

GREEN MARKETING: DO CORPORATE STRATEGIES REFLECT EXPERTS' ADVICE?

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While experts continue to offer advice about environmental marketing strategies, many corporations have already implemented some form of "green" marketing plans. This preliminary study was designed to provide a comparison between the experts' recommended strategies and those strategies actually chosen by Corporate America. Although each firm implements more than one strategy, this study indicated that internal recycling ranks as the most participated in environmental effort, while innovating places a distant second, and long-term planning ranks third. A high percentage of respondents also indicated that their firms participate in environmental education, community involvement, and the creation of alliances with government groups. A majority of respondents reported their firm's strategies to include advisory boards and environmentally related public relations. In consideration of the number of diverse environmental strategies being used by corporations, the difference between the experts' advice and the strategies selected appears to be in the intensity of the implementation rather than the structure of the strategies.

INTRODUCTION

The waste and abuse of natural resources has evolved into a growing demand by consumers to shift more responsibility for protection of natural resources toward Corporate America. This shift has evolved because consumers view industry's processes to be the biggest contributor to pollution. "Rightly or wrongly consumers are placing the blame for environmental degradation on industry and government" (Ottman 1992). Although corporations are feeling pressured to act on either implementing or revising their environmental strategies they are apprehensive for a number of reasons: 1) consumers are saying they will pay higher prices for products that are "environmentally friendly", but manufacturers say they haven't seen it happen (Hume 1991), 2) investment in pro-environmental technology is expensive, especially when it involves, for example, the building of waste treatment plants or as

Canadian Pacific Hotels and Resorts discovered, when it involves re-routing laundry-room heat to other hotel areas to eliminate waste (Green Watch 1993), and 3) government regulations are frequently changing, and labeling restrictions, for example, "have prompted some marketers to make no environmental claims rather than run afoul of a labeling law" (Griffin 1992). Given the above conditions, this paper seeks to examine how, and to what extent, companies are responding to increasing pressure on the "green" front.

REVIEW OF STRATEGIC RECOMMENDATIONS

The literature contains a great deal of prescriptive advice from marketing experts who recommend proactive environmental strategies as a way for corporations to satisfy consumers and increase profitability. We have grouped the strategic recommendations into eight general categories and have summarized them here.

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Long Term Planning

Some experts recommend a strategy of environmental planning, aimed beyond government compliance, which becomes part of the corporate mission and permeates all aspects of planning and implementation for the company. William A. Wheeler (1992) observes, "what's needed is a clear-cut mission and goals statement". McManus and Carter (1991) state "...Green must be a comprehensive program in the form of a corporate strategy, not merely a promotion". Consistent with this belief, Joel J. Davis (1991) advises, "Senior management must provide adequate resources and show leadership in integrating environmental initiatives into long-term strategic decision making". This recommendation clearly requires a high level of investment from a company and would likely result in fundamental changes in business practices.

Educating Consumers

Another recommendation involves the education of consumers as part of a "green" marketing strategy. This is a difficult task as the typical green consumer is typically an opinion leader and a careful shopper who seeks information on products from packaging and advertising (Shrum, McCarty, and Lowrey, 1995). They are also skeptical of advertising and have negative attitudes about business and negative impressions about the advertising industry (Zinkhan and Carlson, 1995).

Carl Frankel (1992) writes that "consumer education is the real backbone of an environmental marketer's long-term strategy". Others note, "...many retailers and manufacturers are taking steps to assume leadership and provide consumer education" (McManus and Carter 1991). One example of retailers supporting a manufacturer's efforts to educate consumers involves Church and Dwight, makers of Arm & Hammer brand baking-soda products. Church and Dwight have placed "Enviro-Centers" featuring their natural products and educational literature inside supermarkets. They grouped Arm & Hammer products with other natural cleaning agents such as lemon juice and vinegar to educate consumers about environmentally safe

cleaning alternatives (Frankel 1992). Such a strategy allows a company to build on consumers' interest in "green" and develop a positive corporate image which is focused on their natural strengths, as in the Church and Dwight case.

