

# THEORIES AND SUCCESS STORIES OF GREEN MARKETING

Setia Budhi Wilardjo

Universitas Muhammadiyah Semarang

## Abstrak

Green marketing is strategic process involving stakeholder assessment to create meaningful long-term relationship which customer while maintaining, supporting, and enhancing the natural environment. According to the [American Marketing Association](#), green marketing is the marketing of products that are presumed to be environmentally safe. Green marketing subsumes greening products as well as greening firms. In addition to manipulating the 4Ps (product, price, place and promotion) of the traditional marketing mix, it requires a careful understanding of public policy processes. Environmentally friendly (also eco-friendly, nature friendly, and green) are terms used to refer to [goods and services](#), [laws](#), guidelines and policies claimed to inflict minimal or no harm on the [environment](#).

**Keywords:** Green Marketing, Environment, Long-term Relationship, Environmentally Friendly

## INTRODUCTION

In the area of the natural environment, companies are increasingly embracing the notion of green marketing, which is strategic process involving stakeholder assessment to create meaningful long-term relationship which customer while maintaining, supporting, and enhancing the natural environment (Pride and Ferrell, 2010).

The multinational enterprise Unilever, for example, not only produces and markets a variety of food and personal care products around the world, but it also operates a free community laundry in Sao Paulo, funds a hospital that provides free medical care in Bangladesh, provides financing and educational materials to help suppliers around the world to convert to more environmentally friendly practices, and reports on its carbon dioxide and hazardous waste releases to interested stakeholders. Unilever's chief executive officer, Patrick Cescau, believes that such activities are necessary to remain competitive in future decades, declaring, "You cannot ignore the impact your company has on the community and environment" ([www.unilever.com](http://www.unilever.com)).

Even Hollywood is "going green" with networks, television shows, and movies that are incorporating more green themes, like Homer and Marge Simpson tooling around in their biodiesel-fueled vehicle in *The Simpson's Movie and The Early Show's* new "Going Green" segment. By addressing concern about the impact of marketing on society, a firm can protect the interest of the general public and the natural environment.

We examine these issues and many others as we develop a framework for understanding more about marketing in the remainder of this book ([www.thesimpsons.com](http://www.thesimpsons.com)).

Marketers have responded to Americans increasing concern for the environment with an approach called green marketing. Green marketing generally involves (1) developing products whose production, use, or disposal is less harmful to the environment than the traditional versions of the product; (2) developing products that have a positive impact on the environment; or (3) tying the purchase of a product to an environmental organization or event (Hawkins and Mothersbaugh, 2010). For example:

1. Levi's recently launched its Levi's Eco line of 100 percent organic cotton jeans.
2. Wal-Mart is making a huge Green push with many initiatives, including reducing energy waste, opening green supercenters, stocking more organic, and working with suppliers to get them on board as well. As just one example, it is asking its detergent suppliers to cut the size on their packages (less waste) by concentrating their formulas.
3. Office Depot offers Recycled EnviroCopy printer and copier paper, which contains 35 percent postconsumer, recycled fibers, with green-colored packaging and the name "Office Depot Green" to emphasize the environment.

As green claims have increased in number and scope, concern generated over the potential for marketers to mislead consumers. The Federal Trade Commission (FTC) has a set of voluntary guidelines called the "Green Guides", which provide dozens of examples of acceptable and unacceptable practices dealing with advertising and package claims relating to areas such as the environment in general (e.g., Eco-Safe) as well as the use of *biodegradable*, *recyclable*, *recycled content*, and *ozone friendly*. These guidelines have been estimated as 95 percent effective (to learn, more, visit [www.ftc.gov](http://www.ftc.gov)).

Green marketing is complex. Confusing terminology is a contributing factor. For example, sustainable products are a hot trend in food marketing. However, inconsistent use of the term makes it hard for consumers to make informed judgments. An emerging consensus is that sustainability involves methods that are (a) profitable for the farmer, (b) environmentally sound, and (c) socially responsible.

The sustainability movement has become important in industries such as coffee. In addition, environmental concern are only one factor in consumer decisions. Even among those who are environmentally concerned, factor such as lack of convenience, higher

prices, skepticism about green claims, quality concerns, lack of availability, and a sense that individuals can't make a difference can inhibit green behaviors and purchases. Overcoming these obstacles is critical to the success of green marketing (Hawkins and Mothersbaugh, 2010).

The term Green Marketing came into prominence in the late 1980s and early 1990s. The American Marketing Association (AMA) held the first workshop on "Ecological Marketing" in 1975. The proceedings of this workshop resulted in one of the first books on green marketing entitled "Ecological Marketing". According to the [American Marketing Association](#) (AMA), green marketing is the marketing of products that are presumed to be environmentally safe. Thus 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; an example of this will be the existence of varying social, environmental and retail definitions attached to this term. Other similar terms used are Environmental Marketing and Ecological Marketing (American Marketing Association on Ecological Marketing Workshop, 1975).

