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**GREEN MARKETING: NEW DEVELOPMENTS AND IMPLICATIONS
A STUDY OF ITC LIMITED**

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ABSTRACT

Environmentalism has fast emerged as a worldwide phenomenon. Business firms too have risen to the occasion and have started responding to environmental challenges by practicing green marketing strategies. Green consumerism has played a catalytic role in ushering corporate environmentalism and making business firms green marketing oriented. Green marketing focuses on the marketing efforts companies use, including corporate social responsibility plans and sustainability efforts. Many consumers are environmentally conscious, seeking eco-friendly products and services from organizations that are socially responsible. Green marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising. 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. This study aims to give information about the effect of green marketing on customers purchasing behaviors and also to evaluate the initiatives taken by the Indian Tobacco Company Limited in their core business. This paper also focuses on green marketing mix and the strategies for success of Green Marketing.

Keywords: Green Marketing, Eco Friendly, Advertising, Environmentalism, Marketing Mix

Introduction

The term Green Marketing came into prominence in the late 1980s and early 1990s. The American Marketing Association, held the first workshop on "Ecological Marketing" in 1975. The proceedings of this workshop resulted in one of the first books on green marketing entitled "Ecological Marketing". The first wave of Green Marketing occurred in the 1980s. In 1987 a document prepared by the World Commission on Environment and Development defined sustainable development as meeting "the needs of the present without compromising the ability of future generations to meet their own need", this became known as the Brundtland Report and was another step towards widespread thinking on sustainability in everyday activity.

The past decade has shown that harnessing consumer power to effect positive environmental change is far easier said than done. The so-called "green consumer" movements in the U.S. and other countries have struggled to reach critical mass and to remain in the forefront of shoppers' minds. While public opinion polls taken since the late 1980s have shown consistently that a significant percentage of consumers in the U.S. and elsewhere profess a strong willingness to favor environmentally conscious products and companies, consumers' efforts to do so in real life have remained sketchy at best. One of green marketing's challenges is the lack of standards or public consensus about what constitutes "green". 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. Indeed the terminology used in this area has varied, it includes: Green Marketing, Environmental Marketing and Ecological Marketing.

Objectives of the study

- To study the effect of Green Marketing on customer purchasing behavior.
- To evaluate the 3C's of marketing Green products
- To study the strategies for the success of Green Marketing
- To present the Green Marketing Mix. i.e. 4P's of Green Marketing.
- To identify the initiatives and developments taken by ITC Ltd., towards Green Marketing.

Methodology

The present paper studies the theoretical concepts of the green marketing, green marketing management and green products. The paper also studies the theory contributed by researchers in the area of environment marketing which includes green products, green customers, green marketing mix and success of green marketing. The theoretical framework was collected from books, recent scientific articles and journals as well as company reports. In addition, different sources of data were utilized in order to obtain important background information and knowledge about the field of research.

Review of Literature

According to the authors like Azhagaiah and Ilangovan¹ (2006) according to their study, researchers found out that the environmental issues have a significant impact on the modern society and observed the impact of green marketing and the environment protection. Thakur² (2009) "Customer awareness with reference to green marketing of automobiles" an empirical research carried at Indore, Madhya Pradesh and concluded that green marketing of automobiles is attracting both from urban and rural people. This clearly indicates that people are shifting to the eco-friendly products to have a positive impact on the natural environment rather than traditional products. Patrali³, (2009) carried out research on „Green brand extension strategy and online communities“ The purpose of this study was to examine current and prospective consumer perceptions, purchase intent and parent brand evaluation due to green brand - line and category extensions by marketers of established (non-green) brands for products with high versus low perceived environmental impact. The results suggest that consumers are more likely to purchase green extensions of products with high perceived environmental impact and that current consumers prefer green line extensions to green category extensions. Both have similar reciprocal impact on parent brand evaluation among current consumers.

¹ Azhagaiah R.Ilangovan A. (2006), "Green Marketing and Environment Protection", Indian Journal of Marketing, Vol.XXXVI.

² Thakur Girish and Joshi Nitin M. (2009), "An Investigation Of Customers Awareness With Reference To Green Marketing Of Automobiles", Indian Journal Of Marketing, Vol:XXXIX.

³ Patrali Chatterjee ,(2009), „Green brand extension strategy and online communities“, *Journal of Systems and Information Technology*, Vol. 11 No. 4, pp. 367-384.

