



Green Marketing and Green Growth as Path Way towards Ethiopian Green Economy

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Abstract: Green revolution, going green, environmental protection, sustainable life style, sustainable development, protecting our earth and many more has become a natural phenomenon in our everyday life. People around the world are becoming more aware of the environmental stresses humans are placing on the planet. Environmental pollution is a buzz word in today's business environment. In the modern era of globalization, it has become a challenge to keep the customers as well as consumers in fold and even keep our natural environment safe and that is the biggest need of the time. Many consumers now display concern about environmental deterioration. Consumers are also aware of the environmental issues like; global warming and the impact of environmental pollution. This is the major forward motion for green products and green marketing. As the demand for green products undoubtedly exists, green marketing provides an opportunity to the companies to increase their market-share by introducing eco-friendly products. Economically, Ethiopia is one of the world's fastest-growing countries. Building on its positive recent development, it intends to reach middle-income status before 2025. It aims to do so by building a green economy. Adopting a green economy development path would have benefits for the population, the environment, and the economy: it would improve public health through better air and water quality and accelerate rural development by increasing soil fertility, food security, and rural employment.

Keywords: Ethiopia, Green Economy, Green Growth, Green Marketing

Introduction:

People around the world are becoming more aware of the environmental stresses humans are placing on the planet. Many consumers now display concern about environmental deterioration. This is the major impetus for green products and green marketing. However, green is a relative term and depends on the individual. Although environmental issues influence all human activities, few academic disciplines have integrated green issues into their literature (J.A Ottman. et al, 2006). As society becomes more concerned with the natural

environment, businesses have begun to modify their behavior in an attempt to address society's "new" concerns. Some businesses have been quick to accept concepts like environmental management systems and waste minimization, and have integrated environmental issues into all organizational activities. One business area where environmental issues have received a great deal of discussion in the popular and professional press is marketing. Terms like "Green Marketing" and "Environmental Marketing" appear frequently in the popular press. Many



governments around the world have become so concerned about green marketing activities that they have attempted to regulate them.

The concept of green marketing is the business practice that considers consumers concerns with regards to preservation and conservation of the natural environment (Coddington, 1993). Green marketing that has been previously and primarily focused on the ecological context has been shifted to more sustainability issues in the marketing efforts and main focus now is in socio-economic and environmental context. Whereas, green market is identified as a part of market segments based on the greenness of the consumer (Charter et al., 2002; Simintiras et al., 1994). Therefore, green marketing is now dealing with fair trade of socio-economic benefits as well as environmental responsibilities through the green business. According to the American Marketing Association, green marketing is the marketing of products that are presumed to be environmentally safe. Thus green marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising. "Green Marketing" refers to holistic marketing concept wherein the production, marketing consumption and disposal of products and services happen in a manner that is less detrimental to the environment with growing awareness about the implications of global warming, non-biodegradable solid waste, harmful impact of pollutants etc., both marketers and consumers are becoming increasingly sensitive to the need for switch in to green products and services. While the shift to "green" may appear to be expensive in the short term, it will

definitely prove to be indispensable and advantageous, cost-wise too, in the long run.

Objective of the Study

The justification of this study precipitates from the fact that studies on green marketing and green growth as path way towards Ethiopian green economy is a new phenomenon, in Ethiopia; reviews of lesson from other experiences on the topic are still scanty and incomprehensive. Moreover, one of the biggest problems with the green growth area is that there has been little attempt to academically examine environmental or green marketing, green growth and green economy. This paper attempts 1) To introduce the terms and concepts of green marketing, green growth and green economy; 2) To discuss why going green is important; 3) to mention some of the interrelation ship and problems with green marketing, green growth and green economy.

Materials and methods

This paper briefly surveys the comparative literature, assesses some of the arguments, and discusses the lesson for Ethiopia from other experiences in green marketing green growth and green economy. It also suggested a framework for policy systems for economic development that might prove productive for Ethiopia to learn/share experience from other countries to fasten the socioeconomic transformation of the country.



