

An Overview of Green Marketing Practices in Bangladesh

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Abstract

Green marketing is a recent concept which has been adopted by consumers, organizations & government all over the world to save the natural resources & to protect the environment for the sustainable development of the resources. As one of the least developed countries Bangladesh is the worst sufferer of world environmental pollution through industrialization of the western countries. One business area where environmental issues have received a great deal of discussion in the popular and professional press is marketing. Terms like "Green Marketing" and "Environmental Marketing" appear frequently in the popular press. Many governments around the world have become so concerned about green marketing activities that they have attempted to regulate them. In Bangladesh, Green issues are new for all company because they did not have any practiced of it before. The research purpose here is to know about green marketing practices in Bangladesh.

Keywords: Green marketing, Green product, Environmental Issues, Recyclable

1. Introduction

We have managed to put man on moon but not without first putting a hole on the ozone layer. But today the environment has been kicking back stronger and harder than ever, making it impossible for man to overlook it. The damage done to the environment has crossed the threshold and reached alarming limits. Non replenishable natural resources are getting depleted at a rapid pace. All these negative developments have forced mankind to think more seriously about conserving the environment. Green Marketing is one such initiative towards environment protection, which is gaining popularity (Sharma & Bagoria, 2012).

2. Literature Review

The green marketing is first introduced in the late 1970s when the American Marketing Association (AMA) organized the first ever workshop on Ecological Marketing in 1975 which resulted in the first book on the subject, entitled 'Ecological Marketing' by Henion and Kinnear in 1976. According to the American marketing association **green marketing** is the marketing of products that are presumed to be environmentally safe. Thus green marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising. Other similar terms used are **Environmental Marketing** and **Ecological Marketing**. The first definition of green marketing was according to Heinion as follows:

"The implementation of marketing programmes directed at the environmentally conscious market segment" (Banerjee 1999).

Henion's definition of green marketing has evolving and many more definitions of green marketing have arisen throughout the years. Fuller (1999) defined the green marketing as follows:

"The process of planning, implementing, and controlling the development, pricing, promotion and distribution of products in a manner that satisfies the following three criteria: (1) customer needs are met, (2) organizational goods are attained and (3) the process is compatible with ecosystems".

According to Soonthonsmai (2007), green marketing is defined as activities performed by environment concerned firms to deliver the environmentally sound goods/services to provide satisfaction to consumers. The green marketing came into prominence in the late 1980s and early 1990s. Since then, the definition has been refined and segmented into three main portions as follows:

- The marketing of products of the company are presumed to be environmentally safe,
- The development and marketing of products designed to minimize negative effects on the physical environment or to improve its quality, and
- The efforts by organizations to produce, promote, package, and reclaim products in a manner that is sensitive or responsive to ecological concerns.

It is worth noting that green marketing is actually related to another topic which is gaining visibility in corporate circles and **corporate social responsibility (CSR)**. A company can provide fewer napkins, using less ink and paper, encouraging customers to use online billing for offices which are all green initiatives that can quickly reduce costs of the company. Green marketing is very important item for a company because it offers business bottom line incentives and top line growth possibilities. Companies can develop new and improved products and services with environmental impacts which help access to new markets, substantially increase profits and enjoy competitive advantages.

The impulse to go "green" is spreading faster among all the organizations round the globe. According to a McKinsey Survey (2007), of 7,751 people in Brazil, Canada, China, France, Germany, India, the UK and the US, 87% consumers worry about the environmental and social impact of products they buy. The global market of green marketing is projected to reach \$3.5 trillion by the year 2017, as stated in the global report of Global Industry Analysts Inc., 2011 (Sharma and Bagoria, 2012).

According to Peattie (2001), the evolution of green marketing has three phases. The first phase was termed as ecological green marketing and during this period all marketing activities were concerned to help the environmental problems and provide remedies for environmental problems. Second phase was environmental green marketing and the focus shifted on clean technology that involved designing of innovative new products, which take care of pollution and waste issues. The third phase was sustainable green marketing. It came into prominence in the late 1990s and early 2000.

3. Methodology

The study is mainly based on extensive literature review and secondary data. Secondary data sources were various national and international reports, seminar and workshop information and other relative information published in different journals and other internet sites.

4. Objectives

The study mainly aims to know about the green marketing practices and strategies among Bangladesh and world market.

