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Green marketing: What does the future hold?

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ABSTRACT

The marketing of green goods is associated with a number of challenges that are related to consumer, business and regulatory processes and barriers. In focusing on consumers, this chapter identifies four critical issues that need to be addressed: 1) getting people to pay for the environment; 2) changing how people think about the environment; 3) communicating complex environmental information; and 4) bringing about changes in the behaviour of consumers. There are also a number of business issues that need to be considered and these too are also briefly addressed. In over-viewing these challenges a number of avenues for regulator action are identified, as well as opportunities for future research. Both can assist marketers in bringing about more responsible consumer and business behaviour.
Introduction

The chapters in this book show that green marketing is being explored from a multitude of perspectives. Many marketers and organisations are looking at green marketing as a mechanism for creating value; however, not all take the same view in regard to defining value or from whose perspective value is accrued. Increasingly, eminent scholars are calling for sustainability to be integrated into what most would define as traditional marketing (e.g. Kotler 2011; Hult 2011). Unfortunately, most of the research into green issues does not take a transformational perspective that examines how marketing can create value for consumers, the organisation and possibly most importantly the environment (Polonsky forthcoming). Rather many researchers focus on ‘leveraging’ environmental issues for corporate profit, often associated with positioning or targeting strategies (Crane 2000). In these approaches there is a desire to exploit the environmental interests of consumers, but not necessarily change the fundamental nature of consumption and exchange, which could be argued is at the root of the world’s environmental problems (Varey 2010).

Future research into green marketing needs, therefore, to examine some very difficult issues, such as how can we satisfy the wants of 6.5 billion consumers in a sustainable way? This will require changes at the consumer, organisational and policy levels. One of the most fundamental questions is: how can we better integrate the true environmental costs into consumers and businesses decision making, while facilitating value?

In public debates over the environment there is frequent comment that assigning a dollar value to the environment will raise costs, which will risk economic growth, employment and quality of life. The arguments hardly ever focus on the fact that these measures almost completely exclude the impacts on the natural environment. This possibly arises because existing measures of economic wellbeing have no meaningful environmental value. This could be linked to the fact that some marketers promote improvements in society’s quality of life based on material consumption. There are of course alternative measures of wellbeing that focus on broader human factors (life expectancy literacy, etc.); although even these tend to be short or medium term in nature and fail to take a systems approach whereby value is measured over hundreds of years and includes the natural environment.

Marketing is anthropocentric, where humans are seen as the centre of the system and the environment is a resource to be exploited – rather than where the environment is central and mankind is a guest on mother earth (Kilbourne, Beckmann & Thelen 2002). This means that consumers and marketers focus on human value to almost the exclusion of all else. For example, cigarettes don’t get banned because of the economic flows they generate, even though some would argue that the health costs outweigh any economic benefits.

Given that we let other humans consume in a way that harms themselves rather than harming economic growth, is it any wonder that marketers cannot strive to
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protect the environment unless there are human defined financial incentives for doing so? Of course it is possible that consumers, firms and governments will realise that some environmental actions are illogical or even socially evil. For example, abhorrent practices such as slavery were outlawed; although this shift in behaviour took several hundred years and the practice is still an issue in some developing countries.

The question of where green marketing is going next revolves around a range of consumer, business and policy issues. Within the next sections the focus will be on four pressing consumer-focused issues for marketers dealing with environmental issues. One section will also outline some of the business issues, but unfortunately within the confines of this chapter it is not possible to extensively address all business issues. This chapter does not attempt to explicitly look at the policy issues, but some clear links to policy are identified within the consumer and business domain. Each section also identifies what are the green marketing research opportunities that can be pursued and thus assist marketing academics in contributing to positive transformational change.

Challenge 1: How do we get consumers to pay for the environment?

Researchers have extensively examined what can be done to change consumer behaviour. Authors have looked at issues of whether environmental orientation, awareness or knowledge makes consumers behave more responsibly (Diamantopoulos et al. 2003). The results are equivocal, with some finding that even when concern influences one environmentally-related behaviour, it does not impact other types of environmentally related behaviours (Thøgersen 2004).

Classic economics suggests that price is a good motivator for behavioural change. Around the world the increase in petrol (i.e. gas) prices has seen green and non-green consumers modify their behaviours, for instance, increasing their use of public transportation, utilising share car schemes or purchasing hybrids (Mills 2008). Thus, costs do trigger action and therefore a carbon tax that increases the prices to consumers should then trigger changes in behaviour. Unfortunately, governments frequently seek to minimise the impact of carbon on consumer prices and thus minimise any potential positive change associated with increased costs.

