

# Chapter 21

## Green Marketing: A Strategic Approach

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### ABSTRACT

*Green marketing is essentially a core strategy that calls for an integrated and proactive approach rather than a fragmented and reactive concern towards sustainability. The ad hoc initiatives adopted by organizations in the wake of emergencies are more often seen as efforts to gain “green credentials” rather than treating sustainability as an issue with a direct impact on business results. More often, the environmental, social and governance activities are disconnected from the core strategy. The purpose of this chapter is to facilitate a holistic learning of green marketing that aids decisions in making environmentally responsible choices. A well-crafted green marketing mix strategy that is a combination of green product with a green price and green promotional efforts promotes green consumer behavior. Managing green supply chains and understanding the behavior of green consumers are core areas of green marketing that are attracting stakeholder attention. Organizations that follow an inclusive approach towards the environment will be the most successful in all terms.*

### INTRODUCTION

The case of Siemens (Table 1) implementing sustainable business practices is one example of green marketing strategy. In today’s increasingly industrialized world, each one of us has the opportunity to engage in eco-friendly practices. When we judiciously use paper we are actually adopting a green approach. When we prefer an eco-friendly vehicle to a lesser option we are being greener in our consumerist approach. Similarly, if consumer durables major Panasonic manufactures products that go easy on the environment, the company is considered as being engaged in green marketing. The examples illustrate how organizations and individuals possess the opportunity to adopt eco-friendly practices that are in the best interests of the environment.

On the flip side one can also think of situations where we as individuals have compromised on a green choice. Either we have been litter bugs or on most occasions have yielded to purchasing a product that

DOI: 10.4018/978-1-5225-0440-5.ch021

Table 1. Green marketing insights: Siemens

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| <p>Siemens, one of the world's most prominent companies and Europe's largest technology conglomerate, has a major impact on greenhouse gas emissions emitting 4.53 million tons CO<sub>2</sub>e. Having acknowledged climate change as one of the most important challenges facing humanity, Siemens eliminates 15 times the company's total emissions. With annual Research &amp; Development (R&amp;D) investments of €2 billion, Siemens has 30,000 environmental technology patents and offers efficient solutions that better combat climate change.</p> <p>With 430,000 employees and \$77 billion in revenue, the company has a goal to become a leader in climate change by improving the performance of customers through efficient products and has integrated energy efficiency into its operations, communications, and product development. Given the company's size, global research and industrial technology solutions, the company has a strong platform to impact climate change.</p> |
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Source: Corporate Sustainability Strategies: A Siemens Case Study (2010), Stanat, M.

has been less eco-friendly. Similarly, we are aware of companies that do not act in an environmentally responsible manner. 'Recyclable', 'reusable', 'bio-degradable', 'eco-friendly', and 'green' are some of the terms that companies generally use to indicate environmentally-friendly company practices or products. However, the concept of 'green marketing' is much broader. It is definitely not 'marketing green', nor is it solely a corporate activity of promoting products with green characteristics, as it is popularly known to be, unfortunately.

Green marketing practice in an organization incorporates a wide range of activities including, adopting a green orientation, designing green marketing mix strategies, greening the product design and new product development process, ecological packaging and labeling, sustainable communication, and green consumer behavior, among many others (Polonsky, 1994). In essence, it can be applied to consumer goods, industrial goods, and services. The challenge in adopting a green marketing approach is so great that it compels a comprehensive understanding of the discipline. The purpose of this chapter is to facilitate individuals and organizations with a holistic learning of green marketing that aids decisions in making environmentally responsible choices.

## Chapter Objective

The chapter propagates the view that green marketing is essentially a core strategy that calls for an integrated and proactive approach rather than a fragmented and reactive concern towards sustainability. The ad hoc initiatives adopted by organizations in the wake of emergencies are more often seen as efforts to gain "green credentials" rather than treating sustainability as an issue with a direct impact on business results. More often, the environmental, social and governance activities are disconnected from the core strategy. According to a report by Mc Kinsey (2010), companies that are systematically following opportunities created by sustainability are, in fact, capturing significant value. In another study comprising 250 business leaders worldwide, by IBM, it was found that 68 percent of them were utilizing Corporate Social Responsibility (CSR) as an opportunity and a platform for growth. Of late CSR has come to be viewed as a sustainable growth strategy option that offers competitive advantage to the organization (Unruh & Ettenson, 2010).

This dramatic change in corporate mindset is clearly a reflection of growing environmental awareness and realization of strategic benefits of green marketing. With this view, the chapter proceeds to outline how an organization may adopt and integrate a green marketing approach in its core strategy. But before the chapter dives deeper into green marketing strategy, it is essential to become aware of the concept of green marketing, its evolution, the benefits and externalities it offers and the other perspectives.

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