
The Changing Focus of Green Marketing: From Ecological to Sustainable Marketing (III)

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CHAPTER 5

The Impact of Green Marketing

5.1 Effects of Green Marketing discussed in Literature

Kinoti (2011, pp.270-271) considers profitability, competitive advantage, increased market share, better products, personal rewards, better physical environment and sustainable development as benefits of using green marketing for company. Despande (2011, p.8) enumerates some other positive effects such as improved product quality, raw material usage and saving, better consumer satisfaction and brand loyalty, reduced risk of exposure to environment, pressure and future compliance to environment and sustainability laws, increase involvement of staff, transparent management, social responsibility and contribution to sustainable development. Business participation in resources saving, environment protection and reaching the economic objectives are the general benefits of using green marketing. Companies may carry on profitable activities, become socially responsible, change the customers' attitude and gain competitive advantage (Miled and Farhani, 2012, pp.11-12). Reutlinger (2012, pp.37-38) has in mind cost savings, reputation, new markets, reduced risks and leadership as benefits for businesses that are practicing sustainable marketing. A partially different approach has Brahim (2014, p.188) and Suraya and VijayaBanu (2014, pp.3-4) who include long-term growth, access to new markets in addition to profits, competitive advantage, resource and money saving or employees feeling proud and responsible. Positive image, brand loyalty, reduction in cost of production and enhanced ambiance and healthy working environment are the benefits Aresculatne and Yazdanifard (2014, pp. 134-135) think the green marketing brings to the companies.

As the literature shows there are many approaches about the effects green marketing may have on environment, society and business. In this work, we analyze the multi-dimensional impact of green marketing on three fundamental components namely the effects on the consumer, the contribution to sustainable development and the benefits for business performance.

5.2 Analysis of Green Marketing Effects on Consumer

Companies are trying to respond to growing environmental, social and sustainability concerns of consumers to influence green consumer behavior and stimulate green products purchase. Green marketing plays a key role in removing the barriers of green consumption as fully as possible. Successful green marketing uses a mix of tools to impact consumer behavior: environmental awareness and perception, green marketing labeling, green brands, green products, green communication, green price.

Environmental awareness and perception of green consumers. Businesses that offer green products and services enhance green perceived value of their products and brands and make efforts for consumers to become aware of this. Awareness about products, especially green products, creates positive perception about the products and decreases the perceived risk of green products. Therefore, green brand awareness has positive significant relationship with customer's intention to use green products.

Green labeling. Green labeling on products is an effective way of communicating to the customer the specific benefits and characteristics of the product and the claim of society. Labels provide knowledge about the brand and product and many more information. The aim of green labeling is to project a green image and this image also transcends to an image of corporate green reputation to environmentally sensitive consumers. Labels play two important functions: an information function and a value function (Sarma and Trivedi, 2016, p.3). They help consumers identify green products and provide knowledge about how the product is made and so consumers can take decisions whether to buy the green product or not.

Green brands. Consumers are more willing to buy green products as they realize which brand is more valuable for them. A good brand image and higher level of awareness are crucial for consumers' purchasing decisions. As consumer's mental visuals, the brand image positively affects the customer's intention to buy and use green product, generally in combination with product excellence and company social responsibility views. The appropriate marketing strategy to create positive brand image is the initial step towards a company's success in attracting more customers and creating loyal customers for company's product (Doszhanov and

Ahmad, 2015, p. 3). Green brand image plays a role in consumer brand trust that is a primary determinant of long term consumer behavior. The good brand image acts not only for consumer trust but for the increase of brand value. Its value increases with the implementation of green marketing principles for some reasons: the company increases the value of its products, gains competitive advantage, improves the image of the business, gets new markets and is ready to cope with the environmental pressures of stakeholders (Moravcikova et al, 2017, p.4). In the end, the green brand should meet the criteria „3E”:

- ~it is ecological, namely, minimizes negative environmental impacts;
- ~it is transparent, namely, does not support unfair practices and social justice;
- ~it is economic, namely, supports long-term sustainable development.

Green products. Green products still have an impact on the environment, but the impact is greatly reduced. Many such products are also aimed at life-style changes which benefit the environment and the society (Sehgal and Singh, 2010). Green products feature, quality and benefits should convince the consumers they are real, have high value and reduce their negative impact on environment and society. Packaging of the green products can easily convince the customers to buy green products if it makes easier for them to recognize green products. Today, companies can also increase customer purchase intention through product value. Customers' perceived value is more significant for their behavior since it is “a customer's general assessment of the net benefit of a service or product based on a customer's engagement” (Doszhanov and Ahmad, 2015, p.3). Perceived value is the central determinant in maintaining long term consumer relationships and plays a key role in affecting intentions to buy. The perceived green value increases the awareness of social value therefore it is one of the most important for green users.

