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Towards Sustainability: The Third Age of Green Marketing

Integrating concern about the environment into the practice and principles of marketing is an idea that has been with us since the 1970s. Over time our understanding of the interaction between the economy and the environment has developed, and therefore our ideas about what might constitute "green marketing" have continued to evolve. This article reviews this evolution in terms of three stages with different implications for marketing: (1) Ecological marketing, a narrowly focussed initiative which concentrated on reducing our dependence on particularly damaging products; (2) Environmental marketing, a more broadly based initiative which aimed to reduce environmental damage by tapping into green consumer demand and opportunities for competitive advantage; and (3) Sustainable marketing, a more radical approach to markets and marketing which seeks to meet the full environmental costs of production and consumption to create a sustainable economy.

Keywords: green marketing, environment, sustainability, consumption, marketing strategy

Introduction

Concern about the social and environmental impacts of commerce can be traced back over thousands of years. During the last thirty years, this concern has intensified, and a major debate has sprung up about the relationship between marketing and the physical environment. Marketing has been cast as both a major villain for its role in stimulating unsustainable levels of demand and consumption, and also as a potential saviour through the application of market mechanisms to tackle social and environmental problems. The term "Green Marketing" has been used to describe marketing activities which attempt to reduce the negative social and environmental impacts of existing products and production systems, and which promote less damaging products and services. As our understanding of the interaction between businesses, society and the physical environment has improved, so

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what we understand to be “green” practices and principles for marketing has also evolved. This evolution can be broken down into three distinct phases, each of which have quite different implications for the discipline of marketing, and its role in determining the future of the planet.

The First Age: “Ecological” Green Marketing

Ecological marketing was defined by Henion and Kinnear (1976) as “*concerned with all marketing activities (a) that have served to help cause environmental problems and (b) that may serve to provide a remedy for environmental problems.”* Its roots lay in the social and environmental concern which evolved during the 1960s and early 70s, expressed in books such as Rachel Carson’s *Silent Spring* and the Club of Rome’s *Limits to Growth*. These books drew attention to the fact that we live in a finite world in which endless, uncontrolled expansion would eventually exhaust the natural resources and systems on which we all depend.

The characteristics of this first age of concern were as follows :

- it was narrowly focused on specific “environmental problems” such as air pollution, depletion of oil reserves, oil spills and the ecological impacts of synthetic pesticides such as DDT. The emphasis was on pollution and resource depletion (particularly energy resources) and on local or national concerns.
- it sought to identify particular products, companies or industries which were causing, or in a position to help solve, these particular problems.
- it was debated across a relatively narrow “front line” of industries including automobiles, oil and agro-chemicals.
- it was something of a “minority sport” with relatively few consumers and companies significantly changing their behaviour.

The main relevance to marketing was the increasing amount of environmental regulation within the legal environment. For most marketers the environment remained a challenge for the company’s legal and technical staff. It had little direct relevance for them, provided that the company’s engineers and lawyers could ensure that the company complied with environmental regulations. This was usually achieved by “end-of-pipe” improvements to production processes or products, to reduce or contain pollution. Even within “front line” companies, the environment was viewed mostly as a constraint on marketing, and a source of increased cost. For example in the automotive industry, the addition of catalytic converters (a classic “end-of-pipe” solution) was prompted by legislation and added to the cost of car manufacture.

There were however, some businesses within the first phase who strongly embraced social and environmental values as central to their business, and who pioneered particular green markets. These often tended to be entrepreneurial and value driven, rather than driven by customer needs and market pressures in the classical marketing tradition. Many of these businesses such as Body Shop, Ben and Jerry's and 3M went on to become icons of the green business movement.

