A complex and integrated strategic tool, "true" green marketing has moved beyond the simple ecological posturing of 20 years ago.
implications? Green marketing is a complex tool that must be integrated across all organizational areas and activities if it is to be successfully implemented and achieve long-term benefits. Failure to develop an integrated approach will increase the probability that a firm’s activities will not match consumers’ expectations. The actions taken will be ineffective, both from a business and an environmental perspective.

WHY GO GREEN?

Environnental activities are rarely incorporated into overall corporate evaluative criteria. Moreover, many firms use traditional business measures (profits, ROI, market share, and so on) to evaluate the success of green initiatives, although some do go green for more altruistic reasons. Few companies realize that being green gives them a strategic opportunity.

Understanding corporate motivations and pressures for greening is essential, because it shapes how green marketing is implemented throughout all organizational activities. Firms taking a strategic environmental approach see change as an opportunity to develop innovative need-satisfying products and technologies that result in a competitive advantage, rather than seeing change as a constraint requiring modifications to past actions. Toyota has established an “eco-technologies” division not only to comply with existing regulations but also to use such pressure to shape corporate direction, such as developing next-generation hybrid electric-combustion automobiles.

"Toyota has established an 'eco-technologies' division not only to comply with existing regulations but also to use such pressure to shape corporate direction, such as developing next-generation hybrid electric-combustion automobiles."

Some examples of internal pressures to green activities include:

• Cost. Greening can result in greater resource efficiency and financial savings—less input is used and less waste or pollution is produced. Dow invested $250,000 in capturing part of a waste stream at one plant for reuse in another part of the plant, saving $2.4 million a year.

• Philosophy. When firms view environmental objectives on the same level as other corporate objectives, the green issues are incorporated into the firm’s strategy and then integrated into its tactical activities. Maurice Blackmore, the founder of Blackmores, the Australian nutritional supplement and healthcare product firm, made environmental issues a core focus of his company’s activities in 1967—long before it was fashionable to do so. As he stated:

> If man persists in ignoring or defying the recycling laws of Nature he will not avoid pollution, malnutrition, or starvation... Nature does not know how to handle pollution or preserve the balance of nature in the face of it. (Blackmores 1999)

LEVELS OF GREEN MARKETING

In the field of green marketing, a number of catch phrases have been used, all of which have to do with satisfying corporate objectives and consumer needs while ensuring that the world is not made worse off. The ramifications of such an approach are substantial and require that firms think globally about their activities, minimizing environmentally harmful activities in all countries in which they operate.

Managers may ask, “How can we achieve organizational and consumer objectives in more environmentally responsible ways?” In true green marketing, environmental issues become an overriding strategic corporate focus rather than simply one strategic action. Strategic greening, then, often requires a change in corporate mindset as well as in corporate behavior (tactics).

Menon and Menon (1997) suggest that green marketing activities can occur at three levels in the firm: strategic, quasi-strategic, and tactical. In strategic greening, there is a substantial fundamental change in corporate philosophy, such as
When considering green marketing, many people tend to focus incorrectly on specific individual activities, such as promoting green product characteristics or designing less ecologically harmful products. Although these activities are tactically important and necessary to the overall success of a greening program, green marketing is a holistic, integrated approach that continually reevaluates how firms can achieve corporate objectives and meet consumer needs while minimizing long-term ecological harm. Few firms, for example, have truly integrated the eco-mindset into conducting marketing audits. This makes it difficult to evaluate the overall success of programs (environmentally or based on financial performance) because the specific green activity is limited to one or two functional areas and is not imbued in the overall corporate activity or philosophy.

Green marketing now involves a diverse range of issues that have evolved since its initial conception in the early 1970s. Extensive information is available on such strategic activities and tactics, including targeting, pricing, design, positioning, logistics, marketing waste, promotion, and green alliances.

