

GREEN MARKETING PRACTICES TO BUILD BRAND REPUTATION AND INCREASE BUSINESS PERFORMANCE: AN INVESTIGATION FROM INDIA

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ABSTRACT

Going green is becoming the motive of both the business community and society. The responsible way of marketing and shopping is becoming a serious concern of many environmentally conscious people. The brand that can build its reputation as a responsible marketer they can do better and gain a higher margin. This paper study the role of green marketing strategies to build brand reputation and business performance. The convenient sampling technique is used to collect responses from 312 top management of destination business services. A structured questionnaire was used as an instrument for data collection. The finding suggests the green marketing strategy is very important for both brand reputation and business performance whereas brand reputation does not have much contribution to overall business performance. The SPSS AMOS was used to analyse the data and relationships among variables.

Keywords: Green Marketing, Brand Reputation, Business Performance, Environmental Protection

1. INTRODUCTION

Every country is promoting a green economy to protect the environment. To develop the nation as a green economy, various schemes are offered to business organisations. Many government and non-government organisations are also working to promote a green economy. Green economy takes the nation toward sustainable development (Polonsky, 1994). It also saves the environment, improves society well-being, reduces pollution, and preserve natural resources. If strategically green economic policies are implemented then it may generate several commercial opportunities, green jobs, protect environment, and improve the livelihood of people (Rodger, 2016). Green marketing strategy helps business to alter their organisational objectives and become environment-conscious to satisfy customer's needs (TerraChoice, 2010). There are several other reasons which force marketers to adopt green marketing such as rules & regulations, government pressure, society pressure, educated and digitally empowered customers (King & Institute of Directors, 2016). Consumer behaviour is shifting toward green products today and they are also very much anxious regarding the environment (Strydom, 2011; Robbins & Coulter, 2016). Green choice deliberations are continuously increasing and playing greater role in the consumer's choice.

Green marketing activities include product redesign, altering product process, change in packaging materials, remodeling distribution channel, modifying the advertising campaign. The growing environmental concern of people, society, organisations, and nations in general to realm the natural environment. Since the last two decades has pressurised marketers to move toward green marketing (Christmann, 2000; Aragon-Correa & Sharma, 2003). Now, this phenomenon has given rise to think of business image and public relations (Clark, 2000). Thus, there is a need to revise business strategy about environment protection (Warren, 1999) and its judgment by the public regarding brand reputation and image. The brand reputation, image, and legitimacy (Zinkhan & Carlson, 1995) are key factors of organisational performance. A strong brand status is a significant asset to gain and sustain a competitive advantage (Walker, 2010).

The brand reputation and organisation performance concerning green marketing strategies mechanism is largely understudied. The existing literature are concerned on to environment management decision (Sharma & Henriques, 2005; Delmas & Toffel, 2008), environmental issues (Carlson et al, 1993), legitimacy of green marketing (Zinkhan, 1995), green supply chain management (Kanna, et al., 2013). Looking into the existing body of literature, a theoretical contribution is required for the role of green marketing and management actions on environmental protection decision, its impact on brand reputation (Carlson et al., 1993; Darke & Ritchie, 2007; Lee & Klassen, 2008), and organisational performance (Du, 2015). This paper will study the green marketing strategy role in building brand reputation and an increase in business performance in the tourism industry. In the tourism industry, brand reputation has a significant impact on overall organisation performance.

2. LITERATURE REVIEW

Many people from the society and world have started protecting the environment and move toward sustainable development then it becomes a global wave. Therefore, businesses are also moving toward environmental protection and becoming socially responsible. Social responsibility encompasses economic, ethical, legal, and discretionary expectation from business that society expectation at a given point of time. Business needs to focus on some specific external stakeholder who is attached with the business (Maignan et al., 2005). External stakeholders are such people who are directly or indirectly affected by organisational activities and provides resources for the success of the business (Freeman, 1984). These stakeholders are becoming very concerned about environmental protection. They perceive a distinct brand image (Forburn & Van, 1997) of such a company that is working on environmental protection. They are more likely to stay attached to such brand which are responsible for environment protection (Kannan et al., 2013) and offering green products. Ultimately, these kinds of perceived brand image helps business organisations to increase loyal customer and their performance (Hsu & Hu, 2009).

