

**APPROACHES TO ENVIRONMENTAL MARKETING IN LARGE
ENTERPRISES, WITH SPECIFIC REFERENCE TO MARKETING
PROGRAMMING.**

by

DEAN BLACKLAWS



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Commerce at the University of Stellenbosch

Study Leader: Prof M. Leibold

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DECLARATION

I, the undersigned, hereby declare that the work contained in this thesis is my own original work and has not previously in its entirety or in part been submitted at any university for a degree



Date:17/02/95.....

ABSTRACT

The environment, and environmental issues, are set to increase in prominence as increasing pressure is placed on the earth's natural resources and ecosystems. As general awareness for the environment grows, companies are finding that not only are their products being examined for environmental friendliness but also the processes by which these products are made. Furthermore, companies are recognising that environmental stewardship is not only a business responsibility but a marketing growth opportunity.

As the concept of environmental marketing occupies a relatively new position in management thought, a general lack of understanding exists regarding this concept and the practical implementation thereof. Marketers are required to develop an environmental perspective of the organisation in its local, national and global context. This study serves to establish a general understanding of environmental marketing by placing it into perspective and providing guidelines for effective implementation.

In this study the development of environmental marketing is considered from an environmental perspective as well as a marketing concept theory perspective. Several elements of an environmental marketing management process are discussed. The additional tasks required of management in this process are highlighted. It was found that two of the major challenges facing the environmental marketer are those of the environmentally conscious consumer and that of environmental marketing information. Furthermore, in the theoretical study the major elements of environmental marketing strategy, in particular the managerial decision-making areas, are examined.

Against this background an empirical investigation was carried out. The results of which provide an insight into the understanding and practical implementation of environmental marketing by large enterprises in the Western Cape region of South Africa.

In conclusion to this study, an approach to environmental marketing is proffered based on the results of the practical and theoretical investigation. In addition, guidelines for the implementation of an environmental marketing programme have been developed and are outlined.

SAMEVATTING

Die omgewing en omgewingsaangeleenthede is besig om in belangrikheid toe te neem omdat toenemende druk op die natuurlike hulpbronne en eko-sisteme geplaas word. Terwyl 'n algemene bewustheid vir die omgewing groei, vind maatskappye dat nie alleenlik die produkte wat hulle vervaardig vir omgewings-vriendelikheid ondersoek word nie, maar ook die prosesse van vervaardiging. Maatskappye vind ook dat omgewings-vriendelikheid nie net 'n besigheidsverantwoordelikheid is nie, maar ook 'n bemarkingsgroeigeleentheid.

Omdat die konsep van omgewingsbemarking 'n relatiewe nuwe posisie in bestuursdenke handhaaf, bestaan daar 'n algemene gebrek aan begrip met verwysing na hierdie konsep en die praktiese implementering daarvan. Bemarkingsbestuur word genoodsaak om 'n omgewingsperspektief te ontwikkel van die organisasie in sy plaaslike, nasionale en globale konteks. Hierdie studie dien om 'n algemene begrip van omgewingsbemarking te skep deur dit in perspektief te plaas en riglyne te gee vir die effektiewe implementering daarvan.

In hierdie studie word die ontwikkeling van omgewingsbemarking vanuit 'n omgewingsperspektief en ook 'n bemarkingskonsep teoreties ondersoek. Verskeie elemente van 'n omgewingsbemarkingsbestuursproses word ook ondersoek. Die bykomende take van bestuur in die proses word beklemtoon. Daar is bevind dat twee van die grootste uitdagings wat die omgewingsbemarker moet oorbrug, dié van die omgewingsbewuste verbruiker en dié van omgewingsbemarkingsinformatie is. Verder, in die teoretiese studie word die belangrikste elemente van omgewingsbemarkingsstrategie, veral dié van bestuursbestuurnemingsgebiede, ondersoek.

Teen hierdie agtergrond is 'n empiriese ondersoek uitgevoer. Die resultate van die ondersoek verskaf 'n begrip van die praktiese implementeringsmetodologie van omgewingsbemarking deur groot ondernemings in die Wes-Kaaplandse gebied van Suid-Afrika.

Ten slotte is 'n benadering vir omgewingsbemarking voorgelê wat op die resultate van die praktiese en teoretiese ondersoek gebaseer is. Daar is ook riglyne vir die implementering van 'n omgewingsbemarkingsprogram ontwerp en voorgestel.

Financial assistance provided by the University of Stellenbosch is hereby acknowledged. Opinions expressed and recommendations proffered are those of the author and should not be considered those of the University of Stellenbosch.

DEDICATION

This thesis is dedicated to the memory of my beloved sister,
Tarryn Kim

A WORD OF THANKS

Prof M. Leibold for his professional guidance and suggestions

My parents for their love and support

Patricia Lineker for your help and love

All my friends for their interest and support

Donna and Jouët, for their many hours of sitting with me

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Chapter 1

Introduction

1.1 Background to the study

The environment and environmental issues are regarded by some observers as certain to assume enhanced prominence throughout the 1990's and into the twenty-first century (Cross, 1990:40). Stikeman (1989:71) mentions that the ozone layer, the greenhouse effect and acid rain, a few years ago, were the concern of only scientists and environmentalists. Now these, and other environmental problems and concerns, are the topics of discussions by the general public.

The state of the environment world-wide is generally seen as deteriorating (Winsemuis and Guntram, 1992:12). A new generation of environmental issues has surfaced with characteristics more threatening than any faced before. The traditionally local pollution problems of water (polluted rivers in heavily industrialised cities) and air (smog) have become regional (acid rain) or global (ozone depletion and global warming) (Winsemuis and Guntram, 1992:12-13). Pollution should no longer be seen in regional or national terms, but as a global concern, needing a global awareness, solution and commitment (Shearer, 1990:48). Most important, some of these global concerns might cause widespread, irreversible damage. Faced with this responsibility, some observers emphasise that it should be recognised that current approaches are inadequate in contending with these problems (Winsemuis and Guntram, 1992:13).

Public interest in preserving nature's ecological balance and a clean, healthy environment is high and growing. This means business should strive to reconcile these goals with other, equally demanding goals (Post, 1991:33). To avoid potentially debilitating problems, corporate managers should begin to consider environmental management as a critical component for sustaining a competitive advantage (Hunt and Auster, 1990:7). Environmental issues have become so dominant that world-class

organisations are attempting to integrate environmental planning into the organisation's business strategies (Barnes and Ferry, 1992:4). Whereas many corporations approach environmental problems with ad hoc solutions, sustaining long-term profitability often requires investing resources in preventative management programmes. Some observers feel that failure to make such investments may leave a company at a distinct disadvantage relative to competitors with greater foresight (Hunt and Auster, 1990:7).

The implications of the environmental movement for business is not only characterised by the proliferation of new environmentally friendly products, services and processes, but by companies publicly committing themselves to an environmental orientation. The business sector is further being forced to examine and adapt their environmental policies and programmes through pressure from environmental legislation, consumers and various environmental pressure groups. Yeld (1993:45) emphasises that the economy and the environment are inextricably mixed. A healthy environment is not only of ecological importance, but essential to the economic welfare of a country as a whole. A sound economy cannot be based on a damaged environment and natural resource base (Yeld, 1993:45).

One author contends that the advertising and promotion of goods and services targeting the needs of the environmentally conscious consumer, is the marketing phenomena of the 1990's (Davis, 1991:14). Louw (1992:186) adds that the increasing pressure of consumers on companies to produce environmentally friendly products, creates favourable marketing opportunities. It is important that companies place environmental marketing in perspective and realise that environmental considerations should be integrated into the marketing instruments, so as to ensure long-term success (Louw, 1992:186).

The marketing concept is a consumer-orientated, integrated, goal-orientated philosophy for a firm, institution, or individual. A customer orientation involves examining market needs and developing plans to satisfy these needs (Evans and Berman, 1992:11-13). Society lives in a rapidly changing world, and as society evolves and people's needs change, so too marketers should constantly redefine marketing practises to remain in

line with these developments. To meet these needs, marketing should become increasingly environmentally orientated, leading companies and other organisations towards sustainable management (Peattie, 1992:85).

Although the emphasis of environmental marketing in various industries differ with regard to the areas of application, there are common points of interest. Organisations promoting environmentally marketable products, processes and services invite scrutiny from investors, consumers, pressure groups and employees, and there is increasing pressure to make policy statements public (Simms, 1992:33). Whereas a number of organisations face direct pressure to integrate environmental concerns into the marketing policy, others face indirect or relatively little pressure to do so. Even though enterprises may face little pressure to integrate environmental concerns into their marketing policy, enterprises which choose not to do so may find that this could eventually lead to a competitive disadvantage. Hobbs (1990:84) states that any company wishing to remain competitive in the future's environmentally-aware markets, should develop higher standards of environmental awareness, performance, products and services to maintain or capture market share.

Louw (1992:143) states that corporations in South Africa have only introduced environmental management and environmental marketing principles at corporate level. This indicates that enterprises are only in the initial stage of environmental management and marketing, and as these concepts are further integrated into the lower levels of management, more needs could be identified. Louw (1992:127) also mentions that companies are using approaches, procedures and models which are specific to that company due to a lack of approaches which can be generally applied. This indicates a need for the development of more generally applicable approaches, procedures and guidelines, especially with regard to environmental marketing. The whole area of environmental or "green" issues is still relatively new, underdeveloped and changing rapidly. Therefore, it requires theory building rather than verification or extension (Simms, 1991:33).

It appears that the concern for the environment is not a short-term interest phenomena and it should be in the long-term interest of marketers to develop legitimate, environmentally sensitive products, processes and services (Davis, 1991:16).

1.2 Objectives of the study

The objectives of the study are divided into two categories.

1.2.1 Primary objective

The primary objective of the study is to evaluate the current environmental marketing approaches and guidelines being used by large private sector enterprises and within this context, propose appropriate guidelines which could be utilised by enterprises in their management of environmental marketing.

1.2.2 Secondary objectives

The secondary objectives of the study are:

- * To examine the extent of environmental marketing concepts and practices in general.
- * To establish the present understanding and implementation of environmental marketing by large private sector enterprises in the Western Cape region.

1.3 Scope of the study

The scope of the study is limited to large enterprises in the Western Cape region of South Africa. This region contains an adequate spectrum of large enterprises for the purposes of the study. A total number of thirty respondents representing various sectors of industry were carefully selected to form part of the research. An indication of the respondent organisations is provided in Appendix A. The research was conducted to examine the present situation of application and knowledge of environmental marketing by these organisations.

1.4 Methodology

The study made use of both primary and secondary sources of information.

1.4.1 Secondary sources

A study was conducted of South African and international literature, both published and unpublished, on all possible aspects pertaining to environmental marketing. This was done by means of an examination of books, articles, documents, research works, publications and other relevant literature. A large percentage of the material examined was of international origin. The literature study was done to obtain insight concerning the present stage of research and application, both nationally and internationally, of the subject of the study.

1.4.2 Empirical research

An empirical study was conducted to examine the present situation of application and knowledge of environmental marketing by selected large organisations in the Western Cape. (See Appendix A for a list of the respondent organisations.) The information was gathered by means of personal interviews with senior management of those organisations. The organisations were selected by means of a stratified judgemental sample in collaboration with the study leader and knowledgeable spokespersons in the industry. A questionnaire was constructed and used to obtain the empirical data in a logical and efficient manner (see Appendix B). Full use was made of the literature study to develop a questionnaire which would be most effective for the purpose of the study.

1.5 Structure of the study

The structure of presentation consists of the following chapters:

Chapter 1: Introduction

This chapter serves as an introduction to the study. It comprises the background to the study, as well as the objectives of the study, scope of the study, methodology and structure of the presentation.

Chapter 2: Environmental trends and challenges: its relevance for management decision-making

Changes in the quality of the environment have led to new pressures on the organisation, which ultimately influences the decision-making process of management. This chapter serves to provide a broad overview of present environmental trends and mentions specific issues of importance in the South African context. As these trends have certain implications for business, management is faced with new decisions. A number of these implications and management decisions are considered. Further, two environmental management tools and the environmental management process are briefly outlined, so as to assist decision-makers in the process of environmental management.

Chapter 3: The principles, current status and approaches of environmental marketing

The aim of this chapter is to describe some elements of the environmental marketing process. This is done by means of an investigation into the development of environmental marketing from a marketing concept theory and an ecological concern perspective. The study also identifies possible barriers that may be encountered when considering an environmental marketing orientation. This is followed by a discussion of the various elements and dimensions of the environmental marketing management process, in which the additional tasks required of management are highlighted. Two of the primary challenges facing management in this process are the concepts of the eco-consumer and environmental marketing information, both of which are examined. In conclusion, a number of possible success factors for environmental marketing are suggested.

Chapter 4: Major elements of environmental marketing strategy

In this chapter various elements of an environmental marketing strategy are described. Of particular importance to this study is the aspect of marketing programming. The purpose of this chapter is to illustrate how this aspect fits into the environmental marketing management process.

Chapter 5: Managerial decision-making areas in environmental marketing

The purpose of this chapter is to investigate some of the decision-making areas of environmental marketing. These decision-making areas centre around the formulation of an environmental marketing programme, including target market decisions, elements of the marketing programme and organisational and staffing issues.

Chapter 6: Findings of an empirical investigation of the present understanding and application of environmental marketing by large enterprises in the Western Cape.

The aim of this chapter is to report on the findings of the empirical investigation. It provides a meaningful insight into the understanding and application of environmental marketing, paying particular attention to aspects of environmental marketing programming, by large enterprises in the Western Cape.

Chapter 7: Environmental marketing programming: Proposed approach and guidelines

An approach and guidelines for the development and implementation of environmental marketing programmes are proposed in this chapter. These proposals can serve as guidelines for organisations wishing to develop or adapt their environmental marketing programmes and approach.

Chapter 8: Summary, conclusions and recommendations

The final chapter includes the summary, conclusions and recommendations of the study.

1.6 Summary

There can be little doubt that the environment and environmental issues will continue to increase in prominence. Consumers, pressure groups and governments are likely to demand increasing accountability from private sector organisations. The organisation which fails to give attention to these relatively new demands, could become less competitive and less successful in the market place. This study serves as an introduction to environmental management aspects and focuses on environmental marketing, with

reference to aspects of environmental marketing programming in large business enterprises in South Africa.

Chapter 2

Environmental trends and challenges: its relevance for management decision-making

2.1 Introduction

Hewitt (1992:5) states that the environment is now a business issue and should be addressed as seriously as other issues that are fundamental to the continued development of companies. The management of environmental affairs should be addressed at an early stage and in a positive manner, so that companies which do so, stand to gain in the future (Hewitt, 1992:5). Some authors maintain the position that organisational functions should not merely reflect environmental considerations, but should be directed by these considerations (Hooper and Rocca, 1991:30).

The first section of this chapter serves to describe the major environmental trends in the world at present. Following this, a number of specific South African issues are highlighted. The intention is to provide a broad overview of some of the environmental challenges facing the business community. These environmental challenges result in that new managerial decisions should be taken, so that the organisation is able to remain competitive in the context of a changing environment. Some of these new managerial decisions are then briefly discussed. Some of the developed management tools with regard to environmental management are then discussed. These may assist management in the environmental management process. To conclude the chapter some of the advantages of an environmentally responsible management approach are mentioned.

2.2 Environmental trends

There are two components to environmental deterioration. One is the depletion of essential resources for the maintenance of present-day lifestyles; the other is the deterioration and destruction of natural processes which ultimately sustain life on earth (Fuggle, 1992:1).

2.2.1 Air pollution

Air should no longer be considered an infinitely renewable and resilient resource. The assumption that the atmosphere will resist the indiscriminate discharge of wastes, in the belief that dilution and dispersion will accommodate the inability (or reluctance) to treat wastes at source level or minimise the production of wastes, is no longer valid (Petrie, et al., 1992:417).

2.2.1.1 Acidic deposition

Sulphur and nitrogen compounds, present in the atmosphere as either gases or particles, are transported to ground either directly by an expanded pollution plume (chimney effluent), or by being washed out by rain, or by being captured by impaction on aerosols (a solid or liquid particle suspended in a gaseous medium) which are subsequently deposited on vegetation and land. These three methods are collectively termed acidic deposition and the latter two are principally responsible for the phenomenon termed acid rain (Petrie, et al., 1992:418). Acidic deposition is caused mainly by sulphur and nitrogen emissions from the burning of fossil fuels such as coal and oil in power plants, industrial boilers and automobile engines (Lean and Hinrichsen, 1992:85). Environmental damage attributed to acidic deposition include the acidification of freshwater ecosystems, denudation (the wearing away of the surface of the land) of forests and agricultural crops, corrosion of metallic surfaces and destruction of masonry structures (Petrie, et al., 1992:418).

2.2.1.2 Hazardous air pollutants

Hazardous air pollutants include volatile lead, volatile organics such as benzene, polycyclic aromatics (carcinogenic to humans) such as furans and heavy metals such as mercury and arsenic. Environmental damage attributed to these pollutants is measured directly in terms of their effect on human health (Petrie, et al., 1992:418).

2.2.1.3 Smog and visibility reduction

Particles emitted during solid fuel combustion are principally responsible for visibility reduction. Smog results from the presence of secondary pollutants such as ozone and

photochemical oxidants (photochemical oxidants are formed when hydrocarbons react with nitrogen oxides and oxygen in the presence of sunlight), (Petrie, et al., 1992:418). This form of pollution can cause damage to vegetation, crops and human health (Lean and Hinrichsen, 1992:89).

2.2.1.4 Stratospheric ozone depletion

The stratospheric ozone layer is being continuously depleted by chlorofluorocarbons (CFCs), halons and nitrous oxide's which are released into the atmosphere by a variety of natural and industrial processes. CFCs are the most important contributor to ozone depletion, which in turn is responsible for increased levels of harmful ultraviolet radiation reaching the earth's surface (Petrie, et al., 1992:419). These increased levels of radiation can result in increased skin cancer and damaged food crops. CFCs are found in refrigeration and air-conditioning appliances, and are used as aerosol propellants, as well as being found in insulation, carpets and in many other applications (Lean and Hinrichsen, 1992:97).

2.2.1.5 Global climate change - Greenhouse effect

Gases which contribute to the so-called "Greenhouse effect" include carbon dioxide (CO₂), methane, water vapour, nitrous oxide, CFCs, halons, and PAN (peroxyacetyl nitrates). These gases are transparent to the short-wave radiation incident upon the earth's surface, but trap outwardly radiated long-wave radiation (Petrie, et al., 1992:419). The prediction is that this action will lead to a global warming of the earth's lower atmosphere with major changes in global and regional climates. This could lead to the necessity to revise and adapt agricultural growing patterns, further rising sea levels and extended desertification (Petrie, et al., 1992:419).

Energy activity comprises a major role in the production of greenhouse gases. The burning of fossil fuel accounts for 75 percent of anthropogenic (produced as a result of human activities) CO₂ release and 65 - 75 percent of nitrous oxide (Petrie, et al., 1992:419). Global warming due to the greenhouse effect is now inevitable; the accumulation of pollution that has already taken place ensures it. It should be attempted to slow down the rate of global warming, with the aim of making it more manageable (Lean and Hinrichsen, 1992:96).

2.2.2 Water Pollution

Lean and Hinrichsen (1992:29) state that polluted water is both the world's greatest killer as well as its single biggest pollution problem. Freshwater and marine pollution are briefly considered in the sections hereafter.

2.2.2.1 Freshwater pollution

The quality of many water sources in South Africa is declining (O'Keefe, et al., 1992:285). This is primarily the result of salinisation (accumulation of soluble mineral salts) and, to a lesser extent, as a result of eutrophication (enrichment of a water body by plant nutrients, which may occur naturally or by means of pollution), as well as pollution by trace elements and micro-pollutants. Increasing industrialisation, urbanisation and irrigation have caused increases in salinity which pose a threat to reduce the potential usefulness of many rivers (O'Keefe, et al., 1992:285).

2.2.2.2 Marine pollution

Virtually all forms of pollution and waste find their way to the sea (Field and Glazewski, 1992:335). Pollution of the marine environment is derived from maritime activities (particularly shipping), the intentional dumping of matter at sea, pollution from land based sources and pollution from offshore mining activities (Field and Glazewski, 1992:335). Pollution is generally at its worst in river estuaries and harbours, while coastal waters are usually more polluted than open seas. The deep oceans are still relatively clean, though oil and litter foul sea lanes, and chemical contaminants can be found in the remotest waters (Lean and Hinrichsen, 1992:173).

2.2.3 Land and soil pollution

Land and soil pollution can take place in the following three manners.

2.2.3.1 Physical degradation

(a) **Soil erosion.** Loss of soil from a land surface is a natural process and it is only when the rate of soil loss exceeds the rate of soil formation at a given location, that soil erosion occurs. Soil loss is due to a variety of physical factors (geology, climate, steep

slopes) as well as human use of the land. In South Africa, over three million hectares has been rendered unproductive as a consequence of severe soil erosion and over 60 percent of the country's surface is in poor condition with respect to soil erosion (Verster, et al., 1992:191).

(b) **Soil compaction and crusting.** Soils with a high percentage of fine sand have a tendency to compact when cultivated. There are over two million hectares under commercial maize production in South Africa in which the formation of ploughpans is reducing production by as much as 40 percent (Verster, et al., 1992:191). Crusting is a problem which occurs under conditions of inappropriate land use, or incorrect land management. An important consequence of crusting is that water-use efficiency decreases due to low infiltration rates and increased surface run-off, which is unacceptable in a country with limited water resources (Verster, et al, 1992:191).

2.2.3.2 Chemical deterioration

(a) **Loss of fertility.** One of the most harmful effects of soil erosion is that it causes the loss of plant nutrients. These nutrients include nitrogen, phosphate and potash (Verster, et al., 1992:192).

(b) **Acidification.** Acidification could be seen as a major threat facing South African commercial agriculture. Acidification is mainly caused through injudicious use of nitrogen fertilities. At low levels of acidity plants are unable to take up nutrients in the soil and the application of fertilizers is therefore rendered ineffective (Verster, et al., 1992:192).

(c) **Salinisation.** Salinisation occurs with over-irrigation and poor drainage, especially if the quality of the irrigation water has been reduced by mineralisation as a consequence of industrial or sewage effluent. Alkaline salts build up in the surface layers of the soil, reducing fertility and productivity (Verster, et al., 1992:192).

(d) **Soil pollution.** In South Africa some 30 000 hectares are irrigated with polluted water and some 150 000 to 250 000 tons of dry sewage sludge is being deposited of per year, much of this on agricultural land. The result is a build-up of heavy metals in effected soils (Verster, et al., 1992:192).

2.2.3.3 Biological degradation

(a) **Biological invasions.** The introduction of alien organisms to South Africa has in some cases led to the degradation of land by making it unsuitable for grazing or

cultivation. The costs of controlling these alien species is high (Verster, et al., 1992:192-193).

(b) **Eelworms and plant pathogens** (organisms that cause diseases). Certain crops and areas are being effected by eelworms and other plant pathogens resident in soils, although the extent has not been researched as yet in South Africa (Verster, et al., 1992:193).

2.2.4 Living resource depletion and degradation

Depletion and degradation of living resources has both serious ecological and economic repercussions. In the following sections a number of threats to species are mentioned.

2.2.4.1 Destruction and degradation of habitat

An important factor resulting in the depletion of natural resources is the destruction of habitat; this can be attributed to development in general. Species cannot survive unless their habitat is protected. Associated with the problem of habitat destruction is the threat posed by development, urbanisation and squatter settlements (President's Council, 1991:71-72).

2.2.4.2 Over exploitation and population growth

One of the major causes of resource depletion is the over exploitation of many species, both for commercial as well as recreational activities. Strict protection and legislation have attempted to minimise this exploitation, but as world population increases the demand for food and natural resource products also increases (President's Council, 1991:70-71).

2.2.4.3 Urbanisation and unplanned development

Urbanisation and development has often taken place on an ad hoc basis without considering the impact thereof on the environment (President's Council, 1991:71). Urbanisation has an irreversibly destructive impact on resources, with these impacts being most dramatic in urban areas which harbour rare species and communities (Cowling and Oliver, 1992:221). Development should be planned to reduce the impact on the environment (President's Council, 1991:71).

2.2.4.4 Industrial and agricultural practises

Severe loss of fauna and flora can result from certain agricultural and industrial practises. Emissions, sewage discharge, insecticides, oil spills and other products which are produced by these practises are all detrimental to the natural environment (President's Council, 1991:72).

2.2.4.5 Alien plants and afforestation

Invasion of alien plants currently pose a threat to the survival of indigenous species in South Africa. Indigenous species are further threatened by afforestation due to the increasing demand for timber, which is currently about 3 percent per annum (Cowling and Oliver, 1992:221-222).

2.2.5 Waste

Solid waste is the inevitable product of human communities. In the process of living man produces waste that must be disposed of. The greater the density and development of the population, the more complex is the problem of waste disposal and the more severe its impact on the environment (President's Council, 1991:92). In South Africa 95 percent of waste is disposed of on land. The growing volume of waste and awareness of the detrimental effect waste has on the environment has meant that the disposal of waste has become more complex and expensive (President's Council, 1991:92).

2.2.6 Noise, vibration and shock

Although noise, vibration and shock lack material substance they are pollutants of the air (President's Council, 1991:65). The negative influences of these pollutants are generally limited to human beings and the built environment. The activities of humans are also the predominant cause of these pollutants. These influences can have physical effects (cause severe trauma in humans and cause material fatigue in structures and components), physiological effects (hearing damage, interference on communication and productivity, and psychological effects (annoyance, irritative reaction) (Johnson, 1992:571-572).

2.2.7 Environmental Health

Environmental health comprises those aspects of human health and disease that are determined by factors in the environment. Typical environmental health concerns include health aspects of air and water pollution, water supply and sanitation, waste disposal, chemical and food safety, housing and settlements. Some problems may be of relevance at the micro-level, whilst others may be important at regional or global level. Occupational health may be considered within the area of environmental health concerns (Von Schirnding, 1992:590).

2.3 South African environmental issues

Managers should be aware of environmental issues which are more prevalent in the South African context. Some of these issues are now briefly considered.

2.3.1 Population growth

The rapid increase in population is undisputably the largest threat to the environment (President's Council, 1991:9). The problem is not the population growth per se, but that the country is not able to manage with the resource and environmental consequences of a burgeoning population (Lean and Hinrichsen, 1992:17). A continued growth in population has direct and indirect influences on the environment. As a direct consequence it places greater pressure on natural resources through greater demand for water, food, land and utilisation of parks and reserves. Indirectly, population growth influences the environment through increased waste and other pollution, and increased pressure on the living environment in general (President's Council, 1991:9).

2.3.2 Urbanisation and cities

Urbanisation is unavoidable in the context of the process of development in South Africa (President's Council, 1991:20). There has been a relative lack of concern over the environmental problems of urban areas. It is inevitable that urban environmental questions will become more pressing. However, it is possible that urban environmental imperatives will be seen in diverse and divergent ways by groups with particular socio-

economic characteristics and political objectives (Hart, 1992:58-59). Within the informal settlements of South Africa there exists an inadequate provision of essential services such as sewerage, waste removal, electricity and running water, and unless there is a dramatic revision of urban management, a future of complex problems is predicted (President's Council, 1991:11).

2.3.3 Poverty

The alleviation of poverty is important as it can directly reduce pressure on critical resources exploited by the poor, as well as indirectly reducing the high population growth correlated with poverty (Staath and Baskind, 1992:51).

2.3.4 Water

In South Africa water is a relatively scarce key resource and one which is poorly distributed across the country. Some estimates show that the demands for drinking water could exceed availability by the year 2020 (President's Council, 1991:33). The demand for water will increase exponentially with population growth, socioeconomic development, higher demand for agricultural produce and industrialisation, as well as the fact that the availability of water is seriously effected by the degree to which it is polluted (President's Council, 1991:32-36).

2.3.5 Desertification

The approach of desertification has claimed more than 25 000 hectares in South Africa and approximately 55 percent of the country's total surface is under threat of desertification (President's Council, 1991:16).

2.3.6 Land distribution and management

Recent political environmental policy statements show a strong and shared concern for the non-sustainable utilisation of land and the degradation of soil; although these statements differ widely in the prominence and centrality ascribed to historic conflicts over land. The politicisation of land is a reality in South Africa, with black pressure for redistribution (Hart, 1991:57). Land and soil are being depleted, and with an increasing population to live off the land, combined with the process of urbanisation and

industrialisation this results in increased pressure on land and soil resources (President's Council, 1991:11-12).

2.3.7 Environmental education

A major challenge in South Africa is to convince the majority of the population of the merits of environmental conservation. In the past, environmental issues have been viewed as part of either an emotional naive call or environmental politics and therefore, not necessarily of any significant nature (Terblanché, 1991:17).

2.4 Environmental trends: implications for business management

These environmental trends and issues have a number of implications for business management, a number of which are mentioned in the ensuing sections.

2.4.1 Sustained growth

Continued consumption and degradation of raw materials may result in that some raw materials become exhausted or unproductive. Some industries face direct environmental threat, such as agriculture with declining levels of productivity and increased desertification, which results in new management techniques and approaches being required. Degradation has led to some substances, such as CFCs, being banned, or face the prospect of being banned in developed countries as they are harmful to the environment and do not contribute to sustainable growth and development.

For many far-sighted organisations which have a long-term horizon, the goal of sustainability provides the strongest motivation for environmentally responsible actions. Sustainability encompasses (Soutter, 1991:13):

- sustainability of raw materials on which products and services depend, to ensure there will always be sufficient available,
- sustainability of customers and their ability to continue buying products and services,
- sustainability of society by ensuring it has not been impoverished through a bankrupt environment, and

- ultimately, sustainability of the organisation itself, and its ability to continue to grow and prosper into the next century.

2.4.2 Increased environmental legislation

With growing world pressure to reduce business' damage to the environment, many western countries have introduced tough environmental legislation, backed up by heavy fines for non-compliance. While penalties in South Africa are still low in comparison to those in many western countries, they are likely to be made more severe in the near future (Soutter, 1991:11). It is also anticipated that legislation will be tightened and enforced more rigorously. Furthermore, few South African directors are aware that they can, at present, be prosecuted in their personal capacities if they are found to be negligent by allowing their companies to break environmental legislation (Soutter, 1991:11). The situation is summed up by 3M's assertion that "in stark terms the choice facing business is to develop a planned response which anticipates the environmental challenges of tomorrow, or face the prospect of potentially disruptive externally imposed solutions (Peattie and Ratanayaka, 1992:103).

2.4.3 International considerations

International environmental standards and environmental legislation of different developed countries may carry the following considerations for local organisations (Werth, 1992:27):

- exporters will have to comply with environmental standards which have been set by importing countries;
- importers of intermediary products aiming to further process and then export the products, will need to ensure that these imported products are manufactured in accordance with satisfactory environmentally friendly practices; and
- to enable investment in local companies by international companies with set environmental standards.

Soutter (1991:12) adds that development aid and loans from international agencies could also oblige recipients to comply with rigorous environmental requirements. The possibility of such international pressure could provide businesses in South Africa with additional motivation to set high standards for their own environmental performance.

2.4.4 Changing stakeholder attitudes

As environmental movements gain momentum and increase in numbers, so does the impact of their influence. Through emotional appeals these movements have been able to focus attention of nations, communities and individuals on environmental issues. This has resulted in the organisation's stakeholders developing new attitudes regarding the environment and their ability to influence the environmental issues of the day (Werth, 1992:28).

The speed at which public awareness has grown, and the strength of the demand for local companies to become environmental responsible, has surprised many South African managers (Soutter, 1991:12). Some businesses have seen the possibility of turning this threat into opportunity, by realising that an organisation which can demonstrate responsible environmental management can benefit from enhanced relations with its stakeholders. These stakeholders may include customers, the local community, investors, employees, regulatory authorities, shareholders, environmental groups and the general public (Soutter, 1991:12).

2.4.5 Increased levels of social and environmental responsibility

The organisation does not function as a separate entity, but is integrated and dependent on the community and environment within which it functions. It is therefore generally accepted that an enterprise should act in a socially and environmentally responsible manner within that community to ensure economic success (Werth, 1992:25). As the long-term success of any business is dependent on the community within which it operates, social and environmental investment should be considered an opportunity which can provide many advantages for the enterprise over the long-term (Werth, 1992:27).

2.4.6 New business opportunities

The public's concern for the environment creates opportunities for companies (Kotler, 1991:144). For example, pollution creates markets for pollution-control solutions such as scrubbers and recycling centres. Many opportunities exist in the consumer market as

environmentally concerned consumers attempt to buy in an environmentally responsible manner.

2.5 Environmental management decision areas

Environmental management is vital to the survival of almost any business (Friedman, 1992:25). Many businesses have come to realise the dependence of those businesses on the environment and the reasons why the environment should be correctly managed. Furthermore, businesses should not only consider the influences of the environment on the business, but also the impacts of the business's activities on the environment (Louw, 1992:34).

The need to reconcile human needs, which are met through economic activity, with limitations imposed by ecological systems is the practical challenge that confronts managers at present (Post, 1991:35). Managers should deal with environmental issues now, as the costs of disregarding these issues may be high if ignored (Friedman, 1992:28). Louw (1992:35) states that environmental management originates in the development of practical principles, namely the development of an environmental business mission, policy and strategy which would guide the organisation's environmental effort, as well as the formation of an effective organisational structure for the implementation thereof.

2.5.1 Mission statement

An effective mission statement should be specific, instructive, achievable, reflective of management values and culture and be a long-term vision of what the organisation is attempting to become (Dyer, et al., 1990:161). The formulation of an environmental mission is to ensure that the members of the organisation know the ultimate objective and thus are able to guide the activities performed in a specific direction (Soutter, 1991:18). To assist in implementation, the organisation's environmental mission should be cascaded down into ever-increasing levels of detail, including policies, plans and standards (Soutter, 1991:18).

2.5.2 Environmental policy

A cohesive and far-reaching corporate statement should be the cornerstone of an environmental management programme (Hunt and Auster, 1990:12). The tone of the statement should be one of prevention, protection, premeditation and immediate response to unexpected developments, and these policy statements should be translated into actual policies, procedures and activities (Hunt and Auster, 1991:18). Thomas (1992:23) adds that corporate backing of environmental programmes needs to be engraved as company policy.

Levels of management should, in accordance with environmental policies set by corporate level management, integrate environmental considerations into existing policies so as to meet organisational objectives (Louw, 1992:30).

2.5.3 Environmental strategy

The formulation of environmental strategies is necessary to establish guidelines for the way in which the environmental mission and policies will be achieved. The ecological challenge requires managers to formulate strategies, for the present and the future that (Post, 1991:34):

- (1) Make the most efficient use of scarce resources.
- (2) Reduce wastes that pollute the environment.
- (3) Keep industrial production and other human activities within the limits set by nature's ecological systems.

Companies should decide on an appropriate environmental strategy. In doing so, companies should take into account not only the traditional business objectives, but also the environmental pressures in the countries and industries where they are most active. As these pressures differ, no generally applicable model for action can be provided. Reflecting the insight of top management, companies should plan individual paths in the environmental arena (Winsemuis and Guntram, 1992:18).

2.5.4 Organisational structure

It is important for environmental management to be accepted as an integral part of all levels of management (Friedman, 1992:28). Environmental affairs are simultaneously a staff function and a line responsibility, due to the fact that virtually all company operations today have environmental implications (Hooper and Rocca, 1991:26). Most companies recognise that to be effective, environmental matters should be integrated with operations at all organisational levels; as the conjunction of environmental matters and operations can produce real synergies (Hooper and Rocca, 1991:28).

There is no general organisational design that works best for all environmental programmes. Thus, some corporations have highly decentralised programmes in which business units perform virtually all the work, while others maintain large centralised environmental staff. The solution is to select a form of organisational design that matches both the needs and the culture of the organisation (Hunt and Auster, 1990:14). Companies should be willing to make substantial, lasting modifications in the structure and operations of the organisation if these companies intend to remain competitive in the future (Thomas, 1992:24).

2.6 Environmental management tools

Environmental management tools are designed to direct and assist in decision-making. Two of these management tools, the integrated environmental management procedure and environmental auditing are briefly outlined.

2.6.1 The Integrated Environmental Management (IEM) procedure

IEM is a procedure to ensure that environmental considerations are efficiently and adequately integrated in all stages of the development process. It comprises environmental resource allocation from conceptualisation, planning and the assessment of possible consequences, to the taking and implementing of decisions and the monitoring of results (Department of Environmental Affairs, 1993:7).

The entire IEM process at present rests upon a voluntary basis, however, the only legally enforceable requirement would be the environmental impact report which is

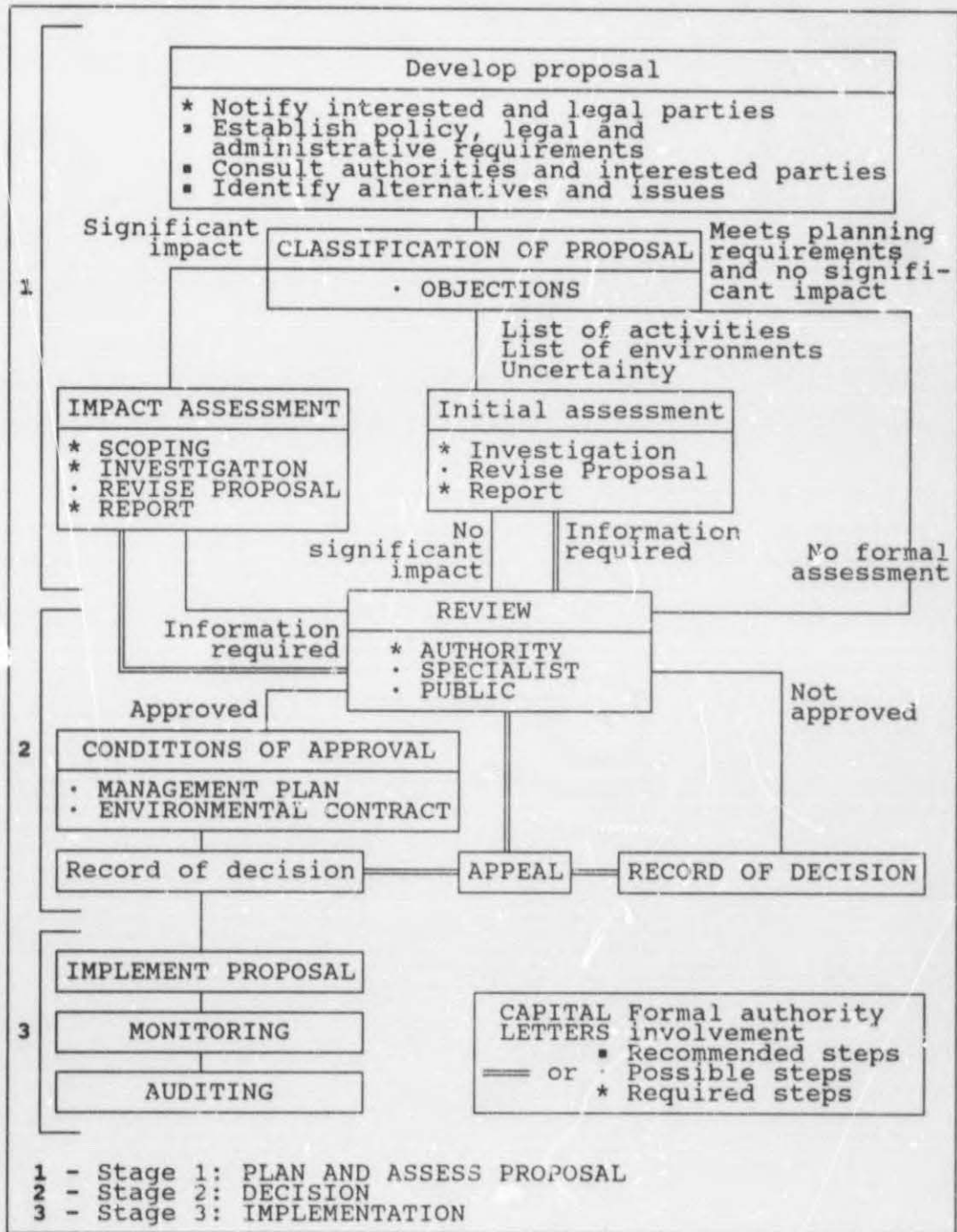
regulated by the Environment Conservation Act (President's Council, 1991:188). Exploitation in the short-term without proper consideration of the long-term influences of a particular activity on the environment is unacceptable. In order to obtain the sustainable utilisation of resources, the principles of IEM should be accepted as one of the management mechanisms (Department of Environmental Affairs, 1993:7).

The purpose of an IEM procedure is to ensure that environmental consequences of developments are understood and adequately considered in the planning process (Preston, et al., 1992:749). The procedure is intended to guide, rather than impede, the development process by providing a positive, interactive approach to gathering and analysing useful data and presenting findings in a form that can easily be understood by non-specialists. It thus serves to refine and improve proposed policies, programmes and projects through a series of procedures which are linked to the development process (Preston, et al., 1992:749). These procedures aim to (Preston, et al., 1992:749):

- stimulate creative thinking in the planning and initial stage;
- provide a systematic approach to the evaluation of proposals;
- formalise the approval process in the decision-making process; and
- ensure that monitoring and desirable modifications take place in the implementation stage.

A flow diagram indicating the major steps of the IEM procedure is given in Figure 2.1. Preston (et al., 1992:750) describes the procedure in the following manner. IEM recognizes three stages in the development of any proposal: firstly, develop and assess the proposal; secondly, the decision; and thirdly, implementation. All proposed actions, with potentially significant environmental consequences, should be formally investigated in some way, however, not all will require a full impact assessment. (An environmental impact assessment is a study of the probable changes in various socioeconomic and biophysical characteristics of the environment which may result from a proposal or pending action or activity) (Department of Environmental Affairs, 1993:9). In many cases, a brief investigation should convince the decision-taker that the proposed action will have no significant impacts, or that effective mitigatory measures may easily be implemented.

Figure 2.1 The Integrated Environmental Management (IEM) Procedure



Source: Fuggle, R.F. and Rabie, M.A. (eds.), 1992. Environmental Management in South Africa. Cape Town: Juta and Co., Ltd.

