

Growing Environmental Concerns in India : A Study of Green Marketing in Indian Corporates

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INTRODUCTION

With an increase in green consumerism and with corporate environmentalism fast catching up the world over, companies have started making use of green marketing strategies and techniques. Green marketing involves developing and promoting products and services that satisfy customers want and need for Quality, Performance, Affordable Pricing and Convenience without having a detrimental input on the environment. They have come a long way from being simply '*business friendly*' to becoming '*consumer friendly*' and today they have even become '*environmentally caring*' too. Consumers, too, have become more ecologically conscious and have started demanding green products, giving rise to a movement which has been dubbed as '*green consumerism*'. Markets are today flush with environment friendly products — products that are resource conserving, energy saving, biodegradable, and recyclable. Though the green trend is more discernible in the developed countries, it has slowly started gaining ground in the developing countries as well. In India too, concern for the environment has considerably heightened in recent years and this is evident from the increasing enactment of environmental legislations and judicial activism. Business firms have also started turning 'green' and embracing green marketing practices to conform to green pressures and environmental legislation. All activities designed to generate and facilitate any exchange intended to satisfy human needs or wants, such that satisfying of these needs and wants occur with minimal detrimental input on the national environment.

Using a green marketing framework, the present paper discusses the

emergence of environmentalism in India and examines the response of government agencies, consumers, non-business organisations and corporate houses to the rising levels of pollution and environmental degradation in the country. Along with a brief introduction to the concept of green marketing, a review of the factors responsible for motivating business firms to go green have been included in the first two sections, after which the paper moves on to a discussion of India's major environmental concerns and the efforts made at the governmental level to combat the environmental problems of the country. Succeeding sections analyse related issues such as eco-labelling, green consumerism and green corporate marketing practices, in the Indian context. The paper concludes with a discussion of the future of green marketing in India along with the strategy implications and directions for research work.

GREEN MARKETING: AN OVERVIEW

Green marketing refers to the process of selling products and/or services based on their environmental benefits. Such a product or service may be environmentally friendly in it or produced and/or packaged in an environmentally friendly way.

A variety of terms are used to capture the essence of green marketing and these range from environmental marketing, eco-friendly marketing, sustainable marketing, ecologically-correct marketing to ecological marketing. Polonsky (1994) defines green marketing as "all activities designed to generate and facilitate any exchanges intended to satisfy human needs or wants, such that the satisfaction of these needs and wants occurs, with minimal detrimental impact on the natural environment".

Simply putting it, green marketing is not just developing green packages or making green claims. It is a much broader term and encompasses all those marketing activities that are needed to develop and sustain consumers' eco-friendly attitudes and behaviours (including identification, building and satisfaction of consumers' demand for green products) in a way that helps in creating minimum detrimental impact on the environment.

According to the American Marketing Association, *green marketing* is the marketing of products that are presumed to be environmentally safe. 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 where several meanings intersect and contradict each other; an example of this will be

the existence of varying social, environmental and retail definitions attached to this term. Other similar terms used are *Environmental Marketing* and *Ecological Marketing*.

Green marketing can be viewed both as a type of marketing and a marketing philosophy. As a type of marketing, it is like industrial or services marketing and is concerned with marketing of a specialised kind of product i.e., green products (including green goods such as fuel-efficient cars or recycled products as well as green ideas such as 'save oil' or 'conserve natural habitat'). As a philosophy, green marketing runs parallel to the societal marketing concept and espouses the view that satisfying customers is not enough and marketers should take into account ecological interests of the society as a whole. Organisations engaged in the marketing of eco-friendly products and ideas include both business and non-business organisations.

WHY HAVE BUSINESS FIRMS GONE GREEN?

Earlier firms practised only one or selected aspects of green marketing without having identified or formally recognised it. But over time, green marketing has become much broad-based with firms making use of other aspects of green marketing too, such as, developing and marketing eco-friendly products, using green labels, employing green packaging and making green claims in advertisements.

Pressures from various quarters have been responsible for the growth of green marketing. The rise of green consumerism, increased environmental legislation, and increased media exposure of environmental disasters, species extinction, and the likes have been responsible for the growth of corporate environmentalism and green marketing practices. Pressure from other stakeholders such as shareholders, employees and business-to-business customers, has been instrumental in motivating business firms to adopt green business strategies. Just like consumers who shift from one brand to another based on the firms' environmental and social track records, shareholders, too, tend to shift their investments to environmentally responsible companies. Business-to-business customers have also become green savvy and demand the supply of green materials and products. In the developed countries, retailers have also emerged as ecological gatekeepers because of their legal liability to take back bottles and other empty containers from their customers. The *reverse distribution* not only adds to their distribution costs, but it also increases their workload.

