

GREEN MARKETING: A NOTICEABLE NEW TREND OF INTERNATIONAL BUSINESS*

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Abstract: In recent years, there has emerged a new trend of "green marketing" focussing upon environmental protection. This new trend has been exerting strong impact on the traditional way of international marketing and will be in the mainstream of international marketing for the next century. To intensify the research on the new trend is of great significance for improving the capacity of marketing and participating in the competition in the world marketplaces. This paper first focuses analysis on the bases on which the new trend generated, then discusses the main content and significance of this new trend in the market economic condition and finally offers some suggestions on how China can meet the challenges of the new trend and grasp opportunities to develop "green marketing".

Key words: green marketing, market failure, marks of environment

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INTRODUCTION

Since the beginning of the 1990s, with the increasing awareness of the importance of environmental protection in various countries, there has emerged a "green" trend all over the world. New concepts like green food, green appliance, green factories and so on have emerged with growing frequency, and the total volume of green consumption has increased dramatically. It can be asserted that the next century will be a "green century" and we are now entering into a "green era". In this context, as a new phenomenon in contrast to traditional marketing, green marketing is penetrating into various areas of international marketing and is becoming a new trend which will certainly have tremendous influences on the development of international trade. Hence we ought to pay great attention to its significance.

BASES FOR THE EMERGENCE OF "GREEN MARKETING"

In the narrow sense, "green marketing" refers to the special way of marketing established on the basis of conventional marketing and targeting "green goods". In the broad sense, "green mar-

keting" includes a whole set of ideas, methods and process for realizing marketing goals of enterprises. The driving force behind green marketing is the market demand with "green consumption" as its core, and the objective is spontaneously protecting environment and efficiently using resources by enterprises. These would be achieved by means of designing, fabricating, packing, selling and recycling of "green products". The advent of "green marketing" is not accidental and the reasons why green marketing has become one of the most significant new international business trends are deeply rooted. The bases on which "green marketing" generated are as follows.

1. The necessity of carrying out sustainable development for mankind

After World War II, the productive forces of various countries in the world grew extremely fast, which have upgraded tremendously the living standard of human beings. However, with the rapid increase of population and man's eagerness for quick return, the environment has been deteriorated on an unprecedented scale we have never observed before. There have emerged a host of severe environmental problems like green house effect, destruction of the ozonosphere, acid rain, desertization, pollution of air and water,

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excessive deforestation, etc. Nowadays, ecological deterioration has become a global problem threatening the survival of mankind and restricting economic development. Human beings are obliged by this to rethink their own behavior and search for better development models with regard to the relationship between economic development and environmental protection (Seneca, 1984). As a result, as soon as sustainable development strategy was put forward as one of the most important strategies of human development, it was unanimously accepted by various countries in the world. The primary objective of this strategy requires that mankind be capable of maintaining a long-term sustainable development by striving for contemporary economic growth via the coherent development of economy, environment as well as population while not obstructing the progress of our descendants (Lee, 1985). For a certain country, the realization of the aims of sustainable development on the macro-level cannot be separated from the efforts of enterprises on the micro-level, and "green marketing" is a useful way of making these efforts effective. Thus, the emergence of "green marketing" caters to the need of various countries to carry out sustainable development strategy, and hence becomes an important integral part of this strategy.

2. The upsurge of "green consumption" triggered off by the arousal of environmental protection consciousness spurs "green marketing"

The increasing deterioration of global environment makes people realize that the environmental degradation caused by industrialization influenced negatively the living standard and physical and mental health of human beings, and if there is no brake on it the survival and development of mankind itself will be greatly threatened. The arousal of the environmental protection consciousness among consumers in various countries in the world directly gives rise to a heated trend of green consumption. People have begun to pursue a reversion to naivety, to value highly the real nature, to be keen on non-polluted green food, and to be fond of the natural environment with green forest and fresh air. There has been great demand in the market for the non-polluting and easily recycled "green" refrigerators, TV sets and washing machines, etc. According to a survey in the early 1990s, 82% of

