

NAVIGATING THE GREEN MARKETING LANDSCAPE: UNDERSTANDING CONSUMER BEHAVIOUR AND INDUSTRY CHALLENGES

Dr. Savita Rastogi*

Associate Professor, Department of Commerce
Jesus and Mary College, University of Delhi

Simona Dutta*

Assistant Professor, Department of Commerce
Jesus and Mary College, University of Delhi

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Abstract

This comprehensive paper explores the intricate dynamics of green marketing, dissecting the dichotomy between consumer preferences, industry challenges, and the motivations propelling the adoption of environmentally sustainable practices. Drawing on an extensive array of studies, the paper underscores consumers' inclination towards environmentally safe products and companies. Despite this positive disposition, the actual demand for green products falls short of anticipated levels, prompting a critical examination of the challenges faced by manufacturers when incorporating environmental attributes into their marketing strategies. Examining disparities and challenges, the paper identifies persistent barriers hindering the widespread adoption of environmentally conscious consumption patterns. The paper also underscores the importance of addressing corporate vision and eco-costs, emphasizing the strategic benefits associated with adopting a green marketing orientation.

Keywords: Green Marketing, Environment, Consumers, Green Products, Green Purchasing, Corporate

Introduction

Plethora of academic work support the opinion that consumers nowadays prefer environmentally safe products and have a positive turn of mind towards organisations following such practices. Mendleson & Polonsky M J (1995) stated “a strong willingness is shown by consumers and organisations to favour environmentally conscious products as per various opinion polls taken in the developing countries like India”, but still, action so far is far away from reality”. Despite the substantial regard for green marketing by both researchers and organizations, the demand for green products has not reached the desired levels. Integration of environmental attributes into their marketing mix is a herculean task. In many cases, the inclusion of environmental issues in the marketing mix is determined by the organization’s desire to give attention to consumers’ increasing level of environmental concern and awareness. Manufacturers encounter three major challenges when endeavoring to employ environmental marketing: deficiency in credibility, skepticism among consumers, and confusion among consumers regarding claims. The solution to these problems can be

strategic alliances with environmental groups. Such alliances can help in some other areas too like:

- increased reliability of consumers in green products and claims made by manufacturers;
- easy access to environmental information;
- increased information and access to new markets;
- increased publicity of organisation's products and reduced public criticism; and
- increased education of consumers about key environmental issues relating to a company's product.

However, producers need to be careful in selecting an environmental strategic alliance partner to achieve the above benefits. The steps in the selection process may include:

- determining the objectives of alliance,
- specifying the expected outcomes, and
- determining the best fit between the organization, environmental group, and target market.

Thus, despite great interest shown in green marketing both by researchers and organizations, demand for green products has not increased as per expectations.

Definition and Scope of Green Marketing

Michael J Polonsky (1994) defined green marketing as “the marketing that consists of all activities designed to generate and facilitate any exchanges intended to satisfy human needs or wants, with minimal detrimental impact on the natural environment”. Organizations view environmental marketing as a strategic opportunity to accomplish their goals (Keller 1987, Shearer 1990). With increasing societal concern for the natural environment, business enterprises are adapting their behavior to respond to these emerging environmental considerations. A number of laws laid down by various governments towards the protection of the environment, are also forcing the businesses to become more socially responsible. Mendleson and Polonsky (1995) emphasize “green marketing involves all activities designed to facilitate exchanges that satisfy human needs while minimizing detrimental impacts on the natural environment”. The scope of green marketing extends beyond product features to include environmentally responsible processes, supply chain management, and overall corporate sustainability (Peattie & Crane, 2005). It encompasses the integration of environmental considerations into various marketing elements, such as product development, pricing, distribution, and promotion.

Motivations for Green Marketing Adoption

While looking through the literature, several reasons for firms to adopt the use of Green Marketing emerge. Various reasons outlined by multiple authors are as under:

- “Organizations perceive environmental marketing as an opportunity that can be used to achieve its objectives” (Keller, 1987; Shearer, 1990),
- believe they have to be more ethically and socially responsible (Davis, 1992; Freeman & Liedtka, 1991; Keller, 1987; McIntosh, 1990; Shearer, 1990),
- face governmental pressures to become more responsible (NAAG, 1990),
- experience eco-friendly competitor pressure to change environmental marketing strategies (NAAG, 1990), and
- respond to cost factors associated with waste disposal or reductions in material usage (Azzone & Mazini, 1994).

Disparities, Consumers’ Responsibility & Challenges in Green Marketing

Mintel (1995) identified a notable disparity between consumer concerns and the realization of green purchases. The research indicates persistent barriers hindering the widespread adoption of more environmentally conscious consumption patterns. Ken Peattie & Andrew Crane (2005) observed that “green marketing has been underpinned by neither marketing nor an environmental philosophy”. Five types of misconceived green marketing which were identified and analyzed, are as under:

- green spinning,
- green selling,
- green harvesting,
- environpreneur marketing, and
- compliance marketing.

