



GREEN MARKETING INITIATIVES BY FMCGS CASE OF ITC AND HUL

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Abstract

In the wake of global environmental consciousness sustainability marketing is the order of the day. FMCG sector in India is one of the major sectors whose production, distribution and marketing activities have enormous impact on the society and environment. Eco- friendly manufacturing, eco-friendly packaging and recycling the waste generated in the process – all a part of Green Marketing - are the key strategies that companies are adopting to sustain in the changing scenario. This paper attempts to throw light on the Green Initiatives taken up by two major FMCG players in India, ITC and HUL.

Key words: Green Marketing, Green Packaging, Sustainable Marketing,

Introduction

Businesses have a responsibility of conducting their operations in a socially conscious way. They are obliged to several groups connected to them directly or indirectly. Environmental protection is a growing concern among all these groups and is reshaping the way in which businesses conduct their operations. Not just the consumers of products and services but all the stake holders are increasingly becoming environment conscious. Investing in social and environmental causes is a necessity now. In order to survive in such a changing situation businesses are turning towards sustainability marketing or Green Marketing – producing eco-friendly products and selling them in an eco-friendly packaging.

Objective

This paper aims to put in perspective the green marketing initiatives undertaken by two top players in the Indian FMCG sector.

Methodology

This paper is based on information gathered from secondary sources. The companies' websites, journals and online reports have been analysed for compiling the content of this article.

Green Marketing

Green Marketing, also known as sustainable marketing, ecological marketing or environmental marketing, refers to all activities that make possible the satisfaction of needs and wants of customers with minimum or no harmful impact on the natural environment. It entails a firm to

conduct all its marketing activities – right from designing and making a product to selling to final consumers in an environment friendly manner. In other words, designing, manufacturing, packaging, distributing, positioning, promoting and selling products and services are done in a manner which minimizes detrimental impact on the environment.

Green marketing consists of “all activities designed to generate and facilitate any exchanges intended to satisfy human needs or wants, such that the satisfaction of these needs and wants occurs with the minimal detrimental impact on the natural environment” (Polonsky, 1994).

“Green marketing is the marketing of products that are presumed to be environmentally safe”. - American Marketing Association

“Green marketing includes all the activities for developing and advertising products based on their real or perceived environmental sustainability”.

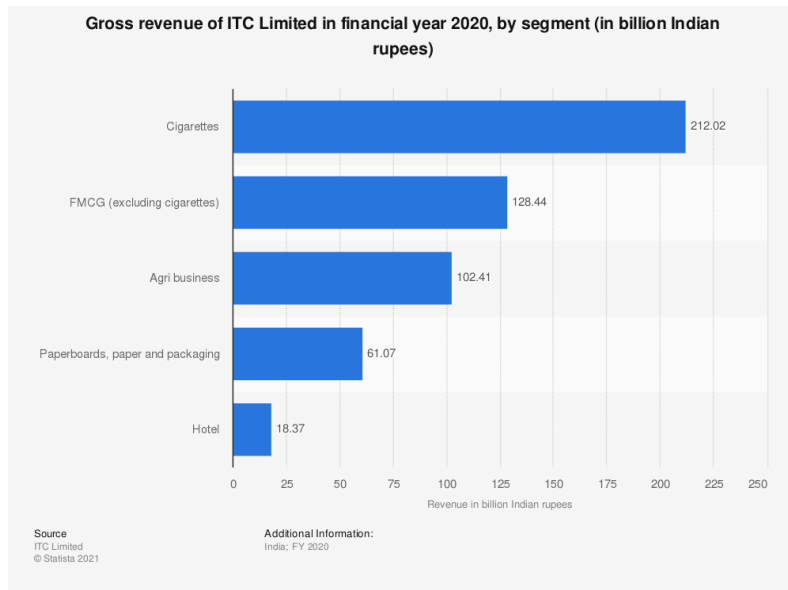
While Green Design entails firms to follow green strategies right from product design and planning stage that result in eco-friendly output, Green (eco-friendly) Packaging helps firms in appeasing customers who are increasingly becoming environment conscious. Through Green Positioning marketers build brand associations by focusing on environmentally sound product attributes. Firms pursuing Green Disposal aspect of Green Marketing concentrate on recycling old products or used material or disposing them off in a safe way if recycling is not possible.

