ANALYSING THE FEASIBILITY OF GREEN MARKETING IN SMALL & MEDIUM SCALE MANUFACTURERS

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Abstract

Background
Many big and large scale business organizations have started implementing green marketing in India. This paper tries to study the feasibility of practicing green marketing in case of small and medium scale manufacturers in Mumbai city and its suburb, (India). It analyses whether these manufacturers are aware about green products and eco-labeling, and also the difficulties in implementing green marketing.

Objectives of the Study
1. To find out whether the small and medium scale manufacturers are aware of green marketing and eco labels.
2. To identify the reasons for obstructing the practice of green marketing in case of small and large scale manufacturers.
3. To suggest the measures to enhance the practice of green marketing.

Methodology
The data is collected through survey method from small and medium scale manufacturers situated in Mumbai and its suburbs, India. The respondents were selected through Convenient Sampling Method as manufacturers were hesitant to give information. Data was collected from 114 respondents.

Findings
Thus it can be summarised that Eco labelling is still not popular in small and medium scale manufacturers

Conclusion
From the above we can conclude that Green marketing is not going to be an easy concept. The firm has to plan and then carry out research to find out how feasible it is going to be. Green marketing has to evolve since it is still at its infancy stage.

Key words: Sustainable Development, Green Marketing, Green Products, Eco-labeling.
1.0. Introduction

Marketers play an important role in using and diverting the resources in a manner to give maximum satisfaction to the consumers with minimum efforts and cost. Another important aspect which a marketer needs to deal with is to anticipate the changes which can take place in future and accordingly frame the marketing strategies. The marketers today face a challenge from the environment point of view. Due to global warming, green house gas emissions, pollution, and energy crisis, world is facing a severe threat of being a very difficult place to live in. Therefore, the marketers need to include a green approach in framing the marketing programs/strategies. With regards to this the marketers now have to go green. It means that due care must be taken while framing the marketing plans, strategies and policies so as to prevent the environment and nature from any harm caused due to its operations not only today but also in future.

1.1. Definition

According to The American Marketing Association, ‘Green or Environmental Marketing consists of 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.’

From the above definitions we can say that Green Marketing involves:

- Manufacturing and providing products to the consumers which are of good quality and at the same time not harmful to them even in long run.
- Use the resources for development in such a manner which will enable the future generations to avail the resources to meet their needs leading to Sustainable Development.
- Framing and implementing policies which will not have any detrimental effect on the environment i.e. at present as well in future.

Thus according to the American Marketing Association, Green marketing is the marketing of products that are presumed to be environmentally safe. 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. Other similar terms used are Environmental Marketing and Ecological Marketing.

Green Marketing has gained momentum in the context of global warming and climate change and this, in turn, has forced many companies to incorporate the principals of Green Marketing. Recently, Green Marketing has drawn the attention of government and this has forced them to introduce environment-friendly policies. As resources are limited and human needs and wants are unlimited, resources have to be utilized economically and in an environment friendly way. Green Marketing will play an important role in sustainable development. Every firm needs to adopt innovative methods to sustain itself in the competitive environment, thus Green marketing becomes an important aspect which every firm will have to implement in near future, so why not start practicing it immediately. The Government in near future is going to adopt stringent policies to enable sustainable development. The marketers should realize this and head on towards Green Marketing.

Indian Government has already introduced Environment Protection Act in 1986 and Environment Audit in 1992, the marketers have to realize that with increasing amount of global warming and
environmental harm caused due to industrialization and economic development, the Government is going to apply stringent policies to save environment and is going to be even more strict with regards to the development which will cause a severe threat to the environment. The environmental harm which is mainly due to green house gas emissions has caused a severe threat to the climatic conditions and the result of which can be seen in the form of droughts, scarcity of drinking water, floods ruining the agricultural produce etc. The Indian Government has ratified the Kyoto Protocol in August 2002 and will compel companies to account for the environmental damage caused due to business operations, and take stringent action against those organizations which cause harm to the environment. The G20 leaders are trying to curb the emissions to protect the earth and achieve development which is sustainable in nature.