**Targeting**

Consumers often encourage firms to develop green products, such as dolphin-free tuna or energy-efficient light bulbs. Although there are many ecologically minded consumers, firms would generally be ill-advised to develop products targeting them solely. Substantial numbers of consumers claim to be “green,” says Ottman (1998), but it is unclear to what extent they are willing to purchase goods based solely on environmental grounds. They may expect green goods to be competitively priced and perform the same as others, thus using a product’s greenness to differentiate two relatively equal goods. When the Kyocera Ecosys laser printer was first introduced, it was promoted as a “green” printer. This focus was later shifted to emphasize product quality as well as its being more eco-friendly and costing less to operate than competitors. Kyocera broadened its initial green appeal to a bigger cross-section of the market.

New technologies, however, may allow firms to better target existing green consumer segments. The Internet allows ecologically minded firms to target green consumers globally without developing extensive distribution networks. The Ecomall (www.ecomall.com/biz/) is a good example. It promotes a diverse range of environmentally oriented firms, with company listings under 68 different product categories ranging from air purification to wood products. In this way, firms using the Net may now be able to target green consumers more effectively.

**Green Design/New Product Development**

Ashley (1993) suggests that 70 percent of a product’s environmental harm is designed into the product and the associated production processes. So firms need to incorporate environmental attributes into products and processes at the initial stages of new product development (NPD) along with other issues, such as quality. They can then use life-cycle analysis to evaluate a product’s ecological impact for each production stage. This allows them to identify alternative methods of designing or producing goods, consequently
opening up new, untapped industries and markets while cutting production costs.

Designing less harmful “traditional” products is an integrated and complex process, requiring innovative designs. Hoover’s New Wave washing machines were designed with a revamped water-injection system to use less water and be easily disassembled for easier repair and recycling. Individual components were also designed to be less harmful. While some of these eco-changes were relatively minor, others required substantial engineering changes, thus demonstrating the importance of incorporating environmental issues into the early phases of NPD.

As part of this process, a fundamental question needs to be asked: Can new processes be developed to satisfy consumers’ needs? In fact, consumers may not have to buy goods if they can purchase the use of the need-satisfying capacity instead. This entails rethinking the firm’s activities, with a shift in focus from selling physical products to selling their performance (their need-satisfying capacities). It also has the potential to actually increase a firm’s return on investment. However, such shifts require change on the part of consumers as well as the firm, because consumers must realize that their needs can still be satisfied without having to actually “buy products.” Bringing about company and consumer changes at the same time may be a difficult task, especially for firms that are making major changes.

Green Positioning

Green positioning is a question that needs to be asked early in an organization’s development. In other words, what are the underlying environmental values and behaviors of the firm and its products? Truly green marketers demonstrate strategic greening by ensuring that all activities and behaviors thoroughly incorporate environmental values into decision-making processes. Environmental criteria should be considered as important as financial criteria. Such firms are rare, although several do attempt to adopt such a position, such as The Body Shop and Blackmores.

The performance of any company taking this stance must match its rhetoric and consumer expectations. All corporate activities must support this projected image, or the firm will be “punished” by disillusioned consumers and the media. This consideration is important, because positioning is where many firms misuse tactical greening. Though possibly providing some limited benefit, tactics will be insufficient for positioning a company as green over the long term.

Changing corporate actions associated with positioning may be hard, especially when some environmental aspects are beyond the firm’s control. What happens, say, if an ecologically responsible raw material disappears? The firm must either produce that input, find an acceptable alternative, stop making the related product(s), or opt for the next best alternative. Unfortunately, the practicalities of most situations would mean opting for the next best environmental alternative, at least in the short term. So the question then becomes: How will consumers react to a move away from the firm’s stated “environmental focus”?

Deviations from stated corporate eco-values frequently generate extensive negative publicity, usually resulting in lost consumer confidence. It often seems that firms promoting themselves as environmentally responsible are held to a higher standard than others lacking the same eco-values. As a result, some firms undertake strategic greening activities without using these changes for positioning purposes. S.C. Johnson, which markets a wide range of cleaning products, has a strong environmental ethos and has won numerous green awards, but it does not feature these extensively in positioning itself or its products.

