

**KAMPALA INTERNATIONAL UNIVERSITY**

**GREEN MARKETING PRACTISE  
CASE STUDY OF SHELL UGANDA LIMITED.**

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## DECLARATION

I, Omido Collins Achaga, do hereby declare that the work in his research report, with the exception of the acknowledged citations is my original work and ha never been submitted to any institution for the award of a diploma or a degree.

Signed.....

OMIDO COLLINS ACHAGA

Date.....15/09/06

## APPROVAL

This is to certify that the research was undertaken under my supervision and is now ready for submission to be examined.

Signed.....*Isaac*.....

Mr. Muwonge Isaac,

SUPERVISOR

DATE.....*15/9/06*.....

## **DEDICATION**

I dedicate this dissertation and report to Mr. Julius Achaga and his wife Mrs. Grace Khayanje for nurturing me to be the person I am today.

## **ACKNOWLEDGEMENTS**

During the preparation of this report I was blessed by many people whose contribution, corrections and encouragement was highly appreciated and made my work much easier.

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## **ABSTRACT**

This study was undertaken under the topic green marketing practices with the aim of identifying the different types of green marketing practiced.

The objective of the study was to identify factors that led shell oil company to adopt green marketing, to identify green marketing practices adopted by shell oil company and to find out challenges faced by shell oil company while turning green.

The research was based on review of literature relating to the study variables also previous journals, text books and articles and visiting shell oil company to get the information.

Findings indicated the types of green marketing practiced factors that led Shell Oil Company to adopt green marketing and the challenges faced while turning green.



## **1.0 INTRODUCTION**

This chapter introduces the research by highlighting the aspects for example the background of the study, the statement problem and objective of the study.

## **1.1 BACKGROUND OF THE STUDY**

As society become more concerned with the environment, businesses have begun to modify their behavior in an attempt to address society's "new" concerns. Some businesses have been quick to accept concepts like environmental management systems and waste minimization. They have also integrated environmental issues into all organizations activities, (Pearce, 1987)

Consumers seek value, quality and safety in the products they buy. Concerned with air and water pollution, holes in the ozone layer, acid rain, solid waste disposal and the destruction of rain forests and other natural resources, consumers have become more aware and are increasingly willing to put their money on the environmentally sensitive products, (John, 1994).

Many factors have been proposed as influences on green consumer behavior such as changing consumer values, demographic factors, knowledge of environmental problems and alternative products perceived personal relevance and ability of the individual to make an effective contribution, (Rhynell, 1997).

The realization that consumers do like "green" messages so long as they are substantial provide the basis for future "green" marketing strategies. At the same time the challenge for businesses lies in incorporating environmental attitudes into their corporate policies rather than seeking to promote on the basis of "green" products alone.

According to John, many companies now see environmental orientation as a long-term issue rather than a way to gain in the short term.

Environmental responsibility is now seen as an important measure of business effectiveness. Firms with good records on the environment are seen as well managed and committed to the long term. Firms are committed to changing their corporate stance to embrace sustainability to reflect good management and a long term outlook. Researchers in the diverse disciplines as economic, sociology education and psychology have studied environmental issues since the 1970's. Interest in the environment appears to be reviving in the recent years among marketing scholars. Many international marketing conferences in the last four years have included special session papers on environmental issues, and several marketing journals have brought out special issues on the topic. In 1991 an environmental policy statement that urged all marketers to integrate environmental concerns in the business decision making process was developed. This was meant to improve the accuracy of environmental claims for products and services as well as reducing environmental impact on their products and work with industry, government and the public to find out meaningful solutions to environmental problems, (Marketing News, 1991). This growing trend appears to reflect changes in the internal environment of marketing systems as a result of increased regulatory pressures and public environmental concerns which have the potential to influence marketing actions at both micro and macro levels.

Governmental monitoring and control of technological impact of business activity is a process that is designed to minimize the negative consequences of environmental damage. This macro level action attempts to address societal concerns about

environmental issues and has strategic implications to business firms that are manifested in the micro level, (Barbara, 1994).

Environmental issues are becoming increasingly important in organization theory practices. For instance, in Kenya Bamburi Cement Limited strives to meet the International Environmental Standards, the company has launched several projects to monitor and reduce environmental pollution resulting from the manufacturing process. The company spent \$4 million on the state of the art kiln cooler dust collector, which was installed in July 2000; furthermore, Shell Uganda Limited is producing unleaded petrol with less lead oxide gas emission.

