



Green Marketing or Environmental Marketing-Basic Perspectives

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ABSTRACT

Green marketing (or environmental marketing) is the promotion of environmentally friendly products, services, and initiatives. More specifically, green marketing refers a broad range of environmentally friendly practices and strategies. Some green marketing examples include:

- *Creating eco-friendly products*
- *Using eco-friendly product packaging made from recycled materials*
- *Reducing greenhouse gas emissions from production processes*
- *Adopting sustainable business practices*
- *Marketing efforts communicating a product's environmental benefits*
- *Investing profits in renewable energy or carbon offset efforts*

Green marketing is becoming more popular as more people become concerned with environmental issues. Indeed, in 2020, more than three quarters of consumers (77%) cited a brand's sustainability and environmental responsibility as very important or moderately important in their choice of brands. While green marketing can be more expensive than traditional marketing messages and practices, but it can also be profitable due to increasing demand. For example, products made locally in North America tend to be more expensive than those made overseas using cheap labor, but local sourcing and supply chain means they have a much smaller carbon footprint than goods flown in from overseas. For some consumers and business owners, the environmental benefit outweighs the price difference.

KEYWORDS: *green marketing, ecofriendly, sustainability, products, supply chain, business, environmental*

green products even though they might be more expensive. These consumers are known as the Lifestyles

INTRODUCTION

The rise of green marketing stems from a growing market segment of consumers who prefer to purchase

of Health and Sustainability (LOHAS) demographic. "[LOHAS] is a demographic defining a particular market segment related to sustainable living, "green" ecological initiatives, and generally composed of a relatively upscale and well-educated population segment.[1,2]" LOHAS consumers are active supporters of environmental health, and are the heaviest purchasers of eco-friendly and socially responsible products. They also have the power to influence other consumers. With about 100 million LOHAS consumers worldwide, this segment suggests a surging market for green marketing campaigns built around eco-friendly practices and products[3,4]. Beyond making an environmentally friendly product, business owners can implement other tactics to create a business strategy that capitalizes on the benefits of green marketing. The following can all be part of a green marketing strategy:

- Using eco-friendly paper and inks for print marketing materials
- Skipping printed materials altogether in favor of electronic marketing
- Adopting responsible waste disposal practices
- Using eco-friendly or recycled materials for product packaging
- Seeking official certifications for sustainability and
- Using efficient packing and shipping methods
- Using renewable energy and sustainable agriculture practices
- Taking steps to offset carbon emissions via investment

Green companies take a long view of their businesses, prioritizing the well-being of the planet and future generations over short-term profits.

Some brands and marketers have attempted to capitalize on consumer demand for environmental consciousness by taking a green marketing approach to products or services that are not necessarily green or sustainable. This practice is known as "greenwashing.[5,6]"

SOME POPULAR EXAMPLES OF GREENWASHING INCLUDE:

- Employing unregulated terms like "green" or "natural" to describe products

- Using the color green or environmental symbols like leaves or trees on packaging
- Promoting misleading studies or statistics to support an eco-marketing message
- Portraying cost-cutting measures as motivated by environmental sustainability

Using greenwashing to falsely market your products as environmentally conscious is not only misleading to consumers: it can also be hazardous to a company's health. For example, following its 2015 scandal involving falsified emissions reports for its vehicle, Volkswagen's stock price tumbled more than 50 percent—and took six years to completely recover.[7,8]

DISCUSSION

Green marketing describes a company's efforts to advertise the environmental sustainability of its business practices. The emergence of a consumer population that is becoming increasingly concerned with environmental and social factors has led to green marketing becoming an important component of corporate public relations[9,10]. One criticism of green marketing practices is that they tend to favor large corporations that can absorb the additional costs entailed by these programs. Smaller businesses may not be able to shoulder the high-cost burden of green marketing, but this isn't to say, they cannot. Greenwashing occurs when a company states it is involved in environmental endeavors but it turns out the claims can't be substantiated. Green marketing is one component of a broader movement toward socially and environmentally conscious business practices. Increasingly, consumers have come to expect companies to demonstrate their commitment to improving their operations alongside various environmental, social, and governance (ESG) criteria. To that end, many companies will distribute social impact statements on an ongoing basis, in which they periodically self-report their progress toward these goals.[11,12]

Typical examples of ESG-related improvements include the reduction of carbon emissions involved in a company's operations, the maintenance of high labor standards both domestically and throughout international supply chains, and philanthropic programs designed to support the communities in

which the company operates. Although green marketing refers specifically to environmental initiatives, these efforts are increasingly presented alongside social and corporate governance policies as well.

