GREEN MARKETING AND ITS IMPLICATIONS

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Abstract

The concept of green marketing is defined as organisation's efforts at designing, promoting, pricing and distributing products that will not harm the environment. Clearly, there are many considerations that may be addressed by businesses that choose to undertake a green marketing agenda. To align themselves with the green initiatives, businesses often focus on one or more of the three cornerstones of the green marketing strategy called the 3-Rs: reusing, recycling and reducing. These practices are aimed at controlling the amount of natural resources waste that often accompanies firms' marketing activities. By reusing of promotional materials, recycling materials (e.g. using recycled papers to make bags) and reducing resource usage (e.g. energy conservation, sharing of computers and transportation facilities), business or organisation can play a significant role in protecting the environment. For services, reducing would include reworking service processes to reduce their impact on the environment. Such practices may also help position specific businesses or organisations as green oriented in the public's mind and attract the increasingly large green consumer segment.

Keywords*: Green marketing, green products, environment, environmentally friendly products and services*

Introduction

During the past decade there has been a growing awareness of widespread environmental degradation facing current and future generations. Attention has become so great that environmentalism has been identified as potentially "the biggest business issue of the 1990s" (Kirkpatrick, 1990). Consumers who espouse a concern for the environment, or what has come to be labelled a "green orientation", are growing in number (Donaton and Fitzgerald, 1992). In fact, according to one survey, as many as eight out of ten American consumers currently claim that they are environmentalists (Gutfield, 1991). It is not surprising that many companies have attempted to capitalise on the public's interest in green issues by positioning themselves as environmentally responsible organisations (Jay, 1990). Unfortunately, business' commitment to the environment has often been more evident in their communications than in their actual practices (Garfield, 1991). Nevertheless, the concept of "green marketing" has become a familiar buzz-phrase in recent years as organisations have targeted the environmentally conscious consumer

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(Davis, 1991) and/or have begun to respond to the increasing likelihood of stricter environmental regulations (Polonsky, 1991; Porter, 1991).

The term "green marketing" describes an organisation's efforts at designing, promoting, pricing and distributing products that will not harm the environment (Pride and Ferrell, 1993). Clearly, there are a vast number of diverse considerations that may be addressed by companies that choose to pursue a green marketing agenda. Among these are concerns such as: developing offerings that conserve energy and other natural resources in their production process; creating advertisements and other promotional messages that accurately reflect a company's commitment to the environment (Kangun *et al.*, 1991); setting prices for green products that balance consumers' sensitivity to cost against their willingness to pay more for environmental safety (Chase, 1991; Jay 1990); reducing pollutants and conserving resources in the transportation of products to market (Bohlen *et al.*, 1993); and a host of other marketing-related decisions. To align themselves with the green initiative, organisations often focus on one or more of the three broad activities: reusing, recycling and reducing. Sometimes referred to as the "3 R's formula for environmental management", these practices are aimed at controlling the amount of natural resources waste that often accompanies organisations' marketing pursuits. By reusing packaging (e.g. offering products in refillable containers), recycling materials (e.g. reclaiming elements from used products) and reducing resource usage (e.g. conserving energy in the production process), organisations can play a significant role in protecting the environment. For services, reducing would include reworking or "re-engineering" service processes to reduce their impact on the environment. Such practices may also help to position specific organisations as green oriented in the public's mind and attract the increasingly large green consumer segment. Attention to the 3 R's and green marketing issues in general has become increasingly evident in both the popular and academic literatures. However, most of the various treatments have been directed to the environmental efforts associated with the marketing of products that are commonly described as physical goods. In contrast, little attention has been accorded to the greening of the service sector. This is somewhat perplexing, given the immense presence of services as a component of many modern economies, including the United States. The purpose of this paper is to provide a framework for identifying different ways in which service organisations may embrace the green marketing imperative.

The following sections provide arguments to support the adoption of a green orientation by the service sector. A conceptual tool to organise the examination of green practices in service
industries is posited and a means by which a green strategy for service organisations might be implemented is presented. Implications and conclusions emerging from the greening of the service sector are then posed.

