

Perspectives on green marketing and green businesses for sustainable development

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Abstract: *Environmental issues have modified the way businesses compete in the marketplace, forcing them to adapt their strategic planning process to new legal, social, and economic requirements. In the long run, an essential advantage of green marketing is that it allows a company to have access to a market that is continuously developing, having a competitive advantage compared to other companies. This paper aims to analyse the meaning of the green marketing concept and to present an overview on the efforts made by companies worldwide to turn into green businesses.*

Key-words: *green marketing, green business, sustainable development, environment protection.*

1. Introduction

The consideration of ecology as a relevant variable for the achievement of the economic goals of an organization has led to the appearance of several concepts in the literature, like *environmental marketing* (Calomarde, 2000), *green marketing* (Polonsky, 1994) and *ecological marketing* (Banerjee, 2002). All these three concepts are perceived as aiming to fulfil the purpose of sustainable development.

The necessity of the development of these concepts is due to the ecological burden created by economic systems all over the world. According to Majlath (2008), there are four major factors affecting the environment: the world population, the standard of living of the population, the consumption structure and the efficiency of the technologies creating products and services.

Ideally speaking, the concern for a healthy environment is the common point at which businesses and consumers meet, and also the point in which the latter agree to pay a higher price for green products or services (Caprita, 2015).

For managers, green marketing involves a series of fundamental changes in the way they intend to conduct business, also informing and educating costumers, in an attempt to convince them to adopt new a consumption behaviour.

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Green marketing is effectively addressing the needs of consumers with a heightened environmental and social consciousness. Green marketing affects how a company manages its business and interacts with all of its stakeholders who may be affected by its environmental and social practices (Ottman, no date).

Many researchers agree that green marketing is not an easy concept to implement. The whole process involves: operations management, marketing ethics, ethics of consumption, corporate social responsibility, sustainable consumption, consumer economics and policy, socially responsible investing, materialism etc. (Chamorro, A. et al, 2007).

According to Kassaye (2001), an environmentally aware business should participate at least in one of the „4Rs” – reduction, reuse, recycling and recovery.

This paper aims to analyse the concept of green marketing and to present an overview on the situation of green businesses from Europe and from Romania. In order to achieve this goal, the research methodology is based on secondary data analysis concerning both aspects: green marketing and green businesses.

2. The necessity of green marketing and green businesses

According to Peattie (2001), the evolution of green marketing can be divided into three phases; the first phase was termed as “Ecological” green marketing, to help solve the environment problems through remedies. The *Green Marketing* concept appeared in the literature for the first time in the mid-1970s and it was first discussed in an “Ecological Marketing” seminar organized by the American Marketing Association (Bati, 2005). The second phase was “Environmental” Green Marketing with focus on clean technology that involved designing innovative new products, while taking care of pollution and waste issues. The third phase was “Sustainable”, where it became essential for companies to produce environment friendly products as the awareness for such products in on the rise as customers are demanding eco-friendly products and technologies.

Many industries are adopting a green business strategy to ensure sustainable growth. More and more companies are taking this initiative which becomes a main challenge and an important strategic concern. The remarkable growth of new green industries indicated the positive attention by the marketers (Zuhairah and Noor, 2014).

Banerjee (2002) found that companies’ ecological behaviour can be manifested through two dimensions that reflected, on the one hand, the degree of acceptance of ecological ideals within the firm’s culture (environmental orientation) and, on the other hand, to what extent environmental issues are implemented into the strategic planning process (environmental strategy).

Based on the perspectives from the literature, green marketing can be viewed as performing marketing activities which include product improvement, pricing,

promotion and placing, in order to minimize the impact on the environment (Baran and Popescu, 2016).

Green marketing can be best defined as the sum of all economic methods and production means used by an organization in order to accomplish their economic objectives without polluting and without using any type of ingredient that will harm the environment. In every stage of traceability, ecological principles are being integrated (Dalhstrom, 2011).

There are some challenges for the companies willing to implement green marketing. Esakki (2017) considers that green marketing does not generate immediate profits, so companies should be aware that they need to persevere in implementing this process. At the same time, it is the companies' task to educate consumers about the benefits of green marketing and environmental threats.

According to Aggarwal (2016), companies should avoid "green myopia", meaning that it is useless to produce goods absolutely green in various aspects which do not meet the consumers' needs. Also, green marketing depends on technology and requires important investments in research and development.

3. An overview on companies' efforts to become green businesses

A proof of green marketing good practices can be seen in what is called "green businesses". According to Čekanavičius et al. (2014), these are companies committed to the principles of environmental sustainability in their operations, striving to use renewable resources, and trying to minimize the negative environmental impact of their activities.

