

Green Marketing: Opportunities or Challenges for Micro and Small Business Actors

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Article Info

Article history:

Received Feb, 2025

Revised May, 2025

Accepted May, 2025

Keywords:

Challenges;

Green Marketing;

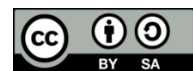
Micro and Small Businesses;

Opportunities

ABSTRACT

This study is a qualitative study, which aims to analyze the perceptions of micro and small business actors towards the implementation of green marketing and identify the opportunities and challenges faced. The informants in this study were micro and small business actors in Surabaya. The data collection method was carried out directly through interviews with business owners. After the data was collected, triangulation was carried out and explained. The results of the analysis show that MSMEs are faced with an interesting dilemma in implementing environmentally friendly marketing. On the one hand, they want to contribute to environmental conservation by using environmentally friendly packaging. However, limited access to affordable environmentally friendly raw materials and the perception that such packaging will increase production costs are often barriers and will reduce profits. There are several challenges towards environmentally friendly marketing, including: environmentally friendly raw materials generally have higher prices compared to conventional raw materials, not all consumers are ready to pay more for products with environmentally friendly packaging, profit remains a top priority for some micro businesses. The opportunities include: improving brand image, opening new markets, being able to support the government and society, and encouraging MSMEs to innovate.

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1. INTRODUCTION

The growing global awareness of the environmental crisis has prompted companies to shift to more sustainable business practices. One response to this trend is green marketing. This concept is not just a trend, but a smart business strategy. Focusing on environmentally friendly products and services not only helps companies reduce their negative impact on the environment but also strengthens their brand image. Moreover, this approach appeals to consumers who are

increasingly concerned about environmental issues. In today's era, marked by growing awareness of sustainability, green marketing has emerged as an effective strategy to build long-term relationships with customers while contributing positively to the planet's preservation. By integrating environmental values into their business strategies, companies can gain a significant competitive advantage in the global market. The concept of a green marketing mix that integrates sustainability principles into every aspect of marketing from product design to promotion

is the key to the success of this strategy. Implementing a green marketing strategy demands a holistic, thorough, and integrated approach across all functional areas of marketing. This includes every element of the marketing mix, such as product development, pricing strategies, location decisions, and promotional efforts [1].

In the context of increasingly tight business competition, green marketing is not just a trend [2], but also a promising business strategy. Today's young generation is a very environmentally conscious consumer. They do not hesitate to support brands that are in line with their values. For MSMEs, this is the right momentum to adjust marketing strategies to consumer trends. By prioritizing sustainable business practices, MSMEs not only make a positive contribution to the environment, but also build a relevant and attractive brand image for an increasingly large target market. This concept is no longer just about promoting environmentally friendly products, but also involves all marketing strategies that are sustainable and have a positive impact on the environment [3].

However, the implementation of green marketing in micro businesses also faces a number of challenges. Micro businesses often have limited resources, both financial and technical, to implement sustainable business practices, [4]–[6]. In addition, the lack of information and knowledge about green marketing is also an obstacle for many micro businesses. Another challenge is the diverse perceptions of consumers towards environmentally friendly products. Some consumers may be reluctant to pay premium prices for eco-friendly products or may question the credibility of a company's sustainability claims. This study aims to address the following problem: How do micro and small business owners perceive the concept of green marketing? Furthermore, is green marketing seen as an opportunity to enhance their competitiveness, or does it pose significant challenges for their operations? Given the potential and challenges of green marketing for micro and small businesses, this study aims to: Analyze the perceptions of micro and small business actors towards

green marketing. Identify the opportunities and challenges faced by micro businesses in implementing green marketing. The results of this study are anticipated to contribute to the advancement of sustainable business strategies for micro-enterprises. Additionally, they aim to offer policy recommendations for stakeholders to foster the growth of eco-friendly micro-enterprises.

2. LITERATURE REVIEW

2.1 *Green Marketing*

The concept of the green marketing mix was initially introduced by Bradley in the late 1980s [7]. As a vital subset of Marketing Management strategies, green marketing focuses on integrating environmental considerations into various marketing activities. This approach aims to address the growing consumer demand for sustainable products while promoting corporate responsibility toward environmental preservation.

Green Marketing has become one stage of the dominant factor in the success of a company. The development of Green Marketing is driven by the competitive conditions between companies. Changes in public awareness of the environment pose challenges for marketing behavior in marketing their products. Smart marketers will view environmental issues as opportunities to satisfy consumer needs and desires by applying environmental issues in their marketing activities.

The American Marketing Association (AMA), as cited in [8] defines green marketing as the process of marketing products that are considered environmentally safe. Green marketing goes beyond offering eco-friendly products; it also encompasses the entire production process, packaging innovations, and product modifications to align with environmental sustainability.

[9] further explains that green marketing involves the efforts of organizations or companies to design,

promote, price, and distribute products that do not harm the environment. Similarly, [10] emphasize that green marketing not only involves promoting environmentally friendly products but also requires a comprehensive reorientation of organizational activities and a commitment to environmental responsibility across all departments. This holistic approach ensures that sustainability becomes an integral part of business operations, contributing to both environmental preservation and long-term business success. Meanwhile [11], Green marketing is a step to minimize environmental problems in marketing while still prioritizing consumer needs. Green marketing is a marketing activity that has consistency in providing services and facilities for the satisfaction of consumer needs but does not have an impact on the environment. [12] highlights that green marketing ultimately requires marketers to exercise greater caution and responsibility when making decisions that impact the environment. Similarly, [13] emphasizes the importance of incorporating environmental considerations into marketing strategies.

From the theories discussed, it can be concluded that green marketing encompasses all aspects of marketing activities that prioritize environmental sustainability. This includes not only the development and promotion of eco-friendly products but also the integration of sustainable practices across the supply chain, production processes, and organizational policies. By adopting a green marketing approach, businesses can align their operations with the growing demand for sustainable solutions while contributing to environmental conservation and enhancing their competitive edge. or marketing concepts that refer to all fulfillment of consumer needs which in this case seeks to minimize the impact of environmental damage implemented by the company, which refers to the

marketing mix concept, namely product process, pricing, promotion, and distribution.

a. Indicator Green Marketing

According to [14] there are four key indicators of green marketing, one of which is the concept of Green Product or environmentally friendly products. Green products are those that are safe for both consumers and the environment. They are designed to minimize resource consumption and do not generate excessive waste, ensuring they pose no harm to people or nature.

As noted by [15] green products are created using recyclable materials, such as packaging that can be reprocessed. These products avoid the use of harmful substances, limit environmental damage, and do not produce unnecessary waste through non-recyclable packaging. Moreover, they emphasize sustainability by reducing the environmental footprint at every stage of their lifecycle, from production to disposal.

By adopting green products as a key indicator, businesses not only fulfill consumer demands for eco-friendly solutions but also play a significant role in promoting environmental sustainability and reducing global waste challenges.

b. Environmentally friendly distribution channels

An environmentally friendly distribution channel is a system designed to distribute products or goods from producers to consumers while minimizing negative impacts on the environment. This concept focuses not only on the product itself, but also on the entire delivery process, including the selection of transportation modes, packaging, and waste management. The main goal is to reduce greenhouse gas emissions, save energy, and minimize waste production. Some ways that

companies can do this include optimizing delivery routes. By using technology such as geographic information systems (GIS), companies can plan the most efficient routes, thereby reducing travel distance and fuel consumption. In addition, the selection of transportation modes is also very important.