Employees of large firms have started to press increasingly for environmentally friendly policies. They prefer working for environmentally

responsible employers. Equally important have been the environmentalists who have started lobbying intensively for green manufacturing and environmentally safe waste disposal processes.

Green marketing is also fast becoming a must for firms involved in international business. In domestic markets, firms might not be facing a lot of environmental pressure, but in foreign markets, especially those in the developed countries, environmentalism is a major concern and firms are forced to adopt environment friendly marketing practices such as developing and marketing products that are recyclable, more fuel efficient and less polluting; or making use of packaging material which is biodegradable, recyclable and less polluting.

Pressures from all these sources have resulted in the firms' intensifying their efforts to meet the expectations of consumers for products that generate smaller environmental impacts during their life cycle (production, packaging, transportation, consumption and disposal). Business firms have also started engaging in activities that give publicity to such efforts with a view to generate bigger sales and revenues, and eventually higher profits for the organizations. Initiatives taken by business firms to establish their green credentials range from repositioning of existing products without changing product composition, to modifying existing products to be less environmentally harmful, creating profitable new or improved products and packages that balance consumers' needs with environmental considerations, modifying the entire corporate culture to ensure that environmental issues are integrated into all operational aspects; and setting up new business firms that target green consumers and exclusively produce green products.

In short, there are basically five reasons for which a marketer should go for the adoption of green marketing. They are :

- Opportunities or competitive advantage
- Corporate social responsibilities (CSR)
- Government pressure
- Competitive pressure
- Cost or profit issues

GROWING ENVIRONMENTAL CONCERNS IN INDIA

There has been a lot of hype over environmental issues in the past few years in this country. The Narmada Bachao Andolan, the campaign against the Enron project, Ganges Action Plan, ban on use of plastic bags, implementation of Euro II norms and various Supreme Court judgements relating to environmental issues are but just a few examples of the growing environmental concern in the

country. Various legislations have been enacted in the recent past to protect the environment. Even a voluntary green labelling scheme, viz., ECOMARK, has been launched to inform consumers about the eco-friendliness of products. India is one of the signatories to the international convention to curb pollution. As per the provisions of this convention, the government has decided to put a ban on the use of diesel vehicles and 15-year old vehicles in order to control vehicular pollution in cities like Delhi, Mumbai and Hyderabad. Vehicular emission checks have also been made mandatory for all the vehicles on the road.

Severe air pollution affects many cities in India today. Many waterways have become highly polluted by the industrial and urban effluents. Degradation of soil, forests, and biodiversity has become a widely prevalent phenomenon. All this is despite the fact that India has set forth a number of policies and institutions to protect and manage its natural resources. The other environmental problems faced by the country include depletion of energy sources, intensive cultivation of fields, population pressure and urbanization, poor management of waste, loss of biodiversity and a high incidence of a variety of diseases and health hazards.

Industrialisation has long been held as synonymous with economic development. It has been considered as a means to the alleviation of poverty and raising standards of living. The priority to industrialise has often taken precedence over 'cleaner manufacturing'. But of late a debate has started over the merits of industrialisation versus its environmental consequences. The governments as well as local communities have now started realising that unfettered development causes serious threats to human health and result in environmental degradation. As against the erstwhile preoccupation with industrialisation and rapid economic development, the focus is now shifting towards sustainable development as an attempt to accelerate development in an environmentally responsible manner.

MAJOR INDIAN ENVIRONMENTAL LEGISLATIONS

Environmental legislations generate a marketing environment which is conducive to the growth of corporate environmentalism and green consumption. To protect the environment, Indian Government, from time to time, has introduced many laws and policies. The manufacture, sale, and use of recycled plastic bags for storing, carrying or packaging food items has been banned in Delhi under the Delhi Plastic Bags (Manufacture, Sale and Usage) and Non-Biodegradable Garbage (Control) Act, 2000. The states of Andhra Pradesh, Kerala and Himachal Pradesh had already banned the use of polythene bags in view of the damage they caused to the environment. Besides these legislations, the Supreme Court of India has also, from time to time, pronounced judgements to protect the citizens' right to a

wholesome environment as enshrined in Article 21 of the Constitution. Various acts protecting biodiversity, combating environmental and health hazards in India are listed in Exhibit 1.

Exhibit 1 : Major Indian Environmental Legislations

- The Prevention of Cruelty to Animals Act, 1890
- The Wild Birds and Animals Protection Act, 1912
- The Forest (Conservation) Act 1980
- The Water (Prevention and Control of Pollution) Act, 1974
- The Air (Prevention and Control of Pollution) Act, 1981
- The Environment (Protection) Act, 1986
- The National Environment Tribunal Act, 1995
- Re-cycled Plastics Manufacture and Usage Rules, 1999
- Delhi Plastic Bag (Manufacture, Sales And Usage) and Non-Biodegradable Garbage (Control) Act, 2000.