Environmentally friendly (also eco-friendly, nature friendly, and green) are terms used to refer to [goods and services](#), [laws](#), guidelines and policies claimed to inflict minimal or no harm on the [environment](#). Companies sometimes use these terms to promote goods and services by making environmental marketing claims and with [eco-labels](#). The term sometimes is used as [greenwashing](#). Because there is no accepted definition nor international standard for this concept, the [International Organization for Standardization](#) considers such labels too vague to be meaningful (Webster's New Millennium Dictionary of English, 2007).

The term "eco-friendly" is used to describe activities which are good for the environment. It is a shortening of "ecologically friendly," and you may also hear terms like "environmentally friendly" or "green" used to describe similar activities. There are a range of ways in which activities can be eco-friendly, ranging from products which are constructed in an environmentally friendly way to making lifestyle changes which are designed to benefit the environment ([www.wisegeek.com](http://www.wisegeek.com)).

Green marketing is promotional [activities](#) aimed at taking [advantage](#) of the changing [consumer attitudes](#) toward a [brand](#). These [changes](#) are increasingly being influenced by a firm's [policies](#) and [practices](#) that affect the [quality](#) of the [environment](#), and reflect the level of its [concern](#) for the [community](#) ([www.businessdictionary.com](http://www.businessdictionary.com)).

### THE GREEN MARKETING MIX

A model of a green marketing-mix should, of course, contain all 4P's:

- **Product:** A producer should offer ecological products which not only must not contaminate the environment but should protect it and even liquidate existing environmental damages.
- **Price:** Prices for such products may be a little higher than conventional alternatives. But target groups like for example LOHAS are willing to pay extra for green products.
- **Place:** A distribution logistics is of crucial importance; main focus is on ecological packaging. Marketing local and seasonal products e.g. vegetables from regional farms is more easy to be marketed "green" than products imported.
- **Promotion:** A communication with the market should put stress on environmental aspects, for example that the company possesses a CP certificate or is ISO 14000 certified. This may be publicized to improve a firm's image. Furthermore, the fact that a company spends expenditures on environmental protection should be advertised. Third, sponsoring the natural environment is also very important. And last but not least, ecological products will probably require special sales promotions.

Additional Social Marketing "P's" that are used in this process are as followed:

- **Publics**-- Effective Social Marketing knows its audience, and can appeal to multiple groups of people. "Public" is the external and internal groups involved in the program. External publics include the target audience, secondary audiences, policymakers, and gatekeepers, while the internal publics are those who are involved in some way with either approval or implementation of the program.
- **Partnership**-- Most social change issues, including "green" initiatives, are too complex for one person or group to handle. Associating with other groups and initiatives to team up strengthens the chance of efficacy.
- **Policy**--Social marketing programs can do well in motivating individual behavior change, but that is difficult to sustain unless the environment they're in supports

that change for the long run. Often, policy change is needed, and media advocacy programs can be an effective complement to a social marketing program.

- **Purse Strings**-- How much will this strategic effort cost? Who is funding the effort? (Nedra K. Weinriech, 2012)

The level of greening-strategic, quasi-strategic, or tactical dictates exactly what activities should be under-taken by a company. Strategic greening in one area may or may not be leveraged effectively in others. A firm could make substantial changes in production processes but opt not to leverage them by positioning itself as an environmental leader. So although strategic greening is not necessarily strategically integrated into all marketing activities, it is nevertheless strategic in the product area (D. Grundey and R.M. Zaharia, 2008).

## **BUILDING GREEN BUILDINGS**

Buildings in the United States account for 39 percent of the country of the country's primary energy use, 70 percent of its resource consumption, 15 trillion gallons of water use, and 136 million tons of construction and demolition debris annually. Buildings are beginning to get more attention in the fight against global warming because carbon dioxide emissions could be cut by 6 million tons a year – the equivalent of taking 1 million cars off the road – if half the nation's new commercial building used 50 percent less energy. Increasingly, commercial tenants are demanding energy-efficient buildings, not only to be more environmentally responsible but also to save on energy costs. Residential buildings are coming under the same scrutiny: it has been estimated that about 10 percent of new homes will be “green” – built to more environmentally friendly standards – by 2010. The city of Austin, Texas, for example, plans to require homebuilders to increase the energy efficiency of new homes by 65 percent or more by 2015 (Pride and Ferrell, 2010).

The National Association of Home Builders has developed guidelines for environmentally sound building practices, ranging from site design to materials used in construction. Companies that make building walls and roofs out of plant materials are slowly increasing their impact on the way buildings are constructed ([www.nahb.org](http://www.nahb.org)). G-Sky, for example, manufactures “green” wall panels and sky gardens that are safe to install on almost any structure. Green walls and roofs have many benefits, including heat island mitigation, storm water control, habitat restoration, and clear air and CO<sup>2</sup> fixation.

Building owners also experience benefits such as energy savings, sound insulation, improved health and wellness for residents and tenants, and building in Los Angeles with a green roof and walls would save \$141,000 annually on its electricity bill and extract 40 tons of carbon from the air ([www.gsky.com](http://www.gsky.com)).