Welling & Chavan⁴ (2010) "Analyzing the feasibility of Green Marketing in Small & Medium Enterprises", an empirical study and the data was collected from 114 respondents in (Suburban Mumbai), the main purpose of their study was to find out whether the Small & Medium Enterprises believed in implementing green culture practices in the manufacturing and marketing of green products. Further their study concluded that both the State and Central governments should take necessary steps and encourage the SME"s to manufacture green products. Breno and David⁵, (2010) conducted research on title „Green Operations Initiatives in the Automotive Industry“ The purpose of this study is to focus on investigating and benchmarking green operations initiatives in the automotive industry documented in the environmental reports of selected companies. The investigation roadmaps the main environmental initiatives taken by the world's three major car manufacturers and benchmarks them against each other. The categorization of green operations initiatives that is provided in the paper can also help companies in other sectors to evaluate their green practices. The findings show that the world's three major car manufacturers are pursuing various environmental initiatives like following green operations practices: green buildings, eco-design, green supply chains, green manufacturing, reverse logistics and innovation. Ramakrishna⁶ (2012) "Green Marketing in India: Some Eco-Issues", the researcher analyzed the Eco-issues in Green Marketing through the 4p"s of green marketing mix and concluded that awareness to be created among the people about green marketing benefits and eco-friendly products and also concluded that the firms need to give more attention towards the green culture in order to survive in the tough market.

3 C's of Marketing Green Products

The analysis of past research and marketing strategies finds that successful green products have avoided green marketing myopia by using three important principles. Three C's are Consumer Value Positioning, Calibration of Consumer Knowledge and Credibility of Product Claims.

1. Consumer Value Positioning: The marketing of successfully established green products showcases non-green consumer value, and there are at least five desirable benefits commonly associated with green products: Efficiency and cost effectiveness, Health and safety, Performance, Symbolism and status and Convenience. Additionally, when these 5 consumer value propositions are not inherent in the green product, successful green marketing programs bundle (that is, add to the product design or market offering) desirable consumer value to broaden the green product's appeal.

2. Calibration of Consumer Knowledge: Many of the successful green products in the analysis described here employ compelling, educational marketing messages and slogans that connect green product attributes with desired consumer value. That is, the marketing programs successfully calibrated consumer knowledge to recognize the green product's consumer benefits. In many instances, the environmental benefit was positioned as secondary.

3. Credibility of Product Claims: Credibility is the foundation of effective green marketing. Green products must meet or exceed consumer expectations by delivering their promised consumer value and providing substantive environmental benefits. Often, consumers don't have the expertise or ability to verify green products' environmental and consumer values, leading to misperceptions and skepticism.

Strategies for success of Green Marketing

Many marketers now grow their businesses by addressing specific environmental issues that are most relevant to their consumers. In the process, they save money and enhance corporate and

⁴ Welling & Chavan Anupam .S. (2010), "Analyzing the Feasibility of Green Marketing in SME"s", Asia-Pacific Journal of Research in Business Management, Vol-1, Issue-2.

⁵ Breno Nums & David Bennett (2010), Green Operations initiatives in the automotive industry, *Benchmarking: an international journal*, 17 (3), 396-420.

⁶ H.Ramakrishna (2012),"Green Marketing in India: Some Eco-Issues", *Journal Of Marketing*,Vol-42,No-11, pp.11-14.

brand image while ensuring future sales for their products. They use the following strategies to create profitable new or improved products and packages that balance consumers' needs with environmental considerations.

1. **Source-Reduce Products and Packaging:** In the Pollution Prevention Act of 1990, the United States Congress declared that "pollution should be prevented or reduced at its source whenever feasible." Since the cost savings associated with source reduction are roughly parallel to the amount of packaging eliminated, the tenets of this law are not only good for the environment, they are good for business.
2. **Use Recycled Content:** With the help of innovative technologies, the use of recycled content in consumer products has skyrocketed in the last decade. Products that formerly boasted 10 percent recycled content may now incorporate as much as 100 percent post-consumer content. Where even as recently as 5 years ago, recycled content was limited mostly to paper, glass, metals, and some plastic laundry bottles, now an entire array of high quality products including clothing, garden furniture, paint, and motor oil are closing the loop.
3. **Maximize Consumer and Environmental Safety:** Scientific data and empirical evidence continue to link various illnesses with consumer products made from synthetic chemicals. Many illnesses can be traced to indoor pollution, which has been proven to be 10 times more toxic than its outdoor counterpart. Consumers' concerns about product safety translate into opportunities for alternative home construction and cleaning products.
4. **Make Products More Durable:** As demonstrated by historical sales pitches for Volvo Cars, consumers value durable appliances and automobiles. The environmental concerns and long product life will increasingly become a source of added value and an indicator of quality and convenience in many other industries as well.
5. **Make Products and Packaging Reusable or Refillable:** The throwaway convenience culture is making way for reuse and refilling as alternatives to land-filling, incineration, and even recycling.
6. **Design Products for Remanufacturing, Recycling, and Repair:** Landfill disposal bans are in force across the nation for such highly toxic items as lead-acid batteries, tires, used motor oil, paints, and refrigerators. Smart marketers are turning these imperatives into opportunities to save money, enhance quality and get closer to their consumer.
7. **Make Products and Packaging Compostable:** In nature, everything is recycled. Waste for one organism becomes food for another. This has important implications for businesses, and a number of innovative designers are developing products with this idea in mind.
8. **Use Sustainable Sources of Raw Material:** The prospect of rapidly depleting stocks of natural resources and the resulting reality of price increases create opportunities for alternative technologies and new efficiency with product design.