The Environmental Impact of Service Industries and Their Products

Services represent a formidable segment of the economies of many advanced industrialised countries around the globe. In the USA, approximately 70 per cent of the Gross National Product, 75 per cent
of the nation's labour force and more than 50 per cent of the average annual family's budget can be traced to service industries (Bureau of Economic Analysis, 1988). The scope of the manufacturing segment of the US economy pales in comparison with the service sector. Yet, when discussions of
environmental consciousness and green marketing issues are raised, the focus is usually on companies that produce cars, canned goods, disposable nappies, mobile homes and other manufactured products. Some of this myopia is understandable, since it is easy to grasp that production of physical goods requires scarce raw materials, processes and outputs that may be ecologically harmful. Hence, environmental abuses (as well as efforts to be environmentally
friendly) are more visible among the manufacturing sectors of the economy. In contrast, it may not be obvious to the casual observer how service organisations which offer products such as transportation, health care, or entertainment can have a significant impact on the environment. Services are essentially processes (Grönroos, 1982) and, as such, commonly lack a physical presence (i.e. intangible), cannot be stored (i.e. perishable), are very diverse (i.e. heterogenous) and are consumed as they are produced (i.e. production and consumption occur simultaneously) (Zeithaml *et al.*, 1985). These characteristics seemingly render service products as little threats to the environment. Given the nature of their products, service organisations may consider the demonstration of a green commitment to be a difficult endeavour. After all, how can products which do not

comprise physical elements and which are disposed in the same time frame as they are produced to be harmful to the environment?.

The answer to this query is revealed by closer inspection of service products. For instance, despite the intangibility of their core character, many services rely on benefits. To illustrate, airline transportation requires a plan and numerous other physical elements, lawn maintenance relies on various tools and chemicals, and physician services may necessitate a wide variety of tangible components from tongue depressors to high-tech equipment. Further, even though they are

invisible by nature, service processes often require various resources and may generate waste during their enactment. For example, in transporting travellers from one place to another, an airline, train, bus, taxicab or other transport service consumes significant quantities of energy and produces various energy by-products as pollutants. In short, while the processes that are reflected as services products may be intangible, perishable, and consumed as they occur, they often involve the support of a wide spectrum of physical components and reliance on natural resources.

Given the sheer size of the service economy, ecological considerations regarding the materials comprising the tangible aspects of service products could have a major impact on the environment. Even a single organisation can have an effect. For example, McDonald's has recently promoted its "turn to green" by publicising the impact of its attempts to reduce the flow of waste associated with the marketing of its "McProducts". By changing the materials used to make its beverage straws, McDonald's eliminated 1,000,000lb of solid waste per year (McDonald's Corporation, 1990).

Attention to the ecological soundness of the design of service processes could also play a major role in preserving the environment. Just as manufacturing processes that transform raw materials into finished goods require expenditures of natural resources and produce waste, the processes comprising many service products have environmental ramifications. Vast amounts of resources and pollutants might be saved in both instances through reduced reliance on and more efficient usage of resources in the activities that create their products. Consider the impact that might ensue if a hotel chain such as Hyatt or Marriott adopted an energy conservation policy that involved setting thermostats in the back office and public areas at a mere two-degree difference. Such a difference is unlikely to be noticed by most patrons and workers, yet could result in a significant reduction in energy consumption. Obviously, if the entire hospitality industry adopted such a measure,

the effects would be tremendous. To truly appreciate the significant impact that the service sector can have on the environment by adhering to green practices, it is first important to recognise the wide array of concerns that comprise this segment of the economy. The service economy is indeed a multi-faceted entity spanning many diverse industries. While various frameworks to organise an assessment of the service sector exist (see Lovelock, 1983), one approach that aptly demonstrates its breadth is found in the classification scheme created for the American Marketing Association services bibliography (Fisk and Tansuhaj, 1985) and SERVMARK (Fisk *et al*., 1988). It posits ten categories of service industries, including health care; financial; professional; hospitality, travel and tourism; sports, art and entertainment; governmental, quasi-governmental and nonprofit; channel, physical distribution and rental/leasing; educational and research; telecommunication; and personal and repair/maintenance services. Each of these categories may encompass many particular services within it. For example, the professional service category may include services provided by doctors, lawyers, architects, dentists, accountants, and others. Overall, when the broad assortment of industries and concerns identified as comprising the service sector is taken into account, it is easy to envision the potentially positive environmental effect resulting from widespread adoption of green practices among service organisations.

The Greening of Services Matrix

To illustrate the many ways in which the service organisations might embrace a green orientation, let us look at the 3 R's environmental management framework as portrayed in Table 1. The table shows through hypothetical and/or general examples how the organisation might reduce, recycle and reuse resources in an effort to become more environmentally committed. It important to note that the matrix presented here is a descriptive device rather than a normative one.

