GREEN MARKETING STRATEGIES IN THE INDIAN CAR INDUSTRY

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Abstract: Green marketing is an activity currently, all pervasive throughout the globe, as a critical element of any companies’ marketing strategy. The global environment being on the verge of disaster, demand some indispensable steps towards environmental salvation. India is dominating the list of countries struggling to stay sane with respect to the environment. With the spurt of Indian automobile industry, resulting in the escalation of fuel emission, the Indian atmosphere is soaring with hazardous chemicals and Indian people are looking for some reprieve from the contaminated air in the form of green notion. This paper would divulge the current scenario prevalent in the major Indian car companies, their strategies and the manner in which they are transforming the company ambience, the employee outlook, along with the consumer’s perspective towards green. The green tendencies of the Indian car companies that are being illustrated in the paper are Mahindra & Maruti. This paper acknowledges the progress made by the two car companies en route to green policy, an inevitable benchmark.

Keywords: green marketing, electric cars

1. INTRODUCTION

‘Give to the world the best you have and the best will come back to you’

The statement justifies the environmental concern of the various environmentalists. Indian cities are more defamed for their environment, 14 out of 20 top most polluted cities throughout the globe are from India, where, Kanpur, a city in Uttar Pradesh heading the list (WHO report). 2030 would be the year with 100% electric vehicles plying on the Indian roads, as is stated by the Indian officials. In the present scenario the concept of green is prevalent with more organizations looking out for a competitive edge, which they realize in green tendency. Green means a notion of sustainability i.e. development that meets the needs of the present without compromising the ability of future generations to meet their own needs (Brundtland Report, 1987). The automobile industry is one of the major industries that crave for green approach. This paper would state about the various green marketing strategies that are there in the automobile industry. The marketing strategy is the way in which the marketing function organizes its activities to achieve a profitable growth in sales at a marketing mix level (Kotler). Green marketing strategy imbibes a wide range of activities, involving modification of the product, transforming the production process, changing the packaging as well as advertisement procedure.

2. GREEN MARKETING

Green marketing is defined by the marketers as per their area of specification, thus being environment friendly is the imperative aspect of any green activity. According to American Marketing Association Green Marketing is defined in three forms: 1. (Retailing Definition) - the marketing of products that are presumed to be environmentally safe. 2. (Social Marketing definition) - the development and marketing of products designed to minimize negative effects on the physical environment or to improve its quality. 3. (Environmental definition) -the efforts by organizations to produce promote package and reclaim products in a manner that is sensitive or responsive to ecological concern.

Action towards minimizing the negative effect of production & consumption on the environment, is stated to be green marketing (Polonsky2001). Apparently the green concept should be universal to all the organizations but every individual company endures the green concept according to its own state of affairs. The consumers are not always favoring the green concept, they might consider the green notion as an inferior idea (Levine 2002). Green marketing means any production, distribution and promotion of environment friendly products. The products that are non-detrimental to the environment, and are non-damaging to the ambiance, may be stated as green products. Mintu&Lozada (1993) defined green marketing as the “application of marketing tools to facilitate exchanges that satisfy organizational and individual goals in such a way that the preservation, protection and conservation of the physical environment are upheld.”

Consumer behavior portrays a crucial character in green marketing although it comprises of assorted dimensions, which are difficult to anticipate. The green supporters might be in minority, the ‘greenwash’ phenomenon threatens the green marketing revolution. Rather the green concept should be pursued in a comprehensive manner with the green theory percolating up to down from CEO to the employees. Besides being proactive is one of the phenomenonof the companies towards promoting green, HSBC became the first major bank to address climate change by becoming carbon neutral. The transparency in dealing with the consumer is visible in the global reporting initiatives taken by companies like Coca Cola, GM, IBM, etc with the United Nations Environment Program, or ISO standards. Eco labels like Energy Star have gained acceptance among the consumers, it portrays a picture of conviction, which earlier should be endorsed by the companies.

3. GREEN MARKETING STRATEGY

“A marketing strategy is the overall action program including all elements of marketing complex in order to clarify undertaking to set goals and objectives. This is a logical continuation of the business plan that combines a number of interrelated decisions” (Buttle 1993)

Marketing strategy is the marketing logic according to which the business unit is marketing. Marketing strategy focuses on target customers. The company chooses a market, divides it into segments, selects the most viable ones and consolidates its forces in the service segment. The
company creates a marketing mix, using the tools at its disposal: product, price, distribution and sales support. In order to establish the best marketing mix and be able to take appropriate action, the company performs marketing analysis of marketing plan and carries them out. It carries out these activities by monitoring the environment and adapting to it (Kotler 2003).

