

Challenges in Marketing: Reasons for the Existence of Green Marketing

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State of the environment and the antropomorph origin of environmental problems poses the question whether the recent economic system and as a part of it, marketing are able to contribute to environmental protection – not only for economic interest but as a moral obligation. The high interdependency of production and consumption with nature needs paradigm shift in the long run, however there are tools in the hands of managers in short run, too. Green marketing is one of them, which tries to harmonize environmental and individual interests. Those who want to keep up with development and with social expectations, too need to get to know green marketing and its opportunities in the 21st century deeper.

1 Introduction

Environmental problems, responsibility of firms, health trend – how can these concepts be connected? Within the area of green marketing. Although environmental problems are obvious, taking responsibility in causing them is not so evident – this should be the first step in problem solving. On the other hand, health trend gives marketing managers a helping hand in the sort run in connecting green aims to personal motivations. However, according to my opinion, reaching valuable and long-lasting results needs a paradigm shift – but perceivable and inspiring results can also be achieved in the sort run – here we focus on them.

The first part of the paper explains the necessity of change needed in marketing by summarizing the critiques of recent economic system – and the contribution of marketing to these problems. This part is followed by the detailed introduction of green marketing and its tools.

2 Necessity of change

Though industrial revolution made world production dynamically expanded, during these periods environmental protection received low emphasis; damaging the environment was rather a local than a global problem. However, world production enormously expanded in the second half of the 20th century; it has been sextupled since 1950 and recently more products and services have been produced during a couple of years than it had been during the past half a million year. From the 60s it became gradually evident that human intervention into the natural cycle to such extent has brought incalculable and irreversible consequences. (Szöllősi, 2005) Imminent problems of our epoch – inter alia – are decreasing biodiversity, energy crisis, air pollution, water and soil contamination, greenhouse effect, acid rains as well as waste problems. Certain part of the problems is of global type so in these cases isolated solutions cannot be successful.

As the starting point of this paper I accept the fact that our epoch faces such serious environmental problems at both national and global level that the solution thereof permits of no delay in order to sustain the existence of humanity as well as to improve the individual quality of life.

2.1 The critique of the economic system

Beyond the decisions of the government and the social movements the economic actors have an important role in the protection of natural environment: both the companies and the consumers since – through their everyday decisions – they can promote or hinder the solution of environmental problems within the framework of the developed regulation system. The current economic system and the typically applied corporate marketing, however, are considered as the major limitation of development, factors against the desired changes, moreover, the root of the problems.

The ecological burden created globally by the economic system is determined by four major factors: (1) world population, (2) average standard of living of world population, (3) consumption structure beyond the standard of living and (4) efficiency of the technologies creating products and services.

The development of the world population is fairly different in the developed and in the developing countries. The former ones face the problem that natality data show decrease, the population is ageing; in the case of the latter ones production cannot keep up with population boom, so standard of living in terms of GDP is

decreasing. The average standard of living of the world population¹, however, would provide a rather distorted picture of reality. Moreover, the inequalities between the countries, but even within a country become formidable. According to certain estimations, if we wanted the world population to live as the people living in the developed countries do, we would need five Earths to meet the demands (Szöllősi, 2005).

In the developed countries the relationship between environment and consumption more and more comes to the front due to the increased and frequently wasting consumption. Consumers are held responsible for acid rains, the greenhouse effect and the ozone hole in about 25% and for the hazards caused by wastes in 50%. [5]

An example of the interdependence of the economy and ecology is the phenomenon known as the hamburger thesis. The American's national food is hamburger and hot dog made of lean beef. However, they are interested in importing beef from southern countries since it can be bought at half price. The consequence is – while the American economy saves USD 400 million through the import – that the forestation of the Middle American region fell back close to its half since the pastures for cattle breeding were created by deforestation. So the decrease of forests is the indirect result of the consumption needs of the developed region. [18]

Many think that scientific development can cope with the environmental problems. Engineering tries to find the solution with the help of the new processes and technologies. However, there is a contradiction since the separation of science fields encumbers or hamstrings the predictability of long-term effects of technologies, and the development of scientific forecast is slower than the efficiency increase of technologies, so the impacts cannot be forecast. On the other hand, with the frame of greening of technologies the economy does not sacrifice growth but technology becomes cleaner; it goes together with more serious wasting (e.g. less pollution from vehicles but more vehicles). Another question is whether the technologies called cleaner are really clean, e.g. it is enough to refer to the irreversible ecological devastation by nuclear energy or gene technology. A small error can induce larger damage in the system.

