

Raluca-Mihaela SANDU
Faculty of Economics and Business Administration,
Alexandru Ioan Cuza University of Iași, România

GREEN: MARKETING, PRODUCTS AND CONSUMERS

Literature
review

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Abstract

The purpose of this paper is to provide a comprehensive literature review of green marketing, eco-friendly products and green consumers. Nowadays, awareness on different environmental problems increased significantly and it is of global concern to reduce negative impact on the environment. In relation to this, there has been a change in consumption patterns. As a result, a new segment of consumers was introduced, the so called green consumers. Green marketing tries to adapt by putting in the center of attention the needs of such a consumer. An increase of organic products exists in both parts, in demand and offer. To maintain the welfare of present and future generations, a sustainable development is essentially.

INTRODUCTION

In recent years, on the global agenda the environmental issues appeared in the foreground. As consumers take in consideration the future of the world, in consequence, most of them prefer eco-friendly products (Boztepe, 2012). In other words, it can be stated that consumers have a significant attraction for green products. It is in the public's attention the environment deterioration determined by over consumption of natural resources (Mei et al, 2012). This is the reason why companies also focus on including into their activities environment protection with the main objectives: satisfying customer's needs, protecting consumer rights and giving proof of social responsibility.

Green marketing has developed especially in the modern market. Many studies have been conducted to define what "green" exactly refers to. Still, the concept remained ambiguous. Therefore, the purpose of this paper is to provide a comprehensive literature review of green marketing, eco-friendly products and green consumers.

GREEN MARKETING

Yakup and Sevil (2011) mention that the beginning of the 1980s was marked by ecological problems as for example: global warming, greenhouse effect, pollution, and climate changes and these are directly related to industrial environment. All these phenomena will continue to have an impact on human's activities.

In literature, a distinct part is dedicated to the problems of green marketing (Grundey and Zaharia, 2008).

Taking a retrospective look, it can be observed that the term "green marketing" was revealed in the late 1980s and early 1990s. The first workshop on "Ecological Marketing" took place in Austin (Texas), in 1975 and was held by The American Marketing Association (AMA). In consequence appeared one of the first books on green marketing, with the identical name as the workshop: "Ecological Marketing".

According to Polonsky (1994, p.4), "*green or environmental marketing consists of all activities designed to generate and facilitate any exchanges intended to satisfy human needs or wants, such that the satisfaction of these needs and wants occurs with minimal detrimental impact on the natural environment*".

Another definition is given by Nandini and Deshpande (2011), who affirm that green marketing consists in developing and promoting products and services that satisfy customer want and need for quality, performance, affordable price and convenience without having a detrimental input on the environment.

Peattie Ken (2001) describes in "Towards Sustainability: The Third Age of Green Marketing"

the evolution of this process, as consisting of three stages. During the first stage named "Ecological green marketing", marketing activities concentrated on finding solutions for environmental problems. The second stage was "Environmental green marketing" and the focus shifted on clean technology that involved designing of innovative new products, which take care of pollution and waste issues. The third stage was "Sustainable green marketing", which was visible in the late 1990s and early 2000.

Nowadays, the American Marketing Association (AMA) divides the definition of green marketing in three aspects: as "*the marketing of products that are presumed to be environmentally safe*" (retailing definition), as "*the development and marketing of products designed to minimize negative effects on the physical environment or to improve its quality*" (social marketing definition) and also as "*the efforts by organizations to produce, promote, package, and reclaim products in a manner that is sensitive or responsive to ecological concerns*" (environment definition) (Morel and Kwakye, 2012).

Grant (2007) has suggested that the primary objective of green marketing is to educate and make people willing to go green, because it has an influence on changing the lifestyle and behaviour of potential consumers.

Studies on green marketing have focused mainly on developed countries. At the same time, developing countries have not been focused perfectly (Yazdanifard and Mercy, 2011).

Studies observed that the concept "green marketing" has also synonyms, such as: environmental marketing, ecological marketing, sustainable marketing or responsible marketing.

The traditional marketing mix or the 4 P's is applied also in the case of green products. The green marketing mix "*preserves environmental resources and at the same time deliver value added products and services*" (Datta and Ishaswini, 2011, p. 126).

