Green Marketing, a case study of British Airways

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Abstract

This thesis begins with an introduction, which highlights the background for posing the research question for this thesis. This background involves the heightened attention, in western society towards environmental issues, especially climate change and global warming and the way the business world reacts to these issues. In the beginning of the process of writing this thesis, my idea for the research question was to find out how companies, which are perceived to have a major negative impact on environmental issues, combat an increasingly green public. I soon found out that the aviation industry is one of the most feared industries in connection with environmental issues, and therefore decided that it would be interesting to have a closer look at this particular industry. I also found out that British Airways was the first airline company to introduce the environmentally friendly/green initiative of carbon offsetting, where customers can offset their carbon emissions on flights by paying a price premium, which then is distributed to combat environmental issues regarding the climate through the environmental organisation Climate Care. Therefore, the research question became; to what extent is it possible for British Airways to attract customers within the UK through the environmentally friendly initiative of carbon offsetting? To answer this question this thesis begins with the theoretical framework.

Keywords: Green Marketing, British Airways, Marketing Environment

1.0 INTRODUCTION

"During humankind's recorded history, extensive and sophisticated consumption systems have evolved to meet the needs of the earth's human population [...] But with world population now estimated at approximately 6.0 billion and expected to surge to between 7.7 billion and 11.2 billion by the year 2050 (Robinson 1998:7), the damage inflicted by consumption on the earth's ecosystems has become a world-class issue." (Fuller 1999:1) Indeed, human consumption patterns are now beyond the Earth's ability to sustain itself and the contemporary state of our planet's ecosystems has become a highlighted issue with subjects such as climate change and global warming well up on the current political agendas around the world reflecting a rising public concern and awareness towards environmental problems. (Wagner 2003:1) Assessment reports conducted by the Intergovernmental Panel on Climate Change (IPCC) argue that the main reason for global warming is human-caused emissions of greenhouse gases primarily through burning of fossil fuels.

This conclusion implies that the solution to global warming, and the almost doomsday-like predictions connected with a warmer future, is a worldwide reduction of these emissions, mainly through reducing industrial emissions. This particular hypothesis seems to have gained much ground over the recent years, partly due to extensive media coverage, even though some scientists, including Frederick Seitz¹ and William M. Grey², claim that human-caused emissions of greenhouse gases have little or no effect on climate change and global warming. Nevertheless, the increased attention to the hypothesis of human-caused global warming is now more than ever affecting the way in which many people consume and thus how many businesses do business. (Wagner 2003:1)

Environmental issues have therefore become important aspects of conduct for many corporations worldwide and marketers are increasingly beginning to question if it is right to market goods or services that are likely to harm the planet or if marketing should concentrate on products that are environmentally friendly instead? Research has shown that it can be beneficial for companies to incorporate this line of thought into business plans, as this seems to be an open gateway for gaining goodwill among consumers, besides the fact that many people are ready to switch brands to greener products, although cost may be a factor in choosing as well. (Ranchhod 2007:113). One area of high concern, in connection with emissions of greenhouse gases, is the aviation industry. Today, the aviation industry contributes about 3.5 percent of carbon emissions, but air travel is growing at some 5 percent a year, meaning numbers of air kilometres will triple by 2030. Therefore, the IPCC has concluded that within 50 years air travel will become one of the largest contributors to global warming.³

Growing numbers of environmentalists, such as Friends of the Earth, are therefore campaigning to stop or at least reduce air travel. Even though a total boycott of air travel is hard to imagine, on the basis of contemporary

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² Professor of Atmospheric Science, Colorado State University.

³ IPCC report, "Aviation and the Global Atmosphere", 1999

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society's apparent need for this form of transportation, a partial boycott could prove devastating for many airlines across the world. So how do airlines sell their product in a continuously greener market? R&D budgets on fuel efficiency and high-tech planes have increased⁴, but the results stand no chance of reducing carbon emission compared with the predicted increase in air travel. Therefore, it seems to be left to the conscience or needs of the consumer. British Airways was the first airline to initiate a possible way of attracting consumers with a need for air travel and a guilty green conscience through introducing carbon offsetting. The idea is quite simple, and demands a very limited amount of man-hours from British Airways. Basically customers are given the option of calculating the amount of carbon emissions they personally are responsible for on a specific flight. This is done by dividing the total fuel used on the journey by the number of passengers on board. Thereafter, this amount of carbon emission is translated into an amount of money consumers pay to the environmental organisation Climate Care, which then handles the distribution of the obtained funds to combat air pollution. This leads to the research question of this thesis: To what extent is it possible for British Airways to attract customers within the U.K. through the environmentally friendly initiative of carbon offsetting?

2.0 THEORETICAL FRAMEWORK

The theoretical framework for this thesis is divided into three sections, which will now be commented on in chronological order. Firstly, green marketing theory is described with emphasis on subjects relevant for the research question. In the beginning of this section green marketing's background, namely environmental management, is described briefly to explain where the idea of green marketing came from. The next part deals with the question of why green marketing is a subject in contemporary society. To describe this, green marketing theory, explained by Peattie (1995), Fuller (1999) and Ottman (1998), is used. These three green marketing theorists are also the main sources for theoretical information throughout this thesis, supplemented by Ranchhod and Gurau (2007), as well as Elkington and Hailes (1989). I am not to say that other authors of green marketing theory are of lesser academic value in connection with writing this thesis, but the ones chosen are the most relevant authors available through Danish libraries. The next part under green marketing deals with defining marketing and corporate social responsibility. The reason why this is described is that green marketing is a part of corporate social responsibility, with focus on the environmental responsibility, and therefore complements the background for green marketing while it also gives further explanation to why corporations have a responsibility towards the environment. After having established the background of green marketing and why green marketing is a subject in contemporary society, the next part defines what green marketing is. After this is established green marketing strategies are described with emphasis on subjects relevant for this thesis. This part also includes a comparison of green marketing strategies in connection with British Airways' green initiative of carbon offsetting. The last part under green marketing deals with implications for organisations. This part is included to give a better picture of why green marketing is important for corporations, with focus on negative as well as positive elements.

Secondly, the theoretical framework deals with green consumerism theory. The reason for dividing green marketing theory and green consumerism theory is purely to give a better overview of the theoretical framework, as these two subjects are strongly related. The first part of green consumerism section deals with consumer behaviour research. The reason for including this part is to give an explanation of which consumer behaviour research approaches that will be use in this thesis. The next part concerns green consumer theory. In this part it soon becomes clear that it is difficult to define who green consumers are, as the degree of environmental concern varies a great deal among consumers, but this section does give a usable overview of attempts to define green consumers. Because it is difficult to define green consumers, the next part of green consumerism theory deals with the buying process, as this thesis argues that the buying process is the most clear way of identifying green consumer behaviour.

The third and last section under the theoretical framework regards the theory of global warming and the impacts of climate change. I felt it was necessary to include this section to clarify what the exact scope of environmental issues affecting British Airways include.

After having explained the relevant theory for this thesis, it is now time to take a closer look at the background information needed to draw a conclusion to this thesis.

2.1 Background Information

The first section under background information deals with British Airways' history, which is described very briefly as this is not the most relevant information in connection with the research question for this thesis. Still, it gives a good reason to why it is interesting to have British Airways as a subject for this thesis as well as gives further information about carbon offsetting. The next part deals with Datamonitor's SWOT analysis of British Airways. The

⁴ Sustainable Aviation Progress Report 2006

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SWOT analysis carried out by Datamonitor, a business information company, is the main reason this thesis takes on the form it does, meaning that all information gathered in this thesis is put together into a SWOT analysis of my own, because I found it interesting that even though British Airways are clearly focusing much attention towards environmental issues, these are not included into Datamonitor's analysis. Therefore I found it both challenging but also interesting to do a SWOT analysis concerning the green initiative of carbon offsetting. But before the SWOT analysis is put together, information about the British green consumers is needed. That is why the next section deals with this subject. Information gathered in this part is put together from secondary sources, which includes survey conducted by Eurobarometer, The British Department for Environment Food and Rural Affairs (Defra) and Mintel. Eurobarometer's survey was conducted in November 2004 and published in April 2005. Even though this is the oldest of the surveys used in this thesis, the findings are very relevant to draw a conclusion to this thesis, and therefore it is included. Defra's survey is from August 2007, and Mintel's survey was conducted in March 2007. Because of the extensiveness of Eurobarometer's survey I have chosen not to enclose this report, but it can be view in full at this web address: http://ec.europa.eu/environment/barometer/pdf/report_ebeny_2005_04_22_en.pdf.

The next chapter in this thesis is the SWOT analysis. A SWOT analysis is a tool used to identify; strengths, weaknesses, opportunities, and threats, in a given context. The context for this thesis' SWOT analysis is British Airways' green initiative of carbon offsetting. Therefore, all information gathered throughout this thesis is put together into statements concerning to four above mentioned areas. After this is done an explanation for each statement is given. Lastly, this thesis draws a conclusion to the research question on the basis of the findings throughout this thesis.

2.2 Green Marketing

Before examining the field of green marketing, this chapter will begin with a brief overview of environmental management, and in that connection natural resource management, as these make up the background of green marketing.

2.3 Environmental Management

"From prehistory humankind have accumulated environmental know-how and developed strategies for exploiting nature. To help regulate resource use people evolved taboos, superstitions and common rights, formulated laws to improve stewardship, and even undertook national resource inventories (such as the twelfth-century AD Domesday survey). While some managed to sustain reasonable lifestyles for long periods, the idea that pre-modern people 'close to nature' caused little environmental damage is largely an arcadian myth. Indeed, with population a fraction of today's, prehistoric people, using fire and weapons of flint, bone, wood and leather, managed to alter the vegetation of most continents and probably to wipe out many species of large mammals." (Tudge 1995 in Barrow 1999: 2). By the late twentieth century the need for structured environmental management became evident because of global pollution, loss of biodiversity, soil degradation, and urban growth. These developments are not easily tangible even though advances have been made in understanding the structure and functions of the environmental management aims to co-ordinate and focus such developments, to improve human well-being, and lessen or prevent further damage to the Earth and its organisms. (Barrow 1999: 2).

Even though the need for environmental management was not apparent before the late twentieth century, the realisation of unsustainable human consumption can be traced as far back as the 1830's, expressed in natural resource management, though limited efforts were made to ensure natural resource exploitation was integrated with social and economic development before the 1970's. The shift away from natural resource management towards environmental management began after the Second World War as awareness of environmental problems grew. It increasingly became evident that it was no longer sufficient to be concerned with specific components of the Earth which have utility and can be exploited, mainly for short-term gain and the benefit of special-interest groups, companies or governments, rather a more holistic approach was needed. (Barrow 1999: 2). Barrow further argues, in his book Environmental Management: Principles and Practice 1999, that; "natural resource management responses to problems tend to be reactive, and often rely on quick-fix technological means and project-by-project approach. Natural resource managers have often been drawn from a limited range of disciplines, typically with little sociological and limited environmental expertise. Their management can be authoritarian and may fail to involve the public; they also tend to miss off-site and delayed impacts. Because of these failings natural resource management has lost ground to environmental management in the last 40 years or so."

Wilson and Bryant (1997: 7) define environmental management as "a multi-layered process associated with the interaction of state and non-state environmental managers with the environment and with each other. Environmental managers are those whose livelihood is primarily dependent on the application of skill in the active and self-conscious, direct or indirect, manipulation of the environment with the aim of enhancing predictability in a

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context of social and environmental uncertainty." As uncertainty is growing predictability has become vital for companies. Green marketing can therefore function as a tool to fulfil the demand of a company's customers in a responsible manner to sustain, in a long term, the future of the company. (Porsteinsson 2000: 35). Before the focus is turned towards defining what green marketing is, an explanation of why green marketing is a subject in contemporary society will be given.

