Green Marketing: A Marketing Framework of 'STP' Towards Eco-Advantage

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Abstract:
The evolution of marketing philosophy has undergone many changes in the field of marketing strategies with addressing different issues related to 'environmental or sustainability marketing seeking to achieve business competitiveness over a period of time (Ottman, J.A. 1998, Ginsberg and Bloom's 2004, Orsato, R.J. 2006, Ottman, J.A. et al, 2006). As abases for formulating & implementing Green/Sustainability Marketing Strategy, It is clear that marketing strategy comprises of its key elements such as 'STP' i.e. segmentation, Targeting and positioning applied for formulating marketing strategies) and marketing mix (for implementing the marketing strategies) which enables firms to achieve competitive position as eco-advantage in their target business environment (Rex, E., & Baumann, H. 2007, Kotler et al., 2009, Kotler & Armstrong 2010, Ramaswamy & Namakumary, 2013).

Herein, first we are going to discuss about what are the key ingredients of formulation and implementation of green marketing strategies as STP’ i.e. segmentation, Targeting and positioning and further, we will focus on how firms enabled to achieve eco-advantage by churning of the classical concept of marketing i.e. STP.

Keywords: Green Marketing, Green Marketing Strategy, STP, Differentiation, Eco-advantage

Introduction

“In the very near future, no company will be positioned for industry leadership and sustained profitability without factoring environmental issues into its strategy” (Esty & Winston, p. 284, 2009).

The 21st century witnessed with growing consumers awareness on environmental concern and enhanced level of their wants and desires towards sustainable and eco-friendly products, changed the game of businesses in the changing paradigm of business and environment. Now, developing economies like BRIC countries also started putting environmental issues into their business models with the global environmental movement.

With this view, environmental/sustainability issues in marketing practices were examined by a variety of scholars in order to keeping the balance between businesses and environment in order to meet the unlimited needs and wants of stakeholders with minimum impact of natural environment popularly known as "Green Marketing" and "Environmental Marketing" evolved as environmental sustainability paradigm in marketing domain (Charter 1992, Coddington 1993, Pride and Ferrell 1993, Polonsky 1994, Peattie 1995, Ottman 1998, Fuller 1999, Polonsky and Rosenberger 2001, Ottman, J.A. et al, 2006, Blez and Peattie, 2010).

Moreover, several management gurus accentuated on environmental issues with industry competitiveness that greening can act as


Methodology:

From the part of methodology, herein, the conventional approach of marketing strategy i.e. 'STP' + 'Marketing Mix' applied with green marketing practices (ecological/sustainability issues related to marketing practices) to develop a marketing framework aimed to achieve eco-advantage in the changing paradigm of business and environment which has been examined by a variety of scholars based on some previous literatures related to green marketing and competitive strategies.

Therefore, such a framework, first needsto understand the concept of classical marketing strategy via STP and marketing mix approach with ecological / sustainability issues related to marketing practices in the direction of green marketing and thus, it requires examining green marketing strategy in the mainstream of competitiveness as a drive of eco-advantage aims to achieve sustainability in competitive business environment.

A Framework For Green Marketing Strategy('stp'+ Marketing Mix):

As a conventional marketing framework 'STP' are the key elements of formulating marketing strategies. On the other hand, marketing mix or marketing activities are key ingredients of implementing the marketing strategies which enables firms to achieve competitive advantage (Rex, E., & Baumann, H. 2007, Kotler et al., 2009, Kotler & Armstrong 2010, Ramaswamy & Namakumary, 2013).

In a real market situation all customers cannot be treated as alike because customers radically differ in what they wants and how they want which is found due to disparity in their buying behaviour as customers rank products differently and select those which is better, infers how much they will pay for the product (Ghemawat, 2009). Such nature of customer disparities create the avenue of market differentiation treated as a key concept of marketing i.e. 'Segmentation' (come up with the key term of market segmentation and targeting the segment and finally positioning it via marketing key activities i.e. marketing mix). Therefore it (segmentation) provides firms a marketing foundation to develop marketing programme and activities at preliminary level in order to reach out the target market.