The selection of environmentally friendly distribution channels is important because, first, consumers are increasingly concerned about the environment and prefer products from socially responsible companies. By implementing environmentally friendly distribution channels, companies can improve their brand image and attract more consumers. Second, from a business perspective, optimizing delivery routes can reduce operational costs. Third, and most importantly, environmentally friendly distribution channels contribute to environmental conservation efforts. The company's environmentally friendly distribution channel that implements a green marketing strategy, sets a higher price compared to the price of products offered by competitors. Price plays a crucial role in the marketing mix. Many consumers are willing to pay a premium if they perceive additional value in a product. This perceived value can stem from improvements in performance, functionality, design, and visual appeal. In the context of green marketing, the added value could also include environmental benefits such as sustainability, reduced environmental impact, or the use of eco-friendly materials. By emphasizing these factors, companies can justify higher prices, as customers increasingly prioritize products that align with their values of environmental responsibility and longterm benefits. Many consumers

assume that green products have good value and benefits for themselves and their environment, because they are made from natural materials and do not damage the environment. For this reason, consumers consider that what they pay is comparable to the benefits of the product received. In the process of goods for consumers, every company must use environmentally friendly distribution channels. Environmentally sustainable distribution channels must also consider consumer convenience, ensuring that products are easily accessible without requiring excessive energy or fuel consumption. This means selecting distribution methods that minimize transportation-related carbon footprints, such as optimizing delivery routes or utilizing eco-friendly transportation options. Additionally, businesses can explore local sourcing and distribution strategies to reduce overall environmental impact while maintaining efficiency. By focusing on green logistics, companies can provide a seamless experience for customers while contributing to a more sustainable supply chain.

c. Environmentally friendly promotion

Environmentally friendly promotion, produced through official distributors, this is to maintain the quality of premium products. Green promotion involves effectively communicating the environmental benefits of eco-friendly products to the public. This entails employing various sustainable marketing strategies to raise consumer awareness and understanding of these products. Companies that prioritize green promotion engage in consistent and robust communication efforts to educate the public about the eco-conscious choices they offer.

Environmentally friendly promotion is not only about the message conveyed, but also the media used. MSMEs in Surabaya can utilize various sustainable promotional media, such as: printed media from recycled materials: making brochures, product packaging, promotions on digital platforms such as social media, email marketing, and websites allow for more efficient and environmentally friendly promotions. Promotion by collaborating with local communities: Building partnerships with local communities who care about the environment, collaborating on community events with an environmental theme.

2.2 Micro and Small Enterprises

Micro and small enterprises are types of businesses that have a business

scale that is not too large, both in terms of capital, number of employees, and production results. These micro and small enterprises also have an important role in a country's economy, because they are able to absorb a large number of workers and contribute to economic growth.

a. General characteristics of micro and small businesses include

Small Scale, relatively limited number of employees, capital, and production. Independent, usually owned and managed by individuals or small groups. Flexible, easily adaptable to market changes. Local in nature, usually serving local or regional markets, and diverse sectors, namely covering various industrial sectors, such as trade, services, and food and beverage production and handicrafts.

Table 1. Law Number 20 of 2008 concerning MSMEs

Type of business	Net wealth	Sales results per year
micro business	≤ Rp50.000.000	≤ Rp300.000.000
small business	>Rp50.000.000- Rp500.000.000	>Rp300.000.000- Rp2.500.000.000
Medium Business	>Rp500.000.000-Rp 10.000.000.000	>Rp2.500.000.000- Rp50.000.000.000

Micro and small businesses have an important role in improving the Indonesian economy, including in absorbing labor: Providing jobs for the community at the local level, so that it can encourage local and national economic growth. Another important role is Innovation which is often a source of innovation for new products and services. So that it is expected to realize the economic independence of the community. In addition to its important role, there are several challenges that micro and small businesses must face, including: difficulty in getting access to capital, lack of use of technology, difficulty in facing competition with large companies.

3. METHODS

This study employs a qualitative research paradigm, focusing on micro and small enterprises within the Surabaya region. Data collection involved a multi-method approach, encompassing in-depth interviews, participant observation, and document analysis. To enhance data validity, triangulation was implemented, including data triangulation, source triangulation, and methodological triangulation. Subsequent to data collection, rigorous analysis was conducted, encompassing data reduction, data display, and the formulation of insightful conclusions.

