

GREEN MARKETING: AN EFFECTIVE THOUGHT TOWARD STABLE DEVELOPMENT OF COMPANIES AND IMPROVEMENT OF CONSUMERS' QUALITY OF LIFE

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ABSTRACT

Today environment has increasingly turned to a vital and very important subject for people of all categories whether as customer or as manufacturer. Dynamism, severe competition and increase of concerns over environment in addition to state regulations and raising consumer awareness have forced companies to pay enough attention to consumers' physical and mental health beside sale and profit because otherwise they cannot think of their survival. Accepting the environmental responsibility not only helps companies and organizations to stay competitive and raise their market share but also results in increase of consumer satisfaction. So considering the importance of green marketing, in the present article we have first explained the concepts, levels and elements of green marketing and then have studied the green marketing mixes to implement it. Finally we have described the challenges in front of it with offering suitable methods and advantages of being green.

Keywords: *Green marketing, green marketing mix, environment, stable development*

Green marketing is one of the commercial fields to which a considerable attention has been paid in media on environmental issues (Rex and Baumann, 2007). Researchers have used various phrases to define this type of marketing including green marketing, ecological marketing, environmental marketing and responsible marketing (Polonsky, 2011). In stable literature, green marketing is given to marketing functions, policies and mixes which specifically deal with concerns about natural environment and creating income and results which provide a product or production line with individual and organizational purposes (Constantinos, 2012). Today companies and organizations have to include environment protection issues in their activities to satisfy the customer demands and also to fulfill their social responsibility and protect consumer rights (Hamdi et al., 2011). Because today many customers have started to switch their priorities toward environment-friendly goods and services (Kotler, 2011). But despite the resulted interest of managers, little researches have investigated principles' stability in marketing Strategy (Cronin et al., 2011). As a result, the information about green marketing methods is limited for both managers and policy makers (Chabowski et al., 2011). Therefore, the purpose of the present article is introducing practical concept of green marketing to companies and consumers.

GREEN MARKETING

According to Petti, green marketing is a generalist managerial process which is to recognize, predict and satisfy needs of customers and society in a profitable and stable way (Chen and Chai, 2010)

In general, green marketing is a generalist managerial process which is to recognize, predict and satisfy needs of customers and society by a profitable and stable method. So it can be said that companies gain a competitive advantage over other irresponsible companies through green marketing. There are many

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examples of companies which try be more responsible about environment to be able to meet better consumer needs. For example, manufacturers of tuna improved fishing techniques because people's concern about fishing nets and consequently death of dolphins had been increased. Green marketing is in a dangerous situation so that everyone agrees that it's very good but they don't know exactly how to do it. Maybe there was something wrong in the implementation but we should accept that it looks a symbolic action. People really want to know the motives of organizations. It's the nature of human being. You cannot decide suddenly to enter the personal and moral issues into the case and behave them like a fashion. In the absence of guidelines and plans people will try green marketing only because it's in fashion. Without a basic strategy most efforts will be spoiled (Hamdi et al., 2011). So as environmental and social problems are important for customers, considering environmental issues in the marketing activities will create a competitive advantage for the company through which companies can build a good position for themselves in the market (Kotler and Gary, 1999).

REASONS OF COMPANIES' GREENING

Greening can happen as a result of internal or external pressures. Some of the external pressures causing greening are (Polonsky and Rosenberger, 2001):

1- Satisfying consumer demand: Today companies and organizations have to consider environment protection in their activities for satisfying consumer needs, accomplishing their social responsibility and protecting consumer right. McDonald is a clear example which has changed its packaging combination for supporting consumer right and satisfying their demands; 2- Reaction to competitors' actions: When a company considers environmental issues in production of its products, other companies should change their strategies in production of their products and launch greening plans because otherwise they will lose their market share; 3- Increasing government interfere: Different countries use different methods to secure a healthy environment. For example in the United States, environment organization has set rules to protect the environment (Kotler and Armstrong, 1999); 4- Increasing environment pollution: With more environment contamination, companies should take steps to prevent it in line with green movement and green marketing. Environment pollution has caused the social pressures of consumers force the governments and companies to change direction toward greening (Kotab and Helsen, 2004).

