

Chapter 46

A Study of Green Marketing Practices in Indian Companies

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ABSTRACT

The article aims to study green marketing practices and to identify what determines green marketing orientation for a company. A questionnaire-based survey method was adopted for the data collection from 220 companies in India. The data were analyzed using exploratory and confirmatory factor analyses. Further, the proposed hypotheses were tested using structural equation modeling. Product design innovations, responsible sourcing, recycling practices, price setting behaviour, ethical standards, responsible advertising, green communication practices, building green product credibility and consumer engagement practices were identified as core green marketing practices that determine green marketing orientation. Results of the study offer the elements of green marketing mix and a broad understanding of green marketing orientation. The study is limited for not making substantial inferences between different industries or specific company types. Results of the study enable green marketers to understand the ways of developing environmental orientation of their marketing activities aimed to produce profitable exchanges through increased levels of adaptation to the market. The study makes significant contribution in developing multi-disciplinary approach for conceptual development in green marketing and is one of its own kinds to study green marketing orientation.

INTRODUCTION

Since late 1980s, environmental consciousness has become a matter of market competition and corporate environmental initiatives serve as a basis for sustainable competitive advantage. So, companies choose to differentiate themselves by meeting with

stricter national and international environmental regulations, and demands of environmentally-conscious consumers (Papadopoulos *et al.*, 2010; Sharma *et al.*, 2010; Banerjee *et al.*, 2003). This is seen as shifting of marketing orientation towards green marketing.

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Though natural environment has been an important issue in the marketing literature since many decades, it has either focused on theoretical development of green marketing (Peattie & Crane, 2005; Kilbourne, 1998), or concentrated on stakeholders' perspective of green marketing (Rivera-Camino, 2007; D'Souza, 2004; Polonsky, 1995). It further lacks significant conceptual and empirical development (Polonsky, 1994) that can elaborate upon characteristics of green marketing to develop and exploit the benefits of the concept. Kotler (2011) has raised several important issues to be explored in green marketing such as factors leading companies to compete on the basis of sustainability, changes required in marketing practices and opportunities offered by the concept of sustainability. This study addresses the changes required in marketing practices by exploring that develop green marketing orientation for a company.

CONCEPTUAL DEVELOPMENT

The concept of green marketing was introduced in the late 80s (Peattie & Crane, 2005) and since then, academic developments in the domain has resulted in integrating environmental concerns in all domains of business operations ranging from product design and sourcing to manufacturing, supply chain, reverse logistics and disposal (Zhu *et al.*, 2010; Pujari *et al.*, 2003; Pujari & Wright, 1996). At present, it has emerged as a business philosophy aimed to satisfy needs of environmentally-conscious consumers and to meet companies' economic objectives with minimal environmental damage (Ko *et al.*, 2013; Fraj-Andres *et al.*, 2009). Since green marketing entails a fundamentally different way of looking at the world and marketing's place in it, an expansion of the limits of marketing inquiry is required.

Green Marketing Orientation

Green marketing orientation is described as an extension of marketing orientation in an environmental context (Stone & Wakefield, 2000). It is embraced by the companies who realize their responsibilities towards the natural environment (Miles & Munilla, 1993). Extending the conceptualization of marketing orientation in environmental context, green marketing orientation can be described as company attitude (Deshpande & Webster, 1989; Houston, 1986) and company behaviour (Canning, 1989; Elliot, 1987). As an attitudinal concept, it indicates an innovative way of doing business that integrates all the marketing activities with activities of other functional departments in a company so as to maximize long-term profitability and to develop environment-oriented corporate culture. Thus, it is an organisational philosophy leading the company to a new way of thinking in doing business. On the other hand, behavioural approach of green marketing orientation is related to companies' responsiveness to the market by designing and implementing strategies oriented towards the environment. They integrate ecological values in their organisational culture, modify their business practices in all departments as per the needs of the market, and develop strategies and plans favourable to the environment. Thus, the philosophy believes in understanding customer needs and expectations, and mobilizing the entire company towards satisfying consumers' needs (Avlonitis & Gounaris, 1999) and designing consumer-oriented marketing strategies (marketing mix) (Elliot, 1987).

Business activities of green marketing-oriented companies reflect their responsibilities towards the natural environment and their focus on reducing environmental impact of their activities. They intend to control their inter-functional resources to reach common marketing goals which increase their adaptability to their markets, cater to present

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