# Applying Green Marketing in the Automobile Industry (Case Study) (IKCo)

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**Abstract:** The aim of this study was to evaluate the use of green marketing in the automobile industry in Iran Khodro Company (IKCo). Four hypotheses of are examined in this research. The target population consisted of all managers of Iran Khodro (IKCo). Sampling method of this study is a simple random sampling and 200 people were selected for data collection. To analyze the data and test the hypothesis, confirmatory factor analysis using structural equation Amos Software Version 22 was used. According to the results all of 4 variables including quality, advertisements, innovation and price are effective on the automobile industry and have been confirmed with <5% significance level.

**Key words:** Green marketing, automobile industry, quality, advertising, innovation, price

## INTRODUCTION

Today, the environment has become increasingly a crucial issue for all people, whether as customerorin the place of manufacturer. Traditional marketing is too much emphasis on customer demands and does not account the social welfare and environmental issues. This issueentering all dimensions of organizations also has influenced the marketing and led to the emergence of the concept of green marketing. In recent years, Iran considering the crisis of consumption of resources and energy needs to promote and develop the marketing of products to be more compatible with the environment (Ahmed and Rafiq, 2001).

Green marketing is strategic efforts in the field of eco-friendly products for customers. Green marketing approach has been welcomed in many countries and where marketers are trying to enter expenses related to the environment into their purchase decision making process (Kramer et al., 2003). According to definition the green marketing includes all activities designed to create and simplify any kind of exchange is with minimum damage to the environment to satisfy the needs and desires of its people (Polonsky, 1995). The conduction of these needs and desires in different markets in a way of consumption which accompanied with least harm to the environment is of social responsibility of marketing.

In designing products in addition to the considering the green criteria of consumers must pay attention to role and different effects of these products in different markets. In some markets such as cleaning products and paper products the changes that occur in response to environmental challenges is very wide but in some other markets such as financial services and computer, change is somewhat limited. Measurement and understanding the relative performance of products is important environmentally as well because it may in marketing, a good product performance inspecific marketing leads to competitive advantage. As a result, multi-dimensional analysis of the environmental performance of products because is influenced by many factors and is in direct contact with competitors' products is required.

Also, considering the fact that the domestic automobile market is saturating, domestic automakers should focus on regional and global market. Considering the necessity of joining to world trade organization, increasing the international environmental rules and customers emphasize on using green products compatible with environment, creating green management in provision of products and services in country industries is essential and inevitable. Accordingly, the identification and implementation of green marketing in the automobile industry can be effective in control and reduce the negative effects of industrial development on the environment. Due to increasing the pressures and regulations of government and non-governmental agencies and consumers demand, car manufacturers in the world have been strengthening the sustainable management and green marketing. Thus, marketing managers in car industry in their decisions in addition to operating costs, should consider environmental and social costs of these decisions.

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Today, given increasing public awareness and government regulations, organizations have no choice but to move to green marketing. Organizations should review their production processes (Souitaris, 2002). They should use raw materials that are not harmful to the environment and even in the advertisement, pay attention to the environment is essential. The organizations are required use green marketing to reduce their costs and use resources in a more efficiently form. As well as organizations using green marketing and respect for the environment can have a positive impact on consumers, causing their loyalty to the organization. In fact, according to the material presented it can be assumed that companies which use from marketing with environmental properties than those that do not use this type of marketing has a competitive advantage. As mentioned above, this competitive advantage and costs reduction long-term profitability is obtained for organizations. Therefore, this study aimed to green marketing applications in the car industry in Iran Khodro company and similar research in Iran and abroadare following.

Seyed Mehdi Moniri performed a study entitled the investigation of how green marketing research and industrial cluster and provide green industry cluster in order to exiting country's environmental crisis. One of the common problems of industrial investment in the world is numerous problems, particularly environmental crisis causing discord and negative consequences from the perspective of peopleand environmental monitoring organizations in the industry sector performance. In this study, we examined how to integrate green marketing with industrial clusters. Then, the way exiting from the environmental crisis of industry cluster or country industries with providing industry green clusters model was shown (Karna *et al.*, 2003).

Alipour (2010) conducted a study entitled integrating green marketing by providing a model of industrial clustering. The main objective of this study is in line with the exiting from environmental crisis and goals such as creating a common literature and the development of green industry cluster in order to exiting from environmental crisis of country, lowering the environmental crisis to an acceptable level by creating green industry cluster to realize optimizing the use of resources and energy and investment aiming reduce or eliminate environmental pollution.

