Green Marketing & Consumerism

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Abstract: Green marketing is a progressive issue that most of its dimensions are unknown or intangible for consumers. In this review some of its aspects are surveyed considering its impact on consumers as a fundamental segment in economics. Also consumer behavior is defined and analyzed through its awareness of green marketing issue which causes purchasing decision.

1. INTRODUCTION

Why green marketing is important? The answer is quite simple and relies on the basic definition of Economics: Economics is the study of how people use their limited resources trying to satisfy their unlimited wants. (Mc Taggart, Findlay and Parking 1992, 24) Thus mankind has limited resources on the earth, with which she/he must attempt to provide for the worlds’ unlimited wants. In market societies for there is "freedom of choice", the right of individuals and organizations to attempt satisfying their wants has generally been accepted. Facing limited natural resources, firms must develop new or alternative ways of satisfying these unlimited wants. There are reasons for firms using green marketing such as: more opportunities in vaster markets, moral and social responsibility, lessen the pressure of competitors, customer satisfaction, etc. Given the consequences and benefits of understanding green marketing and consumerism, the present study fills a niche to help researchers and practitioners understand the state-of-the-art on this topic. The findings, overall, show significant need for additional research and adoption of green marketing and consumerism practices. Some areas are more developed than others. The present study aims to set a foundation and direction for future studies on this vital issue for the well being. Practically, this literature review provides organizations with an overview of findings related to green marketing strategies and green consumer characteristics. The growing awareness of environmental issues from customers and corresponding promotional practices on social responsibility in the corporate world may have further caused this interest (Cheng et al., 2015; Qu et al., 2015).

But, it also represents a delayed outcome of the growth of interest in this issue post 2000. In the peak year of 2011, it wasn’t necessarily a single special issue for a journal that had caused this jump in publications. Potential future directions and issues that need to be managed by these organizations can also be gleaned from this study, to help them develop their own green marketing strategies. Researchers will find this work valuable in identifying gaps and future research streams that need investigation.

2. GREEN MARKETING MIX

The marketing mix strategy approach is one of the most popular traditional marketing management tools. Marketing mix is composed of the 4Ps: product, price, place and promotion (Yudelson, 1999). It is a practical categorization used by marketers in industry. Even though there are also other categorizations to define marketing mix, for example 6P (product, promotion, planning, process, people and project) (Liu et al., 2012) and 7P (product, promotion, price, place, participants, physical evidence, and process) (Booms & Bitner, 1981), the 4P approach is applied to this study of green marketing. The remainder of this section provides an analysis of each 4P category and associated literature. Each subsection analyzes the literature after introducing the general definition of the category.

3. PRODUCT

Green products can be green for a number of reasons, including being manufactured in a green way or products when used make for a greener way of life (Mohanasundaram, 2012). For example, products that are made from recyclable materials are green-manufactured; and green cars are green because of their application. The literature shows that green customers’ preferences for green product attributes include energy, water and money saving or organic and green ingredients. The literature also target governmental programs that encourage green product development. These programs include: the launch of eco-labeling program; the introduction of green food certification, organic certification and labeling, environmental standard of product production and final product standards. Another limitation within green product is the limited focus on green packaging. Product packaging comprises more than half of all household waste. Also this type of research can extend to other aspects of product stewardship, where the extended product life cycle is considered. Topics such as packaging material selection, resource reduction, reuse and recycling can all be more carefully investigated.

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4. Price
Green pricing takes another 3P into consideration: people, planet and profit (Mohanasundaram, 2012). Pricing strategies are important from a revenue-generating standpoint. It is the only 4P strategy that is not cost based for an organization. There are numerous pricing strategies for organizations, including for example, penetration pricing, skimming pricing, bundle pricing, and premium pricing (Kotler & Armstrong, 2010). Example of potential topics would include whether industrial customers and consumers would be willing to pay premium pricing for green products. Another issue, related to microeconomic pricing strategy, is integration of ecological externalities into pricing. This may also be accomplished through the consideration of life cycle pricing (Grimmer et al., 2015).