2.3.1 Why Green Marketing?

Environmental problems, and the reasons behind them, have tended to divide people into pessimists or optimists. "Pessimists and fatalists may conclude that there is little left to do but enjoy what is left, before it is gone for ever. Optimists may prefer to concentrate on the many vast and unspoilt areas of the natural world, and the apparent robustness of natural systems [...] and to conclude that nature, perhaps aided by technological innovations, will prevail and that the planet will recover." (Peattie 1995: 20)

According to Peattie (1995: 20), a fundamental problem occurs if people adopt either one of these positions. This problem can be illustrated through an anecdote by the German physicist and philosopher Carl Friedrich von Weizsacker. When Weizsacker was asked if he was optimistic or pessimistic about the prospects for achieving sustainability, he replied: "I like to respond to that question with the story of the three frogs that fell into the milk: an optimist, a pessimist and a realist. The optimist and the pessimist both drowned, the first because he didn't do anything, thinking everything would turn out for the best anyway, the latter because he thought the situation was hopeless. The realist said: 'All a frog can do is thrash about.' So he did. And suddenly there was butter under his feet and he climbed out." (Peattie 1995: 20). Even though this anecdote illustrates a sound point, 'thrashing about' will most likely not be sufficient for humankind in relation to environmental problems. Therefore, a paradigm shift in business thinking to reconcile business and the environment has been called for. (Commoner 1990 in Peattie 1995: 20).

Yanarella and Levine (1992) identified 'mass industry' mentality as the dominant business paradigm of contemporary western society. Peattie (1995: 20) describes this paradigm as, "Newtonian in the sense that it attempts to understand the world in mechanistic and reductionalist terms. It is also technocentric in its emphasis on the ability of technology to control and harness nature, econocentric in its insistence on using monetary values as the basis of decisions and anthropocentric in seeing the environment as something which exists to support humankind's activities." Shifting paradigms towards sustainability will be a challenge similar to a spacecraft approaching re-entry into earth's atmosphere. If the change of course does not create a sufficient 'angle of attack' into the atmosphere, the spacecraft will skim off the magnetic field and be lost in space forever. On the other hand, by changing the course too suddenly, the angle of attack will become too steep, and the spacecraft will quickly burn up during re-entry. (Peattie 1995: 21-22)

Therefore, it is important that the first paradigm shift is introduced gradually. Peattie (1995) developed the following table to chart the potential evolution of the dominant socio-economic paradigm in reference to the environment.

Nature	Pre-industrial Goddess and guide, abundant but		Environmental Ec For efficient use and conservation	cological The Earth as Gaia
Environment	threatening Local, intrinsic to people's lifestyle, sustained	An infinite free good, and an 'externality',	A finite resource to be managed and shared, a man-made threat	1
Technology	Traditional, small and simple, low	gradually liquidated High capital and energy, large scale	High-tech, clean-tech. often quick-fix	Small scale, low energy
Economics	energy Based on environment, social relationships, and survival	and complex Growth and profit, belief in 'trickledown', emphasis on	Sustainable growth, new measures, concern for 'The Commons'	Sustainability, steady-state, post- Keynesian
Society	Traditional, feudal, religious, local	ownership Class structure focus, more nationalistic,	New Age, professional and middle-class values, more international	

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		shaped by		
		marketing		
Social Perspective	People as subjects,	People as workers,	Liberal, post-	Eco-centric, post-
	and social group	consumers and	consumer, humanist,	humanist, return to
	members, belief in	individuals; belief	people as citizens,	socio-eco-
	divine will and	in human power &	belief in	symbiosis
	nature's power	industry	innovation/intervention	
Business	Trading of	Mass production,	A target for reform and	Closed loop,
	surpluses,	free enterprise, a	constraint, also	humane, value-
	craftsmanship	social role model	partners in eco-reforms	driven
Marketing	Informal, face-to-	Mass product	Fragmented markets,	Constrained by
	face, constrained by	marketing,	responding to green	society?, emphasis
	church and society	increasingly	consumerism	on needs
	-	formalised and		
		widespread		

According to Fuller (1999: 5) sustainable marketing represents a shift in paradigm and he refers to the new paradigm of 'sustainable marketing'. He claims that the sustainable marketing system can be compared with a circular natural ecosystem in which plants and organisms consume minerals, water, sunlight, and each other in interdependent processes that continually produce waste, which then becomes food or fuel for other circles. However, because of large population increases, resources have become more limited and waste sinks have become sources of pollution threatening the long-term human survival. Accordingly, sustainable marketing adopts a circular 'zero-waste, zero-discharge' approach. Preventing waste and recovering and reusing materials to reduce eco-costs are crucial goals. (Fuller 1999: 5) Their adaptation suggests recognition of five fundamental tenets:

- 1. Ecosystems are a physical limiting factor on marketing decisions
- 2. The product system life cycle is the appropriate decision framework
- 3. Pollution prevention and resource recovery are appropriate strategies for achieving sustainability
- 4. A "multiplier effect" exists in which small environmental improvements (i.e., eco-cost savings) by firms and customers at the micro level translate into large absolute improvements at the macro level
- 5. Sustainable marketing is not an exercise in corporate altruism (Fuller 1999: 5-6)

The sustainable marketing paradigm is more or less in line with what Peattie identified as the environmental paradigm. Ottman (1998: 47) claims that, "a new paradigm is now in the making. Basic assumptions about how best to cater to consumer need are in question [...] Yesterday's resource intensive products are being replaced by innovative products with radical new designs [...] The corporations that excel at green marketing are those that are pro-active in nature." Ottman's comparison to traditional marketing is outlined in the following table.

The New Green Marketing Paradi	gm	
Issues	Conventional marketing	Green marketing
Consumers	Consumers with lifestyles	Human beings with lives
Products	Cradle-to-grave	Cradle-to-cradle
	One-size-fit-all products	Flexible
		Services
Marketing and communication	Selling oriented	Education
	End benefits	Values
Corporate	Reactive	Pro-active
	Independent departmentalised	Interdependent
	Short term oriented	Co-operative
	Profit maximising	Holistic
		Long term oriented
		Double bottom line

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Ottman's definition of the new green marketing paradigm is also very much in line with the environmental paradigm described by Peattie. Radical environmentalists would most likely claim that taking steps towards an environmental or green marketing paradigm is not nearly enough. Still, as mentioned earlier, a shift in paradigm must occur gradually or else we might risk either skimming off the earth's magnetic field and be lost in space forever or come in too steep and burn up.

2.4 Marketing Defined and Corporate Social Responsibility

According to Peattie (1995: 27) the origins of marketing are pragmatic and over time what is meant by "marketing" has continually evolved. "During the 'production era' the typified industrial business until the 1930s, 'marketing' generally related to a set of post-production activities. During the subsequent 'selling era' these marketing activities grew in importance, and were increasingly supplemented by pre-production activities such as market research. It was not until the late 1950s that marketing evolved into a distinctive management philosophy and discipline which explicitly linked business success to customer satisfaction and systematically set about achieving them as interdependent goals." (Peattie 1995:27). A contemporary definition of marketing defined by Kotler (1997: 9) is as following: "Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating, offering, and exchanging products of value with others." The link between marketing and corporate social responsibility is well illustrated in the following. "In pre-industrialised society, food, water, clothing, shelter, warmth, light and activities to pursue were provided directly from the environment through the efforts of individuals and the social groups to which they belonged. Today the vast majority of us depend on businesses to fulfil all of these and many other needs [...]. This dependency gives businesses enormous power to influence individuals, communities and society as a whole. Through marketing communications, lobbying, political donations and the way in which they organise their corporate resources, businesses can influence the laws, government, values and economic development of a country." (Peattie 1995: 42-43).

Modern social responsibility began in the 1920s when Oliver Sheldon's philosophical vision of management called for a balance between technological efficiency and the welfare of society. Sheldon's theme was picked up by the Dean of the Harvard Business School, Wallace B. Donham, in an address delivered at Northwestern University in 1929: "Business started long centuries before the dawn of history, but business as we now know it is new – new in its broadening scope, new in its social significance. Business has not learned how to handle these changes, nor does it recognise the magnitude of its responsibilities for the future of civilisation." (Peattie 1995: 29). Almost a century later, the increased evidence of the environmental damage caused by unsustainable economic growth has validated these words. Buchholz (1991) identified five common elements among the many definitions of corporate social responsibility:

- 1. Businesses have responsibilities that go beyond the production of goods and services at a profit
- 2. These further responsibilities involve helping to solve important social problems, especially those that businesses helped to create
- 3. Businesses are responsible to a broader constituency than their shareholders
- 4. Businesses have impacts that go beyond simple market-place transactions
- 5. Businesses serve a wider range of human values than can be captured by sole focus on economic values

Hawken (1995) claimed that: "Many companies today no longer accept the maxim that the business of business is business. Their new premise is simple: Corporations because they are the dominant institution on the planet must squarely address the social and environmental problems that afflict humankind." From these statements it is apparent that corporate social responsibility is needed in contemporary society, especially when considering that a study showed that of the 100 largest economies in the world, 51 were global corporations, and only 49 were countries. Mitsubishi was larger than the fourth most populous nation on Earth, Indonesia. General Motors was bigger than Denmark, and Toyota bigger than Norway. (Anderson and Cavanagh 1996 in Ranchhod 2004: 84) Kotler (1997) stated that: "In today's business climate, the companies must accept increased responsibility for the environment." Accoring to Roper Starch Worldwide, hot social issues such as the environment pass through three distinctive phases:

- 1. Anxiety is high, activities are relatively low
- 2. People become more informed about the issue and activity overtakes anxiety
- 3. Activities become integrated into people's lifestyle (Ottman 1998: 9)

Green consumerism, which will be examined in further detail later on, is now more or less in the second phase, but according to Roper Starch Worldwide the natural progression for a social issue like environmental concern will be to move to the third phase. For that to happen, mainstream consumers will need greater access to credible, actionable information, technologies and infrastructures that make it easier for them to act in an environmentally responsible way. (Ottman 1998: 9) It has also been claimed that conventional mainstream marketing fails to do so and is out, and green marketing is in. (Ottman 1998: 45)

2.4.1 What is Green Marketing?

After having examined the background of green marketing and why green marketing is a subject in contemporary society, it is now time to investigate what green marketing is. In a broad sense, green marketing is a pre- and post-production philosophy that aims to fulfil the demands and needs of customers and sustain in long term the company's future in a social and environmental responsible manner. Green marketing should not be confused with an attempt to exploit consumers' environmental concern to promote companies or sell products. Ottman (1992) makes the point that green marketing issues are 'real' issues. Instead of talking about consumer needs such as whether clothes are 'whiter than white', green marketing means tackling issues which affect the fundamentals of people's quality of life, and which may even prove life threatening. (Peattie 1995: 38). Baker (1991) suggested that 'real marketing' has four essential features:

- 1. Starting with the customer
- 2. A long-run perspective
- 3. Full use of all the company's resources
- 4. Innovation

If the third point was changed to become 'full and efficient use of all the company's resources', then there is a strong argument that green marketing is 'real marketing'. "In view of the almost universal concern about the environment being shown by consumers all around the world and their desire to purchase greener products from greener companies, green marketing could be viewed as the only 'real' marketing." (Peattie 1995: 38-39)

The consequences of falling to incorporate the physical environment into marketing can be significant. Until now, the worst consequence of poor marketing were generally unsatisfied customers and poorly rewarded shareholders, but getting marketing wrong in relation to the environment will most likely have implications beyond the customers and shareholders of companies to affect the quality of life for future generations across the world. (Peattie 1995: 39) Furthermore, if marketing responds with more green hype rather than substantial changes, the consequences are potentially serious and were summarised by the American Ten-State Attorney Generals' Task Force into two key dangers expressed in their report "Green Report" (November 1990):

- 1. If consumers begin to feel that their genuine interest in the environment is being exploited, and in response rebel, they would no longer seek out or demand products that are in fact less damaging to the environment. If this were to occur, the environmental improvements that could have been achieved would be lost.
- 2. The tone, content and number of environmental claims lead the public to believe that specific environmental problems have been adequately addressed and solved. This, in turn, could actually impede finding real solutions to identified problems by causing consumers to set aside their environmental concerns, making the assumption that these concerns had been addresses.

