

Understanding Green Marketing

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published on BNET.com 12/03/2007

With the continuing rise in environmental awareness and concern, companies recognize that it pays to be green. As well as acting in an environmentally responsible way, it is important for companies to communicate their green credentials.

What You Need to Know

What is green marketing?

There is a degree of confusion over the term “green marketing.” Some believe that it refers solely to the promotion or advertising of products with environmental characteristics such as “recyclable,” “organic,” or “environmentally friendly.” While these terms are widely used by “green” companies, green marketing is a much broader concept, one that can be applied to consumer goods, industrial goods and some services. Green marketing incorporates a variety of activities, including modifications to products, changes to the production and distribution processes, packaging changes, and modifications to marketing communications.

What to Do

Minimize the Impact on the Environment

Green marketing mirrors the goals of traditional marketing, which is to “facilitate exchanges intended to satisfy human needs or wants.” The point of difference is that green marketing seeks to accomplish that with minimal detrimental impact on the natural environment. As companies face limited natural resources, they must also develop new or alternative ways of satisfying their customers’ needs. So green marketing is also a way of looking at how marketing activities can make the best use of these limited resources while meeting corporate objectives.

Set the Right Green Objectives

Commentators have suggested a number of reasons why companies are increasingly considering green marketing:

- They believe green marketing is an opportunity that can be used to meet their corporate objectives.
- They believe they have a moral obligation to be more socially responsible.
- Government regulations are forcing them to become more environmentally responsible.
- Competitors' environmental activities are pressuring them to change their marketing activities.
- Cost factors associated with waste disposal, or reductions in material usage are forcing them to modify their behavior.

Demonstrate Social Responsibility

Many companies realize that they are part of the wider community and must behave in an environmentally responsible way. They set themselves environmental objectives as well as corporate and profit objectives. In some cases, concern for environmental issues has become integrated into the company's culture—a fact which is recognized by customers and other influencers. Companies who manufacture products can make a further contribution to environmental improvements by encouraging their suppliers to behave in a more environmentally-responsible way.

Comply with Legislation

Apart from proactively embracing green marketing, it is also essential to comply with environmental legislation. Governments try to protect consumers and society by minimizing the impact of business on the environment. For example, they try to reduce production of harmful goods, modify consumer and industry's use of harmful goods, and ensure that businesses provide accurate information on the environmental aspects of their activities.

Respond to Competitive Initiatives

In some market sectors, companies who have undertaken green initiatives have increased market share as a result. Competitors, recognizing the value of the "green factor," may introduce their own versions. A good example is the cosmetics industry in which organizations like The Body Shop successfully pioneered an ethical approach that was later followed by the majority of their competitors. In cases like this, the actions of one company have caused an entire industry to modify its environmental behavior.

Provide Accurate Environmental Information

If you intend to practice green marketing, it is essential that your activities and your communications do not mislead consumers or industry, and do not breach any of the regulations or laws dealing with environmental marketing. Any green marketing claims should:

- clearly state environmental benefits;
- explain environmental characteristics;
- explain how benefits are achieved;
- justify any environmental claims;
- use meaningful terms and pictures.

Identify Products with Green Characteristics

There are a wide variety of products that support sustainable development and demonstrate commitment to green marketing, including:

- products made from recycled goods;
- products that can be recycled or reused;
- energy-efficient products that save water, energy, or fuel and reduce environmental impact;
- products with environmentally responsible packaging;
- organic products;
- services that rent or loan products-such as car sharing;
- products that meet or exceed environmentally responsible criteria.

Whatever the product or service, it is vital to ensure that products meet or exceed the quality expectations of customers and are thoroughly tested.

Focus Product Development on Sustainability

Any new product development program should take into account environmental issues. The objective should be to develop products that can be produced, distributed, used, and recycled with minimal environmental impact. Product development should focus on these issues:

- How will the product be produced? You need to consider the materials, energy, and labor used to produce the product to assess whether the production process has any detrimental social or environmental impact.