5. Place
In marketing, place is typically associated with distribution channels. Place refers to providing the product for easy access and includes intensive distribution, selective distribution, exclusive distribution and franchising (Kim, 2002). Research can be refined on how firms’ decisions depend on where green consumers live, the relationship between green consumerism and the green retailing system, and the size management of the retail outlets in terms of geographic regions. Industrial green distribution strategies, other than logistics and movement materials, require further investigation.

6. Promotion
Marketing promotion represents organizations’ seeking to build brand knowledge and corporate awareness. Promotion strategies include advertising, public relations, personal selling, viral advertising and any form of communication between the organization and consumers. Taking social responsibility and customer education into consideration, companies green their promotion methods by targeting certain customer segments with specific green value.

7. Competitive Forces
Facing increasing pressures from non-governmental organizations (NGOs), global governmental institutions, environmentalists, green consumers, industrial competitors and various other influential stakeholders, many enterprises have adopted sustainability practices and embraced green initiatives in their marketing strategies (Lu et al., 2015; Zhang et al., 2008; Zhu et al., 2005). These stakeholders also represent additional competitive pressures that are market based. For example, the NGO and environmentalists may cause organizational reputations to worsen and thus impacting future sales and revenue. Companies have increased desire to maintain their competitive positions by initiating environmental management measures (Holslag, 2015). In many cases, these companies feel international environmentally oriented supply chain pressures that have implications for their market share. For instance, automobile companies have asked their Chinese suppliers to adopt ISO14001 environmental certification (Zhu et al., 2007). ISO 14001 also is a signal to the market that organizations are serious about the environment (Qi et al., 2011). Chinese organizations have utilized this certification for industrial marketing purpose but it can also be valuable for consumers markets. Reputational and legitimacy, normative issues may be addressed through these adoptions of accepted environmental practices. Competitive pressures may also arise from industry benchmarking. Enterprises observing competitors’ sustainable behaviors will also attempt to emulate similar behaviors to show their social responsibility. This mimetic institutional pressure causes the entire industry to modify production processes and lessen the destructive environmental behavior. Thus some green marketing initiatives by leading companies may encourage competitors to follow suit. Opportunity: The initial basis in this trigger lies in firms being first adopters and taking an effective pace to gain market share or penetrate new markets. Middle East countries pioneering organizations can take advantage of these market opportunities. Many firms are unwilling or incapable of providing materials and purview that meet foreign companies’ environmental requirements. Thus, with investments and foresight from pioneering organizations can develop the necessary green capabilities and resources to build markets (Bigliardi et al., 2012). This trigger is most closely aligned with the resource-based view and dynamic capabilities theories.

8. Consumer Behavior
Kotler and Keller (2009:190) note that consumer behavior is a lesson how people, groups and organizations select, buy, use and dispose of goods, services, ideas or ways to satisfy their needs. The effective green marketing requires applying good marketing principles to make green products desirable for consumers. Green marketing is still in its infancy and a lot of reformation is to be done with a view to explore its full potential. Green products require renewable and recyclable materials, which are Environmental friendly. These materials are costlier and not affordable easily. Green marketing should never be considered as just one more addition to approach to marketing, but has to be pursued with much greater emphasis, as its both environmental and social dimensions. Consumer awareness must be created by corporate by transmitting the message among consumers about the benefits of environmental-friendly products and services. Green marketing should motivate consumers to become willing to expend even more money to maintain a greener environment. A consumer with environmental awareness can be defined as “an ecologist who had grasped his/her self-efficacy against environmental pollution and how has a sense of responsibility with respect to future generations and the whole humanity in his/her use of resources. Conscious consumers with environmental awareness can assess the presence of environmental resources, their cost of use as well as the impact of this use to the environment and to themselves. Here are five possible reasons for firms increasing Green Marketing: Organizations perceive environmental marketing to be an opportunity that can be used to achieve its objectives [Keller 1987, Shearer 1990]; Organizations believe they have a moral obligation to be more socially responsible [Davis 1992, Freeman and Liedtka 1991, Keller 1987, McIntosh 1990, Shearer 1990]; Governmental bodies are forcing firms to become more responsible [NAAG 1990]; Competitors’ environmental activities pressure firms to change their environmental marketing activities [NAAG 1990]; and Cost factors
associated with waste disposal, or reductions in material usage forces firms to modify their behavior [Azzone and Manzini 1994]. There are numerous suggested reasons for firms increased use of Green Marketing. Such as: Organizations ascertain environmental marketing to be an opportunity that can be used to achieve its objectives. Organizations believe they have a moral obligation to be more socially responsible. Governmental bodies are forcing firms to become more responsible. Competitors' environmental actions pressure firms to change their environmental marketing activities. Cost factors correlated with waste disposal, or reductions in material usage forces firms to modify their behavior. Integrating sustainability in a company that wants to embed sustainability and take this through to customers will need to reframe in the following ways:

8.1. ABOUT THE CONSUMERS
Avoiding the tendency to categories and limit the sustainability audience as a niche eco or concerned consumer. Many consumers do not label themselves as green or eco even though they may be concerned about similar environmental issues. Also, some audiences (especially younger consumers) simply expect that green credentials will be embedded within the brands they like. Sustainability is no longer limited to the corporate function of the business. It can be visible across individual brands and in product innovation. The corporate should think of ways to connect with customers at the product level to solve sustainability issues and also consider innovative partnerships. Retailer M&S, for example, teamed up with Oxfam to encourage customers to return clothes and reduce waste. Sustainability can only be incorporated into the brand when it is at the core of the business activity. This is not a day work but takes long-term planning. Any integration needs to apply both environmental and social factors to business operations that can then be translated through customer "touch points". For example, Nike has openly committed to reach an environmental standard across 100% of its footwear range by 2011. Any customer communication must be relevant and appropriate to the audience. Communication can be delivered in various ways - online, through partnerships or on packaging, for example. There is plenty of scope for innovation around communication and marketing but this must be supported by real action. Be aware that big green corporate announcements - such as carbon neutrality - now make little impact. Pricing is also plays a vital role. It is still unclear as to whether people will pay more for sustainable products, and it may be sector dependent. However, consumers are thinking in terms of "smart spending" - if they pay more for a product (including ethical products) then it must deliver. The other pitfall is to assume that people will "purchase" sustainability. Companies are responding to this new consumer vocabulary in different ways. Some brands have started to integrate sustainability criteria throughout their product lines, introducing both "green" products as well as improving standards on product lines, in order to be more environmentally efficient. These improvements are communicated to the customer only when relevant. There are some catalysts to reinforce purchasing decision:

1. Good Advertising: Often green products are a subsidiary of a larger company and don’t have millions to spend on expansive marketing campaigns. To access this market, companies must advertise at the appropriate venues and to the right markets to ensure their efforts are rewarded.

2. Know your customer: If you wish to sell a greener product to customers, you initially have to be compelled to make certain those consumers are attentive to and anxious regarding the problems that your product tries to deal with. Whirlpool is simply one company that learned this lesson the arduous approach. Even once winning a $30 million Golden Carrot prize for being initial to plug with a greenhouse gas (CFC)-free electric refrigerator, they found that customers wouldn’t pay the premium as a result of they didn’t grasp what CFCs were — and there have been no alternative added edges.

3. Empower consumers: Certify that customers feel, by themselves or jointly with all the opposite users of your product, that they’ll create a distinction. This is often known as direction, and it’s the most reason why customers get greener product. This powerful principle underlies such a big amount of campaigns laden with straightforward tips for lightening one’s impact on the earth.

4. Be transparent: Consumers must believe in the legitimacy of your product and the specific claims you are making.

5. Reassure the buyer: Consumers need to believe that your product performs the job it’s purported to do. They won’t miss product quality in the name of the environment. (In addition, products that don’t work well will likely wind up in the garbage bin, and that’s not very kind to the environment.)