There are many internal elements pressuring companies to execute green activities. Some of them of mentioned here.

1- The first and most important reason is costs (Verma et al., 2012). It means that greening can result in more efficiency of benefits and financial saving. Less input is used resulting in less waste and contamination (Polonsky and Rosenberger, 2001); 2- Second internal element is company's philosophy. When companies pay attention to environmental goals like other goals and insert environmental issues in company's philosophy, greening engages in company's strategies and then combines that with its tactical activities (Zarrinjouy Alvar, 2011); 3- Third internal element is creating a competitive position in the market. Companies which consider the environmental issues in marketing and production procedures, create a competitive position for themselves against rivals. So it can be said that following principles of green marketing causes the consumers to have a better view of company (Kotler and Armstrong, 1999).

GREENING PROCESS OF COMPANIES

As green marketing is not only production and promotion of green products but is all activities toward greening. Therefore, we explain here the 3 methods companies use for greening (Elahi and Yaghoubi, 2011):

1- Greening the processes of creating added value (company level): It does include redesigning them, removing some of them, improving technology and creating new technologies which are all to reduce the environmental impacts in all stages. For example, a steel company may install a modern oven (new technology) to reduce energy consumption level in steel production; 2- Green the managerial systems (company level): Companies can take managerial systems to create conditions in which environmental

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impacts of the added value processes are reduced. A good example is responsible protection program of chemical company which launches systems for raising environmental, health and safety goals; 3- Greening products (product level): According to Charter (1992), this can happen in one of the following methods:

3-1- Repairing: Increasing product's life time by repairing its parts; 3-2- Repairing and replacing the worn-out parts: Increasing products life time by repairing it basically; 3-3- Reproduction: A new product based on old products; 3-4- Reuse: Designing a product so that it can be used in different times; 3-5- Recycling: Products can be turned to raw materials and used in other or similar products; 3-6- Reduction: Although the product uses fewer raw materials with less waste, it's more profitable compared to old similar products (Prakash, 2002).

GREEN MARKETING MIXES

Mixes are company's tactical tools which can be controlled and used for effecting on products demand. They include product, price, distribution and promotion (Rex and Baumann, 2007). Each company has its own special marketing mix. 4P in green marketing is the same usual marketing mixes but marketers' challenge is how to use 4P in an innovative way (Ramazanian et al., 2010).

Green product

Today, because of the popular environmentalism in the world, sale of green products has considerably raised and more consumers are inclined to pay extra charges for green products (Chen, 2010). Green product is a product that doesn't harm the environment and also contains components which aren't potentially harmful for the environment (Ranai Kordshouli and Yari Bouzanjani, 2012). For example if its energy consumption is efficient, if it's made of recyclable materials (Polonsky and Rosenberger, 2001) and if its production process is environment-friendly (Lee, 2008).

Green pricing

Way that a balance is made between consumer's sensitivity about cost and his inclination to pay more cost of the environment-compatible goods (Ranai Kordshouli and Yari Bouzjani, 2012). Tactically, companies can utilize the pricing policies like discount of recyclable packaging. For example, Coca-Cola offered the recycling bank to encourage the US customers to recycle its bottles and today UK retailer company Marks & Spencer recommends customers to use plastic bags to minimize their use. Strategic methods consists more of methods like cost of life cycle (for example merge of products' costs from research to adjustment) which helps determination of prices for products from stability point of view (Constantinos et al., 2012). For instance, Germans' E.ON tool (2011) which let customers buy green electricity with higher prices to show production costs of stable electricity (Dahlstrom, 2011).

Green distribution

Green distribution includes the activities about monitoring and raising environmental aspect in company's demand chain. Its tactical efforts, includes cooperation with network partners to redevelop the product or waste disposal adjustments and customer's assurance of possibility of recycling the recyclable materials (Constantinos et al., 2012). But strategically companies may set necessary policies for distributors to take more environmental standards in implementing special marketing roles (Zhu and Sarkis, 2004).

