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GOING GREEN: THE MARKETING CHALLENGE

Destructive effect on environment, caused by the economic growth of the 20th century, led to increasing concern about the socio-environmental impacts of businesses and growing demand for 'green' products. Companies immediately reacted on new social attitude by means of green marketing.

Green marketing is an integrated management process responsible for identifying, forecasting and satisfying the needs of customers and society, in a profitable and sustainable way. A sustainable approach to consumption and production involves two key principles:

using natural resources at a rate at which environmental systems or human activity can renew them; producing pollution and waste at a rate which can be absorbed by environmental systems without harm to their viability.

Socio-environmental issues in green marketing are the potential sources of innovation and opportunities for marketers, rather than just a set of potential costs. Among the benefits, which company receives from going green are a strong brand, positive customer response, engaged employees and attractive HR opportunities, strong supply chain with like-minded partners (green partnerships), recouped investment through low cost implementation and 'pay-back' periods (especially with regard to water and energy saving measures).

The major marketing decisions concerning Product, Price, Packaging, Place (distribution) and Promotion require new approaches.

Product. Green products and technologies are divided into two general categories. Product or service may be environmentally friendly in itself. A key product management and design challenge that a green perspective introduces, is the emphasis on the product's post-use fate. Improving the post-use eco-performance of products can be achieved through a new approach to design and good after sales service provision to make repairing products cost-effective. The processes, by which the product is created, and the policies and practices of the company producing it, may be environmentally friendly, too. 'Green' energy from

renewable sources and cruelty-free cosmetics are examples of products marketed on the merits of the means of production or the organization behind the products.

Pricing. Pricing is the crux of the green marketing challenge. Developing new sustainable raw material sources, complying with legislation, writing off old, 'dirty' technologies, capital expenditure on clean technology and the overheads associated with greening the organization demand high costs. However, this can be counterbalanced by the savings made by reducing raw materials and energy inputs, reducing packaging, cutting waste disposal costs and finding markets for by-products. Wider eco-efficiency process benefits, when added to premium demand benefits, can counterbalance the costs of greening to make a positive contribution to profitability. The emphasis should be done not on the 'purchase price' but on 'total cost' and 'pay-per-use'. Low energy light bulbs, for example, have a higher purchase price, but a lower overall running cost for consumers.

Packaging. Packaging has been an obvious starting point for many companies' green marketing efforts, since it can often be safely and cost-effectively reduced without expensive changes to core products or production processes and without a risk of disaffecting customers.

Placement. The environmental impact of many products is strongly determined by the fuel consumed and materials used in transporting them to customers. Industries should replace global production and distribution chains with global networks of operations producing and distributing on a more regional or local scale, which can provide customized production batches at competitive unit costs and may allow economies of distance to outweigh economies of scale.

Promotion as sustainable communications. Promotion strongly stresses a dialogue with stakeholders, particularly customers, aimed at informing and educating those customers, and seeking to establish the social and environmental credentials of the company and its products. The secret to successful communications for green product is to effectively connect the product's attributes and the brand message with the value desired by consumers. Integrated communications is increasingly viewed as a key ingredient to marketing success.

Complex use of 5P's can minimize negative (and maximize positive) sustainability impacts throughout and beyond the life cycle of existing products and introduce solutions, which fulfill acceptable societal demands and needs.