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International Journal of Economics and Research

17 September 2011

Online at <https://mpa.ub.uni-muenchen.de/50690/>

MPRA Paper No. 50690, posted 16 Oct 2013 08:07 UTC

ASPECTS OF GREEN MARKETING: A PROSPECT FOR BANGLADESH

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Abstract

This paper discusses the green marketing which incorporates a broad range of activities such as the product modification, changes to the production process, packaging changes, as well as modifying advertising of the environment friendly commodities. The green marketing of products of the company are presumed to be environmentally safe. The paper analyses whether the manufacturers are conscious about green products and eco-labeling, and also the difficulties in implementing green marketing. A guideline is given to the Bangladeshi manufacturers for producing green marketing products.

Key Words: Green marketing, Corporate Social Responsibility (CSR), sustainability.

INTRODUCTION

In 2010, a report on environmental claims made in the North American market and the researchers expressed that *green* is a difficult word (Defining Green Products 2010). The complicating matters is the widespread use of terms such as natural, organic, planet-friendly, earth-friendly, ecological, non-toxic, biodegradable, plant-based, chlorine-free, and 100% compostable, which consumers erroneously assume are synonymous with *green* (TerraChoice 2009). It is no wonder that every company has a *green* story. The development and offering of *green* products and services positively impact consumer and investor perceptions of a company and it also improve the bottom line of the company.

The term green marketing is often used loosely and in the wrong context. Green marketing is the marketing of products which are considered not to be harmful for environment. The terms like phosphate free, recyclable, refillable, ozone friendly and environmentally friendly are some of the things consumers most often associate with green marketing. But green marketing incorporates a broad range of activities such as the product modification,

changes to the production process, packaging changes, as well as modifying advertising which can be applied to consumer goods, industrial goods and even services (Welling and Chavan 2010). One of the biggest problems with the green marketing area is that there has been little attempt to academically examine environmental or green marketing. Some businesses have been quick to accept concepts like environmental management systems and waste minimization, and have integrated environmental issues into all organizational activities.

The green marketing is first introduced in the late 1970s when the American Marketing Association (AMA) organized the first ever workshop on Ecological Marketing in 1975 which resulted in the first book on the subject, entitled 'Ecological Marketing' by Henion and Kinnear in 1976. The first definition of green marketing was according to Heinion as follows:

"The implementation of marketing programmes directed at the environmentally conscious market segment" (Banerjee 1999).

Henion's definition of green marketing has evolving and many more definitions

of green marketing have arisen throughout the years. Fuller (1999) defined the green marketing as follows:

“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 ecosystems”.

According to Ottman (1999) green marketing serves two key objectives as follows:

- To develop the products that incorporate consumers’ needs for convenience, affordable pricing and performance while having a minimal impact on the environment.
- To project an image of high quality, including environmental aspects, both in regards to product attributes and the manufacturer’s track record for environmental fulfillment.

The green marketing came into prominence in the late 1980s and early 1990s. Since then, the definition has been refined and segmented into three main portions as follows:

- the marketing of products of the company are presumed to be environmentally safe,
- the development and marketing of products designed to minimize negative effects on the physical environment or to improve its quality, and
- the efforts by organizations to produce, promote, package, and reclaim products in a manner that is sensitive or responsive to ecological concerns.

It is worth noting that green marketing is actually related to another topic which is

gaining visibility in corporate circles and corporate social responsibility (CSR). A company can provide fewer napkins, using less ink and paper, encouraging customers to use online billing for offices which are all green initiatives that can quickly reduce costs of the company. Green marketing is very important item for a company because it offers business bottom line incentives and top line growth possibilities. Companies can develop new and improved products and services with environmental impacts which help access to new markets, substantially increase profits and enjoy competitive advantages.

The term *Green marketing* refers to the planning, development and promotion of products or services that satisfy the needs of consumers for quality, output, accessible prices and service, without however a negative affect on the environment, with regard to the use of raw material, the consumption of energy etc (Peattie and Crane 2005, Grant 2008, Pride and Ferrell 2008).

In the USA the *green market* counts about \$250 billion, while 63 million of consumers are directed towards products that either protect the environment contrary to the conventional ones, or have been produced with processes that respect the society and the environment. The same consumers are prone to spend an additional 7-20% in order to buy pure *green* products and reject the non-viable alternatives, offered to them by the conventional market (Reitman 1992, Papadopoulos et al. 2012).

According to a recent research, at a world level, the positive fame of a company about its environmental responsibility is determined by the 53% of consumers (about 1 billion) as a decisive reason that makes them buy and

use its products (Spanos 2008, Papadopoulos et al. 2012).

The act of misleading consumers regarding the environmental practices of a company of the environmental benefits of a product or service is known as greenwashing (TerraChoice 2007).

