

Green Marketing- Financial Services: An Overview

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Abstract

The awareness among consumers towards various environmental problems led a change in consumer attitudes towards a green lifestyle. People are actively trying to reduce their impact on the environment. But, this is not widespread and is still evolving. Business organizations realized this change in consumer attitudes and are trying to gain an edge in the competitive market by exploiting the potential in the green market industry. In the modern era of globalization, it has become a challenge to keep the consumers in fold and even keep our natural environment safe and that is the biggest need of the time. Green marketing is a phenomenon which has developed particular importance in the modern market and has emerged as an important concept in India as in other parts of the developing and developed world, and is seen as an important strategy of facilitating sustainable development. By coordination financial services with green marketing business organizations can get profits and protect environmental resources. In this research paper, the focus is on green marketing and how the green marketing can coincide with financial services to protect environment. For this Data has collected from multiple sources of evidence, in addition to books, journals, and websites and news papers. It explores the main issues in adoption of green marketing practices.

Keywords: Green Marketing, Environment, Traditional Marketing, Consumer, Financial services.

Introduction: The concept of green marketing concerns with protection of ecological environment. Growth in marketing activities resulted into rapid economic growth, mass production with the use of advanced technology, use of unhealthy marketing tactics and techniques to attract customers, exaggeration in advertising, liberalization and globalization, creation of multinational companies, retailing and distribution by giant MNCs, etc., created many problems. Departmental stores, specialty stores, and shopping malls are flooded with useful as well as useless products. These all factors have threatened welfare of people and ecological balance as well. Particularly, giant factories have become the source of different pollutions. Production, consumption and disposal of many products affect environment adversely. Excessive pollution has provoked the Nature and the Nature starts behaving in unnatural ways in form of global warming, draught, and other natural calamities like frequent earthquakes and tsunami, cyclones, epidemics, and so forth. Economic growth via production and consumption threatens peaceful life of human being on the earth. Green marketing is an attempt to protect consumer welfare and environment through production, consumption, and disposal of eco-friendly products. Collective cry all over the world to protect the planet earth has become louder and louder and have invited green movements all over the world. Moreover, Consumers have become environment conscious and have started demanding green products. The green and sustainable trend has emerged due to pressure on companies from various corners, which includes consumers, shareholders, employees, partners, governments and media exposure, to embrace more sustainable and green practices. Concern for environment has considerably grown in India in recent years too. Companies and

Business houses are now waking up to modify their behavior in order to address some of the environmental concerns faced by today's consumers. As a result, manufacturing firms started producing products favorable to environmental concerns. They have come a long way from simply being a business friendly to consumer friendly" and environmental friendly. India has been undergoing with the rapid urbanization and fast economic development. The numbers of motorized vehicles have grown faster than the 2 number of people in Indian mega and metro cities. Furthermore, Indian automotive industry is well poised for domestic market as well as for export market economically and demographically. Number of factors including rising prosperity, increase of working age population and easy access of finance are main reasons which have stimulated the growth of private vehicles and will continue to do so in near future.

Definitions of Green Marketing: Green Marketing is the marketing of products that are presumed to be environmentally safe.

The American Marketing Association defines Green Marketing as "the marketing of products that are presumed to be environmentally safe for the consumers". It includes a wide range of activities, viz. product modification, changes in the production processes, modification of the advertising messages, changes in the packaging of the products, etc.

Queensland Government EPA defines Green Marketing "as one that involves developing and promoting products and services, which the customer desires, for quality, performance, affordability, and convenience, without having a detrimental effect on the environment." Pride and Ferrell (1993) Green marketing, also alternatively known as environmental marketing and sustainable marketing, refers it as "an organization's efforts at designing, promoting, pricing and distributing products that will not harm the environment