The increased costs of course also serve to stimulate investments, with consumers and businesses searching for new opportunities that limit the impact of new costs or create alternatives (Rosen 2001). For example, the advancements in hybrid car technology have been partly driven by the fact that there needs to be transportation alternatives as petrol prices rise. The increased consumer demand for these more responsible goods has a flow-on effect. Greater demand enables production economies of scale to arise, making newer technologies less expensive, which further triggers increases in demand. Yet all these changes are really dependent on the initial price triggers that result in the increase in demand for less harmful alternatives (i.e. less demand for harmful options). In the case of
petrol, we are running out of oil, so there is a supply and demand driven price increase; whereas in other contexts, the impending shortages are further off in the future.

In regard to research directions there are, of course, opportunities to look at how consumers respond to alternative prices, rather than simply voluntary environmental options (MacKerron et al. 2009). However, I believe that the method by which prices are communicated to consumers requires examination. We tend to focus on acquisition price when in reality almost all goods have longer-term environmental costs associated with use and disposal, as well as lifecycle costs associated with good's production. Thus, understanding how consumers will respond to alternatives that capture environmental meaning is an important research opportunity.

**Challenge 2: How do we make consumers care for or value the environment?**

There is extensive research suggesting that some consumers are more environmentally oriented or concerned than others (Diamantopoulos et al. 2003). For example, there are consumer segments called 'voluntary simplifiers' who choose to limit their market-based consumption (McDonald et al. 2006). The question is, what are the underlying reasons that these differences arise? Some authors have argued that there may be cultural factors that explain the differences; others suggest it comes down to how consumers perceive the dominant social paradigm that they operate within (Kilbourne et al. 2009). I propose that these differences may unfortunately be hardwired into how consumers understand their role in the natural world. That is, consumers have an anthropocentric view that means they perceive the world and its resources as something to be exploited, rather than interacted with. The result is that consumers do not think about themselves as part of the natural system (Polonsky forthcoming).

The fact that the environmental impacts occur over the long term also means that marketers need to shift consumers away from focusing on short-term impacts or perspectives. This might explain why consumers respond to changing prices (i.e. a short-term shock resulting in them modifying their behaviour) rather than thinking about how their needs will have to be met in the future. The classic dictum 'penny wise and dollar foolish' suggests that consumers focus on the short-term acquisition costs rather than the longer-term ownership costs. As such, without some recognisable trigger of long-term effects (such as lifecycle pricing), consumers may be less likely to think about the longer-term outcomes of their consumption.

In terms of research, there are opportunities to better understand what it is that drives consumer understanding of environmental impacts of consumption and how this can be changed. If understanding and attitudes are based on the level of knowledge of consumers, are there ways to better inform them? This is discussed more below. Of course there are numerous examples of when consumers know
purchases have negative consequences and still participate in these negative behaviours, for example, taking-up smoking or delaying giving it up (Walsh et al. 2010). Are inherent personality characteristics drivers of action and inaction? If this is the case, then regulatory policy actions might be required to bring about involuntary change. For example, governments outlawed the use of asbestos and there were no mass consumer complaints, even though in some instances this meant changing products. In another example, the Australian government set a date to phase out incandescent light bulbs because of their negative environmental impact; there was negligible consumer response, even though long-life alternatives were substantially more expensive at the time (Houri & El Khoury 2010). Thus, research could even explore consumer responses to regulatory change mandating behaviour modification as compared to voluntary action.

**Challenge 3: How do we communicate complex environmental information?**

Marketers have long been interested in the communication of information and how this impacts behaviour. Such research has been extensively explored in the environmental area in regard to alternative green advertising appeals and labelling (Leonidou et al. 2011). However, within the environmental area, there is the fundamental problem associated with identifying the agreed state of knowledge (i.e. what causes global warming, how bad is it and what do we need to do to prevent the negative consequences). As such, how do marketers and policy makers know exactly what environmental information should be communicated to consumers, let alone whether consumers will understand it or respond appropriately (Polonsky, Carma & Grau forthcoming)?

The issue of communicating information relates to whether we focus on the narrow specifics of how the information is disseminated or the broader issue of what types of information should be reported. Traditional advertising perspectives frequently focus on the framing of messages, rather than focusing on the complexity of the information delivered. Any environmental marketing communication needs to broaden the discussion beyond carbon issues to include environmental issues such as land salinity, ocean acidity, biodiversity and overpopulation (just to name a few). Thus, further research is needed to understand how to communicate this complex information in a way that consumers will understand and will influence behaviour. This will be made even more complicated if different countries or labelling schemes adopt different sets of communication standards, as already appears to be the case in regard to carbon offsets (Kollmuss, Zink & Polycaro 2008).

