



Green Marketing and Advertising: A Path to Sustainability

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Abstract

In a world where sustainability becomes more and more important, the significance of purchasing environmentally friendly products is increasing rapidly. Green marketing and advertising may be a key tool in order to achieve sustainable development. This paper focuses on the effectiveness of marketing and selling green products by targeting environmentally sensitive target market. Different factors, which may have an influence on the effectiveness of this strategy, are discussed in the paper. Various examples and applications, potential challenges, current status and future prospects of green advertising and some other segments of green marketing are also presented. The discussions reveal various aspects that may be helpful for determining green advertising strategies for companies which can provide environmentally friendly and socially responsible products and services. It is concluded that green marketing is an effective strategy when applied correctly, which can be a major factor for encouraging companies to boost their sustainability efforts. Based on this paper, further research can be done on examining deceptive green advertising in terms of ethical issues as well as long-term negative impacts on company's image and public perception of green products.

Keywords: Environmental Consciousness, Green Advertising, Green Marketing, Green Product

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Introduction

Since the late 1960s, public awareness towards the environment has increased significantly due to major environmental issues such as the global warming, pollution, loss of biodiversity, deforestation and overpopulation. Increased concerns for the environment have caused a demand for environmentally friendly products all around the World. Moreover, companies face pressure from society and stakeholders to decrease their environmental impacts. As indicated by Pesonen [1], this is one of the impelling factors for firms to determine sustainability targets in order to reach not only environmental but also economic and social targets for staying competitive in the market as well as contributing to sustainable development efforts globally performed. Therefore, brave steps across the entire value chain must be taken in order to reach this target, which can be challenging especially due to high initial costs.

In order to achieve the environmental sustainability targets, green marketing provides promising opportunities for business firms and organizations to reduce their environmental impacts and to supply eco-friendly products for their customers. The increase in the number of consumers, who believe that human kind may experience a major ecological catastrophe in a very close future, can incite green market revolution. If this trend continues, it is a high possibility that most of the products available in the market will be replaced by green products, which have less negative effects on environment. It is also important that environmentally conscious people must be willing to pay more for a green product compared to the non-green equivalent assuming all other features of two products are the same [2].

The main objective of this study is to identify environmental consciousness market segments, environmentally friendly consumer behavior and attitude towards green products in order to determine useful strategies for green marketing and advertising. This is done by analyzing the data collected from the available literature and the survey, which is conducted online.

Literature Review

Green Marketing

According to American Marketing Association [3], green marketing is defined as “The efforts by organizations to produce, promote, package, and reclaim products in a manner that is sensitive or responsive to ecological concerns”. This definition indicates that green marketing is not just about providing green products but also making modifications on processes, pricing, packaging and other related activities of the organization.

Green marketing is an opportunity for firms and organizations to achieve business growth. Although making alterations in the activities of an organization may cause high capital costs, high profits can be achieved in long-term. Furthermore, consumers may also save money by using green products. For example installing building-integrated renewable energy systems may have a high initial cost, but it is an important investment for future cost savings. It is a fact that companies, which are focused on providing environmentally friendly products or services, may increase their shares in green market. This can provide them a competitive advantage over their competitors besides increasing their profits [4].

Green Advertising

With respect to Omidnateghkho [5], green advertising is defined as “social marketing efforts by companies to promote a product or service from a medium green lifestyle and enhance the image of his company uses environmental activities”. Green advertising can be considered as one of the green marketing tools which aim to increase the environmental awareness and the attractiveness of green products. The increase of public awareness towards environmental issues is also an opportunity for business firms to use advertisement strategies targeting environmentally conscious people.

Green advertisements generally consist of three main parts. The first step is introducing the environmental issue, which must be considered seriously. The second step is demonstrating the actions that the company performed in order to compete with this issue and the last step is about representing the results of those actions [6].



Environmental Consciousness

Environmental consciousness is a vital factor for target market in order to apply successful green marketing and advertising strategies. Many studies and researches from all over the world indicate that people are generally concerned about the environmental issues and think that precautions must be taken as soon as possible in order to avoid from their possible consequences. According to Purohit [7], 80% of adults are concerned about the negative impacts of consuming societies on environment and think that radical changes in current-lifestyles are definitely required for protecting the environment.

The increase and decrease of the ratio of people, who are concerned about the environmental problems, is also an important factor for business firms in order to evaluate the future of green marketing. The survey undertaken by National Geographic [8] indicates that in 2012, 56% of participants from different countries around the world were very concerned about the environmental issues, which is 61% in 2014.