The key elements of green marketing can therefore be summarised into the following ten points:

- 1. A balanced approach to the social, technological, economic and physical aspects of businesses and societies that allows companies to STEP⁵ forward.
- 2. An emphasis on long-term sustainable qualitative development rather than short-term unsustainable quantitative growth.
- 3. A holistic approach aimed at reversing the reductionalist and fragmented approaches of previous business theory and practice.
- 4. A consideration of consumers as real human beings rather than as hypothetical 'rational economic' entities.
- 5. An emphasis on meeting the genuine needs of consumers, rather than on stimulating superficial desires.
- 6. A recognition that consumers and society have multiple and sometimes conflicting wants and needs.
- 7. A view of the company and all its activities as part of the 'product' that is consumed.
- 8. A recognition that the large-scale, long-distance nature of current economy is not sustainable, and that in the future small and local will be beautiful.
- 9. Embracing the concept of eco-performance which incorporates the non-market outputs of the company, the performance of the product during and after use and the environmental impact of companies which contribute to the creation and marketing of the products elsewhere in the supply chain.
- 10. The pursuit of added socio-environmental virtue as well as added techno-economic value. (Peattie 1995: 39)

⁵ Refers to the STEP framework – a balanced view of the business agenda. "Presents an approach to marketing in which the conventional techno-economic paradigm is complemented by the addition of a socio-environmental perspective." (Peattie 1995: 9)

2.4.2 Green Marketing Strategies

After defining the key elements of green marketing it is interesting, in connection with the research question for this thesis, to investigate the theory of green marketing strategies to be able to determine if British Airways are implementing the right course of action. Ottman (1998: 49) highlight seven green marketing strategies under the title "J. Ottman Consulting's Seven Winning Strategies of Green Marketing".

- 1. Do your homework. Understanding the full range of environmental, economic, political, and social issues that affect your consumer and your products and services now and over the long term.
- 2. Create new products and services that balance consumer's desires for high quality, convenience, and affordable pricing with minimal environmental impact over the entire life of your product.
- 3. Empower consumers with solutions. Help them understand the issues that affect your business as well as the benefits of your environmentally preferable technology, materials, and designs.
- 4. Establish credibility for your marketing efforts.
- 5. Build coalitions with corporate environmental stakeholders.
- 6. Communicate your corporate commitment and project your values.
- 7. Do not quit. Continuously strive for 'zero' environmental impact of your products and processes; learn from your mistakes.

When comparing Ottman's seven winning strategies of green marketing with British Airways green marketing initiative of carbon offsetting many similarities are found. In connection with the first point, British Airways seems to have done their homework on the effects of carbon emissions from their airplanes. Evidence of this can be found on British Airways homepage where an entire section is devoted to environmental aspects of air travel.⁶ Moving on to the second and third point, British Airways was the first airline to introduce carbon offsetting, which therefore was a new somewhat convenient service that empowered consumers with solutions. Furthermore, it helps consumers understand the environmental issues that affect British Airways as well as the benefits of the preferable environmental technology. In connection with the fourth and fifth point, British Airways are establishing credibility for their marketing efforts through coalition with the environmental organisation Climate Care for carbon offsetting.

The reason for this coalition building credibility can be found in a survey conducted by Eurobarometer in November 2004, which found that when UK citizens were asked whom they trust the most when it comes to environmental issues, the largest percentage (36 per cent) answered environmental protection associations, while companies received 0 per cent. In connection with the sixth point, British Airways are communicating their commitment to environmental issues through both their website and their engagement in Sustainable Aviation which is a comprehensive strategy for the long term sustainability of the UK aviation industry. This initiative brings together the UK's leading airlines, airports, aerospace manufacturers and air navigation service providers. Signatories to the strategy are committed to delivering significant reductions in carbon dioxide emissions, nitrogen oxide emissions and aircraft noise over the next 15 years.⁷ The last point on Ottman's green marketing strategy list referred to continuously striving for 'zero' environmental impact. This point might be difficult for any airline or transport company to achieve given contemporary technology, but participation in Sustainable Aviation seems to be a step in the right direction.

2.4.3 Implications for Organisations

After having examined the key elements of green marketing and green marketing strategies the focus will now be turned towards the implications for organisations such as British Airways. For organisations, it is becoming increasingly important to incorporate green thinking into their processes and products, and organisations need to consider how much their activities impact the planet. Any improvement can potentially create net benefit for both the consumer and the environment. (Ranchhod and Gurau 2007: 134). Furthermore, in addition to moral obligation, organisations are also under pressure from consumers and NGOs, such as Greenpeace and Friends of the Earth. During the last 20 years, organisations have become much more sensitive to such pressures due to factors such as the following:

- The growing economic value of a good corporate reputation and a strong, positively regarded brand. These can be put at risk by adverse criticism of environmental and social performance.
- The growing number of customers who are becoming more 'green conscious', taking social and environmental criteria into account when purchasing goods or services.
- The tremendous flow of information, exchanged at unprecedented levels, via satellite TV stations, such as CNN, and the Internet. IN the near future, it is likely that information will also be transferred more and more 'on the move' via mobile communication devices such as mobile phones and personal digital assistants

⁶ www.britishairways.com/travel/csr-corporate-responsibility/public/en_dk

⁷ www.sustainableaviation.co.uk

Published by: Dama Academic Scholarly & Scientific Research Society (www.damaacademia.com) (PDAs) the interface the Internet. This flow of information increases the visibility of any enterprise, all over the world.

- Organisations are also dependent on their members of staff who are often more highly educated and environmentally literate than their older counterparts. (Ranchhod and Gurau 2007: 135)

Unfortunately, environmental benefits can be indirect, intangible, or insignificant to the consumer. For example, in the case of carbon offsetting, consumers cannot see the direct consequence of their actions. Therefore, it is important for companies, such as British Airways, to communicate their green message efficiently and possibly educate consumers on the benefits of new technology. (Ottman 1998: 114) A backlash can occur if the green message appears insignificant or insincere, which often invites criticism from a number of stakeholders. Environmentalists also seek out those they perceive to be 'greenwashers', meaning organisations that embrace a green attitude at a superficial level and therefore are engaged in 'greenwashing' the public by clever advertising and public relations activity. (Ranchhod and Gurau 2007: 134) While such challenges exist, not communicating one's environmental oriented initiatives presents its own risks. For British Airways these can include losing market share among the growing number of green consumers on behalf of a competitor with recognised green credentials, or making consumers assume that British Airways are not doing anything to protect the natural environment. (Ottman 1998: 114). Communicating a green message successfully can therefore prove challenging. Ottman (1998: 115) argues that environmentally oriented communications work best when:

- Green product attributes are obvious, legitimate, and meaningful to a sizeable number of consumers.
- A product's environmental benefits are tangible and can be clearly and simply communicated.
- Product-related efforts are reinforced by substantive corporate progress.

For a company, such as British Airways, whose environmental performance is poor, or poorly perceived⁸, the communications challenge will centre on damage limitation and clarification together with accurate and rapid communication of any improvements. (Peattie 1995: 216). It is further elaborated, by Peattie, that there are 'Seven Green Cs' which companies need to negotiate successfully when communicating a green message:

Complexity: Environmental problems are mostly complex in nature and rarely involve simple answers. Consumers are frequently poorly informed about environmental issues even though they are interested in environmentally and socially responsible consumption. Schlossberg (1993a) suggests that the lack of factual environmental information represents the 'greatest environmental hazard'.

Cacophony: Another problem for marketers is that consumers are currently bombarded by information and images about the environment, which can make it difficult for a company's environmental message to stand out and communicate. Research International, when surveying 28 countries, concluded that an excess of messages about the environment was leading to information overload among customers.

Credibility: The content of many green messages lacks credibility in consumer's eyes. Mintel's 1991 survey revealed that 90 per cent of UK consumers were highly sceptical about green promotional campaigns. However much money is set aside for communications, and however well the green messages are designed and executed, credibility may not be developed unless the message is consonant with the target audience's perception of the company and the environmental issues being addressed.

Confusion: One might have expected the increasing level of environmental media coverage to have produced a new generation of more environmentally informed and confident consumers. However, research showed that 63 per cent of UK consumers said that they found what companies said about the eco-performance of their products 'confusing'. This is not surprising given the information overload and conflicting messages from different parties that consumers are faced with.

Cynicism: The motives of marketers seeking to communicate a green message are also often open to doubt. Surveys have shown that 40 per cent of green shoppers felt that retailers selling 'environmentally friendly' products were seeking to exploit the market rather than to protect the environment.

Co-ordination: It is unwise for a marketer to make green claims for a product unless they are certain that the environmental credentials of the product, its ingredients, its packaging, its manufacturing process and the entire company are behind it.

⁸ A recent survey carried out by YouGov found that the British public saw British Airways as the least Green friendly company, brand or product. www.guardian.co.uk/travel/2007/may/31/travelnews.green

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Commercial confidence: In countries such as the UK there is a tradition of secrecy and of using 'commercial confidence' as a reason for keeping hidden much of what goes on within a company, including environmental impacts. This was though change already in 1992 when the Environmental Information Regulations (EIRs) 1992 was approved by both Houses of Parliament. The Regulations give a statutory right of access to environmental information held by public authorities and certain other bodies. The new Environmental Information Regulations 2004 came into force on 1 January 2005. The EIRs 2004 have been updated to bring the UK into line with international requirements, as laid down in EC Directive 2003/4/EC on public access to environmental information, and also in the Aarhus Convention.⁹ (Adapted from Peattie 1995: 216-217).

Furthermore, Peattie argues that there four key V variables in green marketing communications. Firstly, the virtue of the product offering in its eco-performance. Secondly, the visibility of the environmental performance and the information relating to it. Thirdly, the volume of noise which the company makes about its environmental performance. Fourthly, verification, which refers to the use of independent third parties to substantiate environmental claims, can be a vital weapon in overcoming problems of credibility and cynicism. (Peattie 1995: 217).

2.5 Green Consumerism

If we look up the word "consume" in the Chambers Dictionary the definition of the word is "to destroy by wasting, fire, evaporation, etc.: to use up, to devour, to waste or spend, to exhaust." (Peattie 1995: 79) This definition is very dramatic and does not have many positive connotations embedded. Still, it seems to explicitly describe what a growing number of people, especially in western societies, believe we are doing to our planet and its resources. Evidence of this can be found in the heighten awareness towards environmental issues. The concern for the environment and the Earth's natural resources is not just a contemporary trend, but, as mentioned earlier, the degree of concerned people has never been higher. The term 'green consumer' emerged in the late 1980s to describe the fact that many consumers were increasingly being influenced by environmental issues. "The publication of The Green Consumer Guide in 1988, and its subsequent adaptation and translation into Chinese, Danish, Dutch, Finnish, German, Italian, Japanese, Norwegian, Spanish and Swedish, has enshrined the label in the consciousness of the public." (Peattie 1995: 79) Given the definition of the word 'consume' it seems a contradiction appears in terming people with environmental concerns as green consumers. Still, this term will be used throughout this thesis since it has become something of a global standard. Before the attention of this chapter is focused on the green consumers a general understanding of consumer behaviour research is needed for a structure to investigate this.

2.6 Consumer Behaviour Research

A definition of consumer behaviour, used by Arnould et al. (2004: 9), defines consumer behaviour as "individuals or groups acquiring, using, and disposing of products, services, ideas, or experiences." This is a very broad definition which opens up a wide range of possibilities for consumer research in general. Consumer behaviour research can therefore, be approached from a variety of perspectives to understand consumers and consumption. Understanding consumers and consumption can thereby, be used to evaluate the strengths or weaknesses a product or service might have in a specific market, or describe what thoughts, feelings and actions consumers connect with a specific product or service. Consumer research is equally important in a number of different consumer and consumption studies. Examples of four approaches to consumer behaviour research will now be described with emphasis on perspectives useful for this thesis.

Østergaard and Jantzen (2000) argue that over the past 40 years four main perspectives, or ideal types, of consumer behaviour have been used. These four perspectives are described as buyer behaviour, consumer behaviour, consumer research, and consumption studies. Østergaard and Jantzen stress that even though there has been a shift in focus from one approach to the other, "the concept perspectives is used to emphasise that we do not consider the four ideal types as four paradigms in a Kuhnian sense or as four periods. Instead the four ideal types have co-existed during the history of the discipline, but they had their heyday in different periods."