2.6.2 Environmental Auditing

One of the most broadly accepted definitions of environmental auditing is that of the International Chamber of Commerce, namely (Soutter, 1991:15):

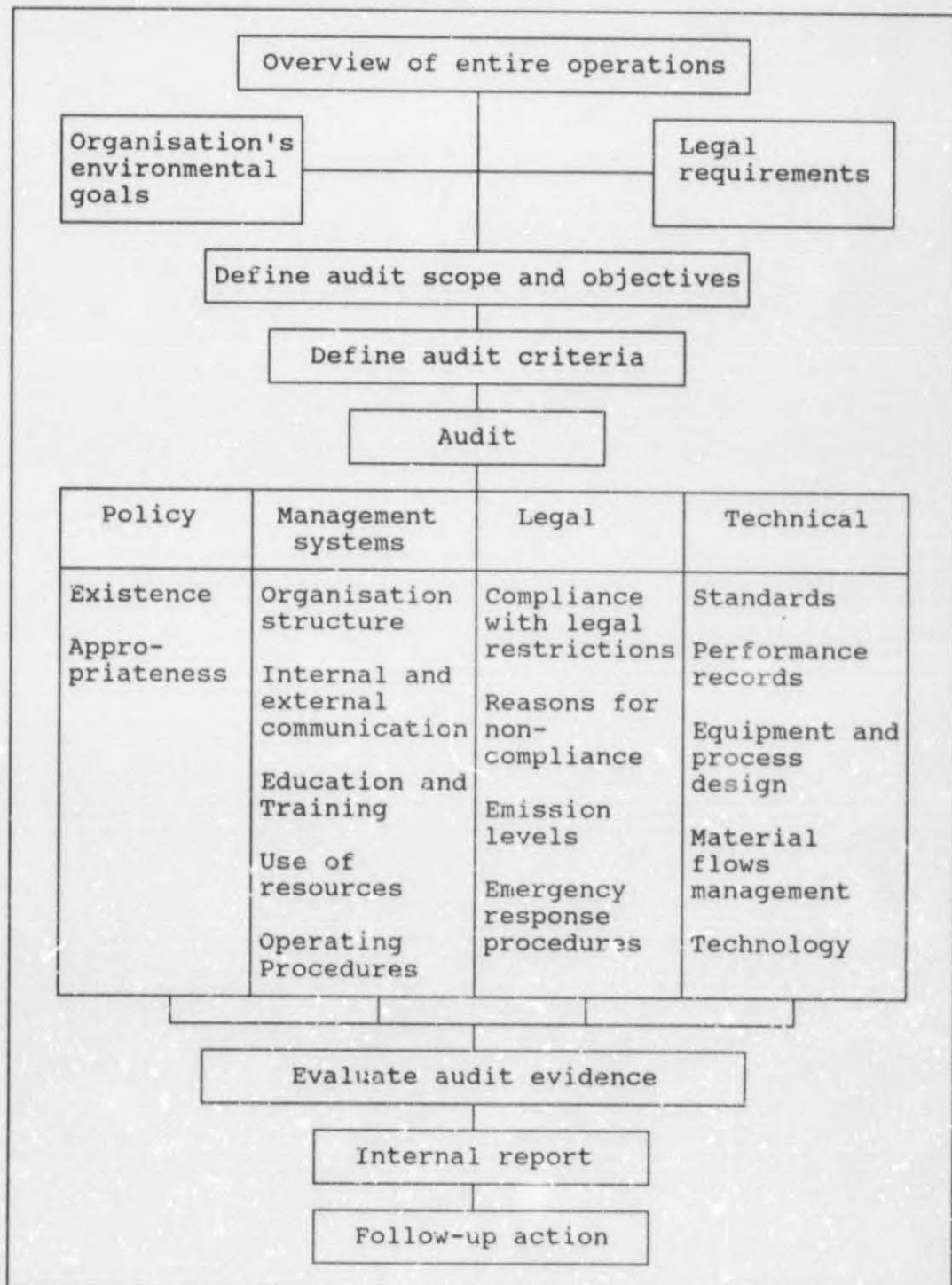
A management tool comprising a systematic, documented, periodic and objective evaluation of how well environmental organisation, management and equipment are performing with the aim of helping to safeguard the environment by:

- (a) facilitating management control of environmental practises;
- (b) assessing compliance with company policies, which would include meeting regulatory requirements.

Environmental auditing is essential in the entire environmental management process (Soutter, 1991:17). The audit is conducted to ensure each of the steps is up to date and appropriate, and that the entire process is still headed in the correct direction. Auditing is an interactive process, as it provides feedback, which helps: to ensure the organisation remains aware of all the actual and potential impacts; to improve environmental goals, policies and standards; to test whether emergency procedures are adequate; and whether sufficient and appropriate resources are available; to measure whether communication and training programmes are achieving their objectives, and whether monitoring systems are working effectively (Soutter, 1991:17). A framework of an environmental auditing process can be seen in Figure 2.2.

Environmental audits are not merely a programme to ensure environmental compliance. Depending on the company's culture and management philosophy, an environmental audit can have a wide variety of objectives and benefits (Buhr, 1991:31-32).

Figure 2.2 The Environmental Auditing Process

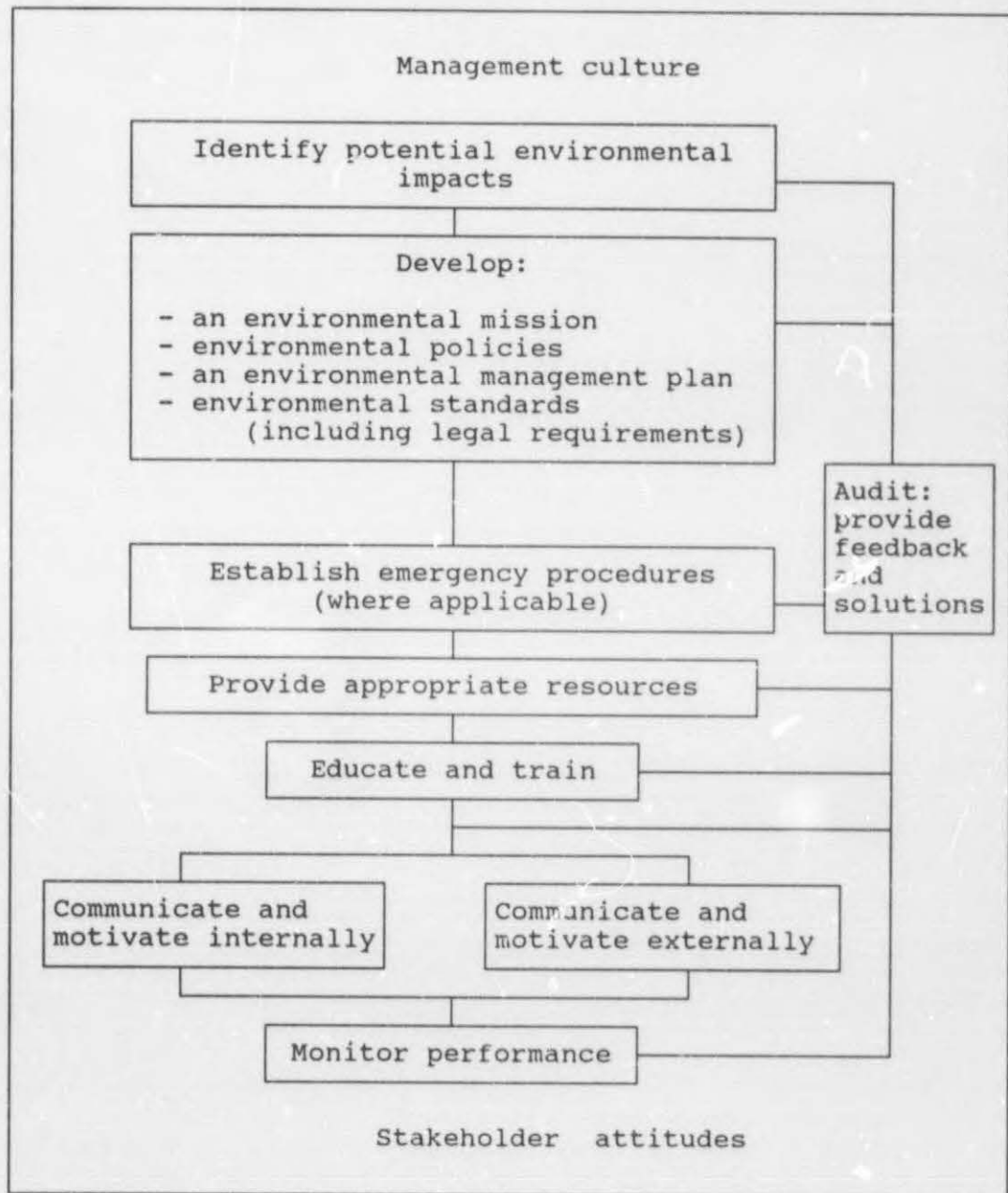


Source: Soutter, D., 1991. Environmental Auditing: Guidelines for South African Managers. Stellenbosch: South Africa Nature Foundation.

2.7 The environmental management process

Due to the relatively recent appearance of environmental management in the business context, no generally applicable definition exists. Soutter (1991:60) views environmental management as involving the management of every facet of a business which can have an impact on the environment (whether positive or negative), in a holistic, integrated manner. Graupner (in Louw, 1992:77) states that environmental management involves the development of processes, resources and approaches by the organisation as to minimise the negative impacts on the external environment (natural and man-made), and to optimise the positive impacts of products and services in the acquisition of competitive advantage, sustainable development and stewardship of the environment.

The principles of environmental business management can only be introduced with the assent and support of the management team (Winter, 1988:77). Hunt and Auster (1990:11-12) describe a pro-active environmental department or section as being staffed with strong, motivating, high-profile individuals who take the concept of environmental management one step beyond policing and prevention. Employee training and awareness programmes should extend across all levels and should be taken seriously by other divisions and business units. Requirements and goals should be clear, and systems that facilitate reaching those goals should be built into each area. There should also be a strong link between the environmental function and upper-level management, through direct reporting relationships, periodic meetings or informalities. An example of a generic environmental management process can be seen in Figure 2.3.

Figure 2.3 A Generic Environmental Management Process

Source: Werth, H.C., 1992. Die Rol en Ontwikkeling van 'n Omgewingstrategie Binne die Raamwerk van die Sakestrategie: 'n Suid-Afrikaanse Perspektief. MBA Dissertation. University of Stellenbosch Business School.

2.8 Advantages of an environmentally responsible management approach

The opportunities and accompanying advantages which environmental management presents, motivates enterprises to act in an environmentally responsible manner (Werth, 1992:31). Environmentally responsible actions by enterprises can entail the following advantages (Werth, 1992:31-34):

- (a) **Cost savings.** Environmentally responsible actions can lead to cost savings through more effective use of resources and the prevention/reduction of waste substances as well as the avoidance of possible future liabilities.
- (b) **Enhanced image.** An enterprise which is able to demonstrate that it is managed and performs in an environmentally responsible manner, can benefit from an enhanced image with its stakeholders.
- (c) **New business opportunities.** Environmental issues and the management thereof can create a number of business opportunities in the form of new products and processes which are environmentally responsible.
- (d) **Sustained existence.** Sustained economic growth and development is necessary for the continued existence of any business. Due to the interdependence between the enterprise and the environment, investment in the environment offers the enterprise an opportunity to assist in creating an environment in which long-term growth is possible. The enterprise with a long-term vision should accordingly benefit from environmental investment which aims at making long-term development possible.
- (e) **Advantages of self-regulation.** Through self-regulation and pro-active environmental management, enterprises can prevent being forced to comply with piecemeal legislation and thereby reduce the accompanying costs of complying with such legislation.
- (f) **Investment considerations.** Notwithstanding the fact that environmental management creates new investment opportunities, in Europe it has been found that "green stock" shares are better priced. Investors may be of the opinion that successful environmental management and successful business management are complementary. Socially acceptable investments can therefore positively effect the acquisition of funds by an enterprise, either through the selling of shares or the obtaining of loans.
- (g) **International acceptability.** Goods manufactured in an environmentally responsible manner may enjoy a higher level of acceptability in foreign markets with standards for environmental performance.

2.9 Summary

The business and social communities are threatened by a number of environmental trends, which are potentially hazardous to the survival of both communities. It is necessary for business enterprises to realise the importance of these developments and take appropriate action. The management team should decide in which manner the environmental effort will be directed by clearly formulating an environmental mission, policies and strategies. An organisational structure that is capable of executing these strategies will also need to be developed. Management should take cognisance of existing approaches to environmental management and utilise these approaches in the development or modification of a pro-active environmental management programme.

Chapter 3

The principles, current status and approaches of environmental marketing

3.1 Introduction

As environmental issues and concerns increase in prominence, marketers should respond to these developments in the market place. It is necessary for environmental marketing to be understood, before it can be effectively implemented. This chapter aims to provide an understanding of the various elements of an environmental marketing process.

Initially, in this chapter, some definitions of marketing are offered followed by some possible definitions of environmental marketing. Then, the development of environmental marketing is considered from a marketing concept theory perspective and an ecological concern perspective. Possible barriers to the adoption of an environmental marketing orientation are then mentioned. This is followed by a discussion of the marketing management process, and the resulting differences and adaptations that need to be considered when an enterprise adopts environmental marketing principles. Various dimensions of this process are highlighted in the sections thereafter. Two of the major challenges facing the marketing manager, the aspect of the eco-consumer and environmental marketing information, are also discussed as they play an important role in the environmental marketing process. To conclude this chapter, a number of possible success factors for environmental marketing are mentioned.

3.2 Marketing definitions

Marketing is described in various ways by different writers. The following are a few such descriptions:

- Marketing is the product planning, pricing, promotion, distribution, and servicing of goods and services needed and desired by consumers (Udell and Lacznia, 1981:5).

- Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating, offering and exchanging products and value with others (Kotler, 1991:4).
- Marketing (management) is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organisational objectives (Kotler, 1991:11).
- Marketing is a total system of business activities designed to plan, price, promote and distribute want-satisfying goods, services, and ideas to target markets in order to achieve organisational objectives (Stanton, et al., 1992:7).
- Marketing is the anticipation, management and satisfaction of demand through the exchange process (Evans and Berman, 1992:9).
- Marketing is the total system of variable organisational activities which are directed to the creation, pricing, distribution, and marketing communications of need-satisfying products and services to present and potential consumers so that individual and organisational objectives are achieved (Loiw, 1992:102).

The basic concepts of marketing should be present in these definitions, namely: needs, wants, and demands; products; value, cost and satisfaction; exchange, transactions and relationships; markets; and marketing and marketers (Kotler, 1991:4).

3.3 Environmental marketing defined

No generally acceptable definition of environmental marketing exists as yet, due to the relative infancy of the subject and relative lack of theory-building and understanding. The following definitions have been proposed:

- Environmental marketing is the management process responsible for identifying, anticipating, and satisfying the requirements of customers and society, in a profitable and sustainable way (Peattie, 1992:11).

- Environmental marketing is marketing activities that recognise environmental stewardship as a business responsibility and business growth opportunity (Coddington, 1993:1).
- Environmental marketing is the integration of the marketing functions and resources directed at the creation and exchange of environmentally related organisational values (products, services, behaviour and community initiatives) to target interest groups (internal and external) in a long-term, competitively sustainable and satisfactory performance context (Louw, 1992:110).

The following description of environmental marketing is proposed in addition to those mentioned above:

- Environmental marketing is the holistic integration of environmental considerations into the conception, creation, pricing, promotion and flow of want-satisfying ideas, goods and services to target interest groups in a profitable, sustainable manner so as to achieve organisational objectives and to preserve or enhance the well-being of the organisation, consumer, society and the environment.

3.4 The development of environmental marketing

In the following two subsections the development of environmental marketing is considered from a marketing concept theory perspective and an ecological concern perspective. It is attempted to provide an insight as to how environmental marketing has developed out of an ecological concern from a theoretical and practical concept perspective.

3.4.1 Marketing theory concepts

Modern conceptions of the marketing function can be traced to the early part of the twentieth century in response to changes in the economic and competitive environment. There are five concepts under which enterprises can conduct their marketing activities (Kotler, 1991:12-27):

- (a) the production concept,
- (b) the product concept,

- (c) the selling concept,
- (d) the marketing concept, and
- (e) the societal marketing concept.

(a) The **production concept** holds that consumers favour those products that are widely available and in low cost. Managers of production-orientated organisations concentrate on achieving high production efficiency and wide distribution coverage.

The assumption that consumers are primarily interested in product availability and low price holds in at least two types of situations. The first is where the demand for a product exceeds supply and therefore customers are more interested in obtaining the product than in its fine points. The suppliers of such products will attempt to find ways to increase production. The second situation would be where the product's cost is high and has to be brought down through increased productivity to expand the market.

(b) The **product concept** holds that consumers will prefer those products that offer the most quality, performance and features. Managers in these product-orientated organisations focus their energy on making good products and improving these products over time.

The managers assume that consumers will admire well-made products, can appraise product quality and performance and are willing to pay more for these product extras. The product concept can lead to marketing myopia, an undue concentration on the product rather than the need.

(c) The **selling concept** holds that consumers, if left alone, will ordinarily not buy enough of the organisation's products. The organisation must therefore, undertake an aggressive selling and promotional effort.

The concept assumes that consumers typically show buying inertia or resistance and need to be coaxed into purchasing more, and that the company has numerous effective and promotional tools available to stimulate more purchasing. The selling concept is practised more aggressively with "unsought goods", those goods which buyers normally do not think of buying such as encyclopedias and insurance. This concept is also practised in the non-profit sector, by fund-raisers and political parties. Most

enterprises that practise the selling concept usually do so when they have overcapacity. The aim here is to sell what is made rather than what could be sold.

- (d) The **marketing concept** holds the key to achieving organisational goals, this consists of determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors.

The marketing concept takes an outside-in approach. It begins with a well-defined market, focuses on consumer needs, coordinates all the activities that will effect customers, and produces profits through creating customer satisfaction.

- (e) The **societal marketing concept** holds that the organisation's task is to determine the needs, wants and interests of target markets and to deliver the desired satisfactions more effectively and efficiently than competitors in a way that preserves or enhances the consumer's and society's well-being.

The societal marketing concept calls upon marketers to balance three considerations in setting their marketing policies, namely, company profits, consumer want satisfaction and public interest. Originally, companies based decisions on immediate profit calculations. Eventually managers recognised the importance of satisfying consumer long-term wants, this lead to the introduction of the society's interest in the decision-making process as well.

To these five concepts a possible sixth concept could be added. A new variation of marketing, which could become increasingly important in the future, is environmental marketing, or more commonly known as "green marketing" (Peattie, 1992:11). Environmental marketing is a style of marketing that has arisen in response to the increasing concern about the state of the global environment and the life it contains. The environmental crisis is forecast to deepen in the foreseeable future, increasing the pressure on all types of organisations to improve their environmental performance. Inevitably, environmental marketing could be the marketing of the future (Peattie, 1992:11).

The environmental and societal implications of marketing are closely interlinked and in many ways inseparable. Like societal marketing it considers the needs of society as

well as those of consumers. However, it differs from the conventional style of societal marketing in four key ways (Peattie, 1992:11-12):

- (a) it has an open-ended rather than a long-term perspective,
- (b) it focuses more strongly on the natural environment,
- (c) it treats the environment as something which has intrinsic value over and above its usefulness to society, and
- (d) it focuses on global concerns rather than those of particular societies.

3.4.2 Ecological concerns

Ecology can be termed as the study of the relationships among living organisms and between those organisms and their non-living environment (Allaby, 1988:135). According to Allaby (1988:142) the environment is the physical, chemical and biotic conditions surrounding a living organism. Concern of consumers about the deteriorating state of the environment has led to a trend called environmental consumerism, generally defined as individuals looking to protect themselves and the world in which they live through the power of their purchasing decision (Ottman, 1992:3). In the efforts of these consumers to protect themselves and their world, they are scrutinizing products for environmental safety. Ottman (1992:3) further feels that initially these consumers were attracted to product end-benefits; and now the processes and resources involved in every phase of a product's life cycle command these consumers' attention. According to Davis (1991:14) the marketing of products and services addressing the needs of the environmentally conscious consumer is the marketing phenomena of the 1990's.

Rabie and Fuggle (1992:11) state that concern for the environment is a modern-day social phenomenon. Throughout the world governments, international organisations, major corporations as well as ordinary citizens are insisting that in planning and decision-making cognisance should be taken of the impact of human actions on the environment (Rabie and Fuggle, 1992:11). Until the late 19th century, environmental laws were directed at specific forms of pollution and the protection of a number of natural areas. Further, by the mid-20th century it was generally accepted that governments could and should regulate the use of the environment for conservation as well as social purposes (Rabie and Fuggle, 1992:11-12). In 1970 a turning-point in human-environment relationships was reached when the United States National

Environmental Policy Act (NEPA) was made law. This legislation gave recognition to the fact that human-environment relationships could not be adequately addressed through piecemeal legislation which would deal with problems on an ad hoc basis. Consequently the 1970's became known throughout the world as a decade of environmental concern and the passage of legislation for the protection of the environment (Rabie and Fuggle, 1992:12).

The first world-wide national environmental conference was convened in 1972 in Stockholm. The Stockholm Conference approved a declaration containing 26 broad principles on the management of the global environment. The conference also led to the formation of the United Nations Environmental Programme (UNEP) to provide a focal point for environmental action and coordination of environmentally related activities within the UN system (Porter and Brown, 1991:28). The publication in 1987 of "Our Common Future", the Report of the World Commission on Environment and Development (The Brundtland Report), asserted that the earth's natural systems have finite capabilities to support human production and consumption and that the continuation of existing economic policies risk irreversible damage to natural systems on which all life depends (Porter and Brown, 1991:30). These and other reports, such as the 1987 Montreal Protocol on Substances that deplete the Ozone Layer and the 1989 Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal; as well as disasters such as the 1984 Bhopal chemical accident, the 1986 Chernobyl nuclear explosion, the 1989 Exxon Valdez oil-spill and the 1991 Kuwait oil fires have further served to increase knowledge and awareness concerning the condition of the environment. The importance of the environment can be seen in the representation of 175 nations and 1500 officially accredited non-government organisation (NGO's) attending the Earth Summit (United States Conference on the Environment and Development - UNCED) in Rio de Janeiro in June 1992 (Johnson, 1993:3-4). The summit succeeded in two international treaties covering climate change and biodiversity and could be the precursor of an Earth Charter to be adopted in 1995. Although, the summit failed in obtaining real commitments from developing countries over greenhouse gases, forests and sustainable development (Johnson, 1993:4-5).

Growing international concern about the environment is no historical accident. It is a belated response to the fact that major components of the biosphere, including the atmosphere, the oceans, soil cover, the climate system, and the range of animal and plant species have been altered by the intensity of human exploitation of the earth's

resources in the twentieth century (Porter and Brown, 1991:2). The by-products of economic growth - the burning of fossil fuels; the release of ozone-destroying chemicals; emissions of sulphur and nitrogen oxides; the production of toxic chemicals and other wastes and their introduction into the air, water and soil; and the elimination of forest cover, amongst others - cause cumulative stresses on the physical environments that threaten human health, habitats and economic well-being. The costs and risks of these activities to future generations could be much higher than they are to the world's current population (Porter and Brown, 1991:2).

Scientific understanding of global environmental issues has increased greatly (Porter and Brown, 1991:2). The realisation that environmental threats can have serious socio-economic and human costs and that these threats cannot be solved by unilateral decisions of governments, has given impetus in recent years to increased national and international cooperation to attempt to halt or reverse environmental degradation (Porter and Brown, 1991:2). That realisation has prompted individuals, organisations, business enterprises and governments to account for environmental considerations in their every-day activities, and has also further lead to consumers wanting products and services to satisfy their environmentally conscious needs. Scerbinski (1991:44) adds that environmental concerns are shaping the development and marketing of many products and that astute enterprises are targeting products to this growing segment of consumers.

3.5 Barriers to environmental marketing

Although a number of barriers to environmental marketing do exist, they should be overcome in the creation of a more environmentally responsible marketing effort. These barriers may be (Peattie, 1992:85-87):

- (a) **Cost.** The costs of developing environmental products can be high. These costs should not be considered in isolation, but balanced against the potential costs of poor environmental performance. Also, some environmental initiatives provide cost benefits, including reducing material inputs, wastes and energy usage.
- (b) **Technical barriers.** Products to fulfil certain needs among consumers are not yet on the market due to problems perfecting the technology, such as the use of electric motor vehicles.

- (c) **Organisational barriers.** Subtle organisational barriers can prove to be a major obstacle. Such barriers include:
- organisational inertia and resistance to change,
 - a lack of identification with environmental values, and
 - low internal awareness.
- (d) **Complexity and interrelatedness.** Environmental issues are typically complex and difficult to deal with. Solving one environmental problem can simply create another.
- (e) **Trans-boundary effects.** The environmental effects of a company's activities may be felt in a different country or continent, such as the pollution of one country can lead to acid rain in another.
- (f) **Invisible consequences.** Some environmental problems have relatively "invisible" consequences. A lack of conclusive proof on environmental conditions, such as global climate change, can lead to procrastination and inaction.
- (g) **Timescales.** Many environmental problems evolve relatively slowly and can take even longer to solve. This fact can put these problems outside the life span of elected governments and companies' plans.
- (h) **Uncertainties about consumers.** For many companies there is uncertainty and a lack of good information about environmentally conscious consumers.
- (i) **Information and skill shortages.** There is a lack of relevant environmental marketing information and suitably skilled personnel.
- (j) **Lip-service and consensus.** Environmental problems are easier to discuss than to deal with. Some companies attempt to find a link (however tenuous) and so claim to be "environmentally friendly". The result is that opportunities for improved environmental awareness will be devalued.

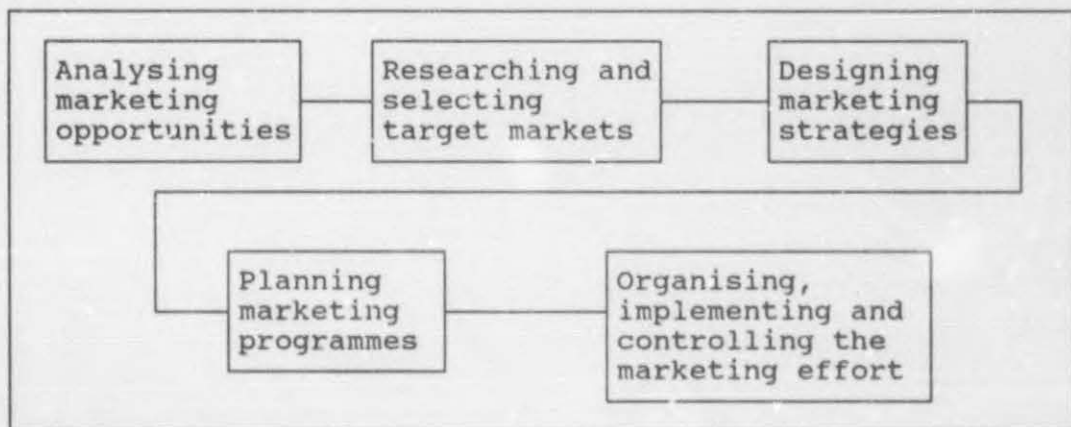
3.6 Elements of an environmental marketing management process

This section serves to describe various elements of the environmental marketing management process. This is done by means of a discussion of the marketing management process and is followed by discussions which illustrate the differences and adaptations that would need to be made when incorporating environmental marketing principles into the marketing management process.

3.6.1 The marketing management process

The marketing management process consists of analysing marketing opportunities, researching and selecting target markets, designing market strategies, planning marketing programmes and organising, implementing and controlling the marketing effort (Kotler, 1991:63). The various steps involved in the process will be briefly discussed and can be seen in Figure 3.1.

Figure 3.1 The Marketing Management Process



Source: Kotler, P., 1991. Marketing Management. Seventh edition. Englewood Cliffs, N.J.: Prentice-Hall, Inc.

3.6.1.1 Analysing marketing opportunities

To identify and evaluate the company's opportunities, the company should develop and operate a reliable marketing information system (Kotler, 1991:64). A marketing information system is a continuous, organised set of procedures and methods designed to generate, analyse, disseminate, store and retrieve information for use in making marketing decisions (Stanton, et al., 1992:59).

The purpose of a marketing information system is to gather relevant and continuous information so as to monitor and analyse the opportunities and threats posed by factors outside the organisation (Boyd and Walker, 1990:28). Information received must be relevant and timely. All possible aspects of the company's micro- and macro-

environments should be monitored. The micro-environment includes: (a) the external micro-environment forces of suppliers, marketing intermediaries and present and potential consumers and (b) the internal environment of the organisation which includes elements such as human resources and financial capabilities. The external macro-environmental forces include social and cultural forces, competition, economic conditions, demography, political and legal forces, and technological forces (Stanton, et al., 1992:50-53). Marketing information is discussed in greater detail in section 3.8.2.

3.6.1.2 Researching and selecting target markets

The company should know how to measure the attractiveness of any given market and this requires estimation of the market's overall size, growth and profitability (Kotler, 1991:65). Marketers should fully understand the techniques available for measuring market potential and forecasting future demand as these measures become key inputs in the decision of which markets and products to focus on. Market segmentation, the task of breaking the total market into segments that share common properties, is used by marketers so that these segments can be evaluated, selected, targeted and the decision can be taken on the company's position in each market remembering that not only are the consumer targets chosen, but competitor targets as well (Kotler, 1991:65-66).

After examining customer needs, alternative market segments and competitive strengths and weaknesses, the manager should decide which segments represent attractive and viable opportunities and which of those opportunities the enterprise can satisfy in a way that gives the enterprise a sustainable advantage over potential competitors. In other words, the manager must select a target market segment in which to focus a strategic marketing programme (Boyd and Walker, 1990:30). Target market decisions are examined in more detail in section 5.2.

3.6.1.3 Designing marketing strategies

Marketing strategies define the broad principles by which the business or business unit expects to achieve its marketing objectives in a target market (Kotler, 1991:68). Evans and Berman (1992:63) view a marketing strategy as outlining the way in which the marketing mix is used to attract and satisfy the target market(s) and achieve an organisation's objectives.

In the design of marketing strategies, marketing managers should develop a differentiating and positioning strategy for the chosen target market. Management should define how its product offering will differ from its significant competitors and how that company wishes to appear to its target buyers. The manager should also carefully consider the position taken by its major competitors in the same target market (Kotler, 1991:66).

Evans and Berman (1992:63) identify four factors that should be considered when designing a marketing strategy. These are the organisational situation, product-market situation, competitive situation and the environmental situation. Cravens (1991:77) emphasizes that the choice of marketing strategy is affected by the situational and competitive factors confronting an organisation.

3.6.1.4 Planning marketing programmes

Marketers should not only formulate broad strategies by which the enterprise will attempt to achieve its marketing objectives, but also the supporting marketing mix programmes. Numerous well-conceived strategies could fail when it comes to the development of specific market mix tactics (Kotler, 1991:68). A number of specific tactical decisions should be made in designing a strategic marketing programme for a product-market entry or existing product/service. These decisions fall into four categories of major marketing variables that a manager has some ability to control over the short-term. On the basis of the four P's, the "controllable" elements of a marketing programme are the product offering (including the breadth of the product line, quality levels and customer services); price; promotion (advertising, sales promotions and sales force decisions); and place (distribution). Decisions concerning each of the elements should be consistent and integrated with decisions concerning the other three variables (Boyd and Walker, 1990:30-31).

Marketing management should also decide what level of marketing expenditure is necessary to achieve its marketing objectives. The company should analyse the marketing work required to attain a given sales volume or market share and calculate the cost of achieving this objective; the result being the marketing budget. The company also needs to decide on how to allocate the total marketing budget among the various tools of the marketing mix (Kotler, 1991:68). The marketing mix is the set of

marketing tools that the enterprise uses to pursue its marketing objectives in the target market (Kotler, 1991:68).

The strategic marketing programme should reflect market demand and the competitive situation within the target market. As demand and competitive conditions change over time, the marketing strategy programmes should be adjusted to reflect these changes (Boyd and Walker, 1990:32). Elements of programme formulation are discussed in section 4.3.3.

3.6.1.5 Organising, implementing and controlling the marketing effort

A final critical determinant of a strategy's success is the enterprise's ability to implement it effectively. And this, in turn, depends on whether the strategy is consistent with the resources, organisational structure, coordination and control systems, and the skills and experience of company personnel. In other words, managers should design a strategy to fit the company's existing resources, competencies and procedures, or attempt to construct new systems to fit the chosen strategy (Boyd and Walker, 1990:32).

The final tasks of the marketing management are to determine whether the strategic marketing programme is meeting objectives and adjusting the programme when performance is disappointing. This evaluation and control process provides feedback to managers and serves as a basis for a market opportunity analysis in the next planning period (Boyd and Walker, 1990:32-33).

3.6.2 The environmental marketing process

The environmental marketing management process is an extension of the marketing management process. The addition and integration of new elements into this process are discussed in the ensuing sections.

3.6.2.1 Differences between the conventional and environmental marketing process

The basic steps in the conventional marketing process are no different to those used in environmental marketing. The differences lie in the information that is fed into the

process, the criteria against which performance is measured and the values against which objectives are set. The other key difference is the extent in which the process needs to permeate through, and involves, the entire organisation (Peattie, 1992:100). Coddington (1993:3) adds that issues of environmental marketing track back to issues of environmental management, i.e., to issues of overall environmental commitment and responsibility. The author continues to say that it is absolutely essential that a commitment to total quality environmental management be in place before an environmental marketing programme is launched, otherwise the marketing programme will be neither credible nor sustainable.

Environmental marketing shifts the focus more widely to consider the impact of all aspects of the company on customers, society and environment. Externally, the focus on customers and competitors is balanced by a consideration of society and the natural environment (Peattie, 1992:100).

3.6.2.2 Marketing information

Successful environmental marketing requires an accurate understanding of the environmental performance of the whole business. This requires a thorough and wide-ranging internal audit. Externally, in addition to researching customer's environmental needs, companies should examine competitors' environmental capabilities, strategies and performance. A wider environmentally orientated external scan requires going through a sceptical analysis of environmental factors, such as cultural factors, physical environment factors and international factors, from an environmental perspective (Peattie, 1992:100-101).

3.6.2.3 Marketing planning

Existing market plans should be amended to provide for a move towards environmental marketing in several ways (Peattie, 1992:101-102):

- (a) **Re-evaluating objectives.** There are three basic types of marketing objectives.
 - (i) **financial objectives** - these include figures for sales, costs and profits;
 - (ii) **strategic product/market objectives** - these include measures of market share, customer satisfaction and competitor comparisons;

- (iii) **technical objectives** - including product performance and quality.

Incorporating environmental considerations into the marketing process will require the addition of objectives for the environment and societal performance of the company, its products and marketing strategies.

(b) **Redefining markets.** With the incorporation of environmental considerations, the company should view the company's market from an environmental perspective. This requires the addition of market research to examine the environmental concerns of the company's customers.

(c) **Developing and implementing new environmental strategies and action plans.**

3.6.2.4 Evaluating performance

Environmental marketing performance is measured against conventional criteria except for the following differences (Peattie, 1992:102-103):

(a) **Time-scales.** With the adoption of environmentally responsible principles the length of time-frames against which performance is measured, should be extended. A conception-to-grave view of products may entail that performance should be considered over a period of years. Objectives may also have to be set against unusually long time-scales.

(b) **Criteria for success.** Traditional marketing theory concentrates on the proposition that if the mix of the four P's is correct, then success should follow in the form of the fifth P, profits. Environmental marketing involves generating success by ensuring the marketing mix meets the following "S" criteria:

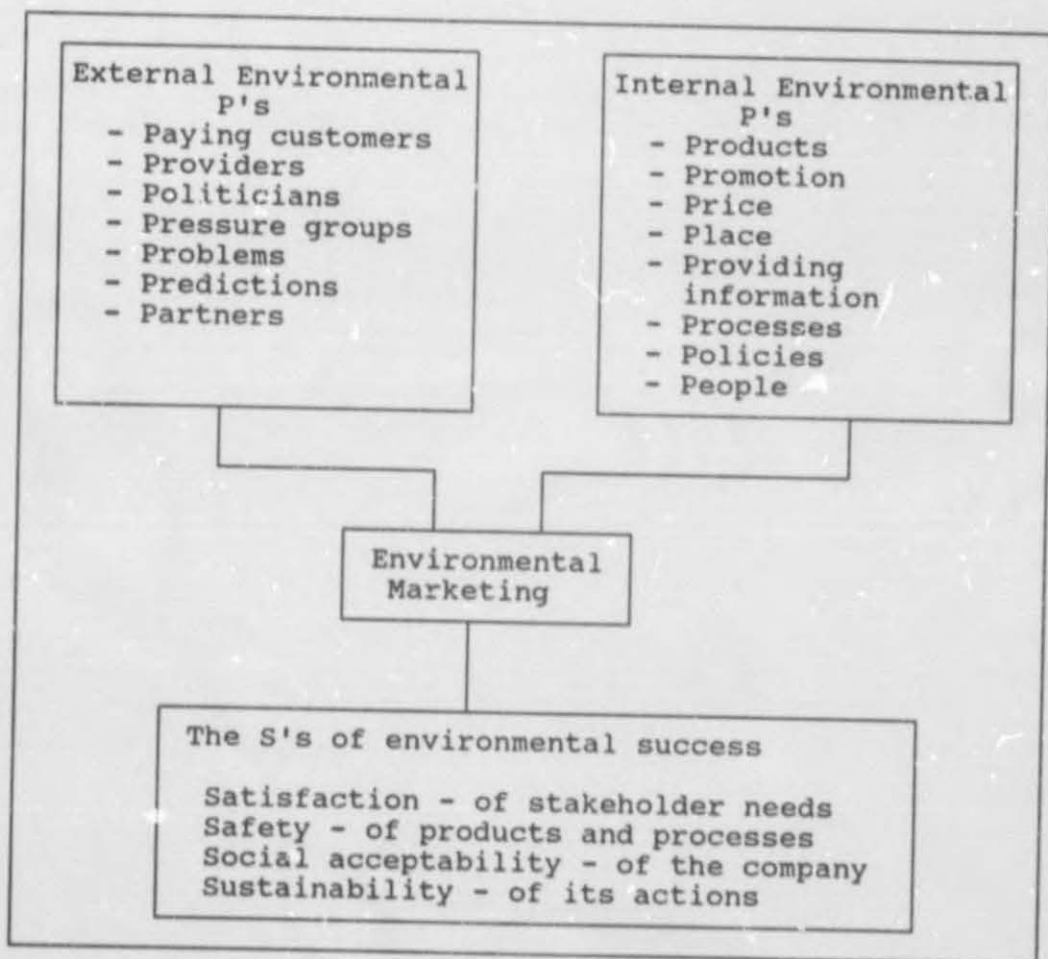
- (i) **satisfaction** of customer needs;
- (ii) **safety** of products and production for consumers, employees, society and the environment;
- (iii) **social acceptability** of the products, their production and other activities of the company;
- (iv) **sustainability** of the products, their production and the other activities of the company.

(c) **Competitors and suppliers.** Environmentally orientated companies should want to establish how good their environmental performance is compared to that of competitors. Companies should also establish to what degree their suppliers are environmentally orientated.

3.7 Dimensions of environmental marketing

The marketing process is basically the management of the controllable internal factors so as to match the demands of the environment within which the enterprise functions. Environmental marketing is no different in principle, although some of the internal variables and external variables which should be reconciled are different (Peattie, 1992:103). A model of this process can be seen in Figure 3.2. The following subsections are based on Peattie (1992:103-106).

Figure 3.2 Elements of the Environmental Marketing Process



Source: Peattie, K., 1992. Green Marketing. London: Pitman Publishing.

3.7.1 Internal environmental P's

The internal environmental P's include the conventional marketing mix and other organisational factors. These factors could be used as a check-list to diagnose environmental performance:

- (a) **Products** - the safety of products in use and disposal, the longevity of products and the environmental impact of components such as packaging and raw materials.
- (b) **Promotion** - the use of environmental promotional messages. The accuracy of environmental claims should be monitored.
- (c) **Price** - questions such as do prices need to be changed to reflect the differences in cost or demand for environmentally responsible products, how price sensitive are consumers and what is an acceptable price for these products?
- (d) **Place** - environmental strategies can be supported by using channels with suitable environmental credentials.
- (e) **Providing information** - monitoring the internal and external issues which are relevant to environmental performance introduces an entirely new area for marketers.
- (f) **Processes** - the energy consumption and waste production should be evaluated.
- (g) **Policies** - the ability of policies to motivate, monitor, evaluate and control environmental performance.
- (h) **People** - the understanding of people concerning environmental issues, the company's performance and the role of these people in the environmental process.

3.7.2 External environmental P's

Externally the P's that should be monitored and evaluated are:

- (a) **Paying customers.** Customers should be examined so as to determine their preference for environmental products, the degree to which these customers are informed of environmental issues and to what degree they are environmentally orientated.
- (b) **Providers.** Companies which supply the enterprise with goods including raw materials, energy, office supplies and services should be evaluated.
- (c) **Politicians.** The public can effect business directly through purchasing behaviour. In a democracy, the public can also effect companies through their indirect influence on governments. Environmental pressure applied through political channels

may take longer to effect business, but the effect of legislation may be more sudden and profound.

(d) **Pressure groups.** The issues that are currently highlighted, what is being campaigned and what new areas of concern are emerging should be monitored.

(e) **Problems.** Problems of the company, or any of its competitors, that have been linked with environmental and social problems should be investigated.

(f) **Predictions.** The environmental problems of the future that could effect the enterprise should be monitored. Issues take a while to pass from scientific discovery, through media and pressure groups interest to reach the wider population and the political agenda. Companies observing the results of environmental research can gain a headstart in the attempt to respond.

(g) **Partners.** The company's links with other organisations whose environmental performance might affect the perception of the company's environmental commitment should also be evaluated.

3.7.3 Internal marketing

In the successful development of environmental marketing, it is important to market the new environmental strategies internally. In the response to the needs of environmentally orientated consumers, marketers could find that they are in the position of having to internally market ideas for a range of innovative changes which may include:

- (a) new environmental products, possibly with new packaging or pricing requirements;
- (b) new environmental communications campaigns;
- (c) new investments in more environmentally responsible technology;
- (d) new staff appointments;
- (e) changes to the organisation's policies, culture and strategy.

Such innovations could meet considerable resistance from other business functions and from senior management. The environmental marketing process effectively attempts to instill a genuine long-term marketing orientation in the entire enterprise. For most businesses this will be a more profound change than the adoption of a more limited marketing concept. The environmental marketer, by insisting that all elements of the business have to be acceptable to customers, faces a delicate political challenge. Such a development could be seen and opposed by other business functions, as an attempt by

the marketing function to extend its influence. In an attempt to minimise the problems in the development of environmental marketing strategies, marketers need to identify and plan to deal with potential internal political barriers.

3.8 Major challenges for environmental marketing management

From an analysis of the available literature (see Peattie, 1992 and Coddington, 1993) it appears that especially two major challenges are facing the environmental marketer. These two challenges are the aspects of the eco-consumer and that of environmental marketing information. These are important to the marketer as they both play significant roles in the management process. These elements are discussed in greater detail in the ensuing sections.