Notwithstanding the enactment of a number of environmental laws in the country, the problems of environmental pollution and degradation continue to proliferate due to ineffective enforcement of the laws. The Ganges Action Plan is a glaring example of the ineffective implementation of laws. The Ganges Action Plan was launched to clean up India's most important river. But even after twelve years of work and \$300 million in funding, the plan has achieved only a few of its coveted objectives. The most disappointing aspect of the plan as per the finding of a study is that the amount of sewage flowing into the Ganges has doubled since then. Even a government audit report has found evidence of widespread corruption in siphoning off the funds earmarked for the project.

Thus, the problem in India is not that the country has insufficient laws or regulatory mechanism to combat environmental problems. The major hurdle is the poor enforcement of laws. Manufacturers resort to green processing or packaging to the extent it is required under the laws, and do not hesitate in polluting or degrading the environment where the laws are silent or where a strict monitoring of the implementation of laws is lacking. Whatever involvement the firms show with the environment has come out of compulsions on them to abide by such laws rather than out of any genuine concern on their part for the environment. Had these laws been effectively marketed to the people, and had industry and the public adopted them in spirit, much of the problem associated with the poor implementation of the laws could have been automatically taken care of.

ENVIRONMENTAL LABELLING IN INDIA

To increase consumer awareness and promote the use of eco-friendly products in the country, the government has launched the scheme of labelling of environment-friendly products (ECO-MARKS, 1991). Ecolable is an environmental claim that appears on the packaging of the product. It is awarded to the manufacturer by an appropriate authority. ISO 14020 is a guide to the award of Eco-Label. The Government of India launched an Eco-mark Scheme in 1991 to increase the consumer awareness in respect of environmental friendly product. The aim of the scheme is to encourage the customer to purchase those products which have less harmful environmental impact.

The scheme follows a '*cradle-to-grave approach*', i.e. 'from raw material extraction, to manufacturing, and to disposal' to identify an environment-friendly product. Simply speaking, any product which is made, used or disposed of in a way that significantly reduces the harm it would otherwise have caused the environment is considered an eco-friendly product and is eligible for the ecomark certification.



Exhibit 2: Eco-Mark used in India

CRITERIA FOR ECO-MARK

- Products to meet the relevant standards of BIS
- Manufacturer to produce documentary evidence with regard to compliance of EPA, Water and Air Acts and other rules and regulation such as Prevention of Food Adulteration Act and rules made thereunder.
- The product to display the list of critical ingredients in descending order of quality present.
- The material used for packaging to be recyclable/reusable/biodegradable.
- The product to be accompanied by detailed instruction for proper use.

The product categories covered under the scheme are: soaps and detergents, paper, food items, lubricating oils, packaging materials, architectural paints and power coatings, batteries, electrical/electronic goods, food additives,

wood substitutes, cosmetics, aerosol propellants, plastic products, textiles, fire-extinguishers and leather.

ENVIRONMENTAL AWARENESS BUILDING EFFORTS INITIATED BY GOVERNMENT AND ITS VARIOUS ORGANISATIONS

Various measures have been taken by government agencies to disseminate environmental information among consumers. Environmental concepts, themes and issues have been included in the curricula of schools and colleges through initiatives taken by the University Grants Commission (UGC), National Council of Education Research and Training (NCERT) and the Ministry of Human Resources Development (MHRD). The holding of National Environment Awareness Campaigns (NEAC), Eco-Clubs, seminars/ symposia/ conferences/workshops on environment, arranging for publicity through state transport bus panels, and films on environment-related areas, are amongst other measures taken by the government to impart eco-literacy to the public.

The government has been promoting the environment through advertisements aimed at motivating citizens to imbibe habits and life styles supportive of minimum waste generation, source separation of waste, disposing off waste at the nearest storage point; composting horticultural waste to use it as manure for kitchen gardens, nurseries, and parks; creating awareness among public and sanitary workers to stop indiscriminate burning of waste/leaves that causes air pollution; sensitising citizens to minimise the use of non-biodegradable polythene bags and to encourage use of healthier alternatives like jute, cloth and recycled paper bags; organising tree plantation programmes in schools, residential areas, parks and industrial areas; creating awareness for celebrating festivals like Dusshera, Diwali and Holi in an eco-friendly manner; and educating citizens about the reuse of waste material by promoting the concept of the three R's, i.e., Reduce, Reuse and Recycle.

Though a large number of environmental campaigns have been launched in the country and government organisations are spending a lot of money on advertisements relating to such campaigns, they present a dismal picture when it comes to practising environment-friendly behaviour themselves. Be it government offices, public utilities, or the public transport system or government vehicles on the road, all can be seen to be most conspicuously engaging in environmentally damaging behaviour. Street lights manned by the electricity undertakings remain switched on even during day time at many places. Public taps keep on running and waste water twenty-four hours due to faulty fittings. Water keeps leaking from the water pipes. Government vehicles and the public transport system emit tonnes of

smoke and toxic particles everyday. Such being the state of government organisations, how can the government expect attitudinal and behavioural changes on the part of the general public? There is a strong need for strictly enforcing the environmental and pollution legislation on government agencies themselves and taking strict action against erring staff.

