

# **Green Marketing towards Customer Perceived Value Creation: Can Corporate Environmental Commitment Make it Happen?**

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## **Background and Purpose of the Study**

Going green has become an important strategic orientation to obtain sustainable development as well as creating customer value because of the popular environmental trends. Strict environmental regulations and popular environmentalism have changed the competitive rules in practices (Porter and van der Linde, 1995). However, deceptive marketing claims have resulted in poor or damaged stakeholder perceptions and distrust in green claims. A stronger integration between the green marketing and environmental commitment of firms can increase the likelihood of overcoming these obstacles which may prevent firms from realizing successful green initiatives and strategies (Crane, 2000). Green based environmental commitment is a major tool to differentiate service and create customer perceived value. However, the present body of knowledge does not conceptually explain how firm's environmental commitment contributes to green marketing and customer perceived value. Hence, this paper attempts to develop a conceptualization that can elucidate role of the firm's environmental commitment in influencing green marketing to create customer perceived value.

## **Method: Synthesis of Literature**

The paper bases its conceptualization on literature review of past research studies and depends on resource-based view (RBV) of the firm as the major theoretical underpinning, which highlights competitive advantage resulting from the valuable resources and capabilities of companies.

## **Does Green Marketing Know Customer Perceived Value?**

Green marketing is the holistic process of marketing activities within the firm that are aimed at reducing the environmental impact of products and services in a way that is profitable to the firm. Walker and Hanson (1998) characterize green marketing as reducing the long-term impact on the natural environment from the combination of inputs, outputs and consumer preferences. Customer perceived value is defined as a judgment by the customer of the comparison between the benefits or utility obtained from a product or service and the perceived sacrifices or costs (Zeithaml, 1988). The literature supports that being green positively influences customer attitudes towards the firm (Lee et al., 2010).

## **Can Firm's Environmental Commitment create a supportive context for Green Marketing to enhance Customer Perceived Value?**

A company's environmental commitment is the level of importance put on proactive strategic environmental management, the degree of top management support and involvement in environmental issues, the amount of intra- and inter-firm environmental reporting, and the level of employee environmental training and involvement. As dimensions of environmental commitment, Chen et al. (2012) identifies that "Environmental leadership" is a dynamic process in which one individual influences others to contribute to the achievement of environmental management and value generation. Such leaders within the company inspire a shared vision of the organization as environmentally sustainable, creating or maintaining green values throughout the company. "Environmental culture" is a symbolic context about environmental management and environmental innovations within which interpretations guide behaviors and processes of members' sense making. "Environmental capability" is defined as a firm's abilities to integrate, coordinate, build, and reconfigure its competences and resources to accomplish its environmental management and environmental innovations (Chen et al., 2012). A firm's high environmental commitment would be expected to exhibit high levels of these components.

Firms are increasingly responding to the perceived rise in environmental consciousness among stakeholders by expanding their selection of products that are less harmful to the environment (Min and Galle, 1997), and by initiating changes in internal processes that reduce their environmental impact. Thus, environmental commitment should be regarded as a unique capability from the RBV logic (Chen, 2008a). Successful integration of this environmental commitment with green marketing can reduce and prevent wastes and pollution, encourage the development of product designs that minimize resources, assess product life-cycles, maintain supplier accountability for product and manufacturing environmental specifications, introduce reverse logistics programs, and promote the continuous review of existing processes and operations for efficiency improvements (Handfield et al., 2005). Thus, green marketing initiatives in a firm's that are integrated and visible throughout the firm together with environmental commitment would have the potential to differentiate it from competitors and improve performance leading to a high customer perceived value in terms of functional and other values. Accordingly, the paper suggests the following propositions:

P1: Firm's green marketing enhances customer perceived value

P2: Firm's environmental commitment is a direct antecedent to firm's level of green marketing.

P3: Firm's environmental commitment contributes to customer perceived value.

P4: Firm's environmental commitment and green marketing together generate increased customer perceived value.

## **Conclusion**

Green has become a buzz word of corporate marketing strategy as a way of creating customer perceived value as a way of reaching sustainable competitive advantage. Environmental commitment provides a sound basis for integrating green marketing with corporate strategy and customer perceived value of the firm. Firms will also benefit by focusing decisions and resources through a better understanding the benefits of integrating, creating marketing campaigns with environmentally based leadership, culture and capabilities.

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