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## ANALYZING THE IMPACT OF GREEN MARKETING ON PACKAGING INDUSTRY WITH SPECIAL REFERENCE TO NASIK DISTRICT

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### Abstract

Green Marketing & Green Packing has become essential due to increasing environmental problems and challenges. Green Marketing is broad and wide area of activities and actions over different objects and areas in a business operation while green packing is a very specific activity with specific results. Green Marketing involves general green and green marketing practices and varies in the impact depending upon the object involved and the time frame of the implemented green activity. The necessity of going green is un-doubtable, the increasing pollution increasing carbon emissions and greenhouse gases as well as industrial wastage and nuclear threats are imminent and would be leading towards the destruction environment. Green Marketing and Green Marketing Practices have vast untapped potential scope. For a developing Country like India, thus the article is tried to know the roll and impact of green marketing on packing industry.

**Key words:** Green Marketing, Packing industry, packaging material, pollution etc.

### Introduction

Packaging has an annual global turnover of about \$800 billion, and India's share is about \$18.5 billion per annum. According to a recent McKinney report, there will be a ten-fold increase in India's middle-class population by 2025, which will further trigger the increased consumption of packaging materials. This will bring another growth in requirement of packaging; the report also notes that the

country needs more packaging professionals. According to the Packaging Industry Association of India (PIAI), packaging is one of the fastest growing sectors, partly because it spans almost every industry segment, right from packaging of food and beverages, fruits and vegetables, drugs and medicines, to highly dangerous products and other industries. According to a report of New Delhi based Centre for Market Research & Social Development, packaging in India is highly fragmented and has 22,000 firms, including raw material manufacturers, machinery suppliers, and providers of ancillary materials and services. Moreover, 85% of these firms are Micro, Small & Medium Enterprises (MSMEs). The Indian packaging industry's total worth is about USD 24.6 billion. The average annual growth rate is about 13 - 15%. However, there is great growth potential since India's per capita consumption of packaging is only 4.3 kgs whereas neighboring Asian countries like China and Taiwan show about 6 kgs and 19 kgs, respectively. This clearly indicates that there are many more commodities which need to be marketed in packaged condition and thus, a great business opportunity stands for the Indian packaging industry. Moreover, the Indian retail market is the 5th largest retail destination.

#### **Current State of Packaging Industry in India shows that -**

India is the eleventh-largest packaging market in the world, with sales of US\$24.6 billion in 2011. The packaging industry is expected to grow at a CAGR of 12.3% during the forecast period, to become the fourth-largest global market, with sales of US\$43.7 billion in 2016. The Indian food processing market is one of the largest in the world in terms of production, consumption, and growth prospects. However, the Indian fascination for rigid packaging remains intact. It is estimated that more than 80% of the total packaging in India constitutes rigid packaging, which is the oldest and the most conventional form of packaging. The remaining 20% comprises flexible packaging. Rigid packaging constitutes glass bottles, metal cans, aerosol cans, battery cell cans, aluminum collapsible tubes, injection molded plastic containers made of PVC, PET, HOPE, and barrels made from HOPE, paperboards, and corrugated boxes. Although substrates like plastic

have gained vast acceptability, attractiveness of paper and paperboard consumption remains.

**Packaging industry serves the following purposes in India:**

**Containment:** To function successfully, the package must contain the product. Faulty packaging led to spillages, major losses and serious damage.

**Protection and Preservation:** Packaging plays a vital role in protecting products. The product is protected during transport from climatic effects, from hazardous substances and contaminants.

**Supplementary Product Protection:** This may be achieved by forms of cushioning such as papers, sheets of corrugated paperboard, foamed plastic, or wrappings. Thus, Packaging contributes to food safety, quality, and nutrition.

**Communication:** Modern methods of consumer marketing would fail were it not for the messages communicated on the package. The information provided on packaging allows the consumer to make informed decisions on the product's purchase and use.

**Convenience:** Packaging plays an important role in allowing products to respond to the demands and needs of modern consumers.

**Environmental Aspects:** When the food is packaged, the unwanted portions such as skins, outer leaves and trimmings, remain at the processing point where they can be economically recovered and used in the manufacture of valuable byproducts.

**Marketing Trends:** Marketing trends are placing increasing emphasis on the look, sales appeal, and quality of retail packaging. Packaging helps sell products by providing product differentiation and presentation, greater brand awareness and convenience.