Within the frame of the economic system there are economic solution attempts, too. In the traditional microeconomic approach transactions performed with the help of money receive special attention. Its critique is that at the examination of the decisions of the economic actors optimisation refers only to that part of the system which can be expressed in monetary terms. Nevertheless, in accordance

1 The measurement of the standard of living in terms of production, however, can be heavily criticised. This is why today alternative economists use the expression “life quality”, that is of much wider interpretation.

with one of the axiom of the system theory if we performed an optimisation to only a part of the system, then our solutions would be explicitly bad or harmful for the entire system.

This is why the value choice of the traditional economics was criticised by many. For example Erich Fromm (1996) argued that hedonism in consumption is in an antagonistic contradiction with the existence order of nature. Moreover, the “Unrestricted satisfaction of all desires is not conducive to well-being, nor is it the way to happiness or even to maximum pleasure”. (Fromm, 1996, p.12) Alternative economics tries to forget this traditional approach by saying that beside the monetised activities the mutually supporting, non-monetary economy of households and communities and the activities of the natural ecosystems provide larger and larger interdependent parts of the economy.

Traditional economics have an industrial world approach that tries to produce economic growth by controlling nature. The aim of growth is to satisfy the most possible demand of the consumers. (Zsolnai, 2002) If we take the Maslow’s hierarchy of needs as basis, only the satisfaction of the needs of the two lowest levels requires obviously material goods, so natural resources. The current form of considerable prestige consumption in the developed countries is not really desirable, so it is the responsibility of the cultural change, the opinion-forming intellectuals and partly public media to push it to a more rational way. This is why the pursuit of a simple way of life is desirable in satisfying consumer needs. However, the „incitement“ to keep back consumption and simpler way of life is difficult to reconcile with the growth-driven business world on the one hand, and man’s nature constantly seeking more and better on the other hand. To meet the basic human needs of the poorer part of the world, however, cannot be questioned, so here better technologies can be the solution in order to use resources in a more economical way (Náray-Szabó, 1999).

Today the traditional interpretation of the economic growth is replaced by the notion of the sustainable growth and development. The essence of sustainability is that growth – at least in theory – should be of such degree that it should not endanger the satisfaction of the needs of the next generations. Tóth (2003) argues that the real sustainability needs paradigm shift in the long run (especially with turning focus from self-interests to others’), however in the short run companies also have reserves without paradigm shift, too. For example eco-efficiency is a proactive, suitable tool in terms of environment and sustainable development.

2.2 Critiques of marketing

In connection with the above-mentioned, marketing has also been facing continuous critiques since 1980s and 1990s. Market-centred approaches – like Adam Smith’s „invisible hand” or Friedman’s concepts – stand up for self-

interest-based economy organisation. Companies mostly or exclusively concentrate on profits, consumers make decisions on the basis of their own utility. This economic egoism forms the moral base of the classic marketing theory and practice (Desmond and Crane, 2002). Smith's interpretation calls egoism as the lack of knowledge: decision-makers do not know the consequences of their actions. In this sense moral is not the intention of the individual actors but the output of the entire system.

Traditional marketing is also blamed on ecological problems, because

- "the consumer is the king" approach leads to the overconsumption of goods;
- the system ignores environmental factors;
- the stress is on the primacy of the satisfaction of needs by material goods, social status is demonstrated by material goods;
- it is characterised by short-term profit maximisation and turnover centrality;
- product life cycles are shorter and shorter due to the resource-wasting fashion. (Nagy, 1997)

Beside the general critiques of marketing we can also find sharp reflections on the individual elements of the marketing mix. According to Alitisz and Somogyi (2001) the promotion mix devastating nature from several aspects (large proportion of advertising costs, visual pollution of cities) is based on the misbelief that there is a close connection between the consumption of more and better and mainly „new" products and services and the meaningful human life. Marketing communication contributes to the decrease of cultural diversity, the disinformation of the society and the distortion of the preference systems.

Marketing expenditures were also criticised because of the low efficiency, and it is also a question whether marketing costs really represent added value. The indirect loading of the environment of the constant encouragement to consume by the propaganda is evident. Therefore the critique of traditional marketing is valid, anyway: if it does not reach consumers then the resources were wasted in vain; if it reaches and persuades people to consume then the constant encouragement to consume endangers our environment and us, too.

The further, important source of aversion to marketing is the deception of consumers. Unfortunately the asymmetric information and the exposedness of customers on oligopolistic and monopolistic markets really give ground to deception. Consumers have difficulties in the evaluation of the products, so – in many cases – they rely on advertisements in order to save energy.

