THE ESSENCE OF GREEN MARKETING

In recent years the global environment has deteriorated due to gradual growth of the population. The destruction of environmental systems is linked to the lifestyle and behavior of consumers, especially with excessive consumption and inappropriate use of resources. Climate change, loss of biodiversity, atmospheric pollution, and waste management are the most important global environmental issues. Today's state of the environment and the catastrophic consequences of human activities require revision of existing approaches to management. The new approach should be based on deep respect for the environment, rational use of resources and the recycling of waste from production and consumption. Green marketing addresses these challenges.

The article further developed the definition of environmental marketing, which, unlike existing ones, emphasizes the importance of environmental marketing to social and ethical marketing and the harmonization of the economic and environmental interests of the consumer, producer and society by creating and satisfying the demand for environmental (eco-friendly, non-hazardous for environment) products. The difference between green marketing and traditional one is substantiated. The main difference in green marketing is focusing on its long-term effects; it gives priority focus on environmental issues; marketing support of the entire value chain of goods from extraction of raw materials to consumption and utilization; the use of a proactive waste management strategy. The main advantages and problems of using green marketing in the enterprise are discussed. The concept of a "green" marketing mix is expanded by adding two more elements: "People" and "Processes".

Green marketing encourages customer training to improve their environmental awareness and enable them to participate in environmental activities, and helps to rationalize using of scarce resources. Green marketing contributes to the production and distribution of environmentally friendly goods and services that maximally meet the needs and desires of people in the most beneficial and environmentally friendly way. This contributes to reducing the depletion and exploitation of natural resources.

Keywords: green marketing, traditional marketing, environmental marketing, ecological marketing, green marketing mix, consumer ecological awareness.
вимагають перегляду існуючих підходів до господарювання. Новий підхід має базуватись
на глибокій повазі до довкілля, раціональному використанні ресурсів та переробці відходів
виробництва і споживання. Однією з таких концепцій є зелений маркетинг.

У статті дістало подальшого розвитку визначення екологічного маркетингу, що на
відміну від існуючих, акцентує увагу на належності екологічного маркетингу до соціально-
етичного маркетингу та узгодженні економічних та екологічних інтересів споживача,
виробника та суспільства, шляхом формування та задовольнения попиту на екологічну
(екофрендлі, нешкідливу для довкілля) продукцію. Обґрунтовано відмінності зеленого
маркетингу та традиційного. Основними відмінностями зеленого маркетингу є
фокусування на довгострокових наслідках; першочергове зосередження на проблемах
dовкілля; маркетингове супроводження всього ланцюжка вартості товару від видобутку
сировини до споживання і утилізації; застосування проактивної стратегії поводження з
відходами. Виявлено основні переваги та проблеми використання зеленого маркетингу
на підприємстві. Розширено поняття «зеленого» комплексу маркетингу шляхом додавання
ще двох елементів: «Люди» та «Процеси».

Зелений маркетинг заохочує покращення екологічної обізнаності клієнтів та надання
їм можливості брати участь у природоохоронній діяльності, допомагає раціоналізувати
використання обмежених ресурсів. Зелений маркетинг сприяє виробництву та
розповсюдженню екологічно чистих товарів та послуг, що максимально задовольняє
потреби споживачів найбільш екологічно чистим способом. Це сприяє зменшенню
виснаження та експлуатації природних ресурсів.

Ключові слова: зелений маркетинг, традиційний маркетинг, маркетинг
навколишнього середовища, екологічний маркетинг, зелений комплекс маркетингу,
екологічна обізнаність споживачів.

Introduction. Today there is a tendency to change the practice of marketing
taking into account the environment protection. This tendency is mainly due to the
peculiar pressure of active ecologically conscious consumers (especially in countries
with a developed civil society). Often, marketers consider consumer choice as a
process in which customers make purchasing decisions based on functional and
emotional criteria. However, growing number of customers already take into
account the third criterion, which can be called socio-ecological [1].

Today's customers have new perceptions, fears and doubts that will inevitably
affect consumer choice.

