Startups Use Green Marketing Strategies For Exponential Growth: Reality Or Myth


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Abstract: In the current era of globalization, maintaining consumer loyalty and ensuring the security of the natural environment are the two most important needs. The term "environmental pollution" is frequently used in the business world nowadays. Awareness about the effects of environmental pollution and environmental problems, such as global warming, is increasing among consumers. Green marketing is a sustainable activity and such markets must be safe for the society in both developed and developing nations, including India. This paper examines the myths and facts surrounding the green marketing practices adopted in India.

Keywords: Green marketing, sustainable development, environmental protection, myths, realities

1. Introduction

Although modern products and services have been made innovative through technology and globalization, these have affected the environment and the people negatively (D’Souza et al., 2015; Kotler, 2011; Mehraj & Qureshi, 2022; Velita & Suson, 2020). Green innovation is essential to achieve the goal of green transformation. It is a process that aids the creation and acceptance of innovative technologies to reduce the environmental impact (Castellacci & Lie, 2017; Karimi Takalo et al., 2021). The purchase of ecologically friendly products and the protection of people and environment is termed as going green, which is becoming popular (Haery et al., 2013; Madeira, 2019; McDonagh & Prothero, 2014; Ricci et al., 2018). Existing research demonstrates that collaboration among startups, utilization of talented human resources, and addressing the related problems are crucial for developing and using green technologies (Hockerts & Wüstenhagen, 2010; Schaltegger et al., 2016). Green marketing is one of the most important corporate strategies adopted for sustainable growth (Mehraj & Qureshi, 2022). The growing awareness campaigns for sustainable development have resulted in the build-up of momentum for green startups (Bhatnagar et al., 2022). Although the implementation of green marketing might be initially difficult, it will undoubtedly benefit organizations in the long run. In terms of Indian businesses, the idea of green marketing is still in its infancy. Therefore, green enterprises are necessary and so is a change in consumers’ behavior and mindset toward environment-friendly lifestyles (Agarwal et al., 2021).

1.1 Importance of green marketing

Green marketing is the practice of manufacturing, promoting, and using products that are environment-friendly. Green marketing encompasses a variety of activities, such as product modifications, manufacturing enhancements, packaging modifications, and advertising changes (Chung, 2020; Cronin et al., 2011; Fuentes, 2014; Taghian et al., 2016). According to Papadas et al. (2017) and Sudhalakshmi and Chinnadorai (2014), corporate green marketing aims to reduce environmental pressure, gain a competitive advantage, improve organizational image, investigate new market opportunities, and increase product value. In the commercial and marketing realms, green marketing is a relatively fresh idea that has gained enormous appeal in recent years (Chahal et al., 2014; Grimmer & Woolley, 2014). Green marketing is the process of designing, developing, and advertising products and services that satisfy consumers’ requirements with respect to quality, price, and service while ignoring a negligible negative impact on the environment in terms of the usage of raw materials and energy (Mehraj & Qureshi, 2022). Green marketing has several significant advantages. Companies could save the environment and enhance human health by adopting green practices (Lakshmanan, 2012). Green marketing...
focuses on selling eco-friendly goods to meet consumers’ demands and requirements (Devadasan, 2019). Green marketing is a tool for preserving the environment for the upcoming generations. Hotels must operate in an environment-friendly manner to compete in the green market (Perera & Pushpanathan, 2014). Green marketing decreases the usage of plastic products and thereby preserves the natural heritage and environment (Agarwal et al., 2021).