3.8.1 The consumer

The basic concept of marketing is to determine the needs of consumers and attempt to satisfy those needs. The present trends in the environment have lead to the creation of a new type of consumer, one that is conscious of the environmental implications in the choice made when purchasing a product or service.

3.8.1.1 Consumer behaviour

The term consumer behaviour can be defined as the behaviour that consumers display in searching for, purchasing, using, evaluating and disposing of products, services and ideas which they expect will satisfy their needs (Schiffman and Kanuk, 1987:6). Marketers should understand the buying behaviour of the company's target markets. The term consumer is usually used to describe two different types of consumer entities: the personal consumer and the organisational consumer. Marketers should determine how the company's target markets buy, what they buy, why they buy, when they buy, where they buy and how frequently they buy consumption related items (Schiffman and Kanuk, 1987:6-7).

3.8.1.2 The dynamics of the purchasing process

The marketer should be active and aware, employing the tools of marketing in concert with the consumer behaviour sequence to bring together the potential buyer and the

company's product (Baker, 1991:115). Various elements of consumer behavior are now discussed.

(a) **The buying decision process.** The process model attempts to establish how consumers make decisions. The buying decision process is usually described in terms of the following five steps (Schiffman and Kanuk, 1987:634):

- (1) need or problem recognition;
- (2) pre-purchase information search;
- (3) the evaluation of alternatives;
- (4) purchase behaviour or choice;
- (5) post-purchase evaluation.

(b) **Buying roles.** In the buying or purchasing process a number of people may take part. Different inputs into the buying process are known as buying roles. In industrial purchases a variety of people may be involved in the purchase process. Buying roles also exist in consumer markets, where more than one person can play different roles in the buying process (Schiffman and Kanuk, 1987:400). The various roles are (Schiffman and Kanuk, 1987:400-401):

- (i) **influencers** - persons providing information;
- (ii) **gatekeepers** - persons controlling the flow of the information;
- (iii) **deciders** - persons who unilaterally or jointly determine whether a purchase will be made;
- (iv) **buyers** - persons making the actual purchase;
- (v) **preparers** - persons who transform the product into a suitable form for consumption if needed;
- (vi) **users** - persons who use or consume the product;
- (vii) **maintainers** - persons who service or repair the product;
- (viii) **disposers** - persons who initiate or carry out the disposal or discontinuation of a product.

(c) **Levels of consumer decision-making.** Consumer purchase decisions are on a continuum of effort ranging from very high to very low, as can be seen in the difference between buying a car and a newspaper. The more complex and expensive decisions are likely to involve more buyer deliberation and more buying participants (Schiffman and Kanuk, 1987:636). Three levels of consumer decision-making can be identified (Schiffman and Kanuk, 1987:636):

- (i) **Extensive problem solving.** This occurs when consumers have no established criteria for evaluating a product category or specific brands within the

category and therefore consumers need a good deal of information in order to establish a set of criteria on which to judge the product category and brands within the category.

(ii) **Limited problem solving.** At this level of problem solving, consumers have already established the basic criteria for evaluating the product category and various brands within the category. However, as the consumer has no fully established preference, a search for additional information is likely to take place. The consumer gathers additional information in order to discriminate among the various brands.

(iii) **Routinised response behaviour.** At this level, consumers have had some experience with the product category and a well-established set of criteria with which to evaluate the brands exists. In some situations, the consumer may search for a small amount of additional information, in others, the consumers review what they already know.

3.8.1.3 Factors influencing consumer behaviour

A number of factors influence the buyer's purchase decision and are to a large extent uncontrollable by the marketer. The marketer should take notice of these factors effecting the purchasing decision. These factors include (Kotler, 1991:164-178):

- (a) **Cultural factors** - subculture
 - social class
- (b) **Social factors** - reference groups
 - family influence
 - roles and statuses within society
- (c) **Personal factors** - demographic characteristics
 - age and life cycle stage
 - occupation
 - economic circumstances
 - personality and self-concept
- (d) **Psychological factors** - motivation
 - perception
 - beliefs and attitudes
 - level of education

There are many forces acting on consumer behaviour. A person's choice of purchase is the result of complex interplay of cultural, social, personal and psychological factors (Kotler, 1991:178).

3.8.1.4 Environmentally orientated consumption

Consumer environmental concerns are shaping a trend called environmental or green consumerism, generally defined as individuals looking to protect themselves and their world through the power of their purchasing decision (Ottman, 1992:3). In the efforts of these consumers to protect themselves and their world, they are scrutinising products for environmental safety (Ottman, 1992:3). Consumers perceive that not only does their purchasing power secure the product of their choice through the market, but it also encourages producers to provide more of the same (Adams, 1990:81).

Environmentally orientated consumption (eco-consumption) can further be seen as the process of avoiding products which are likely to (Peattie, 1992:117-118):

- (a) endanger the health of consumers or others;
- (b) significantly damage the environment in production, use or disposal;
- (c) consume disproportionately large amounts of resources during production, use or disposal;
- (d) cause unnecessary waste through overpackaging; excess product features or have an unduly short life span;
- (e) use materials derived from endangered species or environments;
- (f) involve cruelty to, or needless exploitation of animals; and
- (g) adversely affect other countries.

Eco-consumption can briefly be stated as a purchasing choice which expresses a preference for less environmentally harmful goods and services (Adams, 1990:81).

3.8.1.5 Extent of eco-consumerism

Wasik (1992:16) states that the surveys that have been done on who the eco-consumer is, are confusing. A Gallup survey in the United States found that nine out of ten respondents said they would be willing to make a special effort to buy products from companies attempting to protect the environment. The respondents of the survey also

said they would be prepared to pay more and even give up convenience to have these products in their households (Wasik, 1992:16). A New York/CBS News poll revealed that 80 percent of those interviewed agreed that protecting the environment is so important that requirements and standards cannot be too high, and continuing environmental improvements must be made regardless of cost (Wasik, 1992:16).

Nearly every open-ended survey in the United States, over the last two years, conclude virtually the same thing that 70 - 90 percent of Americans are willing to do their part for the environment (Wasik, 1992:16). Due to the particular conditions in South Africa, it cannot be assumed that environmental awareness is as high as in the United States and that consumers are as committed to spending their money in an environmentally responsible manner.

There are a few groups who have been the driving force behind the eco-consumerism movement. These groups are (Ottman, 1992:4-5):

- (a) **Environmental groups.** Environmentalists have matured into sophisticated watchdogs, communicators and organisers. These environmentalists have learnt how to influence the national and local media to mobilise consumers and to make environmental issues fashionable. Major companies and popular brands are frequent targets of environmental groups. The well publicised case of McDonalds's shift from polystyrene to paper was due to pressure from customers, which was initiated by environmental groups. Consumer guides have been published by these and other groups abroad, rating brands according to ratings of the manufacturer's record on environmental and social issues.
- (b) **Voters.** Governments have been blamed for policies and initiatives that have failed to achieve desired results. Voters have been placing pressure on these governments to act. Governments, in turn, are pressuring industry for change, calling for technological solutions to environmental problems, such as cleaner cars and CFC-free products.
- (c) **Business-to-business sector.** Those in the business-to-business sector are under pressure from consumers and pending legislation. Businesses are overhauling their operations and asking for support to satisfy end-users. Gillespie (1992:14) adds that the number of manufacturing and service company executives, who are concerned about the environmental impact of their business activities, has increased over the last few years. This has lead to pressure to change from within the organisation.

(d) **Retailers.** Retailers acknowledge the spending power of affluent eco-consumers who are looking for products with less packaging and more natural ingredients. Retailers could anticipate legislation such as that which now exists in Germany (although it does appear it could take some time to be implemented in South Africa), requiring retailers to take back consumers' unwanted packaging. Environmentally astute retailers should ask manufacturers for more environmentally responsible products and possibly reward such initiatives with special in-store promotions. Furthermore, some retailers are initiating recycling programmes and are attempting to protect their credibility against misleading environmental claims by manufacturers.

3.8.1.6 The eco-consumer

It has been difficult to identify specific buyer behaviour because environmental issues are relatively new, complex and still rapidly changing. As the understanding of these issues increases, a more predictive behaviour pattern can be expected (Simms, 1992:33). Today's consumers are more aware of environmental problems and they are demanding environmental responsibility on the part of industry (Gillespie, 1992:14).

To understand what the eco-consumer wants, you have to understand who the eco-consumer is. Wasik (1992:16) states that today's eco-consumers are adults with higher-than-average incomes and sound educational grounding. Coupled to this, more often than not, they are women and children, but as environmentalists they are less than 20 percent of the population. A recent study done in South Africa showed that concern for the environment is strongest among the A/B income groups and the youth. It should be remembered that the fifteen year-old person involved in a river or township clean-up operation today, is the twenty-five year-old consumer of the year 2004. This consumer may possibly have strong environmental considerations in the choice of product.

Once attracted to solely product end-benefits, the ingredients and processes involved in every phase of the product's life-cycle - from raw material procurement, manufacturing and promotion, through to after-use (re-use and recycling) and disposal - now command eco-consumers' attention (Ottman, 1992:3). This has lead to buzzwords such as recycled, recyclable and even petroleum free or cruelty free (denoting that product has not been tested on an animal) and these feature on many consumer products (Ottman, 1992:3).

3.8.1.7 Eco-consumer typology

The following typology of eco-consumers is based on the degree of environmental commitment and buying behaviour, proposed by the Roper Organisation in the USA (Hume, 1991:4):

- (a) **True-blue greens.** This group accounts for eleven percent of the population. They are the most affluent and most involved in pro-environment practises.
- (b) **Greenback greens.** This group also constitutes eleven percent of the population. They are the youngest group and biggest environmental spenders.
- (c) **Sprouts.** The "sprouts" are a swing group and account for 26 percent of the population. This group displays both pro and con attitudes concerning the environment.
- (d) **Grouzers.** The "grouzers" make up 24 percent of the whole. They are not very involved in environmental activities, due to the fact that they believe others are not involved.
- (e) **Basic Browns.** This group makes up the final 28 percent of the population. As the category indicates, they do not believe individuals can make a difference in improving the environment and are not interested in making any effort to help in this regard.

The following typology is also offered in addition to the one above. The typology is proposed by Simmons Market Research Bureau in New York (Schlossberg, 1992:10):

- (a) **Premium Greens.** This group forms twenty-two percent of the population, 40 percent of whom have household incomes exceeding \$50,000 annually. Sixty-eight percent of this group recycle five or more items and 55 percent see boycotting environmentally unfriendly companies as the correct thing to do. They are further willing to spend more for environmentally friendly products.
- (b) **Red, White and Greens.** This group is as committed as the "Premium Greens", but more self-centered in terms of protecting their own area. A male-dominated group, 22 percent have tertiary education but only 33 percent have household incomes over \$50,000 annually, and only 37 percent recycle five or more items regularly.
- (c) **No-cost Ecologists.** At 16 percent of the population, this group was found to be in the "do-as-I-say-but-not-as-I-do" category when it came to environmentally friendly behaviour. Generally, this group does not participate in recycling, although they claim

they do, or say they believe in recycling. The incomes of this group is lower than the previous group.

(d) **Convenient Greens.** This 11 percent of the population will become environmentally active and pay more to be only if marketers make it convenient to do so. "Convenient Greens" are willing to pay more for taxes and environmental solutions. As "No-cost Ecologists" they talk more than actually attempting to do something.

(e) **Unconcerneds.** This group composes 19 percent of the population and are basically unconcerned about the environment.

An important demographic generalisation to be made is that people tend to be more environmentally aware in direct proportion to their income and educational levels (Coddington, 1993:84). Coddington (1993:83) further states that the "Basic Browns" and "Unconcerneds" are often too poor to be able to fit us on anything other than their own survival. If this is the case, it holds serious implications for South Africa with a large percentage of uneducated and poor people.

3.8.1.9 Purchase considerations

Environmental products operate in a free-market environment. These products compete with established product lines which enjoy the advantages of extensive name recognition, economies of scale and are established in mainstream retail channels (Coddington, 1993:88). The remainder of the section is based on the work of Coddington (1993:88-92) who contends that most consumers base their decision about environmental products on the following considerations:

(a) **Price.** Quality and performance being equal, consumers usually choose the cheaper brand. It is difficult to move premium-priced products off the shelves when those products are unknown. Many consumers need the inducement of a price break to try a new product. These facts operate to the disadvantage of environmental products, which have historically tended to be more expensive than conventional products, and are also new and unknown. The overwhelming majority of consumers will not pay more for a package or product simply because it is environmentally benign. Consumers price sensitivity varies from product category to product category. Even though there are different levels of price sensitivity between products, this does not change the fact

that environmental products priced at a premium operate at a severe competitive disadvantage.

(b) **Performance.** Many early environmental products did not perform as well as the conventional product. Product performance is essential, as only the most ardent environmentalist will buy a low-performing environmental product more than once. The uneven performance of early environmental products may have caused some consumers to generally view environmental products in a poor manner. Environmental product performance can be seen as improving. However, suppliers should continue to address problems of perception as well as problems of performance.

(c) **Convenience.** Many consumers desire the convenience of conventional products and some environmental products are less convenient than their conventional counterparts. Two of the consequences of this desire for convenience leads to increased energy consumption and an increase in solid waste. Often environmentally aware consumers factor environmental considerations into a matrix in which price, performance and convenience have at least equal status. Often when these considerations are added up, the environment does not feature as strongly as the other considerations.

(d) **Health and safety.** Generally, products that are environmentally sensible are safe as well. Many consumers view chemical-based consumer products as pro- rather than antihealth. As long as this perception endures, it will mitigate against the wide acceptance of environmental products.

(e) **Availability.** An important issue for environmental product suppliers is availability. If consumers are unable to find environmental products to buy, they will not be able to determine for themselves whether the popular perceptions about issues such as performance and safety have any merit. Environmental products have also generally suffered from a broad lack of availability in mainstream distribution channels. There are four main reasons why this is so:

- (i) Retailers are basically risk-averse. Many retailers, with low profit margins, are unwilling to take the risk of introducing a product of relative uncertainty.
- (ii) Many environmental product manufacturers have only one product. Retail stores do not generally buy single product offerings in volume.
- (iii) Environmental product suppliers can be blocked by high slotting allowances - up-front fees charged by retailers in return for allowing new products to be stocked. While some suppliers can

absorb these fees, that is not the case for many small environmental product suppliers.

- (iv) With uncertainty about what actually constitutes an environmental product, some retailers are not comfortable to market products as "environmentally friendly", even when they carry the products in order to ensure that eco-consumers do not take their business elsewhere.

3.8.2 Marketing information

Successful planning of market strategies requires information. The market information function involves collecting, analysing and distributing all the information needed to plan, carry-out and control marketing activities (McCarthy and Perreault, 1991:16). This information should contain information about the internal and external environment of the enterprise. Without sound marketing information, managers are led to use intuition or simply guess, and in a rapidly changing and competitive economy this could lead to failure (McCarthy and Perreault, 1991:110). A key barrier to effective environmental marketing has been a lack of relevant marketing information (Peattie, 1992:133).

Marketing managers often face an immense volume of raw data. These managers should consider the cost of collecting and converting data into information when specifying their informational needs (Schoell and Gultinan, 1988:101). Seldom will managers have all the information they would like. The cost of additional information should be weighed against the information's value for planning, implementing and controlling marketing operations. It is necessary that the supply and flow of information is properly managed (Schoell and Gultinan, 1988:101).

3.8.2.1 Marketing information system

A marketing information system (MIS) consists of people, equipment and procedures to gather, sort, analyse, evaluate and distribute needed, timely and accurate information to marketing decision-makers (Kotler, 1991:96).

Trends and information in the marketing environment are picked up and analysed through four subsystems making up the marketing information system (Kotler, 1991:97-115):

- (a) **Internal reports system.** The most basic information system used by marketers is the internal reports system. Included are reports on orders, sales, inventory levels, distribution and so forth.
- (b) **Marketing intelligence system.** While the internal reports system supplies information with "results", the marketing intelligence system supplies information and sources used by executives to obtain their everyday information about pertinent developments in the marketing environment. The environment can be scanned by managers in four ways:
 - (i) **Undirected viewing** - general exposure with no specific purpose;
 - (ii) **Conditioned viewing** - directed exposure, not involving active search, to a more or less clearly identified area;
 - (iii) **Informal search** - a relatively limited, unstructured effort to obtain specific information;
 - (iv) **Formal search** - a deliberate effort to secure specific information or information relating to a specific issue.
- (c) **Market research system.** Marketing research is the systematic design, collection, analysis and reporting of data and findings relevant to a specific marketing situation facing the company. Marketing research is discussed further in section 3.8.2.3.
- (d) **Marketing decision support system.** A marketing decision support system (MDSS) is a set of statistical tools and decision models with supporting hardware and software available to marketing managers to assist them in analysing data and making better decisions. McCarthy and Perreault (1991:111) describe a decision support system as a computer programme that makes it easier for marketing managers to obtain and use information as they are making decisions.

3.8.2.2 Environmental audits

The environmental audit has been briefly discussed in section 2.6.2. The significance of an environmental audit for the marketing manager, is that the manager should establish an understanding of the total environmental performance of the enterprise. This

understanding is usually beyond the traditional territory of the marketer. A tool which could help the marketer to gain this understanding is an environmental audit.

Within the general framework of environmental auditing, a wide variety of specific types of audits exist. These audits may be conducted to achieve a specific objective, or audits may form part of a broader environmental audit (Soutter, 1991:26). The following are descriptions of some specific types of environmental audits (Soutter, 1991:26-27):

- (a) **Compliance audit.** Often the most common type of audit; the aim being to check whether the organisation is acting in compliance with a particular set of standards.
- (b) **Product audit.** A conception-to-grave assessment of a product's environmental impacts, from design, use of raw materials, manufacture, distribution and consumption, through to disposal. This can be used as a basis for judging whether a product can carry an "environmentally friendly" label.
- (c) **Supplier and subcontractor audit.** This would be to check whether suppliers, subcontractors or agents acting on behalf of the enterprise comply with environmentally responsible standards.
- (d) **Policy audit.** An evaluation of the existence and appropriateness of internal goals, policies and standards, and the extent to which these are integrated across vertical and horizontal boundaries of the organisation.
- (e) **Management audit.** An assessment as to whether the management systems are in place to ensure the organisation operates in an environmentally responsible manner.
- (f) **Post-development audit.** This audit is primarily project related, and is designed to assess the accuracy of predictions made, for example, during an environmental impact assessment.
- (g) **Closure audit.** Conducted at the end of a development's life-span, such as the closure of a mine, to ensure the environment suffers no lasting, yet avoidable damage.
- (h) **Emergency response audit.** This is the equivalent of an "environmental fire drill" and is conducted to ensure the organisation is geared to deal with an environmental emergency.
- (i) **Resource audit.** This audit examines an organisation's use of, or impacts on, particular resources.

(j) **Merger and acquisition audit.** An environmental audit of a potential acquisition or merger candidate, to ensure the investor is not taking on any environmental risks of which it is unaware.

The potential benefits from environmental audits according to Peattie (1992:137-138) are:

- (a) Environmental auditing provides management information which can be combined with environmental marketing intelligence and marketing research to aid the development of an environmental strategy. The audit will show companies whether or not they meet current and possible future demands for improved environmental performance from customers and other stakeholders.
- (b) The audits help to identify possible areas of concern. The audit should reveal which aspects of the business are potential targets for damaging environmental pressure groups lobbying or media exposure.
- (c) The audits help to sensitise employees and management to environmental issues.
- (d) If audits are undertaken regularly it should help to provide measures against which to monitor the success of environmental strategies.
- (e) The audit could be used to help convince customers and investors that the company is committed to the environment.
- (f) The audits could help to avoid potentially harmful acquisitions, advertising claims, product development decisions or other choices.
- (g) The audit could generate good public relations for the company.
- (h) The audit may be used to gain or retain an environmentally competitive advantage.

It should be noted that merely conducting an environmental audit does not mean that the company becomes environmentally responsible. To be effective the environmental audit needs to be supported by senior management, undertaken seriously and correctly, and the findings of the audit need to be acted upon.

3.8.2.3 Environmental marketing research.

Marketing research is usually conducted when existing information or incoming marketing information is unable to answer the marketer's questions. Marketing research is viewed as focussing on past events, to the solving of present problems or researching

possible future developments (Stanton, et al., 1992:61). The marketing research process involves the following steps (Stanton, et al., 1992:64):

- (1) Define the objective;
- (2) Conduct situation analysis;
- (3) Conduct informal investigation (if no more study is needed, the project can end here);
- (4) Plan and conduct formal investigation;
- (5) Analyse data and report results;
- (6) Conduct follow-up.

Primary data, secondary data or both can be used in an investigation. Primary data is original data gathered specifically for the project at hand. Secondary data has already been gathered for some other purpose. Secondary data can usually be gathered much faster and at less expense than primary data. Market research can be conducted either by using internal resources or making use of an external research agency or institution (Stanton, et al., 1992:66).

There are a number of potential sources from which to obtain environmental information. Some of these sources include the following:

- (a) **Internal sources.** Employees are a good source of information concerning the environmental position of the enterprise. For example, technical details of production can be obtained from the operations personnel and sales personnel can relay information about customer needs and competitor action. Many companies have marketing research departments where specific environmental information can be obtained.
- (b) **Environmental groups.** These groups cover a wide range of environmental issues. Some of these groups are the Southern African Nature Foundation (SANF) and the Endangered Wildlife Trust (EWT).
- (c) **Government organisations.** These organisations include the Department of Environment Affairs and the Department of National and Population Development.
- (d) **Academic institutions.** These institutions make an important contribution to the storing of secondary information and also undertake primary investigations. The

Environmental Evaluation Unit (EEU) based at the University of Cape Town is an example of such a source of information.

- (e) **Commercial research organisations.** These organisations undertake primary research projects as well as store secondary data.
- (f) **Environmental consultants and advisors.** The importance of the environment can be seen in the rise of professional environmental consultant organisations. Various organisations, such as the CSIR Environmental Services and Strategic Environmental Audits (SEAS), have developed in response to specific environmental needs.
- (g) **Competitors, suppliers and customers.** These active participants in the competitive environment are good sources of environmental information.
- (h) **Environmental publications.** Numerous publications exist where the marketer may obtain information, such as The Green Pages (an environmental directory for Southern Africa) and Environmental Action.
- (i) **Conferences and trade fairs.** Conferences and trade fairs can be valuable sources of relatively new information.
- (j) **Networking.** Environmental information can be obtained by communicating informally and regularly with counterparts in other companies, environmentally sophisticated suppliers and members of the press involved in environmental matters, as well as others. Coddington (1993:43) adds that an important means of gathering information is the strategic alliance. By "joining up" with other organisations, marketers can obtain additional information which can further enrich the understanding of the "environmental environment".

3.8.2.4 Types of environmental information

There are three general categories of relevant environmental information, namely: stakeholder issues, environmental-impact issues and technical issues (Coddington, 1993:44). All three categories are indispensable to both environmental marketing and environmental management planning (Coddington, 1993:44-46):

- (a) **Stakeholder issues.** A company operates because of and part of a support system consisting of various stakeholders, and each of these stakeholders brings an environmental perspective and a specific agenda to its transactions with that company. The environmental marketer should have a thorough understanding of these opinions and policies. Common agendas, such as commonly held complaints, help marketers

shape and prioritise their initiatives. Such information should become part of the stakeholder information database.

(b) **Environmental impact issues.** At the company-specific level, marketers should know the impact of the enterprise's operations on the environment in terms of resource consumption, emissions and solid waste production. More generally, marketers should also understand the full range of environmental problems currently facing the planet, even if their company is not contributing to them directly or significantly.

(c) **Technical issues.** Marketers need to understand how present state-of-the-art technologies will effect their planning decisions, as well as understand the regulatory framework within which those technical issues occur. Marketing involves planning and positioning for the future in addition to the present. For this reason, marketers should bring a trends orientation into their thinking, i.e., they should project current scientific, engineering and legal issues into the future. Questions may be asked such as if will technology Y make it feasible to recycle a given package material and if so, by when? This will assist the marketer in decision-making for future commitments.

3.9 Success factors for environmental marketing

To be successful in the process of becoming environmentally responsible a marketer would need to (Peattie, 1992:130-131):

- (a) understand the eco-consumers wants and needs;
- (b) understand the environmental issues which are relevant to the company, the company's customers and products;
- (c) evaluate the level of environmental performance needed to match consumers' needs and wants, including the willingness and ability to pay for this performance;
- (d) evaluate how well the company and the competitors of the company are able to meet current and future customer needs;
- (e) devise and implement a marketing strategy to fit any gaps in current or future environmental performance;
- (f) keep informed on environmental issues, company performance and the behaviour of consumers and competitors.

3.10 Summary

Environmental marketing can be seen as having developed out of the concerns of consumers regarding environmental issues. These concerns have evolved into consumer needs and wants in the marketplace, so much so that a trend called environmentally orientated or eco-consumption is developing. Marketers, in recognition of these needs and wants, have responded by providing environmentally responsible products and processes. This, in turn has led to broadening of the marketing concept so that a new concept is possibly being formed, the environmental marketing concept. As environmental concerns are forecast to deepen in the foreseeable future, this may well be the marketing concept of the future.

The decision to adopt environmental marketing may encounter several barriers in the organisation. Marketers should be aware of these barriers and formulate plans to overcome them. One of these barriers could be the lack of understanding of what environmental marketing is. Four possible definitions of environmental marketing were offered that could be used or developed by marketers.

Environmental marketing management differs from the conventional marketing management process in four key ways: the information used in the process, the criteria against which performance is measured, the values against which objectives are set and the extent to which the process permeates through the entire organisation. The basis of these differences is the requirement of new information. The consumer should be examined and researched as to the new requirements of these consumer's environmental needs, wants and perceptions. The consumption of these eco-consumers should form the basis of decision-making. Peattie also suggests a number of possible success factors that marketers could use to guide the marketing management process in becoming more environmentally responsible.

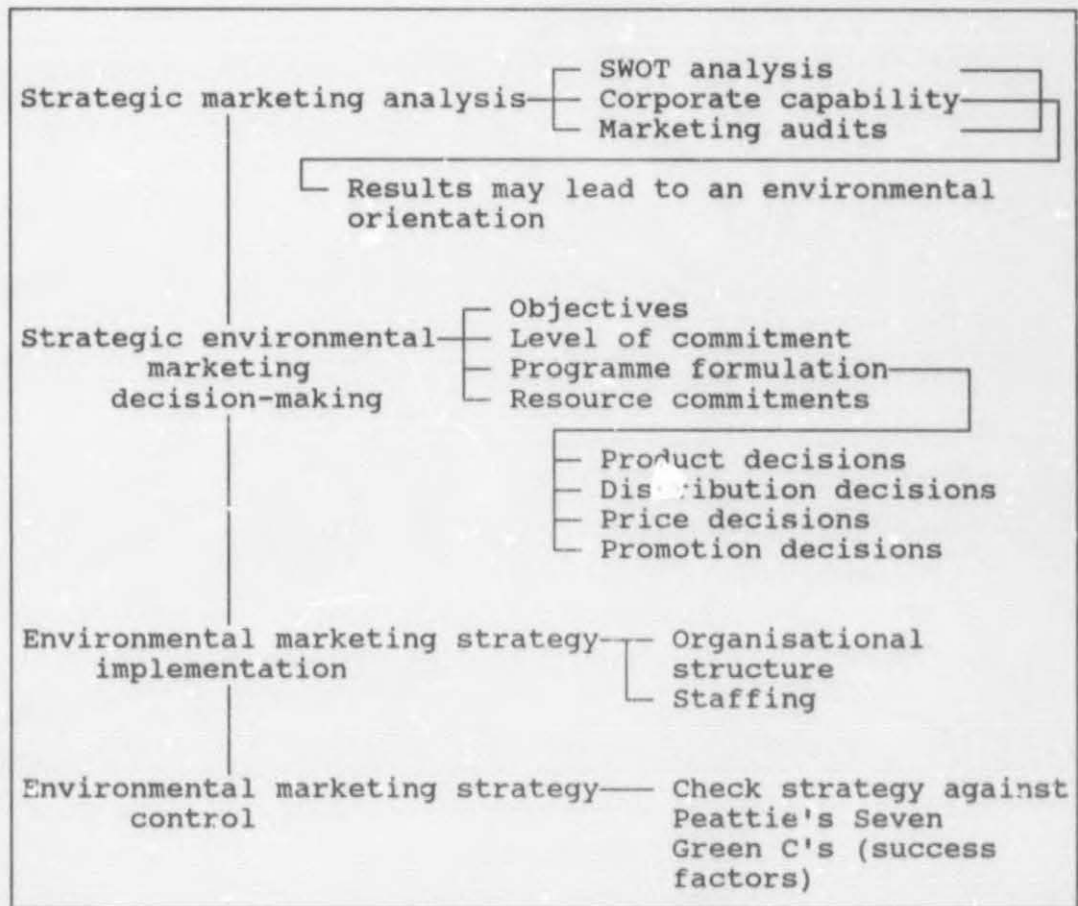
Chapter 4

Major elements of environmental marketing strategy

4.1 Introduction

A key step in the environmental marketing process is the development of an environmental marketing strategy. Marketing strategy requires a definition of the market domain in which the company will compete and a statement of how utility and value will be created for customers and service offerings (Urban and Star, 1991:5). Recognising customer needs and meeting them better than competitors is the core of a successful marketing strategy. When customer needs are satisfied by effective marketing programmes, long-term competitive advantage can be achieved and financial goals met (Urban and Star, 1991:5).

This chapter serves to provide a broad overview of some elements of an environmental marketing strategy. The emphasis of the chapter is to illustrate the importance and positioning of the marketing programme decisions in this process and how this effects the need for an appropriate organisational structure through which the strategy may be implemented. Figure 4.1 provides an overview of some elements of an environmental marketing strategy.

Figure 4.1 Elements of an environmental marketing strategy

4.2 Strategic marketing analysis

Strategic analysis should be carried out before decisions are made or programmes implemented as a high risk exists that resources could be used ineffectively. Further, careful analysis provides a solid base for intelligent decision-making and strategy formulation (Urban and Star, 1991:5). A marketing audit, SWOT analysis and a corporate capabilities analysis may form part of this strategic analysis and are discussed in the following sections.

4.2.1 Marketing audit

The marketing audit is a comprehensive review of the company's total marketing effort, cutting across all products, business units and the environments within which the company functions (Boyd and Walker, 1990:874). In addition to this, Baker (1991:51) states that a marketing audit should comprise a comprehensive, systematic and periodic review of all aspects of the organisation's internal operations and external environments. Although a more extensive analysis of environmental auditing was provided in Chapter 3, this section serves to briefly describe various marketing audit types which could be utilised by management so as to assist in strategic marketing analysis.

An audit normally covers such major areas as the enterprise's marketing environment, objectives, strategy, planning and control systems, organisation, productivity, and individual marketing activities such as sales and advertising (Boyd and Walker, 1990:874). These areas, along with examples of data needed serve as a basis for the discussion that follows (Boyd and Walker, 1990:874-877):

- (a) The **marketing environment audit** requires an analysis of the company's present and future environment with respect to its economic, technological, political, social and natural environment components. The intention is to identify the more significant trends and to see how they effect the company's customers, competitors, channel intermediaries and suppliers. Thus, the analysis covers such areas as demographics, legislation regarding pollution and product safety, competitor strategies, consumer lifestyles, technology and so forth. Opportunities and threats come primarily from the external environment; but they can also emerge within the firm such as poor environmental product performance.
- (b) The **objectives and strategy area audit** calls for an assessment of how appropriate internal factors are, given current major environmental (not only natural) trends and changes in the enterprise's resources. Questions that should be asked here have to do with the logic of the company's objectives, given its competitive position, important trends and available resources; the validity of the company's strategy in light of the forecast environment and possible actions of major competitors; the targeting of market segments and allocation of resources; and the positioning of products against competitors and the benefits requirements of the targeted customers.

- (c) The enterprise's **planning and control system area audit** evaluates the adequacy of the systems that develop the enterprise's product-market entry programmes and the control and reappraisal process. Some of the questions that could be asked here pertain to the quantity and quality of the enterprise's information about customers and their satisfaction with the product, the appropriateness of control measures in use and so forth.
- (d) The **organisation area audit** deals with the formal overall structure (is it able to deal with changing needs?); how the marketing department is organised (is it able to accommodate the planning requirements of developing new products?); and the extent of synergy between the marketing units, as well as the relationship between the marketing function and other functions.
- (e) The **marketing functions area audit** examines, in depth, how adequately the enterprise handles each of the marketing mix elements. Numerous questions arise concerning the product, price, distribution, advertising and sales personnel, such as is the product meeting the customer's needs at a fair price and so forth.

The audit should result in a plan of action designed to correct weaknesses and improve the company's marketing performance (Boyd and Walker, 1990:874).

4.2.2 SWOT analysis

The SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis is a tool which helps in the development of a strategy by using the information gathered in the marketing audit to develop an image of the company's internal strengths and weaknesses and the external opportunities and threats facing the company (Peattie, 1992:156). The remainder of this section serves to describe where a manager could focus his attention when conducting a SWOT analysis from an environmental perspective (Peattie, 1992:156-157):

- (a) **Strengths and weaknesses.** There are a whole range of dimensions of a company that can constitute a strength or a weakness in relation to developing an environmental marketing strategy. Areas to examine include:
 - (i) the existing marketing mix;
 - (ii) production systems and technology;
 - (iii) management policies and procedures;
 - (iv) efficiency of raw material and energy use;

- (v) sources of raw material and energy use;
 - (vi) track record and reputation on environmental and societal performance.
- (b) **Opportunities.** The external opportunities and threats identified by the external audit will vary considerably between companies. Some of the environmental opportunities facing companies are:
- (i) developing new products and technologies;
 - (ii) finding new ways to promote and differentiate existing products on the basis of environmental performance;
 - (iii) increasing market share on the basis of environmental performance;
 - (iv) problems caused to competitors by changes in legislation or consumer demand;
 - (v) opportunities to export environmentally responsible products or technologies to other countries.
- (c) **Threats.** Eco-consumerism also has a number of potential threats:
- (i) products rejected by consumers on the basis of environmental performance;
 - (ii) more environmentally responsible products and technologies being imported where markets are at a more mature stage of development;
 - (iii) unsubstantiated environmental claims can undermine legitimate environmentally responsible products and lead to market-place confusion;
 - (iv) costs of complying with new environmental regulations may be prohibitive for companies with a poor environmental performance and limited financial resources;
 - (v) rapid changes in society's perception of environmental problems and solutions can leave potentially environmentally responsible products stranded.

4.2.3 Corporate capability

Even though corporate capability would be examined under an objectives and strategy audit, it will be examined in more detail. Marketing is an important input to the corporate strategic planning process, but it also derives specific goals, perspectives and constraints from that process (Urban and Star, 1991:18). The two frameworks should be fully integrated if both corporate and marketing strategies are to be fully effective. Areas of integration include (Urban and Star, 1991:18-19):

- (a) **Capability.** The audits conducted focus on marketing. Additional competitive advantages (or disadvantages) that may be present at corporate level should also be identified and integrated into the decision-making process. Corporate advantages, such as a good financial position, may allow a company to surmount high entry barriers to enter a new environmentally responsible market, and could be incorporated into the marketing strategies.
- (b) **Constraints.** Managers should clearly understand the corporate constraints under which the marketing strategy will operate. An example being that if corporate management desires low risk, five-year payback results, developing an environmentally friendly hypersonic aircraft will be out of the question.
- (c) **Product/Market business definition.** A critical output of corporate strategy is definition of the business. It should be established whether the business is defined by a product, by a function, by technology or any combination of these dimensions. Marketing classifications should effectively interface with corporate strategy in order to ensure that whatever marketing strategies are developed are fully consistent with corporate perspectives.

4.2.4 Reasons leading to an environmental orientation

The decision to make improved environmental performance a part of marketing strategy can arise from any stage of the marketing planning process. There are several common starting points for the adoption of environmentally orientated principles in marketing strategy (Peattie, 1992:149-150):

- (a) It could be required to satisfy the company's mission, objectives or strategy.
- (b) It could be adopted in the marketing strategy as a means of targeting a new market segment identified by the marketing audit.
- (c) It could be adopted in response to direct pressure from customers.
- (d) It could be adopted as a tactical response to a competitor's strategy.
- (e) It could be forced upon the company by new legislation.

4.3 Strategic environmental marketing decision-making

A marketing strategy outlines the way in which the marketing mix is used to attract and satisfy the target market(s) and achieve an organisation's objectives. These marketing

mix decisions center on product, distribution, promotion and price plans. Further, every marketing strategy should be as explicit as possible, so as to provide proper guidance (Evans and Berman, 1992:63). Some of the decisions that need to be made include the setting of objectives, the level of commitment desired, how to design and formulate the marketing programme and what resources should be committed so that objectives may be reached, are examined in the following sections.

4.3.1 Objectives

The decision to adopt environmental marketing principles will require the addition of environmental objectives into the enterprise's marketing objectives. These objectives may be influenced by a range of factors including (Peattie, 1992:157-158):

- (a) corporate objectives;
- (b) corporate strategies;
- (c) results of the marketing audit;
- (d) corporate culture;
- (e) the influence of various stakeholders;
- (f) the perceptions of marketing managers; and
- (g) the market position of the enterprise.

Several systematic approaches to planning have been devised to enable organisations to develop better marketing strategies. The approaches usually involve some form of portfolio analysis, by which an organisation individually assesses and positions every business unit and/or product (Evans and Berman, 1992:63). Then, efforts and resources are allocated to each business unit and/or product, and separate marketing mixes are aimed at the chosen target markets on the basis of these assessments. In this way, marketing plans can be adapted to the unique characteristics and needs of each business unit and/or product, consistent with its potential for short- and long-term growth and profitability (Evans and Berman, 1992:63). The following five methods are examples of such approaches: the product/market matrix, the Boston Consulting Group matrix, Profit Impact of Market Strategy (PIMS), the General Electric business screen and the Porter Generic Strategy model (Evans and Berman, 1992:63).

4.3.2 Level of commitment

There are various levels of environmental commitment a company might decide to integrate into its marketing strategy, which include (Peattie, 1992:159):

- (a) **Environmental appearance.** A company might attempt to appear environmentally responsible to gain competitive advantage regardless of actual environmental performance.
- (b) **Environmental products.** A company could simply rely on inherent or improved environmental product performance as the basis of a more environmentally responsible image.
- (c) **An environmental marketing function.** The company could alter all aspects of its marketing with the aim of improving environmental performance and sustaining a better environmental image.
- (d) **Environmentally responsible processes and policies.** Environmental marketing could then be supported by production process improvements and policies on production and distribution.
- (e) **An environmentally responsible organisation.** Ultimately, the company could attempt to make the entire organisation environmentally friendly.

4.3.3 Programme formulation

Objectives tell where a business is attempting to go; strategy answers how it plans to get there (Kotler, 1991:54). Once the business has developed its strategic ideas for attaining the objectives that are set, supporting programmes need to be developed to carry out these strategies (Kotler, 1991:55).

Programmes should be generated to create competitive advantage in existing or new markets or to counter competitive or environmental threats (Urban and Star, 1991:23). Competitive advantage can be obtained by directing the enterprise's strengths toward market opportunities where those strengths represent key success factors (Urban and Star, 1991:23). It should be noted that in the development of a more environmentally responsible strategy, programmes may require changes to some or possibly all of the marketing mix ingredients.

A marketing programme is the combination of the product, channel of distribution, price and promotion strategies selected by management to position an enterprise against its key competitors in meeting the needs and wants of the target market (Cravens, 1991:73). The target market and market programme positioning strategies for new and existing products guide the design of the strategies for the components of the marketing programme (Cravens, 1992:78). The components of a marketing programme can be seen in Figure 4.2.

Figure 4.2 Marketing Programme Components



Source: Cravens, D.W., 1991. *Strategic Marketing*. Third Edition. Boston: Richard D. Irwin, Inc.

The selection of the various components in the design of an appropriate marketing programme involves two types of decisions. Firstly, management should determine the role of each programme component. This consists of identifying the functions unique to each mix component as well as deciding the roles of the components that can perform similar functions. The interactive effects of the mix components should also be evaluated. These decisions determine how and to what extent each mix component is to be used in the marketing programme. Secondly, management should choose the most

cost-effective means of performing each mix component function. Such decisions establish the composition and characteristics of the marketing programme (Cravens, 1991:78).

Decisions concerning the elements of the marketing programme are not totally independent and each decision should be consistent with decisions on other elements (Schoell and Guiltinan, 1988:83). Cravens (1991:77) adds that decisions concerning the components should lead to a cohesive marketing programme aimed at meeting the needs and wants of target market customers. Designing the marketing programme combines the enterprise's marketing capabilities into a package of actions intended to position the enterprise against its competition in order to compete for the customers that compose its target market (Cravens, 1991:77).

The choice of a specific marketing programme strategy is affected by the situational and competitive factors confronting an organisation. Strategy selection is aided by identifying the type of strategy that is appropriate for the situation confronting a particular company. For example, an organisation that is developing a strategy for entering new markets can benefit from the study of the strategic issues and strategy guidelines pertaining to new market entry. Other situations include product life cycle strategies, strategies for fragmented markets, global strategies and strategies for small firms (Cravens, 1991:77).

Management should decide on both the role and amount of resources it wishes to use for each marketing programme component. These decisions determine the total amount to be spent on the marketing programme during the planning period and also indicate how the resources will be allocated among the various programme activities, such as advertising and personal selling (Cravens, 1991:77).

A well blended mix means that the right product is in the right place at the right time at the right price, and that current and potential customers know about it. The manager thus mixes the ingredients to develop a customer satisfying blend that enables the organisation to successfully reach its objectives (Schoell and Guiltinan, 1988:85). The programming task is to develop a coordinated combination of the marketing mix components that will achieve marketing objectives in a cost-effective manner (Cravens, 1991:85).

The environmental marketer adds the environment to the standard mix of decision-making variables. It is a unique variable, serving as a backdrop against which all strategic decisions are made. Regardless of the specific subject - product and packaging design and development, labelling, advertising or promotional strategies - the environmental marketer should take environmental considerations into account (Coddington, 1993:2).

4.3.3.1 Product decisions

In many cases, the product(s) of a company serves as a basis for gaining a sustainable competitive advantage and is a strong force in determining the character of the marketing mix (Boyd and Walker, 1990:385). The "total product" is a marketer's primary vehicle for delivering consumer satisfaction or benefits (Schoell and Guiltinan, 1988:83). Product strategy further sets the stage for selecting strategies for each of the remaining components of the marketing programme (Cravens, 1991:413).

Product strategy calls for making coordinated decisions on product mixes, product lines, individual products and service products. Decisions should be made concerning the product on five levels: the core benefit, the generic product, the expected product, the augmented product and the potential product (Kotler, 1991:429). A manager may consider one of the following product strategies :

- (i) the development of plans of new products,
- (ii) the continuation of programmes of successful products, and
- (iii) the management strategies for handling problem products, such as reducing costs add improving image.

