate the likely size of the green market in their industry and before selecting one of the strategies from this matrix, they have to consider the difference between their products and those of their competitors based on green dimensions. This matrix is based on two aspects of the importance of green market segments and the distinctiveness of being green (Jill and Paul, 2004).

Ordinary Green

Light colored greens try to become a pioneer company among green companies; however, they do not focus on promoting or marketing their green innovations. Instead, they are interested in reducing costs and improving effectiveness through desirable environmental activities to create low cost competitive edge; they are not very interested in green competitive edge (Jill and Paul, 2004).

Bold Green

These companies often utilize green marketing as a precautionary measure in response to crisis or the performances of competitors. The differences among the four strategies of green marketing can be understood based on the fact that how the four elements of marketing mix – product, price, position, and promotion- are utilized in each strategy. Bold green strategy often consists of the promotion aspect of the marketing mix and utilizes lower levels of public relation promotions compared to other tools such as commercial advertisement (Aslihan and Fahri, 2014).

Light Green

In long term processes, they invest in all the desirable environmental systems, which requires significant financial and non-financial commitment. Coca-Cola Company can be considered an example of light green companies.

Heavy Green

These companies shape the holistic philosophies and values of heavy green. Environmental concerns are completely integrated into the product lifecycle and the business model of these companies. Measures include lifecycle pricing approaches, comprehensive environmental quality control and manufacturing for

environment. Examples of heavy greens include the Body Shop, Patagonia clothing company, and Anset Tea Company in Bethesda, Maryland. Anset tea was one of the organic companies with the highest level of growth in natural food products industry. This company has added social responsibility to its mission and vision as well. The brand value of Anset tea is based on credibility, honesty, and decency. Toyota Prius Hybrid Car is an advanced hybrid car being promoted based on focus on the environment and effectiveness in fuel consumption (Eva et al., 2016).

The Relationship between Environmental Attitudes and Consumption Patterns

Various studies in developed and developing countries have shown that people are concerned about the environment. Many scholars have investigated the level of environmental knowledge as a cognitive component of environmental attitudes. Some others have focused on more emotional variables and some have focused on behavioral stability (Patricia, 2016). Generally, the term, “environmental awareness” is used to refer to the cognitive dimension of the environmental attitudes of individuals and environmental concern refers to the emotional dimension such as when people are worried about environmental damage. Research findings on the effects of attitudes on planned behavior or real behavior often provide conflicting results or no concrete results at all (Kinnear et al., 1993). Nevertheless, all of them believe that people sometimes talk about their environmental concerns in everyday conversations; however, they don’t necessarily see themselves as responsible for the environment (Patrick and Vanessa, 2006). In the past, a number of mediators of environmental behavior have been proposed such as locus of control, personal criteria, and dependence on the environment. A large body of research has been focused on the first two issues while the third issue hasn’t received much attention. Kalz et al. introduce human’s love for the environment as a motivational mechanism which aims at protecting natural ecosystems and the environment. The human need for having contact with nature is an issue which can provide marketing researchers with new and promising approaches. While evaluating motivation in environmental behavioral patterns, another way to look at the issue is to consider the individuals’ cost-benefit analysis during the decision making process. Since behavioral choices show that they always care about the cost and the benefits, it can be concluded that consumers will support green products in exchange for the high cost they pay, they can get sufficient benefits or advantages such as the recycling of materials or saving energy (Eva et al., 2016).

Perceived Value of Green Product Characteristics

The characteristics of a green product may concern manufacturing process which do not harm the environment, the responsible applications of the product, or the elimination of a product which provides more comfort for the consumer and is not harmful for the environment (Meffert, 1995). The classification of some products has led to the introduction of environmental labels. This is related to the classification of certain products such as organic food products, energy-efficient light bulbs, and wood procured from stable woodlands or they may be used for broader characteristics of environmental products such as the Blue Angel (blauer-engel) glue from Germany. Nevertheless, we have to help the consumers identify the environmentally desirable products (Hessam et al., 2016). One of the advantages of purchasing green products is to improve the environment. In some cases, personal benefits for an individual are acquired through saving in house heating and/or lighting budget, or sometimes by investing in environmental technologies. For instance, the appeal of the higher cost of Marathon and other CFL light bulbs can be attributed to saving in energy costs and their durability (Patricia, 2016). The best strategy a marketer can utilize is to provide the consumer with complete information about the environmental credibility of a product or service. The truth is that the consumer will never directly experience the real benefits of green products. In many cases, the consumer only experiences improvement in the environmental quality when important populations of the world adopt and follow the behaviors of green consumers. Therefore, the perceived benefit of the consumer may not be a strong motivation to buy green products (Nagar and Rana, 2015). Hence, the following question is raised because there may be no concrete benefit to be experienced:

Why many consumers often make choices based on environmental criteria?