Evolution of Green Marketing: Green Marketing is a new paradigm shift in societal marketing. A new philosophy called Marketing was emerged in 1960 where customer is the king and buys the satisfaction of a want .All the companies had started putting their efforts on identifying the needs and want of customer and had produced goods and services according to the requirement and satisfying them forgetting whether these are socially good or not. Social interest was considered as a part of marketing along with corporate profit and customer satisfaction during 1970 and the era was called social marketing era. Although, social interests were taken into consideration, the hunger of getting quick money, beat the competition, winning the market have overpowered everything and all types of tactics were applied with the nature resulting in serious consequences like pollution, acid rain, hole in ozone layer, deforestation, greenhouse gases etc. Global Warming has become a serious issue. Government and the Supreme Court of India have come forward to implement the rules and regulations by the companies to produce environment friendly products. Consumers have also started demanding products which are environmental friendly. As a result, Companies have come a long way from being „business friendly to becoming consumer friendly to environmental friendly. In the beginning of 21st century, companies 41 have started realizing the benefit of practicing green marketing strategy and manufacturing green products and the Evolution of Green Marketing practices has started. The green marketing has evolved over a period of time. According to Peattie (2001), the evolution of green marketing is seen to have taken place in three phases and the phases are 1. Ecological Green Marketing - All marketing activities were concerned to help environment problem and provide solutions for the problem. 2. Environmental Green Marketing - Environmental Green Marketing focused on

clean technology and green products which take care of pollution and waste. 3. Sustainable Green Marketing - It emphasized on progress towards greater sustainability. The focus has been to achieve the triple bottom line through creating, producing and delivering sustainable products or services with a theme meeting the needs of the present without compromising the ability of future generations to meet their own needs". Products / Services need to have higher net sustainable value while satisfying the customers and other stakeholders.

Characteristics Of Green Products: The green products by following measures: 1. Products those are originally grown. 2. Products those are recyclable, reusable and biodegradable. 3. Products with natural ingredients. 4. Products containing recycled contents and non toxic chemical. 5. Products contents under approved chemicals. 6. Products that do not harm or pollute the environment. 7. Products that will not be tested on animals. 8. Products that have eco-friendly packaging i.e. reusable, refillable containers etc.

Benefits of Green Marketing: Green Marketing has been accepted and adopted by many firms worldwide although in India it is still in nascent stage. Green Marketing has several positive influences on many stakeholders in the economy. The following are benefits of Green Marketing.

1. Environment Benefits Green marketing practice will have substantial impact and influence on climate change and minimize the pollution. Green Marketing practices will reduce the usage of fossil fuel will have positive influence on environment.

2. Economic Benefits many green products are costlier as compared to the economies of scale as per the current market situation. As more and more green products and services are sold and in turn fewer toxic products are sold, the overall economy is slowly transformed into sustainable and environment friendly earth leading to green economy.

3. Sustainable World One of the most important benefits of practicing green marketing is to create a sustainable world. Sooner or later, we would leave with nothing if we do not stop consuming the world's resources, polluting the earth and fuelling global warming and destroying the earth's eco-system. It is also our Nation's responsibility to seek and maintain growth and development in a sustainable way. Otherwise, we all will face a beyond repair horrible situation very soon.

4. Low Cost Green Marketing help to bring down the cost by using less energy, reducing the waste or diverting waste from the landfills and incinerators through recycling and by reducing consumption or reusing.

5. Consumer Benefits People who live in a household that is cleaned and maintained with natural materials are at a far lower risk of becoming sick as a result of exposure to toxins. Consumers are attracted towards Green Products because of the value they provide.

6. Company gets Benefits like green marketing as an opportunity to exploit and gain a competitive advantage over rival firms that market non-environmental friendly responsible alternatives.

7. Business – to- business customers have also become green savvy and demand the supply of green materials and products includes ISO 14000 certification. Pressures from all these

sources have made companies embarking upon green marketing proactively to capitalize the increasing demand for green products and growing green consumer sentiments.

8. **Social Responsibility** Many firms have realized that they are members of the large community and it is their moral and social responsibility to conduct their business in environmental friendly manner. They set their environmental objectives as well as profit objectives.

Barriers of Green buying Behavior: The following are major barriers to practice Green Marketing.