These decisions and the activities necessary to carry them out form the core of product planning in an enterprise (Cravens, 1991:414).

4.3.3.2 Distribution decisions

Distribution or place decisions of the marketing mix focuses on creating place and possession utilities (Schoell and Guiltinan, 1988:84). The channel of distribution connects the producer with the end-users of the firms goods or services. One or more levels of the channel may link the user and the producer. A strong channel network is an important manner in which to gain competitive advantage. Distribution channels provide access to the target market. The choice between company distribution to end-

users and the use of intermediaries is guided by end-users needs and characteristics, product characteristics and financial and control considerations (Cravens, 1991:442).

Manufacturers should select the type of channel to be used, determine distribution intensity, design the channel configuration and manage various aspects of channel operations. Channel management includes implementing the channel strategy and coordinating channel operations (Cravens, 1991:442).

Selecting a channel strategy begins when management decides whether to manage the channel or to assume a participant role. Strategic analysis identifies and evaluates channel alternatives. Several factors should be evaluated, including access to the target market, channel functions to be performed, financial considerations and legal and control restraints (Cravens, 1991:442). The total package of functions performed by the channel should be consistent with the overall strategy for a product or product line (Urban and Star, 1991:464).

Important strategic trends are occurring in distribution channels, creating both opportunities and threats for participants. These include the emergence of new distribution concepts, the expanding importance of channel power, the explosive growth of direct marketing channels and increased emphasis on distribution productivity (Cravens, 1991:443).

4.3.3.3 Price decisions

Price strategy receives considerable direction from the decisions management makes about the product mix, branding strategy and product quality. Distribution strategy also influences the choice of how price will work in combination with advertising and sales force strategies. Price, like other marketing programme components, is a means of generating marketing response (Cravens, 1991:472).

Price places a value on the overall combination of marketing variables (such as product features, store location and customer service) offered to consumers, thus pricing decision should be made in conjunction with product, distribution and promotion plan (Evans and Berman, 1992:529). Kotler (1991:484) points out that companies often make the mistake of setting a price independently of the rest of the marketing mix rather than as an intrinsic element of market-positioning strategy. Analysing the pricing

situation is necessary to develop a price strategy for a mix or line of products or to select a price strategy for a new product or brand. Underlying strategy formulation there are several important strategic activities, including the analysis of the product-market, cost, competition, and legal and ethical considerations. These analyses indicate the extent of price flexibility. Price strategies are further classified according to the enterprise's price relative to the competition and how active promotion of price will be in the marketing programme. Pricing decisions for new products should consider price positioning alternatives and the extent to which price may be used as an active element in the marketing programme (Cravens, 1991:473).

Two important trends are apparent in the use of price as a strategic variable. First, companies are designing more flexibility into their strategies in order to cope with the rapid changes and uncertainties in a turbulent business environment. Second, price is more often used as an active rather than a passive element of corporate and marketing strategies (Cravens, 1991:473).

4.3.3.4 Promotion decisions

Promotion decisions involve the selection of the methods to be used in communicating with target customers. Promotion methods include advertising, sales promotion, public relations and personal selling, with most enterprises employing a combination of these methods (Schoell and Gultinan, 1988:85). Promotion is expensive, and regardless of the most desirable promotion mix, the amount of money available for promotion is the ultimate determinant of the mix (Stanton, et al., 1992:436). Management should decide on the size of the promotion budget and allocate it to the communications components. Each promotion activity offers some unique advantages and also shares several characteristics with other components. Several product and market factors effect whether the promotion strategy will emphasise advertising or personal selling or a balance between the two. The integration of the communication mix is a major challenges for many firms today (Cravens, 1991:511-512). The objectives of the promotion mix would be to inform, persuade or remind the market regarding the enterprise and/or its products (Stanton, et al., 1992:430).

The steps in developing an advertising strategy include identifying the target audience, determining the role of advertising in the promotional mix, indicating advertising objectives and budget size, selecting the creative strategy, determining the media and

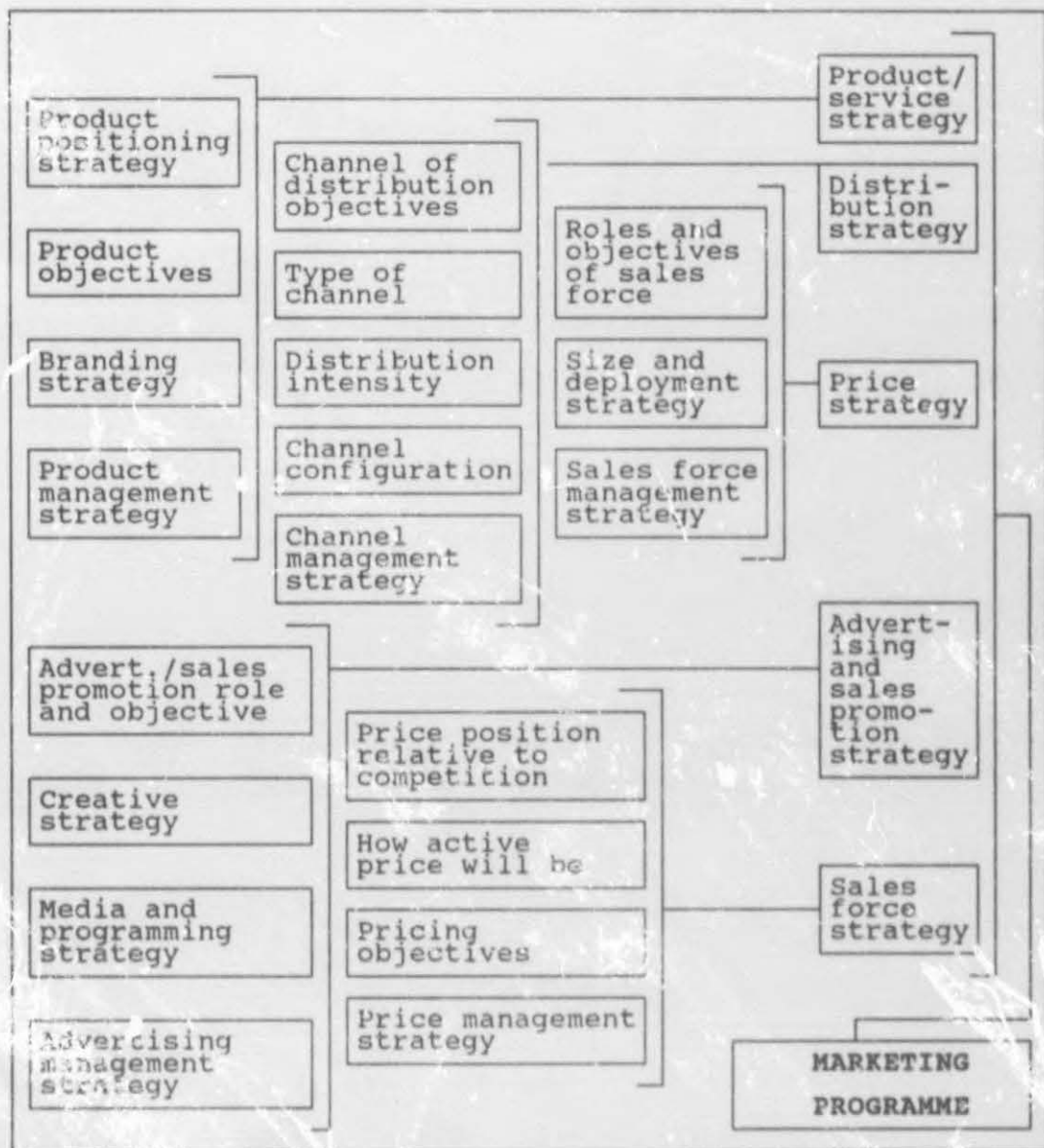
programming schedule, implementing the advertising programme and measuring its effectiveness. Advertising agencies offer specialised services for developing creative strategies, designing messages and developing media and programming strategies (Cravens, 1991:512).

In the design of a sales force strategy management would analyse the enterprise's marketing strategy, the target market, product characteristics, distribution strategy and pricing strategy to identify the role of personal selling in the promotion mix. The sales force strategy selected should correspond to situational factors and the strategic role assigned to personal selling by marketing management (Cravens, 1991:512). Some of the possible roles in which the salespersons may function include trade selling, missionary selling, technical selling and new business selling (Baker, 1991:465).

Sales promotion activities are typically used in conjunction with advertising and personal selling rather than as a primary component of promotions strategy. Sales promotions strategy should be based on the correct selection of methods to provide the best results/cost combinations for achieving the communication objectives desired (Cravens, 1991:512).

Figure 4.3 illustrates how the various components of the mix are combined to form a marketing programme, that can effectively be positioned to create the most favourable competitive position for the enterprise. It is important to remember that the tasks of selecting a target market and developing a marketing programme are interrelated and interdependent parts of the marketing strategy (Schoell and Guiltinan, 1988:85).

Figure 4.3 Elements of a marketing programme



Source: Cravens, D. W., 1991. *Strategic Marketing*. Third Edition. Boston: Richard D. Irwin, Inc.

4.3.4 Resource commitments

Once the marketing programmes have been developed the programmes need to be converted into specific budgets and plans. Typically these lay out in considerable detail the specific actions to be undertaken, the spending associated with each action plan and the results anticipated for each time period (Urban and Star, 1991:24). The budget reflects specific decisions on resources to be allocated to achieve programme objectives. The plan indicates specific timing for the application of resources to the project, as well as the milestones against which the project's progress should be evaluated (Urban and Star, 1991:24).

4.4 Environmental marketing strategy implementation

Environmental marketing implementation includes those aspects of organisational structure and behaviour that determine how a given strategy is actually carried out. That is, any marketing strategy must be implemented through the actions of marketing managers, sales and customer service personnel, distributors and by nonmarketing personnel. The success of any strategy will be limited by the effectiveness with which it is implemented (Schoell and Guiltinan, 1988:661). Stanton, et al. (1992:609) proposes that implementation consists of three broad activities, namely: organising the marketing effort, staffing the organisation and directing the operational efforts of these people as they carry out the strategic plans.

An enterprise should design a marketing organisation that is capable of implementing the marketing plan (Kotler, 1991:70). Boyd and Walker (1990:856) add that for a business to be successful it should be capable of implementing its competitive and marketing strategies effectively. An effective organisation selects people and assigns them work responsibilities in a design that best accomplishes the enterprise's marketing effort. Organisational structures and processes should be matched to the different types of business and marketing strategies that are developed and implemented. Environmental turbulence effects organisational effectiveness, creating new organisational requirements. The marketing organisation should be flexible to respond to changing conditions and strategic needs. Furthermore, organisation design should be evaluated on a regular basis to assess its adequacy and to identify necessary changes (Cravens, 1991:82).

A marketing organisation is the structural arrangement for directing marketing functions. It outlines authority, responsibility and tasks to be performed. Through this structure, functions are assigned and coordinated (Evans and Berman, 1992:33). A number of ways exist in which the marketing function can be organised. Schoell and Guiltinan (1988:662-666) identify organisation on a basis of product orientation, a market orientation or a hybrid orientation; Stanton, et al. (1992:609-612) identifies organisation on a basis of geographical specialisation, product specialisation, customer specialisation or a combination of organisational bases while Kotler (1991:689-698) identifies a functional organisation, geographical organisation, product and brand management organisation or a market management organisation. The organisation should be designed to suit the particular requirements of the enterprise concerned.

An important aspect is the staffing of the organisation. Stanton, et al. (1992:613) even go so far as to say that they believe the selection of people is the most important of all the specific stages in the management process, adding that a good programme for the selection of people should be in place to ensure that good selection occurs. The enterprise should have training programmes or hire environmental marketing talent to ensure personnel are capable of carrying out the responsibilities desired of them. Kotler (1991:71) adds that the marketing effort effectiveness depends not only on how it is structured but also on how well its personnel are selected, trained, directed, motivated and evaluated.

4.5 Environmental marketing strategy control

Marketing control involves the monitoring of performance and the identification of problems which have resulted in unsatisfactory levels of performance (Schoell and Guiltinan, 1988:661). Measuring environmental performance can be undertaken by (Peattie, 1992:162):

- conducting an environmental audit,
- setting environmental targets,
- developing an performance index, and
- developing monitoring and reporting systems procedures.

Marketing control is necessary because strategies are never perfectly realised. Managers should anticipate that events never go exactly according to plan, and should be prepared to modify the strategy or make the necessary changes in response to unsatisfactory performance (Schoell and Guiltinan, 1988:661).

4.6 Environmental marketing strategy success factors

According to Peattie (1992:160) an environmental marketing strategy needs to follow the "Seven Green C's" and be:

- (a) **customer orientated**;
- (b) **commercially viable**;
- (c) **credible** - to customers, senior management and other stakeholders;
- (d) **consistent** - with corporate objectives, strategies and capabilities;
- (e) **clear** - it should not be shrouded in environmental or technical jargon;
- (f) **coordinated** - with the operational strategies and plans of the other business functions;
- (g) **communicated** - effectively internally and externally.

It should be noted that commitment from the entire organisation, especially senior management, is necessary for the successful development and implementation of an environmental marketing strategy.

4.7 Summary

In the process of doing a strategic marketing analysis a number of possible reasons may arise which results in the enterprise decision to adopt environmentally orientated principles. It is necessary that these principles lead to environmental objectives that fall within corporate capabilities. A specific level of environmental commitment should also be decided upon.

Important to this study is the aspect of marketing programme formulation and decision-making. Programme formulation should only be attempted once clear strategy and objectives have been set. It is necessary for all product, distribution, price and promotion variables to be coordinated so that a consistent marketing effort is directed at the chosen market. To successfully implement the marketing programme an effective

and adaptable marketing organisation is required with suitably qualified and trained personnel. Performance of the marketing effort should be monitored and controls set so that unsatisfactory results may be rectified.

Peattie sets out "Seven Green Cs" that he proposes for the successful execution of an environmental marketing strategy. These could be used as a possible checklist when evaluating the strategy. Even though these "success factors" may be met, without the support of the entire organisation, especially senior management, the success of an environmental marketing strategy could be diminished.

Chapter 5

Managerial decision-making areas in environmental marketing

5.1 Introduction

Marketing management is faced with a number of decisions that need to be made when adopting an environmentally responsible approach in its marketing strategy. These decisions reach all aspects of the marketing environment. Further, these decisions need to be integrated and consistent through all levels of the marketing effort.

The chapter serves to describe some of the various practical decision-making areas involved in environmental marketing. This is done by means of a theoretical discussion of each decision area, which is followed by a discussion which concentrates on the environmental considerations and decisions of that particular area of decision-making. The purpose of this is to stress the additional decisions and tasks of management when incorporating environmental principles into the marketing effort.

5.2 Target market decisions

Understanding the buying behaviour of the target market is one of the essential tasks of marketing managers (Kotler, 1991:162). A sound marketing programme starts with the identification and analysis of the target market for whatever it is the organisation is selling (Stanton, et al., 1992:125). The following discussions centre on the consumer market, organisational consumers, the process of market segmentation, targeting and positioning decisions.

5.2.1 The consumer market

Customers engage in exchange transactions as a means to an end. Customers purchase products and services as potential solutions to their unsatisfied needs and wants. Further, customers purchase particular brands or deal with particular suppliers because those brands or suppliers are perceived to offer attributes or benefits that are considered superior to those offered by competitors. Consequently, the more marketers can learn about customer's needs and wants and the attributes and benefits they perceive as

important in satisfying those needs, the greater the ability to design product and service offerings that their customers find attractive and satisfying (Boyd and Walker, 1990:112).

Aspects of consumer behaviour and elements of eco-consumer behaviour have been discussed in section 3.8.1. As previously stated it is necessary for the marketer to be aware of consumer behaviour and fully understand the attributes sought in the product or service by the target market so that the marketer is better able to satisfy the customers' needs than the efforts of competitors.

5.2.2 Organisational consumers

Webster and Wind (in Kotler, 1991:196) define organisational buying as the decision-making process by which formal organisations establish the need for purchased products and services and identify, evaluate and choose among alternative brands and suppliers. Organisational consumers and end-consumers buy for different reasons and thus, marketing programmes should be tailored differently to match the requirements of each market (Schoell and Guiltinan, 1988:200). Although the requirements are different to consumer markets the basic processes of segmentation and targeting remains similar.

5.2.3 Marketing segmentation

A market aggregation strategy is appropriate when customers have similar needs and desires. When customers are more diverse, a single standardised product and marketing programme may not appeal to many customers who want or need something different. Thus, an enterprise may lose sales it could have attained if it had offered a wider range of products and programmes (Boyd and Walker, 1990:211). Segmentation has become increasingly popular as it reflects the realities faced by enterprises in most markets, provides information for designing product and marketing programmes that are effective in reaching a specific group of customers, identifies opportunities for new product development and improves the strategic allocation of marketing reserves (Boyd and Walker, 1990:211).

Market segmentation is the process of dividing the total heterogeneous market into several homogeneous segments (Stanton, et al., 1992:124). Evans and Berman (1992:200) see market segmentation as dividing the market into distinct subsets of

customers that behave in the same way or have similar needs, with each subset possibly being a target market. The variables used to explain the differences in product purchases across segments are referred to as descriptors. Generic descriptors are relevant to both consumer and industrial markets. The more commonly used descriptors include benefits sought, product usage, loyalty, purchase predisposition, purchase influence innovativeness and geographical location (Boyd and Walker, 1990:211).

Segmentation descriptors specific to consumer markets include age, sex, family life cycle, income, occupation, culture and social class. Industrial markets can be segmented in two stages. Macrosegmentation divides the markets according to the organisational characteristics of the customer. Microsegmentation groups customers by the characteristics of individuals who influence the purchasing decision. Product usage and geographical locations are examples of descriptors concerned with macrosegmentation, while purchase influence, loyalty and area of expertise are microsegmentation descriptors (Boyd and Walker, 1990:211). The descriptors most commonly used specifically for industrial markets are the personal characteristics of the buying influentials at the micro level and purchasing structure, buying situation, industrial sector and company size at the macro level (Boyd and Walker, 1990:211).

To be effective and useful, the worth of a segmentation scheme should be evaluated. The following five criteria can be used (Baker, 1991:189):

- (a) segmentation should be measurable,
- (b) segmentation should be sufficiently substantial to warrant the effort invested in it,
- (c) segmentation should be accessible in the sense that there are channels of distribution, media and so forth, which permit a focused approach to it,
- (d) segmentation should respond uniquely to the efforts directed to it, and
- (e) segmentation should have stability so that its future response may be predicted.

Engel (in Baker, 1991:166-167) proposes that a segmentation approach offers the following benefits:

- (a) A segmentation perspective leads to a more precise definition of the market in terms of consumer needs.

- (b) Management is in a better position to direct market programmes that will satisfy these needs and hence parallel the demands of the market.
- (c) A continuous programme of market segmentation strengthens managements capabilities in meeting changing market needs.
- (d) Management is better able to assess competitive strengths and weaknesses.
- (e) It is possible to assess an enterprises' strengths and weaknesses through identifying market segments.
- (f) Segmentation leads to a more efficient allocation of marketing resources.
- (g) Segmentation leads to a more precise setting of marketing objectives.

5.2.4 Market targeting and positioning decisions

Two important interrelated decisions play a central role in the formulation of a business's marketing strategy. The first of these decisions concerns market targeting - determining which segment(s) within a market the enterprise will direct its marketing efforts towards. Once this decision has been made, marketers are then faced with the question of market positioning - designing a market programme and product that a segment's customers will perceive as desirable, and that will give the enterprise a differential advantage over current and potential customers (Boyd and Walker, 1990:315).

5.2.4.1 Evaluating potential target markets

Not all segments represent equally attractive opportunities for the enterprise. To prioritise segments by their potential, marketers should evaluate their future attractiveness and their enterprises' strengths and capabilities relative to the segment's needs and competitive situations (Boyd and Walker, 1990:316).

An analytical framework could be used to assist marketers in decision making about the potential of target markets. One such tool is the market attractiveness/business position matrix. The following steps are involved in developing a market attractiveness/business position matrix for analysing current and potential target markets (Boyd and Walker, 1990:316-323):

- (1) Choose criteria to measure market attractiveness and competitive position. Managers can assess both dimensions on the basis of information obtained from

analyses of the environment, customer segments, competitive situation and market potential estimates.

- (2) Weight the factors according to their relative importance.
- (3) Assess a market's current position in the matrix.
- (4) Project the future position of a market.
- (5) Evaluate implications for choosing target markets and allocating reserves.

Managers should concentrate resources in attractive markets where the business is securely positioned, use these resources to improve a weak competitive position in attractive markets and disengage from unattractive markets where the firm enjoys no competitive advantages (Boyd and Walker, 1990:323).

5.2.4.2 Targeting strategies

A manager should decide on the target market approach to pursue. Such strategies include (Evans and Berman, 1992:216-224):

- (a) **Undifferentiated marketing** (mass marketing). An undifferentiated marketing approach aims at a large, broad consumer market through one basic marketing plan. In this approach, an enterprise would believe consumers have similar desires regarding product attributes or it would choose to ignore the differences among market segments.
- (b) **Concentrated marketing** (niche marketing). With a concentrated approach, an enterprise would aim at a narrow, specific consumer segment through one, specialised marketing plan catering to all the needs of that segment.
- (c) **Differentiated marketing** (multiple segmentation). Under differentiated marketing an enterprise would appeal to two or more distinct market segments, with a different marketing plan for each segment.

5.2.4.3 Positioning decisions

The success of a product offering within a chosen market could depend on how well it is positioned within that market; that is, how well it is perceived relative to competitive offerings and customers' needs in the target market (Boyd and Walker, 1990:327). The following steps can be involved in the positioning process (Boyd and Walker, 1990:329-433):

- (1) Identify a relative set of competitive products.
- (2) Identify the set of determinant attributes that define the "product space" in which positions of current offerings are located .
- (3) Collect information from a sample of customers and potential customers about perceptions of each product on the determinant attributes.
- (4) Analyse the intensity of a product's current position in customers' minds.
- (5) Determine the product's current location in the product space (product positioning)
- (6) Determine customers' most preferred combination of determinant attributes.
- (7) Examine the fit between preferences of market segments and the current position of the product (market positioning).
- (8) Select positioning or repositioning strategy.

5.2.4.4 Elements of environmental product positioning

Coddington (1993:171) asserts that parity exists among products as the rule rather than the exception; it is thus often a product's unique image that brings it success or failure in the marketplace. This is why environmental product positioning is important. In an age of parity products, highlighting a product's environmental attributes can provide that critical marketing edge (Coddington, 1993:171). An environmental product positioning strategy requires marketers to address issues which include (Coddington, 1993:171-180):

- (a) **The prominence of the environmental factor.** A product's environmental attributes can serve as the crucial differentiator between that product and its competitors. However, this is not to suggest that marketers should position their product's environmental attributes as their unique selling point (USP). It can be better to use a product's environmental assets as a collateral strategy, i.e., to position the environmental qualities as an added benefit rather than the central one.
- (b) **Distribution channels.** The environmental profile of consumers varies from distribution channel to distribution channel. Distribution through an upscale department store warrants a different approach than if distribution takes place through mass merchandisers.
- (c) **Environmental performance/benefits.** Environmental product positioning requires marketers to discuss both the nature of the particular environmental problem in question and how the product addresses it.

- (d) **Labelling.** Currently all environmental labelling is optional, but some types are more optional than others. Marketers for example, who fail to put an "environmentally friendly" label on aerosols can invite the perception that they are environmentally "unfriendly".
- (e) **Corporate environmental policy.** Marketers' environmental product positioning will inevitably be effected by their company's environmental positioning.
- (f) **The price point.** Marketing communications should emphasise the point of added value to the consumer.

Coddington (1993:180) adds that complete environmental product lines rather than the occasional product should be developed and that these products should be aggressively promoted - as the success of these products is built on a foundation of education and awareness.

5.3 Product management decisions

Product planning is a systematic decision-making process relating to all aspects of the development and management of an enterprise's products, including packaging and branding (Evans and Berman, 1992:244). A product may be an idea, a physical entity (a item), a service or any combination of the three. This product exists for the purpose of exchange in the satisfaction of individual and organisational objectives (Evans and Berman, 1992:244). Various elements of product management are considered in the ensuing sections.

5.3.1 Product levels

In the planning of the market offering or product, Kotler (1991:429) identifies five levels of product that the marketer should consider. By considering all five levels, the planner is better able to identify consumer needs, competitive offerings and distinctive product attributes (Evans and Berman, 1992:244). The various levels of a product are (Kotler, 1991:429-431):

- (1) **Core benefit.** This is the fundamental service or benefit that the customer is actually buying. In the case of a hotel, the guest is buying "rest and sleep".

- (2) **Generic product.** The marketer is here required to turn the core benefit into a generic product, namely a basic version of the product. Thus, a hotel consists of a building that has a reception and rooms to rent.
- (3) **Expected product.** The third level of product is a set of attributes and conditions that buyers normally expect and agree to when they purchase this product. Hotel guests, for example, expect a clean bed and bathroom facilities. Since most hotels can provide the basic minimum expectations, the guest will normally have no preference and will settle for whichever is most convenient.
- (4) **Augmented product.** This level of product includes additional services and benefits that distinguish the company's offer from competitor's offers. A hotel, for example, can augment its product by including a television and room service.
- (5) **Potential product.** The potential product consists of all the augmentations and transformations that the product might ultimately undergo in the future. The potential product indicates a product's possible evolution. The recent emergence of all-suite hotels where the guest occupies a set of rooms represents an innovative transformation of the traditional hotel product.

5.3.1.1 Product classification

The initial product-planning decision is the choice of the type(s) of products to offer. Categorisation of products is important because it focuses on the differences in the characteristics of products and the resulting marketing implications (Evans and Berman, 1992:245). Products can be classified into three groups according to their durability or tangibility (Kotler, 1991:433):

- (a) **Nondurable goods.** Nondurable goods are tangible goods that are normally consumed in one or many uses, such as beer and soap. Since these goods are consumed faster and purchased frequently, the appropriate strategy is to make them available in many locations, charge only a small markup and advertise heavily to induce trial and build preference.
- (b) **Durable goods.** Durable goods are tangible goods that normally survive many uses, such as refrigerators and tools. Durable goods normally require more personal selling and service, command a higher margin and require more seller guarantees.
- (c) **Services.** Services are activities, benefits or satisfactions that are offered for sale, such as repairs and haircuts. Services are intangible, inseparable, variable and

perishable. As a result, services require more quality control, supplier credibility and adaptability.

Products can also be classified as consumer products or industrial products. Consumer products are goods and services destined for the final consumer for personal, family or household use (Evans and Berman, 1992:247). Industrial products are goods and services purchased for use in the production of other goods or services, in the operation of a business or for resale to other consumers (Evans and Berman, 1992:249).

Consumer products can further be classified on the basis of consumer shopping habits because they have implications for marketing strategy. There can be distinguished between (Kotler, 1991:433-434):

- (a) **Convenience goods.** Goods the customer usually purchases frequently, immediately and with the minimum effort in comparison and buying, such as newspapers, detergents and cold drinks.
- (b) **Shopping goods.** Goods that the customer, in the process of selection and purchase, characteristically compares on such bases as suitability, quality, price and style. Examples of such goods may be clothing, household appliances and used cars.
- (c) **Speciality goods.** Goods with unique characteristics and/or brand identification for which a significant group of buyers are habitually willing to make a special purchasing effort, such as cars and specific brands.
- (d) **Unsought goods.** Goods that the consumer does not know about or knows about but does not normally think of buying. New products are unsought goods until the consumer is made aware of them. Examples of unsought goods are life insurance, cemetery plots and gravestones.

Industrial products can be classified on how these products enter the production process and their relative costliness. The following groups can be distinguished (Kotler, 1991:434-435):

- (a) **Materials and parts.** Goods that enter the manufacturer's product completely. They fall into two classes: raw materials and manufactured parts.
- (b) **Capital items.** Goods that enter the product partly. They include two groups: installations and accessory equipment.
- (c) **Suppliers and services.** Items that do not enter the finished product at all.

5.3.1.2 Product management decisions

Management is faced with a number of decisions regarding product management, such decisions include:

- (a) **Product mix decisions.** A product mix consists of all the different product lines and product items an enterprise offers. A product item is a specific model, brand or size of a product that an enterprise offers (Evans and Berman, 1992:251). A product line is a group of products that are closely related because they perform a similar function, are sold to the same consumer groups, are marketed through the same channels or make up a particular price range (Kotler, 1991:436). The decision is that an enterprise should outline the variety and assortment of products, as well as the width, depth and consistency of the product mix. The width of a product mix is based on the number of different product lines offered, while the depth of a product mix is based on the number of product items within each product line (Evans and Berman, 1992:252). The consistency of a product mix is based on the relationship among the product lines in terms of their sharing a common end-use, distribution outlets, consumer group(s) and price range (Evans and Berman, 1992:252).
- (b) **Product positioning.** A product's position is the image of the product in relation to competitive products and to other products marketed by the same company (Stanton, et al., 1992:216).
- (c) **Product-management organisations.** There are several organisational forms of product management from which a firm may choose, these include: marketing manager, product manager, product-planning committee, new product manager and venture team (Evans and Berman, 1992:254). The most suitable organisational form depends on the diversity of the company's offerings, the number of new products introduced, the level of innovation, company resources, management expertise and other factors. A combination of forms may also be desirable (Evans and Berman, 1992:258).

5.3.1.3 The product life cycle

The product life cycle is a concept that describes the sales and profit margin of a given product over a prolonged period (Boyd and Walker, 1991:250). Various stages of a product life cycle can be seen in Figure 5.1.

Figure 5.1 Generalised product life cycle

Year 0 Time (years) Time continues		Life cycle stages	Sales (real rands)	Profit per unit (real rands)
		1. Introduction	Increasing	Negative
		2. Growth	Increasing	Increasing and positive
		3. Competitive turbulence	Increasing	Stable
		4. Maturity	Stable	Decreasing
		5. Decline or extension	Declining or Increasing	Decreasing

Source: Boyd, H.W. and Walker, O.C., 1991. Marketing Management. A Strategic Approach. Boston: Richard D Irwin, Inc.

The implications of the product life cycle concept from a management standpoint are threefold (Boyd and Walker, 1991:251).

- (a) The enterprise should generate new products or enter new markets to sustain profitability over time.
- (b) The objectives and strategy for a given product change as the product passes through the various life-cycle stages.
- (c) The opportunities and threats in each stage are sufficiently well known to aid in the formulation of the most appropriate marketing mix for each stage.

It should be noted that it is not always easy to determine where a product is in the product life cycle, nor can the life cycle concept prescribe the specific action to take in each stage of the life cycle (Boyd and Walker, 1991:251).

5.3.1.4 New product development

The product life cycle concept suggests the need for new products to replace declining products. Further, changing needs of consumers can result in the development of products to satisfy these needs. The new product development process precedes the introductory stage in the product life cycle (Schoell and Guiltinan, 1989:312). The new product development process consists of seven stages (Schoell and Guiltinan, 1989:312-321):

- (a) **Idea generation.** The aim of the first stage is to generate a steady flow of new product ideas and channel these ideas to persons or departments that have authority to act on them. Ideas can be generated internally (such as from sales personnel and research and development) and externally (such as from customers and competitors).
- (b) **Idea screening.** New ideas need to be critically appraised as the enterprise can only develop a limited number of product ideas.
- (c) **Concept development and testing.** Product ideas that survive the screening stage are developed into a product concept. A product concept builds on the idea of the product idea and is expressed in terms of the intended customer for the product. Product concept tests are used to establish the potential customers' feelings about potential products.
- (d) **Business analysis.** Here a preliminary marketing strategy is created for the proposed products introduction. The focus here is to evaluate the proposed product's business attractiveness, taking into account elements such as suitability with other products and whether the product could be protected by a patent.
- (e) **Product development.** The product is committed to technical and marketing development in this stage. The product should also be tested for functionality and consumer suitability once the prototype is developed.
- (f) **Market testing.** The product is tested under realistic purchase conditions to determine whether consumer interest is matched by a willingness to purchase the product.
- (g) **Commercialisation.** Products that survive to this stage are prepared by the marketer to be launched into the introductory stage of its life cycle. The implementation of the launch strategy should be controlled to ensure the marketing plan is on target.

5.3.2 Environmental product management

Coddington (1993:149) states that environmental product management is important for not only reasons of profit but businesses have an obligation to work for the betterment of the environment, and as consumers are paying more attention to the companies behind the products, environmental products offer companies a way of demonstrating their environmental commitment. The following sections serve to describe some of the aspects connected with environmental products.

5.3.2.1 Description of an environmental product

In the marketplace a good deal of confusion exists over what an environmentally responsible or friendly product actually is. This is one of the biggest issues facing companies attempting to become environmentally responsible (Ottman, 1992:4). Due to the relative immaturity of the subject and rapid changes and developments, being environmentally responsible can be described as a moving target (Ottman, 1992:4).

The demand for environmentally responsible products usually occurs in two phases. The first phase is the demand for environmentally friendly products, followed by the second phase which is the focus on production, manufacture, consumption and technology (Towards Greener Marketing, 1990:82). Hobbs (1990:86) states that the future environmentally aware markets will demand higher environmental standards for products, performances and service.

Peattie (1992:175) sees an environmentally responsible product as a product or service whose environmental and societal performance is significantly better than competitive or conventional offerings. In this definition environmentally responsible is a relative concept and one which accepts there will be different degrees of environmental responsibility. The concept of responsibility or friendliness should perhaps be stated in relative forms, such as environmentally-more-friendly and environmentally-less-harmful (Hobbs, 1990:4).

5.3.2.2 The total product concept

It has been debated that if a product is to be considered environmentally friendly the ingredients, the packaging, the methods of production, the factory where the product is produced and so forth, should all be examined for environmental soundness (Needed: Environmentally Friendly Guidelines, 1990:90). Butler (1990:76) feels that consumers will buy companies and not their products. Manufacturers will need to think carefully about their processes which go into a product and that investment in harming the environment will increasingly stop customers buying (Butler, 1990:76).

Hobbs (1990:84) mentions that gestures and well-intentioned acts mean very little if they represent isolated commitments. Polluting with impunity, excessive consumption of energy, water and land resources, throw-away and toxic technologies are the more critical issues in need of meaningful action (Hobbs, 1990:84). A systematic approach is needed that brings environmental considerations alongside more conventional price, performance and quality criteria (Hobbs, 1990:84).

This illustrates that the concept of total product is needed when marketers attempt to promote their products as being environmentally responsible.

5.3.2.3 Environmental product performance

Peattie (1992:176) states that the performance of a product is conventionally measured in three ways:

- (a) **primary performance** - the success of the product in meeting the customer's primary needs,
- (b) **technical performance** - the product's success against various technical and quality performance standards,
- (c) **strategic performance** - the product's success in competing in the market and contributing to the fulfillment of strategic objectives.

For a product to compete effectively in a market where environmental issues are of consequence for the customer, a fourth dimension needs to be added. This dimension is the degree of environmental performance a product delivers. A method for evaluating

the level of performance is to examine the life cycle of such a product (Peattie, 1992:176-177). Simms (1992:33) argues that consumers are beginning to accept that the "environmental product" is the standard and are looking at the environmental downside of a product, rather than the product's positive environmental features.

5.3.2.4 Product life cycle analysis

Magrath (1992:31) and Blumenfield (1991:30) feel that marketers should take a life cycle approach to their product lines in terms of environmental soundness. Many products have complex, long-term wastestream effects that often remain unaddressed. Products may need environmental improvements not only in design or concept but also in such aspects as the ingredients used and the production processes used to make these products (Magrath, 1992:310). Scerbinski (1991:47) states that life cycle analysis is one of the most accurate methods for assessing the environmental attributes of a product.

The environmental movement offers a company opportunities to add value and possibly gain competitive advantage through favourable public perception, cost savings or additional revenues; while such efforts mitigate the effects of the company's products and processes on the environment (Blumenfield, 1991:31). From an environmental standpoint it should be attempted to add value to the product at every stage of the product life cycle (Blumenfield, 1991:31):

- (a) **Product design.** An enterprise may have a competitive advantage if its products have obvious environmental benefits, are easy to disassemble, or can be recycled or reused. In waste disposal, as smaller is generally better for the environment, a company could make its products smaller to achieve competitive advantage.
- (b) **Raw materials sourcing.** Use of renewable resources, minimal environmental impact of raw materials extraction, use of non-endangered species and reduced impacts when raw materials are transported to the production centre all represent added value from an environmental perspective. Purchasing raw materials from low-polluting plants also represents added value.
- (c) **Manufacturing, sales and distribution.** Energy efficiency, pollution prevention or reduction, or waste minimisation each may offer a competitive advantage from an environmental standpoint. Added value can also take the form of having a distribution chain that attempts to protect rather than harm the environment. Likewise,

having a sales and marketing staff that understands the environment and its importance also can be of competitive advantage.

(d) **Product line.** Aerosol-free cleaning agents are an example of a chemical product that has reduced environmental impacts during use. Competitive advantage could also stem from having an existing base of environmentally sensitive customers. This allows an enterprise to design its brochures and other marketing materials to promote or feature the environmental benefits of its products.

(e) **Final disposition or post-consumer disposal.** If a collection and reprocessing infrastructure for a product already exists, along with a market for the secondary material, the producer may have competitive advantage. The producer could alternatively help to build such an infrastructure to gain competitive advantage.

Manufacturers, consumer product companies and their suppliers should demonstrate their commitment to the environment by addressing the environmental impact of their products throughout the life cycle, whether or not they stand to profit from such an effort (Blumenfield, 1991:31).

5.3.2.5 Life cycle costing

The life cycle costing technique is a complex, comparative technique. This method of cradle-to-grave product accounting is used to analyse ecological problems (Kleiner, 1991:40). Life-cycle costing attaches a monetary figure to every environmental effect of a product: landfill costs, potential legal penalties, degradation in air quality and so forth. It projects likely future costs, much like a cash flow analysis does. Then the method compares two or more products or packaging alternatives based on its projections (Kleiner, 1991:40). This method can be used to evaluate the comparative monetary benefits between products or packaging alternatives so as to assist in decision-making.

5.3.2.6 Perceived and actual performance

Marketers should realise that perceptions are as important as reality (Ottman, 1992:7). Consumers need to perceive that the company they buy from is environmentally responsible (Ottman, 1992:7). The perceived environmental performance of a product should be matched by an actual performance that satisfies the consumer. Problems can

occur where these perceptions are not matched by the actual performance. This can happen in several ways (Peattie, 1992:180-182):

- (a) **A perceived environmental/primary trade-off.** Consumers may assume that a good environmental performance has been achieved at the expense of primary performance or vice versa.
- (b) **Perceived low primary performance.** Many products are perceived as having a low primary performance due to the fact that they differ from the conventional product. An example being that environmental detergents do not contain foaming agents as in the conventional product, which may give the consumer the impression of a lower cleaning performance, regardless of actual performance.
- (c) **Perceived low environmental performance.** A product may suffer from a poor environmental image despite a good primary and environmental performance. A long-standing brand could have its environmental performance overlooked compared to new market entries, or could be seen as simply joining the "bandwagon" when it adds details of environmental performance.
- (d) **Exaggerated environmental performance.** Some companies have created or allowed to develop an exaggerated perception of the environmental performance of their products. This could lead to serious repercussions if environmentalists or consumer groups produce evidence of actual performance to match these perceptions.

These perceptions of environmental and primary performance can lead to favourable marketing opportunities. An example being that a product could be marketed as an environmental product but without any loss to primary performance.

5.3.2.7 Product management decisions

Management should decide when adopting an environmentally responsible approach to what degree environmental considerations will be integrated and how this decision will effect the existing range of products. Regardless of how the company plans to develop these products or adapt existing products, all these products can be considered new in some regard.

- (a) **New product development.** The focus of new product development should be the improvement of primary and environmental performance of a product. Numerous reasons exist for the development of environmental products, one such reason is

legislation. For example, in California and Oregon by 1995 all rigid plastic packaging either must be source-reduced, refillable, recyclable or made from recycled content (Ottman, 1992(a):13). The following guidelines can be proposed when developing new environmental products (Ottman, 1992(a):13):

- **Source reduction.** The use of less material initially not only assists to save space in landfills, but it can yield products that are cheaper to produce and distribute, more convenient to use and more efficient for retailers to warehouse and stock. For example, the use of concentrated detergent.
- **Use of recycled content.** The use of recycled content can reduce costs and enhance the consumer appeal of the product. The manufacturing of greeting cards using recycled content serves as an example.
- **Make products durable.** It has been suggested that consumers will trade up from disposables to a higher-priced systems, such as the Gillette Sensor razor which has a significant share of the American blade market.
- **Make products and packaging reusable and refillable.** Disposable items are being replaced by reusable and refillable products and packaging, such as returnable bottles.
- **Design products for remanufacturing, recycling and repair.** Products can be designed to include used parts in the manufacturing of a new unit. The strategy can save consumers money, compared with buying an all new model.
- **Take products back for recycling.** Retrieving used products and packaging, either directly or indirectly through in-store collection can provide a manufacturer with a custom supply of cost-effective raw materials and help to enhance consumer loyalty and strengthen vendor relationships.
- **Make products safe to put in landfills or incinerators.**
- **Make products and packaging compostable.**

(b) **Sources of new ideas.** Sources of ideas may be employees, channel members, competitors, outside inventors, customers, governments, academic researches, waste product examination and others (Evans and Berman, 1992:282). Market orientated sources identify opportunities based on customer needs and wants; then laboratory research is directed to satisfying these desires. Laboratory orientated sources identify opportunities based on pure research (which seeks to gain knowledge and directly leads to new product ideas) or applied research (which uses existing scientific techniques to develop new product ideas)(Evans and Berman, 1992:282-283).

Methods for generating ideas include brainstorming, analysing existing products and their wastes, reading trade publications, visiting suppliers' and dealers' facilities and conducting surveys. Marketing analysts suggest that an open perspective of ideas is essential and ideas should be evaluated regardless of how impractical they appear (Evans and Berman, 1992:283).

(c) **Production and technology.** One author contends that the key to the earth's preservation is technology (Wheeler, 1992:8). The development of environmentally responsible products for many companies involves the application of "clean technology", although many companies have not embraced environmentally friendly practises. Many environmental managers consider the responsibility to be one of compliance and few in terms of improvement in design and process (Wheeler, 1992:9). The basic objectives of such environmentally responsible production processes are (Wheeler, 1992:9):

- decrease the use of energy,
- reduce the consumption of natural resources, and
- eliminate pollution.

