Environmentalism and Social Impact of the Green Marketing Strategy

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Abstract

This paper focuses on the interdisciplinary fields of sociology, green marketing, and environmental science. It covers the harmful impacts of big businesses on the environment in regards to greenhouse gas emissions and pollution. It poses the question of whether or not they should shift their practices to align with green policies. This paper will cover the topics of global warming, carbon footprints, the definition of green marketing, benefits or opportunities associated with green marketing, and the drawbacks. Additionally, it will examine a case study of the retail clothing store, H&M. The case study will exhibit their process of going green with the launch of their environmentally motivated program, "Conscious Action," and the corporate and environmental benefits that were experienced.

Introduction:

Due to high levels of carbon emissions, global warming has become a major concern in the United States as well as the entire world. In developed countries, the average carbon footprint is 11 metric tons per year for every citizen (Vilkaite-Vaitone & Skackauskiene, 2019). In comparison to a third-world country located in the southern Pacific Ocean, Tuvalu, this is a hefty amount of carbon emissions. Tuvalu's CO_2 emissions per capita in 2019 were 1.02 metric tons (Ritchie & Roser, 2020, p. 2). According to Awanthi and Navaratne (2018), a carbon footprint can be defined as, "a measurement of the total greenhouse gas emissions created directly and or indirectly by an individual, organization, event or product and is expressed as a carbon dioxide equivalent (CO_2e)." A consequence of substantial quantities of greenhouse gas emissions is the sizable amount of damage done to our ozone layer, which has had a critical impact on the Earth's climate change. This includes the rising of sea levels, melting of polar ice caps, interference with the ecosystem, an increase of pollution, longer wildfire seasons, more severe and deadly natural disasters, and recurrent heatwaves, hence why society is conscious about taking environmentally-friendly measures. With the increase in the number of carbon footprints produced, it has been observed that over the years starting from 1880 to 2012, the global average land and ocean surface temperature has increased by 0.85°C and is expected to continue to rise at a rapid rate (Awanthi & Navaratne, 2018). According to the National Oceanic and Atmospheric Administration's global climate report for 2020, the annual global temperature has increased at an average of 0.14°F for every decade since 1880, and over twice that rate since 1981 at 0.32°F, per decade (2021). More often than not, corporations are directly responsible for causing large amounts of pollution and carbon emissions. Corporations produce direct and indirect emissions into the atmosphere from their operations, the direct emissions are a result of the combustion of fossil fuels from factories and warehouses, and indirect emissions typically occur in the supply chain when creating a product (Hertwich & Wood, 2018). The Carbon Disclosure Project reported that since 1998, just 100 companies are responsible for 71% of the global greenhouse gas emissions that cause global warming. Some of these companies include BP, Shell, and ExxonMobil Corp (Griffin, 2017). As a result of the damage done, organizations are under scrutiny to adopt strategies that are in the environmentally conscious and the long-term interest of society. In adopting environmentally motivated strategies, organizations would receive a multitude of benefits since they also feel the damages caused by other business entities and society (Vilkaite-Vaitone & Skackauskiene, 2019). Businesses should shift their practices to reduce the detrimental impacts that they pose on the environment by utilizing the green marketing strategy. They can ensure that their goods and services are supplied in a socially and environmentally responsible way, while synchronously, bringing them certain benefits and growth for the firm.

Introduction to Green Marketing:

Throughout the years' marketers have understood the need to embrace environmentally motivated strategies as there was a significant rise in the conscious spending amount by consumers who are concerned for the environment. According to Arseculeratne and Yazdanifard (2013), green marketing can be defined as "all marketing activities which are responsive to protecting the environment." Therefore, this strategy consists of a wide range of activities, from product modification, changes in the manufacturing process, product modifications, and altering the advertising (Mishra & Sharma, 2014). It can also be referred to as environmental marketing and ecological marketing as it is said to have gone through multiple variations of the terminology over the years. Green marketing intends for the production, marketing, and disposal of products and services to occur in a way that is less harmful to the environment with growing awareness about the possible effects on global warming, and harmful impact of pollutants or biodegradable solid waste (Vilkaite-Vaitone & Skackauskiene, 2019; Mishra & Sharma, 2014). In the United States, the Federal Trade Commission (FTC) is the primary federal agency regulating green marketing claims. The Federal Trade Commission's green guides can be found on their website in the form of a PDF, and are designed to help marketers avoid making environmental claims that mislead consumers. If advertisements do not comply with the law, the FTC says companies may face civil lawsuits or penalties in the form of a fine per violation (*Green Guides*, 2018). Green marketing has been evolving since as early as the 1960s, however, the concept of green marketing only began being discussed prominently in the 1980s because of the rapid growth in awareness regarding environmental hazards (Arseculeratne & Yazdanifard, 2013). An environmental hazard is any substance or circumstance that can potentially cause harm or negative effects on human health or the natural environment. Common environmental hazards we see are but are not limited to, tobacco smoke, pesticides, radon (a chemical that can lead to lung cancer), lead, and unfiltered tap water. These circumstances are what led environmental activists to begin putting pressure on corporations to limit the pollution that was contributed to the production of their goods and services (Arseculeratne & Yazdanifard, 2013). A firm can either respond to consumer pressures by ignoring the negative publicity or acknowledging the need for change. If a firm chooses to adopt environmentally friendly strategies or policies it certifies a positive relationship with consumers, as it demonstrates they are being understood with their concern for the preservation of the environment.

There are three phases associated with the evolution of green marketing and its major objectives, which consists of the ecological, environmental, and sustainable phase. The ecological phase took place from the 1960s to around 1985, where the focus was to limit the amount of pollution being produced by the most toxic industries. This phase did not solve all environmental issues, but it did bring the problem to the attention of the government, where they then acknowledged green marketing to be a response to environmental activism. The focus of the environmental phase was on clean technology, specifically, clean technology that was "applicable to the design of innovative products, a decrease of pollution and waste" (Vilkaite-Vaitone & Skackauskiene, 2019). During this phase, customers were apprehensive and corporations had trouble assuring them that their products and services were eco-friendly. Positive impacts that came from this stage were the scientific discoveries and the execution of recyclable packaging. It was uncovered that during the 1990s, green marketing gained a lot of public interest, however, it later declined. The decline was believed to be caused by firms' unwillingness to adopt green strategies as they perceived it to be a restriction and costly. The sustainable phase of green marketing began around 2000 and is ongoing to the present date. The objective of the sustainable phase is the specific green product requirements, for instance, made of non-toxic materials, recyclable, energy-efficient, and little impact on the environment. Additionally, its goal is to meet the environmental costs of production and consumption to create a sustainable economy. The sustainable phase is credited with gaining the attention of many companies, and various companies began using sustainable green marketing for the benefits of consumers, the future, and justice for the environment (Vilkaite-Vaitone & Skackauskiene, 2019).

Carbon Footprint:

There are several ways we can attempt to reverse our impact on global warming, arguably the most important action we can take is spreading awareness and demanding change by those who have the largest carbon footprints. Direct and indirect emissions from the industry sector have increased exponentially from 1995 to 2015, followed by emissions from the energy of 71%, and buildings emissions of 61% (Hertwich & Wood, 2018). Calculating companies' carbon footprints is now considered to be standard procedure, although Federal securities law does not require publicly traded companies to disclose certain climate change risks. The Securities and Exchange Commission (SEC) requires publicly traded companies to disclose financial statements and other relevant information related to the business in public filings, current SEC requirements do not explicitly address climate-related risks, however, companies must disclose specific risks if they are "material under federal securities law" or "if such risks are material to investors" (Su & Vanatko, 2019). If they do choose to be transparent and disclose carbon emission assessments, this would gain consumer trust and allow them to make better purchasing decisions that meet all of their needs. Transparency of carbon emissions expresses to environmentally conscious consumers that corporations are taking the initiative to limit their carbon footprints and alter their supply chain, therefore this segment will be willing to purchase from them over companies who are not eco-friendly. Scientists say they are at least 95 percent certain that people are responsible for the majority of effects of climate change since the 1950s, thus, there is a substantial amount of evidence suggesting that warming is mainly caused by the emission of greenhouse gases due to human activities (Awanthi & Navaratne, 2018). A corporation would measure the emissions from their activities across their entire business, which includes the energy used by buildings, certain chemical reactions that are exerted to make products out of raw materials, or even by company cars (Awanthi & Navaratne, 2018; US EPA, 2015). A carbon footprint analysis (CFP) or a greenhouse gas emissions assessment does not only provide an organization with the total emissions caused by any business activities that contribute to global warming, but it also allows companies to identify and aim to reduce emissions from its practices (US EPA, 2015). Being that people are the largest producers of greenhouse emissions, it is our responsibility to take the appropriate steps to limit our carbon footprint. As of recent, many organizations, of varying sectors, have taken the initiative to quantify their carbon footprint and understand their impact on global warming. We can accredit a majority of these shifts in business to the rise in demand of consumers for corporate accountability for their contributions towards global pollution.

