Is Green Marketing only a Brand Differentiation Strategy or Profit Generation Concept too?

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Abstract

With the rising population, increasing utilization of natural resources and much more concern for the environment, the corporates and the various organizations joined hands to follow the concept of Green Processing in their Business Practices. Going green simply means following the environment friendly practices during the various segments of Business like production, manufacturing, marketing, warehousing, and the likes. Be it service or product, Green practices can be followed anywhere to efficiently utilize the resources.

Lot of Companies are using Environment friendly practices these days and getting them involved in their routine work. Doing something green is making them to claim that ethically they are good and this in turn is helping them to attract various customers towards their services and products. But off lately, the Green Marketing, which involves inclusion of Green Practices as the core USP of the companies, has risen too much. Many companies are taking stand to mention Green practices in their various marketing strategies and helping the customers to prefer them over the other similar non-green products. Though the green strategy looks impressive on first account but it involves greater cost of implementation which in turn makes the end product costlier as compared to the other non-green end products. So the customer actually have to pay higher for the green marketed products but gives them better sense of satisfaction that they have done something good for the environment.

Now the major question that arises is whether companies which are promoting themselves as followers of Green practices are actually using the Green Marketing i.e. boasting about their product and process to be environment friendly and using it as a brand differentiation strategy OR are they involving such practices in their promotional activities because of good revenue generation under the name of green marketing concept. The current paper tries to answer such question and gives customer and company executive views on the same.

There are 8 companies which have been studied which are promoting themselves as followers of Green practices. A sample of 100 customers has been taken who were randomly asked about their views on the Green marketing concept by business houses and involvement of Green practices in business processes. The area of study has been the four major metro cities of India. The research has been exploratory and qualitative in nature primarily. Basic level of quantitative analysis has also been used. The results indicate that the orientation of Green Marketing strategies is more towards Brand differentiation as compared to better revenue generation activity. Based on the data analysis, some recommendations for companies, adopting green marketing practices for the first time, have been included.

Keywords:

Introduction

Green Marketing [1, 2, 3, 4, 5] or Environment Marketing refers to the promotion of usage of methods which are environmental friendly for any organization. These methods are involved from the manufacturing and production to storage, marketing and selling of any product. The alarming situation of environment, due to rising population on Earth and specifically in South Asian countries like India [6], has given birth to the need for thinking of such practices in the daily lives of manufacturers, retailers, consumers and the marketers [7]. Though green products are environment friendly but they may not be pocket friendly which is unlike customer’s choice [8, 9].
There have been lots of companies in the past who have been involved in the Green Marketing like Coca Cola, Philips, ITC, Nokia, LG, Woodland, L’oreal (Shown in Figure 1), and many others who concentrated on the efficient usage of resources in manufacturing their products and presented in an eco-friendly manner. These companies are inclining towards Corporate Social Responsibility (CSR) practices where they have been considering environment as an important component to be served in the society and create brand differentiation too [10]. But green marketing cannot be interchangeably used with CSR as the latter is a much larger term with a wider scope while Green practices are just a subset of it. CSR may include various other practices by the corporates to give back to the society in terms of their services, time, money, resources or anything which can be helpful in overall growth of the society. But the whole purpose of Corporate Social Responsibility (CSR) can be served once any organization starts a campaign on the Green products and Green practices being followed by them.

![New Range of Green Products by Leading Beauty and Cosmetic Company](image)

**Figure 1 New Range of Green Products by Leading Beauty and Cosmetic Company**

The work in this paper is intended to study and analyze the various Green Methodologies followed by some of the Multinational Giants in India and at the global level in their respective fields. How these Green concepts helped them in success and is it their brand differentiation strategy or helping them in gaining profits as well. What are the factors responsible for their success are also mentioned. Extending to this Green Strategy, some more ways are suggested for different Organization in the various fields in both Products and Service Sector in India for their Brand Differentiation.

**Methodology**

To gain the maximum output out of the research, both Qualitative and Quantitative methods of Research are being used. For the same, primary and secondary data is collected. The emphasis has
been laid on Secondary data stressing on the various Green Concepts used by various firms. The source for secondary data has been Journal/Research Articles, Newspaper articles, Books, Blogs, Magazines, News clippings, Reports and Surveys. The primary data has been collected using a simple 5-point likert scale based questionnaire from various customers considering their views on these Green Concepts of Marketing by different Brands. 3 open ended questions were also appended with the questionnaire for the customers on various aspects of Green Marketing and its impact. For the company executives, 10 open ended questions has been included in the questionnaire to give insights about the concept. On request, the names of the executives have not been disclosed. A total of 100 customers’ data has been recorded for analysis purpose. The mode of data collection has been through online mode. And the data analysis has been using excel and data analytics tool pack.