**Green Marketing Concept & Definitions:**

**Walker, R.H. & Hanson, D.J.(1998)**Green Marketing and Green Places: A Taxonomy for the Destination Marketer. *Journal of Marketing Management*, July, pp. The article cites those green precautions or so-called green imperatives, or compulsory elements are different from marketing terminologies and that when used in destination marketing they acquire a larger meaning and

place in the marketing context. A complete list of such terms and references has been developed by the author for the destination marketers with Tasmania as the marketing destination. The article thus provides a completely new context to the green marketing bundle and its utility.

**J.Ottoman(2004)**, clarifies that Green Marketing also possesses certain challenges because first of all Green Marketing Concept itself is very broad and diversified and consumers as well as manufacturers do not understand exactly to what extent they have to “go green”, there is a lot of confusion and chaos in the market and consumers are not even aware of the Eco-labels and what do they mean , also consumers do not trust the labeling and certifying authorities . Due to lack of knowledge on the part of customers, some marketers take undue advantage and make false or exaggerated green claims, this is called as Green washing phenomenon.

**Green Marketing Process** - The different stages of green marketing process have been explained as below-

**Targeting:** A Company needs to focus on the market comprising of the green consumers. The company can run advertisement for its products in green focused media. It can also innovate of a new green product along with its existing products. Further, it can altogether launch a new strategic business unit aimed at green.

**Green design or New Product development:** Developing a New Generation of Green Product Insufficient production processes and poor designing of products can be very harmful for the environment thus the companies should consider possible negative effects on the environment and minimize them at the beginning of New Product Development.

**Green Positioning:**Companies interested in positioning themselves as green should make sure that all the activities should supports its projected image and not to cheat the consumers.

**Green Packaging:**A business that manufactures and packages products can convert to eco-friendly packaging. Converting to biodegradable packaging provides customers with a visible symbol of the company's commitment to "going

green". The business can also leverage the eco-friendly packaging as part of its advertising program to help draw in new environmentally conscious customers.

**Deciding about Green Prices:** Consumers today are willing to pay only a small premium or no premium at all for the green products. Pricing may become a cause of concern when it comes to selling the product in the market, as its manufacturing may be expensive due to new technology involved. It therefore becomes the responsibility of the manufacturer to decide upon the pricing of the product.

**Applying "Green" Logistics** Distribution of goods can also be designed such that they leave minimum impact on the environment. Mere reduction in packaging and wrapping can contribute to a large extent in reducing the waste and saving paper. Efficient inventory management can also contribute in minimizing wastage in a big way.

**Green Consumption:** Changing the Attitude towards Waste, Waste generated always does not necessarily have to be an unhelpful result of production processes. A newer understanding of the idea of waste has given birth to a new market of recycled products.

**Green Education:** Electronic Press Kit include a company history, product brochures etc. A business could convert all of the documents and images into electronic files and offer the kit as a downloadable folder on its website. The electronic press kit requires no paper and no postage. The website could even indicate that the electronic press kit is part of an ongoing effort to reduce the business' environmental impact.

**Authenticity** If a small business owner tries to rebrand the business as green, but drives a fuel inefficient truck or SUV, the green marketing effort seems deceptive. Switching over to an electric or hybrid vehicle serves as another visible reminder that the business pursues a green policy. Green Marketing and Green Marketing Practices have vast untapped potential scope. for a developing Country like India, as the pace of Industrialization and economic development is expected to be much faster in India in next few decades which will lead to increased Green environmental deterioration. Green Marketing thus enables

not only environmental conservation and protection but also promotes greener ways of doing business. Green Products manufactured and consumed are helpful to Green Marketing. Green Marketing also promotes recycling of waste, scraps and leftovers of production processes which again serves two objectives firstly, it resolves major problem of Scrap disposal and Solid Waste Management and secondly, it enables production of additional utility products from waste thereby generating additional revenue from scrap and left over.

**Research Objectives** –The following research objectives have been considered for the present research study:

1. To identify different impact of green marketing on packaging industry of Nashik.
2. To ascertain whether green marketing provides benefits to the packaging industry.
3. To study recent green marketing trends in the packaging industry
4. To understand disadvantages of green marketing implementation.