In order to conserve the available resources and safeguard the environment, consumers engage in a process known as “green purchase” (Sheng et al., 2019). Green marketing and green products are becoming popular, as evidenced by several researchers (Chabowski et al., 2011; Kumar, 2016; Leonidou et al., 2011; McDonagh & Prothero, 2014). In the evolution of green marketing, the consumers’ attitude, perception, and purpose are considered as markers of dynamism. Consumption patterns have been considerably affected by increased awareness and understanding. Although the gap in environmental knowledge is concerning, it has a negative impact on consumers’ attitudes and intentions (Doran, 2009). According to Wu et al. (2015), organizational image and locus of control are the two important elements that affect the behavior of green consumers. Negative and demotivating information about green products is not readily accepted by interested consumers (Lim et al., 2020a; Lim et al., 2020b), while factual and transparent information can attract and retain green enthusiasts (Pervin et al., 2015). Consumers’ green attitudes are improved through eco-friendly innovation, environmental concerns, environmental knowledge, and green products, resulting in an increase of their purchase intention (Moslehpour et al., 2023).

1.2 Green marketing strategies
Previous studies have clarified the effect of components of green marketing mix on consumers’ purchase intentions and behavior in various countries (Karunarathna et al., 2020; Mehraj & Qureshi, 2022; Shabbir et al., 2020; Song et al., 2020). However, further studies on environmental issues are required to prevent an ecological crisis in India, which is ranked third among the world’s most polluting nations (Kaur et al., 2022). Studies on the impact of ecological marketing on Indian consumers’ behavior are few (Bukhari, 2011). Consumers’ perception of green concepts has resulted in a growth of the green marketing concept among businesses that intend to be competitive in their respective industries (Karunarathna et al., 2020). Businesses and organizations are implementing green marketing techniques to retain customers and stay ahead of their competitors. Green marketing has been adopted by businesses for a variety of reasons, including increasing revenue and improving organizational performance (Mukonza & Swarts, 2020).

The theory of the green marketing mix applies a green and eco-friendly perspective to the conventional theory of the four Ps, namely, product, price, place, and promotion. Marketing mix has a significant and positive impact on consumer willingness (Chou et al., 2020).

1.2.1 Products and services
A green product is produced by using eco-friendly practices, causing little or no harm to the environment. Customers associate green products with greater quality because of the organic, healthy, and safety factors and also because such products are made locally by using recycled components (Govender & Govender, 2016). Green products are perceived to consume less energy and resources, which benefit their life cycle through reduced pollution. A well-established distribution network of green products is a vital component for manufacturers and businesses, because the demand for green products has increased over the past few years (Goh et al., 2019).

According to Davari and Strutton (2014), recycling and related processes are widely used in the manufacturing of green products, thereby increasing durability, safety, and reparability of products. In terms of the green marketing matrix, the marketing strategies, namely, lean green, defensive green, shaded green, and extreme green, could be implemented for green products and such marketing strategies must be in tandem with green processes and cost reductions (Ginsberg & Bloom, 2004). Green products are found to positively influence consumers’ purchase intentions and behavior (Bathmathan & Rajadurai, 2019; Hossain & Rahman, 2018; Trivedi & Shrama, 2018; Boztepe, 2011), in spite of consumers paying more for green products (Purnama & Adi, 2019; Bathmathan & Rajadurai, 2019).

1.2.2 Price
Green pricing is the additional cost associated with buying environmentally friendly products. Such additional costs might be linked to the costs associated with making environmentally friendly products and the
notion that one must pay a higher price to protect future generations. Visualizations of green options are provided via appealing, packaging, modernized upgrades, and other features (Davari & Strutton, 2014). The cost of green products has a considerable impact on customers’ purchase decisions (Putra et al., 2020). The willingness of Indian customers to pay a higher price for sustainable goods is significantly influenced by their positive approach toward such products (Kirimani & Khan, 2018). Prior research demonstrates that consumers do not hesitate to pay a higher price for green products (Purnama & Rasmen, 2019; Bathmathan & Rajadurai, 2019). Additionally, green pricing has shown to be more effective among younger generations as they are concerned for the environment and are willing to pay for green products (Govender and Govender, 2016). Regarding the association with the matrix of green marketing strategies, Ginsberg and Bloom (2004) found that shaded green and intense green marketing strategies were more suitable because of the significant long-term investments and awareness of environmental issues.