Marketing these new green building products requires educating customers about the new technologies available, as well as demonstrating that the technology works and provides benefits to both customers and society as a whole. As technology advances, larger companies are joining the new green building revolution, The Gap retail chain installed a 69,000-square-foot green roof on its headquarters in San Bruno, California, and the Ford Motor Company installed green roofs on its corporate headquarters. Other green projects include the Church of Jesus Christ of Jesus Latter-Day Saints Conference Center in Salt Lake City, Utah, which installed 348,480 square feet of extensive and intensive green roof in 2000 ([www.gap.com](http://www.gap.com)).

Some cities are encouraging their residents and developers to install green roof projects. The cities of Chicago and Portland have installed or are planning to install over 43 and 42 green roof projects, respectively. As customers and citizens become more aware of the potential benefits and savings of these products, they will demand that constructors and builders use them. The welfare of both customers and society will then improve through value-driven marketing.

## **METHODS CLEANS UP THE HOME CARE INDUSTRY USING GREEN MARKETING**

“People against dirty” is the intriguing slogan of the San Francisco – based home and body care brand *Method*. The founders claim that they seek not only to clean our homes and bodies, but to remove harmful chemical from our lives as well. All Method products are chemical-free and made with natural, safe ingredients. The company has embraced the marketing concepts, and its target market is receptive to a green marketing strategy. However, *Method* has not become one of the fastest-growing new brands in the United States (sold in more than 25,000 retail outlets) by focusing only on a green philosophy. The company has attracted customers through its cool brand with hip, eye-catching packaging, edgy marketing, and even a link to a blog about clean living on the company’s website ([www.methodhome.com](http://www.methodhome.com)).

*Method* was founded in 2000 by former roommates and high school friends Adam Lowry, a chemical engineer who worked as a climatologist for the Carnegie Institute before becoming *Method*'s "chief green keeper," and Eric Ryan, a marketing expert with experience designing campaigns for Saturn and The Gap. Deciding to join forces to help wean people off of the harmful chemicals we use to clean our homes and bodies, Lowry and Ryan were able to combine their complementary skill sets to develop products that were not only effective and natural, but that looked great as well.

*Method*'s concept is not new. Companies such as Seventh Generation and Ecover have been around for years, but they were never able to break into the mainstream. *Method*, however, looks like it will become a household name with annual revenues nearing \$100 million. When choosing distribution channels, Lowry and Ryan decided to steer away from coops and health food stores and instead sought mass recognition and distribution at Target, Linens'n Things, Amazon.com, and other large retailers. In order to make this possible, the founders knew that they could not charge the high prices established by other eco-friendly cleaner companies. They needed to compete head-on with the major cleaning brands. Although Lowry is dedicated to creating products that adhere to strict green standards, he and Ryan agreed from the beginning that taking the green slant would not be the best way to sell their products.

In order to literally stand out from the competition, they enlisted designer Karim Rashid (who also has designed for the likes of Prada and Dirt Devil) to design visually appealing packaging for their products. The result was affordable cleaning products contained in beautiful, standout bottles. In a highly competitive industry, the fight to get noticed on the shelf is fierce. Most large companies push the smaller brands out of the prime locations, but with *Method*'s artistic packaging, people take notice even though it is a smaller company. Customers drawn to the product for its looks or the all-natural scents will be purchasing more non-polluting green products for their home without even knowing it. In the end, Lowry and Ryan hope that this approach does create a change in perspective among consumers previously uninterested in going green or unable to afford to do so.

As with any successful company, *Method* has had to highly innovative. It has been ahead of the curve in developing new kinds of cleaning products. For example, *Method* was an industry leader when it created a triple-concentrated laundry detergent

long before major companies began doing so. *Method* has also taken stock of competitive products on the market already, and continually works on marking its own brand's versions more eco-friendly. Cases in point are dryer sheets and the Omop. Conventional dryer sheets are coated in beef fat in order to create soft clothing. Lowry found this disgusting and unacceptable. Looking for a vegetarian solution, the company developed dryer sheets coated with canola oil instead. The Omop, *Method's* answer to the Swiffer, is a stylish mop using cloths created from a corn-based plastic product. Unlike Swiffer's cloths, which are synthetic, the Omop's cloths are completely biodegradable.

Focusing on product quality, trends, price point, design, and accessibility have helped *Method* grow from a small, unknown company to one making a name for itself in mainstream media for its innovativeness and quality products. The company came in at number 16 on *Fast Company's* "World's Most Innovative Companies" 2008 list, and, through its high-profile distribution at major retail outlets, it is becoming increasingly popular among consumers ([www.fastcompany.com](http://www.fastcompany.com)).

*Method* may find that clever marketing and competitive pricing may, in the long run, be one of the best ways to help the environment. With these marketing techniques, they have given green products a competitive advantage in a large market segment. ...and they continue growing (Pride and Ferrell, 2010).