The Second Age: "Environmental" Green Marketing

Green Marketing's second age emerged during the latter part of the 1980s. The potential vulnerability of the environment, and human life within it, was highlighted by a series of incidents and discoveries. These included the Bhopal tragedy in 1984, the discovery of the Antarctic hole in the ozone layer in 1985, Chernobyl in 1986 and the Exxon-Valdez oil spill in 1989. Media coverage of these and other disasters stoked public concern about the environment so that it became a mainstream issue. The successful global consumer boycott of CFC-driven aerosols, organised by environmental groups, demonstrated that consumers could be mobilized by environmental causes that they understood and could relate to. By 1990 research data from J. Walter Thompson suggested that up to 82% of US consumers were willing to pay a 5% premium for greener products. Voters also lent increasing support to green political parties, particularly in European elections. Companies and mainstream political parties both adapted in the light of the new Zeitgeist and began to work at developing environmental policies and credentials. At the same time some important and persuasive ideas about the relationship between business activity and the environment were emerging. These included:

"Sustainability"

Sustainability was the most profound and significant development in green thinking. It evolved early in the 1980s, and was then widely disseminated and promoted through the publication of the UN's "Brundtland Report" (WCED 1987). A sustainable approach to consumption and production involves enjoying a material standard of living today, which is not at the expense of the standard of living of future generations. It therefore involves using natural resources at a rate at which environmental systems or human activity can replenish them (or in the case of non-renewable resources, at a rate at which renewable alternatives can be substituted in). It also means only producing pollution and waste, at a rate which can be absorbed by environmental systems without impairing their viability. The concept of sustainability was significant because:

- it pulled together issues relating to the physical environment, society and the economy and recognised their interdependence. Previously these were presented as separate agendas between which interests were traded off (in particular environmental protection and economic growth were presented as a choice).
- it was an idea that companies, governments and environmental groups could all agree about (even if some were concerned about

sustaining the economy in the long term, while others were more concerned about sustaining the natural environment). This provided new opportunities for partnerships and collaborations.

- it took a global perspective, and recognised most "environmental problems" as symptoms of our unsustainable production and consumption systems.
- the concept was widely discussed and, at least in principle, adopted as a strategic aim by the majority of the world's governments and major corporations.

Clean Technology

Green marketing's second age saw a move away from "end-of-pipe" pollution clean-up, towards "clean technology". This involved the design of innovative new products or production systems in which pollution and waste were eliminated at the design stage.

The "Green Consumer"

The idea that concern about the environment could influence consumer behaviour developed into the concept of the "Green Consumer". It became widely debated following the publication of The Green Consumer Guide (Elkington and Hailes 1988). This defined Green Consumers in terms of their tendency to avoid products which:

- endanger the health of consumers or others;
- significantly damage the environment in production, use or disposal;
- consume disproportionately large amounts of resources;
- cause unnecessary waste through over-packaging, excess features or an unduly short lifespan;
- use materials derived from endangered species or environments;
- involve cruelty to animals;
- adversely affect other countries.

The guide also gave consumers proactive advice about reducing the environmental impact of their consumption and purchasing activities. It became an immediate best seller, staying in the UK non-fiction best-seller list for over nine months. By 1993 at least 44 different practical green consumer guides were available. The implications for marketers lay in the opportunities that the existence of green consumers created, for companies to develop new products and services tailored to their needs. For companies with a poor environmental performance, a threat was posed by the increase in information for green consumers, along with the increasing sophistication of pressure groups and the increasing media coverage devoted to the environment.

Competitive Advantage

An important difference between the first two ages of green marketing was the realisation that good socio-environmental performance could form the basis of competitive advantage. If a substantial proportion of consumers were concerned about the environment, and information about environmental performance of products and companies was becoming available, then relatively green companies should be able to differentiate themselves from the competition, and tap into green demand. During the late 1980s there were many green marketing success stories, and in markets as diverse as batteries, ice-cream, cars and cameras, companies began to use relative environmental performance as a basis on which to compete.

A more sophisticated argument for generating competitive advantage from environmental excellence was put forward by Michael Porter in 1986 and was further developed in an influential *Harvard Business Review* article (Porter and van der Linde 1995). This showed, through numerous examples, how the search for environmentally superior solutions leads to innovation and the creation of more efficient and effective technologies and ways to use resources. The logic was that tough environmental legislation (often vigorously opposed by companies) actually increases innovation and competitiveness. This reversed the conventional view that responding to legislation increases costs and reduces competitiveness. This became known as the “Win-Win” solution, in which companies could improve their environmental performance and benefit from either consumer demand for greener products, or from cost saving and efficiency gains.