1.2.3 Place

Better inventory management, lower inventory pricing, cost and time savings, and improved customer service are the characteristics of a green location (Lee & Lam, 2012). Distributors must develop an eco-friendly distribution strategy to retain the sustainability component of marketing and gain a competitive advantage over their rivals (Boztepe, 2011). Sales of green products are more likely to increase when they are placed in accessible locations, such as supermarkets (Govender & Govender, 2016). The location can be both actual as well as virtual (Mahmoud, 2018). In addition to an accessible location, the product’s distribution system and logistical support should be eco-friendly (Goh et al., 2019). Extreme green marketing strategy is the most effective green strategy because it emphasizes on niche distribution, which is crucial along with an continuous exposure to green products (Davari & Strutton, 2014; Ginsberg & Bloom, 2004).

1.2.4 Promotion

According to Davari and Strutton (2014), green promotion is perceived to be the most crucial component of the green marketing mix, and it must satisfy at least one of the following requirements for being effective.

1) It must reveal and emphasize on the association between products and biophysical environment.
2) It must promote eco-friendly living, irrespective of a product or service being highlighted.
3) It must promote ecologically conscious companies and maintain their reputation.

Green promotion messages, which are distributed and conveyed through direct advertisements, websites, campaigns, etc. are intended to increase the likelihood that customers would purchase green products (Mahmoud, 2018). Production methods, distribution strategies, advertising, and sales promotion have undergone substantial changes due to the environmental changes caused in the structure of raw materials (Testa et al., 2011). As a result, customers’ responses to commercial messages and their approaches toward buying eco-friendly goods have been positive (Dangelico, 2017). By emphasizing the environmental advantages of green products and the manner in which such products complement sustainable lifestyles, green promotion strengthens the green image and influences consumers to start using green products (D’Souza et al., 2006).

1.3 Advancement in green marketing

The crucial role of green innovation in enhancing both financial value and environmental performance of businesses suggests that policymakers should prioritize sustainable investments to improve the innovation in outcomes, achieve superior financial performance, and attract environmentally conscious stakeholders. Additional policy measures could include increased tax rebates on green-related revenue and increased capital allowances for the deployment of radical ideas (Khallil & Nimmanunta, 2021). Upgrading the industry’s structure is one of the optimal approaches to achieve green advancement (Fan et al., 2021). According to Ren et al. (2021), improving the industry’s structure has an indigenous promotional effect on the advancement of inclusive green growth. Realization of the circular economy, formation of dual-cycle development patterns at home and abroad, and development of green innovation are significantly influenced by digital economy and information technology (Litvinenko et al., 2022). Green innovation exhibits a notable spatial spillover effect. The advancement of green innovation may be impeded in developing regions due to the flow of talent and industrial transfer caused by developed regions (Luo et al., 2023). As Lin et al. (2014) observed, positive rules and regulations could promote green innovation. As a result, promoting the intellectual property system and implementing policies and regulations for green technological innovation could result in the promotion of green innovation. Additionally,
financial growth is crucial for the progression of green innovation. Advancement of green field is inevitable during the creation of a contemporary economic system. Several obstacles and hurdles are encountered in digital economy and green innovation (Xu et al., 2021).

1.4 Green marketing challenges
Among the four Ps of green marketing used by businesses, green products, green place, and green promotion had a substantial impact on the Indian millennials’ willingness to purchase green personal care products (Kaur et al., 2022). The following barriers are encountered in the area of green marketing.

1. Consumers tend to spend less on purchasing green goods (Laroche et al., 2001). Majority of customers prefer green products over non-green products, but their preference is not supported and matched by their behavior (Griskevicius et al., 2010). Subsequently, a significant risk of biased replies is identified in surveys on green products. Several obstacles, such as shortage of green items and lesser availability of affordable products, are identified in the consumers’ adoption of green products (Young et al., 2009).