Findings

Company Overview

There were various projects being analyzed from the various companies working towards green practices and helping their business to grow. The major findings were obtained from the following companies:

![Diagram showing companies involved in Green Marketing](image)

**Figure 2 Companies studied from various segments which follow Green Marketing Practices**

eKOCool project launched by **Coca Cola India** [11, 12] is one of the bright steps in the field of Beverage Industry to cover a large sector of Rural markets of India. The one of its own kind of concept is based on No-Electricity for cooling of Coke bottles. A solar cell based cooler has been made with a capacity of 24 bottles of 300 ml each to be put into the regions of India where electricity is a problem for providing cold drinks. So the project is not only expected to boost up the sales of the company in Indian markets but also brings in a Green concept where lot of electric consumption is saved and thus reducing the overall cost. Although initial investment in there for production of such coolers, but in the longer run a break-even point can be achieved very early once the consumption rises in such areas. A test project was launched in Regions near Agra, Uttar Pradesh where it was very successful and if everything goes well for them, the concept can boost up the sales by many times. Their 5by20 program...
includes launch of 1000 such coolers for women retailers in remote areas to give them the power to generate revenue for themselves.

eKOCool is a good study where company targeted renewable source of energy, generated new markets, provided women entrepreneurs an opportunity to flourish and followed the green practices. So an effective strategy where Coke used all its Business practices towards effective implementation of Green Strategies in its business domain.

Figure 3 Solar Refrigerator based on eKOCool project by Coca Cola India [12]

Certified from The Footwear Design and Development Institute, Ministry of Commerce and Industry, Government of India, Woodland Shoes [13] are biodegradable and eco-friendly. This is one of the unique concepts from the R&D team of Woodland who has used cellulose, natural rubber, cotton and vegetable leather to produce such kind of shoe. This superb concept again shows that the social responsibility has been kept high on heels without neglecting the fashion quotient. The graph for woodland shoes has been steadily growing ever since they introduced the concept of Green Marketing for their product line. Apparel industry has a lot of potential to utilize recycling in the material that is used to prepare the final product. Just that their acceptance at mass level is still not sure.

“Life’s good when it’s green” is the new slogan for LG India [14] who is focusing upon sustainability through Eco-Design and Eco-products, reductions of hazardous materials, responsible electronics recycling and addressing global climate change. The products by LG are now more energy efficient generating less waste. The focus has shifted to reduce the Green house gases emission by next decade and has launched its global green policies called “Life’s Green 2020”. By already launching some of its Green policies in North America and Korea, now it’s time to strongly sensitize people of India about health and the planet Earth. The popularity of LG is rising on the Green theme. Electronic appliances are the major source of energy consumption in daily lives and LG has proved to be different by launching a whole range of green products. Not only does it makes the customers to have a more eco-friendly option of using appliances but sets apart the company from its competitors through the usage of Green Marketing Strategies. Though the other companies are also coming up with more eco-friendly options but the branding of LG has made a difference for itself in this segment.

With superstar Shahrukh Khan from Bollywood endorsing “Planet ke Rakhwale” for Nokia India [15], the people got the first taste of Green Marketing in India in 2009. Nokia cellular company was amongst the first few to start such kind of campaign where people were asked to throw their e-waste in form of Mobile phones and various accessories associated with it. In turn Nokia tied-up with various NGO’s to plant trees on behalf of such end users. People were so attracted towards the campaign that in the first phase of launch only, 3 tons of old phones were collected within 45 days across 4 cities. This made the brand awareness even stronger for Nokia and helped them to sustain their market share during that period even when lot of new player had entered with capturing major chunk of market share. This Green Campaign helped Nokia in getting the trust of people back for their
products. Though, today the market share of Nokia in India decreased drastically, but its green marketing strategies always kept it in a separate league of Mobile Phone Company.