2.1 Green Marketing

The green marketing was well-defined by Lazer (1969) as a socially responsible aspect of marketing activities. It is also very popular as environmental marketing, sustainable marketing, eco-friendly marketing, marketing of green products, etc. (Polonsky, 1994). Kotler and Armstrong (2000) have defined green marketing is the process of satisfying the needs of the present generation and preserving the resources for the next generation also to meet their needs. It is providing innovative solutions to present and future needs toward sustainability. Therefore, many companies are improving their image in front of external stakeholders by presenting environmental efforts (Arseculeratne and Yazdanifard, 2014). Organisations are implementing green marketing approaches to avail of competitive benefits and appeal to environment cognizant consumers (Garfield, 1991). Customers hold positive image and trust in such organisation which is taking necessary actions to protect and solve environmental issues (Carlson et al., 1993).

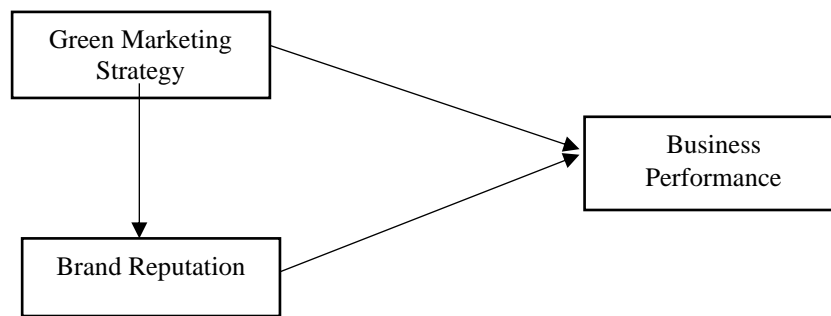
2.2 Brand Reputation

The reputation of the brand is improved through positive movements and effective administration of resources and abilities rather than effective communication and advertising (Burke, 2011; Hoejmoose, Roehrich, & Grosvold, 2014). Organisation has to face environmental sustainability to assure its legitimacy and brand reputation. Organisation cannot undervalue environmental issues due to growing legal restrictions on environmental protection if they want to build a competitive brand reputation. Brand reputation is a unique intangible asset that is very difficult to imitate (Agarwal et al., 2005). Brand reputation is considered a competitive advantage that attracts customers easily. Brand reputation tends to shape positive attitudes and good perception of the organisation thereby compensating for purchasing and brand equity (Neville et al., 2005).

2.3 Business Performance

Green marketing brings a better brand reputation, business image (Protoer & Van, 1995; Vaccaro, 2009). The adoption of green marketing strategy brings competitive benefits to organisation. When a company adopts green product process, it minimise the wastage and cut various costs, minimize non-renewable resources and increase the uses of renewable resources, save energy, at the end, it reduces the cost of product and increase profit margins (Baker & Sinkula, 2005). Successfully green marketing also increases the sales volume, shoot-up the revenue graph, and maximise the profit & market share. Furthermore, environment preservation strategies may improve the operational efficiency, brings new technologies, and assist in gaining competitive advantage and profits (Gisberg & Bloom, 2004). Through green marketing, customers give positive responses to the green product and agreed to pay a high price for green products. This way organisations can increase their profit and performance.

Figure-1: The Conceptual Model



Source: Author's Observation

3. RESEARCH METHODOLOGY

A quality study was conducted through discussion with 15 tourism industry experts to adjust the scales. Then, a quantitative study was conducted through a structured questionnaire with 24 observations parameters measured by 5 point Likert scale. Respondents were approached using convenient sampling techniques in Chandigarh city, India. The samples were the management positions of various tourism-related organisations to ensure cognitive consistency and measure organisational performance in all perspectives. The total 312 samples were interviewed and their opinion was recorded. The data were analysed and hypotheses were tested with IBM SPSS AMOS software. The study was conducted from January 2020 to May 2020.

4. DATA ANALYSIS AND INTERPRETATION

1.1 Measurement Model: Reliability and Validity

Table 1: Measurement Model Assessment

Latent Variables	Manifest Variables	Codes	Standardized Factor loading	Mean	SD
Green Marketing	Offering ecological tours	GM1	0.830	3.50	1.15
	Include environmental Compliance cost	GM2	0.906	3.62	1.22
	Motivate Consumer to buy green product	GM3	0.905	3.65	1.30
	Reward green consumers	GM4	0.937	3.57	1.33
Brand Reputation	Implement a green tourism brand	BR1	0.719	3.92	1.09
	Inform consumers about environmental efforts	BR2	0.714	3.90	1.09
	Reward employees on environmental initiatives	BR3	0.945	3.71	1.22
	Encourage employees to participate in environmental	BR4	0.900	3.66	1.06

	awareness activities				
	Use environment-friendly public campaigns	BR5	0.903	3.69	1.174
	Provide sustainable and eco-friendly experience to customers	BR6	0.912	3.62	1.139
	Collaborate customers in environment protection	BR7	0.719	3.76	1.139
	Collaborate with local communities for environmental protection	BR8	0.714	3.79	1.140
Business Performance	Build sustainable relationships	BP1	0.738	3.78	1.147
	Decrease consumer complaints	BP2	0.790	3.73	1.133
	Improve market share	BP3	0.800	3.51	1.247
	High employees organisational commitment	BP4	0.916	3.54	1.131
	Distinct image in the mind of consumer and society	BP5	0.927	3.46	1.183
	Increase revenue with more sales	BP6	0.916	3.87	1.020