The evolution of *green businesses* has required increasingly sophisticated methodologies for measuring the consequences of green business practices as: life cycle analysis, quantitative risk assessment, environmental accounting and auditing (Cohen, 2011).

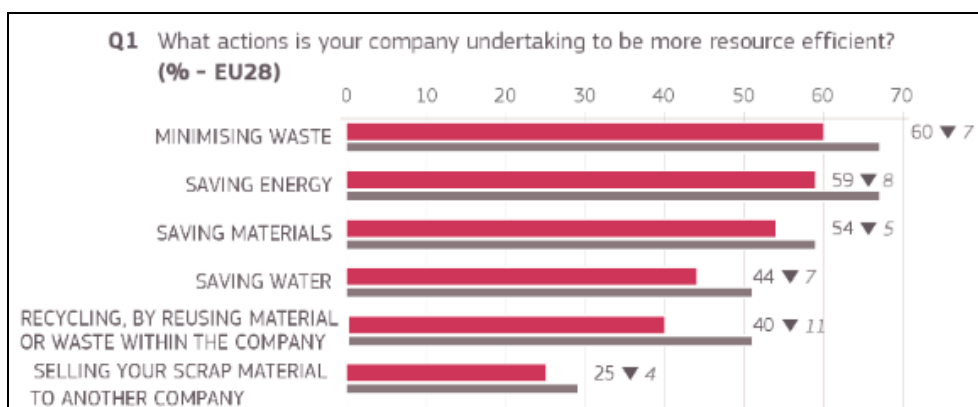
A worldwide overview on the green businesses is given by the annual *State of Green Business Index*, a review of trends in sustainability performance over the last five years for the largest 500 companies in the United States, as well as the largest 1,600 companies globally (Makower, 2016).

Companies are increasingly measuring, managing and publicly reporting their environmental impact. This trend has been rapidly growing in response to increased stakeholder requests and competition among industry peers on sustainability leadership. Two thirds of US companies and four-fifths of global companies now disclose data on their environmental impacts (Eco-Business, 2017). The evolution of the disclosure of the natural capital impact between 2010 and 2014 was a positive one, the amount of information disclosed being bigger and bigger.

In the European Union, the European Commission aims to improve the overall environmental performance of organizations and products throughout their

life-cycle and boost the demand for better, greener products, services and production technologies. Every year, a Eurobarometer reviews the current levels of resource efficiency actions and the state of the green market amongst Europe's SMEs, as well as in neighbouring countries and in the US.

The results of the Eurobarometer from 2015 (Figure 1) show that the most common actions for being resource efficient are minimizing waste (60%), saving energy (59%) and saving materials (54%). At least four in ten SMEs are saving water (44%), or recycling by reusing material or waste within their company (40%).



Source: Adapted by Eurobarometer, 2015.

Fig. 1. *European companies actions for resource efficiency*

Amongst SMEs taking resource efficiency actions, 42% say these actions have decreased their production costs over the past two years - 5% say the decrease has been significant. Just over one out of five (21%) says production costs have increased, with 5% saying the increase has been significant. Almost the same proportion (22%) say there has been no change as a result of these actions. Large companies are more likely than SMEs to say production costs have decreased to some degree as a result of resource efficiency actions (48% vs. 42%).

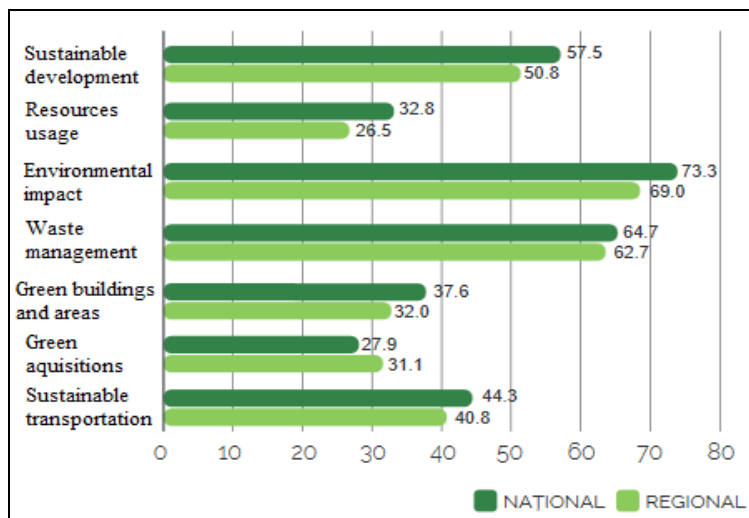
However, firms do not respond equally to these regulative pressures and corporate strategies for environmental protection are often far from being achieved.