Green marketing strategy is the plan of action executed in order to achieve the objective of the organization. The green marketing strategy has evolved through different phases, according to Peattee (2001), the evolution of green marketing can be divided into three phases;

First phase was termed as “Ecological” green marketing, to help solve the environment problems through remedies.

Second phase was ‘Environmental” Green Marketing with focus on clean technology that involved designing of innovative new products, when take care of pollution and waste issues.

Third phase was “Sustainable” where it becomes essential for companies to produce environment friendly products as the awareness for such products in on the rise as customers are demanding eco-friendly and technologies.

4. WHY GREEN MARKETING STRATEGIES FOR AUTOMOBILES IN INDIA?

According to World Health Organization (WHO) among the world’s 20 most polluted cities in the world, 13 are in India, while India is in the group of countries that has the highest particulate matter (PM) level. Uncontrolled vehicular growth has been the primary reason. Around two third of air pollution in the urban areas has been a product of vehicular traffic.

Automobile Production Trends in India:

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<tr>
<td>Passenger Vehicles</td>
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<td>32,21,419</td>
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Source: SIAM

Automobile Domestic Sales Trends in India:

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<tr>
<td>Passenger Vehicles</td>
<td>26,65,015</td>
<td>25,03,509</td>
<td>26,01,236</td>
<td>27,89,208</td>
<td>30,47,582</td>
<td>32,87,965</td>
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Source: SIAM

The increasing trend in the production and sale of passenger vehicle is one of the major contributors towards the environmental deterioration in India.

5. OBJECTIVE OF THE STUDY

This paper is a conceptual study of the green marketing strategies being followed by the major car companies in India; the paper would provide the various aspects of the green marketing mix being followed by Mahindra & Mahindra Limited and Maruti Suzuki India Ltd in India. The study would depict a picture of the current scenario regarding green notion in the Indian car industry.

6. RESEARCH METHODOLOGY

The current study is on various green marketing initiatives taken by two automobile companies of India. The automobile companies which are being studied in this paper are Mahindra & Mahindra Limited and Maruti Suzuki. Mahindra holds the crown of being the pioneers in the Indian green car industry in the form of REVA, while Maruti is first in the domestic car industry of India, and is now innovating with hybrid & Electric cars. In this paper the two organizations would be visualized through their eco-friendly attributes. The study is being conducted on the secondary data collected from books, journals, and websites.

7. GREEN MARKETING MIX

The study of green marketing strategy involves the green marketing mix, which comprises of green product, green price, green place and green promotion. The marketing mix towards green is studied pertaining to the two aforementioned companies.
7.1 Green Product

Indian companies nowadays are thriving for environmentally correct products, which are least detrimental to the environment. In the automobile industry, the products indulge in being green when they are prepared with a green technology. Maruti Suzuki and Mahindra, strive to improve the environmental performance of its manufacturing operations, products, and the supply chain. Green Manufacturing is one of the primary aspects towards preparing a green product. Green manufacturing includes green material, energy conservation and water conservation etc.

7.1.1 Green Initiatives by Mahindra

‘The issue of People Planet & Profit is supposed to be addressed responsibly’, such is the major philosophy of Mahindra. The company proclaims green notion to be the only long term viable business strategy. The company is involved in preparing a comprehensive road map EV 2.0 towards making the electric vehicles more accessible. Mahindra’s company infrastructure is indulging through green buildings at Kandiwal (certified by IGBC). Carbon neutrality, Water Storage and Minimum waste of Resources are the issues of Planet being served by the company. Rainwater harvesting at the Igatpuri plant is commendable task towards water waste avoidance. Solar power plants at Zaheerabad, Chennai &Kandiwal are one of the indicators of Green customs at Mahindra.

Under the ‘Sustainability Mobility Solution’ initiative, Mahindra is focusing on certain product development systems. They are: a) Improving fuel efficiency, b) Reduction of Engine emission c) Alternate & Renewable fuel d) Recyclable Material. The company is indulging in manufacturing electric cars, along with exploring alternative fuel technology. Fuel efficiency is a step towards less carbon for the planet, Mahindra Electric Plant in Bengaluru is a green facility that makes green vehicles, the cars are being made using green sourced materials and in a facility that includes a rooftop solar power plant, optimized ventilating and lighting system (Mahindra.com). The factory began its operations in August 2012 and can make more than 30,000 cars per year.