Benefits of Utilizing Green Marketing:

Not only does green marketing draw awareness and aim to solve certain environmental and social issues, but it also has a considerable amount of value for firms as it is a step towards accepting consumers desires, synchronously, while bringing them certain benefits and potential for growth for the firm (Arseculeratne & Yazdanifard, 2013). Setting environmental standards and implementing green strategies such as only using energy-efficient technology or developing a recycling program, overall benefits the corporate image of a company (D'Souza et al., 2015). There are at least five key benefits for companies if they choose to use green strategies, the benefits include: strengthening relationships with consumers, increase in profit, input to the achievement of organizational goals, strengthening of competitive advantage, decrease in costs, and enhancement of brand reputation (Vilkaite-Vaitone & Skackauskiene, 2019). Green marketing was largely developed to gain the trust of consumers who are concerned with the safety and quality of our environment and develop a closer relationship with that segment. By gaining the trust of that consumer segment, corporations are essentially generating opportunities and growth internally and externally. A major opportunity is a rise in demand for eco-friendly products. Firms marketing green products have a competitive advantage over firms with nonenvironmentally responsible products. A few companies that are attempting to become greener to better satisfy their consumer's needs are McDonald's, tuna manufacturers, and Xerox. McDonald's exchanged its clamshell packaging with wax paper because of increased consumer concern "relating to polystyrene production and ozone depletion" (Mishra & Sharma, 2014). Tuna manufacturers satisfied the concern of consumers regarding their technique of driftnet fishing and the deaths of dolphins, by altering their fishing methods. Additionally, Xerox substituted their old photocopy paper for a recycled photocopy paper that is said to be of higher quality, to satisfy the demand of firms to reduce the production of products that are harmful to the environment (Mishra & Sharma, 2014).

Green marketing has the potential to increase the profitability of an organization. This can be for several reasons, for instance, producing eco-friendly products and services allows for a company to enter into a new market, and opens the doors to a whole new segment of consumers that have the potential to convert into customers. Green marketing is often perceived to be very costly in the short-run when paying initial start-up costs, but it also has the potential to decrease the costs of an organization in the long-run. Costs can be decreased in the long-run due to changes in the waste disposal and reductions in the raw materials used to create the products or services. Strengthening relationships with consumers, profit increases, achievement in organization goals, strengthening of competitive advantage, long-run decrease in costs, and improved corporate image prompt the development of the business over time (Vilkaite-Vaitone & Skackauskiene, 2019). Businesses should adopt green marketing strategies since it appeals to consumers that are environmentally conscious with their spending, especially since this is a growing market. It is crucial to have different options for purchasing decisions because there are so many consumer segments that have various wants and needs. Some consumers are interested in purchasing affordable products, who live on a tight budget, some consumers who live luxurious lifestyles, but there is also a large segment of customers that businesses can target that is dedicated to the preservation of the environment. According to research conducting by IBM Corporation, 78% of consumers say it is at least moderately important that brands offer "clean products," 77% say it is at least moderately important that brands are sustainable and environmentally responsible, 76% say it is at least moderately important brands support recycling, and 72% say it is at least moderately important that brands use natural ingredients (*Meet the 2020 Consumers Driving Change - Why Brands Must Deliver on Omnipresence, Agility, and Sustainability*, 2020). As a result, in the rise of the green market segment, firms marketing green products have a competitive advantage over firms with non-green products.