Green Pricing

While green products are often “priced” higher than traditional goods, this does not always mean they cost more, especially when one considers all associated costs. Often, green goods have higher initial out-of-pocket expenses but lower long-term costs. Long-life compact fluorescent light bulbs are much less expensive than traditional ones during their lifetime. Unfortunately, their relatively longer payback period and higher up front costs discourage their use, making it difficult for many consumers to think of light bulbs as an investment warranting life-cycle costing.

In some cases, it may be easier to demonstrate cost savings for less harmful alternatives, such as Kyocera’s Ecosys laser printer mentioned earlier. The Ecosys is competitively priced and uses less energy and toner than other comparable printers, so it is cheaper than traditional products in both the long and short terms, a benefit that can easily be demonstrated to consumers.

Less harmful products may also cost more (out-of-pocket) in both the short and long terms with no additional financial return. This may be because traditional (non-eco-friendly) products do not incorporate all environmental costs associated with their production—in other words, society subsidizes ecological externalities, such as air and water pollution and toxic cleanup. On the other hand, less harmful products are not subsidized by society, so consumers of these goods must cover all associated costs.

Higher out-of-pocket prices for green goods are problematic, with consumers generally willing
to pay only a small premium for them while expecting them to perform just as well as other goods. Equal performance is not always possible, however, because altering the product composition changes its performance, presenting a potential challenge for marketers who will need to change what customers define as acceptable.

**Greening Logistics**

Distribution is a typical concern, and one of the first functions targeted to minimize environmental costs. Firms have sought to reduce raw material use by modifying packaging, which can directly and indirectly lower distribution costs as well. Some concentrated laundry detergents now come in smaller packages, weigh less than regular ones (requiring less fuel to ship), and use less energy and raw material for equal cleaning performance.

Integrated transportation systems, the Internet, and other initiatives have further reduced the environmental impact of distribution activities by requiring fewer transport modes. However, the most complex advances in distribution are in the area of reverse logistics, whereby firms move packaging and “used” goods from the consumer back up the distribution channel to the firm. This innovation was partly motivated in the early 1990s by Germany’s new first-phase regulations requiring firms to take back waste. The second phase of these regulations went further, requiring firms to take back unwanted products as well.

Reverse logistics need not be simply a legislated activity that places costs on companies; it can also be a flow of inputs to production as well as a flow of “goods,” allowing firms to turn “returned” goods into major cash flows. Xerox markets reprocessed copiers as well as reprocessing parts from these machines to repair other machines. Staff at Fuji Xerox Australia suggest that remanufacturing has generated returns of around tens of millions of dollars. Reverse logistics, then, is not a cost by definition; it is an opportunity to generate more corporate revenue.

Integrated reverse logistics, however, does require extensive corporate commitment in terms of strategic focus, as well as additional financial and human resources. Giuntini and Andel (1995) suggest the six Rs for firms to consider when developing reverse logistics strategies and processes: recognition, recovery, review, renewal, removal, and reengineering (see Figure 1).

Green logistics can thus be seen as a complex, integrated strategic activity that provides unique opportunities for companies. A firm’s commitment and its position in the value chain may determine its ability to undertake activities that develop less environmentally harmful logistics. If it does not have the ability or motivation, it may choose to rely on marketing waste.

### Marketing Waste

Although closely related, marketing waste nevertheless differs from reverse logistics. Firms might have products that they cannot repurpose, or materials that are not traditionally seen as having value. This view must change, because waste is a product of company activities and, like all products made, can add value. At the most basic level, firms can develop internal processes that seek to either reduce waste, which improves efficiency, or reprocess their own waste for internal use, thus reducing the use of other inputs.

Reduction is not always possible, and in some cases technology is not adequate to enable waste products to be reprocessed for original use. At present, recycled plastic drink containers cannot be used in virgin containers because of health issues. In other cases, new markets are developed for waste products, which might even involve waste suppliers being customers for the processed waste. Some U.S. wineries pay to have their post-production waste collected and then buy back the processed material as fertilizer. Alternatively, waste products may be used as inputs into other production processes or as completely new products, such as marketing compost as a natural pesticide product.

