



Green Marketing: Challenges and Opportunity for Indian Companies

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Abstract

Green marketing comprises all activities that satisfy human needs and wants with minimal harmful impact on our natural environment by adopting eco-friendly products, environment-friendly packaging, green technology & reducing carbon footprints. The concept of Green Marketing Emerged in the early 1960s to 2000 in four phases -ecological marketing, environmental marketing, sustainable marketing, and eco-friendly of going green marketing. Many companies in India like Tata, ITC, Mamaearth, ONGC, Zomato, Reliance, Kansai Nerolac Paints, and many more company follow Green Marketing Practices but they face certain challenges like “Greenwashing”, “Green myopia”, high cost, lack of customer awareness, etc. Besides the challenges, many opportunities are available for companies to grow in the market. J.Ottman defines the five golden rules of green marketing- know your customer, empower the consumer, be transparent, consider the pricing, and reassure the buyer.

Keywords: Green Marketing, Green myopia, Greenwashing, opportunities, Challenges, Green Marketing Mix

Introduction

Globalization has a significant impact on the environment, both positive and negative. On one hand, it has led to economic growth, technological advancements, and increased access to goods and services worldwide. However, these benefits come with environmental costs, such as increased carbon emissions which significantly contribute to climate change. Globalization promotes large-scale deforestation to make way for agriculture, mining, and urban expansion to meet global demand, which results in habitat loss, decreased biodiversity, and increased carbon in the atmosphere as trees that absorb CO₂ are cut down. Another consequence is the strain on natural resources like water, minerals, and fossil fuels, which are depleted at unsustainable rates. Additionally, countries with lax environmental regulations may become hubs for polluting industries, leading to severe air, soil, and water pollution. These environmental costs, often borne by vulnerable regions, underscore the urgent need for stronger international environmental policies in an increasingly interconnected world.

The growing international concerns about environmental sustainability and climate change are leading all companies to face the challenge of integrating environmental issues into business strategy and activities (e.g. Nidumolu et al., 2009). Many industrial departments of R&D, design, manufacturing, and marketing all come in the domain of these pressures (Foster and Green, 2000, Lenox and Ehrenfeld, 1997).

Green marketing is increasingly important to consumers as environmental awareness grows. Consumers today are more informed about the impact of their purchasing choices on the planet, leading many to prefer brands that demonstrate environmental responsibility. Green marketing addresses this demand by highlighting eco-friendly practices, such as sustainable sourcing, reduced carbon emissions, and waste minimization. Considering the needs of the natural environment and customers the companies involved in industrial practices that minimize the adverse impact on the environment by producing green products and services and also marketing plays a significant role in providing such product ideas.

The term "Green Marketing" has been used to describe marketing activities that attempt to reduce the negative social and environmental impacts of existing products and production systems, and which promote less damaging products and services (Peattie, 2001). According to the American Marketing Association, green marketing is the marketing of products that are presumed to be environmentally safe. Green marketing does not solely refer to promoting products or services based on their environmental benefits but it encompasses a wide range



of activities including product modification, changes to the production process, packaging changes, as well as modifying advertisements. (Polonsky,2008). It aims to appeal to environmentally conscious consumers. It encompasses a range of strategies, from creating eco-friendly products made with sustainable or biodegradable materials.

Evolution of Green Marketing

The green marketing has evolved over a period of time. According to Srinivasan (2018), the evolution of green marketing has four phases:

First stage: Ecological Marketing

The emergence of ecological marketing may be traced back to the social and environmental issues that emerged in the early 1960s and 1970s. The ideas of that era focus on the idea that the earth where we live will eventually run out of natural resources and systems due to unchecked growth. During that phase, particular issues are addressed, including air pollution, the utilization of petroleum reserves, petroleum waste, and the environmental consequences of synthetic pesticides.

Second Stage: Environmentalist Marketing

Toward the end of the 1980s, green marketing entered its second phase. The development of contemporary green marketing principles occurred during this time. The vulnerability of both humans and the environment is brought to light by a variety of incidents and findings. Events that initiated change include the 1984 Bhopal disaster, which was considered the world's greatest chemical disaster; the 1986 Chernobyl disaster; the 1989 Exxon-Valdes tanker pollution; and the 1995 discovery of ozone layer depletion. According to research done in the USA in the 1990s, a significant portion of consumers are willing to pay more for environmentally friendly goods. The idea of "green marketing" is not limited to any one business; it may be used to all forms of production and consumption industries.