## **1.2 STATEMENT OF THE PROBLEM.**

The last few decades have seen increased awareness about environmental issues by government policy makers', advocacy groups, business firms and the public all over the world. More than a century of industrial development has come at a price, which is global warming, ozone depletion, air and water pollution, soil erosion and deforestation are widely recognized as global environmental policies and regulation. Industries and individual producers have begun to seek solutions based on new means of production, the development of alternative materials and resources and the minimization of waste and pollution.(Richard,1999)

Public awareness of these issues has risen in the last few years and government and regulatory bodies have responded and will continue to respond with new and more stringent controls on the causes of environmental damage. Businesses are becoming more responsible in dealing with environmental issues. Their approaches have been labeled

“green marketing”. This marketing practices include the development and production of products with biodegradable packages, use of recycled materials, design and marketing of products that are environmentally safe to produce and use as well as reducing pollution. Therefore, the problem that has been identified is that despite company’s effort to provide best product to the customers, non-adherence to environmental concern might deter company’s performance and image. Also companies that fail to take a responsible approach to green marketing not only put their customers, the community and the environment at risk, they also endanger their reputations and could face fines and compensation, (World oil, 01 March 2003) Therefore, the study seeks to:

Determine the marketing practices and challenges faced by petroleum industries in Uganda while turning “green”.

### **1.3 OBJECTIVES OF THE STUDY**

The objectives of the study are:-

- i. To identify factors that led Shell Uganda Limited to adopt “green marketing”.
- ii. To identify “green marketing” practice adopted by Shell Uganda Limited.
- iii. To find out challenges faced by Shell Uganda Limited while turning “green”.

### **1.4 JUSTIFICATION OF HE STUDY**

The study will be important to all stakeholders in the business community. A stakeholder can be defined as a person or a group that can influence commercial existence, viability and the direction of the firm. Companies will need to accept that their overall

performance is dependent on a number of stakeholders, with each of these groups being independent and interconnected, (Richard, 1999).

- a) The greening process is likely to influence the investors and therefore have significant implication in resource allocation and may mean that companies will need to evaluate core values and mission statement closely. The directors as stewards of the company are likely to be increasingly questioned about corporate social and environmental performance by a wide range of stakeholders. Organizations will need to have board level responsibility for environmental matters, with the Chief Executive Officer openly stating the company's commitment to environmental matters through policy statement quantified objectives as well as structured policies.
- b) Senior management will need to be aware of their areas environmental performance and impact. Certain key areas may start to have environmental responsibility and performance criteria build into job description.
- c) Employees will become more interested in the company's corporate environmental program and image. If the company is taking positive environmental steps, then this may lead to greater commitment and motivation and conversely if the company is acting irresponsibly problems with morale or recruitment may develop. There may also be a growth in

eco-conscious groups that act as internal pressure groups with aim of influencing management to green marketing concept.

- d) Customers will increasingly buy not just the product but also the company's response to environmental issues. Customers may be more likely to switch brands if a company performs environmentally irresponsibly, for instance disposal of waste products unethically.
- e) Company's local community is likely to supply both past, existing prospective employees, customers, investors and suppliers and as such is an important stakeholders. Local authorities are also likely to be interested in the environmental performance of the firm for example, if the firm wishes to expand or set up new facilities Environmental Impact Assessments (EIA) may be required.

## **CHAPTER TWO**

### **2.0 Introduction**

This section draws related material from different studies carried out in the past. It describes issues that will be examined in the study of green marketing practice.

### **2.1 Definition of green marketing**

Strategy is fundamental in the planning process since strategic decision influence the way organizations respond to the environment, (Schramm and Jeremy, 1989). He asserts that “The purpose of a strategy is to provide directional cues to the organization that permits it to provide directional cues to the organization that permits it to achieve its objectives while responding to the opportunities and threats in the environment.”

Green marketing refers to the strategies to promote products by employing environment claims either about their attribute or about the systems, policies the processes of the firms that manufacture or sell them. Thus it is a part and parcel of the overall corporate strategy, (Menon and Menon 1997). Along with manipulating the traditional marketing mix (product, price, promotion and place for the product and the additional 3 Ps in marketing of services that is, people, processes and physical facilities), green marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising.

## **2.2 Green marketing concept**

To be able to explain the concept of green marketing, we look at the relevance of green marketing to the business firms, the corporate environmentalism, the impact of the firms' competitiveness and performance, the attribute considered by consumers while buying "green" products and the need to improve the effectiveness of green marketing.

### **2.2.1 Relevance**

Relevance of green marketing relies on the basic definition of economics: Economics is the study of how people use the limited resources to try to satisfy unlimited wants, (Findlay and Parlin, 1992). Ultimately green marketing looks at how marketing activities utilize these limited resources while satisfying consumer wants, both of individuals and industries as well as achieving the selling organization's objectives.

It appears that all types of consumers, both individual and industrial are becoming more concern and aware about the natural environment, (Christopher, 1991).

80% of consumers in Australia have modified their behavior, including purchasing behavior due to environmental reasons. Given these figures, it can be assumed that firms marketing goods with environmental characteristics will have a competitive advantage over firms marketing non-environmentally responsible alternatives. There are numerous examples of firms who have become more environmentally responsible, in an attempt to better satisfy their consumer needs.

Another important aspect of green marketing is that firms are beginning to realize that they are members of a wider community and therefore must behave in the environmentally responsible fashion. This translates into firms that believe they must



achieve environmental objectives as well as profit related objectives. This results in environmental issues being integrated into the firms' corporate culture. An example of a firm that promotes its environmental initiatives is coca-cola. They have invested large some of money in various recycling activities as well as having modified their packaging to minimize its environmental impact. Thus many consumers may not realize that coke is a very environmentally committed organization.