4. RESULTS AND DISCUSSION

4.1 Green Marketing Indicators

a. Product

1. Green products prioritize consumer and environmental well-being. They are designed and manufactured with a focus on minimizing potential harm to both people and the planet. This includes factors like non-toxic materials, safe manufacturing processes, and reduced environmental impact throughout the product lifecycle.
2. Green products embody principles of sustainability by efficiently utilizing resources and minimizing waste generation. This translates to reduced environmental burden, such as lower greenhouse gas emissions, reduced water consumption, and decreased reliance on non-renewable resources.
3. A key characteristic of green products is the incorporation of recyclable materials throughout their production. This often includes utilizing recycled materials in the manufacturing process itself and designing packaging that can be easily and effectively recycled or composted, thereby reducing waste and promoting a circular economy.
4. Products do not use materials that damage the environment, do not produce useless waste due to packaging that cannot be recycled in a short period of time.

The results of the interview showed that not all products produced by MSMEs meet the green product category, the tight competition makes MSMEs have to reduce prices, to obtain good quality raw materials at low prices is very difficult to obtain. Currently, many

MSMEs use recyclable packaging, including using boxes or using other materials that can be recycled. However, not a few MSMEs still use styrofoam because the price is cheap and practical

b. Eco-friendly promotion

1. Print media from recycled materials: Using recycled paper for brochures, business cards, or product packaging can reduce the use of natural resources and paper waste.
2. Digital marketing: Digital platforms such as social media, email marketing, and websites allow for more efficient and environmentally friendly promotions. MSMEs can take advantage of interactive features and attractive visuals without having to print promotional materials in large quantities.
3. Personal direct marketing: Holding small events, workshops, or pop-up stores can be an effective way to interact directly with consumers. With a personal approach, MSMEs can convey messages about their environmentally friendly products more effectively.
4. Collaboration with local communities: Building partnerships with local communities that care about the environment can increase brand visibility and market reach. For example, participating in organic markets or community events with an environmental theme.

The results of the interviews showed that on average, the MSMEs interviewed had used social media as a means of promotion, this is because using social media only costs a small amount of funds but can get many opportunities. MSMEs that have advanced have also collaborated with local communities to carry out promotions. However, there are still

many MSMEs that still sell independently.

c. Distribution Channels

1. Optimizing delivery routes, companies can plan the most efficient routes, thus reducing travel distance and fuel consumption.
2. The choice of transportation mode is also very important
3. Interview results, MSMEs in distributing their products to consumers often use Go-food, grab-food so that optimization can be realized

d. Price

MSME products are pocket-friendly, according to MSME owners, the prices of the products they sell will definitely sell because they are cheap and the taste is according to the tastes of the people here. In addition, in determining the price, MSMEs also look at the prices of competing products.

e. Challenges

In implementing environmentally friendly marketing, sometimes environmentally friendly packaging such as boxes made from recycling is still limited or difficult to obtain, some micro businesses use styrofoam packaging and mica plastic packaging where the price is cheaper so that it can reduce costs. Green marketing requires MSME product marketers to be more careful in making decisions that involve the environment, some MSMEs support it and on average MSMEs say that the important thing is that the product sells well and can make a lot of profit.

f. Opportunities

The existence of green marketing/environmentally friendly marketing actually motivates MSMEs to create environmentally friendly packaging because it is better for the environment, the important thing is that the materials are easy to obtain

and the price is cheap so as not to reduce profits.

4.2 Discussion

Green marketing, as defined by Islam (2018), integrates environmental considerations across all aspects of the marketing mix, from product development and pricing to distribution and promotional campaigns. While the concept of green marketing has gained traction, numerous Micro, Small, and Medium Enterprises (MSMEs) continue to encounter significant obstacles in the production of environmentally sustainable goods. These challenges can include limited access to resources, lack of awareness about sustainable practices, and financial constraints that hinder the adoption of eco-friendly production methods. Tight business competition forces MSMEs to reduce product selling prices, making it difficult for them to obtain high-quality raw materials at affordable prices. Although many MSMEs have switched to recyclable packaging such as boxes or natural materials, there are still some who choose styrofoam because it is cheap and easy to use. In an effort to realize sustainable production, MSMEs are faced with a fairly complicated dilemma. On the one hand, they want to contribute to protecting the environment by producing environmentally friendly products. But on the other hand, the pressure of tight market competition forces them to maintain product selling prices to remain competitive. In today's digital era, social media has become an effective tool for Micro, Small, and Medium Enterprises (MSMEs) to promote their products or services. The relatively low cost of promotion compared to traditional methods makes social media an attractive choice for many MSMEs. Some MSMEs that already have a larger customer base have even collaborated with local communities to expand their marketing reach. However, there are still many MSMEs that choose to market their products independently without utilizing