1. Lack of awareness among consumers regarding reducing greenhouse will have a positive effect on environment. Companies need to educate the consumers regarding the environment, and produce green products such that the product mix will satisfy the consumers.

2. Negative Perceptions makes green products suffer the issue of reputation.

3. Consumers today doubt the quality associated with a green product. Even they doubt whether products claimed as green are actually green product or not.

4 High Price is the largest barrier to Green Marketing.

5 Low Availability Sometimes it may happen that, consumers want Green Product but not easily available.

Green marketing Practices in India: The practice of green marketing is being followed by the given companies below.

1. **Green Products** In India Wipro Info tech was India's first company to launch environment friendly computer peripherals. Samsung, was the first to launch eco friendly mobile handsets (made of renewable materials) – W510 and F268- in India.
2. **Oil and Natural Gas Corporation Ltd. (ONGC)**, India's largest oil company, has introduced energy efficient Mokshada Green Crematorium, which saves 60% to 70% of wood and a fourth of the burning time per cremation.
3. **Reva**, India's very-own Bangalore based company was the first in the world to commercially release an electric car.
4. **Honda India** introduced its Civic Hybrid car.
5. **ITC** has introduced Paper Kraft, a premium range of eco-friendly business paper.
6. **Indus land Bank** installed the country's first solar-powered ATM and thus brought about an eco-savvy change in the Indian banking sector.
7. **Suzlon Energy** manufactures and markets wind turbines, which provide an alternative source of energy based on wind power. This green initiative taken by the company is extremely important for reducing the carbon footprint.

Ways to Go Green: 1. Unplug when not in use. 2. Use less water, every drop counts. 3. Switch to compact fluorescent light bulbs. 4. Choose products with less packaging. 5. Buy organic and local food. 6. Drive less that saves fuel. 7. Walk more. 8. Recycle more. 9. Switch to green power, use non conventional energy like solar power etc. 10. Spread the word about green, live green, stay green.

Green Marketing- Challenges: The major challenges which Green marketing have to be faced are: 1. New Concept-Indian literate and urban consumer is getting more aware about the merits of Green products. But it is still a new concept for the masses. The consumer needs to be educated and made aware of the environmental threats. The new green movements need to reach the masses and that will take a lot of time and effort. 2. Cost Factor- Green marketing involves marketing of green products/services, green technology, green power/energy for which a lot of money has to be spent on R&D programmes for their development and subsequent promotional programs which ultimately may lead to increased costs. 3. Convincing customers-The customers may not believe in the firm's strategy of Green marketing, the firm therefore should ensure that they undertake all possible measures to convince the customer about their green product, the best possible option is by implementing Eco-labeling schemes. Sometimes the customers may also not be willing to pay the extra price for the products. 4. Sustainability- Initially the profits are very low since renewable and recyclable products and green technologies are more expensive. Green marketing will be successful only in long run. Hence the business needs to plan for long term rather than short term strategy and prepare for the same, at the same time it should avoid falling into lure of unethical practices to make profits in short term. 5. Non Cooperation- The firms practicing Green marketing have to strive hard in convincing the stakeholders and many a times it may fail to convince them about the long term benefits of Green marketing as compared to short term expenses. 6. Avoiding Green Myopia- Green marketing must satisfy two objectives: improved environmental quality and customer satisfaction. Misjudging either or overemphasizing the former at the expense of the latter can be termed green marketing myopia.

Measures: We can witness following impacts of green marketing:

1. Now, people are insisting pure products – edible items, fruits, and vegetables based on organic farming. The number of people seeking vegetarian food is on rise.
2. Reducing use of plastics and plastic-based products.
3. Increased consumption of herbal products instead of processed products.
4. Recommending use of leaves instead of plastic pieces; jute and cloth bags instead of plastic carrying bags.
5. Increasing use of bio-fertilizers (made of agro-wastes and wormy-composed) instead of chemical fertilizers (i.e. organic farming), and minimum use of pesticides.
6. Worldwide efforts to recycle wastes of consumer and industrial products.
7. Increased use of herbal medicines, natural therapy, and Yoga.
8. Strict provisions to protect forests, flora and fauna, protection of the rivers, lakes and seas from pollutions.
9. Global restrictions on production and use of harmful weapons, atomic tests, etc. Various organisations of several countries have formulated provisions for protecting ecological balance.