While marketing waste is potentially an important activity, it rarely requires radical shifts in corporate philosophy, so it is not necessarily strategic greening. Because it involves trying to deal with existing waste more effectively (end-of-pipe solutions) rather than cut the production of waste in the first place, the “mental” shift needed for the firm to deal with the situation is much less than a case of true strategic greening.

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<thead>
<tr>
<th>Figure 1</th>
<th>The Six Rs of Facilitating Reverse Logistics</th>
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<tr>
<td><strong>Recognition</strong></td>
<td>Monitor goods so that they flow through the reverse logistics process.</td>
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<tr>
<td><strong>Recovery</strong></td>
<td>Collect goods for reprocessing.</td>
</tr>
<tr>
<td><strong>Review</strong></td>
<td>Test materials to evaluate whether they meet appropriate reprocessing standards or can be disassembled for parts or disposal.</td>
</tr>
<tr>
<td><strong>Renewal</strong></td>
<td>Remanufacture the product to its original standards or claim appropriate parts for reuse.</td>
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<tr>
<td><strong>Removal</strong></td>
<td>Dispose of materials that cannot be remanufactured and market the remanufactured goods to new or existing customers.</td>
</tr>
<tr>
<td><strong>Reengineering</strong></td>
<td>Evaluate existing goods for better design.</td>
</tr>
</tbody>
</table>

*Source: Giuntini and Andel (1995)*
Green Promotion

One of the most difficult questions to address is: What environmental information should be communicated and how should it be communicated? A primary issue is that there must be something worthwhile to talk about. A good deal of environmental promotion has been labeled "greenwash," having little if any real ecological meaning. This type of superficial tactical greening is no longer appropriate and both consumers and regulators are unwilling to accept it. Communicating substantive environmental information is a more appropriate approach to take, but requires real activity changes to be meaningful.

Before embarking on environmental promotion, the firm must consider what consumers perceive environmental information to be, and whether they actually understand what is being communicated. The EPA has suggested that such information needs to educate consumers and enable them to make more effective decisions, rather than using greenwashing merely for tactically opportunistic reasons. But although this seems reasonable, is it really the marketer's domain? Could giving consumers more information result in data overload?

As suggested earlier, many firms realize that green promotion alone is becoming less effective, so they are shifting to promoting ecological attributes in addition to more traditional ones. It is questionable, for example, whether environmental sponsorships and cause-related marketing programs will be effective, especially if they are seen as unrelated to a firm's core marketing activities or products. Thus, all green promotional activities need to be carefully evaluated to ensure that the firm is not criticized for greenwashing.

In fact, there is some debate as to whether green appeals actually work in changing consumers' preferences at all, or how their effectiveness may vary across consumer groups. Schulwerk and Lefkoff-Hagius (1995) found that environmentally oriented consumers were not influenced by green claims, whereas others were. This might relate to differences in consumers' eco-knowledge and understanding. It may also be that consumer skepticism and cynicism toward green claims generally limits the benefit of green promotion, especially tactical activities that are promoted as strategic greening.

Green promotion needs to communicate substantive environmental information to consumers that has meaningful links to corporate activities. As such, it is unlikely to be an effective strategic tool unless it is supported by other corporate activities. Thus, promoting some real environmental attribute of a product or firm requires a change in the product, process, or corporate focus (integration with other activities). Such changes do not have to be strategic in nature. Environmental communication can be used to communicate tactical activities, such as relevant environmental sponsorships or minor product modifications. The goals of such activities need to be clear and the firm must be careful not to overclaim. Otherwise, consumers may perceive these activities as greenwash and ignore the promotion or even punish the firm by boycotting products or complaining to regulators.

