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The impact of green marketing strategy on the firm's performance in Malaysia

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Abstract

This is a conceptual paper to study the impacts of green marketing strategy on the Malaysian certified ISO 14001 Environmental Management System firms' performance. The paper aims at presenting the reviews of the literature on the green marketing and analyses the two factors that will influence the firms' performance. Despite the rising trend of consumers that willing to spend for a green product and the potential of green product, previous literature revealed that green marketing has encountered some challenges. The conclusion that was drawn is that, green innovation and the green promotion have a positive effect on the firms' performance.

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Keywords: green marketing; firms' performance; sustainability; marketing strategy; Malaysia

1. Introduction

This paper will begin by briefly reviewing on the sustainability literature, provides the overview of the global green industry, followed by the current issues in the Malaysian green industrial context, including the prospects and challenges. This paper is conceptually focused and a review is conducted mainly concerning with green innovation and green promotion.

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1.1. Purpose of Inquiry

This conceptual paper is intended to investigate the impacts of green marketing strategy on the firms' performance through an analysis on the green innovation and green promotion. The answer of the inquiry question will be based on the literature analysis. Despite the potential and benefits of green product and green marketing, (Peattie and Crane 2005; Gordon, Carrigan, & Hastings 2011; Gleim, Smith, Andrews, & Cronin 2013) revealed that green marketing has encountered some challenges. Misleading advertisements, false promises, unclear labels, and irregular performance has increased the confusion among consumers, which cause a decreasing number of green products launched. This situation is labelled as "greenwashing". Pillai & Patil (2012) reported that "greenwashing" is a situation in which firms claim that a product is environmentally-friendly products, but in reality the product does not perform as it promised. The consumer scepticism on green product claims has influenced their attitudes towards green products and creates confusion among consumers as supported by Nyilasy, Gangadharbatla, & Paladin (2013). Therefore, this conceptual paper is significant because it will explore various green marketing strategies adopted by Malaysian certified ISO 14001 EMS firms. Given that knowledge about the existence of green initiatives in Malaysia is still lacking, the study can add knowledge to the managers' understanding to refine their marketing strategy. Subsequently, the higher rate of success will encourage other businesses to adopt the green initiatives therefore, will increase the number of ISO 14001 EMS firms and eventually embrace the sustainability agenda.

1.2. Sustainability

The term 'sustainable' becomes a popular notion in recent literature. It discusses the basic premise, that businesses have a responsibility to satisfy the human needs and wants while preserving nature. The current ecological challenges require the managers to formulate strategies that control pollutions and preserve the natural resources. Millar, Hind, & Magala (2012) stated that to integrate sustainability into the organization still a challenge and difficult for many leaders, however Saxena and Khandelwal, (2012b) reported that green economy is a profitable sector that comprises green product, organic agriculture, renewable energy, clean technology and natural resources, which suggest that marketer must seize this opportunity in order to gain competitive advantage. Hence, many industries are adopting green business strategy to ensure sustainable growth through encompasses the green characteristic in their business operation. Although it is a voluntary basis, more and more companies taking this initiative and becomes a main agenda and important strategic concerns among companies. The remarkable growth of new green industries indicated the positive attention by the marketers. There is some evidence that various types of companies switch to adopt green philosophies such as traditional manufacturing companies become more profitable after transform to green manufacturing system (Taylor, Chuang, & Yang, 2013). The retail outlet is also promoting the green image (Yusof, Musa, & Rahman, 2012). The agriculture industries also respond in producing foods without harming to the environment and consumers health (Pellegrini & Farinello, 2009). The hotel and tourism industries also involved in changing their business towards green hotel and eco-tourism (Graci & Dodds, 2008; Punitha & Mohd Rasdi, 2013; Chan, 2013). In addition, the concept of purchasing green products become popular as the numbers of consumers that willing to purchase that are environmentally-friendly are significantly increasing. Dangelico & Pujari (2010) reported that the size of the green markets is also increasing and is getting bigger in the future. In line with this, the green industry also shown a positive and emerging trends as Saxena & Khandelwal (2010) found that people in India have high concern for greener environment thus are shifting their preferences from grey products to green products. While many companies are struggling to form green business strategies, it is not explicitly discussed on the impacts of green marketing strategy on the firms' performance. As suggested by Kumar, Rahman, & Kazmi (2013), very few researches reflecting on sustainability marketing strategy and this area can be explored further. Similarly, Tiwari, Tripathi, Srivastava, & Yadav (2011) claims that the green marketing is still in its infancy and a lot of research is to be done. Chabowski, Mena, & Gonzalez-Padron (2011) supported that marketing play an important role in driving the firms' performance. Hence, this implies that the involvement of green marketing is crucial and inevitable. Thus, this paper will analyse the relationship between the green innovation and green promotion and the impacts on the firms' performance.

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