Industrial ecology is a new term that means the production and use of goods with no waste of resources and no pollution (Fox, 1992:36). Kleiner (1991:39) states that to be good to the environment, the company must already know how to be very good at production. The pursuit of cleaner technologies to reduce emissions not only cuts pollution but also saves the company money (Kleiner, 1991:42). The most effective way to prevent pollution is designing a process in which harmful emissions have been designed out of the conversion process. It appears that, as with quality, designing non-polluting processes will also, ultimately, prove cheaper than manufacturing processes that pollute (Kleiner, 1991:44). The concept of zero emissions, similar to zero defects, is a goal, never completely reachable but that sets a direction for continuous movement (Kleiner, 1991:46). Design for the environment (DFE) is emerging as the term describing the philosophy of integrating environmental considerations into the design process (Coddington, 1993:157). Hobbs (1990:85) mentions that a form of eco-labelling could be introduced to influence the development of cleaner technology.

5.3.2.8 Success factors for products

To succeed in the market, an environmentally responsible product should meet the following conditions (Peattie, 1992:188-189):

- (a) It should be targeted at a genuine environmental need or want among consumers;
- (b) It should perform well in terms of primary function and environmental quality;
- (c) The environmental quality of the product should be communicated successfully to consumers through the naming, branding, design, packaging and promotion of that product;
- (d) The perception of the product by consumers should be acceptable in terms of the primary function and environmental quality;
- (e) The product should be equal or better than competitors' products in terms of environmental and primary performance, price and availability; and
- (f) The product should be supported by a perceived level of environmental quality from the producer to create a credible environmental total product.

5.3.3 Naming and branding decisions

An important part of product planning is branding (or naming), the procedure an enterprise follows in researching, developing and implementing its brand(s). A brand is a name, design, term or symbol (or combination of these) that identifies the products of a seller or a group of sellers (Evans and Berman, 1992:304). Various elements of branding are now discussed in the sections below.

5.3.3.1 Types of brand designation

There are three types of brand designation (Stanton, et al., 1992:234):

- (a) **Brand name.** A brand name consists of words, letters and/or numbers that can be vocalized, such as Shell.
- (b) **Brand mark.** A brand mark is the part of the brand that appears in the form of a symbol, design or distinctive colouring or lettering that cannot be vocalized such as the alligator on Lacoste clothing.

- (c) **Trademark.** A trademark is a brand that is given legal protection, thus is essentially a legal term. All trademarks are brands and thus include the brand name and/or brand mark.

5.3.3.2 Importance of branding

Branding is important for the following reasons (Evan's and Berman, 1992:306-308):

- (a) Product identification is eased. A customer can order a product by name instead of description.
- (b) Customers are assured that an item or service has a certain level of quality and that they will obtain comparable quality if the same brand is reordered.
- (c) The enterprise responsible for the product is known. The producer of unbranded items cannot be directly identified.
- (d) Price comparisons are reduced when consumers perceive distinct brands. This is especially true when special characteristics are attributed to different brands.
- (e) An enterprise is able to advertise (position) its products and associate each brand and its characteristics in the buyer's mind. This aids the consumer in forming a brand image, which is the perception a person has of a particular brand.
- (f) As social visibility becomes more meaningful, a product's prestige is enhanced via a strong brand name.
- (g) Consumers feel less risk when purchasing a brand with which they are familiar and towards which they have a favourable attitude.
- (h) Branding helps segment markets by creating tailored images. By using two or more brands, multiple market segments can be attracted.
- (i) Cooperation from distribution intermediaries is greater for well-known brands. A strong brand may also enable the producer to exert more control in the distribution channel.
- (j) A brand may be used to sell an entire line of products.
- (k) A brand may be used to enter a new product category.

In South Africa, brand loyalty is attracting a great deal of attention as black consumers begin to dominate buying. It is said that black consumers are more brand loyal, and that own labels appeal more to the sophisticated buyer. The less sophisticated buyer purchases at the bottom end of the trade where often only the brand leaders are stocked. While brand loyalty is likely to be influenced by the level of sophistication, it

is also effected by the availability of brands. It is essential to invest in brands as the market becomes increasingly dominated by less sophisticated consumers (Stanton, et al., 1992:234-235).

5.3.3.3 Choice of a brand name

All new products and companies need to be named. This allows the marketer to develop a brand that will match the marketing strategy and the marketing mix. The following are suggested criteria to use in the selection of a good brand name (Stanton, et al., 1992:238):

- (a) The brand should suggest something about the product's characteristics, benefits, use or action, such as Lazy-boy or Dustbuster.
- (b) The brand should be easy to pronounce, spell and remember, such as Mum or Eno.
- (c) The brand should also be adaptable to new products that may be added to the product line, such as Kellogg's.
- (d) The brand should also be capable of being registered and legally protected under the law.

5.3.3.4 The development of an environmental brand name

Ultimately, a brand will succeed for its own values and characteristics and not because of a generic claim of environmental concern. The marketers perspective should be to integrate the environmentally friendly claim into a brand-building context (Towards Greener Marketing, 1990:82).

Marketers whose existing products have a good environmental performance, but a brand name which does not convey this, are faced with a difficult situation. The decision to rename the product to capitalise on environmental performance at the risk of confusing consumers and losing strengths of the existing brand is difficult to answer (Peattie, 1992:235). The majority of products aimed to satisfy the eco-consumer are newly developed products. This represents a challenge to marketers when naming the products so that the environmental performance of the products will be effectively communicated (Peattie, 1992:235).

The marketer can use keywords in the development of a new brand name. These keywords can be grouped into five categories (Peattie, 1992:235-238):

(a) **Environmentally linked.** A manner in which to stress a product's environmental performance is to bring a reference to the environment into the brand name.

- (i) **Green.** An obvious manner in which to create an environmental name, is the use of the word "green".
- (ii) **Ecological or environmental.** The word ecological or a derivative of it is a way of communicating that a product has a strong environmental performance.
- (iii) **Earth.** The name could also mention the word earth in the choice of brand name.
- (iv) **Words pertaining to nature.** The use of words pertaining to nature also convey an environmental message.

(b) **Product attribute linked.** The emphasis of particular attributes of the product can convey an environmental message.

- (i) **With or without.** A product's name may describe certain ingredients which the product does or does not include, to impose its perceived environmental performance, such as "Beauty Without Cruelty".
- (ii) **Pure and natural.** In markets such as food, drink and cosmetics, the brand name can imply that a product is environmentally responsible and wholesome through the words pure and natural, such as "Pure and Simple".
- (iii) **Vegetarian.** The use of vegetarian and "vege" in a name communicates the vegetarian nature of the product.
- (iv) **Concentrated or compact.** Products which consume less resources through concentration or compact design often stress this fact through use in the brand name of the product, such as "Concentrated Skip". The possibility exists that in some markets, such as washing powders, concentrated product variants may become the norm.
- (v) **Economy.** The use of a word like "economy" or "budget" in a name, combined with functional rather than flamboyant packaging, can create a product image which is environmentally responsible in a logical restraint in consuming resources.

- (vi) **Durability.** A product can communicate a good environmental performance through an extended working life. Words like "durability" or "long life" can suggest the product will last.
- (c) **Production linked.** Some names may stress the manner in which the products were manufactured to create an environmental image.
 - (i) **Recycled.** A number of products include the word "recycled" to indicate environmental friendliness, especially in the paper product markets.
 - (ii) **Original and traditional.** A method of associating environmental attributes with a product is the use of words "original" and "traditional". The assumption is that such a tactic is based on the concept that consumers associate environmental damage with modern technology. Any product that is made in a "traditional" manner implies a low-tech, environmentally friendly product. In many instances however, there is no link between the words "original" and "traditional" and improved environmental performance.
 - (iii) **Organic.** In the food market, there has been a growth in recent years in the demand for organic food. The main areas of organic produce are fruit and vegetables, meat, dairy products and wine.
 - (iv) **Whole.** In food and drink markets "whole" is used to signify a product which is less refined and processed, and therefore more wholesome.
- (d) **Social responsibility linked.** Communicating social responsibility through brand naming is more difficult. Concern for consumer welfare can be communicated through the choice of brand names, and through the names of guarantee and customer service offers. This is relatively uncommon in manufacturing enterprises, except where the product relates to health and safety. Public services and charities often choose names to reflect the socially responsible nature of their services and products.
- (e) **Additional environmental branding techniques.**
 - (i) **Environmental symbols.** Symbols can often be effective in delivering an environmental message, such as the WWF's panda logo.
 - (ii) **Colours.** The environmental perception of a brand can be enhanced by using green and other natural shades such as blues and browns.
 - (iii) **Design.** The design of a product, the packaging or the images and information placed on the packaging can all be used to create an environmentally responsible brand image.

5.3.4 Packaging decisions

Packaging is the part of product planning in which an enterprise researches, designs and produces the package(s) (Evans and Berman, 1992:318). The package of a product may include up to three levels of material. The primary package is the product's immediate container. The secondary package refers to the material that protects the primary package and is discarded when the product is about to be used. The shipping package refers to packaging necessary for storage, identification of transportation. Also, labelling is a part of packaging and consists of printed information that describes the product, appearing on or with the product (Kotler, 1991:449).

Packaging has become a potent marketing tool. Well-designed packages can create convenience value for the consumer and promotional value for the producer (Kotler, 1991:449).

5.3.4.1 Packaging functions

There are six key packaging functions (Evans and Berman, 1992:321-322):

- (a) **Containment and protection.** For liquid, granular and other divisible products containment is needed to secure the items in a given quantity and form. A package also creates protection for a product while it is shipped, stored and handled. In all cases, a package should protect the contents against the effects of light, infestation, shock, vibration, breakage, evaporation and spilling.
- (b) **Usage.** A product should facilitate product usage. Multiple packaging and larger sizes encourage greater product use. Product disbursement could be eased through a flip-top, squeeze tube or other package design. For divisible products the package needs to accommodate storage after the item is initially used. Some enterprises offer packages that are reusable once a product is depleted.
- (c) **Communication.** A package is an important method of communication with the consumer. The package identifies the brand, provides ingredients and directions, presents an image and displays the product. A package differentiates a product from competitors by its design, colour, shape and materials. It serves as a promotional tool and is usually the final form of promotion a consumer sees prior to making a purchase decision.

- (d) **Segmentation.** Packaging can be used to segment the market because a package can be designed for a specific market group.
- (e) **Channel cooperation.** A firm should consider the needs of the wholesalers and retailers in its distribution channel, and use packaging that is easy to ship, handle and store. Packages should be durable, allow their contents to have a reasonable shelf-life, fit into pre-existing dealer facilities and displays, provide a convenient place for the price, make inventory control easier by including computer codes and labels, and make shoplifting more difficult.
- (f) **New product planning.** Packaging can be a major part of new product planning. Some products have been successfully modified and presented as new as a result of packaging innovations.

5.3.4.2 Importance of packaging in marketing

Today the marketing significance of packaging is recognised and packaging is a major competitive force in the struggle for markets (Stanton, et al., 1992:246). A number of factors have contributed to packaging's growing use as a marketing tool (Stanton, et al., 1992:246 and Kotler, 1991:449):

- (a) **Self-service.** An increasing number of products are sold on a self-service basis and are bought pre-packaged. The package should perform the task of selling at the point of purchase.
- (b) **Consumer affluence.** Rising consumer affluence means consumers may be willing to pay more for the convenience, appearance, dependability and prestige of better packaging.
- (c) **Company and brand image.** Companies are recognising the power of well-designed packages to contribute to instant consumer recognition of the company or brand.
- (d) **Innovations opportunity.** Innovative packaging can bring benefits to consumers and profits to marketers.
- (e) **Consumer health and safety.** The public's rising standards of health and sanitation have contributed to the importance of packaging. Safety in packaging has become an important marketing and social issue.

5.3.4.3 Factors considered in packaging decisions

A number of factors should be evaluated when making packaging decisions. The first task is to establish the packaging concept. The packaging concept is a definition of what the package should basically be or do for the particular product (Kotler, 1991:450). The following are some factors which should be considered in packaging decisions (Evans and Berman, 1992:322-324):

- (a) Packaging design effects the image an enterprise seeks for its products. Colour, shape and materials all influence consumer perceptions of an enterprise and its products.
- (b) The manager needs to decide on the use or non-use of family packaging. In family packaging an enterprise uses a common element on each package in a product line.
- (c) An international enterprise should determine if a standardised package can be used throughout the world (with only a language change on the label).
- (d) Package costs should be considered on both a total and per-unit basis.
- (e) An enterprise has a number of packaging materials from which to choose, such as paper, plastic, glass, metal, styrofoam, wood and cardboard. In the selection, trade-offs may be necessary, for instance some materials may offer cheaper alternatives but may not be sufficiently durable for the product concerned.
- (f) There is a wide range of package features from which to choose, depending on the product. These features may provide a firm with a differential advantage, such as hinged lids and screw-on tops.
- (g) An enterprise also selects the size(s), colour(s) and shape(s) of its packages. In the selection of package size, shelf life, convenience, tradition and competition should be considered. The choice of package colour depends on the image sought for the brand. Package shape also effects a product image.
- (h) The placement, content, size and prominence of the label should be determined. Both company and brand name if appropriate need to appear on the label.
- (i) The enterprise should decide whether multiple or individual packaging should be used. Multiple packaging couples two or more product items in one container.
- (j) The use of a pre-printed price and universal price code (UPC) needs to be considered. For certain items, dealers desire pre-printed prices, such as books and magazines. Some retailers prefer only a space for the price on the package

and insert their own price labels automatically. With the UPC, manufacturers premark items with a series of thick and thin vertical lines which represent price and inventory data codes. These lines are "read" by computerised optical scanning equipment at the checkout counter.

- (k) Lastly, an enterprise should be confident that the package design slots in with the other elements of the marketing mix.

5.3.4.4 Environmental packaging

Packaging has become a particular focus of environmental concern. Packaging is one of the marketing ingredients that lends itself exceptionally well as a means to project an enterprise concern for the environment (Terblanché, 1991:17). Peattie (1992:219) adds that packaging offers opportunities for improving the environmental performance of the tangible product without altering the augmented product.

Glover (1993) states that the essential functions of packaging are taken for granted by consumers and now they are demanding that environmental concerns are incorporated into package designs and production. Thus, packaging wanted by consumers needs to be economical and ergonomical and now the third "E", ecological (Glover, 1993). Some authors state that consumer convenience is and will be the dominant force in packaging, particularly for people moving from the third world to the first world bracket (Loubser and Reid, 1991:35).

5.3.4.5 Environmental concerns over packaging

A number of environmental concerns exist regarding packaging. Some of these concerns are:

- (a) **Overpackaging.** A survey performed by Packaging magazine revealed that nearly 80% of consumers believe some products have too much packaging and that 50% say that overpackaging will negatively effect their buying decision (Gillespie, 1992:15). Overpackaging further leads to the wasting of scarce resources, more pollution, extra litter and additional disposal problems (Glover, 1993).

- (b) **Confusion.** A pro-environment choice is not always easy for consumers. For instance, plastic versus glass is a simple-on-the-surface issue, as common wisdom implies that glass packaging is better than plastic packaging, because glass can be

recycled. But glass has disadvantages as well, leaving aside the concern of many consumers about breakage, the manufacturing and recycling of glass is energy intensive, and glass is heavier than plastic, it thus requires more energy to transport. Plastic can be recycled, though many consumers are unaware of this or do not have access to a local plastic recycling programme (Gillespie, 1992:15).

(c) **Misleading package claims.** Due to the lack of widespread understanding of what "environmentally friendly packaging" is, can lead to environmental claims about the packaging which may be misleading (Gillespie, 1992:15).

(d) **Energy and space wastage** (Peattie, 1992:219).

(e) **The use of scarce materials** for packaging (Peattie, 1992:219).

(f) **The failure to aid recycling of materials.** Only a relatively small proportion of recyclable packaging material is recycled (Peattie, 1992:219).

(g) **Waste.** Overpackaging, inefficient packaging design, a failure to use recycled materials and an emphasis on disposability are all criticisms levelled at the packaging industry as contributing to waste (Peattie, 1992:220).

(h) **The lack of environmental packaging information.** There is often little control over the labelling of supposedly environmentally friendly products (Peattie, 1992:220).

(i) **Litter.** A good deal of litter is the result of discarded packaging. Litter is often a major environmental concern at local level (Peattie, 1992:220).

5.3.4.6 Environmental packaging strategies.

A number of strategies are available to the marketer to promote their package as being environmentally responsible. They are packaging reduction, re-usable packaging, recyclable and degradable packaging. Each of these possible methods of environmentally responsible packaging is considered below:

(a) **Packaging reduction.** This is a process whereby the amount of waste generated is reduced. This method saves energy and material resources, as well as addressing a broad range of environmental problems over the entire life cycle of products, from manufacturing to disposal (Waste not, want not, 1990:91). If waste is not created, it cannot represent a disposal problem and is therefore environmentally sound and cost effective (Waste not, want not, 1990:91).

Peattie (1992:222-223) mentions the following ways in which some reduction can be considered:

- sell in larger unit sizes,
- sell refills,
- remove unnecessary layers,
- use efficient design forms,
- reduce the thickness of the packaging,
- switch the packaging to a material of which less is needed, and
- improve the resource efficiency of packaging processes.

(b) **Re-usable packaging.** The use of re-usable packaging can lead to a decreased use of natural resources. Glass and plastic lend themselves well for being reused. The Body Shop chain offers facilities for customers to refill containers of various products and offers a discount for doing so, thus also promoting repeat sales (Peattie, 1992:332).

(c) **Recycling (potential for recycling).** Recycling helps to reduce the amount of solid waste created daily, thereby lowering the stress on scarce natural resources, saving energy and material resources. Recycling further reduces the amount of land, air and water pollution associated with the extraction, processing and transportation of raw materials (Waste not, want not, 1990:91). For recycling to be successful four requirements should be present:

- (1) There should be a constant source of waste. Here the onus lies on the consumer to realise the need for recycling packaging and other materials as well as to act upon it.
- (2) There should be a market for recycled products.
- (3) There should be equipment and technology available.
- (4) The business of recycling should be financially viable (Waste not, want not, 1990:91-96).

Recycling does not appear to be a viable option at present for handling South Africa's solid waste. There is sufficient equipment, technology and manpower to deal with it, but logistics and awareness are the real hurdles (Waste not, want not, 1990:96). Clover (1993) states that recycling has the following shortcomings:

- (1) recycling does not eliminate the need for final disposal, it merely postpones it,
- (2) has a high energy consumption,
- (3) has a cost in the collection of material,
- (4) uses expensive technology,
- (5) often needs to be washed (extra use of water), and
- (6) plastics and glass need to be separated into various standards and grades.

Glover (1993) feels that the overall saving of resources should be the major objective of recycling. Technology should be improved to an extent where processed goods can be converted back into the virgin form, such as plastics back into oil (Glover, 1993). There are a number of ways in which packaging can contribute to recycling:

- (1) **Recycled packaging.** Recycled material could be used as materials for making packaging.
- (2) **Recyclable packaging.** Packaging can be made to be recycled to form new products or packaging.
- (3) **Recycling collection.** To go from being recyclable to recycled, packaging material must return to the supply chain from the consumer. Providing or supporting recycling programmes can do much to enhance an enterprise's environmental credentials (Peattie, 1992:224).
- (d) **Degradable packaging.** Recent studies have showed that materials in landfill sites that were normally considered degradable remain intact even after thirty years. This is because conditions that promote degradability, namely moisture, light and oxygen are missing (Degradability is not the answer yet, 1990:97).

Photo-degradable means that an item breaks down under prolonged exposure to light. Bio-degradable items break down when exposed to water, air or natural chemicals, such as salt (Degradability is not the answer yet, 1990:97).

Some of the problems with degradability are that modern landfills are designed to entomb their contents to avoid seepage resulting in that no air or moisture reaches the waste to break down degradable materials (Loubser, 1990:20). Widespread introduction of biodegradable packaging material could therefore be wasteful and expensive. Some environmentalists fear that a move towards degradable products will nourish the throw-away society rather than encouraging resource conservation (Loubser, 1990:20).

5.3.4.7 Development of environmental packaging

Packaging is a competitive arena for materials, with each claiming its own environmental superiority: therefore, "fitness for purpose" has more validity than material used (Glover, 1993). Casey (1992:18) adds that today's consumer will not accept a so-called environmentally friendly package that is not an improvement over previous efforts and in addition, costs more.

Glover (1993) proposes that a package should minimise energy and raw material use in its construction and manufacture; minimise impact on the waste stream and cause minimum impact when disposed of in the environment. Packaging should also always provide adequate protection and performance (Glover, 1993).

The following approaches could be used when developing more environmentally responsible packaging (Peattie, 1992:225).

- (a) Take a life-cycle approach to packaging materials.
- (b) Offer and encourage the reuse of materials where possible.
- (c) Label products to identify the nature of the packaging.
- (d) Eliminate over-packaging.
- (e) Use single-material packaging where possible to aid recycling.
- (f) Build environmental consideration into the design of product packaging and other materials.
- (g) Invest in environmentally responsible packaging technology.

Codrington (1993:168) offers the following considerations to be factored into designing for the environment (DFE), which can serve as possible guidelines for product and packaging development:

- (a) **The production process.** Among the issues to be addressed are: (1) raw materials usage; (2) energy consumption; (3) pollution prevention; and (4) solid-waste implications.
- (b) **Designing for disposal.** The environmental impacts of the product, once it reaches the end of its useful life, should be considered.

- (c) **Designing for nondisposal.** Aspects of reusability and recyclability should be examined.
- (d) **Designing for pollution prevention.** The implications of manufacturing and use for air and water quality should be investigated.
- (e) **Designing for resource consumption.** Aspects such as the use of recycled material and minimum resource consumption should be researched.

5.3.5 Labelling decisions

Labelling forms a part of packaging. In the following sections some of the aspects of eco-labelling are considered.

5.3.5.1 Eco-labelling concerns

Environmental labelling schemes exist in a number of countries. Such labelling schemes aid consumers in making environmentally responsible purchasing decisions, helps to discourage misleading environmental claims, encourages manufacturers to produce and develop more environmentally sound products and facilitates trade in environmental products (Peattie, 1992:226).

The trend overseas to guarantee environmental claims is two-fold. Firstly, environmental consumer guides (largely concerned with consumables, but expanding to capital items) have been produced by relatively objective organisations (Hobbs, 1990:84). Secondly, various countries have developed official "eco-labelling" schemes as a means of regulating unsubstantiated claims (Hobbs, 1990:84).

An environmental certification marketing programme has been introduced by the South African Bureau of Standards (SABS) based on the publications of the Canadian Environmental Choice Program (Norman, 1993). Manufacturers producing environmentally acceptable products to the SABS standard may, under a mark permit issued by the SABS, apply the certification mark as evidence to the purchaser that the commodity is being used in accordance with the standard and that compliance with its requirements are ensured by tests and inspections carried out by the SABS (SABS 20825:1993, 1993:ii). It should be noted that this certification mark is both a mark of environmental acceptability and product quality according to the standards set by the SABS (Norman, 1993).

A number of concerns exist by environmental and consumer groups over some aspects of eco-labelling. Some of these concerns are (Peattie, 1992:227):

- (a) **Make excessive claims.** The phrase "environmentally friendly" has caused some concern because it implies "sustainable". Many products are being labelled as "environmentally friendly" which are far from being sustainable, but are merely less environmentally hostile than some competitors' products.
- (b) **Make false claims.**
- (c) **Make meaningless claims.** Some products are labelled that they are, for instance, "nitrate free" which is meaningless as no similar product can be bought that contains nitrates.
- (d) **Make unrealistic claims.** Some products are labelled as "recyclable" but no suitable recycling facilities are available. A recyclable package is not environmentally friendly unless it is recycled.
- (e) **Make unexplained claims.** Products labelled as using for instance, "environmentally friendly pulp" have been criticised as unhelpful to consumers.
- (f) **Make confusing claims.** In the aerosol market up to ten different forms of wording relating to CFCs and the ozone layer exist. The wording was found to create different consumer perceptions without giving any indication of actual environmental performance.

5.3.5.2 Developing an eco-labelling programme

One author contends that the need for environmental labelling and clear-cut regulations for labelling programmes is profound (Voss, 1991:74). In the absence of uniformly accepted guidelines, a marketer can establish a set of guidelines for that enterprise or adopt the codes established by one of numerous industry coalitions or self-appointed advertising watchdogs (Voss, 1991:74). A marketer could utilise and adapt a foreign eco-labelling scheme, such as Germany's "Blue Angel" or perhaps identify with the European Community's (EC) labelling scheme. Since the introduction of the SABS environmental standard certification, marketers may wish to use the certification as a basis for their eco-labelling programme.

In the development of an eco-labelling programme, Glover (1993) suggests that the following aspects should be considered:

- energy usage,
- potential for recovery of energy,
- raw material usage,
- landfill disposal,
- distribution logistics,
- incinerator disposal,
- air/water pollution,
- recyclability,
- reuse ability, and
- refuse handling.

The EC labelling scheme uses a cradle-to-grave product life cycle matrix. The various areas of environmental concern are evaluated in the following stages, production, distribution, utilisation and disposal (Peattie, 1992:228-229). In the opinion of one author the single most important tool to assist industry be more environmentally responsive and responsible will be a clear-cut set of national guidelines on environmental claims (Gillespie, 1992:16). The following can serve as guidelines for the development of environmental marketing claims (Davis, 1991:16-17 and Hemphill, 1991:40):

- (a) Conservatively interpret existing and other legal guidelines. An appropriate corporate orientation leads to a conservative rather than liberal interpretation of existing regulatory advertising and marketing guidelines. What is important is the manner in which consumers interpret the claim, not just the absolute truthfulness of the claim.
- (b) Be specific about where the environmental benefit of the product or service lies. Marketers should also provide clear direction as to where in the product or product life cycle the environmental benefit lies.
- (c) Be specific about environmental benefits and provide definition clarity. Creative marketers have developed a wide array of terms to describe the environmental impact of their products. Even when government regulations specify the requirements necessary for the use of each term, terms are nevertheless likely to remain confusing to the consumer.

(d) Environmental claims relating to disposability - compostable or recyclable, for example - should clearly disclose the general availability of the advertised option where the product is sold.

5.4 Pricing decisions

A price represents the value of an item or service for both the seller and the buyer (Evans and Berman, 1992:528). Price planning is a systematic decision-making by an enterprise regarding all aspects of pricing (Evans and Berman, 1992:528).

From a broader perspective, price is the mechanism for allocating goods and services among potential purchasers and for ensuring competition among sellers in the open market economy. If there is an excess of demand over supply, prices are usually bid up by consumers. If there is an excess of supply over demand, prices are usually reduced by sellers (Evans and Berman, 1992:528).

5.4.1 Selecting the pricing objective

An enterprise should decide what it intends to accomplish with a particular product. The enterprise needs to select its target market and market position with care so that the marketing-mix strategy, including price, will be effective in reaching that market (Kotler, 1991:476).

In conjunction with an enterprise's marketing-mix strategy, six major business objectives can be pursued through its pricing. These objectives are (Kotler, 1991:476-478):

- (a) **Survival.** In order to survive an enterprise can set its price so as to cover variable costs and some fixed costs. Here, profits are less important than survival. However, survival is only a short-run objective because in the long-run, an enterprise must find a way in which to add value in the market or face extinction.
- (b) **Maximum current profit.** Many companies wish to set a price that will maximise current profits. These enterprises estimate the demand and costs associated with alternative prices and choose the price that will produce the maximum current profit, cash flow or rate of return on investment.

- (c) **Maximum current revenue.** Some enterprises will set a price that will maximise sales revenue. When the cost function is difficult to estimate because of joint or indirect costs, revenue maximisation requires only estimating the demand function. Many managers believe that revenue maximisation will lead to profit maximisation and market-share growth in the long run.
- (d) **Maximum sales growth.** Companies who want to achieve maximum sales growth believe that higher sales volumes will lead to lower unit costs and higher long-run profits. They set the lowest price, assuming that the market is price sensitive. This is called market penetration. The following conditions favour a low price: (1) the market is highly price sensitive and a low price stimulates more market growth; (2) production and distribution costs fall with accumulated production experience; and (3) a low price discourages actual and potential competition.
- (e) **Maximum market skimming.** The company sets a price which it estimates to be the highest price it can charge given the comparative benefits of its new product versus the available substitutes. This price is just worthwhile for some segments of the market to adopt the new product. Every time sales slow down, the price is lowered to draw in the next price-sensitive layer of customers. Market skimming makes sense under the following conditions, (1) a sufficient number of buyers have a high current demand; (2) the unit costs of producing a small volume are not so much higher that they cancel the advantage of charging what the traffic will bear; (3) the high initial price will not attract more competition; and (4) the high price supports the image of a superior product.
- (f) **Product-quality leadership.** An enterprise might aim to be the product-quality leader in the market. The price charged will be high to cover the high product quality and high research and development costs.

5.4.2 Factors effecting pricing decisions

Before an enterprise develops a pricing strategy, it should analyse the outside factors effecting decisions. Sometimes outside elements can greatly influence the enterprise's ability to set prices; in other instances, they have little impact (Evans and Berman, 1992:533). The following are some of the major factors effecting price decisions (Evans and Berman 1992:533-546):

- (a) **Consumers.** It is essential for the company personnel involved with pricing decisions to understand the relationship between price and consumer purchases and

perceptions. This relationship is explained by two economic principles, the law of demand and price elasticity of demand, and market segmentation. The law of demand states that consumers usually purchase more units at a low price than a high price. The price elasticity of demand shows the sensitivity of buyers to price changes in terms of the quantities they will purchase.

(b) **Costs.** The costs of raw materials supplies, labour, advertising, transportation and other items are frequently beyond the control of an organisation. Yet, these costs have a great influence on organisation prices.

(c) **Government.** Government actions relating to pricing can be performed in a number of ways.

(i) **Price fixing.** The government can place limitations and vertical price fixing. Horizontal price fixing results from agreements among manufacturers, among wholesalers or among retailers to set prices at a given stage in a channel of distribution. Vertical price fixing occurs when manufacturers or wholesalers are able to control the final selling prices of these goods or services.

(ii) **Price discrimination.** Government can prohibit manufacturers and wholesalers from price discrimination in dealing with different channel members purchases of products of "similar quality", if the effect of such discrimination is to injure competition.

(iii) **Minimum prices.** Government could enact law that prevents retailers from selling merchandise for less than the cost of the product plus a fixed percentage that includes overheads and profit.

(iv) **Unit pricing.** The lack of uniformity and consistency in package sizes can lead to unit-pricing legislation. Unit pricing enables consumers to compare prices per quantity for competing brands and for various sizes of the same brand.

(v) **Price advertising.** Price advertising guidelines can specify standards of permissible conduct in price advertising.

(d) **Channel members.** Generally, each channel member seeks to play a significant role in setting prices so as to generate sales volume, obtain adequate profit margins, ensure repeat purchases and meet specific goals.

(e) **Competition.** This is another factor contributing to the amount of control an enterprise has over prices in the competitive environment within which the enterprise operates. A market-controlled price environment has a high level of competition between similar products and little control over price by individual enterprises. A

company-controlled price environment has a moderate level of competition, well-differentiated products and strong control over price by individual companies. In a government-controlled price environment, the government sets or influences price. Some competitive actions may result in price wars.

5.4.3 Pricing strategies

A price strategy may be cost-, demand-, and/or competition based (Evans and Berman, 1992:558). With a cost-based price strategy, an enterprise sets prices by computing merchandise service and overhead costs and then adding a desired profit to those figures. Cost-based pricing is often used by companies whose goals are stated in terms of profit or return on investment. A price floor is the lowest acceptable price the company can charge and attain its profit levels (Evans and Berman, 1992:558). In demand-based strategy, a firm sets prices after researching consumer desires and asserting the range of prices acceptable to the target market. These companies identify a price ceiling, which is the maximum amount consumers will pay for a good or service (Evans and Berman, 1992:558). Under a competition-based price strategy, the enterprise sets prices in relation to competition. These prices may be at market, below or above market depending on consumer loyalty, the service provided, image, real or perceived differences among brands and retailers and the competitive environment. Elements of all three approaches should be combined when enacting a price strategy as they do not operate independently of one another (Evans and Berman, 1992:558-559).

5.4.4 Environmental pricing

There appears to be contradictory results of surveys with regards to the amount consumers are willing to pay for environmental products. A Roper poll found that consumers would pay 6.6 percent more for environmental products, but a recent Wall Street Journal article stated consumers may not be so willing to pay more for environmental products (Wasik, 1992:16). Further, the Socio-Economic Research Institute of America simply implies that all polls linking consumer spending to the environment are wrong (Wasik, 1992:16).

Possibly one of the reasons why the environmental movement is stalling is largely due to the recession; when times are tough, consumers are unable to purchase what they would like (Wasik, 1992:16). Magrath (1992:31) echoes these sentiments by stating

that marketers should not expect a price premium for new eco-friendly products. Even though polls suggest that consumers are willing to pay more for environmental products, there is a gap between consumer intent and consumer action (Hume, 1991:4). Hume (1991:4) feels that product attributes such as price and convenience still dominate.

Many companies have acted on consumer interest not on consumer willingness to pay more for environmental products. Consumers want to act in an environmentally responsible way without sacrifice to their pockets and product performance (Hume, 1991:4). Hume (1991:4) adds that environmental products should be priced competitively.

5.4.4.1 Demand factors

The price set for environmental products should reflect demand factors as well as short-term cost changes. The marketer needs to evaluate how much of a premium (if any) the consumer is willing to pay for improved environmental performance (Peattie, 1992:250). The marketer can examine the following factors to determine if and what premium consumers are willing to pay (Peattie, 1992:250-251):

- (a) **The nature of the product** and level of differentiation in the market.
- (b) **The credibility of the company** as an environmentally responsible producer.
- (c) **The profile of environmental issues** which the product is linked to.
- (d) **The perceived value of environmental products.** This can pose a problem for marketers if an environmental product will have a lower perceived value than a traditional alternative, such as environmental detergents which do not contain foaming agents, optical brightness and perfumes found in conventional detergents. The absence of bubbles and perfumes can influence consumer perceptions of the level of cleaning performance.
- (e) **The nature of the consumer.** Consumers differ in their environmental price sensitivity. A key factor is how informed the consumer is on environmental issues. This suggests that an environmental premium pricing strategy should be linked to informing and educating the consumer.

5.5 Distribution decisions

Managers should also make decisions regarding distribution; making products available in the right quantities and locations when consumers want them (McCarthy and Perreault, 1991:218). A product cannot reach its target if the distribution of that product is not carefully planned and carried out (Schoell and Gultinan, 1988:356). Distribution planning is a systematic decision-making process regarding the physical movement of goods and services from producer to consumer as well as the related transfer of ownership (or rental) of them (Evans and Berman, 1992:238).

Distribution decisions are an important part of strategy planning. The choice of channel of distribution and physical distribution decisions are important aspects of distribution planning (McCarthy and Perreault, 1991:218).

5.5.1 Channels of distribution

A channel of distribution is the set of independent organisations involved in the process of making a product or service available for consumption or use by consumers or industrial users (Boyd and Walker, 1990:500).

5.5.1.1 Functions of a distribution channel

Distribution channels serve to (Schoell and Gultinan, 1988:359-361):

- (a) **Create utility.** Channel members bring suppliers and buyers together by creating place, time and possessions utility. They bridge the distance, time and possession gaps between producers and consumers.
- (b) **Improve exchange efficiency.** The use of an intermediary can improve exchange efficiency by reducing the number of transactions between producers and consumers. The presence of an intermediary decreases the number of contacts between producers and consumers.
- (c) **Matching supply and demand.** Channels concentrate and disperse products in response to effective demand. They help in the process of matching supply and demand by means of quantity discrepancy and assortment discrepancy.

5.5.1.2 Channel systems

Marketing managers need to choose among direct and indirect channel systems. A channel consisting of only a producer and final consumer, with no intermediary providing assistance, is called direct distribution (Stanton, et al., 1992:333). A channel consisting of producer, final consumer and at least one level of intermediaries represents indirect distribution (Stanton, et al., 1992:333).

Indirect channel systems are often more economical for some products than a direct system. Indirect systems can consist of the following forms (McCarthy and Perreault, 1991:222-223):

- (a) **Traditional channel systems.** The various channel members make little or no effort to cooperate, they merely buy and sell from one another. The objectives of these members may differ but the traditional channel members have their independence.
- (b) **Vertical marketing systems.** These systems are the ones in which the whole channel focuses on the same target market at the end of the channel. Three types of vertical marketing systems exist:
 - (1) **Corporate** - Some enterprises develop their own vertical marketing system by internal expansions and/or vertical integration, which is the acquiring of businesses at different levels of channel activity.
 - (2) **Administered channel system** - Channel members agree to cooperate with one another and they can agree to routinise ordering, standardise accounting and coordinate promotional efforts.
 - (3) **Contractual channel systems** - Channel members agree to cooperate with one another by contract.

With the administered and contractual channel systems members achieve some of the advantages of corporate integration while retaining some of the flexibility of a traditional system.

5.5.1.3 Channel members

Those participating in the distribution process are known as channel members and may include manufacturers, service providers, wholesalers, retailers, marketing specialists and/or consumers (Evans and Berman, 1992:358). An intermediary is a person or

enterprise that operates between manufacturers/service providers and the final buyer of a product (Schoell and Gultinan, 1988:357).

5.5.1.4 Levels of distribution

As some products require less market exposure than others, the ideal market exposure makes a product available widely enough to satisfy customers' needs but not exceed them. Too much exposure only serves to increase the total cost of marketing (McCarthy and Perreault, 1991:224). The company should decide at what level distribution is required in a particular geographic area (Stanton, et al., 1992:340). The manager may choose from:

- (a) **Intensive distribution.** Intensive distribution is the selling of a product through all responsible and suitable wholesalers or retailers who will stock or sell the product (McCarthy and Perreault, 1991:224).
- (b) **Selective distribution.** Distribution in a geographic area restricted to intermediaries on the basis of their performance capability is called selective distribution (Schoell and Gultinan, 1988:372).
- (c) **Exclusive distribution.** This is when a limited number of dealers are granted exclusive rights to distribute the company's products in their respective geographic areas (Kotler, 1991:516).

5.5.2 Physical distribution

Physical distribution decisions are required to assure that, in conjunction with the choice of a distribution channel, products are available at the right time and in the right quantity (McCarthy and Perreault, 1991:229). Physical distribution is the transporting and storing of goods to match target customer's needs, both within individual firms and along a channel of distribution (McCarthy and Perreault, 1991:218). Physical distribution and a channel system should be coordinated as one system which should seek to minimise the cost of distribution for a given customer service level (McCarthy and Perreault, 1991:235).

5.5.2.1 Importance of physical distribution

The strategic use of business logistics may enable a company to strengthen its market position by providing more customer satisfaction and by reducing operating costs (Stanton, et al, 1992:402). Schoell and Guiltinan (1988:449) see the basic objective of physical distribution management as minimising total distribution costs through efficiency while providing a predetermined level of customer service. Physical distribution also interacts with every aspect of marketing and other functional areas so that careful decisions should be taken to integrate and coordinate physical distribution strategy (Evans and Berman, 1992:355).

5.5.2.2 Transportation modes

Transportation is the marketing function of moving goods. It provides time and place utilities and adds value to products. The value added to products by moving them must be greater than the cost of the transportation, otherwise there is little reason to move the products in the first place (McCarthy and Perreault, 1991:231).

Five modes of transport are available to the manager, each of which have particular advantages and disadvantages with reference to speed, cost, size and distance as well as other aspects. These modes of transport are rail, water, truck, pipeline and air (Kotler, 1991:562).

5.5.2.3 Storing

Storing is the marketing function of holding goods and provides time utility. Storing is necessary when production of goods does not match consumption. Storing allows producers and intermediaries to keep stocks at convenient locations ready to meet customer needs (McCarthy and Perreault, 1991:234).

Private warehouses are storing facilities owned or leased by enterprises for their own use, while public warehouses are independent storing facilities. An enterprise might choose a public warehouse if it does not have a regular need for space. A distribution centre is a special kind of warehouse designed to speed the flow of goods and avoid unnecessary storing costs (McCarthy and Perreault, 1991:234-235).

5.5.3 Environmental considerations in distribution

According to Peattie (1992:185) distribution has not been a major issue in environmental marketing to date. The ways in which distribution could contribute to the perceived environmental responsibility of products include the following (Peattie, 1992:185-186):

- (a) **Improved environmental performance of physical distribution.** This aspect includes the use of lead-free fuel (not available in South Africa as yet) and emission control devices in vehicles, using rail instead of road where possible and using larger more efficient vehicles.
- (b) **Reduced distribution wastage.** Physical movement of products typically leads to a certain amount of damage and wastage. The improvement in product handling and storage can reduce this wastage.
- (c) **Simplified supply chains.** All the steps in the supply chain involves the consumption of resources. Less resources will be used if the supply chain can be shortened. However, the environmental benefits in terms of reduced resource consumption have to be evaluated and balanced against the human consequences in terms of reduced employment.
- (d) **New channels.** In the distribution of an environmental product a supplier may use unusual supply chains. Some companies which could not initially compete through supermarkets, which were the stronghold of conventional brands, gained their initial foothold in the market by selling in small health food stores.

5.5.3.1 Reverse Channels

As environmental concerns continue to grow, reverse channels for recycling have emerged. Recycling services have become increasingly important, given the growth of waste materials and the high costs associated with their disposal (Boyd and Walker, 1990:516). The problem of disposing of waste materials is growing fast, resulting in more commercial solutions needing to be found (Boyd and Walker, 1990:516-517).

In addition to wholesalers and retailers, some specialised institutes now perform the marketing functions involved in recycling waste. On the whole, current reverse channels are primitive and financial incentives inadequate. In some way the consumer should be motivated to become a producer - the initiating force in the reverse

distribution process of waste management (Boyd and Walker, 1990:517). Winter (1988:90) terms these recycling systems as retrodistribution channels. The consumer can be motivated to respond positively by establishing recycling centres and providing advice at the point of distribution (Winter, 1988:90).

5.6 Promotion decisions

Promotion is any form of communication used to inform, persuade and/or remind people about an enterprise or individual's goods, service, image, ideas, community involvement or impact on society (Evans and Berman, 1992:432). Promotion planning is systematic decision making relating to all aspects of an enterprise or individual's communication efforts (Evans and Berman, 1992:432).

Promotion is a key factor of the marketing mix for a number of reasons. Consumers should be informed about new products and their attributes before they can develop a favourable attitude towards them. For products with a level of consumer awareness, the promotional thrust is on persuasion. For products that are well-entrenched, emphasis would be on reminder promotion reinforcing existing consumer beliefs (Evans and Berman, 1992:432).

