



Consumer in the Market

Issues, Challenges, Problems & Solutions

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ISBN : 978-81-8192-213-7

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SUBLIME PUBLICATIONS
JAIPUR INDIA

2012

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Environmental Issues in Consumerism: A Case for Green Marketing

K.T. Geetha

Introduction

Worldwide evidence indicates that people are becoming concerned about the environment and are changing their behaviour accordingly. As a result, there is a growing market for sustainable and socially responsible products and services. When all else is equal—quality, price, performance and availability—environmental benefit will most likely tip the balance in favour of a product. This paper attempts to (1) to introduce the terms and concepts of green marketing; (2) briefly discuss why going green is important; (3) examine some of the reason that organizations are adopting a green marketing philosophy; and (4) mention some of the problems with green marketing.

With the rapid industrialization and urbanization and ever-increasing population, environmental pollution has assumed alarming proportions and has become one of the most challenging problems of the human race. Individuals, business organizations, judiciary and the governments all over the world have recognized the need for prevention of pollution and protection of environment. The participation of 30,000 people all over the world, including more than a hundred world leaders and representatives of 167 countries in 1992 Earth Summit in Rio de Janeiro have show that people in the present century are more environmental conscious, although environmental practices vary from country to country. The industrial revolution has designed a system of production that

1. Puts billions of pounds of toxic material into thin air, soil and water every year.
2. Produce material so dangerous that require constant vigilance from future generation.

3. Results in gigantic amount of waste.
4. Puts valuable materials in holes all over the planet, where they can never be retrieved.

The resultant natural calamities like depletion of ozone layer, oil spills in ocean, destruction due to tornadoes, polluted rivers, global warming and toxic food due to excessive use of pesticides has made world more concerned about their environment. The Report published by United Nation's World Commission on Environment and Development (1987) entitled "Our Common Future" warned that if pollution control is not intensified, property and ecosystem would be threatened and existence would become unpleasant and even harmful to human health in many cities.

There is growing interest among the consumers all over the world regarding protection of environment. Worldwide evidence indicates people are concerned about the environment and are changing their behaviour. 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 behaviour pattern so as to be less hostile towards it. Most of the consumers, both individual and industrial, are becoming more concerned about environment-friendly products. They want the products supplied to them should be healthy, non-toxic and cause minimum impact on environment. This is the era of recyclable, non-toxic and environment-friendly goods. As society becomes more concerned with the natural environment, businesses have begun to modify their behaviour in an attempt to address society's "new" concerns. Some businesses have been quick to accept concepts like environmental management systems and waste minimization, and have integrated environmental issues into all organizational activities. As a result, green marketing has emerged as a new concept, which aims at marketing sustainable and socially responsible products and services.

One of the biggest problems with the green marketing area is that there has been little attempt to academically examine environmental or green marketing. While some literature does exist, it comes from divergent perspectives. This paper attempts: (1) to introduce the terms and concepts of green marketing; (2) briefly discuss why going green is important; (3) examine some of the reasons that organizations are adopting a greener marketing philosophy; and (4) mention some of the problems with green marketing.

Meaning of Green Marketing

Unfortunately, a majority of people believe that green marketing refers solely to the promotion or advertising of products with environmental characteristics. Terms like Phosphate Free, Recyclable, Refillable, Ozone Friendly, and Environmentally Friendly are some of the things consumers most often associate with green marketing. While these terms are green marketing claims, in general green marketing is a much broader concept, one that can be applied to consumer goods, industrial goods and even services. For example, around the world there are resorts that are beginning to promote themselves as "ecotourism" facilities, i.e., facilities that "specialize" in experiencing nature or operating in a fashion that minimizes their environmental impact. Thus, green marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising. Yet defining green marketing is not a simple task. Indeed the terminology used in this area has varied, it includes: Green Marketing, Environmental Marketing and Ecological Marketing. While green marketing came into prominence in the late 1980s and early 1990s, it was first discussed much earlier. Thus "Green Marketing" refers to holistic marketing concept wherein the production, marketing, consumption and disposal of products and services happen in a manner that is less detrimental to the environment. With growing awareness about the implications of global warming, non-biodegradable solid waste, harmful impact of pollutants etc., both marketers and consumers are becoming increasingly sensitive to the need for switch in to green products and services. While the shift to "green" may appear to be expensive in the short term, it will definitely prove to be indispensable and advantageous, cost-wise too, in the long run. For example the cost of installing solar energy is an investment in future energy cost savings. Companies that develop new and improved products and services with environmental impacts in mind give themselves access to new markets, substantially increase profits and enjoy competitive advantages over those marketing non-environmentally responsible alternatives.

