

# Relationship Between Green Marketing and Firms' Performance

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**Abstract:** Green marketing, also known as environmental marketing, focuses on meeting customer needs while minimizing environmental impact. This all-encompassing method of creating, promoting, distributing, using, and discarding products/services minimizes environmental damage. Many customers prefer sustainable, eco-friendly, or green products to those that harm the environment. As a result, marketers are putting more effort into environmentally friendly marketing. According to the marketer, corporate social responsibility plans and sustainability efforts are both included. How a product or service contributes to environmental conservation is a key point of communication. "Green marketing" refers to promoting a company's core values while also incorporating environmentally friendly and/or sustainable practices. In order to change consumer purchasing habits and reduce the negative environmental impact of synthetic products, it is critical to use green marketing. However, research often contradicts itself when it comes to the effectiveness of green marketing.

**Key Words:** —*Green marketing, Sustainability, Consumer purchasing habits.*

## I. INTRODUCTION

According to Groening et al. (2018), Green marketing is the practise of marketing products and services based on how environmentally friendly they are. When it comes to such products and services, they can either be environmentally friendly in and of themselves, or responsibly produced and/or packaged. Customers will perceive a product's or service's "greenness" as a positive attribute and will buy it as a result, according to green marketing. A prevalent assumption in green marketing is that people will be willing to pay more for environmentally green products than for less ecologically green alternatives. This assumption has yet to be proven correct. Green marketing is on the rise, thanks to consumers who are willing to put their money where their mouth is when it comes to environmental issues. It can, however, be dangerous (Stampa et al. 2020). Green claims are often met with scepticism by the public, and businesses that make false or contradictory green claims risk significantly harming their brands and sales. Greenwashing is when a product or service is labelled as "green" when it is not. It is all about conserving water and using products that are safe for both you and the environment when it comes to green cleaning.

It is also critical to purchase goods from companies that are committed to long-term success. In green marketing, organic, sustainable, and/or environmentally friendly products and practises are referred to as "green." "The broad and ambiguous terms "green" and "eco-friendly" may lead to confusion. As a result, even if a product is labelled "green," it may or may not be "organic." Furthermore, some businesses use greenwashing as a marketing strategy to deceive customers (Stampa et al. 2020). Green washed products and businesses may appear to be environmentally friendly, but they are often nothing more than well-executed green marketing campaigns. Green marketing promotes products and services based on the environmental benefits they provide. It is a toss-up whether the product or its packaging is environmentally friendly. Green marketing's goal is to instil a sense of social responsibility toward the environment in customers and encourage them to choose environmentally friendly products and services whenever possible. According to Rahbar & Wahid, the focus of green marketing in recent years has been on product (packaging and labelling) and incentive strategies (2011). Analysing universal green incentives is important because it can show how green marketing can be integrated into all aspects of an organization's operations. Companies take a strategic approach to creating new and green products that can change customer satisfaction when it comes to environmental and entrepreneurial aspects of industry. This can give you a competitive advantage and relieve some of the pressure from the competition. The purchasing process includes the discovery of a need for solutions, evaluation of solutions, purchase decision, and post-purchase behaviour.

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Consumer buying decisions are influenced by social, cultural, psychological, and marketing factors. Companies and individuals can show their commitment to environmental issues by purchasing green products (Joshi & Rahman, 2015). Even if their motivations and levels of commitment to the environment differ, the green consumer plays a key role in helping the environment. Most of these customers will not buy products that endanger their health or the environment, create excessive waste, or harm endangered plant and animal species or natural resources. They will also avoid products that endanger workers or the environment during the manufacturing process.

## II. RESEARCH PROBLEM

Human activities have a negative impact on the environment, which is currently a source of concern. Nations all over the world are working to lessen humanity's negative impact on the planet's ecosystems. Our society has become more environmentally conscious in recent years. Businesses have begun to adapt their practises in response to society's new concerns, incorporating environmental concerns into their daily operations. In marketing classes, terms like "Green Marketing" and "Environmental Marketing" appear on the syllabus. As a result, governments all over the world have tried to impose environmental marketing regulations (Shabbir et al. 2020). Producing goods and providing services has numerous environmental consequences, so a company can market its environmentally friendly offerings in a variety of ways. Green marketing can appeal to a wide range of people's concerns, such as toxic pollution, water conservation, greenhouse gas emission reduction, indoor air quality, and easy recycling.