Third Stage: Sustainability Marketing

According to Charter and Polonsky (1999), sustainability marketing involves developing and maintaining long-term relationships with customers, the social environment, and nature. As a result of these problems, green marketing evolved into a "self-adjusting" mode. Only firms committed to long-term sustainable business development remained and improved their products.

Fourth Stage: Eco-Friendly of Going Green

Green marketing has evolved into a fourth stage since 2000. At this stage Green goods and services are returning; businesses and consumers are becoming more environmentally conscious; the phrase "sustainable green marketing" is coined.

Green Marketing Mix

Green Product - Green product is defined as "a product that was manufactured using toxic-free ingredients and environmentally-friendly measures, and which is certified as such by an acknowledged organization" (Kumar and Ghodeswar, 2015).

Green Price - According to Hashem and Al-Rifai (2011); the green pricing refers to the price particular in the light of company's policies with regard to environmental consideration imposed by rules and corporation instructions or its initiatives in this regard

Green Place - Green distribution is a very delicate operation. Customers must be guaranteed of the 'Ecological nature' of the product. The green environment is a constantly regulated environment and as such high level of compliance is essential when carrying out distribution of green products (Yazdanifard & Mercy 2011).

Green Promotion - Green promotion involves configuring the tools of promotion, such as advertising, marketing materials, signage, white papers, web sites, public relations, sales promotions, direct marketing and on-site promotions, videos and presentations by keeping people, planet and profits in mind (Shil, 2012).

Green marketing Initiatives and Indian Companies

Green companies are defined as companies that offer green products to their customers (sari,2012). Green companies" refer to businesses that prioritize sustainability and



environmental responsibility in their operations, products, or services. These companies often focus on reducing carbon footprints, minimizing waste, using renewable energy sources, and creating environmentally friendly products. Many green companies are also committed to social responsibility and transparency about their environmental impact.

Tata Motors

In India, Tata Motors was the first company to popularize EVs for individual transportation. Their goal is to make EVs both aspirational and affordable. They cover a wide range of clean alternatives - cross battery EVs, hydrogen fuel cell vehicles, and hydrogen ICE vehicles. They are shifting to renewable energy sources by collaborating with the power companies. Moreover, their approach will be holistic and encompass all aspects of sourcing water, optimal utilization, and intensifying recharge efforts to achieve 'Water Neutral' status. Tata Motors recently introduced the "Go Green" Initiative, which calls for the company to plant a sapling for each new commercial vehicle sold and for each new customer who has their vehicle serviced at a Tata Authorized Service Station or dealer workshop in collaboration with an NGO.

Oil and Natural Gas's Green Initiative (O.N.G.C)

ONGC is the largest producer of crude oil and natural gas in India. ONGC group regularly carries out tree plantation initiatives across India around its project sites. Recently ONGC signed an MoU with NTPC Green Energy Limited for the development of renewable energy projects. ONGC intends to achieve 10 GW RE Capacity by 2030 and has set a Net Zero target (Scope 1 & Scope 2) by 2038.

Zomato

Zomato is an Indian multinational restaurant aggregator and food delivery company. Their aim towards sustainability are carbon neutral deliveries since FY22, 70+ EV partnership, EV-based deliveries in 400+ Indian cities in November 2023, Pledged to facilitate 100% EV-based deliveries by 2030 as a member of Climate Group's EV100 initiative, Committed to achieving Net Zero emissions across our food ordering and delivery value chain by 2033, 100% plastic neutral deliveries since April 2022, 33,000+ active EV-based delivery partners in November 2023, Member of the India Plastics Pact, a Confederation of Indian Industry (CII) initiative, 20,000 MT of plastic waste recycled in FY23.

Reliance

Reliance Group is India's largest private sector enterprise, with business in the energy and materials value chain. In order to establish a completely integrated, end-to-end renewable energy ecosystem, Reliance Industries Limited (RIL) has pledged to invest Rs 75,000 crore over the course of three years towards the "Green Vision" plan. By 2030, Reliance plans to have established and enabled 100 GW of solar energy generation, investing more than Rs 75,000 crore (USD 10 billion) to create India's most extensive ecosystem for new energy and new materials. In the bio-mass energy sector, they are investing \$75 billion in India to establish it as a green hydrogen hub and are working toward their goal of lowering the cost of producing green hydrogen to \$1 per kilogram by 2030.

