

# Concept of sustainability and marketing



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In the 21st century the marketer should focus on the environmental and social issues along with commercial aspect. Sustainability maintains a balance approach to environment, human health and better business management. It means marketer should use renewable resources rather than depleting resources which help us to reduce polluting and hazardous waste. The corporate world has the moral duty to use natural resources and explore new resources with sustainable alternative. The key question that will be analysed, how should environmental and social consideration to be integrated in the business and marketing strategy.

### **Definition of Sustainable marketing**

**“ The concept of sustainable marketing holds that an organisation should meet the needs of its present consumers without compromising the ability of future generation to fulfil their own needs” Philip Kotler and Garry Armstrong: Principles of marketing (2008)**

Business has to face new competitive environment from the competitor because of technological and globalisations. Therefore the firm explore new marketing concept, new business model and new form of cooperation. In the process of finding new marketing strategy they ignore the social and environmental factor which in real can act as competitive advantage for the organisation.

The business literature forecast that sustainability will play a major role in 21st century, as firm has to interpret social expectation which comprise integrated system such as economic, social and environmental factors. However the organisation is not implementing the environmental management with due diligence and firm does not appreciate the environmental factors into strategic plan. Financial manager feel that

investment into sustainable factors as high priced and give less importance to the issues and concentrate on the commercial and profit motive.

Many marketing finding and publication has proved that integration sustainability concept into firm helps to build good brand image in the corporate world. As conventional marketing concept is argued, what is the proper way to sell the product in the context of environmental worsening, resources depletion, high population and world poverty. Organisation should finally integrate the concept of sustainability marketing into the strategic planning for the better performance of business.

**“ Sustainable marketing has been put forward as an umbrella under which the traditional applications of marketing can merged with both environmental and social issues” (Fuller 1999; van Dam and Apeldoorn 1996)**

Further discussion will be based on the following headings

### **Marketer Adaptation to the Concept of Sustainability**

- The challenge of Sustainable marketing
- Adaptation to the concept of Sustainability

### **Integration as part of overall marketing strategy**

- The strategic Implication
- The marketing strategies

### **The challenge of Sustainability marketing:**

In 21st century there is tremendous development in technology and international trade, hence company find new way to market the product and new concept of marketing is developed. All this is done to battle the competition and achieve the sales target. Social responsibilities of companies are the real challenge for the firm and it is a debated subject in

the corporate world. The is general opinion that firm follow their own profit motive and less care about the social and environmental factors and all they do is sell the product with marketing trick to improve the company performance. However there is optimistic view, as some companies are adopting progressive behavior and felt the need for social sustainability marketing.

On the other hand there is debate that companies advocate and implements social sensibility due to pressure from legal, civil activist and environmentalist pressure, while some big companies appreciate social interest for the business purpose and which act as competitive advantage for the organization.

The companies should plan for sustainable future by analyzing the social and environmental impact on the marketing strategies. It means further re-evaluating the way product and service are formed and impact of sustainable marketing on customers, supplier and stakeholder..

On the political arena the green labeling schemes and recycling are slow to develop in the world, which require stimulus from respective government in their countries. Many well known company advocate recycling their product and care for the sustainability. For example electronic manufacture such as Philips and Electrolux are incorporating environmental factors into their product. There are clear guidelines by agency like ISO14062 which emphasis on the integration of environmental consideration into product design and development.

Marketer has to examine the role of sustainability at macro and micro level.

At the macro level, marketing strategic plan has to take into account the interface between consumption and production and influence over the company's product manufacturing and its communication efforts

The micro level marketing, the firm have main responsibility at the beginning and end of the product with also service development process. Hence marketing professional should receive appropriate knowledge, information, training and tools to enable them to be aware of environmental and sustainability factors in their strategic marketing decision. However, firm marketers while adopting the concept of sustainability face many problems and lead them into unknown territory. Therefore we will be analyzing facts and the benefits of incorporating sustainability factors in strategic decision plan of the organization

### **ADAPTATION TO CONCEPT OF SUSTAINABILTY**

Sustainability is a new concept in the corporate world and calls upon for fundamental changes in company behavior and advocate responsible actions from stakeholder, government and consumers of the organization. The company focuses on innovation, increase production and consumption, but less attention on depleting natural resources and environmental damage

In 1960 report was presented by club of Rome regarding global risk by continuous and irresponsible development and after analyzing the facts, it was put into the as integrated programs of United Nation, voluntary organization and government.

In 1990s the concept of sustainability was ignored for the traditional profit motive of the company's. However the NGO and legal cell implicated company for the involvement in the depletion of forest, water and air pollution, depletion of ozone layer and hazardous waste. Finding of market survey reveal that people are interested in buying a product of company which adopt concept of sustainability and employees are willing to get employed by such organization

### **The concept of Sustainability (Triple bottom line theory )of Bansal**

“ Sustainable development can be seen as a holistic approach to organizational decision-making, illuminating the interdependent relationship between economic, social and environmental considerations” (Bansal 2001).