In 1978, Germany first initiated the eco-label programmes. At present eco-labeling environmentally less harmful products have been very popular in Japan and Europe.

World Commission on Environment and Development (WCED) defined sustainable development as (Mohajan et al. 2012):

“Sustainable development is an economic program in which, lightly speaking, the well-being of future generations is not jeopardized”.

Again we can define sustainability as follows (Arrow et al. 2010, Dasgupta 2010, 2007):

“Sustainable development is an economic program along which average well-being of present and future generations, taken together, does not decline over time” (Mohajan et al. 2012).

IMPORTANCE OF GREEN MARKETING

Economy of the world faces serious difficulties due to global warming, greenhouse gas (GHG) emissions (Mohajan 2011). Green marketing is in the focus of present marketing strategy due to the pressure that comes from inclined environmental awareness in the global climate change. Therefore, the marketers need to include a green approach in framing the marketing programmes. There are several suggested reasons for firms increased use of green marketing and some of them are as follows (Singh 2008):

- organizations perceive environmental marketing to be an opportunity which can be used to achieve its objectives,
- organizations believe that they have a moral obligation to be more socially responsible,
- cost factors associated with waste disposal, or reductions in material usage forces firms to modify their behavior,
- competitors' environmental activities pressure firms to change their environmental marketing activities, and
- governmental bodies are forcing firms to become more responsible.

In the 21st century consumers become more conscious about their safer and healthier lives and healthy environment. Obviously the customers always want to buy eco-friendly and environment harmless commodities for their daily lives.

In 2007 *green marketing* came in main stream of global business and it has captured the public consciousness. The best example of green marketing issues that helping to make environment safe and eco-friendly is from printing machines industries which are trying to be more greener by reducing emissions of Volatile Organic Compounds (VOCs), handling of contaminated water and toxic waste as well as tracking of inks, solvents and other chemicals (Chaudhary et al. 2011). There are many opportunities of green marketing. Recently firms marketing goods with environmentally safe have realized a competitive advantage over firms marketing non-environmentally responsible alternatives. Some companies have found benefits for using green marketing technologies, for example the **Xerox** company introduced a high quality recycled photocopier

paper in an attempt to satisfy the demands of firms for less environmentally harmful products, the **Tuna** company manufacturers modified their fishing techniques because of the increased concern over driftnet fishing, and the resulting death of dolphins and the **McDonald's** company replaced its clam shell packaging with waxed paper because of increased consumer concern relating to polystyrene production and ozone depletion (Singh 2008). The government of a country can stress to product green marketing commodities to reduce production of harmful goods or by-products, to modify consumer consumption of harmful goods. These governmental regulations are designed to control the amount of hazardous wastes produced by firms. Government can impose a tax on production or use of non-green marketing products. For example, in Australia there is a higher gas tax associated with leaded petrol. A company can produce green marketing product to teach other companies the importance and demand of it. For example, it could be argued that Xerox's **Revive 100% Recycled** paper was introduced in the market a few years ago in an attempt to address the introduction of recycled photocopier paper by other manufacturers.

The powerful interpretation of the term green marketing comes from the National Institute of Building Sciences Whole Building Design Guide, which states that the majority of green products on the market today must (Defining Green Products 2010):

- promote good indoor environmental quality (IEQ), typically through reduced or eliminated volatile organic compounds (VOC) emissions,

- not contain chlorofluorocarbons (CFCs), halogenated chlorofluorocarbons (HCFCs), or other ozone depleting substances,
- have low embodied energy (the total energy required to produce a finished product, including the energy used to grow, extract, manufacture, and transport to the point of use),
- be durable and have low maintenance requirements,
- incorporate recycled content,
- be made using natural and renewable resources,
- be easily reused, either whole or through disassembly,
- not contain highly toxic compounds and not contribute to highly toxic by-products during the manufacturing process,
- employ *sustainable harvesting* practices if wood or bio-based,
- have been salvaged from existing or demolished buildings for reuse,
- be able to be readily recycled, preferably in a closed-loop recycling system, which allows a manufactured product to be recycled into the same product without significant deterioration of quality,
- be obtained from local resources and manufacturers, and
- be biodegradable (Amatruda 2010).

Poorly conceived approaches to marketing are another reason why terms like *green*, *sustainable*, and *environmentally friendly* are misused, leading to greenwashing and confused, skeptical consumers. Peattie and Crane (2005) describe four critical issues that have “dogged the development of green marketing” as follows:

- Green marketing firms have “frequently only used the environment as an additional promotional dimension without any

attempt to analyze or modify the underlying product itself and its environmental impacts.”