Mahindra makes products towards satisfying the needs wants and aspirations of the customer. The evolving requirement is provided to the company through feedback from a full-fledged database. Mahindra products include e-rickshaw which is a three wheeler designed for pollution free connectivity. The company is testing for battery, electrical safety towards electrifying the new and existing platform and delivering zero emission mobility solution. In 2017 E2O a new electric city smart car was introduced in Nepal. Towards attempting for green, the company endures a supplier code of conduct; follow ISO 27001:2013 for improving information Security Management System. Steps are being taken towards ELV (End of Life Vehicle), Reduce, Reuse, Recycle are followed, which can be realized through recyclability rate of various cars, Quanto being 95%, Genio 96.5%, Scorpio 94.5%. thus the company is indulging in manufacturing plant arrangement through installation of LED lights, saving 20 million units per annum, Li-ion batteries in collaboration with LG- Korea is one of the initiative. Solar power plant at Jaipur is for Carbon neutrality perception, water positivity at one of the Mahindra’s plant at Igatpuri, zero waste through paint sludge and cotton waste recycling and setting up of a bio-gas plant is Global conservation. Thus the ultimate certifications by Mahindra in the form of LEED and IGBC certification are making a sincere attempt en route to being green.

7.1.2 Green Initiatives by Maruti

Maruti Suzuki’s commitment towards tackling the issue was with the introduction of the environment policy which conveys: a) Reducing the pressure on environment b) Working closely with its customers, suppliers, c) Controlled use of natural resources. Towards introducing a greener tomorrow introduction of the environment policy, conveys Maruti Suzuki commitment towards reducing pressure on environment. Working collaboratively with the customers, suppliers and surrounding communities. Control usage of natural resources, compliance with Bio Medical waste management Rule 2016, Optimum utilization of raw material, in-house generated electricity and canal water to conserve underground water, are some steps towards working for a greener tomorrow. Maruti follows the basic philosophy of its parent company Suzuki of, Smaller, Fewer, Lighter, Shorter & Neater. Electricity generated in-house through natural gas based power plant at their Gurgaon &Manesar locations. A step towards higher fuel efficiency and uninterrupted supply of electricity both from the environmental as well as economical view point. Water conservation is an integral part of the Environment Management System at Maruti Suzuki. The company uses canal water for majority of its manufacturing processes and this helps in conserving ground water.

Maruti Suzuki was the first company in India to introduce CNG technology as a factory fitted integrated system. Green supply chain system is being followed in the form of supplier plant certification of 14001; suppliers are required to submit the green procurement agreement environment compliance sheet and a copy of 14001 certificates to the company. Maruti is improvising in logistics in order to reduce time and cost. The policy of the company of ‘Developing product of superior value, strive for individual excellence through continuous improvement’ is being implemented comprehensively.

Considering electric cars being the imminent future of the Indian car industry, Maruti is testing with its new electric Wagon R, for the launch in 2020. The Lithium ion battery plant in India has been planned by Suzuki for the year 2020.

7.2 Green Price

Pricing is one of the only aspects of marketing mix which generates revenue (Kotler). The pricing strategy in the Indian automobile market followed by Maruti and Mahindra is mostly penetration strategy, which is when the price charged for product and services are set artificially low in order to gain market share. The pricing part is more of the monetary value that is paid by the customer, in case of a green product the price is more of a premium rather than the normal price, as it adds to the environmental needs. Since a huge sum is invested in the research & development of the product and also in its quality control, wastage management and other external cost. In the light of these facts some green products may have higher prices while some products would carry low process owing to the lowering of packaging cost (Keegan et al., 2000).
The green pricing is the inclusion of the cost that is required to incorporate the appliances of green technology. The green technology is expensive as well as unique thus the pricing is also accordingly high. Maruti and its parent company Suzuki are working together towards developing a small car with hybrid technology in today’s world it is unavailable in any country.

A hybrid car uses a combination of an internal combustion engine and electric motor to run. Such cars can run on either power source or a combination of the two. Hence they offer twin benefit of reduced emissions and mileage. However, these vehicles cost more as far as their presence in India is concerned, due to hybrid technology used, being quite costly itself. Still the benefits offered by such cars may offset their high initial acquisition cost.

### Comparative price of electric & conventional fuel cars of Mahindra & Maruti

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<td>9.50-10.00 lakh</td>
<td>7.31-8.56 lakh</td>
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<tr>
<td>Maruti Wagon R (Green)(expected price)</td>
<td>Maruti Wagon R</td>
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<td>8.0 lakh</td>
<td>4.26-5.87lakh</td>
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(cardekho.com, zigwheels.com)

The comparative price analysis of both company’s cars display the price disparity, which might be a deciding factor for the consumer preference.