INITIATIVES TAKEN BY INDIAN COOPERATE SECTOR FOR GREEN MARKETING

- **Philips Light's CFL :** Philips Lighting's first shot at marketing a standalone compact fluorescent light (CFL) bulb was Earth Light, at \$15 each versus 75 cents for incandescent bulbs. The product had difficulty climbing out of its deep green niche. The company relaunched the product as "Marathon," underscoring its new "super long life" positioning and promise of saving \$26 in energy costs over its five-year lifetime. Finally, with the U.S. EPA's Energy Star label to add credibility as well as new sensitivity to rising utility costs and electricity shortages, sales climbed 12 per cent in an otherwise flat market.
- **Electronics Sector :** The consumer electronics sector provides room for using green marketing to attract new customers. One example of this is HP's promise to cut its global energy use 20 per cent by the year 2010. To accomplish this reduction below 2005 levels, The Hewlett-Packard Company announced plans to deliver energy-efficient products and services and institute energy-efficient operating practices in its facilities worldwide.
- **Introduction of CNG in Delhi :** New Delhi, capital of India, was being polluted at a very fast pace until Supreme Court of India forced a change to alternative fuels. In 2002, a directive was issued to completely adopt CNG in all public transport systems to curb pollution.
- **ITC :** ITC has been 'Carbon Positive' three years in a row (sequestering/storing twice the amount of CO₂ than the company emits).
 - 'Water Positive' six years in a row (creating three times more rainwater harvesting potential than ITC's net consumption).
 - Close to 100% solid waste recycling.
 - All environment, health and safety management systems in ITC conform to the best international standards.

- ITC's businesses generate livelihoods for over 5 million people.
- ITC's globally-recognised e-Choupal initiative is the world's largest rural digital infrastructure benefiting over 4 million farming families.
- **Maruti : Greening of Supply Chain :** The company has remained ahead of regulatory requirements in pursuit of environment protection and energy conservation at its manufacturing facilities, and in development of products that use fewer natural resources and are environment-friendly. The company credited the 'Just-in-Time' philosophy adopted and internalized by the employees as the prime reason that helped to excel in this direction. The company has been promoting 3R since its inception. As a result the company has not only been able to recycle 100% of treated waste water but also reduced fresh water consumption. The company has implemented rain water harvesting to recharge the aquifers. Also, recyclable packing for bought out components is being actively promoted. The company has been facilitating implementation of Environment Management System (EMS) at its suppliers' end. Regular training programs are conducted for all the suppliers on EMS. Surveys are conducted to assess the vendors who need more guidance. The systems and the environmental performance of suppliers are audited. The green coefficient of this system is much better than the conventional system.
- **Others**
 - McDonald's restaurant's napkins, bags are made of recycled paper.
 - Coca-Cola pumped syrup directly from tank instead of plastic which saved 68 million pound/year.
 - Badarpur Thermal Power station of NTPC in Delhi is devising ways to utilize coal-ash that has been a major source of air and water pollution.
 - Barauni Refinery of IOC has taken steps for restricting air and water pollutants.

FUTURE OF GREEN MARKETING IN INDIA : TASKS AHEAD

From the discussion it is clear that environmentalism has gained importance in India. Various environment protection campaigns initiated in the past, enactment of several environmental legislations, judiciary activism in protecting environment,

launching of green labelling scheme (ECOMARK) and ecological marketing initiatives made by business firms - all these eloquently speak of the growing environmental concern in the country. It is likely to gain further momentum in the coming years in India. A lot needs to be done before any further deterioration and degradation of the environment can be checked. Laws have been enacted, but strict enforcement is missing. Environmental campaigns and legislation have been initiated, but the attitudinal changes and ecological behaviour on the part of consumers and industry are, as yet, far below expectations.

Neither of them have been effectively marketed to the people through the use of the green marketing concept and tools such as market segmentation, targeting and positioning, and employing an integrated mix of four green marketing tools, viz., green product, green pricing, green promotion and green distribution.

Necessary attitudinal changes are needed to be brought about at the grass root level. But this is possible only when authentic information will be available as to what inhibits people and business firms from going green, and what can possibly motivate them to adopt eco-friendly behaviour. It is high time that research studies investigating attitudinal and behavioural aspects of the environment by academicians are initiated to fill the information void and to make it possible for government agencies, nongovernment organisations and business firms to evolve pragmatic environmental campaigns and green marketing strategies.

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