



ISSN: 0975-833X

RESEARCH ARTICLE

GREEN MARKETING – AS A SOCIAL INITIATIVE

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ARTICLE INFO

Article History:

Received 27th September, 2015
Received in revised form
10th October, 2015
Accepted 07th November, 2015
Published online 21st December, 2015

Key words:

Green marketing,
Corporate social responsibility,
Green companies,
Environmental responsibility,
Strategic CSR.

ABSTRACT

Turn the tap off while brushing your teeth. Switch the lights off while walking out of the room. Recycle, reuse and reduce. Make donations and participate in worthy causes. Think of various ways of how you can make daily contributions to lessen the carbon footprints and making this planet a better place to live. Today, it is everyone's responsibility to save the environment and make it sustainable for our coming generations. It is considered as everyone's duty to act in a socially responsible way. And today's consumers are of the view that corporations and business firms are not an exception. CSR is also known as Conscious Capitalism and Corporate Citizenship. Now, the question arises whether consumers actually care about corporate citizenship and are willing to pay extra cost when it comes to actual buying? A study done by 2004 Cone Corporate Citizenship stated that about 90% of the people favour to switching over to the brands and products that have a good corporate citizenship reputation (2004 Cone Corporate Citizenship Study). Another survey by Nielson on CSR found out that most of the global respondents are willing to pay a premium for the products and services that comes from socially and environmentally responsible company (Nielson Global Survey). This paper examines how Green Marketing is a new tool to CSR. How companies are taking Green Marketing as a Social Initiative. Companies are making strategies that help save the environment and building their image as an eco-friendly company. Is it a strategic CSR? Or Are they really engaged in fulfilling their social responsibility? A take on Strategic CSR of companies by adopting Green Marketing is the main discussion of this paper.

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Citation: Meghna Sharma and Prachi Trivedi, 2015. "Green marketing – As a social initiative", *International Journal of Current Research*, 7, (12), 23781-23785.

INTRODUCTION

Green Marketing is much more than a just a marketing strategy. A careful and proper analysis is needed to draw a layout for green marketing. Managers should decide how much to invest in environmental activities. They should also decide whether to invest in product itself or in the activities that are environmentally and socially responsible. A decrease in investment may bring risk to the image of the company, reduced support by the stakeholders, difficult to recover the losses and eventually the company will die (Wood, 1991). On the other hand, investing more than required will lead to higher costs and eventually lesser competitiveness. And so the corporate world is concerned (Levin, 1993). Today, managers have to deal with so many changes happening in the business environment. Globalisation, competition, changes in technology, changes in demographics, environment, customer preferences, and value system are all the changes that managers have to deal with (Karna *et al.*, 2001). Companies have to deal with relationships with all- suppliers,

customers, employees and all other stakeholders to increase the competitiveness. And all these things together increase the importance of corporate social responsibility (Mazarr, 1999; Palazzi and Starcher, 2000).

Literature Review

CORPORATE SOCIAL RESPONSIBILITY

The notion of sustainable development proposed the responsibility of companies as social, economic and environmental (Peattie, 1995). There are many definitions of corporate social responsibility but none is commonly accepted. The definition by UNIDO is, "CSR is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders" (United Nations Industrial Development Organization). Corporate social responsibility is linked to decision making of the businesses regarding ethics, legal requirements, society and environment (Karna *et al.*, 2001). According to World Business Council for Sustainable Development, CSR can be defined as, "the commitment of

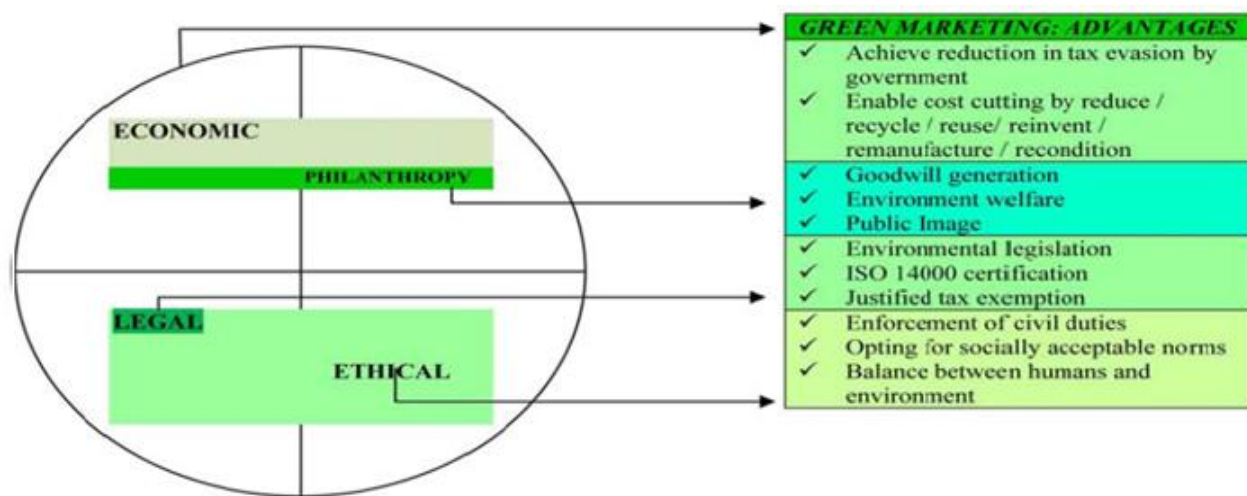
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business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve the quality of life” (WBCSD, 2000). Doing more than economic, technical and legal obligations is what CSR means (Carroll, 1999). Good governance, eco-efficiency, good working conditions for employees, anti-corruption actions, environmental management are among main issues of CSR (UNIDO). Corporate social responsibility not only brings the profit to the organization but also increases the goodwill of the company (Seth and Khan, 2015). It also helps the companies to gain the competitive advantage (Simanaviciene, 2009; Dagiliene, 2010). According to Seth and Khan there are four dimensions of CSR in relation with Green Marketing i.e. Economic, Philanthropy, Legal and Ethical (Seth and Khan, 2015). There are certain tools and methods which are required for the successful implementation of CSR which are still in the beginning age (Piercy and Lane, 2009).