## MATERIALS AND METHODS

The current study is an applied research. In the applied research the aim is achieved in develop and improve a product or an activity procedure and summary of theoretical and abstract (mental) or position or subject.

This study was a library and field research and analytical descriptive approach has been used. The research population included all managers of Iran Khodro Company. The sampling method was random sampling and 200 people were selected for data collection. A self-made questionnaire which its validity by professors and its reliability by using Cronbach's alpha coefficient of 0/78 has been confirmed was used to collect information. To analyze the data and test the hypothesis confirmatory factor analysis using structural equation Amos Software Version 22 was used.

## RESULTS AND DISCUSSION

According to Table 1, the chi-square of structural model relative to degrees of freedom equal to 28/145 and is inappropriate. Comparative fit indexes are all <90% and inappropriate. The RMSEA index is >5% and inappropriate. Thrifty indices (being economically) are mostly <50% and are inappropriate. So, the reform of the model is necessary. According to Fig. 1 and 2 based on the indices of model fit in Table 2 it can be said the model has good fitness.

According to the results in Table 3, Fig. 3 and 4 all of 4 variable including quality advertising, innovation and price, their impact on the dependent variable the automotive industry was confirmed.

Today, the environment has become increasingly a crucial issue for all people, whether as customer or in the place of manufacturer. With rising energy price and concerns about climate change, paying attention to natural resources is felt more than ever. Increasing public concern and awareness about health and environmental protection has led to the consumers consider environmental issues in their purchases. That is why so many want to join the production of green product in order to along with helping to solve environmental

Table 1: Results of goodness of fit

| Result | The obtained value | Criterion | Index |
|---|---|---|---|
| Approved | 28/14 | <3 | x2vsdf |
| Approved | 0/369 | <0/08 | RMSEA |
| Approved | 0/99 | >0/90 | GFI |
| Approved | 0/703 | >0/90 | NFI |
| Approved | 0/709 | >0/90 | CFI |

Table 2: Results of goodness of fit of reformed model

| Result | The obtained value | Criterion | Index |
|---|---|---|---|
| Approved | 1/47 | <3 | x2vsdf |
| Approved | 0/049 | <0/08 | RMSEA |
| Approved | 0/99 | >0/90 | GFI |
| Approved | 0/99 | >0/90 | NFI |
| Approved | 0/99 | >0/90 | CFI |