### **SPUDWARE ... NOT JUST FOR POTATO HEADS**

In the United States, approximately 39 billion pieces of plastic cutlery are used every year. Many West Coast cities, however, are voting them out of existence because polystyrene containers and plastic cutlery are not recyclable and do not biodegrade. Portland, Oakland, Santa Monica, and San Francisco have already banned the products, and other countries are considering bans. This is great news for a company called Excellent Packaging & Supply (EPS), which makes and markets bioplastics – tableware derived from corn and sugar, and Spud-Ware, cutlery made from potato starch and soybean oil. The three-year-old company, based in Richmond, California, is already profitable and has seen growth of 40 percent a year for the past two years. The company specializes in environmentally sustainable packaging, offering compostable, biodegradable, and recyclable product lines ([www.excellentpackaging.com](http://www.excellentpackaging.com)).

EPS sells dinner plates and coffee cups that are made from sugar cane residue, plus drinking straws and take-out boxes made from cornstarch, and its famous SpudWare silverware, made from 80 percent potato starch or cornstarch and 20 percent soy or other vegetable oils. These new products are giving restaurant owners more legal and environmentally friendly choices than ever before. EPS is one of the few distributors in the country that offers restaurants a complete line of biodegradable or compostable items, not just one or two products.

SpudWare made its debut at ESPN's Games, where thousands of attendees used plates and bowls made from sugar cane, clear cups and food containers made from corn, and, of course, SpudWare cutlery. All of the products were gathered after use in compostable garbage can liners so they could be composted locally after the event.

EPS did not initially intend to focus on environmentally friendly products. Although the firm sells many other items, its eco-friendly products have become its core competency and thus its realized strategy rather than its intended one. Before developing its SpudWare line, the company tried marketing utensils made from corn, but consumers complained that those products melted. So far, the company has not had any complaints about the SpudWare products in high-heat situations – even if they are used for soup. Only if the utensils are left soaking in water overnight do they become slightly “tacky.” SpudWare was a major breakthrough in the search for a functional and green alternative plastic cutlery. It is manufactured in China by several vendors that market them under different names. The new move toward environmentally friendly products enables companies to profit from new products that replace older, more harmful ones, which is especially useful when legal and consumer preference changes create a new niche in this new marketing opportunity (Pride and Ferrell, 2010).

### **BURNING MAN GOES GREEN**

The Burning Man project illustrates the changes in cultural values that influence preferences for products and company images. The first event occurred in 1986 when Larry Harvey and his friend Jerry James built a giant wooden man on San Francisco's Baker Beach and then set it on fire. Since then, the Burning Man project has grown to an annual counterculture gathering in the desert of more than 44,000 people with a budget of \$10 million. The Burning Man experience has fostered a unique culture that has led to

people banding together nationwide and putting on their own events in an attempt to rekindle the magic the Burning Man community offers.

Each year's Burning Man event follows a different theme chosen by Harvey. In 2007, the theme was "The Green Man," which came out of the festival organizers' desire to offset the 28.000 tons of carbon they estimate the event generates – including from the long flights and drives people make to attend the event. In keeping with the theme, the organization switched to biodiesel generators to provide most of the event's electricity.

The 2007 even also broke with the tradition by inviting "green" corporations to exhibit their clean technologies at the festival – but without their logos and without any marketing whatsoever. The companies were not even allowed to demonstrated their own products. They had to turn them over to Burning Man organizers, who demonstrated the products in whatever ways they chose. MMA Renewable Ventures, which funds clean technologies around the world, provided the event's Black Rock City with 270 kilowatts worth of solar cells – enough to light the giant flammable Man itself and power the pavilion. After the event, the company reinstalled the solar panels, at no cost, in the nearby town of Gerlach. MMA's rebates from the state of Nevada were not enough to cover its \$1,5 million tab, but the publicity it received more than made up for the difference.

Although the companies were not allowed to market their products at Burning Man. It turns out that letting the products speak for themselves worked for Current TV, Google, and the other companies that were confident their products could market themselves. The companies that took part in the festival demonstrated their recognition that current sociocultural forces highlight consumers' concerned about the future of the world and the importance of the natural environment ([www.burningman.com](http://www.burningman.com)).

### **LEVI'S BLUE JEANS GO GREEN**

Levi Strauss & Co, has long been known for its 501 jeans and affordable prices. Recently, the venerable company has moved into the premium denim market – dominated by brands such as Earl Jeans, seven for All Mankind, Citizens for Humanity, and True Religion – by launching its Premium collection. Now, in an attempt to exploit yet another strategic window and hot market, Levi's is going green as part of an eco-friendly marketing campaign.

Thanks in part to popularity of Al Gore's documentary *An Inconvenient Truth*, consumers are more determined than ever before to go green. According to the research group Mintel, about 35 million people in the United States regularly purchase eco-friendly products. Consumers also seem more willing to pay more for earth-friendly products and services. As a result, a growing number of companies are going to great lengths to demonstrate that they are part of the green movement. Many are switching to earth-friendly packaging and/or new production processes that conserve energy and resources. Following this environmentally friendly marketing strategy, Levi's is producing 100 percent organic cotton jeans.