![Figure 4 Recycling Campaign by Nokia [15]](image)

With products line in Herbal Healthcare, Himalaya Company [16] is one of the few companies which focus on the Ayurveda technique of medication adopted from Indian history. The company has been practicing the natural methods of healing a person without use of artificial products. Strong R&D department of Himalaya have ensured that they produce innovative products through research. Their quest to produce natural, safe and effective remedies has been driven by several factors – an enduring belief in the power of ayurveda, a close observation of nature and the systematic application of primary research methods for validation and testing. The whole branding of Himalaya has been based on Green concepts of natural and safe products which has given a unique and different identity to the company giving it a large market share in the pharmaceuticals category.

Kansai Nerolac Paints Limited [17] has been a cherished name in major parts of Indian households. The company manufactures a diversified range of products for every surface. With keeping safety of Environment in mind, the company has issued a policy for the same. According to that, they prevent waste generation at resource; reduce, recover and recycle waste; reduce and prevent pollution of air, water and land. They convey these policies to all the employees regularly and keep a check over their plants and process that the violation does not occur. With such of kind of practices, the company has been helped to become second largest coating company in India and the market leader in automotive and powder coating.

Green Building [18] is the practice of increasing the efficiency with which buildings use resources – energy, water, and minerals – while reducing building impacts on human health and the environment, through better site, design, construction, operation, maintenance, and removal (i.e.) the complete Building life cycle. The Leadership in Energy and Environmental Design (LEED) Green Building Rating System encourages and accelerates global adoption of sustainable green building and development practices. The LEED-INDIA is a Green Building Rating System is a nationally accepted benchmark for the design, constructions and operation of high performance green buildings. There are 150 LEED registered green buildings and 23 LEED certified green buildings in India. With such kind of ratings, many Real Estate companies are getting themselves registered for Green ratings for unique Green Branding. Most of the registered buildings are in Mumbai and Chennai mostly for Office Complexes. ITC is one of such companies to have this rating for its commercial buildings i.e. Hotels.

Not only by the corporate world but Government schemes and policies has also been trying to work on out Green Concepts. The Mid-day meal for school children is one of the working policies of Government provided to poor students in backward areas. To save upon wood and kerosene as fuel for cooking, government funded Solar Cookers for such schemes and helped in cooking food in a much more fuel efficient manner. It was safer to use and much more eco-friendly. Khammam district, Andhra Pradesh was the one of the first regions to start with such step. This was to lead by example policy for others to follow with respect to saving natural resources and building a healthy environment.
Similarly use of CFL for energy efficiency has been on a high rise. The use of “kulhad” – a cup made of mud was used extensively in Indian Railways where plastic cups were discouraged due to rising pollution on railway tracks. And many such schemes are running for the greener society.

The major findings through the questionnaires filled by the company executives are:

✓ Companies have incorporated Green strategies as part of their business process more rigorously
✓ The companies treated the green marketing as a phenomenon which deals more with their value creation and brand differentiation. This gives them an advantage to be differentiator. Better is the brand differentiation value, better will be recognition factor for them and hence more footfall for their products
✓ Companies did agree that pricing has been an issue for them as customers in India are very price sensitive towards general products. Moreover with so much of competition and lots of local substitutes being available, merely green strategy doesn’t give them advantage at mass level
✓ Market expansion and measuring their Corporate Social Responsibility is the major attraction for the companies to perform eco-friendly in their respective domains

**Customer Overview**

The respondents’ demographics can be summarized by the following Table 1. Almost all the respondents were from Metro cities or Tier 2 cities.

<table>
<thead>
<tr>
<th>Table 1 Demographics division of the Respondents</th>
<th>Gender</th>
<th>Age (Years)</th>
<th>Income (Lacs per annum)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of Respondents</td>
<td>Male</td>
<td>Female</td>
<td>18-30</td>
</tr>
<tr>
<td>------------------------------</td>
<td>------</td>
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</tr>
<tr>
<td>58</td>
<td>42</td>
<td>22</td>
<td>53</td>
</tr>
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The major points identified from the customer evaluation are as follows:

1.) **Green Marketing Concept** – Almost 73% of the respondents agreed to the emergence of Green Marketing being flourishing within the company strategy these days. 17% were not aware of such concept and denied of knowing the Green concept while remaining were not interested in any such concept and considered it just as a marketing gimmick.

