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# Green Marketing and the Green Consumer: Integrating Environmental Marketing into the Firm's Overall Business Strategy.

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## **Defining green marketing**

The green marketing movement began in the US in 1994 (Wong 2007). One excellent definition is "the holistic management process responsible for identifying, anticipating and satisfying the needs of customers and society in a profitable and sustainable way." (Peattie 1997)

## **Link to segmentation targeting and positioning strategy**

Samdahl and Robertson (1989) concluded that "income and educational level were not very reliable for predicting environmental concern or buying behavior." Psychographic data on the other hand showed that individuals buying ecological food tended to place a greater importance on the values of internal orientation (self realisation, happiness, a sense of completeness and self respect) whereas those not buying them, were more geared towards external values (sense of belonging, being respected and safety). (Homer and Kahle 1988).

A 2002 OECD study showed 27% of consumers can be labelled "green consumers" due to their willingness to pay and their strong environmental activism. The 2008 Eurobarometer shows that 75% of Europeans are "ready to buy environmentally friendly products even if they cost a little bit more." In practical terms when promoting a product with green credentials, having packaging inconsistent with your green message will result in consumers doubting your claims. Further, you cannot assume that consumers are aware of what it means to save a tonne of CO<sub>2</sub> or what the impact is of not using plastic bags when you shop. Put messages in terms they can understand.



## Risks of greenwashing

With the increased consumer interest in environmental issues and climate change reported on almost daily in the media, companies have sought to take advantage of this eagerness for "green products". Caution however needs to be exercised in the making of such claims to ensure that "greenwashing" does not occur. The increased number of exaggerated claims made by companies in the past few years prompted the ACCC in 2008 to issue an information booklet with a greenwashing checklist entitled "Green Marketing and the Trade Practices Act". In that it states: *Firms which make environmental or 'green' claims should ensure that their claims are scientifically sound and appropriately substantiated.* The Trade Practices Act 1974 (the Act) states that *businesses must not mislead or deceive consumers in any way.* It carries serious penalties for businesses that fail to meet these requirements.

In France, the consumer protection agency determined that cars should no longer be portrayed in nature, as is a common practice in automotive advertising. Instead, they must only be shown in conventional traffic scenes.

## ROI of green marketing

It is often thought that going green means that the company must spend more in producing their product or service. In many cases this has been shown to be a fallacy. Inefficient processes which create waste are also costing the company money. Therefore, reducing energy consumed per unit of output, recycling material in the production process, not only produce better quality products but is consistent with environmentally oriented companies. In a study by Fraj-Andres (2008) the hypothesis that "environmental marketing positively influenced the firm's operational and commercial performance" was supported.

Any green marketing campaign that seeks to claim a positive return on investment also needs some metrics to support that assertion. Metrics abound for the environmental impact of such initiatives but it is the bottom line figures that concern the boards. If the most important metric is sales, then the GE example is one that comes to mind. "GE has committed to invest \$1.5 billion in R&D to develop environmentally friendly products through 2010 and aims to double revenue from eco products and services with a goal of reaching \$20 billion by that year. The company reported revenue from eco products exceeded \$14 billion in 2007". (Maddox 2008)



## **Changing the internal culture and processes**

Companies must also consider how to implement their strategies across the complete supply chain - ingredients used to manufacture the product, the company's internal policies (e.g. travel, distribution, recycling) and how the staff are trained in becoming more environmentally aware (green committees, programs to promote small things like switching off the lights or recycling of paper waste). Walking the talk goes beyond just the external image portrayed and must be just as visible inside the organisation.

In terms of the relationship between direct mail and green marketing the relative responsiveness of mail vs. email on the reader still needs to be considered before substituting direct mail for emails. Many organisations are concerned about choosing physical mail over email because of perceived environmental impacts. Choosing paper stocks produced via sustainable methods such as recycled or carbon neutral paper, as well as water or vegetable based dyes and inks for printing, or choosing envelopes with gums and sealings that break down in water during re-pulping are examples of how many organisations are addressing this issue. You need to understand the attitudes of your market segment to mail or email generally and the type of message that you are sending before deciding to use one medium over the other.

## **The bottom line**

There is no doubt that green marketing is an emotional issue for some consumers when purchasing products and services. (Kassey, 2001) A company however needs to be conscious that any claims made must be genuine, resonate with customers and if possible show how they are being involved in the overall environmental objectives. Companies stand to benefit by committing to an environmental orientation not only because of how they are perceived by consumers, but because their commercial performance is also likely to be improved.



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