**Research Methodology** – This paper is a research study based on a particular geographical area study conducted in around Nashik Districts, where a limited number of small and medium packaging units were visited, and their information was collected regarding implementation of green marketing practices in any form. The data collection instrument comprised of a questionnaire and the information was collected from the employees of the packaging units visited. Simple random sampling was used. Sample size of 30 packaging units was selected for the study. The samples were selected on the basis of geographical nearness and willingness to participate in the research study on random basis. For analyzing the impact of green marketing on the packaging industry and to study the recent trends regarding green marketing trends Five-point Likert Scale have been used for rating and ranking.

#### **Scope of the study**

1. All types of packaging organizations are considered for the present study.
2. Packaging Organizations from Nashik districts have been chosen as samples for the study.

3. Organizations implementing green marketing practices are considered as valid samples for the study.

### Limitations

The study has following limitations:

1. Study and the data gathered is restricted only to Nashik districts.
2. Study is pertaining to packaging industries who have adopted green marketing practices.
3. The green marketing practices use in sample units has been studied in the research so the applications have been studied.
4. Research is focused on impact of green marketing on the performance of the organisation.
5. The findings and conclusions of the present research study are applicable only to the packing units of the selected geographical area sampled under this study.

**Data Analysis Table 1:** Impacts of Green Marketing on Packing Business ( 1= Critical Impact , 2= Significant Impact, 3 = Neutral, 4= Negligible Impact, Least Impact)

Sr. No.	Impacts of Green Marketing on Packing Business	Rating					Total Units
		1	2	3	4	5	
1.	The cost of procurement, manufacturing and distribution increases	9	6	3	5	7	30
2	Eco-friendly packing is unattractive hence it affects sales	3	2	3	9	13	30
3	Durability of packing increases	13	5	2	6	4	30
4	Scrap disposal/ Solid Waste Management can be done easily & ecologically	14	6	4	3	3	30
5	Enables unique product positioning & enhanced brand identity	21	4	0	3	2	30

6	Enables easy product differentiation	27	2	0	1	0	30
7	Ecological packing increases off take of green packed products	25	2	0	2	1	30

The above table clearly shows that the impact of green marketing is very critical on all related aspects of the packaging industry. Green marketing helps in product differentiation and product positioning in market along with reduce environmental pollution

**Table 2: Benefits due to the implementation of green marketing**

Sr.No.	Benefits of Green Marketing	Yes	%	No	%
1	Enhanced Product identity & positioning	17	56.6	13	43.3
2	Enhanced Product image	18	60	12	40
3	Enhanced customer perception & belief	11	36.6	19	63.3
4	Increase in Sales	13	43.3	17	56.6
5	Enhanced perception of business associates	14	46.6	16	53.3
6	Increased Investor belief	08	26.6	22	73.3
7	Positive message to customers by standing for a social & environmental cause	15	50	15	50
8	Enhanced Company Image (Green Company)	19	63.3	11	36.6
9	Recognition & Support by Govt. , Environment Protection Agencies & NGO's etc	14	46.6	16	53.3

The benefits of practical applications of green marketing are clearly shown from the above chart. The green marketing support in product positioning, improve product image, increase customer faith in product, generate positive message for society along with improve company or business image in market.

**Table 3: Recent Green Marketing Trends**

S. N	Green Marketing Trends	1st	2nd	3rd	4th	5th	Total
1	Predominant Shift towards Green Packing from traditional packing	18	5	0	4	3	30



2	Increase in efforts of Packing Organizations to project eco-friendly image	15	3	0	6	6	30
3	Increase in export Oriented green packaging	10	6	2	7	5	30
4	Green Packing is preferred by the customers	16	5	0	5	4	30
5	Increasing Market Pressure for light, convenient & eco-friendly packaging	14	4	2	6	4	30
6	Movement towards sustainable packaging	21	3	0	5	1	30
7	Increase in International demand for green packing coupled with green products	18	5	0	5	2	30

The above table express the recent trends in green marketing like sustainable packaging, increase demand for green products, shift from traditional system to green system etc.

#### **Significance of Green Marketing for the Packaging Industry:**

1. The damage is so vast that human beings have to devise and design a new way of life and green marketing is the first step towards that sustainable way of life.
2. Reduce, reuse, and recycle have become mantra for the modern businesses but at a cost; green marketing is that effective method which enables reduction in the above cost. Green marketing points out the fact that why only the product needs to be green.
3. Green marketing thus ensures the overall interest of the organization as the voluntary exchanges will not occur unless and until both buyer and seller get equal benefits and thereby it ensures safeguarding and protection of nature during such exchanges.
4. Green marketing is a holistic process that predicts, identifies, and satisfies in an environmental and ecologically sustainable pattern the needs and wants of the consumers as well as the organizations..

