THE THREE P’S OF GREEN MARKETING - PEOPLE, PLANT AND PROFIT

Dr. K. Abdus Samad
Director & Research Supervisor, Jamal Institute of Management,
Jamal Mohamed College (Autonomous), Tiruchirappalli – 20

Mrs. S. Thilagavathy
Assistant Professor,
Jamal Institute of Management
Jamal Mohamed College (Autonomous), Tiruchirappalli – 20

ABSTRACT

At present in the Global Competition the organizations are showing greater interest towards Sustainable or “Green” marketing strategies. Sustainable or Green Marketing strategies is attributable to consumer sensitivity to environmental issues brought about by rising fuel prices, evidence of extensive ecological changes, and the tacit assumption that current consumption patterns place the planet’s prolonged existence at risk. Traditional Green Marketing Strategies research investigates how industrial activities affect three key factors: The planet, people, and profits. Research has also found that consumers claim to be willing to pay more for sustainable goods and services and however green product failures abound in the marketplace. Research has found contradictory effects for demographic and psychographic variables on environmentally-friendly consumption behaviors.

Key words: Green Marketing Strategies, Planet, People, Profits

http://www.iaeme.com/ijm/index.asp

1. INTRODUCTION

Academic interest in Green Marketing Strategies also finds in the organizational response to growing consumer demand, as organization and manufacturing firms have provided the market with green goods and service. In the present scenario, Many leading Research Journals giving special attention to Green Marketing Strategies. The leading journals which give special attention to Green Marketing Strategies are Journal of the Academy of Marketing Science, the Journal of Consumer Research, the Journal of Public Policy and Marketing, the Journal of Business Research, the International Journal of Research in Marketing, the Journal of Advertising, the Journal of Micromarketing, the Strategic Management Journal, and the Academy of Management Review. Additionally, it has led to the creation of specialty academic journals, such as Business Strategy and the Environment and

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Organization and Environment, which investigate the nexus of environmental and commercial interests.

Research on Green Marketing Strategies, however, has been plagued by conflicting findings. Consider that research has concurrently shown that the adoption of an environmentally-friendly approach to conducting business can represent either a benefit or a burden to the firm. Research has also found that consumers claim to be willing to pay more for sustainable goods and services and however green product failures abound in the marketplace.

Furthermore, research has found contradictory effects for demographic and psychographic variables on environmentally-friendly consumption behaviors. These conflicting findings indicate that Green Marketing Strategies research is still in a formative stage. However, the inability of these efforts to definitively conclude that the adoption of a Green Marketing Strategies is worthwhile could result in wrong organizational strategies, potentially damaging the trustworthiness of this research stream in the process. Thus, the Green Marketing Strategies literature base and its unconvincing findings call for efforts to separate causal from spurious effects.

2. THE 3 PS - PLANET, PEOPLE, AND PROFITS

Traditional Green Marketing Strategies research investigates how industrial activities affect three key factors: The planet (or the natural surroundings), people (consumers, customers, employees, managers, and organizational sustainability champions), and profits (firm performance measures) (Banerjee 2002; Elkington 1994; Marshall and Brown 2003). In addition, Green Marketing Strategies research examines how these factors influence marketing strategy. The current section briefly introduces these factors and describes how they have been portrayed in the literature.

Many authors like Carson (1962) Silent Spring, Meadows, Meadows, Behren, and Randers (1972) The Limits to Growth, and Toffler (1970) created widespread awareness of the looming environmental threat posed by a ‘disposable’ and ‘mass consumption’ society (Baker and Sinkula 2005; Grinstein and Nisan 2009). Coupled with highly publicized environmental disasters, such as the incidents happen in Chennai Heavy Rain, such works have drawn consumer attention to the fact that present consumption patterns can have immediate negative effects on local communities. In short, a confluence of factors has transformed concern for the planet from a fringe activity to a mainstream priority. In the process, these factors have created a following of environmentally-conscious consumers subscribing to a ‘think globally and act locally’ mentality. Naturally, this has impacted market oriented firms, as they have endeavored to provide the market with eco-friendly products and services and to operate in an environmentally conscious manner.

What is Sustainable Marketing Strategy?