Eco-performance

If consumers were going to differentiate between competing products and companies on environmental grounds, then by implication those products and companies must have different levels of “eco-performance”. This is different to the first age where concern was for reducing our dependence on particular categories of products (synthetic pesticides or large “gas guzzling” cars) or for promoting new categories of products (such as recycled paper or pollution control equipment). Trying to work out the relative merits of particular products can be difficult. Some of the questions that need to be considered include:

- what social and environmental issues are relevant to this product?
- what weights should be attached to particular impacts?
- should “upstream” impacts in the supply chain be considered, and if so, how far back up the chain?
- should product use and disposal be considered as well as production?
- what criteria should be used in making assessments? Legal compliance? Comparisons with competitors? Expectations of customers and other stakeholders?

Not surprisingly, many companies found themselves subject to criticism (and sometimes given a *Friends of the Earth “Green Con of the Year” Award*), if they tried to promote themselves or their products as “green” on a relatively one-dimensional basis. The concept of “eco-performance” seeks to encapsulate the overall social and environmental impacts of a company, its products and its production system (Peattie 1995).

Environmental Quality

Finding ways to measure and manage eco-performance was very challenging for companies, as was getting the various different functions or divisions of the company to join in the greening effort. A “green” company could find itself under severe media scrutiny if one subsidiary or production facility was exposed as a major polluter. A marketer seeking to compete on a green platform needed to be confident that the company as a whole could back them up. Understanding eco-performance required companies to view themselves as physical and social systems and to consider the environmental and social impacts of their inputs, outputs and processes. Many manufacturers sought to combine environmental management with their existing Total Quality Management (TQM) programmes in what became known as TQEM. This made sense in that the two fields shared an interest in waste reduction and continuous improvement and both took a total systems view of producing and marketing products. TQM also emphasised the development of a supportive corporate wide culture, which was something environmental marketing and management also needed. This approach was also in line with Porter and van der Linde’s thinking, which viewed pollution as symptomatic of inefficiency and stating that “*efforts to eliminate pollution can therefore follow the same basic principles widely used in quality programs: Use inputs more efficiently, eliminate the need for hazardous, hard to handle materials, and eliminate unneeded activities.*” (p.124) Ultimately, new international quality standards, the ISO 14000 series, were drafted relating to the quality of companies’ environmental management systems.

Marketing Implications of the Second Age

The second age of Green Marketing was much more significant for marketers and marketing. Partly this related to the broadening of the “front line” of industries in which environmental issues became important. Ecological marketing mostly focussed on those industries and products with the most obvious direct impact on the environment (such as oil, mining, agro-chemicals, cars). Concern about sustainability broadened the environmental debate to include issues like species loss, the destruction of particular ecosystems and habitats, and poverty within developing countries. Environmental marketing embraced all manner of products used in the home (such as cleaning products, white goods, carpets and paper) along with services such as tourism and banking. The implications for marketing were also expanded by the need to view the business as a total physical system. While ecological marketing focussed on specific physical consequences of businesses as economic systems, environmental marketing encouraged marketers to take a physical systems view of businesses. This meant considering the business not simply as a “value chain” that converts inputs into market outputs, but as a system with non-market outputs in the form of pollution and waste.

Some of the more specific implications of environmental marketing for marketers included :

- a more global focus. Sustainability prompted consideration of the environment from a global perspective by confronting global issues such as global warming, climate change, and ozone layer depletion.
- new market developments. New markets for environmentally orientated products and services emerged in many industries. Eco-tourism within tourism, and green/ethical investment funds have each represented the fastest growing sector of their industries over the last decade.
- new product introductions. Research by Marketing Intelligence Services found that in 1991, 13.4% of new American packaged goods made some form of environmental claim, with the proportion in some categories, such as household products, rising as high as 44%.
- promotional opportunities. Established products were also able to promote themselves on the basis of environmental strengths. In the face of new green detergent products, conventional brands such as Fairy began to stress their biodegradability.
- an emphasis on the means of production. In many green market segments, products and companies used the means of production as a means of differentiation. In food markets examples included free-range eggs, organic vegetables and rod-and-line caught tuna (and although there is an argument that organic or free-range products may also be different in terms of taste, a tuna fish tastes much the same however it is caught). Although there are parallels with promoting a product as “hand-made”, in most markets the idea of consumers being interested in how a product is made, was relatively novel.
- a spotlight on packaging. A key environmental impact of marketing relates to packaging, with discarded packaging a major contributor to waste problems from litter to landfill. This was an area where marketers found it relatively easy to introduce “win-win” solutions. Recycled packaging materials could be used or over-packaging reduced, in a way which didn’t affect core product attributes or performance, but which typically reduced costs.
- new partnerships. Many companies, often those who had endured criticism of their eco-performance, formed new partnerships with former environmental critics in an effort to improve their eco-performance and image. McDonalds, for example, developed a 42 point environmental action plan in partnership with the US Environmental Defence Fund.
- a move beyond compliance. Even for companies that were not interested in competing on an environmental basis, it had become