These new jeans, priced at \$250 each (or \$125 a leg), are made with 100 percent organic cotton, natural dyes, and even recycled rivets to hold the jeans together. Even the signature-attached tags are made from recycled paper and soy ink. The company is also introducing less-expensive lines that include some organic and recycled materials.

Although many of us might be willing to switch to "green" jeans, the price may be harder to take. This is due to the organic cotton that is used to make the jeans. Because the demand for organic cotton is greater than the supply, procuring organic cotton for jeans is expensive. To be certified as "organic," cotton cannot be genetically modified, and it must be pesticide and fungicide free. However, more than 50 percent of cotton grown in the United States is genetically modified. Many companies are getting their organic cotton from overseas farmers, but certification in other countries can be challenging. As of 2007, organic cotton comprised less than 1 percent of the world's cotton supply. For now, Levi's can produce only a limited number of green jeans with a hefty price tag ([www.levistrauss.com](http://www.levistrauss.com)).

However, the very issue that drives up prices can be used as a marketing strategy. Many buyers are willing to pay more to support farmers who are committed to harvesting through organic methods. In fact, at the 2007 Cannes Lions International Advertising Festival, "eco-marketing" was an extremely popular topic. Consumers are excited about eco-friendly products, and companies are spending a lot of their promotion budgets to tout their stances on the natural environment. According to TNS Media Intelligence, marketers spent \$18 million on eco-focused television advertising in one three-month time span.

Although eco-responsible marketing is a hot topic, it seems likely to gain more and more traction. According to the Organic Trade Association, U.S. organic retail sales have grown between 20 to 24 percent annually since 1990. Levi's is giving consumers what they want, and consumers are willing to pay the price. The green jeans are satisfying a unique but growing market demand ([www.ota.com](http://www.ota.com)).

### **MESSAGE IN A BOTTLE: SECONDARY DATA PROVIDE RECYCLING LESSONS**

Many marketing problems can be analyzed through secondary data. Information compiled inside and outside the organization for some purpose other than current decision making can provide data to indicate challenges that need attention. An example of current data related to social responsibility and environmental challenges is beverage companies' reaction to the branded-water market. Leading companies such as Coca-Cola, Nestle, and PepsiCo are gathering information on the current impact of discarded plastic bottles on the environment.

The Beverage Container Recycling Report, compiled by As You Sow and the Container Recycling Institute, provided current data on beverage companies' recycling efforts for consumers and other stakeholders. The report identifies efforts by beverage producers to use more recycled content in their containers, increase recovery in recycling, and reduce material use. The report evaluated 12 beverage companies by using publicly available information from websites and annual reports and on the basis of survey responses. According to the study, PepsiCo leads the surveyed beverage companies in container recycling with a grade of C. Slightly behind PepsiCo in total score but also earning a C is Coca-Cola, which is on par with PepsiCo on most recycling issues, with the exception that it is not using 10 percent recycled content in its plastic bottles in North America.

The Coca-Cola Company, which has a 36 percent share of the \$106-billion-a-year nonalcoholic ready-to-drink beverage business, plans to build a plant that will be able to recycle 2 billion 20-ounce bottles annually. PepsiCo is looking for ways to boost consumer interest in recycling. Although both Coke and Pepsi have traditionally contested efforts to enact laws mandating deposits on bottles and cans, some beverage companies are looking more positively towards financial incentives for recycling.

Last year more than 5 billion pounds of polyethylene terephthalate (PET) was used in plastic containers, and of that only about 1 billion pounds were recycled. At salvage prices that range as high as 25 cents per pound, the remaining 4 billion pounds represent the equivalent of sending 1 billion \$ 1 bills to landfills. Although beverage makers have shrunk the weight of their PET bottles, recycling rates have slowed. Recycling effort in the United States are falling behind; in 1995 the country used about 2 billion pounds of “virgin” PET resin and recycled approximately 775 million pounds. Every day in the United States more than 60 million plastic water bottles are thrown away. Most end up in landfills or incinerators, but millions litter America’s streets, parks, and waterways.

Beverage companies must rethink and develop new strategies to deal with the problem that their products are creating. In this case secondary data are providing information about the issues associated with plastic beverage bottles, not only to beverage companies but to consumer group, regulatory officials, and other stakeholder concerned with ecology, and the environment. With PET container-recycling rates decreasing in the United states, it is important for bottlers to get the message and reduce the weight of their bottles, facilitating recycling, and increase the amount of recycled material in their bottles (Pride and Ferrell, 2010).

### **THE THREE SHADES OF “GREEN”**

One shade of green does *not* fit all. Actually, marketers who position their products as eco-friendly should look for three shades of green when they segment their markets. “True Green” consumers – 12 percent of the U.S. population, according to one survey – buy green products regularly. “Light Green” consumers (68 percent of the population) sometimes buy green, particularly when the products are easily available. “Never Green” consumer, who make up 20 percent of the population, never buy green.