Green communication aims to create an image of environment friendly company in the eyes of consumers and second to create awareness about green products. Companies should promote the utility, design and functions of the green product to avoid any misleading information. Effective communication of the attributes and benefits of the green brand is a condition for the success of green products on the market. That's why green brand communication should target green brand compatibility with green product features. Complete and meaningful effects can only be obtained if the technical features and emotional associations of the brand are communicated (Simao, Lidia; Lisboa, Ana, 2017, p.188). Cognitive and emotional mental processes contribute together to create attitudes towards the green brand. Consequently, green communication should use both messages about functional features and emotional messages. Promotional campaigns that are directed to protect the environment are preferable. Consumers have a positive

attitude towards green promotions and the promotions have a positive impact on green buying behavior of the consumers.

Green price. Green products have premium prices. Green consumers would be eager to pay extra-cost for the product that do not harm the environment and helps their health. But consumers who never bought green products perceive green products as too expensive. The consumers will be encouraged to buy green products if the price is kept lower. If the product has relatively high price elasticity it will be beneficial for producers of green products to keep the price low (Sarma and Trivedi, 2016, p.5). Therefore, the perceived price of green product is one of the factors impacting the consumers' buying behavior.

5.3 Analysis of Green Marketing Contribution to Sustainable Development

Green marketing stimulates green demand. Companies which want to produce, and market green sustainable products must help the demand for such products. A first suitable way for stimulating the green sustainable demand consists in creating a market for the green supply. The business must create a market pull with direct consumers, for the consumers to understand the value of environmentally and socially friendly and sustainable supply, information requirements and so on. A better action could show the creation of the market pull with two important categories of customer e.g end users and product retailers. This could be done in collaboration with the direct customers.

The appropriate market segmentation could be another strategic move to stimulate the green demand. This move requires a good identification of the market segments that are more natural buyers of green sustainable attributes because they have a compliance obligation or voluntary commitment to improve performance (PwC, 2010, p.6). A great help could come from translating the communication arguments of the sustainable product to the services it furnishes. These arguments must emphasize the idea that the consumers pay for the services not the products which range the commercial incentives on efficiency, durability, recycling, reuse and other sustainable attributes. One of the most effective methods for stimulating the green sustainable demand may be the collaboration of the producer with the customer to co-create a sustainable product. By acting in this way, a product with unique sustainability characteristics suitable for both parties could be developed.

Green marketing improves sustainable products. The sustainable product is an item or service that minimizes its impact on environment and resource use and maximizes its impact on society at each stage of its life cycle. The improvement of both characteristics must become the constant objective of the producers. The more they succeed to achieve these objectives the greener sustainable the products

become. The product of the green sustainable marketing consists in helping sustainable development by the favorable impact on its economic, social and environmental constituent parts (Yazdanifard and Mercy, 2011, p. 638). Producers and marketers can make a difference by reducing the impact of their products and services on environment and resources and increasing their good effects on society. These impacts could be the result of design, materials use, water and energy consumption, packaging, delivery, marketing, disposal and reuse and other attributes. This balanced approach is a proof that sustainable products try to integrate all three components of sustainable development. On the one hand, the sustainable product considers and integrates environmental and social dimensions along the entire value chain. On the other hand, the sustainable products are competitive and economically successful over a long period of time. In their turn, consumers can reduce the impact by the choices they make about sustainable goods and services they buy and how they use them. A case that throws light upon this issue is that of Tesla, the company that innovates not only in the field of electric cars but also in that of their filling as in Box 5.1.

Box 5.1. Tesla Vehicle Charging System

Tesla Motors is an American automaker founded in 2003 that produces electric cars and its facilities. The company has demonstrated the understanding that electric cars customers are concerned about the environment and planet safety and wants ubiquitous fast-charging stations. For these reasons, Tesla has built its own Supercharger network of electric filling stations that can bestow charge for 170 miles of range in 30 minutes or less. The Supercharger requires new technical competencies and opens to the company the opportunity to enter in new business.

Tesla vehicle charging system represents a green innovation that aims at market development. To this end, the company also runs several partnerships to deploy its charging grid. In USA, Tesla awarded Black & Veatch a contract to design, construct pilot sites and provide energy storage the Supercharger network, the largest contiguous electric vehicle charging system in the world. In this way, the company implements market development and technological collaborations to enlarge existing knowledge and capabilities.

Source: Calza, Francesco; Parmentola, Adele; Tutore, Ilaria (2017)", Types of Innovation: Ways of Implementation in a Non-Green Industry", Sustainability, 9, 1301; doi: 103390/sn9081301, pp. 9-10

Green marketing designs and uses customized credible communication. The communication has an advantageous impact on sustainable development by transforming the power generated by sustainable policy into action. The communication must consider the specifics of sustainable products and sustainable cause and integrate the results in a communication project from the start to maximize its added value to sustainable development.