clear that the conventional approach of a "reliance on compliance" is an increasingly risky strategy. In disposing of the Brent Spar oil facility, Shell UK were following a course of action which they were confident was legal, was supported by the government, and which they felt they could prove was technically and environmentally optimal. Despite this, they found themselves embroiled in a public relations disaster in which the public, the media, foreign governments and even other parts of the Shell organisation were critical of them.

- new information requirements. In the past, questions relating to how the product was made were not of great interest to marketers, providing that production schedules, quality and costs were all under control. Now questions like "*How clean is our production system ?*", *"Where do our raw materials come from ?"*, and *"What happens to our product at the end of its life ?"* had all become potentially significant. Environmental audits and environmentally-related marketing research were increasingly needed to fill these information gaps.

The End of the Second Age: Hitting the "Green Wall"

During the second half of the 1990s, it became clear that although the logic of "win-win" strategies was attractive, generating and sustaining competitive advantage from good environmental performance was often difficult in practice (Walley and Whitehead 1994). Products marketed on an environmental platform often proved vulnerable to competitor tactics such as discounting, or attacks on the level of technical performance offered, or on the credibility of their environmental claims. Capitalising on good eco-performance in search of competitive advantage was also made difficult by the attitude of the media. Companies such as Body Shop and Canadian retailer Loblaw, who sought to take a lead in the greening of their respective industries, found that the media was more inclined to attack them on the basis of any absolute shortcomings, than to highlight the relatively poor eco-performance of their more conventional rivals. The "win-win" dream of producing a new generation of products which were environmentally superior, cost competitive, and technically as good as (if not better than) existing products proved difficult to realise for several reasons:

The Green Product Controversy

Competing on the basis of environmental quality can be very difficult, since what constitutes the "greenest" product in any market is open to debate. It is not difficult to demonstrate which is the fastest or the safest or the most inexpensive car on the market. It is much more difficult to define the greenest. The glass industry claimed glass as a greener packaging material than plastic because of its naturalness and recyclability, while the plastics industry claimed the upper hand on the basis of weight and associated fuel savings in distribution. In the USA services collecting, washing and delivering cotton "diapers" as an alternative to disposables boomed. This market growth then faltered in the face of evidence from Proctor & Gamble that the overall environmental impact of disposables was actually better once the impacts of the detergent, energy, water and transport of the washing services had been considered. Overall, the environmental issues that eco-performance related to were shown to be complex, controversial and not easily solved by particular product substitutions.

The Corporate Green Wall

Research conducted by consultants Arthur Anderson probed the experiences of companies who had taken an early lead in developing competitive advantage from good environmental performance. This showed that the initially successful greening programmes of many of these, including Apple, Warner-Lambert and ABB had run into problems (Shelton 1994). The common experience was that all went well while environmental improvement was based around cost-saving projects which saved energy or reduced waste disposal costs. Once these "low-hanging fruit" had been picked, and further environmental improvement required more radical changes, the greening process began to clash with corporate cultures and other corporate strategies and vested interests. This became known as hitting the "Green Wall". For many companies environmental improvement became increasingly subsumed within existing TQM strategies or corporate citizenship programmes.

The Green Consumer Mystery

The "Green Consumer" has been a central figure in the development of the logic of green marketing. Many green marketing strategies depended on customers being willing to buy greener products at premium prices. Therefore a lot of effort went into trying to identify and market to these Green Consumers. This proved to be much more difficult than expected. Early efforts went into trying to identify and segment green consumers using socio-demographic factors such as age, sex, income and level of education. When these produced inconclusive and contradictory results (Wagner 1997), other factors were examined including level of environmental concern, environmental knowledge and attitudes such as social concern, perceived personal relevance and belief in one's ability to influence things (for a model which integrates the majority of these, see Dembkowski and Hanmer-Lloyd 1994). The tendency for such studies to be inconclusive and contradictory in their findings continued.

