



## Green Marketing: Proactive & innovative tool of CSR to gain competitive excellence

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### Abstract

**Purpose:** In the recent times the business marketplace is moving closer towards being a comprehensive social experience, the onus falls upon brands to be more defined in terms of what they stand for, their core values and how they communicate them to their community of customers. Not only this, stakeholders demand these brands to be eco-friendlier even if they are higher in price. Thus, the businesses operate in ever-changing environment be it economically or ecologically, the purpose of this paper would be to investigate how green marketing strategies is being used as an effective tool of corporate social responsibility in order to get economic, social as well as ecological sustainability.

**Design:** This conceptual paper has been designed to discuss about the concept of green marketing strategies, and how it could be used as an effective tool for CSR to gain the competitive advantage. It also includes that how diffusion of innovation theory can be related to green marketing in a new way. This paper begins with the literature review of corporate social responsibility and green marketing strategies and it also adds value to the paper by including the innovation theory to address the gap in the literature. Then the paper discusses about the various strategies which a business could employ in order to act to the changes in the external environment. The businesses can use both reactive as well as proactive approach in order to addresses the external demands. This paper is then discussing about the degrees of innovation required while employing the different strategies and also throws light on the diffusion theory and develops the propositions. Then, a new model is presented on green marketing innovation strategies and competitive advantage. Next, a conceptual analysis is presented using a diffusion of innovation characteristics framework to show relationships of the innovation characteristics with proactive green marketing strategies and competitive advantage.

**Findings:** This paper has developed a total of six propositions which are developed to reflect the relationship of green marketing strategies with types of innovations and competitive advantage. In addition, a conceptual analysis found seven areas of proactive green marketing strategies related to the diffusion of innovation characteristics. Also, this paper has proven that green marketing strategies can be used as an effective tool for CSR due to the concerns of consumers towards the environment. Findings also showed diffusion characteristics are associated with 11 key benefits of sustainable green marketing competitive advantage.

**Research limitations/implications:** This paper also discusses about the limitations of this research. There is still a corner to be filled in this field and lot of research needs to be done. In addition, the paper also includes some of the managerial implications which can be used effectively. Additionally, this paper proposes suggestions identified with dissemination of development attributes in future research.

**Keywords:** business, green marketing, CSR

### Introduction

#### Theoretical background

**Corporate Social Responsibility (CSR):** Corporate Social Responsibility or simply CSR came into common use in the late 1960s and early 1970s after many multinational corporations formed the term stakeholder, meaning those on whom an organization's activities have an impact. It was utilized to depict corporate proprietors past investors because of a powerful book by R. Edward Freeman, Strategic administration: a partner approach in 1984. Corporate social obligation (CSR, additionally called corporate heart, corporate citizenship, social execution, or feasible mindful business) is a type of corporate self-direction coordinated into a plan of action. CSR arrangement works as an implicit, automatic instrument whereby business screens and guarantees its dynamic consistence with the soul of the law, moral models, and universal standards. The objective of CSR is to grasp duty regarding the organization's activities and energize a positive effect through its exercises on the earth, buyers, representatives, networks, partners and every single other individual from people in general circle.

Defenders contend that organizations make all the more long-

haul benefits by working with a point of view, while commentators contend that CSR occupies from the financial job of organizations. Others contend CSR is simply window-dressing, or an endeavor to pre-empt the job of governments as a guard dog over ground-breaking worldwide organizations. Due to the change in overall environment, people all around the globe are concerned about the environment and future of our planet. This has awakened the industrialized nations to be more concerned and to pursue environmental or green marketing. This concern has put more pressure on corporations to be more environments friendly and undertake only those operations which are safe for the environment. This is where green marketing began to gain impetus among the stakeholders of the businesses. Here the question arises what is green marketing or how can marketing become green, according to the American Marketing Association, green marketing is the marketing of products that are presumed to be environmentally safe. In this manner, green promoting fuses an expansive scope of exercises, including item adjustment, changes to the creation procedure, bundling changes, just as altering publicizing. 'Green promoting subsumes greening items just as greening firms.

