

Benefiting from Green Advantage

What green consumers want and the ways to deliver them.

Extended Abstract:

The environment is attracting considerable attention today from the media, academics, analysts and the business community. The interests of business and the environment were historically viewed as incompatible, but that view is starting to change. Companies are optimizing transportation operations and reducing their energy consumption. They are exploring ways to recycle more or reduce the amount of packaging in their products. “Green is good for business” is the new battle cry, a logical extension of Total Quality Management, Six Sigma, Lean and other business practices.

Today, consumers around the world talk about the environment very freely. But will they continue to care about green issues now that the economy has taken a nosedive? That’s what companies the world over want to know as they consider their past investments in green strategies and plan for the future. Green products and processes not only allay the depletion of natural resources, they can allay the depletion of cash flow for both companies and consumers.

There is no doubt that the global recession has radically changed how consumers approach spending, saving, debt, and long-term investing. The prime objective is to find the best value at the lowest price. The intensity of this focus on value is reverberating around the world, putting enormous pressure on retailers and their suppliers. Yet the shift in consumer behavior has also introduced new opportunities for smart companies to gain share in both developed and developing markets.

Companies and consumers finally understand green as something more than a fad. In this paper we explore the best ideas for building green products that capture consumers and green practices that sustain businesses. What are the best practices? Which companies are doing them well? Consumer sentiments and spending (*a pattern of trading up and trading down*) has to be tracked as a vantage point for understanding consumers.

Companies also have dual motives. The good a company does for the environment must also do well for its bottom line—whether in reducing costs or attracting more customers with green products. The expansion of green consciousness around the world makes the business case for green a compelling one, especially in a tough market. Capturing the green advantage involves incorporating green strategies into planning, processes, products and promotions, reducing costs in some areas and improving materials and ingredients in others—and making sure customers understand the benefits of being green. But the actions companies take will have negligible impact unless they make them an integral part of a compelling case for competitive advantage. Capturing the Green advantage involves incorporating Green strategies into – planning, processes,

products and promotion – reducing costs in some areas and improving materials and ingredients in others – and making sure customers understand the benefits of being Green.

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