Diagrammatically Bansal (p 48) represented this relationship as:

Figure shows the interrelationship between economic, environmental and social consideration and the concept of Sustainable development.

The management literature shows the way the organization can adapt concept of sustainability in their business decision making, which require best business model which emphasis, balance approach with traditional financial goal and with social and environmental objective. This is known as triple bottom line theory

Three line theories are as follows

Economic perspective: Sustainable development of economic point is pattern of use of resources in reasonable manner without jeopardizing the likely potential for same benefit in the future.

“ A primary goal of sustainable development is to achieve a reasonable and equitably distributed level of economic well-being that can be perpetuated continually for many human generations”. (Goodland and Ledoc 1987)

Environmental perspective: The organization considers environmental consideration into marketing decision making and their implementation into strategic plan. Sustainable development in environmental perspective is defined as

“ defining the amount of resource depletion, waste generation, and population growth that the planet can realistically absorb without threatening the atmospheric, geospheric, and biospheric processes that support human life on earth” (Stead and Stead 1996 p. 62).

Equity perspective: The companies focus on the product recycling and should not break the cycles of renewal. The sustainable development in equity perspective is defined as “ a long-term vision in that it must foresee the consequences of its diverse activities to ensure that they do not break the cycles of renewal; it has to be a society of conservation and generational concern. It must avoid the adoption of mutually irreconcilable objectives. Equally, it must be a society of social justice because great disparities of wealth or privilege will breed destructive disharmony” (Hossain 1995)

Management of corporate social responsibility: This means the corporate must adapt the concept of Sustainability and business approach to develop a long term shareholder value by taking on opportunities and managing risk deriving from economic, environmental and social development.

Contemporary business organization focus on marketing, but sustainability requirement have to integrated into marketing concept to value creation for the consumers and long term mutual valuable partnership.

### **INTERATION OF SUSTAINABILITY REQUIREMENT INTO MARKETING CONCEPT**

Marketing theory deals in close association with challenges of ever changing social, economic and natural environment, resulting to find new competitive advantage from companies. This development is associated with changes in business strategies. Public action along with legislative proposal has exerted influence on shifting business thoughts towards social responsible marketing. The marketing receive much critics and common man expect higher social sensibility and responsibility from organization, including better quality and safe product.

**“ A consumer rejects high advertising and promotional activities, deceptive practices. Marketing practices are criticized based on too much of materialism but less on social good, environmental and cultural aspect.”(KOTLER et al., [14]).**

Recent development in marketing theory is shown by four main tendencies, which provide a framework for sustainable marketing and building long term customer relationship by

- Increase the value proposition and value creation to consumers.
- Broader concept of social marketing rather ecological marketing
- Relation marketing concept deals with building long term mutually beneficial relation with the customers.
- Cooperation network based on partnership with key consumers



**Value proposition and added value delivery to consumers**

As per KOTLER view marketing is dominated by task of creating , promoting and delivering goods and service to customers and main purpose of business is to meet the customer demands and needs profitably and efficiently than the rival competitor. Today's customers are more informed, increase buying power and with new empowered competitor, therefore there is a need for new business strategy model. Value proposition of many companies nowadays include environment-friendliness of their product based on durability and energy saving. Further marketing concepts includes finding solutions which is intended at more value added and still maintaining competitiveness with respect to sustainability requirement.

**Societal marketing concept**

The societal marketing deals with firm to adapt social and ethical marketing into their marketing and production activities and companies should take a balance approach to conflict criteria of company profits, consumer's demands and society interest. As per society's opinion role of marketing is to deliver high standard of living. The green cause related marketing are the new evolution to socially responsible marketing. The green cause related marketing is the activity performed by the company to build the brand image and enhance the corporate image. It is often considered as brand attribute and tool to identify social mission objective. Social terms represent the interest of shareholder, supplier, customer, employee and all other stakeholder.

A research conducted in the UK among consumers undoubtedly underpins this latter

consideration (Figure LEWIS, [18]).

### **The makeup of Brand image**

#### **Co-operation in network based on partnership with key customer along the supply chain**

Network firm helps business partner to share their resource, cost and benefit and give more valuable and efficient solution to concept of sustainability consideration. According to KOTLER the marketing network many stakeholders such as customer, supplier and distributor and to build with them good profitable business relationship to which will yield a competitive advantage. This results in better business performance for both, than doing the things individually. Product are manufactured with minimum raw material, energy and less waste generation, thus to cooperate to achieve sustainable product. Mutually commercial partnership in value chains in the network company will us bring sustainable customer relationship

### **IMPLEMENTATION OF SUSTAINABLE PRACTICE IN MARKETING**

In Corporate Sustainability the main principle contribution of marketing concept is providing value based, customer and partnership based business philosophy for competitive strategies of sustainability. Marketing concept reveals that the firm to adapt the sustainability under legal and social pressure and also from cost and benefit factors. All this implicates many concerns that a company has to deal and accordingly analyse the facts while integrating of sustainability requirement into marketing strategy practice. There are four facts that can play a major role in this process such as

**Sustainability -oriented competitive Strategies.**

Most companies even today, due legal and social pressure plays a major role in thinking and implementing sustainability factors but some high profile company realize that sustainability can maintain competitive advantage in the market and hence they integrate sustainability into strategy decision of the firm. Such company can be benchmark for other to follow their principle.