The Four Ps of Green Marketing

Like conventional marketers, green marketers must address the 'four Ps' in innovative ways.

Product

Entrepreneurs wanting to exploit emerging green market either:

- identify customers' environmental needs and develop products to address these needs; or
- develop environmentally responsible products to have less impact than competitors.

The increasingly wide varieties of products on the market that support sustainable development and are good for the triple bottom line include:

- Products made from recycled goods, such as Quik'N Tuff housing materials made from recycled broccoli boxes.
- Products that can be recycled or reused.
- Efficient products, which save water, energy or gasoline, save money and reduce environmental impact. Queensland's only waterless printer, Printpoint, reduces operating costs by using less water than conventional printers and is able to pass the savings on to customers.
- Products with environmentally responsible packaging. McDonalds, for example, changed their packaging from polystyrene clamshells to paper.
- Products with green labels, as long as they offer substantiation.
- Organic products—many consumers are prepared to pay a premium for organic products, which offer promise of quality. Organic farmers, for example, promote the added qualities such as taste and tenderness.
- A service that rents or loans products—such as toy libraries.
- Certified products, which 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 is thoroughly tested.

Price

Pricing is a critical element of the marketing mix. Most customers are prepared to pay a premium if there is a perception of additional product value. This value may be improved performance, function, design, visual appeal or taste. Environmental benefits are usually an added bonus but will often be the deciding factor between products of equal value and quality. Environmentally responsible products, however, are often less

expensive when product life cycle costs are taken into consideration. For example fuel-efficient vehicles, water-efficient printing and non-hazardous products.

Place

The choice of where and when to make a product available, has a significant impact on the customers being attracted. Very few customers go out of their way to buy green products merely for the sake of it. Marketers looking to successfully introduce new green products should, in most cases, position them broadly in the market place so they are not just appealing to a small green niche market. The location must also be consistent with the image which a company wants to project. The location must differentiate a company from its competitors. This can be achieved by in-store promotions and visually appealing displays or using recycled materials to emphasize the environmental and other benefits.

Promotion

Promoting products and services to target markets includes paid advertising, public relations, sales promotions, direct marketing and on-site promotions. Smart green marketers will be able to reinforce environmental credibility by using sustainable marketing and communications tools and practices. For example, many companies in the financial industry are providing electronic statements by e-mail. E-marketing is rapidly replacing more traditional marketing methods, and printed materials can be produced using recycled materials and efficient processes, such as waterless printing. Retailers, for example, are recognizing the value of alliances with other companies, environmental groups and research organizations when promoting their environmental commitment. To reduce the use of plastic bags and promote their green commitment, some retailers sell shopping bags, under the banner of the Go Green Environment Fund. The key to successful green marketing is credibility. Never overstate environmental aims or establish unrealistic expectations, and communicate simply and through sources that people trust.

Why are Firms Using Green Marketing?

When looking through the literature, there are several suggested reasons for firms increased use of Green Marketing. The possible reasons cited are:

Opportunities

It appears that all types of consumers, both individual and industrial are becoming more concerned and aware about the

natural environment. Nowadays, firms marketing goods with environmental characteristics have realized a competitive advantage over firms marketing non-environmentally responsible alternatives. There are numerous examples of firms who have strived to become more environmentally responsible, in an attempt to better satisfy their consumer needs.

1. McDonald's replaced its clam shell packaging with waxed paper because of increased consumer concern relating to polystyrene production and ozone depletion.
2. Tuna manufacturers modified their fishing techniques because of the increased concern over driftnet fishing, and the resulting death of dolphins.
3. Xerox introduced a "high quality" recycled photocopier paper in an attempt to satisfy the demands of firms for less environmentally harmful products.

This does not mean that all firms who have undertaken environmental marketing activities actually improve their behaviour. In some cases, firms have misled consumers in an attempt to gain market share. In many other cases firms have jumped on the green bandwagon without considering the accuracy of their behaviour, their claims, or the effectiveness of their products. This lack of consideration of the true "greenness" of activities may result in firms making false or misleading green marketing claims.