As society becomes more concerned with the different environmental issues,
businesses have begun to modify their behavior in an attempt to address society's
"new" concerns. Business has to accept and implement concepts like environmental
management systems and waste minimization, and integrate environmental issues
into all organizational activities. In connection with this, there is a need to futher
develop the understanding of the green market, its advantages and disadvantages,
the distinction of green marketing from the traditional marketing.
The following domestic and foreign scientists paid attention to green marketing research: Sadchenko O.V., Kharichkov S.K., Illyashenko S.M., Ottman J.A., Fuller D., Peattie K., Chammorro A., Banegil T.M., Rajeev K., Abzari M., Sarmurzina A.G. and others. However, the differences between green marketing and traditional one are insufficiently researched, advantages and disadvantages of using green marketing in business are not adequately presented in the literature.

Setting objectives. The purpose of the article is to study the essence and theoretical foundations of "green marketing". It seeks to analyze the differences between traditional and green marketing, to identify the advantages and disadvantages of using the concept of green marketing in the enterprise.

Methodology. The methodological basis of the work consists of the works of domestic and foreign scientists who studied green marketing and its influence on the strategy of the enterprise; specifics of the green marketing mix; behavior of environmentally conscious consumers. In the article general scientific methods of research of logical generalization, analysis and synthesis are used.

Research results. The environment has become a vital and crucial issue for all stakeholders. Since traditional marketing exclusively focuses on customers’ needs and does not consider social welfare and environmental issues, the environmental challenges of the last few decades have affected all dimensions of corporations, impacted marketing and have led to the development of the concept of green marketing. The term green in marketing points to ecological and environmental issues and corporations or people use it when they want to talk about environmental or ecological pressures. In recent years the global environment has deteriorated due to gradual growth of the population. Destruction of environmental systems is related to consumers’ life style and behavior. By gradual increasing of awareness of the environment and environmental protection people have taken part in establishment of corporations supporting the environment and environmental rules to prevent permanent destruction of the environment through international trade sanctions. Today, paying attention to the importance of green products and green consumption has been converted into the proposed actions to guarantee sustainable development [2].

The first definition of Green Marketing was given by Henion and Kinnear (1976). They define green marketing as, “the implementation of marketing programs directed at the environmentally conscious market segment.”

Polonsky has defined it as, “Marketing that consists of all activities which intends to satisfy human wants, such that the satisfaction of these needs and wants occurs, with minimal/least impact on the natural environment.”

Another definition is given by Fuller, green marketing is “the process of planning, implementing, and controlling the development, pricing, promotion and
distribution of products in a manner that satisfies the following criteria: 1. The needs of the customer are met, 2. The goals of the organization are met and 3. The compatibility of the processes with ecosystems”.

According to Ottman, Green Marketing satisfies two objectives: 1. Improvement of environmental quality and 2. The satisfaction of the customers [3].

Green marketing was defined as “the way to conceive exchange relationships that goes beyond the current needs of the consumers, considering at the same time the social interest in protecting the natural environment” [4, p.12]. Likewise, Soonthonsmai defined green marketing as actions carried out by organisations that are apprehensive about the ecology or green problems by providing the environmentally friendly goods or services to bring satisfaction among customers and the community. Referring to another definition given by Rahman, Reynolds, and Svaren, green marketing means a business that is operated in a way that decreases waste, is environmentally friendly, saves energy and mostly encourages environmental health and sustainability of the society [5].

In the opinion of Illyashenko, the concept of environmental marketing implies focusing production and sales to meet the ecologically-oriented needs and demands of consumers, creating and stimulating the demand for environmental goods (products or services) - cost-effective and environmentally safe in production, consumption and utilization [6].

According to Sadchenko [7], environmental marketing is defined as an activity aimed at developing and implementing the concepts of economic and environmental management of enterprises, pricing, market promotion and sales of ideas, ecological products and eco-services. The proposed definition of environmental marketing as a process of planning and management of entrepreneurial activity that optimally adapts production to environmental requirements of the market for more profitable selling of environmental goods, services and conditions.

According to the American Marketing Association Green Marketing is the marketing of products that are presumed to be environmentally safe.

According to Pride and Ferrell, green marketing, also alternately known as environmental marketing and sustainable marketing, and refers to an organization’s efforts at designing, promoting, pricing ad distributing products that will not harm the environment.

In the monography [8] the following definition is given: “Ecological marketing is not only ensuring maximum consumption growth, expanding consumer choice, consumer satisfaction and maximizing the quality of life, as well as supporting sustainable, balanced development of the territories and preserving the high quality of the environment”. It is very difficult to agree with the statement “ensuring
maximum consumption growth", since the goal of rational use of resources is precisely the reduction of consumption.