**Essence of green marketing lies in its 20 rules:**

**Green is mainstream:** Today consumers become more aware of sustainability and planetary survival more and more people are shifting towards going green.

**Green is cool:** Today's consumers feel a sense of pride and feel they are contributing towards a major cause in showing off their green purchasing and living habits.

**Greener products work better and worth a premium price:** ages of technological evolution have played a main role in allowing performance improvements in green products today. Today's green products show immense ability to perform on level with non – green or conventional products. Green inspires innovative products and services that can result in better consumer value, enhanced brand value, and stronger company, product development are considered to be paying handsome returns in the business as well as creating shared benefits for both business men and the consumers.

**Values guide consumer purchasing:** Today's smart consumer wants to be aware of the complete product or services life cycle aspects when buying a product or service. Buying today is just not buying a brand; it has additional sides such as environment and social causes.

**Life Cycle approach:** Green tag involves many shades to a complete green product. Just one aspect of a product being green can still create the environmental damages that a complete green product may be able to avoid and hence the focus should be on a complete life cycle green process rather than one aspect or partly green.

**Manufacturer and retailer reputation count:** As customers become more knowledgeable, they would seek to know more about raw material used, how were the labour treated at a facility, were high standards used in the process etc and provide update with the changing attitudes as green products go mainstream.

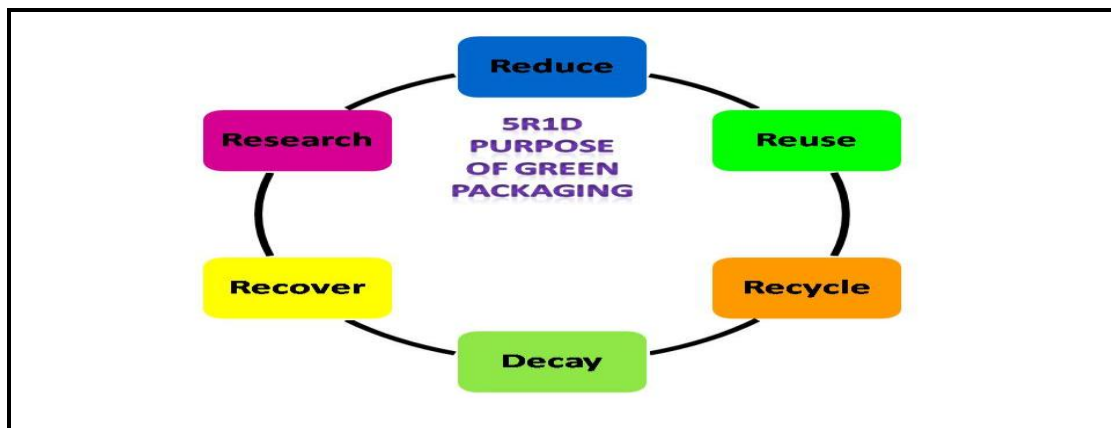
**Save me:** It's about health, safe environment, sustainability, best performance in less money, LOHAS, control over quality, demanding for a win-win product

and much more. The need is for energy efficient, organic, re-cycling, economic prosperity with active consumer involvement.

**Businesses are philosophies:** Today the firms and business doers are known by “WHAT THEY STAND FOR” along with the service and products in the markets. There is a big shift in the way as look at service providers and how we recognize them.

**Sustainability is a business philosophy, now:** It is an integral part of the complete business process starting from energy use, raw material procurement, manufacturing, testing, quality controls, packaging, and marketing. Every step needs to be socially responsible for the product to qualify as a complete green product.

### 5 R and 1 D Purpose of Green Packaging



**Reduce**, that is packaging reduction. For the premise packaging products to meet the protection, facilitate the logistics, sales and other functions, it tries to use as little material as possible. To implement the measure of appropriate amount of packaging, the company should design to try and make the package of thin, lightweight, and never use packaging without the need for it.

**Reuse** means repeated use of packaging. After simple treatment, the containers can be reused. Reuse of containers can significantly reduce waste volume.

