

## Green marketing

The competitive advantage of sustainability



Environmental sustainability is not simply a matter of compliance or risk management. Business is increasingly recognising the many competitive advantages and business opportunities to be gained from eco-sustainability and green marketing.

World-wide evidence indicates people are concerned about the environment and are changing their behaviour accordingly. As a result there is a growing market for sustainable and socially responsible products and services. The types of businesses that exist, the products they produce and their approaches to marketing are changing.

***GREEN MARKETING INVOLVES DEVELOPING AND PROMOTING PRODUCTS AND SERVICES THAT SATISFY YOUR CUSTOMERS' WANTS AND NEEDS FOR QUALITY, PERFORMANCE, AFFORDABLE PRICING AND CONVENIENCE WITHOUT HAVING A DETRIMENTAL IMPACT ON THE ENVIRONMENT.***

People generally want to do the right thing, so the challenge and opportunity for the green marketer is to make it easy for people to do so. When all else is equal – quality, price, performance and availability – environmental benefit will most likely tip the balance in favour of a product.

The marketing industry can 'walk the talk' and become the new corporate champions of the environment. Successful green marketers will reap the rewards of healthy profits and improved shareholder value, as well as help make the world a better place in the future.



## Benefits of green marketing

Green marketing offers business bottom line incentives and top line growth possibilities.

While modification of business or production processes may involve start-up costs, it will save money in the long term. For example the cost of installing solar energy is an investment in future energy cost savings.

Companies that develop new and improved products and services with environmental impacts in mind give themselves access to new markets, substantially increase profits and enjoy competitive advantages over those marketing non-environmentally responsible alternatives.



Socially Responsible Investment (SRI) in Australia is no longer a niche investment. Potential investors increasingly look to companies to demonstrate their social and environmental responsibility as well as traditional financial objectives and outcomes. Competitive businesses with an eye to emerging market forces address their triple bottom line performance. For example, to support its aim of being a sustainable business, The Body Shop produces a social and environmental performance report, 'The New Bottom Line', every two years.

## The four Ps of green marketing

Like conventional marketers, green marketers must address the 'four Ps' in innovative ways.

### Product

Entrepreneurs wanting to exploit emerging green markets will either:

- identify customers' environmental needs and develop products to address these needs; or
- develop environmentally responsible products to have less impact than competitors.

The increasingly wide variety of products on the market that support sustainable development and are good for the triple bottom line include:

- Products made from recycled goods, such as Quik'N Tuff housing materials made from recycled broccoli boxes.
- Products that can be recycled or reused.

- Efficient products, which save water, energy or gasoline, save money and reduce environmental impact. Queensland's only waterless printer, Printpoint, reduces operating costs by using less water than conventional printers and is able to pass the savings on to customers.
- Products with environmentally responsible packaging. McDonalds, for example, changed their packaging from polystyrene clamshells to paper.
- Products with green labels, as long as they offer substantiation.
- Organic products — many consumers are prepared to pay a premium for organic products, which offer promise of quality. Organic butchers, for example, promote the added qualities such as taste and tenderness.
- A service that rents or loans products — such as toy libraries.
- Certified products, which meet or exceed environmentally responsible criteria.

Whatever the product or service, it is vital to ensure that products meet or exceed the quality expectations of customers and are thoroughly tested.

*Quik'N Tuff recycle goods for building materials*



### **Price**

Pricing is a critical element of the marketing mix. Most customers will only be prepared to pay a premium if there is a perception of additional product value.

This value may be improved performance, function, design, visual appeal or taste. Environmental benefits are usually an added bonus but will often be the deciding factor between products of equal value and quality.

Environmentally responsible products, however, are often less expensive when product life cycle costs are taken into consideration. For example fuel-efficient vehicles, water-efficient printing and non-hazardous products.

### **Place**

The choice of where and when to make a product available will have significant impact on the customers you attract.

Very few customers will go out of their way to buy green products merely for the sake of it. Marketers looking to successfully introduce new green products should, in most cases, position them broadly in the market place so they are not just appealing to a small green niche market.

The location must also be consistent with the image you want to project and allow you to project your own image rather than being dominated or compromised by the image of the venue.



The location must differentiate you from your competitors. This can be achieved by in-store promotions and visually appealing displays or using recycled materials to emphasise the environmental and other benefits.

### **Promotion**

Promoting products and services to target markets includes paid advertising, public relations, sales promotions, direct marketing and on-site promotions.

Smart green marketers will be able to reinforce environmental credibility by using sustainable marketing and communications tools and practices. For example, many companies in the financial industry are providing electronic statements by email, e-marketing is rapidly replacing more traditional marketing methods, and printed materials can be produced

using recycled materials and efficient processes, such as waterless printing.

Retailers, for example, are recognising the value of alliances with other companies, environmental groups and research organisations when promoting their environmental commitment. To reduce the use of plastic bags and promote their green commitment, some retailers sell shopping bags, for example those produced by Landcare Australia, Clean Up Australia and Planet Ark, under the banner of the Go Green Environment Fund.

The key to successful green marketing is credibility. Never overstate environmental claims or establish unrealistic expectations, and communicate simply and through sources that people trust.

Promote your green credentials and achievements. Publicise stories of the company's and employees' green initiatives. Enter environmental awards programs to profile environmental credentials to customers and stakeholders.



*Waterless printing reduces costs*








## Who is the green consumer?

To take advantage of the emerging green market, it is important to understand who green consumers are and the factors influencing their purchasing decisions and behaviour.

Attributes of environmentally conscious consumers:	Implications for green marketers:
Will most likely be well-educated, young adult women who have more money to spend.	<p>Target products to women who generally buy on behalf of men and families.</p> <p>Use the influence of children to encourage parents to try green products. They are the green consumers of the future and are generally knowledgeable about environmental issues thanks to school and community education programs.</p> <p>Offer samples and incentives to try products.</p>
Will expect green products to function as effectively as non-green products and won't pay much extra or sacrifice quality for greener products.	Effectively communicate assurances of quality – for example quality of performance, look, feel, fit, comfort, durability, etc.
Will not buy green products on the basis of environmental benefits alone. Product choice is still based on whether it meets their basic want or need. Environmental features are added selling points.	Link environmental attributes such as energy efficiency or toxic substance reduction with other benefits such as lower price, convenience or quality of life improvements.
Will be more likely to respond to product attributes that will personally benefit them.	Emphasise personal benefits by using terms such as 'safe', 'non-toxic', 'cost effective' rather than more generalised green messages such as 'biodegradable' or 'ozone friendly'.
Will tolerate only minimal inconvenience in using green products and don't want to have to go out of their way to buy them.	Make using the product simple – for example, minimise or eliminate refilling bottles.
	Select mainstream distributors where possible.
	Offer one-stop shopping and eye-appealing displays.
Will be analytical, eager to learn, and can be cynical about corporate claims for green product unless they have independent verification.	Reinforce product benefits with evidence of corporate environmental performance and improvements.
	Educate consumers about environmental issues and your efforts through a variety of means.
	Provide credible environmental endorsements.
	Use labels, in compliance with government labelling guidelines, to convey precise, detailed information about your product and its packaging.
Will not expect companies to have perfect green credentials, but will look for a commitment to improve and evidence backed by facts.	Communicate your steps towards sustainability and commitment to improvement.
	Seek feedback and promote your efforts to respond to customer concerns.

### For more information

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