In this authors opinion, ecological marketing is a subsystem of social and ethical marketing, when the activity of the enterprise is aimed at reconciling the economic and ecological interests of the consumer, producer and society, by forming and meeting the demand for ecological (eco-friendly, harmless to the environment) products.

Green marketing should help to raise awareness of the consumers, their awareness of the long-term consequences of excessive consumption; production and promotion of environmental goods and assistance in the utilization of waste.

Other similar terms are Environmental Marketing and Ecological Marketing.

The green marketing has evolved over a period of time. According to Peattie, the evolution of green marketing has three phases. First phase was termed as ‘Ecological’ green marketing, and during this period all marketing activities were concerned to help 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. Third phase was “Sustainable” green marketing. It came into prominence in the late 1990s and early 2000. Green marketing involves developing and promoting products and services that satisfy customers wants and needs for Quality, Performance, Affordable Pricing and Convenience without having a detrimental impact on the environment [10].

The main differences in production based on green marketing and traditional one are shown in the table.

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<thead>
<tr>
<th>Manufacturing based on Traditional Marketing</th>
<th>Manufacturing based on Green Marketing</th>
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<tbody>
<tr>
<td>Customer needs are key to making decisions</td>
<td>Environmental needs are key to making decisions</td>
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<tr>
<td>Self-centered approach with short term orientation and without giving the attention to environment</td>
<td>Social cost benefit approach with long term orientation and giving importance to environment</td>
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<td>Remain with satisfied customers</td>
<td>Remain with satisfied eco-friendly customers</td>
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<tr>
<td>Reactive approach to waste management</td>
<td>Proactive approach to waste management</td>
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<tr>
<td>Focusing on short-term effects</td>
<td>Focusing on long-term effects</td>
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Using strategic alliances to accomplish traditional goals

Using strategic alliances to accomplish sustainable goals

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<tr>
<th>Confrontation or passive attitude to green pressure groups</th>
<th>Open relationship and collaboration with green pressure groups</th>
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<tbody>
<tr>
<td>Marketing decisions cover issues from manufacturing to product usage</td>
<td>Marketing decisions cover issues of entire product value chain from obtaining raw materials to consumption and utilization</td>
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Adopted from [11]

Proactive waste management strategies based on waste prevention through source reduction, reuse and recycle allows higher resource use efficiency, elevated energy saving, and improve the environment.

Table 1 explains that green marketing is not only about understanding the commercial exchange relationship, but also about understanding an organisation’s relationship with society [4].

Traditional marketing deals with the direct benefits of the products while green marketing deals with providing longterm environmental benefits. Traditional marketing does not consider the impact of goods and services on natural environment whereas green marketing encourages production and promotion of eco-friendly (harmless to the environment) products and services only. Green marketing ensures optimum usage of natural resources in most effective manner which will be beneficial for the customers as well as for the organisation and society [12].

Advantages of green marketing are discussed below:

– Green marketing encourages customer training to enhance their environmental awareness and provide them with the opportunity to participate in environmental friendly activities.
– Green marketing helps to rationalize the usage of scarce resources.
– Green marketing encourages production and distribution of environmental friendly goods and services.
– Green marketing ensures maximum satisfaction of human needs and wants in most profitable and environmentally sustainable manner.
– It contributes to reduce depletion and exploitation of natural resources.

Many organizations want to turn green, as an increasing number of consumers want to associate themselves with environmental-friendly products. Alongside, one also witnesses confusion among the consumers regarding the products. In particular, one often finds distrust regarding the credibility of green products. Therefore, to ensure consumer confidence, marketers of green products need to be much more transparent, and refrain from breaching any law or standards relating to products or
business practices. There are numerous challenges in the field of green marketing. Some of the main obstacles are as follows.

Green products require more investments than the usual production. They require huge investment in R & D; renewable and recyclable materials; organic agricultural raw materials; water, air and soil protective technology etc.

Majority of the people are not aware of green products and their uses. The consumer needs to be educated and be aware of the environmental threats.

Investors and corporations need to consider the environment as the main long-term investment opportunity, marketers need to look at the long-term benefits of the new green movement. This will require a lot of patience and will not give immediate results.

