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### Green Marketing Development Strategy in Vietnam

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#### Abstract

As society develops, environmental issues are increasingly concerned, even businesses are trying to change their behaviors, mottos and methods of operation to suit the entire environmental orientation. Society. Some businesses have recognized this problem by changing their environmental management system, minimizing waste and integrating environmental issues with all organizational activities. And to meet customer needs, businesses have also begun to form marketing strategies to raise awareness about not harming the environment. Since then, terms like "Green Marketing" have appeared quite regularly recently. Green Marketing has never been more important or stronger as world trade has shifted towards environmental friendliness over the past few decades. Environmental pollution has greatly affected the development of Vietnam's economy during the period of

international integration and improvements. Revolution in communications and transportation, and further economic liberalization. Grow rapidly in emerging markets and increase Green Marketing capabilities with a wide range of communication channels. Give new customers more access to the many benefits Green Marketing offers for a better quality of life. The article does theoretical research on green marketing strategies including strategies on green products, green prices, green promotion, green distribution; opportunities and challenges for businesses when implementing green marketing strategies; Current status of Vietnamese businesses implementing green marketing strategies and from there, recommendations are made to help businesses achieve high efficiency when implementing green marketing in the coming time.

**Keywords:** Green Marketing, Development Strategy, Vietnam

#### 1. Introduction

Today, more customers, individuals and organizations are more interested in green marketing and awareness of the natural environment. In 1992, a study of 16 countries found that more than 50% of consumers in each country were concerned about environmental issues. In 1994, another study in Australia found that 84.6% of individuals believed they should be responsible for protecting the environment. More than 80% of these also said that they had adjusted their behavior, including shopping behavior, for environmental reasons (Mishra, 2007). These data prove the fact that if businesses have marketing activities that care about the environment, they will have sustainable competitive advantages over businesses that do not care about the environment. A typical example is that McDonald's has replaced product packaging with packaging made from materials that can decompose in the environment to increase customers' awareness of environmental protection. Or Xerox introduces a line of photocopiers that use recycled paper to help customers minimize harm to the natural environment.

In addition, many businesses are beginning to realize that they are members of a larger community and therefore need to be environmentally responsible, which means that businesses realize that achieving their environmental goals is important. Environment is as important as maximizing profits, and environmental issues are increasingly integrated into organizational culture. In recent years, Vietnamese businesses have begun to apply green marketing in their marketing activities. However, Vietnamese businesses are often small and medium sized, facing a lot of pressure on capital, human resources and technology... These pressures have caused many difficulties for businesses in meeting demand. Increasingly high in both domestic and foreign markets. Because when people's consumption trends change, businesses must also change their perceptions. When consumers switch to the trend of using green products, manufacturers must make appropriate changes if they want to survive and develop.

In that context, the issue of sustainable, environmentally friendly production becomes even more urgent and needs special attention.

## 2. Research overview

### *Green marketing concept*

In the 1970s, environmental problems such as air pollution, soil erosion or the extinction of some animals and plants began to be of concern to governments and social organizations, and the concept of first appeared as "Social Marketing", "social responsibility and marketing", "eco-consumer"... Until 1975, the concept of "Green Marketing" began to be discussed, initially called under the name "Eco-Marketing" by the American Marketing Association, but Green Marketing only began to emerge in the late 1980s and early 1990s. At first it was only understood in terms of sales, so Green Marketing was only defined as "the marketing of products that are considered environmentally safe". Later, the AMA added a social perspective, Green Marketing is also "the development and marketing of products designed to minimize negative impacts on the physical environment or improve its quality", and from an environmental perspective, green marketing is "the efforts of organizations to produce, promote, package and reclaim products with care and attention to the environment". Thus, the concept of Green Marketing has become much more popular.

Polonsky (1994) believes that Green Marketing is a combination of a series of activities including product changes, production process changes, packaging changes, as well as advertising changes to create and promote any exchange that satisfies the needs and desires of consumers while minimizing negative impacts on the environment.

Peattie (1995) believes that Green Marketing is a comprehensive management process, responsible for defined tasks such as predicting and meeting consumer and social needs in a sustainable way. According to this understanding, we affirm that there really exists a relationship between ethics and Green Marketing. Environmental factors are considered part of the ethical questions that marketers need to analyze and answer. Therefore, Green Marketing should be evaluated as part of social responsibilities.

Ottoman (1993) found that the definitions of Green Marketing during this period were quite narrow as they only focused on emphasizing the impact of businesses on the environment but did not aim to persuade them to change their consumer behavior. That's extreme. Ottman believes that Green Marketing needs to focus on developing products that satisfy all consumer needs, including quality, reasonable price and usability with compatibility with the environment. Environment, that is, minimizing negative impacts on the natural environment.