5.6.1 Types of promotion

Four basic types of promotion exist:

- (a) **Advertising.** Advertising consists of all activities involved in presenting to a group a non-personal, sponsor-identified message regarding a product or organisation (Stanton, et al., 1992:473).
- (b) **Publicity.** Publicity is a form of non-personal communication regarding goods, service, organisations, people, places and ideas that is transmitted through various media but not by an identified sponsor (Evans and Berman, 1992:434).
- (c) **Personal selling** Personal selling is the personal communication of information to persuade a prospective customer to buy a product, service, idea or anything else (Stanton, et al., 1992:450).
- (d) **Sales promotion.** Sales promotion are those promotional activities (other than advertising, personal selling and publicity) that are intended to stimulate consumer

demand and to improve the marketing performance of sellers (Stanton, et al., 1992:486).

5.6.2 Effective communication

To ensure effective communication, a manager should follow the following steps in developing a total communication and promotion programme (Kotler, 1991:570-592):

- (1) **Identify the target audience.** The target audience and its characteristics, including the image it carries of its products, should be clearly identified.
- (2) **Determine the communication objectives.** The communication objective should be defined, whether it is to create awareness, knowledge, liking, preference, conviction or purchase.
- (3) **Design the message.** Having defined the desired audience response, the communicator moves to developing an effective message containing an effective content, structure, format and source.
- (4) **Select the communication channel(s).** The choice should be made between two broad types of channel communication, personal and non-personal.
- (5) **Establish the total promotion budget** (see section 3.6.2.1).
- (6) **Decide on the promotion mix** (see section 3.6.2.2).
- (7) **Measure promotion results.** The results of the promotion should be measured in terms of the degree in which the market becomes aware of and uses the product.
- (8) **Manage and coordinate** the total marketing communication process. This is essential to ensure consistency, good timing and cost-effectiveness.

5.6.2.1 Budgeting

Six approaches exist that organisations can take in setting the total promotion budget:

- (a) **Percentage-of-sales method** - an enterprise may relate the budget in a certain way to company income (Stanton, et al., 1992:442).
- (b) **Use of available funds** - an enterprise allocates funds for every element of marketing and what remains is placed in promotion (Evans and Berman, 1992:449).

- (c) **Incremental technique** - a company bases the new budget on previous expenditure (Evans and Berman, 1992:449).
- (d) **Competitive parity technique** - an enterprise's budget is raised or lowered according to the actions of competitors (Evans and Berman, 1992:449).
- (e) **Task or objective method** - the tasks of the promotional programme are determined and then it is determined what they will cost (Stanton, et al., 1992:443).
- (f) **Arbitrary amount** - an amount is decided upon which the marketer has to utilise in his promotional programme (Schoell and Gultinan, 1988:504).

5.6.2.2 The promotion mix

An enterprise needs to determine its promotional mix. This is the company's overall and specific communication programme, including its involvement with advertising, publicity, personal selling and/or sales promotions (Evans and Berman, 1992:451). Enterprises often choose among promotion elements on the basis of the relative costs of reaching each intended receiver (Schoell and Gultinan, 1988:496). It is important to remember that each promotion element serves a different function and these therefore complement each other. The aforementioned are the promotional tools that help an organisation to achieve its marketing objectives (Stanton, et al., 1992:429).

5.6.3 Environmental marketing promotion

Environmental marketing promotion can assist in positioning the product in the consumer's mind. Some elements of environmental marketing promotion are discussed in the following sections.

5.6.3.1 Advertising

Peattie (1992:199-200) proposes five steps when developing an environmental advertising campaign, which he terms the "five M's":

- (1) **Mission.** The objectives of the environmental advertising campaign should be decided on. Possible objectives include:
 - informing consumers about new environmental products or explaining the environmental benefits of existing products;

- reminding consumers about the environmental track record of the company and its products; and
 - persuading consumers that the enterprise's products have an environmental performance advantage over the competition.
- (2) **Money.** Resources need to be allocated to the campaign. Environmental marketers should be cautious of extravagant spending on advertising which may attract criticism from environmentalist and consumer groups.
- (3) **Message.** To create a message which will have the desired effect on the target audience the environmental marketer should put the advertisement's information into a suitable format and style. A total environmental message can come in several different formats:
- **Technically credible environmental message.** A message may use scientific evidence or stress the enterprise's technical expertise and experience.
 - **Environmental testimonials.** A personality may be used to endorse the company and its products.
 - **Environmental lifestyles.** An environmental product may be portrayed as being consonant with a particular lifestyle which matches the real or desired lifestyle of the target audience.
 - **Environmental benefits.** An environmental product may be portrayed as a conventional product but also having added environmental benefits.
 - **Environmental mood messages.** Without maintaining an overtly environmental image, an image can imply environmental values of naturalness and wholesomeness for a product through particular images.
 - **Environmental personality symbols.** Animated or real characters can be created to personify an environmental product, organisation or concept.
- (4) **Media.** The media that is chosen needs to ensure that the message reaches and influences the target market. The use of different media will vary the message's cost effectiveness, target audience coverage, frequency of exposure and impact. A message placed in an environmental periodical may reach a small audience containing a high proportion of the target audience and have a high impact.
- (5) **Measurement.** Advertising research is needed to evaluate an advertising campaign's effectiveness and to make adjustments where needed.

5.6.3.2 Environmental advertising appeals

Advertisements generally have a theme within their message which is designed to appeal to the target audience. Three basic themes are (Peattie, 1992:201-202):

- (a) **Rational appeals.** These appeals aim at the consumer's self-interest by stressing the value or performance of the product. For an environmental advertising theme a rational appeal might stress the cost savings of environmental products which use less resources than conventional products.
- (b) **Emotional appeals.** These aim to create an emotional response in consumers which will motivate them to purchase. Environmental advertisements might stress the dangers of environmental degradation.
- (c) **Moral appeals.** These aim at people's sense of right and wrong. This is a popular target since many consumers respond to environmental issues on a moral basis, rather than in terms of emotion and self-interest.

5.6.3.3 Guidelines to environmental advertising

The following guidelines have been developed by an advertising agency, TBWA (Ten rules for green advertising, 1990:98), for environmental advertising:

- (a) **Target the correct audience.** Target women (predominantly housewives followed by working women) and children. The issue of target audience needs to be carefully researched in South Africa.
- (b) **Assume a gentle approach.** The market is changing rapidly and knowledge is constantly being updated. Consumers appear to be interested but a good deal of confusion and cynicism exists which the marketer would need to deal with.
- (c) **Be positive and reassuring.** Product's abilities to contribute to solving environmental problems should be advertised, rather than creating new fears.
- (d) **Promote self-interest, not social conscience,** as the key benefit. Consumers will only respond to issues if represented in a manner that directly effects the individual or the family.
- (e) **Keep the tone in line with the spirit of the environmental conscience.** This can be done by:
 - being credible,
 - treating the consumer as an intelligent human being,

- attempting to make the consumer feel part of the environmental movement, and
 - making the product accessible.
- (f) **Forget about factories.** Consumers often assume that production processes are covered by legislation.
- (g) **Go for quality.** Attempt to convey an overall sense of quality as it can be credibly communicated and also indicates that care has been taken.
- (h) **Be distinctive.** The message needs to be creatively distinctive.
- (i) **Do not merely attempt to ride the bandwagon** for the sake of it. Some brands cannot be sold from an environmental platform.
- (j) If the company decides to become environmentally oriented, **it should be done without hesitation.** Often the first entrant into a market becomes the brand leader.

5.6.3.4 Publicity

As environmental marketing involves selling the consumer the whole company rather than the products, public relations and corporate image campaigns have assumed a new importance (Peattie, 1992:204). Coddington (1993:214) sees the best approach to publicity as "sustainable communications", that is communications that are so designed as to foster a long-term relationship of trust between a company and its various constituencies.

5.6.3.5 Environmental publicity targets

The parties which an environmental publicity message may aim to influence can include the following (Peattie, 1992:204):

- (a) Customers.
- (b) Opinion formers, such as environmental pressure groups or consultants.
- (c) Legislation bodies, through lobbying at a national and international level.
- (d) Regulatory bodies, such as planning authorities.
- (e) Internal customers, including workers, managers and shareholders.

5.6.3.6 Codes of conduct

The adoption of an environmental code of conduct or a corporate environmental policy can help to communicate internally and externally that the enterprise is committed to an environmental orientation. There are various types of codes which companies can be involved with (Peattie, 1992:206-207):

- (a) **Internally generated codes.** Many companies have developed and published their own codes.
- (b) **Generic codes.** The company may adopt a generic code of conduct such as the Valdez Principles (see appendix C).
- (c) **Industry sponsored codes.**
- (d) **Government sponsored codes.**
- (e) **Environmental group sponsored codes.**

5.6.3.7 Publicity events and actions

Beneficial environmental publicity can be generated and communicated by relying on existing environmental performance. Alternatively, specific events can be organised, or internal changes made with the aim of creating beneficial environmental publicity (Peattie, 1992:207-209):

- (a) **Openness and information.** Openness and participation are two key themes of an environmental philosophy and enterprises can generate a great deal of beneficial publicity simply by being open.
- (b) **Environmental sponsorship.** Enterprises can generate publicity sponsoring environmentally-orientated activities.
- (c) **Charitable donations.** Environmentally related charitable donations and link-ups are increasingly been used as a part of a publicity strategy. Donations can come in the form of equipment or services rather than money.
- (d) **Publicity events.** The traditional events, such as launches and sponsorships, can all be developed into newsworthy events with an environmental theme.
- (e) **Environmental partnerships.** Charities are increasingly entering into mutually beneficial partnership deals. Coddington (1993:188) terms these partnerships strategic alliances but does not only limit them to charities and includes environmental groups,

government agencies, retailers, media, trade associations, academic institutions and other companies.

(f) **Winning environmental awards.**

(g) **Emphasising internal environmental improvements and initiatives.** Positive publicity can be generated by emphasising environmental improvements and initiatives, such as undertaking environmental audits and adopting internal environmental policies.

5.6.3.8 Internal publicity

The internal market is an important one for the company's environmental message. The effects can be beneficial in terms of an improved corporate image among employees and improved morale, staff retention and recruitment prospects (Peattie, 1992:210).

5.6.3.9 Selling and sales promotion

The salesforce is a key channel of communication with customers. To develop a successful environmental marketing strategy, the salesforce need to be able to answer the questions customers might have concerning environmental performance. The salesforce also need to know the right questions to ask customers, to evaluate their likely interest in becoming environmentally oriented now and in the future (Peattie, 1992:212).

5.6.3.10 Sales promotions

Sales promotions can be a cost effective way for companies to put an environmental message across. They can be particularly useful as an alternative in raising awareness of and encouraging trial of new environmental products (Peattie, 1992:212). Examples include free trials and samples, competitions, gifts, product warranties and point of sales promotions (Peattie, 1992:212-213). Environmental promotion objectives include (Coddington, 1993:210-211):

- (a) awareness and trial of a new product's environmental attributes;
- (b) conversion from an environmentally insensitive product to an environmentally responsible product; and

- (c) cultivating brand loyalty based on the manufacturer's commitment to protect the environment.

5.6.3.11 Developing credibility

The aim of all forms of environmental marketing communication is to develop credibility for the company and its products. However well designed and executed, credibility may not be developed if (Peattie, 1992:113):

- (a) The company is perceived as having little direct contact with the environment.
- (b) The company has a poor track record on environmental and social responsibility issues.
- (c) The company develops environmental messages which are perceived as false, misleading, meaningless or confusing.
- (d) The environmental performance of the company or its products fail to live up to the promise of their marketing message.
- (e) The company is perceived as inconsistent in its environmental performance.

5.7 Organisational and staffing issues

A relative lack of information exists regarding organisational and staffing issues of an environmental marketing approach. Some insight of these issues can be obtained from examining literature relating to environmental management, as the basis for action is similar. Examples of such sources include Hooper and Rocca (1991:26-30), Hunt and Auster (1990:14-18), Friedman (1992:25-28) and Louw (1992:32-34). The remainder of this section serves to describe some of the aspects that should be considered.

To effectively implement an environmental marketing strategy an appropriate marketing structure is needed. As with environmental management there is no "model" organisational design that works best for all environmental marketing programmes (Hunt and Auster, 1990:14). Decisions that need to be made include aspects such as the degree of centralisation, the level of integration into existing structures, reporting lines and of particular importance are networking lines within the department, enterprise industry and external stakeholders.

Hunt and Auster (1990:10-13) suggest that the form an organisation will take depends on the degree of importance an enterprise attaches to environmental considerations. In what they term "the beginner" organisation, environmental considerations are merely allocated to an existing manager as additional responsibilities. In contrast, stage 5 on the continuum of development, the "proactivist" organisation finds environmental management to be one of the top priorities of the enterprise. The environmental department is therefore staffed with strong, motivating, high-profile individuals who take the concept of environmental management beyond policing and prevention. Employee training and awareness programmes extend across all levels and are taken seriously by other divisions and business units. Requirements and goals are clear and systems that facilitate these goals are built into each area. There is a strong link between the environmental function and upper-level management, through direct reporting relationships, periodic meetings or informal meetings (Hunt and Auster, 1990:11-12).

The author contends that a similar process could exist in the marketing organisation. As environmental marketing considerations become more important and are seen by senior management as increasingly more valuable to the enterprise, so too will the levels of priority, integration, formality, responsibility and authority become clearer.

As the environmental marketing organisation develops, various staffing decisions should be made. Depending on the level of priority setting, environmental marketing may be the responsibility of an individual in the organisation. However, as the organisation develops, or a higher priority is placed on environmental marketing, more personnel will need to be trained, possibly even hiring environmental marketing talent or making use of consultants on a regular or project basis. This training will need to become formalised at a certain stage to include marketing personnel, such as sales and publicity persons, and nonmarketing personnel, such as manufacturing and research and development personnel. It is necessary to have adequate, well trained personnel to project a credible environmental image from all aspects of the enterprise.

5.8 Summary

This chapter describes some of the practical decision making areas of marketing management and emphasises the environmental consideration in each of these areas. The decision-making processes of market segmentation, market targeting and

positioning are relevant to environmental marketers. Marketers can follow the same processes to ensure they understand the buying behaviour of the target market(s) and the attributes which customers are looking for, so that an effective market positioning programme may be developed by the marketer through which consumer needs are satisfied and organisational objectives met.

Environmental product management decisions take on the added dimension of including product life cycle considerations in development and marketing. Sourcing, manufacturing and disposal of raw materials are elements that now effect product management decisions. Decisions regarding naming and branding should be evaluated on the basis of their contribution to the environmental marketing programme. Packaging decisions are of importance as it is an area of visibility and environmental concern. Recyclability, reuse, reduction and degradability are methods in which packaging can add to the environmental image of a product.

Pricing decisions are difficult as there appears to be conflicting results from conducted research. It appears that a price premium for environmental goods is no longer valid unless the premium can be logically explained. There is a definite gap in people saying they would buy an environmental product at a premium and the economic reality.

Distribution decisions have not formed a large part of the environmental movement and this perhaps indicates a possibility for favourable marketing opportunities. Promotion decisions greatly affect the environmental marketing effort. It is necessary to note that the promotional tools of advertising, publicity, personal selling and sales promotions must be consistent and integrated with each other.

It is necessary for the marketing organisation to be structured and staffed in such a manner that an environmental programme can be effectively and credibly implemented. Environmental organisational development should be considered and monitored so that the environmental marketing function is able to adapt and grow with changing conditions.

Chapter 6

Findings of an empirical investigation of the present understanding and application of environmental marketing by large enterprises in the Western Cape.

6.1 Introduction

This chapter describes how selected large enterprises, in various industry sectors of the Western Cape region of South Africa, understand the concept of environmental marketing and how these enterprises apply environmental marketing in their organizations. This information was obtained by means of an empirical investigation through personal interviews with senior managers of these organizations. These interviews were conducted by means of a structured questionnaire based on the previous chapters. (See Appendix B for an example of the questionnaire). A pretest of the questionnaire was conducted with 2 respondents. The questionnaire was modified as a result of these interviews. A total of 30 respondents were selected by means of stratified judgemental sampling. These organisations are classified into 12 different groupings, namely: mining activities, energy, retailing, food, beverages, financial services, textiles, paper and packaging, printing and publishing, petrochemical, transportation and engineering services. The categories are of unequal magnitude due to the method of selection. The composition of the sample drawn is shown in Appendix A.

To facilitate the analysis of the questionnaire the chapter is divided into five main sections. The first section deals with the general environmental orientation of the organisation, the second with general aspects of environmental marketing, the third with environmental marketing information and the environmentally conscious consumer, the fourth section with managerial decision-making areas in environmental marketing and the fifth section deals with future developments in environmental marketing. The chapter is closed with a summary of the main findings of the empirical investigation.

6.2 General environmental orientation

A commitment to environmental marketing should be backed by a commitment from the organisation, especially senior management, to the environment and environmental issues. Coddington (1993:3) states that a commitment to total quality environmental management should be in place before an environmental marketing programme is launched. A method of observing such a commitment is the formulation of environmental mission statements, policies and strategies. Table 6.1 indicates the number of companies in the survey with such commitments.

Table 6.1 Organisations with environmental mission statements, policies and strategies.

Industry sector	Environmental			Total
	Mission	Policies	Strategies	
Mining activities	1	1	1	2
Energy	1	1	1	1
Retailing	1	2	2	3
Food	1			3
Beverages	2	1	2	2
Financial services	1	1		3
Textiles		2	1	2
Paper & Packaging	2	2	2	4
Printing & Publishing		1	1	2
Petrochemical	3	3	3	3
Transportation	2	1	2	4
Engineering services		1		
Total	14	16	15	30
%	46.7	53.3	50.0	100

From the above table it can be seen that 46.7% of the companies from the various industry sectors have some form of an environmental mission statement, 53.3% have some form of environmental policies and 50% some form of environmental strategies. It should be noted that few companies have specific environmental mission statements but the environment is integrated into the overall mission statement. A number of companies mentioned that although they have no formalised environmental mission

statements, policies and strategies, environmental management is regarded as a general business ethic. In many cases the environmental policies of companies fall within the existing category of Health, Safety and Environmental (HSE) policies. Of all the sectors surveyed, in only one sector (Petrochemicals) did all the organisations have some form of environmental mission statements, policies and strategies. The relative lack of formalised environmental mission statements, policies and strategies, on which effective environmental management would be based, may be considered as a serious limitation in any organisation's environmental marketing efforts.

Table 6.2 portrays the priority placed on the environment and environmental issues by the organisations in the survey.

Table 6.2 Priority placed on the environment and environmental issues.

Industry sector	Priority				Total
	None	Low	Medium	High	
Mining activities				2	2
Energy				1	1
Retailing		1	1	1	3
Food		1		2	3
Beverages				2	2
Financial services		2	1		3
Textiles			1	1	2
Paper & Packaging			1	3	4
Printing & Publishing			1	1	2
Petrochemical				3	3
Transportation		1		3	4
Engineering services				1	1
Total	0	5	5	20	30
%	0	16.7	16.7	66.6	100

The results of Table 6.2 indicate that 16.7% of the organisations place a low priority on the environment and environmental issues, 16.7% a medium priority and 66.6% a high priority. None of the organisations placed no priority on the environment and environmental issues. There appears to be a general pattern of concurrence between companies in industry sectors of priority placed on the environment, except the retailing, food manufacturing and transportation sectors. Sectors which place a similar

priority on the environment are the mining activities, energy, beverages and engineering services. It should be noted that the energy and engineering services sectors have only one respondent each in that sector.

The group of companies (16.7%) which places their priority on the environment and environmental issues in the low category, do so for some of the following reasons:

- the area of operations of the organisation are such that the environment and environmental issues are not relevant;
- the type of industry is not an environmentally unfriendly industry;
- due to economic size and financial considerations the organisation is not able to invest in the environment;
- no direct link is seen between the organisation and the environment; and
- the company is a totally decentralised group with each business unit responsible for its own environmental activities.

The group of companies (16.7%) which places the environment and environmental issues in the medium category do so for some of the following reasons:

- the environment is also being considered and taken care of when an organisation places a high priority on quality;
- there is a need to ensure manufacturing procedures are performed in an environmentally friendly manner, due to scrutiny by the public;
- the environment is taken into consideration in a sub-conscious way;
- the organisation is attuned to environmental needs in the area of operation;
- the company is an older company and is not as environmentally sensitive as younger companies would be as their business ethics are built on different pillars; and
- the organisation assists with environmental issues rather than being a champion of specific issues.

The majority of companies (66.6%) indicated that the environment and environmental issues enjoy a high priority consideration, are due to some of the following reasons:

- recognition and compliance with all environmental regulations;
- a commitment to move beyond legislation with rehabilitation efforts;

- due to the nature of the business there is a need to be environmentally sensitive;
- uncertainty of the present government's intentions with the Reconstruction and Development Programme (RDP) and restructuring on a basis of monopolies;
- highly visible pollution created in the production process;
- a board level decision to integrate environmental considerations into all aspects of business activities;
- pressure groups have a concentrated focus on the company because of the area of operations and previous controversial projects;
- corporate requirements and legal responsibilities;
- an essential service in the protection of the environment;
- the risk of exposure of a poor environmental commitment and avoidance of negative publicity;
- the majority of the organisation's market is the European market with high environmental requirements and environmental consumer pressure;
- creation of an environmental post at corporate level to be responsible for environmental issues in all business activities;
- the emerging importance of first world value standards and the need to conform to international standards;
- the possible implications of environmental mismanagement and the ramifications of an environmental disaster;
- the previous background image of the organisation;
- the product is essential but environmentally unfriendly therefore environmental considerations are a priority;
- the company has initiated a world class philosophy programme; and
- the need to protect clients from negative environmental publicity and possible problems.

The companies which place a high priority on the environment and environmental issues could be grouped into six possible categories, although some of these companies may fall into one or more of these categories. These categories are:

- a) **Compliers** - those companies which seek to comply with environmental legislation.
- b) **Reactors** - those companies which react to environmental threats.
- c) **Defenders** - companies which defend environmental onslaughts when pressured to do so.

- d) **Recoverers** - those companies that are now environmentally responsible due to a previous negative environmental encounter. These companies may become activists or moderates.
- e) **Activists** - companies where the environment is considered in all activities and the company actively promotes all environmental activities and efforts. Activists often arise due to a decision by senior management.
- f) **Moderates** - those companies with good environmental awareness and projects, but do not openly publicise this fact.

6.3 Environmental marketing: General aspects

The following sub-sections deal with various general aspects of environmental marketing.

6.3.1 Definition of environmental marketing

Environmental marketing is a relatively new concept with no generally accepted definition. An analysis of the descriptions of environmental marketing by organisations in the various industry sectors, indicates that there is no general consensus to the meaning of environmental marketing. Six (20%) of the respondents were not able to provide any form of a description of environmental marketing. Three of these organisations indicated that it is not necessary to define environmental marketing as it should be included as part of the marketing mix and environmental awareness should be considered throughout the activities of the organisation. Four (13.3%) of the respondents mentioned that environmental marketing could be viewed from two perspectives, although none of these couplings by an organisation agreed with that of another. Two of the organisations in the financial sector indicated that a competitor (Nedbank) could be considered an example of how environmental marketing should be practised, with only one of these organisations attempting to describe environmental marketing. The remaining twenty organisations (66.7%) provided definitions covering a broad range of issues and concepts, although few respondents were able to offer a description without contemplating the issue first.

The following descriptions of environmental marketing are some of those offered by the organisations in the survey and are grouped per industry sector.

- Mining activities

Environmental marketing is (a) consumer products produced in an environmentally friendly manner and (b) the marketing of the environment, i.e. the unique and natural features of the physical environment.

Environmental marketing is the implementation of your environmental impact strategy which includes involving interested parties and keeping them involved.

- Energy

An environmental marketing programme should be environmentally friendly and linked with the environment.

- Retailing

Environmental marketing should be an holistic, credible and sustained campaign in which real life issues (e.g. drug abuse), social issues and ecological issues are promoted.

- Food

Environmental marketing is an holistic approach from consumer, supplier to physical environment (a general business ethic) in which a safe product can be offered to the consumer.

Environmental marketing is the production of fruit through organic means.

Environmental marketing is marketing of what an organisation is doing to show environmental responsibility.

- Beverages

Environmental marketing is using your strengths as a green manufacturer with processes to communicate this to consumers.

Environmental marketing is (a) a product life cycle approach and (b) image projection where it is seen to be good to buy a product that is environmentally friendly.

- Financial services

Environmental marketing is the making available of information about the environment and environmental activities and also the conservation of the environment.

Environmental marketing is using wildlife and green aspects to enhance corporate strategy.

- Textiles

Environmental marketing is promoting and marketing products with a clear conscience that it is done in an environmentally friendly manner.

Environmental marketing is an awareness of the impact of products on the environment.

- Paper & packaging

Environmental marketing is responding to consumer environmental needs in a way which enhances customer-company relations thereby benefiting customer, company and the environment.

Environmental marketing is making interested parties aware of environmental benefits if they are not known by those parties.

Environmental marketing is (a) the use of the environment to promote products and (b) anticipating where customers might have environmental problems by using a product and providing information so that these problems are not perceived in respect to your product.

- Printing & publishing

Environmental marketing can be seen as a commitment to the environment and environmental issues by being part of social responsibility programmes.

Environmental marketing is understanding the environment and one's own contribution to the environment remembering cost versus social and financial benefit. Further, the ability being able to turn an environmental negative into a commercial positive.

- Petrochemical

Environmental marketing is recognising impacts and signs of various environmental issues and structuring marketing and public relations programmes around these issues.

Environmental marketing is the practise of marketing in a respectable manner as far as the natural environment is concerned.

Environmental marketing is placing your products in such a way that an environmental threat can be seen as environmentally safe, and in which all precautions taken are communicated.

- Transportation

Environmental marketing is (a) making people aware of environmental issues and protection and (b) the marketing of the companies activities in terms of different messages to various stakeholders.

Environmental marketing is an awareness campaign of environmental issues through preservation and maintenance.

Environmental marketing is the marketing of the preservation (means and ways available) of the environment.

The above descriptions indicate that there is no generally accepted definition of environmental marketing by the respondents. A number of responses appear to be

descriptions of what that particular organisation is doing in the sphere of environmental marketing and not a description of environmental marketing. This may indicate that these organisations do not fully understand the concept of environmental marketing. Certain elements which show overlapping in a number of responses include the communication of information relating to a company's environmental activities, communication of environmental issues relating to the physical environment and the manufacture of products in an environmentally friendly manner. Some responses also link environmental marketing to the marketing of the physical environment, i.e. the features of the land.

The following description of environmental marketing is offered in addition to those in Chapter 3 (section 3.3). This description is based on those in section 3.3 and those in the sections above. Environmental marketing is marketing which is holistic, sustainable and credible and which leads to the preservation or enhancement of the marketing organisation, stakeholders, society and the environment.

6.3.2 Barriers to an environmental marketing orientation

In response to the existence of barriers in the development of an environmental marketing orientation, only two respondents (6.7%) indicated that there are no such barriers. Although one of these respondents mentioned that this was the case because that company does not do any form of environmental marketing and so therefore were not aware of any possible barriers. The majority of respondents (93.3%) indicated that certain barriers do exist. The results are tabulated in Table 6.3.

Table 6.3 Barriers to an environmental marketing orientation

Barrier	Responses	%
Cost	17	56.7
Technical barriers	4	13.3
Complexity and interrelatedness	1	3.3
Organisational barriers	4	13.3
Uncertainties about consumers	0	0.0
Timescales	2	6.7
Information shortages	0	0.0
Other	23	76.7

The results show that only two significant categories of barriers were mentioned by the respondents, namely the cost (56.7%) and the other (76.7%) categories. The various types of costs that were mentioned include financial, labour, time and resource costs. In the other category the barriers include the following: advertising barriers where products cannot be compared; the relative "easiness" of becoming involved in aspects of environmental marketing without making sure of that involvement, i.e. if that involvement is actually beneficial to the environment; policies against being involved in the marketing of environmental activities (as it can be seen as exploitation); the importance of investors expecting a return on their investments; environmental issues are seen to provide no direct return to stakeholders; the results of promotions need to be measured; the target market (affected communities) is small; consumers are not able to pay for environmental products; the perceptions of consumers and the general public; the environment is seen as a threat; companies are situated away from developed countries which results in a possible lack of adequate training and technology; various political barriers; the misconception that the environment costs money with no returns; pressure groups which work against companies even when sound principles are propagated; the level of understanding of various communities with the resulting need for different communication programmes for different communities; limited capacity to supply the market; lack of personnel; the ability to successfully communicate the significant issues to consumers; and then also that consumers themselves are a barrier as they are not sufficiently aware and often wish to pay the cheapest price regardless of the environmental benefits or lack of such benefits. One company also mentions that in the organisational barriers section, even though senior management is committed to the environment, middle management and the marketing division see environmental marketing as finite campaigns and not as sustainable campaigns.

It is important for the prospective environmental marketer to be aware of such barriers as mentioned in the section above and prepare plans in which any form of potential barrier can be successfully managed and negotiated.

6.3.3 Reasons leading to the adoption of environmental marketing principles

Often the reasons leading up to the adoption of environmental marketing principles can be important to the success of such efforts. In some cases, decisions taken from within

the organisation to become environmentally responsible without any form of external pressure to do so, can lead to a competitive advantage position and the avoidance of negative publicity. Table 6.4 tabulates the responses of the reasons that have lead or could lead to a company's adoption of environmental marketing principles.

Table 6.4 Reasons leading to an environmental marketing orientation

Reason	Yes responses	%
Legislation	11	36.7
Consumer pressure	7	22.3
Business pressure	4	13.3
International acceptability	6	20.0
New markets	5	16.7
Management	16	53.3
Pressure groups	5	16.7
Other	14	46.6

The results show that management decisions (53.3%) are the main reasons leading to the adoption of environmental marketing. This may indicate that the environmental drive in South African business is initiated by socially and environmentally concerned management and not necessarily due to external pressures. Two other categories which show above 30% importance are the legal and other categories. In the other category some of the responses include: an economic motive as it is cheaper to recycle than to use virgin material; the consequences of some form of environmental disaster; the company would follow suit if the parent company were to do so; all environmental issues are referred to a subsidiary involved in environmental marketing; if environmental issues could be linked in with community development; if the general public was more aware and realised the need for environmental protection; future government threats; the history of the company; cost (demand) side management; if the actions of the company were to have direct or indirect impacts on the environment; the organisation will never adopt such a policy as it is fundamental in all designs and activities and also that a more environmentally aware competitor could use it as a strength. In the business pressure category two of the respondents indicated that they were both reacting to the environmental requirements of clients. Companies should be aware that 5 respondents (16.7%) mentioned that pressure groups can, or did, lead to the adoption of environmental marketing principles. Companies should realise the

advantages of an early adoption of environmental marketing principles and not be forced to do so by pressure groups and/or legislation.

6.3.4 Use of guidelines or management tools in the management of environmental marketing

Often the use of established guidelines or management tools can indicate the state of development and acceptance of a specific area in business or management studies. In this section it is attempted to establish if any, and then what, management aids are used by the various companies of the survey in their management of environmental marketing. A number of sub-divisions of environmental marketing are portrayed in Table 6.5 with the number of responses recorded for that sub-division. These responses indicate the use of some form of guideline or management tool.

Table 6.5 Use of guidelines or management tools in the management of environmental marketing.

Sub-division	Responses	%
Suppliers	14	46.7
Production/service design	20	66.7
Production	17	56.7
Target market decisions	8	26.7
Product management	8	26.7
Naming and branding	5	16.7
Labelling	10	33.3
Pricing	4	13.3
Distribution	10	33.3
Promotion (programme)	9	30.0
Advertising	7	23.3
Publicity	8	26.7
Selling and sales promotion	6	20.0
Staffing and organisation	16	53.3

This particular question was poorly answered by the majority of respondents due to the low level of understanding of the various aspects of environmental marketing. Many respondents answered to whatever they felt the company has some relevance in that category. Few respondents had any form of guidelines or any form of management tools, besides the use of environmental auditing (EA), environmental impact assessments (EIA) and integrated environmental management (EIM). Respondents

merely mentioned that the environment was a consideration in many of these subdivisions and often this applied to aspects of environmental management and not necessarily to aspects of environmental marketing. For example, in the staffing and organisation category mention was made of persons appointed at senior management level to manage the environmental affairs of the business or to existing HSE personnel.

The guidelines and management tools mentioned include: EIA's and the use of EA's, both internal and external. Some companies referred to the existing HSE policies as the basis for guidelines in environmental marketing. The majority of organisations indicated that the environment is considered on an ethical basis although no particular forms of guidelines or management tools are used. Only one organisation, in the retail sector, indicated that it has specific objectives and strategies which cover the following aspects: staff, community, suppliers, customers and shareholders.

The information that does come from this question is that aspects of environmental marketing are still centered on production/service design and production. It is interesting to see that the environment is considered in the suppliers category but this may be due to particular health, quality and safety requirements. Also, the staffing and organisation category is above 50% but this possibly refers to aspects of environmental management and not necessarily environmental marketing. Possibly a more accurate reflection is the low response rate with the more "legitimate" aspects of environmental marketing (eg. pricing and advertising). This does show that aspects of environmental marketing are not well developed in many organisations. Besides the use of EIA's, EA's, IEM procedures (generally associated with environmental management) and HSE policies, no company mentioned any other form of guideline or management tool used in the management of environmental marketing. Often the response was that environmental marketing becomes part of the existing marketing programmes and structures.

It appears that the average organisation does recognise the importance of the environment and environmental issues and is concentrating on environmental issues in production/service design and production. Typically, the major barrier is financial and this drive is often initiated by senior management but aspects of environmental marketing are not well understood with few environmental marketing structures to communicate environmental efforts.

6.4 Environmental marketing information and the environmentally conscious consumer

This section was included in the questionnaire to establish whether the respondents understand the environmentally conscious consumer and how information is acquired to drive the environmental marketing management process. It is necessary for an organisation to understand the environmentally conscious consumer so that appropriate environmental marketing programmes may be designed.

6.4.1 The environmentally conscious consumer

Marketers should fully understand the buying behaviour of the company's target markets (Schiffman and Kanak, 1987:6). Should a marketer be using aspects of environmental issues in an marketing programme, the marketer ought to attempt to understand the behaviour of the environmentally conscious consumer. Environmentally orientated consumption has been discussed in section 3.8.1.4. Here it is endeavored to establish how the various respondents understand the concept of the environmentally conscious consumer.

The respondent's answers can be grouped into six possible categories. The number in brackets indicates the number of responses that fall into that particular category. These categories are: The environmentally conscious consumer is

- a) a radical, extreme person involved in environmental issues (3);
- b) someone who can relate the consumption of the product to its impacts on the earth and environment (4);
- c) well intentioned, strong in beliefs but not fully informed, over zealous and often irrational (7);
- d) a person who consciously looks for products and services that are environmentally friendly and products that protect that person's personal safety (3);
- e) an individual who is committed to being environmentally friendly through activities that they believe will benefit the environment (4);
- f) someone who can afford to be critical and believes such efforts will make a difference (2); and

g) an individual who does not fall into the above categories but some aspects of the environment and environmental issues do impact on that person's life.

Some of the more comprehensive descriptions of the environmentally conscious consumer recorded, include the following:

- an individual who is aware of what waste does to their environment and actively tries to reduce the waste impacts on their life;
- a person who is concerned about technical development and the negative impacts on the quality of life;
- someone able to afford being environmentally conscious and who believes it will make a difference;
- a person who is aware of the impact of unfriendly products and processes;
- an individual who has a preference for the more environmentally friendly alternative;
- a person who makes a conscious effort to inform themselves about environmental issues related to their lifestyle;
- somebody who is aware of the impacts of various actions on the environment;
- a consumer who is aware of the need to be environmentally friendly through various actions; and
- someone who is able to relate the consumption of the product to the environmental impact on the earth and its resources.

The following description of an environmentally conscious consumer is offered. The environmentally conscious consumer is a concerned individual who by their actions shows a preference for the more environmentally friendly alternative in an attempt to reduce the negative impacts of this consumption on the environment.

6.4.2 The environmentally conscious consumer in South Africa

It is necessary to know who the environmentally conscious consumer is before marketing programmes can be developed to reach this consumer. The table below indicates the responses of those in the survey and their understanding of who this consumer is in South Africa.

Table 6.6 The environmentally conscious consumer in SA

Category of person	Number of responses
A & B income group	14
White	5
Women	1
Earth, animal lover	1
Liberal	1
Better informed, well educated	5
Yuppie type person	1
Spread across all segments	7
Age groups: 30-40	1
35 down	1
18-50	1
40+	1
Previous concern with environment	1
Industry/companies	2
People living in beautiful areas	1
None existent in SA	4

As can be seen in Table 6.6 the majority of responses indicate that the "typical" environmentally conscious consumer in South Africa (SA) is a white, well educated, better informed person that falls within the A&B income group. Although seven responses show that some respondents believe this type of consumer is spread across all segments of consumers. Furthermore, four respondents believe that no such consumer exists in SA. The response to this question perhaps indicates that those surveyed are not sure of exactly who the environmentally conscious consumer is in SA, but rather have preconceived ideas of who they believe this consumer is.

6.4.3 Environmental consumer pressures on companies

Marketers should note what consumer pressures, if any, are placed on various organisations, so that if that organisation is in a similar position contingency plans can be devised to avoid any negative reaction by these consumers. Table 6.7 shows the surveyed companies responses to the presence of any environmental consumer pressures on their companies.

Table 6.7 Presence of environmental consumer pressures

Industry sector	Environmental consumer pressures			
	Yes	No	Minor	Total
Mining activities		1	1	2
Energy	1			1
Retailing	2	1		3
Food		2	1	3
Beverages	1		1	2
Financial services	2	1		3
Textiles	1	1		2
Paper & Packaging		3	1	4
Printing & Publishing	1	1		2
Petrochemical	3			3
Transportation	2	2		4
Engineering services	1			1
Total	14	12	4	30
%	46.7	40.0	13.3	100

Only 14 (46.7%) of the companies surveyed indicated that they have environmental consumer pressures of a significant nature, 12 (40.0%) indicated that there are no environmental consumer pressures on their company and 4 (13.3%) respondents mentioned that there are only minor environmental consumer pressures on their companies. Some of the companies which stated that there are no environmental consumer pressures on their company indicated that this is due to the fact that the consumer is further down the business chain and therefore has only an indirect bearing on the company.

The following are some of the environmental consumer pressures mentioned by those respondents who answered yes to the presence of environmental consumer pressures. Marketers should take note of these pressures as they may also have some relevance for their specific marketing efforts. These environmental consumer pressures include: the use of plastic versus paper bags; to produce more "green" products and bring prices of these products down; noise pollution; to minimize waste; odour emissions from factories; irradiation of foods; stocking products that are harmful to animals; to produce products in an environmentally friendly manner; CFC's in refrigerators; social

and community upliftment; disposal of effluent in rivers; pressure received due to a subsidiary's actions which are not environmentally friendly; specific nature of business as a potential environmental disaster exists if not correctly managed; foreign market consumer pressures; safety of products in transport; restoration of an area to its original condition; examination of what the company is transporting and to produce more environmentally friendly products than what is currently being offered.

6.4.4 Impact of the environmentally conscious consumer

To indicate the state and acceptance of environmental issues by organisations, the strength of the environmentally conscious consumer and their impact on the company and/or its products could be used as an indicator. Table 6.8 portrays the results of how the environmentally conscious consumer impacts on the surveyed companies and/or their products.

Table 6.8 Impact of the environmentally conscious consumer

Industry sector	Impact of the env. consc. consumer					Total
	Very large	Large	Some	Little	None	
Mining activities				2		2
Energy		1				1
Retailing		2		1		3
Food		1	1	1		3
Beverages	1			1		2
Financial serv.				3		3
Textiles			1	1		2
Paper & Packaging	1	1		2		4
Printing & Publ.			1		1	2
Petrochemical		3				3
Transportation	2			1	1	4
Engineering serv.		1				1
Total	4	9	3	12	2	30
%	13.3	30.0	10.0	40.0	6.7	100

Table 6.8 shows that 43.3% of the respondents feel that the environmentally conscious consumer has a very large or large influence on the company and/or its products, while 53.7% indicated that the environmentally conscious consumer has some, little or no

impact on the company and/or its products. One cannot attempt to draw any results from combining Table 6.7 and Table 6.8 because even though some organisations indicated that there are environmental consumer pressures on their organisations, it does not necessarily mean that the impact of this is large or very large on the company and/or its products and vice versa, as some of the companies indicated that there are no environmental consumer pressure on their company but the impact of the environmentally conscious consumer is large or very large on the company and/or its products.

It is necessary to understand the reasons why companies indicated the impact of these consumers as large or very large. Some of these reasons include: that due to the location of the organisation being the only large industry in the area; consumers are often staff members who are relatively well informed; the need to respond to clients on any level; due to the nature of the business (potential environmental disaster); not necessarily consumers but environmentalists who demand accountability; the need to satisfy all concerned that environmental problems are considered before a project can begin; the need to ensure the safety of the product; the concern of consumers with the disposal of environmentally unfriendly products; any form of negative publicity can affect profitability; the viewpoint that today's luxury will become tomorrow's norm; substantial investments to produce a more environmentally friendly product and the need to avoid giving any possible ammunition to these consumers. Three of these respondents indicated that the impact of the environmentally conscious consumer was one of response to the needs of such consumers and the companies willingness to satisfy these needs. It appears that the impact of the environmentally conscious consumer on a company and/or its products is not particularly strong but more of a consideration in decision-making, except where contemporary issues can be directly linked to a company and/or its products.

6.4.5 Sources of environmental marketing information

In a rapidly changing and competitive economy, marketers without good marketing information are lead to use intuition or simply guess which may lead to failure (McCarthy and Perreault, 1991:110). Marketers should develop a good marketing information system so that any environmental marketing programme developed is based on information that is relevant to the programme. Table 6.9 lists the major sources of environmental marketing information as used by the companies in this survey.

Table 6.9 Major sources of environmental marketing information

Sources used	Number of responses
Internal sources	18
Environmental consultants	6
Networking	6
Environmental groups	5
Commercial research organisations	3
Government/Academic institutions	5
Consumers	1
Competitors	0
Suppliers	6
Others	16
No sources used	3

The results indicate that environmental marketing information is company and issue driven, rather than obtaining sufficient information of what the environmental consumer is looking for in products and/or services. It also perhaps, indicates that environmental marketing efforts concentrate on production, environmental issues and also the direction of the environmental consumer in foreign markets. In the internal sources category, some respondents indicated that environmental efforts follow the lead of parent companies abroad and also that much internal environmental information is gathered by scanning environmental trends abroad. Some of the information sources in the other category include: international and local conferences; management with an interest in environmental activities; surveys completed at head office; scanning of studies completed abroad; information received from branch managers concerning community needs; scanning of general literature; information received from other foreign organisations; information received from the public and companies involved in environmental activities; responding to the needs of clients; international industry bodies and information received from clients.