Green Packaging is an important as well as an effective strategy for Green Marketing. Firms are under tremendous pressure not only from the environmental activists and eco-conscious customers but also from the governments to package their products using eco-friendly material. Biodegradable wrapping provides customers with a noticeable clue of the company's commitment to going green. Green Packaging is the use of materials that consume less energy and have low impact on the environment. With unsustainable packaging there is a possibility that potential customers may turn away from purchasing sustainable products.

Green packaging—also known as ‘eco-green packaging’, ‘eco-friendly packaging’, ‘sustainable packaging’ or ‘recyclable packaging’—uses ecological materials for packaging purposes, while always bearing in mind that products must be effective and safe for human health and the environment (Pauer, Wohner, Heinrich, & Tacker, 2019)

ITC Ltd.

ITC is an Indian conglomerate with Gross Sales Value of INR 74,979 crores and a Net profit of INR 13,032 crores. ITC Ltd. was incorporated as Imperial Tobacco Company in 1910 to produce cigarettes and tobacco. The name of the company was subsequently changed to Indian Tobacco Company in 1970 and later to I.T.C. Ltd. in 1974 and to the current ITC Ltd in 2001. Head quartered in Kolkata, the company has a multi business portfolio covering Foods, Personal Care, Cigarettes and Cigars, Branded Apparel, Education & Stationery Products, Incense Sticks and Safety Matches; Hotels, Paperboards and Packaging, Agri Business and Information Technology.



Source: statista.com (Basuroy, 2021)

Green Initiatives by ITC

ITC has been actively pursuing the cause of going green since the past two decades. This pursuit has led to new range of green product and solutions – environmental friendly multipurpose papers that are less polluting than the traditional papers. "Paperkraft Premium Business Paper" is an eco-friendly paper crafted by ITC using "Ozone Treated Elemental Chlorine Free technology", first of its kind in India. ITC sources the raw material from its social and farm forestry project. ITC's Afforestation initiative covered 6,86,000 acres and generated employment of 128 million man-days by 2018.

Given its size and diversity, ITC is the only firm in the world which is carbon positive, water positive and does 99 % solid waste recycling. ITC has surpassed all government regulations related to emission levels from manufacturing units. Through its rainwater harvesting programme, ITC attained the credit of creating three times more water than the net water it consumes. ITC collects and recycles 5000 tonnes of post-consumer low value plastic and uses around 1,23,000 tonnes of recycled paper in its paperboard business.

ITC is also in the forefront of hospitality industry. Its philosophy of "Responsible Luxury" ensures that ITC hotels are built adhering to highest global and national standards in terms of energy efficiency, conservative use of water and minimizing solid waste. ITC hotels use natural lighting, wind and solar energy, recycled grey water. Single-use plastic has been mitigated in all ITC hotels. Plastic bottles have been replaced with glass bottles, regular tooth brushes with bamboo tooth brushes, plastic stirrers with wooden stirrers and regular combs with bamboo combs.

ITC's e-choupal initiative taken up in the year 2000 uses the strength of technology to transform agri businesses of the rural population. A network of digital ecosystems has been designed to disseminate information to farmers and make their produce ready to factory gate from farm. Over 4 million farmers across 35000 villages are benefitted by this initiative.