Green promotion

Green promotion means transfer of real environmental information to consumers who are related with company's activities (Vlosky et al., 1999). Many companies use environmental issues in their promotional activities. But anyway the very concept of promotion is one of the Controversial fields of marketing. Traditional advertisements have been criticized for their emphasizing only on offering green products to solve complicated environmental problems. Some companies have tried new ways. Body

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Shop intentionally avoids direct advertisement and prefers inter-shop communication and public relations (Shelton, 1994).

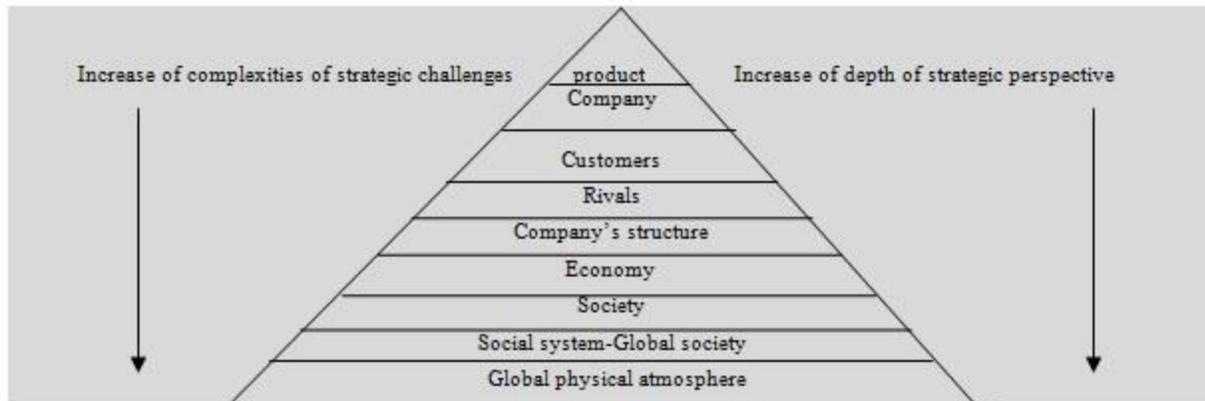


Figure 1: Physical atmosphere as the most basic layer of marketing environment

EFFECTS OF GREEN MARKETING ON MARKETING ENVIRONMENT

As seen in figure 1 (Peattie, 1999), marketing consists of different layers and levels. Although main concerns of managers in the internal dimension is about products and company and in the external dimension is about customers, but global physical environment is of special importance because of 3 reasons. Firstly strategic challenges of this environment is so high and problematic. Secondly, human's strategic perspective about how to deal with physical environment is much deeper and thirdly, events related to physical environment have had deep impact on other marketing layers.

Later, we will briefly discuss about impacts of global physical environment on competition environment, customers and companies.

Competition: Global competition and philosophy of continuous improvement have considerably limited the difference between products so that delicate subjects like consumer's perception of product's environmental impacts has turned to criteria of his selection. For example, some banks use an exclusive moral policy to show their difference and consequently make customers more loyal (Saadat et al., 2007).

Customers: Recent researches in UK shows that 1/3rd of Britains do their purchases based on moral and environmental criteria and at least 5% decide according to moral codes about products labels and their recycling. Of course two things should be considered about customers. First, many consumers has not a good understanding of new concept of green marketing. Second, most of the problems emerged in the green marketing are originated in commercial cooperation between two companies (B2B) not the final consumption markets (Carlson, 1993).

Companies: With increasing concerns of the external environment about social-environmental impacts of commercial and economic activities, companies should display their response to these concerns by changes in different organizational dimensions. Creating an environment department, using green distinguishing concepts and reporting systems and changing company's policies toward reducing waste and pollution can be some of this reaction. Also companies' cultures and strategies should be continuously moderated in response to environmental issues (Epstein and Roy, 2001).