What was clear was that the level of environmental concern being voiced by consumers was not being matched by an equal level of change in their purchasing behaviour. The explanation that many marketers put forward was one of "social over-reporting" of environmental concern among consumers. It seemed that the opportunities for environmental marketing were far less than had been predicted. This was not, however, the only possible explanation.

An Alternative Explanation – Green Purchases not Green Consumers

Kardash (1974) characterised all consumers (barring a few who enjoy contrariness for its own sake) as *"Green Consumers*" in that, faced with a choice between two products that are identical apart from different levels of eco-performance, they would differentiate in favour of the environmentally superior product. If we accept this idea, then understanding environmental purchasing behaviour (and often the lack of it), is assisted by looking at the extent to which green product offerings are not perceived as "equal" to their conventional competitors. This means that instead of trying to understand green consumption by understanding the purchaser, we instead try to understand the purchases.

Figure 1 presents a framework within which different types of potential green purchase can be positioned. This brings together two key variables which affect the likelihood of any purchaser (whatever the intensity of their environmental concern - or "shade" of green) being influenced by environmentally related issues when considering a purchase: the degree of compromise involved, and the degree of confidence generated in the environmental benefits of a particular choice.

Many green purchases involve some form of compromise or trade-off, including :

- paying a green premium, whether it is imposed by economic necessity or by marketing strategy;
- accepting a lower level of technical performance in exchange for improved eco-performance (e.g. green detergents);
- travelling to non-standard distribution outlets.

The importance of such trade-offs has been recognised in some of the "Lifestyle" segmentations made within the green market, using labels such as "*no-cost ecologists*" and "*convenient greens*" (Wagner 1997). The willingness to make trade-offs will be determined by a number of factors, including environmental awareness and concern, product availability and perceived costs. However a crucial, but often neglected, factor which will determine whether or not customers will accept any trade-offs is the confidence they have in the environmental benefits involved. Buyers will need to be confident that:

- the environmental issue(s) involved are real problems;
- the company's market offering has improved eco-performance compared to competitor or previous offerings;
- purchasing the product will make some sort of material difference.

Although a tendency to over-report social and environmental concerns will undoubtedly explain part of the discrepancy between environmental concern and purchaser behaviour, a vital but often overlooked factor is the confidence that customers have in companies' green marketing offerings. When Dutch consumers were posed the question "*Whom do you believe about the environmental compatibility of products?"* only 5% described the manufacturer as "*believable*" compare to 89% for leading environmental groups (Einsmann 1992). Mintel's 1991 UK Green Consumer Survey also found that 90% of UK consumers were highly sceptical of green promotional campaigns.

