



Adoption of Green Strategies in Indian Retail Sector: A study on select Retail Organizations

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Abstract

Touching the lives of millions Indian retail sector has emerged as most exciting challenging and fast growing. Accumulating influences, such as consumer awareness, strain on goods and services, energy prices, together with government and competitor actions are combining to ensure retail organizations cannot overlook the environmental and societal magnitude of how they operate. The objective of the paper are to study the attitude of retail organizations towards green marketing in India and to study if green image of the company can be a competitive advantage for the company. The study emerges with the result that green philosophy of retail companies in India is on a rise and green retail companies will have a competitive advantage and more positive image in the minds of the consumer.

Keywords

Green Marketing, retail, sustainability, sustainable growth

Introduction

There has been a growing awareness among the consumers all over the world regarding protection of the environment in which they live. People do want to bequeath a clean earth to their offspring. Various studies by environmentalists indicate that people are concerned about the environment and are changing their behavior pattern so as to be less hostile towards it. Now we see that most of the consumers, both individual and industrial, are becoming more concerned about environment-friendly products. Most of them feel that environment-friendly products are safe to use. As a result, green marketing has emerged, which aims at marketing sustainable and socially-responsible products and services. Now is the era of recyclable, non-toxic and environment-friendly goods. This has become the new mantra for marketers to satisfy the needs of consumers and earn better profits.

Retailers who think adoption of 'greening' is just another marketing maneuver should rethink. Consumers are developing more of a green attitude as a way of life and retailers need to be there to meet those needs. By implementing green practices, retail businesses can become more efficient and save money in the process. The small business owner may think the cost and trouble of going green isn't worth the return, but the fact is each eco-friendly idea retailers adopt can make a huge difference to our planet.

Consumers who are environmentally conscious will expect green products to function as effectively as non-green products and won't pay much extra or sacrifice quality for greener products. They will emphasize on personal benefits by using terms such as 'safe', 'non-toxic', 'cost effective' rather than more generalized green messages such as 'biodegradable' or 'ozone friendly'. They will also reinforce product benefits with evidence of corporate environmental performance and improvements.

Marketers also have the responsibility to make the consumers understand the need for and benefits of green products as compared to non-green ones. In green marketing, consumers are willing to pay more to maintain a cleaner and greener environment.

The goal of green marketing program is to implement approaches that will enable companies to purchase and supply products or services of high quality, at reasonable price, while also lowering the impact on the environment and human health.

Green marketing has the potential to impact sustainable consumption and also result in significant shifts in demand and supply on the basis of environmental performance. While the development of these items is at a nascent stage, consumers are driving research and development (R&D) initiatives of companies due to increased awareness about climate change and the rising energy prices, enhanced



focus on health and safety, and the desire to help contribute to the preservation of environment. Green marketing typically aims to satisfy customers and improve the quality of the environment. Retailers therefore need to take several initiatives to shift their focus from niche to mainstream consumers, make green products affordable and contribute to solving environmental issues.

Consumers are becoming increasingly attuned to sustainability issues and demanding retailers to keep pace with their changing expectations. Most consumers in India are in the early stages of thinking of sustainability as a high cost option or a 'luxury' that 'normal people' cannot afford. Retailers, therefore, assume an important role in promoting the accessibility of sustainable products to all consumers. Further, consumers are smarter, better informed and more discerning than before. In today's economic climate, consumers want to understand why a price premium exists so they can make an informed choice about products that best fit their emotional, ethical and functional needs.

Across the world retail, companies like Marks & Spencer, Walmart, IKEA and others have adopted proactive sustainability practices, particularly in establishing sustainable product lines across their supply chains. Many retailers, as part of the Consumer Goods Forum (CGF) have committed to take deforestation out of their supply chain and buying sustainable products, such as sustainable palm oil, cotton, etc.

In India green retailing may not be that obvious but there are many companies that are contributing towards the green movement. The key players are Suzlon, Wipro Technologies, HCL technologies, ONGC, IndusInd Bank, Idea Cellular and Hero Honda Motors

The other key retail players follow as Shopper's Stop, Trent (Westside), Reliance, Aditya Birla Group, Central, Bharti Group, Samsung, HP, ITC and others are also working seriously in this direction. Mahindra Retail has launched its „Green“ Mom & Me store in Bangalore. This store makes use of eco-friendly, recycled and reused construction material. It has made use of natural elements in the store such as low energy consumption lighting, lead free paints & tiles, doors reconditioned from the existing buildings etc.

Literature Review

It is fact that most studies on green consumers and green marketing have been carried out in the developed countries and only a few of them originate from developing countries. Green marketing has been defined in different ways and is presented in different forms by different firms. The practice of green marketing varies across industries and regions. Green marketing is seen as a holistic process that predicts, recognizes and assures the requirements of the customers and the society in an ecologically sustainable manner (Peattie, 1995; Button, 1989; Charter, 1992; Davis, 1993; Klafter, 1992). Green marketing is also seen as marketing or promotion of products based on their environmental performance or an improvement thereof (Charter and Polonsky, 1999). Green marketing is a concept that is applied on product modification, changes to the production process, packaging changes and advertising modification (Mishra, 2007). Green marketing enables companies to focus on different aspects that influence the buying behavior of customers.

As opposed to common view on green marketing which mainly consists of promotion or advertising of products with environmental characteristics, green marketing covers a broad range of activities. Green marketing supports companies in marketing their products and services in line with the environmental requirements. Green marketing benefits firms in accessing to new markets and acquiring competitive advantage (Narayana, et. al, 2008). Towards the end of utilizing limited resources and satisfying consumers' wants, green marketing was plausible. Peattie (2001) asserts that the aims of green marketing are broadly twofold: to minimize the dependency on product groups responsible for environmental pollutions and to increase awareness of new product categories.

A typical green marketing strategy would involve three stages- making a marketing audit, developing a marketing plan and implementing the marketing strategy. 'Green marketing strategy includes marketing audit, developing a marketing plan that outlines 4Ps strategies and implementing these marketing strategies' (Narayana and Babu, 2008). Moreover, the marketing mix of green marketing is different from a typical 4Ps (of product, price, place and promotion), and is buttressed by *three* additional Ps such as *people, planet and profits*.



Products, which can be made from recycled materials or from used goods, have to be developed depending on the needs of the consumers. Efficient products are developed with saving water, energy and money as well as reducing harmful environmental effects. The role of marketers in product management includes providing product designers with market-driven trends and consumer requirements for green product attributes. Some of these attributes are energy saving, organic, green chemicals and local sourcing among others (Narayana and Babu, 2008). Bhat (1993) has furthered this when he mentioned that green marketing programme starts with the green design since inputs, manufacturing processes, distribution, use and disposal methods are decided during the design stage. It is in this stage that comparison of green design alternatives are achieved which can provide designers with guidance to select superior designs.

Green pricing is also becoming a necessity. It was argued that green products are inclined to be more expensive than conventional ones, and was carried out to ensure efficient productivity. Value-added features are integrated to change the product's appearance; and its functionality through customization, all of which contribute to prices (Narayana and Babu, 2008).

Green place is about managing logistics for the purpose of cutting down on transportation emission; in effect, aiming to reduce carbon footprint (Narayana and Babu, 2008).

Finally, green promotion involves the tools of promotion such as advertising, marketing materials, signage, white papers, websites, videos and presentations (Narayana and Babu, 2008).

However, Mishra (2007) also noted that there are problems with green marketing. Firms which make use of green marketing must ensure that their activities are not misleading to consumers or industry, and conforms to the regulations or laws dealing with environmental marketing. As such, marketing claims must clearly state environmental benefits. Inaccuracy of consumer perceptions and negative future backlash of environmental decisions are other problems with green marketing (Crane, 2000). Strong (1996) contends that the ethically-aware consumer has become ethically aware and is joined by many other consumers who believe in the principles of fair trade. These well-informed consumers not only demand for fair traded products but are also challenging manufacturers and retailers to guarantee ethical claims they are making about their products.

Objectives of the study

There is a growing interest among consumers in India regarding protection of environment. As resources are limited and human wants are unlimited, it is important for the retailers (marketers) to utilize the resources efficiently without waste as well as to achieve the organizational objective. So green marketing is inevitable to the retailers and the findings of the present study may help the retailers understand their current position in the green movement and formulate future course of action. The objective of the paper are to study the attitude of retail organizations towards green marketing in India and to study if green image of the company can be a competitive advantage for the company.

Research Methodology

To study the retail industry's attitude towards green marketing and their environmental initiatives the data was collected through structured online questionnaire from 31 retail organizations selected more at random than on convenience representing both Indian and Multinational Corporations. The focus of the sample from retail industry was the Delhi NCR, Mumbai and Bangaluru. This region was selected because of the presence of the corporate offices of major retail organizations of India.

Various statistical tools have been used for the analysis and interpretation of the data in this study. Statistical tools like measures of central tendency, measures of dispersion including standard deviation and ANOVA were used for data analysis.