Administrators need to distinguish what should be greened: frameworks, procedures or items?"

Green marketing refers to any activity taken by the businesses in concern to the environment. It is a process of selling products and/or services based on their environmental benefits. Such a product or service may be environmentally friendly in it-self or produced and/or packaged in an environmentally friendly way.

Corporations undertake such activities in order to gain competitive advantage and also to be profitable in the long term. Thus, obvious assumption of green marketing is that potential consumers will view a product or service's "greenness" as a benefit and base their buying decision accordingly. The not really clear supposition of green showcasing is that shoppers will pay more for green items than they would for a less-green equivalent elective item - a suspicion that, as I would like to think, has not been demonstrated indisputably.

Recently green advertising has been seen vital through the eyes of purchasers the same number of scientists have demonstrated that clients are notwithstanding eager to pay more for condition inviting items. While green showcasing is developing enormously as expanding quantities of customers are happy to back their natural consciousnesses with their dollars, it very well may be perilous. People in general will in general be incredulous of green professes in any case and organizations can truly harm their brands and their deals if a green case is found to be false or negated by an organization's different items or practices. Showing an item or administration as green when it's not is called green washing. Green Marketing includes wide range of activities which include: product design, the manufacturing process, service delivery processes, packaging, construction and renovation of buildings, recycling, and other areas such as marketing communications. In addition to all this we could see that there has been a serious advancement in terms of technology like in the area of marketing communications. With the use of internet, businesses can become eco-friendlier by using services like online marketing, email, e-newsletters, webinars, online communities, etc.) And mobile marketing (e.g. M-Commerce, M-CRM, SMS, etc.), the companies can promote their products or services in a eco-friendlier way which can be broadcasted to general public in a prompt and inexpensive manner.

According to a research conducted in European countries to find the concerns of consumers about environment, was found that more than ninety two percent people have changed their products to address green concerns. Another Research report showed that 84 per cent of the organizations produce more environmentally friendly or socially responsible products or they produce the products which are energy efficient, recyclable, made with renewable materials or Fair Trade. The organizations main objectives behind their green marketing strategies are: product differentiation to create a competitive advantage, to become a global leader, and cost savings.

We could see from the above implications that how green marketing is gaining impetus in today's business environment so the main objective of this study will be to determine how innovative theory can be used to develop green marketing strategies in order to meet the customer expectations and overall obligations towards the environment. The strategies will not only help the corporations to become greener but it will also meet their bottom line of becoming

economically, socially as well as ecologically sustainable. At first, the overview of corporate social responsibility CSR theories relevant to green marketing is provided. Next, a discussion is included on reactive and proactive green marketing strategies that can be utilized in businesses, and their relationship to degrees of innovation. Further, a review is provided on diffusion of innovation theory and its relationship to business research. Also, five propositions are developed, and a new conceptual model is presented on green marketing innovation strategies and competitive advantage. Furthermore, an analysis is presented on the relationship of diffusion of innovation characteristics to green marketing strategies, and the benefits associated with competitive advantage for organizations. Confinements and administrative ramifications are talked about, and suggestions are accommodated future research.

Green showcasing can be a ground-breaking promoting technique however when it's done well. For green marketing to be effective, you have to do three things; be genuine, educate your customers, and give them the opportunity to participate.

#### 1) Being Genuine

- a. By being genuine, it means that you are actually doing it for a cause. Apart from the profitability concern you must take care for your environment and do exactly what you are claiming to be doing in your green marketing campaign.
- b. Secondly it is not only your green marketing strategies but the rest of your business policies must reflect your concern for the environment. Both these conditions have to be met for your business to establish the kind of environmental credentials that will allow a green marketing campaign to succeed.