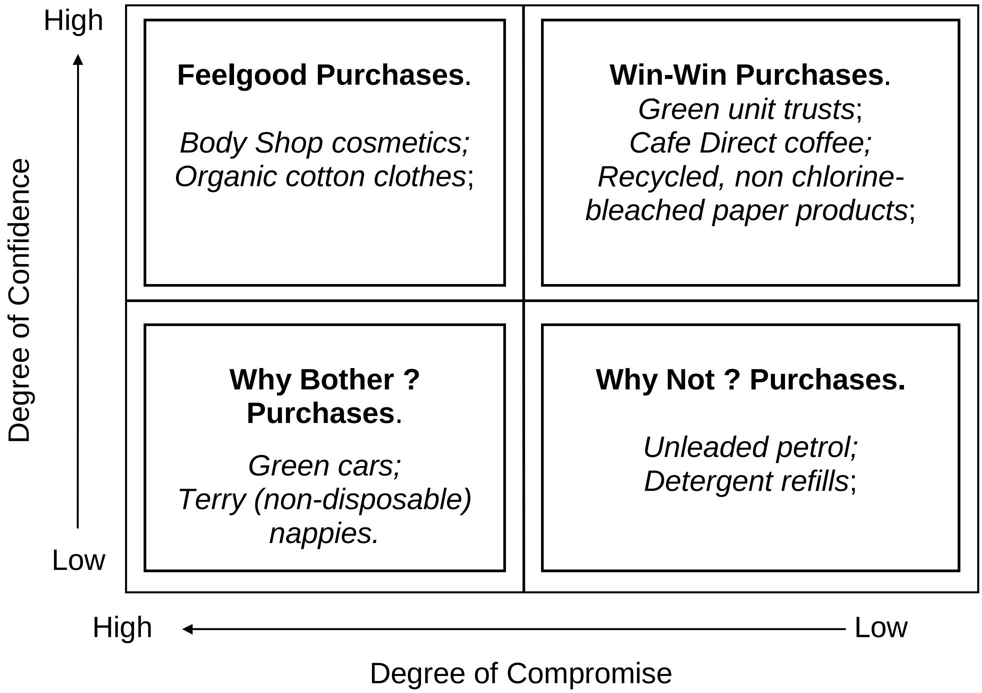

Figure 1. The Green Purchase Perception Matrix.

Products which present a "win-win" purchase proposition by offering clear benefits in terms of environmental credentials and requiring little compromise on the part of the purchaser are unlikely to struggle in the market place. Similarly purchases offering good technical performance whilst also saving money, such as detergent refills, will find market acceptance relatively easily, even if their environmental benefits seem marginal. Products which ask for considerable compromise, need to instil high levels of confidence among purchasers about their environmental benefits. Body Shop's products are more expensive than most high-street rivals and green "me too" brands but, despite periodic media attacks, their credibility and customer loyalty have remained strong. Products which require significant compromises from their customers and do not make a convincing case in terms of environmental benefits are unlikely to succeed.

The value of a framework such as this is that it can cope with individual consumers being "inconsistent" in their purchase behaviour for green products according to their knowledge, their specific environmental interests, how they perceive the credibility and the relative costs and benefits of the product offering. It also provides a practical agenda for green marketers of reducing the compromises they require of customers while building consumer confidence about their market offerings.

"Sustainable" Green Marketing: Towards the Third Age

The development of environmental marketing has undoubtedly had an impact on marketing practice over the past decade. Some important new green markets and products have emerged. The debate about the opportunities and difficulties involved in marketing to green consumers has sometimes obscured the progress made within business-to-business and organisational marketing. Large companies such as IBM, McDonalds and BT have used their purchasing power to insist that their suppliers improve their eco-performance, and back it up with green audits. Governments have also used the specifications of tenders to insist that suppliers address environmental issues. In many industries technologies and production systems have been improved to create less pollution and conserve resources. However, the short answer to whether our economies and societies (and the environment on which they depend) are now significantly more sustainable than they were fifteen years ago when *The Brundtland Report* was published, would have to be "*No*".

Although the general principle of sustainability has been widely endorsed by governments and major companies, agreeing about what it means and how to achieve it has proved difficult. The underlying principles of sustainability also provide a significant challenge to the marketing discipline and our established social and economic systems. These components are :

1. ***Futurity*** Marketing seeks to deliver satisfaction to customers and profitability for investors, which provides the discipline with a fairly unassailable raison d'être. However, it has previously addressed only the needs of the current generation of consumers and investors. Sustainability poses an important challenge to marketing to justify what makes the needs of the current generation more important than the needs of the generations to come. Environmental restrictions are often opposed on the basis of freedom of choice. However, if current production and consumption systems are unsustainable, then the choices available to future generations may be severely curtailed.
2. ***Equity*** The current social and economic order is difficult to view as "fair" because the costs and benefits of industrialisation are not distributed evenly. The populations of the industrialised nations enjoy average real incomes seven times greater than people in less-industrialised countries. Industrialised nations account for less than

20% of the world's populations, but consume more than half of all commercially generated electricity, and produce almost half of all carbon dioxide emissions. Since 99% of future population growth is forecast to occur in the less industrialised countries, by 2050 the proportion of the world living in the industrialised world will have fallen to around 13%. Although it might be tempting to assume that more consumption, more growth and more trade will help to ease the plight of the world's poor, experience suggests that it will not. Since 1965 while industrialised incomes have risen on average 2.4% p.a., incomes in less industrialised countries have risen at only 1.6% p.a., with Africa effectively poorer now than it was then. Sustainability aims for a more equitable distribution of these costs and benefits among nations, sexes and ages.

