

INTEGRATING ENVIRONMENTAL ISSUES INTO MARKETING: AN OUTLINE AND RESOURCES

Linda R. Stanley, Colorado State University, Fort Collins, CO 80523, 303 491-7297
Michael Gould, Colorado State University, Fort Collins, CO 80523, 303 491-7217

ABSTRACT

Various parties, including AACSB, have called for increased discussion of environmental issues in business classes. This paper presents a teaching outline for incorporating environmental issues into marketing classes along with a listing of readings, videos, and case studies pertinent to each topic discussed. It is suggested that the material be presented in a consumer behavior class and that topics encompass a broader range of issues, including our consumption culture and the social responsibility of firms. Organizations that have materials available for classroom use are listed.

INTRODUCTION

Last year at the Western Marketing Educators' Association (WMEA) conference in Reno, Nevada, a special session was held on "Green Marketing". Issues discussed consisted of whether green marketing should be included in the curriculum and if so, the topics to be covered and the classes where it should be included. Overall, attendees agreed that the issue of green marketing was here to stay and that it should be discussed in marketing classes.

Other parties are also promoting the "greening" of the business curriculum. Mintu and Bradford [1992] in a recent issue of *Marketing Educator* suggest that academics must "develop a new priority in marketing education that includes the environmental issue". LeDoux [1991] states that "the time has come for educators and marketing text authors to address the preservation issue and determine its appropriate role in our marketing models". AACSB, in their revised 1991 guidelines, states "Both undergraduate and MBA curricula should provide an understanding of ... the influence of political, social, legal and regulatory, environmental and technological issues...". More than 30 deans attended a panel discussion on environmental issues in business schools at the annual meeting of the AACSB in April 1992. The message was that environmental issues are urgent management issues, and industry is in urgent need of managers who are environmentally competent. Several nonprofit organizations have recently emerged to aid in the process of incorporating environmental issues into the business curricula. These organizations sport a prestigious list of board members from large corporations, environmental organizations, and

government. For example, the National Wildlife Federation's Corporate Conservation Council (NWF/CCC), of which such companies as Dow Chemical, Du Pont, 3M, General Motors, and Browning Ferris are active members, are working to bring environmental issues into business schools. Interestingly, background research of NWF/CCC [1992] found that business schools lag far behind schools of law, engineering, public health and public administration in addressing the environment.

Given the widespread agreement that environmental issues should be discussed in marketing classes, I set out to determine where and how to include the topic in teaching. After an extensive review of literature in this area, I came to two conclusions. First, this material lends itself well to discussion in a consumer behavior class. Most textbooks in consumer behavior include a chapter on public policy issues. The typical topics in this chapter are consumerism, consumer protections and rights, and labeling and information issues. Green marketing provides a highly visible and relevant example of these topics. Other topics discussed in consumer behavior such as attitudes and perceptions are also relevant to green marketing. Second, the topic warrants a deeper discussion than a simple label like "green marketing" would imply because it encompasses a much broader range of topics relevant to the marketing student, which can include discussion into macromarketing areas such as the effect of our consumption culture on society and the social responsibility of firms.

This paper presents the outline I have developed for teaching environmental marketing issues in my consumer behavior class along with a brief summary and/or rationale of each topic of that outline. An appendix of readings, videos, and/or case studies accompanies each topic where the reader can find a more detailed discussion of the topic. At the end of the paper, a number of organizations that have materials available for use in the classroom are listed. Although I have included this material in a consumer behavior class, there is no reason that part or all of it could not be presented in other marketing classes.

TEACHING OUTLINE

Introduction

The 1990s are being called the decade of the

environment, and business is a key player in defining acceptable worldwide environmental practices. Environmental responses are now one of the greatest influences on firm profitability; the Environmental Protection Agency (EPA) estimates that between \$80 and \$90 billion is spent each year on environmental responses by business [Post 1990].

Even though businesses are cognizant of the complexity and enormity of sound environmental management, the NWF/CCC [1992] found that business students "are relatively unfamiliar with [even] the factual dimensions of major environmental problems" [Post 1990]. Therefore, they recommend communication of some facts about environmental problems and their complexity. Because of time constraints, extensive coverage if not possible. (If it were, the Worldwatch Institute's State of the World books provide excellent coverage of environmental problems.) However, there are resources available that can give students an introduction to the complexity and urgency of certain environmental problems, including guest speakers, videos, and short articles. These include: faculty who teach courses in environmental studies, the PBS video series, "Race to Save the Planet", "Managing Planet Earth" series, Scientific American, 1989, and "What on Earth Are We Doing?" Time Magazine, January 2, 1989.

