



## Green Marketing Mix- A Social Responsibility of Manufacturing Companies

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### Abstract

Concepts such as green marketing-environmental and social marketing have been proposed in marketing literature over time for acting to social responsibility of corporations. Green marketing which is known as sustainable marketing too is a process that is implemented today even in developing countries. Nowadays, many consumers are prepared to pay a higher price for the products which observe environmental standards for actual protection of the environment. The research shows that companies are redefining their marketing mix in the context of green to position their products in the changing scenario. The ideology of consumption, living to consume rather than consuming to live, prevalent in the mainstay of marketing and society has affected the marketing strategy. Thus, the global climatic conditions have led to the changes in production, marketing, and consumption behaviour in the form of aggressive conservation, recycling, and green product use.

**Keywords:** green marketing, green marketing mix, classification of the companies, social responsibility of the corporation.

### Introduction

The environment has become a vital and crucial issue for all people whether as a customer or as a manufacturer. Since traditional marketing emphasizes customers' needs excessively and does not consider the social welfare and environmental issues. This matter has entered in all dimensions of corporations; it has affected marketing and has been led to the appearance of the concept of green marketing. The term green marketing roots in ecological and environmental issues and corporations or people use it when they want to talk about environmental or ecological pressures (Doaee, Fathi & Sheikhan, 2009). In recent years the global life environment has been deteriorated by gradual growth of the population and in order to satisfy consumers' demands. Destruction of environmental systems is related to consumer's life style and behavior. By gradual increasing of awareness of the environment and environmental protection people have taken part in establishment of corporations supporting the environment and environmental rules to prevent permanent destruction of the environment through international trade sanctions. Today, paying attention to the importance of green products and green consumption has been converted into the proposed actions to guarantee sustainable development (Miao & Tsai Jia, 2009).

### Green Marketing

Green marketing is referred to sustainable marketing too is a process that is implemented today even in developing countries. Due to the issue of preserving the environmental consumers rethink about the products they purchase. Nowadays, many consumers are prepared to pay a higher price for the products which observe environmental standards for actual protection of the environment (Kotler&Armstrong, 1999). The root of green marketing can be investigated in the wave that began in the 1970s over environmental issues and was led to the introduction of the concept of environmental marketing. This concept considered modern industries and technologies which damage the environment seriously. For this reason the proposed environmental issues at the end of the 1980s and beginning of the 1990s were resulted in serious reaction of many marketing thinkers and activists (Peattie& Charter, 2003).

Green marketing is a social process that people and groups satisfy their needs and demands through an ethical method which minimizes the negative impacts on the environment by means of exchanging the products and their value (Dahl, Dilek & Persson, 2008). In other words, green marketing includes all activities that are designed to create and facilitate transactions and satisfy human needs and demands which have minimum harmful and destructive effects on the environment (Cheah & Phau, 2005). Green marketing is regarded as one of the important attitudes in modern business. Demand for ecologic products of business activities compatible with the environment is due to the increased awareness of customers about environmental issues. (Charter & Clark, 2007). Some experts try to insert the concept of green marketing in the definition of social marketing but green marketing has characteristics which distinguish it obviously from social marketing including emphasizing physical stability of marketing process and accepting its social responsibility; representing a more holistic and dependent viewpoint to view the relations among the economy, society and the environment; a permanent viewpoint instead of a long-term viewpoint; considering the environment as a valuable phenomenon more than its helpfulness for the society and paying attention to global concerns rather than issues of a specific society (Mulhall, 2006). Anyway it is more helpful to define the concept of green marketing as below which has been developed in reaction to the modern green movement from one side and has been shaped based on ideas of social and ecological marketing. Green marketing is an integrated management process that is responsible to determine, predict and satisfy needs of customers and the society in a profitable and stable manner (Peattie, 2009).

## Green Marketing Mix

In order to create a greener economy there must be a range of new green products and technologies. This issue shows itself in many industries in the framework of a slogan “design for the environment”. Successful and green production requires a process with a high level of integration and communications, good information, precise attention to concepts of the environment, senior management support and using a personality approach for measurement and benchmarking. As each corporation has a special marketing mix, challenge of marketers in green marketing is creative utilization of green 4p in which basic marketing principles of green marketing have been observed.

