

Strategic Services Marketing
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Lecture - 47

Environmental consciousness and green marketing

Hello everyone. In this session, now let's understand the concept of Environmental Consciousness and Green Marketing in the context of Services Marketing. What is Environmental Consciousness? Environmental consciousness refers to the awareness and concern for environmental issues and the desire to make choices that minimize negative environmental impacts. Environmental Consciousness is an element of a belief system that refers to specific psychological factors related to individual's propensity to engage in pro-environmental behaviors. It is a complex system of values and attitudes and is also a part of the social consciousness as well as referred by Czolanyi and Schulz. Now let's understand the importance of Environmental Consciousness.

The first importance is with respect to Environmental Preservation. Environmental consciousness is vital for preservation of our planet's ecosystems, biodiversity and natural resources. By raising awareness about environmental issues and promoting sustainable practices, environmental consciousness helps mitigate climate change, reduce pollution and protect fragile ecosystems. Secondly, it also leads to human health and well-being.

Environmental consciousness promotes healthier living environments by advocating for cleaner air, water and food. By reducing exposure to harmful chemicals and pollutants, environmental consciousness contributes to improved public health and well-being. Third, environmental consciousness also helps to go for sustainable development. Embracing Environmental Consciousness is essential for achieving Sustainable Development Goals which are also known as SDGs and there are 17 SDGs as per United Nations. This include economic prosperity, social equity and even environmental sustainability.

By promoting responsible consumption and production patterns, environmental consciousness supports long term prosperity for current as well as future generations. Next importance is with respect to Resource Conservation. Environmental consciousness encourages efficient use of resources such as energy, water and raw materials to minimize

waste and environmental degradation. By adopting sustainable practices, businesses and individuals can conserve resources, reduce their ecological footprint and promote resource efficiency. Another importance is with respect to Social Responsibility.

Environmental consciousness fosters a sense of social responsibility by encouraging individuals and even organizations to consider the broader impacts of their actions on society and the environment. By prioritizing ethical sustainable practices, businesses can contribute to positive social change and build trust with consumers and communities. Another importance is with respect to getting that Global Citizenship. Environmental Consciousness promotes a sense of global citizenship by emphasizing our interconnectedness with people and ecosystems around the world. By recognizing our collective responsibility to protect the planet and its inhabitants, environmental consciousness fosters cooperation and solidarity in addressing global environmental challenges.

Another importance is with respect to Economic Opportunities. Embracing environmental consciousness create economic opportunities by driving innovation, fostering green industries and creating jobs in sectors such as renewable energy, sustainable agriculture and environmental technology. By investing in environmental initiatives, businesses can unlock new markets, enhance competitiveness and build resilience to environmental risk. Another way through which environmental consciousness is effective or important is with respect to Resilience and Adaptation. Environmental consciousness is essential for building resilience and adapting to environmental changes such as climate variability and extreme weather events.

By adopting sustainable practices and enhancing ecosystem resilience, communities and ecosystems can better withstand and recover from environmental shocks and disturbances. Another way through Personal Fulfillment. Environmental consciousness provides individuals with a sense of purpose and fulfillment by empowering them to make positive contributions to the planet and future generations. By aligning personal values with environmental stewardship, individuals can find meaning and satisfaction in living more sustainably. So, Environmental Consciousness is not just a trend, but a fundamental shift in the mindset and behavior which is necessary for creating a sustainable and equitable future for all.

By embracing environmental consciousness, we can protect the planet, improve human well-being and create more resilient and prosperous world for future generations. Now, let's have a look at the impact of environmental consciousness on services marketing. Environmental consciousness can affect services through media advice. Let's discuss few of them here. The first one here is Changing Consumer Preferences.

Environmental consciousness has led to shift in consumer preferences with an increasing

demand for environmentally friendly product and services. Consumers are actively seeking service providers that demonstrate an commitment to sustainability and environmental responsibility. Second impact is through Market Differentiation. Environmental consciousness present an opportunity for service providers to differentiate themselves in the market. Businesses or service providers that integrate green practices into their services can distinguish themselves from competitors and attract environmentally conscious consumers.

Third impact is on Enhanced Brand Reputation. Service providers that prioritize environmental consciousness can enhance their brand reputation and build trust with consumers. By demonstrating a commitment to sustainability, service providers and businesses can strengthen their brand image and foster customer loyalty. Fourth impact is through Marketing Opportunities. Environmental consciousness create marketing opportunities for service providers to showcase their green initiatives and eco-friendly practices.

Businesses can leverage green marketing strategies to communicate their environmental efforts and appeal to environmentally conscious consumers. Next impact is on Innovation and Creativity in the Services Industry. Environmental consciousness drives innovation and creativity in service marketing. Service providers are developing new products, services and marketing campaigns that promote sustainability and address environmental concerns. Next impact is on Market Expansion.

Environmental consciousness can open up new market opportunities for service providers. Businesses in service industry that offer environmentally friendly services can tap into niche markets and attract environmentally conscious consumers who are more willing to pay a premium for sustainable solutions. Another impact is on Regulatory Compliance. Environmental consciousness influences regulatory standards and requirements in service industries. Service providers must comply with environmental regulations and standards to meet customer expectations and avoid any legal liabilities.

Another impact of environmental consciousness is on Long-Term Business Sustainability. Environmental consciousness is essential for the long-term sustainability of service businesses and it's operations. By adopting green practices and integrating environmental consciousness into the marketing strategies, service providers can actually make future proof their business and contribute to a more sustainable future. And finally, environmental consciousness also impacts consumer engagement. Environmental consciousness fosters consumer engagement and loyalty as well.

Consumers are more likely to engage with a service provider that share their environmental values and participate in sustainability initiatives. With this, now let's move on to the next concept called as Green Marketing. Green marketing refers to the

practice of promoting products and services that are environmentally friendly or sustainable. It involves incorporating environmental considerations into various aspects of marketing strategies including product development, packaging, distribution, advertising, and communication with consumers. Let's understand green marketing in detail with an informative video.

Have a look at this video. When people buy things on the internet they are becoming more aware of what they are buying more importantly sustainable practices are becoming more popular which means that customers now carefully consider how their favourite company affects the environment because of this the most successful companies around the world are using green marketing techniques to keep up with new trends and get new customers.

What does the term Green Marketing mean? In simple terms green marketing is making and advertising products that are good for the environment this improves the Brand's image and helps nature at the same time it also helps the company get new customers having products that are good for the environment can help a brand stand out from its competitors this is especially true now that people are becoming more aware of the effects on the environment. What does green marketing mean? Green marketing is the use of and promotion of products and services that are good for the environment. It also refers to a wide range of practices and strategies that are good for the environment. Let's take a quick look at some of these. Make products that are good for the environment.

Use recycled materials to come up with ideas for packaging that is good for the environment. Greenhouse gas emissions should be kept as low as possible while the products are being made. Implement environmentally Sustainable Business Strategies Green marketing is becoming more and more popular as the effects of climate change become clear. A 2020 study shows that almost 77% of consumers around the world think about a company's sustainability and care for the environment when deciding which brands to buy. Green marketing usually costs more than traditional marketing, but that doesn't mean it's hard to make money, especially because more people want to do these things and the market is moving in this direction.

Green marketing means using practices that are good for the environment and improving the brand's image at the same time by making and showing off products that are good for the environment. For example, it's usually more expensive to hire local workers than to hire cheap workers from other countries, but it means that the production process leaves behind much less carbon. Some companies even go a step further by giving some of their money to projects that help the environment like planting trees. The primary goal of green marketing is to meet the needs and desires of consumers while minimizing indicative impacts on the environment. This may include highlighting eco-friendly features such as

energy efficiency, recyclability, biodegradability and sustainable sourcing to appeal to environmentally conscious consumers and differentiate product and services in the market.

Green marketing aims to encourage sustainable consumption behavior and contribute to the overall goal of achieving a more environmentally sustainable society. Now let's look at the green marketing examples through this particular video. Have a look at this video. Here are some examples of socially responsible brands that use green marketing to support a sustainable production system.

1. Starbucks. This multinational company is one of the few that has been pushing for environmentally friendly ways to make things for a long time. This business gets all of its electricity from solar power. Also they have started using materials that are good for the environment in their stores. Everyone in the world loved and appreciated this example of green marketing. The next step in their green marketing plan is to make cups that can be recycled to cut down on trash.

Starbucks is working on putting in place a similar system outside of the US. By 2025 they want to change over 10,000 stores. They also run campaigns on different social media sites to encourage people to plant trees. Effective green marketing looks like Starbucks eco-friendly campaigns and other steps the company has taken.

2. Unilever. Unilever is another company that uses green marketing because it has put in place a number of eco-friendly practices. Unilever uses things that have been used before. Nearly 75% of the waste from production goes to recycling centers. They want to make sure there is no waste anywhere in the world by the year 2039. They have also shown an interest in lowering the amount of GHG emissions.

By using these eco-friendly marketing strategies, Unilever is not only improving the image of its brand, but also making people around the world more aware of the environment. Using these green marketing strategies can help bring in more customers and boost sales. 3. H&M. In order to make a conscious collection, H&M has made a lot of changes to its environmental policies and practices.

This made them known as one of the most concerned companies in the world about the environment. They are known for making almost half of their clothes for materials that are good for the environment. H and M also started a program that let's people return their old clothes for recycling. Some of H&M's clothes are made with organic cotton and polyester that has been used before. Going further, now let's discuss some principles of green marketing.

The first principle here is sustainability, which means promoting products and services that have minimal environmental impact and contribute to sustainable development. This principle involves emphasizing the use of renewable resources, recyclable materials and

energy efficient technologies. The principle also asks for supporting practices that conserve natural resources, reduce waste generation and minimize carbon footprints. Moreover, it also means aligning business operations with principles of sustainability to ensure long-term viability and resilience. Second principle of green marketing is transparency.

This means providing transparent and accurate information about environmental claims to build trust with consumers. This involves activities like disclosing environmental attributes, certifications and standards used in product development and manufacturing process. Also avoiding green washing by substantiating environmental claims with credible evidence and third-party certifications. Third, it also means engaging in open communication with consumers and stakeholders about environmental practices and performance. Next principle talks about innovation, which means developing innovative solutions and technologies that address environmental challenges and offer eco-friendly alternatives.

Here the so-called activities involve investing in research and development to create product and services that minimize environmental impact and also offer sustainable alternatives. Secondly, it also means encouraging creativity and collaboration to explore new approaches and technologies that promote environmental sustainability. Further, this also means embracing a culture of continuous improvement and innovation to stay ahead of environmental trends and consumer expectations. Next principle is about education. This means educating consumers about the importance of environmental conservation and empowering them to make informed choices or decisions.

The activities here involves like providing information and resources to help consumers understand the environmental impact of their purchasing decisions or raising awareness about environmental issues such as climate change, pollution and resource depletion and their implications for society. The education principle also involves activities that empowers consumers with knowledge and tools to adopt sustainable lifestyles, make environmentally responsible choices and support green initiatives as well. By adhering to the principles of sustainability, transparency, innovation and education, green marketing enables businesses to promote the environmentally friendly product and services. It means also to go for building trust with consumers, drive innovation and contribute to the transition towards a more sustainable future. Now, let's look at some strategies for implementing green marketing in services.

The first strategy is to go for eco-friendly practices. For example, incorporating energy efficiency, waste reduction and sustainable sourcing into service operations. For example, Hilton Hotels and Resorts. Hilton Hotels and Resorts implements energy efficient lighting and HVAC systems in it's properties to reduce energy consumption. The hotel chain has

waste reduction programs in place, including composting organic waste and recycling amenities like soap and toiletries.

Hilton prioritizes sustainable sourcing by partnering with suppliers who adhere to environmentally friendly practices and offer eco-friendly products and services. The second practice or strategy of bringing green marketing in services is to go for green packaging solutions. Using recyclable or biodegradable packaging materials and minimizing packaging waste falls under this practice or strategy. For example, Fresh Menu, an online food delivery service. Fresh Menu utilizes recyclable and biodegradable packaging materials for its meal delivery system.

The company minimizes packaging waste by opting for eco-friendly packaging designs and reducing unnecessary packaging elements. Fresh Menu encourages customers to return packaging for reuse or recycling through its packaging return program, offering discounts or loyalty points as incentives. Next strategy is eco-friendly promotion, which means highlighting environmental benefits and sustainable features of services in marketing campaigns. For example, Tesla, an electric vehicle manufacturer. Tesla promotes the environmental benefits of its electric vehicles that is EVs in its marketing programs on campaigns.

Marketing materials emphasize the reduced carbon emissions and lower environmental impact of driving an electric car compared to traditional gasoline powered vehicles. Tesla's mission statement highlights its commitment to accelerating the world's transition to sustainable energy and transportation. Another best practice or strategy is to go for partnerships and collaborations, which means collaborating with environmentally focused organizations and initiatives to amplify impact and reach. For example, Airbnb, an online vacation rental platform. Airbnb partners with environmental organizations to promote eco-friendly travel experiences.

The platform of Airbnb offers eco-friendly stays and green experiences curated in collaboration with environmental groups and sustainability experts. Airbnb encourages hosts to adopt sustainable practices such as using renewable energy, minimizing waste, and even supporting local conservation efforts. By implementing eco-friendly practices utilizing green packaging, promoting environmental benefits in marketing campaigns, and collaborating with environmentally focused organizations, service brands like Hilton Hotels, Fresh Menu, Tesla, and even Airbnb can effectively incorporate green marketing strategies into their operations. And they have succeeded in that also. So these strategies not only appeal to environmentally conscious consumers, but also contribute to environmental sustainability and social responsibility initiatives as well.

Going further, now let's discuss the benefits of green marketing for services. The first benefit here is enhanced brand image. Green marketing improves brand perception and

strengthens customer loyalty. Second benefit, competitive advantage. Businesses gain a competitive edge by differentiating themselves as environmentally responsible service providers.

Third benefit is with respect to contribution to sustainability. Green marketing contributes to environmental conservation efforts and supports the transition to a more sustainable economy. Along with the benefits of green marketing, let's also discuss some challenges of implementing green marketing practices for services. The first challenge here is of course cost implications. Implementing green marketing strategies often involves upfront cost and investments in eco-friendly practices, materials, and technologies.

Business may face challenges in balancing the cost of sustainability initiatives with maintaining competitive pricing and profitability. Cost considerations may include expenses related to research and development, product redesign, sustainable sourcing, and compliance with environmental regulations. Second challenge deals with consumer skepticism, which means some consumers may be skeptical of green marketing claims and view them as mere attempts to capitalize on environmental trends or improve brand image without genuine commitment to sustainability. There is a new term for this which is called as value washing. Value washing is the term that refers to this particular aspect wherein a company try to improvise their brand image without actually giving any genuine commitment to these causes.

Consumer skepticism can undermine trust and credibility, leading to reduce effectiveness of green marketing campaigns and potential backlash from environmentally conscious consumers. Addressing consumer skepticism requires businesses to demonstrate transparency, authenticity, and accountability in their environmental practices and communication efforts. Third challenge deals with greenwashing accusations. Greenwashing refers to the deceptive or misleading promotion of products or services as environmentally friendly when they fail to meet credible environmental standards or even have a negligible environmental benefits altogether. Let's understand this concept of greenwashing in some more detail with this particular video.

Let's have a look at this particular video. Sustainable ecoconscious made from recycled materials companies are using phrases like these more and more frequently today sales of consumer packaged Goods advertised sustainability in North America Rose by over 30% in just 5 years reaching an estimated 268.9 billion in 2022, and more than 60% of consumers say they'd pay more for a product with sustainable packaging but underneath the flashy buzzwords companies can fall short of their eco-friendly promises environmental activists say an ongoing legal battle with H&M might highlight a big company's alleged greenwashing that's when companies mislead consumers with Promises of being more eco-friendly than they actually are in 2022 a class action lawsuit claimed that the clothing retailers Conscious Choice Collection advertised itself as sustainable, but it was actually

not made from sustainable and environmentally friendly materials. The case is still ongoing and H&M says it's taking these allegations very seriously, is looking into them thoroughly, and that its sustainability work has never been about greenwashing. Here's how a lack of transparency with consumers, long timelines, and weak environmental goals can all be signals of greenwashing. Greenwashing is when a company or organization uses misleading advertising to market itself as more environmentally friendly than it really is. Sustainable ESG funds or investments that consider environmental, social, and corporate governance factors have exploded over the past decade, exceeding \$350 billion in net assets in 2021.