#### 7.3 Green Distribution

Green Supply Chain Management is one of the most effective techniques which can drastically reduce the ecological impact without compromising with quality, cost, performance and reliability. Recycling processes in the Green Operation Cycle largely contributes to GSCM. Patrick Penfield of the Whilteman School of Management defines Green Supply Chain Management (GSCM) as “the process of using environmentally friendly inputs and transforming these inputs into outputs that can be reclaimed and re-used at the end of their lifecycle, thus creating a sustainable supply chain”. Unlike conventional supply chains, green supply chains are designed to ensure value creation, rather than risk and waste that accumulate at each step (Chaitanya et al 2015).

Maruti Suzuki Ltd. has a massive supply chain, as on 31st March, 2014, it had a base of 326 suppliers, including 18 joint venture companies where it has equity stake (Green supply chain, Maruti). The company has laid stress on local suppliers which reduces a large amount of movement on roads, leading to reduction in the environmental imbalance. The localization, local sourcing, and the company formulated Green Procurement Guidelines in the year 2012-13 for its suppliers, which emphasize on ISO 14001 certificates (maruti.com). The reduced transit time has led to cutback in cost, emission, along with lesser damages to the supplies.

Mahindra Ltd. indulges in alternative transport method which might be railways in order to reduce GHG emission. Besides, the company also is utilizing alternative fuel which might be CNG. Mahindra had launched a program named FALCON (Freight and Logistics Control) for better control over the logistics and supply chain. The program key areas comprise of, influencing the behavior of the operators, by facilitating them with training and personal grooming, asset quality maintenance, asset productivity, establishing CO2 baseline, which reduces carbon footprints and enhances efficiency, which is more of green logistics (mahindra.com). Network optimization, load & vehicle optimization are some of the initiatives taken by Mahindra. Waste recycling energy efficiency and paper usage reduction are some of the green shades of Mahindra’s supply chain.

Green distribution is thus one of the aspects of the whole operating cycle which may take care of the price factor in the electric cars, if executed efficiently.

#### 7.4 Green Promotion

Green promotion is a herculean task for any organization. For the consumers, current fuel vehicles are not at all a matter of botheration, they are utterly satisfied with them. Still, the marketers can promote their product to their target market through advertising, public relation, sales promotion, direct marketing and on-site promotion. All these tools are used for the promotion, in order to create awareness among the consumers regarding the green product features and its long term ecological benefits (Mahajan, 2015). In US the green automobiles are promoted through celebrities. Toyota in US promoted its eco-friendly cars through Oscar award nominees, as they drove in the ceremony on green cars, which added to the company’s stature. Maruti is conducting a survey in order to identify the acceptability of green cars in the Indian market, this would guide them regarding their acceptability and future prospects.

The promotion of the electric cars in the form of a premium asset or, by a famous personality might incite them to purchase the cars more eagerly. Word of mouth plays an important role in such innovative product purchase, as it reassures the consumer towards its usage.

#### 8 CONCLUSION & SUGGESTIONS

Green marketing strategies in the auto mobile industry in India, are still in the juvenile state, they are needed to be processed and refined for any further feat. In India Maruti and Mahindra are the two prime automobile companies who are pioneering with the green concept. The green marketing mix comprising of green product, price, place and promotion which is being followed by these bigger masters in India are solely on the company’s own initiative, they were not at all supported by the government nor are they being encouraged by any consumer awareness.

The government has an ambitious target of having an all-electric fleet of vehicles on India’s roads by 2030, which could disrupt the entire automobile industry ecosystem. The Indian government has put the industry on notice to shift from manufacturing vehicles that run on petrol
and diesel to environment-friendly alternatives to reduce pollution in cities and cut dependence on crude oil imports (livemint, 2017). Government is imposing green tax on normal petrol cars, which in itself would make these cars expensive, while the green hybrid or electric cars are exempted from it.

The green transformations in the above two automobile companies interpret that these two firms are now earnestly in pursuit of the green notion. On surface the rationalization might be government pressure, soaring prices of resources, but the ultimate driving force is the competitive advantage of being green, in the contemporary automobile terrain. The study also reveals that although at the moment the picture would seem gloomy, but as the consumer awareness regarding the same, gradually escalates the perks would swell and the business would flourish in giant strides.

9. REFERENCES

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