

Green Marketing



In business organisations



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GREEN MARKETING INTRODUCTION

Conventional marketing ignores environmental concerns in favour of focusing solely on the production of goods and services and increasing revenues for the businesses.

The American Marketing Association (AMA) hosted the first workshop on "Ecological Marketing" in 1975, and a book on the subject was published shortly after, marking the official beginning of green marketing in the late 1980s.

Source: <https://www.ijnrd.org/papers/IJNRD2205005.pdf>



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GREEN MARKETING INTRODUCTION

However, as time has gone on, consumers have become more selective about green products, as well as product design, origin, and packaging.

Source: <https://www.ijnrd.org/papers/IJNRD2205005.pdf>



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DEFINITIONS OF GREEN MARKETING

Hennion and Kinnear's 1976 definition of green marketing was the first to explain the concept of ecological marketing as “concerned with all marketing activities that have served to help cause environmental problems and that may serve to provide a remedy for environmental problems”.



Source: <https://www.sciencedirect.com/science/article/abs/pii/S0959652617316372>

DEFINITIONS OF GREEN MARKETING

Over the years the idea of green marketing has developed and numerous definitions have been offered over time. Fuller (1999) defines Sustainable Marketing as:

“the process of planning, implementing and controlling the development, pricing, promotion, and distribution of products in a manner that satisfies the following three criteria:

- 1. customer needs are met,**
- 2. organizational goals are attained, and;**
- 3. the process is compatible with eco-systems”.**

Source: <https://www.sciencedirect.com/science/article/abs/pii/S0959652617316372>



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GREEN MARKETING

Marketing professionals have a responsibility to incorporate environmental issues into business strategy plans. Presently, green marketing strategies work by persuading consumers that by choosing environmentally friendly items, they are contributing to the long-term health, safety, and well-being of their communities as well as themselves.

Source: https://www.researchgate.net/publication/348649689_Green_Marketing



GREEN MARKETING VS SOCIAL MARKETING

The main differences between the concept of green marketing and social marketing are (Peattie and Charter, 2003, p. 727):

- Emphasis on the physical sustainability and social acceptability of the marketing process
- Developing a more holistic and interdependent perspective on the relationship between economy, society, and environment
- Developing an open-ended perspective with the possibility of realization over a longer period of time
- A concept that has an inherent value beyond its usefulness to the environment and society
- Focusing on global concerns

GREEN PRODUCT STRATEGY

In the green product strategy, products can be described as green with the 4S Formula (Erbaşlar, 2012):