The insights into practical implications provide a different viewpoint on a much-researched but still poorly understood area of marketing. This analysis explains why the anticipated 'green revolution' in marketing, prefaced by market research findings, has not more radically changed products and markets in practice. The movement towards a more sustainable economy through adoption of green marketing is proving to be challenging. Fast movement requires revolutionary changes in thoughts and practices towards green marketing to make a noteworthy contribution towards greater environmental sustainability.

The conviction prevailed that organizations possess a moral obligation to contribute to society

in an environmentally friendly manner, as underscored by Davis (1992), Freeman & Liedtka (1991), Keller (1987), and Shearer (1990). Additionally, governmental regulations aimed at environmental protection compelled firms to adopt a more socially responsible stance. Pressure from both regulatory frameworks and environmental initiatives embraced by competitors intensified, urging companies to shift their marketing strategies towards environmentally conscious practices. A recognized hurdle in the adoption of green products was their comparatively higher price compared to traditional alternatives. However, the implementation of well-designed environmental standards emerged as a potential solution to this challenge. Environmental standards, when properly crafted, could serve as catalysts for innovation, leading to cost reductions or enhanced product value. This innovative approach not only facilitated more efficient utilization of inputs, spanning raw materials, energy, and labor, but also mitigated the expenses associated with environmental improvements. Consequently, heightened resource productivity became a cornerstone for companies striving to bolster competitiveness in the dynamic landscape of the global economy. Acknowledging the paramount role of innovation, as emphasized by Porter and Linde (1995), emerged as pivotal for sustainable development, positioning companies to thrive in a fiercely competitive environment. Resistance to innovation, conversely, was identified as a risk leading to a loss of competitiveness in the contemporary global business arena.

Green marketing extends beyond firm's responsibility to adopt relevant practices. Though business enterprises are mainly responsible to adopt and promote environmental friendly practices, ultimately, it is consumers who demand goods. So consumers should also prefer those products which are environmental friendly. Wymer and Polonsky (2015) underscored that relying solely on Green Marketing is inadequate to address societal environmental challenges; rather, governments and citizen-consumers must contribute. Consider, for instance, the common attribution of environmental pollution to fast-food companies due to the substantial volume of packaging that often ends up as litter along roadsides. However, it is crucial to recognize that the manner in which consumers dispose of their waste significantly contributes to this issue. While companies undoubtedly wield influence over the natural environment, the onus of responsibility should not be exclusively placed on their shoulders. Observations suggest that consumers might not be wholeheartedly dedicated to enhancing the environment, potentially assigning excessive responsibility to industry and government entities. Achieving a transformative green marketing revolution necessitates consumers' genuine desire for a cleaner environment, coupled with a willingness to invest in

this objective—whether through the purchase of higher-priced eco-friendly goods, modifications in individual lifestyles, or governmental intervention. Cho (2015) proposed that possessing adequate knowledge is a crucial factor for engaging in environmentally conscious behaviour. A significant portion of consumers lacks this knowledge, especially during the point of purchase (Thøgersen, 2000, 2005). Firms, in isolation, face challenges in steering the green marketing shift until a collective commitment from consumers materializes. It is imperative to acknowledge that industrial buyers, too, possess the capacity to influence suppliers, urging them to adopt more environmentally responsible practices. Consequently, an environmentally committed organization may not only manufacture products with reduced environmental impact but could also exert influence upstream, encouraging suppliers to align with more environmentally conscious standards. Industrial buyers can also create pressure on suppliers to consider environmental impact of their decisions because of the size of their purchases. A commitment to environmental responsibility not only results in goods with reduced detrimental impact but also pressures organizations to integrate environmental concerns into their corporate culture.

Cervellon et al. (2010) and Yiridoe et al. (2005) provided evidence of the escalating global demand for green products, raising concerns about comprehending the true extent of what qualifies as a genuinely 'green' product. Shafaat & Sultan (2012), highlights challenges faced by green marketers, “including the lack of standards and common consensus among the public about what constitutes green”. They continue to add “despite these challenges, green marketing continues to gain popularity, particularly in light of growing global concern about climate change. Companies showcase their commitments to reduce adverse climate impacts through innovative methods to sustain themselves in the competitive environment”.