When a company's green marketing activities are not substantiated by significant investments or operational changes, it may be criticized for false or misleading advertising. This practice is also sometimes referred to as greenwashing, and the fines and negative press can be tremendous. For example, on April 8, 2022, the Federal Trade Commission (FTC) made a public announcement that it was issuing a \$5.5 million penalty via its Penalty Offense Authority to Kohl's Inc. (\$2.5 million) and Walmart, Inc. (\$3 million) due to their deceptive environmental claims about rayon products.[13,14] This is the largest civil penalty in FTC history. Starbucks is often cited as a leader in green marketing practices. The company has invested heavily in various social and environmental initiatives in recent years. For example, in a 2018 report, Starbucks reported that it had committed over \$140 million to the development of renewable energy sources. The company purchases enough renewable energy to power all of its company-operated stores throughout North America and the United Kingdom. Similarly, the company has made investments in social impact projects through initiatives such as the Starbucks College Achievement Plan. Through this project, many U.S.-based Starbucks employees who work more than 20 hours a week on average are eligible to receive fully-paid tuition to the online undergraduate degree program offered by Arizona State University. This project, as well as similar commitments in areas related to the employment of veterans, have formed an important part of Starbucks' green marketing initiatives.

From an investor's point of view, these kinds of green marketing initiatives can prove essential in building and maintaining a valuable brand, particularly for consumer-facing companies such as Starbucks. However, some critics argue that green marketing can exacerbate the existing advantages of larger companies at the expense of their small or mid-sized competitors. After all, implementing robust social or

environmental programs often involves additional overhead costs. For large companies, these costs can easily be borne and may even form part of the company's existing marketing budget. For smaller companies, however, the addition of these costs may significantly impair the profitability or viability of the business.[15,16]

Greenwashing is when a company makes claims about its positive environmental endeavors but is misleading the public about them, or outright lying. If a company's green marketing activities are found to be false, the company may be hit with heavy penalties and bad press. Starbucks, Patagonia, and Burts Bees are all active in green marketing due to the high level of positive ecological and social programs that these companies support. Green marketing focuses on myriad environmentally friendly policies and initiatives that illuminate products and services that are more beneficial (or at least less harmful) to the environment than other products.

RESULTS

Now more than ever, consumers are seeking out products and brands that align with their social, political and personal values. As well as providing quality goods and services, businesses are expected to be involved parties in the sociopolitical space. This movement has inspired companies to become more outspoken and involved with social impact, including publicly responding to landmark legislation, implementing strategies to meet environmental, social and governance (ESG) criteria, and developing new, socially conscious products.[17,18]

One component of these novel business practices is green marketing. Green marketing refers to advertising products or services on the basis that they are eco-friendly. For example, a brand that advertises their contributions to an environmental protection agency, promotes their sustainable manufacturing processes or otherwise markets their products as environmentally friendly, is making use of green marketing. These marketing tactics appeal to the large and growing portion of consumers whose purchasing decisions are

heavily influenced by social and environmental responsibilities.

“Greenwashing” refers to using green marketing strategies to convince consumers that a brand and its products are more environmentally sustainable than they actually are. The term is nuanced, as greenwashing encompasses several tactics that can include altering product design or labels to evoke the natural world: advertising select “green” attributes of a product that is not wholly eco-friendly and marketing a product as eco-friendly based on unsubstantiated claims or vague measures. Greenwashing can minimize the effectiveness of green marketing as a whole and result in damage to corporate reputation. Unfortunately, there are no set standards for marketing a product as environmentally friendly; this makes it much harder for companies to avoid common greenwashing missteps. This is why it is key for brands to establish internal standards and best practices for their green marketing efforts. These standards should emphasize transparent and specific advertising, which builds trust with customers and contributes to positive brand perception.[19,20]

“Going green” and buying eco-friendly items is more popular now than ever, but it is still a recent development in the consumer marketplace. In other words, there are many consumers who are unfamiliar with certain terms and concepts within green marketing or are unsure of the importance of sustainable business practices.