### **2.2.2 Corporate Environmentalism**

This is the process by which business firms integrate their environmental concerns into their decision-making processes. It is emerging as a process of addressing environmental issues facing business firms. Multinationals bear a considerable moral and economic responsibility for their past, present and future actions. British Airways completed a major environment review that indicated they produce 1% of the UK's carbon dioxide emissions and hence they are major contributions to global warming, ( Lee, 1994).

It is also the process and activities of making health, safety and environmental protection an integral part of designing, manufacturing, marketing, distributing, using, recycling and disposing of our products.

The green marketing of products and services is an important development in the context of emerging economics in the whole world. By adopting resource conserving environmentally friendly strategies all in the stages of the value chain, the firms can satisfy the growing environmental concerns of humanity. In the developed world businesses firms face social and legal pressure to adopt environmentally friendly business strategy, (Kyoto Protocol, 1998) Major corporations both local companies and foreign

subsidiaries are investing in product stewardship and pollution control. For example Shell Malaysia minimizes impact to the environment, by setting tough improvement targets to progressively reduce emissions and discharges, taking into account Malaysian legislation and other related international convention and protocols. (Shell in Malaysia-Environment) If there were no standards, we would soon notice. Standards make an enormous contribution to most aspects of our lives - although very often, that contribution is invisible. It is when there is an absence of standards that their importance is brought home. For example, as purchasers or users of products, we soon notice when they turn out to be of poor quality, do not fit, are incompatible with equipment we already have, are unreliable or dangerous. When products meet our expectations, we tend to take this for granted. We are usually unaware of the role played by standards in raising levels of quality, safety, reliability, efficiency and interchangeability - as well as in providing such benefits at an economical cost an example of such organization which sets standards is: -



ISO (International Organization for Standardization)

is the world's largest developer of standards. Although ISO's principal activity is the development of technical standards, ISO standards also have important economic and social repercussions. ISO standards make a positive difference, not just to engineers and manufacturers for whom they solve basic problems in production and distribution, but to society as a whole. ISO standards contribute to making the development, manufacturing and supply of products and services more efficient, safer and cleaner. They make trade between countries easier and fairer. They provide governments with a technical base for

health, safety and environmental legislation. They aid in transferring technology to developing countries. ISO standards also serve to safeguard consumers, and users in general, of products and services - as well as to make their lives simpler.

The International Standards which ISO develops are very useful. They are useful to industrial and business organizations of all types, to governments and other regulatory bodies, to trade officials, to conformity assessment professionals, to suppliers and customers of products and services in both public and private sectors, and, ultimately, to people in general in their roles as consumers and end users.



### **WHO IS ISO?**

ISO is able to act as a bridging organization in which a consensus can be reached on solutions that meet both the requirements of business and the broader needs of society, such as the needs of stakeholder groups like consumers and users.

ISO 14001 is primarily concerned with "environmental management". This means what the organization does to minimize harmful effects on the environment caused by its activities, and continually to improve its environmental performance.

### 2.2.3 Reasons for green marketing practice.

When looking through the literature there are several suggested reasons for firms increased use of green marketing. Five possible reasons cited are:

- Organizations perceive environmental marketing to be an opportunity that can be used to achieve its objectives, (Keller, 1987)
- Organizations believe they have an obligation to be more socially responsible, (Davis 1992,)
- Competitors' environmental activities put pressure on the firms' to change their environmental marketing activities, (NAAG, 1990).
- Cost factors associated with waste disposal, reductions in material usage forces firms to modify their behavior, (Azzone and Manzini 1994)
- Government bodies are forcing firms to become more responsible-An example in Uganda is National Environment Monitoring Authority (NEMA)

Let us take a deeper look at this body (NEMA).



### **NATIONAL ENVIRONMENT MANAGEMENT AUTHORITY (NEMA)**

#### Environmental Policy Statement

The National Environment Management Authority (NEMA) is the principal agency in Uganda for the management of the environment and it co-ordinates, monitors and supervises all activities in the field of the environment.

**Overall Goal:** committed to continuous improvement of the internal and external environmental management of NEMA's activities and ideals and practices of environmental sustainability.

**Objectives:** To ensure that the overall goal of the Environmental Policy is achieved, NEMA is committed to the following four objectives that are appropriate to the nature, scale and environmental impacts of NEMA's activities:

### **1. Greening the Work Practices**

- a) Comply with all relevant environmental laws, regulations, standards and other requirements;
- b) Integrate environmental considerations in the procurement practices;
- c) Reduce, reuse and recycle materials and goods purchased;
- d) Save energy and reduce water consumption; and
- e) Promote good house keeping practices.

### **2. Greening the Work Places**

- a) Improve the quality of the working environment within NEMA House (internal air quality, water quality, waste management, paper use, energy use, health and safety, among others;
- b) Training staff in environmental management systems (EMS), and its implementation.