Green Alliances

It may not be clear whether a firm has all the necessary expertise to implement complex green marketing tactics and strategies. Therefore, as seen in the extensive green alliance research, environmental groups can be a valuable source in helping the firm understand the issues, develop appropriate solutions, and implement associated strategies and tactics. In short, green alliance partners can assist firms in implementing the activities we have discussed.

However, green alliances do not come without potential problems, including different or conflicting objectives. It is unrealistic to expect green groups to simply "toe the corporate line," since their value is not only their expertise but their independent image as well. Any problems arising from the alliance not only decrease the firm's benefits but also tarnish its image and harm its ability to achieve long-term objectives. Green groups may also be hesitant to work with firms seeking only to achieve tactical eco-outcomes, unless in doing so the group believes its own long-term interests are also considered.

Thus, although green alliances may be an effective way to achieve green marketing outcomes, they may take more time and effort to develop than traditional firm-to-firm alliances and require information to be shared in a way contrary to usual practices. As such, the firm may need to shift its strategic thinking, as well as its environmental thinking, to achieve the effective outcomes.

IMPLICATIONS FOR GREEN MARKETING

Just like any integrated marketing communication approach, green marketing must involve extensive coordination across functional areas to be effective. The level of greening—strategic, quasi-strategic, or tactical—dictates exactly what activities should be undertaken. Strategic greening in one area may or may not be leveraged effectively in others. A firm could make substantial changes in production processes but opt not to leverage them by positioning itself as an environmental leader. So although strategic greening is not necessarily strate-
gically integrated into all marketing activities, it is nevertheless strategic in the product area.

Alternatively, tactical greening in promotions might involve minimal, if any, greening of other areas; rather, it might be used simply to exploit a short-term opportunity. A company might simply choose to sponsor a local environmental program without modifying its other activities. This may seem to be an "effective" strategy from a broader business perspective, but not necessarily from a green marketing perspective, especially if the firm is seeking to achieve sustainable broader objectives. If consumers are skeptical of its motives, this opportunistic sponsorship could actually backfire. The publicity generated could even make consumers more critical of the firm's other, less eco-friendly activities.

The overriding implication is that the firm needs to ensure that green marketing activities are integrated holistically, especially if they are used in positioning or promotional activities. That way it does not overemphasize corporate actions, with unanticipated negative consequences. However, it is not necessary for the firm to actively promote all green marketing activities. This may seem to be ignoring opportunities from a strategic perspective, but careful evaluation of overall corporate activities might identify that such opportunities are illusory—not all of them support the same environmental focus—and may help avoid potential problems.

Figure 2 presents a number of examples to illustrate how tactical, quasi-strategic, and strategic green marketing activities might be under-

<table>
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<th>Figure 2</th>
<th>Green Marketing Activities at the Three Levels</th>
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<tr>
<td><strong>Tactical Greening</strong></td>
<td><strong>Quasi-strategic Greening</strong></td>
</tr>
<tr>
<td><strong>Targeting</strong></td>
<td>Ads mentioning green features are run in green-focused media.</td>
</tr>
<tr>
<td><strong>Green Design/NPD</strong></td>
<td>A firm switches from one raw material supplier to another with more eco-friendly processes.</td>
</tr>
<tr>
<td><strong>Green Positioning</strong></td>
<td>A mining company runs a PR campaign to highlight its green aspects and practices.</td>
</tr>
<tr>
<td><strong>Green Pricing</strong></td>
<td>Cost savings due to existing energy-efficiency features are highlighted for a product.</td>
</tr>
<tr>
<td><strong>Green Logistics</strong></td>
<td>A firm changes to a more concentrated detergent, which reduces package size and weight and lowers shipping costs.</td>
</tr>
<tr>
<td><strong>Marketing Waste</strong></td>
<td>A firm improves the efficiency of its manufacturing process, which lowers its waste output.</td>
</tr>
<tr>
<td><strong>Green Promotion</strong></td>
<td>An oil company runs a PR campaign to highlight its green practices in order to counter an oil spill getting bad press coverage.</td>
</tr>
<tr>
<td><strong>Green Alliances</strong></td>
<td>A company funds a competition (one-off basis) run by an environmental group to heighten community awareness on storm water quality issues.</td>
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</table>
Tactical actions typically involve limited change taken in each of the functional marketing areas. Quasi-strategic actions normally require more substantive changes in marketing activities, as well as broad-based coordination among several nonmarketing activities. Strategic greening requires a holistic approach, with all actions of the firm coordinated to integrate environmental issues across all functional areas.