ITC - Awards and recognition for Green Initiatives

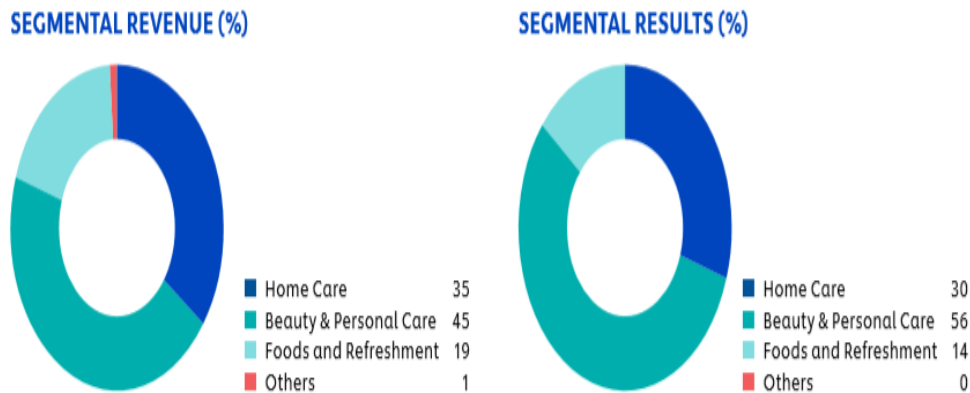
The following are few prestigious awards and recognition among several others that the company has received.

- ITC has been globally ranked no.1 amongst peers and no.3 overall by 'Sustainalytics', a global Environmental, Social and Governance (ESG) rating company, for ESG performance in the 'Food Products Industry'.
- ITC's Agri Business received the Global Good Agricultural Practices (GAP) certification, for its efforts in implementing sustainable agricultural practices with chilli farmers in Andhra Pradesh, Karnataka and Telangana.
- ITC Head Office, Kolkata received the 'LEED Platinum' Certification in Existing Building Operation & Maintenance category from the U.S. Green Building Council.
- ITC Medak Unit received the 'IGBC Green Factory Building PLATINUM' Certification 2019 in new factories category from the Indian Green Building Council.
- ITC's Kovai Paperboards factory only facility in India to be awarded the Alliance for Water Stewardship Platinum-level Certification - the highest recognition for water stewardship in the world in 2019.
- ITC's Paperboards Business was recognised as the Best Performer in the pulp & paper sector by the Bureau of Energy Efficiency under the Perform, Achieve and Trade Scheme in 2018
- ITC's Agri Business Division, Chirala Unit conferred the 'Sarvashreshtha Suraksha Puraskar' by National Safety Council of India in 2018
- ITC's Spices Business won the Award for Excellence in Export from the Spice Board of India in 2018.

HUL

Hindustan Unilever Limited (HUL) is India's oldest and largest FMCG with sales of INR 45,311 crores for the year 2020-2021. The company is a subsidiary of Unilever, a British company. HUL was established in 1931 as Hindustan Vanaspati Manufacturing Co. and following a merger of constituent groups in 1956, it was renamed Hindustan Lever Limited. The company was renamed in June 2007 as Hindustan Unilever Limited. HUL's brands – like Lifebuoy, Lux, Surf Excel, Rin, Wheel, Fair & Lovely, Pond's, Sunsilk, Clinic, Pepsodent, Close-up, Lakme, Brooke Bond, Kissan, Knorr–Annapurna, Kwality Wall's – are household names across the country and span many categories – soaps, detergents, personal products, tea, coffee, branded staples, ice cream and culinary products. They are manufactured over 37 factories across India. The operations involve over 2,000 suppliers and associates. HUL's distribution network comprises of about 2,500 redistribution stockists. The network covers 6.3 million retail outlets reaching the entire urban population, and about 250 million rural consumers.

Segmental performance in 2019-20



Source: finmedium (JSTInvestments, 2020)

Green initiatives by HUL

Having realized that sustainability and business performance are associated with each other, the company in the year 2010 launched the Unilever Sustainable Living Plan (USLP). Moved by the report by 'Global Research' that without action four times more plastic could flow into the oceans by 2040, the company made a commitment to use less, better or no plastic. The company has set the goals of reducing plastic usage by half in its packaging and thereby achieve absolute plastic reduction of 1,00,000 tonnes, recycle more plastic packaging than it uses and recycle, reuse or recover 97% of its operational waste.