A very particular issue appears to be the social and environmental qualities of the sustainable product. These qualities constitute credence qualities which cannot be inspected by the consumer. Therefore, many green consumers are insecure about the genuine quality of the promised product. The task of the sustainable communication is to ensure and convey credibility and reputation to undecided consumers. This task can be achieved by means of endorsing the sustainable product and packaging label by independent third parties such as Bio Suisse and Trans Fair. They are providing the consumer with enough credible information to push sustainable products. Another issue regards the buying decision of the consumers who purchase green. These consumers decide in favor of sustainable products if they individually perceived net benefits are valued higher than the net benefits of comparable brown/ non – green product.

A good strategic project on increasing the role of communication in sustainability development must be prepared based on following leading ideas. First, the whole effort of sustainable communication must create a vision. This vision is that of sustainable business about sustainable values such as clean air, green technology, farmers market, resource saving and many others. Second, targeting the right people helps a better contribution of the communication to the sustainable development. A list of appropriate people includes community leaders, experts who wish to be of service and influence and who love to share their knowledge, connectors who know an extraordinary amount of people and who are powerful, public opinion leaders who are more trustworthy or well-respected, salesmen who are good at spreading ideas and persuasive and authority figures who are on the side of sustainable practices (James, 2010, p. 14). Third, business and people should use a hot chain of sustainable communication. The hot chain of communication means that the dialogue is a continuous process at all levels. Fourth, emphasizing the need for commitment of the company and people has an impact on the credibility of sustainable communication. The company must send messages that tell the truth, even if it hurts and stresses upon the business dedication to sustainability cause. On the side of people's commitment, the messages have a role in encouraging the present and potential customers by putting the social and environmental pressures on them to convince these customers to commit themselves in purchasing sustainable products. Fifth, the

business must develop a true sustainable communication. Such an important mission can be accomplished with the help of actions aiming at a better understanding of the role of communication in the sustainable development. The messages should emphasize the commitment to sustainability. The communicated image of the business must be realistic and active, the commitment must be highlighted, and the mistakes should be admitted and accompanied by the message of how the company or its products can be improved. Also, the communication for sustainability becomes genuine if partnerships with specialists, institutions and researchers' groups are established, community programs are developed, scientists and experts are involved in discussions with media and information through websites and sustainability reports are widespread.

Green marketing helps a multi-channel distribution network. Distribution works in two strategic directions to support sustainable development. One direction is providing the customer with sustainable products. The other direction consists in efforts for lowering consumption of materials and energy, reducing waste of resources while the purchase costs and environmental and social negative effects keep lowering (Belz and Karstens, 2010). The identification and use of sustainable trends of distribution is a part of the construction of a sustainable distribution network. Increasing customization, activity interdependence and specialization are significant trends that strongly influence the sustainability of distribution (Danciu, 2013, p.394). Increasing customization of distribution gives a better flexibility but needs a big number of channels that provide a high degree of distribution. This is essential for successfully marketing the sustainable products and it can be only achieved through a multi-channel distribution. A multi-channel distribution helps handle the diversity of customer groups and makes it easy for a customer to select the most appropriate solution. Increasing activity interdependence has a useful effect on reduction of inventories through diminishing the resource use. In its turn, the emergence of frequent and smaller lot sizes from suppliers may have an opposite influence that results in more wrapping and waste to be handled by the supply chain. An increasing specialization encourages better capacity utilization and the gain of economies of scale when the activities are performed by specialized resources. If companies specialize in certain distribution activities, ways for new types of actors engaging in coordination of globally dispersed operations open. Some distributors turn out into service providers, providing waste handling services, taking care of all scrap and waste related to the delivery. Other companies become specialists in green transportation, focusing on the use of more environmentally transportation facilities and resources in a more efficient way.

Green marketing markets at fair prices. Pricing of sustainable products is an important issue due to its impact on sustainability. Agreements and partnerships that have as main goal to provide conditions for a fair trade are needed to contribute to the sustainability of those who are involved in transactions for sustainable products. Fair trade has three strategic intents: to work with small producers and workers to help move from a position of vulnerability to security and economic self-sufficiency, to empower producers and workers as stakeholders in their own organization, and actively play a wider role in the global arena to achieve greater equity in international trade (Locke et al, 2010, pp.7-8). Fair trade helps sustainable development since it offers better conditions. A fair price is the kind of price that covers the cost of production and facilitates social development and protection and conservation of the environment as in the example from Box 5.2.

Box 5.2. Fair Price for Coffee

One of most important product marketed in Fair Trade system is coffee. In the case of any fair trade certified product the producer has guaranteed a minimum price for his coffee. If the market price rises above the minimum price, Fair Trade minimum price is set to a higher price as shown below (Price = USD/pound; 1pound = 0.45 kilos).

