

Green Marketing: Trends, Developments and Opportunities

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Abstract

In recent decades, sustainable development has become one of the key principles in the business world. More and more companies are adopting green strategies to meet the expectations of environmentally conscious consumers. Green marketing, as part of a company's broader sustainability strategy, is becoming increasingly important. Green marketing belongs to a group of approaches that seek to address the lack of connection between marketing and ecological and social realities. The elements of green marketing include marketing approaches, strategies and actions aimed at encouraging the efficient use of resources, the promotion and sale of environmentally friendly products or services and the promotion of sustainable consumption. The paper describes the concept of green marketing, examines trends and challenges and provides insights into the opportunities it offers to businesses.

Keywords: green marketing, green marketing mix, trends, challenges, opportunities

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1 INTRODUCTION

We have seen many changes in our purchasing decisions in recent years. Consumers have developed new buying habits and behaviours and have to adapt to new situations. They are becoming more informed about products, more deliberate in their purchasing process and more sustainability conscious. They are aware of the need to consume sustainably to preserve the environment and for future generations, and they are choosing more and more of the products they buy on the basis of sustainability, ecology and environmental protection criteria. We have met a "different" consumer.

Consumers are therefore becoming increasingly aware of the impact of their consumption habits on sustainable development when buying and consuming products. How they spend their money is, of course, their choice. He will behave sustainably if he does not forget the precepts of the sustainable consumer (https://cpi.si/wp-content/uploads/2020/11/05_Potrosnistvo.pdf):

- Think before you buy.
- Buy products that last longer.
- Buy environmentally friendly products.
- Read the labels, if they are unclear, ask or check the manufacturers' websites.
- Choose products with labels claiming to be environmentally friendly, and avoid products and services that make misleading claims.
- Choose products that contain a high percentage of recycled materials.
- Give preference to products and services from socially responsible companies.
- Support local entrepreneurship (if products and services are of sufficient quality, environmentally friendly)

The challenges facing companies are how best and fastest to respond to new consumer needs and purchasing habits and adapt to current market changes. It is important to raise awareness among consumers to change their approach to consumption and purchasing decisions, thus contributing to sustainable development, where discarded materials become new resources. As consumers become more aware of the negative impacts of conventional production, the importance of the environmental friendliness of a product increases.

2 GREEN MARKETING

2.1 Definition of green marketing

As consumer awareness of environmental issues has increased, marketing has also had to evolve. The integration of 'green practices' into marketing strategy is referred to as green marketing. Green marketing refers to the development and promotion of products that are environmentally friendly. This includes all aspects of a product, from its design, production, packaging to distribution and sale. Polonsky (1994) defines green marketing as "all activities designed to create and facilitate all transactions that are intended to satisfy human needs or wants in a way that has a minimal adverse impact on the natural environment".

Green marketing belongs to a group of approaches that seek to address the lack of connection between marketing and ecological and social realities. The elements of green marketing include marketing approaches, strategies and actions aimed at encouraging the efficient use of resources, the promotion and sale of environmentally friendly products or services and the promotion of sustainable consumption. The green marketing mix is characterised by the need to add a responsible environmental care component to the marketing mix (green products, green pricing, green marketing channels and green marketing communications) (Brown, 2022). Green marketing communication is characterised by informing and educating about green/sustainable consumption habits and discouraging unsustainable practices and encouraging consumerism. In the drive towards increasing social responsibility, green marketing is thus becoming key to shaping a future where every purchase represents an opportunity to have a positive impact on the environment and society.

2.2 Principal of green marketing

Key principal of green marketing include (Business Jargons, n.d.):

- *Consumer-oriented marketing*: the company should perceive marketing activities from the consumer's point of view in order to develop a lasting and profitable relationship with them.
- *Marketing value to the consumer*: the company should dedicate its resources to adding value to the product or service.
- *Innovative marketing*: the company should strive for real product improvements and innovative approaches.
- *Marketing with a mission*: the company's mission should be broadly defined, in social terms, not just in product terms.
- *Social marketing*: this principle requires that the marketing decisions made by a company take into account the wishes and interests of consumers and social well-being.

The principal of green marketing are illustrated in Figure 1.

Picture 1: The principal of green marketing



Source: Business Jargon (n.d.)

2.3 Green Marketing Mix

The Green Marketing Mix is a new concept that emphasises the importance of environmentally conscious marketing and the integration of environmental aspects into companies' marketing strategies. The concept includes strategies such as green pricing, green products/services, green distribution and green promotion.