A main difference which clearly separates three perspectives from one is that buyer behaviour, consumer behaviour and consumer research all have in common that they focus on the individual consumer, whereas consumption studies theory claim that "individuals do not know what they need, want or desire [...] Instead consumers do know what they do not need, want, or desire. By choosing what they do not want, individuals use products and consumption to create a metaphysical universe where they are looking for recognition from other members of their tribe." (Østergaard et al. 2000: 9)

Even though the transition to focus the perspective on consumption studies occurred lastly, the idea of products carrying a symbolic or social meaning is not new at all. In 1959 Sidney J. Levy claimed that "people buy

⁹ <u>www.defra.gov.uk</u>

Published by: Dama Academic Scholarly & Scientific Research Society (www.damaacademia.com) things not only for what they can do, but also for what they mean." To further describe the differences in the four perspectives on consumer behaviour research the following five criteria framework was developed by Østergaard and Jantzen (2000):

Perspectives	Buyer behaviour	Consumer behaviour	Consumer research	Consumption studies
The consumer metaphorically	Animal	Computer	Tourist	Tribe member
Ontology of consumption Character of the subject matter	Mechanical instinct driven The stomach's needs	Electronic rational The brain's wants	Emotional narcissistic The heart's desire	Metaphysical symbolic The eye's recognition
Primary method Scientific foundation	Experiments Behaviourist physiology	Questionnaire Cognitive psychology	In-depth interviews Existential psychology	Fieldwork Cultural and social theories

The main points which differentiate one research perspective from the other is clearly categorised in this framework. Primarily, a noticeable shift occurs in the way the consumer is categorised metaphorically. Starting of by perceiving the consumer as an animal, meaning that consumers only consume to satisfy the most basic needs, to perceiving the consumer as a computer, meaning that consumers are in a constant state of rational information processing. This moves the subject matter from the stomach's needs to the brain's wants. These two approaches both have in common that they assume that the single consuming individual is rational.

Exactly this point is the main reason why the perspective of consumer research deviates from the two earlier perspectives. According to Østergaard and Jantzen, consumer research does not perceive the individual consumer as rational. Instead, consumers are assumed to be emotionally and narcissistically determined. "The consuming individual in this case is not an animal seeking to fulfil its needs, or an information processing computer trying to maximise the relations between attitude, beliefs, and attribute. Instead, the consuming individual is conceived as a tourist who is looking for new experiences via consumption. This is not due to a need for it or due to a need for fulfilling wants to get beyond a cognitive dissonance. Instead, it is based on a desire for meaning in life, because the consuming individual, in this approach, uses the consumption of products and services as bricks in the construction of a meaningful life." (Østergaard et al. 2000: 17) This approach is very interesting in connection with this thesis, because if consumers believe that airplane emission of greenhouse gases are contributing to global warming, they might be attracted to British Airways because of the possibility of offsetting carbon emissions, which can be translated into a consumption act that constructs a meaningful life.

Consumption studies brake from the three earlier perspectives by not focusing on the individual consumer as an independent self. Instead, the consumer is now viewed as a tribe member. The meaning of this consumer metaphor is that the product or service symbolism drives groups of consumers to consume specific products so that they can be recognised by other members of their group. Consuming specific group. An example of this could be offsetting carbon emissions on a British Airways flight to indicate that consumer is a green consumer. As soon as consumers are involved or connected with a specific group, consumers will automatically distance themselves form other groups, hence a cultural and social research perspective in consumption studies. The subject matter thereby shifts from the heart's desire to the eye's recognition, and is primarily studied from a cultural and social perspective. (Østergaard et al. 2000: 18-22)

To find out if British Airways can attract consumers within the UK, through the green initiative of offsetting carbon emissions, this thesis will mainly focus on the perspectives of consumption studies and consumer research to describe and understand the British green consumers, and thereby evaluating if British Airways are implementing the right course of action towards these green consumers.

2.7 The Green Consumer

To further specify who and what a green consumer is, a definition of green consumption is appropriate. "In response to the environmental concern of the early 1970s, concepts such as Fisk's (1973) theory of 'responsible consumption' and Mead's (1970) concept of 'responsible simplification' reflected the concern about limits to growth with calls for a decrease in consumption. At the same time, the social pressure on business was reflected in studies of the 'socially conscious consumer' (Anderson and Cunningham 1972). Environmental marketing involves providing

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consumers with more sustainable and socially acceptable products; therefore green consumption must involve consuming in a more sustainable and socially responsible way." (Peattie 1995: 83).

Even though green consumption, as described by Peattie above, seems only to incorporate positive values from an environmental point of view, there was and is still much debate about the role and importance of green consumption and green consumerism. Critics argue that green consumption is only a way of slowing world degradation, and not a tool to end it. Durning (1992) argued that: "At its best green consumerism is a potent new tactic for environmental advocates, allowing them to bypass the halls of parliaments and send their message directly to boardrooms. At its worst, green consumerism is a palliative for the conscience of the consumer class, allowing us to continue business as usual while feeling like we are doing our part." (Peattie 1995: 83).

However, even though the critic appear sound it is important to realise that green consumption is only one part of a greater effort needed to steer industrialised countries towards sustainability. Peattie (1995) argues that green consumption will have an effect only as part of a wider process of change, but that wider change process will not be able to happen without the focus on green consumption. Elkington and Hailes (1989: 5) define green consumers as people who in general avoid products which are likely to:

- endanger the health of the consumer or of others
- cause significant damage to the environment during manufacture, use or disposal
- consume a disproportionate amount of energy during manufacture, use or disposal
- cause unnecessary waste, either because of overpackaging or because of an unduly short useful life
- use materials derived from threatened species or from threatened environments
- involve the unnecessary use or cruelty to animals, whether this be for toxicity testing or for other purposes
- adversely affect other countries, particularly in the Third World

Such negative discrimination does not only apply to specific products, but also towards entire corporations and is very interesting to keep in mind in connection with the research question for this thesis, because if British Airways are targeting green consumers through the possibility of offsetting carbon emissions on a given flight, it probably would not be very affective, according to Elkington and Hailes. But negative discrimination is again only a part of the full picture. "Seeing green consumption in terms of product avoidance only provides a partial picture of the changes that environmental concern is promoting. Other changes include discriminating positively in favour of brands with a good perceived environmental image, or changes in the price that consumers are willing to pay for a product with an improved eco-performance." (Peattie 1995: 84).

Therefore, it is not possible to view green consumer behaviour simply in terms of purchasing and the choice between products or services. "Consumers may respond to the green challenge in a wide range of ways other than purchasing involving the way they use, maintain, replace and dispose of products. Green consumer behaviour can also include purchase and consumption avoidance." (Peattie 1995: 84) Hence, green consumer behaviour can be defined as 'the purchasing and non-purchasing decisions made by consumers, based at least partly on environmental or social criteria'. (Peattie 1995: 84) This is a very broad definition which could include virtually all consumers as a 1990 survey conducted by Warwick, Baher and Fiore Associates found that 96 per cent of consumers claimed to use environmental criteria in their purchase decisions at least occasionally. (Peattie 1995: 85) Therefore, it can be misleading to try to categorise green consumers as the degree of green concern as well as the environmental issue at hand varies a great deal among consumers. An example of this could be a consumer offsetting his or her carbon emissions on a British Airways flight, which could be categorised as green in relation to air-travel, but perceived as grey¹⁰ simply because of the use of airplane travel. Consequently, it might be more tangible to analyse green consumption in terms of green purchase decisions than in terms of green consumers. Therefore, the green buying process will now be examined.

2.8 The Green Buying Process

Traditionally, marketing has focused on the elements of the buying process which lead up to the actual purchase, namely the needs and motives of consumers. Green marketing on the other hand requires a more balanced view of the purchase and consumption process, with much more emphasis being placed upon post-purchase issues of product use and disposal. (Peattie 1995: 85-86) However, in relation to the research question of this thesis, which solely focuses on the act of getting consumers to buy a British Airways ticket the post-purchase issues are not as relevant as the issues leading to the actual purchase, as consumers are buying a service and therefore most likely will not directly consider product disposal, recycling of waste packaging or care and maintenance of a product to make it last longer. Still, green consumers might consider a change in the use of the service they buy besides considering how British Airways handles product disposal, recycling of waste packaging or care and maintenance of an airplane to

¹⁰ 'Grey' is the term used by Peattie (1995) to describe consumers without environmental concerns

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make it last longer. For those reasons post-purchase behaviour will be examined in the following. To better explain green consumer behaviour in relation to the buying process, Peattie (1995) proposed the following figure, which illustrate the difference between the questions consumers with concern for the environment (green consumer) would ask in relation to the proposed five step of the buying process compared to consumers with no concern for the environment (grey consumers).

Grey consumers ask	What do I want?	Where is my list of prices and features?	What are the benefits for me?	What shall I purchase? How soon can I buy one?	When shall I buy one?
	Recognition of a need or \rightarrow want	A search for relevant \rightarrow information	Evaluation of \rightarrow alternatives	Purchase \rightarrow decision \rightarrow	Post- purchase use, disposal and evaluation
Green consumers ask	Do I really need it?	Where is my Green Consumer Guide ¹¹	What are the socio- environmental costs?	Shall I make a purchase? How long can I do without?	How long can I make it last? How can I best use the old one?

The five steps of the buying process will now be examined further in connection with green consumption.

The recognition of a need or want: An approaches to explain how needs and wants motivate our purchasing, as well as other behaviour, is Maslow's need hierarchy. This theory of human motivation specifies that needs are arranged in a sequence from lower-level needs to higher-level needs and identifies five needs:

- 1. Physiological needs; the biological needs for food, water, and sleep.
- 2. Safety and security needs; shelter, protection, and security.
- 3. Social; affection, friendship, and acceptance.
- 4. Ego; prestige, success, accomplishment, and self-esteem.
- 5. Self-actualisation; self-fulfilment and enriching experiences. (Arnould et al. 2004: 270)

Lower-level needs (starting with the physiological needs) are considered to dominate higher-level needs, meaning that a consumer must first satisfy lower-level needs before he or she pursues higher-level needs. (Arnould et al. 2004: 270) Maslow's need hierarchy therefore provides a useful inventory of human needs that can be helpful for marketers who are interested in understanding their customers' needs. However, marketers should be cautious in assuming that the hierarchy holds in every case as critics of the model argue that it is overly simplistic because it ignores the intensity of needs. (Arnould et al. 2004: 270-271) Furthermore, it is arguable that a single product or service can address more than one need and therefore more than on level of Maslow's need hierarchy. (Peattie 1995: 86).

Peattie elaborates further on the connection between the first step in the buying process and green consumption. "Heightened awareness about green issues now exists among the population as a whole, often as a result of increased media coverage, advertising or pressure group activity. A demand for green products may reflect a long-standing interest in environmentalism, a concern for the future generations; a rejection of the values of the consumer society, or simply a willingness to try something different. This becomes translated into a generic desire to purchase green products form green companies. It can also be channelled into a desire not to make a purchase, either in terms of doing without or actively boycotting a product or company." (Peattie 1995: 86)

The search for relevant information: "A key element of green consumption is a desire for more information about the relationship between products and the environment." (Peattie 1995: 87) Green consumers will often actively pursue information to obtain this knowledge, however even though it has been suggested that 96 per cent of consumers claimed to use environmental criteria in their purchase decisions at least occasionally, and therefore can be categorised as green consumers, further evidence suggests that the percentage of consumers which actually understand the arguments and theories connected with environmental issues is much smaller.