Although researches indicate that consumers are aware of the environmental problems, it doesn't mean that all of them behave environmentally friendly. This can be supported with the findings of the survey by World Wide Fund for Nature [9]. The results show that 69% of total participants have been separating their waste for recycling, despite the fact that 92% of them are aware of environmental problems and paying attention to environmental activities. This leads to the result that environmental consciousness is proportional with environmentally friendly behavior, but the ratio of environmentally friendly behavior is less compared to environmental consciousness [10].

Challenges

There are several challenges faced by businesses, which use green marketing strategies. One of the issues is about the high manufacturing costs for green products. For instance, the manufacturing products consisting of recycled materials or products that use less energy or water compared to traditional ones generally require huge investment in new technologies [11]. Changing the activities of a firm such as using environmental management systems or minimizing waste production may also increase costs dramatically [12].

Dhar and Das [13] underline the importance of trust by consumers towards green products, since the issue of lack of credibility by consumers is another problem faced by companies. This is mainly a result of deceptive environmentally marketing claims used by some of them. With respect to Cone [14], 71% of consumers would stop buying the product, if they find out that announced environmental claims of that product not to be true. This can start skepticism among consumers towards any other green product.

Although it is generally agreed that green products are more expensive than traditional ones, there is no consensus among researchers on the willingness of consumers to pay extra for environmentally friendly products. Dhar and Das [13], Steht and Steht [11] and Unruh [15] state that most of the consumers are willing to pay the same price for environmentally friendly products compared to regular ones. The research conducted by IPSOS [16] supports those claims. According to this research only 38% of the participants would pay a premium for environmentally friendly products. On the other hand, the research conducted by Rao [17] indicates that consumers tend to pay more for green products. It is stated that 34% of the participants strongly agree and 31% of the participants agree to the claim "I am ready to bear extra cost for green products". There are also researches, which demonstrate that people would definitely pay more, but not so much. This can be supported with the research of McKinsey & Company [18] that demonstrates 70% of 2000 participants are willing to pay up to 5% for green products. It is also indicated that less than 10% of those customers would pay more than 25%.

Current Status and Future Prospects

Many companies have already begun to use green marketing policy for achieving their sustainability objectives as well as their profit objectives. With respect to Steht and Steht [11], many international high-valued companies from different sectors have already made investments to recycling programs, waste management systems and technologies to go green for their activities and produce environmentally



friendly products and services. This plays an important role to provide the stimulus for other companies to make necessary investments for using green marketing strategies. Lampe and Gazda [19] indicates that in a world where sustainability and going green gains popularity within the media, an increase of public awareness is expected.

Research Methodology

In this paper, an online survey has been conducted in November 2014 for determining the level of environmental consciousness, environmentally friendly behavior and the attitude towards green products. It is also aimed to measure the importance of green marketing and green products for evaluating their current status. Three different kind of five point Likert scales are used ranging from 5 (strongly agree / always / concerned) to 1 (strongly disagree / never / unconcerned). In addition to that, there are also questions for determining what people understand from “green products” and how much they would pay extra for them compared to traditional ones. The sample consists of 75 different respondents from different countries and nationalities (convenience sampling technique has been adopted by the researcher). It is observed that the participants are mostly well educated young people. Only descriptive statistics have been used in this study.

Results & Discussions

Environmental Issues & Environmental Friendly Behavior

As mentioned before, peoples’ concern for environmental issues is one of the main factors which accelerate the demand for green products. Thus, participants are asked to indicate the level of concern for some of the major environmental issues. The results are shown in table 1. It has been found out that the pollution is determined as the major environmental problem faced by human kind. It is also indicated that participants are highly concerned for deforestation. Moreover, observed low standard deviation demonstrates that the data points tend to be close to the mean.

Table 1. The level of concern for some of the major environmental issues based on Likert scale ranging from 5 (concerned) to 1 (unconcerned)

Please rate your level of concern on each of the following environmental issues:	Mean score	Standard deviation
Overpopulation	4.24	0.95
Global warming	4.43	0.82
Deforestation	4.51	0.77
Loss of biodiversity	4.07	0.90
Bio-engineered food	3.79	0.94
Waste disposal	4.23	0.84
Pollution	4.56	0.73

It has been agreed that the success of green marketing strategies is related with the environmentally friendly behavior; therefore asking questions to reveal the level of green behavior among participants are necessary. In order to achieve this objective, different questions have been asked regarding with the contribution of various kinds of efforts which aim to reduce environmental impacts. With respect to table 2, it is observed that the mean scores of activities 1 and 2 are the highest among others. Activity 1 is also an indicator for conservation behavior and activity 2 is an indicator for pollution avoidance behavior. It was provided that major environmental concerns are pollution and deforestation by the previous table. This supports the claim that the type of environmentally behavior is related with the concern level of the environmental issue.