Fairmont Resort Hotels has been seeing shades of green since 1990, when it repositioned itself on the basis of commitment to environmental sustainability. “It really has become a point of differentiation for us,” says Fairmont’s director of environmental affairs. The company also positions its conference facilities as green by offering earth-friendly conference meals.

Packaging can support a product’s green positioning, as well. Unilever is a case in point. A 32-ounce container of its new “Small & Mighty” container requires half as

much plastic as the older container, which saves 150 million pounds of plastic and millions of gallons of oil each year – an important selling point for green consumers (Pride and Ferrell, 2010).

### **TOYOTA’S PRIUS HEADS THE HYBRID PACK**

With 1 million Prius vehicles sold worldwide – more than 400.000 in the United States alone – Toyota is far and away the hybrid leader. A major reason for its success is fuel efficiency. On the highway, the Prius’s hybrid gas-electric motor delivers a whopping 48 miles per gallon. Another reason is that the Prius is considerably more eco-friendly than ordinary cars, leaving only a tiny trail of smog-forming emissions. But the main reason many owners buy a Prius, according to a recent study, is that it “makes a statement about me.” In other words, they’re proud to be driving an icon of green.

The Prius is hardly the only hybrid on the road. In fact, Toyota also makes a Camry Hybrid sedan and a Highlander Hybrid SUV. Rivals like Honda, Ford, and General Motors are driving deeper into hybrid territory with models of their own. Still, the Prius is a very distinctive car, with a clean, spare silhouette that is unmistakable – on purpose. Instead of grafting a hybrid motor onto an existing car model, Toyota built the Prius from scratch so it looks like nothing else on the road.

And that’s where “makes a statement about me” comes in: onlookers who spot a Prius know immediately that the owner cares about environmental issues. In the words of Prius owner Dan Becker, who heads the Sierra Club’s global warming program, “The Prius allowed you to make a green statement with a car for the first time ever” ([www.toyota.com/prius-hybrid](http://www.toyota.com/prius-hybrid)).

### **HYBRID REVOLUTION ?**

Toyota’s Prius was the first model to make a major move in the hybrid market. The Prius still owns over half of the hybrid market, but hybrids still account for only around 2 percent of U.S. car sales. Americans, it seems, want it all. On the one hand, 60 percent favor energy conservation and 62 percent think that the environment should be a legislative priority. On the other hand, 98 percent of automobiles sold in the United States are not hybrids. A number of factors are behind this. First is a historical belief that gas prices will eventually come back down. Second is that simply being hybrid won’t equate to greater sales. Consumers demand a return on the typically higher prices they are required to pay for hybrid. Take Honda, which in 2007 discontinued its Accord

hybrid. This move doesn't make sense until you realize that the 2007 hybrid got 28 miles per gallon city and 35 miles per gallon highway and cost around \$33,000. The gas-only Accord got 26 city and 34 highway miles per gallon with an entry price of \$18,500!

Mind-sets are changing slowly, however. The notion that gas prices will go down is starting to be questioned as we understand that increased global demand from developing countries like China is here to stay. That, along with new legislative crackdowns on emissions, and new fuel-efficiency standards, has many auto manufacturers moving fast toward alternatives that include hybrids and electric cars. This is nowhere more true than at GM, which is racing to produce a plug-in hybrid that gets 100 miles per gallon and will cost between \$30,000 and \$45,000. The car, still in development, is called the Volt, a nod to the fact that it is mostly an electric car with a small gas engine to recharge the battery during trips. This is a huge reversal for GM, which walked away from a \$1 billion investment in electric cars back in 2003. And it is still met with resistance by both company insiders and customers. As one customer notes, "I drove the Prius and the Civic, and although they were great on gas mileage, I just couldn't downgrade from a V-6."

Beyond the usual competitors, there is also a contingent of new brands to contend with, including the Obvio! From Brazil, which gets 29 city and 40 highway miles per gallon and is priced at \$14,000. Indeed, even established players understand that they need to increase performance and reduce price. A Toyota executive stresses: "My quest is to produce a third-generation Prius quickly and cheaply (Hawkins and Mothersbaugh, 2010)."

### **BUSINESS TRAVELERS WANT TO "FLY GREENER"**

Fly faster, fly cheaper, fly greener? Business travelers are demanding customers – and now they have something else to be demanding about. A growing number of corporate travel coordinators are checking into airlines' environmental activities. Which airlines have a recycling program? What are airlines doing to reduce pollution and conserve natural resources? ([www.businesstraveller.com](http://www.businesstraveller.com))

When American Airlines began fielding inquiries about its environmental policies, it took the questions a step further and asked its own suppliers about *their* environmental policies. As a result, American's business travelers are actually putting

green pressure on all the suppliers as well as the airline itself. And flying greener will make the carrier's bottom line greener by cutting waste and shaving costs.

Other airlines are also taking action to *fly* greener. British Airways, for example, has set a goal of recycling or reusing 40 percent of the solid waste generated per passenger (such as paper, bottles, and cans) by the end of this decade. Knowing that passengers are concerned about air quality and global warming, the airline put a carbon dioxide calculator on its website. Now passengers can determine the carbon dioxide emissions for their flights and, if they choose, make a donation to offset those emissions by investing in cleaner energy initiatives (Pride and Ferrell, 2010).

### **LONG-DISTANCE WI-FI**

Advances in technology are a key force in facilitating international marketing. Wireless technology is not only allowing people to access e-mail and instant messaging services, it is also helping Third World communities provide better health-care facilities in areas that are far from mainstream technology and transportation systems. This is all possible through a new product developed by Eric Brewer, a professor at the University of California – Berkeley, and his graduate students. They developed a wireless networking system they called Wildnet (“Wild” is short for “Wi-Fi over long distance”). Wildnet extends the range of Wi-Fi technology 100 times further than an airport “hot spot,” up to a distance of 60 miles ([www.wild.net](http://www.wild.net)).

Relatively inexpensive to install, Wildnet uses the publicly available radio spectrum and the free Linux operating system on an inexpensive Intel computer board with off-the-shelf Wi-Fi radio chips. One router costs less than \$400 and uses just 8 watts of power; it can even be run off a solar panel. The project currently has several deployments in India, Ghana, Guinea Bissau, and the Philippines. Several American Indian reservations and rural communities in Virginia have also expressed an interest.

Wildnet's most dramatic impact to date has been in southern India, where the high-speed links are bringing better eye care to poor villagers. Some of the local communities' clinics have set up links to regional hospitals to enable local residents to consult a doctor without having to travel great distances. The Aravind Eye Hospital is a regional hospital that treats 1,400 new patients a month at five remote vision centers that are connected via Wildnet.

Brewer says, "Existing Western technologies are rarely a good fit. They are either too expensive or too complex" to work in poorer countries, particularly in low-density rural areas. Wildnet is proving to be cheaper and faster than satellite dishes, which can cost \$10,000. Brewer doesn't believe that Wildnet will eliminate satellite, cellular broadband, Wi-Fi, or WiMax but is rather a complement to these – a "grassroots solution" for rural areas. Wildnet opens up the opportunity for advancing economic development and the well-being of people in developing countries. These advances will create more educated and economically productive members of the global economy (Pride and Ferrell, 2010).

### **WHAT MAKES A PRODUCT "GREEN"?**

Is a chainsaw "green" when it runs on electricity instead of gasoline? What about a toothpaste that contains natural mint and green tea extract or a paintbrush with a plastic handle? This is a red-hot issue as sales of green products rise, and both marketers and consumers try to determine what, exactly, makes a product green.

Consider what happened when Home Depot invited supplier to nominate green products for special attention in its Eco Option promotional campaign. The retailer suddenly discovered that of the 176,000 items carried in its stores, suppliers believed more than 60,000 be worthy of the "green" designation, Jarvis allowed only 2,500 of them into the Eco Options campaign. He adds, "If they say their product makes the sky bluer and the grass greener, that's just not good enough."

After screening the products using standards such as the Environmental Protection Agency's Energy Star designation, Jarvis allowed only 2,500 of them into the Eco Options program, including items such as solar-powered lawn lights and energy-efficient washing machines. To promote the program, the company gave away 1 million free compact fluorescent light bulbs and set up a website where customers can read about the products and see their environmental impact. And shoppers are responding within three months, sales of Eco Options products were, on average, 10 percent higher than before the program began (Pride and Ferrell, 2010).

### **ORGANIC HITS ITS STRIDE**

Organic food is moving beyond the fringe and toward the mainstream of American eating. The USDA developed and implemented nationwide standards in 2002 for the use of term *organic* on food labels. Foods labeled "organic" must conform

to specific guidelines, such as no use of pesticides, herbicides, and antibiotics. Foods brands that meet USDA standards are certified, which enhances consumer trust. Certification and the resulting increase in consumer confidence have helped fuel double-digit growth in the category. Packaged Facts estimates that organic sales are now \$26,3 million and expected to grow to \$33 million by 2010. The mainstream nature of organic can be seen in several ways. First, roughly two-thirds of Americans have tried organic foods with over half having purchased organic in the the past year. Second, regular supermarkets account for the largest sales of organics, making organics very accessible. National food chains such as Whole Foods and Trader Joe's are another major outlet providing ease of access ([www.usda.gov](http://www.usda.gov)).

A number of underlying values and concerns account for the increased popularity of organic food. These include values relating to health, safety, family, and the environment. A Hartman Group study puts the top four motivators for organic purchases as health, taste, food safety, and the environment. A Whole Foods study indicates that 54 percent of Americans believe that organic is better for their health and 58 percent believe that organic is better for the environment. The health and environment factors sometimes go hand in hand. Food grown without the use of chemicals keeps chemicals out of our bodies both directly (we don't consume them in our food) and indirectly (they don't end up in our drinking water through runoff).