Green Marketing Mix

Every company has its own favourite 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. 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.

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. 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.

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. Green products and services which are to be delivered from the point of producers to the point of ultimate green customers. In this context, the firm should choose a proper channel considering product characteristics, consumer characteristics and market characteristics.

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.

Initiatives and Developments of ITC Ltd., towards Green Marketing

ITC has been carrying out green initiatives mainly to reduce Green House Gas emissions through energy conservation, use of renewable sources of energy and identifying ways of mitigating the adverse effects of climate change caused by global warming. ITC has implemented several CDM projects under the Kyoto Protocol and ensured carbon dioxide (CO₂) sequestration through large-scale social and farm forestry initiatives. ITC carried out sustainability initiatives relating to water through conservation to achieve the lowest specific water consumption; Zero Effluent Discharge by treating and recycling all waste water. Rainwater Harvesting both at the company premises and through external watershed development projects in socially relevant areas. Energy efficiency practices of ITC have helped in achieving world-class standards of energy utilization in several units. Through a rigorous process of audits supported by benchmarking, specific energy consumption has been reduced year on year. ITC has proactively aligned its strategies and joined international efforts in mitigating/delaying the adverse impacts of climate change.

All ITC businesses strive to minimize energy consumption and wherever possible use environment friendly sources of energy. Flowing from its commitment to the triple bottom line philosophy, ITC has chosen Wind Energy as a focus area for enhancing its positive environmental footprint. The Company has already invested in wind energy generation in Tamil Nadu to meet the requirements of its Packaging business in Chennai. This 14 megawatt Clean Energy Initiative has delivered performance parameters which exceed original projections. The Company's investments in Wind Energy are eligible for Carbon Credits under the Clean Development Mechanism of the Kyoto Protocol, resulting in substantial cost savings. In addition, it provides sustainable raw material sources for the Company's Paperboards business, and also creates livelihood opportunities for disadvantaged tribals and farmers in rural areas. This initiative has already created 56 million person days of employment. ITC businesses have already registered 8 CDM projects, with the CDM-EB (Clean Development Mechanism - Executive Board), set up by UNFCCC (United Nations Framework Convention on Climate Change) under the Kyoto Protocol which include two unique projects - one on social forestry, the first of its kind in India and ITC Sonar, the only hotel in the world to earn carbon credits.

ITC's Wealth out of Waste (WOW) is a recycling initiative that works towards spreading awareness about recycling, and encouraging people to segregate and dispose waste responsibly. WOW is an internationally recognized initiative by Bureau of International of Recycling. BIR is a worldwide international trade federation representing the world's recycling Industry, promoting recycling across the globe. WOW initiative started by ITC in a small way in April 2007 with an average monthly collection of 100 tons per month is now spread across South India with an average monthly collection of 5000 tons per month and preceded to 10,000 tons per month by the end of 2012. The WOW programme encourages people to segregate their waste at the source which is their households. This reduces the amount of waste filling up the landfills - and provides industries with clean raw materials. Some of the Green Initiative developments implemented by ITC Ltd. are Carbon

Positive 6 years in a row, Water Positive for 9 consecutive years, Solid Waste Recycling Positive, and ITC Royal Gardenia, ITC Green Centre, ITC Grand Chola are the three of the world's largest LEED Platinum rated green buildings.

Conclusion

Corporations should strengthen their status in the competitive environment by reengineering of manufacturing processes and product/ service design; otherwise they will stay behind the green train. Green marketing approach does not only focus on satisfying customer needs, rather customers' needs according to this approach must be satisfied so that they are helpful for the society as a whole. Green marketing can be a very powerful marketing strategy though when it's done right. Green marketing companies seek to go above and beyond traditional marketing by promoting environmental core values in the hope that consumers will associate these values with their company or brand. Engaging in these sustainable activities can lead to creating a new product line that caters to a new target market. ITC has been carrying out green initiatives mainly to reduce Green House Gas emissions through energy conservation, use of renewable sources of energy and identifying ways of mitigating the adverse effects of climate change caused by global warming. ITC has implemented several CDM projects under the Kyoto Protocol and ensured carbon dioxide (CO₂) sequestration through large-scale social and farm forestry initiatives.

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