The majority of responses indicate that most of the companies surveyed do not have structured environmental marketing information systems but have informal environmental marketing information systems. A general scanning of local and international literature appears to be the most widely used method of gathering information. Apart from a few organisations, gathering environmental marketing information centres around keeping abreast of environmental trends (especially

internationally) and ensuring aspects of environmental management are performed in an environmentally acceptable manner.

6.5 Managerial decision-making areas in environmental marketing

This section serves to establish what decision-making areas are relevant to organisations in their approach to environmental marketing and how they understand certain concepts related to specific environmental marketing decision-making areas. These decision-making areas are some of the basic units that would make up an environmental marketing programme.

6.5.1 Target market decisions

Respondents were asked, in their choice of target market approach, which strategies they implement concerning their companies' environmentally sensitive products or services? These responses can be seen in Table 6.10. This serves to first establish whether companies are following some form of environmental target marketing and secondly their specific type of target market approach.

Table 6.10 Target market approaches

Industry sector		Type of target market approach				
		Mass market.	Niche market.	Multiple segment.	Other	None n/a
Mining activities					1	1
Energy			1			
Retailing			1			2
Food			2			1
Beverages	2					
Financial serv.						3
Textiles			1			1
Paper & Packaging	1			1	1	1
Printing & Publ.						2
Petrochemical				1	2	
Transportation			1			3
Engineering serv.					1	
Total	30	3	6	2	5	14
%	100	10.0	20.0	6.7	16.7	46.6

Table 6.10 indicates that 14 (46.6%) of the respondents do not follow any form of target market approach in their environmental marketing programmes. This may indicate the lack of existence of such a programme in these organisations. Niche marketing is the most popular form of environmental target market approach. In the other category the following types of target market approach are used: a combination of mass and niche marketing approach (2 respondents); a combination of niche and multiple segmentation approaches; opportunist marketing and then a variable approach depending on the product and affected target market. This indicates that the majority of companies using some form of environmental target approach believe that the market for environmentally sensitive products/services is a smaller market and not necessarily applicable to the general market.

Respondents were asked to give their opinion of whether marketers should position their products' environmental attributes as their unique selling point (USP). Table 6.11 depicts the results.

Table 6.11 Positioning of environmental attributes as USP

Industry sector		Degree of agreement				
		Strongly disagree	Disagree	Unsure	Agree	Strongly agree
Mining activit.			2			
Energy					1	
Retailing	1				1	1
Food			1	1	1	
Beverages			2			
Financial serv.			1		2	
Textiles					2	
Paper & Packag.					3	1
Printing & Publ.			1			1
Petrochemical			1			
Transportation				1	1	2
Engineering ser.					1	
Total	30	1	8	2	14	5
%	100	3.3	26.7	6.7	46.7	16.6

The majority of respondents (63.3%) indicated that they agree or strongly agree that marketers should position their product's environmental attributes as their USP, with 30% of the respondents stating that they strongly disagree or disagree with this statement. A number of respondents did qualify their agreement answers with some of the following: do not sell products on recycling aspects only, although important, other aspects are more important; if the environmental attributes that are promoted can be justified; only if the environmental attributes can be applied to the company; an environmentally friendly situation can be an advantage if it is unique; only in particular circumstances; in a situation where environmental attributes are a competitive advantage; and that environmental attributes are able to provide competitive advantage for a short period. It could be concluded that possibly a product's environmental attributes should only be promoted as an USP when those attributes are unique, justifiable and can therefore provide competitive advantage.

6.5.2 Environmental product management

Before a marketer can make a decision concerning an environmentally sensitive product that marketer should know what an environmentally responsible product is. One of the respondents stated that there exists a good deal of confusion of exactly what is meant by an environmentally friendly/responsible product. The following are some of the descriptions offered by the respondents in the explanation of what an environmentally responsible product/service is. An environmentally responsible product/service is:

- a high quality product;
- a product where the life cycle of the product is examined (cradle to grave approach);
- a product/service that in the execution of being produced is done in an ethical and environmentally friendly manner, whether this fact is marketed or not;
- a product that makes no environmental impact or damage to the environment in the production thereof;
- one who's manufacture, usage and disposal minimise the potential impact on the environment;
- a product which is produced as naturally as possible with the least possible external applications, giving the natural environment the best chance to flourish;
- where through the cycle of the product the activities and materials used are environmentally friendly;
- a method to express the company's concern that all its activities are sensitive to the environment;
- a product/service in which environmental considerations should be an essential, non-negotiable part of that product/service;
- a product/service in which all local and international environmental policy guidelines are adhered to;
- a product where the dangers are minimised for any form of environmental spoiling;
- a product which given the necessity of the product, is as kind as possible to the environment through the whole cycle of that product;
- a product in which the location, production and disposal thereof is environmentally friendly;

- one in which negative impacts on the environment are consciously avoided and environmental issues are enhanced;
- one that does not cause any detrimental effect on any living organism in close proximity of that product;
- a service in which the service is so managed as not to be of any risk to the environment;
- a safe product with no negative impacts on the earth's resources;
- a product/service that does not pollute the environment;
- an eco-friendly product that is environmentally friendly in some form or another;
- a product manufactured with due regard to the disciplines of that particular industry but using resources supplied by environmentally aware suppliers;
- one that is fully recyclable;
- one that does not harm the environment;
- a product/service that meets all criteria in being environmentally friendly;
- a product that employs the best available technology with minimum environmental impacts, but within economic constraints;
- a service in which a donation or promotion is aimed at the aged or school pupils but of which a return is expected;
- one that leaves the world in the same state as it entered;
- dependent on a range of products so that if one product is significantly ahead of competitor products then it is environmentally friendly;
- a product/service which is not going to be detrimental to the quality of life of others;
- where the supplier of a product/service takes cognisance of recycling aspects; and
- one that doesn't have any negative effect on the environment, i.e. the contents, packaging, production, processes and people involved in the production of that product.

Although these descriptions differ, a few overlapping characteristics can be observed. These are the necessity to produce the product/service in an environmentally friendly manner, to examine the life cycle of the product and to minimise the negative impacts of production and consumption on the environment. Some aspects were mentioned by a single respondent, namely: that environmental issues are enhanced; production takes place within economic constraints; the use of the best available technology; a product

that is significantly ahead of competitor products; one that adheres to policy guidelines (both local and international); and a product that has due regard for that particular industry.

An environmentally responsible product/service could be seen as a product/service that is produced and consumed in the most environmentally friendly manner, taking into consideration the life cycle of that product and the particular circumstances of the industry and country.

The following table indicates the answers of respondents to assess whether companies are utilising any additional or different techniques in the management of an environmental product/service.

Table 6.12 Use of additional techniques in the management of an environmental product/service

Industry sector	Response			Total
	Yes	No	N/A	
Mining activities	1	1		2
Energy	1			1
Retailing		1	2	3
Food	2	1		3
Beverages	1	1		2
Financial services		3		3
Textiles		2		2
Paper & Packaging	3	1		4
Printing & Publishing		1	1	2
Petrochemical	2	1		3
Transportation	2	1	1	4
Engineering services	1			1
Total	13	13	4	30
%	43.3	43.3	13.4	100

Less than half of the respondents (43,3%) are utilising, what they consider to be, additional or different techniques in the management of an environmental product/service. These additional or different techniques include the use of environmental audits by both internal and external bodies; a long term holistic approach

to the product; continually looking for opportunities to improve environmental aspects; the use of environmental impact assessments; the use of natural rather than chemical pesticides; increased worker safety when working with and disposing of chemicals; an innovative response to clients' environmental needs; a pursuit of all developments on the environmental aspect; a policy not to distribute materials that are harmful to the environment; a consideration of environmental impacts; demand-side management; the management of waste during the production process and the use of profits, from recycling, to compensate for recycling efforts in less successful areas. Marketers should note these techniques, as a number of these may be used in an environmental marketing programme. It should be noted that in the no response category, some companies are utilising some of these techniques, although these techniques are not considered additional or different as they are now part of the production process and product management.

Table 6.13 indicates the specific challenges that are faced by the respondents in the development of an environmentally responsible product. These show the possible areas that may prove to lead to complication and therefore deserve special attention by the marketer.

Table 6.13 Specific challenges in the development of an environmentally responsible product

Industry sector	Type of challenge *								
	A	B	C	D	E	F	G	H	I
Mining activities								2	
Energy								1	
Retailing	1	2				1		3	
Food			1	1		1		2	
Beverages								2	
Financial services								2	1
Textiles								2	
Paper & Packaging	1		1			1		1	
Printing & Publishing								2	
Petrochemical			1	1	1		1	2	
Transportation				1	1			2	1
Engineering services								1	
Total	2	2	3	3	2	3	1	22	2

- * A: Raw material sourcing
 B: Life cycle analysis
 C: Distribution
 D: Perceived performance
 E: Actual performance
 F: Technology
 G: Sources of new ideas
 H: Other
 I: No response or not applicable (n/a)

The other category has 22 responses. Some of these responses do overlap with the remaining categories. Some of the specific challenges in the development of an environmentally responsible product/service as recorded in the other category include the following: to know the environmental impacts prior to manufacturing; an attempt to establish the direction the world is moving in and evolve in that direction; the need to be able to prove any environmental claims made by the company; the ability to create a competitive advantage in a relatively homogeneous market; to find ways in which to improve environmental performance and enhance the existence of nature; use challenges where the use of only a small amount will lead to the use of a large amount over time; new solutions to old problems; the ability to respond to an environmental disaster; to increase staff awareness and training; to convince people about the necessity

to make efforts to protect the environment; to convey to consumers exactly what is environmentally friendly and what is not; to maintain a profit base in spite of changing technology or products; the aspect of infrastructure regarding the cost and availability of various modes of transport and then also to produce as environmentally friendly as possible that which is accessible to most people. Furthermore, in this category, it appears that the most significant challenge in the development of an environmentally friendly product/service is the challenge of cost. These include cost versus benefit; cost versus return; cost versus technology; cost versus benefit of client against benefit of environment; the need to bring the cost down or be able to justify the reason for paying a premium; and the structuring of company and products to minimise impacts on the environment. In a number of the remaining categories the aspect of cost was also mentioned.

In environmentally responsible products/services management marketers have a dissimilar idea of what this exactly is, but appear to believe that the aspect of production is the predominant factor and that this should be as environmentally friendly as possible. Thirteen (43,3%) of the respondents indicate that they use some additional or different technique in the management of an environmentally responsible product/service. Further, the most critical challenge in the development of an environmentally responsible product/service is the challenge of cost. This challenge of cost includes the need to bring down the cost of such products/services and justify the environmental benefit versus cost, remembering that often a product/service not adding to the bottom line will often be discontinued.

6.5.3 Naming and branding decisions

Respondents were asked to state whether their products/services reflect an environmental friendliness in the naming and branding. The results are portrayed in Table 6.4.

Table 6.14 Reflection of environmental friendliness in naming and branding

Industry sector	Response			Total
	Yes	No	N/A	
Mining activities		1	1	2
Energy		1		1
Retailing	2		1	3
Food	1	2		3
Beverages	1	1		2
Financial services	1	1	1	3
Textiles		2		2
Paper & Packaging	1	3		4
Printing & Publishing	1		1	2
Petrochemical	2	1		3
Transportation	1	3		4
Engineering services		1		1
Total	10	16	4	30
%	33.3	53.3	13.4	100

The results show that 10 (33,3%) of the respondents believe their products/services reflect an environmental friendliness in their naming and branding, while 20 (66,7%) respondents say that this is not the case or believe this is not applicable to their company. This friendliness in naming and branding is reflected in the following ways: by a direct reference (e.g. Green, Super Green, Deep Sea); by positioning (e.g. positioning the product as a health product with terms such as pure and natural); due to the nature of the service offered (e.g. life insurance); due to existing brand names that have an environmental reference (e.g. Garden and Home); by the use of symbols (e.g. the use of a leaf); the ability to create a warm relationship; to be able to communicate in a pleasant manner; and the use of package (e.g. glass) to complement your environmentally friendly product.

Although some of these methods may appear to have no direct link to naming and branding they can all add to projecting an environmental friendliness for a product/service and should be noted by marketers in their decision-making.

6.5.4 Packaging

The object of this section is to observe what packaging methods are being employed by marketers that contribute to the perceived environmental friendliness of their products/services. Table 6.15 illustrates whether the companies in the survey believe that their packaging contributes to the perceived environmental friendliness of their product/service.

Table 6.15 Companies which packaging contributes to the perceived environmental friendliness of a product/service

Industry sector	Response			Total
	Yes	No	N/A	
Mining activities		1	1	2
Energy	1			1
Retailing	2		1	3
Food	2		1	3
Beverages	2			2
Financial services	1	2		3
Textiles	1	1		2
Paper & Packaging	4			4
Printing & Publishing	2			2
Petrochemical	1		2	3
Transportation		3	1	4
Engineering services			1	1
Total	16	7	7	30
%	53.3	23.3	23.4	100

A total of 16 (53,3%) respondents indicated that in some way or another their packaging does contribute to the perceived environmental friendliness of their product/service, while the remaining 14 (46,7%) stated that their packaging does not contribute to the perceived environmental friendliness or that this was not applicable to their organisation. The following ways of adding to the perceived environmental friendliness of a product/service were listed by the respondents: the use of recycled materials; a service package, addressed to senior citizens/the youth, where discount is given and social issues are addressed; the use of recyclable materials; the use of

reusable pallets; the use of Tetrapak instead of glass which uses less space and is lighter; making the product attractive; the use of bio-degradable packaging; the use of reduced packaging policies to minimise the use of packaging; strict policies on sell-by-date; replacing cartons by using shrink wrap which reduces weight and size and therefore has added distribution benefits; deposit bearing pallets; a compliance (where possible) with SABS standards, environmental and safety laws; and to ensure the returnability of the product.

One respondent mentioned that possibly in the South African context the use of edible packaging could be a consideration. Further, additional information on packaging should be of an educational nature. Another respondent sounded a warning that environmentally friendly products tend to lack "gloss" compared to conventional products and marketers should attempt to blend promotional attractiveness with easy disposability and degradability.

6.5.5 Labelling

The respondents were asked if they made use of any environmental standard marks in connection with their market offering. This question was not well understood due to the fact that many respondents were not aware of what an environmental standard mark is and if any such a mark actually existed. The responses to this question are indicated in Table 6.16.

Table 6.16 Use of an environmental standard mark

Industry sector	Response			Total
	Yes	No	N/A	
Mining activities		2		2
Energy		1		1
Retailing	1	1	1	3
Food		3		3
Beverages		2		2
Financial services		3		3
Textiles		2		2
Paper & Packaging	4			4
Printing & Publishing		1	1	2
Petrochemical	2	1		3
Transportation		3	1	4
Engineering services		1		1
Total	7	20	3	30
%	23.3	66.7	10.0	100

As can be seen 7 (23,3%) of the respondents indicated that they believe they use an environmental standard mark in connection with their market offering. Six of these seven respondents use the following marks in connection with the market offering: a recycled symbol (combined with an in-house recycled symbol); the use of SABS, ISO and CSIR quality marks; the use of a CFC-free symbol; ISO 9000 quality mark; and a recycling logo. The author believes that although these are important they do not constitute an environmental standard mark and therefore only one organisation in the survey can be said to use an environmental standard mark. The respondent using this environmental standard mark is in the retailing sector and the company uses the SABS environmental standard mark discussed in 5.3.5.1.

Six of the twenty respondents in the no category did add that they used some form of symbol or mark (similar to those above) but realised that these indicate a certain aspect of environmental friendliness and do not therefore necessarily measure up to being an environmental standard mark. It is interesting that one organisation mentioned that they do not make use of any environment standard mark as their own marks are good

enough, although aware of and keeping track of developments by the SABS environmental standard mark system.

6.5.6 Pricing

One aspect of an environmental marketing programme of great importance is the aspect of decision-making on pricing. This section is constructed to observe whether organisations are using different pricing policies for environmental products and if so, how. The second part is to determine how the respondents feel about consumer's willingness to pay a premium for environmentally sensitive products and to explain why. Table 6.17 indicates how many of the companies have different pricing policies for environmental products.

Table 6.17 Different pricing policies for environmental products

Industry sector	Response			Total
	Yes	No	N/A	
Mining activities		2		2
Energy	1			1
Retailing	1	1	1	3
Food	1	2		3
Beverages	1	1		2
Financial services	1	2		3
Textiles		2		2
Paper & Packaging	2	2		4
Printing & Publishing		1	1	2
Petrochemical	2	1		3
Transportation	1	1	2	4
Engineering services		1		1
Total	10	16	4	30
%	33.3	53.3	13.4	100

The results indicated in Table 6.17 show that 10 (33.3%) of the respondents have some form of separate pricing policies for environmental products. The remaining 20 (66.7%) respondents do not have different pricing policies for environmental products or feel that this does not apply to their organisations.

The companies that indicated that they do have different pricing policies for environmental products explain them in the following ways: if environmental aspects are taken into account for some reason, it will then effect the price but no formal policies exist; packages designed for senior citizens or youth groups are subject to discounts; due to the nature of production (i.e. shorter production process, process more expensive) this leads to a more costly product; different tariff structures for different users and periods of use; the recycled product is cheaper than the virgin one; the environmentally friendly product costs more than the conventional one; promoting the use of returnables as reuse decreases costs; indirect pricing policies as it is cheaper to buy the product in larger and returnable packaging; and policies for the future where the more environmentally friendly alternative has to be subsidised in order to promote sales over competitor products.

Table 6.18 indicates the results of whether the respondents believe that consumers are unwilling to purchase environmentally sensitive products priced at a premium over competitive products.

Table 6.18 Unwillingness to pay premium for environmentally sensitive products

		Degree of agreement				
Industry sector		Strongly disagree	Disagree	Unsure	Agree	Strongly agree
Mining activit.					2	
Energy					1	
Retailing					2	1
Food		1			3	
Beverages					1	1
Financial serv.					3	
Textiles		1			1	
Paper & Packag.					3	1
Printing & Publ.				1	1	
Petrochemical					3	
Transportation		1		1	2	
Engineering ser.					1	
Total	31	0	3	2	23	3

The reason for 31 responses in Table 6.18 is that one respondent in the food category gave a disagree and agree answer explaining the answer as that a small portion of the

market will pay a premium, but the broad majority will not pay a premium due to third world conditions. There appears to be a definite picture of the surveyed organisations as they believe consumers will not pay a premium for environmentally sensitive products. The reasons for this include the following: to get consumers to pay the added extra is difficult as they do not understand why they should; there exists insufficient awareness; people believe their efforts will not make a difference when so many others are polluting; market figures have proved this to be the case; this type of product could be seen as an elitist product; the current economic situation; SA industry is only environmentally conscious because of overseas customers; this is generally applicable but some people would be prepared to pay a premium; it depends on affordability; environmental considerations are disguised to clients as health concerns due to the fact that clients are often unwilling to pay for environmental benefits; this depends on the level of environmental friendliness; consumers tend to buy the cheapest product; look at results in shops as "green" products do not sell, otherwise you would see more such products on the shelves; this is a function of the state of the economy which often dictates best buys and value for money; depends on the issue and relative strength of the issue; this is a function of education; and finally sales of similar products abroad have shown that environmentally sensitive products need to be subsidised.

The remaining two responses, that disagree with this statement, do so for the following reasons: consumers are different and it depends on the group you are marketing to; and that the really environmentally conscious consumer will pay the premium on the product.

Some important aspects of pricing environmentally sensitive products have been mentioned in the sections above. The marketer should take careful consideration of the following when determining a price for such a product: that the broad market in this country will not pay a premium for such a product; it depends on the level of environmental friendliness of the product; it also depends on the issue and the relative strength of the issue; and finally, this also depends on the segments being targeted.

6.5.7 Distribution

This section is divided into two sub-sections. The first being to determine whether those organisations in the survey utilise any additional or different distribution techniques in the distribution of their environmental product/service and then also to

describe how this is done. The second section is to determine whether the respondents believe the distribution of a product/service can add to the environmental image of that product/service and also states ways in which this would be possible.

Table 6.19 portrays the results of whether the organisations surveyed utilise any additional or different distribution techniques regarding their environmental product/service.

Table 6.19 Utilisation of additional or different techniques for an environmental product/service

Industry sector	Response			Total
	Yes	No	N/A	
Mining activities		1	1	2
Energy	1			1
Retailing	1	1	1	3
Food		3		3
Beverages	1	1		2
Financial services	1	2		3
Textiles		2		2
Paper & Packaging	1	2	1	4
Printing & Publishing	1	1		2
Petrochemical	2	1		3
Transportation	1	1	2	4
Engineering services		1		1
Total	9	16	5	30
%	30.0	53.3	16.7	100

As can be seen in Table 6.19 9 (30%) of the respondents utilise additional or different distribution techniques in the distribution of an environmental product/service, with 16 (53,3%) answering no to this question and 5 (16,7%) of the respondents indicating that this does not apply to their specific situation.

These additional or different distribution techniques include the following: collecting and recycling of products; home deliveries in recyclable plastic bags; a distribution system that does not use outer packaging; delivery crates that are reused; delivery trucks that are finely tuned and maintained; the alternative of a more attractive but

costly alternate (i.e. underground versus overhead cables); some products have specific ways of being handled resulting in the transport packaging being designed around that aspect; that no hazardous matter will be transported; the use of reusable pallets and returnables; and then also strict segregation and safety principles when transporting fuel.

Table 6.20 indicates the degree of agreement that the respondents display to the statement that the distribution of a product/service can add to the environmental image of that product/service.

Table 6.20 Distribution can add to the environmental image of a product/service

		Degree of agreement				
Industry sector		Strongly disagree	Disagree	Unsure	Agree	Strongly agree
Mining activit.					2	
Energy					1	
Retailing					3	
Food			1		1	1
Beverages						2
Financial serv.					2	1
Textiles					2	
Paper & Packag.					3	1
Printing & Publ.					2	
Petrochemical				1	2	
Transportation				1	2	1
Engineering ser.					1	
Total	30	0	1	2	21	6
%	100	0	3.3	6.7	70.0	20.0

The results show that the majority of respondents (90%) believe that the distribution of a product/service can add to the environmental image of that product/service. The following ways of doing this were proposed in addition to those in the section above: if the distribution method used has environmental benefits this can be used as an additional selling tool; the choice of a distribution outlet because of appearance; the preservation of the product during transport; trucks that are poorly maintained with the company's name printed on the truck can create a poor environmental image;

information around the product on the shelf and position on the shelf; the place of purchase (i.e. use of health shops and certain retail outlets); a distribution system that adds value (e.g. JIT system where there is little need to store and less waste); ensuring that all drivers are adequately trained; choice of correct channel (e.g. selling ozone protection on the beach); and that certain products can be enhanced due to a clever distribution campaign (e.g. Mitchells beer being a natural beer delivered by natural means, i.e. horse and carriage, within a certain area).

It appears that the distribution of a product/service can add to the environmental image but if it is the focus of an advertising campaign it should be separate and distinct from competitor products sharing a clear environmental benefit.

6.5.8 Marketing communications

The object of this section is to determine whether the organisations in the survey utilise any additional or different promotion techniques when considering a promotion programme for an environmental product/service and if so, to describe such efforts. Then also to establish if these companies have an environmental marketing programme schedule and if so, to give details of this schedule. Finally, in this section, it is endeavored to establish whether a company's environmental marketing communications are complemented by some form of internal environmental marketing and if so, how this is done.

Table 6.21 indicates the responses of those in the survey as to whether they utilise any additional or different promotion techniques when considering a promotion programme for an environmental product/service.

Table 6.21 The use of additional or different promotion techniques in a promotion programme for an environmental product/service

Industry sector	Response			Total
	Yes	No	N/A	
Mining activities	1		1	2
Energy	1			1
Retailing	2		1	3
Food	1	2		3
Beverages		2		2
Financial services	1	2		3
Textiles	1		1	2
Paper & Packaging	1	2		4
Printing & Publishing		1	1	2
Petrochemical	3			3
Transportation		3	1	4
Engineering services	1			1
Total	12	13	5	30
%	40.0	43.3	16.7	100

Table 6.21 shows that 12 (40%) of the respondents feel that in the consideration of a promotion programme for an environmental product/service, their company utilises some additional or different technique for such a programme. Thirteen (43,3%) respondents do not do so and 5 (16.7%) respondents express that this does not apply to their organisation. These additional or different promotion techniques include the following: the use of nature project advertising; designing promotions that put back into that segment of the market; the advising of benefits of the product/service in context of the relevant environmental issues; there are aspects of this type of marketing which are unconventional due to the long-term nature; environmental studies and design parameters of a project are opened to any individual/organisation as a method to show environmental concerns; that in an environmentally friendly product the environmental attributes will be focused on; on pack communication relaying that a certain amount of product sales will benefit the environment in some form (i.e. going to a particular organisation or project); the use of an in-house newsletter to inform and educate staff; depends on the product and market concerned; and then also the use of

image advertising as to reflect the professionalism of the company by mentioning that the company acts in an environmentally friendly manner.

Table 6.22 shows what the aims of the environmental marketing promotion programmes of the organisation in the survey are. The results should indicate what these companies believe should be the results of these programmes, thereby giving some idea of the basis of such efforts.

Table 6.22 The aim of environmental marketing promotion programmes

Industry sector	Aim of promotion *							
	A	B	C	D	E	F	G	H
Mining activities		1	1	1			1	
Energy	1				1			
Retailing					2	1		1
Food	1		1	1	1			1
Beverages	1	1	1	1	1	1	1	
Financial services	3		2					
Textiles			1				1	1
Paper & Packaging	2			2	1	1	1	1
Printing & Publishing							1	1
Petrochemical	3		2	2	1			
Transportation	2	1	1		1			1
Engineering services		1		1				
Total	13	4	9	8	8	3	5	6

- * A: Company promotion
 B: Clear environmental benefit
 C: Product promotion
 D: Technical credibility
 E: Education
 F: Empowerment
 G: Other
 H: Not applicable

It is interesting to observe that company promotion (13 responses) is the most desired result of environmental marketing programmes by those organisations in the survey, followed by product promotion (9 responses) and then technical credibility and education (each with 8 responses). Six organisations indicated that this is not applicable to their situation and combined with this two organisations in the other category stated that this is a non-issue. It appears it could be difficult to promote a clear environmental

benefit over competitor products and there exists a possibility that the concept of empowerment has not been fully utilised by these marketers as yet. The three remaining responses in the other category are: to create consumer awareness of the environmental attributes; return more of the product to its source; and to inform interested and effected parties of the companies activities.

Table 6.23 indicates the results of the question to companies if they have an environmental programme schedule.

Table 6.23 Companies with an environmental marketing programme schedule

Industry sector	Response			Total
	Yes	No	N/A	
Mining activities		1	1	2
Energy		1		1
Retailing	1	1	1	3
Food		3		3
Beverages		2		2
Financial services	1	2		3
Textiles		2		2
Paper & Packaging	2	2		4
Printing & Publishing		1	1	2
Petrochemical		3		3
Transportation		3	1	4
Engineering services		1		1
Total	4	22	4	30
%	13.3	73.3	13.4	100

Only 4 (13,3%) respondents indicated they have some form of environmental marketing programme schedule, with the remaining respondents stating that they do not have such a programme or that the question does not apply to their particular organisation. The respondents that indicated that they do have an environmental marketing programme schedule do so in the following ways:

- have a list of donations done on a yearly basis and also those done on an ad hoc basis;

- a three year plan with goals and objectives for the retrieval of glass and the impact on the cost base;
- environmental efforts are an ongoing basis as all programmes are long-term; and
- a marketing campaign based on the main environmental days of the year (e.g. river day, world environmental day and marine day).

In the author's opinion, only the last description measures up to an environmental marketing programme schedule and two of the others deal with environmental business activities and the first with one aspect of an environmental marketing programme schedule. Thus, of all the organisations surveyed, only one (3,3%) respondent has an environmental marketing programme schedule. It is interesting to note that a company that answered no to this question mentioned that the company did have an environmental marketing programme schedule but it has fallen away as it received heavy criticism, which resulted in it not being worth the effort that was made.

The last part of this section deals with the aspect of internal environmental marketing. Respondents were asked to indicate whether they were using some form of internal environmental marketing and then to elaborate on their answer. The results appear in Table 6.24.

Table 6.24 Use of internal environmental marketing

Industry sector	Response			Total
	Yes	No	N/A	
Mining activities	2			2
Energy	1			1
Retailing	2	1		3
Food	2		1	3
Beverages	2			2
Financial services	3			3
Textiles		2		2
Paper & Packaging	3	1		4
Printing & Publishing	1	1		2
Petrochemical	3			3
Transportation	2	2		4
Engineering services		1		1
Total	21	8	1	30
%	70.0	26.7	3.3	100

The results in Table 6.24 show that 21 (70%) of the respondents use some form of internal environmental marketing, while 8 (26,7%) of the respondents do not with 1 (3,3%) respondent indicating that this was not applicable to the company's situation. The majority of respondents in the yes category use their existing in-house magazine to convey environmental activities to staff members. The following methods of internal environmental marketing are also used by these respondents: the provision of information and the consideration of environmental aspects during training; due to location of factory, there exists a need for a high level of environmental awareness and safety standards; informing staff of environmental activities; the use of a notice board to inform staff of activities; the use of an environmental slogan in letterheads; providing for the use of War on Waste (WOW) bins; a statement of environmental activities in the annual report; getting staff members together to do a beach clean-up on a volunteer basis; the inclusion of environmental aspects into the training programme; the policy of a smoke-free building; through internal social upliftment which indirectly has an environmental benefit as then environmental issues have more relevance; the use of an environmental newsletter; sending the environmental newsletter not only to staff members but clients as well; internal waste paper recycling; the use of internal

pamphlets; and the use of internal videos and workshops. Two companies have environmental newsletters (both printed on recycled paper) with apt names - namely "The Green Balance" and "Enviro Bulletin". Both of these have their own logo, the one being green scales and the other a tree in the word "Enviro".

It appears that the majority of organisations (22) do have some form of environmental marketing communication, although only one company has a specific environmental marketing programme schedule. The main objective of environmental marketing promotion programmes is company promotion, with 21 of the companies using some form of internal environmental marketing.

6.5.9 Advertising

In this section it is attempted to establish whether or not organisations are making use of different formats or methods in creating an environmental message in an advertisement and to also determine how this is done by these organisations. Table 6.25 indicates how many of the surveyed organisations do so.

Table 6.25 The use of different formats or methods in creating an environmental message in an advertisement

Industry sector	Response			Total
	Yes	No	N/A	
Mining activities	1		1	2
Energy	1			1
Retailing	1	1	1	3
Food	1	2		3
Beverages	1	1		2
Financial services	3			3
Textiles		1	1	2
Paper & Packaging	3	1		4
Printing & Publishing		2		2
Petrochemical	1	1	1	3
Transportation	1	3		4
Engineering services		1		1
Total	13	13	4	30
%	43.3	43.3	13.4	100

The results show that 13 (43,3%) of the respondents do make use of different formats or methods when it comes to creating an environmental message in an advertisement, with 13 (43,3%) indicating they do not and 4 (13,4%) mentioning that this does not apply to their particular situation. The ways in which an environmental message is created in an advertisement includes the following: environmental projects are used in advertisements; to advertise the nature projects of the organisation; support education in schools; the use of an annual drawing competition with an environmental theme; re-imagining the company by promoting the social responsibility and environmental conservation efforts of the company; to mention the environment as part of the overall message (an added benefit); more image orientated advertising which reflects the professionalism of the organisation without being prescriptive; the use of the sea in many advertisements; a recognition of the impact of the environmental aspects in the philosophy of life (i.e. creating a better life through wildlife); depending on the target market and whether or not environmental issues applicable, this fact will then filter through to the advertisement; the use of more image advertising (subliminal) that is not hard hitting as a price advantage advertisement would be; advertisements in conjunction with a client showing the environmental aspects of both products; and to supply recycling bins to promote the image of company.

The use of an organisations involvement in the environment (e.g. nature projects) is important to these organisations in advertising. Another aspect, that is important, is the use of image advertising to promote the company, also the fact that often an environmental benefit is part of an overall advertisement and not the main thread of such advertisements.

6.5.10 Publicity

This section serves to establish whether the organisations in the survey use any form of environmental publicity in their environmental communications programme and also to determine which methods of environmental publicity are used. Table 6.26 indicates whether the surveyed organisations utilise any forms of environmental publicity and also displays the forms of environmental publicity used.

Table 6.26 Use and type of environmental publicity

Industry sector	Form of environmental publicity used *								
	A	B	C	D	E	F	G	H	I
Mining activities	1	2	2		1	1	1		
Energy		1		1	1		1	1	
Retailing	1	2	1	2	2	1	1	2	1
Food		1		1	2	1	2	1	
Beverages		2	2	2	1				
Financial services		3	1	2	3			2	
Textiles									2
Paper & Packaging	1	2	3	2	3	1	2	2	1
Printing & Publishing		1						2	
Petrochemical	1	3	3	1	3		3		
Transportation		1	2	2	3	2	1	1	
Engineering services						1			
Total	4	18	14	13	19	7	11	11	4

* A: Codes of conduct

B: Environmental sponsorships

C: Openness and information

D: Environmental partnerships

E: Environmental donations

F: Winning environmental awards

G: Publicly emphasising environmental improvements

H: Other

I: Do not use environmental publicity

The majority of respondents (86,7%) use some form of environmental publicity, with 4 (13,3%) of the respondents indicating that they do not use any form of environmental publicity. The types of publicity most commonly used by the respondents are environmental donations (19) and environmental sponsorships (18). The remaining categories have between 11 and 14 responses, except for the codes of conduct category and the winning environmental awards category. This perhaps, indicates a weakness in environmental marketing programmes as an environmental code of conduct should form part of a sound environmental management programme which in turn supports an environmental marketing programme. In the "other" category, forms of environmental publicity include: the establishment of ecological clubs for children; the use of internal magazines; by using a social focus, environmental care is also being created through education and job creation; handouts which educate on the benefits of certain types of

packaging; showing environmental commitment by allowing an emphasis on environmental reporting; by providing recycling facilities; by organising beach clean-ups and the clearing away of wrecks; by maintaining good media relations; education handouts; and contributing to publications which benefit the environment. Marketers should be aware of all these methods of environmental publicity and attempt to find methods that can be linked to the organisation and its activities.

6.5.11 Selling and sales promotion

In this section of decision-making areas, the aspect of selling and sales promotion is investigated. The question was put to respondents as to whether they use any specific selling and sales promotion techniques that are different for environmental marketing programmes, the results of which can be seen in Table 6.27.

Table 6.27 The use of different selling and sales promotion techniques for environmental marketing programmes

Industry sector	Response			Total
	Yes	No	N/A	
Mining activities	1		1	2
Energy	1			1
Retailing	1	1	1	3
Food	1	2		3
Beverages		2		2
Financial services	1	2		3
Textiles		1	1	2
Paper & Packaging	1	3		4
Printing & Publishing		1	1	2
Petrochemical	2	1		3
Transportation		4		4
Engineering services		1		1
Total	8	18	4	30
%	26.7	60.0	13.3	100

As indicated in Table 6.27 8 (26.7%) of the respondents stated that they use different selling and sales promotion techniques for environmental marketing programmes, while 18 (60%) of the respondents stated they do not and 4 (13,3%) of the respondents felt

that this was not applicable to their particular organisation. Some of these different selling and sales promotion techniques include: the benefits of demand-side management are explained to the consumer; to establish credibility the organisation links up with recognised organisations, as well as monitoring bodies; for certain target markets, considered as socially different, different activities are organised; the use of a more subliminal approach to achieve an added extra; and combining the resources of more than one organisation (joint-effort) to establish a recycling system. It should be noted that two respondents in the no category did state that a person involved in selling and sales promotions should understand the production process so as to be able to answer environmentally orientated questions, as well as being aware of the organisations environmental activities.

6.5.12 Staffing and organisation

The last section in management decision-making areas for environmental marketing deals with the aspect of staffing and organisation. It is initially attempted to determine whether these companies give separate attention to the environmental marketing function and if so, to establish how this function is organised. Then, to determine whether the respondents foresee any changes to this structure in the future and to elaborate on that answer. These answers may yield an insight as to how the respondents view the future of environmental marketing in their companies and thus more widely for industry as a whole. The final question is to establish whether any facilities are available in which staff members may be trained in facets of environmental marketing.

Table 6.28 displays the results of the respondents answers to the question on whether they give separate attention to the environmental marketing function in their organisations.

Table 6.28 Separate attention to the environmental marketing function

Industry sector	Response			Total
	Yes	No	N/A	
Mining activities		1	1	2
Energy		1		1
Retailing	2	1		3
Food		3		3
Beverages	2			2
Financial services	1	2		3
Textiles		2		2
Paper & Packaging	1	3		4
Printing & Publishing		2		2
Petrochemical	1	2		3
Transportation	2	2		4
Engineering services		1		1
Total	9	20	1	30
%	30.0	66.7	3.3	100

A total of 9 (30%) of the respondents indicated that separate attention is given to the environmental marketing function in their companies, while 20 (66.7%) stated no separate attention was given with 1 (3.3%) respondent indicating that this question is not applicable to that organisation. The companies that responded yes to this question, organise their environmental marketing function in the following ways:

- corporate level but low key;
- corporate and regional level, integrated into existing functions;
- corporate level, integrated into existing functions;
- corporate and business unit, individual at corporate level;
- corporate level, newly created position;
- corporate level, integrated into corporate social investment activities;
- functional (divisional) level;
- corporate and regional level; and
- corporate and business unit level, decentralised structure.

The results show that 8 out of the 9 respondents, giving separate attention to the environmental marketing function, do so at corporate level with 4 of these respondents giving this function separate attention at corporate level only. Two respondents organise the function at a corporate/regional level and 2 at corporate/business unit level, with 1 respondent organising the environmental marketing function at functional (divisional) level. Of the respondents that do not give separate attention to the environmental marketing function, some did mention the following: environmental marketing considerations are integrated into existing marketing functions, environmental marketing considerations are the responsibility of brand managers and their personal approach forms the basis for campaigns, although all campaigns are approved at corporate level with no clear policy and that issues are handled on an ad hoc basis.

The following table indicates the responses of the individuals whether they foresee any changes in the structure of the environmental marketing function in their companies.

Table 6.29 Future changes to the environmental marketing function

Industry sector	Response		Total
	Yes	No	
Mining activities	1	1	2
Energy	1		1
Retailing	2	1	3
Food	1	2	3
Beverages	1	1	2
Financial services		3	3
Textiles	1	1	2
Paper & Packaging		2	2
Printing & Publishing	2	2	4
Petrochemical		3	3
Transportation		4	4
Engineering services	1		1
Total	10	20	30
%	33.3	66.7	100

Table 6.29 indicates that 10 (33.3%) of the respondents believe that structural changes will occur in their existing environmental marketing function with 20 (66.7%) saying

that they do not foresee any changes to the environmental marketing structure in the future. Of the 10 respondents in the yes category, 3 of them answered yes to the previous question. The reasons given by these 3 respondents for answering yes are: this will add to the professionalism of the company as environmental issues become more important, especially in the new SA; the company is following a more holistic view with emphasis on environmental and community upliftment; and the company follows the concept that if you want to be really good you have to continually improve. The other 7 responses in the yes category mentioned that they foresee changes to the structure if public awareness and consumer demand (pressure) was high enough to warrant changes to this structure. In the no category a number of respondents indicated that until more environmental pressure is brought to bear on their companies, no change is foreseen in their existing policies. Two interesting responses are that (a) a respondent believes that with the government's RDP, the emphasis will be taken off the environment and placed on immediate community needs and (b) because the company's production is marketed in the mass market (a relatively cheap product) this aspect will not need to be considered.

Table 6.30 indicates the results of whether the respondents are aware of any facilities (external or internal) in which staff members may be trained in facets of environmental marketing.

Table 6.30 Training facilities available for environmental marketing

Industry sector	Response		Total
	Yes	No	
Mining activities	1	1	2
Energy	1		1
Retailing	1	2	3
Food	2	1	3
Beverages	2		2
Financial services	1	2	3
Textiles		2	2
Paper & Packaging	2	2	4
Printing & Publishing		2	2
Petrochemical	3		3
Transportation	1	3	4
Engineering services	1		1
Total	15	15	30
%	50.0	50.0	100

It can be seen in Table 6.30 that 15 (50%) of the respondents indicated that they are aware of training facilities (internal or external) in which staff members may be trained in aspects of environmental marketing, while 15 (50%) of the respondents stated that they were not aware of any such facilities. Some of the facilities for methods of training include the following: internal programmes where aspects such as health, safety and the environment are considered; relevant on the job training; lectures in the company to raise the level of awareness; where staff members are educated in recycling and the benefits of recycling; to use consultants (EEU); training of staff (on site) in safety regulations; medical staff with monitoring programmes; environmental considerations are built into training programmes for managers; the use of workshop discussion groups; attempting to get staff involved in events that could be instructive; attempts to get grass roots leaders to conferences; scanning local and international environmental conferences, to send staff to, which are relevant to the company; sending staff on an enviro-programme to a national park; environmental crisis management simulation training; and ensuring that health, safety and environmental (HSE) staff are properly trained.

It appears that the emphasis in training aspects for environmental marketing is ensuring that HSE workers are correctly trained and monitored and that staff in production are trained about environmental considerations in the workplace. Few companies actually have training programmes (or are aware of any) that deal specifically with environmental marketing but are aware of programmes that deal more with aspects of environmental management.

6.6 Future developments

In this last section of the results of the questionnaire it is attempted to establish what the respondents see as the major challenges facing environmental marketing in their respective companies. The respondents mentioned a large number of challenges. After careful analysis these challenges can be grouped into the following 10 categories:

- (a) **Environmental education and awareness challenges.** Major challenges facing companies are environmental education and the need to raise the level of environmental awareness, both within the company and that of external stakeholders. Some companies face the challenge that some staff members, including senior management, are not sufficiently environmentally aware and thus do not support environmental efforts.
- (b) **Communication challenges.** A challenge of communication confronts many companies. Not only does this include the ability to clearly communicate the environmental perspective and efforts of the organisation but to ensure that such efforts are not seen as exploitive. Communication efforts can also be hampered by differentials between communities in their level of understanding and relative importance of environmental issues, which may require that different communication strategies need to be developed for particular communities.
- (c) **Environmental preparedness.** A challenge of response to unforeseen problems or circumstances exists, i.e. the preparedness of the company to respond to an "attack by environmental terrorists" or any possible form of environmental disaster.
- (d) **Economic reality.** Some respondents indicated that environmental marketing needs to be linked to the economic reality.