## III. LITERATURE REVIEW

The concept of green marketing poses challenges for marketing specialists and consumers. Manufacturing, distribution, use, and disposal are all determined during the design stage, so any company interested in launching a green marketing campaign should start with environmentally friendly design. Presents waste-reduction strategies such as source reduction and waste management, as well as a method for comparing green design options to help designers choose the best designs. There are several criteria that a product must meet, implying that product development should be done concurrently rather than sequentially. The book concludes with advice for senior executives on how to make their

workplaces more environmentally friendly. Obtaining a more environmentally friendly strategy for businesses is becoming more popular. Customers' actual purchasing behaviour is positively influenced by their trust in eco-labels and eco-brands, as well as their perception of eco-brands. People engage in environmental behaviour, according to fuyeng & Yazdanifard (2015), because they want to solve environmental issues, be role models, or believe they can have influence in the fight to preserve the natural world. Consumers' positive attitudes toward environmental issues do not always translate into environmentally conscious purchasing habits. Most customers do not buy products solely for environmental reasons, and they are not willing to forego other benefits in the name of a greener world. Businesses and consumers today face a huge challenge in become more environmentally conscious, realising that their manufacturing and consumption practises have a direct impact on the environment. They have also become more conscious of the environment (Yildirim, 2020). Many people believe that the world's natural resource supply is finite because of this awareness, and that the environmental ecological balance is in danger of being thrown off course. Consumer consumption is to blame for most of our environmental problems, such as excessive garbage, pollution, and resource waste. According to Sah (2016), the use of green marketing is on the rise around the world, and it is having an impact on consumer purchasing behaviour. As a response to environmental challenges, businesses are implementing Green Marketing strategies. Green marketing approaches are used by numerous organisations to improve their corporate image and business execution, according to Mukonza and Swarts (2019). Green marketing is defined as a company's or organization's commitment to the growth of safe, environmentally friendly labour and goods through the use of recyclable and easily decomposed packaging, improved contamination control measures, and more efficient energy consumption. Papadas, Avlonitis, Carrigan, and Piha (2018) aim to clarify and refine the link between key and inner green promoting and solid seriousness in their study. Regardless of what corporate ecological procedure means to businesses who embrace a triple-main concern execution assessment, there is a lack of focus on the importance of green marketing and its impact on an organization's seriousness. Prakash (2002) investigated the topic of comprehending the relationship between the advertising discipline, the public approach method, and the common habitat in his study. It necessitates an understanding of public arranging methods in addition to directing the traditional advertising mix (item, value, location, and

advancement). In their paper, Cronin, Smith, Gleim, Ranirez, and Mertinez (2009) state that, as green advertising techniques become increasingly important to companies adhering to a triple-primary concern execution assessment, the current investigation is more likely to comprehend the role of "green" as a showcasing procedure. An informative structure is established by a combination of advertising, the board, and activities written works that separates the different partners potentially influenced by a firm's hazardous to the ecosystem endeavours.

#### IV. CONSUMER BEHAVIOUR AND GREEN MARKETING

Environmental degradation sparked the concept of green marketing in the 1980s (Yazdanifard and Mercy, 2011). Because of the growing severity of environmental issues around the world, green marketing is in higher demand than ever before. Most of the green marketing and consumer purchasing habits research has been conducted in the developed world. As a result, companies seeking a competitive advantage have turned their attention to green marketing. Green marketing is becoming increasingly important to both businesses and society. Manufacturing, differentiating, pricing, and promoting environmentally safe goods or services that can meet customers' environmental needs are all part of marketing activities, just like traditional marketing (Ansar, 2013). Green marketing, according to Diglel and Yazdanifard (2014), includes a variety of activities such as changing the manufacturing process, adjusting product lines, and packaging advancements, and changing advertising. "Marketing" is a term that describes activities that take place in a marketplace with the goal of satisfying customers' wants and needs. Green marketing's potential to improve consumer quality of life while also benefiting the natural ecosystem is currently being underutilised (Polonsky, 2011). This implies changing the way businesses operate and providing products that benefit both customers and the environment. Green business green marketing for businesses has several advantages in addition to meeting societal demands and wants and assisting in environmental preservation. Green marketing, according to Ashe-Edmunds (2015), can help businesses build goodwill and customer loyalty while also increasing sales and profits. Green marketing also benefits a company's overall reputation, increasing its chances of winning government contracts and attracting new customers. Marketing that is environmentally friendly According to Bukhari (2011), this type of marketing allows businesses to enter new markets while also giving them

a competitive advantage.

The green consumer as a result, customers are becoming more environmentally conscious, and companies that practise green business practises are receiving more support. Consumers' environmental concerns can be seen in their shopping habits, according to Ansar (2013), such as their preference for CFC-free products and their willingness to recycle their old ones. Anyone who decides whether to purchase a product or service has the potential to contribute to a sustainable consumption pattern, depending on the product or service purchased. There are ethical, resource, waste, and societal implications to every purchase. The decision-making process becomes more complicated when people consider adopting sustainable lifestyles. Practical solutions to environmental or ethical concerns frequently necessitate trade-offs between opposing causes, making green consumption "motivational and practical" more challenging. These decisions are made daily.