**Cost and benefit analysis**

Social and legal pressure regarding the concept of sustainability forced many firm to deal with cost and benefit analysis. Initially lack of immediate experience about benefits of social cause, the company was focusing more on cost and financial manager more anxious about the commercial profits. During the last decade, the company realized the benefits and competitive advantage sustainability factors can have on company performance

**Efficiency and innovation**

The company focused more efficiency to compensate the high cost of sustainability investment and during the process improved management performance. Companies are implementing social and environmental standards in the system such as ISO400 and EMAS with the aim of eco-efficiency. The company use EMS criteria to choose supplier quality management. All this factors shows us about the various methods the firms adapt for sustainability consideration.

**Company reporting and their brand image**

The companies are getting more conscious about the effects on the people and society and accordingly made the public reporting on achievement in social performance and environmental consideration as norm. All the

stakeholder customer, investor, supplier, employees, and civil activist are demanding for corporate disclosure of the performance of sustainability. The responsible behavior on social aspect by the firm has great influence on purchasing power of the customer and positive effect on employee requirements and retention. Shareholder value is determined by company brand and reputation. Many US firm engage in philanthropic activities to increase the brand image. For example in Europe and Japan every stakeholder group is involved in sustainable consideration as per KPMG report.

If marketer ignores the sustainable factors, then there will be longer term problem, such as difficulty in

- Marketing of the product
- Obtaining insurance for the company
- Receiving finance for the company
- Staff requirement and retention
- Maintaining share holder confidence

### **SUSTAINABLE MARKETING STRATEGY**

“ Sustainable development can be can be achieved only by proactive corporate marketing and active government intervention” Sheth and Parvatiyar (1995). However the new development of globalizations has caused bottleneck for the government to implement the social and environmental issues and the corporate companies make a proactive approach to the implementation and adaptation of sustainability. From consumption marketing to more sustainable marketing and from invisible

hand to visible hand of government. The figure will illustrate the following ways

Figure taken from Sheth and Parvatiyar (1995)s

**Miles and Covin (2000) suggest two models for environmental management, they are**

- The compliance model
- The strategic model

The compliance recommend to fallows the government applicable regulation and laws, which is defensive way and the strategic model advocate to the firm to maximize stock holder returns by utilizing social and environmental strategy proactively to create sustainable competitive advantage. Marketing choice should include finding market which are sustainable concerns and make product and service to be market leader. The marketing mindset should shift from satisfying customer need through functional solution rather than product per se. The following facts will be analyzed as fallows.

- Sustainable value
- Sustainable solution
- Sustainable product design and development
- Sustainability effect on the product life cycle
- Sustainable value( the goal)

The product life cycle is impacted by social, environmental and economical factors and this impact can be positive and negative and our aim is to maintain net sustainable value.

- Sustainable solution( the output)

Hybrid product system makes the product less negative impact and maximizes positive factors of sustainability, thus fulfilling the societal needs. Sustainable solution mandates all stakeholder engagement to bring about changes in consumption and production pattern.

- Sustainable product design and development( the process)

The process of integrating sustainability issues and effects on the development process, which involve the product launch and further process, in this process the purpose is to maximize net sustainable value and satisfy the shareholder and customer.

### **Sustainability effect on the product life cycle**

As product pass through different life cycle from development, launch, to growth, maturity and decline stages and in process examine the impact of sustainability over the time. For example Nike has developed a series of five stages of sustainable life cycle for the sports footwear from research, design, manufacturing, retail, and consumer and down cycling

### **Sustainability for competitive advantage**

Michael Porter and Vander Linda(1995), has proposed win-win situation, in which improved social and ecological performance leads to best performance of organization in commercial point of view, as the firm focus on innovation and in this process reduce the raw material, energy, pollution and waste associated with it. For example green range of product from Electrolux which have less impact on environment, achieved 3.5 percent higher margin than company expectation.(8)

**SUMMARY**

Marketing concept of sustainability and issues of corporate social responsibility has gone through considerable development from early phase to till to date. At the early stage the organization lacked clear guidelines how the concept of sustainability to be implemented into the marketing strategy and action at the company. The organization was more focusing on legal and social angle than financials benefit of Sustainability.

The organization now realized and implementing sustainability models and following the ‘triple bottom line’ theory and by adopting this theory the company increase profit, public relation and competitive advantage. Finally, now marketing strategies propagates to give greater observance to marketing values, such as selling benefits, not just products and safeguarding of corporate ethics and all these objectives may be included in sustainability strategies, as well.