Green products are products that are produced using green technology and do not pose an environmental risk. The essence of a green product is that it is designed to be environmentally friendly from its conception. Green products can be defined by the following criteria (Kotler, 2020):

- products resulting from the growth of biloba,
- products that are recyclable, reusable and biodegradable,
- products made from natural ingredients,
- products containing recycled content and non-stressed compounds,
- products containing authorised compounds,
- products that do not harm or pollute the environment,
- products not tested on animals,
- products with eco-friendly packaging (reusable or refillable packaging)

For a product to be green, manufacturing must also address this with its own strategies. Green manufacturing strategies include recycling, reusing or remanufacturing part or all of the product, reducing packaging, making products more robust, making products easier to repair, making products compostable, healthier and safer to transport.

Another important element of green marketing is green pricing. They represent marketing approaches that use price mechanisms to promote sustainable consumption and business. These strategies cover a variety of approaches, including price incentives for the purchase of environmentally friendly products, price differentiation based on the environmental performance of products or services.

A green price can be defined as a price for green products that slightly exceeds the price of a traditional product due to the environmental orientation of the green product. This higher price for green products is mainly due to more expensive materials, higher production costs due to constraints in the production process and increased internal costs due to increased taxes. This has given rise to the term premium price in the green pricing world, which represents the additional cost that a consumer has to pay compared to a traditional product in order to have an environmentally friendly product. The use of premium pricing is now not a barrier in the developed world - in the European Union, for example, as many as three quarters of consumers are willing to pay more for an environmentally friendly product (European Commission, 2014). The growing willingness of consumers to pay a premium for environmentally friendly products shows the importance of taking environmental considerations into account when pricing products.

The next element is green marketing communication. It is considered to be one of the important elements of green product marketing, as perceptive marketing educates and informs consumers about the product being sold. This type of communication also leads to an increasing emphasis on the environmental impact of products. Green promotion refers to marketing activities designed to promote environmental awareness, sustainable strategies and the purchase of environmentally friendly products or services. This includes the use of communication channels such as advertising, public campaigns, social media and sponsorships to promote green products or services and raise consumer awareness of the importance of protecting the environment.

It is crucial that these messages are well crafted and informative, if the consumer needs too much time to look into it, they will not buy the product. The focus should be on environmental benefits, promoting an environmentally friendly lifestyle, an improved green image of the company. The messages that companies create must be clear, understandable, tailored to the target group or market and create a sense of belonging.

Another element of marketing is the green marketing/distribution route. Green distribution refers to distribution process measures that are designed to reduce negative environmental impacts. This may include the use of alternative fuels and transport technologies, optimisation of logistics routes to reduce greenhouse gas emissions, the use of recycled packaging and packaging, and the promotion of energy efficiency in distribution centres. Consumers rarely actively seek out green products, so a company's decision on how and where to make their products available is very important. An important element in a company's modern and green marketing approach is the so-called Reverse Logistics (RL) approach, which follows a product's journey from discard to reusable raw material. Reverse logistics can have many benefits: cost reduction, time savings, increased profits, lower storage costs, better inventory management and better service to consumers.

2.4 Green marketing trends, challenges and opportunities

Here are some of the key trends in green marketing.

- *Growing demand for sustainable products:* research shows that demand for sustainable products is increasing. According to Nielsen (2015), 66% of global consumers are willing to pay more for products from sustainable sources. This suggests that companies investing in sustainability are not only helping to protect the environment, but also meeting their customers' expectations.
- *Technological innovation:* technological advances enable the development of new, more efficient and environmentally friendly production processes. For example, the use of renewable energy and recycled materials in manufacturing reduces the environmental footprint of companies (Ottman, 2011).
- *Increased regulation:* government policies around the world are becoming increasingly focused on sustainability. For example, the European Union has adopted stringent vehicle emission standards, encouraging car manufacturers to develop electric and hybrid vehicles.

Some of the challenges of green marketing are listed below:

- *Greenwashing:* One of the biggest challenges in green marketing is greenwashing, where companies falsely represent their products as green in order to attract environmentally conscious consumers. This not only damages the company's reputation, but also reduces consumer trust in green claims (Delmas & Burbano, 2011). An example of greenwashing was Volkswagen, which was caught manipulating the emissions tests of its vehicles.
- *High costs:* investing in green technologies and processes is often expensive. Companies face high initial costs that are not always easy to cover, especially for SMEs (Schrader & Thøgersen, 2011). However, in the long term these investments can pay off through savings in energy and materials and increased consumer confidence.
- *Communication complexity:* Communicating green initiatives can be complex, as consumers often find it difficult to understand what exactly it means for a product to be sustainable. Clear and transparent communication is needed to help consumers understand the benefits of green products (Ottman, 2011). Companies need to use easy-to-understand labels and certificates that certify sustainable practices.

Green marketing opportunities to highlight include:

- *Increase market share:* companies that successfully implement green marketing strategies can increase their market share. Consumers are becoming more and more inclined towards brands that care for the environment, creating new opportunities for growth (Nielsen, 2015).
- *Improving brand image:* green marketing can make a significant contribution to improving brand image. Companies that are recognised as environmentally friendly gain consumer trust and loyalty, which can lead to long-term success (Chen, 2009). An example is Ben & Jerry's, which is known for its commitment to sustainability and social responsibility.
- *Innovation and competitive advantage:* Adopting sustainable practices stimulates innovation. Companies that invest in research and development of green technologies can gain a competitive advantage by being at the forefront of technological advances and sustainability trends (Porter & Kramer, 2011). An example is Apple, which is constantly looking for new ways to reduce its environmental footprint, including the use of recycled materials in its products.

Trends, challenges and opportunities are reflected in the following characteristics of green marketing (Banerji & Dubey, 2014):

- Green marketing is a new concept in some markets and will take some time to catch on with the masses. In these markets, there is a need for activities and publicity to promote this way of doing business and awareness, which requires the widest possible awareness of the benefits of this way of doing business.
- Lack of standards and benchmarking to measure the effectiveness of business expansion through communicating the long-term benefits of green marketing,
- Green products and services require the use of recycled materials, which are expensive,
- demands for new technology, which requires significant investment in research and development,
- water treatment technology, which is also expensive,
- most consumers are not yet aware of green products and services, which represents a huge potential
- most consumers are not willing to pay premium prices for such products or services

Green marketing influences the image a company has in the environment in which it operates. In the context of green marketing, the notion of corporate image appears in terms of socially responsible programmes that have a strong impact on consumer perceptions.

2.5 Examples of successful green marketing

Here are some examples of brands that have integrated green marketing features into their marketing strategy.

Patagonia

Patagonia is one of the leading examples of companies successfully implementing green marketing. The company focuses on sustainable products, recycling and reusing materials and actively encourages its customers to be environmentally responsible. Under Patagonia's approach to conscious consumption, centred on the 5 R's (reduce, repair, reuse, recycle and re-imagine), Patagonia and consumers work together to reduce, repair, reuse, recycle and re-imagine in a world where we only take what nature can replace. The essence of the messaging effort is "*buy only what you need*" (Kotler, 2020).

Tesla

Tesla is embracing green marketing by focusing on the sustainable and environmentally friendly aspects of its products and business. Their offer of electric vehicles that reduce dependence on fossil fuels and reduce carbon dioxide emissions is at the forefront of their strategy. Tesla also emphasises the use of renewable energy sources, such as solar panels and battery storage systems, which allow users to consume energy more sustainably. In addition, Tesla is actively promoting its efforts to reduce its carbon footprint and encourage the transition to a cleaner, more sustainable future. Through these practices, Tesla is not only attracting environmentally conscious consumers, but also enhancing its reputation as a leader in green technology (Tesla, n.d.).

Apple

Apple has several sustainability measures in place (Apple, n.d.).

- Use of renewable energy: Apple is committed to using renewable energy. Some of their offices and data centres have already switched completely to renewable energy.
- Recycling materials: Apple is working to reduce its environmental impact through an intensive recycling programme. The company has introduced recycling initiatives that include the use of recycled materials in the manufacture of new devices.
- Reducing carbon dioxide emissions: Apple is working to reduce carbon dioxide emissions in its supply chain and manufacturing. They have set targets to reduce their carbon footprint and are encouraging their suppliers to use cleaner technologies.
- Packaging innovation: the company focuses on reducing waste through packaging innovation. They use fewer materials and use recycled and renewable materials wherever possible.
- Long-lasting product design: Apple promotes sustainability by designing its products to be durable and long-lasting. This reduces the need to replace devices frequently, which impacts the overall carbon footprint.
- Supply chain and ethical business: Apple is working to improve ethics in its supply chain. This includes taking care of workers and promoting sustainable business standards among its suppliers.

Pedigree

Defining the mission in broad social terms rather than narrow productive terms. Marketing with a sense of mission: *Pedigree makes good dog food, but that is not the essence of the brand.* Instead, the core of the brand is the love and care for dogs. Dogs bring out the good in people and have a profound impact on the world, according to Pedigree. With the '*Buy. We donate.*' the brand donates healthy meals to dogs in shelters for every purchase a customer makes. The company has also created the *Pedigree Foundation, which declares, "We see a day when all dogs are safe, protected, well cared for, well fed and loved."* The Pedigree Foundation has raised millions of dollars to help "shelter dogs" find homes. Marketing with a sense of mission has made Pedigree the *best dog food brand in the world* (Kotler, 2020).

Lidl

"At corporate level, we have decided to integrate all our sustainability activities into the "For a Better World" initiative. Within this framework, we have five pillars (Green Slovenia, 2017):

- *The offer pillar* covers sustainable offers.
- *The Employee pillar* means that we work with our employees to make the world a better place. This includes health topics, activities with Zdravko Lidl, health ambassadors, etc. The Society pillar brings together the activities we do for society. This includes the "Food is not for the idle" project, which is about education in kindergartens, schools. With the "Recycled Cookery" initiative, we are tackling the issue of food waste. So how can we reuse or better use the things we cook at home?

- The *environment* pillar, where it is important to separate waste and recycle it. We donate a lot of things that are still useful, so we try to keep food waste to a minimum.
- The *supplier pillar*, which emphasises fair business practices. We want suppliers to be paid fairly for their work and to work with them to introduce certain sustainability concepts.

Tennis Slovenia

Tennis Slovenia is introducing an innovative tennis ball reuse strategy. Moving towards more sustainable practices in the world of sport and reducing the negative impact of tennis on the environment. Encourage players, clubs and the whole tennis community to be responsible waste managers and sustainability conscious. Re-using balls also provides savings to further develop sustainable practices and innovations.

As part of the sustainable development of tennis, Slopak has already installed containers with special stickers for collecting unusable balls in 14 tennis clubs. By reusing balls, we aim to reduce waste, care for the environment and encourage players to dispose of their balls in the container provided instead of the rubbish when they have finished playing. By reusing balls, the aim is to reduce their consumption and the funds saved can be channelled into the further development of sustainable practices and innovations. Projects such as this one promote sustainability awareness and contribute to a more responsible use of natural resources. Reusing balls also provides savings that can be channelled into the further development of sustainable practices and innovations." "In the US alone, 125 million used tennis balls end up in landfills every year. It is important that balls are not thrown in the trash, but in convenient containers by the courts.

Argeta

Sustainability is becoming a central driver of Argeta's growth. Argeta is a strong market leader in its segment, and the company is aware of the responsibility the brand has towards society, its users and the environment.

The 2030 Sustainability Commitments and Goals for the Argeta brand follow the desire to proactively pursue initiatives and activities that spread good and improve the world in all areas. Through the Spread Good sustainability programme, Argeta is spreading the philosophy of the best for all in three key areas:

- a commitment to consumers: to help 20 million people to achieve a better nutritional balance and a healthier diet;
- a commitment to the environment: to reduce Argeta's environmental footprint by 20%;
- commitment to society: to positively impact the quality of life of 20 million people through education and support for better nutrition and the promotion of sport (Portal for Modern Leadership, n.d.).

Skaza

Skaza's innovations are accelerating the transition to a green future. Skaza in Velenje has earned its place among Europe's most inspiring companies with its clear mission, values and commitment to

sustainable development. To achieve this, they work on two levels, with a major role for intensive investment in research and development.

Level 1: Innovative solutions for industry and own-brand products

At the frontline level, Skaz's experts are making breakthroughs in advanced and environmentally friendly plastic materials, both in production for industry and for own-brand products. The latter are made exclusively from organic sources and recyclates, and they are actively working to increase the use of these materials in industrial products.

Level 2: Raising awareness about plastics and their proper handling

Plastics can help us move towards a greener future if we manage them responsibly. That's why Skaza places a key emphasis on education, convinced that by changing people's habits, they will fulfil their commitment to future generations and leave them a more beautiful, cleaner and healthier planet (Portal for Modern Leadership, n.d.).

3 CONCLUSION

Green marketing is an important step towards sustainable business. Green marketing is an evolving concept and will take time to catch on with the masses of consumers. Most consumers are not yet aware of the green products or services on offer, which represents a market potential for businesses. Green marketing significantly shapes a company's image in the local environment. In this paradigm, the company presents itself through its socially responsible programmes, which influences consumer perceptions (Ellen, Webb & Mohr, 2006; Banerji & Dubey, 2014).

Despite challenges such as greenwashing and high costs, it offers many opportunities to grow and improve the company's reputation. In line with trends and demand for sustainable products, companies that successfully implement green marketing strategies can gain a competitive advantage and contribute to a better environment.

Events in the business environment have influenced changes in consumer habits. Digitalisation has made it possible for consumers to be surrounded by information and to be aware of all the options available to them, which makes it all the more difficult to maintain loyal consumers. There is a need to focus on understanding purchasing decision-making processes and, above all, to understand the new trends that are and will be influencing consumers' purchasing decisions. A different approach to consumers will be needed, and it is increasingly important to raise awareness through green marketing approaches.

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