2) Educating your customers in order to be effective green marketer you must let your customers to know about your concern to environment. They must be educated about whatever you're doing to protect the environment. You must also convey your ideas about green marketing in a manner that it must reflect why it matters. Otherwise, for a significant portion of your target market, it's a case of "So what?" and your green marketing campaign goes nowhere.

3) Giving your customers an opportunity to participate it is not only about the top management to decide about the environmentally friendly actions but you must personalize the activities, normally through letting the customer take part in positive environmental action.

#### **Green marketing, CSR theories and innovation theory**

Garriga and Mele developed four groups of theories based on CSR, they include: instrumental theories, political theories, integrative theories, and ethical theories. Garriga and Mele´ argued that the corporations while adopting the instrumental strategies are basically achieving competitive advantage by making profits and they also help in social causes such as: philanthropic investments, cause marketing activities, and using disruptive innovations to market to the bottom of the economic pyramid noted that disruptive innovations could achieve social objectives and create a competitive advantage for companies in "telecommunications, consumer electronics and energy production and many other industries" Political theories advocate that the corporations are being socially responsible because of their power and also they are legally

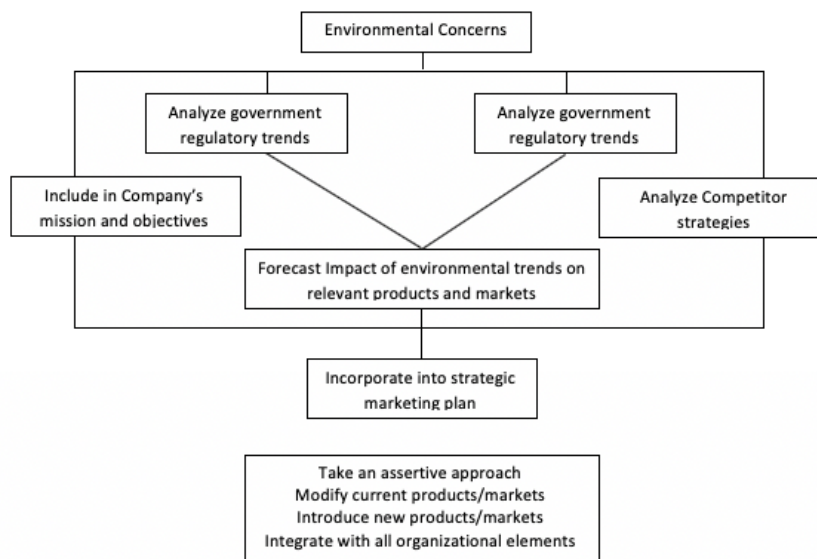
obliged to follow some benchmark to environmental marketing. On the other hand, Integrative theories focus on stakeholder management, related Marketing and Innovation theory to social norms, green marketing, and to the common good. These theories include those strategies because of the stakeholder’s expectations from the business. Ethical theories focus on doing the right thing for society, and include universal human rights, environmental sustainability, and the common good. Green marketing has been related to the common good, the tragedy of the common’s dilemma and to environmental justice. The corporations can adopt any of the strategies to become socially responsible. Each of the groups of theories can be related to firms’ motivations to pursue green marketing strategies and actions, and all four areas are important to a social system. Diffusion of innovation theory shed light on how to increase the rate of adoption of green products, services, and processes to help companies create a competitive advantage, and simultaneously help move the world toward greater ecological sustainability. Diffusion theory explains that how businesses can use their resources in a desired manner so that they can innovate freely, this theory also explains on how to use the different innovative strategies under given circumstances

**Green Marketing: Developing marketing strategies**

As the consumers are becoming more environmental conscious businesses need to consider environmental consequences into consideration while formulating any marketing strategy. Thus, businesses need to formulate their green marketing strategies in accordance with their business strategies. Environmental policies have been measured as the secondary plans until 1980’s and were not considered and incorporated in the overall planning process. But nowadays it has become an essential part of an organization to be socially responsible as it is considered as a key indicator of determining the market hold of a company. As a result, such a strategic marketing process must be designed where green marketing acts as an integral part. Figure 1 depicts a model for doing this. This can be facilitated through following ten steps:

- Step 1. Develop an environmental corporate policy.  
This policy should state the company's mission and objectives with regard to the environment and should

- allow for environmental considerations to be integrated into all company decisions.
- Step 2. Develop ecological initiative at the best dimension of the association.  
Doing this should communicate a long-term commitment to environmental action.
- Step 3. Hire or develop environmental advocates on the inside.  
These people can concentrate on environmental concerns and provide a consistent environmental voice for the organization. Some companies may even create an entirely new department dedicated to environmental planning.
- Step 4. Educate and train all employees on environmental awareness.  
From the boardroom to the mailroom, an environmental consciousness must pervade the organization.
- Step 5. Maintain communication with external stakeholders.  
It is essential to stay abreast of outside needs and concerns.
- Step 6. Develop an assertive environmental action program.  
This program should be integrated into all parts of the strategic planning process.
- Step 7. Aggregation of all departments for efficient achievement of objectives  
Doing this may require building bridges between competing interests in the organization.
- Step 8. Allocate adequate resources to show commitment.  
This environmental commitment must be demonstrated by provision of money and personnel to implement the environmental action program effectively.
- Step 9. Through marketing, effectively communicate what the brand offers.  
This communication will not only build customer loyalty toward your organization, but also encourage customers' co-operation in environmental efforts.
- Step 10. Analyze the consumer response with an active research program.  
The dynamic nature of environmental needs and demands requires constant monitoring along with flexibility to adapt.



Strategic Green Marketing Planning Model

Fig 1

**Green marketing: Reactive vs. proactive strategies**

Whenever a research on general business strategy is conducted it often reflects a dichotomy between reactive and proactive strategies. Whenever a business responds to any changes; be it external or internal environment, it often uses the reactive strategy. These strategies are often kept in place whenever some unusual reaction takes place in the external environment, the timing of such strategies is quite important. On the other hand, Proactive strategy is being implemented by the businesses before they are forced to respond to any changes in the external environment, thus creating new opportunities in the environment. McDaniel and Rylander proposed two main approaches to green marketing: the first is a defensive or reactionary approach, and the second is an assertive, aggressive strategy. This paper utilizes the term reactive to describe the former approach, and proactive to refer to the latter. A reactive green marketing strategy (also referred to as a compliance strategy) follows regulations of environmental management, requires limited resources, has a low level of organizational commitment, low involvement of top management, and a short-term orientation.

P1. Reactive green marketing strategies are related to: low organizational ecological commitment and resource allocation and are more likely to develop continuous innovations.

P2. Reactive green marketing strategies can lead to: short-term benefits (e.g. short-run increases in sales and profits),

risks of green washing criticisms, and lower levels of ecological sustainability.

Reactive green marketing strategies require less resources which are less risky and inexpensive however on the other hand the proactive green marketing strategy requires greater resources which can be expensive as well as risky at the same time, it also needs high organizational commitment including an out stated environmental corporate policy which reflects high levels of top management and employee involvement, and is more long term in orientation. Whenever a firm is employing its proactive green marketing strategies it considers its customer needs, the other stakeholders of the company, future potential customers of the business; not only this firms tends to meet all these expectations in a most innovative manner, thus creating innovative solutions. Firms always employ those strategies which will enhance their economical sustainability thus the objective of proactive green marketing strategy would ideally address what is referred to as the “triple bottom line” of economic, social, and ecological sustainability. Firms who successfully implement these proactive green marketing strategies would always be among the firms who have achieved what is referred to as “eco-effectiveness.”

P3. Proactive green marketing strategies are related to: high organizational ecological commitment and resource allocation and will create more dynamically continuous and discontinuous innovations.