Organic consumers tend to be younger and better educated, and organic purchases help create a lifestyle that is seen as healthy, family-friendly, and environmentally sound. The bigger barrier is price. However, as organic becomes more mainstream and continues to grow, companies like Wal-Mart are putting their muscle behind this trend, which will likely lead to lower prices. With lower price and greater access, it is likely that organic food purchases will increase. Certainly, the potential is there, since nearly two-thirds of U.S. consumers are still not regular purchasers of organic foods.

Not surprisingly, marketers are taking notice. Some recent examples of companies offering organic versions of their products include Bigelow (green tea), Del Monte (canned tomatoes), and Prego (pasta sauce). While many companies are just testing the waters with a few products. SUPERVALU (a leading grocery retailer) has launched its own organic store brand nationally. Its Wild Harvest brand is one of the

first organic store brand to national with a large selection, which will eventually include some 250 food items from eggs to cereals to snacks. According to a SUPERVALU executive:

Significant research and consumer insights went into the development of the brand, which has enabled us to create a highly desirable offering that speaks directly to consumers' desire for fresh, wholesome and affordable foods that help them live a healthier lifestyle.

Lower prices, greater access, and consumers' continued concerns over food safety, family health, and the environment should help ensure that other companies follow SUPERVALU's lead in offering a broad array of products at a nationally branded level (Hawkins and Mothersbaugh, 2010).

## **CONCLUSION**

Green marketing is strategic process involving stakeholder assessment to create meaningful long-term relationship which customer while maintaining, supporting, and enhancing the natural environment. According to the [American Marketing Association](#), green marketing is the marketing of products that are presumed to be environmentally safe.

Marketers have responded to Americans increasing concern for the environment with an approach called green marketing. Green marketing generally involves: developing products whose production, use, or disposal is less harmful to the environment than the traditional versions of the product; developing products that have a positive impact on the environment; or trying the purchase of a product to an environmental organization or event.

Green marketing subsumes greening products as well as greening firms. In addition to manipulating the 4Ps (product, price, place and promotion) of the traditional marketing mix, it requires a careful understanding of public policy processes.

Why consumers purchase/do not purchase green products and how firms should think about information disclosure strategies on environmental claims. Green marketing also ties closely with issues of industrial ecology and environmental sustainability such as extended producers' liability, life-cycle analysis, material use and resource flows, and eco-efficiency. Thus, the subject of green marketing is vast, having important implications for business strategy and public policy.

Environmentally friendly (also eco-friendly, nature friendly, and green) are terms used to refer to [goods and services](#), [laws](#), guidelines and policies claimed to inflict minimal or no harm on the [environment](#). The term "eco-friendly" is used to describe activities

which are good for the environment. It is a shortening of “ecologically friendly,” and you may also hear terms like “environmentally friendly” or “green” used to describe similar activities. There are a range of ways in which activities can be eco-friendly, ranging from products which are constructed in an environmentally friendly way to making lifestyle changes which are designed to benefit the environment.

## REFERENCES

- American Marketing Association on Ecological Marketing Workshop, 1975.
- Del I. Hawkins, David L. Mothersbaugh, 2010, Consumer Behavior, Building Marketing Strategy, Eleventh Edition, McGraw-Hill International Edition.
- D. Grundey, R.M. Zaharia, 2008, Sustainable Incentives in Marketing and Strategic Greening: The Cases of Lithuania and Romania. *Baltic Journal on Sustainability*.
- Nedra K. Weinreich, 1999, Hands on Societal Marketing, Second Edition, Sage Publication.
- William M. Pride, O.C. Ferrel, 2010, Marketing, 15 E, South-Western, Cengage Learning, International Edition.
- Webster's New Millennium Dictionary of English, 2007.
- [www.burningman.com](http://www.burningman.com)
- [www.businessdictionary.com](http://www.businessdictionary.com)
- [www.businesstraveller.com](http://www.businesstraveller.com)
- [www.excellentpackaging.com](http://www.excellentpackaging.com)
- [www.fastcompany.com](http://www.fastcompany.com)
- [www.ftc.gov](http://www.ftc.gov)
- [www.gap.com](http://www.gap.com)
- [www.gsky.com](http://www.gsky.com)
- [www.levistrauss.com](http://www.levistrauss.com)
- [www.methodhome.com](http://www.methodhome.com)
- [www.nahb.org](http://www.nahb.org)
- [www.ota.com](http://www.ota.com)
- [www.thesimpsons.com](http://www.thesimpsons.com)
- [www.toyota.com/prius-hybrid](http://www.toyota.com/prius-hybrid)
- [www.unilever.com](http://www.unilever.com)
- [www.usda.gov](http://www.usda.gov)
- [www.wild.net](http://www.wild.net)
- [www.wisegeek.com](http://www.wisegeek.com)