Blaze and Daylic (1996) argue that consumers may use green brands in order to show off. Selecting a green brand allows them to show off their environmental awareness to others. Green brands create positive emotions in a certain target group, which are only due to the information regarding the environmentally salient features of the product. In societies where natural experiences are reduced and everyday life becomes more virtual, consuming green products can be a replacement for real contact with nature (Hessam et al., 2016).

Benefits of Green Products

Marketers propose at least four benefits for green products: efficiency and cost-effectiveness, health and safety, performance, symbolism and social position, and comfort. In practice, the designers of marketing products must align the consuming value of environmental products with the segments of the consumer market. Based on the example of Marathon CFL lamps, the main benefit of many green products is their potential effectiveness with regards to energy and resources (Agata et al, 2015). Increasing energy prices and tax incentives for clean fuel cars and the improvement of energy consumption for kitchen appliances as well as long-term savings have encouraged cost-oriented customers to buy green products. Concerns about toxic chemicals, hormones, and drugs in current products have caused safety and health to become an important issue in individuals' buying considerations; particularly among vulnerable consumers such as pregnant women, children, and the elderly. S. C. Johnson investigated the alliances for environmental innovation and appliance manufacturers and concluded that consumers react to green messages that are highly related to their personal environment. These findings show that the majority of consumers prefer the benefits of home appliances with the following conditions: safe to use around children, without toxic components, without chemical waste, and without creating strong steams. These benefits are preferred to "recyclable system" or "without testing on animals" (Patricia, 2016).

Examples of Using Green Marketing in Industry

The first step of Philips Lighting in marketing was the introduction of Philips CFL (Compact Fluorescent Light) lamps under the name "Earth Light", whose price was 15\$. Compared to the price of white-light lamps which was 75 cents, this product encountered multiple problems in the green market. This company reentered this product again under the name "Marathon" so that it can emphasize the durability of the lamp and claimed it would lead to a 26-dollar saving in energy costs in five years. Then, using the energy label of EPA (Environmental Protection Agency) of the U.S., the company increased the credibility of the product and considering the emergence of new sensitivities regarding the increase in the cost of electricity and its shortage, the sales of this product in a flat market increased 12 percent. The appeal for the higher price of Marathon and other CFL lamp brands can be attributed to the saving of energy costs and their durability and these qualities make these brands more desirable and cost-effective in time (Karoloss, 2017). In the car industry, common car services have provided more long-term solutions for the demands of customers for better fuel saving, lower traffic congestion, and parking nightmares which complement the environmental benefits for larger open spaces and reduced greenhouse emissions. Customers who drive less than 7500 miles annually and do not need cars for their jobs can save thousands of dollars each year by subscribing to one of many available services such as Ziplor, Fleacar, Hourcar, and so on. In a poll in Germany, Toyota was selected as the most environmentally desirable brand and as the first commercially available line of Toyota Prius, this car had a much larger sales that it was previously estimated. The consumer electronics sector has created a space for using green marketing in order to attract new customers. For instance, HP seeks to reduce twenty percent of total energy consumption of the world till 2010. In order to reduce energy consumption to levels lower than those of 2005, Hewlett-Packard has put forth plans for providing energy-efficient products and services. This company has also taken operational measures for energy efficiency in its facilities all around the world (Aslihan and Fahri, 2014).

CNG in New Delhi

New Delhi is the capital of India and it was increasingly affected by environmental pollution until the supreme council of India mandated the utilization of other fuels. In 2002, a directive for complete implementation of CNG in all the public transport systems was published in order to reduce pollution. Clean development mechanism based on Kyoto Protocol facilitates commerce among industrial and developing countries and provides a framework for investment in useful environmental development activities. While USA is not a member of Kyoto Protocol, a number of other American programs facilitate similar studies in a voluntary or mandatory capacity (Khairwal, 2006).

Conclusions

Research shows that many green products have failed due to green marketing shortcomings. In other words, the limited focus of marketers on products being green compared to the wide range of expectations of the consumers, environmentalists, and policy makers has been one of the factors leading to the failure of green products. When consumers are satisfied with the non-green benefits of environmental products, they will accept them more. Consumers are aware of the environment and its problem and it is one of their concerns. Moreover, they pay attention to social initiatives and plans and participate in them. However, they don't pay attention to environmental issues in their purchasing and consuming behaviors. Therefore, considering the positive attitudes of these individuals towards the environment and the importance of protecting the environment, it is essential that governmental bodies and manufacturing companies first create programs to increase the awareness and knowledge of individuals about the dangers of neglecting the environment. They have to support active groups to promote their cultural level and social legitimacy. By identifying the factors affecting the purchasing behavior of consumers, enterprises can correct the shortcomings to improve the purchasing behavior of green consumers. Finally, it can be said that before reaching important goals and results in green marketing, we have to invest time, commitment, and resources.

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