- (e) **Environmental responsibility.** Companies may be challenged to take more responsibility, not only for their own environmental performance but also for environmental education and to use their power in their particular area of dealing for the benefit of the environment.
- (f) **Coordination.** There exists a need to coordinate activities between various business functions within an organisation. This is required so that the entire organisation's environmental efforts can work towards creating an environmentally responsible organisation and can also be perceived as such.
- (g) **Product and service solutions.** Marketers are faced with the challenge to create environmentally sound products and service solutions to satisfy and meet consumer/client requirements.
- (h) **Lifecycle challenges.** A challenge which confronts managers is the requirement to understand the lifecycles of the organisation's market offerings and their effects on the environment.
- (i) **Legislation.** Business is challenged to keep pace with the mindset of the government and the developments in the RDP. The government may demand an increased environmental accountability from the business sector.
- (j) **Capacity pressures.** A respondent company is confronted with a challenge of capacity where the cheaper, recycled product is unable to keep up with demand.

In the final instance, respondents were asked if they would like to add anything they feel would be relevant to the study. After analysis, the respondent's answers and opinions can be grouped into the following categories:

- (a) Constraints of an environmental nature will continue to increase on industry and that the environmental drive will continue gain momentum. Although, one respondent stated that the environmental drive has died and should be rekindled through education.
- (b) Businesses should be managed correctly and do more to pre-empt environmental legislation otherwise perceptions or legislation will direct environmental efforts.

- (c) A good deal of apathy exists at the end of the chain where often the concern is more about making money than the environment, thus if value can be placed on an end product it will automatically allow opportunities for people to make money and also have environmental benefits, e.g. recycling and ease of collection.
- (d) An education responsibility exists on the business sector to the community, particularly those aspects with long-term effects on the community. As the environment assumes a higher profile, through increased consumer awareness the business sector can be driven to a more effective environmental perspective.
- (e) The country needs a national environmental policy that enables organisations to compete without unfair advantage, i.e. there should be legislation that compels companies that offer a particular product/service to comply with a minimum legal environmental standard.
- (f) Business is based on competition but where the environment is concerned more cooperation should exist between companies. Organisations can also associate and become involved in environmental education for marketers.
- (g) SA has the problem of the first world vs third world conditions, where the first world is seen as environmentally conscious and the third world component is seen to have other priorities. This is compounded by that the fact the country has to address poverty (short-term) while trying to address the environment (long-term).
- (h) This country places too much of an emphasis on bottom line results, which means that this will require a management philosophy change for the benefit of the environment.
- (i) Pollution is uncontrolled in this country with fines that are too small, which does not provide enough incentive to become environmentally friendly.
- (j) Companies should consider the economic reality within which they function, which means that being environmentally friendly must have economic benefits.
- (h) Environmental marketing should be customised to your particular organisation, i.e. "work close to home".

The section above represents some of the opinions of those in the interviews. There appears to be a general opinion that the consumer is not sufficiently aware of the environment and environmental issues and that pressure can be brought to bear on business if these consumers can be sufficiently and correctly educated and informed.

6.7 Summary

This chapter served to focus on the present understanding of certain concepts and applications of environmental marketing by selected enterprises in the Western Cape region of SA. This was done by focusing on five separate aspects of environmental marketing, namely: the organisation's general environmental orientation, general aspects and understanding of environmental marketing, environmental marketing information and the environmentally conscious consumer, managerial decision-making areas in environmental marketing and future developments of environmental marketing.

It appears that the majority of organisations in the survey do place a high priority on the environment and environmental issues but only about half have some form of environmental mission statements, policies and strategies. This perhaps indicates that although the environment and environmental issues enjoy a high priority, organisations are not well developed in terms of pro-active environmental management. This means that the basis for an environmental marketing programme, i.e. a sound environmental management programme, may be lacking in some of these organisations.

The majority of respondents described environmental marketing by what they were doing in this field and were not able to describe a generally applicable definition. It was found that the major barrier to environmental marketing was one of cost. Interestingly, it appears that the majority of companies involved with aspects of environmental marketing have done so due to some form of management decision. This factor may play a role in the development of environmental marketing in SA where industry, and not the consumer, dictates the direction of this development. Companies were found to have virtually no management aids or tools to assist them in the management of environmental marketing. The aids and tools that are available to these managers generally deals with aspects of environmental management.

When dealing with the environmentally conscious consumer, many respondents are not sure of exactly who this consumer is. The environmentally conscious consumer in SA is seen as a white person in the A&B income group with a good education. Fourteen (46,7%) of the companies indicated that they have some form of environmental consumer pressures on their companies, with 13 (43.3%) respondents indicating that the environmentally conscious consumer has an impact on their organisation. A general scanning of local and international literature appears to be the most widely used method of gathering environmental marketing information.

The fourth section of the questionnaire dealt with questions relating to aspects of managerial decision-making areas in environmental marketing. The various areas of decision-making included: target market decisions, environmental product management, naming and branding decisions, packaging, labelling, pricing, distribution, marketing communications, advertising, publicity, selling and sales promotion, and staffing and organisation. It appears that the majority of companies are not well developed in terms of pro-active environmental marketing. Often aspects of environmental management were equated with aspects of environmental marketing, as these aspects are closely linked. Few companies have definite policies and guidelines to guide their environmental marketing efforts, with environmental marketing issues receiving attention on an ad hoc, rather than a structured on-going, basis.

Two of the major challenges facing companies in environmental marketing, as indicated by the respondents, is the challenge to communicate the correct information to interested parties and the challenge of education in which the level of understanding and awareness of the environment and environmental issues is increased for consumers, staff and the general public. In the last section, respondents proposed a number of practical suggestions which could aid the development of environmental marketing in SA.

Chapter 7

Environmental marketing programming: Proposed approach and guidelines

7.1 Introduction

Environmental marketing is a relatively new concept in business studies and management thought. The aim of this chapter is to provide a framework for an approach to environmental marketing and guidelines which will assist the strategic decision-maker in implementing environmental marketing in a large private sector organisation.

This chapter is divided into four main sections. The first section provides a framework for decision-making on an approach to and level of commitment to environmental marketing. The second section provides major guidelines to assist the marketer in elements of strategic environmental marketing decision-making. The third section covers aspects of an environmental marketing programme, i.e. the supporting programmes developed to execute the environmental marketing strategies. The last section sets out elements of strategy implementation, control and monitoring.

The figures provided in this chapter are based on the author's analyses of the findings and are outlined as preliminary tools to assist the decision-maker in developing an environmental marketing orientation.

7.2 Approach to environmental marketing

This section serves to provide a framework which would guide decision-makers, enabling them to decide on an appropriate environmental approach for their organisation.

Initially, a broad strategic analysis of both external and internal environments needs to be undertaken. Peattie (1992:100) states that successful environmental marketing requires an accurate understanding of the environmental performance of the whole business. The decision of environmental commitment and decision on approach to environmental marketing includes the following steps (see Figure 7.1):

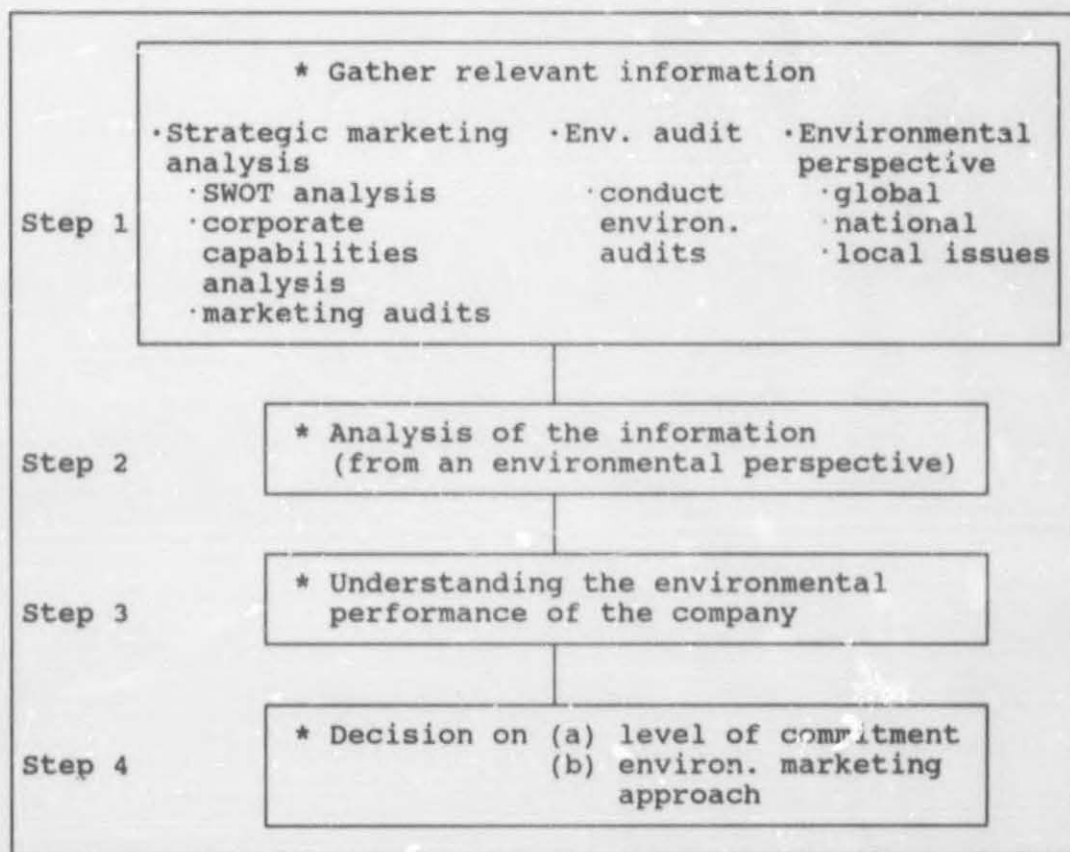
Step 1: Gather relevant information

Step 2: Analysis of the information from an environmental perspective.

Step 3: Understanding the environmental performance of the whole business (which includes an environmental perspective).

Step 4: Decision on a (a) level of commitment, and an
(b) environmental marketing approach

Figure 7.1 Environmental marketing approach



These various steps in the process of choosing an environmental commitment and approach to environmental marketing are discussed in the ensuing sections.

Step 1: Gather relevant information

The process of gathering relevant information includes the following:

- a strategic marketing analysis;
- an environmental audit of the business; and
- an environmental perspective.

This strategic marketing analysis should include: marketing audits (see section 4.2.1), SWOT analysis (see section 4.2.2) and a corporate capabilities analysis (see section 4.2.3). Strategic analysis should be carried out before decisions are made on programmes implemented as a high risk exists that resources could be used ineffectively (Urban and Star, 1991:5). The purpose of a strategic marketing analysis should be to provide the decision-maker with a solid base for intelligent decision-making and strategy formulation (Urban and Star 1991:5). All aspects of the companies external and internal environments should be examined.

Peattie (1992:135) states that one of the most daunting informational challenges for the environmental marketer is building up a total picture of the environmental performance of the company and its products. The environmental audit is a tool which can be used to uncover this information. For more information on environmental audits see sections 2.6.2 and 3.8.2.2.

Coddington (1993:5) describes environmental perspective as an appreciation of the effect of corporate actions on the environment and of actions taken (and not taken) in response to the environmental crisis. Having the right perspective requires an understanding of both the breadth and severity of the crisis. This can be accomplished by an investigation into global environmental issues, national and local environmental issues. It is necessary to understand how these various issues are inter-linked and further how corporate actions impact on these issues.

Step 2: Analysis of information from an environmental perspective

Peattie (1992:101) suggests that an environmental scan requires going through the information by means of a SCEPTICAL environmental analysis. This SCEPTICAL analysis includes questions such as:

- (a) Social factors - what is the level of environmental awareness and are any demographic factors contributing to increased environmental awareness among consumers?
- (b) Cultural factors - do consumers identify with environmental values?
- (c) Economic factors - are consumers able to afford environmental products and will developing more environmentally friendly products require changes to the cost of raw materials?
- (d) Physical environmental factors - does the use of certain natural resources degrade the physical environment?
- (e) Technological factors - is there clean technology the company (or competitors) can take advantage of?
- (f) International factors - are there environmental products succeeding in other countries which could pose an opportunity or threat?
- (g) Communications and infrastructure systems - would changes in the use of communication systems or the national infrastructure result in better resource use and pollution reduction?
- (h) Administrative and institutional factors - is the company likely to become the focus of pressure from any environmental organisations?
- (i) Legal and political factors - will future changes to local and international environmental law impact on the company?

Other factors that also need to be analysed include:

- a) consumer's environmental needs;
- b) competitor's environmental capabilities, strategies and performance;
- c) the mind-set of the senior management regarding the environment and environmental issues; and
- d) the level of the environmental management programme.

Step 3: Understanding the environmental performance of the company

This step involves combining the information collected from the gathering and analysis, so that the marketer is able to better understand the environmental performance of the whole business. This includes an environmental perspective of how the company and its activities impact on the environment globally, nationally and locally. The marketer should also understand how the environment and environmental issues impact on the organisation.

**Step 4: Decision on (a) level of environmental commitment
(b) environmental marketing approach**

Once the decision-maker has reached an understanding of the environmental performance of the company, a decision should be made regarding the level of environmental commitment. Coddington (1993:5) describes environmental commitment as the corporate resolve to become an environmental steward and to reflect that posture in all its actions. The following section serves to describe various levels of environmental commitment (Peattie, 1992:159):

- a) **Environmental indifference** - a company may decide that activities should continue regardless of environmental impacts.
- b) **Environmental appearance** - a company may try to appear environmentally responsible to gain competitive advantage regardless of actual environmental performance.
- c) **Environmental products** - a company may rely on inherent or improved environmental product performance as the basis of a more environmentally responsible image.
- d) **An environmental marketing function** - a company may alter all aspects of its marketing with the aim of improving environmental performance and sustaining an environmentally responsible image.
- e) **Environmentally responsible processes and policies** - environmental marketing could then be supported by production process improvements and policies on purchasing and distribution.
- f) **An environmentally responsible organisation** - ultimately, the company could attempt to make the entire organisation environmentally responsible. Marketing

management should be aware of possible barriers to the adoption of environmental marketing principles and develop contingency plans to overcome any such barriers.

To successfully market a company and its products/services as environmentally responsible, a commitment is needed in which it is attempted to make the entire organisation, and its activities, environmentally responsible.

It should be noted that an organisation does not have to be environmentally responsible when committing to an environmental marketing and management programme. It is a commitment which will drive future activities. Coddington (1993:10) states that an organisation's in-depth commitment will manifest itself in three basic ways:

- through a formal corporate environmental policy;
- through a corporate environmental improvement process; and
- through environmental education.

A commitment to the environment is a resolve to commitment to a total quality environmental management style, and as environmental management involves many of the same issues as environmental marketing, the two activities are deeply synergistic (Coddington, 1993:36).

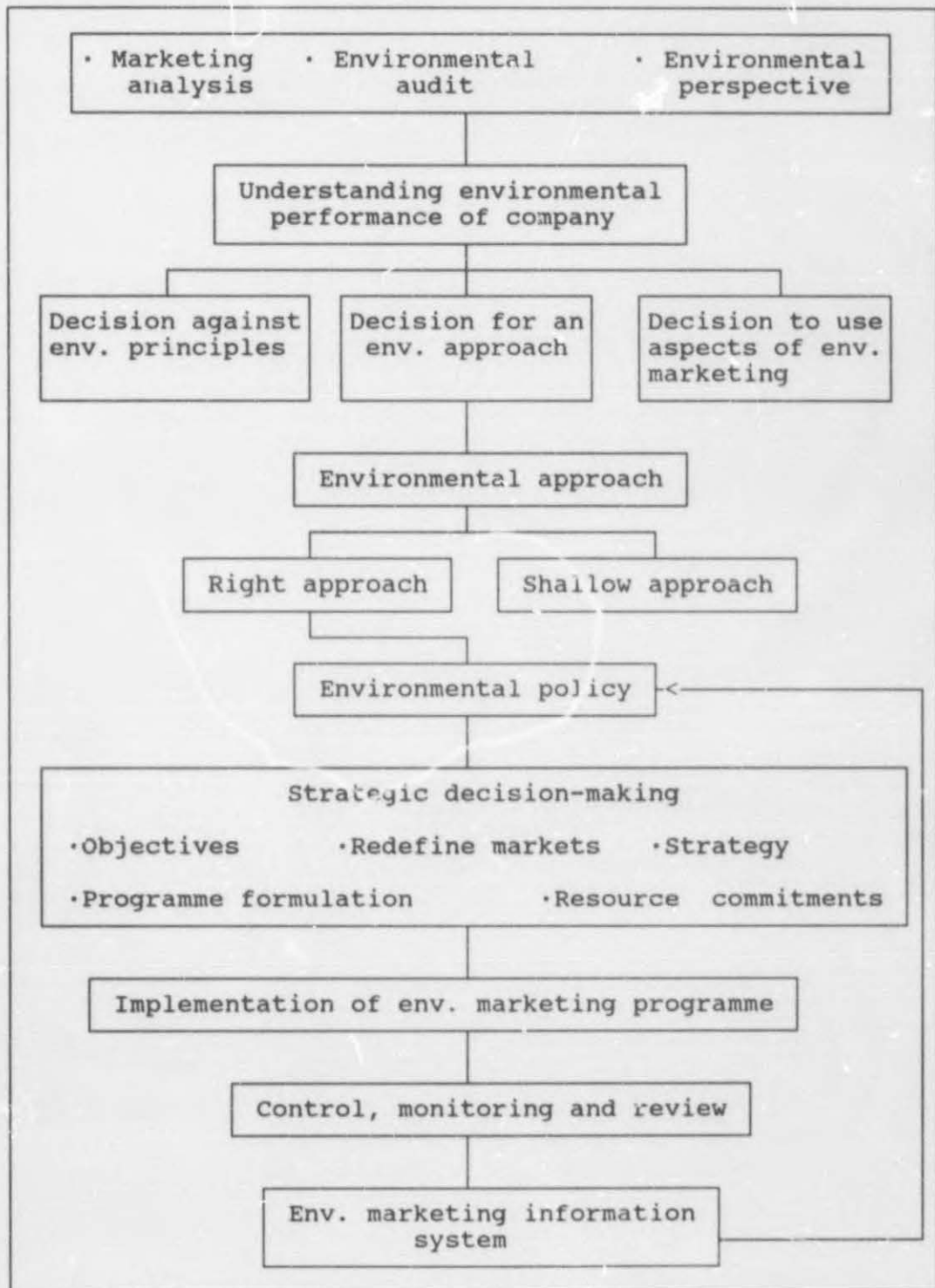
Coddington (1993:222) states that there are two basic approaches to environmental marketing. The one approach, termed "shallow" environmental marketing, does not involve any basic changes in attitude on the part of marketing management and other senior management. The environment is treated as one more weapon in the marketing arsenal. Shallow environmental marketing is business-as-usual, dressed to appear as environmentally responsible.

The other approach to environmental marketing is a more complex, more comprehensive, and ultimately more effective one. This approach, the right approach according to Coddington (1993), implies a fundamental change in attitude about the role of the enterprise and the environment (Coddington, 1993:222). Companies are required to factor the environment into all strategic planning. This approach to environmental marketing operates at several levels and entails additional responsibilities and strategies for environmental marketers (Coddington, 1993:222). A marketer who

promote a company and its products/services as environmentally responsible, should choose this right approach.

The decision to choose the right approach to environmental marketing is followed by a number of necessary steps. Figure 7.2. illustrates the additional tasks that follow this decision. The first task required of management is the need to draw up an environmental policy. The further tasks of management are discussed in the sections 7.3 to 7.6.

Figure 7.2 Elements of environmental marketing management



The tone of a formal environmental policy statement should be one of prevention, protection and implementation response to unexpected developments (Hunt and Auster, 1991:18). An environmental policy statement is a method of expressing how an organisation will attempt to pursue its commitment to the environment. An environmental policy statement could include some or all of the following elements (Peattie, 1992:152-153 and Coddington 1993:24): The company will endeavour to

- understand the environmental impact of the company's activities on the environment and take steps to minimise these impacts.
- develop products and processes which have a more favourable impact, focusing on source level reduction.
- comply with all applicable environmental legislation.
- ensure that minimisation of environmental impact forms part of the corporate culture.
- educate consumers on environmental issues and the correct use and disposal of products.
- assist and support environmental stakeholders engaged in environmental activities.
- assign personal responsibility to ensure that compliance occurs.
- measure and regularly review environmental performance against these commitments.

Here, it is important to note that there is a difference between an organisation's approach to environmental marketing and that organisation's environmental marketing strategy. An environmental marketing approach represents the commitment and promise of the organisation to factor environmental considerations into all the activities of the organisation. An environmental marketing strategy is the method in which this commitment is communicated.

7.3 Strategic environmental decision-making

A marketing strategy outlines the way in which the marketing mix is used to attract the target market(s) and achieve an organisation's objectives (Evans and Berman, 1992:63). The adoption of environmental marketing principles will require a review and modification of the marketing objectives, target markets, strategies, programmes and resources committed. These elements of strategic decision-making, with the

exception of marketing programming which is discussed in section 7.4, are discussed in the ensuing sections.

7.3.1 Objectives

A decision to incorporate environmental considerations into the marketing process will require the addition of objectives for the environmental and societal performance of the company, its products and its marketing strategies (Peattie, 1992:102). These objectives will be influenced by a range of factors including (Peattie, 1992:157): corporate objectives, corporate strategies, results of the marketing audit, corporate culture, the influence of various stakeholders, perceptions of marketing managers and the marketing position of the organisation. It is necessary that all short- and long-term objectives reflect an environmental perspective which provides a focal point which is able to direct the activities of the organisation. Objectives that need to be re-evaluated include financial, strategic product/market and technical objectives.

7.3.2 Redefining markets

With the incorporation of environmental principles, the enterprise should view the company's market from an environmental perspective. This requires the addition of market research to examine the extent and nature of the environmental concerns of the company's consumers (Peattie, 1992:101). Aspects of environmentally orientated consumption are discussed in section 3.8.14.

This research should provide the answers to the following questions. This information will assist the marketer in redefining the company's markets and assist in strategy and programme formulation. Questions that need to be answered include:-

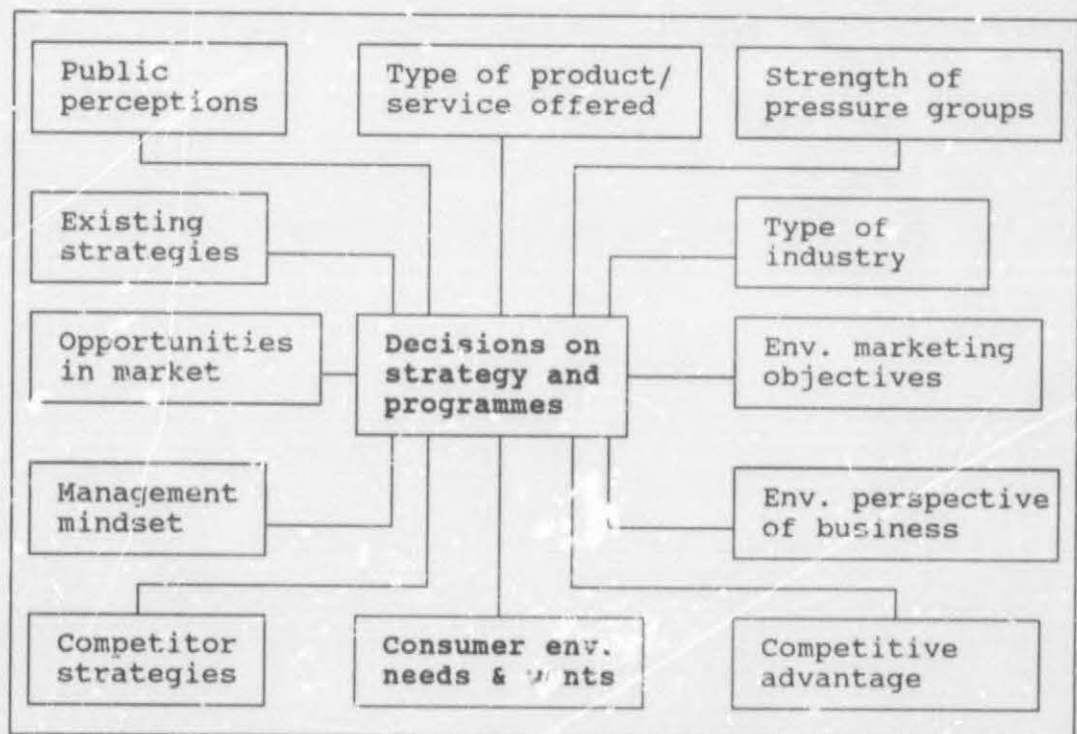
- (a) who is the company's environmentally conscious consumer?
- (b) what are this consumer's environmental needs?
- (c) what is the consumer's motivation for buying environmentally friendly products?
- (d) what is the consumer's willingness and ability to pay for environmentally friendly products?
- (e) what is the level of understanding of environmental issues?
- (f) what environmental issues are important to this consumer?

- (g) what is the priority placed on environmental issues by this consumer? and
- (h) what is the competitors strategies and abilities to satisfy these needs and wants?

7.3.3 Strategy formulation

Marketing strategies define the broad principles by which a business or business unit expects to achieve its marketing objectives in a target market (Kotler, 1991:68). Figure 7.3 shows some of the elements that need to be considered when formulating an environmental marketing strategy. Depending on the environmental objectives and various situational factors of the company, an environmental marketing strategy needs to be designed so that this strategy provides a meaningful connection between these situational factors and meets the requirements of the target market(s).

Figure 7.3 Environmental strategy decision elements



Several systematic approaches to planning have been developed to enable organisations to develop better marketing strategies. The approaches usually involve some form of

portfolio analysis by which an organisation individually assesses and positions every business unit and/or product (Evans and Berman, 1992:63).

Marketers should develop a differentiating and positioning strategy for the chosen target market. Management should define how its product offering will differ from its significant competitors and how that company wishes to appear to its target buyers (Kotler, 1991:66).

Peattie (1992: 159-160) suggests a number of focus areas for the components of a company's environmental marketing strategy.

- (a) Emphasising the inherent environmental friendliness of existing products.
- (b) Developing a more environmentally responsible corporate image.
- (c) Reducing the company's consumption of raw materials.
- (d) Using recycled or recyclable materials or containers.
- (e) Using sustainable sources of raw materials.
- (f) Reducing the energy input of products.
- (g) Reducing the energy usage of products.
- (h) Reducing the pollution and waste caused in the manufacture of products.
- (i) Reducing the pollution and waste caused by the use and disposal of products.
- (j) Eliminating potentially harmful substances within products.
- (k) Avoiding damage to particular species, habitats and cultures.
- (l) Funding environmental or social projects.
- (m) Protecting and enhancing the rights, health, safety and quality of life of employees and consumers.
- (n) Educating consumers and employees about social and environmental issues.

The choice of environmental marketing strategy can focus on some or all of these aspects through changes to the various elements of the marketing mix.

The type and focus of an environmental marketing strategy should be (Peattie, 1992:160):

- (a) customer orientated;
- (b) commercially viable;
- (c) credible to all stakeholders;

- (d) consistent with corporate objectives, strategies and capabilities;
- (e) clear and not shrouded in environmental or technical jargon;
- (f) coordinated with the operational strategies and plans of the other business functions; and
- (g) communicated effectively both internally and externally.

7.3.4 Commitment of resources

It is necessary for marketing management to decide on the level of marketing expenditure that is needed to achieve its marketing objectives. The company should analyse the marketing work required to attain a given sales volume or market share and calculate the cost of achieving this objective; the result being the marketing budget. The company also needs to decide on how to allocate the total marketing budget among the various tools of the marketing mix (Kotler, 1991:68).

The marketing manager might experience some resistance concerning the environmental marketing strategy budget. The empirical study showed that the single biggest barrier to environmental marketing was one of costs. Marketers should be aware of such potential barriers. Another barrier that might prove problematic is the fact that an environmental marketing strategy is a long-term campaign, often with benefits visible only in the long term.

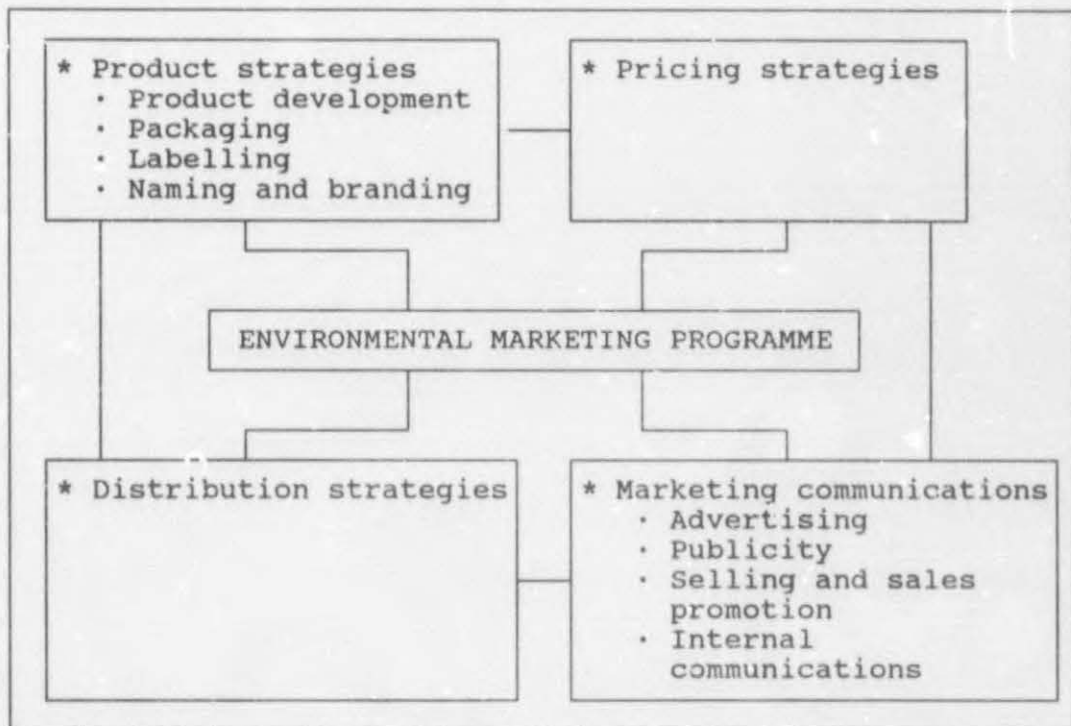
7.4 Environmental marketing programme

Objectives tell where a business is attempting to go and strategy answers how it plans to get there. Once the business has developed its strategic plans for attaining the objectives that are set, supporting programmes need to be developed to carry out these strategies (Kotler, 1991:54-55). The environmental marketer adds the environment to the standard mix of decision-making variables. It is a unique variable, serving as a backdrop against which all strategic decisions are made (Coddington, 1993:2).

In the development of an environmentally orientated strategy, programmes may require changes to some or possibly all of the marketing mix ingredients. The various elements of an environmental marketing programme are discussed in the ensuing sub-sections, namely: product decisions, pricing decisions, distribution decisions, promotion decisions, and staffing and organisation decisions. The components of an environmental

marketing programme can be seen in Figure 7.4. The environmental marketing programme uses the various elements of the marketing mix to position the company and/or its products in the market place. This positioning is in response to the required needs and wants of the redefined market.

Figure 7.4 Components of an environmental marketing programme



7.4.1 Product decisions

In many cases the product(s) of a company serve as a basis for gaining a sustainable competitive advantage and is a strong force in determining the character of the marketing mix (Boyd and Walker, 1990:385). The "total product" is a marketer's primary vehicle for delivering consumer satisfaction or benefits (Schoeil and Guiltinan, 1988:83). Peattie (1992:176) states that the total product includes all the activities of the producer organisation which contribute to the augmented product. The total product concept is important to marketers as the environmentally conscious consumer may reject a satisfactory product because they are dissatisfied with the company that makes it.

In the following sections various elements of product management are commented upon, namely: environmentally friendly product development; packaging; labelling; and naming and branding.

7.4.1.1 Environmentally friendly product development

Three separate, yet closely connected, sets of issues must be addressed in the development of environmentally friendly product concepts, namely (Coddington, 1993:154):

- a) **Concept issues.** A new product can be either a line extension, a reformulation of an existing product or a completely new product offering.
- b) **Pipeline issues.** It is necessary to determine if the new environmentally friendly product(s) will be compatible with current or available production capabilities, as well as with principles of sustainable development.
- c) **Strategic issues.** This involves such questions as: What competitive offerings are currently available? How will different environmentally friendly product concepts position the company against competition? What marketing strategies are appropriate?

The emerging science of Design for the Environment (DFE) call upon product designers to factor the following considerations into their planning (Coddington, 1993:157-168 and Peattie, 1992:177-187):

1) **The production process.** A product cannot be considered genuinely environmentally friendly unless it is also manufactured in a manner that causes minimal environmental damage. An appraisal of the environmental impacts of the production process will include consideration of the following factors:

- **Raw material usage.** It should be attempted to use less resources, where possible use renewable resources and minimise the use of non-renewable resources. Alternatives should also be investigated.
- **Energy consumption.** Energy use should be minimised and alternatives or more environmentally benign energy sources may be an option.
- **Pollution prevention.** Attempts should be made to minimise emissions into air and water. All available technologies which could minimise emissions should be examined.

- **Solid waste.** Clean technology can be valuable in turning waste material into profit-earning by-products. Waste that cannot be used should be disposed of in an environmentally responsible manner. Here the concept of zero-pollution may be integrated into the management mindset.

2) **Designing for disposal.** One of the goals of DFE is to minimise the environmental impacts when the product is disposed of. This can be done by:

- minimising the amount of waste by weight and by volume, thereby taking less space in landfills; and
- attempting to assure that incineration will produce no toxic by-products.

3) **Designing for "nondisposal".** Products may be designed for:

- **Long life.** Durable products should be designed for long life. This may require that products be designed so that they can be upgraded with new, improved parts or systems that further reduce the product's environmental impact and complies with new regulations.
- **Reusable and Recyclable.** A product may be designed to have multiple lives before being disposed of. Reusable products are reused in their existing form, while recyclable products must be broken down into their constituent parts and then refabricated into new products. As a rule, it is environmentally preferable for a product to be reused rather than recycled, because the recycling and remanufacturing process often consumes more natural resources than simple reuse. When using materials, the use of recycled materials is preferable to virgin materials.

4) **Designing for pollution prevention.** DFE takes into consideration the environmental impact of the product's emissions into water and air, both a function of use and disposal. Here it is attempted to reduce the environmental damage caused through the use of a product and its disposal. Often not all negative environmental impacts can be eliminated. It may be necessary for the company to assist in the development of a recycling infrastructure to minimise these impacts.

5) **Designing for resource conservation.** DFE favours the use of recycled materials whenever possible.

Additional total product dimensions that need to be considered include:

- a) **Supplier credibility.** A purchasing policy may be applied to select ingredients and suppliers.
- b) **Product safety.** In relation to consumers, the workforce and society the design production process should consider the safety of these stakeholders at all times.
- c) **Impact of product on biodiversity.** A product or the production thereof should not endanger the existence of any species or environmental system.

Peattie (1992:179) suggests the following ways which would add to the augmented product dimensions:

- a) Providing additional environmentally friendly ways of purchasing, e.g. pick-your-own fruit and refills.
- b) Providing environmentally conscious customer support and informational services.
- c) Offering services to support recycling or safe product disposal.
- d) Linking a product to an environmental issue.

Success factors for environmentally friendly products to succeed in the market place include the following (Peattie, 1992:188):

- a) it should be aimed at a genuine environmental need or want among consumers;
- b) it should perform adequately in terms of both primary function and environmental quality;
- c) environmental quality should be communicated successfully through the naming and branding, design, packaging and promotion of the product;
- d) it should be perceived by consumers as acceptable in both its primary function and environmental quality;
- e) consumers should be willing and able to pay any price premium which is associated with environmental quality;
- f) it should be equal or better than competitor products in terms of environmental primary performance, price and availability; and
- g) it should be supported by a perceived level of environmental quality from the producer to create a credible environmentally total image.

7.4.1.2 Packaging

Packaging is often a highly visible form of waste. Packaging does offer ways in which the perceived environmental friendliness of the product/service may be supplemented. Methods in which this is possible include:

a) **Reduced packaging.** Peattie (1992:222) mentions the following ways in which this could be possible:

- sell in larger unit sizes,
- sell refills,
- remove unnecessary layers,
- use efficient design forms,
- reduce the thickness of the packaging material,
- switch the packaging to a material of which less is needed, and
- improve the resource efficiency of packaging processes.

b) **Re-usable packaging.** Re-usable packaging reduces the amount of resources needed. Deposit-bearing re-usable packaging creates less waste and also provides an incentive to return such packaging.

c) **Recycling.** Recycling can produce major savings in raw materials and energy. There are a number of ways in which packaging can contribute to recycling (Peattie, 1992:224):

- recycled packaging,
- recyclable packaging,
- recycling collection.

To go from recyclable to recycled, packaging material must return to the supply chain from the consumer. Providing or supporting recycling collections can do much to enhance an organisation's environmental credentials.

d) **Degradable packaging.** Packaging can be designed to degrade when disposed of. Presently, the marketer is able to choose between photo and bio-degradable options. The type of disposal system used by customers should be evaluated when this type of packaging is considered.

Peattie (1992:225-226) offers the following guidelines when developing a more environmentally friendly packaging:

- (a) Take a lifecycle approach to packaging materials.
- (b) Offer and encourage the reuse of materials where possible. This involves:
 - i) Selecting materials which are easy to recycle.
 - ii) Supporting reuse through packaging design.
- (c) Label products to identify the nature of the packaging.
- (d) Eliminate overpackaging.
- (e) Use single-material packaging where possible to aid recycling.
- (f) Build environmental considerations into the design of packaging and choice of materials.
- (g) Invest in environmentally friendly packaging technology.

7.4.1.3 Labelling

Winter (1988:1990) states that it is important that environmental benefits are indicated on packaging. It is important to note that there are two levels of labelling: mandatory and optional labelling. Optional labelling can have a substantial impact on product positioning. Further, it is useful to draw a distinction between theoretically optional and actually optional labelling. Some forms of theoretically optional labelling as a business reality are effectively mandatory (Coddington, 1992:174-175).

Coddington (1992:175) states that the boundary between theoretically optional and actually optional will become less definite over time. As this happens, environmental labelling will take on the character of defensive strategy, i.e., labelling will not be used to position the company ahead of competitors out to indicate that it is not lagging behind.

When using any form of environmental labelling the labelling should (Davis, 1991:16-17 and Hemphill, 1991:40):

- a) Conservatively interpret existing and other legal guidelines. It is important to note how the consumers interpret the claim, not just the absolute truthfulness of the claim.
- b) Be specific about environmental benefits and provide definition clarity.

- c) Environmental claims relating to disposability, e.g. recyclability should clearly disclose the availability of the advertised option where the product is sold.
- d) Supply consumers, distributors and the public with advice and instructions about the safe use, transport, storing and disposal of products (Louw, 1992:171).

Marketers should direct their environmental labelling so that the consumer is assisted in the purchase decision. The term "environmentally friendly" should be avoided as no product is inherently environmentally friendly. A marketer may decide to develop an eco-labelling programme or may choose to apply for and use the SABS environmental standard marketing programme.

7.4.1.4 Naming and branding

The development of a name and brand present an opportunity to match the marketing strategy and supporting marketing mix. Naming presents an opportunity to communicate with the customer, position the company or product in their mind and generate competitive advantage (Peattie, 1992:233).

Marketers are faced with the challenge of communicating the environmental nature of a product in the naming. Peattie (1992:235-238) suggests that an environmental brand name can be grouped into four categories:

- a) **Environmentally linked.** A product's environmental performance can be stressed by making a reference to the environment in the name.
- b) **Socially responsibly linked.** Any reference to a social responsibility can indicate a concern for social issues.
- c) **Product attribute linked.** Any attributes that add to the environmental friendliness of the product may be included in the name.
- d) **Production linked.** Where production or any aspects of production which is seen as an environmental benefit could assist in the creation of a name.

Marketers can develop and promote their own environmentally friendly logo or symbol which can be used in conjunction with the brand name. If a name indicates environmental leadership, this indicates a responsibility to ensure that the product remains an environmental leader or this may result in future negative publicity.

7.4.2 Price decisions

Coddington (1993:88) states that quality and performance being equal, consumers will usually choose the cheaper brand. If all other factors are equal, consumers will generally buy the environmentally friendlier product.

Marketers will need to balance the consumers' purchase consideration of price, performance, convenience and environmental benefits. The type of pricing strategy for environmental products/services depends on:

- (a) the level of economy;
- (b) the environmental awareness of the consumer;
- (c) the specific issue or environmental benefit of the product/service;
- (d) the environmental performance of the company;
- (e) the competitive offerings available;
- (f) the profile of the environmental issue the product/service is linked to;
- (g) the perceived benefits of the use of this product/service;
- (h) the willingness and ability of the consumer to pay for environmentally friendly products/services;
- (i) pricing objectives;
- (j) cost factors; and
- (k) the marketing strategy employed.

In the choice of a price for environmental products/services marketers should aim to:

- (1) Achieve price parity (or better) with competitive products (Coddington, 1993:98).
- (2) Any price premium should be clearly explained to consumers and distributors (Winter, 1988:90).

The price premium, if any, that the company's consumer is prepared to pay needs to be carefully researched. This willingness must be matched by an ability to pay.

7.4.3 Distribution decisions

A product's positioning is also a function of its distribution channels. Distribution channels also effect how a product is positioned environmentally (Coddington, 1993:172).

It may be desirable to vary the content of the environmental messages that are delivered, depending on the distribution channel and the demographics of the groups who shop there. A certain group may have more of a use than a conservation attitude towards the environment and therefore, contrasting environmental messages would be appropriate for these two groups (Coddington, 1993:172-173).

Distribution of a product can add to the environmental image of a product in the following ways:

- (a) **Simplified supply chains.** Each step in the supply chain involves the consumption of resources. Where a supply chain is shortened, less resources will be used (Peattie, 1992:185).
- (b) **Healthy relations.** Existing distribution channels can be used to develop recycling systems and to give advice to consumers regarding the enterprise's environmentally friendly products (Winter, 1988:90).
- (c) **Reverse channels.** Some form of reverse channels can be developed by the marketer. It is often advisable to develop such a system in conjunction with the distributor. It should also be endeavoured to place some value on the item returning to this channel, so to encourage the use of this reverse channel.
- (d) **Improved fleet maintenance.** All aspects of fleet maintenance can be improved to contribute to an improved environmental image. The choice of a distributor with a record for high maintenance and safety standards can also enhance this image.
- (e) **Reduce wastage.** Methods should be sought out to reduce the amount of waste and damage created in the distribution system.
- (f) **New channels.** A new environmentally friendly product attempting to gain a foothold in the market may be required to use unusual supply chains.
- (g) **Environmentally friendly packaging.** Packaging which is designed to have environmental distribution benefits can also add to the perceived environmental friendliness of the product. Examples of such packaging include: the use of reusable