### **3. Contribute to the Global Community**

- a) Enhance networking and capacity building in environmental management;
- b) Develop and implement projects that contribute to environmental sustainability

### **4. Contribute to the Local Community**

- a) Participate as a responsible party in local initiatives that improve the quality of the environment; and
- b) Organize events to raise local awareness of environmental problems.

**Strategies:** The goal and objective of this policy statement will be implemented through an EMS Plan containing measurable targets and with monitoring, review, self-assessment and analysis of performance against the plan. Corrective action, whenever appropriate, shall be encouraged among staff to ensure improvement in environmental performance and that the NEMA EMS is maintained. To achieve the above, we shall:

- a) Carry out semi-annual reviews of the activities, procedures and programmes in order to ensure continuous improvement of the EMS; and
- b) Document and communicate the policy to all staff and employees through meetings, training sessions, displaying it on the notice- boards, website and other places.

EXECUTIVE DIRECTOR, NEMA

05th August, 2004

**Vision:**

To be an efficient and self-sustaining agency, ensuring that people in Uganda are living in a clean, healthy, productive and sustainable environment.

**Mission:**

To promote and ensure sound environmental management practices for sustainable development

**Functions of NEMA**

While NEMA is responsible for monitoring, planning and coordination of environmental matters, implementation is the responsibility of relevant line ministries. Environment liaison units within each line ministry are responsible for integrating environmental concerns into their sectoral plans, and implementing environmental activities within the mandate of the Ministry.

**NEMA's guiding principles or core values are:**

1. Client focus.
2. Effective partnerships with collaborating agencies and institutions.
3. Highly motivated and committed staff.
4. Foster and encourage innovation and creativity.
5. Employ cross-functional approaches to service delivery and freely exchange information and experience across departments.
6. Encourage openness and participation in decision-making and problem solving.



The environment and you

Effective environmental management programs in Uganda requires the cooperation of all who live in this country: government, NGOs, investors, industries, you and me. The Government of Uganda (GOU) pursued this requirement by forming the National Environment Management Authority (NEMA). NEMA is the principal agency responsible for the management of the environment in Uganda and coordinates, monitors and supervises all activities in this field.

#### **2.2.4 Attributes considered by consumers while buying green products**

Firms can “green” themselves in the following three ways:

- Value-addition processes (firm level)
- Management systems (firm level)
- Products

##### **Value addition processes**

Greening the value addition processes entails redesigning them, modifying technology- all with the objective of reducing the environmental impact aggregated for all stages. A steel firm may install a state-of-the-art furnace (new technology), thereby using less energy to produce steel.



## **Management systems**

Firms could adopt management systems that create conditions for reducing the environmental impact of value-addition processes. A good example is the good Responsible Care program of the chemical industry, which establishes systems to promote environmental, health and safety objectives. However, a management system especially for greening value-addition processes is difficult to quantify if they are not accompanied by performance measures. Thus, by having measurable (easily monitored and understood) performance indicators, firms can make verifiable claims about the environmental impact of their management systems. Consumers may reward these firms, if they can easily access and interpret such information. Perhaps institutional consumers have more expertise than households to examine environmental claims, verify and interpret them. Effective environmental management systems prevent industrial mishaps, and if they do occur help firms to demonstrate that they had taken reasonable precautions to prevent them.

## **Products**

The third greening strategy pertains to products, Building on Charter 91992, this could take place in the following ways:

- Repair- extended the life of product by repairing its parts.
- Recondition- extended the life of product by significantly overhauling it.
- Remanufacture- the new product is based on old ones
- Reuse- designs a product so that it can be used multiple times.

- Recycle- products can be reprocessed and converted into raw materials to be used in another or the same product.
- Reduce- even if the product uses fewer raw materials or generate less disposable waste it delivers benefits comparable to its former version or to competing products.

## **2.3 Green marketing practices**

### **2.3.1 Eco-labeling**

Eco-labeling is a voluntary method of environmental performance certification and labeling that is practiced around the world. An “eco-label” is a label which identifies overall environmental preference of a product or service within a specific product/service category based on life cycle considerations. In contrast to “green” symbols or claim statements developed by manufacturers and service providers, an eco-label is awarded by an impartial third party in relation to certain products or services that are independently determined to meet environmental leadership criteria. There are many different voluntary and mandatory environmental performance labels and declarations, a good example the International Organization for Standardization (ISO).

### **2.3.2 Producer responsibility**

Producer responsibility is an important approach to reconcile environmental protection and economic growth. The responsible management of products and processes from an environmental point of view can stimulate greater awareness throughout the company,

improve corporate credibility and reputation, enhance business development opportunities and facilitate dialogue and partnership with key stakeholders. Companies can be more environmentally responsible in different ways, including the analyzing of potential environmental impacts of production processes and products, restricting an activity whose impact on the environment is uncertain promoting environmentally sound technologies, implementing cleaner production and ensuring sound technologies, implementing cleaner and safer production methods, ensuring transparency and complete communication with stakeholders. In addition, companies can adopt voluntary charters, codes of conduct, codes of practice in global and sectoral initiatives to be more environmentally responsible.