Indian Tobacco Company Ltd (ITC)

An Indian multinational conglomerate company ITC is the second-largest FMCG company in India and the third-largest tobacco company in the world. ITC has launched "Paperkraft Premium Business Paper" by using "Ozone Treated Elemental Chlorine Free technology" which was first introduced in India. This paper is environmentally friendly and multipurpose for office and home use.

Kansai Nerolac Paints Limited

This is India's largest industrial paint and the third-largest decorative paint company. They claim themselves as a lead-free paint company and remove all the hazardous metals from their paints. It features low levels of volatile organic compounds (VOCs), which means it ejaculates fewer harmful chemicals, making it safer for people and the planet.



State Bank of India

SBI is an Indian public sector bank and financial service statutory body. Launched “SBI Green fund” that enables the customer to take part in sustainability initiatives. The main target is to promote actions that directly support sustainability, such as planting trees, building bio-toilets, and providing solar panels, lights, and other equipment.

IndusInd Bank

IndusInd one of India’s leading financial services bank, introduced “Green Fixed Deposit” where deposit funds will be utilized to finance business and projects supporting the United Nations Sustainable Development Goals (SDGs).

Mamaearth

Mamaearth's dedication to sustainability goes beyond the designs of its products. The company places a high priority on environmentally friendly packaging, recyclable materials, and reducing plastic waste. Mamaearth's packaging reinforces the company's ecological image by expressing its dedication to lowering its carbon footprint.

Challenges in Green Marketing Practices

- **Lack of standardization-** Only 5% of marketing statements in Green efforts are completely accurate, and there is a lack of standardization to authenticate these claims. There is no standardization to verify these assertions. There is currently no standardization for certifying organic products. Verifiable certifications require involvement from regulatory bodies. A quality control board should be established for labeling and licensing.
- **Lack of consumer awareness-** Indian literate and urban consumers are becoming more aware of the benefits of green products. However, the general public is still unfamiliar with the concept. Consumers should be educated and made aware of environmental dangers. The new green movements must reach the masses, which will require a significant amount of time and effort.
- **Patience and Preservance-** Investors and corporations must see the environment as a significant long-term investment opportunity, while marketers must consider the long-term benefits of the new green movement. It will require a great deal of patience and will yield no immediate benefits. Because it is a novel notion and idea, it will have its own acceptance time.
- **Green Myopia-** The marketing myopia theory was originally proposed in 1960 by American economist Theodore Levitt. According to Levitt marketers should not overlook the importance of company potential and product attributes at the expense of market needs; catering to market needs should receive priority. Green marketing myopia can occur when green products fail to provide credible, substantive environmental benefits (Parimaladevi,2014)
- **Green Washing-**Greenwashing is the dissemination of false or incomplete information by an organization to present an environmentally responsible public image (Furlow,2010) overuse and misuse of the “green” claims can saturate the market to the point that the greenness of the product may become meaningless to the consumer (Zimmer et. al, 1994). Consumers may be skeptical of environmental claims made by companies, making it difficult for firms to build trust and convince customers of their genuine commitment to sustainability.
- **High Costs:** Implementing sustainable practices and developing eco-friendly products often require significant investment in new technologies, materials, and processes, making it financially challenging for many firms.

Golden Rules of Green Marketing

According to Ottman,2008 5 golden rules of green marketing.

1. **Know your customer-**If you want to sell a greener product to customers, you must first ensure that they are aware of and concerned about the challenges that your product aims to address.



2. **Empower Consumers**-Make sure that consumers believe they can make a difference, either on their own or in combination with the rest of your product's users. This is known as "empowerment," and it is the primary reason why consumers choose greener products. This powerful notion serves as the foundation for many tip-laden marketing.

3. **Be transparent**- Consumers must trust the legitimacy of your product and the precise promises you make.

4. **Reassure the buyer**-Consumers must trust that your product does what it is designed to accomplish. They will not sacrifice product quality in the name of the environment.

5. **Consider your pricing**- If you're charging more for your product - and many environmentally friendly products do due to economies of scale and the use of higher-quality ingredients - be sure your customers can afford the premium and believe it's worthwhile. Many consumers nowadays cannot afford premiums for any type of goods, let alone greener ones, so keep this in mind when you define your target audience and product requirements.

