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**Directed work with examples intended for L2 MANAGEMENT
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7-Green marketing

The negative impact of human activities over environment is a matter of concern today.

Governments all over the world making efforts to minimize human impact on environment. Today our society is more concerned with the natural environment. Understanding the society's new concerns businesses have begun to modify their behavior and have integrated env Referring to what was written by Saha and Darnton (2005), green can relate to variety issues such as ecological concerns, humanitarian concerns, corporate social responsibility, conservation (planet and animal), animal welfare, clean water, fair trade, equality, and sustainability. Issues relating to each of these are obviously broad and complex. The term green not only covers specifically to the environment but also to the living things in it such as humans and animals. A business can participate or take role in ensuring the living things live in harmony each other and with the environment by applying green business.ironmental issues into organizational activities.

There is a change in consumers' purchasing behavior. Consumers are becoming increasingly aware of social and environmental issues (Mortimer et al., 2020; Neumann et al., 2021), and are pressuring companies and governmental institutions to act (Neumann et al., 2021). These consumers aspire to satisfy their basic needs and maintain a better quality of life without compromising the welfare for humans and the earth's ecosystems to future generations (Jones et. al, 2008). In addition, consumers are more positive to support sustainably responsible companies, which results in increased consumer satisfaction and better consumer relations (Neumann et al., 2021). Julia Brandin ,Emma Källström. A greener industry or just green marketing? An exploratory study about how consumers experience green marketing in the fast fashion industry. Bachelor of Science in Business Administration: International Business and Marketing Semester 2021. Faculty of Business.p1

Sustainability is more relevant than ever and important in today's society. Consumers are also increasingly aware of environmental issues and encourage companies and governmental institutions to act more sustainable (Neumann et al., 2021).¹

1-What is green marketing?

Green marketing refers to the process of selling products and/or services based on their environmental benefits. Such a product or service may be environmentally friendly in it or produced and/or packaged in an environmentally friendly way.

The obvious assumption of green marketing is that potential consumers will view a product or service's "greenness" as a benefit and base their buying decision accordingly. The not-so-obvious assumption of green marketing is that consumers will be willing to pay more for green products than they would for a less-green comparable alternative product - an assumption.

2-Evolution of Green Marketing:

The term Green Marketing came into prominence in the late 1980s and early 1990s.

- The green marketing has evolved over this period of time. The evolution of green marketing had three phases. First phase was termed as

"Ecological" green marketing, and during this period all marketing activities were concerned to help environment problems and provide remedies for environmental problems.

- Second phase was *"Environmental"* green marketing and the focus shifted on clean technology that involved designing of innovative new products, which take care of pollution and waste issues.

- Third phase was *"Sustainable"* green marketing. It came into prominence in the late 1990s and early 2000. This was the result of the term sustainable development which is defined as "meeting the needs of the present without compromising the ability of future generations to meet their own needs."

3-Benefits of Green Marketing:

Companies that develop new and improved products and services with environment inputs in mind give themselves access to new markets, increase their profit sustainability, and enjoy a competitive advantage over the companies which are not concerned for the environment.

Some of the advantages of green marketing are,

¹ R. Surya, . P. Vijaya Banu. introduction to Green Marketing. SSRG International Journal of Economics and Management Studies (SSRG-IJEMS) – volume1 issue2 Sep 2014. P1.
<https://www.internationaljournalsrg.org/IJEMS/2014/Volume1-Issue2/IJEMS-V1I2P101.pdf>

1. It ensures sustained long-term growth along with profitability.
2. It saves money in the long run, though initially the cost is more.
3. It helps companies market their products and services keeping the environment aspects in mind. It helps in accessing the new markets and enjoying competitive advantage.
4. Most of the employees also feel proud and responsible to be working for an environmentally responsible company.²

4-Adoption of Green Marketing:

There are basically five reasons for which a marketer should go for the adoption of green marketing. They are

1. Opportunities or competitive advantage:

In India, around 25% of the consumers prefer environmental-friendly products, and around

28% may be considered healthy conscious.

Therefore, green marketers have diverse and fairly sizeable segments to cater to.

The Surf Excel detergent which saves water (advertised with the message—"do bucket paani roz bachana") and the energy-saving LG consumers durables are examples of green marketing.

We also have green buildings which are efficient in their use of energy, water and construction materials, and which reduce the impact on human health and the environment through better design, construction, operation, maintenance and waste disposal.

2. Social Responsibility

Many companies have started realizing that they must behave in an environment-friendly fashion. They believe both in achieving environmental objectives as well as profit related objectives. The HSBC became the world's first bank to go carbon-neutral. Other examples include Coca-Cola, which has invested in various recycling activities. Walt Disney World in Florida, US, has an extensive waste management program and infrastructure in place.

3. Governmental Pressure

Various regulations are framed by the government to protect consumers and the society at large. The Indian government too has developed a framework of legislations to reduce the production of harmful goods and by products. These reduce the industry's production and consumers' consumption of harmful goods, including those detrimental to the

² R. Surya, . P. Vijaya Banu. P2

environment; for example, the ban of plastic bags in Mumbai, prohibition of smoking in public areas, etc.

4. Competitive Pressure:

Many companies take up green marketing to maintain their competitive edge. The green marketing initiatives by niche companies such as Body Shop and Green & Black have prompted many mainline competitors to follow suit.

5. Cost Reduction

Reduction of harmful waste may lead to substantial cost savings. Sometimes, many firms develop symbiotic relationship whereby the waste generated by one company is used by another as a cost-effective raw material. For example, the fly ash generated by thermal power plants, which would otherwise contributed to a gigantic quantum of solid waste, is used to manufacture fly ash bricks for construction purposes.

5-Green 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.

1. Product:

The ecological objectives in planning products are to reduce resource consumption and pollution and to increase conservation of scarce resources. The marketer's role in product management includes providing product designers with market-driven trends and customer requests for green product attributes such as energy saving, organic, green chemicals, local sourcing, etc., For example, Nike is the first among the shoe companies to market itself as green. It is marketing its Air Jordan shoes as environment- friendly, as it has significantly reduced the usage of harmful glue adhesives. It has designed this variety of shoes to emphasize that it has reduced wastage and used environment-friendly materials.

2. 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. E.g. Wal Mart unveiled its first recyclable cloth shopping bag. IKEA, EASYDAY stores started charging consumers when they opted for plastic bags and encouraged people to shop using its "Big Blue Bag".

3. Promotion:

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.

4. 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.

6-Challenges Ahead:

- Green products require renewable and recyclable material, which is costly.
- Requires a technology, which requires huge investment in R & D.
- Water treatment technology, which is too costly.
- Majority of the people are not aware of green products and their uses.
- Majority of the consumers are not willing to pay a premium for green products.

Challenges in practicing green marketing:³

To practice green marketing is more complex than to practice conventional marketing and thus it is a challenge to create an effective green marketing (Marketing- Schools.Org, 2016). Practicing green marketing must be comprehensive and business- wide (Marketing-schools.org, 2016). It means that every element in a company must embrace green in their activities. For example, it is insufficient to advertise the green properties of a product or the company if the production and distribution disregard environmental concerns. Failing to do so can cause the firm is labeled as green-washer and this can harm the company's credibility and customers' trust. Customers who loss their trust to a company can then shift their purchases to more trustworthy competitors (Ottman & Mallen, Five Green Marketing Strategies to Earn Consumers Trust, 2014).

Thus, company needs to provide consumers with information about its business for them to evaluate company's claims and reputation. Company should promote awareness of its products' histories, including origin and manufacturing. Here, company has to be honest, transparent and should avoid unsubstantiated claims.

The aim of green marketing is different according to the level of green a company want to be. The level of greenness comprises green, greener, and greenest (Grant, 2009). In the green stage, green marketing is to communicate that the brand or the company is aware of the environment. In the greener stage, it is to change the ways of customers in consuming the product. In the greenest stage, it is to change customers' culture or habit toward the higher concern on the environment and become loyal customers of green product.

³ Maria Yosephine Dwi Hayu Agustini. GREEN MARKETING. The Context of Indonesia and Philippines. LAP LAMBERT publishing.2019.p32-33

Researches show that problems in developing green marketing are the same as those in developing effective marketing in the past.

7-Types of green marketing strategy:⁴

When companies consider both the market size and competitive landscape, they can identify several contrasting opportunities to serve a target market.

1. Lean green strategy:

Lean green strategy refers to a situation in which the size of the green market is modest and the firm has limited ability to differentiate based on the greenness of product offerings.

According to Makower (2009) as cited by Ginsberg and Bloom (2004), firms in this category are likely to engage in corporate social responsibility, but they do not publicize this action. It is likely that firms that face this competitive environment will not be able to engage in a pricing strategy that asks consumers to pay more for products that are sustainable.

2. Defensive green strategy:

The strategy reflects a situation under which the market for green products is large, but the ability to differentiate based on the ecological merits of the product is low. Thus, this market is highly sensitive to the environment, but it is very difficult to establish one product offering as ecologically superior to other products (Zmuda, 2008).

3. Shaded green strategy:

The shaded green strategy refers to a market in which the demand for ecologically sensitive products is low, but there is a substantial opportunity to differentiate based on ecological viability of a product.

4. Extreme green:

Extreme green refers to a competitive context in which the demand for green products is large and the ability to differentiate based on product greenness is substantial. The brands in this category often are initiated with a strong desire to promote and foster sustainability (Ginsberg, 2004). Firms that face this competitive landscape offer products with premium prices but the value over the course of the product life is emphasized in marketing campaigns.

⁴ Maria Yosephine Dwi Hayu Agustini.opcit. 97-98-99