Empirical review and discussion Evolution of Green Marketing:

Green marketing term was first discussed in a seminar on Ecological Marketing, organized by American Marketing Association (AMA) in 1975 and took its place in the literature. The term green marketing came into prominence in the late 1980s and early 1990s. The first wave of green marketing occurred in the 1980s. The tangible milestone for the first wave of green marketing came in the form of published books, both of which were called Green Marketing. They were by Ken Peattie (1992) in the United Kingdom and by Jacquelyn Ottman (1993) in the United States of America. According to Peattie (2001), the evolution of green marketing has three phases. First phase was termed as "Ecological" green marketing, and during this period all marketing activities were concerned to help environmental problems and provide remedies for environmental problems. Second phase was "Environmental" green marketing and the focus shifted on clean technology that involved designing of innovative new products, which take care of pollution and waste issues. Third phase was "Sustainable" green marketing. It came into prominence in the late 1990s and early 2000s concerned with developing good quality products which can meet consumers need by focusing on the quality, performance, pricing and convenience in an environment friendly way.

Green Marketing – Reasons for Adoption by the Firms

Green marketing offers business bottom line incentives and top line growth possibilities. While modification of business or production processes may involve start-up costs, it will save money

in the long term. For example the cost of installing solar energy is an investment in future energy cost savings. Companies that develop new and improved products and services with environmental impacts in mind give themselves access to new markets, substantially increase profits and enjoy competitive advantages over those marketing non-environmentally responsible alternatives (Unruh, G. And Ettenson, R. 2010).

Characteristics of Green Products:

The products those are manufactured through green technology and that caused no environmental hazards are called green products. Promotion of green technology and green products is necessary for conservation of natural resources and sustainable development. Green marketing offers business bottom line incentives and top line growth possibilities. While modification of business or production processes may involve start-up costs, it will save money in the long term. For example the cost of installing solar energy is an investment in future energy cost savings. Companies that develop new and improved products and services with environmental impacts in mind give themselves access to new markets, substantially increase profits and enjoy competitive advantages over those marketing non-environmentally responsible alternatives.

Green Marketing- Challenges.

Although a large number of firms are practicing green marketing, it is not an easy job as there are a number of problems which need to be addressed while implementing Green marketing. The major challenges which Green marketing has to be faced are: New Concept-in literate and urban consumer are getting more aware about the merits of Green products. But it is still a new



concept for the masses. The consumer needs to be educated and made aware of the environmental threats. The new green movements need to reach the masses and that will take a lot of time and effort.

Cost Factor- Green marketing involves marketing of green products/services, green technology, green power/energy for which a lot of money has to be spent on R&D programmes for their development and subsequent promotional programs which ultimately may lead to increased costs. **Convincing customers-**The customers may not believe in the firm's strategy of Green marketing, the firm therefore should ensure that they undertake all possible measures to convince the customer about their green product, the best possible option is by implementing Eco-labeling schemes. Sometimes the customers may also not be willing to pay the extra price for the products. **Sustainability-** Initially the profits are very low since renewable and recyclable products and green technologies are more expensive.

Green marketing will be successful only in long run. Hence the business needs to plan for long term rather than short term strategy and prepare for the same, at the same time it should avoid falling into lure of unethical practices to make profits in short term. **Non Cooperation-** The firms practicing Green marketing have to strive hard in convincing the stakeholders and many a times it may fail to convince them about the long term benefits of Green marketing as compared to short term expenses. **Avoiding Green Myopia-** Green marketing must satisfy two objectives: improved environmental quality and customer satisfaction. Misjudging either or overemphasizing the

former at the expense of the latter can be termed green marketing myopia.

Building a green economy world wide

For the last three decades years, the realization of how unsustainable growth and environmental degradation have impacted on poverty has contributed to a renewed emphasis on environment and development as a global collective issue. In part, this is motivated by a concern that environmental disasters result in devastating problems, but also by the recognition that the majority of environment and development related problems cannot be solved by one country acting alone. The United Nations Conference on Environment and Development held in Rio de Janeiro, Brazil, in 1992 was a milestone in the evolution of an international consensus on the relationships among population, development and environment, based on the concept of *sustainable development* articulated a few years earlier by the World Commission on Environment and Development. The Commission defined sustainable development as development that "meets the needs of the present without compromising the ability of future generations to meet their own needs" (World Commission on Environment and Development, 1987).