Ottman (1996) notes that in order to maintain credibility with "green" consumers, while at the same time addressing their pessimism, companies must not only educate on environmental benefits, but also deliver the goods, talk up the direct tangible benefits of products and services, and create alliances with other companies which are recognized for their environmental efforts and concern.

New Product Development and Packaging

Another strategy recommended by experts involves the introduction of new products or changes in existing products and the redesign or development of packaging. Wheeler (1992) notes, "Packaging glitz, now tantamount to waste, will no longer sell". Consumers are demanding simpler and less wasteful packaging. For example, Fuji Photo Film Co. USA now repackages film sold in the U.S. in paper canisters marked with a recycling logo instead of in plastic canisters (Winters 1990). Additionally, many toothpastes and other products have shed their outer cardboard shells (Mehegan 1996), and Prestone is introducing a "green" antifreeze called LowTox (Halverson, 1996). To satisfy the growing number of savvy consumers who resent unnecessary bulk in packaging Gillespie (1992) advises, "we've got to constantly look for ways to minimize the quantity of materials and energy needed to produce, package, and deliver our products." One well-known example of source reduction is Proctor and Gamble's Downy Fabric Softener concentrate packaged in small, paper containers designed to eliminate the waste involved with re-purchasing the larger, plastic Downy jugs.

Public Relations and External Alliances

Another set of recommendations center around how companies use public relations in their appeals to "green" and other consumers. Corporate image is critical in attracting stakeholders. A strong corporate track record on activities such as environmental

protection and community relations are growing in importance as factors in the overall corporate image (Ottman, 1995). Additionally, environmental issues have been identified as the third most active shareholder concern (after profitability) which suggests that environmental issues are not just consumer concerns (Donnelly 1995). Corporations are recommended to carefully consider any forms of "green" public relations which may only aggravate skeptical consumers who have been targeted with unsubstantiated claims. "There are a number of examples on the market where paper products are claimed to be 100% recycled and all the companies do is take the scrap inside their own plants, which they routinely recycle, and stick it back at the front end" (Duff 1990). Such deception, particularly when it is targeted at sophisticated consumers, can undermine other efforts to create high levels of awareness and loyalty. Jacqueline A. Ottman (1992) suggests "a good way to overcome this skepticism is to act in new ways, and especially to form alliances with trusted third parties such as environmental groups, regulators and retailers...". For example, manufacturers can seek Green Seal Certification Marks for products that meet environmental standards established by Green Seal, the independent, nonprofit organization that encourages the purchase of environmentally responsible products (Green Seal 1992).

Service industries can also enlist outside help as McDonald's did when it created an alliance with the Environmental Defense Fund in an effort to help solve solid waste problems (Coddington 1990). Establishing connections with such environmental groups not only provides solutions to problems, but increases credibility among consumers as well. Other experts react to the current credibility crises by urging extreme caution concerning environmental imaging, saying its best to keep "a low profile on environmental public relations efforts" (Dold 1991). Others warn, "False or misleading 'green claims' can lead to hefty fines and damages, injunctions, and the embarrassment of negative publicity" (O'Brien 1992). This strategy, while appearing a simple, inexpensive, and harmless way to develop a positive "green" corporate image, clearly has possible negative

repercussions which extend far beyond the loss of a few "green" consumers.

Community Involvement

Community involvement is another "Green" marketing strategy recommended as a way to attract environmentally aware consumers. Alan Newman, president of Seventh Generation catalog sales company advises corporations to "support the construction of bike paths, mass transit and car pools in your local community" (Klein 1990). Others recommend donating a percentage of sales to regional organizations to "put your money where your mouth is" (Giving EcoLawn 1991). Bell Atlantic corporation, producers of the Yellow Pages directories, has demonstrated community involvement by offering to provide communities with speakers for environmental awareness campaigns. Such campaigns would help communities develop a recycling plan for phone books. Other companies send the proceeds from their in-house recycling campaigns to charitable organizations such as the Make a Wish Foundation or others that, for example, help the homeless.