¹¹ Refers to The Green Consumer Guide by Elkington and Hailes (1989)

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"Understanding the complexity of human-ecological interface requires a degree of scientific knowledge, yet surveys conducted by the National Science Foundation suggests that, even using lenient standards, only about 11 per cent of citizens understand enough of the vocabulary and concepts of science in general to be considered scientifically literate (National Science Foundation 1998)." (Ranchhod 2007: 139). This is an important issue to keep in mind when considering a green marketing strategy, because if the arguments for consuming a green or greener product becomes to complex, chances are that most consumers will not understand them, let alone be persuaded to consume the given product or service. According to Coyle, the President of the National Environment Education & Training Foundation (NEETF): "People understand that cars pollute, or that species become extinct when habitat is destroyed. But when there are two or more steps involved... such as energy production from fossil-fuelled power stations contributing to climate change, thereby warming ocean waters sufficiently to inhibit the production of plankton for fish, thus impairing the survival of marine life... public understanding drops precipitously." (NEETF/Roper 2000 in Ranchhod 2007: 139). Therefore, it can be argued that it is essential for corporations with a green message to have a clear and simple cause-and-effect relationship connected with this message.

The evaluation of alternatives: "Marketing theory has tended to assume that where a need is translated into a want and is backed up by the power to purchase, then a purchase will result. Any conflicts inherent in purchasing are considered in terms of the opportunity costs of choosing among different potential purchases in the face of limited disposable income. Evaluating alternatives is often reduced to selecting between different products and competing brands in search of a purchase that will yield satisfaction. For green consumption, there are several levels of alternative purchase behaviour." (Peattie 1995: 87-88) These levels with relation to the research question for this thesis will now be described:

Non-purchase: "The most subverse act in a consumer society is the refusal to consume; it is also the safest." (Wall 1990 in Peattie 1995: 88) In the case of airplane travel it is arguable that an evaluation of alternatives for a green consumer could result in a non-purchase. Several environmentalist groups are already advocating a boycott of air-travel on the basis of airplane emissions of greenhouse gases.

Alternative products: Consumers who are concerned about the environment might consider a radical shift in purchases to meet their needs. This could result in alternative means of transportation instead of airplane travel, for example train transport. Another example could be that business people, who use airplane travel to get to meetings, hold e-meetings instead.

Alternative brands: "The consumer behaviour that created the most interest in the early phase of environmental marketing is the switching of consumer purchases to 'alternative' green brands. These can sometimes be from specifically green suppliers, or they can be green brands developed by conventional producers. A 1991 Mintel survey revealed that in the UK 46 per cent of women and 31 per cent of men actively sought out green alternatives when shopping. Mintel also found that 50 per cent of consumers said they would be willing to switch away from their conventional brands to buy products from a company with a green image." (Peattie 1995: 88) Airplane travellers, with environmental concerns, might therefore seek out the company with the greenest image when they have to fly.

Keep faith with existing brands: Consumers who are brand loyalists may go green as and when their usual brand produces a green variant. (Peattie 1995: 88) Therefore, it is arguable that British Airways has created an opportunity for brand loyalists to go green through the possibility of offsetting carbon emission on a given flight.

The purchase decision: When green consumers have evaluated alternative purchases and alternatives to purchase they can proceed to satisfy their needs and wants. During purchases decision making, green consumers will consider; where to buy, how much to buy, and when to buy. (Peattie 1995: 89) In the case of airplane travel it is arguable that consumers with environmental concerns, who believe airplanes are an environmental threat, will seek out the airline company that they believe to be the greenest or most sustainable, but it is also likely that these consumers will minimise the use of air travel as much as possible and therefore only fly when it is absolutely necessary.

Post-purchase behaviour: As mentioned earlier, green consumers may behave differently to conventional consumers after a particular purchase has been made by considering product use change; reuse of products; product disposal; recycling of waste packaging; or care and maintenance of a product to make it last longer. As discussed earlier, most of these considerations do not translate directly into subjects relevant for the research question for this thesis, but it is very likely that green consumers will consider how a particular airline manages the waste accumulated by passengers on a flight, or how much effort an airline directs into research and development of fuel efficiency or durability of an airplane. Understanding the different levels of the buying process for green consumers is important to be able to draw a conclusion to the research question for this thesis. Other important aspects to consider, in connection with green consumerism, are the influences on purchase and consumption decisions for green consumers.

2.9 Influences on purchase and consumption decisions.

These include; price sensitivity, cultural factors, and social factors. These three subjects will now be described briefly in relation to the research question for this thesis.

Price sensitivity: "A key behavioural question is the extent to which customers are willing to pay a price premium for improved eco-performance in products. Companies often quote the problem of passing additional costs on to the customer as an argument against greening." (Peattie 1995: 91) A survey conducted among 2450 Consumers' Association members showed that 90 per cent bought green products on some occasions and 81 per cent were willing to pay more for green products. Other survey conducted by groups such as Mintel and NOP suggests that between a quarter and half of all Britons would pay up to 25 per cent extra for credible products with improved environmental performance. (Peattie 1995: 91) The variable to consider in connection with price sensitivity is the fact that not all consumers are equally willing or able to pay more for a greener product. In the case of offsetting carbon emissions on a given flight with British Airways, consumers have to be willing and/or able to pay an additional cost.

Cultural factors: "Consumers in different countries will be influenced by different cultural norms and values relating to the environment and society. This may lead to very different patterns of green consumer behaviour." (Peattie 1995: 91) An example of this can be found in a survey conducted by Eurobarometer on the attitudes of European citizens towards the environment. Respondents were asked to indicate among a list of items what comes to their mind first when people talk about the environment. In the UK respondents were equally divided between 'pollution in towns and cities' and 'the state of the environment our children will inherit'. In Denmark 'protecting nature' ranked highest. Defining cultural factors which influence purchase and consumption decisions on the basis of country of residence will be met by many scholars as highly inadequate, as a definition of culture by Solomon, Bamossy and Askegaard explicitly implies. They define culture as "the accumulation of shared meanings, rituals, norms and traditions among the members of an organization or society [...] It includes both abstract ideas, such as values and ethics, as well as the material objects and services, such as cars, clothing, food, art and sports, that are produced or valued by a group of people." (Solomon et al. 2002: 442) This means that consumers within the same country can belong to different consumer cultures, which again may affect them in different ways. Still, in the context of this thesis, findings will be based upon surveys conducted on populations as a whole, and therefore in many cases will only reflect the cultural factors which affect the majority.

Social factors: "Social and psychological approaches to consumption explain purchasing behaviour in terms of the need for social standing, acceptance and prestige. This was originally proposed in relation to 'conspicuous consumption' in which many purchases are not motivated by individuals' personal needs, but by their need to impress others." (Peattie 1995: 91) As focus on environmental problems increase, it can be argued that some consumers might purchase green products because of peer pressure or the possibility of placing oneself within a specific social standing.

3.0 GLOBAL WARMING AND THE IMPACTS OF CLIMATE CHANGE

The phrase 'global warming' has become familiar to many people as one of the most important environmental issues of our day. The underlying factors which have initiated this somewhat contemporary interest are not easily catalogued, still it is reasonable to argue that the analysis of climate research carried out by the Intergovernmental Panel on Climate Change (IPCC)¹² has had a noticeable influence. This analysis has concluded that there is strong evidence that most of the warming observed over the past 50 years is attributable to human activities, and that the impact of a warmer planet may very well have devastating consequences for life on Earth as we know it. This scenario can therefore be argued to carry great appeal towards Earth's human population, as the solution to this almost life-threatening hypothesis lies as much in the hands of the individual as with governments or corporations. Therefore, we are now more than ever experiencing the effect of the theory of human caused global warming on every day life as well as it being the catalyst for this thesis's research question.

¹² Recognising the problem of potential global climate change, the World Meteorological Organization (WMO) and the United Nations Environment Programme (UNEP) established the Intergovernmental Panel on Climate Change (IPCC) in 1988.

3.1 Human Caused Global Warming

The theory of human caused global warming takes its offspring in enhanced greenhouse effect. Therefore, the basic science of the natural greenhouse effect and enhanced greenhouse effect will now be described briefly to understand the fundamentals of global warming and why many scientists believe that the cause of this is due to human activity. The gases nitrogen and oxygen that make up the mass of the atmosphere neither absorb nor emit thermal radiation. It is the water vapour, carbon dioxide and some other minor gases present in the atmosphere in much smaller quantities that absorb some thermal radiation leaving the Earth's surface, acting as a partial blanket for this radiation and causing the difference of approximately 21° C between the actual average surface temperature on Earth of about 15° C and the figure of -6°C which applies when the atmosphere contains nitrogen and oxygen only. This blanketing is known as the natural greenhouse effect and the gases are known as greenhouse gases. (Houghton 2004: 16)

Enhanced greenhouse effect is the term used to describe a higher then natural concentration of greenhouse gases in the atmosphere. As mentioned earlier, the natural greenhouse effect is mainly due to the gases water vapour and carbon dioxide present in the atmosphere in their natural abundances. "The amount of water vapour in our atmosphere depends mostly on the temperature of the surface of the oceans; most of it originates through evaporation from the ocean surface and is not influenced directly by human activity. Carbon dioxide is different. Its amount has changed substantially – by about thirty per cent so far – since the Industrial Revolution, due to human industry and also because of the removal of forests. Future projections are that, in the absence of controlling factors, the rate of increase in atmospheric carbon dioxide will accelerate and that its atmospheric concentration will double from its pre-industrial value within the next hundred years. The increased amount of carbon dioxide is leading to global warming of the Earth's surface because of its enhanced greenhouse effect." (Houghton 2004: 23).

It is believed that the increased amount of atmospheric carbon dioxide could resolute in a global temperature increase of about 2.5°C within the next hundred years. (Houghton 2004: 10) This temperature increase probably does not seem catastrophic to people living in colder parts of the planet, but the predictions made for a slightly warmer planet will have global consequences which therefore most likely will affect all life on Earth. The main concerns, estimated by the IPCC, for warmer future will now be described.

3.2 The Impacts of Climate Change

The impacts of climate change due to global warming are likely to vary a great deal from place to place. The general perception is that far the most impacts will be negative, although some impacts could actually be termed positive as it is likely that a temperature increase could lengthen the growing season in parts of Siberia and northern Canada, thereby making it possible to grow a greater variety of crops. (Houghton 2004: 143) In other areas, increased carbon dioxide will aid the growth of some types of plants leading to increased crop yields. "However, because, over centuries, human communities have adapted their lives and activities to present climate, most changes in climate will tend to produce an adverse impact. If the changes occur rapidly, quick and possibly costly adaptation to new climate will be required by the affected community. An alternative might be for the affected community to migrate to a region where less adaptation would be needed -a solution which has become increasingly difficult or, in some cases, impossible in the modern crowded world." (Houghton 2004: 144). Therefore, even the impacts which primarily were termed positive would most likely have negative consequences for people living in these areas. It can be argued that the negative impacts of climate change due to global warming function as the main motivation as well as arguments for counteracting this environmental problem and of course, in connection with the research question for this thesis, offsetting carbon emissions on flights with British Airways. For these reasons the main negative impacts will now be described briefly. It is important to keep in mind that the negative impacts which are about to be described are not scientific facts, but rather a theory of likely consequences adapted from the findings of the Fourth Assessment Report by Working Group II of IPCC which was released in April 2007.

The IPCC highlight six main areas of concern in connection with climate change due to global warming, namely; fresh water resources; ecosystems; food, fibre and forest products; coastal systems and low-lying areas; industry, settlements and society; health. These areas of concern are the product of projected changes in precipitation, temperature, sea level and concentration of atmospheric carbon dioxide. Basically, the IPCC argue that climate change due to global warming will most likely have wide spanning impacts ranging from migration, because of sea level rise, decreased fresh water supply, decreased crop yields, and salinisation of irrigation water, to increased risk of extinctions around the globe. Specifically for Europe, the IPCC has made the following predictions: "Nearly all European regions are anticipated to be negatively affected by some future impacts of climate change, and these will pose challenges to many economic sectors. Climate change is expected to magnify regional differences in Europe's natural resources and assets. Negative impacts will include increased risk of inland flash floods, and more frequent coastal flooding and increased erosion (due to storminess and sea-level rise). The great majority of organisms and ecosystems will have

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difficulty adapting to climate change. Mountainous areas will face glacier retreat, reduced snow cover and winter tourism, and extensive species losses (in some areas up to 60% under high emission scenarios by 2080).¹³

The predictions made by the IPCC concerning the likely effects of climate change across Europe do not take into account that Europe most likely also will be affected by the impacts of climate change on other continents. Examples of this could be migration to Europe from warmer areas or higher priced imports, all of which will have a noticeable effect. As the theory of negative impacts builds upon a great variety of variables a holistic picture is difficult to asses. Nevertheless, the IPCC has drawn up a table of examples of possible impacts of climate change due to changes in extreme weather and climate events, based on projections to the mid- to late 21st century, which can be viewed in the appendix. These do not take into account any changes or developments in adaptive capacity.

