

SMecoMP

WP2 Project dissemination and communication

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Contractor:



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Title: GREEN MARKETING – An Important Tool for Sustainable Development

Consumer and corporate environmental consciousness have considerably elevated the last decade, especially due to the climate change concerns arisen. Related news, events, and proposed legislation seem to emerge and change at warp speed. More apparent causes and effects of global climate change, depleting fisheries, deforestation, and the current energy and impending water crises have all caused people to reassess what they do with several materials once they've been used.

Because of this intensified environmental awareness, it has become increasingly important how organisations will deal with such global challenges. Or, one might argue, it may be even more crucial how an organisation's image is viewed in approaching such issues.

A majority of people believe that green marketing refers solely to the promotion or advertising of products with environmental characteristics. Terms like, Recyclable, Refillable, Ozone Friendly, and Environmentally Friendly are some of the things consumers most often associate with green marketing. While these terms are green marketing claims, in general green marketing is a much broader concept, one that can be applied to consumer goods, industrial goods and even services. For example, around the world there are resorts that are beginning to promote themselves as "ecotourist" facilities, i.e., facilities that "specialize" in experiencing nature or operating in a fashion that minimizes their environmental impact [1].

Green marketing refers to the process of selling products and/or services based on their environmental benefits. Such a product or service may be environmentally friendly in itself or produced and/or packaged in an environmentally friendly way.

According American Marketing Association [2] *"Green or Environmental Marketing consists of all activities designed to generate and facilitate any exchanges intended to satisfy human needs or wants, such that the satisfaction of these needs and wants occurs, with minimal detrimental impact on the natural environment."*

Thus, green marketing incorporates a broad range of activities, including, indicatively, product modification, changes to the production process, packaging changes, as well as modifying advertising. Yet defining green marketing is not a simple task. Indeed, the terminology used in this area has varied, it includes: Green Marketing, Environmental Marketing and Ecological Marketing. While green marketing came into prominence in the late 1980s and early 1990s, it was first discussed much earlier.

The Importance of Green Marketing

Green marketing offers business bottom line incentives and top line growth possibilities. While modification of business or production processes may involve start-up costs, it will save money in the long term. For example, the cost of installing

solar energy is an investment in future energy cost savings. Companies that develop new and improved products and services with environmental impacts in mind may give themselves access to new markets, substantially increase profits and enjoy competitive advantages over those marketing non-environmentally responsible alternatives.

When going through literature, there are several proposed reasons for firms increased use of Green Marketing. Such five possible reasons may be:

1. Opportunities or competitive advantages

Nowadays, firms marketing goods with environmental characteristics have realized a competitive advantage over firms marketing non-environmentally responsible alternatives. There are numerous examples of firms who have strived to become more environmentally responsible, in an attempt to better satisfy their consumer needs. This does not mean that all firms who have undertaken environmental marketing activities actually improve their behavior. In some cases, firms have misled consumers in an attempt to gain market share. In many other cases firms have jumped on the green bandwagon without considering the accuracy of their behavior, their claims, or the effectiveness of their products. This lack of consideration of the true "greenness" of activities may result in firms making false or misleading green marketing claims.

2. Social Responsibility

Many organisations are beginning to realize that they are members of the wider community and therefore must behave in an environmentally responsible fashion. This translates into organisations that believe they must achieve environmental objectives as well as profit related objectives. This results in environmental issues being integrated into the organisation's corporate culture. Firms in this situation can take two perspectives: 1) they can use the fact that they are environmentally responsible as a marketing tool; or 2) they can become responsible without promoting this fact.

3. Administrative Pressure

Administrational and/or legislative regulations relating to environmental marketing are designed to protect consumers in several ways: 1) reduce production of harmful goods or by-products; 2) modify consumer and industry's use and/or consumption of harmful goods; or 3) ensure that all types of consumers have the ability to evaluate the environmental composition of goods.

Such legislative regulations try to control the amount of hazardous wastes produced and/or hazardous raw materials used by firms. Many by-products of production are controlled through the issuing of various environmental licenses, thus modifying organizational behavior. In some cases governments try to "induce" final consumers to become more responsible. For example, some governments have introduced

voluntary curb-side recycling programs, making it easier for consumers to act responsibly.

4. Competitive Pressure

Another major force in the environmental marketing area has been an organisation's desire to maintain its competitive position. In many cases, organisations observe competitors promoting their environmental behaviors and attempt to emulate this behavior. It is only in some instances that this competitive pressure causes an entire industry to modify and thus reduce its detrimental environmental behavior.

5. Cost / Profit Issues

Certain firms use green marketing to address cost/profit related issues [3]. Disposing of environmentally harmful by-products is becoming increasingly costly and, in some cases, legally forbidden. Therefore, when attempting to minimize waste, organisations are often forced to re-examine their production processes. In these cases, they often develop more effective production processes that not only reduce waste, but reduce the need for some raw materials. This serves as a double cost savings, since both waste and raw material are reduced. In many other cases, it has been found that firms find end-of-pipe solutions, instead of minimizing waste. In such cases, firms try to find markets or uses for their waste materials, where one firm's waste becomes another firm's input of production (industrial symbiosis). The last way in which cost or profit issues may affect firms' environmental marketing activities is that new services may be developed. This can occur in two ways: 1) a firm develops a technology for reducing waste and sells it to other firms; or 2) a waste recycling or removal industry develops.

However, it must be taken in consideration that the development of new production processes and/or the use of new more environmentally friendly, raw materials may demand the investment of considerable human and financial resources.

References

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