The specific objectives of the research work are:

- To consider the concept of green marketing. To realize what is all about Green Marketing, Green

Consumer and Green Product.

- To examine the challenges and opportunities for green marketing.
- To analyze Green Marketing practices and strategies in Bangladesh.

5. Green Consumers & Green Marketing Products

The green consumers are the driving forces behind the green marketing process. It is they who drive consumer demand, which in turn encourages improvements in the environmental performance of many products and companies.

According to Ottman (1993), Green consumers actively seek & support the products which satisfy their needs & have less impact on environment. Macdonald (2006) said that all consumers are potentially green consumers. He added that when a consumer has option to buy two similar kinds of products, he will tend to buy the environment friendly product among these two. Mainieri (1997) suggests that women are more environmentally conscious to purchase green products. Pickett (2008) found that market segments followed by demographic characteristics like age, income, education are positively related to consumer attitude for environment. Green product is an ecological or environment friendly product. According to Shamdasami et al., (1993), green product will not pollute earth, or deplete scarce resources, they will be recycled or conserved.

Now a days, being conscious for environment is not only an activist's ideology but it is also a matter of competition in market (McCloskey & Maddock, 1994). D'Souza (2004) mentioned that the green vision being a reality needs to be functionally understood by the marketer to serve green customer's need. We can define green products by following ways :

- Products those are originally grown,
- Products those are recyclable, reusable and biodegradable,
- Products with natural ingredients,
- Products containing recycled contents, non-toxic chemical,
- Products contents under approved chemical,
- Products that do not harm or pollute the environment,
- Products that will not be tested on animals,
- Products that have eco-friendly packaging i.e. reusable, refillable containers etc.

The customers always prefer environmental household products which must benefit them such as, safe to use around children, no toxic ingredients, no chemical residues, and no strong fumes commodities. At present most of the daily newspapers are in online and seminars, conferences, and publications as well as on-going webinars on how to become a green company or community. School kids have environmentally related projects at schools or eco-friendly programs that they are implementing at home or in their communities (Chaudhary et al. 2011). Most of the companies are practicing green marketing in their products and some of them are as follows:

- Coca-Cola Company of the USA pumped syrup directly from tank instead of plastic which saved 68 million pound/year.
- McDonald's replaced its clam shell packaging with waxed paper because of increased consumer concern relating to polystyrene production and Ozone depletion.
- Tuna manufacturers modified their fishing techniques because of the increased concern over driftnet fishing, and the resulting death of dolphins.

- Xerox introduced a high quality recycled photocopier paper in an attempt to satisfy the demands of firms for less environmentally harmful products.
- In 1994, Philips launched the *Earth Light*, a super energy-efficient compact fluorescent light (CFL) bulb designed to be an environmentally preferable substitute for the traditional energy-intensive incandescent bulb (Ottman et al. 2006).
- In India, Badarpur Thermal Power station of NTPC in Delhi is devising ways to utilize coal-ash that has been a major source of air and water pollution.
- In India, Barauni refinery of IOC is taken steps for restricting air and water pollutants.

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In 2008, Green Gap Survey (in the USA), conducted by Cone LLC and the Boston College Center for Corporate Citizenship and found that almost 40% of Americans are preferentially buying products which they believe to be environmentally friendly. The Gallup Environment Poll (in the USA) found that 28% of Americans reported making major changes in their lifestyles to protect the environment. Market research firm Mintel (in the USA) reports that almost 200 million Americans now buy green products (Iron Mountain Fulfillment Services, Inc. 2008).

Green marketing takes advantage of customers' willingness to purchase, and sometimes pay a premium for, products that provide private benefits as well as public environmental benefits. Though attitudinal studies typically overestimate actual market response, they consistently report that a large number of residential customers (40-70%) are willing to pay a 5-15% premium for green products, including renewable energy (Ottman 1993).

6. Importance of Green Marketing

Economy of the world faces serious difficulties due to global warming, greenhouse gas (GHG) emissions (Mohajan 2011). Green marketing is in the focus of present marketing strategy due to the pressure that comes from inclined environmental awareness in the global climate change. Therefore, the marketers need to include a green approach in framing the marketing programmes. There are several suggested reasons for firms increased use of green marketing and some of them are as follows (Singh 2008):

- organizations perceive environmental marketing to be an opportunity which can be used to achieve its objectives,
- organizations believe that they have a moral obligation to be more socially responsible,
- cost factors associated with waste disposal, or reductions in material usage forces firms to modify their behavior,
- competitors' environmental activities pressure firms to change their environmental marketing activities, and
- governmental bodies are forcing firms to become more responsible.