### **2.3.3 Environmental Agreements**

The method available under international law of countries to work together on global environmental issues is the Multi-lateral Environmental Agreement (MEA). MEAs are agreements between states, which may take the form of “soft-law”, setting out non-legally binding principles, which parties will respect when considering actions which affect a particular environmental issue which specify legally binding actions to be taken to work toward an environmental objective “hard-law”. For example, the 1992 Earth Summit on environmental development which was held in Rio de Janeiro, Brazil. The earth summit produced five key documents on sustainable development issues. the two “hard-laws” include the convention on biological diversity and the framework convention on climate change which New-Zealand has signed and ratified and three “soft-laws”:-

- i. The Rio-Declaration
  - ii. Agenda 21
  - iii. The Forest Principles,
- which were adopted by consensus at Rio.

#### **2.3.4 Economic instruments**

Economic instruments encourage sustainable development by charging a price for the use of an environmental resource. Many countries are evaluating the impact of taxes and subsidies on promoting or discouraging sustainable development with regard to the environment.

#### **2.3.5 Trade preferences**

Include the Global System of Trade Preferences among developing countries (GSTP). After a long process of careful deliberations and intensive negotiations at ministerial meetings of the group of 77, the agreement on the Global System of Trade Preferences among developing countries entered into force on 19<sup>th</sup> April 1989. Forty-one countries ratified the agreement and a key issue was the environmental management in pursuit of sustainable trade development between member countries, (Jeremy, 1989).

## **CHAPTER THREE**

### **3.0 Introduction**

This chapter will deal with data analysis, research design and method of data collection.

### **3.1 Research design**

Research design is a detailed blueprint used to guide the implementation of the research study towards the realization of its objectives. The research framework used is descriptive. A descriptive study has been adopted for this study. It has the dimension of determining the degree of association or relationship between the marketing variable.

### **3.2 The Population of the study**

The population of interest consists of the head of departments in the corporate planning, marketing, and production and environment departments of Shell Uganda Limited.

### **3.3 Data collection**

Data for this study was collected using structured questionnaires, which was personally administered by the researcher. The structure of the questions in the questionnaire was both open-ended and close-ended. In open-ended questions the research does not know the answers in advance and was left the respondent with freedom to respond as she or he will find it.

In close-ended questions the researcher knows the answers in advance, but will leave the respondent with freedom to choose the correct answers.

The questionnaire will contain statements that reflect the research problem and compare different questions to simplify the work of the respondents.

An introductory letter briefly explaining the purpose of the study will be accompanied by the questionnaire.

### **3.4 Data Analysis Processing and Presentation**

Since the collected data was raw it had to undergo some production processes for suitable analysis and interpretation. This was achieved through a series of the following logical steps.

#### **Checking for completeness**

This is meant to ensure that no sections or pages of the questionnaire will go missing and that no answer to any question item is omitted either in whole or in part.

#### **Checking for data consistency**

This serves to uncover inconsistent or contradictory answers and rectify errors there of.

### **3.5 Limitations of the study**

Access to literature relating to study was limited.

The researcher was faced with a problem of employees feeling insecure to reveal information due to fear of being victimized.

The research was conducted in a specific period of time, which was limiting the researcher because of inadequate to access all variable information.

Financial constraints in terms of accessing and processing data for example typing and printing costs, accessing the internet, traveling expense and many others.,

## CHAPTER 4

### 4.0 Introduction

Marcus's son recognized a huge opportunity to export oil for lamps and cooking to the Far East. He commissioned the first special oil tanker in 1892, and subsequently delivered 4,000 tones of Russian kerosene to Singapore and Bangkok.

Meanwhile, the company Royal Dutch had been formed in the Netherlands to develop oil fields in Asia. By 1896 it had its own tanker fleet to compete with the British. In time, it became obvious that the competing Dutch and British companies would do better working together. In 1907, the **Royal Dutch/Shell Group** of companies was created to incorporate their operations worldwide.

### 4.1 Data analysis and presentation

Throughout the early twentieth century, the Group expanded with acquisitions in Europe, **Africa** and the Americas. These were exciting times for the oil industry, as the mass production of cars had opened up a vast new market. With this expansion Shell Uganda Limited came into existence in the year 1953.



In 1919, Alcock and Brown made the first non-stop flight across the Atlantic - powered by Shell fuel. Shell Aviation Services was established that same year. The 1920s and 1930s were expansion years, with Shell businesses in new regions and new industry sectors; Shell's first interests into chemicals began in the year 1929.

Throughout the 1950s and 1960s, Shell's oil output and sales increased dramatically, to the point where Shell supplied almost one-seventh of the world's oil products. This period was also important for the development of natural gas as an alternative source of energy

In the 1970s, Shell made major oil & gas discoveries in the North Sea, just off the coast of Scotland. At the same time, an economic recession combined with a steep rise in the price of crude oil had a serious impact on the oil business.