10. More emphasis on social and environmental accountability of producers.
11. Imposing strict norms for pollution control. Consideration of pollution control efforts and eco-technology in awarding IS), ISO 9000, or ISO 14000 certificates and other awards.
12. Declaration of 5th June as the World Environment Day.
13. Strict legal provisions for restricting duplication or adulteration.
14. Establishing several national and international agencies to monitor efforts and activities of business firms in relation pollution control and production of eco-friendly products.

Green Marketing-Financial Services- Selected Study Reports: For many financial institutions, pre-recession initiatives such as green marketing have taken a back seat as they have been dealing with the aftermath of the economic crisis. But, it may be time to pull out those tools again in order to help rebuild their image. According to new research from Mintel for the report, “Green Marketing in Finance, 2011,” 72% of respondents said they “feel good about working with a financial services firm that invests in companies that are looking at eco-solutions.” According to the study, the primary way that financial institutions can convince consumers that they are sincere is to promote internal initiatives, such as having a ‘green’ corporate headquarters. Slightly more than two-thirds of all respondents believe that this is the most important step a financial services company can take to become more environmentally friendly.

A significant number of consumers like green initiatives that also include an economic benefit for them. For instance, 50% of respondents would like to see financial companies offer environmentally friendly products such as energy saving light bulbs as incentives for new customers. Almost half (45%) would like to see financial institutions provide monetary incentives to businesses that are developing new technologies and processes that are environmentally friendly. “Promoting paperless statements and online banking doesn’t necessarily resonate with consumers as much as making what consumers see as real sacrifices to show that the company is sincere in their green focus,” adds Susan Menke. “Green marketing, if used properly and intelligently, can go a long way toward helping people see financial services companies in a better light.”

Managers in the financial services sector may ponder the relevance of the “green movement” to their own business. Many might agree that it makes sense financially and ethically to promote conservation, but is there such a thing as a *green value proposition* for customers of a bank, a credit union, a credit card provider, or like business? It turns out that consumers really do care, according to Rockbridge’s recent research on green attitudes. Not only is green sentiment strong, but there is receptiveness to green-oriented products and services. An opportunity exists for building a brand and solidifying customer loyalty through a carefully targeted marketing program that is based on a sincere desire to partner with customers.

Consumers not only care about the environment, but believe that there are real threats that need to be addressed. 69% agree strongly or somewhat that the evidence about global warming is real. 85% agree similarly that more needs to be done to curb air and water

pollution in our country. While consumers are concerned about problems with the environment, they are also optimistic that the problems can be solved through individual and collective action. For example, 77% believe that “society can solve big problems with the environment by getting lots of people to do just a little bit.” The most fundamental change in the financial sector in recent years has been the increasing use of technology in the services relationship, which raises the question of how consumers feel about technology in causing or solving environmental problems. Technology is more often seen as part of the solution than the problem. For instance, two out of three consumers (67%) believe that “the internet gives people a way to work together to save the environment.” Green technologies are seen as good for the economy and creating jobs, and products and services that conserve energy are viewed as paying for themselves by saving money.

In recent study, it is identified a latent market potential of \$104 Billion per year for green products. This estimate is based on the gap between ownership and interest in a wide variety of products, and the cost of acquiring or retrofitting. Before discussing green financial services specifically, one should note that these green products represent a lucrative opportunity for lenders. First, much of this potential is in energy-efficient transportation options, such as hybrid fuel cars, high mileage vehicles, and alternative fuel vehicles. Second, there are opportunities in home improvements, such as solar home and water heating, high efficiency heating and cooling systems, eco-friendly homes, programmable thermostats, trash compactors, and water purification systems. In a credit market dampened by a consumer hangover from years of spending on discretionary items, such as SUVs or oversized homes, there is an opportunity to create a green value proposition.