Germans, 67% of Dutch and 77% of Americans took environmental factors into consideration when they went shopping in supermarkets (Zhang, 1996). In Japan, the use of recycled paper and purchase of green food have become a kind of fashion. In the U. S. , green products have totalled more than 600 kinds with value of over 800 billion dollars while the three giant auto producers have redoubled their efforts to make "green cars" (Zhang, 1996). The upsurge in the trend of green consumption has resulted in the following new behavior of enterprises: different enterprises would not only need to have higher level of environmental protection consciousness and more serious green conception but also greater task of satisfying the consumers' "green" demand through proper design, production, sales and recycling of products. Enterprises nowadays have to carry out "green marketing" or they will lose out in the intensive market competition.

3. The "green barriers" existing in international trade calls for "green marketing"

With the conclusion of the Uruguay Round Trade Negotiation, the World Trade Organization (WTO) began to operate. Tariff and nontariff barriers are constrained and decreasing. However, in the new situation, some developed countries have begun to set up "green barriers" against international trade utilizing the changing trend of increasing "green" consciousness and behavior. Obviously, that is restriction imposed upon imports under the guise of environmental protection. The main "green barriers" measures include: 1) Surtaxes on imports related to environment. This kind of surtaxes is likely to become environment-related sanctions restricting or even prohibiting imports. 2) Green technological standards. Importing countries not only require that the products be properly in line with the environmental standards but that the technology, techniques and methods used in the whole process of production (from manufacturing to the disposal of waste materials) be in accordance with environmental requirements. For instance, the United States prohibited imports of tuna and its by-products from Mexico since the method Mexico used for catching tuna would threaten the existence of a precious species: dolphin. And also, the US requires all the imported cars be

equipped with facilities for waste gas prevention and has formulated rigid standards for that. In the ISO14 000 concerning environmental regulations worked out and issued by the ISO, there are provisions for evaluation and investigation to see if a certain product meets the requirements of environmental protection in its life cycle. 3) Marks of green environment. These refer to the marks of green commodities issued by governments or relevant agencies according to certain environmental standards certifying that the marked commodities accord with relevant environment standards and can be easily recycled. If the commodities of a certain country do not have marks of green environment, the country's market competitiveness will be seriously damaged. 4) System of access to green market. This includes regulations of rigid market access with regard to the packing of the imported products, quarantine indexes and so on. In particular, regulations on the radiation from, and content of residual pesticides, heavy metals and so on in food products are extremely sensitive. Obviously, these "green barriers" in international trade would keep many goods (especially those from developing countries) out of the international market. Some products, though cheap, are "re-treated" from the international market for no other reason but failing to meet the standards of environmental protection. Under the above circumstances, for outward-oriented enterprises, "green marketing" is not simply a kind of marketing technique but almost a "pass" for access to the international market and one of the bases for survival.

MAIN CONTENT AND SIGNIFICANCE OF "GREEN MARKETING"

Based on the above analysis on "green marketing", and in view of increasing globalization of the world economy, every enterprise which wants to compete in the international market must pay great attention to the "green demands" of consumers and try hard to carry out "green marketing". For enterprises, "green marketing" is a complicated process. The whole process can be divided into the following two phases:

1. The phase prior to the entry of "green products" into the market

In this phase, the process would be: infor-

mation collection for green products, locating green products and development of green products. For carrying out "green marketing", enterprises should first collect relevant information concerning green products, including information related to the present and future. The information can be collected from newspapers, journals, news media, social organizations, research institutions, and through the market surveys conducted by the enterprises themselves. The enterprises should also actively find out potential green market niches likely to be developed. After having good knowledge of "green" information, enterprises should give a "green orientation" for the products they are going to market. Besides, based on their own analysis of the "green demand" of consumers, enterprises should also choose the "green" market niche for their own products so as to better satisfy the green consumption demands of certain groups of people. This procedure is crucial in the whole "green marketing" process, and is the manifestation of the enterprises' commitment to protect environment and carry out sustainable development. Green product development includes three dimensions: the design, production and packing of green products.

The design of green products should embody the principles of the 3R's: 1) Reduction: using relatively less raw material and energy to reach the designated goal of production so that from the very beginning great attention is paid to saving energy and eliminating (or reducing) pollution. 2) Reuse: products and packing material should, as long as possible, be capable of being repeated use in their original forms for energy saving and environmental protection. 3) Recycling: after the products have been out of use, they should be of being recycled for reuse. The production of green goods must be a "clean" process, that is, new technologies and techniques for saving energy, maintaining safety, and causing no pollution should be used as much as possible, so that the products would not do harm to the environment and people's health. The packing of green products requires that the packing material be easily decomposed, and recycled and poison free. Over-design should also be avoided.

2. The phase after the entry of "green products" into the market

In this phase, the working procedure of enterprises should be as follows: fixing "green prices", establishing "green sales" channels and carrying out the sales promotion of green products. When green products actually enter into markets, the certificates issued by authorized agencies should be presented. Generally speaking, the prices of green products are higher than the common products of the same category. This is because the relevant enterprises have inputted relatively more on developing this kind of products. Meanwhile, since green products give consumers more utility, the higher prices would be accepted by consumers. To let green goods smoothly reach consumers, the marketing channels for green products should be established. The forms can be monopolistic selling stores and counters, wholesale markets, international ordering and so on. Enterprises can also conduct their sales of green products on a larger scale by channeling the business via Internet. When green commodities have already entered into relevant marketing channels, the promotion of green product sales becomes the key to the success of green product marketing in this phase. To stimulate the purchasing desire of consumers and their great interests in green commodities, apart from using mass media for sales promotion in the form of advertising, enterprises can also adopt various other means to facilitate promotion such as selling in stores, selling by salespersons, and spreading green product information so as to create a "green image" for themselves and the products they sell and to build up a sort of atmosphere of "green selling". Finally, the enterprises dealing with green commodity marketing should also provide consumers with sound after-sales services with regard to the goods sold. There should also be tracing investigation to obtain feedback from consumers as necessary preparation for the next round of "green marketing".

Market mechanisms can be seen as the most efficient way of resource allocation human beings have had so far. It should be noticed that, however, in the conditions of the market economy, for their own interests, enterprises are more concerned about the maximum profits they could have than about the long-term and overall nega-

tive impacts of their production and marketing on resources and environment. When enterprises seek exclusively short-term benefits and let society bear the burden of the "external" costs of environmental pollution and over-exploitation of resource, environmental problems emerge. This fact demonstrates that there could be "market failure" when market mechanisms control the environment and resources which are public or quasi-public property (Turner, 1988). This is a very knotty problem having bothered human society for a long time, and it is yet to be solved both practically and theoretically. Today, when the upsurge of green consumption has been elicited by the arousal of environmental protection consciousness among consumers all over the world, it is hopeful that this problem can be readily solved with the application of "green marketing". Under the circumstances of the surge of enthusiasm in "green consumption", the formation of a considerable part of the value added to green products can be attributed to the urge of consumers' "green" demand preference. With the help of the market mechanism, "green marketing" can persuade consumers to purchase green products beneficial to the environment on an entirely voluntary basis. This would likely result in the "internalization" of environmental management and protection costs. Thus, the enforcement of "green marketing" would drive enterprises to bear in mind the long-term and overall benefits with regard to the environment, while maintaining their own competitiveness in market places and pursuing the "maximization" of their benefits. This embodies the invaluable "incentive compatibility" in the interest mechanisms. The fundamental and most paramount significance of "green marketing" lies in the fact that it realizes the organic combination of the consumer needs, enterprise competitiveness and the purpose of environmental protection. Under circumstances as such, "green" international trade is sustainable and vigorous.