Internal Advisory Boards

Other authorities have suggested improving efforts within the company as part of a "green" marketing strategy. The J. Walter Thompson company's Greenwatch study recommends that businesses "create an internal group of Green advisors to evaluate the impact of products from manufacturing to packaging to disposal" (Levin 1990). Companies are realizing that they have to look at the entire manufacturing process before making any environmental claims (Winski 1991). General Mills, for example, has developed what it calls an "internal task force" that focuses on source reduction and avoiding the use of potentially dangerous chemicals (Directory of 'Who's Who' 1991). Others recommend the creation of advisory boards to provide counsel and serve as company spokesperson (Giving EcoLawn 1991). Like the strategy of long-term planning this strategy represents a commitment to a major shift in the way business is done.

Internal Recycling, Reducing and Reusing

Almost all consumers know that recycling aluminum cans has reduced landfills, and some even know that recycling one glass bottle could operate a television for three hours. Environmental awareness is increasing and as consumers change their own behavior in response to environmentalism they expect corporate behavior to change as well. Carson and Moulden (1991) encourage service oriented businesses to "use phones instead of memos...and arrange transportation options (car pooling, walking, public transit) for staff." Other suggestions from Alan Newman, president of Seventh Generation catalog sales company, include 1) keeping a basket under each desk for paper used only on one side so the back can be used as scrap, 2) installing a two-sided copier, 3) installing aerator faucets and low-flow toilets, 4) lowering the thermostats, 5) telling suppliers that you are interested in energy efficient products, 6) encouraging the use of ceramic coffee mugs instead of disposable cups (Klein 1990). Manufacturing businesses, in contrast, are recommended to focus on source reduction, waste disposal, and the recycling of scrap material. ConAgra, for example, gives water and scraps to the agricultural industry for use in irrigation, fertilizers and animal feed (Directory of 'Who's Who' 1991).

PRESENT STUDY

While marketing experts have provided much prescriptive advice, little aggregate information exists on how or to what extent corporations are responding. The purpose of this paper is to provide preliminary results as to which and to what extent environmental strategies are being used within corporations today. *Advertising Age's* published "Directory of 'Who's Who' in Environmental Marketing" (1991) demonstrated that implemented environmental strategies include a wide variety of plans which vary from planting trees in fire damaged areas of Yellowstone National Park to consolidating billing statements. The *Advertising Age* results provided the impetus for the development of this paper and the decision to create a compilation of both expert recommended and company implemented plans. In addition, we sought to provide a broad-

based look at how companies are responding to the advice they are receiving.

Methodology

A questionnaire was mailed to 100 executives whose companies appeared in *Advertising Age's* top 100 advertisers for 1990 and 1991. Eighty of the top advertisers also appeared in the "Directory of 'Who's Who' in Environmental Marketing" in the January 29, 1991 edition of *Advertising Age*. Top advertisers were chosen because they are often linked with consumers on surveys designed to identify environmentally conscious "Green" consumers and/or marketers. The J. Walter Thompson Company's Greenwatch survey of consumers indicated that 14% of consumers remembered environmental advertising for a specific company and 56% said they were aware of companies whose actions had actually harmed the environment (Levin 1991). Clearly, environmentalism is becoming an important mechanism of strategic consideration in dealing with consumers.

The questionnaire was printed on green paper, to attract attention and create incentive to respond. A total of 39 completed questionnaires were returned, resulting in a 39% response rate. Of the responding companies, 76% were manufacturing companies and the remaining 24% were involved in service activities. The questionnaire included items measuring the respondents' current participation in eight specific areas of environmental strategies as identified above. These areas included 1) educating the public, 2) involving top management for long term planning, 3) community involvement, 4) publicly positioning the firm, 5) internal recycling, reducing, and reusing, 6) creating alliances with environmental groups, 7) innovating, and 8) analyzing efforts through evaluating committees. Respondents answers were summed to form a composite score. The respondents were asked to describe their involvement in each of the areas and also to rank the eight strategies based on the extent to which their firm participates in the strategies.