In the topic of classical marketing an entire chapter could be written on the activities in connection with environmentally friendly products that can be criticised. It is typical that those companies propagate that they take into account

environmental issues and green policy whose activities can be questioned like certain chemical companies. Unfortunately several companies tried to cash in on the increasing environmental awareness of the consumers and they changed their marketing slogans. This phenomenon is called „green-washing”. This resulted in negative publicity and consumer cynism (Mendelson and Polonsky, 1995).

Not only the role of marketing but also the level of scientific approach used in marketing was also criticised. According to Kilbourne and Beckmann (1998), examinations at micro-level are outdated and they cannot generate results that could promote the solution of the main problems. In the past 20 years marketing researchers have been analysing still the same issues with similar methods. The reason for this is the lack of interdisciplinarity and the deficiencies of the definition of the environmental problems. Since environmental problems are of interdisciplinary nature by definition, this fact should be taken into account when we deal with them. Beyond this the role of marketing should be recognised in the environmental problems.

In order to define the proposed research directions the model of Stern et al. (1995) was used, which shows the six analysis levels of researches. The dominant social paradigm (DSP) has the largest influence on all the other levels since it is the root thereof. Individuals interpret the world through this lens. The cosmological dimension contains the basic cultural beliefs on the structures and the development of the concrete world, the social-economic side refers to the everyday interactions of people from economic, political and technological aspects. Common beliefs are learnt through the socialisation process by the individuals; professed and followed values help individuals to behave themselves and to accept the environment.

Therefore the latest researches should promote the understanding of the nature of the problem in its entire complexity. However, in marketing science only few researcher have draw attention to the significance of the DSP so far, and only the social-economic dimension has been examined later (e.g. the researches of Kilbourne in the 1990s).

3 A possible response: environmentally friendly companies and consumers

In the developed countries corporate social responsibility (CSR) has been conducted since 1970s. Stressing this is fortunately considered as mainstream in economic sciences, so the new approach has brought changes in judging the role of marketing: in the social marketing concept the emphasis shifts from egoism to the long-term interests of the consumer and social welfare, while profitability is

expressed as a long-term objective, too. The task of social marketing is to create balance between corporate profit, consumer needs and public interests, so the task is to implement a marketing concept aiming at the wealth of the entire society. Social marketing expands its theoretical and practical scope – beyond long-term profitability and the satisfaction of consumers' needs – to ethical and environmental issues, too. (Kotler, 1976; Crane and Desmond, 2002)

Of course, certain changes can be found in the approach of both the companies and of the consumers. The concept of the ethical or green consumer has appeared: one who collects product and company information and validates environmental and social aspects in its consumer behaviour in a consistent way (Peattie, 1992).² So the socially responsible company and consumer take into account the sustainability and the social aspects at strategy development as well as at decision-making. In practice social aspects (e.g. efforts to keep workplaces or treatment of the employees) are stronger, environmental issues are a bit overshadowed.

3.1 The essence of green marketing

I use the definition of marketing in a broader sense as a starting-point, which defines marketing as the philosophy of the company, which concentrates on the needs of consumers. (Bauer and Berács, 1992) This means that marketing is not only one of the functional areas of a company, rather it is a view, an attitude of the top management, therefore marketing plays a coordinating role among departments of the organization.

There has been still no one, widely used definition of green marketing yet, although the first definitions dated back to the 70's. We can find green-, sustainable -, ecological -, environmental -, environmentally-friendly marketing, ecomarketing expressions, or as a mix of them, ecological green marketing, environmental green marketing and sustainable green marketing, while in some cases difference in their content can be hardly find.

However we can detect significant difference in the meaning of these definitions based on their interpretation, whether green marketing is (1) a definitely new concept, which partly denies the aims and tools of traditional marketing concepts and therefore it creates entirely new construct or (2) green marketing is only a broadened view of traditional marketing with environmental aspects as a potential way of improving performance of the company financially and as a growing potential.

² Socially aware consumer is characterised similarly, too.

In my opinion, the first approach would be the real key to solve the main part of the environmental problems caused by economy, so the goal-system of the company should be rethought. In this redefined goal-system priorities should be given to sustainability and the interest of the whole society, which are in line with the long-term aim of persons, however can be in contradiction to the typically short-term view of firms and consumers. This long-term is not the typical 10-30 year period but at least 10 or 20 times longer. However long-term decisions are always burdened with a high level of uncertainty, and it is clear that decisions are difficult to make in a state of lack of information. Stakeholder approach has dealt with these problems (different interests and different time-periods) for a long time, and now the time has come to take it into practice.