In the 21st century consumers become more conscious about their safer and healthier lives and healthy environment. Obviously the customers always want to buy eco-friendly and environment harmless commodities for their daily lives.

In 2007 *green marketing* came in main stream of global business and it has captured the public consciousness. The best example of green marketing issues that helping to make environment safe and eco-friendly is from printing machines industries which are trying to be more greener by reducing emissions of Volatile Organic Compounds (VOCs), handling of contaminated water and toxic waste as well as tracking of inks, solvents and other chemicals (Chaudhary et al. 2011). There are many opportunities of green marketing. Recently firms marketing goods with environmentally safe have realized a competitive advantage over firms marketing non-environmentally responsible alternatives. Some companies have found benefits for using green marketing technologies, for example the **Xerox** company introduced a high quality recycled photocopier paper in an attempt to satisfy the demands of firms for less environmentally harmful products, the **Tuna** company manufacturers modified their fishing techniques because of the increased concern over driftnet fishing, and the resulting death of dolphins and the **McDonald's** company replaced its clam shell packaging with waxed paper because of increased consumer concern relating to polystyrene production and ozone depletion (Singh 2008). The government of a country can stress to product green marketing commodities to reduce production of harmful goods or by-products, to modify consumer consumption of harmful goods. These governmental regulations are designed to control the amount of hazardous wastes produced by firms. Government can impose a tax on production or use of non-green marketing products. For example, in Australia there is a higher gas tax associated with leaded petrol. A company can produce green marketing product to teach other companies the importance and demand of it. For example, it could be argued that Xerox's **Revive 100% Recycled** paper was introduced in the market a few years ago in an attempt to address the introduction of recycled photocopier paper by other manufacturers.

The powerful interpretation of the term green marketing comes from the National Institute of Building Sciences Whole Building Design Guide, which states that the majority of green products on the market today must (Defining Green Products 2010):

- promote good indoor environmental quality (IEQ), typically through reduced or eliminated volatile organic compounds (VOC) emissions,
- not contain chlorofluorocarbons (CFCs), halogenated chlorofluorocarbons (HCFCs), or other ozone depleting substances,
- have low embodied energy (the total energy required to produce a finished product, including the energy used to grow, extract, manufacture, and transport to the point of use),
- be durable and have low maintenance requirements,
- incorporate recycled content,
- be made using natural and renewable resources,
- be easily reused, either whole or through disassembly,
- not contain highly toxic compounds and not contribute to highly toxic by-products during the manufacturing process,
- employ *sustainable harvesting* practices if wood or bio-based,
- have been salvaged from existing or demolished buildings for reuse,
- be able to be readily recycled, preferably in a closed-loop recycling system, which allows a manufactured product to be recycled into the same product without significant deterioration of quality,
- be obtained from local resources and manufacturers, and be biodegradable (Amatruda 2010).

Poorly conceived approaches to marketing are another reason why terms like *green*, *sustainable*, and *environmentally friendly* are misused, leading to green washing and confused, skeptical consumers. Peattie and Crane (2005) describe four critical issues that have “dogged the development of green marketing” as follows:

- Green marketing firms have “frequently only used the environment as an additional promotional dimension without any attempt to analyze or modify the underlying product itself and its environmental impacts.”
- “Many firms have sought to address consumers’ needs, but their interest in the environment has been limited to the marketing department, or the production department, or some other individual function. This has prevented firms from developing a broad, holistic approach to green marketing.”
- “Many companies have been enthusiastic about green marketing when it has involved short term cost savings... but lukewarm when it has come to investing money in order to develop more sustainable products and processes.”
- “Much green marketing activity also has focused on avoiding any significant change, and focusing instead on marginal, incremental improvements to existing products and processes”

As our resources are limited but human needs and wants are unlimited, resources have to be utilized economically and in an environment friendly way. In this situation the green marketing will play an important role in sustainable development.