By the end of the decade, gas accounted for about 15% of Europe's energy consumption, with Shell and its partners supplying about half. Liquefied natural gas (LNG) – which Shell helped to pioneer – also performed well. Meanwhile, Shell was developing its long term interests in coal and metals.

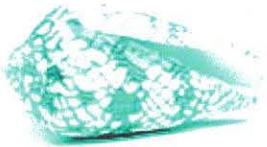
In the 1980s, Shell companies installed advanced technology, launched new products and services, and explored solutions to environmental concerns. Shell began to sell unleaded petrol, and subsequently gained a worldwide leadership position.

With the 1990s came lower oil prices, and a concentration on Shell's core businesses - mainly oil, gas and chemicals. By mid-decade, Shell had started to look ahead to the new millennium and what would be required of energy companies. This included a specific focus on integrating a commitment to sustainable development throughout the Shell business.

Shell is a global group of energy and petrochemical companies. With the aim to meet energy needs of society, in ways that are economically, socially and environmentally viable, now and in the future.

### **Shell General Business Principles**

The company policies and standards define who they and how they work, providing the framework for their operations worldwide.



They are committed in doing their part by finding environmentally and socially responsible ways to meet the world's future energy needs. Shell is one of the largest independent oil and natural gas enterprises, operating in more than 140 countries and territories Uganda included.

## **Analysis of green marketing practiced by Shell.**

The firm adopted green marketing as a practice in the year 1991 this was as a result of unifying and standardizing their operations through the Shell networks. Green marketing was a fundamental and key strategy in maintaining the competitive edge in the petroleum and energy industry. In my research I found that the green marketing practices were handled with different departments at different degrees. The departments that mostly handled this were the marketing, public relations, corporate planning, and the health and safety department.

Shell Uganda limited undertook green marketing as a practice due to the following policies laid down by the parent company.

## **Managing greenhouse gas impacts from fossil fuels**



CO<sub>2</sub> is by far the most important greenhouse gas. They have been actively managing the CO<sub>2</sub> emissions from their operations since 1997. They continue to invest in research into technologies for capturing and storing CO<sub>2</sub> from the production and use of fossil fuels.

They are the leader in carbon trading to offset CO<sub>2</sub> emissions from fossil fuels through reductions elsewhere. Their investment to increase natural gas production and liquefied natural gas (LNG) encourages more use of lower carbon natural gas instead of coal. They

are the world's largest private supplier of LNG and we aim to nearly double our LNG production between 2004 and 2009.

They are committed to ensuring that their operations will not negatively impact on the air quality in the area. Therefore, flaring of gas is not planned during normal operations and new clean burn technology will be selected for any engines on site. Emissions from the facility will satisfy Environmental standards and will be controlled and monitored as part of the Integrated Pollution Prevention and Control License.

### **Managing other environmental and social impacts from fossil fuels**

This means living by their Business Principles and reducing the local environmental impact of their operations, for example on biodiversity and local air quality. It also means providing cleaner-burning products, like natural gas and premium transport fuels, and finding new ways to help the societies and local communities where they operate to benefit from our activities.

They recognize that the terminal is going to be operating in a very high quality air environment.

### **Maintaining a wide range of oil and natural gas sources from different regions**

Their investments in LNG increase the availability of natural gas and the range of sources, allowing users to diversify their supply and reduce the use of charcoal. New technologies are helping them to extend the lives of existing mature oil and natural gas fields.

## **Working with governments, vehicle manufacturers and customers**

They work with others to help align incentives, raise awareness and promote new energy options. For example, they continue to actively support governments in designing and implementing effective carbon trading schemes. They are part of the United Nations Partnership for Clean Fuels and Vehicles and the World Bank Clean Air Initiative in Africa to provide cleaner fuel and improve air quality in the developing world. They run a range of conservation programmes to promote energy efficient technology and encourage drivers to save energy.

Today, the aviation and oil industries confront similar dilemmas. Not the least of these concerns the balance between protecting the environment and meeting customer demands for increased mobility, cheap travel and energy, and greater choice.

Shell Aviation's Environment Position Paper summarizes the position well. The Statement recognizes that demand for air transport will continue to rise, but that the industry faces growing demands to reduce the environmental impact of increased aviation activity, including noise - often from its own customers and passengers! The environmental impact ranges from the local effects of aircraft noise and engine emissions, to the global effects of greenhouse gas emissions. At the moment, the industry is considering a range of options to help us to meet our post-Kyoto commitments. These include increased efficiency and the application of new technologies. For our part, the Shell Aviation Environment Position Paper invites contributions and comment from all interested stakeholders. It makes sense to take robust policy measures that can help us to

meet greenhouse gas emission targets. But in the rush to embrace new environmental initiatives, we should be wary of quick fix solutions.

In my research I found out that in relation to the above green marketing practices laid down by Shell group of companies Shell Uganda limited also undertakes the following practices:



### **Oil Safe**

Oil Safe is the lubricant storage and dispensing system which makes plant and machine lubrication easier, faster and cleaner.