Here are few specific changes that the company brought in to achieve its goals of sustainable manufacturing and marketing:

- Dove has started to offer first refillable stainless-steel case which is life time guaranteed. The little plastic that is used is 98% recycled.
- Ten times concentrated eco-refill packs for Lifebuoy and Cif use 75% less plastic. The spray bottles can be used for life.
- The company has increased the usage of Post consumer recycled (PCR) plastic from 1% in 2018 to 11% in 2020
- More than 7 million Magnum ice cream's new tubs are sold globally. These food grade and freezing proof new tubs are made employing new technology that uses low quality mixed plastic waste that wouldn't otherwise be recycled.
- The company in collaboration with Alibaba has created recycling machines that use artificial intelligence (AI) to automatically identify and sort plastics for recycling in China

- Having realized that black plastic pigments are difficult to be sorted and picked the company has developed new technology for making black plastic recyclable. Axe, Lynx and Tresemmé black plastic bottles are now made using the new technology.
- Oral care brands, Signal, Pepsodent and Closeup are shifting to fully recyclable tubes made from a single type of thin plastic by 2025. This means over 12,000 tonnes of plastic will become recyclable.
- Knorr has switched from flexible multi-layered packaging that was difficult to recycle to recyclable plastic pouches for its soup powders in Turkey
- Home refills delivered by electric tricycle and an app that is introduced in few parts of the globe allow consumers to dispense the required quantity into reusable containers thus eliminating the refill packs altogether
- Plastic-free packaging innovations at Unilever include bamboo toothbrushes, fully recyclable paper food sachets, recyclable glass soup bottles, paper ice cream tubs, biodegradable facial cleansing wipes, using steel as a substitute packaging material
- 'Return on the go' system introduced by the company gives shoppers a chance to take a pre-filled reusable bottle from the shelf and return the used ones in-store
- The company has partnered with United Nations Development Programme (UNDP) to protect the livelihood of informal waste collectors. 2500 tonnes of plastic waste has been collected from 33,000 households so far and the model is being replicated in other countries
- Lifebuoy Swasthya Chetana is a hygiene promotion programme started by HUL with a vision of reducing the incidence of diarrhea. So far, the programme has covered around 120 million people across 50000 plus villages in India.

HUL - Awards and recognition for Green Initiatives

- HUL bagged Grant Thornton SABERA 2020 'Responsible Business of the Year' Award
- 'The Shower' a film by HUL on water conservation won the 67th National Film Awards in the 'Non-Feature Films' category.
- The Institute of Competitiveness, India awarded The Porter's Prize to HUL for 2014
- HUL ranked number one on the Forbes list of 'Most Innovative Companies' across the globe for 2014
- Pond's Talcum Powder's packaging innovation has secured a Silver Award at the prestigious 24th DuPont Global Packaging Award, in May 2012. The brand was recognized for cost and waste reduction
- HUL was ranked 47th in The Brand Trust Report 2014 published by Trust Research Advisory. 36 HUL brands also featured in the list including Lux, Dove, Lipton, Vim, Kissan, Bru, Rexona, Close Up, Clinic Plus, Pond's, Knorr, and Pepsodent among others.

- In May 2012, HUL & Star Bazaar received the silver award for 'Creating Consumer Value through Joint Promotional and Event Forecasting' at the 13th ECR (Efficient Customer Response) Asia Pacific Conference.
- In 2012, Hindustan Unilever emerged as the No. 1 employer of choice for B-School students who will graduate in 2012. In addition, HUL also retained the 'Dream Employer' status for the 3rd year running.

Conclusion

The two FMCG players are the top most in the sector in India earning a significant amount of profits. Following societal marketing concept in its entirety both the companies are giving back to the society in more ways than one. Invoking environment consciousness right from manufacturing to marketing products and services to the end user and to taking up socially responsible projects the companies are bringing about a positive change in the lives of millions of people. As pioneers these two firms have set a perfect example for socially responsible marketing to be emulated by all other players for the betterment of the society, environment and the planet.

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