Green Growth is development model for enabling sustainable growth and creating prosperity by taking a holistic approach to development, which: values human, social and natural capital; efficiently and sustainably uses ecosystem goods and services; builds resilience in a changing world, where countries, industries and people are increasingly interconnected. **Green Growth: Adapting to changing realities for development: Mitigation;**



Low aggregate/per capita emissions, but: Avoiding dangerous levels of global warming requires global action (with differentiated responsibilities). Africa is already insufficiently adapted to current climatic hazards, e.g. windstorms (cyclones), floods, droughts, resulting in disaster and famines. Sensitive sectors include agriculture (food security), urban (disaster risk), health (water and vector borne diseases).

Ethiopia's climate- resilient green economy strategy

Economically, Ethiopia is one of the world's fastest-growing countries (The Economist 2011). Ethiopia is also one of the country's most vulnerable to the impacts from climate change. Already, symptoms of climate change and its impacts are found in many parts of the country. As a responsible member of the world, Ethiopia is also aware of the important role that developing countries play in fighting climate change, and has consequently taken on a constructive role in international climate negotiations. Ethiopia's ambition to become a "green economy front-runner" is an expression of its potential for and belief in a sustainable model of growth. Over the past decades, there has been an increase in rainfall variability and rising temperatures. The people of Ethiopia are especially vulnerable to climate change because of their low income and reliance on climate sensitive livelihoods based on agriculture and pastoralism. The livelihood of many millions of people is decisively dependent on the blessings of the local climate. The changes are already creating unrelenting pressure on agricultural production and available water, forest, and other natural resources. This exacerbates food insecurity and makes the people and

their environment more vulnerable and less resilient to future changes in climate.

The ambition to build a green economy is grounded in the country's potential for and belief in a sustainable growth model for developing countries. Ethiopia has already followed a relatively green and sustainable development path, and most of the power generated in the country already comes from renewable sources, mainly hydropower. The country has a limited capacity to deal with the impacts of most of the changes because of limited financial resources, skills and technologies, and the high level of poverty. Data show that the number of people exposed to the vagaries of climate and, in turn, affected by climate related hazards, has been growing particularly over the last thirty years (World Health Organization, 2007):. But, little is known about the extent of the country's vulnerability to climate change and its impacts. Furthermore, the potential impacts of climate change extend to the overall performance of the country's economy and are likely to make the prospects for economic development harder to achieve. These challenges could thwart the country's development aims unless appropriate measures get underway. This requires preparation and a well thought-out response at different levels from households and local communities to policy makers (Deksyos T. & Abebe T., 2006).

Ethiopia aims to achieve carbon-neutral middle-income status before 2025. As set forth in the national Growth and Transformation Plan (GTP), this leap will require increasing agricultural productivity, strengthening the industrial base, and fostering export growth. Economically, it means growing fast enough to increase the current gross



domestic product (GDP) per capita of around USD 380 to USD 1,000 (the lower threshold of middle income status), decreasing the share of GDP contributed by agriculture from more than 40% to less than 30%, and migrating from farming and herding to jobs in the services and industry sectors. (Federal Democratic Republic of Ethiopia, 2011):

For Ethiopia, green growth is a necessity as well as an opportunity to be seized. It is an opportunity to realize our country's huge potential in renewable energy and a necessity so as to arrest agro-ecological degradation that threatens to trap millions of our citizens in poverty. We have therefore embarked upon the development of a Climate-Resilient Green Economy (CRGE) strategy addressing both climate change adaptation and mitigation objectives. We have now completed the preparation of the green economy strategy, which will be fully integrated into our five-year Growth and Transformation Plan. Our goal is quickly to improve the living conditions of our people by reaching a middle-income status by 2025 based on carbon-neutral growth. We are committed to effectively transforming Ethiopia into an early adopter of a low-carbon growth path by 2013, and our CRGE initiatives are already being translated into investment-ready projects in the four key sectors. One important green resource that will help us reach our goals is hydroelectric power. Ethiopia plan to increase our generation capacity fivefold over the next five years to support green growth at home and potentially export to neighboring countries, both as a source of income and as a concrete contribution to development and sustainability in Eastern Africa. Ethiopia has the natural resources to generate all the clean energy it needs and to decouple its economy from

the fluctuating prices and unsustainable nature of the oil-based economy. At the same time, carbon finance could play an increasingly important role in the global economy and one that Ethiopia and its neighbors can benefit from. The positive impact of sustainable development on health, social justice, economic growth, and natural resource conservation is significant (NMA, 2007). There are enormous untapped opportunities for action on climate change in Ethiopia and, for that matter, Africa as a whole that we can now begin to seize with international support on financing, infrastructure, and execution capacity. The country is well positioned and moving fast to contribute to developing a green global economy, the environmental legacy and commercial benefits of which will endure long into the future.