Type of coffee	Fair Trade Minimum Price	Organic Differential	Fair Trade Premium	Total Price
Washed Arabica	1.25	0.20	0.10	1.55
Non-washed Arabica	1.20	0.20	0.10	1.50
Washed Robusta	1.05	0.20	0.10	1.35
Non-washed Robusta	1.01	0.20	0.10	1.31

The numbers show how the price of all coffee producing regions is structured and calculated considering the Fair-Trade minimum price, the organic differential if the coffee is ecologically produced and Fair-Trade premium when the prices rise above the minimum price. As the calculus points out, a producer of Washed Arabica that is ecologically grown can receive a total price of USD 1.55 if the world price rises with an agreed percentage above the Fair-Trade minimum price.

Source: Danciu, 2013, p. 395

The sustainable products generate higher cost. Therefore, they are marketed at higher prices, which is not a benefit for consumers. They choose the products at prices judged to be fair, particularly from the point of view of the benefits/price ratio. Companies must pay attention that the demand side of the market needs also help for sustainability. The sustainable products with higher costs are purchased by the customers who perceive a value added and are willing to pay a higher price. Therefore, to enlarge the segment of customers by attracting the less active persons, the suppliers of sustainable products need to reconsider pricing to pass possible costs saving through directly to consumers. The goal of such a move is to demonstrate that sustainable products do not have to be inevitably more expensive than other high-quality products offering “more for same” (Belz and Karstens, 2010). This goal could be achieved through fair trade which has the fair price as essential constituent part.

The results of the green sustainable marketing efforts may be found in economic sustainability, environmental sustainability and social sustainability (Danciu, 2013, p. 397).

**The green sustainable marketing helps economic sustainability* by establishing credibility for green sustainable efforts and solutions of the business. Areas where credibility must be obtained are corporate and product brands, responsible product use and disposal practices. Another area of support provided by green sustainable marketing consists in developing and marketing higher quality products with social impact based on sustainable innovation, lasting products, developing sustainable brands which offer practical benefits like better quality/price ratio and cost/undesirable effects on resources and environment. A true sustainable communication is in the benefit of sustainable development due to its potential for convincing customers that they buy “more for same”. The positive contribution of communication enhances at the same time with its change. Sustainable development needs recipient or user - consumer, citizen, contributor, user- shares product’s design and development and assessment of dedicated activities. At the same time, the partnership between marketer and customer becomes more valuable. A partnership supports integration of sustainable development objectives as it encourages a constant information exchange of experience sharing between all participants and leads to an enlargement of capabilities area. The Fair Trade and the fair prices bring also benefits for both sides of the market, producers and consumers, to cover the higher costs of sustainable products.

**The social sustainability is improved in many ways.* Empowering consumers in meaningful ways about the important issues they can solve with the help of sustainable marketing solutions is a powerful contribution to maintain and

improve the sustainable development. Other contributions include jobs creation in agriculture and in other industries, increase of income of producers and marketers. The production and the consumption of sustainable products and services which have qualities for healthier use (ecologic, bio, organic) may improve consumers' health and increase labor capacity and life expectancy. The contribution to sustainable development can be found also in better conditions offered by fair trade and fair prices. The fair trade aims at helping the producers in developing countries and promoting sustainability. The key element of fair trade is fair price. The social responsibility gets support since producers earn better incomes allowing them to hold their lands and invest in quality.

**The environmental sustainability also benefits from green sustainable marketing practices.* Consumers are stimulated to become sustainable by supplying them products with added value in terms of better health and environmental benefits from the protection of Earth's support system (air, water, soil). In this way renewable resources are saved, saving the non-renewable resources is stimulated and environmental awareness increases.

5.4 Analysis of Green Marketing Benefits for Business Performance

Identifying and evaluating the favorable effects of the green marketing on the activity of the company needs a balanced and comprehensive approach. This approach must start with the concept of green marketing which includes the natural environment preservation, social welfare and economic performance since these three dimensions are accepted as descriptive of the performance of the company. Sezen and Cankaya (2013, p.156) describe the performance of the company as comprising economic performance, environmental performance and social performance. The economic performance of the company refers to its influences on its stakeholders' economic circumstances as well as on the economic system at local, national and international levels. The environmental performance is the result of the organizational management concerning its environmental aspects. The social performance relates to the corporate performance on the social systems within which a business operates. This approach can be a support for a systematic explanatory list about the effects the green marketing has on the economic, environmental and social performance of the company. As a general finding, using green marketing enhances the performances of a business. The Top 10 of the greenest companies in 2016 and the Top 10 of most sustainable companies in 2017 are in Box 5.3.

5.4.1 Green Marketing enhances the Economic Performance.

The economic performance of the business is enhanced following the combined results of various and multiple benefits of the green marketing strategies and activities.