Referring to the first element of green marketing mix- *Product*- the producer should offer products that do not have a negative impact on the environment, on the contrary, to protect it. Consumers are influenced by the labeling that guarantees that the products meet the green standards. Green product possesses the characteristic that it does not make damages to the environment. (Ranai Kordshouli and Yari Bouzanjani, 2012).

After consumption, in order to improve environmental performance of the product, applying some concepts of 5R in product development is advantageous. The 5Rs consist in: repairing, reconditioning, reusing, recycling and remanufacturing (Peattie, 2009).

A crucial variable of the marketing mix is the *Price*, which is perceived to be relatively higher than the conventional products, because of products' benefits. Even green consumers tend to be price-sensitive, imposing a limit beyond which they will not pass (Chang, 2011). This value may be due to improved performance, function, design, visual appeal, or taste. Green marketing should take all these facts into consideration while charging a premium price (Thulasimani, 2012). If the displayed price to the customer includes social and environmental expenses and the customer is willing to pay such price, manufacturers will be emboldened to create more sustainability (Durning, 2011). Green price should be reasonable and competitive (Abzari et al., 2013, p. 645).

Another key element of the green marketing mix is the *Promotion*. Green advertisement allows consumers to obtain information about green products, this is why companies should focus more on "green advertising" having as target groups: green customers and traditional customers (who are not eco-friendly products users). In addition to this, companies should also have a large range of promotional tools like: schemes, coupons, offers and premium to favor a response of the consumers in buying ecofriendly products. (Manjunath and Manjunath, 2013).

Sharma (2011) noticed that there are three directions that green advertisement should follow: at the beginning of the advertisement educational content should appear, then it should focus on the concern for the environment, after the accent is on the fact that firms have modified the procedures of production with the goal of promoting a green lifestyle and finally, the advertisement points a firm's image of environmental responsibility. Consumers in general like to identify themselves with companies that are environmental stewards.

Thulasimani (2012) observed that green advertising is divided into three categories: (1) ads referring to the relationship between a product service and the bio-physical environment; (2) ads that promote a green lifestyle by focusing on a product or service; (3) those that present a corporate image of environmental responsibility.

In green promotion a list of ethical and legal guidelines should be followed, for example: the advertised advantage has a positive influence, for instance it decreases air pollution; determine special advantages of the product in terms of the characteristics related to improving of the environmental status; shows specific data concerning product's advantages, for example specify the percentage and nature of the recycled product; provide conditions which make comparison possible for the customer; define all technical terms and explain environmental advantages because the piece of information that

consumers know about environmental issues is little (Wong and Stoneman, 2009).

The last, but not least element is *Plasament*.

Green distribution refers to all the activities about monitoring and raising environmental aspect in company's demand chain. Its attempts include collaboration with network partners for re-fostering the product or waste disposal adjustments and customer's assurance of possibility of recycling the recyclable materials (Constantinos et al., 2012).

Some directions that can be considered by all corporations regarding distribution and transportation are as it follows: (1) developing of centralized distribution method that creates environmental advantages such as decreased movement of vehicles and reduction of shipments; (2) compiling a suitable policy and purpose to decrease the pollution of vehicles which distribute the products; (3) analysis of costs and utility for feasibility study of the recycling system of wastes and packaging; (4) enhancement of environmental awareness both in the corporation and among the parties to the transportation contract (Abzari et al., 2013, p. 646).

Chitra (2007, p. 174) identified green marketing mixas "product, price, place, promotion, process, people and physical distribution". Each variable is explained. "Product" refers to a healthy consumption, "Price" represents the value of the product or service, "Place" is products' attainability, the "Promotion" means focusing on the eco-friendly products' promotion and "Physical Distribution" involves storage. "People" consists in employees and customers that should have an eco-mentality in production and consumption.

Green marketing has been developing because even if the human wants are unlimited the natural and artificial resources are limited (Kumar, 2010, p. 59).