the potential offered by social media and community networks. The use of social media by MSMEs has shown positive results. Platforms such as Instagram, Facebook, and TikTok allow MSMEs to reach a wider target market at an efficient cost. In addition, direct interaction with potential customers through social media can help MSMEs build stronger relationships and better understand consumer needs. Collaborating with local communities is also an effective strategy for MSMEs who want to increase their brand visibility. By involving themselves in community activities, MSMEs can not only promote their products or services but also build a good reputation in the eyes of the public.

Many Micro, Small, and Medium Enterprises (MSMEs) that I interviewed have utilized food delivery platforms such as GoFood and GrabFood to distribute their products. This strategy has proven effective in reaching consumers more widely and efficiently. MSME products that are generally pocket-friendly, with affordable prices and flavors that suit local tastes, are increasingly in demand by the public. In addition, in determining the selling price, MSME actors also analyze the prices of competitors' products to remain competitive in the market.

4.3 Challenges and opportunities

Limited Packaging Options: Quality and affordable environmentally friendly packaging is still limited in the market, especially for MSMEs with small production scales. Higher prices, namely environmentally friendly raw materials generally have higher prices compared to conventional raw materials such as Styrofoam or mica plastic. Consumer perceptions that not all consumers are ready to pay more for products with environmentally friendly packaging, so MSMEs are worried about decreasing purchasing power. The main focus on profit, some MSMEs still prioritize short-term profits over long-term environmental impacts.

While the implementation of green marketing strategies can present obstacles for MSMEs, it also presents significant opportunities for growth and differentiation. By embracing sustainable business practices, MSMEs can cultivate a strong and positive brand image. In today's increasingly environmentally conscious market, consumers are actively seeking out businesses that prioritize sustainability. Aligning with green marketing principles can attract eco-conscious consumers, enhance brand loyalty, and build a competitive advantage in the marketplace. Furthermore, embracing sustainability can lead to cost savings through resource efficiency, reduced waste, and access to new markets and funding opportunities. Opening new markets: environmentally conscious consumers are increasing and they tend to choose products from socially responsible companies. Gaining government and community support: the government and community are increasingly supporting efforts to reduce environmental impacts. MSMEs that implement green marketing can get support in the form of incentives, easy access to financing, and promotions. Product innovation, efforts to find alternative environmentally friendly packaging can encourage MSMEs to innovate and create new products that are unique and have added value.

5. CONCLUSION

MSMEs are faced with an interesting dilemma in implementing green marketing. On the one hand, they want to contribute to environmental preservation by using environmentally friendly packaging. However, limited access to affordable environmentally friendly raw materials and the perception that such packaging will increase production costs are often barriers. The main goal of MSMEs in opening a business is to seek profit and grow big. There are already MSMEs that have implemented green marketing fully, but not a few are still

not included in the category of full green marketing. There are several challenges towards green marketing, including: Limited packaging choices, environmentally friendly raw materials generally have higher prices compared to conventional raw materials, not all consumers are ready to pay more for products with environmentally friendly packaging, profit is still the main priority for some micro businesses. In addition to the challenges, green marketing also offers a number of opportunities for MSMEs, including: improving brand image, opening

new markets, getting government and community support, and encouraging MSMEs to innovate.

ACKNOWLEDGEMENTS

Our deepest gratitude goes to the Dean of the Faculty of Economics and Business, Bhayangkara University of Surabaya for the support and facilitation that has been given. Our deepest gratitude also goes to the UMKM that has helped so that this research can be completed on time.

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