Table 1. Examples of the Greening of Services

Example of service organisations	Green task		
	Reduce	**Recycle**	**Reuse**
Hotel	Close off floor/wing during slow period to control necessity of heating/cooling	Collect cans/bottles from restaurant	Reclaim used water for ground-keeping purposes
University	Lengthen class periods to shorten semester terms to save on resources needed to run the physical plant	Collect the vast amount of white paper such as exams, memos, etc.	Find new places within the school for old computers that are replaced by new machines
Bank	Reduce the size of customers' monthly bank statement	Collect paper such as computer print-outs, correspondence, etc. used in operations	Convert to pens, printer cartridges, etc., which are refillable rather than disposable
Department store	Make an effort to stock environmentally sound products	Recycle boxing and packaging materials in which products are delivered	Convert to marquee and/or electronic signs which can be used over and over again
Golf course	Utilise grasses that require less water, fertiliser and chemical for their upkeep	Recycle grass clipping converted into compost to fertilise grounds	Collect score-keeping pencils for subsequent use by later patrons
Dentist	Replace filling materials with fewer toxic substitutes	Recycle masks, gloves, plastic materials common to the practice	Sterilise various dental tools rather than disposable
Hospital	Change to low-flow shower heads and taps as a means to reduce water usage	Reclaim plastic bottles in which normal, saline or sterile water is contained	Develop system for sanitising and reusing medical gowns rather than disposing of them
Automobile repair	Utilise commodity materials including oil, lube, grease, etc. in large containers rather than small	Collect used oil change operations for later use	When possible, save replaced auto parts to be remanufactured (e.g. alternators, carburettors, etc.)

The Greening Task

A quick observation of the matrix will reflect tasks/activities that service organisations could adopt with relative ease in most cases. Some examples are as follows: in the educational category, a university could institute a program to recycle the large amount of white paper used in its daily operation relatively with little effort or expense; a retail bank might reduce its reliance on paper resources through the simple activity of down-sizing its monthly statements; a hotel could demonstrate its commitment to the environment without too much difficulty by reclaiming some of its used water for ground-keeping or other practical purposes.

Further inspection of the various cells within the matrix will reveal that many of the examples of reduction, recycling or reuse could appropriately be applied in more than one of the service organisations. For example, a hospital's conversion to low-flow showerheads and taps to reduce excessive water consumption could be adopted by hotels, universities, etc.

In addition, some of the green activities suggested within the matrix are currently practised across the service sector with varying degrees of regularity. In summary, regardless of which cell in the table is considered, one is likely to find an example of a service organisation to illustrate green activities. Overall, the greening of service organisations should underscore the potentially broad environmental impact represented by the service sector. One could easily extend the example within each cell of the matrix to include other plausible reducing, recycling or reusing activities. One could also apply those activities across an entire service category rather than the specific organisational examples cited in the matrix. It is clear that if such extensions are realised, the greening effect offered by the service sector is indeed great.

A Total Quality/Benchmarking Approach For Making Services Green

Based on the preceding discussion and the greening of services matrix, it is apparent that service organisations can contribute to the preservation of the environment. Some service organisations have successfully adopted various green practices. Other organisations that wish to align themselves with the environmental initiative facing today's marketplace might consider the adoption of practices similar to those identified in the matrix and/or currently performed by actual services organisations (the real-world examples). As a guide to developing green practices, services could rely on the example of

the total quality movement in Japanese manufacturing. It involves an evolutionary process that includes three phases of development: inspection oriented, process control oriented and product development oriented quality (Ishikawa, 1985). In simple terms, after the Japanese learned to instil quality in their products through carefully monitoring production output flaws, they shifted attention to engineering quality through production processes and then through the materials used as inputs. These same stages are quite relevant to the attempt by service organisations to reduce, recycle and reuse resources and could be developed in conjunction with an organisation's general efforts to improve total quality. Indeed, it is likely that the total quality management of the future will include reducing the service organisation's impact on the environment.