Firms Adopt Green Marketing

Opportunity-Green marketing presents a significant opportunity for Indian companies as they can tap into the growing demand for sustainable products among environmentally conscious consumers. By adopting eco-friendly practices, Indian businesses can enhance their brand reputation, reduce costs, and comply with environmental regulations, ultimately gaining a competitive edge. For example, ITC has implemented sustainable sourcing and packaging for its paper products, Patanjali has promoted its organic and natural product lines, and Tata Motors has invested in electric vehicles, addressing pollution concerns. Similarly, solar companies like Adani Green Energy have capitalized on the government's renewable energy push, meeting eco-conscious demand and attracting global investment.

Government pressure -Indian companies are increasingly adopting green marketing strategies in response to government regulations aimed at promoting environmental sustainability. The Indian government has introduced norms like the *Extended Producer Responsibility (EPR)* under the Plastic Waste Management Rules, mandating companies to manage their plastic waste, which has prompted brands like Coca-Cola India and PepsiCo to invest in recycling initiatives. The *Perform, Achieve and Trade (PAT) scheme* encourages energy-intensive industries to improve energy efficiency, leading firms like Tata Steel and Reliance Industries to adopt greener practices. Additionally, the *National Action Plan on Climate Change (NAPCC)* supports industries in reducing carbon footprints, motivating companies to adopt eco-friendly innovations and promote sustainability in their marketing.

Competitive pressure -In India, companies are adopting green marketing to stay competitive as consumers increasingly prefer eco-friendly brands. For instance, Dabur highlights its herbal products as natural alternatives, while HUL promotes sustainability through brands like Surf Excel with water-saving formulas. Amul has shifted to biodegradable packaging to appeal to environmentally conscious customers, and Maruti Suzuki markets its CNG cars as low-emission options. These efforts help companies not only differentiate their products but also meet the rising demand for sustainability, giving them a competitive edge in a crowded market.

Social Responsibility- Indian companies are embracing green marketing to fulfill Corporate Social Responsibility (CSR) commitments, aligning their brands with environmental stewardship. Infosys aims for carbon neutrality in its operations, while Tata Group has extensive reforestation and water conservation projects. ITC champions sustainable agriculture through its e-Choupal initiative, supporting eco-friendly farming practices. Hindustan Unilever's "Project Shakti" empowers rural women and emphasizes sustainable products, and Godrej promotes its "Good & Green" initiative, reducing carbon emissions and waste. Through these green marketing strategies, companies fulfill CSR goals while resonating with eco-conscious consumers.

Future opportunities of Green Marketing for Indian companies

The future of green marketing for Indian companies appears promising, driven by increasing consumer awareness, regulatory support, and a global shift toward sustainability. With more



consumers preferring eco-friendly brands, Indian companies are likely to strengthen their green marketing strategies to capture this growing demand. Government initiatives, such as the National Green Hydrogen Mission and stricter regulations on plastic waste, will further encourage industries to adopt sustainable practices and communicate these efforts in their branding. Additionally, advancements in green technology, including renewable energy and biodegradable packaging, offer new opportunities for companies to reduce environmental impact and enhance brand loyalty. As India commits to ambitious climate targets, green marketing will not only become a competitive advantage but a business imperative, pushing companies across sectors to innovate in their products, supply chains, and consumer engagement strategies.

Conclusion and Suggestion

Green marketing in India presents a dynamic mix of opportunities and challenges. As consumer awareness of environmental issues continues to grow and government regulations push for more sustainable practices, companies have a significant opportunity to differentiate themselves, build strong brand loyalty, and even unlock new markets. However, the journey is not without obstacles. High costs, greenwashing, and green myopia pose significant challenges for companies attempting to implement genuine eco-friendly initiatives. Despite these barriers, many reasons companies are adopting green marketing such as grasping market opportunity, fulfilling government regulations, surviving in the competitive market, accomplishing corporate social responsibility, etc for businesses to succeed, they must navigate these challenges thoughtfully and transparently, ensuring that their environmental claims are credible and their sustainable practices are impactful. In this evolving landscape, companies that can effectively balance purpose and profitability are likely to thrive.

To succeed with green marketing in India, companies should focus on genuine and impactful sustainability initiatives, such as reducing waste, using eco-friendly materials, and investing in renewable energy. Addressing challenges like green myopia and greenwashing requires transparency and clear communication about environmental efforts. Firms should also leverage government incentives and engage in consumer education to raise awareness about green products. The opportunities are vast, from differentiating brands to tapping into the growing market of eco-conscious consumers, but success lies in building trust and delivering real environmental benefit

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