3.3 The Opposition to Human Caused Global Warming

As mentioned, human caused global warming is a theory and not a fact. A number of scientists actually oppose the theory, including Frederick Seitz, former solid-state physicist and former president of the National Academy of Sciences as well as William M. Grey, Professor of Atmospheric Science, Colorado State University, claming that other underlying agendas has pushed the idea forward. Even though this might be true, the truthfulness of the theory of human caused global warming, in connection with the research question for this thesis, is not a decisive factor, meaning that even if global warming proves not to be because of human caused global warming.

3.4 British Airways: Past and Present

British Airways origin runs parallel to the origin of civil aviation industry in the world. On August 25, 1919, British Airways forerunner company, Aircraft Transport and Travel (AT&T), launched the world's first daily international scheduled air service, between London and Paris. On March 31, 1924, Britain's four airlines - Instone, Handley Page, Daimler Airways, and British Air Marine Navigation - merged to form Imperial Airways. Around this time a number of smaller UK air transport companies had started their operations. These merged in 1935 to form the original privately-owned British Airways Ltd. In 1939, British Government nationalised Imperial Airways and British Airways to form the British Overseas Airways Corporation (BOAC). After the Second World War BOAC continued to operate long-haul services, while continental European and domestic flights were flown by a new airline, British European Airways (BEA). In 1972 BOAC and BEA were combined under the newly formed British Airways Board, with the separate airlines coming together as British Airways in 1974.¹⁴

Today, British Airways is the UK's largest international scheduled airline and employs about 42,750 people. It is also the second largest airline in Europe behind Air France-KLM, with more flights from Europe across the Atlantic than any other operator.¹⁵ Given the size of British Airways together with the basic assumptions of corporate social responsibility, which were outlined in the chapter Theoretical Framework, the company has great potential for improving on the natural environment. In fact, one could argue that a company the size of British Airways has an obligation to address the social and environmental problems that afflict humankind. (Hawken 1995). A step in the direction of corporate social and environmental responsibility found place in September 2005 when British Airways introduced a voluntary tax to help combat global warming, namely carbon offsetting.

3.4.1 Carbon Offsetting

Through the initiative of carbon offsetting British Airways responded to calls from environmentalists and European authorities to help tackle harmful emission levels by introducing this new charge.¹⁶ Money raised by carbon offsetting goes to <u>Climate Care</u>, a non-governmental charity organisation which works to help reduce global carbon dioxide emission levels. The amount of tax payable, through carbon offsetting, depends on the total distance and amount of fuel used on flights, meaning that the tax on a short-haul European ticket will be less than on a long-haul inter-continental flight. Passengers are able to contribute the amount of tax payable on their flight via the airline's website.¹⁷ This green initiative was welcomed by the British government, with the minister for climate change and environment, Elliot Morley, praising British Airways for taking the initiative in helping to combat harmful emissions

¹³ http://www.ipcc.ch/SPM13apr07.pdf

¹⁴ www.aircraft-photos.net/BA.aspx

¹⁵ www.iloveindia.com/airlines-in-india/international/british-airways.html

¹⁶ http://news.cheapflights.co.uk/flights/2005/09/ba_introduces_v.html

¹⁷ http://www.britishairways.com/travel/csr-emissions/public/en_dk

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while also stating that, "people are becoming increasingly concerned about climate change and are keen to play an active role in tackling it. [...] Large organizations have a responsibility to show them how they can do this."¹⁸

As described earlier in the section headlined "Green marketing strategies", the green initiative of carbon offsetting resembles a textbook example of J. Ottman Consulting's Seven Winning Strategies of Green Marketing, which actively appeals to consumers with a green conscious. Furthermore, as growing numbers of consumers within the UK are becoming concerned about environmental issues, such as climate change, the green initiative of carbon offsetting will most likely appeal to more people, including consumers who normally are not environmentally aware, due to cultural and social factors, as discussed earlier in the section headlined "Influences on purchase and consumption decisions". It is further arguable that even though the green initiative of carbon offsetting seems to be directed towards green consumers, the definition of green consumers, by Elkington and Hailes (1989: 5) which can be viewed in full in the section headlined "The green consumer", more or less disproves this assumption, as Elkington and Hailes found that green consumers are people who in general avoids products which are likely to endanger the health of the consumer or of others, as well as cause significant damage to the environment. Therefore, it is most likely that hard core green consumers would not be affected by a green initiative such as carbon offsetting, because of the broad consensus that airplane emissions are effecting our natural environment negatively. On the other hand, if consumers who are environmentally aware, had to use airplane travel, they would most likely choose an airline with recognised green credentials. (Ottman 1998: 114)

This leads to another interesting aspect of evaluating the effectiveness of the green initiative of carbon offsetting, which is getting the green message through to the public. Ottman (1998: 115) argued that environmentally oriented communication works best when: Green product attributes are obvious, legitimate, and meaningful to a sizeable number of consumers. A product's environmental benefits are tangible and can be clearly and simply communicated. Product-related efforts are reinforced by substantive corporate progress. It is fairly clear that the green attributes of carbon offsetting are obvious, legitimate, and meaningful to a sizeable number of consumers within the UK. The reason for this being, that one of the most highlighted environmental issues in connection with airplane travel is emissions of greenhouse gases through the burning of fossil fuels, which then is believed to contribute to global warming and climate change. As more people are concerned about climate change, carbon offsetting should be meaningful to a sizeable number of consumers within the UK. The environmental benefits of carbon offsetting are also clear. Airplanes are believed to pollute our atmosphere, therefore customers can calculate the estimated amount of emissions they personally are responsible for on a flight, which then is translated into an estimated amount of money customers can donate to the environmental organisation Climate Care. According to green marketing theory, the fact that British Airways does not handle the donate money themselves, but instead cooperates with a non-governmental charity organisation which works to help reduce global carbon dioxide emission levels, increases the credibility of their environmental claims. (Peattie 1995: 217)

Even though British Airways' green initiative of carbon offsetting was argued to be a textbook example of J. Ottman Consulting's Seven Winning Strategies of Green Marketing, it is not unreasonable to question if carbon offsetting falls under the category of green marketing. The reason for asking this question is that if one compares the green initiative of carbon offsetting against the ten key elements of green marketing (Peattie 1995: 39), fallouts will occur. These fallouts include that carbon offsetting is not a holistic approach aimed at reversing the reductionalist and fragmented approaches of previous business theory and practice, neither does it reflect a recognition that the large-scale, long-distance nature of current economy is not sustainable. If these fallouts are put in the perspective of the notion that green marketing should not be confused with an attempt to exploit consumers' environmental concern to promote companies or sell products, one could argue that British Airways' green initiative of carbon offsetting more resembles 'greener' marketing than 'green' marketing.

On the other hand, for customers to be able to offset their carbon emissions, they need to click through the section of British Airways' homepage titled "Respecting our world". This section of British Airways' homepage deals with what British Airways term the six key areas concerning environmental issues in connection with air travel. These six key areas include; carbon footprint, waste, noise and air quality, work practices, customer well being, and community.¹⁹ When taking this into consideration, it is evident that carbon offsetting is only a part of a greater green picture, and therefore can be categorised as a green marketing initiative under the corporate social responsibility umbrella. In this connection it is important to note that this thesis does not centre on British Airways' corporate social and environmental responsibility, but solely on the research question which is; to what extent is it possible for British Airways to attract costumers within the U.K. through carbon offsetting? Therefore, this thesis will not engage in an in depth evaluation of the broad perspective of British Airways' green initiatives, but these are mentioned as supplements

¹⁸ http://news.cheapflights.co.uk/flights/2005/09/ba_introduces_v.html

¹⁹ http://www.britishairways.com/travel/csr-corporate-responsibility/public/en_dk

to validate the credibility of British Airways' green intentions. The reason why this is important, besides following the third point made by Ottman in connection with environmental oriented communication, is found in the notion that backlashes can occur if a company's green message appears insignificant or insincere, which often will invite criticism. (Ranchhod and Gurau 2007: 134)

4.0 DATAMONITOR'S SWOT ANALYSIS

As described earlier, in the chapter Methodology, Datamonitor, a business information company specialised in industry analysis, has produced several SWOT analyses for British Airways over the past years. The interesting aspects of these SWOT analyses are the lack of attention towards environmental issues, whether positive or negative. The most recent SWOT analysis, publicised in July 2007 does not even mention environmental aspects. This fact seems odd considering the environmental efforts British Airways has implemented since 2005, including carbon offsetting, which indicates that environmental issues are affecting the way business is conducted within British Airways. Coincidentally, or not, the last SWOT analysis, produced by Datamonitor, which mentions environmental issues, was published in December 2005, roughly around the time when carbon offsetting was introduced. In that SWOT analysis environmental issues were categorised under threats and reads as following: "BA²⁰, like other companies in the airline industry, is subject to UK, European and international environmental laws and regulations concerning emissions to the air, discharges to surface and subsurface waters, safe drinking water, and the management of hazardous substances, oils, and waste materials. Abiding by these regulations may increase BA's costs. Any tightening of these regulations especially those concerned with emissions to the air may increase costs further in the future years."

This analysis clearly does not address any other perspectives, of environmental issues affecting British Airways, than economic aspects in connection with environmental laws and regulations. As mentioned, this seems odd in light of the obvious green initiatives implemented by British Airways to inform, as well as convince, consumers within the UK that British Airways are well aware of the broad scope of environmental issues affecting their business and therefore are working hard to meet these environmental needs. Furthermore, as this thesis has argued so far, the green initiative of carbon offsetting was implemented by British Airways to attract consumers while also creating goodwill for the airline among consumers who increasingly are becoming more environmentally aware. Therefore, this thesis will argue that British Airways are well aware that they could loose customers on behalf of environmental issues. For that reason, this thesis centres on a SWOT analysis concerning the green initiative of carbon offsetting.

4.1 The British Green Consumers

After having compared the background information concerning British Airways' green initiative of carbon offsetting against key areas of green marketing theory, it is now time to switch the focus towards the British 'green' consumers. The information, which will be used in this section to identify green attitude among consumers within the UK, is mainly comprised from surveys conducted by Eurobarometer, Defra²¹, and Mintel. Because of the extensiveness of Eurobarometer's survey I have chosen not to enclose this survey, but the Defra survey and a summary of Mintel's survey can be viewed in the appendix.

4.2 Perception and Attitudes in Relation to the Environment

The first area that will be covered in connection with the British green consumers is the perception and attitudes in relation to the environment. Cultural and social factors, which were described in the chapter Theoretical Framework, play a noticeable role when determining this, meaning that people from different areas might have different opinions about the environment. (Peattie 1995: 91) An example of this was found in the survey conducted by Eurobarometer on the attitudes of European citizens towards the environment, published in April 2005. Respondents were asked to indicate among a list of items what comes into mind first when people talk about the environment. In the UK, respondents were equally divided between 'pollution in towns and cities' and 'the state of the environment our children will inherit' which each received 26 per cent.

In Denmark the largest percentage (38 per cent) answered 'protecting nature'. This example illustrates two points. Firstly, in connection with cultural and social factors, it illustrates that the majority of people in two different cultures have different opinions about the environment. Secondly, it shows that UK consumers are more worried about pollution in towns and cities, and the state of the environment our children will inherit, than protecting nature. These facts can be used to advantage for British Airways when deciding what perspective to take when communicating a green message such as carbon offsetting, meaning that when British respondents answer the way they did, a green

²⁰ 'BA' is the acronym for British Airways

²¹ The British Governmental Department for Environment Food and Rural Affairs

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message concerning air pollution, which is one of the most pressing matter regarding pollution in British towns and cities²², will most likely win more ground than a message concerning animal wildlife. Further evidence of this is found when Eurobarometer asked UK respondents what environmental issue they are most worried about. The largest percentage, 50 per cent, answered air pollution. These findings prove both positive and negative for a company such as British Airways, because if UK consumers are most worried about air pollution, then British Airways are betting on the right horse with carbon offsetting as this green initiative addresses air pollution. On the other hand, it could discourage UK consumers from buying an airplane ticket because airplane emissions contribute to air pollution.