The root of the problem is that what is good for the whole planet and for the society, needs sacrifices (change in lifestyle, lower consumption, higher prices) in short-term from the side of consumers and also needs efforts and sacrifices from the companies. So it can be identified as a social dilemma.

3.2 Development of green marketing

To come back to the definitions of green marketing, it is worth to look over its development in time. Environmental problems have got in the focus in 1962, when Rachel Carson's book, *The Silent Spring* was published, and it drew people attention to the anthropocentric root and frightening extent of environmental problems, and blamed economic activities for them. (Kilbourne, Beckmann 1998) From the '70-es ecological green marketing had been flourishing in developed countries. In this early period attention was paid to specific environmental problems, so solutions were searched for them separately, that is why only few products, companies and industries were affected by this new trend. Main aims of green marketing were to decrease to the minimal the dependency from special product groups responsible for environmental pollution (such as CFC) and to increase awareness of new product categories (such as products made of recycled paper). Ecological green marketing was the sport of the minority, and caused changes in the lifestyle of only a few consumers. (Peattie, 2001)

From the second part of the 80s a shift had been experienced in the role and necessity of ecological marketing. Great environmental catastrophes of the 80s, (such as the explosion in the nuclear reactor of Chernobyl, water pollution caused by oil-tankers, discovery of the ozone-hole) turned the attention even more to the interaction between economy and nature. Instead of pipe-end solutions (subsequent neutralization of pollution) firms tried to use technologies creating less pollutants during the whole process, called clean technologies. During these years, the attitude of consumers had also changed: according to a survey carried

out in 1990, 82% of the American consumers were ready to pay 5% more for products which were environmentally friendly (Roper Organization, 1990). Based on these results, not only value-led firms can benefit from green marketing, but those which focuses on the needs of the consumers. The most important concepts of the 80s are: sustainability, clean technologies, environmental performance and green consumers.

Beginning in the 1990s, the agenda of green marketing began to expand as new topics emerged related to individual's motivation, such as perceived consumer effectiveness, cooperative behaviors and strategic alliances (Kilbourne and Beckmann, 1998) However at the late 90s green developments had slowed down – the literature speaks about meeting with the Green Wall. On one hand the negative attitude of the media toward „green” companies (trustworthiness, problem of green „painting”) and the growing scepticism of consumers toward green advertisements meant burden. On the other hand, cheap and easy green practices and solutions – especially those which caused cost-reduction - had came to an end, so new steps toward being more green needed lots of investments and sacrifices from the firms. More radical changes had lower level of support therefore they are more difficult to realize. Moreover, doubt emerged on the market related to what kind of products were proved to be as really green and the identification and reach of green consumer segment seemed to be very difficult in practice – similarly to the contradictory results of studies in this topic. (Peattie, 2001)

3.3 The future of green marketing

Both the Kilbourne-Beckmann co-authors (1998) and Peattie (2001) emphasised that the role of green marketing has to be changed according to the challenges of the 21th. century, and problems mentioned earlier. Sustainable green marketing means respect toward the need of future generations, the view of needs instead of desires and the democratic change of the recent social and economic system.

Kilbourne and Beckmann (1998) basically criticized the focus of green marketing research. In their view the main topics should be: (1) questioning the main assumptions of the marketing academy and (2) managerial perspective should give a way to a larger question of system sustainability. That means that microfocus of the studies should be shifted to macrofocus where dominant social paradigm, value systems and general ecological view are the subjects of the examinations.

Taking into consideration the thoughts above, marketing should contribute to sustainability by focusing on the following:

- environmental costs must be included in the economic costs of a product;

- instead of price, cost-savings should be emphasised in marketing-communication;
- industrial structures also should be rearranged: role of recycling must be increased which means the redefinition of the relationship of producers and consumers;
- buying versus consumption: how can buying be replaced by other activities (such as borrowing things) and therefore decreases the amount of goods produced and as a consequence, the amount of resources used for;
- a shift from products toward services (e.g. maintenance of products for longer lifetime, repairing products instead of buying new ones),
- making distribution more effective: decreasing pollution during transportation;
- strategic alliances and other agreements between firms make easier the spreading of new green innovations – quick spread of effective environmentally friendly solutions is the interest of the whole society and they can create visible changes in the state of the environment. (Peattie, 2001)

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