3. ***An emphasis on needs*** Although marketing aims to meet our wants and needs, the majority of contemporary marketing effort concerns things we want rather than need. As Durning (1992) points out, four fifths of the world's population have no discretionary income, and their expenditure is entirely concerned with meeting their basic survival needs. Sustainability aims for a greater emphasis on need rather than want.

The marketing discipline is beginning to address green marketing, not just in terms of reducing environmental damage, but in terms of the pursuit of sustainability. Peattie (1995) defined green marketing as *"The holistic management process responsible for identifying, anticipating and satisfying the needs of customers and society, in a profitable and sustainable way"*, while Fuller (1999) defines sustainable marketing as "*the process of planning, implementing and controlling the development, pricing, promotion, and distribution of products in a manner that satisfies the following three criteria: (1) customer needs are met, (2) organizational goals are attained, and (3) the process is compatible with eco-systems."*

There are a number of elements of markets and marketing, as they currently stand, which will have to be changed to allow our products and their production and consumption to become more sustainable, including:

Product Costs

The economics of marketing is based on neo-classical economics, which is fundamentally an environmentally-hostile doctrine. The key problem is the concept of "externalities", in which some of the costs related to a product (particularly those relating to socio-environmental impacts) are excluded from the calculation of costs and therefore prices. Therefore the car industry, and car purchasers, do not directly pay for the costs associated with air pollution, global warming, oil depletion or road deaths and injuries. In theory, governments can raise taxes on consumers and companies to meet these external costs. However, in an era when tax minimisation dominates election debates, and when national regulators struggle to contain the lobbying power of global companies, this looks increasingly like wishful thinking. Similarly, raw material costs only reflect the costs of extraction and payments to any relevant owners. The costs of raw material replacement or associated environmental impacts are often not met. Therefore the costs of the fishing industry reflect the costs of fishing, but not the costs of over-fishing. So the prices of the goods we purchase cover the costs of the financial capital, human capital and manufactured capital that go into producing and marketing them. The full costs of the environmental capital are not covered, which means that the environment effectively provides a subsidy. Environmentally orientated products often encounter problems because they are perceived as unrealistically expensive. They are, in fact, competing with products effectively subsidised by the environment, and therefore unrealistically cheap.

Emphasising Cost instead of Price

Marketing has tended to focus on the price that a customer pays for a product or a service, rather than the total cost to the customer. This can be significant for environmentally related products which are more expensive in terms of purchase price, but ultimately more economical to use (low-energy light bulbs being a commonplace example). Developing more sustainable forms of transport, buildings, and consumer durables will need an emphasis on the total resource efficiency and costs of a product instead of its purchase price.

A Better Understanding of the Marketing Environment

Marketing writers and practitioners have continued to try to fit the physical environment into models of the marketing environment of the PEST type: viewing the environment as a political pressure, an impact on the economics of the business, a social trend or a technological challenge. The reality is that the physical environment underpins the social environment, which in turn underpins the economic, political and technological environments.

Industry Structures

The conventional view of industry structures is of relatively linear “supply chains” in which raw materials are extracted, then passed from suppliers onto manufacturers, whose goods pass through distribution channels to reach consumers, and are eventually disposed of as waste. More sustainable economies will require much greater use of “supply loops” in which products and packaging materials are reused or recycled. This will bring significant changes to producer/consumer relationships. The simple exchange of money for goods will need to be replaced by a more dynamic relationship in which materials are passed between the two parties, and in which customers become suppliers for materials and parts. Such loops are already being extensively used by companies such as Xerox, whose use of reclaimed components has saved the company hundreds of millions of dollars.

Purchasing versus Consuming

The conventional marketing discipline talks about consumers, consumer behaviour and consumption. However, a glance at any marketing textbook reveals that the emphasis is very much on purchasers and purchasing. How a customer uses or disposes of a product, or what they might do instead of purchasing (borrowing, mending or making) receives very little attention. The emphasis is on how to get a customer to make or repeat a purchase. This is understandable, since this is the point where the money changes hands. From a marketing perspective, it is worth remembering that the benefits of a product do not come from owning it (apart from investment products and those which generate pride in ownership) but from using it. In terms of the environmental impact of industries, this is largely determined by product use or disposal. A more sustainable economy will require less ownership of consumer durables such as cars, tools and more renting and leasing (Belz 1999).