The need for a holistic approach cannot be overemphasized, considering the frequent problems associated with nonintegrated green marketing. Hefty spent vast sums developing and marketing "biodegradable" garbage bags (a quasi-strategic action), but although the claims were technically true, on closer inspection it was soon discovered that landfill conditions would not allow decomposition to occur. The result was an extensive public backlash against this product and other Hefty products. Several states actually sued Hefty for misleading advertising. The problem was not that Hefty had "lied," but that it had exaggerated its claims. It had not considered the full impact of engaging in a quasi-strategic activity. Environmental changes alone, it seems, are not sufficient without effective implementation.

A key opportunity that can arise from engaging in green marketing is to create a new playing field with few, if any, competitors. In going green, a firm can generally do several things: lower costs, differentiate itself, or revitalize itself. There are several fundamentals for creating a competitive advantage, and going green could present a three-for-one opportunity.

First, greening production processes often results in improved resource efficiencies, thus lowering the firm’s cost structure and improving its competitive position. Second, going green enables the firm to differentiate itself by offering new products in new markets and/or offering additional benefits for current products; this may improve its value proposition to the customer and allow it to tap into new customer segments, enhance customer loyalty, and raise profitability—in other words, improve its relative position in the marketplace. Third, the firm can treat the process as an opportunity for corporate self-renewal. However, minimal efforts, especially empty ones seen as greenwashing, are apt to fail and may even put the firm at a competitive disadvantage in the market.

To realize these strategic benefits requires an innovative firm with the will to question the very basis of what and how it operates. Innovative companies choosing to adopt a strategic environmental marketing focus need to continually re-evaluate and improve their overall performance. This is necessary because knowledge and acceptable environmental practices are continually changing. With strategic green marketing, there is no room for complacency. Such a focus requires extensive commitment of resources and top-management support, which may be difficult to maintain, especially in times of broader turbulence in the business environment.

Hearty’s overzealous tactical green promotion overshadowed its well-meaning green marketing activities, resulting in financial loss and lowered corporate credibility. Its case highlights the complex nature of the environmental issues associated with green marketing, a nature that requires a firm to progress with green marketing implementation only after it has carefully considered all potential ramifications in a holistic, integrated fashion. This clearly typifies Peattie’s view that green activities, in and of themselves, do not make a company environmentally oriented. The loss of consumer confidence in Hearty could well have been predicted.

Real, lasting, eco-strategic change happens from within. The firm incorporates input from external stimuli, and may even be motivated to act by external events. But to be effective at a strategic level, it must internalize concern for the environment as part of the corporate modus operandi. This is crucial, and requires a long-term view. Failure to internalize that mindset across all functional areas will most likely result in lost consumer confidence and firms turning away from greening activities.

Companies expecting short-term results may be less committed to making the necessary process and organizational adjustments needed to achieve substantive change. Thus, they will be less likely to maintain a strategic approach to green marketing. Like any worthwhile strategic corporate activity requiring a change in corporate thinking, green marketing takes time, commitment, and resources before meaningful results are achieved.

Corporate environmentalism is an imperative for business, and companies that go green should have a first-mover advantage over those that do not—although it is a continuous rather than a one-time process of renewal that improves a firm’s environmental and financial performance. To this end, companies may wish to consider adopting the enviropreneurial approach to marketing, “blending environmental concerns with marketing strategy in search of innovations and opportunities” (Peattie 1999b). By seeing these new situations as opportunities, firms can strive to maximize them and provide improved competitive advantage at the expense of competitors that either overlook such opportunities or view them as threats.
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