2.0. Carbon emissions
The following figure shows carbon dioxide emissions, in million metric tons of carbon, of various nations

![Image of carbon dioxide emissions pie chart]

Source: Energy emission Administration

From the above figure we can see that though India has less emission as compared to other developed nations but the increased industrialization and development will lead to increased rate of green house gas emissions. However, the U.S. and other Western nations assert that India, will account for most of the emissions in the coming decades, owing to rapid industrialization and economic growth. The most important thing a company should consider is to be “green,” i.e. to reduce the amount of toxic or other dangerous substances in their products, and to
manufacture/trade in environment friendly products and practice green business strategies. Thus the marketer should go on for Green Marketing Techniques.

Green Marketing refers to holistic marketing concept wherein the production, marketing, consumption and disposal of products and services happen in a manner that is less detrimental to the environment. It is not only *caveat emptor* where the consumer should be made aware of all the necessary things about the product but now it is *caveat vendor* whereby the marketer should know all the aspects affecting the consumption of the product and also its impact on the environment. It is high time now for the marketers to be aware of the environmental effects of their marketing activities and also be prepared for various alternatives in case of scarce resources. Role of marketing in development will be appreciated only through sustainable marketing; i.e. it meets the needs of the present without compromising the ability of future generations to meet their own needs. This means that it might have to shed its present profligacy that encourages an unsustainable development path.

3.0. Review of literature
Brahma, M. & Dande, R. (2008), The Economic Times, Mumbai, had an article which stated that, Green Ventures India is a subsidiary of New York based asset management firm Green Ventures International. The latter recently announced a $300 million India focused fund aimed at renewable energy products and supporting trading in carbon credits. Founder & CEO of Emergent Ventures India (EVI) Vinod Kala says he realised in 2004 that there is huge business potential in environment. He further adds that financial investors are increasingly looking at Green Technology as profit opportunity than only a morally right thing to do, but there are dozens of entrepreneurs who have found that the capital expenditure involved in such projects are overwhelming and funds too hesitant to invest in them. The US and the EU have asked both India and China to reduce their baseline emissions, which should get implemented by 2020. Mr. Bharathwaj says that once that happens and the Government adopts more stringent policies for curbing carbon emissions, Clean Technology ventures would assume greater importance in the country and as a result there would be more investment interest within the sector.

Chaudhary, R., And Bhattacharya, V. (2007), in their article on *Clean Development Mechanism: Strategy for Sustainability and Economic Growth* published in Indian Journal for Environmental Protection, state that, The Clean Development Mechanism (CDM), a co-operative mechanism established under the Kyoto protocol, has the potential to assist developing countries in achieving sustainable development by promoting environment friendly investment from industrialised country governments and businesses. The funding channeled through the CDM should assist developing countries in reaching some of their economic, social, environmental, and sustainable development objectives, such as cleaner air and water, improved land use, accompanied by social benefits, such as rural development, employment, and poverty alleviation and in many cases, reduced dependence on imported fossil fuels.

Thus environment friendly strategies become the key factors for CDM projects.

Uberoi, (2007) in his book on *Environmental Management* states that, the Government at the centre and at the State level and their agencies should become proactive vis-à-vis environment. The environmental problems cannot be tackled without a sound proactive policy by the Government. Intervention of the Government is required on continuing basis and not on one-time legislation and its implementation. Corporate behavior can be regulated or altered through state
policies. The policies of Government can shape the role of companies and that of the managers for the larger interest of society. The corporate world in India, under new economic order of liberalization and globalization has to increase its share of world trade and in this effort one major impact of rising trades would be on environment and resources. The business world internationally has begun to acknowledge that environment is playing an important role in all facets of business. A survey by Mckinsey and company revealed that: (1) 92% of CEO’s believe that environment should be top management priority; (2) 35% CEO’s believe that their companies have adopted strategies to anticipate impacts of environment on business. Polonsky and Alma (2008), in their edited book titled *Environmental Marketing – Strategies, Practice, Theory and Research*, discuss the role of marketing in improving our environment. The book states that role of Marketing in the development process is well recognized (Kinsley 1982; Riley et al. 1983; Dholakia 1984; Carter 1986; Kotler 1986). Much of the economic activity is triggered by the marketing process that offers and stimulates consumption opportunities to satisfy human needs and wants. However, critical role of marketing in development will be appreciated only through sustainable marketing; it meets the needs of the present without compromising the ability of future generations to meet their own needs. This means that it might have to shed its present profligacy that encourages an unsustainable development path. A marketing approach that aims at serving the material wants of consumers through an ever increasing volume of goods without any attempt to maximize life quality (Kotler 1988), draws too heavily, and too quickly, on already overdrawn environmental resources and is likely to mortgage the future. Life quality represents not only the quantity and quality of consumption goods and services but also the quality of the environment. Clearly, marketing has to assume a more responsible role for sustainable development. It further states that the concept of a ‘socio-ecological product’ has to extend our understanding that environmental consequences (the product’s aggregate impact on everyone affected by its use) are more important determinants of its acceptability than either user satisfaction or corporate profitability (Cracco and Rostenne 1971). The true socio-ecological product is one that becomes a consumer’s first choice, since it meets his/her consumption need for a healthy and sustainable physical environment. Sustainable development can be achieved only by proactive corporate marketing and active government intervention. The book further gives the four mechanism of Government intervention:

- Regulation,
- Reformation,
- Promotion
- Participation

and the four R’s of corporate marketing strategy i.e.

- Redirection of customer needs,
- Reconsumption,
- Reorientation of marketing mix and
- Reorganization that is appropriate for promoting sustainable development.

Green marketing will play an important role in achieving sustainable development. Dutta, B. (2009, January) in his article on Green Marketing titled *Sustainable Green Marketing The New Imperative* published in Marketing Mastermind states that Green Marketing involves developing good quality products which can meet consumer needs and wants by focusing on the
quality, performance, pricing and convenience in an environment-friendly way. It has gained momentum in the context of global warming and climate change and this, in turn, has forced many companies to incorporate the principals of Green Marketing. Firms need to explore every opportunity to enhance their products/services in terms of quality, performance, social responsibility and environment-friendliness. Barkar is of the view that, Companies need to believe first that Green Marketing ‘can work’ and make diligent efforts to make necessary product improvements, which deliver performance, and are marketable and profitable.

Unruh, G. And Ettenson, R. (2010) in their research article titled, Growing Green: Three smart paths to developing sustainable products. Published in Havard Business Review, is for executives who believe that developing green products make sense for their organisation and need to determine the best path forward.

The authors have introduced and described three broad strategies that companies can use to align their green goals with their capabilities:

- **Accentuate**: Strategy involves playing up existing or latent green attributes in your current portfolio.
- **Acquire**: Strategy involves buying someone else’s green brand.
- **Architect**: Strategy involves architecting green offerings – building them from scratch.

These strategies emerged from 10 in depth case studies of consumer product and industrial companies that were moving into green space; the authors discussed with dozens of senior and midlevel sustainability executives. The framework now plays a central role in the core executive MBA course offerings in sustainable business strategy and in the executive education programs at Thunderbird School of Management.

Thus from the above review of literature one can say that Green Marketing is gaining momentum very rapidly.

4.0. **Challenges of Green Marketing**

Implementing Green marketing is not going to be an easy job. The firm has to face many problems while treading the way of Green marketing. Challenges which have to be faced are listed as under:

- Green marketing encourages green products/services, green technology, green power/energy; a lot of money has to be spent on R&D programmes. Thus practicing green marketing initially will be a costly affair.
- The customers may not believe in the firm’s strategy of Green marketing, the firm therefore should ensure that they convince the customer about their green product, this can be done by implementing Eco-labeling schemes. Eco-labeling schemes offer its “approval” to “environmentally less harmful” products have been very popular in Japan and Europe. In fact the first eco-label programme was initiated by Germany in 1978.
- Initially the profits will be very low since renewable and recyclable products and green technologies are more expensive. Green marketing will be successful only in long run.
- Many customers may not be willing to pay a higher price for green products which may affect the sales of the company.
- The firm may give up on Green marketing concept or be forced to practice unfair means to cut cost to sustain in the competition and thus the entire idea of going green will be a farce.
- The firms practicing Green marketing have to strive hard in convincing the stakeholders and many a times there may be some who simply may not believe and co-operate.
5.0. Green Marketing Practices in India

Nike is the first among the shoe companies to market itself as green. It is marketing its Air Jordan shoes as environment-friendly, as it has significantly reduced the usage of harmful glue adhesives.

Kansai Nerolac Paints has been at the forefront of paint manufacturing for more than 88 years pioneering a wide spectrum of quality paints. Kansai Nerolac has worked on removing hazardous heavy metals from their paints – among this lead being the most prominent metal. Kansai Nerolac does not add any lead or other such heavy metals in its manufacturing process.

Dell has been one of the vendors who focus on producing green IT products. They have a strategy called "Go green with Dell" to sell these products in the market. It also comes in an eco-friendly packaging with a system recycling kit bundled along. Talking about the green commitments of the company, Sameer Garde, Country GM, Dell India, says, "Dell is also actively pursuing green innovations that will be of value in 2009 from data-center efficiency to the use of eco-friendly materials for everything from chassis design to product packaging.

Eco Hotels (Ecotels) is a certification system promoted by Hospitality Valuation Services (HVS) International. This system is based on 5 main criteria: environmental commitment, solid waste management, energy efficiency, water conservation, and employee education/community involvement. In India we have Eco-hotels like Orchid, Rodas, Raintree etc. believing and practicing green marketing.

According to Harish Tiwari of Infinity Infomatic Pvt Ltd, a well known distributor, who says, "We don't find any difficulty in selling green products because the knowledge for these products has increased in us as well in customer. They are ready to pay higher for these products once they convinced."

In May 2007, IBM launched Project Big Green to help clients around the world improve the efficiency of IT and better optimize their data center resources. IBM has software and services technologies to help businesses reduce data center energy consumption and cut energy costs by more than 40 percent.

Introduction of CNG in Delhi

New Delhi, the 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.

Gas Tech Electronic Products (Pvt) Ltd. has invented LPG Kit for motorcycles/scooters (4 stroke and 2 stroke). Can be fitted in 50 cc to 375 cc air cooled, single cylinder 2 stroke as well 4 stroke vehicles with cent % fuel efficiency, with clean exhaust and zero pollution. The following figure shows the amount of pollution caused by different types of vehicles in Delhi, of which maximum pollution is caused by two wheelers. 38% of particulate matter and 61% of hydrocarbons are released by two wheelers alone. Thus the use of LPG kit for motorcycles/scooters will reduce pollution to a great extent.
The MNCs’ and large scale organizations are now aware and are practicing environment friendly practices; this paper tries to find out whether the small and medium scale manufacturers are believing and implementing them.

6.0. Objectives of the Study
1. To find out whether the small and medium scale manufacturers believe in eco-friendly practices.
2. To find out whether the small and medium scale manufacturers are aware of eco labels.
3. To investigate whether eco-labeling gives a competitive edge to the manufacturers.
4. To suggest the measures to enhance the practice of green marketing.

7.0. Methodology
This is an Empirical research on small and medium scale manufacturers situated in Mumbai suburbs, India. The data is collected through survey method with the help of questionnaire which consists of Dichotomous questions, and questions relating to demographic profile. The respondents were selected through Convenient Sampling Method as manufacturers were hesitant to give information. Data was collected from 114 respondents.

8.0. Findings
The data collected through questionnaire was analysed, the opinion of the manufacturers were taken into consideration and percentages were derived which are represented in the form of pie charts. The findings are as under:

The respondents were classified under the following categories based on the type of product manufactured and the percentage was derived, which were as under:
Table 1

The figure 1 and table 1 show that 37% respondents were manufacturing garments; 12% manufactured chemical and cosmetic products; 11% manufactured electronic products, 10% manufactured stationery items; 7% manufactured Jewelry, Food products, Furniture and Fittings;
4% manufactured Plastic products and Steel products; remaining 1% were manufacturers of Spectacles and Watches.

- In figure 2, we can see that 60% manufacturers manufactured standard and branded products.

![Figure 2](image)

- In figure 3, we can see that 85% believed in adopting eco-friendly practices 14% said they do not believe since it inflated their cost, and 1% did not comment on it.

![Figure 3](image)

- In figure 4, we can see that 45% manufactured green products, 50% said that their product was not a green product, 5% did not answer as they were not aware of green products.

![Figure 4](image)

- In figure 5, we can see that from the above 50% manufacturers whose products were not green, 19% of them were planning to go in for green products, 30% said that it is not required for their products, 51% had not decided therefore they did not respond.

![Figure 5](image)

- In figure 6, we can see that 65% were aware of Eco-Label, 30% were not aware and 5% denied to answer.
- In figure 7 we can see that only 3% are planning to get eco-labeling done for their products. 29% said they have not yet thought of eco-labeling and 68% were not ready to answer.