Green Consumer Segmentation:

Market segmentation typically refers to the process of segmenting a heterogeneous market into homogenous distinctive segments or subsets of customers that have similar needs, wants and demands and similar buying pattern as well. Several authors exercised with 'socio-demographic' and 'psychographic' bases to distinguish consumer groups in green marketing practices (Robert D. and A. Roberts 1999, Laroche, et al, 2001, Chitra, K. 2007.). For instance, the 'LOHAS' refers to lifestyles of health and sustainability one of the good example of green consumer segment based on U.S. psychographic segmentation. These consumers are focused on health, the environment, social justice, personal development, and sustainable living, and the future of society. Further Ottman (p. 29, 2011) suggested
four bases of sub segment among green consumers characterized by specific issues and causes these are; resource conservers, health fanatic, animal lover and, outdoor enthusiastic.

**Targeting Green Consumer:**

Basically targeting involves a decision of selection which segment or segments to be addressed based on market attractiveness and firm's distinctive capabilities i.e. strategic capabilities to satisfy the needs of the segment. For example the 'LOHAS' groups are inclined to prefer eco-friendly products, and they are willing to pay more to obtain them and this group is not confined to the United States; 'LOHAS' is gaining interest in Japan, Southeast Asia, and Europe (Dahlstrom, R., 2011, p. 99). Moreover, emerging new technologies, allow firms to better target existing green consumer segments in order to meet their needs (Polonsky and Rosenberger, 2001). For e.g. Internet based technology enables brick and click, and/or pure click firms such as Amazon, flipkart target green consumers globally without developing extensive distribution networks via one to one digital marketing approach.

**Green Positioning (Eco-label/Eco-Branding via green marketing mix):**

Once the selection of green target market, firm establishes a positioning strategy- placing the distinctive image in consumer's mind in the target segment mostly done by green promotion and advertising. This is done by carefully designing the marketing mix-product, place, price and promotion which are key ingredients for 'implementing marketing strategy' for e.g. The Body shop (U K), Himalaya, (India) in cosmetics market, they are much more efficient in implementing green or sustainability marketing strategy in each marketing activities and positioned themselves as eco-labeled and eco-branded (Singh and Jaiswal, 2015). Similarly, BP has repositioned itself as an energy branded company, preparing to move “beyond petroleum” and investing in renewable energy (Esty and Winston, p. 11, 2009).

With the ecological perspective, Peattie, K., & Charter, M. (2003) proposed four ‘S’ criteria of marketing mix for green marketing success these are - Satisfaction, Safety, Social acceptability and, Sustainability considering with conventional marketing mix. Thus from the perspective of implementing successfully green marketing strategy, Ginsberg and Bloom (2004) proposed the bases for selecting the green market in terms of the relative size of the green market in the industry i.e. firm's return or profitability and capacity to differentiate the marketing activities adopting with 'four P's via Lean green strategy, Defensive green strategy, Shaded green strategy and Extreme green strategy aiming to achieve eco-advantage based on greenness (Porter's differentiation strategy). On the other hand, Peattie, K., & Belz, F. M. (2010) pioneered four Cs of sustainability marketing-mix- Customer solution, Customer cost, Convenience and Communication as 'Sustainability marketing' positioning in contrast to traditional marketing mix approach.

**Green Marketing Strategy And Eco-advantage:**

*Smart companies seize competitive advantage through strategic management of environmental challenges* (Esty and Winston, p. 3, 2009).

How firms to achieve Eco-Advantage? To address this strategic issue needs to understand firstly: How do companies weave competitive advantage in general? With this competitive issue Porter (1985) described how a firm can gain competitive advantage by selling products or services with the lowest cost in its industry through resource productivity in the form of capable use of such resources i.e. land, labor and capital. On the other hand, a firm can approach differentiation strategies to create distinctive features for its offerings. Thus, differentiation (Product) has been always a central theme of marketing domain (Ghemawat, p.77, 2009).

Herein, these above strategic issues related to
environmental marketing has been primarily addressed through Harvard Business School 'Professor Michael Porter's three generic strategies seeking to achieve eco-advantage in the form of environmental cost advantage and differentiation advantage (Greenness). These are - 1. Environmental costs leadership, 2 Differentiation advantage (Greenness) and 3 Green Focus Strategy via environmental niches.

**Environmental costs advantage:**

With respect to environmental competitiveness, classical strategic gurus like Porter and Linde (1995), Hart, S. L. (1995) stressed on natural-resource-based view and argued on the important issue of relationship between environmental protection and industry competitiveness through innovation including both product innovation and process innovation as well as mediating role of environmental regulations aimed to achieve environmental cost advantage. On the other hand such strategy, treated as both waste reduction and resource productivity via 'Eco-Efficiency' which translates directly into Eco-Advantages win-win' environmental advantage (Orsato, R. J.2006, Esty and Winston, 2009) similar with Porter's productivity approach to low cost leadership to gain competitiveness.