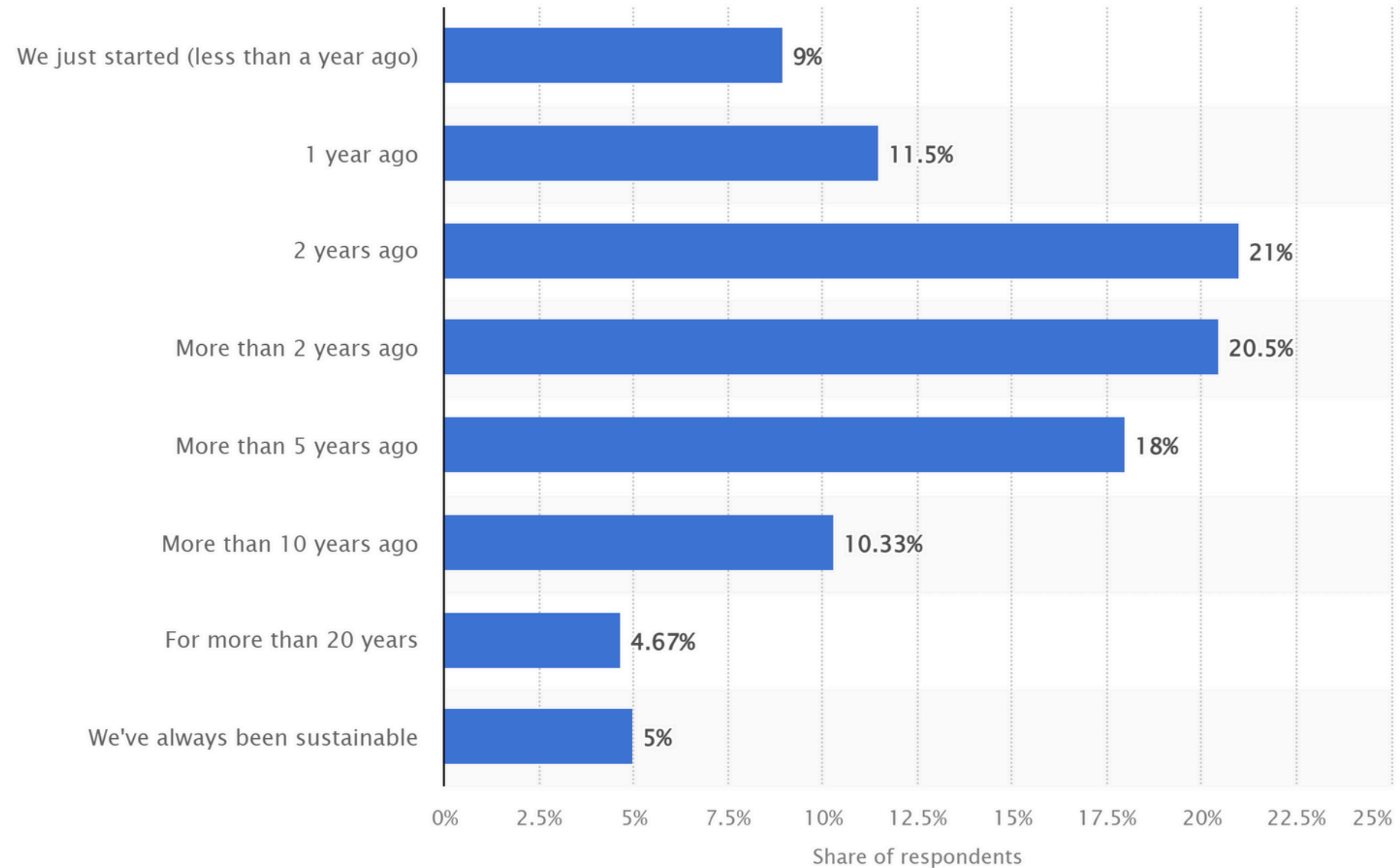
1. **Satisfaction:** meeting the needs and desires of the consumers.
2. **Sustainability:** ensuring the continuity of products, energy, and natural resources in the natural environment.
3. **Social Acceptability:** societal acceptance in terms of not harming the environment as a result of the activities of the enterprises.
4. **Safety:** necessity to arrange the products in such a way that does not endanger the health of society.

SURVEY ON ATTITUDES OF EUROPEANS ON GREEN PRODUCTS

According to this survey, most Europeans would be willing to alter their shopping habits and purchase more ecologically friendly goods, yet many believe they are misled by companies, and one should not believe all environmental claims made by manufacturers.

- 77% of respondents are willing to pay a higher price for products that are ecologically friendly, provided they have confidence that the products are indeed environmentally beneficial.
- 55% of respondents felt well-informed about how the things they use and purchase affect the environment.

DISTRIBUTION OF COMPANIES BY WHEN THEY STARTED WORKING ON SUSTAINABLE MARKETING STRATEGIES IN EUROPE AS OF JULY 2022



Source: <https://www.statista.com/statistics/1339202/how-long-companies-sustainable-marketing-strategies-europe/>



SURVEY ON CONSUMER PERCEPTIONS ON GREEN CLAIMS.

- **48%** prefer buying products bearing an environmental label than products without one.
- **34%** have noticed greenwashing at least once over the past 12 months.
- **Only 3%** say they would be able to always distinguish false green claims.
- **Three out of four respondents** believe green claims and labels should only be authorised if pre-approved or verified and **almost 70%** say they trust public authorities and third-party organisations to fulfil that role.
- **Nearly three out of four European respondents** think that “very polluting companies” should not be allowed to use any green claims.

WHY COMPANIES ARE USING GREEN MARKETING

1. Environmental marketing presents a possibility for **achieving management goals.**
2. To be more socially conscious because of **moral obligation.**
3. **Governments are pressuring businesses** to take greater responsibility.
4. Businesses are under pressure to modify their marketing initiatives due to the **pro-environmental actions of competitors.**
5. **Cost reduction** associated with disposing waste or cutting back on material use compels businesses to change their ways.

STRENGTHS OF GREEN MARKETING

BUSINESS OPPORTUNITY:

Today, the vast majority of people desire to consume in a more environmentally friendly manner. Companies can take advantage of this enormous potential customer base by improving their environmental performance and informing their customers of this shift.