Oil Safe components are especially designed and manufactured for use in automotive and mechanical workshops, industrial plants, mines, factories, farms and even in home garages.

By preventing lubricant contamination from airborne dust, dirt and water they protect valuable equipment and save you money.

They are involved in consumer safety that is producing petrol that is safe for consumer use. Like in the New Vision of 3<sup>rd</sup> August 2006 there was an advertisement that Shell Uganda Limited was the first petroleum industry to produce unleaded petrol in Uganda and ever since other petroleum industries followed.

They are also conscious in their product packaging by use of recyclable materials like the shell helix which are packed in plastic bottles rather than before where they used to be packed in metallic containers.

### **Problems encountered by Shell Uganda Limited**

Consumers have become even more discriminating and more demanding. In addition, business faces new pressures and new demands from government, NGOs, and other stakeholders. From ethical investments to rising demand for green products, from consumer boycotts to public concern over working conditions in the developing world, the evidence of a more committed public is all around the company.

The public demand from them high ethical and environmental standards and they want them to use their economic power in the pursuit of broader environmental and social goals.

They will need to identify new markets and to create new products to meet new challenges such as possible climate change.

Today we are living in a world which is experiencing great changes. The emergence of new technologies is rapidly undermining the old centers of power and authority while new figures and organizations of influence are appearing.

Also they are faced with the challenge of operating in a number of different cultures. Managers back then struggled with clashing value systems, conflicting moral standards

and rapid technical change - along with their primary responsibility of producing a good product and a decent profit!

Shell has had to struggle with huge challenges - with the effects of massive wars, extreme political ideologies and a variety of other social, financial and technological developments.

Another problem is that huge financial investment is associated with them trying to turn green like the production of the unleaded petrol as well as costs incurred in advertising.

Also government bodies are becoming strict on their operations to ensure that they produce environmentally friendly products in order to achieve internationally set standards.

Also another challenge experienced is employee resistance which hinders organizations objective in trying to turn green.

Another challenge is competitive pressures that are the facts of life for every company today, is certainly the case - perhaps particularly the case - for major enterprises with long records of commercial success. The possibility of a backward-looking, inwardly-focused and bureaucratically-constrained organization being left behind by more flexible, fleet-footed and focused new competitors is clear.



## **CHAPTER 5**

### **5.0 Introduction**

This chapter has the researcher's conclusions and recommendations.

### **5.1 Conclusion**

Shell is a global group of energy and petrochemical companies. With the aim to meet energy needs of society, in ways that are economically, socially and environmentally viable, now and in the future.

They have been actively managing the carbon dioxide (CO<sub>2</sub>) emissions from their operations since 1997. They continue to invest in research into technologies for capturing and storing CO<sub>2</sub> from the production and use of fossil fuels.

They are committed to ensuring that their operations will not negatively impact on the air quality in the area. Therefore, flaring of gas is not planned during normal operations and new clean burn technology will be selected for any engines on site. Emissions from the facility will satisfy Environmental standards and will be controlled and monitored as part of the Integrated Pollution Prevention and Control License.

They also undertake their Environmental management system in accordance with the requirements of ISO 14001 as well as careful and continuous monitoring of production information by competent personnel to ensure proper treatment.

They also make quality monitoring information available to the public.

Strict procurement procedures to ensure that equipment installed complies with the required specifications.

They work with others that is; the governmental bodies to help align incentives, raise awareness and promote new energy options. For example, they continue to actively support governments in designing and implementing effective carbon trading schemes. They are part of the United Nations Partnership for Clean Fuels and Vehicles and the World Bank Clean Air Initiative in Africa to provide cleaner fuel and improve air quality in the developing world.

Shell Aviation's Environment Position Paper summarizes the position well. The Statement recognizes that demand for air transport will continue to rise, but that the industry faces growing demands to reduce the environmental impact of increased aviation activity, including noise - often from its own customers and passengers! The environmental impact ranges from the local effects of aircraft noise and engine emissions, to the global effects of greenhouse gas emissions. At the moment, the industry is considering a range of options to help them to meet their post-Kyoto commitments. These include increased efficiency and the application of new technologies. For their part, the Shell Aviation Environment Position Paper invites contributions and comment from all interested stakeholders. It makes sense to take robust policy measures that can help them to meet greenhouse gas emission targets. But in the rush to embrace new environmental initiatives, they should be wary of quick fix solutions.

One of the most important opportunities is to increase the use of clean, efficient gas - reducing emissions of both carbon dioxide and pollutants. Shell Company is a leading

international marketer of pipeline and liquefied gas. Expanding their gas businesses is a major strategic thrust.

The vital role for Shell companies is to help develop energy supplies and products so that they meet the needs of an expanding world - of their customers - in a way that is increasingly environmentally sustainable. By doing this profitably they create wealth for their shareholders and for the millions of others who have a stake in Shell operations.

Far from a choice between good business and business that does good, the two are inseparable. They value their reputation as essential for business success. And they recognize that it depends both on what Shell companies contribute and on how they behave.