Findings

The findings from the survey are reported in Tables 1 and 2. These are separated due to the nature of the questions asked about each strategy. We found that the majority of firms are participating in all of these strategies, at least to some degree. When considering the firms which report a great degree of participation, the percentages drop considerably. In Table 1 we report the percentage of respondents describing their firm's level of participation as "some or a great deal" in three strategic areas: "Educating the Public", "Community Involvement", and "Creating Alliances with Environmental Groups". The means and standard deviations for each method are also reported.

Educating the Public

The survey indicated 85% of the firms provide some form of education regarding environmental issues, and Table 1 reveals to what extent those firms are implementing each method of education. The most common tactic used to educate consumers was through brochures, used somewhat or a great deal by all of the firms providing education. Other extensively used tactics include sponsoring education in schools (96.6%), print advertising (89.9%), toll free hotlines (79.3%), labeling (78.6%), and point of purchase displays (72.0%). Radio and television ads were reported by less than 50% of respondents as being used to even some degree.

Community Involvement

Ninety-two percent of the respondents reported their firms participate to some degree in community involvement as an environmental marketing strategy. When companies are involved in the community, they appear to be involved more deeply in this strategy than they are in public education or the creation of alliances with environmental groups. Of these respondents, Table 1 shows that the majority participate in recycling drives (96.9%), sponsor local clean-ups (93.5%), build/create infrastructures (90.9%), and plant trees (83.4%) as part of their community involvement strategy. Participating in

composting systems was used far less frequently (50.0%).

Creating Alliances with Environmental Groups

The survey showed that 80% of the responding firms have created some type of relationship with outside organizations that offer guidance, support, or credibility to their environmental efforts. Most often, the outside organization is the government, as indicated by the percentage of firms seeking support from key government groups (93.5%). Companies also significantly participate in environmentalism by donating and/or promoting large scale clean-up efforts outside the community (83.3%), donating to global conservation (71%), and funding environmental research (70%). Far less frequently (36.7%) firms are seeking approval from national, independently run environmentally labeling groups such as Green Seal.

Table 2 reports the percentages of respondents reporting their involvement in more internal strategies than those above. A substantial number of respondents report that their firms have a formal, written, environmental policy (92.3%), employ environmental quality managers (91.9%), and have top management dealing directly with environmental issues (89.7%). Few respondents (22.9%), indicate their company's environmental manager reports to the CEO. While more than three-fourths of respondents reporting their firms to be very cautious when making environmental claims (75.7%), respondents also indicate a high percentage of firms that choose to publicize their environmental efforts (94.7%). Respondents report internal recycling plans have been initiated within all firms (100%), with nearly half of the firms offering rewards or recognition for compliance (46.2%). A substantial portion of firms experience some employee cooperation regarding internal recycling (71%), while nearly one third report complete employee cooperation (28.2%).

Companies were also asked to rank the strategies in which their firm participates the most. The rankings were then compiled to show which environmental strategies ranked the highest. Internal recycling, reducing, and reusing was most often ranked as the

TABLE 1

Environmental Marketing Strategies Extent of Participation

STRATEGY	% Reporting Great Deal	Mean	Std. Dev.
Educating Public and Consumers			
Brochures	100.0	3.91	0.78
Sponsoring Education in Schools	96.6	3.38	1.05
Print Advertising	82.2	2.43	0.96
Toll-Free Hotline	79.3	2.90	1.32
Labeling	78.6	2.93	1.33
Point of Purchase Displays	72.0	2.24	1.01
Television Advertising	49.9	1.81	1.13
Radio Advertising	36.0	1.48	0.71
Community Involvement			
Recycling Drives	96.9	3.63	1.10
Sponsoring Local Clean-ups	93.5	3.52	1.21
Building/Creating Infrastructures	90.9	3.70	1.29
Tree Planting Programs	83.4	3.87	1.17
Composting Systems	50.0	2.18	1.42
Alliances (Environmental Groups)			
Seeking Support from Key Government Groups	93.5	3.48	1.03
Donating and/or Promoting Large Scale Clean-up Efforts Outside the Community	83.3	2.87	1.38
Donating to Global Conservation	71.0	2.48	1.15
Funding Environmental Research Centers	70.0	2.73	1.44
Seeking Approval from National, Independently Run Environmental Labeling Groups, such as Green Seal	36.7	1.80	1.16

Scale: 1 = not at all, 5 = a great deal.