Source: <https://www.unescap.org/sites/default/files/31.%20FS-Green-Marketing.pdf>



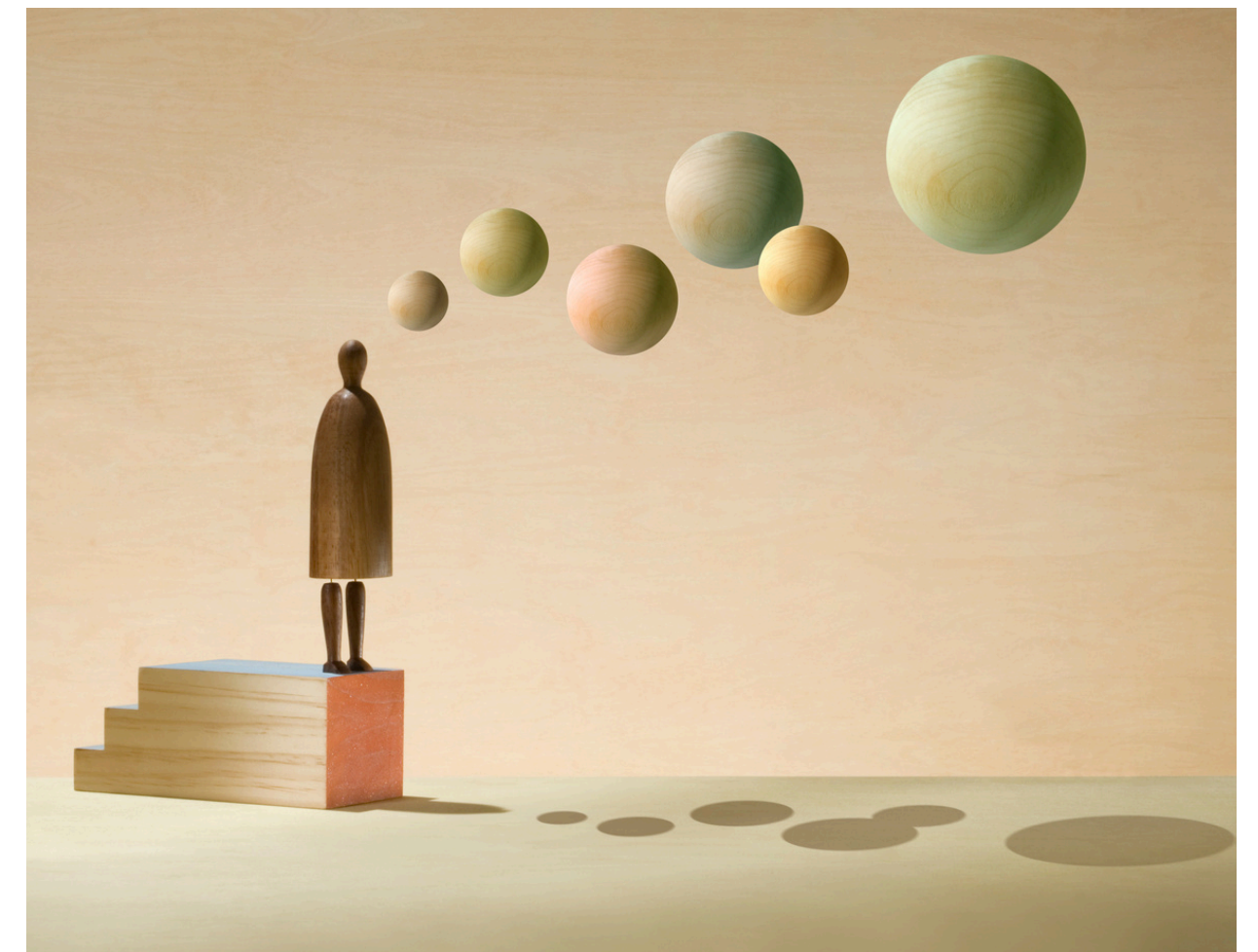
ENVIRONMENTALLY CONSCIOUS BUSINESSES:

In addition to improved profitability, green marketing can also benefit society by encouraging the application of green business practices as well as their discussion, to build trust of the environmentally conscious consumers they address.



ENVIRONMENTALLY CONSCIOUS CONSUMERS:

By highlighting the negative environmental effects of traditional business and production methods and providing information about green alternatives, green marketing can increase both the quantity and quality of environmentally conscious consumerism by empowering consumers to make thoughtful decisions about their purchases.



Source: <https://www.unescap.org/sites/default/files/31.%20FS-Green-Marketing.pdf>

BUSINESS PRACTICE TRANSPARENCY:

Businesses can appeal to environmentally conscious customers on the one hand, but they also need to live up to their reputation. As a result, society and the government both hold businesses accountable.

