

IMPORTANCE OF GREEN MARKETING AND ITS POTENTIAL

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Green marketing is possibly the newest type of marketing. Recently, it has also been the most discussed one by organizations, companies and even states. Green marketing tries to produce, promote and recycle products that are friendly to the environment. Green marketing is a global concern and it is going to have a better future. However, this type of marketing meets a few problems such as much effort to replace conventional products and a lack of confidence. Many companies produce and promote such products as much as possible. In spite of this, the public is still sceptical. The paper presents the theoretical important knowledge on green marketing, its definitions, customer behaviour formulas, and its potential.

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Introduction

Green marketing is usually seen as the promotion and advertisement of products that are presumed to be environmentally preferable. It came into prominence in the late 1980s and early 1990s. However, before that, in 1975, the American Marketing Association (AMA) presented a workshop about "ecological marketing". The workshop was supposed to connect specialists of different areas to discuss the impact of ecologically oriented marketing on the environment. The ecological marketing was defined as the study of positive and negative impacts of marketing activities on pollution, energy consumption and non-energy sources. Although such a definition is a useful starting point, it was necessary to define green marketing in details. The literature uses several definitions of Green Marketing. American Marketing Association provides three ways to define Green Marketing, in terms of sales, social marketing perspective and the environment.

Methodology

The paper explores the theoretical approaches to green marketing, presents definitions, customer behaviour, formula and its potential. For our analyses and syntheses we used scientific projects and articles.

Green marketing in context

Retailing definition sees GM as the marketing of products that are presumed to be environmentally safe.

Social marketing definition sees the issue as the marketing of products designed to minimize negative effects on the environment or to improve its quality.

Environmental definition defines green marketing as the efforts by organizations to produce, promote, package, and reclaim products in a manner that is sensitive or responsive to ecological concerns.

The difference between the traditional and green marketing is quite specific. A responsible organization should be able to enforce environmental considerations into each part of its business, put emphasis on the development of products in such a way that the whole process is of a little negative impact

on the environment and meets the needs of consumers. Overall, it is a very difficult and complex issue.

Green marketing must adapt to customers which affects not only the environmental impact but also the social and political reality (Kinoti, 2011).

John Grant in his book called *The Green Marketing Manifesto* (2007) defines green marketing's five I's. It is a list of features that should be highlighted by the marketing people in enforcing GM.

Green marketing should be:

1. **Intuitive** – basically, people do not like changing their shopping habits. Buying organic or sustainable products appears more difficult compared to the traditional products. Marketing people's job is to make it accessible and easy as a second nature, common sense.
2. **Integrative** – green marketing should combine commerce, technology, social effects, marketing and ecology. Unlike traditional marketing, it should link all the areas from production to sale, including environmental efforts in the same extent.
3. **Innovative** – marketing people should create new and innovative products in implementing an efficient green marketing into business.
4. **Inviting** – marketers using GM should invite consumers to buy environmentally friendly products. From a sales perspective it is vitally important to highlight the current benefits of these products – beneficial health properties, greater efficiency, durability, affordability, etc.
5. **Informed** – the brands of the modern world are there to inform people. People without knowledge of wineries prefer to buy a wine brand just because they see a well-known brand as a quality. GM should prefer the contrary. It should spread information – environmental education and awareness.

Green marketing and generations

The development of environment science is closely linked to the development of society. Different generations have met different impulses that affect their present understanding of responsibility towards nature (Paco, 2008).

Baby Boomers are the generation that is seen as the first green generation. People born between 1946 and 1964 (nowadays, they are aged

52–68) experienced a period of protests against the Vietnam War, resentment against big companies, and also the first of several environmental activities in the 60s and 70s. Therefore, this generation is greatly influenced by Green marketing. The research shows that up to 54% of these people are considered as socially conscientious customers, which means that up to 40 million of the Baby Boomers prefer organic products and products which boycott polluting the environment.

Generation X (people born between 1964 and 1977) is nowadays aged 35–48. This generation is labelled as the “eyes of the world”. They see the environment problem in today’s society as a social, educational and political problem.

Generation Y means the people born in the eighties and nineties of the 20th century (nowadays aged 20–30). They experienced a great influence of digital media. This generation is skilled in the use of computers and the Internet, can use social networks and blogs. They see the environmental issues in global dimensions and they know how to use their knowledge.

Many people of the generation Y encountered the phenomenon of “greenness” at colleges or universities. Especially in America, the educational institutes have expanded a wide variety of environmental initiatives and programs. Not only the schools, but also many other institutions are trying to convince students about responsible behaviour towards nature, because they realize that these people will soon be a major market force. Generation Y emphasizes a compromise between quality of life, material values and social responsibility of a potential employer.

Generation Z is the youngest group. The “green” phenomenon is a natural part of their life. These approximately eighteen-year old young people have grown up in a world where everyone is aware of environmental responsibility. Issues of environmental protection are discussed in schools. Recycling is an everyday thing. They also meet organic products from an early age as their parents often use these products.

The above-mentioned differences in generations revealed that the Baby Boomers was the first generation influenced by the environment issue, however, the greatest supporters are people of generations X and Y. Generation Z sees the green issue as a natural part of everyday life. If we realize the current dynamics of the whole area, we can assume that Generation Z and the following generation will be even stricter to the environmental issues.

Green marketing potential

Green marketing has recently been a wide-spread phenomenon. The share of sales of products that are friendly to the environment and ensure its sustainability has increased each year.

Within the green marketing, organic food and business activities are both popular. Thoughts of the American continent have spread into Europe (Boztepe, 2012).

Lighting has been discussed a lot. The enterprises try to save energy and reduce energy costs. Natural replacement of artificial light, enabled by the architecture, has become popular. This trend has also appeared in housing (development of passive houses).

Similarly, alternative sources of energy such as solar panels try to preserve the sustainability of such housing (Jansson et al., 2010).

The environmental industry is also affected by natural disasters. April’s oil spill in 2010 in the Gulf of Mexico caused America’s enormous pressure on electrification. At present there is an effort in America to work 20% of electric cars in 2020 in order to increase a probability of devastating damages due to an oil spill and from oil in general. Hybrid cars have seen a huge boom too. There are opened the first stores selling hybrid cars only. Hybrid and electric cars have begun to dominate in motor shows.

Waste processing has also recorded progress. One of the most interesting methods of reducing waste is to use CO₂ emissions as an additive to cement. The efforts to use waste to produce energy and products are made (even in the US Army, where they produce sleepers for building the bridge for tanks made of recycled plastic).

Finally, eco-friendly gift wrapping is extremely popular in the US market. The trend is to use old phone lists, maps, atlases and even old comic books and recycled banana waste instead of wrapping paper.

The current idea of green marketing is to search for inspiration in the future. By Volkert Engelsman of the Eosta Company, who was one of the most appreciated speakers of the Bio-summit in 2010, today’s entrepreneurs are not inspired by the past but by the future.

It is expected that in the future, transparent companies with open access to customers will be successful. The main role will be played by companies that will be able to communicate their values to customers clearly and intelligibly. Predicting is also the success of companies that focus on sustainability. However, these companies must be careful dealing with ethical, environmental and economic goals and keep such goals in balance.

Green marketing potential in the Czech Republic

Unlike globally, where green marketing is more than organic food, in the Czech Republic green marketing is more or less linked to organic food.

By the Bio Summit 2010, consumption of organic food in our country continues to increase, although the rate of growth has slightly slowed due to the economic crisis especially. The consumption mostly increases for brands that efficiently communicate their values and emotions such as Fair trade, local organic food, organic cosmetics and organic textile. Conversely, the manufacturers of generic, non-brands stagnated.

The Czech market lacks a strong “green” brand. Ecology in marketing is the topic of the future and Czech marketers are excited about green marketing and want to develop it.

Forecasts in the development of green marketing seem to be very optimistic. We are expecting a continued growth in organic food, but also its transfer to other product areas of organic trade. Many companies understand green marketing as an investment in their image. Green marketing is evidently successful for those companies that invest the most money – and they invest in their image.

Choice of green marketing strategies

Two questions are important for the choice of a green marketing strategy:

1. How important is the green consumer segment for the company?
2. May the brand name or the company be different due to the green dimension?

The following strategies are available (by Ginsberg, Bloom, 2004), Figure 1:

- **Lean green** – a lean green company tries to be responsible, without focusing on publicizing or marketing their green initiatives. It focuses on reducing costs and increasing efficiency through environmental activities and thus builds a competitive cost advantage. It operates in accordance with the regulations, but does not see significant profits that would be connected to the green segment of consumers. It does not promote their green activities or properties of green products because of concerns that it would be considered a higher standard that it might not always be able to comply and thus differentiate from the competition.
- **Defensive green** – a defensive green company uses green marketing as prevention in times of crisis or defence against competition. It

tries to build an image and is aware that the green market segments are important and profitable. Environmental activities are honest and sustainable, but the pursuit of their promotion is sporadic and temporary, because its intention is not to distinguish itself from the competition through green activities. It supports and sponsors small green events.

- **Shaded green** – a shaded green company invests in long-term and systematic processes that are environmentally friendly. It requires substantial financial and non-financial resources. The company sees green marketing as an opportunity to build innovative products and technologies that meet customer needs, seen as a competitive advantage. It could be distinguished on the basis of green marketing, but it does not do so because they can profit more by emphasizing other attributes. It promotes primarily direct and tangible benefits to the consumers and sells products through normal distribution channels. Environmental benefits are promoted secondarily (Ginsberg and Bloom, 2004).
- **Extreme green** – an extreme green company integrates the environmental issue into the processes and life-cycles of products. The company often uses special markets (market gaps) through specialized retail and distribution channels.

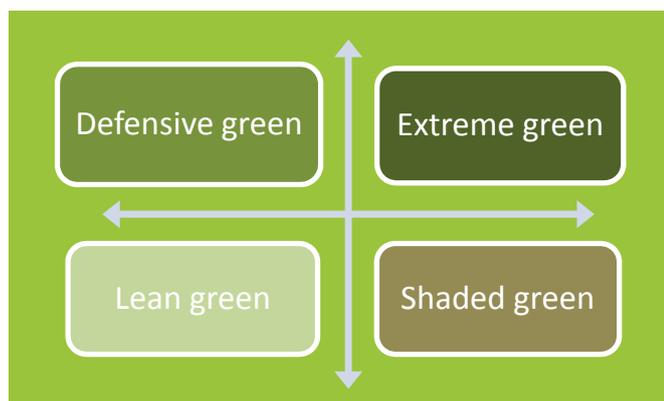


Figure 1 Green marketing strategies
Source: Ginsberg, 2004

Eco-labelling

A special labelling of products made with regards to the environment is a sort of a guarantee. Eco-labelling identifies products or services proven environmentally preferable and protecting human health during their whole life-cycle. It provides high quality (Kar Yan and Yazdanifard, 2014).

Such products or services may be recognized as they have a simple and easy-to-remember symbol called an eco-label. Companies can use eco-labels effectively in marketing of their products, while the customers can use it as a guide when buying environmentally friendly goods and services.

Table 1 Types of eco-labels

Product/materials procurement	Production	Products characteristics
Fair trade certificate (4)	Certified Organic (5)	Non- GMO (7)
Dolphin-safe (2)	Locally grown (6)	Low fat
Rainforest Alliance Certified (1)	Bio product	Contains antioxidants
Cruelty free	Carbon Dioxide Emission Label (3)	Natural Product
		No preservatives

Source: (Woolverton, 2010)

The standards for awarding the eco-label

One common characteristic of all eco-labelling systems is the essential requirement that standards need to be established against which to assess the various products applying for the label. Thus, a basis is established for the entire awarding procedure. There are three steps for establishing the standards that all eco-labelling systems have in common. These three steps are as follows: establishing the product categories; examining the product according to the harm it can cause to the environment and what aspects of its life cycle need to be taken into account and, finally, determining the standards that each product applying for an eco-label has to fulfil.

First, the product categories need to be established. This step is necessary because the environmental friendliness of a product can only be determined relative to other products (Epiney, 1997). The product categories are grouped on the basis that all products which are meant for a similar purpose of use belong to one category. It is what Roller (1992) calls the 'principle of functional equivalence. Only by determining product categories there can be any assurance that the basis for the comparison between products applying for the eco-label is determined objectively. All products to be considered for the label will get the same opportunity to apply for the label and the more environmentally friendly products can be identified and the labels awarded (Epiney, 1997).

After the product category has been determined, the type and degree of harm to the environment caused by the products in this category are examined. The way this examination is performed varies within the different systems. Some eco-labelling systems restrict themselves to the examination of only limited parts of the product's life cycle. Other systems are much more complex. These more complex systems apply the so-called life cycle assessment (LCA). LCA is also called the 'cradle-to-grave' approach because it looks at the complete lifespan of a product (Staffin, 1996).

After LCA or its streamlined version, standards are established regarding the more significant impacts identified by the review. These standards set out the requirements that each product must fulfil in order to be awarded the eco-label. The standards also fulfil the purpose of making the awarding of labels more transparent by showing exactly what is being examined and evaluated. The standards are usually valid for a limited number of years, after which a revision takes place to determine the changes the technological progress has made in the product or the manner of its manufacture. These standards are the centre-piece of all labelling systems (Landmann, 1997).

After the standards have been established and the product categories made known to the public, manufacturers can begin to apply for the label. This testing can be done in the manufacturer's own company, or in an independent laboratory. Once the product has been tested successfully, a contract awarding the eco-label and determining the conditions of its use in advertising is made between the manufacturer and the eco-labelling authority.

Eco-labels by Terra Choice:

- overall greenness (such as EcoLogo™, Nordic ecolabel);
- food quality and standards (Fair Trade Certified™, Ecocert label);
- environmental standards (SFI label, Rainforest Alliance label);
- energy efficiency (Energy star label).

In the Czech Republic, the following eco-labels are used most commonly: Ekologicky šetrný výrobek/služba (Environmentally Friendly Product/Service), Ekoznačka EU (EU eco-label), BIO, Biopotravina EU (EU organic food) and KEZ (Organic Farming Control). Eco-labels of other states are used too – such as Bionaturalis SK from Slovakia.

Currently, there are about 400 certified eco-labels in 207 countries around the world.

The certification may be issued by a state institution, independent non-profit organizations, trade associations etc. However, a number of labels are used by retailers. Some companies also label their own products for which they want to emphasize their friendliness to the environment.

Conclusion

Recently, the image of a company in relation to the environment has been of an increased importance. Consumers are interested in natural resources so that green marketing is becoming more important for enterprises. Producers show to consumers that they are interested in the same and they emphasize the trustworthiness of environmentally friendly products. Green marketing is an essential tool in influencing consumption patterns towards responsible behaviour in relation to the environment. Achieving greater environmental performance, however, requires getting beyond product orientation and labels, and using all available tools of traditional marketing – price, communication and distribution. Only this way, green marketing can be used as a source of competitive advantage.

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