The participants that need to understand the green marketing are: consumers, governments, companies with recognized environmental reputations, companies highly dependent on scarce human capital, companies with low market power, companies operating in highly regulated industries, companies dependent on natural resources (Manjunatah, 2013).

Companies believe that implementing a green supply chain, green products design, packaging, pricing and promotion can only lead to advantages for society and environment; thus, it has taken priority over traditional marketing initiatives. (Kar Yan and Yazdanifard, 2014)

The global market of green marketing is said to reach \$ 3.5 trillion by the year 2017, according to a report conducted by Global Industry Analysts Inc. of 2013. (Mitra, 2014)

GREEN PRODUCTS

Between 1980 and 1990, a trend in “green products” appeared, and this type of niche products occupied a distinct place in the market. But only at the beginning of the 21st century, marked with global warming and natural resource depletion, “green” started influencing the practices of product manufacturers. (Air Quality Sciences, 2010)

A short evolution of green product’s definition is necessary. In 1975, Herberger Jr. defined green product as having ecology appeal: among the product’s characteristics its viability with the environment is recognizable, understandable and marketable. Weber (1991) argued that green products are the ones claiming to be environmentally friendly and biodegradable. Mebratu (2001) claims that a green product possesses environmental procurement: systematically building environmental considerations into day-to-day procurement decision-making and operations.

Recent definitions are also relevant. In a study of Pickett-Baker and Ozaki (2008), they sustain the idea that defining environmentally sustainable products is a complex process. In a strict sense, there is no such thing as a truly sustainable or green product, as all products bought, owned, used and discarded in everyday lives will have negative environmental impacts at some stage in their life cycles.

Albino et al. (2009) agree with the fact that the green product is designed to minimize its environmental impacts during its whole life-cycle. In particular, nonrenewable resource use is minimized, toxic materials are avoided and renewable resource use takes place in accordance with their rate of replenishment.

The Organisation for Economic Cooperation and Development (OECD) argues that green products are the ones produced without non-toxic chemicals or are recyclable, reusable, bio-degradable or having eco-friendly packaging and with low detrimental environmental impact at all stages of its life-cycle with the long term goal of preservation of natural environment (OECD, 2009).

Pavan (2010) has a similar definition for green product, as incorporating the following characteristics: original grown; recycle, reusable and biodegradable; with natural ingredients; possesses recycled content, non-toxic chemical; does not harm or pollute the environment; it is not tested on animals and have eco-friendly packaging i.e. reusable, refillable containers and other.

A study based on a sample of 26,500 European respondents made in April 2009 demonstrated that more than 80% of European citizens thought that a product’s impact on the environment is an important element when deciding which products to buy (Flash

Eurobarometer 256 – The Gallup Organisation, 2009).

An important question that comes to one’s mind is what is the difference between green product, organic product, eco-product, bio product and natural product. A product is green as long as the design, manufacture, distribution, use and the disposal take in consideration the natural environment and health. The organic product’s main characteristic is: without chemical substances. A natural product does not contain additives, as preservatives or artificial colors. The bio product was not genetically modified or exposed to radiation and which were not used pesticides, fertilizers or synthetic hormones. The eco-product is the result of discharging of all the artificial preservatives, coloring, irradiation, synthetic pesticides, fungicides, fumigants sweeping agents and growth hormones.

There is no product that has a zero influence on the environment. But in business, the concepts “green product” and “environmental product” are both used to describe those that strive to protect or enhance the natural environment by conserving resources and minimizing or eliminating the use of toxic agents, pollution, and waste (Maheshwari and Malhotra, 2011).

The concern for environment is displayed in the consumers’ purchasing patterns, with consumers increasingly preferring to buy “environmentally friendly products” (Singh, 2011).

The boundaries of the concept “green product” are vague defined, and the literature still does not have a commonly accepted definition (Durif et al., 2010).

GREEN CONSUMERS

A consumer can be defined nowadays with the slogan “Tell me what you consume so that I should be able to tell you who you Are!” (Ioan et al., 2014).

The effective and efficient use of the natural resources and preservation of it has led to consumers’ segments to form green consumerism (Solomon, 2010, p. 401).