From Products to Services

One way to make the economy more sustainable is to change the mix of products and services which deliver customer benefits. This could involve replacing the use of a product with the use of a service, for example using public transport or car-pooling as an alternative to driving a car to work. It could also involve increasing the level of after-sales support for consumer durables to increase product longevity and replacement cycles (Cooper and Evans 2000).

An Emphasis on Distribution

In markets such as food, environmental impacts are strongly influenced by the amount of fossil fuel burnt during distribution. The pursuit of sustainability will require the re-localisation of many supply systems and a move away from global distribution chains. New information technology (such as computerised machine tools) is reducing the "costs of variation" and the importance of economies of scale in manufacture. This will make "micro-factory" production and distribution systems cost competitive. Long term visions of a more sustainable economy often involve the use of high-tech, energy-efficient micro-factories, with even global companies competing as a network of localised suppliers.

Moving Beyond the Niche

There have been many individual green marketing success stories. Most usually these involve a company developing an environmentally superior product, marketed to the most environmentally concerned consumers. Since such a product will usually try to meet some of the socio-environmental costs treated as externalities by competitors, it will be more expensive. The committed green consumers will be willing to pay a "green premium" allowing the product to succeed. However, there is a danger that once the needs of these consumers are met, the market pressure on the rest of the industry to change is much diluted. This leads to environmental improvements being concentrated in a green market segment, rather than being spread throughout the industry as a whole. The existence of such segments and products to serve them produces a reassuring situation of consumer choice and apparent progress, but the contribution to sustainability is likely to be marginal. Making markets more sustainable will require further mainstreaming of environmental improvements (Belz 1999).

Re-evaluating the "Win-Win" Argument

The idea that eco-performance can be used as the basis of competitive advantage has been important for getting mainstream marketers interested in green marketing issues. However, in reality generating and sustaining competitive advantage has proved a challenge. Also, competitiveness places the emphasis on individual companies, but many key environmental problems will only be solved by action across an entire industry. Examples of this are already emerging, with the "Big Three" carmakers in the USA joining forces to developed greener car technologies and leading Japanese and American electronic companies sharing information on ways to reduce the use of CFCs as solvents, rather than seeking to gain competitive advantage from any improvements made.

Conclusion

Over the last ten years the environmental impact resulting from the production and marketing activities of many companies and industries have been significantly improved. However, this does not make them sustainable, and ultimately any improvement that does not lead to eventual sustainability risks becoming a futile gesture. Just as improving the finances of a loss-making business is futile unless it eventually leads to profitability, any business that does not become sustainable will ultimately cease to exist. The timeframes may be very different, but the basic principle is the same. It is possible to expand a business very quickly by selling at a loss, or even by consistently failing to pay your suppliers. Neither strategy can ultimately be a recipe for business success. Contemporary businesses are effectively failing to pay a key supplier (the environment) in their failure to meet full environmental costs. Eventually, someone will have to pay those bills.

The next step for green marketing, involving a move from environmental marketing to sustainable marketing, will be a monumental one, both in terms of its difficulty and its importance. It means moving from evolutionary changes which reduce environmental damage, towards radical changes in the way we live, produce, market and consume. Most of the environmental problems that gave rise to green marketing are worsening. Social concern about the future of the environment, and the impact of continuing economic growth and globalisation remain intense. These should both provide pressure for change. Counter-balancing this are the vested interests among today's stakeholders who are likely to oppose such radical changes, and whose benefits would accrue to future stakeholders. Progress is therefore likely to be slow, and will require a combination of legislation, taxation, consumer action, innovation and corporate leadership to happen at all.

There is little hope for the further greening of marketing unless consumers understand the issues involved and are convinced by the green market offerings that companies develop. It is perhaps telling that in a major piece of research examining perceptions of "quality of life", published eight years after the Brundtland Report, the first conclusion drawn was that "*People generally are unfamiliar with the idea of 'sustainability' in its environmental sense. But once they understand it, they appear to identify positively with its values and priorities*." (MacNaghten et al. 1995). That sentence encapsulates the opportunity and the challenge involved in making marketing more sustainable.

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