

Marketing the Environment Ethically

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WHAT'S COVERED

How do companies respond to the current focus on ethical business practices? Specifically, how do they respond in terms of marketing. Well, it seems like an interesting challenge. This tutorial will cover the topic of marketing the ethical environment. Our discussion breaks down as follows:

1. Business Choices in an Ethical Environment
2. Social Audit

1. Business Choices in an Ethical Environment

Green marketing is a marketing strategy that puts focus on environmental concerns and highlights a company's environmentally friendly practices. Companies can choose to market in this "green" way.

⇒ **EXAMPLE** A company called Tom's Shoes is an example of green marketing. Tom's Shoes uses natural, organic, and recycled materials and strive to have as small an environmental impact as they can when producing their shoes. They also donate one pair of shoes to the needy, for every pair of shoes that are purchased. Of course, they also use this business practice to their advantage in their advertising--it's a way of green marketing.

However, they can also do something called "greenwashing," which is different than green marketing. Greenwashing is when a company doesn't necessarily make a product or a practice better, but they make it seem that way by their advertising.

⇒ **EXAMPLE** Consider bottled water. Is it really better? What are the negatives associated with bottled water? Well, bottled water produces, obviously, a lot more trash than water out of the tap. In addition, believe it or not, bottled water is actually held to a different standard than tap water.

Tap water is regulated under the Safe Drinking Water Act, and the standards for cleanliness are actually a lot higher than for bottled water. In fact, a lot of bottled water is simply tap water that's been filtered. However, because bottled water has a certain image, they can advertise in a way that insinuates that it's somehow better for you, and charge you accordingly.

There is obviously a gray area between products and companies that are marketing in a truthful way, but they may be marketing a fad.

⇒ **EXAMPLE** Think about cotton candy being advertised as fat-free--as if it's suddenly healthy. Well, it's always been fat-free because it's just sugar, and there's no fat in sugar. However, it's an example of a product or company taking advantage of the fat-free fad to make it seem like their product was healthier and appeal to a different target market.

Green marketing can be a competitive advantage. If people are looking for companies that are acting in an ethical way and paying attention to their environmental footprint, then marketing your company's success in this area isn't just bragging, it can actually serve as a competitive advantage and drive customers to your business.



TERM TO KNOW

Green Marketing

A marketing focus that puts environmental concerns as a primary in making decisions.

2. Social Audit

A **social audit** is a precise review method for an organization to analyze how it is responding to social responsibility with its stakeholders. Social audits are a requirement if you're going to make changes to your business to make it a more socially responsible or ethical environment. You'll need to audit what you're doing in order to see where you are and what changes you need to make in order to get to where you want to go.

In this manner, it's very similar to a financial audit, which requires you to look at where you're at as a business, what you can afford to do, and where it is that you want to be.

⇒ **EXAMPLE** A result that comes from a social audit might be a local company donating a portion of their proceeds to help the schools in the area where they're headquartered. It's a way of giving back to the environment.

It's important to note, however, that a company wouldn't be able to do this until after completing the social audit and determining all of the relevant factors, like what can be done in their local area, what they have the capability to do, and what they can afford to do.

It's great to be socially and environmentally responsible, but if you put your business out of business doing it, then you've come up with a whole new set of problems because now your local community suffers because those people no longer have jobs.

Therefore, having a social audit is very important to understand where you stand and what you can do that's going to be the most beneficial for your local community or the population you want to serve, and that you can actually accomplish as a business.



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SUMMARY

Today we learned about **business choices in an ethical environment**, focusing on the different ways that businesses can respond to that ethical environment. We learned about green marketing and greenwashing, and discussed the gray area of advertising to take advantage of a fad, like fat-free cotton candy.

We also learned about the importance of a **social audit** in understanding the current state of a company, what needs exist in the community, and assessing the company's capabilities as far as helping with a particular cause.

Good luck!



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