Competitive advantage can be gained through environmental performance by adopting a ‘Strategic Environmental Management Model’ (Porter and van der Linde, 1995). Implementation of green marketing is not just the duty of marketing department but of all the departments of the organization (Seth and Khan, 2015). To augment a firm’s CSR, the businesses should incorporate and encourage green marketing (Schubert *et al.*, 2010). Regulatory compliance is one of the main reasons to do green marketing and this is one of the aspects of CSR (Carroll, 1991). According to Ham and Choi, the successful implementation of green marketing strategies may lead to positive results from all the stakeholders of the organization (Ham and Choi, 2012).

Motives of the study

The following are the motives of this study:



Source: Salil Seth, M. S. Khan, Management Studies and Economic Systems (MSES), 1 (3), 181-188, Winter 2015

Figure 1. 4 dimensions of CSR in relation to green marketing

Green Marketing

Green marketing is a tool for sustainable development (J. Karna *et al.*, 2001). According to Peattie, green marketing can be defined as, “the holistic management process responsible for identifying, anticipating and satisfying the requirements of customers and society, in a profitable and sustainable way” (Peattie, 1995). In current times, CSR is an inseparable variable of business and a very important issue in management (Alas and Ubius, 2009) and the increasing concern for the environment has made CSR into a very influential idea. During the last few years, because of the grown environmental concern, green marketing and sustainable growth has increased demand among the society (Jhawar *et al.*, 2012; Chen and Chang, 2012; Leonidou *et al.*, 2013).

“Societal Marketing Concept” is the term used by Kotler to describe social and environmental responsibilities (Kotler, 2000). Green marketing is now following a holistic approach and is included in marketing literature (McDonagh and Prothero, 1997). It includes many activities like changes in product, production, packaging, labelling and advertising.

- 1) To examine how companies are getting benefitted by adopting Green Marketing as a social initiative.
- 2) To analyze the Strategic CSR of the companies.

MATERIALS AND METHODS

The research is exploratory and descriptive both in nature. The study is based on secondary data. The data is collected from sources like websites, online journals and articles. A deep and close analysis is done of the data to extract the best information from it.

BENEFITS OF ADOPTING GREEN MARKETING AS A SOCIAL INITIATIVE

There are companies which adopt CSR strategies as marketing strategy, some as environmental strategy and some use it for both. The companies which adopt CSR strategies for both the reasons gain a competitive advantage (Daria Bosewell, 2012). Organizations need to report CSR activities which should be transparent and accurate.

CSR reports are a part of strategic CSR initiatives which can reap the company the following benefits:

1) Improved reputation and superior brand image

Cone Inc. Did a survey with a title "Millennial Case Study" and found out that if a company is socially responsible and environmentally supportive then 83% people will believe in the company. 66% of people will also recommend products and services coming from such company. Doing CSR activities will generate respectable feelings for the company. Customer and media will look towards the constructive effects it has on society (Sofia Ribeiro, 2010).

2) Customer loyalty and profit increment

Our next generation is fully aware of the threats to the environment i.e. pollution, global warming and extinction of many species. In a survey, 2/3rd of respondents said that while purchasing they consider companies' commitment to society and environment (Cone Inc. Survey). 89% agreed to switch to the brands that are engaged in some CSR activities.

3) Retain existing employees and attract new ones

A socially responsible company is known to value the employees. A recent poll found out that 80% of young job seekers look forward to join a company which has a positive effect on the environment and 92% are more willing to work for a company which is green (MonsterTRAK.com).

4) Increased morale of employees and higher productivity

Past studies show that employees of companies that feel responsible for social and natural environment also feel motivated with increased productivity (Sofia Ribeiro, 2010).

5) Favourable treatment by government

The government provide tax incentives and other monetary and non-monetary benefits to the companies that are environmentally and socially responsible. Due to these benefits the start-ups and other companies feel motivated to do CSR activities in relation to green marketing.