Green marketing increases profit and its sustainability. Green marketing policies and products can be profitable. Green policies reduce costs by using less raw materials, slowing down the substitution rate of products, larger life cycle of products and better technical, production and logistics solutions that diminish the impact on the environment. Green production process would result in cutting down costs in terms of less waste of raw materials and saving energy costs. Both easily reliable low-cost actions as well as more comprehensive and cost intensive change are leading to long-term cost savings that act for better profits.

Box 5.3. Greenest and most sustainable companies

There are some organizations which produce rankings of the greenest and most sustainable companies. Newsweek, Forbes, Climate Counts and Intebands are among them. Newsweek publishes “Green Rankings” which gives which of the 500 largest publicly traded companies a “Green Score”. The score is a combination of the company’s environmental impact (45% weight), environmental management (45% weight) and disclosure (10% weight). In 2016, Newsweek has found out that the following ten companies had the highest Green Scores in the world.

Top 10 Greenest Companies in the World 2016

Rank	Company	Industry	Score 100%=max
1.	Shire PLC	Health Care	87.7
2.	Reckitt Benckiser Group PLC	Consumer Staples	83.9
3.	BT Group PLC	Telecommunication Services	83.2
4.	Swisscom AG	Telecommunication Services	82.9
5.	Essilor International SA	Health Care	82.0
6.	Nike	Consumer Discretionary	81.9
7.	Unilever	Consumer Staples	81.8
8.	Sky PLC	Consumer Discretionary	80.7
9.	Siemens AG	Industrials	79.6
10.	Schneider Electric SE	Industrials	78.8

Source: Moloney C., 2016; Newsweek, 6/2/2016

In its turn, Forbes has published the most sustainable companies ranking. The first ten are those from the data from below, in 2017.

The World's 10 Most Sustainable Companies 2017

Rank	Company	Industry	Country
1.	BMW	Automobiles	Germany
2.	Dassault Systems	Software	France
3.	Outotech	Finland	Finland
4.	Commonwealth of Australia	Banks	Australia
5.	Adidas	Textiles, Apparel, Luxury Goods	Germany
6.	Enagas	Gas Utilities	Spain
7.	Danske Bank	Banks	Denmark
8.	Starhub	Wireless Communication Services	Singapore
9.	Reckitt Benckiser Group	Household Products	United Kingdom
10.	City Developments	Real Estate Management & Developments	Singapore

Source: www.forbes.com/sites/katryndrill/2016/01/22/the-worlds-most-sustainable-companies

These companies are pioneers in their industries selling some of the most sustainable goods in the market and have some of most advanced and innovative social responsibility measures.

Green marketing leads to benefits and increases the competitive advantage. Business can't overlook the competitors' initiatives and actions. Certain companies use green marketing as strategy for obtaining competitive advantages. They can gain a competitive advantage through enhanced green quality, specific attributes such as being organic, local or Fair Trade, less impact on the environment, better image or more sustainability. More sustainable production processes, products or services can be accomplished through innovation. Innovation towards more environmentally friendly production can gain companies a competitive advantage. Costs could be reduced through innovations in production process, packaging and distribution. Thus, the company gains competitive advantage which would allow it to lower prices while sustaining or increasing their profit margin (Reutlinger, 2012, p.26). Because of the improvement of the production process, the quality of a product can be increased, and the brand image can be enhanced.

Green marketing increases market share and makes easier the access to new markets. Consumers view the company's record on environment and sustainability as an important determinant of their purchase decision. Therefore, trusted green products and brands are easier to market and may attract new customers. When a company is renowned for being green, this can lead to new consumers, too. In addition, green innovation can result in new products and services which can attract new customers who otherwise might not have bought the company's products.

Green marketing enhances corporate and brand image, reputation and increases customers' brand loyalty and satisfaction. Being green may increase customer attraction. Attention and particularly real solutions for diminishing and removing the negative effects on environment, resources and society through green production, logistics, promotional policies and products increase customers' acceptance and their positive perception of the business. Green product focus would be able to gain acceptance from the public so that many promotional activities would bear fruits without many efforts. Positioning of the product in the mind of customers would occupy a strategic role so that most green products would hold a strategic position and become top of the mind products as they can be easily recalled by customers. This would serve as a unique selling proposition so that the business stands out among rivals quite easily (Aresculatne an Yazdanifard, 2014, p.135; Miled and Farhani, 2012, p.12). Green products are held in different perspective owning their contribution to environment end society. Thus, a spiritual relationship between green product and customers develops. Increased brand loyalty would make a product less price sensitive so that if the product carries a premium still customers would tend to buy it. If the business aims at becoming distinct in the market as a reputable entity, it must demonstrate its greenness through its actions. Green marketing must be practiced in the right way so that the business or brand image can benefit and earn the trust of their customers.