Table 2. Environmentally friendly activities based on Likert scale ranging from 5 (always) to 1 (never)

How frequently do you do following activities?	Mean score	Standard deviation
1. I separate bottles, cans, paper or plastic for recycling instead of throwing them away.	3.89	1.10
2. I use my own personal bag or reusable bags instead of plastic bags for shopping.	3.36	1.34
3. I use cooler, air conditioners, fans, lights, etc., as little as possible.	3.45	1.11
4. I refrain littering even if no trashcan/dustbin available.	3.89	1.11
5. I take steps to be informed about environmental issues.	3.47	1.05
6. I influence others behave in environmentally friendly manner.	3.61	1.02
7. I receive e-bills instead of printed version of consumer bills a major ecological catastrophe.	3.16	1.40

Green Products & Green Marketing

Providing green products is an important segment of green marketing strategies. Therefore, participants are asked to type, what they understand by the term “green product”. Unlike the other questions, this is not a mandatory question, which is responded by 67 participants out of 75. It is observed that the words “environmentally friendly or eco-friendly” have been used in 21 out of 67 answers for describing what green products are. Based on the responses of participants, it is widely accepted that green products have less environmental impacts. Only one of the respondents defined the green product as a marketing scam.

The results of the question about determining the characteristics of green products are provided in table 3. It is observed that the mean scores of different answers are close to each other and the perception to be green is mostly related with consisting of recycled materials. The results represented in table 4, clearly demonstrates that green products are accepted as environmentally friendly products among participants. Moreover, it is mainly agreed that investing in green strategies is beneficial for firms and companies. However, the majority think that green products are overpriced, which is an important point that must be taken into account seriously.

Table 3. The characteristics that make products green based on Likert scale ranging from 5 (strongly agree) to 1 (strongly disagree)

What are the characteristics that make products green?	Mean score	Standard deviation
1. Contain recycled materials	4.28	0.83
2. Contain organic materials	4.05	0.89
3. Use less energy to produce	4.15	0.96
4. Require less energy to operate	4.09	0.95
5. Use less water to produce	3.89	0.97
6. Require less water to operate	3.88	0.35

Table 4. The statements for green marketing based on Likert scale ranging from 5 (strongly agree) to 1 (strongly disagree)

Listed below are statements about the green products. Please indicate the degree to which you agree with each item.	Mean score	Standard deviation
1. Green products are overpriced	3.63	0.95
2. Going green is a beneficial investment in long-run	4.23	0.69
3. Green products are real ecological need	4.20	0.77
4. Lack of availability/unease of access is a major reason for low popularity and demand of green products	3.64	0.90

Paying a Premium for Green Products

The question whether green consumers are willing to pay extra for green products, couldn't be answered according to the data collected from available literature. Therefore, the question of “How much extra would you be willing to pay for a green product assuming all other features of two products same?” has



been provided to participants in order to clarify this issue. Figure 1 shows the answers given by participants. More than 60% of the consumers are willing to pay up to 10% and only approximately 20% of them would pay more than 25%. The results obtained from this question are similar to the findings of the research undertaken by McKinsey & Company [18]. It is concluded that consumers generally would like to pay slightly more for environmentally friendly products (the average is 8.33%), which is more or less the same price. Therefore, the claims provided by Dhar and Das [13], Steht and Steht [11] and Unruh [15] are proven to be true to a certain degree.