The green growth path in Ethiopia will have a measurable impact on around two-thirds of the economy by 2030. Adopting green economy practices on this large a scale will unlock economic growth, create jobs for the growing population, and deliver wider socio-economic benefits. Most green economy initiatives directly support new business opportunities for the private sector. As an example, one prioritized initiative to improve agricultural efficiency is the increased use of professional farmer cooperatives, which creates jobs across the value chain in supplying inputs, aggregating production, and marketing. Such cooperatives can capitalize on the impact of related initiatives to increase crop and livestock productivity. In dairy farming, for example, cross-bred cows produce two to five times more milk than purebred indigenous cattle. Increasing the share of cross-bred cattle could thus dramatically increase marketable dairy yields with a lower cattle population–



raising incomes while reducing livestock-related emissions (Sarkar, A., 2008):

Green economy initiatives will create macroeconomic benefits. By establishing a more secure electric power supply, an essential prerequisite for sustainable economic development, and increasing energy efficiencies in the transport, industry, and buildings sectors, Ethiopia can reduce its current dependency on fossil fuel imports by about one-third. This effect alone could improve the balance of payments by several billion dollars in 2030. Furthermore, low carbon emissions can be marketed as a competitive advantage for Ethiopia's exports. Finally, the decision to commit to sustainable economic development opens the door to international environmental support, such as the Clean Development Mechanism carbon credits. Such support could complement Ethiopia's own green growth budget and other sources of funds that have already been earmarked for development.

The green economy strategy also entails wider socio-economic benefits. Public health will improve with better water and air quality. Green growth will accelerate rural development by reducing soil erosion and increasing soil fertility, hence food security, and rural employment. Households will benefit from higher energy efficiency – especially from more efficient cooking/ baking and transport. This should increase domestic savings and thus the capacity to invest in improving labour and land productivity and to participate more profitably in domestic and export markets. These tangible benefits for local communities should stimulate a virtuous cycle of mutually reinforcing effects in support of green growth.

Lesson for Ethiopia from other experiences in green growth

Green marketing, green growth and green economy are still in its infancy and a lot of research is to be done on green marketing, green growth and green economy to fully explore its potential. There are some suggestion that an organizations should implement for catering challenges of green marketing, green growth and green economy and successful exploitation of green marketing, green growth and green economy. Consumer needs to be made more aware about the merits of Green products. The consumer needs to be educated and made aware of the environmental threats. It should be made sure that the consumer is aware of and concerned about the issues that your product attempts to address. Green Marketing campaign and green advertising is good step toward it. Consumers must be motivated to switch brands or even pay a premium for the greener alternative. Make sure that consumer feel that they can make a difference. This is called empowerment and due to this main reason consumers will buy greener products. Further steps should be taken to control false promise and claim by the marketer to maintain legitimacy and trustworthiness of green products. For effective and efficient implementation of this concept of Green Marketing the factor that plays a major role is the Government. Unless the government creates specific and stringent laws and utilizes its authority to implement them, the concept cannot be conceptualized. If the Consumer, the Organization and the Government work in unison towards the common goal of minimizing the detrimental environmental impact of their activities, then they can surely save this



environment and make this world a better place to live in. It is not enough for a company to green its products, consumers expect the products at they purchase pocket friendly and also to help reduce the environmental impact in their own lives too. Green marketing is very low on the agenda of most businesses and therefore it's still an under-leveraged USP (Unique Selling Proposition). Therefore, effective green marketing, green growth and green economy targeted at the right audience will make a difference.