**Recover**, Refers to the use of packaging waste combustion to obtain new energy sources, and does not produce secondary pollution. Through the recycling of packaging waste, production of renewable products, such as the use of thermal incineration, composting and other measures to improve the land condition, to achieve reuse purposes.

**Recycle**, As far as possible to use low power, low-cost, low-pollution raw materials as packaging material, in particular, the selection of recycled materials should be expanded, which can not only reduce environmental pollution but also saves raw materials, and be propitious to recycling resources, such as production of recycled paper board and plastic.

**Research** includes information of product ingredients, price, usage data and other, which is relevant for consumers. Besides it serves marketing strategies as an instrument to increase appeal of items to consumer. Packaging does also control the size and quantity of a product. This is beneficial for companies to control inventory and manage logistics of their product assortment.

**Degradable**, is the ultimate packaging waste that cannot be reused, should be able to degrade, corrupt and do not form a permanent waste. For example, select biodegradable packaging materials of paper as more as possible.

#### **Benefits & Advantages provided by the Green Marketing to the Packaging Industry:**

1. Health friendly for human beings and animals.
2. People using green products are more confident because they are reducing the chances to harm themselves.
3. People are not spending money on green products rather they are investing on health
4. These expensive products will pay them in long-run.
5. Using green products in household also educates the society, family members and other about the issues related to health.
6. People can keep them away from the hazards of chemicals and toxins.
7. Green products are basically based on the concept “reuse, reduce and recycle”.
8. Helps in reducing pollution, decreasing the destruction of forest and helps in nurturing the Eco –system in a desired way.
9. It saves money in long run, though initially the cost may seem more

**Disadvantages / Challenges of GreenMarketing for the Packaging Industry in Maharashtra:**

1. New Concept: It's still a new concept for the masses, more needs to be done to spread awareness on green initiatives and its benefits.
2. Cost Factor: large capital investment is required in moving towards greening.
3. Educating customers: Huge efforts are required in educating the largely un-informed customer base.
4. Reluctance: more research needs to be done before stakeholders can be convinced about return on the investment numbers.
5. Price sensitive consumers: explanation must be given to customers why they are paying more green products.
6. Lack of clear standardizations: In India much needs to be done to setup green standards for different businesses to prove authenticity claims.
7. Green Sheen: cases of deceptive marketing do not help the image of green products in winning over customers.
8. Vague credibility: False or misleading green marketing claims made by businesses that do not undergo proper certification but still want to appeal to environmentally conscious consumers can damage the credibility of the whole sector. Consumers have a hard time distinguishing between simple green advertisements and valid, certified claims.
9. Deluding information: Green marketing can lead to consumer awareness, but it also runs the risk of deluding consumers with erroneous information. There is always a danger that the marketing of these products or services may send a message that might lead to behavioral change with substantial adverse effect on the environment and society in the future.
10. Gap between sustainable intention and behavior: Although most consumers might claim they are intending to follow a sustainable lifestyle and they want to buy green products, when it comes down to actually transforming these intentions into actions, only a fraction of people actually do it.
11. Price premium: Only a very small fraction of the population is willing to compromise performance, quality or price in exchange for environmental

performance in their purchasing decisions, diminishing the motivation for businesses to venture into green production and marketing.<sup>15</sup>

12. Information gap: The number of people who are truly familiar with a wide range of green products or their benefits for the environment is still quite low. The US American environmental labeling program, ENERGY STAR, for example, was only known to 56 per cent of American citizens some 12 years after its creation in 1992.

**Conclusions :**

Easy product differentiation, Easy offtake of eco-friendly packed products , unique product positioning with enhanced brand identity are some of the major impacts of green marketing implementation on the packaging industry of Nashik, Dhule and Jalgaon districts. Packaging Industry is shifting towards sustainable packaging, hence shift towards sustainable packaging, increase in demand for green packing (both national and international), customer preference to eco-friendly packaging and increased efforts by the packaging companies to project green image are major recent trends as observed in the current research study. Enhanced Company image (i.e green image), enhanced product image, enhanced product identity as well as enhanced product positioning are major benefits for the packaging industry due to implementation of green marketing. Increase in overall cost of operations, confusion regarding exact standards of becoming green, increase in selling price, green marketing being a new concept is difficult, customer education and communication regarding green marketing are the loop hole areas for the packaging companies which are nothing but disadvantages of green marketing implementation.

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