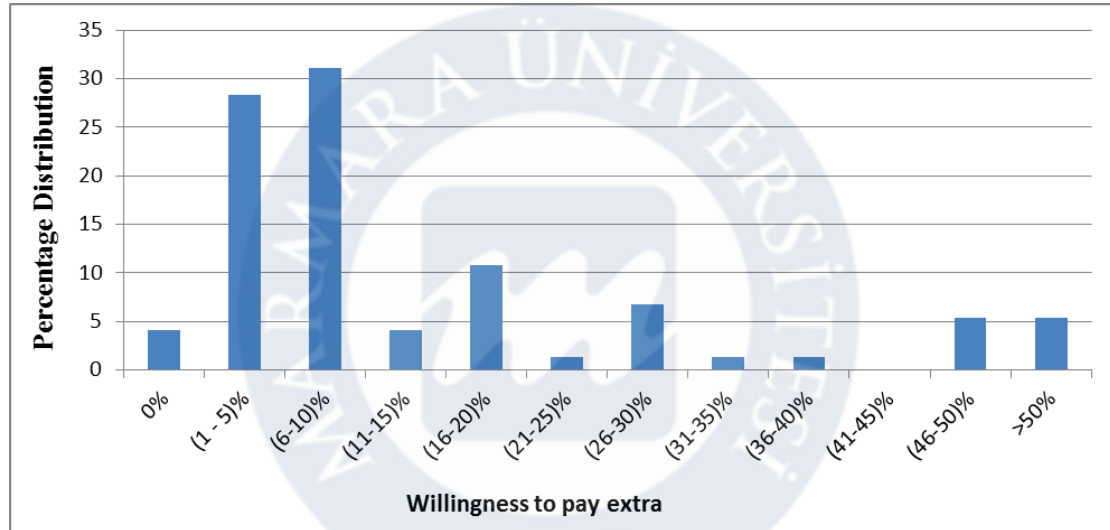


Figure 1. Willingness to pay extra

Environmental Consciousness

New Ecological Paradigm (NEP) is a popular tool among researchers that is used to determine the level of awareness towards environment and nature. It consists of fifteen statements, which is demonstrated in table 5 [20]. Agreement to odd number statements and disagreement to even number statements are determined as pro-NEP answers. The scores obtained from even numbers are revised in table 5. Therefore, higher scores for all of the questions indicate pro-NEP behavior.

Table 5. Pro-NEP response level for each question ranging from 5 (high NEP response) to 1 (poor NEP response)

Listed below are statements about the relationship between humans and the environment. Please indicate the degree to which you agree with each item.	Mean score	Standard deviation
1. We are approaching the limit of the number of people the Earth can support.	3.67	0.94
2. Humans have the right to modify the natural environment to suit their needs.	3.25	1.23
3. When humans interfere with nature it often produces disastrous consequences.	3.97	0.85
4. Human ingenuity will insure that we do not make the Earth unlivable.	2.79	1.06
5. Humans are seriously abusing the environment.	4.11	0.90
6. The Earth has plenty of natural resources if we just learn how to develop them.	1.96	0.93
7. Plants and animals have as much right as humans to exist.	4.48	0.74
8. The balance of nature is strong enough to cope with the impacts of modern industrial nations.	3.44	1.20
9. Despite our special abilities, humans are still subject to the laws of nature.	4.11	0.84
10. The so-called "ecological crisis" facing humankind has been greatly exaggerated.	3.43	1.13
11. The Earth is like a spaceship with very limited room and resources.	3.45	1.11
12. Humans were meant to rule over the rest of nature.	3.40	1.31
13. The balance of nature is very delicate and easily upset.	3.64	0.99
14. Humans will eventually learn enough about how nature works to be able to control it.	2.91	1.10
15. If things continue on their present course, we will soon experience a major ecological catastrophe.	4.16	0.91



Conclusions & Recommendations

Green marketing can be a very effective tool for achieving long term profit due to increasing demand for green products. Moreover, making changes in the activities of a company to achieve desired sustainability targets also contribute to this objective. Therefore, it is important to use correct strategies for green marketing in order to reach the target market.

Determining the target market is the most important step for performing correct strategies. Consumers, who are environmentally conscious, are the potential customers of green products. Therefore, companies must use green advertising strategies for increasing the level of consciousness towards environment and encourage people to take actions for protecting it. The advertising policy of being informative rather than deceptive must be used in order to be successful. Otherwise, the company image can be damaged, which possibly leads to a decrease on the demand of any product that company provides.

The opinion towards green products plays a major role for green marketing. According to the collected data, consumers think that green products are overpriced. This seems to be one of the factors, which discourage potential customers to buy green products. The perception of being unfairly priced must be changed by determining the right price policy and persuading customers that the prices are fair. However, there may be examples, in which even the fair price policy doesn't work. The results achieved in this study show that people only are interested paying slightly more (which is found out to be about 8%) for green products and most of the data collected from available literature also supports that claim. It is a possibility that the fair price of a green product is higher than its alternative due to high manufacturing costs. In that case, it is important to find ways for reducing the price to a certain degree, which can be economically competitive against non-green alternatives.

For further research, different analyzing methods such the factor analysis can be used for reducing the data provided by New Ecological Paradigm scale to determine similar patterns for responses. This can be only achieved with a greater sample size. It may be also useful to make detailed studies why customers are willing to pay slightly more, although they think that green products are overpriced. In addition to these, examining and assessing deceptive green advertising in terms of ethical issues as well as long-term negative impacts on company's image and public perception of green products is also a useful research topic for future.

To conclude, the level of being environmental conscious and behaving environmentally friendly is high among societies. However, this doesn't assure the success of green marketing. The relationship between environmental awareness and green behavior must be assessed and analyzed seriously. Furthermore, avoiding higher price policy as well as deceptive marketing and using the correct method for communicating with potential customers plays a major role to be successful.

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