When advertising a green product, brands must assess whether consumers are aware of the environmental issues relevant to their business and tailor their marketing efforts accordingly. For example, marketing products that tackle lesser-known environmental issues might involve more educational efforts and raising awareness compared to marketing products that address things like plastic waste or carbon emissions. People will not pay a premium for a product if they are not convinced that it has added value, so raising awareness for environmental issues and demonstrating that those issues are important enough to warrant extra costs are fundamental to successful green marketing campaigns.

There are two components to developing and marketing green products: customer satisfaction and eco-friendliness. In general, improved environmental sustainability adds to customer satisfaction by supporting personal values. However, going green at the expense of product quality or affordability reduces customer satisfaction. Few consumers will accept low product utility or drastically higher price tags in exchange for some eco-friendly benefits. This phenomenon is called “green myopia.” To sustain and grow an eco-friendly business, products must both meet customer needs and be environmentally sustainable. To avoid green marketing myopia, brands should ensure they are targeting customer desires as well as product features. At a minimum, this means that green products should perform as well as competitors’ and be reasonably priced within a product category. Ideally, green products can deliver added value to consumers beyond environmental sustainability—from cost-efficiency to convenience.[21,22]

It requires patience and determination, but green marketing is, above all, an investment in the longevity of a brand. Environmental sustainability will continue to be a hot-topic issue, with more corporations developing and promoting green products and more consumers rejecting brands that aren’t eco-friendly. Green marketing, much like other ESG initiatives, comes with unique challenges, including advertising environmental sustainability without set standards, navigating the newness of green marketing and balancing customer desires with product design. Though green marketing may seem intimidating, these challenges ultimately offer businesses opportunities to innovate both in their marketing strategies and their product offerings, and to connect with customers in new and meaningful ways.[23,24]

CONCLUSIONS

Green marketing can be a very powerful marketing strategy when it's done right. Consider the following:

- Forty-eight percent of U.S. consumers say they would definitely or probably change consumption habits to reduce environmental impact.

- Products with sustainable attributes have been steadily taking more share of store sales, from 19.7% in 2014 to 22.3% in 2017, to an anticipated 25% in 2021.
- Ninety percent of millennials say they are willing to pay more for products that contain sustainable or environmentally friendly ingredients.[25]

A previous Nielsen survey looked at retail purchase statistics, and according to sales data, brands that advertised sustainability on their packaging had 2% year-over-year increases in sales from 2011–2014, as compared with 1% for those that did not. Brands that promoted acting sustainability through their marketing saw a sales increase of 5%. The public tends to be skeptical of green claims. Companies can seriously damage their brands and sales if a green claim is discovered to be false or contradicted by a company's other products or practices. Presenting a product or service as green when it's not is called greenwashing.[26]

For example, in 2012 a CBC Marketplace study found that Dawn Antibacterial dish soap, which featured a label showing baby seals and ducklings and claiming that "Dawn helps save wildlife," was found to contain Triclosan, which has been officially declared toxic to aquatic life. Seaworld Orlando's introduction of its "Cup that Cares" in 2013 was another dismal example of green marketing gone wrong. The cup was marketed as environmentally friendly: Each time a person refilled the cup at a vending machine in the park, an embedded chip would display how much carbon dioxide they had saved. These claims were never substantiated. Further, the cup—and the 40 accessories that could be purchased with it—was plastic, not a favorite of environmental advocates. For green marketing to be successful, it has to fit with your brand. Having a single green product when the rest of your products are not, for instance, can make customers wonder about your environmental commitment.[27]

Conflict of interest statement

Authors declare that they do not have any conflict of interest.

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