Environmental benefits of the green marketing strategy are the decrease of greenhouse gas emissions, a decrease in pollution, and the deceleration of global warming. In implementing green policies, it results in the improvement of the natural environment and ecosystem. According to Vilkaite-Vaitone and Skackauskiene (2019), social benefits are researched the least when studying green marketing in comparison to the other two types. Drawing awareness to environmental hazards and demanding the reduction of these hazards by corporations improves public health which leads to the increased life expectancy of society. The increase of awareness is mainly due to environmental activism and through promotions of companies implementing this strategy. The consumption of certain green products and services contributes to the overall improvement of public health, such as natural/organic cleaning products. The benefits of green marketing may result in the development of business, improvement of the natural environment, and public health/life expectancy. Hence, why businesses are being pressured to adopt the green marketing strategy (Vilkaite-Vaitone & Skackauskiene, 2019).

One company that demonstrates the benefits of sustainable marketing is the Swedish multinational clothing retail company, H&M. H&M is a fashion company with about 3100 stores across 53 markets worldwide. H&M has embraced environmentally friendly strategies by using eco-friendly materials, providing the staff with safety training, monitoring sustainable manufacturing, reducing CO_2 emissions in distribution, and marketing eco-friendly fashion (Shen, 2014). Global fabric consumption is estimated to more than 30 million tons a year, which causes a substantial environmental and social impact. Some companies such as C&A or Adidas, choose to take advantage of low production costs in the short-run by following less strict environmental regulations and awareness policies. But, companies such as H&M or The North Face have recognized the significance of embracing green initiatives into their supply chain. The fashion industry is known for using extensive amounts of chemicals, pesticides, and water to create their products in the production process, therefore the demand to reduce their carbon footprint is not only from the firms but the consumers. Consumers' growing awareness for social and environmental issues directly influences their eco-friendly fashion consumption (Shen, 2014). Studies indicate that consumers of the fashion industry are willing to pay a higher price as long as their desires are met with sustainable fashion products. Consumers understand that for the supply chain to become eco-friendly, more natural/reusable resources will be used for less CO_2 is released into the atmosphere, which can result in an increase in prices. In 2009, H&M launched a program called "Conscious Action," which offered more job opportunities in less developed countries, and more recyclable resources used in the production process. H&M would launch its first "Conscious Collection" in 2010, which was created of all sustainable materials such as organic cotton and recycled polyester.

One way H&M is reducing its environmental hazards is by providing training to suppliers and their workers. H&M's main manufacturing country is Bangladesh, where they have 163 suppliers, though, fire safety is a large concern and remains a potential hazard for Bangladesh garment factories. On November 24th, 2012, there was a major fire in the Tazreen Fashion Factory in Bangladesh. There were at least 100 people confirmed dead in the fire, and over 200 were injured, making it the deadliest factory fire in the nation's history. To limit hazards in the production process, H&M took action and provided safety training to the suppliers and their employees, as well as, monitor the factory compliance (Shen, 2014). Additionally, H&M locally sources materials from where they will be used, this benefits business development, the environment, and society. Locally sourcing is said to reduce lead time, which benefits maintaining supply and demand trends, and embracing a quick response strategy. Locally sourcing also reduces the amount of product leftover and carbon emissions in the production and distribution stage. H&M's "Conscious Action" program overall shifted their supply chain to become more economically, environmentally, and socially responsible (Shen, 2014).

Corporate Social Responsibility:

Green marketing is a tool of corporate social responsibility. Corporate social responsibility demonstrates to consumers that your business takes interest and initiative in wider environmental and social issues that impact human welfare than just those that impact sales. It has become a part of a company's attempt to be socially and environmentally responsible when conducting business activity, while simultaneously, being an opportunity for business growth (Moravcikova et al., 2017). Corporate social responsibility is a business philosophy that can also be defined as a company's voluntary decision to contribute to a better society and cleaner environment by taking social and environmental measures in everyday business activities. It is based on the theory of the triple-bottom-line which says, that companies should focus on environmental and social concerns, just as much as they do on maximizing profits (Moravcikova et al., 2017). According to Moravcikova and others (2017), "surveys show that six out of 10 enterprises would invest in sustainable initiatives even if there were to be an initial increase in costs." Furthermore, several businesses have begun to take eco-friendly and sustainable initiatives that adopt the triple-bottom-line theory, which saves on the costs for the firm while signifying awareness to customers who are increasingly demonstrating concern for the preservation of the environment and social well-being. Being socially responsible enhances a company's image, and can grow and build its brand. Companies may self-regulate by voluntarily releasing climate-related information in corporate social responsibility or sustainability reports (Su & Vanatko, 2019). An example of a corporation adopting both profit and environmental objectives in business practices is the British multinational financial services and bank, HSBC. HSBC became the world's first bank to go carbon neutral and has turned 11,000 buildings in 76 countries energy efficient (Mishra & Sharma, 2014). There are several benefits to firms that are marketing themselves as socially responsible. For instance, it enhances recruitment, helps maintain talent, increases staff productivity, and creates a prideful workspace environment (Davis et al., 2018).