## Green Product

Environmental concerns that create demands for some new products have been given rise to revision of current products and in some cases they have even changed designing, formulation or manufacturing of the products (Peattie & Charter, 2003). Ecological purposes to design the products decrease consumption of resources and pollution and increase survival of scarce resources. Green product helps maintain and improve the natural environment along with maintenance of energy or resources and reduction or omission of using poisonous materials, pollution and wastes (Ottman *et al.*, 2006). In other words, green product is the one which incurs less harm to the environment (Dahl & Persson, 2008).

Characteristics of green products are placed in a general class:

- First are those that are related to social and environmental effects of the product or service. One of the new key standards of product management and its designing from the viewpoint of green marketing is emphasizing on the status of the product after consumption.
- The second group of characteristics is related to the manufacturing process of the product in the manufacturing company. Traditional marketing discusses about total products include tangible product (packaging and other dimensions of the product) and additional product (services with products).
- Considering characteristics of the total product in green marketing is more helpful. In this regard, applying some concepts of 5R in product development can be useful to improve environmental performance of the product after consumption. These 5Rs include repair, reconditioning, reuse, recycling and remanufacture (Peattie, 2009).

## Green Promotion

Many corporations use environmental discussions for their promotional activities. There are many concerns among the consumers about environmental advertisements. Focusing on sustainable relations instead of using the limited concept of green promotion is the suitable way to deal with such concerns. Sustainable relations stress seriously on creating vocal relation with beneficiaries especially the customers and its purpose is to increase awareness and training to reinforce social and environmental credit of the corporation and its products. This is usually performed by emphasizing the presentation of advertising slogans of the corporation and also through cooperation and partnership with social or environmental institutions (Wong & Stoneman, 2009).

There are three types of green advertisement: an advertisement that shows the relation between the product/service and the environment; an advertisement that promulgates green lifestyle by highlighting a product or service and an advertisement that depicts environmental responsibility of the corporation.

## Green Price

Price is the crucial and important factor of green marketing mix. Most consumers pay a higher price only if they know the product's value-added. This value might be related to performance improvement, efficiency, design, apparent attraction or its taste or even due to other characteristics of the green product including longer life and harmlessness (Polonsky, Michael & Rosenberger, 2001). Green pricing is one of the most difficult puzzles of green marketing. If social and environmental expenses are reflected in the presented price to the customer and the customer intends to pay such price, manufacturers will be encouraged to create more sustainability. Corporations which attract such expenses and transfer them to the customer are always faced with two dangers of being charged with misusing of customers' interests as well as relative increasing of prices in comparison with the competitors (Durning, 2011). Green price should be reasonable and competitive (Soonthonsmai & Vuttichat, 2007).

## Green Distribution

Green distribution includes two internal and external aspects. By internal aspect we mean the internal environment of the corporation that must be a place in which managers and employees have a sense of tranquility besides observing the environmental issues in internal processes of the corporation and the proportionality between the internal space and the intended product. Thus customers are attracted to it due to good behavior of employees and the agreeable space. By external aspect we mean places for offering the products and services which have the least harm for the environment (Vlosky *et al.*, 2009). Fossil fuel and energy consumption for delivering the products to customers is one of the basic environmental challenges for most businesses. Levying high taxes on fossil fuels' consumption can have a major effect on the transportation economy and encourage corporations to resort to regional and local corporations and distribution channels instead of using the internal distribution system (Menon, 2002).

Some actions that can be considered by all corporations regarding distribution and transportation are as below:

- Developing of centralized distribution method that creates environmental advantages such as decreased movement of vehicles and reduction of shipments
- Compiling a suitable policy and purpose to decrease the pollution of vehicles which distribute the products
- Analysis of costs and utility for feasibility study of the recycling system of wastes and packaging
- Enhancement of environmental awareness both in the corporation and among the parties to the transportation contract (Polonsky & Ottman, 2000)

## Classification of Companies

According to Ginsberg and Bloom, Companies can be classified on the basis of utilisation of these elements companies can classify in four categories:

1. **Lean Green-** These companies adopt the green practices but they do not focus to publicise these initiatives. They implement the environment friendly practices just for the cost reduction & improve the efficiency.
2. **Defensive Green-** This kind of marketer use green marketing as a precaution to avoid the crisis situation or to counter the competition. They use green marketing to create the positive brand image. Environment initiatives may be sincere but temporary just to differentiate from the competitors.
3. **Shaded Green-** The companies those adopt shaded green strategy invest in long-term, environmentally friendly processes that require a significant financial and nonfinancial dedication. They differentiate their product on the basis of greenness.
4. **Extreme Green-** Extreme green adopt green marketing mix in the holistic manner. They integrate environmental concern in overall marketing strategy. The greenness is the main driving force for the companies. Concept of life cycle assessment, total environmental quality management, waste reduction, and environment friendly promotion deeply embedded in the company philosophy. They serve the niche segment of the market.

## Social Responsibility of the Corporation

Social responsibility of the corporation is a concept through which corporations consider the social and environmental concerns voluntarily in business processes and interaction with their shareholders. In other words, social responsibility is transparency of the adopted methods by corporations in managing the environmental, economic and social topics which can improve relations of employees, customers and beneficiaries (Jones, Clarke & Hillier, 2007). Prominent corporations as responsible corporations follow a very ethical method in order to respond to their beneficiaries clearly. These corporations have a special sensitivity and attention towards social responsiveness and maintenance of stability of the environment of the corporation at the present and in the future and promulgate this viewpoint. They perceive and observe local and global expectations and rules through open communication with beneficiaries and go beyond that (Taghavi&Alavi, 2011).

Nowadays corporations across the world try to achieve market share in the competitive scope to be able to increase their sales quota with regard to their competitors. Market share is measured given to the percentage of a corporation's total sales during a special time period to total products sold in the market. In order to obtain competitive advantage corporations utilize their resources to improve their relative status with regard to the competitors and enhancing the status of the corporation causes to form better opportunities in the future. Market share shows relative status of competition that is represented by ratio of market share in comparison with the biggest competitors. It is regarded as a unique index of the corporation's status in the market. The corporation that has the highest share enjoys advantages such as economies of scale, validity of the brand, influence in the distribution channel and a unique marketing mix more probably. Indeed corporations which have a high market share might be different from those which have a low market share in terms of various aspects of market share, because those corporations may have a better management or perhaps better expertise than other ones. High expertise and appropriate market along with suitable products can be led to market share increase and profitability (Khademi&Safarzade, 2006).

## Conclusion

Corporations should strengthen their status in the competitive environment by reengineering of manufacturing processes and product/ service design; otherwise they will stay behind the green train. Green marketing approach does not only focus on satisfying customer needs, rather customers' needs according to this approach must be satisfied so that they are helpful for the society as a whole. There are various principles to create competitive advantage and move towards becoming green that contains the following opportunities.

First, the green production process often improves efficiency of resources, thus it decreases costs in the structure of the corporation and improves its competitive status than the competitors. Second, green marketing activities enable the corporation to be more prominent than the competitors by offering new products in new markets or additional advantages for current products. This will increase the value of the corporation for customers, enhances customer loyalty and finally profitability will be increased. Corporations look for short-term results and might have less commitment regarding the necessity of organizational processes towards basic changes. Hence, they may have less intention to embrace the strategic green marketing approach.

As a result it is essential that market-oriented businesses move towards social responsibility to satisfy social expectations of customers and the society. Major purpose of social responsibility is to accumulate all sectors (such as public, private and volunteers) and those corporations that accept social responsibility seriously will witness the success and enhancement of their financial performance and will be able to attract people's trust and market share towards their products. Indian FMCG companies are also adopting "green" to retain their image in the market. The companies are involved in various activities to show their concern for environment as well as society. Companies like HUL, ITC started to produce Sustainability report of the companies to achieve benefit and to develop a positive brand image it is required that benefit should be visible to the consumer. Companies are trying different ways to get benefit from their green efforts. They are redefining their marketing mix by introduction of green products and processes. But at the same time it is necessary for the companies to understand that Green marketing should not overlook the economic aspect of marketing. Customer is ready to pay the eco-premium but they have to enhance the performance of their product and focus on the retention of the customer. It is the right time to adopt the concept of sustainable development in the marketing mix of the companies and integrate them to save the planet from the upcoming risk.

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