Recognizing the above limitation, Peattie (1995) described Green Marketing as marketing activities aimed at reducing the negative environmental and social impacts of existing products and production systems. And at the same time encourage products and services that cause less impact.

Kotler (2011) views Green Marketing as a business's commitment to providing safe and environmentally friendly products and services using recyclable and compostable packaging, adopting better pollution prevention methods and using energy more efficiently.

In short, Green Marketing is not a completely separate form of marketing but still has some overlap with other forms of marketing. This has led to a misunderstanding of the nature of Green Marketing. The difference of Green Marketing lies in its content and is associated with the human values behind when businesses choose to use this marketing

direction. Green marketing today tends to focus on all current marketing activities of businesses in the direction of sustainable development, strengthening social relationships, and exploiting customer value in the long term.

### *Green Marketing development strategies*

Today's environmental crisis is the most appropriate time to reevaluate the 4Ps (Product, Price, Promotion, and Place) of traditional marketing policies. Green marketers need to receive information related to these new issues and reevaluate their marketing mix in a greener direction.



Source: Peattie, K., 1992<sup>[8]</sup>

**Diagram 1:** 4 core elements in green marketing strategy

#### *Green product strategy*

Green products, also known as environmentally friendly products or environmentally conscious products (Tseng, S., Hung, S., 2013)<sup>[13]</sup>, are understood as products designed to reduce impacts environmental factors throughout its entire life cycle. That reduction is expressed in many aspects such as reducing the use of non-renewable resources or toxic materials and increasing the use of renewable resources (Robert, 1995). (Ottman, 1998) asserts that green products are more durable and less toxic because they originate from easily recyclable materials. A green product strategy often includes activities such as recycling and reuse; or reduce manufacturing materials, reduce packaging materials, increase product durability in use and distribution (Kinoti, 2011).

This shows that the concern about green products is no longer the same as previous theories, when consumers are not only looking for traditional tangible products. Businesses' overestimation of the green attributes of traditional products has led to consumers refusing to use them or even reacting negatively (Davari, A., Strutton, D., 2014)<sup>[4]</sup>. Therefore, some companies are creating products that deliver environmental values but combine these values with functional and emotional appeal (Dean, T. J., Pacheco, D. F., 2014)<sup>[5]</sup>. Finally, to perfect the green product policy, (Peattie, 1992)<sup>[8]</sup> points out that businesses should increase after-sales support, as green customers tend to view these after-sales services as criteria for purchasing. Evaluation of product durability.

#### *Green pricing strategy*

Green prices are defined as prices set for green products that compensate for consumers' price sensitivity, making them willing to pay more for the product's green attributes (Grove *et al.*, 1996). This premium is absolutely necessary when (Peattie and Crane, 2005)<sup>[10]</sup> realize that the production of green products must use materials and production methods that cost more than traditional products, as well as incur higher costs. Environmental taxes are increasing.

#### *Green promotion strategy*

Davari and Strutton (2014)<sup>[4]</sup> believe that promotion is considered the most important tool of the Green Marketing mix policy. Green promotion tools are often used to convey messages to encourage customers to become "greener". A

green promotion policy must meet one or more of the following three criteria: (1) the policy directly or implicitly addresses and/or enhances the relationship between products and the biological environment. Physical; (2) endorsement of green lifestyle with or without mention of a featured product/service; (3) represent, enhance, or maintain a corporate image associated with environmental responsibility.

#### *Green distribution strategy*

Green distribution refers to management tactics related to the allocation of green goods, from production to consumption and recovery logistics (Davari, A., Strutton, D, 2014)<sup>[4]</sup>. In fact, very few users make the effort to search for a greener product (Guyader, H., Ottosson, M. & Witell, L., 2017)<sup>[6]</sup>; therefore, how and where to make green products available is key to the survival of a business. Consumers must be continuously exposed to green products across the market sector.

Besides, with its unique characteristics, selling green products is not like selling traditional products. For this reason, Green Marketing practitioners will manage products from production to point of sale and finally to customers, in order to improve distribution efficiency at the highest level (Tomasin, L., Pereira, G. M., Borchardt, M. & Sellitto, M. A., 2013)<sup>[12]</sup>.

### **3. Current status of implementing Green Marketing strategy in Vietnam**

Like many other countries, Vietnam is currently facing serious environmental pollution, which is a warning bell for businesses to change their sense of production and responsibility towards the environment.