**Green Marketing Mix:**

*Product.* While no consumer product has zero impact on the environment, the term "green product" is used for products that strive to protect or improve the environment, conserve energy and / or natural resources and to reduce or eliminate the use of agent toxic pollutants and waste [13].

Ecological design of products helps decrease consumption of resources and pollution and ensure longevity of scarce resources. Green product helps maintain and improve the natural environment along with maintenance of energy or resources and reduction or omission of using poisonous materials, pollution and wastes.

According to J.Ottman [14], the green product does not have or does extremely small harm to the environment. The production of green products effectively utilizes resources, and minimizes energy consumption. Green products may be organically grown products; recyclable, reusable and biodegradable products. Products with recycled contents and non-toxic chemicals, have approved chemical contents and products that were not tested on animals.

Characteristics of green products are placed in a general class:

First are those that are related to social and environmental effects of the product or service. One of the new key standards of product management and its design from the viewpoint of green marketing emphasizes the status of the product after consumption.

The second group of characteristics is related to the manufacturing process of the product in the manufacturing company.

In this regard, applying some concepts of 5R in product development can be useful to improve environmental performance of the product after consumption. These 5Rs include repair, reconditioning, reuse, recycling and remanufacture [15].
Price. The specifics of the pricing of environmental goods are higher pricing strategy, issues of willingness-to-pay, understanding the future benefits of using ecological goods.

Place/Distribution. Companies are trying to reduce effects of physical movement of products from producers to customers by using more ecologically responsible logistics. The optimal eco-product sales system must meet the requirements of the standards; to maintain the environmental characteristics of the enterprise's products; to provide convenience and accessibility to target customers; to create eco-friendly image of the enterprise.

Promotion. Green communication included issues of eco-labeling, consumer engagement, communication tools and information credibility. From green promotion perspective, the content of the environmental information about their products, processes and practices has gained strategic position in green marketing. Determinants of green purchasing intentions demand further research.

The main areas of green advertisements are as follows:

- Advertisements that address a relationship between a product/service and the biophysical environment;
- Those that promote a green lifestyle by highlighting a product or service;
- Advertisements that present a corporate image of environmental responsibility [16].
- Brand identity and trademark value as eco-friendly.

In 1981, three more items were added to the traditional marketing mix (4p) Additional items are most often considered for service marketing. In our opinion, “People” and “Process” are especially important for green marketing. According to Booms and Bitner’s [17] service marketing mix, ‘people’ include people who are directly or indirectly involved in the creating of the product or service.

People. At the eco-friendly enterprise, managers and employees must form an ecological consciousness, based on ensuring the environmental needs of not only the modern generation, but also providing for creating favorable conditions for the life of future generations by minimizing the long-term impact of production on the environment.

The corporate culture focused on environmental care, attracts new clients and customers, and also enhances the company's competitiveness on the market. The introduction of environmentally friendly principles of office functioning is one of the manifestations of corporate social responsibility. Numerous foreign studies show that it is social responsibility that is one of the factors that shapes the opinions of buyers and often affects the choice of one or the same product among the variety of goods with approximately the same price and quality. Companies with strong
corporate values are more attractive to the most progressive part of the labor market. After all, for highly skilled workers with significant work experience, an important factor in choosing a place of work is not only material rewards but also the ability to work in a dynamic, innovative and responsible team [18].

**Process.** The use of the concept of green marketing in the enterprise requires careful selection of all processes and technologies and their control of potential environmental hazards.

Although Ukraine has yet to go a long way in solving all environmental problems, today more and more Ukrainian entrepreneurs believe that environmental protection is related not only to costs but also to the emergence of new opportunities.

Experience has shown that although the introduction of the latest energy-efficient technologies into the activities of companies seems very costly, in reality this is not always the case. One of the easiest first steps a business can take towards environment may be turning the company office into an environmentally friendly one. The "green" workplace, having a lighter "ecological footprint", also contributes to the increase in labor productivity, which, in turn, is positively reflected in the profitability of the company.

One of the processes taking place at any enterprise, regardless of its size and type of activity, is the administration of the office. "Green Office" is the concept of management of the organization, which aims to reduce the negative impact of the company's activities on the environment and promote the rational use of resources. Companies that implement their activities according to the green office recommendations use more efficiently resources and energy, reduce waste while working in office premises and improve their reputation in the eyes of consumers, customers and partners.