Although a variety of definitions and examples of Green Marketing Strategies can be found in the literature, the vast majority of definitions center on the firm operating in an environmentally-responsible manner. That is, definitions suggest that firms choosing to embark on a Green Marketing Strategies should operate in such a way as to minimize their impact on society and its eco-systems, while simultaneously providing goods and services that are in demand. Implicit in this definition is the notion that firms should develop green goods and services that not only provide for both hedonic and utilitarian consumption, but that also guard against continued environmental degradation. The following analysis addresses how the literature defines Green Marketing Strategies. As stated above, Green Marketing Strategies is defined in terms of how it affects and is affected by three major stakeholders.

3. PLANET

Research has shown that many firms are conscious of the dangers presented by their industrial output, the need for constant revenue growth, and a mass consumption society. It also suggests that some firms realize that they must play an active role in preventing further environmental degradation (Bansal and Roth 2000). The following discussion outlines the major themes that have been found in the Green Marketing Strategies literature that deal with the interface between the firm and the environment with regards to these issues. In particular, research highlighting the barriers faced by firms seeking to protect the planet through the implementation of a Green Marketing Strategies is analyzed. Additionally,
studies that evaluate consumers’ impressions of these efforts are also identified. Furthermore, research that categorizes firms relative to their Green Marketing Strategies enactment is reviewed.

The Green Marketing Strategies literature suggests that environmental concern is not a fad and that firms are aware of this fact. As a result, the literature indicates that business recognizes multiple stakeholders, including the natural environment, when shaping marketing strategy. In fact, the literature demonstrates that many firms consider their environmental performance when assessing overall firm performance. The literature also suggests that managers are sometimes compensated for complying with environmental regulations, as well as for voluntarily adopting a Green Marketing Strategies (Berrone and Gomez-Mejia 2009; Russo and Harrison 2005). Research provides additional support for the idea that firms are committed to the environment, as many even collaborate with environmental watchdog groups. In short, the Green Marketing Strategies literature suggests that firms seriously consider environmental impact of their efforts when developing strategic and operating plans (Rueda-Manzanares 2008).

4. CONSUMERS’ IMPRESSIONS OF FIRMS’ EFFORTS TO PROTECT THE PLANET

Research suggests that firms seeking to save from harm the planet through their Green Marketing Strategies implementations are also challenged by consumer’s receptiveness to these efforts. In particular, many consumers are uncertainty whether a firm’s activities and offerings are truly environmentally sustainable or not. Research suggests that in order for firms to overcome consumer doubt, a firm should systematically strive to make all business activities more sustainable. Although easier said than done, the literature suggests that efforts at a firm’s ‘greening’ can be accomplished. In fact, the literature discusses measures that have been taken by firms to use alternative and recycled materials in their production functions, to evaluate organizational routines for environmental inefficiencies, and to transform the firm from espousing a product orientation to one centering on less environmentally-impactful services (Marshall and Brown 2003; Rothenberg 2007; Sharma and Henrique 2003). In addition, studies suggest that firms can build credibility, as well as take a more active role in protecting the planet, by divesting environmentally troublesome subsidiaries (Hall and Vredenburg 2005). Furthermore, firms can enlist the assistance of unbiased third-party environmental auditors and environmental watchdog groups to guide them as they streamline their operational processes and develop new products with the environment in mind (Funk 2003; Grankvist 2007; Harris 2007). Finally, the literature suggests that environmental-sensitivity should be incorporated into a product’s whole life-cycle (Albino. 2009; Russo and Fouts 1997). That is, firms should ‘engineer’ sustainability features into their products, considering a product’s environmental impact from production to disposal.

5. GREEN FIRM TYPOLOGIES

Research has attempted to measure organizational commitment to environmental protection by classifying firms based on their environmental-stewardship. For example, Buysee and Alain (2003) assessed firms based on their internal processes in an effort to determine their level of environmental-sensitivity. The resulting typology recognized three distinct firm types, including reactive, pollution preventative, and environmental-leadership types. In a related study, Aragon-Correa (1998) developed a categorization scheme based on factors both internal and external to the firm. This research revealed five distinct clusters of firms on a continuum of ecological compliance, ranging from non-compliance to environmental fineness. Finally, Albino, Balice, and Dangelico (2009) investigated whether the environmental approaches adopted by sustainability-driven companies were different from those adopted by companies not driven by sustainability concerns. In this process, they categorized firms as taking part in one of four levels of environmental development: green management, material eco-efficiency, energy efficiency, and green supply chain management.