Green marketing increases employees' retention, recruitment, pride and responsibility and enhances ambiance and healthy working environment. Most of the employees are feeling proud and responsible to be working for a green company. Producing and selling green products would result in a pleasant business environment. The process of evolving in a green marketing involves a holistic approach aligning all the functions of the business. Thus, a strategic congruence can be attained. Moreover, strategy formulation builds better relationships with employee as their participation is sought. Employees' engagement is increasing and there will be a mutual understanding among different stakeholders of the company (Aresculatne and Yazdanifard, 2014, p.135).

Green marketing makes the leadership transparent. Leadership transparency means behaving in a way that is predictable, that means no surprises. The transparent leader is approachable, good communicator, accessible, consistent and predictable, reliable and open to feed-back. This leader is building solid relationships based on integrity and character. He is trusted and easy to follow, allowing the team to achieve its goals. Transparency of green leadership acts for faster problems solving, easier teams building, authentically growing relationships promoting people trust in their leader and higher performance. Under such a leadership, the business can gain and maintain the position of market leader. By making greenness part of the business the company can enhance its image and gain a competitive advantage. The companies that are implementing green marketing solutions can now leave the competition behind on the market. The reason lays in the difficulties of making up leeway concerning the greenness and gaining reputation that takes years to establish.

5.4.2 Effects of Green Marketing on Environmental Performance of the Business

Green marketing works for improved environmental performance by reducing materials, energy and water consumption, smaller pollution, reducing waste, improving packaging re-usability and recyclability.

5.4.2.1. Sources of the Effects and how they Work for improving Environmental Performance

Improvement of environmental performance of the company depends on the effects the green marketing has on products, packaging and transportation.

Effects of green products. Tracking the usage of raw materials, manufacturing and distribution for green products the company can quantify the impact on environment during all stages of its design, development, material procurement, manufacturing and packaging, logistics, sales customer support.

Green design, development and manufacturing can have better effects on environment if their objectives and solutions meet the requirements of environment protection. The objective is to reduce the use of all categories of resources, including materials, energy, water, and so on, to promote environmentally friendly, sustainable products. At the same time, these objectives aim at reducing toxic and otherwise harmful emissions to the environment and manage resources consumption. Green products imply more efficient resource use, reduced emissions and waste in to the atmosphere. Green design and development promise a reduction in costs of manufacturing and, in turn, more profit to the company (Jha, 2016, p.7). They should result in a reduction in material requirements, energy use, disposal fees, and pollution and finally, fewer

for society in general. To be green, they must also be energy efficient and easily recycled. Recycling can lead to substantial energy savings, thereby reducing atmosphere pollution. Green design includes material consumption design, selection of environmentally friendly materials, and substitution of hazardous materials. Green design requires that manufacturers design products that minimize consumption of materials and energy, that facilitate reuse, recycle, and recovery of component materials and parts, and that avoid or reduce the use of hazardous products within the manufacturing process (Mehmood Khan et al, 2017, p.92). These requirements implicitly apply to green packaging and green producers make great efforts to comply. Some results can be seen in the ranking of most ecological and innovative packaging produced by vivibrand.com. The first five most ecological green packaging are those of Box 5.4 and them may be added the 360 Paper Bottle, Newton s Eco-Friendly Packaging for running shoes, and many others.

Box 5.4. Five most ecological packaging

- 1. *Comestible cup at KFC.*** The Scoffee Cup from fast-food chain KFC is a biscuit wrapped in sugar-paper doubled with a large with a larger white chocolate in the shape of a cup. Due to its texture, it can contain the heat of espresso and best of all can be eaten afterwards.
- 2. *Naturally Clicquot 2.*** This is a 100% biodegradable and isotherm packaging, the second version of Veuve Clicquot holster made from potato starch, with isotherms virtues and 100% recyclable.
- 3. *The Clever Little Bag by Puma.*** The Clever Little Bag is composed of a single removable cardboard frame and a reusable bag. This new packaging saves 65% of cardboard, but also by avoiding the use of a shopping bag, it will save up to 275 tons of plastics per year.
- 4. *Nike Air Max packaging.*** To highlight the benefit of the Nike Air Max Model, the shoes are packed in an air-cushion. The benefit of the product transferred to the packaging and made visible. Due to less usage of materials it is an innovative and ecological style of packaging.
- 5. *H + Bag: Sustainable Hanger Bag.*** This is a functional clothes hanger made from a paper bag. A great Eco-idea to give any paper bag a second life

Source: <http://vivibrand.com/views/ecological-packaging/>

Effects of green packaging. Green packaging has environmental benefits that come from reduced material use, energy efficiency and direct effects on the environment. Reduced material use originates in reduced packaging and layers of packaging and lower mass. Recyclability of packages, use of recycled materials in packaging and use of renewable resources in packaging, repeated use of package or reuse for other purposes can also act for reducing material use. Energy efficiency has favorable impact on environment when reducing total energy content and usage and the use of renewable energy in packaging. Increased positive impact on environment also brings about avoiding the use of toxic materials for humans and/or the environment, reducing negative effects on ozone layer, greenhouse gases and volatile organic compounds. The case analyzed in Box 5.5. explain how packaging improvement could bring environmental benefits.