Respond to changing values by financing energy-saving technologies that consumers will view as investments that pay for themselves. Savvy bankers should push forward in creating new products and programs, such as a favorable auto loan that accounts for the higher collateral value of greener vehicles, or a home improvement loan that is co-marketed with a local utility and includes an energy audit to identify energy-saving investments. Green mortgages have been around for some time, but their potential can be realized now given changes in consumer sentiment.

Changing landscape of the green retail financial sector in view of digitalization: Digitalization and innovation have rapidly changed the shape of retail financial services in recent years, and promise to continue to do so. Financial firms increasingly offer products online or via applications and nowadays the vast majority of consumers regularly use online banking to handle their accounts and carry out transactions. In principle, these technological advances offer the opportunity to smooth the process of making some cross-border transactions expand access to more effective information and advice for consumers, improve comparability of products and increase switching behaviour. New players and new techniques in a digital market The retail financial services sector is experiencing significant change as it is affected by digitalization.

New business models are emerging: online-only providers and technology companies are entering the market, offering services including electronic money transfers, intermediation in online payments, financial data aggregation, peer-to-peer funding and price comparison. New players who are not traditional financial services providers and whose primary business model is not always financial services are also entering the market. Social media companies, for example, are now selling financial products. These new technologies can be beneficial for consumers, provided that appropriate security standards are maintained. Both established

firms and new financial technology companies are exploring ways of interacting with their customers, of integrating their distribution channels for products and of providing services which are faster, more responsive and more tailored. For established players, digital technologies including distributed ledgers offer the opportunity to reshape internal processes with improved standardization, automation and economies of scale. Established players are also partnering with or fostering fin techs, and working with major digital providers, to shape and stay on top of this trend. In addition, firms are increasingly using 'big data', drawn from points including social media, to gather information on their potential target customers. This gives them a greater understanding of customers, but also raises questions about the appropriate use of these data. These changes will have a particular impact on existing providers, such as incumbent banks, because of their reliance on significant – and costly – branches and the role of payment accounts as the traditional gateway to consumers, which will be challenged by the emergence of fin techs and digital wallets. New entrants have also focused on profitable ancillary activities such as foreign exchange. Banks and insurance companies are investing heavily in digitalizing their sales and customer services in the hope of making cost savings and engaging more closely with their existing customers. New entrants have the potential to drive cross-border solutions and seize new markets from incumbents. The development of online distribution channels is of particular interest at the EU level. By allowing providers and consumers to conclude and support distance sales more easily and at a lower cost, digitalization offers access to a large consumer base in the Single Market that can benefit from the best available offers. Digitalization should in principle foster cross-border activity, without requiring firms to establish themselves in other Member States. Though innovative technologies offer opportunities to improve customer service and reduce prices, they may also pose regulatory challenges, particularly in relation to cyber-security and data protection. Cyber threats are a major concern for consumer and businesses; this issue is likely to grow in importance as digitalization progresses and needs an appropriate response. New players may not always be regulated to the same extent as incumbents by current regulatory and supervisory frameworks, including from a consumer protection perspective.

Measures for Green Marketing coinciding with financial initiatives by the business organizations :

1. The capital allocation should be for the promotion of green marketing at the core of financial markets activity. On a more practical level, financial institutions interact with the environment in a number of ways
2. Supplying the investment needed to achieve sustainable development.
3. Developing new financial products to encourage sustainable development - e.g. in energy efficiency.
4. Pricing risks and estimating returns, for companies, projects and others.
5. As shareholders and lenders they can exercise considerable influence over the management of companies.
6. Financial markets present an opportunity for environmental policy, particularly useful in view of the need for a wider range of policy instruments.

Conclusion: There is positive relation between Green Marketing and financial services. In view of protecting nature many of the interactions, policies are likely to be most effective if they aim to complement and work with existing financial activity. To that end, a

transactional model of the financial markets is used, to indicate how it is possible to influence financial transactions in the field of marketing especially in Green marketing.

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