Any company, regardless of its size, sphere or financial condition, can use the philosophy of the green office. In other words, the green office can show environmental responsibility not only to companies whose activities are related to hazardous production or negative environmental impact, but also to representatives of medium, small businesses and micro-enterprises. Although the amount of saved resources in a small office-type organization may seem insignificant to improve the overall state of the environment, integrating the principles of the green office into the company's corporate culture helps to achieve one of the main objectives of the Green Office - to change the attitude of employees towards environmental protection at work, and at home [18].

When looking through the literature there are several suggested reasons for firms to increase the use of Green Marketing. Five possible reasons are as follows:
1. Organizations perceives environmental marketing to be an opportunity that can be used to achieve its objectives.

2. Organizations believe they have a moral obligation to be more socially responsible.

3. Governmental bodies are forcing firms to become more responsible.

4. Competitors' environmental activities pressure firms to change their environmental marketing activities.

5. Cost factors associated with waste disposal, or reductions in material usage force firms to modify their behavior [9].

Classification of Companies. According to Ginsberg and Bloom, Companies can be classified in four categories:

1. **Lean Green**- These companies adopt the green practices but they do not focus to publicise these initiatives. They implement the environment friendly practices just for the cost reduction & improve the efficiency.

2. **Defensive Green**- This kind of marketer use green marketing as a precaution to avoid the crisis situation or to counter the competition. They use green marketing to create the positive brand image. Environment initiatives may be sincere but temporary just to differentiate from the competitors.

3. **Shaded Green**- The companies that adopt shaded green strategy, invest in long-term, environmentally friendly processes that require a significant financial and nonfinancial dedication. They differentiate their product on the basis of greenness.

4. **Extreme Green**- Extreme green adopt green marketing mix in the holistic manner. They integrate environmental concern in overall marketing strategy. The greenness is the main driving force for the companies. Concept of life cycle assessment, total environmental quality management, waste reduction, and environment friendly promotion deeply embedded in the company philosophy. They serve the niche segment of the market [19].

Understanding the demographics of green consumerism can help entrepreneurs explore the environmental market, and home in on likely prospects. According to International Instisute of Sustainable Development (Canada) the common attitudes and beliefs of green consumers are as follows:

- they are sincere in their intentions, with a growing commitment to greener lifestyles;
- almost always judge their own environmental practices and impact as inadequate;
do not expect companies to be perfect in order to be considered 'green'. Rather, they look for companies that are taking substantive steps and have made a commitment to improve.

However, they also:

- tend to overstate their green behaviour, including the number of green products they actually use;
- want environmental protection to be easy, and not to entail major sacrifices;
- tend to distrust companies' environmental claims, unless they have been independently verified;
- lack knowledge about environmental issues, and tend not to trust themselves to evaluate scientific information about environmental impacts. However, at the same time they are eager to learn, and this means that consumer education is one of the most effective strategies that entrepreneurs can use.

The most responsive age group tends to be young adults, many of whom are influenced by their children. In addition, women are a key target for greener products, and often make purchases on behalf of men.

The best 'green' customers are people with more money to spend. As a result, the most promising products for 'greening' tend to be at the higher end of the market. The most promising outlets for green products are retail stores frequented by better-off shoppers.

In general, green consumers have the education and intellectual orientation to appreciate value; they will understand evidence that is presented in support of environmental claims.

In relation to the environmental friendliness consumers may be divided into those that pay attention to environmental friendliness and those who do not pay attention (indifferent). There is also a small category of consumers who consider the message of environmental friendliness to be an advertising trick and therefore do not trust it and negatively relate to environmental messages.

**Conclusions.** Scientific novelty of this article is in the author's definition of "green marketing", investigation the differences between traditional and "green" marketing, the further development of the concept of green marketing mix. In our opinion, ecological marketing is a subsystem of social and ethical marketing, the activity of the enterprise is aimed at reconciling the economic and ecological interests of the consumer, producer and society, by forming and meeting the demand for ecological (eco-friendly, harmless to the environment) products.

The direction of further research is the study of the state of domestic green marketing (the state of development), the study of green consumers (what they are
guided in making decisions, the readiness of Ukrainian consumers to green products), the impact of green marketing on the competitiveness of the enterprise.

References:


