

## **ENVIRONMENTAL MARKETING – ASSUMPTIONS AND PROSPECTS**

### **Introduction**

Companies pay increasingly more attention to aspects related to CSR and ethics in their operations. That trend is well in line with the activities related to ecology and the endeavor to coexist harmoniously with natural environment. Despite the fact that price and quality are the main factors that consumers take into consideration when purchasing goods, more and more shoppers concentrate on other elements related to natural environment and the necessity to protect it. While the negative impact of mass production and consumption is continually increasing, there is a growing interest among manufacturers and consumers in goods and services whose production and sales affect natural environment in the least possible way. Consumers are becoming more aware of the future effects of their behavior and they expect companies to act in accordance with the ideas of sustainable development. Environmental marketing (EM) is one of the tools that companies may use to meet both the buyers needs and to follow these ideas.

### **1. Origins and assumptions of environmental marketing**

The concept of EM is closely related to the assumptions of social marketing, according to which company – when making marketing decisions – should take into account consumers' desires, company's requirements as well as long-term interests of consumers and the whole society. When creating marketing strategies, companies should seek the balance between three aspects: company's profits, consumer's needs and public interest<sup>1</sup>. The extension of the notion of marketing by aspects associated with the care about the public good, natural environment including, resulted from the awareness of the negative impact of traditional marketing operations such as<sup>2</sup>:

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<sup>1</sup> Cf. Ph. Kotler, G. Armstrong, *Marketing. Wprowadzenie*, Wolter Kluwer Polska, Warszawa 2012, p. 45.

<sup>2</sup> Cf. R. Płoska, *Marketing wobec wyzwań społecznych i ekologicznych* [w:] W. Żurawik (ed.), *Marketing – podstawy i kontrowersje*, Wydawnictwo Uniwersytetu Gdańskiego, Gdańsk 2005, pp. 322-323; S. Zaremba, *Marketing ekologiczny – odpowiedź na proekologiczne potrzeby konsumentów*, Prace Naukowe Akademii Ekonomicznej we Wrocławiu No 936, Zarządzanie i Marketing 21, Wydawnictwo AE im. O. Langego we Wrocławiu, Wrocław 2002, p. 157.

- various forms of pressure and manipulation (intrusive sales, pressurizing the customers, creating excessive needs, deceiving),
- standardization of behavior, promoting unsustainable consumption patterns,
- inclination to waste goods or materials (offering nondurable products, manufacturing goods that quickly become old-fashioned, offering goods that do not meet any particular needs, apparent variety of products),
- excessive exploitation of natural resources and pollution of the environment.

In the first phase of its development (1970s), EM - in its response to the shortcomings of traditional marketing and the related hazards to natural environment - appealed to business people and their morality; it focused mainly on the analysis and assessment of the results of marketing operations as regards natural environment<sup>3</sup>. In the second phase (1980s) the concept of EM was extended as the inter-relation between the social and ecological systems was observed. Environmental issues stopped being treated as a hazard and burden to companies and became their market opportunity. Since 1990s (the third phase of development) EM has been perceived as a strategy and treated as the concept of management of the whole organization. Environmental issues are considered now to belong to the most significant challenges for present-day companies and the stress is laid on sustainable development.

Environmental marketing, also referred to as eco-marketing or green marketing, is defined in the literature in different ways. A review of selected definitions of EM is given in table 1.

The number and variety of definitions result from different approaches of companies to environmental issues and various environmental awareness on the part of consumers. In order to understand the concept of green marketing, S. Zaremba-Warnke offers a scheme that considers two parties of exchange (an offerer and a buyer) which are divided along the criterion of environmental responsibility.

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<sup>3</sup> R. Płoska, *Marketing...*, op. cit., p. 324.

**Table 1. Selected definitions of EM**

<b>Author</b>	<b>Definition</b>
H. Bronakowski	EM is a set of knowledge, skills and procedures that facilitates the satisfaction of needs and achievement of success by the participants of the market and the marketing of goods and ecological services. It may be applied by companies that have a defined strategy of sustainable development, and is based on a recognized and created segment of environmental consumers and supported by environmental policy of a state or group of states.
B. Sieńko	Eco-marketing is a set of integrated activities that consist in the recognition and satisfaction of customers' needs, that are profitable and more efficient than those of the competitors and aim at the satisfaction of both parties and ensure a sustainable social development.
K. Peattie	EM is a process of identifying, predicting and meeting the needs of particular customers and the society as a whole, which results in profits and ensures ecological balance.
L. Białoń	EM is a social and management process thanks to which particular individuals and groups of people receive what they need and wish to obtain by means of creating, offering and exchanging goods that have ecological value.
S. Zaremba-Warnke	EM is a process of meeting the needs of consumers and the society by means of planning and materializing concepts, prices and promotions and distributing ideas, goods and services in the way that satisfies the parties of exchange and is sustainable in character.

Author's own resources based on: H. Bronakowski, *Rynek – marketing dóbr i usług ekologicznych (Słownik podstawowych pojęć)*, Wydawnictwo Wyższej Szkoły Finansów i Zarządzania, Białystok 1997, p. 66; B. Sieńko, *Ekomarketing jako instrument budowania strategii przedsiębiorstwa*, Prace Naukowe Akademii Ekonomicznej we Wrocławiu No 870, Źródła sukcesów i porażek przedsiębiorstw. Aspekt strategiczny, Wydawnictwo AE im. O. Langego we Wrocławiu, Wrocław 2000, p. 302; M. Keck–Wilk, I. Wilk, *Komunikacja z klientem w ramach marketingu ekologicznego* [in:] G. Rosa, A. Smalec, L. Gracj (red.), *Marketing przyszłości. Trendy. Strategie. Instrumenty. Zachowania podmiotów na konkurencyjnym rynku*, Zeszyty Naukowe Uniwersytetu Szczecińskiego No 595, Ekonomiczne problemy usług No 55, Szczecin 2010, p. 299; L. Białoń, *Ekomarketing* [in:] B. Poskrobko (ed.), *Sterowanie ekorozwojem*, Wydawnictwo Politechniki Białostockiej, Białystok 1998, p. 121; S. Zaremba–Warnke (ed.), *Marketing ekologiczny*, Wydawnictwo Uniwersytetu Ekonomicznego we Wrocławiu, Wrocław 2009, p. 105.

In the group of offerers, two groups were distinguished: the environmentally-friendly and the ecologically irresponsible ones, while consumers are divided into “normal” and the green ones. The juxtaposition of different attitudes and behavior of the offerers and consumers makes it possible to determine four different situations<sup>4</sup>:

- a non-environmental company offers products to consumers with low environmental awareness (the so called “normal” consumers). The main objective of the company is to maximize the profits,
- a non-environmental company in a more or less conscious way takes advantage of the consumers' ecological needs,
- a pro-environmental company meets the needs of the consumers with a higher level of ecological awareness (the so called “green” consumers); when offering its products it refers to higher level needs,

<sup>4</sup> Cf. S. Zaremba, *Marketing ekologiczny – odpowiedź...*, op. cit., pp. 158-159; S. Zaremba–Warnke (ed.), *Marketing ekologiczny*, op. cit., p. 100-102.

- a pro-environmental company stimulates the needs of “normal” consumers with the aim to cause concrete consumption actions on their part and to turn “normal” consumers into “green” ones.

EM is concerned with the activities of environmentally oriented organizations that not only aim at satisfying the current needs of consumers but also take into consideration long-term interests of the whole society. Thus, the basic objective of EM is to increase the demand for the environmentally-friendly products, to reduce the demand for environmentally harmful products and to eliminate improper and non-ecological consumption behavior. Hence, it forces the evaluation of the product with the consideration of its whole life cycle, the degree of its social usefulness and the environmental consequences of its production and exploitation. As a result, product labeling is required and information should be provided as regards the environmental influence of subsequent phases of the product’s life cycle. The effectiveness of EM depends largely on the adequate integration of actions and marketing instruments as well as the level of environmental awareness among the staff<sup>5</sup>.

## 2. Instruments of environmental marketing

The concept of EM is practically realized by marketing tools that form the so called environmental marketing mix that includes: the eco-product, its price, the environmentally-friendly distribution and eco-promotion.

The notion „eco-product” means a product that meets environmental requirements significantly more than conventional or competitive products<sup>6</sup>. Thus, such a product is not completely harmless to the environment but its impact on environment is substantially smaller. In EM the term *product* is broader than in traditional marketing, which is testified by the fact that the product structure is extended by an additional level referred to as *whole product* which includes all activities on the offerer’s part from designing to selling the product and the acceptance of the notion of the product environmental life cycle. As a result, all ecological features of a product at every stage of its life cycle are an evidence of its ecological character. Consequently, the whole product life cycle is the object of investigation and assessment. One of the main targets of the eco-product policy is the prevention principle, i.e. the rule to consider the matter cycle at the stage of product planning and to aim at the creation

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<sup>5</sup> Cf. S. Zaremba–Warnke (ed.), *Marketing...*, op. cit., p. 105-105; M. Keck–Wilk, I. Wilk, *Komunikacja...*, op. cit., p. 299.

<sup>6</sup> S. Zaremba–Warnke (ed.), *Marketing...*, op. cit., p. 124.

of a closed circuit<sup>7</sup>. Eco-product should meet consumers' real needs and at the same time it should be accepted by them as regards both its basic functions and the environmental requirements so that the consumers should be inclined to pay a higher price. In the case of eco-products it is also important to advertise their ecological features by design, brand and packaging. Eco-labels also play an important role in marketing an eco-product. They inform the consumers and promote products that are environmentally more friendly than other ones that have comparable functional features<sup>8</sup>.

In the case of eco-products, the choice of a particular pricing strategy depends on factors that affect the price of environmentally friendly products, especially on the adequate determination of production and R&D costs, and also on the consideration of social and environmental costs of production. The crucial factor when fixing a price is the level of the environmental awareness of consumers who are eager to pay for an eco-product more than the average market price. Due to certain elitism of consumption and the uniqueness of products, a strategy of prestigious prices is applied as regards eco-products. In that case, the need for clean environment is a priority and in order to meet this requirement, the products are priced higher. At this moment there is a transfer of some of the environmental costs towards the consumers with higher environmental awareness. As eco-product are trendy new companies start operations and eventually price competition emerges. Companies strive for gaining consumers with a lower level of environmental awareness, which is possible thanks to adequate pricing policy. Lowering the prices of eco-products in comparison to alternative products and exposing the environmental friendliness of products as well as lower exploitation costs, longer working life or repairability may appeal to price-sensitive consumers.

The objective of environmentally-friendly distribution is to provide the buyers with the product on time, on place and at the lowest possible price, with the consideration of environmental protection requirements. Such distribution policy involves more responsibility on the manufacturer's part as it concerns not only the delivery but also the concern about the product's impact on environment after the usage phase. The manufacturer is responsible for the product's effect on environment in its post-consumption phase. One of the most significant decisions in the area of ecological distribution is the choice and organization of distribution channels. Direct distribution involves a high degree of control over the delivery of eco-products and the opportunity of greater integration of distribution with other tools of the

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<sup>7</sup> Ibidem, p. 128.

<sup>8</sup> Cf. R. Płoska, *Marketing...*, op. cit., p. 327; S. Zaremba-Warnke (ed.), *Marketing...*, op. cit., p. 132.

marketing mix. In the case of indirect distribution, the issue of a suitable selection- also with the consideration of ecological criteria - of distribution agents that form the distribution channel is important. The effectiveness of ecological distribution depends largely on the cooperation between organizations that constitute the links of the same chain of delivery and which are perceived as the indispensable elements of environmentally harmless delivery and redistribution. The aim of eco-promotion is to provide information on ecological features of a product, to create company's ecological image and to make consumers sensitive to the environmental protection issues. The selection of promotional tools and their integration with other EM tools are significant in the creation of an ecological image of the product and its manufacturer; the manufacturer should be definitely associated with the actions for the benefit of natural environment. Among eco-promotional tools that facilitate the creation of pro-environmental image of a company and its offer, ecological advertising and public relations play a substantial role. When preparing advertisements of eco-products, a company should consider the level of ecological awareness of the target group and should care about the credibility of the message. Advertising as a promotional tool is subject to consumers' criticism and this is why it should be honest and reliable; it should use up-dated and verified research results concerning the ecological features of a product and it should make the eco-label clearly visible. Public relations is the other tool that is crucial in the communication process with the buyers. Companies involved in environmental activities should inform the public about it and analyze its expectations as regards ecology. It is not only the consumers and agents who are the recipients of the environmental PR activities but also the company staff, public organizations, media, government institutions, public administration and schools. Sponsoring the organizations and events associated with environmental protection is an important tool of PR that is used by environmentally-friendly companies.

### **3. Analysis of survey results**

EM is developing thanks to the growing awareness that natural resources are limited and the activities related to traditional marketing have frequently a negative impact on natural environment. At the same time certain aversion to environmentally-friendly conduct can be observed among consumers, which usually results from a low level of environmental awareness, the discrepancy between biological needs and civilization requirements as well as the lack of solutions that would make environmentally-friendly behavior easier<sup>9</sup>. In order to

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<sup>9</sup> Cf. S. Zaremba, *Marketing ekologiczny – odpowiedź na...*, op. cit., p. 154.

determine the ecological awareness of consumers and their readiness to take ecological activities, a survey among 199 respondents was carried out.

The survey form included 11 questions concerning, among others, the meaning of the notion of EM, the evaluation of factors determining its development as well as the determination of the significance and impact of selected environmental actions of companies on consumer decisions while shopping.

124 women (63% of respondents) and 74 men (37% of respondents) took part in the survey. The most numerous group was constituted by people aged 20-30 years (77.5% - 154 people). The second most numerous group included people aged 31-40 (12% - 24 people). The number of people aged 41-50 (8% - 16 people), less than 20 and over 50 were (total 2.5% - 5 people) was marginal.

Over half of the respondents (59%) stated that environmental problems were important for them. However, approximately the same number of people declared these problems as very important or little important (17% and 19.5%, respectively). Respondents asked to determine the significance of particular factors when purchasing a product indicated the price as a very important factor (48%) – such an answer was given mainly by women, and as important (46%) – mainly by men. Other important factors were: environmental protection (47%), the use of materials harmless to environment (46%) and packaging to be used again (38%). As far as the factor regarding the lack of testing a product on animals, the answers differed in the groups. The same number of women considered this factor as a very important or important (35% and 36%, respectively), while men considered this factor little important (38%); however, 27% of them declared it as an important one. Factors that were considered to be of little importance when purchasing a product were: the environmental involvement of the company (50%), social responsibility of the company (45%), the use of recyclable materials (43%) and environmental labeling (43%). It was difficult for the respondents to determine the significance of the country of origin. The same number of women considered this factor as important and little important (42% and 43%, respectively); while for 44% of men this factor was little important, while for 36% it was important – table 2.

**Table 2. Respondents' answers to the question: *determine how you rate the following features when buying a product***

Factors considered when purchasing a product	Women							
	Very important		Important		Little important		Of no importance	
	% of answers	No of answers	% of answers	No of answers	% of answers	No of answers	% of answers	No of answers
Price	55	68	42	53	3	4	0	0
Country of origin	3	3	42	53	43	54	12	15
Environmental protection	7	9	55	69	31	39	7	8
Use of recyclable materials	9	11	37	46	44	55	10	13
Not tested on animals	35	44	36	45	20	25	9	11
Materials harmless to environment	15	19	53	66	26	33	6	7
Packaging to be used again	15	18	46	58	27	34	12	15
Environmental labeling	10	13	44	55	37	46	9	11
Company's environmental involvement	4	5	32	40	56	70	8	10
Company's social responsibility	8	10	33	41	48	60	11	13
	Men							
	Very important		Important		Little important		Of no importance	
	% of answers	No of answers	% of answers	No of answers	% of answers	No of answers	% of answers	No of answers
Price	38	28	55	41	4	3	3	2
Country of origin	12	9	36	27	45	33	7	5
Environmental protection	12	9	34	25	34	25	20	15
Use of recyclable materials	12	9	24	18	42	31	22	16
Not tested on animals	17,5	13	27	20	38	28	17,5	13
Materials harmless to environment	18	13	35	26	39	29	8	6
Packaging to be used again	16	12	23	17	47	35	14	10
Environmental labeling	11	8	20	15	54	40	15	11
Company's environmental involvement	11	8	24,5	18	40	30	24,5	18
Company's social responsibility	10	7	40	30	39	29	11	8

From author's resources.

The respondents were asked if they had ever changed their attitude towards a product/brand after the increase of their knowledge about the company selling it. More than half of the women (63%) stated that they had changed their shopping habits, while 53% of man stated they had never changed them, even when their awareness about the company's actions increased.

The respondents were asked to determine how they understand the term *ecological product*. One third (34%) was right to say that an eco-product is a product that follows environmental requirements to a considerably bigger extent than conventional or competitive products. However, half of the men (50%) and over one third of women (35%) by an ecological product perceived one whose negative impact on environment is reduced – table 3.



**Table 3. Respondents' answers to the question: What do you mean by the term "ecological product"?**

Meaning of the term <i>ecological product</i>	Women		Men	
	% of answers	No of answers	% of answers	No of answers
Its name includes <i>bio-</i> or <i>eco-</i>	30	38	8	6
It is available on a street market	0,8	1	7	5
Its negative impact on environment has been reduced	35,2	44	50	37
It follows environmental requirements more than conventional or competitive products	34	42	35	26

From author's recourses.

More than half of the respondents (53%), both men and women considered themselves ecologically conscious consumers, although the difference over the ones who did not say so (47%) was not substantial. Among the factors that are taken into consideration by ecologically conscious consumers are, according both to women and men, the company's involvement in ecological actions (72% of women and 61% of men) and the quality (49% of respondents). Additionally, women indicated here the significance of packaging (40% of women). Every fourth respondent (24%) pointed at the price as the factor considered by ecologically conscious consumer – table 4.

**Table 4. Respondents' answers to the question: What does an ecologically conscious consumer Take into consideration when deciding on the purchase of a product?**

Factors considered by an ecologically conscious	Women		Men	
	% of answers	No of answers	% of answers	No of answers
Price	19	24	32	24
Quality	50	63	47	35
Packaging	40	50	30	22
Company image	10	12	13,5	10
Brand image	6	7	13,5	10
Company's involvement in ecological activities	72	90	61	45

From author's recourses.

Over half of the women under investigation did not come across the term *environmental marketing*, while 53% of men said that they did. The people who said they were familiar with the notion pointed at the Internet (70%), TV (57%) and press (35%) as the sources of the information; 11% of respondents pointed at the company they worked for.

The respondents were also asked to define what they understood by the term *environmental marketing*. Only 8.5% of them were able to define correctly and widely EM as a holistic in nature process based on social responsibility and endeavor to reach ecological balance. The majority understood it in a narrow sense, as a reference of advertising activities

to the ecological consciousness of consumers or the process of inciting the ecological consciousness of consumers who are not interested in environmental protection (40% and 31%, respectively). Only one person gave his/her own definition of EM in which EM was described as the development of consumers' awareness as regards ecological manufacturing of goods and the recycling of packaging (table 5).

**Table 5. Respondents' answers to the question: *What does, in your opinion, the term environmental marketing mean?***

Meaning of the term environmental marketing	Answers	
	%	number
Referring to consumers' ecological consciousness in an advertising	40	79
Inciting ecological consciousness among consumer who are not interested in environmental protection	31	62
Necessity to manufacture products that are harmless to natural environment	15	30
Eco-labeling products	5	10
Process based on social responsibility, endeavor to reach ecological balance, holistic in nature	8,5	17
Other	0,5	1

From author's resources

49% of respondents stated that the awareness of EM is low among consumers, however, 36% said that it was average. Only 7% expressed the opinion that consumer awareness was high. According to the respondents, the factors that influence the development of EM are: information campaigns promoting environmentally-friendly behavior (80%), publicizing by companies the ethical behavior towards the environment and customer (48%) and the creation of environmentally-friendly organization culture in companies (43%). One third of the respondents pointed out the significance of the state's policy as regards the environment and access to modern environmentally-friendly technologies (37% and 35%, respectively). 25% of the respondents considered the availability of financing sources of environmentally-friendly projects as a factor influencing the development of EM (table 6).

**Table 6. Respondents' answers to the question: *What factors in your opinion influence the development of EM?***

Factors influencing the EM development	Answers	
	%	number
Information campaigns promoting environmentally-friendly behavior	80	159
State's policy as regards environment	37	74
Publicizing by companies ethical behavior towards the environment and customer	48	96
Availability of financing sources of environmentally-friendly projects	25	49
Access to modern environmentally-friendly technologies	35	69
Creation of environmentally-friendly organization culture in companies	43	85

From author's resources

## Conclusion

Marketing is a concept that tends to adjust to the changing conditions of environment. The awareness of the negative influence of traditional marketing tools on the natural environment, the growing level of ecological consciousness on the part of consumers and the need for clean environment resulted in the development of the EM idea.

Although present-day consumer declare the importance of natural issues and appreciate ecological activities of business, they are not always inclined to change their behavior and habits and, consequently, their life styles and purchasing habits. According to the research, an important role is played by the application of information tools and ecological labels, which constitute a reliable source of information for consumers about products available on the market. The acceptance of EM assumptions requires changes in companies themselves; particularly the staff must be made sensitive to environmental issues and environmentally-friendly organizational culture should be created, where efforts are taken for the sake of environmental protection. Despite the fact that consumers still treat price as the most important criterion when buying a product, they pay increasingly more attention to other factors, including the ecological ones. Thus, it can be assumed that EM will become a tool of strategic management not only in selected companies but also in all other organizations where environmentally-friendly behavior will be perceived as an opportunity for development and competitive advantage.

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### ***Summary***

Trends towards environmentally-friendly activities and the emphasis on the idea of sustained development are increasingly more visible on present-day markets. The growing environmental consciousness of the society, the changes of consumer needs and their expectations from business as well as the business sector awareness of the necessity to consider environmental issues support the development of EM .

The article presents the origins and assumptions of green marketing and the characteristics of environmentally-friendly instruments. It also includes selected results of a survey aimed at determining the level of consumer environmental awareness and the related consumer behavior as well as finding the information about the expectations regarding the development of green marketing.