6) Reduction in operations costs

By recycling, reusing and reducing, the companies can achieve reduced operating costs. By simple gestures like switching off lights and computers, less printing, more extended use of electronics the company can reduce the costs and thereby increasing profits.

Companies involved in csr in relation to green marketing

1) General Electric

It's the first corporation to fully embrace Green Marketing movement. GE launched an initiative "Ecomagination" in 2005 to decrease greenhouse gases, produces green products and promotes clean energy. According to Reuter's reports the company will be spending \$ 10 billion more on clean energy resources by 2020 as its CSR initiatives.

This initiative by General Electric is considered as a strategic marketing strategy to build up good image which had been struggling for it till 21st century (Wendy Parish, 2015).

2) Starbucks

Starbucks, a coffee chain which is usually in the list of Fortune's Top 100 companies and is highly successful is absolutely adhered to the practise of "fair-traded coffee". This practise pays an extra dollar to farmers. This in turn motivates the farmers to grow coffee instead of cocoa plant which is used to make cocaine and ruin the society. Starbucks also favours biodiversity and sustainable agriculture. With the help of these practises the company is able to make huge profits because of its increased reputation and goodwill in the market.

3) NDTV

New Delhi Television in collaboration with Toyota launched "Greenathon" on 7th of February. It was an event launched to make people aware about environmental issues.

4) Henkel India Ltd.

Henkel India Ltd. initiated a learning program "Eco-learn" to create environmental awareness and concern for sustainability.

5) Coca-Cola

Mostly soft drinks companies are not in the consumer's top list of green companies because of the trash in tons it generate. But Coca-Cola came up as a one of the exception with its initiative of the "Plant Bottle". These bottles are made out of 30% waste plant material of sugarcane.

The company also collaborated with will.i.am (musician) and launched EKOCYCLE- to promote recycling. It has a social mission-"make more sustainable living cool".

6) Hindustan Unilever Limited

HUL make a new Surf Excel Quick Wash which can save up to two buckets of water while washing clothes.

7) Toyota

It scores second spot in the Interbrand's Best Global Green Brands for 2014 but its fierce commitment to social involvement and green practices is still a priority. Toyota launched an initiative "Toyota ToghtherGreen" in collaboration with National Audubon Society. It also established a program called "Fellowship Program" to fund the conservation efforts by different leaders and communities.

8) Nokia India

Nokia has launched a recycling campaign for electronic waste.

9) Ford

Toyota lost its first spot to Ford for its green marketing initiatives. It uses 80% recycled material for its two very popular models i.e. Focus and Escape.

Another social initiative through Green Marketing is “The Living Roof”. This is the largest one with an area of 10.4 acres which protects the building, insulate it and clean storm water.

10) Reva Electric Car

The company trying to build sustainable business is going for electric car market. With no use of petrol and diesel the company is saving natural resources and reducing pollution which is created by the normal vehicles.

11) The Body Shop

Making “Green” Fashionable (Rob Fenn). The Body Shop is one of the first companies that published a complete report on the CSR initiatives taken by the company. Almost 20 years back, the company established a fair trade program and it is the policy of the company of not testing their products on animals. This makes it more successful and created a loyal customer base (Rob Fenn).

12) Reckitt Benckiser Group Inc.

The company by launching Carbon 20 program is helping the customers to reduce their carbon footprints.

13) Walt Disney

Trains in Disneyland runs on biodiesel which is extracted from cooking oil which is used in their resort’s hotels. They also make standards, for their employees to encourage them to reduce the environment impact while working, called “Green Standards”. This benefitted them by a reduction of 10% in their use of electricity thereby giving them huge profits.

14) Lifebuoy India

Lifebuoy put up a free food stall in “khumbh Mela” with a tag on every bread, “Lifebuoy se hath dhoya kya?” with the aim to promote cleanliness. They have put up a liquid soap for consumers to wash hands first and then have free food. This proved to be very successful marketing strategy.

Conclusion

CSR is one of the factors responsible for the success of the company. It is among the duties of the company to be socially responsible. Companies have some duties towards the society and without fulfilling these duties, the company cannot survive. Environment management is one of the main variables of CSR. And Green Marketing is one way how companies can perform their environmental responsibility.

By adopting Green Marketing as a social initiative, the companies are achieving two targets. One is- becoming socially and environmentally responsible company and second is all the benefits mentioned above in this paper. The example of the companies mentioned show that companies are involved in Strategic CSR. The companies know that by being environmentally and socially responsible, they can achieve much more than just a tag of ‘A Socially Responsible

Company’. This is the Strategic CSR whereby companies not just fulfil their social duty but reaping huge profits too. They have understood the importance of ‘being green’ as more and more consumers are now aware of the impact which companies have on their environment.

As mentioned in the paper, the consumers want to associate more with the companies that are green and active in CSR activities.

So, taking the advantage of the new preference of the consumers the companies have found a new way of earning profits by being socially active and hence, they are involved in ‘Strategic CSR’.

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