2. Significant obstacles, such as high costs, slow production, lack of natural raw materials, high costs of power and utilities, and lack of government backing, are associated with green marketing. Due to the company's use of organic ingredients and the utilization of unique production methods by highly skilled workers, the cost of production is significant and the price of green products is subsequently increased. The growing demand for natural goods is not met because manufacturers occasionally run out of organic raw materials, which results in production delays (Velita & Suson, 2020).

3. Lack of standardization makes it difficult to fulfill promises made in marketing promotions for green initiatives. Currently, no standards are established to certify a product as organic. Verification of authenticity is not possible unless the regulatory authorities certify green products and services. A standard quality control board must be established for the licensing and labeling processes (Singh, 2012).

4. Educated consumers living in Indian urban areas are becoming increasingly knowledgeable about the benefits of green products. However, a majority of people are not aware of the benefits of using green products. Awareness about dangers posed to the environment need to be spread among people. Novel green movements must be spread throughout the society for which adequate time and efforts need to be devoted.

5. Stakeholders (corporations and investors) must consider the environment as a significant long-term investment opportunity and marketers must consider the advantages of the green movement. The progress made in such an endeavor is gradual and requires consistent efforts. Green movement is a novel concept and hence it would take time for acceptance.

6. Focus on consumer benefits is a fundamental aspect of green marketing. Consumers prioritize certain goods and services only if some benefits are associated with the purchase. If a completely green product does not meet the customers’ requirements and satisfaction, then it would be a fruitless exercise and would cause “green myopia.” Acceptability of green products would be decreased in the market in case of their non-feasibility in the commercial segment.

A general framework for green marketing and green consumerism must be formulated to address governmental regulations, competitive factors, and specific barriers encountered in marketing green products in comparison to non-green ones (He et al., 2015; Marques & Simões, 2008). Support groups, intermediaries, and founders might enable green startups to form teams that could spread awareness and handle business operations. Public funding programs play a vital part in business training for green startups (Bergset, 2018).

1.5 Opportunities for green startups
Businesses must adopt green marketing strategies and execute ecologically sustainable marketing activities to reach sustainable development objectives by 2030 (Chen & Yang, 2019). Since green marketing emphasizes on the conduct of all marketing activities while safeguarding the environment, sustainable development can be considered as a dependent variable of green marketing (Kinoti, 2011; Mukonza & Swarts,
2020). Consumers’ concern about the environment results in a considerable business opportunity (Papadas et al., 2019). A novel market has developed for environmentally friendly and sustainable goods and it is being supported by mindful customers who want to contribute toward the safeguarding of environment (Emekci, 2019). It should be observed that consumer awareness of environmental issues is crucial in achieving sustainable development because consumers’ propensity for sustainable consumption reduces the environmental impact on the society (Lu et al., 2013; Sharma & Foropon, 2019). Numerous startups in the fields of energy efficiency, waste management, organic farming, etc., have received recognition for their potential to enable the mitigation and adaptation of climate change and the resolution of other environmental and social problems (Gaurav et al., 2019). With several national parks and sanctuaries and government programs focusing on environmental protection (e.g., Western Ghats), India has a rich biodiversity that presents opportunities for managing natural resources and for offering green products and services. Local people living in natural habitats and supporters of afforestation and reforestation must collaborate with startups for ensuring ecological sustenance.

**1.6 Conclusion**

Both established businesses and upcoming startups have prioritized green marketing. Environmental responsibility and sustainability must be seriously considered and integrated into a company’s green marketing plan to exploit the market’s vast potential and to value the ecosystem, which needs constructive human intervention. While green marketing can offer significant benefits, startups should approach it with authenticity and transparency. If a startup’s claims about sustainability are not backed by real actions, then it could lead to negative consequences that include damage to reputation. Green marketing strategies are required for growth and these must be implemented with a commitment to sustainability and a clear understanding of the associated challenges and responsibilities. The implementation of green marketing is feasible and does not appear to be a myth. Stakeholders need to be committed toward the environmental cause and they must have a favorable attitude toward sustainable development.

**References**


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