Reevaluating Green Marketing: A Strategic Approach

Michael Jay Polonsky and Philip J. Rosenberger III

A lot of companies today are asking, "Can we be green, clean, and profitable all at the same time?" While many have been trying to promote a greener image, some have been unable to live up to their claims. So consumer skepticism of "green hype" is an understandable reaction, especially when firms attempt to associate themselves with environmental issues without substantially improving their environmental performance or that of their products.

Opportunistic tactical greening, notes Peattie (1999b), often results from a view that "Commodities which have no market are assumed to be worthless" and "Market mechanisms can correct environmental problems." Although such opportunism is on the decline, its early use caused long-term damage to genuine environmentally responsible activities. Of course, this is not to suggest that *all* tactical greening is inappropriate or exploitative; rather, firms need to realize that there may be limited long-term benefit to this approach, unless tactical activities are supported by broader organizational greening.

Additional complications with greening also arise from the fact that traditional marketing and management tools, such as the marketing audit or PEST (political/economic/social/technological) analysis, fail to fully integrate the environmental implications of actions into the marketing process. Even when marketers do attempt to include environmental issues in their activities, they rarely do so in a sustainable long-term approach.

Responsible green marketing has evolved into a complex, integrated, strategic, and tactical process. As such, it is a holistic approach rather than the simple "marketing hype" or tactical opportunism practiced by some. It expands on the basic transaction concept by minimizing a transaction's negative impact on the natural environment. At a fundamental level, green marketing becomes part of the "cultural fabric" that binds an organization together, flowing from the spirit of the firm into its strategic approach and on into its tactical implementations. The altered corporate mindset that results is seen as presenting new opportunities to achieve sustainable competitive advantage in an entrepreneurial or "enviropreneurial" fashion. With the shift from marketing hype to this holistic mindset, one might exclaim: "Green marketing is dead. Long live green marketing!"

> *A complex and integrated strategic tool, "true" green marketing has moved beyond the simple ecological posturing of 20 years ago.*

When adopting the new mindset, a firm must reevaluate the very nature of the business-consumer transaction process, even questioning how to create value. As Peattie (1999a) notes, this might involve going so far as to challenge established assumptions and ways of thinking by asking: *Do consumers need to actually "own" products, or are there other ways of delivering want-satisfying capabilities?* For example, working with the Japanese government, Toyota is trying out a program whereby people purchase "transportation" without owning a car. Instead, they buy access to an electronic automobile fleet that can be used to travel short distances to shops and/or connect with traditional public transportation, which is also accessed as part of the transportation package. In this fashion, Toyota is removing the need for individual ownership while still meeting consumers' core need for transportation. Greening has provided the impetus for Toyota to develop new products and profits, as well as reducing their negative environmental impact.

Why should firms engage in green marketing? What are the various levels of greening? What does implementation involve? And what are its implications? Green marketing is a complex tool that must be integrated across all organizational areas and activities if it is to be successfully implemented and achieve long-term benefits. Failure to develop an integrated approach will increase the probability that a firm's activities will not match consumers' expectations. The actions taken will be ineffective, both from a business and an environmental perspective.

WHY GO GREEN?

Environmental activities are rarely incorporated into overall corporate evaluative criteria. Moreover, many firms use traditional business measures (profits, ROI, market share, and so on) to evaluate the success of green initiatives, although some do go green for more altruistic reasons. Few companies realize that being green gives them a strategic opportunity.

Understanding corporate motivations and pressures for greening is essential, because it shapes how green marketing is implemented throughout all organizational activities. Firms taking a strategic enviropreneurial approach see change as an opportunity to develop innovative need-satisfying products and technologies that result in a competitive advantage, rather than seeing change as a constraint requiring modifications to past actions. Toyota has established an "eco-technologies" division not only to comply with existing regulations but also to use such pressure to shape corporate direction, such as developing next-generation hybrid electric-combustion automobiles. The result is that Toyota is now a leader in this sector of the market, a sector that will see significant growth in the coming years.

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Greening can occur as a result of external or internal pressures. External pressures include:

• *Satisfying consumer demand.* McDonald's replaced its polystyrene clamshell packaging with waxed paper in direct response to consumer concern over CFCs produced in making polystyrene, even though scientifically it might not have been the most ecologically responsible decision.

• *Reacting to a competitor's greening actions.* When Starkist announced it was going "dolphin free" in making its tuna, its competitors were all forced to do the same or lose market share. Similarly, when an Australian laundry detergent manufacturer introduced a concentrated formula, most others in the industry quickly followed suit rather than risk being left behind.

• *Channel/supplier requests to modify inputs.* Firms that comply with ISO 14000 are required to evaluate their suppliers' environmental performance. So they are pressuring their suppliers to meet the appropriate standards, who then pressure their suppliers, and so on.

Some examples of internal pressures to green activities include:

• *Cost.* Greening can result in greater resource efficiency and financial savings—less input is used and less waste or pollution is produced. Dow invested $250,000 in capturing part of a waste stream at one plant for reuse in another part of the plant, saving $2.4 million a year.

• *Philosophy.* When firms view environmental objectives on the same level as other corporate objectives, the green issues are incorporated into the firm's strategy and then integrated into its tactical activities. Maurice Blackmore, the founder of Blackmores, the Australian nutritional supplement and healthcare product firm, made environmental issues a core focus of his company's activities in 1967—long before it was fashionable to do so. As he stated:

> If man persists in ignoring or defying the recycling laws of Nature he will not avoid pollution, malnutrition, or starvation.... Nature does not know how to handle pollution or preserve the balance of nature in the face of it. (Blackmores 1999)

LEVELS OF GREEN MARKETING

In the field of green marketing, a number of catch phrases have been used, all of which have to do with satisfying corporate objectives and consumer needs while ensuring that the world is not made worse off. The ramifications of such an approach are substantial and require that firms think globally about their activities, minimizing environmentally harmful activities in all countries in which they operate.

Managers may ask, "How can we achieve organizational and consumer objectives in more environmentally responsible ways?" In true green marketing, environmental issues become an overriding strategic corporate focus rather than simply one strategic action. Strategic greening, then, often requires a change in corporate mindset *as well as* in corporate behavior (tactics).

Menon and Menon (1997) suggest that green marketing activities can occur at three levels in the firm: strategic, quasi-strategic, and tactical. In *strategic greening,* there is a substantial fundamental change in corporate philosophy, such as