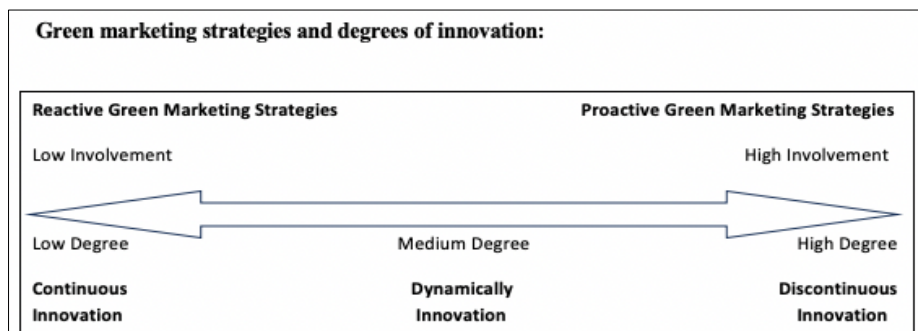


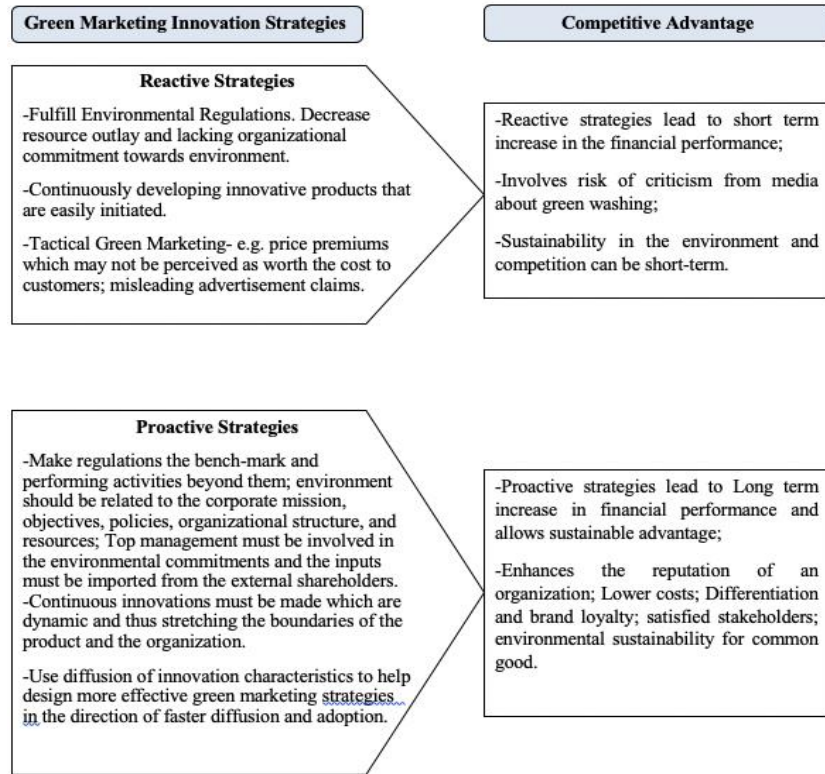
Fig 1

Businesses prefer continuous innovations as they are low in risk and are on a positive side since they require very little or no change in buying behavior. Continuous innovations are quick to diffuse in the marketplace and can be easily adopted. They are less risky in the sense that businesses do not abruptly change the product or replace it by new one however it is a long-time development which considers the needs and desires of the consumers. It also analyses the tastes and preferences as consumers tend to change their perceptions from time to time. An example of a continuous innovation in green marketing is when a firm introduces a new “second generation” of an existing product which does not need a totally new manufacturing process, and is a “green” upgrade that can help save more energy, conserve natural resources, or eliminate waste for business customers. At the medium

level, a product or product category that is in existence, but that provides a new format which changes customer behavior (e.g. laptops, mobile phones) is a dynamically continuous innovation. The highest level is a discontinuous innovation (e.g. the internet, space travel for businessmen) which will change customer behavior the most, and may take decades to diffuse, unless the diffusion characteristics are positively directed.