Further to this point, a survey conducted by the British Department for Environment Food and Rural Affairs in August 2007, found that over 75 per cent of Brits believe that 'recycling more', 'using a car less, 'using a more fuel efficient car', 'cutting down on gas and electricity', and/or 'flying less' would have a medium or major impact on the UK's contribution to climate change. The survey also found that the largest percentage, over 50 per cent, thought that a lot or quite a lot of people would be willing to 'recycle more' and/or 'install / improve insulation at home'. This compares with the smallest percentage, 13 per cent, who thought a lot or quite a lot would be willing to 'flying, 44 per cent strongly agreed or tended to agree that people who fly should bear the cost of the environmental damage that air travel causes. This was a greater proportion than strongly disagreed or tended to disagree, which was 31 per cent. Fewer people, 17 per cent, strongly agreed or tended to disagree with this statement.

Despite high awareness of key environmental concerns, Mintel, in a survey conducted in March 2007 on green and ethical consumers, found that as many as 60 per cent of British adults are not fully switched on to green and ethical issues. One in five, or 20 per cent, of British adults were classified as too busy to care. These consumers are simply too busy to take these issues into consideration, and are apathetic toward green concerns. At the other end of the spectrum, 24 per cent were keen to be green, and are very conscious of, and conscientious about, green and ethical issues, always trying to do more. Meanwhile, 16 per cent clearly feel that they are doing all they can on the green front. Angela Hughes, Consumer Research Manager at Mintel elaborates on this point: "When Mintel examined green and ethical consumerism back in 1990 it was young family aged adults who were most environmentally aware and our research shows that these green consumers have carried their ethical attitudes with them into later life. But worryingly, today's young families seem to be taking less of an interest in these matters, which raises concerns about the future of the green movement. Clearly younger people would benefit from better education when it comes to matters of the environment".²³ This statement leads to the next point of this thesis' investigation into the British green consumer, which deals with information on the environment.

4.3 Information on the Environment

As described earlier, in the theoretical framework, a key element of green consumption is the desire for more information about the relationship between products and the environment. (Peattie 1995: 87) It is therefore interesting to find out how well informed British consumers actually are in connection with environmental issues, as it was suggested that peoples' lack of factual environmental information represents the greatest environmental hazard. (Schlossberg 1993, in Peattie 1995: 216). When Eurobarometer asked UK respondents to indicate how well informed they feel they are about environmental issues, the smallest percentage, 7 per cent, felt that they are very well informed. 53 per cent, which also is the largest percentage, answered fairly well informed. On the negative side, 30 per cent answered fairly badly informed, while 9 per cent answered very badly informed. When the same respondents were asked if they would like to know more about environmental problems or more about solutions to environmental problems, by far the largest percentage, 67 per cent, answered more information about solutions to environmental problems, while only 16 per cent wanted to know more about environmental problems. These findings strengthen the notion that only a small percentage of consumers understand enough of the vocabulary and concepts of environmental issues to be considered environmentally literate. (Ranchhod and Gurau 2007: 139) It also backs the idea that larger consumer groups are environmentally aware. Additionally, UK consumers do not seem very interested in obtaining more information about environmental problems, but rather want to learn about solutions to them. For that reason British Airways' green initiative of carbon offsetting will most likely appeal to the largest percentage of UK consumers as it is more a part of the solution than part of the problem.

Who UK consumers believe to be the most trustworthy in connection with obtaining information about environmental issues is also an important aspect. Green marketing theory, which was described earlier in the chapter Theoretical Framework, argued that companies which make environmental claims about their own products or

²² www.newscientist.com/article/mg15320680.400-false-forecasts-leave-cities-choking.html

²³ www.mintel.com/press_release.php?id=262980

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services, would not seem as credible as for example an environmental organisation making the same claims. (Peattie 1995: 216-217) Consequently, Ottman (1998: 49) suggested that green marketing strategies work best if companies build coalitions with corporate environmental stakeholders. This theory is strengthened by findings from Eurobarometer's survey. When Eurobarometer asked the UK respondents whom they trust the most when it comes to environmental issues, the largest percentage, 36 per cent, answered environmental protection associations, such as Green Peace or Climate Care. 23 per cent answered scientists, 22 per cent answered television, while no one, 0 per cent, answered companies. For that reason, British Airways' coalition with Climate Care, for distributing the money paid by customers for carbon offsetting, will strengthen their environmental credibility in the eyes of UK consumers.

After having established who UK consumers trust the most, when it comes to obtaining information about environmental issues, it would be interesting to find out who or where these same people in reality get their information from. Eurobarometer therefore asked UK respondents to indicate their three main sources of information about the environment, from a list including; television news, newspapers, films and documentaries on television, the radio, magazines, conversations with relatives/family/friends/neighbours/colleagues, publications/brochures/information & material, the internet, books, or events such as conferences/fairs/exhibitions/festivals/etc. The media that received the largest percentage, 70 per cent, was television news. The second largest percentage, 63 per cent, was newspapers, while films and documentaries received 38 per cent. Television news and newspapers are for that reason the two largest sources for UK consumers to obtain information about the environment. These findings do not seem to correspond with the earlier findings, of who UK consumers trust the most for obtaining information about environmental issues, which were environmental protection associations. Therefore, these findings indicate that even though UK consumers obtain most of their information, about environmental issues, from news media, their trust in this media is moderate. Green marketing theory warned about such a tendency, meaning that if consumers begin to feel that their genuine interest in the environment is being exploited, and in response rebel, they would no longer seek out or demand products that are in fact less damaging to the environment. If this were to occur, the environmental improvements that could have been achieved would be lost.

Angela Hughes from Mintel elaborates on this point. "There have been an increasing number of media reports highlighting the complexities of environmental concerns and the difficulties that operators in the market face. But our research shows that for many consumers too much information and mixed messages are causing them to simply 'switch off'. Although there are no easy solutions to many of the environmental and ethical dilemmas, which face society today, most consumers clearly need to be presented with simpler messages." Further evidence of this was found when Peattie's Seven Green Cs were commented on. Here it was concluded that an excess of messages about the environment is leading to information overload among consumers. Mintel's survey found that 17 per cent of UK consumers are suffering from 'green overload', having become cynical about the whole movement. They feel that there is little they can do to make a difference and that companies are using the issues to make themselves look good. Finally, confusion also seems to be running high, with a further 23 per cent categorised as 'confused but willing' and simply unsure of what they need to do to lead a greener life.

This leads to the final point of investigation into the British green consumer, which will identify peoples' opinion about solutions to environmental problems. This is an interesting aspect to include because it will show what people are willing to do, and what they think needs to be done, in connection with environmental issues. This will in turn help to draw a conclusion to the research question for this thesis.

4.4 Solutions to Environmental Problems

When Eurobarometer asked UK respondents what they thought was the most effective answer for solving environmental problems, the largest percentage, 53 per cent, answered raising general environmental awareness. This result does not tell us much in itself, but if it is connected with the previous question regarding what UK consumers would like to learn more about, environmental problems or solutions to them, the conclusion can be drawn that this finding indicates that UK consumers want to raise general awareness about solutions to environmental problems. Further to this point, Mintel found that when respondents were asked about their attitudes towards the environment, 67 per cent strongly agreed or tended to agree that humans are capable of finding ways to overcome the world's environmental problems. From this, it can be concluded that more than two out of three UK consumers believe that we are capable of finding solutions to environmental problems. When considering this result, an inconsistency emerges when taking into account that findings from Defra's survey showed that 80 per cent of UK consumers agreed that it takes too much effort to do things that are environmentally friendly.

This inconsistency clearly illustrates the confusion embedded in consumers in connection with environmental issues, meaning that consumers are well intuned to the idea of solving environmental problems, but when it comes to action far the most consumers are not willing to do so. This dilemma is probably routed in the fact, which is taken from Eurobarometer's survey, that the largest percentage, 53 per cent, of UK respondents who stated that they often

Published by: Dama Academic Scholarly & Scientific Research Society (www.damaacademia.com) or sometimes make environmentally friendly efforts but who on the opposite are convinced that their efforts will not have much of an impact as long as others do not do the same. This perception might in fact discourage these same respondents from taking action.

Further to this point, Mintel's survey found when it comes to motivation for deciding whether to take environmental issues into consideration in daily life, saving money on bills comes out as the most important factor, with 46 per cent citing it as a motivation for change. Meanwhile, 41 per cent would make green changes as long as it did not cost them too much money, while 32 per cent would be more environmentally friendly if there were direct benefits to them, such as the food tastes better or was healthier. Overall, 74 per cent of UK respondents are driven to action if the changes will somehow improve their personal lives as well as the environment.

In connection with price sensitivity, green marketing theory argued that a key behavioural question is the extent to which customers are willing to pay a price premium for improved eco-performance in products or services. It further argued that companies often quote this problem of passing additional costs on to the customer as an argument against greening. (Peattie 1995: 91) From the findings above, this argument is confirmed. Moreover, in connection with British Airways green initiative of carbon offsetting, it is sensible that consumers are not forced to pay extra, but instead are given the opportunity of offsetting their carbon emissions. This will, according to the theory and statistics, given the green initiative of carbon offsetting a better chance of meeting consumer wants, and thereby attract customers, because they know the possibility of a solution is obtainable, but do not necessarily have to do anything

Furthermore, Mintel's survey found that 59 per cent of UK respondents are willing to make changes if they can be sure that it will really make a difference, that companies are doing their bit, local authorities are dealing with issues efficiently or that other countries are taking the issues seriously. Angela Hughes from Mintel elaborates on this point. "For the majority of Brits, simply improving the environment is not enough of an incentive to introduce greener and more ethical ways of living. It is clear that those promoting green or ethical products and services, will need to highlight the personal benefits these changes will make to people's lives and not just focus on the wider picture."

When these findings are put in connection with British Airways' green initiative of carbon offsetting, both positive and negative results emerge. On the positive side, UK consumers could be attracted to the idea of carbon offsetting, and be willing to pay the tax, if they are convinced that British Airways are doing their part. This ultimately comes down to the individual's point of view. On the negative side, as mentioned earlier, a YouGov survey found that the British public does not view British Airways as environmentally friendly. Throughout this section statistic on green attitudes and green consumer behaviour has been described and compared with green marketing theory and green consumerism theory. Many useful findings have been made, and now it is time to put these findings together into a SWOT analysis.

4.5. SWOT Analysis

Concerning British Airways' green initiative of carbon offsetting in connection with the research question for this thesis.

Strengths: The first point made under strengths is that the green initiative of carbon offsetting can create goodwill for British Airways among the British public. Support of this statement is found both in the theoretical framework as well as in the background information, and will now be summarised. Given the size of British Airways together with the basic assumptions of corporate social responsibility, which were outlined in the theoretical framework, the company has great potential for improving on the natural environment. As a result, it was argued that a company the size of British Airways has an obligation to address the social and environmental problems that afflict humankind. (Hawken 1995) The green initiative of carbon offsetting is a step in the direction of fulfilling this obligation, and therefore most likely will create goodwill for British Airways. Furthermore, it was argued that reluctance to incorporate environmental and social thought into a business plan would prove negative in connection with building or maintaining a strong brand. (Ranchhod and Gurau 2007: 135) Therefore, the opposite must prove positive, meaning that when British Airways incorporate environmental and social aspects into their business plan, this will result in a positive perception of the company. Moreover, this thesis found that the majority of the British public are concerned about air pollution and wants to learn more about solutions to environmental problem, instead of learning more about environmental problems. As British Airways' green initiative of carbon offsetting is categorised as a solution to environmental problems regarding air pollution, this initiative will, according to the survey findings, appeal to the majority of UK consumers.