Moreover, Digital technologies have opened the new avenues towards eco-efficiency opportunities beyond the firm's physical premises through coming together buyers and sellers online. Therefore, a variety of waste exchange websites facilitate companies to find prospects and customers for their industrial byproducts (Esty and Winston, 2009).

Therefore, firms could enjoy their competitive poisons as eco-cost advantage through such approach of using clean technology as innovative product and processes at each level of designing green value chain by utilizing eco friendly logistics and distribution channel system to achieve environmental costs leadership (Polonsky and Rosenberger 2001, Peattie & Charter 2003, Esty and Winston, 2009, Ghemawat, 2009).

**Green differentiation advantage:**

Porter (1985) suggested that a firm can approach differentiation strategies to create distinctive features for its offerings. For instance, the product design and manufacturing activities that influence product characteristics such as quality, performance, features, and aesthetics (differentiation) can directly affect willingness to pay and subsequently add value and profitability (Ghemawat, p. 77. 2009). With the point of competitive green marketing, Ginsberg and Bloom's (2004) proposed green marketing strategy matrix in which firms enable to differentiate their marketing activities over “greenness” to achieve environmental differentiation advantage.

Moreover, Orsato, R. J. (2006) examined 'eco-branding' as environmental differentiation for e.g. 'The Body Shop', 'Himalaya' that is difficult to imitate by competitors. Therefore, environmental promotional campaigns of eco-labeling and eco-branding have been treated by many firms as a source of eco-advantage via green positioning (Polonsky and Rosenberger 2001, Peattie & Charter 2003, Ginsberg and Bloom's 2004, Orsato, R. J. 2006). Similarly, BP has rebranded itself as an energy company, preparing to move “beyond petroleum” and investing in renewable energy (Esty and Winston, p.11, 2009).

**Green Focus Strategy:**

Green focus strategy serve as tactical level of green marketing in the form of niches that concentrates on a narrow target segment seeking to achieve short run green competitive position within the industry through pursuing either green cost focus or green differentiation focus. In this regard, Peattie & Charter (2003) suggested niche opportunities for short term greener products such as phosphate free detergent and organic food, like in India- herbal and ayurvedics products of Himalaya, Patanjali etc. aimed to achieve eco-performance.


Discussion:

The present paper holds a discourse of conventional marketing framework of 'STP' towards eco-advantage via environmental competitive strategy, it is clear that green or sustainability marketing has opened the new avenues for competitive advantage based on greenness, subsequently many firms approached environmental issues in their marketing activities due to environmental regulation and stakeholder pressures with the mainstream of competitiveness in the global business environment (Polonsky and Rosenberger, 2001, Ginsberg and Bloom, 2004, Ottman, J.A. et al., 2006, Esty & Winston, 2009, Ottman, J. A., 2011, Kumar, et al., 2013). Thus, differentiation (Product) rather than process has been always a central theme of marketing domain (Ghemawat, p.77, 2009).

On the other hand previous literatures on environmental marketing witnessed that many environmental products failed due to narrow vision on customer benefits and environmental costs over greenness because customers cannot compromise with the core benefits: Price, quality and convenience (Ottman, J.A. et al, 2006) and therefore, always green should be the third button to push successful green marketing with the traditional selling points—price, quality, or performance seeking to enjoy eco-advantage (Esty and Winston, 2009).

However, developing such marketing framework is not easy due to complexity in describing consumer environmental segmentation because of having disparities in their wants and difficult to assess their buying pattern as well in terms of purchase intention and actual purchase behavior for ecological or green products (Laroche, et al, 2001, Chitra, K. 2007). Such nature of customer disparities creates the avenue of market differentiation treated as bases for 'Segmentation' (Ghemawat, 2009) and subsequently determine a road map as 'STP' to develop marketing programme and activities in order to reach out the target market.

Moreover, it is also difficult to quantify customers want which is more subjective component and rapidly changing in their taste and preferences requires a wider range of marketing research techniques such as surveys, attribute ratings, conjoint analysis and so forth(Ghemawat, 2009).

References:


