CONSIDERABLE STUDY OF GREEN MARKETING APPLICATION IN BUSINESS ENTERPRISES

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ABSTRACT

There has been a recent increase in companies that quick to accept concepts of integrated environmental issues into all organizational activities, and many governments around the world become so concerned about environmental friendly business. As well as the discussion in the popular and professional press is marketing. Terms Green Marketing appears frequently in the popular research and press. This conceptual paper examined green marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes, ecolabeling, demarketing, social marketing, as well as modifying advertising.

INTRODUCTION

Alongside the rapid industrial growth since 1960, a new realization arose around the globe to pursue a sustainable production and consumption pattern (OECD 1991, Donoghue 2000). To replace the post-World War II pressure which only focuses on ‘mass production’, now people place higher importance on quality; value adding becomes more knowledge-based, not natural resources-based or human power-based (sunset industry). Product and services are often created exclusively to fulfil the wants of a small group of consumers (Schmidheiny 1992, MCB 2000, Furst 2001).

Industrial development is also enhancing the industrial realization to pay attention to megatrend and emerging needs, one of them would be by conducting megamarketing which means product or strategic coordination of some economic, psychology, politic, public relation, social and ecological field ability towards new marketing programs which would be successful only if they are applied alongside a strong trend, e.g. with the increasingly widespread environmental trend (Cohen et al 1995, Kolk 2000, Raman 2003), because this megatrend will create uncontrollable opportunities and threats that need to be monitored and to be paid attention to by companies. (Naisbit 1990, Kotler 1993, Dunoway 2001).

In its relation to achieving competitive advantage in almost every product, it is required a combination of success in gaining ecological and economic benefits at the same time (Schmidheiny 1992, Cohen et al 1999). Besides, under a tighter new rule pressure, “greener” consumer hopes together with new management attitude towards company responsibility is
becoming wider as wellm then companies realize that in the management of resources and their environment we need to reduce the risk and created impact so it would can be utilised back wholly or partly during several generation (Vandermerwe S. dan Oliff M., 1991).

Many business fields have responded this quickly, eg, green marketing and the entrance into integrated environment issues of all organisational activity. This development grows theories related to new marketing some of them are green marketing and green product.

PURPOSE OF CONCEPTUAL PAPER

• To explore arguments about things that are able to move a company to accept sustainability concept which is generates positive return on marketing investment.
• To give a picture on what actions can be conducted by a company applying green marketing.
• To give examples on companies that successfully taken advantage of the opportunity and factors contributing to their success.
• To analyse the obstacles faced by companies in conducting green marketing
• To discuss ‘greenly’, whether companies have more or less growth compared to the ‘non-green’ competitors.

THEORITICAL REVIEW

GREEN MARKETING

Some scholars have much confirms about marketing to ecological concern, not only studied the relationship between people, organizations, and the natural environment, but also evaluating the various issues of environmental friendlyness, recyclability, waste reduction, the costs associated pollution, and the price value relationship of environmentalism (consumer report 1991, Lozada & Wimsatt, 1998, Magraw, 1994, Ottman 1998, Schmidheiny 1992).

But in recents development, the concept linkages between environmental and marketing activities make public has believed that green marketing (marketing of environmentally sound management) simply refers to the promotion and advertising for products that have environmental characteristics, such as phosphate free, recyclable, ozone friendly, and environmental friendly always associated by consumers as green marketing (green marketing). But green marketing is understood as a broader concept, which can be applied to consumer goods, industrial, and also services.

Green Marketing is an activity in many aspects, including the product modification, changes to the production process, re-packaging, as well as modifying the advertising. Those things make the definition of green marketing become hard to be understood, the terminology which used in this area is varied, including the environmental marketing, and ecological marketing. Environmental marketing has been rekindled since the workshop held by The American Marketing Association (AMA) in 1975, followed by a variety of literature and books including Henion and Kinear (1976), Winnipeg (1992), Coddington (1993), and Ottman (1993).

In a current situation of industry, there are some pressure from stakeholders, governments, also special interest groups, as well as other consumers that will always evaluate the daily operational activities in relation to green marketing (Ottman & Terry, 1998), whereas Hopfenbeck (1998) present the explanation of green-marketing association with the following statements:
The inherent general principles in green marketing and is widely used by various countries according to Clark DS, 1998, are:

- **Environmental Benefit**: A product which contain an environmental benefits or the prevention of environmental impacts, usually denoted by brand eco-safe, environmental friendly, safe environmental, Essentially non-toxic, earth smart, and environmentally preferable.
- **Degradable / Biodegradable / photodegradable**: The substance of the product as a whole can get back to nature, for example, can be degraded and rapid decomposition in nature.
- **Compostable**: To become part of usable compost, for example, can be soil-conditioning material into mulch, etc..
- **Recycled Content**: Includes finished products and packaging are recycled content in products used, reconditioned or remanufactured, either at the manufacturing process (pre-consumer) or after use (post-consumer).
- **Source reduction**: Reduction products so have a low in weight, volume or toxicity.
- **Refillable**: Products do charge back in various packaging and can be used for other packaging.
- **Save Ozone and Ozone Friendly**: Products that are safe and environmentally friendly and good for the ozone and atmosphere.

The perspective of the old marketing strategies way, the point of view of the seller (4 P) is a strategic place (place), product quality (product), competitive pricing (price) and a vigorous promotion (promotion). While from the point of view of the customer (4 C) are the needs and wants of customers (customer needs and wants), customer costs (cost to the customer), convenience (convenience) and communication (communication). With the ultimate goal and concepts, tips and marketing strategies are fully customer satisfaction ("Total Customer Satisfaction"). However, there is a difference when compared to traditional tools in general, the emphasis on Green Marketing is concerned with policy communication (public relations) and product policy (eco-design) on the product.

Finally, Green Marketing can be defined as the consistency of all activities and facilities design services for the satisfaction of human needs and desires, with no impact on the natural environment (Polinsky, 1994), this definition is similar to the definition of Ecological Marketing mentioning neighbors about the positive and negative of marketing activities on pollution, loss of
energy and non-energy resources (Henion and Kinear, 1976). It added that the protection of the environment is often considered a much increased costs, actual expenses that are offensive to reduce costs (eg less material / energy) and is a measure of potential for competitive advantages ("green products").

Offensively by applying green marketing is it will produce a production process that can reduce the cost and is a competitive advantage for any company. The results obtained will be an added value for the company that is green products (green products / green), while for the consumer products produced will be more safe to eat or have ecological design principles. The application of the concept of ecological design on the products offered by the company, in addition to making durable products using selected products as well as designing products in such a way that its components are easily replaced, and fulfill the requirements and concepts reduceable 4 R, namely the application of the concept of cleaner production.

Clean production is a strategy of preventive environmental management and the integration is needed to be applied continuously to the production process and the product life cycle in order to reduce the risk to humans (UNEP, 1996) in A. Wibowo (1996). Very broad sense significant because therein include pollution prevention, waste minimization, clean technologies, end-of-pipe treatment and remediation (Environment, 1996). Further points mentioned in clean production strategies are:

1. Minimizing the use of raw materials, water, energy and raw material use dangerous pressing (Bahan Baku Berbahaya(B3)) as a raw materials.
2. Changes in production and consumption patterns throughout the cycle.
3. Change of mindset, attitudes and behaviors all stakeholders (government, community, business). Model of industrial and government management consider the environmental aspects.
4. Application of environmentally friendly technologies, and management and standard operating procedures as the requirements.
5. Self-regulation (self-regulating) and regulatory approaches is consensus agreement (negotiated regulatory approach), not command control. Therefore, public awareness is very important.