- “Many firms have sought to address consumers’ needs, but their interest in the environment has been limited to the marketing department, or the production department, or some other individual function. This has prevented firms from developing a broad, holistic approach to green marketing.”
- “Many companies have been enthusiastic about green marketing when it has involved short term cost savings... but lukewarm when it has come to investing money in order to develop more sustainable products and processes.”
- “Much green marketing activity also has focused on avoiding any significant change, and focusing instead on marginal, incremental improvements to existing products and processes”

As our resources are limited but human needs and wants are unlimited, resources have to be utilized economically and in an environment friendly way. In this situation the green marketing will play an important role in sustainable development.

GREEN MARKETING PRODUCTS

The customers always prefer environmental household products which must benefit them such as, safe to use around children, no toxic ingredients, no chemical residues, and no strong fumes commodities.

At present most of the daily newspapers are in online and seminars, conferences, and publications as well as on-going webinars on how to become a green company or community. School kids have environmentally related projects at

schools or eco-friendly programs that they are implementing at home or in their communities (Chaudhary et al. 2011). Most of the companies are practicing green marketing in their products and some of them are as follows:

- Coca-Cola Company of the USA pumped syrup directly from tank instead of plastic which saved 68 million pound/year.
- McDonald's replaced its clam shell packaging with waxed paper because of increased consumer concern relating to polystyrene production and Ozone depletion.
- Tuna manufacturers modified their fishing techniques because of the increased concern over driftnet fishing, and the resulting death of dolphins.
- Xerox introduced a high quality recycled photocopier paper in an attempt to satisfy the demands of firms for less environmentally harmful products.
- In 1994, Philips launched the *EarthLight*, a super energy-efficient compact fluorescent light (CFL) bulb designed to be an environmentally preferable substitute for the traditional energy-intensive incandescent bulb (Ottman et al. 2006).
- In India, Badarpur Thermal Power station of NTPC in Delhi is devising ways to utilize coal-ash that has been a major source of air and water pollution.
- In India, Barauni refinery of IOC is taken steps for restricting air and water pollutants.

It is a common knowledge that email marketing has a minimal impact on Mother Nature, since no trees are harmed in the making and sending of an

email and it save both time and costs. We can send white papers, guides, and educational materials in PDF format for online viewing or downloading (instead of sending clients and customers a hard copy paper version).

In 2008, Green Gap Survey (in the USA), conducted by Cone LLC and the Boston College Center for Corporate Citizenship and found that almost 40% of Americans are preferentially buying products which they believe to be environmentally friendly. The Gallup Environment Poll (in the USA) found that 28% of Americans reported making major changes in their lifestyles to protect the environment. Market research firm Mintel (in the USA) reports that almost 200 million Americans now buy green products (Iron Mountain Fulfillment Services, Inc. 2008).

Green marketing takes advantage of customers' willingness to purchase, and sometimes pay a premium for, products that provide private benefits as well as public environmental benefits. Though attitudinal studies typically overestimate actual market response, they consistently report that a large number of residential customers (40-70%) are willing to pay a 5-15% premium for green products, including renewable energy (Ottman 1993).

UTILITIES IN GREEN PRICING

The first utility-run green pricing programs were initiated in 1993 by Public Service Company of Colorado, the Sacramento Municipal Utility District, and Gainesville Regional Utilities. Since then, a number of utilities have launched green pricing programs and many others have explored the option (Holt 1996). Renewable energy

purchase programs frequently induce higher contributions of up to \$10/month. Utilities have structured their programs in a number of ways as follows (Wiser and Pickle 1997):

- Renewable energy purchase offers renewable power, often at a premium electricity rate or with fixed monthly premiums, to customers.
- Renewable energy donation offers optional donation programs, the proceeds of which are used to support renewable projects.
- Renewable energy facility on customer premises ownership options that result in the installation of small renewable projects on customers' premises.

Utility experience with green pricing has been mixed (Holt 1997). Some programs have met their goals easily, while others have been unable to elicit significant customer response or have encountered stiff resistance from environmental and consumer groups.

To date, less than 20 MW (Mega-Watts) of renewables have been supported by these programmes, compared to total US non-hydroelectric renewables capacity of approximately 9,500 MW. The market is growing rapidly, however, and future programmes may be much more effective than current ones.

CONSTRAINTS TO IMPLEMENT GREEN MARKETING

Implementation of green marketing in the industrial and manufacturing sectors is not an easy job. The firm has to face many problems while treading the way of green marketing. In any country to product materials for green marketing the manufacturers have to face various challenges. Some of these challenges are being as follows (Welling and Chavan 2010):

- To supply green marketing products first the manufacturers need to create public consciousness about the usefulness of the use of these types of products. The consumers must know that green marketing encourages the manufacturers to product green products, to use green technology and green energy which are environmentally less harmful.
- It need a lot of money has to be spent on R& D (research and development) programmes, so that initially it will be a costly matter.
- Initially the profits of the company will be very low because renewable and recyclable products and green technologies are more expensive but in the long run it will be profitable since consumers will want to spend extra amount for green products.
- At the starting many customers may not be willing to pay a higher price for green products which may affect the sales of the company. Initially the environment conscious people will be the buyers of green products.