The following hypothesis were formulated to test the significance of the responses received from the retail organizations as regards their attitude towards green products.

H₀1: Philosophy of making green products among retail organizations is significantly high.

H₀2: Retailers selling green products will create a more positive image in the minds of the consumer



H₀₃: A green company would be able to significantly differentiate itself from its competitor in a highly competitive market.

H₀₄: The competitive advantage of a retailer having green image is significantly high in a price sensitive market.

Findings and Analysis

The data collected through questionnaire was analyzed, the opinion of the retailers were taken into consideration. Below is the summary of findings of the data collected and hypothesis formulated

Table 1.1: Summary of the findings on retail organizations' attitude towards green strategies:

Question No.	Description of the question	Description of the Hypothesis	Status of acceptance/rejection of the hypothesis	Implication
1	Does the company have the philosophy of making 'green products'?	H ₀₁ : Philosophy of making green products among retail organizations is significantly high.	Accepted	Green philosophy of companies is on a rise. Hence, non green companies will tend to lose their competitive advantage.
2	Do you feel that retail organizations selling green products will create a more positive image in the minds of the consumer?	H ₀₂ : Retailers selling green products will create a more positive image in the minds of the consumer.	Accepted	Retailers with more positive image will be able attract more consumers and hence will be able improve their market shares.
3	Do you think that a retailer projecting as green company would be able to differentiate itself from its competitor in a highly competitive market?	H ₀₃ : A green company would be able to significantly differentiate itself from its competitor in a highly competitive market.	Accepted	Given the market competition, retailers with green image will have niche over non green retailers.
4	Does a retailer having green image enjoy competitive advantage in a price sensitive market?	H ₀₄ : The competitive advantage of a retailer having green image is significantly high in a price sensitive market.	Accepted	In a price sensitive market, retailers can identify themselves with green image.
5	Does your company integrate green strategy with corporate social responsibility?	-	-	All the retailers have integrated green strategy with CSR as part of their overall corporate strategy.
6	Do you think that for a successful green marketing program, a company must have the commitment of its top management and its internal environment must encourage employees to be concerned about the environment?	-	-	All the respondent retail organizations hold a strong opinion that for a successful green marketing program, a company must have the commitment of its top management and its internal environment must encourage employees to be concerned about the environment.
7	Is your organization recycling waste?	-	-	All the respondent retailers have the policy of recycling waste.



Conclusion and Managerial Implications

It's a competitive world and only the strongest and smartest will survive. To stand out in the competition, corporate units make strategies, devise ways to develop quality products and reach out to the right customer base and then remain in their memory. Green marketing is one such innovative ways of doing business. Growing consumer awareness has become a defining criterion for brands today. Environment is on top of the list for the educated class of consumers who want no harm done to Planet Earth. Green marketing is just not about spreading the green word. It is going green right from the word 'go-in' the way they procure raw materials, manufacture their products and come out in the market. It is a big investment by brands to go green in the true sense of the word. When it comes to reaching out to the consumers, social media applications are helping them to reach faster.

Green philosophy of retail companies in India is on a rise. Hence, non green retail companies will tend to lose their competitive advantage. Retailers with more positive and green image will be able attract more consumers and hence will be able improve their market shares through their environment friendly initiatives. Given the market competition, retailers with green image will have niche over non green retailers for their initiatives for a green and more sustainable future. In a price sensitive market, retailers can identify themselves with green image and differentiate themselves from their counterpart. All the retail organizations contacted in this survey have integrated green strategy with CSR as part of their overall corporate strategy and working towards more sustainable practices. All the respondent retail organizations hold a strong opinion that for a successful green marketing program, a company must have the commitment of its top management and its internal environment must encourage employees to be concerned about the environment. All the retailer organizations contacted have mandatory policy of recycling waste.

Green marketing has arisen as an answer to the growing concern of the environmental state which has a huge influence on the society's well-being. Green marketing is a holistic management process responsible for identifying, anticipating and satisfying the requirements of customers and society, in a profitable and sustainable way. The dynamism, fierce competition, and the increasing concern about the environment and also the governments' rules and regulations and the consumers' awareness about this issue were all contributing factors for the retail organizations to contemplate on the physical and mental health of the consumers and the clean environment. Consumers are looking for and buying green products in ever-increasing numbers. And companies around the globe are finding they can gain an edge over competitors by developing green products and becoming greener companies. Adopting the sustainable initiatives can definitely provide an advantage for the retailers in India. Retailers must take several initiatives to shift their focus from niche to mainstream consumers, make green products affordable and thereby contribute in solving environmental issues

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