The Green Marketing Movement

The Green Consumer. An understanding of consumers' current attitudes and perceptions of green marketing is a requirement for firms considering a green marketing strategy. Recent surveys have found that Americans overwhelmingly believe that environmental issues are of great importance. According to Wasik [1992], most open-ended surveys find that 70-90% of consumers are willing to do their part for the environment; 50% have claimed they would make green purchases. In addition, research by the Roper Organization [1990] shows that consumers say they would pay on average 6.6% more for environmentally friendly products.

To better understand these numbers, one must look at both consumer perceptions of green products and the segments who are purchasers of green products. Although a large percentage of adults have stated a willingness to pay for a green product, a smaller percentage (37% according to one estimate [Roper 1990]) claim to be willing to pay more than 15%. Reasons they will not pay are affordability and consumer perceptions about green products, including lack of performance/quality and convenience, distrust in an environmental label, and suspicion of price gouging by green manufacturers. In addition, there are large segments of consumers (e.g., the hardcore

bravos, 15-30% of the population) simply not willing to pay any premium.

Appendix A contains readings that elaborate on the green consumer.

Firm's Responses in the Marketplace. This section is an introduction and history of green marketing by firms. Examples of good and bad green marketing abound in the literature. This section is not exhaustive in presenting these but rather introduces both the difficulties in defining a green product and the current regulation and labeling efforts of public and private agencies.

Business interest in environmental marketing issues is high as evidenced by recent conferences on green marketing by the American Marketing Association and the American Advertising Association. A recent survey of American Marketing Association professional members found 76% of respondents personally viewed the role of environmental concerns in marketing strategy as a growing trend and 67% agreed to the statement "public concern about the environment is affecting my industry" [Merritt 1992].

Since 1985, the Marketing Intelligence Services reports that between 1985 and 1990 over 700 "green" products were introduced--a rate 20 times higher than all other regular product introductions, and 20% of all new household items in 1990 boasted they were environmentally friendly [Schorsch 1990]. Many of these introductions were for products whose green benefits often represented only symbolic gestures. The most visible example is Mobil Corporation's Hefty Trash Bags that claimed to be biodegradable. (For other examples see Advertising Age, October 28, 1991.) There were, however, some true green products. For example, Procter and Gamble's use of refillable Downy bottles lowered bulk in their packaging by 70%. (For further examples of green products, see "The Implication of This Model to the Strategy and Tactics of the Firm" below.)

Appendix B contains readings giving examples of early green marketing by firms.

Legal, Economic, and Ethical Implications of Green Products and Advertisements. The enthusiastic introduction of environmentally friendly products was accompanied by charges of gimmickry by consumers, environmental groups and government agencies. Lawsuits were filed against numerous companies making green claims, including the "degradable" Hefty trash bags. At least 12 states now regulate environmental labeling addressing the permissible uses for terms such as recycled, recyclable, and degradable. Other groups (e.g. FTC, EPA) and

countries have issued guidelines for responsible environmental advertising. Because of uncertainty over consumer and government reaction to their efforts to sell "green" products/services, recent surveys indicate reluctance of business to adopt a green label.

To help consumers sort through the confusion of environmentally friendly products, two voluntary seal programs, Green Cross and Green Seal, have developed. Green Cross certifies only limited green claims while Green Seal focuses on cradle to grave analysis of products. Neither seal is widely used yet, but international experience with seals suggests that they can be successful.

Readings discussing legislation, regulation, and labeling are in Appendix C.

Defining and Implementing A Green Marketing Strategy

Defining the Green Product: Cradle to Grave Analysis. In response to the proliferation of green labels in the marketplace, many environmentalists and policy makers have called for "cradle to grave" analysis of the environmental impact of products to more accurately assess their "greenness". The product's total environmental impact is a summation of its impact in production, marketing, consumption and disposal. Because many marketing students have not explicitly considered the physical connection between marketing and the environment, their ability to see the various opportunities available for producing a "green" product is limited. On the other hand, they may view the problem of producing a green product too simplistically, which can later lead to a public relations disaster. For example, when a British chemical company introduced a line of "environmentally friendly" household cleaning products, Friends of the Earth reported to the press that the manufacturer created a significant amount of water pollution besides requiring a large amount of energy. The purpose of this section then is to develop a definition of a green product/service while explicitly recognizing that the production, consumption, and disposal of products occur within the larger framework of the physical environment that is subject to the constraints on material and energy flows.¹

¹ Use the materials balance model (used extensively in environmental economics) to modify a conventional marketing channel diagram to conform to the physical laws of conservation of matter and energy. It also illustrates the limited extent to which we can consume our way out of environmental problems.