In Romania, the *Green Business Index* (GBI) has been, since 2010, the most consecrated competition between companies, in the field of management performance and environmental protection, organized by the Green Revolution Association, in partnership with Norges Vel (Royal Norwegian Society for Development) and funded by Funds from Norway (Amcham, 2016).

For the competition in 2016, 420 Romanian companies were registered and the results have shown that 91.3% of them have an environmental strategy/policy. Related to the environmental objectives, 42% of the companies say that they have achieved all their goals. Also, 41.2% have recorded decreases in the amount of

waste generated and have made efforts to improve the use of resources in their companies. The number of companies that have a fleet of vehicles newer than 2 years has increased by 60%. Almost half of the companies (47.5%) have reduced their consumption of water, and the proportion of companies that do not monitor this consumption fell from 18% to 2.38%. The proportion of companies that meet their energy needs mainly from renewable sources has doubled from last year. A percentage of 59.5% of companies have implemented energy efficiency measures and 22% of companies have reduced the amount of air emissions from the previous year. Also, 40.6% have reduced the volume of wastewater discharged into the environment.

The GBI results have showed that in many cases, for Romanian companies to be green means just an act by the law (GBI, 2016). The following figure presents the scores achieved on different categories by the analysed companies.

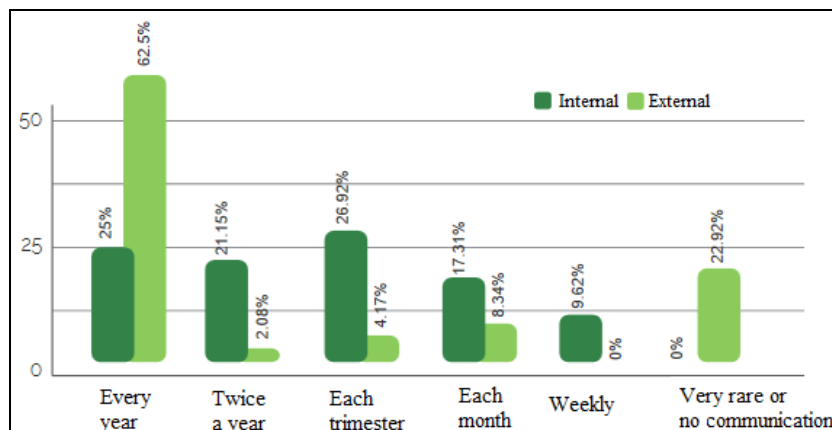


Source: GBI, 2016.

Fig. 2. Average scores by environmental indicators

A good result was achieved by Romanian companies to the category “sustainable development”, indicating that they adopted policies and environment standards and environment management systems, and that their efficiency is monitored. Romanian companies registered the lowest score for the “resource usage” indicator, meaning that they consume a lot of resources in the production process.

The next figure shows the frequency of the communication between the companies and their employees and the external public. We can see that a very high percentage of companies (62.5%) communicate with the external public just once a year, when they publish the annual sustainability reports.



Source: GBI, 2016.

Fig. 3. *Frequency of internal and external communication in environmental protection*

For these companies, another way of communicating with the public is by posting messages on the company webpage. The Romanian companies are interested to create and strengthen their public image through ecological actions (Neagu, 2011). An appropriated communication policy of the environmental oriented companies can contribute to the creation of a company's identity according to the ecological principles. In the ecological marketing, communication and promotion aim to take the raising trend of the consumers' ecological conscience and to strengthen it through adequate actions.

4. Conclusions

What is good for the world and society requires some sacrifice from both consumers and companies in the short term. The consumers need to make changes in their lifestyle, they need to accept the idea of lower consumption and they have to accept to pay higher prices (Majlath, 2008).

If the companies want to be competitive, they need to make efforts, too, in order to be sustainable by applying green marketing principles: exploring the possibilities of the recycling process, shifting from producing goods to providing services (e.g. maintenance) or at least adopting technologies which do less harm to the environment, setting alliances with other companies for sharing green innovations.

There is a long path for the Romanian companies aiming to become green businesses because this paper has revealed that they still consume a lot of resources in the production process. A positive aspect is that more and more companies

understand that sustainable development can be achieved by applying green marketing tools.

The reports presented in this paper have showed that the companies from all sectors are more and more concerned with implementing green marketing principles in their activity. Many companies are making these changes because they are forced by the law or by the competition, but no matter what the reasons are, the results of these efforts are good for the community and the environment. The managers should keep in mind that it is not enough to be a green business, but it is important to communicate this aspect, starting with the employees and ending with the community.

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