#### V. ENVIRONMENT FRIENDLY MARKETING IMPACTS CONSUMER BEHAVIOUR

According to Dagher & Itani (2014). In the last few years, dubbed the "decade of the environment," the environment has become a major public concern. Individual consumption, which has shifted the focus from the environment to the people, can be traced back to some environmental issues. Consumers' environmental awareness has grown, and as a result, some of these environmentally conscious customers have purchased green products (Cherian & Jacob, 2012). Despite a recent decline in environmental concern, the environment is expected to remain a major concern in consumers' minds. Companies have responded to consumers' growing concern about the environment by introducing a variety of green products. The goal of promoting these environmentally friendly products is to change consumer habits and encourage them to purchase environmentally friendly alternatives. Influencing consumer behaviour is a difficult and time-consuming task that requires knowledge of the factors that influence it (Chekima et al. 2016). Environmental knowledge and attitudes specific to a product line, i.e., knowledge of and attitudes toward green product lines and how they impact or protect the environment. Eco-friendly products Eco-friendly activities are those that are beneficial to the environment. Environmentally friendly is abbreviated as 'eco,' and similar activities are referred to as 'green.'

Eco-friendly activities include everything from environmentally friendly products to lifestyle changes that help the environment, such as recycling and composting (Bhatia & Jain, 2013). Eco-friendly goods have an impact on the environment, but it is significantly reduced when compared to conventionally produced goods. Eco-friendly products may be beneficial in some cases, depending on how a company conducts business. Although many of these products are not completely eco-friendly, the actions that customers take after buying them are. Even if the products themselves are not, this makes them beneficial. Lighting, for example, needs the use of energy and resources during production but is more energy-efficient once installed in a home. It is not only products that can be made environmentally friendly; anything can be made environmentally friendly. Some activities, such as carpooling and gardening, are beneficial to the environment, while others, such as composting and recycling, are detrimental. Some people believe that using environmentally friendly products is only the first step. They believe that those who are deeply concerned about the environment must change their daily habits, such as using fewer resources and more carefully planning their lives (Bhatia & Jain, 2013). Environmentally friendly products have a low environmental impact while still being environmentally friendly. Environmentally friendly products are developed and manufactured by businesses. Consumer expectations that corporate cultures should shift away from profit maximisation and toward environmental protection underpin this concept. Eco-Labeling Environmental labelling on products is used to effectively communicate to customers the specific benefits and characteristics of a product. Environmental labels are displayed using environmentally friendly symbols and messages (Wu & Chen, 2014). By being environmentally conscious, this green image translates to an image of corporate environmental repute." The goal of environmental labelling is to project a green image to stakeholders. Green Marketing Rather than trying to define new green labels, marketing green advises product manufacturers and retailers to focus on disclosing environmental impact information about their products to stand out in the market When it comes to a product, there are three levels of perceived value, each of which can be delivered in diverse ways.

- The primary level expects value, which corresponds to the product's expected benefits. What a customer expects to receive in terms of value.
- The unexpected value, which may be higher than the

customer's expectations. In an ideal world, green consumers would learn more about the packaging and ingredients of green products in a situation like this.

- Future of Green Marketing the sector's population is rapidly increasing, while its resources are depleting at a rate that is more than twice as fast. This emphasises the significance of conserving natural resources like greenery and the environment. Green marketing is the most recent marketing craze. With this tool, customer cooperation in the effort to conserve scarce resources for future generations can be made simple (Essay Corp, 2021). There are many lessons and training to be found to avoid roadblocks in the way of green marketing.
- The future appears bright and fruitful as more people become aware of the benefits of green marketing. Put yourself in the shoes of a business owner who notices an increase in the number of firms producing, selling, or promoting environmentally friendly goods and services.
- Customers are given a significant amount of information and education about the importance of buying environmentally friendly goods and services.
- Green products and goods will become more affordable as demand grows.

### 5.1 Firm's Performance

The performance of the firms demonstrates how they believe adopting environmental management into their business operations will benefit them. Businesses can utilize the ISO 14001 EMS to improve their environmental performance and business efficiency. According to the literature, a positive business image, fewer waste and costs, increased customer happiness and productivity, increased goodwill, increased market share, and, of course, increased profits are all desirable. Green product and process innovation is beneficial to business. Profit, revenue, and market share are used to determine the success of a product development project. Similarly, Doran & Ryan (2012) found that eco-innovation had a positive and significant impact on the performance of businesses.

## VI. SOLUTIONS

Green marketing is a new concept that focuses on environmentally friendly products and services. It entails the

development, production, promotion, distribution, consumption, and disposal of products and services in a sustainable manner in order to cause the least amount of harm to the environment (Business Jargons, 2021). As a result, the company's offering's environmental benefits are used to market it. Products can be tweaked, manufacturing processes altered, advertising altered, and products packaged in a more environmentally friendly manner.

