



## Green Marketing and Sustainable Development of Garment

### Industry-A Game between Cost and Profit

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#### Abstract

This paper introduces how green marketing influences the sustainable development of garment industry. It analyses the cost and profit to implement green marketing, both in a short term and in the long run. In a short term the cost may increase. However, in the long run, the income will outweigh the cost. There're five reasons: reduced cost, expanding export by breaking down green barriers, establishing the enterprise's green image, being more competitive and avoiding green tax. Therefore, implementing green marketing is pivotal to the sustainable development of garment industry.

**Keywords:** Green marketing, Sustainable development, Cost, Profit

#### 1. Introduction to green marketing

Nowadays, a concept of "green marketing" is becoming more and more popular. It began in Europe in the early 1980s when specific products were identified as being harmful to the earth's atmosphere. Terms like Phosphate Free, Recyclable, Refillable, Ozone Friendly, and environmentally friendly are some of the things consumers most often associate with green marketing. While these terms are green marketing claims, in general green marketing is a much broader concept, one that can be applied to consumer goods, industrial goods and even services. For example, around the world there are resorts that are beginning to promote themselves as "ecotourism" facilities, i.e., facilities that "specialize" in experiencing nature or operating in a fashion that minimizes their environmental impact. Thus green marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising.

The American Marketing Association (AMA) defined the green marketing as: the study of the positive and negative aspects of marketing activities on pollution, energy depletion and no energy resource depletion. This definition has three key components: 1) it is a subset of the overall marketing activity; 2) it examines both the positive and negative activities; and 3) a narrow range of environmental issues are examined. It ensures that the interests of the organization and all its consumers are protected, as voluntary exchange will not take place unless both the buyer and seller mutually benefit.

Mankind has unlimited wants while limited resources on the earth. Green marketing looks at how marketing activities utilize these limited resources, while satisfying consumers wants, both of individuals and industry, as well as achieving the selling organization's objectives.

#### 2. Relationship between green marketing and the sustainable development of garment industry

The traditional production and consumption fashion has brought the humanity great material wealth, but at the same time, it also brought a lot of new problems: population explosion, the uneven income, the environmental pollution, the waste of resources, energy crisis, and worse ecology. Facing the new challenge, the humanity realizes they must change the original production and consumption way, and seeks a new sustainable production and consumption way. Sustainable development, which means satisfying the contemporary needs without sacrificing the future generations' benefit, arises.

The garment enterprises' sustainable development is the basis of the sustainable development of garment industry. The sustainable development of garment industry requires their enterprises to pay more attention to the long-time prosperity,

not merely with an eye to the temporary benefit. Or else, their incorrect operating activities will cause the abuse of resources and destruction to environment. These then cause a markup in the price of materials and also affect the enterprise's image. Consequently the sustainable development is demolished.

These problems could be solved by green marketing. In an enterprise's operating activities, marketing is the most important part. As the export of Chinese garment expanded sharply, many kinds of green trade barriers are frequently used; the implementation of green marketing has appeared rather important and urgent. Further more, it appears that all types of consumers, both individual and industrial are becoming more concerned and aware about the natural environment. In a 1992 study of 16 countries, more than 50% of consumers in each country, other than Singapore, indicated they were concerned about the environment. A 1994 study in Australia found that 84.6% of the sample believed all individuals had a responsibility to care for the environment. A further 80% of this sample indicated that they had modified their behavior, including their purchasing behavior, due to environmental reasons. Recently the statistics from the United Nations said, presently 40% of Europeans prefer to purchasing green product; 67% of Dutch and 82% of Germans take environment into consideration when shopping, more than half of English consumers are willing to pay a higher price to purchase green commodity; 77% of Americans said enterprise's green image affects their purchase behavior. The development and production of ecology textile and green environmental protection clothing will become a new hotspot.

As demands change, it can be assumed that enterprises marketing goods with environmental characteristics will have a competitive advantage over enterprises marketing non-environmentally responsible alternatives. The development of green marketing could guarantee the sustainable development of garment industry.

### **3. Analysis of cost and profit to implement green marketing**

#### *3.1 In a short time*

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. However, what businesses pursue is the maximum profit. There are still a majority of businesses, who believe that promoting green marketing costs too much, and will reduce their profit. So they have little motivation to carry out green marketing. In a short-term of view, they are correct in a sense. The increased cost and reduced profit caused by implementing green marketing are as follows:

##### **3.1.1 Expense on R & D**

Green product is a dispensable part of green marketing. Green product refers to product that doesn't contain harmful component itself, and also has no pollution to the environment during its production. The production of green product required high technology. Therefore, enterprises must create new technology or production line. There're two channels: one is to develop green product by themselves. This requires investing more funds into R&D to attract the talented people and purchase advanced equipments needed; the other channel is to buy others' advanced technique or green materials which are much more expensive than the common ones. Both will increase the cost.