Drawbacks of Green Marketing:

Although green marketing brings about several benefits to consumers, businesses, and the environment, the strategy also faces its challenges. This is demonstrated by H&M when developing and executing their "Conscious Action" program. The challenges occurred at every stage of the supply chain when striving to become more sustainable and profitable, such as material production, garment manufacturing, distribution, retailing, and consumer education

(Shen, 2014). The term “green marketing” itself faces confusion and challenges since there is a “lack of standards and public consensus of what ‘green’ constitutes” (Mishra & Sharma, 2014). There is a need for standardization, it is reported that only 5% of green marketing campaigns are entirely true, the reason being there are no common requirements to validate claims that are being made. This is known as greenwashing. Greenwashing is the process of communicating misleading information or a false impression of how a company’s products are environmentally and socially friendly. It is considered to be an unsubstantiated claim to deceive consumers into believing a company’s products fit their purchasing needs or desires. False claims in regards to the greenery of products can be made accidental or purposeful since there is such a lack of regulation with “green” products. There is no current standardization to certify a product as “green,” therefore, there are no boundaries or legal repercussions when making claims on packaging or advertising campaigns. It would be beneficial for a regulatory body to be put into place to provide green certifications for products or services (Mishra & Sharma, 2014). For instance, the beauty brand Sephora has an entire section of products ranging from skincare, to hair care, and makeup, which is labeled as “clean beauty.” But legally there is no definition for “clean beauty,” so many brands have taken it upon themselves to define clean beauty according to their agendas. This is deceiving since companies can mask certain potentially harmful ingredients such as fragrance and label them as “essential oils” instead. Therefore, their products are considered clean by Sephora’s standards, because fragrance-free is a requirement for the clean beauty line, however, in reality, many companies are still adding potentially harmful ingredients to their products. There is still a large segment of consumers that is unaware and uneducated of corporate greenwashing and can be easily deceived when making purchasing decisions. Consumers must educate themselves about the concept of green products so they can be aware of the threats of false claims on products or services that are said to be environmentally friendly. In addition, green marketing requires lots of time, patience, resources, and money when developing clean products. This can be seen as a downside to corporations who are seeking immediate results to gain the benefits and enter new markets, which would expose them to potential new customers. A common challenge corporations face when adopting green marketing strategies is being motivated solely because of the potential profit margins. The priority of green marketing is to focus on satisfying the needs of socially and environmentally conscious consumers, as this is what creates customer trust and loyalty (Mishra & Sharma, 2014).

Conclusion:

Every marketing strategy has its benefits and its limitations; however, it is marketers' responsibility to recognize the long-term benefits from adapting to the environmental movement. Although the Federal Trade Commission oversees green claims to ensure they comply with the law, it would be beneficial to have stricter regulations and harsher penalties that prevent large companies from continuing to deceive consumers. In addition, another way to prevent greenwashing may be for a government body to provide an educational course on the dimensions of a green product and a standardized examination of a company's products and supply chain that are interested in making eco-friendly claims. There are numerous opportunities a corporation will receive when greening their business, such as gaining consumer trust and loyalty, increased profits, new market opportunities, competitive advantage, decreased long-run costs, innovation, and an upgrade of the overall brand image. Limiting the carbon footprint from some of the largest and toxic industries would also improve the ecosystem, decelerate or prevent further warming of the atmosphere, and increase the average life expectancy and public health. In a society of growing awareness for the harmful impact of business activities on the environment, consumers have taken the initiative to shop clean brands that strive to limit their greenhouse gas emissions and pollution. Businesses should adopt green strategies as it will benefit not only themselves in the long-run, but the well-being of the environment and society. By utilizing the green marketing strategy, they can ensure that their goods and services are supplied in a socially and environmentally responsible way.

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