### 6.1 Green Marketing Practices

To promote the company's environmentally friendly image to its target market, a variety of activities are required, including:

- Using recycled and renewable materials in the manufacturing process product generation using renewable energy sources such as solar, geothermal, and wind.
- Reduce the amount of product packaging or use eco-friendly packaging.
- Avoiding the use of toxic materials that are harmful to the environment.
- When developing new products, it is important to think about whether they will be reusable or recyclable.

### 6.2 Principles Of Green Marketing

The primary goal is to reduce the negative impact of the products, as well as their use and disposal, on the environment. This indicates that the products and services are either environmentally friendly or are produced in an environmentally friendly and non-harmful manner.



Fig.1. Green Marketing Principles

Source: (Business Jargons, 2021)

- *Consumer-Oriented Marketing*: According to this theory, in order to build a long-term and profitable relationship with a customer, the company should view marketing activities from the customer's perspective.
- *Customer Value Marketing*: As a result, rather than simply changing the product packaging or spending a lot of money on advertising, the company should devote all of its resources to improving the value of the product or service it offers, according to this theory. As a result of the added value that has been added to the product, customers will value the product even more.
- *Innovative Marketing*: The third principle, innovative marketing, states that we must strive to improve our products and marketing in real ways. We are all aware that the world, as well as customer preferences and tastes, is constantly changing. As a result, in order to avoid losing customers, the company must constantly seek out new and better methods.
- *Mission Marketing*: When it comes to defining a company's mission, a narrow focus on a specific product should be avoided. Employees are more likely to work for a company whose mission includes some aspect of social welfare because they feel good about helping a worthy cause.
- *Societal Marketing*: This principle states that a company's marketing decisions must consider both the wants and needs of its customers as well as the needs of the company and society as a whole.

### 6.3 Current Trends in Green Marketing

Green marketing is the practice of marketing products and/or services based solely on their positive environmental impact. Over the last few years, the green movement has exploded in popularity and influence. Businesses are rethinking how they do business in order to incorporate environmentally friendly practices into their processes and provide environmentally friendly products or services (Essay Corp, 2021). Most companies are learning new ways to run their operations while also being environmentally conscious these days.

### 6.4 Important Rules of Green Marketing

- *Realize your clients* – The customer should be informed about and involved in the problems that your product is attempting to solve.

- *Convince the customer* – The customer must be convinced that the product performs the function for which it was designed; otherwise, they will refuse to use it due to its high environmental impact.
- *Consider your pricing* – Keep in mind that many other environmentally friendly products are worth more due to economies of scale and the use of more expensive materials when you are charging top dollar for your product. Ensure that your customers can afford top dollar while still feeling like they are getting a good deal (Essay Corp, 2021).
- *Providing your clients with a chance to take part* – Allowing buyers to participate in fine environmental activities allows them to personalize the advantages of environmentally friendly actions.

### 6.5 Trends In Green Marketing

- Businesses and commodities are increasingly enforcing sustainability standards, so marketers must learn how to distinguish their design or brand from that of other green manufacturers, which may boil down to the product's cost, overall appearance, or review.
- Plant-based cleaning agents, compostable dinnerware made from corn, and other bio-based products and services are making their way onto store shelves. Bio-based commodities are those that are derived from biological sources.
- In landfills, biodegradable packaging takes up a lot of room. A company that manufactures and packages goods and products have the option of using environmentally friendly packaging. Companies send a visible message to customers about their commitment to "going green" by switching to biodegradable packaging. A large corporation may have an impact on green packaging as part of its marketing strategy to attract more environmentally conscious customers.
- Green marketing/advertising can be as simple as making a public statement, such as in a press release, that the company will follow green guidelines. The declaration must include specific information about the changes the company intends to make and when they will be implemented (Essay Corp, 2021). Even if the changes are unintentional, they can have a positive impact on overall green trends if they result in cost savings, such as lower fees or adherence to government announcements.

- *Consider your pricing* – Keep in mind that many other environmentally friendly products are worth more due to economies of scale and the use of more expensive materials when you are charging top dollar for your product. Ensure that your customers can afford top dollar while still feeling like they are getting a good deal (Essay Corp, 2021).
- *Providing your clients with a chance to take part* – Allowing buyers to participate in fine environmental activities allows them to personalize the advantages of environmentally friendly actions.

## VII. CONCLUSION

Customers must also be educated about the benefits of eco-friendly products over conventional ones, according to marketers. Customers who care about the environment are willing to pay more for products that help to make the world a better place. Last but not least, customers, industrial buyers, and suppliers must exert pressure to keep negative environmental effects to a minimum. Green marketing is even more important in developing countries like India.

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