- In figure 8 we can see that 56% believed that eco-labelling has/will increased their cost and clear 44% said that it did not affect their cost.

- In figure 9 we can see that 45% felt that prospect may not buy eco-friendly products which are costlier, 55% disagreed.

- In figure 10 we can see that 71% felt that eco-labels will given them competitive edge, 28% denied it and 1% did not answer.
Figure 11 shows the consolidated graphical presentation of the responses of the various manufacturers.

Thus it can be summarised that Eco labelling is still not popular in small and medium scale manufacturers though 85% of the manufacturers feel and believe in adopting eco friendly practices, only 45% are actually into manufacturing of green products, 30% have actually denied to go in for manufacturing of green products since it increases the cost, in such cases financial assistance from the Government is required; and 5% were not ready to answer only 3% are planning to get eco-labeling done for their products. 29% said they have not yet thought of eco-labeling and 68% were not ready to answer, 71% feel that eco-labeling will give them competitive edge but at the same time they need to curtail the prices.

The following table shows the responses of the manufacturers which are given in the form of percentages.
### Table 1

<table>
<thead>
<tr>
<th>RESPONSES</th>
<th>YES (%)</th>
<th>NO (%)</th>
<th>NO ANSWER (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>STANDARD &amp; BRANDED PRODUCTS</td>
<td>60</td>
<td>40</td>
<td>0</td>
</tr>
<tr>
<td>BELIEVED IN ECO-FRIENDLY PRACTICES</td>
<td>85</td>
<td>14</td>
<td>1</td>
</tr>
<tr>
<td>MANUFACTURED GREEN PRODUCTS</td>
<td>45</td>
<td>50</td>
<td>5</td>
</tr>
<tr>
<td>PLANNING TO MANU. GREEN PRODUCTS</td>
<td>19</td>
<td>30</td>
<td>51</td>
</tr>
<tr>
<td>AWARE OF ECO-LABELS</td>
<td>65</td>
<td>30</td>
<td>5</td>
</tr>
<tr>
<td>PLANNING FOR ECO LABELLING</td>
<td>3</td>
<td>29</td>
<td>68</td>
</tr>
<tr>
<td>GREEN PRODUCTS INCREASES PRICE</td>
<td>56</td>
<td>44</td>
<td></td>
</tr>
<tr>
<td>PROSPECTS MAY NOT BUY COSTLY ECO-PRODUCTS</td>
<td>45</td>
<td>55</td>
<td>0</td>
</tr>
<tr>
<td>GREEN PRODUCTS GIVE COMPETITIVE EDGE</td>
<td>71</td>
<td>28</td>
<td>1</td>
</tr>
</tbody>
</table>

### 9.0. Measures to Enhance Green Marketing

From the above findings one can conclude that:

- There has to be a stimulus provided by the Government to encourage and support the manufacturers who are manufacturing green products by providing subsidies.
- Financial assistance should be given in the form of easy loan facility to equip for manufacturing green products.
- Tax incentives or Tax holidays will also help the small and medium scale manufacturers as green marketing is costly.
- Awards and recognition should be given to those who successfully practice green marketing which becomes a motivating factor for others to implement it.
- Social advertising to be carried out on a large scale through various medias to promote environment friendly practices, to promote the consumption of green products.
- Promotion of Eco-mark or Eco-labeling has to be done to create awareness not only amongst manufacturers but also consumers.

### 10.0. Conclusion

From the above we can conclude that Green marketing is not going to be an easy concept. The firm has to plan and then carry out research to find out how feasible it is going to be. Green marketing has to evolve since it is still at its infancy stage. Adoption of Green marketing may not be easy in the short run, but in the long run it will definitely have a positive impact on the firm.
Government and Social organizations may compel all the organization to practice Green Marketing for sustainable development. Customers too will be ready to pay premium price for green products. A smart marketer is one who not only convinces the consumer, but also involves him in marketing his product. Green marketing should not be considered as just one more approach to marketing, but has to be pursued with much greater vigor as it has societal and environmental dimensions. Marketers also have the responsibility to make the stakeholders aware about the need and the advantages of green products. The green marketers will have full support of the Government, and the consumers also will not mind paying more for a cleaner and greener environment.

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