P4. Proactive green marketing strategies can lead to: longer-term financial benefits related to competitive advantage; greater product differentiation and customer brand loyalty; lower costs; enhanced corporate reputation; higher R&D support; and more ecological sustainability for the common good.

**A new model of green marketing innovation and competitive advantage**



**Fig 3**

**Diffusion of innovation characteristics and Proactive green marketing strategies**

**Table 1**

Marketing research	Must do an in-depth research on sustainability and obtain the necessary information from the stakeholders on products, communications, pricing, and distribution strategies. Diffusion characteristics: relative advantage, observability, compatibility, complexity, trialability.
Production	Need to change production processes in order to be greener and environment friendly. Diffusion characteristics: relative advantage, observability, compatibility and trialability.
Product	(a) Products must be recyclable, biodegradable, and are based on sustainable development and also extending these product lines. It will be a competitive advantage. (b) Substitute product rentals instead of ownership of physical goods.
Distribution/ markets	(a) Using different ways of distribution like internet. (b) Creating more circular markets wherein products are recycled. (c) Using green products to create new markets or market niches. Diffusion characteristics: relative advantage, observability, complexity, and trialability.
Price	(a) Long-term costs of ownership must be considered and short term price like energy efficiency should be used rather. (b) Price incentives like coupons should be offered. (c) The prices of the green innovations should be set lower. Diffusion characteristics: relative advantage, observability, and trialability.
Promotion	Green values and benefits must be used to promote the new product by using that media of promotion which is environment friendly like internet, and mobile marketing to increase the compatibility between organizational sellers and buyers. Providing sales incentives to customers and rewarding repeat purchases must be used. Education of green policies and strategies should be communicated to various Stakeholders. Diffusion characteristics: related mainly to observability, but also related to compatibility, complexity, and trialability and relative advantage.
Partnerships	“Eco-alliances” should be created with stakeholders for inputs, strategies, and implementation. Diffusion characteristics: relative advantage, observability, and compatibility.

**Analysis and Discussion**

**1. Marketing research strategies:** The studies must be conducted to obtain inputs on the strategies of the company and its environmental sustainability issues from outside stakeholders and it must be related with the

diffusion characteristics which are: relative advantage, observability, compatibility, complexity, and trialability. These researches would help a company to determine the optimum way of reaching its specific target markets and would also determine the most effective way of

communicating the information about the green efforts taken or to be taken by the organization to its stakeholders.

**2. Production strategies:** Changing all production processes and other activities such that they will be more environmentally sensitive and will affect the following diffusion characteristics: relative advantage, observability, compatibility, and trialability. Organizations must involve green innovations to include in the resources of manufacturing where they need to concentrate on the production process of a product or a service and the way it is consumed so as to formulate the processes in an environmentally sustainable way. This could be ensured by associating through suppliers, manufacturers, retailers, and consumers' compatible green values foundation for buying organic food, fair trade materials, parts, and products. On the other hand, to ensure observability, the potential customers, stakeholders and other external bodies like media must be involved through factory tours that will help the organization to obtain the general awareness in the society and promotional efforts could be taken to attain media coverage about the new green production strategies undertaken by the organization.

**3. Product strategies**

- The green products must be created which have a diverse set of advantages and are recyclable, biodegradable, and based on sustainable development. The product lines can be extended which will be related to the following diffusion characteristics: relative advantage, observability, compatibility, complexity, and trialability. Such type of perception should be developed wherein the green innovations are given the higher preference in terms of value and acceptance to the existing products which is related to differential advantage and is known as a "unique selling proposition" in advertising. Once the consumers try the product or service, the degree of technical performance and the workmanship must be up-to the mark.
- Companies should create easy-to-try substitute products or services which are cheaper than ownership of physical goods This is another green marketing strategy wherein substitute services or product rentals instead of ownership of physical goods can be introduced; this strategy will be related to: relative advantage, observability, complexity, and trialability.

**4. Distribution or market strategies**

- To create more circular markets wherein materials can flow through product take-back and recycling,
- Using different channels of distribution like internet distribution to make the product easily findable, simpler to comprehend, and readily available so that the new green product or service could be tried easily, and
- Green technology transfer can be used to create new market places or niches which will be related to the following diffusion characteristics: relative advantage, observability, complexity, and trialability.

**5. Price strategies:** Use of long-term costs of ownership should be emphasized rather than short-term price e.g. energy efficiency. Price incentives such as quantity and frequency discounts, coupons, and rebates to increase interest can be offered and it can act as a promotion.

Proactive organizations can use prices of the innovative product or service for organizational customers to gain the competitive advantage by setting it lower than the competition and this way their trialability will increase. These price strategies will be related to the following diffusion characteristics: relative advantage, observability, and trialability.

**6. Promotion strategies:** whatever businesses do in order to become more environmentally friendly needs to be addressed to its stakeholders. Here promotional strategies play an important role, because one needs to choose among the various promotional ways be it print or electronic media - email, e-newsletters, print materials, webinars, and mobile marketing. Using marketing communication strategies that rely more on environmentally-friendly new media will be related to the diffusion characteristic mainly of observability, but also to compatibility, complexity, and trialability, and relative advantage. With the use of new technology like internet, it is easy to follow up your customers in most inexpensive and less time-consuming manner. Firms can also use e-CRM and other information systems to support relationship marketing and loyalty/reward programs in the supply chain. In designing promotional messages for personal selling and other marketing communications, firms should demonstrate and clearly explain the reasons and benefits of buying and using the green innovation.

**7. Partnerships/strategic alliances:** Other green marketing strategies could be to create partnerships (e.g. "eco-alliances") with multiple stakeholders with similar "green values" for input, strategy, and implementation will be related mainly to the following diffusion of innovation characteristics: relative advantage, observability, and compatibility. One way to make eco-alliance is that a business can work with its suppliers and channel. They could involve with them in environmental programs, initiate a awareness campaign among the society or gaining product endorsements and corporate sponsorships from environmental groups. This will not only fulfill your obligation but it will also enhance your credibility among stakeholders.

**Conclusion**

Businesses in today's world operate in ever-changing environment be it economically or ecologically. Nowadays, competition with others firms is not the only purpose, it's also about surviving in the ever-changing market, dynamic environment. Businesses nowadays use green marketing strategies that they use as an effective tool of corporate social responsibility in order to get economic, social as well as ecological sustainability. The purpose of this research was to find out major concepts of green marketing strategies, and how they could be used as an effective tool for CSR to gain the competitive advantage. The strategies will not only help the corporations to become greener but it will also meet there bottom line of becoming economically, socially as well as ecologically sustainable. This research primarily focuses on diffusion of innovation characteristics, such that their relationship with the aspect of green marketing strategies. Diffusion theory explains; how businesses can use their resources in an efficient and desired manner so that they can innovate freely, this theory also explains on how to use the different innovative strategies under given circumstances. In addition, the study demonstrates the value of applying

diffusion of innovation theory in achieving our green marketing objectives. We classify these strategies into two major categories – reactive and proactive – which are part of a continuum that can be related to degrees of innovation. Whenever a business responds to any changes; be it external or internal environment, it often uses the reactive strategy. On the other hand Proactive strategy is being implemented by the businesses before they are forced to respond to any changes in the external environment, thus creating new opportunities in the environment. Further, a unique model was developed of Business green marketing innovation strategies and competitive advantage. In the research we found that organizations which prefer and utilize proactive green marketing strategies related to the diffusion of innovation characteristics rather than being reactive in approach are more likely to achieve long-term competitive advantage and produce ecological sustainable goods or provide services. Proactive green marketing strategies that we will opt for in order to fulfill our goal should effectively increase the rate of adoption of new products, and services, and processes, so as to achieve competitive advantage, stakeholders' satisfaction, and also help the world but making it a better place to live in.

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