Appendix D contains readings for this section.

The Implication of This Model to the Strategy and Tactics of the Firm. As noted by Paddy Carson, vice president for environmental affairs, Loblaw Corporation, "... corporations realize that green marketing is a good corporate strategy... But for the strategy to really work, companies must implement sound environmental practices in all aspects of their operations". This quote exemplifies the notion that business environmental policy is one aspect of total quality management (TQM). Principles found in the literature for incorporating sound environmental practices into business are top-level support and commitment, a strong auditing program, involvement and training of employees, and public articulation of environmental goals. There is growing recognition that firms can gain a competitive advantage with a proactive environmental policy by staying ahead of environmental regulation and gaining an environmentally friendly reputation. Examples of companies cited as environmentally proactive are AT&T, Monsanto, 3M, Du Pont, and Proctor and Gamble.

Appendix E contains readings and videos discussing business environmental policy.

Marketing's Role in Business Environmental Policy. Marketers, in developing green products, have often focused on visible changes in the product, such as reductions in packaging or a switch to recycled packaging materials. As noted above, making a product environmentally friendly may not involve visible changes to the consumer. This does not say that marketing does not play an important role in the proactive environmental firm. A number of articles have summarized steps marketers can take as a firm becomes more environmentally proactive. Jacquelyn Ottman, of J. Ottman Consulting, advises marketers to follow the "four E's". 1. Make it easier for the consumer to be green. 2. Empower consumers with solutions. 3. Enlist the support of the consumer. 4. Establish credibility with all publics to avoid backlash. In addition, issues related to packaging, durability, recyclability, and reuse will continue to be at the forefront of business environmental management. Finally, consumer education in the form of information brochures and designing in-store displays has been suggested as the "real backbone of environmental marketer's long term strategy" [Frankel 1992].

Readings and case studies for this section can be found in Appendix F.

Macromarketing Issues and the Societal Marketing Concept

We all must consume at a basic subsistence level to

stay alive. However, the consumption culture of the developed world and especially the United States is increasingly coming under attack as one of three causes of the degradation of the world's environment. For example, an American child will have 50 times the impact on world resources as an Indian child. Measured in constant dollars, the world's people have consumed as many goods and services since 1950 as all previous peoples together [Durning 1992]. At the same time, studies show an insignificant correlation between increasing consumption levels over the past 50 years and indices of quality of life and reported happiness levels of Americans.

Marketers have become very proficient at analyzing consumers' motivations, perceptions, attitudes, and so on and at reaching them through innovative distribution, promotion and development of products. Consequently, our society has reached a previously unimaginable level of material comfort. This success has been accompanied by unintended consequences, one of which is environmental degradation. To ignore this issue in marketing classes is to portray that the marketing discipline is unconcerned with it. This is clearly not the case. Consider the comments from an advertising executive speaking at a recent AMA conference: "a corporation must go for total, bottom-line social responsibility and have the ability to establish that reality as a truthful perception among consumers" (Marketing News March 30, 1992, p.6).

This section engages students in discussions of macromarketing issues, such as an analysis of our materialistic culture, how to market the idea that "less is more" or how to demarket clean, white, and convenient, and the relevance of the societal marketing concept as a replacement for the "pure" marketing concept. This section also presents an excellent opportunity to engage the class in thoughtful discussions about broader philosophical issues in marketing which, in turn, can develop their critical thinking skills. Appendix G contains readings and videos elaborating on these topics.

ORGANIZATIONS PROVIDING CURRICULAR MATERIALS

Management Institute for Environment and Business. Founded with support from the EPA, MEB is a non-profit organization which "promotes environmentally conscious and competent general management through integration of environmental issues into management research, education and practice". They provide course development resources including course materials, syllabi and teaching notes in seven functional areas of business, a directory of research materials and academic experts focusing on

environmental issues in business, corporate case studies on environmental management concerns, curriculum development assistance, and interactions with corporations and academics. Contact Patricia Choi or Allison Pennell at 1220 16th St. NW, Washington DC, 20036, (202) 833-6556.