It's becoming increasingly profitable for companies to be seen as being beneficial to the environment. Consumers are increasingly demanding sustainable products. Investors want to invest in companies that have lower carbon footprints. So why do people criticize greenwashing? When you buy from a company that is engaging in greenwashing practices, you are encouraging that behavior to continue.

Other companies will take note. Some companies say their sustainability efforts are better than doing nothing, but critics would argue greenwashing involves weak goals, lack of transparency with consumers, and long timelines. Take one common corporate environmental promise, reducing carbon emissions. One way companies say they reduce their emissions is by purchasing carbon offsets. A carbon offset is an action or activity that balances the emission of carbon dioxide or other greenhouse gases into the atmosphere.

It's a buyable, sellable, and tradable commodity. In theory, when a company buys a carbon offset, it finances an action that removes greenhouse gas emissions from the air, like planting trees or building renewable energy projects. This is supposed to balance the overall amount of carbon dioxide a company puts into the atmosphere. Carbon offsets and carbon credits have become an incredibly controversial mechanism in the fight against climate change. And activists and environmentalists claim, and our reporting shows, many of these projects are generating credits, too many credits, and not really reducing or removing emissions that companies are paying for. Critics say carbon offset goals are weak and that companies aren't transparent with consumers about how they'll achieve them.

While companies can claim they're putting money towards carbon offsets, the offset's environmental impact isn't always clear to consumers. Plus, activists say companies have decades-long timelines to reach their goals. A company can promise to achieve zero emissions by 2050, but if it doesn't have intermediary goals, it's unclear when it will actually start reducing emissions. And time is essential for reducing greenhouse gas emissions. That's because the United Nations Paris Agreement calls for global emissions to be reduced by 45 percent by 2030, in order to keep global temperatures from rising by no more than 1.5 degrees Celsius. So who is policing greenwashing companies? When a

company does engage in greenwashing, the negative outcomes for them are quite limited. In the worst case, it might be a fine at this point. In 2022, Goldman Sachs' asset management arm paid millions after violating SEC compliance rules with ESG fund marketing. Goldman neither admitted nor denied the SEC's allegations. But there's increased efforts by governments to start cracking down on greenwashing companies.

In March, the European Union rolled out a series of proposals which would require companies to back up their products' environmental claims with scientific evidence. These claims would then need to be independently verified. This is part of a larger effort to make it easier for consumers to choose sustainable products. There are roughly 450 million people in the European Union. Regulations adopted there often lead to larger changes globally, since multinational companies prefer not to work with different sets of rules around the world.

And there's movement in the U.S. as well. The Federal Trade Commission is discussing rules that would regulate environmental marketing claims. It also wants to penalize companies for each time a product uses deceptive language. And the SEC is proposing new disclosure actual environmental performance. Greenwashing accusations can tarnish brand reputation, erode consumer trust and lead to legal and regulatory and naming requirements for ESG funds. Businesses may face accusations of greenwashing if their environmental claims are exaggerated, unsubstantiated or inconsistent with their actual environmental performance. Greenwashing accusations can tarnish brand reputation erode consumer trust and lead to legal and Regulatory consequences including fines and penalties.

Now, let's understand how to mitigate these kind of risk or challenges. So, what are the mitigation strategies available for service providers? First, conducting thorough life cycle assessment to accurately measure and communicate environmental impact. Second strategy involves obtaining third-party certifications and eco labels to validate environmental claims and enhance credibility. Thirdly, engaging in transparent communication with consumers, disclosing limitations and areas for improvement and soliciting feedback to address concerns. And finally, service providers can invest in continuous improvement of environmental practices, innovation and stakeholder engagement to demonstrate a genuine commitment to sustainability. In conclusion, environmental consciousness and green marketing play a pivotal role in service marketing, driving consumer preferences, shaping competitive landscape and contributing to sustainability efforts.

By embracing green practices and communicating environmental benefits, service providers can create value for consumers, businesses and the planet as well. So, in this

session, we try to understand the concept of environmental consciousness and green marketing and its special application and importance in the context of services marketing. Thank you.