Source: Authors' Calculations

The above table-1 represents measurement model assessment which includes standardised factor loading, mean results, and standard deviation. The standardised factor loading for four times of green marketing variable and two items of business performance was removed because their standardised factor loading was less than 0.70. However, 4 items of green marketing, 8 items of brand reputation, and 6 items of brand performance were reserved as their loading values were more than 0.70. Similarly, the mean results of all items are ranging from 3.46 to 3.92, and standard deviation scores are ranging from 1.020 to 1.335 which is a good range. Therefore, this data is suitable for further analysis.

Table-2: Correlation Matrix and Quality criteria

	Website Optimisation	Keyword Search	Search Engine Marketing
Website Optimisation	1		
Keyword Search	0.306	1	
Search Engine Marketing	0.243	0.471	1
Average Variance Extracted (AVE)	0.936	0.942	0.940
Composite Reliability (CR)	0.713	0.802	0.724
Cronbach Alpha	0.940	0.898	0.959

Source: Authors' Calculations

The above table-2 represents the correlation matrix and quality criteria of all the variables of this study. The correlation matrix shows that correlation coefficient values are below 0.50 which indicates moderate relations among variables. The correlations coefficients are in the table are not so high therefore, the situation of multicollinearity may not happen. The average variance extracted values in the above table is more than 0.50 which indicates the mean squared loading for all the item associated with variables are high. The convergent validity of all variables is also established as all variables express more than 50 percent variance of all items. Similarly, the shared variance of all variables are greater than their average variance extracted, this mean discriminant validity of all variables are also proven. The composite reliability of all variables ranges from 0.71 to 0.80 which falls between 0.70 and 0.95 therefore all variables internal consistency is also considered as 'satisfactory to good'. Cronbach Alpha values are more than 0.70 which indicated the reliability of data is also satisfactory.

Table 4: Model Fit Indices

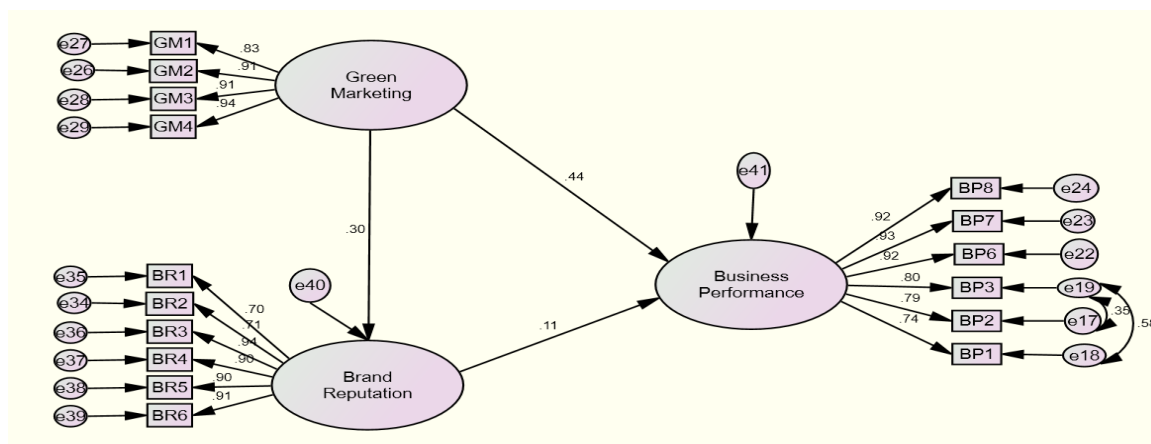
Fit Indices	Calculated Value	Threshold Range	Decision
GFI	0.869	>0.90	Rejected
CFI	0.946	>0.90	Accepted
NFI	0.929	>0.90	Accepted
RFI	0.913	>0.90	Accepted
IFI	0.946	>0.90	Accepted
TLI	0.934	>0.90	Accepted
RMSEA	0.097	<0.10	Accepted
CMIN/df	3.916	Between 2 and 5	Accepted