6. PEOPLE

In addition to studying how businesses interrelate with the natural environment, Green Marketing Strategies research also focuses on people. More specifically, research in this vein examines how Green Marketing Strategies affects both customers and employees. On the other hand, the literature also considers how parties impact firm-level marketing strategies. Note, however, that the bulk of research centers on how people external to a firm affect the firm’s tendency to implement a Green

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Marketing Strategies. In particular, research in this stream revolves around consumers, with relatively few of the studies focused on business-to-business customers.

7. CONSUMERS

Research that examines consumer reactions to firms Green Marketing Strategies has a relatively long history. This particular type of research is perhaps the most widely studied. In fact, of all investigated articles, consumer behavior studies represented more than 32.4 percent. Articles in the research stream generally consider how factors, both internal and external to the consumer, impact adoption behavior. In particular, the work considers how personal attributes (e.g., psychographic and demographic characteristics) influence the adoption of sustainable goods and services. Research also considers how businesses encourage consumers ‘adoption of sustainable products through the use of positioning (Du, 2007; Polonsky and Rosenberger 2001). Specifically, the effects of advertising, labeling, alliances, and the like on consumption patterns are studied.

Green Marketing Strategies research indicates that perceptions that a firm is actually ‘green-washing’ (i.e., disingenuously portraying itself and its offerings as environmentally-friendly) can severely damage the firms reputation. Additionally, evidence that a firm is more concerned with increasing its profit margins than with protecting the environment can also negatively affect consumer trust and thus impact sales. Accordingly, research suggests that in addition to a firm announcing its efforts to operate in a more sustainable fashion, a firm must be diligent in its efforts to operate in such a manner (Banerjee 2003). In short, Green Marketing Strategies research suggests that consumer trust is critical in efforts to influence sustainable consumption behaviors (Osterhus 1997).

8. EMPLOYEES

Employees have been found to exert pressure on a firm to ‘go green’ and thus also should be considered a stakeholder in the environmental debate. In fact, Green Marketing Strategies research on employees suggests that a sense of ethics, ecological-responsibility, and environmental-consciousness serves to motivate involvement in an employers sustainability initiative. Research also suggests that employee buy-in influences an organizations sustainability strategy, while at the same time demonstrating that organizational factors (e.g., managerial support and organizational subcultures) influence an employee’s propensity to spearhead an organizational, environmental initiative (Bhattacharya. 2008; Howard-Grenville 2006; Ramus and Steger 2000). Furthermore, research suggests that firms which maintain a strong commitment to environmental-sensitivity can use this positioning to attract high quality employees.

9. MANAGERS

The Green Marketing Strategies literature also indicates that organizational leaders play a role in motivating their firms to adopt such strategies (Aragon-Correa 2004; Carter and Dresner 2001; Sharma and Henriques 2003). Since doing so has traditionally been associated with escalating costs, this notion may appear to lie in direct opposition to managers overarching mission of increasing profits and protecting shareholder value (Orsato 2006; Walley and Whitehead 1994). Research, however, suggests that is not the case (Berrone and Gomez-Mejia 2009; Porter and van der Linde 1999; Russo and Harrison 2005). Although the development of sustainable offerings has been associated with sacrificing short-term gains and incurring expenses, some managers are adopting a more long-term approach with respect to profits.

Interestingly, the Green Marketing Strategies literature suggests that manager’s personal factors encourage the ‘greening’ of organizations. While concern for personal liability has been recognized as a factor, manager’s societal role perceptions, as well as their ethics, appear to impact efforts to build Green Marketing Strategies into their organizational routines. Additionally, research indicates that managers are oftentimes incentivized to become concerned about organizational environmental performance (Russo and Harrison 2005; Stanwick and Stanwick 2001). Furthermore, research on the topic demonstrates that manager’s cognitive framing and sense making capabilities direct the desire to shape a firm's environmental response. Finally, research finds that environmentally-sensitive managers possess strong pro-environmental values and an entrepreneurial flair. Such qualities provide the patience and dynamism needed to allow them to rally international support for these initiatives.
10. PROFITS (AND FIRM PERFORMANCE)

As alluded to above, research suggests that many environmentalists and lawmakers have set aside differences with firms, recognizing that industry can and should play a pivotal role in resolving the world’s environmental problems. In fact, the literature suggests that formerly bitter rivals have taken on a supportive stance towards industry. Environmental watchdog groups oftentimes acknowledge that firms should profit from environmentally-sustainable activities, sanction firms pro-environmental behaviors, and form alliances with firms. In short, although research suggests that firms were once the object of scorn, it demonstrates that many are now regarded as stakeholders in the environmental debate. Consequently, a growing literature base studies the viability of a firm conducting itself in a sustainable fashion.