Conclusion

The green economy strategy of Ethiopia states the vision of the country: to become middle income by 2025 by building a climate resilient green economy. The green economy target involves growing the economy by maintaining the current level of emissions. The traditional economic development path could deliver the required growth, but at the cost of significant agriculture land expansion (inducing pursuing and accelerating deforestation), soil erosion, and higher emissions as well as at the risk of reaching the limits to further development, e.g., by exceeding the carrying capacity for cattle of Ethiopia. Building a green economy will require an increase the productivity of farmland and livestock rather than increasing the land area cultivated or cattle headcount. In order to offer a viable alternative to the conventional development path without foregoing growth in the short term and significant advantages thereafter, a set of initiatives has been identified that can provide the required increase in agricultural productivity and resource efficiency. Households would benefit from higher energy efficiency – especially from

more efficient cooking/baking and transport – with savings worth up to 10% of household income (particularly in rural areas). This would lead to an increase in domestic savings and hence result in an enhanced investment capacity. From a macroeconomic perspective, green economy initiatives would also improve the balance of payments by reducing dependency on imports of, e.g., fossil fuels, and create a more secure power supply, an essential prerequisite for sustainable economic development. This effect alone could improve the balance of payments by several billion USD (in 2030). The low-carbon supply of goods and services (e.g., manufactured goods, power) can easily be marketed as a major competitive advantage for Ethiopia's exports.

Recommendations

Support green marketing programs with corporate credibility: Introduction of a new green product without the support of a positive track record of corporate credibility will adversely affects the product's image. That's the message being sent back to the companies from skeptical consumers. Consumers typically cannot experience environmentally oriented product benefits--they can't see the air pollution spared from the environment when they use a less polluting gasoline; they can't see the energy saved when they recycle aluminum cans. Green marketing must satisfy two objectives: improved environmental quality and customer satisfaction. Misjudging either or overemphasizing the former at the expense of the latter can be termed green marketing myopia. Research indicates that many green products have failed because of green marketing myopia marketers' myopic focus on their



products' greenness over the broader expectations of consumers or other market players (such as regulators or activists).

Benchmarking: Establish a benchmark upon which to measure the progress of company in term of eco aspects. **Self-certify** the company's progress and the efforts made by company. **External Audit:** Conduct a thorough environmental audit to assess current performance. To build credibility, have your audit certified by an independent third party and voluntarily report results to the Environmental Protection Agency, and to the public via a corporate Environmental Progress Report.

Back up from Top level: It's not enough to have the top-level support for a corporation's environmental program. That commitment must be projected to the consumer as personal and direct. In doing so, an emotional link is forged between the company and its customers. **Employee Awareness Program:** It is only when employees are aware of the issues and given the authority to make changes that greener products will be developed and environmentally sound corporate practices be put into place. Conduct innovative and thought-provoking educational programs to heighten awareness for the issues and empower employees to act positively on ecological issues. Invite outside speakers to talk about trends in population, technology, the economy and the environment.

Constantly Refine the Product: Consumers intuitively understand that no product or company is truly "green". What they want from companies is reasonable progress. Constantly integrate, learn, and refine products and processes. Develop a plan, set measurable

goals, and work towards them. As per the study conducted we found that variety can play a major role in influencing consumers, So the companies should focus on creating variety in Green Products sector.

Effective Communication: Effectively communicate with the consumers; always look for feedback from consumers as well as from environmental organizations. Be publicly accountable, regularly issue reports on environmental performance, advertise them & use them as a tool to improve public relations. Clearly state the benefits, clearly tell the consumers what are the cost savings and how the product is eco-friendly.

Green Growth requires integrative approaches to land-use, focused on increasing productivity and food-security, while minimizing degradation of Africa's natural assets. Globalization provides new opportunities, but also creates new risks through increasing inter-dependence. Increasing resilience to exogenous economic shocks is critical, as African economies move forward **Green Growth: Seizing new opportunities, Opportunities for Sustainable Development Pathways. Leap-frog to efficient technologies:** The urgent need to up-scale Africa's energy, transport an urban infrastructure, represents the opportunity to leap-frog to energy and resource efficient solutions with co-benefits for human health (e.g. reduction of air pollution) and the environment (e.g. maintenance of ecosystem goods and services). **Africa's new asset – carbon:** Maintaining/increasing the carbon stored in Africa's forests and land represents to limit global warming constitutes an opportunity for accessing new and emerging revenue streams, e.g. REDD+



(a performance based payment transfer scheme for reducing emissions from deforestation and degradation). Harness the demographic dividend: Africa's total population as well as the working age population is increasing rapidly. With appropriate education and capacity development, this represents need opportunities for economic diversification and business development.

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