Within the communication area there is extensive opportunity for future research, ranging from evaluating alternative labelling approaches (D’Souza et al. 2007) to communicating the dimensionality of environmental issues (i.e. multi-dimensional environmental labels similar to nutritional labels). The issue of framing could also be examined, that is, how messages about the environmental are communicated and whether they are gain-focused or loss-focused (Obermiller
The previous sections have identified other communication related issues, such as how does one better communicate the interconnection between man and the environment? That is, addressing the anthropocentric perspective that causes many of the environmental problems. Marketers could also promote alternative methods of ‘want’ satisfaction, shifting away from ownership which has already been explored to a lesser extent in research on de-marketing (Wall 2005). Of course all messages could also target different types of motivations, personality characteristics or demographics (D’Souza et al. 2007), thus enabling a range of mediating or moderating factors to be integrated in this area of research.

Challenge 4: What changes in behaviour will consumers accept?

The question of changing behaviour is difficult. Social marketing looks extensively at bringing about positive behaviour change and thus could be used to encourage consumers to modify behaviour to be less environmentally harmful. However, classical psychology theory suggests that consumers are sometimes reluctant to change behaviour, even when innovations are improvements on existing options (Bagozzi & Lee 1999). For example, in the early literature on recycling it was suggested that lowering costs of behaviour change makes change easier (Bagozzi & Dabholkar 1994). In marketing, we frequently talk about the role of switching costs as a way of locking-in a given behaviour. How do we reduce switching costs (Burnham, Frels & Mahajan 2003) to make behaviour change easier? In some of the examples discussed previously, these changes were mandated by governments, but the required changes to behaviours were minimal. For example, buying and installing one type of light bulb is an identical process to another, even though long-life bulbs cost more to acquire.

From a marketing perspective the question is: how do we bring about more substantial behaviour changes that involve greater costs, for example, getting consumers to switch from owning a car to joining a car sharing scheme? There is a loss of convenience and independence that might be too high for many consumers. However, there have been some attempts to de-market certain goods and behaviours (Wall 2005), like using less water or energy. Unfortunately, in some instances the goods that are presently available make behaviour change harder. For example, ‘sleep modes’ on electric goods are designed to make their use more convenient, but when the energy used to power this convenience is aggregated across all goods it has a substantial energy impact. Changing to alternatives is also harder simply because the infrastructure to support these alternative products is not yet readily available, such as recharge facilities for electric cars (Byrne & Polonsky 2001). Thus, some opposition to behaving responsibly arises because of a perceived loss of convenience.

Another issue associated with behaviour change is that we acquire goods for more than their functional abilities; they are an extension of one’s self and one’s identity (Belk 1988). This creates a huge environmental drain as we frequently purchase additional goods not because our old goods have lost functional abilities, but because they are out of date, out of fashion or don’t conform to our evolving...
identity (or social norms). Think of all the clothing that gets produced simply to be consistent with the season’s style or colours. In other instances we want the newest technology, even when we may or may not use the added functionality i.e. there are few 3D television shows, but some consumers still want 3D capable televisions. And of course there is limited discussion of what happens to the remaining functionally associated with discarded goods. In the case of some products, such as clothing, it has been suggested that capturing this value has massive environmental savings because less raw materials and clothing would be produced (Woolridge et al. 2006).

Rather than have goods reflect positive associations with one’s image can we shift society to a state where ownership (or behaviour) for some goods is seen negatively? This is especially important when there is a significant link between a product and one’s identity. For example, owing a car is seen as providing independence and success (i.e. people choose to use public transportation even though they do not have to). However, can we promote that leasing a car or simply having access to a car also carries positive identity associations.

Extensive opportunities exist to research drivers of consumer change, ways to overcome barriers to change and how self identify can better integrate positive environmental behaviour. Public policy might be significant (Wall 2005), for example within the smoking domain, restricting the places where one can smoke, increasing taxes raise the costs and reduces the convenience of consumption (Walsh et al. 2010). The warnings and graphic images on packages might be designed to make smoking be perceived as a negative product (i.e. negative identity), even to the smoker. There may environmental regulatory policies that can achieve similar outcomes? For example in Singapore there is a tax for driving into the city and the cost of a car’s registration is linked to its age (as older cars are less fuel efficient), so that older cars are more expensive (Seik 2000). However, changing the role on identity might be harder, where there is not necessarily the same link to negative outcomes.