Furthermore, according to Djajadiningrat S.T. (2001) precisely when the net production is defined as the operational approach to the development of systems of production and consumption, which is based on a precautionary approach to environmental protection. There are at least two important issues that need to be addressed:

1. Increased Efficiency of processes, products and consumption patterns associated with energy use, so that the environmental impact can be minimized by reducing the flow of material (material flow) into the process, cycle or economic activities. This activity including implementation of the start of the study materials, fluid process, production process, the resulting product to use is intended for the improvement of efficiency. there are at least four ways that are often called 4 R, to optimize the use of the product are:
   - Reuse = extended utilization of used products through the effort of cleaning, washing or sterilization.
- Repair = fixing stuff that suffered little damage, not functioning or underperforming.
- Reconditioning / Remanufacturing = restore the product to its prime by overhauling or replacing specific components.
- Recycling = recycle used products as raw material for other products.

2. Substitution, for a variety of chemical compounds can be toxic and harmful to the environment, so it is needed to substitute and reduction of materials and products that are dangerous or a toxic (eg B3, PCB, DDT, etc.) and a number of other heavy metals in low concentrations even known to be toxic to humans and the effects can be fatal in a short time.

Substitution and reduction is a key element in the paradigm of prevention of pollution.

Clean Production is circular systems that use less material, water and energy. Cycle of resources flow the production to consumption. The material used shall not be toxic, even in the closed-loop system, with no neglect of hazardous materials which cannot be avoided and turn them into materials' lifecycle (WR Stahel, 2000) are:

- Non-toxic recycling
- Restored (remanufacturing)
- Reuse
- Reduction
- Substitution

Furthermore, described by McDonough (1995) in Gluszynski et al. (2000) on the stages clean product that is says that recycling is not the first to do, but latter. The first is to redesign, secondly is reduce, and the last but not least if there is no other alternative is recycle. The basic difference of this net production when compared with conventional industrial production is generally linear with using a lot of the quantity and flow which is a non-sustainable, as shown below:

**EKOLABEL**

Ecolabel is referred to to convey the information that is accurate and highly understood by consumers regarding the environmental aspects of product or service. Another definition of Ekolabeling is the labeling of a product which indicates that the product is manufactured to heed the principles of environmental sustainability. (Green Seal, 1997, Buckley 2002). Thus, certifiers can help consumers choose products that are environmentally friendly. (UNEP 1998, Sasidharan et al 2003) In the ecolabel certification contains three main criteria, namely: (1) sustainable production, (2) ecological, and (3) socio-cultural. (LEI 1999).

Ecolabel applied in three types, namely:
Type 1. a product / service to get labeled as accredited by an agency. Ecolabel criteria is itself determined by stakeholders under the supervision of MoE.

Type 2. each company declare product / her services as an environmentally friendly.

Type 3. each company held a lifecycle analysis of the product / service itself.

In general, Indonesia and other developing countries, still applied the initial step or ecolabel type 1. (Hilman 2004)

Ecolabel certification is not required by the government, although the sustainability of natural resources should be the government policy, but the initiative must come from the management unit concerned, in accordance with their desire to meet consumer demand. (Green Hotel Initiative 2000). However, by looking at the important role in the development of Indonesia ecolabelling, then it is necessary if the government has encouraged the development of ecolabelling in this country, with a mechanism of incentives for companies that implement or management unit. (LEI 1999)

DEMARKETING and SOCIAL MARKETING

Another concept proposed by Kotler and activities within the framework of the development of green marketing in a company, it is proposed demarketing and social marketing programs.

"Demarketing" is defined as the practice of demand reduction (Kotler and Levy 1971), using reverse 4P, eg; California communities facing chronic water shortages. The government should adopt a strategy demarketing to reduce water consumption and consumer industries. Educate by the electricity company to turn off their lights and computers when not in use to save the energy, even though the company income will decrease.