7. Golden rules of Green Marketing

1. **Know your customer:** If you want to sell a greener product to consumers, you first need to make sure that the consumer is aware of and concerned about the issues that your product attempts to address.
2. **Empower consumers:** Make sure that consumers feel, by themselves or in connect with all the other users of your product, that they can make a difference. This is called “empowerment” and it’s the main reason why consumers buy greener products.
3. **Be transparent:** Consumers must believe in the legitimacy of your product and the specific claims you are making. The rest of your business policies are consistent with whatever you are doing that’s environmentally friendly.
4. **Reassure the buyer:** Consumers must be made to believe that the product performs the job it’s supposed to do-they won’t forego product quality in the name of the environment.
5. **Consider your pricing:** If you are charging a premium for your product and many environmentally preferable products cost more due to economies of scale and use of higher-quality ingredients-make sure that consumer can afford the premium and feel it’s worth it. Many consumers, of course, can’t afford premiums for any type of product these days, much less greener ones, so keep this in mind as you develop your target audience and product specifications.

8. Green Marketing Practices

Green-marketing, as a concept is at a pretty nascent stage, especially in Bangladesh. There is no professional research that have been conducted in Bangladesh regarding the consumers’ attitude towards green marketing. But according to a survey in India 25% of the consumers prefer environmental friendly products, and around 28% may be considered healthy conscious (Sharma and Bagoria, 2012). So the picture in Bangladesh probably be no better than this. Amongst all these various lines of thoughts green

marketing has arrived, but whether it will stay and grow into something that helps us to reach to the dream of sustainable development largely is in the hands of the consumers.

It is also need to analyze whether the manufacturers of Bangladesh are aware or not about green products and eco-labeling, though BSTI and other organizations give licenses for marketing goods. At the present situation it is very difficult in implementing green marketing in Bangladesh. Government of Bangladesh and other organizations can advise the small and large scale manufacturers to practice the habit of green marketing.

Bangladeshi manufacturers will find that green marketing is not an easy concept. They can realize that green marketing in Bangladesh still at its fetus stage. Manufacturers must be taken care while framing the marketing plans, strategies and policies so as to prevent the environment and nature from any harm caused due to its operations not only today but also in future.

The government of Bangladesh has to encourage and support the manufacturers who are manufacturing green products by providing subsidies. Financial assistance should be given in the form of easy loan facility to equip for manufacturing green products. Awards should be given to those who successfully practice green marketing which becomes a motivating factor for others to implement it. Social advertising to be carried out on a large scale through various medias to promote the consumption of green products. Promotion of Eco-mark or Eco-labeling has to be done to create awareness not only amongst manufacturers but also among consumers (Welling and Chavan 2010).

In the USA the *green market* counts about \$250 billion, while 63 million of consumers are directed towards products that either protect the environment contrary to the conventional ones, or have been produced with processes that respect the society and the environment. The same consumers are prone to spend an additional 7-20% in order to buy pure *green* products and reject the non-viable alternatives, offered to them by the conventional market (Reitman 1992, Papadopoulos et al. 2012).

According to a recent research, at a world level, the positive fame of a company about its environmental responsibility is determined by the 53% of consumers (about 1 billion) as a decisive reason that makes them buy and use its products (Spanos 2008, Papadopoulos et al. 2012).

9. Constraints to Implement Green Marketing

Implementation of green marketing in the industrial and manufacturing sectors is not an easy job. The firm has to face many problems while treading the way of green marketing. In any country to product materials for green marketing the manufacturers have to face various challenges. Some of these challenges are being as follows (Welling and Chavan 2010):

- To supply green marketing products first the manufacturers need to create public consciousness about the usefulness of the use of these types of products. The consumers must know that green marketing encourages the manufacturers to product green products, to use green technology and green energy which are environmentally less harmful.
- It need a lot of money has to be spent on R& D (research and development) programmes, so that initially it will be a costly matter.
- Initially the profits of the company will be very low because renewable and recyclable products and green technologies are more expensive but in the long run it will be profitable since consumers will want to spend extra amount for green products.
- At the starting many customers may not be willing to pay a higher price for green products which may affect the sales of the company. Initially the environment conscious people will be the buyers of

green products.