A typical representative of being successful in promotional activities but struggling in their own products cannot help but mention Toyota. They have built Green action programs and campaigns since the early 90s and achieved certain successes. Coming to Vietnam, Toyota has built a fairly large-scale program called Go Green with two clubs in Hanoi and Ho Chi Minh City. Toyota has built and launched many other activities such as the series "Action" "green show" - each short episode brings viewers a message about the environment such as influenza A H1N1, dirty grease, river and lake pollution, bus exhaust fumes, smoking,...), green school project improvement, small-scale electricity production project from biogas, "Environmental Record Picture" painting festival, "Green Ideas 2009" contest,... Toyota has created significant successes with construction projects. Build the image of a green business in the eyes of consumers through many support activities as well as direct participation in environmental protection. But with the ambition to bring Hybrid cars - a type of car that uses two different engine technologies including a gasoline engine and an electric engine - to Vietnam to create a new trend of environmentally friendly cars. Better emission levels and lower emissions compared to traditional gasoline cars, which still struggle because of high prices and maintenance costs; Smaller capacity than gasoline cars due to Hybrid cars' compact engine and light weight to maximize fuel efficiency; It is not safe because in case of an accident, the hybrid battery has high voltage, causing people in the car to have a higher chance of being electrocuted. In addition, these cars are very quiet when running on electric power, so they are not safe. Pedestrians cannot always hear their engines; Hybrid cars typically have less support in the

suspension and body, and use lighter components, than conventional gasoline cars. Many people will feel like the car is not "compact" and a bit difficult to control.

Or Ajinomoto Vietnam is an example of "comprehensive greening" shown in many processes of bringing products to consumers but still entangled with the motto it set out on environmental protection. Time In the first phase, Ajinomoto built an EMS (Environment Management System) environmental management system, an environmental management organization according to ISO 14001:2004 standards and became one of the first companies in Vietnam to receive a certificate. Environmental ISO of BVQI (Bureau Veritas Certfcaton) in 2001. Ajinomoto is also probably the only unit in the food and spice industry that spent more than 5 million USD to install a wastewater treatment system according to Japanese standards. Copy. Since 2004, Ajinomoto Vietnam has strengthened environmental management in the direction of integrating CSR community responsibility (Including 3 series of programs: Global Ajinomoto Citizen Day, Ajinomoto and the community joining hands to clean the environment, Ajinomoto with the poor celebrate Tet) with a number of activities such as the campaign "Let's make the Earth smile", the scholarship fund "Ajinomoto - Let children go to school",... It is thought that Ajinomoto has successfully created the image of a green business in the eyes of consumers but the incident in September 2007, when rumors about Ajinomoto pouring red liquid directly onto fields in Dong Nai spread quickly on media channels but Ajinomoto could not bring it to light. Proof sheet. The incident happened a long time ago and now that product is officially used by farmers, but clearly this is still considered a memorable life lesson for Ajinomoto. It can be seen that the product is good for the environment and consumers, but how you treat it, how you bring it to consumers, will greatly influence the customer's perception and will affect the customer's satisfaction. Product success.

In the world, Green Marketing has become a bustling activity and has become an important research field for many companies and there have been many large companies that have succeeded in applying Green Marketing to product lines. "Green", environmentally friendly products. But in Vietnam this is a fairly new form. Although there have been a series of incentive activities to promote green products in our country, most Vietnamese businesses are still hesitant about implementing Green Marketing. Psychological obstacles, people's consumer awareness (such as consumers' preference for affordable products with moderate quality), issues of protecting "greenness", Pricing and promoting products has created great pressure for businesses and posed a major challenge to Vietnam's economy and environment.

### **4. Opportunities and challenges for Vietnamese businesses when implementing Green Marketing**

#### ***Opportunities for Vietnamese Green Marketing businesses***

Firstly, in general, Vietnam is in the process of industrializing and modernizing the country, the economy has achieved a relatively high growth rate, leading to improved consumption levels of the people. Furthermore, the process of restructuring the economy and transforming the growth model from breadth to depth, based on productivity and technology factors, which is being prioritized by the Party and the Government, is a favorable opportunity. For Vietnamese businesses to implement green

marketing strategies. On the other hand, as the State tightens regulations on environmental protection and the legal system becomes perfect, businesses will be under pressure to "go green" and at the same time enjoy many incentives when applying new policies. This book.

Second, the post-epidemic has helped increase consumer awareness, from which the demand for green products, products that meet quality safety standards and are environmentally friendly is an essential requirement of the people. This is the potential market of Green Marketing to help businesses exploit.

Third, gain the support of consumers. Green marketing is a potential field (supported by consumers). Today, more and more individual and organizational customers are more interested in green marketing and conscious of protecting the natural environment. Especially in the post-epidemic period, consumers are even more concerned about environmental issues. Thanks to this increased awareness, environmentally friendly products and green marketing businesses will receive even more attention, creating motivation for development.