National Wildlife Federation Corporate Conservation Council. NWF/CCC has sponsored a curriculum development program on environmental management and policy appropriate for schools of management and business administration. The goal of the program is to aid faculty in designing and teaching courses in environmental management and to legitimize environmental management as a new field of study. They have sponsored pilot classes at several universities and have syllabi, teaching materials, and case studies available for faculty use. They may be contacted at NWF, 1400 16th St., NW, Washington, D.C., 20036-2266.

Global Environmental Management Initiative (GEMI). GEMI is a collection of companies dedicated to expanding world thinking about good environmental management through TQM. One of its goals is to enhance the dialogue between business and academia. They are involved in sponsoring small participatory workshops that give participants tools to implement TQM in addition to co-sponsoring large conferences, such as the Second World Industry Conference on Environmental Management. They may be contacted at 1828 L St., NW, Ste 711, Washington, DC 20036, (202) 296-7449.

APPENDIX A

Ashton, R. 1991. Consumers want it all. Packaging (June), 32, 36.

Frankel, C. 1992. Blue print for green marketing. American Demographics April, 34-38.

Levin, G. 1990. Consumers turning green: JWT survey. Advertising Age, (November 12), 74.

Journal of Public Policy and Marketing, Fall 1991, issue focuses on attitudes, segmentation, and perceptions of ecologically concerned consumers.

----- 1992. Sometimes consumers will pay more to go green. Marketing News (July 6), 16.

Roper Organization 1990. The environment: public attitudes and individual behavior, commissioned by S.C. Johnson & Son, Inc., July.

Schlossberg, H. 1990. Greening of America awaits green light ...". Marketing News March 19, 1, 16.

----- 1990. Environmental concerns lead some consumers ...". Marketing News Dec. 24, 97.

----- 1991. Green marketing has been planted... Marketing News March 14, 26, 30.

----- 1991. American passionate about the environment?. Marketing News Sept. 16, 8.

----- 1992. Latest trend: targeting consumers according to environmental beliefs. Marketing News Jan. 6, 5

Wasik, J. 1992. Market is confusing, but patience will pay off. Marketing News October 12, 16.

APPENDIX B

Advertising Age, special issue, October 28, 1991 gives many examples of poor green marketing.

The Economist 1990. Marketing greenery, friendly to whom?. April 7, 83.

Fierman, J. 1991. The big muddle in green marketing. Fortune June 3, 91-101.

Hemphill, T. 1991. Marketer's new motto: it's keen to be green. Business and Society Review (Summer), 39-44.

Klein, E. 1990. The selling of the green. D & B Reports (Sept/Oct), 30-35.

Letto, J. 1991. Madison: new advertisements radiate green, Buzzworm (Sept/Oct), 30-35.

Mandese, J. 1991. New study finds green confusion. Advertising Age (October 20), 1,2.

Marketing News 1992. Research group says some green marketers (Jan. 23), 3.

Merritt, S. 1992. Environmental concerns and market planning. WMEA Proceedings, 71-74.

Reitman, V. 1992. Green product sales seem to be wilting. Wall Street Journal (5/18), B1.

Schlossberg, H. 1991. Innovation seems to elude 'green marketers'. Marketing News (April 15), 16, 20.

Schorsch, J. 1990. Are corporations playing clean with green?. Business and Society Review (Fall), 6-9.

APPENDIX C

Business Week 1991. Suddenly green marketers are seeing red flags, (February 25), 74-75.

Federal Register, October 2, 1991, 49993-50000.

Fisher, C. 1991. "Seal of confusion". Advertising Age (June 24), 62.

The green report: findings and preliminary recommendations for responsible environmental advertising, Attorneys General Task Force, November 1990.

Hayes, D. 1990-91. Harnessing market forces to protect the earth. Issues in Science and Technology (Winter), 46-51.

Johnson, B. and C. Fisher 1992. Seals slow to sprout. Advertising Age (April 20), 41.

Lawrence, J. and L. Freeman. Marketers study state guidelines. Advertising Age (November 12), 74.

Marketing News 1992. A good first step to ensure that green is really green. (August 31), 4.