**Challenge 5: The business context**

Whist this paper has focused primarily on consumer marketing, it should be noted that environmental business marketing is potentially more important, especially when focusing on environmental impacts. The majority of marketing occurs through business markets and thus, based on sheer volume, it has a greater environmental impact than consumer consumption. There has already been some work on environmental purchasing in organisations (Drumwright 1994) and managerial orientation to environmental issues and how this impacts on organisational behaviour (Porter & Reinhardt 2007). Integrating environmental factors in this phase of the marketing process is essential as managers’ planning decisions will affect the environmental impacts of goods as well as other product characteristics.

After all, marketers and organisational decision makers are individual consumers in their own right. As such, the individual problems identified above will
influence how managers make business decisions (Duarte 2010). This, in turn, suggests that researchers could explore all the same individual issues in the context of organisation decision making. Some issues will potentially be less silent. For example, business decision making tends to take a longer-term perspective and thus might better integrate environmental costs into decision making because organisations frequently consider the payback period or return on investment of investments. One might ask why it is that consumers cannot do the same thing and take a longer-term perspective. Further research could look at whether managers make better consumer decisions simply because they are used to assessing purchases differently.

An examination of the broader decision-making processes within organisations is another possible research opportunity; this also has links to consumer issues. How do organisational units integrate environmental costs into decision-making models (Polonsky, Miles & Landreth Grau 2011)? If they rely solely on financial measures then they will overlook environmental impacts which cannot be easily translated into dollar values. Of course this means that businesses have a way of valuing the environment, and that this can be communicated across functional departments associated with operations and staff who may or may not have varying input into decision making.

Marketers promote a range of organisational strategies that might have negative environmental consequences, and these could be considered in research and strategy. For example, much of the research on bottom-of-the-pyramid marketing focuses on tapping the needs of poorer consumers. Yet do these strategies create increased environmental harm within the wider exchange system? Simply providing for the needs of the less advantaged is not necessarily less environmentally harmful. In fact, if these consumers have fewer opportunities to recycle or dispose of waste, targeting them with smaller quantities of goods be might increasing environmental harm. Of course innovations such as fair trade do ideally seek to positively impact the overall quality of life of disadvantaged producers, although in some instances even this is debated (Valkila 2009).

How do we get firms to reshape their business models to focus on value creation or value acquisition rather than goods acquisition (van der Zwan & Bhamra 2003)? This possibly requires new models where firms become more integrated and specialised. For example, logistics firms manage the process more efficiently and less environmentally harmfully than if each firm managed its own process. In some instances the changes are, however, more significant, and firms have to think about creating and transferring value in a less environmentally harmful way. One might argue that the shift in theoretical perspectives to service dominate logic will facilitate this, as it recognises the importance of co-creation, relying to service exchanges that are not necessarily grounded solely on goods manufacture and transfer (Maase & Dorst 2007). This will be a new challenge and will create opportunities for a range of innovative research into why some firms are better able to identify and address these new environmental realities than others.
Organisational performance and environmental issues is yet another avenue for research. However, rather than take the narrow financial perspective, studies need to look at environmental benefits and how these translates into performance (Hart & Ahuja 1996), rather than simply looking at 'purported' environmentalism (i.e. investments or promoted environmental activities) and financial performance. In this way broader measures of organisational performance are linked to actual environmental changes, but this does require new measures of performance that integrate the environment and financial success into a single metric, which does not exist at present.

Conclusions

Environmental marketing is here to stay and creates a range of strategic and research opportunities. One might anticipate that marketers who are usually considered to be more creative and innovative would be well positioned to address changes and be leaders in shaping consumer and business change. The difficulty is how to bring about these innovations so they will create value in a way that consumers and managers understand. Unfortunately, dollars have no environmental value, but are at present critical measures of organisational success and consumer value (Polonsky forthcoming). Thus, new ways of defining value that integrate the environment are needed.

No one likes change, especially changes that are discontinuous, that is, movement away from excising actions. However, marketers are well positioned to identify and provide solutions to business and consumer opportunities, of which addressing environmental issues will continue to be one of the most pressing. Marketers can make positive changes in regard to creating value that integrates environmental issues (Kotler 2011). We, the marketers, are actively involved in the value creation process and also critical facilitators of behaviour change. Thus we need to embed environmental issues as part of the fundamental structure of marketing and not simply consider it as an add-on feature or niche segment to be targeted. To do this we need to seek to integrate these macro-issues within traditional strategy decisions, broadening what we define as marketing to include restructuring consumption, value creation and how markets operate (Polonsky forthcoming).

This chapter and the book more generally, potentially raises more questions than it answers. What is clear from the material is that industry and academics are taking a range of approaches to consider environmental issues within marketing. Hopefully these will serve as stimulus for further innovations and investigations. We need to become part of the solution not drivers of the problem.

References