The second point under strengths concerns the fact that British Airways are cooperating with an environmental group for managing the funds obtained through carbon offsetting. The reason why this is categorised under strengths is that green marketing theory warns that backlashes can occur if the green message from corporations appears insignificant or insincere instead of credible. (Peattie 1995: 216-217, Ranchhod and Gurau 2007: 134, and Ottman 1998: 49) This theory combined with the finding of UK consumers not trusting corporations for information

- Larger consumer groups might boycott air

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about environmental problems, results in the conclusion that it is a strength for British Airways that they cooperate with an environmental group regarding carbon offsetting, as environmental groups are the most trusted by UK consumers in connection with obtaining information about environmental problems.

The third point under strengths regards empowering consumers with the solutions to environmental problems. This point is adapted from one of J. Ottman Consulting's Seven Winning Strategies of Green Marketing. (Ottman

Strengths - Carbon offsetting can create goodwill among the British public.	Weaknesses - Carbon offsetting may appear as a false attempt to achieve sustainability.
- Cooperation with an environmental group for offsetting carbon emissions.	- Hard-core environmentalists would most likely not use airplane transportation even if they can offset their carbon emissions.
- Empowers consumers with solutions.	
- British Airways was the first airline to introduce carbon offsetting.	- British Airways is not a credible source for information regarding pollution.
	- Consumers have to pay a price premium.
- Increasing numbers use air travel.	
Opportunities	Threats
- Attract consumers who are environmentally aware.	- Carbon offsetting may backfire if British
	Airways does not follow up with a holistic
- Attract costumers because of the goodwill carbon offsetting	sustainable solution.
creates.	
	- Environmental groups boycott air travel.

1998: 49) As mentioned earlier, the majority of UK consumers want to learn more about solutions to environmental problems, therefore, in connection with the theory mentioned above, it must be categorised as a strength that British Airways are empowering UK consumers with a solution to the environmental problem of airplane emissions.

travel because of pollution.

The fourth point under strengths regards the fact that British Airways was the first airline to introduce carbon offsetting, and by being the first it does not appear as if British Airways are jumping on the carbon offsetting wagon, as this could be the way other airlines, which have implemented this green initiative, are perceived, and therefore their efforts might not seem as credible. Evidence of this is found in green marketing theory. Ottman (1998: 49) argued that a winning green marketing strategy is to create new products and services that balance consumer's desires for convenience and affordable pricing. Carbon offsetting was a new service when British Airways introduced this green initiative in 2005, and it is convenient for consumers that want to offset their carbon emissions as these just have to click through to the section of British Airways' homepage entitled respecting our world to do so. The aspect of affordable pricing will be handled later on in this chapter.

The fifth and last point under strengths concerns the fact that increasing numbers are using air travel. The way in which this statement translates into a strength for British Airways, in connection with the green initiative of carbon offsetting, is that consumers are increasingly becoming more environmentally aware, and when this fact is connected with the fact that more people are using air travel, the airline with the most credible environmental efforts will most likely be the favoured choice. (Ottman 1998: 49) Further to this point, survey findings showed that only a small percentage of UK consumers are willing to fly less to improve on environmental problems such as climate change.

Weaknesses: The first point under weaknesses regards the statement that British Airways' green initiative of carbon offsetting may appear as a false attempt to achieve sustainability. The reason for stating this is that carbon offsetting, in itself, is not a holistic sustainable solution for combating environmental problems which affect British Airways, and as green marketing theory advocates holism as a core value (Peattie 1995: 39), carbon offsetting could seem as a weak attempt to attract consumers within the UK, who in general are becoming increasingly environmentally aware. This perception complements the earlier mentioned critic of green consumerism. This critic centred on the

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argument that green consumerism, at it worst, is a palliative for the conscience of the consumer class, allowing us to continue business as usual while feeling like we are doing our part. (Durning 1992 in Peattie 1995: 83).

The second point under weaknesses concerns the notion that hard-core environmentalists would most likely not use airplane transportation even if they could offset their carbon emissions. The main reason for arguing this is that Elkington and Hailes (1989: 5) defined green consumers as people who in general avoid products which are likely to endanger the health of the consumer or of others, as well as cause significant damage to the environment. This thesis has found that this particular consumer group, the hard-core environmentalists, is a small group counting approximately 10 per cent of the British consumers. When these two findings are put together, the conclusion can be drawn that carbon offsetting is not tailor made for hard-core environmentalists, but on the other hand, if hard-core environmentalists have to use air transportation, they would most likely choose the airline with the most recognised green credentials.

The third point under weaknesses regards the statement that British Airways is not a credible source for information regarding pollution. The arguments for backing this statement resembles the argumentation under the second point under strengths, meaning that it was argued that green marketing theory warns that backlashes can occur if the green message from corporations appears insignificant or insincere instead of credible. (Peattie 1995: 216-217, Ranchhod and Gurau 2007: 134, and Ottman 1998: 49) This theory combined with the finding that practically no Brits trust companies for information regarding environmental problems, categorises this point under weaknesses for British Airways.

The fourth and last point under weaknesses is that consumers have to pay a price premium to get enhanced eco-performance in connection with British Airways air travel. A key behavioural question in connection with green consumerism theory is the extent to which consumers are willing to pay a price premium for improved eco-performance. (Peattie 1995: 91) As earlier findings showed, UK consumers are not overly willing to pay a price premium unless it benefits them directly, although Mintel's survey found that 59 per cent of UK consumers are willing to make changes, such as offsetting their carbon emissions, if they could be sure that it would really make a difference and that companies are doing their bit as well. Exactly these points combined with YouGov's survey finding that British Airways is perceived as the least environmentally friendly company in the UK, categorises this point under weaknesses.

Opportunities: The first point under opportunities concerns the statement that carbon offsetting can attract consumers who are environmentally aware. In the theoretical framework green consumer behaviour was defined as the purchasing and non-purchasing decisions made by consumers, based at least partly on environmental or social criteria. (Peattie 1995: 84) Consumption studies theory argued that consumers are tribe members, which means that the product or service symbolism drives groups of consumers to consume specific products or services so they can be recognised by other members of their group or tribe. (Østergaard and Jantzen 2000: 18-22) The definition of green consumer behaviour together with consumption studies theory indicates that if consumers are environmentally aware they will seek out environmentally friendly products or services so that they can be recognised by other consumers who are environmentally aware. Even if Elkington and Hails (1989) defined several statements regarding the non-purchasing aspect, which they argued defined green consumers, it is very likely that when environmentally aware consumers have to buy a plane ticket, they would seek out the airline with the most recognised green credentials to illustrate they belong to this particular consumer group.

The second point under opportunities regards the statement that British Airways' green initiative of carbon offsetting can attract customers because of the goodwill carbon offsetting creates. This is a very interesting aspect of this SWOT analysis in connection with the research question for this thesis, because this thesis has found that it does not seem as if the green initiative of carbon offsetting is aimed at the relatively small group of hard-core environmentalists, but rather seems to be aimed at the UK public which increasingly are becoming more environmentally aware. Findings that point to this statement will now be summarised.

Green marketing theory argued that hot issues such as the environment pass through three distinctive phases, which can be viewed in full in the theoretical framework. It was further argued that green consumerism is now in the second phase which is; people become informed about the issue and activity overtakes anxiety. This indicates that when UK consumers become informed about environmental problems, they would want to do something about it. Survey findings, which were described in the previous chapter, back this notion. Other findings that validate this statement can be found in the earlier mentioned statement by the British Environmental Minister Elliot Morley, who said that people are becoming increasingly concerned about climate change and are keen to play an active role in tackling it.²⁴ Therefore, this thesis will argue that British Airways has an opportunity to attract consumers because of the goodwill carbon offsetting creates. How the goodwill is established was covered in the first point under strengths.

²⁴ http://news.cheapflights.co.uk/flights/2005/09/ba_introduces_v.html

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Threats: The first point under threats concerns the statement that British Airways' green initiative of carbon offsetting may backfire if British Airways does not follow up with a holistic sustainable solution. On more than one occasion this thesis has highlighted that backlashes can occur if the green message from British Airways does not seem credible. Furthermore, this thesis has argued that carbon offsetting in itself is not a holistic solution to the environmental problem of airplane emissions of dangerous greenhouse gases. Still, British Airways does have other projects in the struggle against environmental problems related to air travel, but as mentioned earlier the British public view British Airways as the least environmentally friendly company in the UK.

This leads to the second point under threats which regards the statement that environmental groups boycott air travel because of airplane pollution. Elkington and Hailes' definition of green consumers on the basis of product avoidance is relevant in this connection, meaning that green consumers most likely would not use air transportation if it could be avoided, because of the damaging effect of airplane emissions to the natural environment. Further support of this statement is found in Peattie's (1995) theory regarding green consumer behaviour in relation to the buying process, which can be viewed in full in the theoretical framework. This first leg concerns the recognition of a need or want, where Peattie argued that green consumers would ask themselves if they really need to buy or consume the product or service. Peattie (1995: 86) elaborated on this point by arguing that "a demand for green products may reflect a long-standing interest in environmentalism, a concern for the future generations; a rejection of the values of the consumer society, or simply a willingness to try something different. This becomes translated into a generic desire to purchase green products from green companies. It can also be channelled into a desire not to make a purchase, either in terms of doing without or actively boycotting a product or company."

This leads to the third and last point under threats, namely that larger consumer groups might boycott air travel because of pollution of the environment. As findings from surveys conducted on UK consumers have shown, the majority of UK consumers are not hard-core environmentalists, but they are concerned about environmental issues, such as climate change. Therefore, this thesis will argue that the green consumerism theory described above is applicable to this group of UK consumers. Survey findings have also showed that a clear majority of UK consumers believe that flying less would have a medium or major impact on the UK's contribution to climate change.

5.0 Conclusion

Throughout this thesis, green marketing theory and green consumerism theory, relevant for the research question, has been described and held against actual facts and survey findings regarding the British green consumers. Interesting results have been achieved and put together into a SWOT analysis, concerning British Airways' green initiative of carbon offsetting in connection with the research question for this thesis, which summed up the most relevant findings of this thesis. On the basis of this work method I am now able to draw a conclusion to this thesis.

Primarily, it has been established that UK consumers are becoming increasingly concerned about environmental issues and that this increased concern can affect consumption behaviour. Survey findings elaborated on this point by showing that UK consumers are most worried about air pollution. This result proves both positive and negative in connection with the research question for this thesis, because if UK consumers are becoming increasingly concerned about air pollution they will, according to green marketing theory, be keen to be a part of the solution. On one hand the solution would be to favour companies with the most recognised green credentials, on the other hand it would result in reluctance to consume products or services they believe to be a part of the problem. Moreover, survey findings indicated that two thirds of UK consumers believe that flying less would have a medium or major impact on environmental issues such as climate change, but further findings also showed that only a small percentage believed that UK consumers would be willing to fly less, and over half of the respondents did not feel guilty about flying.

It has also been established that credibility in connection with information about environmental issues is necessary for a green message to be taken seriously by UK consumers. Survey findings showed that 59 per cent of UK consumers are willing to make changes if they can be sure that it will really make a difference as well as companies are doing their bit. Unfortunately for British Airways, the airline is perceived as the least environmentally friendly company in the UK. This means that UK consumers are not convinced about the environmental efforts implemented by British Airways, and therefore a green message will not be taken seriously. On the other hand, British Airways cooperation with the environmental organisation Climate Care, for managing the funds obtained through carbon offsetting as survey findings showed that environmental organisations are the most credibile source for UK consumers to obtain information about the environment. Still, even though British Airways' cooperation with Climate Care will strengthen their credibility, the fact that British Airways is perceived as the least environmentally friendly company in the UK, means that other airlines based in the UK have a superior green reputation, and therefore it is most likely that UK consumers, who increasingly are becoming more environmentally aware, would choose an alternative airline with superior green credentials.

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For these reasons, this thesis will conclude that British Airways' green initiative of carbon offsetting will not prove to be an efficient way of attracting consumers within the UK, because British Airways are perceived as the least environmentally friendly company in the UK, which indicates that the majority of UK consumers are not convinced about the sincerity of the environmental claims made by British Airways.

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