10. Possible strategies and measures

Some possible actions/strategies for Green Marketing Products are as follows:

- Firms activities must follow environmental or green regulations or laws and Consumers' perception on green issues should be evaluated
- Firms should see green marketing in terms of overall "Total Environmental Quality Management" within the organization.
- Firms should use education-intensive point of sale displays, brochures and packaging for its products that make customers say "These folks are for real."
- firms can modify their behaviour for reducing Cost factors associated with waste disposal, or reductions in material usage.
- Firms should emphasize on recyclable products. Because the purchase intention of consumers were measured by Sha and Pillai (2012) using five factors named, Recyclable products, Not-used-on-animals products, Energy conservation, Organically grown, Ozone-friendly products. The research reveals that consumers are more willing to purchase & concerned about recyclable products than any other environmental issue. So Government and firms should search opportunities for Recycled Products.
- Firms can influence the purchase decisions of consumers by positioning green product benefits in minds of consumers. This green marketing strategy for firms was proposed by Harrison (1993).
- Firms can initiate Eco label program. In 1978, Germany first initiated the eco-label programmes. At present eco-labeling environmentally less harmful products have been very popular in Japan and Europe.
- For a marketer it is important to identify the types of green consumers. Many organizations have found that two out of every three consumer is green in developed country but country like Bangladesh and its organization has found that one out of every six consumer is green, but their environmental commitments vary because of their different standards, expectation from producers, demand and buying power. To satisfy those needs businesses have to break down the market into different groups of consumers that differ in their responses to the firm's marketing mix program. (*Kotabe & Helsen (1998), p.184*)
- Green marketing process comprises with external and internal Ps. After integrating external and internal Ps, green success will automatically come through four Ss. Here external 7 Ps consists of Paying customers, Providers, Politicians, Pressure groups, Problems, Predictions and Partners; internal 7Ps consists of Products, Promotion, Price, Place, Providing information, Processes and Policies. After integrating external and internal 7Ps, we can find out the green successes through 4 Ss such as Satisfaction – of stakeholder needs, Safety – of products and processes, Social acceptability –of the company and Sustainability – of its activities (*Peattie (1992), p.104*).
- Bangladesh is one the most environmentally affected country in the world; keeping this in mind Bangladesh Bank developed a Green Banking Policy in 2011. Bangladesh Bank policy to save the environment as well as to increase financial sustainability. Green banking activities include using all of the banks resources with responsibility and care, avoiding waste and giving priority to choices that take sustainability into account. In line with the instructions of Bangladesh Bank, all banks have taken initiatives to formulate its Green banking policy with an aim to inculcate practices towards

optimum usage of natural resources and make every effort for environmental friendly activities. The banks should give priorities in providing loan to the sectors that encourage environmental practices (Rashid 2010).

- Much more is expected from NGOs and civil society organizations in the form of awareness development, research activities and business monitoring (Habib 2012). For rapid change among consumers and businesses, a collective endeavor of government, media, NGOs will be required.
- CAB (Consumer Association of Bangladesh) should work fastest way regarding various green issues and product. They should organize seminar, program in media, newspaper and give assurance to the customer that it is a green product. CAB should bargain with the Government, industrial, middlemen regarding green issues.
- Government and concerned industry people have to take responsibility to make understand regarding importance of green products towards unconscious people like birth control issues.
- In Bangladesh, eco-tourism was very unknown word for local tourist but few eco-park establishment in coastal belt and hilly area had changed the scenario and people start liking this kind of things due to green.
- For enhancing the demand for green products the following four E factors can be considered:
Easy – make it easy for customers to be green,
Empower customers – provide customers with solutions,
Enlist the support of customer,
Establish credibility – with all stakeholders of a business (Ottman, 1993)

Limitations of the Research Study

This study was limited to investigating Green marketing practices in Bangladesh because the data was collected from secondary sources but further investigations is required to find out the impact of Green marketing activities. In spite of its limitations, this study points out an directions for future research by replicating the study with more representative sample and future research study can be conducted by focusing on collecting detailed information about the large number of criteria related to the concept of green marketing, Green Consumer and Green Product.

Concluding Remarks

Due to increase of global warming the firms have to product green marketing commodities. Overall Green marketing is really a good way for people to get more awareness about global warming. Adoption of green marketing in the society may not be easy in the short run, but in the long run surely it will be profitable. Government and various social organizations may compel all the organizations to practice green marketing for sustainable development. Bangladesh can able to establish green marketing issues in the consumer and organization mind so that green marketing can enhance marketability, improve product performance, protect environment hazard, protect health hazard, quality deterioration and represent a powerful new source of innovation. In this matter Marketers also have the responsibility to make the consumers understand the need for and benefits of green products as compared to non-green ones. In green marketing, consumers are willing to pay more to maintain a cleaner and greener environment. Green marketing assumes even more importance and relevance in developing countries

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