Corporate Vision and Eco-Costs

McCarthy and Perreault (1984) proposed that “firms adopting a green marketing orientation respond primarily to heightened societal pressures for businesses to fulfill comprehensive ethical and moral responsibilities, while adhering to the fundamental tenets of the marketing concept—meeting customer needs at a profit”. Moreover, an eco-marketing orientation may furnish organizations with a strategic competitive advantage in both domestic and international markets. Crosby, Gill and Taylor (1981), segregated U.S. consumers based on their self-designated "greenness," providing a framework for segmenting consumer markets (Schwartz and Miller, 1991).

Marketers recognized that addressing environmental concerns could be the most effective

sales strategy since the discovery of advertising agencies in the 1950s. The late 1980s to early 1990s witnessed industries hurriedly establishing various "institutes" and "councils" to validate the green credentials of their products or materials. However, The Economist (1990) cautioned against exaggerated claims of environmental friendliness in product packaging and advertisements, which could breed skepticism among shoppers. Some marketers took advantage by charging higher prices, implying superior quality, while others engaged in "greenwashing," where purportedly green companies merely paid superficial homage to environmental concerns without demonstrating authentic commitment. This resulted in a backlash against green marketing, as noted by Crane and Andrew (2000). The term "Greenwashing" skillfully plays on familiar expressions like "white washing," indicating the effort to present a more favorable image than the actual situation, and "brainwashing," which involves the manipulation of beliefs (Ross and Deck, 2011). As emphasized by Karnā et al. (2001), Greenwashing entails presenting environmental advertising without genuine environmental substance. It also involves marketers or organizations making deceptive environmental claims about their products and services (Yadav and Pathak, 2013).

Buchholz (1991), Porter & Van der Linde (1995), and Peattie (1995) asserted that the core tenets of environmentalism posit that corporations bear responsibilities extending beyond the production of goods and services. These responsibilities involve contributing to solving significant social problems, especially those they have contributed to.

Hawken (1995) stated that a green company is based on its corporate vision, incorporating environmental concerns into the company's functioning. The company acknowledges the needs of the ecosystem with which it interacts. For instance, every company aspires to be recognized as a responsible corporate entity that prioritizes community welfare and environmental stewardship. It focuses on what it takes (materials from the environment through extracting, hunting, cutting, mining, etc.), what it makes (products derived from the natural environment through the process of transformation & conversion), and what it wastes (eco-costs stemming from waste, pollution, and degradation of natural systems). These costs, often not internalized in accounting systems, necessitate a holistic understanding of a company's impact on the environment.

Ecolabels can serve multiple purposes for both companies and consumers (Grundey & Zaharia, 2008). These labels have the potential to enhance product sales and reputation, incentivize manufacturers to consider the environmental impact of their products, raise consumer awareness about environmental issues, and contribute to environmental protection

(Grundey, 2009). Ecolabels serve as a crucial promotional instrument for Green Marketing, as highlighted by Rex and Baumann in 2007. Thogersen (2002) demonstrated “the intention behind the introduction of eco-labels and organic food labels is to make it possible for consumers to distinguish products less harmful to the environment from others. Consumer's preference for eco-labeled products could give producers a competitive advantage, allowing them to gradually push less environmentally friendly products out of the market”. This advantage serves as an incentive for companies to innovate and develop more environmentally safe products.

Porter and van der Linde (1995) challenged the notion of a fixed trade-off between environmental regulation and competitiveness. They argued that adhering to such a trade-off unnecessarily increases costs and hinders environmental progress. Emphasizing the importance of well-crafted environmental standards, they proposed a shift from pollution control to pollution prevention. The authors highlighted the role of innovation in offsetting compliance costs and improving resource productivity. Their perspective encourages a new approach to the relationship between the environment and industrial competitiveness, urging a focus on resource productivity rather than perpetuating a perceived conflict.

Conclusion

Understanding the dichotomy in green marketing involves navigating through consumer preferences, industry challenges, and motivations for adoption. Strategic alliances, consumer responsibility, corporate vision, and innovative approaches are crucial elements in addressing challenges and advancing green marketing. Achieving sustainable development requires a shift in mindset, overcoming misconceptions, and fostering collaboration between consumers, businesses, and regulatory bodies. The path forward involves aligning environmental concerns with corporate objectives, building consumer trust, and embracing innovation for a greener and more sustainable future.

Limitations And Future Research Dimension

The future research in green marketing could benefit from an in-depth exploration of advanced consumer behaviour, considering cultural shifts and generational changes. A more comprehensive understanding of holistic corporate sustainability, dynamic regulatory frameworks, and the in-depth analysis of eco-costs could contribute to the evolving field. However, it's crucial to acknowledge the limitations of the current research, including a potential geographical bias focused on developing countries, and the need for industry-specific analyses. Moreover, considering the dynamic nature of consumer trends and

technological advancements, future research should incorporate longitudinal studies and stakeholder perspectives for a more nuanced comprehension of the challenges and motivations within green marketing.

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