In Europe and the United nations, expense on R&D accounts for 3%-5% in the total sales volume, some even reaching 10%; however, the number is only 0.7%-1% in China. From these figures, we can see that our domestic enterprises haven't paid enough attention to research and development. So if they want to produce green product, there's still a long way to go.

##### **3.1.2 Higher price lower sales volume**

Green marketing doesn't refer solely to the promotion or advertising of products with environmental characteristics. It 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 minimal detrimental impact on the natural environment. From design, production, to sale and after-purchase service all should be green. Because the high cost of green clothing in production craft, raw materials and some other aspects, in order to guarantee the anticipated profit, the enterprise has no choice but to enhance the price. So its price is much higher comparing with other clothing.

For instance, some fiber and clothing, which contain "green textile", are in great demand continuously. Some T-shirt can be sold at the price of more than RMB400 Yuan in our domestic market. Thus, it's more difficult for marketers to promotion their products to consumers. They must not only win the consumers' approval of the green product, but let them accept the relatively high price. Thereupon, such awkward situation appeared: on one hand the media and the involved department are warmly propagandizing green clothing; on the other hand, these products sold in supermarkets and shopping malls are less than 10%. Because marketers have to spend more time in selling the green product than selling common ones, they would rather sell the latter.

All these above will surely make the sales volume drop, and at last income would be influenced.

Lack of consumers' recognition, Green marketing has not been widely accepted in our country. Some people even have no idea of green marketing, let alone buy green product. Moreover, there're still a large part of consumers, especially the low-income class, thinking more of the product's utilities, comparing with its environmental protection function. For instance, if he/she wants to buy a coat, one kind is beautiful, comfortable and cheap, but not environmental protection, while the other kind is but expensive, they probably choose the former one. As a result, green product will not be as popular as we thought.

Another reason for this is some sellers are only concerned about the profit and never care about the market order, so spurious products flood the market. It has huge influence on the consumer's belief in green industry. Besides, many kinds of folk authentication appeared, bringing much puzzle and harm to the consumer. Consumers' worry certainly can affect their purchase. The price of regular green clothing is over high, while product that with moderate price is difficult to distinguish if it's genuine or fake, so consumers would rather not buy the green ones.

### 3.2 In the Long Run

From those above, it seems the implementation of green marketing would probably reduce enterprises' profit. But in a long-range view, the cost actually not necessarily increases, instead, it will drop and the income can increase.

First, Enterprises may use green marketing in an attempt to address cost or profit related issues. There're three ways to do this: in one case, when attempting to minimize waste, enterprises are often forced to re-examine their production processes. In these cases they often develop more effective production processes that not only reduce waste, but reduce the need for some raw materials. This serves as a double cost savings, since both waste and raw material are reduced.

In another case, enterprises attempt to find end-of-pipe solutions, instead of minimizing waste. In these situations enterprises try to find markets or uses for their waste materials, where one enterprise's waste becomes another enterprise's input of production. One Australian example of this is an enterprise who produces acidic waste water as a by-product of production and sells it to an enterprise involved in neutralizing base materials.

The last way in which cost or profit issues may affect enterprises' environmental marketing activities is that new industries may be developed. This can occur in two ways: 1) a enterprise develops a technology for reducing waste and sells it to other enterprises; or 2) a waste recycling or removal industry develops. For example, enterprises that clean the oil in large industrial condensers increase the life of those condensers, removing the need for replacing the oil, as well as the need to dispose of the waste oil. This reduces operating costs for those owning the condensers and generates revenue for those enterprises cleaning the oil.

Second, such green trade barriers as quality level, environmental standard, and health epidemic prevention increase sharply. Only in 2002 EU and US has set more than ten new stipulations, including "green technology standard", "green environment mark", "green inspect regime" and "green allowance". At present, the most important standard of ecology textile in the world is "Oko-Tex Standard 100". The test object of this standard involves amount of residue of free formaldehyde, polychlorinated biphenyls alkalinity acidity, amount of residue of insecticide and ant mildew compound and so on, demanding to control in pH, color fastness, formaldehyde, harmful heavy metal element, pentachlorophenol and some other respects.

Among over 18000 large garment enterprises in our country, there are few passing the National Environment Sign Product Authentication. Presently, only a few companies such as Baoxi Bird, Copper Cattle, Shanshan and so on have passed that authentication. This is because too many textile companies didn't pay enough attention to environment protection. In the past years, when Beijing Copper Cattle Stock Corp. exported child clothing to Japan, the importer would always check whether the content of formaldehyde in the material exceeded the normal standard. Besides, other chemical substance contained in textiles, such as heavy metal and nitrogen dye, are also limited by developed country. Western Europe, North America and Japan have their own textile environmental standard, and textiles that cannot reach their standard are forbidden to import.