Effects of green logistics. Green logistics can play a significant role in improving environmental performance of the company. Transportation becomes more environmentally friendly when the company uses alternative fuel options, switches to low emission vehicles, better shapes space utilization and handling and uses environmentally friendly mode of transport options.

Box 5.5. Improved package for more sustainability

Glenroy Inc. is an US company founded in 1965 with a mission of providing the highest quality of flexible packaging in the industry. The company promotes continuous improvement and environmental awareness as one of important areas of its activity. These efforts are focused on three directions, namely air emissions control, energy conservation and recycling initiatives. The accomplishment of these goals is can be found in company's flexible packaging production. Under the slogan „less waste in the first place” eco-friendly flexible packaging generally weighs less resulting in less wastes, has a better product-to-package ratio, consumes less energy in manufacturing and transport, generates less greenhouse gas emissions, and contributes less to landfill waste. These benefits for environment and sustainability can be noticed in the example of beverage packaging from the following table.

<i>Beverage packaging</i>	<i>Product-to-package ratio</i>	<i>Packaging weight per 100g product</i>	<i>Energy - consumption MJ/8 oz</i>	<i>Emissions kg CO2</i>	<i>Recycle rate % e/8 oz</i>
Glass bottle & metal cap	1:1	83.9	3.36	0.29	34
Plastic PET bottle	10:1	9.6	3.00	0.18	29
Aluminum can stand-up flexible pouch	21:1	4.7	0.99	0.08	58

Source: Eco-friendly Flexible Packaging-Sustainable Packaging Solutions, www.glenroy.com/about/green-packaging

The useful effects the green marketing has on environmental sustainability could be improved also by using new communication approaches. A case that throws some light upon this issue is showed in Box 5.6.

Box 5.6. Sustainability communication for improvement of environmental sustainability

Consumers are demanding more sustainable products and more information about these products to make informed purchasing decisions. More and more companies are responding to this demand by diversifying the communication approaches, sustainability communication at the Point of Purchase (POP). Some innovations in POP sustainability communication are linking product and sustainability performance, simplifying sustainability communication at POP, engaging customers to reduce impact and assuring sustainability claims.

Timberland, a US-based manufacturer, marketer and retailer of footwear and apparel, uses the approach of assuring sustainability claims. The company focuses on communicating information about its strategic performance areas identified by a board committee and through external stakeholders' engagement for POP sustainability communication to succeed, as study prepared by Stratos Inc., Ontario, for Industry Canada reveals. This approach has in view to align sustainability communication with corporate strategic performance and associated objectives such as climate change, chemical and resource consumption. To achieve such objectives, Timberland uses a "nutritional label" printed on product boxes to communicate about:

- *impact on climate i.e. use of solar, wind, and water energy to power factories;
- *percentage of footwear that uses alternatives to PVC plastics that are leading sources of persistent toxic pollution;
- *total use of renewable, organic and recycled materials;
- *number of trees planted by the company in each year.

Source: Green Marketing Gets Real. The WHY, the WHAT and the HOW of Sustainability Communication at Point of Purchase, www.ic.gc.ca/eic/site/csr-rse.nsf/eng/b-rs00573.html

5.4.2.2 Effects of Improved Environmental Performance on Economic Performance of the Company

Cost saving is an important contribution to enhance economic performance. Reduced material, energy and water consumption, greater productivity, diminished waste, spills and environmental liabilities induce less damage on environment and at the same time avoid costs. Improved environmental performance could be followed by market gains. These benefits could be increased market share, of the green products value and higher product contribution margins.

5.4.3 Effects of Green Marketing on Social Performance of the Business

Green marketing enhances the social system within which the company operates. The local community, social national or even the international system become better on the following dimensions: employment, community relations, ethical sourcing and social impact of the product.

Green marketing enhances the employment policy. A better employment policy should be analyzed in the context of the Green Human Resources. Green HR refers to using every employee touch point to promote green practices and increase employee awareness and commitments on the issues of greenness. By doing so, the company creates and improves green workforce that can understand and appreciate the green culture in an organization. These objectives can be achieved by working on all functional components of the Green Human Resources Management: green recruitment, green training and development, green compensation and green employee relations (Shoeb, 2015, pp.5-8).

~Green recruitment. Attracting high-quality staff becomes successful when business gains reputation as a green marketer and employer. New entrants should be familiar with a company's green culture and can maintain its environment values. Recruiting candidates with green bend of mind makes it easy for companies to induct professionals who are aware of green processes and are already familiar with basics like recycling, conservation and creating a more logical world.

~Green training and development educate employees, train them in working methods that conserve energy, reduce waste, diffuse environmental awareness within the company and provide opportunity to engage employees aware of different aspects and value of green marketing.