- How will the product be used? You need to consider whether the product can be used for any unethical purpose. You also need to consider the resources the product will consume during its lifetime, balancing performance requirements against sustainability.
- How long will the product last? Here you need to balance your need for future product sales or upgrades against concerns about built-in obsolescence. You also need to consider how customers can dispose of the product at the end of its life.

Set Realistic Prices

Pricing is as critical in green marketing as in conventional marketing. Concerns about the overpricing of organic foods, for example, has made consumers skeptical about certain green claims. Most customers will only be prepared to pay a premium if they perceive additional value such as improved performance, function, design, visual appeal, or taste. Environmental benefits alone may not be a justification for higher prices. However, there is a case for communicating the potential hidden savings in green products. Environmentally responsible products may be comparatively less expensive when whole life costs are taken into consideration. Examples include fuel-efficient vehicles, water-efficient printing and nonhazardous products.

Eliminate Unnecessary Packaging

Packaging has become an environmental issue for marketing for a number of reasons:

- Packaging is a major component of domestic waste and therefore an important contribution to landfill.
- Discarded packaging is very visible as litter.
- Packaging reduction initiatives can reduce the environmental impact of a product while also saving companies money.

Retailers also play a role in reducing packaging waste by encouraging suppliers to minimize excess packaging or offering customers “shopping bags for life” to reduce the volume of plastic bags.

Practice Greener Distribution

Distribution is a key issue in attracting the right customers for green products and behaving in an environmentally responsible way. Experience indicates that customers will not go out of their way to buy green products just for the sake of it; where possible, products should be distributed through mainstream outlets so that they are not just available to a small niche market of green consumers. If you market your products across geographical boundaries, distribution becomes an environmentally

sensitive issue. Look carefully at the physical distribution of your products to find where you could minimize the impact on the environment of your logistics operations. This might mean reducing the number of miles driven by keeping more regional inventory or by using fuel-efficient vehicles for distribution.

Promote Green Credentials Efficiently

The key to successful green marketing communications is credibility. Never overstate environmental claims or establish unrealistic expectations, and communicate simply through sources that people trust. Larger corporations may run major advertising and public relations campaigns to promote their commitment to environmental improvement, but promotion on this scale is not essential. Green marketers reinforce their environmental credibility by using sustainable marketing and communications tools and practices. Examples include:

- providing electronic statements or billing by e-mail;
- using e-marketing rather than paper-based direct mail;
- offering downloadable publications to reduce print quantities and paper usage;
- printing on recycled materials using processes such as waterless printing;
- eliminating unnecessary packaging;
- offering Webcasting as an alternative to live events to reduce representatives' travel.

Make It Easy for Customers to Be Green

Experience indicates that consumers and business customers are increasingly concerned about the environment and are changing their purchasing behavior. That means there is a growing market for sustainable and socially responsible products and services. The challenge for green marketing is to make it easy for customers to become green themselves. Commentators believe that when other factors such as quality, price, performance, and availability are equal, environmental considerations may tip the balance in favor of a green product.

What to Avoid

You Look for Green Competitive Advantage Without Responsibility

With consumers, business customers, and government demonstrating increasing concern about environmental issues, companies recognize the importance—and potential benefits—of dealing with

those concerns. Companies that market goods with environmentally responsible characteristics are likely to have a competitive advantage over companies without green credentials. However, there are also examples of companies who have made green claims without the responsible behavior to back up those claims. Communicating misleading information to gain market share is known as “greenwashing” and could create a backlash in terms of customer cynicism.

Where to Learn More

Book:

Ottman, Jacquelyn A., *Green Marketing: Opportunity for Innovation*. Booksurge Publishing, 2004.

Web Sites:

Sustainable Marketing.com: www.sustainablemarketing.com

J. Ottman Consulting, Inc: www.greenmarketing.com