Since 1990, The Natural Marketing Institute (NMI), a leading business consultant and marketing research firm, has been doing research in segmenting green consumers. NMI grouped them into five categories. The “LOHAS” group (16%) focuses on progress in general and in particular, on environment and society issues and premium pricing does not have a major influence in their buying decision. The “Naturalites” group (25%) is characterized by an interest on the environment’s protection, but primordially on health. This is the reason why they buy many natural products for personal health and well-being. The “Conventionals” segment (23%) wants a cost effective way to take care of the issues that will sustain. The frequency that the “Drifters” (23%)

make green purchases is not that often, but when they do, it's for a socially acceptable image. The last group is the the "Unconcerned" (14%) who makes purchases taking into account: the price, the value, the quality and the convenience (Molyneaux, 2007).

Awakened by the severity of environmental deterioration, consumers are gradually changing their attitude, behaviour and approach in matters of consumption (Biswas and Roy, 2014). As a result, the green consumers are targeted by the companies. The heightened awareness and changing preferences of consumers is also a driving force that is necessitating the transformation for businesses to become better environmental stewards (Olson, 2009).

As a result of the increasing number of green consumers, marketers are targeting the green segment of the population (Mostafa, 2009).

Following the trend, businesses have reengineered their marketing mix by inserting green elements in their product profiles in order to remain competitive (Chitra, 2007). Consequently, consumers have begun to change their purchasing patterns by preferring "environmentally friendly products" or "green products". The patterns signal a niche market for consumption of green products that is expanding internationally. This marketing trend and resulting consumer purchasing patterns have favoured a new segment of green or ecological consumers (Modi and Patel, 2013).

Most of the studies done tried to measure the environmental consciousness of consumers, man-nature orientation (Paco and Alves, 2013).

GREEN MARKETING AND SUSTAINABLE CONSUMPTION

It can be stated that green marketing is a constitutive part of sustainability. (Peattie and Carther, 2003).

Each time an individual is in the purchase process, his decision influences more or less the sustainable pattern of consumption.

When individuals consider the adoption of sustainable lifestyles, they engage with an increasingly complex decision-making process.

These everyday decisions on practical environmental or ethical solutions often result in trade-offs between conflicting issues and result in a "motivational and practical complexity of green consumption" (Moisander, 2007, p. 404).

The endeavour to understand the sustainable consumption behaviour has become ubiquitous among the academic groups in the recent years (Wang et al., 2013).

In today's world economies must integrate environmental sustainability with economic growth and welfare. The key is doing more with less. The quality of life, the economic growth and the

welfare depend on living within the ecological limits. The pillars involved in sustainable societies are: governments, businesses and citizens, who need to take action. The materials used in products production, the energy needed to use them and the waste they create when obsolete have impact on the environment.

To reach a modern sustainable society on long term, products that do not harm the environment should become standardized in all sectors.

Even if environmental awareness is rising, in general people do not make a connection between their micro consumption patterns and macro problems as for example, climate change. To change these unsustainable directions consumers need to possess information and feel that their actions have a positive impact.

Sustainable patterns of consumption is compulsory for a sustainable development in a world in which population is expected to reach 9,5 billion by the year 2050, and in which nowadays about 1.2 billion people live in very poor conditions. A new shift of consumption patterns is essential for poverty elimination and for protecting the natural resources of the world.

CONCLUSIONS

Green marketing has to confront a lot of challenges because of the lack of a universally accepted definition of the concept "green".

The present work contributes by providing a comprehensive literature review of green marketing, eco-friendly products and green consumers. The impact of human action on the environment's quality is visible, so in order to prevent the negative influence on the environment green marketing has to become a norm. Marketers have the duty to make the consumers understand the need for the green products and their advantages in comparison with non-green products, taking into consideration that only by this pro-environment attitude future generations will be grateful for our actions.

Consumers, who have the perception that man's relationship with nature is important and it should be equilibrium between each other, make ecologically correct decisions about the products they buy.

As humanity is confronting environmental issues and resources become more and more limited, individuals should have sustainable patterns of consumption.

For a sustainable polluted free environment it is imperative to implement green marketing by all companies.

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