~Green compensation. Rewards and compensations are the most powerful methods which link together individual's interest to that of the company's. Incentives rewards can influence employees' attention at work and motivate them to exert maximum effort on their part to achieve green company's goals. In the

context of green marketing, rewards and compensations can be assumed as potential tools for supporting environmental activities in business.

~Green employee relations. Positive employee relations are an intangible and enduring asset and a source of competitive advantage for any company. Employees' participation in green initiatives aligns employees' goals, capabilities, motivations and perceptions with green practices. Involving employees in green marketing initiatives improve resource usage, reduce waste and pollution. Individual empowerment positively influences productivity and performance and facilitates self-control, individual thinking and problem-solving skills.

Green marketing improves relations with the community. The improvement of company's relations within the community it works should be analyzed in the context of the Corporate Social Responsibility (CSR) and business ethics. They better answer to the increasing demand for more socially responsible and ethical business practices. Green marketing helps company become socially responsible. That means to provide better products, improve working conditions and contribute to the community. Implementing CSR initiatives in business is a great way to maximize company's green marketing efforts and leverage its performance (Swati, Burbure and Pansare, 2015, p. 2).

Green marketing improves ethical sourcing. Ethical sourcing focuses on conducting sourcing activities at the highest possible standards of responsible, eco, sustainable and socially aware business practice (<https://cips.org/Documents/About.CIPS/News/ten-tips.pdf>). Responsibility extends beyond the act of sourcing goods and services. It also includes the process of evaluating and engaging with a supply market through to managing relationships with suppliers. Green marketing is socially, environmentally and economically responsible thus its practices support the processes of sourcing in the most ethical way as in example from Box 5. 7.

Green marketing enhances the social impact of the products. The social impact is viewed in relation to an area of protection which is the human well-being. The impacts of the green products on human well-being are assessed with the stakeholders and/or impact categories affected (Petersen, 2013, p. 15). As stakeholders are workers, local community, society, consumers and value chain are actors. Each stakeholder is associated with several subcategories such as child labor, fair salary, health and safety, local employment, cultural heritage and corruption. The impact categories are human rights, working conditions, health and safety, cultural heritage, governance and socio-economic repercussions.

Box 5.7. Ethical Sourcing Practices

Starbucks has developed and uses Coffee and Farmer Equity (C.A.F.E.) Practices and Cocoa Practices to ensure a long-term supply of high quality, ethically sourced coffee and cocoa. CAFÉ Practices and Cocoa Practices include comprehensive criteria for social responsibility, economic accountability and environmentally sound cultivation and processing practices. CAFÉ Practices operate on a points system with points awarded for compliance with individual indicators, 185 indicators in the last version 3.3. Starbucks claims 99% ethically sourced coffee.

Source: Ten tips and principles for ethical sourcing in supplier management, https://cips.org/Documents/About_CIPS/News/ten-tips.pdf.

Green marketing enhances consumer satisfaction and relationships. Customer satisfaction is an outcome and a process. As an outcome, consumer satisfaction means satisfying the end state resulting from the consumption experience. As a process, consumer satisfaction is the perceptual evaluative and psychological process that contributes to satisfaction. Satisfaction leads to attitudinal loyalty that could be the intention of purchase. Loyalty is the future behavior commitment to purchase a green product or service. Therefore, customer satisfaction and loyalty involve a positive attitude towards the product or service of the company, followed by favorable behavior that leads to buying it and recommending it to others. Green marketing mix has a significant effect on consumers' satisfaction and loyalty (Sivesan et al, 2013, p.53). Green consumer satisfaction emerges when customer sensed that consumption fulfilled some need, goal, desire about environmental or green concerns and that this fulfillment was pleasurable. That is when the outcome of the consumption that needs performance meets or exceeds the green needs of the customer's requirements and environmental regulations and sustainable expectations of the society. Green customer's loyalty appears when the consumer wants to maintain a relation with a business which is involved in environmental or green concerns and committed to re-buy or re-patronize consistently a preferable product in the future.

Every component of the green marketing mix can induce consumer satisfaction, but product quality and corporate image seem to have the bigger contribution (Chang and Fang, 2010, pp.2838-2839). Green product quality is the result of performance which in turn can be labeled as the degree of customization and freedom from defects or how reliable the product met customer requirements. Green product quality also includes product features, design and package that are

involved in energy saving, pollution prevention, waste recycling and being environmental friendly. High green product quality could gain greater acceptance from customers as well as lead to satisfaction of retailers and wholesalers. Maintaining good green product quality will provide satisfaction to consumers and further generate customer loyalty. Companies should satisfy the environmental needs of customers and further customers loyalty as well as a competitive advantage. Green corporate image is a perception developed from the interaction among business personnel, customers and community that are linked to environmental, social and sustainable commitments and concerns. The green image of the business not only satisfies customer's environmental and health desires but can also increase their sales and enhance their competitive advantage.

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