Packaging 1991. Independent Certifiers... and Legislative Hot Spots... (April), 27,32.

Ramey, J. 1991. FTC rules on first in green marketing series. Supermarket News (September 9), 27.

Sansolo, M. 1991. Going green: 3 ways to build trust. Progressive Grocer (February), 45-50.

APPENDIX D

Cairncross, Frances 1991. Costing the earth. London: Business Book Ltd, Chapter 12.

The Economist 1990. How green is my company? (March 10), 88.

Mills, E. and P. E. Graves 1986. The economics of environmental quality, New York: WW Norton & Co., 11-18.

Profit the Earth, a PBS video contains a segment on recycling of disposable diapers that can lay the base for a discussion on cradle to grave analysis (1 hour).

APPENDIX E

Ashton, R., G. Erickson, and M. Larson 1991. Reducing solid waste. Packaging (April), 25-41.

Business Week 1991. Doing it for mother earth. (Quality), 44-49.

Buzzelli, D. 1991. Time to structure an environmental policy strategy. Journal of Business Strategy (March/April), 17-20.

Cairncross, F. 1992. Costing the earth, chpts. 12, 13.

Ferguson, A. 1989. Good to be green. Management Today (February), 46-52.

Kleiner, A. 1991. What does it mean to be green? Harvard Business Review (July/Aug), 38-47.

Newall, J.E. 1990. Managing environmental responsibility. Business Quarterly (Autumn), 90-94.

Stratton, B. 1991. Going beyond pollution control. Quality Progress (April), 18-28.

Profit the Earth, PBS video contains a case study of 3M and several other small businesses.

In Partnership With Earth: The Future of the Environment, USEPA video about company strategies to prevent pollution, 1 hour.

Less is More: Pollution Prevention is Good Business, USEPA video, 23 minutes.

Business and the Environment: Lean Clean and Green, video by Tom Peters, 47 minutes.

APPENDIX F

Cairncross, F. 1991. Costing the earth, Chapter 9.

Davis, J. 1991. A blueprint for green marketing. The Journal of Business Strategy (July), 14-17.

Duff, M. 1990. Springtime in marketing. Supermarket Business (April), 15-24, 45.

Ottman, J. 1992. The four E's... . Marketing News (February 3), 7.

Ottman, J. 1992. Brand 'stewards' will guide environmental planning. Marketing News (April 13), 15.

----- 1992. Use less, make it more durable... . Marketing News (August 31), 13.

Schiller, Z. 1990. P&G tries hauling itself out of America's trash heap. Business Week (April 23), 101.

Schaefer, S. 1991. Big "green brother" is watching.

Public Relations Journal (April), 14-26.

Shearer, J. 1990. Business and the new environmental imperative. Business Quarterly (Winter), 48-52.

Case Studies: Harvard Business School, "Loblaw Companies Limited," 1989.
National Wildlife Federation, "Du Pont Freon Products Division".

APPENDIX G

Benton, R. Jr. 1987. Work, consumption, and the joyless consumer. Philosophical and Radical Thought in Marketing, 235-250.

Durning, A. 1992. How much is enough? London: W.W. Norton & Co.. (Excerpted in Co-op America Quarterly, 1991).

Robin, D. and R. E. Reidenbach 1987. Social responsibility, ethics, and marketing strategy: closing the gap between concept and application," Journal of Marketing (January), 44-58.

Schor, J. 1991. The overworked american. United States: BasicBooks, Chapter 5.

Scitovsky, T. 1992. The joyless economy. New York: Oxford University Press, second edition.

Wachtel, P. 1989. The poverty of affluence. Philadelphia: New Society Publishers, Chapters 1-5.

The Disposable Society. Video from Films for the Humanities and Sciences, Inc. Princeton, NJ.

REFERENCES NOT LISTED IN APPENDICES

LeDoux, L. 1991. Is preservation the fifth "P" or just another macroenvironmental factor? 1991 WMEA Proceedings, 82-86.

Mintu, A. and D. Bradford 1992. Teach future marketers to respect 'green' as much as greenbacks. Marketing Educator Summer, 4.

National Wildlife Federation 1992. Gaining ground: environmental education in business schools. Final Report of the Curriculum Development Project, Corporate Conservation Council, spring.

Post, J. E. 1990. Getting the environment into the business school. published in The Corporation, Ethics, and the Environment, New York: Quorum Books.