Long-term success depends on being trusted to meet the expectations of society as well as those of shareholders and stakeholders.

## **5.2 Recommendations**

Unlike Government, they do NOT include the public in each and every decision. So, they tend to become inward looking, isolated and consequently some have seen as a 'state within a state'. They were seen as unresponsive and so, to some extent, became targets. They should therefore include the public in each and every decision.

There are also groups who call for one set of standards - whether it be for wages, environment or any other issue - to be applied world wide. It seems that some people

believe that their values are universal and that they can be applied no matter what the cost or the social implications for those concerned.

In order for them to apply those "standards" would effectively lock them out of competition. They are at an early stage of the development curve and, if they adopted standards that only rich, developed societies can afford, their competitive edge would disappear.

It is also true that, if they applied lower environmental standards in this country, emission levels would be higher. This may not be considered as unacceptable as in the more heavily polluted rich countries.

Environmental concerns are reflected in the challenge of meeting societal expectations and retaining public trust in the global gold-fish bowl of the information age. This affects brand loyalty, the license to operate and the climate in which public policy is made.

The company should integrate its environmental activities in all its departments. And in the production department they should ensure that the whole production process is environmentally friendly that is starting from the raw materials, the processing up to the finished product. The reason being: - to avoid endangering their customers' health and the depletion of the environment, avoid spoiling the company's image as well as being fined by the relative authority which will reduce their returns.

The company should also not mostly adopt green marketing because they are obligated to do so but should be aware that environmental responsibility is now seen as an important measure of business effectiveness.

Also customers should be more aware and seek value, quality and safety in the products they buy.

Let me end by stressing Shell companies' commitment to profitable growth. This must mean balancing long-term vision with short-term delivery - realizing new opportunities while still delivering good returns in the short term.

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## QUESTIONNAIRE

Please answer the following questions by giving the necessary details in the spaces provided.

The information provided from this questionnaire is purely for academic purposes and will be held in strict confidence.

### PART 1

Year the company was established.....

- Company ownership
  - Local ☐
  - Foreign ☐
- Type of ownership
  - Sole proprietorship ☐
  - Partnership ☐
  - Limited company ☐
  - Others (specify) ☐

What is your companies core business

.....  
.....

What types of products do you offer ?

.....  
.....  
.....  
.....

Do you have a company's policy on environmental/issues?

.....  
.....

Which department(s) handles the company's environmental issues?

.....  
.....  
.....  
.....

Does your organization adopt “green” marketing as an organizational practice?

Yes ☐

No ☐

What led your company to embrace green marketing?

.....

.....

.....

.....

.....

.....

In addition to these factors mentioned above, kindly identify any other factors that might have led your company to embrace “green” marketing.

(Tick where appropriate)

An opportunity that can be used to achieve organization’s objective ☐

A moral obligation to be more socially responsible ☐

Government environmental policies ☐

Competitor’s environmental activities ☐

Is your company ISO 14001certified?

Yes ☐

No ☐

If yes, what motivated you to seek the certification?

.....

.....

.....

If no, are you working on becoming certified?

.....

.....

.....

.....

Please indicate the green marketing practices undertaken by your company.

.....

.....

.....

.....



In addition to the green marketing practices mentioned above, kindly identify any other green marketing practices undertaken by your company From the list below. (Tick where appropriate)

- Consumer safety [ ]
- Product packaging [ ]
- Disposal of product waste [ ]
- Educating the customers on environmental matters [ ]
- Producing posters and adverts reflecting environmental concern [ ]
- Sponsoring of environment conservation activities [ ]

What are the challenges faced by your company while embracing green marketing?

.....

.....

.....

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.....

.....

.....

In addition to the challenges mentioned above, kindly identify any other challenge faced by your company while embracing green marketing. (Tick where appropriate)

- Strict legislative requirements [ ]
- Employee resistance [ ]
- Rivalry from competitors [ ]

Negative publicity by the media	[ ]
Negligence by some departments	[ ]
Huge financial investment required	[ ]

Thank you very much for your time and corporation.



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School of Business and Management*

Date: 29<sup>th</sup> March, 2006

**TO WHOM IT MAY CONCERN**

This is to inform you that **OMIDO COLLINS ACHAGA REG.NO. BIB/2962/31/DF** is a bonafide student pursuing BIB in the School of Business and Management of this University.

His title of the Research Project is **"GREEN MARKET PRACTICE, A CASE STUDY OF KAMPALA MANUFACTURING INDUSTRIES."**

As part of his studies' (research work) he has to collect relevant information through questionnaires, interviews and reading materials from your place.

In this regard, I request you kindly to assist him by supplying/furnishing him with the required information and data he might need for his research project and also by filling up the questionnaire.

Any assistance rendered to him in this regard will be highly appreciated.

Thanking you in advance.

Yours truly,

Dr. Y. B. Nyaboga

**Associate Dean – School of Business and Management**

**Tel.No. +256 075<sup>2</sup> 843 919**