Table 3: General estimates of the model

| The overall relationship between the variables | Non-standard estimation | SE error | Critical rate | Significance level | Standard coefficient | Hypothesis results |
|---|---|---|---|---|---|---|
| IAI<----AGM | 0.564 | 0.063 | 8.9570 | *** | 0.536 | Approved |
| PAS<----IAI | 1.465 | 0.157 | 9.3390 | *** | 1.512 | Approved |
| SAS<----IAI | 0.855 | 0.037 | 23.206 | *** | 0.855 | Approved |
| ADV<----IAI | 0.923 | 0.047 | 19.685 | *** | 0.813 | Approved |
| INN<----IAI | 1.307 | 0.173 | 7.5320 | *** | 1.181 | Approved |
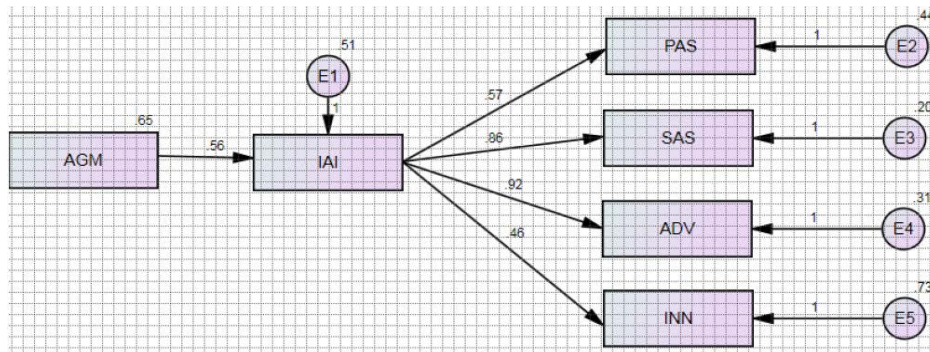
Fig. 1: Model with non-standard coefficients
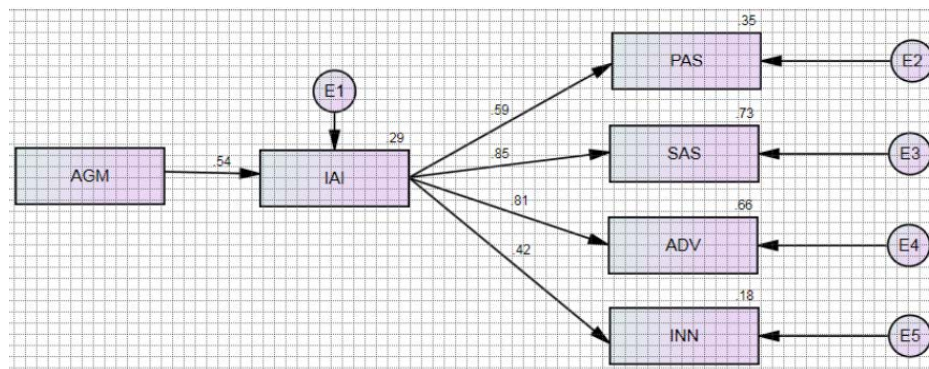
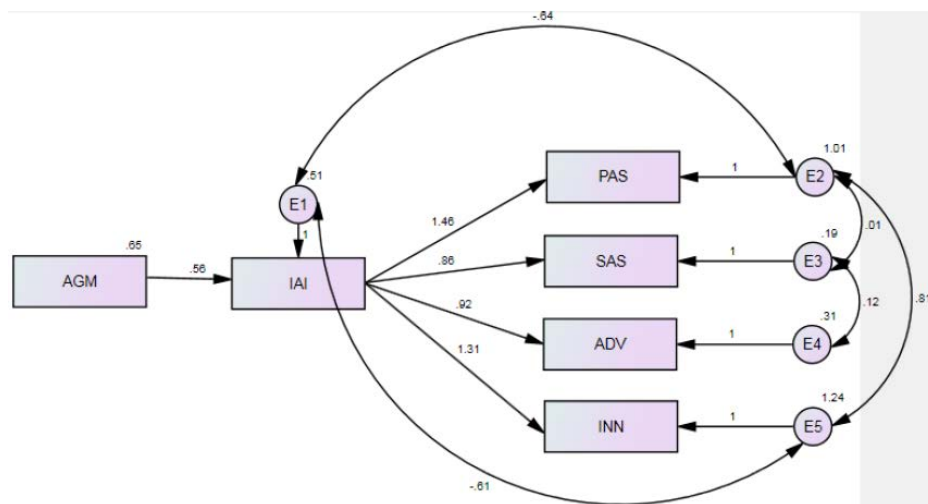Fig. 2: Model with standardized coefficients

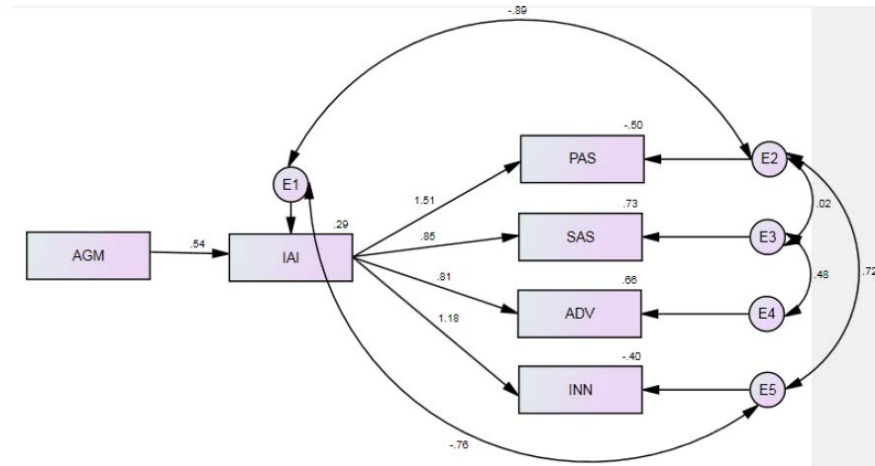Fig. 3: Modified model with non-standard coefficients

Fig. 4: The modified model with standardized coefficients

problems, gain social acceptance. Product owners and marketers clients have also benefited from this trend and in addition to the price and quality of their products, use the green factor to differentiate their product and attract the attention of market leadings.

So, this research was conducted as the applying of green marketing in the products of Iran Khodro. Two questionnaires were used for data collection and data analysis was done by software AMOS. The results showed that the variables of quality, advertisements, innovation and price are effective on the automobile industry.

## CONCLUSION

Hence, green consumption not only as a vital issue but also as long-term process reflecting social values changes is striking (Suplico, 2009). Automobile industry as an old and important industry that allocated a large share of country GPD to itself in all parts of its life from exploitation of natural resources to construction, production, consumption and post-consumption is in direct and indirect interaction with the environment.

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