Fourth, businesses' self-awareness about green marketing is increasing. In the post-epidemic period, the issues of environmental protection and clean food are widely promoted in the domestic media, mentioned in school teaching, and commented on in all conferences from central to local levels, building a beautiful image in the eyes of consumers, attracting domestic and international investment capital, and this is the way for businesses to develop sustainably and achieve growth goals. Castle.

Fifth, green marketing strategy is currently a global trend, which is an opportunity for green products to dominate the consumer market. In the increasingly fierce competition between businesses and countries in international trade, green products, ecological products, and environmentally friendly products will attract many potential customers. Many countries around the world have been tending to implement programs to use green products. Committing to implementing this program has gradually become a trend of developed and developing countries. Reality also shows that many products and many major export markets of Vietnam have requirements on environmental standards for export products. Criteria for "eco-labels" have also been applied by the EU to textile products.

Sixth, green marketing activities in businesses receive a lot of support from authorities.

#### ***Challenges for Vietnamese Green Marketing businesses***

Firstly, the biggest challenge for marketers is how to combine the need for "environmental protection" with other basic needs of consumers such as cost-effectiveness, safety of use, performance, iconic value and comfort. Vietnamese businesses need to have the right strategy to both ensure consumer needs and ensure environmental protection.

Second, implementing the Green Marketing strategy will cause large investment costs and high product prices. Green marketing is the combination of a series of activities, including product modifications, production process changes, packaging changes, as well as advertising changes. To carry out all stages of green marketing requires businesses to spend a large amount of investment right from the beginning. Because the investment in chain technology leads to an increase in costs and inevitably the price of finished products also increases. An inevitable rule is that

their products will be less competitive in the market. For small and medium-sized Vietnamese businesses, experience as well as scale and cutting related costs such as management costs are currently a headache.

Third, there is no close coordination between businesses and authorities. In order to change public consciousness in general and consumer consciousness in particular, it is necessary that we know how to closely combine businesses and the state as well as the power of organizations. Other non-profit organizations. In Vietnam, the legal system regulating environmental issues is incomplete, the standards set are based on international standards, which are not practical in Vietnam. Furthermore, we have not been able to combine the power of non-profit organizations to create a trend that strongly impacts consumer psychology, or if we have, that trend has not operated continuously and inevitably has not been successful. There are many results.

Fourth, Vietnamese people are eager to use cheap products and do not appreciate the quality of the products (mainly due to the massive appearance of Chinese products on the market). On the other hand, they are suspicious of advertisements about "green" products because there are too many businesses that lie and do business without transparency... Therefore, this is a big difficulty for Vietnamese businesses when implementing strategies. Green marketing strategy.

Fifth, Vietnamese businesses today are mainly small and medium enterprises with limited capital scale, while implementing the green marketing process requires the use of modern and expensive science and technology. In addition, the costs for raw materials, marketing and advertising of products are not small at all. This is one of the huge challenges of Vietnamese businesses when developing Green Marketing strategies.

#### **5. Recommendations**

The state needs to improve the legal environment because currently environmental and trade issues in Vietnam are not complete, not updated and not synchronized. There are environmental standards according to world standards while Vietnamese businesses are not capable of implementing them. Therefore, perfecting the legal system will be an important step to help Vietnamese businesses perform green marketing well. The Government can use measures to encourage and support businesses to implement green marketing, such as partial support of capital and technology to create conditions for businesses to develop. Strengthen propaganda and education about environmental protection and how to implement it, and raise people's awareness. Acquire new applications in environmental protection and promote socialization of environmental protection work. Linking with countries and international organizations to join hands to protect the environment, encourage and attract foreign capital to invest in businesses implementing green marketing strategies.

For businesses, it is necessary to build a human resources team, especially resources for the Marketing department: Green marketing is very new in Vietnam, so it requires high quality and creative human resources. Businesses should focus on three aspects: Marketing planning process, budget and human training. Promote products, raise environmental awareness and break down conflicts in consumer behavior: Businesses need to properly and honestly promote their products to create trust with customers, helping them easily

choose green products. Create factors that promote consumer purchasing awareness, including beneficial or ethical factors. Note, there must be a link between green products and consumer benefits: Focus on environmental factors but cannot put environmental factors first and forget consumer benefits.

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## 6. Conclusion

Through understanding and analyzing Green Marketing strategies, businesses need to focus on planning and implementing them in the right direction to survive and develop sustainably. Vietnam's economy is developing very rapidly, with the participation of many economic sectors and increasingly strong competition. Applying the Green Marketing strategy seriously, with long-term planning, will help businesses pursue profit goals, develop sustainably, be socially responsible and enhance their image. Business in the minds of customers, creating an advantage over competitors.

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