6. Consider your pricing: If you’re charging more for your product—and many environmentally preferable products cost more due to economies of scale and use of higher-quality ingredients—make sure that consumers can afford the premium and feel it’s worth it. Many shoppers, of course, cannot afford premiums for any style of product of late, a lot of less greener ones, thus keep this in mind as you develop your audience and products specifications.

A number of authors have suggested that increased communication in conjunction with reduced group size can boost contributions to public goods. For example, in an experimental setting, Dawes (1980), Isaac and Walker (1988b), and Isaac et al. (1985) demonstrate that nonbinding communication among a small number of individuals can reduce free riding. In effect, in small group situations, individuals are able to establish implicit contracts among themselves and exert social pressure so that the ‘nonbinding’ contract is followed. As group size increases (beyond 10 individuals), however, the economic literature generally concludes that communication will not alleviate free riding because efforts to coordinate contributions and attempts to ‘punish’ free riding become more difficult. Olson (1965), for example, argues that, absent a central authority or other significant inducements, large groups are typically unable to provide themselves public goods. Though Olson (1965) recognizes the possibility for social, psychological,
and moral pressures to increase contributions, these elements are downplayed except in small group situations. Numerous studies have attempted to identify and profile environmentally motivated customers based on demographic, socioeconomic, cultural, personality, and attitudinal variables (e.g., Schwepker and Cornwell, 1991; Granzin and Olsen, 1991). Many of these studies have found that individuals who are less alienated from their social world and are more involved in community affairs are also more likely to participate in environmentally responsible behavior, and that interpersonal influence is linked to consumption-related behavior. How Important Is a Green Marketing Hook? After all the experience with environmental issues in the consumer goods world, experts have determined that the basics still hold true-price, performance and convenience are the most important factors affecting purchase decisions. In 1996 the National Association of Utility Regulatory Commissioners adopted a resolution supporting disclosure of the “price, price variability, resource mix and environmental characteristics” of envisions and supports “initiatives leading to minimum, enforceable, uniform standards for the form and content of disclosure and labeling” that would be set by states adopting retail competition. Disclosure and warning labels are ubiquitous today, with as many as 65 percent of all goods and services bearing “some kind of disclosure of negative effects or potential negative effects.” Recognition levels of some labels are very high.

9. DISCLOSURE LABELS ROLE
1. Disclosure labels must be accompanied by an information and education campaign to raise awareness and understanding.
2. Labels of any kind need to be offered by a credible source, whether a government, business or nonprofit group.
3. The information must be clearly presented, understandable, accurate, and above all useful to consumers.

Green marketing presents challenges because of the absence of clear understanding of the cause and effect relationships in matters affecting the environment as well as the overt and covert reasons for such issue. Since green marketing is sustainable marketing, attaining a greener strategy will be perilous on greening company tactics in brands, to set standard, networking resources. Some other reasons are: As discussed, Green products need renewable and reusable material that is costly. It requires a technology, which requires huge investment in Research & Development. Either Water treatment technology is too costly. Majority of the people are not aware of green products and their uses whereas majority of the consumers are not ready to pay a premium for green products.

10. CONCLUSION
Green marketing and consumerism are very essential for the sustainability of an organization these days. In addition to future research directions identified in the general review of the literature, the limitations of this study also provide additional opportunity for research directions. Overall, the field of green marketing and consumerism is still relatively young; research on this topic is even more emergent. As is revealed from the literature reviewed there is still much to do on this subject. In Middle East countries not much work was done as far as the influence of Green Marketing on Consumer Behavior is concerned, so this research is trying to address this issue by taking the study by replicating some crucial aspects of it. Consumerism, Customer satisfaction and consumer behavior are broad issues in which lack of researches has been done about it. Whether in green marketing or marketing as a general concept, the customers’ point of view should be surveyed and considered attentively. Obviously the improvement of firms is directly depending on customer satisfaction. Purchasing decision and advertising products by customers are the instant outcomes of customer satisfaction which might either be positive or negative depend on their point of view. In Iran there is much to do about this issue that has been ignored so far. Ultimately green marketing looks at how marketing activities utilize these limited resources, while satisfying consumers wants, both of individuals and industry, as well as achieving the selling organization’s objectives.

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