TABLE 2
Environmental Marketing Strategies

STRATEGY	Percentage of Firms Involved
Involvement of Top Management for Long-Term Planning	
Existence of Formal, Written Policy	92.3
Existence of Environmental Quality Manager	91.9
Top Management Dealing Directly with Issues	89.7
Environmental Manager Reporting Directly to CEO	22.9
Public Positioning Firm	
Choosing to Publicize Environmental Efforts	94.7
Being Very Cautious when Making Environmental Claims	75.7
Revising Public Relation Plans	
Every Year	45.2
Less than Every 6 Months	32.3
Internal Recycling, Reducing, and Re-Using	
Existing Recycling Programs	100.0
Experiencing Some Employee Cooperation	71.8
Giving Rewards or Recognition for Compliance	46.2
Experiencing Complete Employee Cooperation	28.2
Innovating	
Firm Considering Itself a Leader	88.9
Internal Advisory Boards	
Formal Evaluating Committee	76.9

number one strategy within firms (45.7%), while innovating placed a distant second (22.9%), and long term planning third (20%).

CONCLUSIONS

This preliminary study indicates that while corporations have, in aggregate, pursued all eight green marketing strategies, they clearly favor the strategy of recycling, reducing and re-using.

Corporations may focus on this strategy for several reasons. Management may feel this course to be the most substantive of all strategies, providing the firm with a definitive sense of accomplishment. Management may believe internal recycling mirrors the efforts of the majority of consumers who recycle (Frankel 1992), thereby creating a bond with consumers that increases public trust and confidence in the corporation. Another possibility, is that management is merely complying with

government regulations concerning recycling. Alternatively, management may just be choosing a conservative approach to lessen the risks involved with making environmental claims. Karen Blumenfeld, a consultant on environmental issues warns, "The public environmental groups, the state attorneys general--there is a long line of people waiting to pounce on a company that makes [environmental] claims" (Winski 1991).

The majority of firms are also involved in other areas such as education and community involvement which indicates a shift beyond mere legal obligation into proactive social responsibility. While there is no denying that such efforts may improve corporate imaging, "getting the customers involved is a key to the success of many environmental marketing programs" (Duff 1990).

While the survey reported a high percentage of companies involved to some degree with long-term planning, only 22.9% indicated their environmental manager reports to the CEO. Wheeler (1992) warns, "because commitment should come from the top, the CEO should become the C.E.E.O. -- Chief Executive and Environmental Officer -- There are those who believe CEOs should be held accountable for environmental decisions" and, in some cases, according to Wheeler, "CEOs are being threatened with criminal offense."

Finally, in consideration of the number of diverse environmental strategies being used by corporations, the difference between experts' advice and the strategies selected by corporations appears to be in the intensity of the implementation rather than the structure of the strategies.

Limitations

This preliminary study is limited in scope because of a small sample size and the fact that it focuses on top advertisers, which excludes all but the largest of corporations. Top advertisers, by nature, are highly visible and may be more willing to participate in environmental strategies as a way to enhance their public image. The results may not, therefore, be representative of environmental

strategies within other corporations, or even apply to all industries.

Future Research

Future research, as a result of this preliminary study, should focus on the scope of implemented strategies within firms, and whether individual strategies are selected on the basis of 1) degree of measurability, 2) development of public trust, 3) risk aversion, 4) government compliance, or 5) other factors. Smaller companies, as well as large corporations not identified as top advertisers, would provide a wider scope of comparative information. Future research should also be designed to determine the degree of CEOs involvement in environmental issues, in order to answer the question, "Should CEOs be more involved?"

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