ACTUAL GREEN MARKETING

Green marketing must satisfy two objectives; (1) improved environmental quality and (2) customer satisfaction. The concept of *green marketing* is the business practice which considers consumers concerns with regards to preservation and conservation of the natural environment (Coddington 1993). Green marketing has been previously and primarily focused on the ecological context has been shifted to more sustainability issues in the marketing efforts and main focus now is in socio-economic and environmental context (Zaman et al. 2010). Hence green market is identified as a part of market segments

based on the greenness of the consumers (Simintiras et al. 1994).

Green advertising, like all other forms of advertising, should be truthful and not deceptive or misleading to reasonable consumers. The Federal Trade Commission has determined that consumers think the phrase *please recycles* on a product means that a product *is* recyclable. Hence if product or packaging bearing this phrase is not completely recyclable, the advertising message is deceptive. Vague claims that are open to varying interpretations are more likely to be deemed misleading. For example, a claim like *zero carbon* on a product could lead consumers to believe that no carbon dioxide is omitted during the production of the product, when in fact a company merely purchases credits to offset its carbon production. Other environmental claims like *sustainable* or *green powered* are also problematic because they are not clearly defined (Anderson 2009).

Vague generalized claims are also difficult to substantiate. For example, to substantiate a claim that a dress is *sustainably produced* could involve an in-depth analysis of every environmental impact associated with the materials of the dress, manufacture, and distribution. Some cases company expresses the *green advertising* as like the following two statements (Anderson 2009):

- My company's cloth bag is reusable and made from 100% recycled fibers.
- This book is printed in the USA on recycled paper that contains 40% post-consumer waste.

From the definition of green marketing we can express the following conditions of actual green marketing (Welling and Chavan 2010):

- Manufacturer supply the products to the consumers which are of good quality and at the same time not harmful to them even in long run.
- Use the resources for development in such a manner which will enable the future generations to avail the resources to meet their needs leading to Sustainable Development.
- Framing and implementing policies which will not have any detrimental effect on the environment i.e., at present as well in future.

Environmental marketing policy appears as *green wash* rather than *green hope* in the last decade (Lightfoot and Burchell, 2004).

GREEN MARKETING IN BANGLADESH

Bangladesh is a developing and densely populated country in the South Asia. In 2012, its population is about 160 millions. No doubt Bangladeshi manufacturers and marketers play an important role in using and diverting the resources in a manner to give maximum satisfaction to the consumers with minimum efforts and costs.

It is need to analyze whether the manufacturers of Bangladesh are aware or not about green products and eco-labeling, though BSTI and other organizations give licenses for marketing goods. At the present situation it is very difficult in implementing green marketing in Bangladesh. Government of Bangladesh and other organizations can advise the small and large scale manufacturers to practice the habit of green marketing.

First BSTI collect samples from the market or from industrial areas to prepare data by analyzing the collected samples. To find accurate result data

must be prepared from at least ten groups of analysts.

Bangladeshi manufacturers will find that green marketing is not an easy concept. They can realize that green marketing in Bangladesh still at its fetus stage.

Manufacturers must be taken care while framing the marketing plans, strategies and policies so as to prevent the environment and nature from any harm caused due to its operations not only today but also in future.

The government of Bangladesh has to encourage and support the manufacturers who are manufacturing green products by providing subsidies. Financial assistance should be given in the form of easy loan facility to equip for manufacturing green products. Awards should be given to those who successfully practice green marketing which becomes a motivating factor for others to implement it. Social advertising to be carried out on a large scale through various medias to promote the consumption of green products. Promotion of Eco-mark or Eco-labeling has to be done to create awareness not only amongst manufacturers but also among consumers (Welling and Chavan 2010).

CONCLUDING REMARKS

In the paper we have shown that green marketing is a very difficult concept. Due to increase of global warming the firms have to product green marketing commodities. Adoption of green marketing in the society may not be easy in the short run, but in the long run surely it will be profitable. Government and various social organizations may compel all the organizations to practice green marketing for sustainable development. We have tried to give a guideline to encourage the Bangladeshi

manufacturers to product harmless green marketing products. To initiate green marketing products all the supports of the government must be needed. Also the consumers will be conscious to buy green marketing products, although these products are comparatively costly.

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