Social Responsibility

Many firms are beginning to realize that they are members of the wider community and therefore must behave in an environmentally responsible fashion. This translates into firms that believe they must achieve environmental objectives as well as profit related objectives. This results in environmental issues being integrated into the firm's corporate culture. Firms in this situation can take two perspectives: (1) they can use the fact that they are environmentally responsible as a marketing tool; or (2) they can become responsible without promoting this fact. There are examples of firms adopting both strategies. Organizations like the Body Shop heavily promote the fact that they are environmentally responsible. While this behaviour is a competitive advantage, the firm was established specifically to offer consumers environmentally responsible alternatives to conventional cosmetic products. This philosophy directly ties itself to the overall

corporate culture, rather than simply being a competitive tool. An example of a firm that does not promote its environmental initiatives is Coca-Cola. They have invested large sums of money in various recycling activities, as well as having modified their packaging to minimize its environmental impact. While being concerned about the environment, Coke has not used this concern as a marketing tool. Thus many consumers may not realize that Coke is a very environmentally committed organization. Another firm who is very environmentally responsible but does not promote this fact, at least outside the organization, is Walt Disney World (WDW). WDW has an extensive waste management programme and infrastructure in place, yet these facilities are not highlighted in their general tourist promotional activities.

Governmental Pressure

Governmental regulations relating to environmental marketing are designed to protect consumers in several ways: (1) reduce production of harmful goods or by-products; (2) modify consumer and industry's use and/or consumption of harmful goods; or (3) ensure that all types of consumers have the ability to evaluate the environmental composition of goods. These governmental regulations are designed to control the amount of hazardous wastes produced by firms. Many by-products of production are controlled through the issuing of various environmental licenses, thus modifying organizational behaviour. In some cases governments try to "induce" final consumers to become more responsible. For example, some governments have introduced voluntary curb-side recycling programmes, making it easier for consumers to act responsibly. In other cases governments tax individuals who act in an irresponsible fashion. For example, in Australia there is a higher gas tax associated with leaded petrol. One of the recent publicized environmental regulations undertaken by governments has been the establishment of guidelines designed to "control" green marketing claims. These regulations include the Australian Trade Practices Commission's (TPC) "Environmental Claims in Marketing—A Guideline, the US Federal Trade Commission's (FTC) "Guides for the Use of Environmental Marketing Claims" and the regulations suggested by the National Association of Attorneys-General.

All these regulations were designed to ensure appropriate information to consumers so that they could evaluate firm's environmental claims. Thus, governmental attempts to protect

consumers from false or misleading claims theoretically provide consumers with the ability to make more informed decisions.

Competitive Pressure

Another major force in the environmental marketing area has been a firm's desire to maintain its competitive position. In many cases, firms observe competitors promoting their environmental behaviours and attempt to emulate this behaviour. It is only in some instances that this competitive pressure causes an entire industry to modify and thus reduce its detrimental environmental behaviour.

For example, it could be argued that Xerox's "Revive 100 per cent Recycled Paper" was introduced a few years ago in an attempt to address the introduction of recycled photocopier paper by other manufacturers. In another example when one tuna manufacturer stopped using driftnets, the others followed suit.

Cost/Profit Issues

Certain firms use green marketing to address cost/profit related issues. Disposing of environmentally harmful by-products, such as polychlorinated biphenyl (PCB) contaminated oil are becoming increasingly costly and in some cases difficult. Therefore, when attempting to minimize waste, firms are often forced to re-examine their production processes. In these cases, they often develop more effective production processes that not only reduce waste, but reduce the need for some raw materials. This serves as a double cost savings, since both waste and raw material are reduced. In many other cases, it has been found that firms find end-of-pipe solutions, instead of minimizing waste. In these situations firms try to find markets or uses for their waste materials, where one firm's waste becomes another firm's input of production.

Problems with Going Green

Although a large number of firms are using green marketing, there are a number of potential problems which need to be addressed. One of the main problems is that firms using green marketing must ensure that their activities are not misleading to the consumers or the industry, and do not breach any of the regulations or laws dealing with environmental marketing. In short, green marketing claims of a firm must:

1. Clearly state environmental benefits;
2. Explain environmental characteristics;