To implement this approach, service organisations should learn how to critically evaluate their use of resources. As examples, a hotel might monitor its energy consumption, a restaurant could assess its efficiency of using food products, and a hospital might audit its proliferation of medical wastes. Such practices might lead to resource preservation through the service organisations' attention to the practical benefits of reusing, reducing or recycling. Once this phase is accomplished, service firms might then closely examine the processes involved in their activities to discern opportunities to become more resource efficient. The services mapping technique known as "blueprinting" (Shostack, 1987) could be quite valuable in this regard. Finally, service organisations might consider designing entirely new processes that require fewer resources as inputs and place fewer demands on the environment overall. Critical information to facilitate these efforts might be generated through benchmarking activities. Benchmarking was pioneered by the Xerox Corporation at the end of the 1970s as a means of responding to the formidable competition it faced from Japanese firms (Zangwill, 1993). In traditional competitor analysis, an organisation compares its product to those of its key competition. Benchmarking goes beyond this by requiring that an organisation compares itself to standards of excellence on all aspects of its operations. Most importantly, benchmarking requires that the organisation evaluate itself against the world's best at a particular activity. As an example, instead of simply comparing its copier to other copier brands, Xerox compared its customer response time to that of its competitors and then to those organisations that were world class leaders in the activity.

Benchmarking is an elaborate and systematic process. It involves careful attention to planning the activity, analysing and integrating the information it produces and

developing an agenda for action (Camp, 1989; Gable *et al.*, 1993). Once practices are selected for benchmarking, each practice must be closely investigated. Competitors and world class leaders must be identified, visited and meticulously studied. Information gathered by the process may then be used to generate detailed plans of action (Zangwill, 1993).

To service organisations that seek to develop green practices, the quality improvement technique of benchmarking is extremely useful. For instance, a firm in the fast food industry may determine, through careful inspection of its output that it should reduce the amount of solid waste that it generates. To accomplish this, benchmarking would encourage a systematic comparison of the firm's waste control operation to that of its competitors. Further, it would mandate that the firm identify and study service organisations that are widely recognised as standard bearers at reducing their output of solid waste. Reliance on observational methods that are capable of generating objective data about services (see Grove and Fisk, 1992) would be expected. Finally, benchmarking would require that a specific course of action regarding solid waste control be developed to close the gap between the fast food firm and the world's best at that activity. Clearly, this same process could be employed in any effort that the organisation might make to reduce, reuse or recycle its resources.

In its fullest application, the process of benchmarking is a complicated one with many critical and specific dimensions that are beyond the scope of this article. Our treatment of this important tool is designed primarily to broadly demonstrate its efficacy as a means by which service organisations may successfully embrace the green initiative.

Summary and Conclusion

The greening of services matrix discussed in this paper is but one of many ways that conceptual models might be employed to better understand the greening of services. One possibility would be to create a model focusing on the unique characteristics of services and how they impact the environment. This model might consider such topics as intangibility, perishability, heterogeneity, and simultaneity of product and consumption.

While some service organisations have already begun to respond to environmental concerns, there are vast benefits to be gained by a broader and deeper commitment to the environment by service organisations. However, three cautions are in order. First, the service economy comprises very diverse industries and organisations. Not all of them are

equally capable of contributing to the preservation of the environment because of their varied natures. For instance, services such as hotels or hospitals can be expected to have a greater environmental impact through the adoption of green practices than accounting or legal firms, as a result of their greater reliance on tangible components and resource dependent processes. Second, it is important to note that environmental trade-offs often exist when green practices are adopted. For example, the childcare centre that shifts from disposable nappies to a nappy cleaning service to reduce the flow of waste into our landfills may not be benefiting the environmental at all. The heated water, detergents and bleaches, and other pollutants involved in the nappy cleaning process may outweigh the gains ensuing from the reduced reliance on disposable nappies. Third, the importance of delivering service quality to customers must never be forgotten in making green marketing changes. If customers believe that an environmental change has reduced the quality of the service they receive, they will seek new service providers. Fortunately, answers to such dilemmas may be possible in the near future as our abilities to perform life-cycle assessments for products and processes improve.

Despite the varied impact and potential trade-offs associated with the adoption of green practices, service industries represent a potentially major source of environmental preservation. A movement to reduce the ecological impact of service organisations can be expected to occur simply because the green initiative is likely to continue to spread (The Roper Organisation, 1991). Further, it is likely that an increasing number of service organisations will recognise that going green may have a “bottom-line” payoff in terms of cost control, added profitability and consumer attraction (Davis, 1991) and will pursue environmental practices for those reasons. Similar to the sharing of the total quality management philosophy and practices, it is not too far-fetched to expect that competitors and standard bearers will openly share successful green practices, widespread greening of the service sector should emerge as service organisations become more aware of their potential to become green.

It is my hope that this paper to some extent has contributed to the theme of this conference.

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