In 2000, the export value infected by green barriers was about \$8 billion, while the number reached \$15 billion in 2003. Its influence has grown bigger year by year. Only through green marketing, can these barriers be broken down.

Third, carrying out green marketing is helpful to establish the enterprise's green image and green brand, and increase consumers' recognition. At present the enterprises that established green brand have obtained the benefit. For example, recently, one kind of clothing made by natural colored cotton called "ecology clothing" appeared in Shenzhen market, and received a warmly welcome. It is said during the production process of the materials - natural colored cotton, no chemical pesticide or fertilizer is used. This avoided the chemical's destruction to the environment and harm to the human body especially babies' skin. It is purely natural and environmental protection. Another example is the Xinjiang Shihezi 8.1 cotton textile limited liability company. It has already passed the ISO9002 quality system authentication. The company will make full use of its resources superiority: the high quality upland cotton, the long soft color cotton and natural colored cotton, to develop production of green environmental protection fiber.

Nowadays, competition in the garment market both domestic and abroad is rather intensive. Many domestic garment enterprises are working hard in "green textile". At present the shirts which are lucky in market are all made by cellulose textile fiber, which is good to the environment, such brand as "Ming Xun", "Kai Kai", "the Luo Mongolia", "Ya Ge Er" and "the conch". They all add "returning to the nature" to their main products' development, especially "the Luo Mongolia", selecting high-tech native cellulose textile fiber as its materials. Cellulose, Soya fiber and so on have become the focus of the development of green textile and garment.

Establishing green image and green brand, can make the enterprise more competitive, guarantee its market share and promote product sales. Finally, enterprise's long-term development could be achieved.

Fourth, as the deterioration of environment, especially the "Virulent clothing" event happened frequently, consumer starts to be aware of the importance of "green clothing". Most of the textiles and clothing are directly contact with our skin, so it's easily to threaten the human body's security. Now a popular parlance in the society "toxin and disease coming from wardrobe" is correct in some extent. It has been confirmed by a scientific experiment that there're 12 kinds of coloring matter have carcinogenicity, and 10 kinds has skin allergy. This has no alternative but to cause many consumers to be heavyhearted.

Consumer is "God" and consumer's purchase tendency affects the development direction of the product directly. We can see an example abroad: recently a poll to consumers in the second big retail store in Sweden indicates: 85% of consumers are willing to pay high price for the clean environment; In Canada, 80% of consumers would rather pay an extra 10% to purchase product which is beneficial to the environment; 40% of Europeans like purchasing product with environment symbol not the traditional product; 37% of Japanese consumers only choose and purchase product with environment symbol. As green tide surges wave upon wave, green clothing has already been in fashion in many countries. Switzerland had promoted "the environmental protection clothing" as early as 1994; The Spanish fashionable clothing design center also had promoted "the green clothing".

Given these figures, it can be assumed that green consumer has a worldwide current. Although green clothing starts a little later in our country compared to the developed country, the consumer already started to awaken. More and more people tend to pursue green product and pay more attention to product security, health and harmlessness. This can bring market opportunity to the enterprise. Enterprises marketing goods with environmental characteristics will have a competitive advantage over enterprises marketing non-environmentally responsible alternatives. For example, the average profit before tax of the English 14 biggest green companies reaches 31%, going far beyond the non-green enterprise's level.

Fifth, implementing green marketing can avoid paying green tax. Green tax is a kind of tax imposed on pollution behavior or contaminations by the government. It has been adopted in developed countries, while it's still at the start stage in our country. At present, the taxation object in our country including: discharging waste gas, waste water, garbage and producing noise and so on, and thus the green tax includes air pollution tax (including sulphur dioxide tax, carbon dioxide tax and so on), water pollution tax, the solid waste tax (including trash tax, drink vessel tax, lubricating oil tax, waste battery tax and so on) and noise tax. The scope of green tax is extremely wide, including nearly all behavior that causes environmental pollution. It can be set in any stage, from production, circulation to exchange.

Our government has gone about levying green tax, learning from the examples of other countries'. If the enterprises' operating process causes environment pollution, even if the environment may accommodate itself, enterprises still have to pay for it. On the contrary, if the enterprise carries out green marketing, and protects the environment, it not only needn't pay tax but probably can gain some award from the government to praise its behavior. Therefore, from this point, implementing green marketing is rather necessary.

#### 4. Conclusion

Environmental issues influence all human activities. As consumers are more concerned about the environment and their health, green marketing of garment enterprise has become urgent. It ensures the interests of the organization and all its consumers are protected too. Both the buyer and seller mutually benefit.

Enterprises as the main body of garment industry play an active role in the operating activity. The enterprises must establish new green marketing thinking, give up the temporary benefit and pursue the persistent environmental protection profit. Only by doing this, can they stand firm in the international market competition and realize continuous thriving. And finally achieve the sustainable development of garment industry.

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