Source: Author's Calculations

The above table-3 indicates various indices of model fit and hypotheses acceptance decision. The Goodness of Fit Index (GFI), Comparative Fix Index (CFI), Relative Fit Index (RFI), Incremental Fit Index (IFI), Normed Fit Index (NFI), and Tucker Levis Index (TLI) values are 0.869, 0.964, 0.913, 0.946, 0.929, and 0.934 respectively are within the acceptable range except Goodness of Fit Index (GFI). Similarly, RMSEA result is 0.097 which is also accepted as the value is less than 0.10. The Relative/Normed chi-square (CMIN/df) result is 3.916 which is within the range of 2-5. These all indices indicate the overall good model fit and also certify that the observed data validate theorised model fit with the help of confirmatory factor analysis.

1.2 Structural Equation Model

Figure 2: Path Diagram



Source: Authors' Calculations

The above figure-2 represents the path relationships between independent variable and dependent variable. Green marketing positive impact on organisational performance and brand image. Brand reputation also has a positive impact on organisational performance. However, green marketing has a higher impact on business performance than brand reputation.

Table 5: Structural Model Assessments

Hypothesis			Beta Estimate	S.E.	t-values	Final Decision
H1	Green Marketing	→ Business Performance	0.213	.042	5.087***	Accepted
H2	Brand Reputation	→ Business Performance	0.356	.049	7.288***	Accepted
H3	Green Marketing	→ Brand Reputation	0.127	.065	1.950 ^{ns}	Rejected

Source: Authors' Calculations
 **p<0.05; *p<0.10

***p<0.001;

The above table-5 indicates the structural model assessments and hypotheses acceptance decision. The hypotheses H1 and H2 of this study have been accepted with the significance value $p<0.001$ whereas hypothesis H3 has been rejected. Thus, there is a significant impact of green marketing on organisation performance and brand reputation. However, brand reputation has an insignificant impact on organisation performance.

5. DISCUSSION

This study aims to measure the role of green marketing strategy in brand reputation building, and increasing brand performance. The finding shows that green marketing plays an important role in increasing the overall

performance of the business which is similar to the study of Porter & van (1995). It also helps to increase the brand reputation. Green marketing strategies invite the environment concerned customers to purchase green products and ready to pay high prices for the same (Vaccaro, 2009). The willingness to pay a high price increase the profit margin of business and increase performance. Green marketing also motivate customers and customers to become loyal toward the brand. The green marketing also indicates that the company is doing responsible marketing therefore customers also perceive a positive attitude toward such a brand this way it also helps to increase brand image and reputation (Ginsberg & Bloom, 2004). However, from the finding, brand reputation does not have much impact on business performance in the tourism industry and it is the opposite result to the study of Neille et al. (2005) and Nguyen & Nguyen (2020). It is mainly because of the infrequent visits of tourists to a particular destination. There is very less number of business chain are available in the tourism industry therefore, the brand is not given much importance in this industry. There are chains of OYO hotels available in the maximum destinations even though the services differ from hotel to hotel. Tourist look at the budget and then decides the star-rated or budgeted hotels. Similarly, it applies to other tourist destination services.

6. IMPLICATIONS OF THIS STUDY

The findings of this study are useful for destination marketers and green goers. This study helps business houses to implement green marketing strategy to show themselves responsible. It will also help them to build a distinct image in the mind of consumers and society. It will also help them to represent themselves as environment protectors. Such a strategy is also useful for consumers and society to motivate the business houses for moving toward green projects, and other customers to buy green products. These finding also motivates destination marketers to maintain a green and clean destination to invite more and more visitors. Lastly, this study also help academicians to produce green entrepreneurs who can start their business of green products after graduation.

7. CONCLUSION

Brand reputation is treated as an asset for the company however, revenue is the most important indicator of business performance. Green marketing strategies help in achieving both objectives. It increases business performance and brand reputation. Business performance shows that the company has a good amount of revenue whereas the brand reputation helps to increase market shares. Green marketing strategies a concept of responsible marketing that is worthy for both the business community and society. This study suggests the tourism industry should implement green marketing strategies in their business to increase the life of destinations and motivate visitors. This also better from the point of government initiatives for environmental preservation. In many cases, the government and other organisations may assist destination marketers in green marketing, sometimes they provide incentives also for such activities.

Green marketing strategies are still at the primary level. Though many studies have been conducted in the recent decade but reality, the implementation is still very less. Further study can be done to identify the various challenges in the implementation of green marketing. The only limitation of this study is the location of this study i.e. Chandigarh. The finding of this study can be generalised as this location has a diversified group of people who are coming from various states of India.

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