Businesses must reveal specifics about their production and management procedures that are often restricted to the public so that they can receive certification from relevant organisations and display green labels. This increases corporate transparency.

Source: <https://www.unescap.org/sites/default/files/31.%20FS-Green-Marketing.pdf>

ACCEPTANCE OF ENVIRONMENTAL PRICING:

The environmental costs associated with resource extraction and processing are reflected in the premium price, which is typically not included in the market price.

In this sense, green marketing assists in preparing customers to pay a premium for goods that genuinely factor in the harm they cause to the environment during production.

Source: <https://www.unescap.org/sites/default/files/31.%20FS-Green-Marketing.pdf>

SUPPLY CHAIN EXPANSION:

Green marketing can give consumers an idea of what green products and their benefits are, encouraging them to look for more green purchase alternatives in their proximity. This helps to expand the supply chain of green products by raising the demand for regional supply networks, and reducing emissions associated with transport.

Source: <https://www.unescap.org/sites/default/files/31.%20FS-Green-Marketing.pdf>



CLOSING THE PRODUCT LIFE CYCLE:

Green products, advertised using green marketing, are not only brand new products, but also recycled, refurbished and remanufactured goods. Green marketing can contribute to expanding the options of consumers, and thereby utilising the product life cycle; rather than ending with disposal, products are repurposed or repaired.



Source: <https://www.unescap.org/sites/default/files/31.%20FS-Green-Marketing.pdf>

CHALLENGES OF GREEN MARKETING

VAGUE CREDIBILITY:

The reputation of the entire industry can be harmed by fraudulent or deceptive green marketing claims made by companies who wish to appeal to environmentally concerned customers but have not undergone the necessary certification.

Customers find it difficult to discern between legitimate, verified claims and basic green advertising, or even greenwashing.

Source: <https://www.unescap.org/sites/default/files/31.%20FS-Green-Marketing.pdf>

GAP BETWEEN SUSTAINABLE INTENTION AND BEHAVIOUR:

Even though some consumers may want to purchase eco-friendly products or lead a sustainable lifestyle, not all actually find it easy to follow through on these claims.

This is especially true when faced with obstacles like increased costs associated with green products, greenwashing, difficulty embracing a lifestyle change, or accessibility issues.

Source: <https://www.unescap.org/sites/default/files/31.%20FS-Green-Marketing.pdf>

PRICE PREMIUM:

Due to extra expenses associated with being environmentally friendly, consumers who are interested in making more sustainable purchases frequently find it difficult to accept the relatively high price of green items.

Businesses are less motivated to engage into green production and marketing since only a small portion of the population is willing to compromise on performance, quality, or price in exchange for environmental concerns being taken into account when making purchases, especially during times of financial crises.

Source: <https://www.unescap.org/sites/default/files/31.%20FS-Green-Marketing.pdf>

THE GREEN MARKETING MIX

WHAT IS THE MARKETING MIX?

The marketing mix refers to the set of actions that a company uses to promote its brand or product in the market. The 4Ps make up a typical marketing mix.

1. **Price:** the value that is put for a product. A product's image can be improved and differentiated through pricing as well.

2. **Product:** the item actually being sold. There must be a minimal performance standard offered by the product.

3. **Place:** the point of sale.

4. **Promotion:** all the activities undertaken to make the product or service known to the user, including advertising, word of mouth, media, or commissions.

All the elements of the marketing mix influence each other and all must be considered equally when marketing a product. When implemented correctly into the business strategy it can lead to a company's success.

PRODUCT

The green objectives of product development include to reduce resource consumption, reduce pollution or carbon footprint, and to decrease use of scarce/finite resources, such as aluminium.

The marketer's role includes providing product designers with favoured consumer trends such as energy saving, organic produce, and local sourcing of materials.



PRICE

Consumers will only be prepared to pay additional amounts if there is a perception of extra product value, such as performance, function, design, visual appeal, or improved taste. The additional green value of products should be correctly and transparently presented to justify increased price.



PROMOTION

Promotion and advertisement can be structured into three aspects:

- Advertisement which considers the relationship between the product/service and the local environment.
- Advertisement which promotes a green lifestyle by highlighting the benefits of the product/service.
- Advertisement which presents the corporate image of the business as environmentally responsible.



PLACE

Sometimes, niche products can be less accessible, so customers will be less inclined to put extra effort in to obtain it.

Therefore, the choice of where to make a product available for purchase will have a significant impact on its sales.



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THE END



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