"Social marketing" is defined as the theory and practice of marketing an idea that led to the behavior (Kotler and Zaltman 1971). Positive behavior through awareness campaigns such as "stop smoking", "say no to drugs," "healthy life" and "eating dietary/healthy food" (Kotler 2008)

DISCUSSION

OBSTACLES IN GREEN MARKETING APPLICATION

Michael Jay Polonsky’s research (1994) mentions several potential obstacles, of which the main obstacle is that the company needs to ensure that the activities are aligned to consumers or industry criteria, then each green marketing claim should:

- Mention clearly its benefits towards the environment
- Explain the environment characteristics
- Explain the benefits gained
- Ensure the comparative differences
- Ensure the negative factors have been taken into account.

For example, McDonalds has replaced its polystyrene packaging with plastic covered paper, even though it is still debatable whether this material is more environmentally friendly. Other example would be the aerosol industry that changes the use of CFCs (chlorofluorocarbons) with HFCs (hydrofluorocarbons) and now more companies use DME (dimethyl ether) as aerosol propellant that is actually still harmful to the ozone layer (Debets 1989). These cases forced Coca Cola and Walt Disney to be more responsible towards environment without publishing it.

Other obstacles is that there is still a widespread paradigm in the society that environmentally friendly products are more expensive, of a low quality, image problem,
availability, etc (Baensch 1990). Next is the problem of time and fund needed by a company to communicate and to educate the market, as well as the obstacle of the low amount of action from the government and related institution in supporting environmental sustainability, for example enacting environmental tax and subsidy (e.g. grant, easy credit, tax incentives, refund, recycling, environmental performance bond, user retribution, liability insurance, emission retribution, tradable emission, and progressive pricing).

**BENEFITS and APPLICATION of GREEN MARKETING**

By considering several things, some of them would be: 1) Sustainability factors, whether company’s marketing activity will still leave the same resources or bigger for the upcoming generation, 2) the presence of environmental challenges in the form of:

- Changes in the atmospheric composition (global warming)
- Thinning of the ozone layers
- Soil degradation and the increase of desert
- The increase in water and air pollution
- The decrease in clean water availability
- The depletion of physical and environmental resources, oil, wood, etc

To encounter the limited amount of resources and externality expenses, marketing needs to find back responsible practices towards environmental (environmental responsibility) or what is called green marketing.

To apply green marketing, some companies have done some application and strategic steps, such as:

- Pul Pilman, Unilever CEO said “our ambition is to double up business but also to reduce environmental impacts and footprints by not to reduce consumption but by more responsible consumption and to encourage the decision makers to manage growth and sustainability balance.”
- Jeff Immelt from General Electric emphasizes the sustainable Ecoimagination program
- DuPont has found a way to reduce consumption and produce sustainable materials.
- Wal-Mart built a troop of fuel-efficient trucks and also the suppliers. In 2012, Wal-Mart will need more than 60,000 suppliers for 95% of their production to reach the level of ‘environmental oriented’

Green marketing in the application of 4P, may apply:

- **Product:** Product designer will consider the materials and carbon footprint, biodegradable and disposable packaging. Service company has the chance to be efficient in using energy and physical input and contributes towards the conservation.
- **Price:** Environmentally friendly customers may be willing to pay more. Companies also need to consider the externalities of their expenses.
- **Place:** Companies consider about the production and local-based distribution facility and may use bigger ones from product online selling.
- **Promotion:** The shift of their promotion from prints to online, communicating their sustainability commitment, ecolable and carbon footprint.

**CONCLUSION**

Green marketing is a marketing form that needs to be conducted by companies in the future to gain sustainability economy, social and environment business. The application of green marketing
concept on industries can be executed by developing strategies and environmental policies integrating environmental aspects into its business operation. Tools used to achieve them well is Environment Management System / SML (Environmental Management System / EMS), Environmental Audit and Standard ISO 14001, and also EMAS (Eco-Management and Audit Scheme), green product, clean production, environmental labelling, demarketing, social marketing, environmental performance evaluation.

REFERENCES

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