

# Chapter 4

## Green Marketing and Stakeholder Perceptions

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### ABSTRACT

*In recent years, environmental factors have played a vital role in developing of the firm's production process. And also these factors have affected and shaped management decisions which has related with price, distribution and promotion process of firms. In this concept, green movement has gained more importance to enhance the environmental awareness. In this study we combine different academic views on stakeholder perspective for green policies of a company's that cover environmental friendly acts. In order to provide alternative point of views for the companies' green marketing concepts, various academic perspectives are examined. This literature research aims to investigate green policies; management thinking on environmental perspective and those creates significant impact on stakeholders' theories and marketing process.*

### INTRODUCTION

Today many companies have accepted their responsibility to do less harm to the environment. Products and production process are becoming cleaner; and where such change is under way, the environment is on the mend. In the industrialized nations, more and more companies are "going green" as they realize that they can reduce pollution and increase profits simultaneously (Hart, 1996, p. 67).

Green marketing refers to the strategies to promote products by employing environmental claims either about their attributes or about the systems, policies and processes of the firms that manufacture or sell them (Prakash, 2002, p. 285). Green marketing decisions of firms can affect stakeholder perceptions in the long run within the financial sustainability concern. In the literature, stakeholder defined as any individual, organization, or institution that is associated with a firm, and is either affected by the firm in some way, or affects the firm's actions and goals (Freeman, 1984). Stakeholders cover many

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groups such as customers, employees, shareholders, investors, legal systems, media, government, suppliers, and other interest groups. This literature research aims to investigate green marketing strategies; management thinking on environmental perspective and those issues creating significant impact on stakeholders' theories and marketing.

Marketing mainly focuses on satisfying needs of various groups and customers are crucial element on decisions. In addition to that, stakeholders have significant effect on greening a company by management mediators between marketing tools that is used for environmental concerns and consciousness on financial sustainability on shareholders way of thinking. The discussion point is whether the green marketing really changes the business behaviors towards meeting the stakeholder's financial sustainability needs. Demand for specialized green product and marketing strategies and marketing philosophy may become a conflict point on groups such as shareholders which seeking return on their investments and dividend maximization. Consumer trust is the link between sustainability of a firm and shareholder perspectives.

There are still discussions on academic literature on product variety according to consumer willing to buy environmental friendly goods and services, and firms' adaptation on environmental management practices related to stakeholder satisfaction.

## **GREEN MARKETING**

Concern over the environment has evolved through several distinct phases. From the 1960s ecology movement focusing on pollution and energy conservation, to the recent use of environmental issues as a source of competitive advantage in business and politics, individual and societal concerns over environmental issues have become increasingly apparent to the casual observer as the twenty-first century draws near. This evolution has resulted in an expanded list of issues that fall within the domain of environmental responsibility (Straughan & Roberts, 1999, p.558).

Green marketing concept was first discussed at the American Marketing Association (AMA)'s conference on "Ecological Marketing" in 1975 which attempted to bring together academics, practitioners, and public policy makers to examine marketing's impact on the natural environment (Polonsky, 1994, p.1). The environmental movement changed in two significant ways in the mid-1980s. First, it adopted a professional rather than an ideological philosophy. Second, as adversaries sought new ground on which to become allies, the relationships between the environmentalists and the law-makers changed from confrontational to accommodative (Menon & Menon, 1997, p. 54). Yet it was not until 1990 that green marketing "arrived in earnest" (Peattie, 1992, p.46).

During the 1980s and 1990s, a more proactive style of corporate response emerged, and the front line broadened to include a much wider range of industries. Companies began to recognize that environmental responsiveness is something that customers, investors and other stakeholders take an interest in, and which can provide opportunities for innovation and competitive advantage (Peattie & Charter, 2003, p. 735). In the late 1980s and early 1990s, an environmentally based marketing strategy became a more accepted business paradigm, and more firms began explicit integration of environmental issues into their strategy process (Menon & Menon, 1997, p. 54). Gradually, marketers realized that consumer concern for the environment and a concomitant desire for green products did not translate into purchasing behavior (Lee, 2008, p.574).

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