CHALLENGES AND PROBLEMS FACING GREEN MARKETING

Green marketing is facing special challenges specified by variables of demand, understanding needs of opposing customers and high costs. Although raising awareness of the environmental issues and demanding ecological goods results in stable development but many customers complain about high prices. On the other hand, claims of some nature-friendly companies are doubted by consumers. Also in developing or less-developed countries, production and sale of ecological products is more expensive

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compared to the traditional trade and this is a special challenge in the international markets. Main markets for green products are mainly located in the developed countries (Gurau and Ranchhod, 2005).

The other challenge in green products markets is the gap between environmental understanding and green purchase behaviour (Gupta and Ogden, 2009). A better understanding of characteristics of green products can be reached by green marketing tools (ecological label, ecological trade brand, and advertisements). As a result, customers are guided to buy nature-friendly products. Using these policy tools creates a basic role in changing real purchase behaviour (toward nature-friendly products) and reduces the negative effects of non-organic products on environment (Rahbar and Abdul Wahid, 2011).

ADVANTAGES OF GREEN FOR MARKETING COMPANIES AND CONSUMERS

Greening has the following advantages for companies:

1- Greening enables the company to highlight itself in the new markets above rivals through offering new products or additional advantages of the present ones. It will increase company's value near customers, their loyalty and finally the profit (Doaye et al., 2006); 2- It guides the manufacturing units toward improvement of product's process; 3- It save consumption of raw materials and energy, 4- Increases staff health; 6- Increase the social and public dignity of company (Alipour et al., 2011).

There are also advantages for customers including: 1- Paying attention to physical and mental health and surroundings of customers (Doai et al., 2006); 2- Companies paying attention to social and environmental concerns of consumers; 4- Prioritizing consumers decisions in selecting products (Alipour et al., 2011).

CONCLUSION

Imagining that beside profit and sale marketing would care about consumer's health, was not beyond expectation. There is also no return toward producing products harmful to environment and pressures from government, competition and change of vision force customers to follow and use the green marketing approach. Apart from this, today customers search for products with less environmental effects. So with increasing awareness of consumers about environment, it's necessary for producers to stay green from production until consumption. While following this during all production stages which is sometimes a rule from government, paying attention to green packaging is also necessary. In this regard, best strategy of marketers is giving full information to consumers about environmental validity of the product which can be done by marketing tools. Apart from above reasons, as green marketing is called stable marketing too, so one of the other responsibilities of marketing in the future is raising life and consumption stability. So that along with marketing new products, technologies and services we also need marketing recycling, fair trade, replacement of products, efficiency of energy consumption and less attention to non spiritual dimensions of life. Meanwhile, the very concept of stability should be marketed. Recent researches specify two very important facts about green marketing; first many people are not familiar with concept of "environment stability" but they will welcome it if they are offered. Second, there are serious doubts about governments' and companies' good will in this regard. These findings, show the importance and challenge level of using stability concept. It means that if a system and activity do not consider the stability, it cannot survive. Although this is obvious in the first look but it's often overlooked. We can see the dangers of unstable growth in problems like fall of companies like Dot Com, Enron and Word Com. These dangers display many simple facts about need of companies to concentrate on real resources, create a stable income current and danger of using advantages of new technologies with the cost of victimizing future generations. Such dangers return to industrial societies because many of the environmental costs are not displayed directly or indirectly in companies' expense structure and customers' paid prices. It means that society and environment pay subsidies to our production and consumption. But how long this current will continue? Danger is that more these debts are postponed more bankruptcies will occur. The role marketing should play is very important although there is no consensus about its positive and negative functions. It means that in some cases marketing may be accused as motive of unnecessary consumption which is going to deny or overlook consumption's

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negative consequences. On the contrary sometimes marketing is recognized as one of the important tools of market mechanism in encouraging to stable consumption. Many environment supporters criticize green marketing because they believe changing people's consumption habits has no effect on global trade. It's correct but if marketing can cause even a little improvement in this situation, there will be enough time for thinking of rules, investment process and political, educational and commercial systems. Therefore, it can be said that green marketing approach is not focused only on satisfying customer needs but they should be satisfied in a way that they are useful for the society as a whole entity.

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