2.) **Price Rise** – Only 27% of the respondents agreed to pay for higher prices of green products. Majority of them were mid aged population with male members being in dominance. The youngsters were more concerned for the style factor associated with the products be it electronics or health products. A large chunk of the population was not sure about paying higher for the Green Products as other parameters were important for them too – like Quality, servicing, longevity and packaging. Higher income group females suggested that flaunting green products sometimes overshadows the actual usage or present features of the products.

3.) **Fake processing** – 33% of the users were suspecting the various companies of not actually using eco-friendly practices during the manufacturing or during business processes. 34% were neutral about the fake practices which may be used as marketing gimmick only to attract customers. Many users also said that being big brand names, companies must be following the green practices as claimed and are contributing positively towards environment safety and efficiency.

4.) **Link between Green Marketing & Sales Increase** – Though it was a complicated question to be answered by the respondents but close to 74% believed that by merely implementing green policies in the business practices cannot help the companies to increase their sales dramatically. Moreover the distribution was found to be uniform across the entire demographics categories and was not affected by any particular group. The respondents clearly indicated that Green marketing is an onus on the companies to be fair against the environment in which they are working and should not be boasted to attract the customers. Moreover the core qualities and services related to the products should remain the top priority for the companies.
Implications

The Green Anthem hits the people of India in a much stronger way. Since the culture of India has been towards a more responsible and sensitive side, so this kind of social marketing gimmicks actually attracts their attention. Customers prefer them over others due to feeling of love and responsibility of protecting environment for their country and planet. This has been proved with the success of many of the Green Concepts and designs.

There are lot areas that can be covered under Green Theme of Marketing for product and service management. In terms of Green Technology, Daylight Harvesting, Wind Energy and Solar Energy will play a major role in Energy Efficiency. Hi-tech Recycling and Green Computing where computers made out of Waste products would be high in demand. Concept cars like Electric car have the potential to run without natural fuel can capture large share of mid segment market. Lot of real estate projects are now coming up with rain water harvesting scheme and use of natural resources. These residential projects must register themselves as per the norms of Green Buildings which will play a vital role in creating Environmental friendly infrastructure. Also the E-waste management is being done with increasing number of plants in India which must be encouraged so as to increase the sale of new Electronic goods and products.

The concepts of paperless studies are being introduced which is saving paper in lot of Education Institutes saving Trees. The education sector must come up with efficient applications like – Online Examinations, effective entrance mechanism, etc. The increasing use of Banking Services has also contributed in saving energy and introducing Green Banking where no Passbooks or cheque books are used. More such practices can be involved in other Banking and Finance domain. Also there can be evaluation of Carbon Footprint of every sector which can be reduced by proper Carbon Audit via authorized agencies. This will help in reducing wastage of energy in goods productions and various other activities carried out by any organization.

Above all, there is a need to create awareness about products and services which are Green. Even if Green technology products are adopted by any firm, lack of proper promotional activities may reduce the investments behind that. The companies must plan proper advertisement campaigns so as to make their customers aware about their products and importance of using Green products and Services. Since Educational level is on the lower side of India, there is a need to develop such regional campaigns which can attract the new customers and retain them properly. Proper differentiation needs to be done among normal products and green products to ensure that people Think Green, Act Green and Shop Green.

Recommendations

For companies not following Green practices in their Business processes and then marketing them can switch to start with some sort of initiative as this will surely enhance their brand value. It is easier for the service sector to indulge into Green Practices more easily and must make a point in their services that eco-friendly practices are a part of their behavior. For product based companies, the core features of the products holds prime importance and cannot be replaced by following only green practices. The cost factor has to be controlled while indulging into green practices or else price competition may lead to narrowing of the market share.

Conclusion

Though the companies have been doing well and customers are expecting the corporates to follow such green practices which are good for the environment. But the basic question of whether companies are using Green Marketing as just a Brand Differentiation Strategy or is it really a profit generation concept has been answered differently by the corporates and customers. From the companies’ point of view, the green marketing has led to brand differentiation for sure but sales are slowly getting affected as compared to companies which are non-green. The major concern shown by the companies has been the issue of Price where people in India are still not ready to pay higher prices for the green initiative. So sales are not dramatically affected for companies. From the customer point of view, people don’t support only Green Marketing as the prime criteria towards purchase of the
various products. Green Marketing can act only as a Brand Differentiator but the core values and features of the products will only dictate the revenue growth for any firm.

References
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