REMARKS ON OPTIONS

Promoting environmental protection and carrying out sustainable development strategy is not only China's designated national policy but the common aspirations of all the countries in the

world as well. The rise of "green marketing" in the world is both a challenge and an opportunity for China. Our government organizations and enterprises dealing with foreign business have to seize the opportunity, conform to the international trend of "green marketing", and alter their perspectives on a time and situation alert basis so as to promote the development of green international trade. On this account, some efforts recommended to be made are outlined below:

1. Reinforcing government support and guidance for "green marketing"

The detailed measures could be as follows:

1) establishing the system of environmental auditing and conformation with ISO 14 000 as the core target, so as to promote and encourage enterprises to carry out "green marketing". 2) Intensifying international cooperation and learning the "green marketing" experience of developed countries at the enterprise level, and actively using the "green aids" from international institutions to improve the adaptability of China to the worldwide trend of green consumption. 3) Increasing the inputs of green technology, strengthening the coordination and collaboration among the government, enterprises, educational and research institutions, so as to convert the green technological achievements into end-products suitable for commercial use. 4) Giving favorable policies concerning financial credits, taxes and so on to the enterprises implementing "green marketing".

2. Establishing the green commercial production system to provide a solid foundation for carrying out "green marketing" and developing green international trade

Green commodities can be divided into two kinds; one is green food and the other is green appliance. Green food refers to the unpolluted, safe and nutritious food, such as the vegetables and fruits produced without using pesticide and non-organic fertilizers, and fish and shrimps from unpolluted water, etc. Generally speaking, green food requires that the original places for its raw materials be in sound ecological condition. The growing process and the conditions of water, fertilizers and soil of the agricultural products used as raw materials should pose no hazard to the public, and the production, processing, storage and transportation of the goods should be

in strict compliance with local and international health standards. Thus, we should actively promote our ecological agriculture based on China's experiences of organic agriculture. Apart from food, all the daily-used commodities helpful to environmental protection should be included in the category of "green appliance", consisting of the goods produced from recycling process and the commodities and packaging which can be recycled. The development of green appliance would make the enterprises attach more importance to the environmental effects of their production process as well as products per se. In other words, enterprises are urged to exercise a kind of control over the whole life span of their products or, in figurative sense, from "cradle" to "grave". This is helpful to make enterprises move their eyesight forward from traditional "pollutants removing exit" to the proper technology and techniques of production. Moreover, it is also very useful for seeking "cleaner" technology and techniques, striving for the improvement of the utilization of resources and exploring more channels for the "medium-level resolution" of pollutants. Apparently, not until China's enterprises have made great efforts in nurturing and turning out a diversified assortment of green commodities can they establish an export system featuring sustainable development and gain their proper niche in the world market of green merchandise.

3. Actively carrying out the system of green commodity marks

Green mark is an environment label in the form of a certain figure stuck on a commodity or its package certifying that the process of the commodity's production, usage and disposal meets the requirements of environmental protection and does no harm to human health. It can be applied for by enterprises undertaking "green marketing" at first, and is issued after checking and approval by an authorized institution (Tieterberg, 1994). A kind of green mark, first appeared in West Germany in 1978 and then rapidly spread to other European countries, It is a mark printed with a blue angel. Since the creation of this mark, other countries followed suit, ("ecological mark" in Japan, "environmental selection mark" in Canada, and "green environment mark" in the US, etc.) In China, actively carrying out the system of green marks would not

only be beneficial to environment protection but helpful to the entry of China's commodities into international markets to compete with foreign products. What is more, it would help improve the environmental consciousness of the general public. The functions of commodities' green marks can be explained by the "signaling theory" of neo-classical economics. Due to the vigorous advocating and wide publicizing by the government, ecological and environmental protection will come to be a prevailing new custom in China. In such an atmosphere, the green marks of commodities will tend to be an image showing that the relevant enterprises attached great importance to environmental protection. And thus the adoption of green marks serves to increase greatly the sales of green products. By doing so, the enterprises carrying out "green marketing" would not only be encouraged in terms of profits, but also receive "good reputation". At present, commodities with green marks are increasingly favored by consumers all over the world, and the "green commodity heat" is now rising. It can be expected that there will be more and more con-

sumers choosing commodities with the identification of green marks as their chief reliance. Therefore, Chinese enterprises should take "green marketing" as an important opportunity, and try hard to make marketing of goods labeled with green marks as an important means to explore the international market and upgrade their own competitiveness, so as to promote the coordinated development of economy, trade and environment.

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