11. THE GREEN ORIENTED FIRM

Research suggests that firms have developed a growing awareness of marketing strategies impact on the natural environment. As a consequence, the literature suggests that many companies have made strides towards the adoption of an environmental or green-orientation (Baker and Sinkula 2005; Menguc and Ozanne 2000; Stone and Wakefield 2000). Green Marketing Strategies literature defines the firm level adoption of a green-orientation as when a firm operates in a manner that provides consumers with needed goods and services, while minimizing its impact on the natural environment. For example, using a political-economic framework to develop a definition, Banerjee, Iyer, and Kashyap (2003) conceptualize a firm-level green orientation as combining intra-organizational entrepreneurship and environmental-sensitivity. In the conceptualization, rather than viewing ecological issues as a threat, green-oriented firms leverage a combination of competencies (referred to as ‘environmentalism’ by Varadarajan [1992]) to redefine potential threats as opportunities. In contrast to the definition found in Buyse and Verbeke (2003), environmental-management strategies are defined in terms of the specific actions undertaken by the firm. By clustering firms responses on a series of environmentally relevant variables, Buyse and Verbeke (2003) suggests that there are three strategies that green firms can choose to adopt with respect to environmental-orientation: 1) a reactive strategy, 2) a pollution prevention approach, and 3) a strategy based on environmental leadership.

The reactive strategy, which Hart (1995) refers to as an end of pipe’ approach, is the least environmentally-sensitive of the three as it describes an approach in which the firm deals with waste issues only as an afterthought. The pollution prevention strategy, however, appears to be an improvement on the former, as firms subscribing to this approach tend to develop new products and processes with the environmental impact of such efforts in mind (cf. Lenox et al. 2000). Further, the authors describe an environmental-leadership strategy in which the adopting firm excels in all environmental criteria (e.g., conventional green competencies, employee skills, organizational competencies, management systems, management procedures, and the like). Similarly, Hart (1995) proposes a green-orientation, which is composed of three strategies; pollution prevention, product stewardship, and sustainable development. Founded on a natural-resource-based view of the firm, Hart (1995) suggests that firms garner a competitive advantage based on the firm’s relationship to the natural environment. Finally, Miles and Munilla (1993, pg. 47) defines a firm-level eco-orientation as one in which a firm produces eco-friendly products and operates using eco-friendly business practices in order to “engender an enhanced environment.”

12. CONCLUSION

In the present scenario how firms interact with the planet, future research is needed to focus on how firms deal with the challenges and problems faced in generating consumer demand. Also, research should evaluate at present how firms, governments, NGOs, and regulating bodies can influence pro-environmental behaviors. Research is needed to examine how social factors influence firms to improve their environmental performance. Further, future research should identify and explore the extent to which network effects influence consumer adoption behaviors, especially in cases in which network effects have been minimized to at least a little extent. Finally, studies are needed to investigate the impact of different firm incentives on environmental protection policies. In this regard, research could identify and explore the question of when it is necessary to accept a strict environmental protection management as one of the defensive strategy.

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Upcoming research dealing with the second stakeholder, people, should identify what are the variables, especially social factors which can influence consumers adopting Green Goods and Service. In the present situation, research is needed to study to what extent social influences like person endorsement will create an impact on Green Goods and Service. In the era of Technology, how Social Media and Mobile media create differential effects of different sources of information available. Also, researchers should explore the impact of employees and managers to influence the organization to “Go Green”.

At the same time, research should identify how profits and inquiries are needed to explore how to measure firm green initiation from consumer point of view and perception. Although knowing managers’ opinions of what it means for a firm to be green is useful, managers’ opinions may differ from those held by consumers. Additionally, future work should attempt to resolve the mixed results on the effects of Green Marketing Strategies performance on firm productivity and profitability. Finally, research should re-examine the other advantages that can accrue to the firm as a result of Green Marketing Strategies implementation, as the recent widespread adoption of these strategies may have changed their effects.

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