

Sustainable marketing and csr in egypt flashcard



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For companies and industries, this concept translates into the aim to 'meet the needs of present consumers without improvising the ability of future generations to fulfill their own needs and is called Sustainable Marketing. Nevertheless; why worry about future generations? Wouldn't It be easier for companies to develop and sell what the consumers need and want lives a lot easier as a global community, it is essential to start thinking on the long-term welfare of society as a whole. In today's global market, Marketing and Corporate Social Responsibility (CARS) are Inseparable.

More sustainable marketing leads to better communications, better relationships, better and more sustainable business and a better world. The marketing concept is a philosophy of customer value and mutual gain. Its practice leads the economy by an invisible hand to satisfy the many and changing needs of millions of consumers. This paper will discuss the concept of sustainable marketing and social criticism of marketing practices as well as relevant marketers' point of views. Also will emphasize corporate social responsibility and how companies have recently started to apply it in Egyptian market.

The Concept of Sustainable Marketing In order to understand the concept of sustainable marketing, we need to look at the arresting concept, societal marketing, and strategic planning concepts as well. The figure below shows how the four concepts are correlated. The marketing concept recognizes that organizations thrive from day to day by determining the current needs and wants of target group customers and fulfilling those needs and wants more effectively and efficiently than competitors do.

It focuses on meeting the company's short-term sales, growth, and profit needs by giving customers what they want now. However, satisfying consumers' immediate needs and desires doesn't always serve the future best interests of either customers or the business. Societal marketing concept considers the future welfare of consumers and the strategic planning concept considers future company needs, the sustainable marketing concept considers both. Sustainable marketing calls for socially and environmentally responsible actions that meet both the immediate and future needs of customers and the company.

Strategic planning focuses on long-run survival and growth that makes the most sense given its specific situation, opportunities, objectives, and resources. Sustainable marketing calls for socially and environmentally responsible actions that meet the present needs of consumers and businesses while also preserving or enhancing the ability of future generations to meet their needs. Not all marketers follow the marketing concept, however. In fact, some companies use questionable marketing practices that serve their own rather than consumers' interests.

Moreover, even well-intentioned marketing actions that meet the current needs of some consumers may cause immediate or future harm to other consumers or the larger society. Responsible marketers must consider whether their actions are sustainable in the longer run. Truly sustainable marketing requires a smooth-functioning marketing system in which consumers, companies, public policy makers, and others work together to ensure socially and environmentally responsible marketing actions.

Unfortunately, however, the marketing system doesn't always work smoothly. Social Criticism of Marketing: Marketing receives much criticism.

Some of this criticism is Justified; much is not. Society as a whole. Marketing Impact on Individual Consumers Consumers have many concerns about how well the marketing system serves their interests. Surveys usually show that consumers hold mixed or even slightly unfavorable attitudes toward marketing practices. Consumer advocates, government agencies, and other critics have accused marketing of harming consumers through high prices, deceptive practices; high-pressure selling, shoddy or unsafe products, planned obsolescence, and poor service to disadvantaged consumers.

Such questionable marketing practices are not sustainable in terms of long-term consumer or business welfare. High Prices: Critics point to three factors-? high costs of distribution, high advertising and promotion costs, and excessive markups. High Costs of Distribution. Greedy channel intermediaries mark up prices beyond the alee of their services. Critics charge that there are too many intermediaries, they are inefficient, or that they provide unnecessary or duplicate services. As a result, distribution costs too much, and consumers pay for these excessive costs in the form of higher prices.

Resellers argue that intermediaries do work that would otherwise have to be done by manufacturers or consumers. Markups reflect services that consumers themselves want-? more convenience, larger stores and assortments, more service, longer store hours, return privileges, and others. High Advertising and Promotion Costs. Modern marketing is also accused of

pushing up prices to finance heavy advertising and sales promotion. For example, a few dozen tablets of a heavily promoted brand of pain reliever sell for the same price as 100 tablets of less-promoted brands.

Marketers respond that although advertising adds to product costs, it also adds value by informing potential buyers of the availability and merits of a brand. Brand name products may cost more, but branding gives buyers assurances of consistent quality. Also, heavy advertising and promotion may be necessary for a firm to match competitors' efforts. Excessive Markups. Critics also charge that some companies markup goods excessively. One example is the drug industry, where a pill costing five cents to make may cost the consumer \$2 to buy. Marketers respond that consumers often don't understand the reasons for high markups.

For example, pharmaceutical markups must cover the costs of purchasing, promoting, and distributing existing medicines plus the high R; D costs of formulating and testing new medicines. Deceptive Practices Marketers are sometimes accused of deceptive practices that lead consumers to believe they will get more value than they actually do. Deceptive practices fall into three groups: pricing, promotion, and packaging. Deceptive pricing includes practices such as falsely advertising "factory" or "wholesale" prices or a large price reduction from a phony high retail list price.

Deceptive promotion includes practices such as misrepresenting the product's features or performance or luring customers to the store for a bargain that is out of stock. Deceptive packaging includes exaggerating package contents through subtle design, using misleading labeling, or

describing size Marketers argue that most companies avoid deceptive practices. Because such practices harm a company's business in the long run, they simply aren't sustainable. Profitable customer relationships are built on a foundation of value and trust.

If consumers do not get what they expect, they will switch to more reliable products. High-pressure Selling Salespeople are sometimes accused of high-pressure selling that persuades people to buy goods they had no thought of buying. It is often said that insurance, real estate, and used cars are sold, not bought. But in most cases, marketers have little to gain from high-pressure selling. Such tactics may work in one-time selling situations or short-term gain. However, most selling involves building long-term relationships with valued customers.

Harmful or Unsafe Products Another criticism concerns poor product quality or function. One complaint is that, too often products and services are not made or performed well. A second complaint concerns product safety.

Product safety has been a problem for several reasons, including company indifference, increased product complexity, and poor quality control. A third complaint is that many products deliver little benefit or that they might even be harmful. Most manufacturers want to produce quality goods. The way a company deals with product quality and safety problems can damage or help its reputation.

Today's marketers know that good quality results in customer value and satisfaction, which in turn creates sustainable customer relationships.

Planned Obsolescence Some companies practice planned obsolescence,

causing their products to become obsolete before they actually should need replacement. Producers are accused of using materials and components that will break, wear, rust, or rot sooner than they should. And if the products themselves don't wear out fast enough, other companies re charged with perceived obsolescence-? continually changing consumer concepts of acceptable styles or features to encourage more and earlier buying.

Two obvious examples are constantly changing clothing fashions and consumer electronics. Marketers respond that consumers like style changes; they get tired of the old goods and want a new look in fashion. Or they want the latest high-tech innovations, even if older models still work. Poor Service to Disadvantaged Consumers The current marketing system has been accused of poorly serving disadvantaged consumers. For example, critics claim that the urban poor often have to shop in mailer stores that carry inferior goods and charge higher prices.

The presence of large chain stores in low-income neighborhoods would help to keep prices down. Similar charges have been leveled at the insurance, consumer lending, banking, and disadvantaged consumers. In fact, many marketers profitably target such consumers with legitimate goods and services that create real value. Marketing's Impact on Society as a whole Marketing system has been accused of adding to several " evils" in society at large, such as creating too much materialism, too few social goods, and a glut of cultural pollution.

False Wants and Too Much Materialism Critics have charged that the marketing system urges too much interest in material possessions. Too

often, people are judged by what they own rather than by who they are. The critics do not view this interest in material things as a natural state of mind but rather as a matter of false wants created by marketing. They claim marketers stimulate people's desires for goods and create materialistic models of the good life. Marketers respond that such criticisms overstate the power of business to create needs.

People have strong defenses against advertising and other marketing tools. Marketers are most effective when they appeal to existing wants rather than when they attempt to create new ones. On a deeper level, our wants and values are influenced not only by marketers but also by family, peer groups, religion, cultural background, and education. Too Few Social Goods Business has been accused of overselling private goods at the expense of public goods. As private goods increase, they require more public services that are usually not forthcoming.

For example, an increase in automobile ownership (private good) requires more highways, traffic control, parking spaces, and police services (public goods). A way must be found to restore a balance between private and public goods. One option is to make producers bear the full social costs of their operations. For example, the government is requiring automobile manufacturers to build cars with more efficient engines and better pollution-control systems. A second option is to make consumers pay the social costs.

Some examples are congestion tolls for crowded roads and raising prices of cigarettes to pay off for health services provided to smokers. Cultural Pollution Critics charge the marketing system with creating cultural pollution.

Our senses are being constantly assaulted by marketing and advertising. Commercials interrupt serious programs; pages of ads obscure magazines; billboards mar beautiful scenery; spam fills our inboxes. These interruptions continually pollute people's minds with messages of materialism, sex, power, or status.

Marketers answer the charges of “ commercial noise” with these arguments: First, they hope that their ads primarily reach the target audience. But because of mass-communication channels, some ads are bound to reach people who have no interest in the product and are therefore bored or annoyed. Second, ads make much of television and radio free to Corporate Social Responsibility “ There is one and only one social responsibility of business- to use its resources and engage in activities designed to increase its profit so long as it stays will the rules of the game, which is to say, engages in open and free competition, without deception or fraud. [Milton Friedman, American economist] Corporate Social Responsibility (CARS) has emerged as a significant theme in the global business community and is gradually becoming a mainstream activity; the growing emphasis on corporate accessibility is affecting the relationship between companies and their various stakeholders, such as investors, customers, vendors, suppliers, employees, communities and governments.

Definition of Social responsibility It is the obligation of organization's management to make decisions and take actions that will enhance the welfare and interests of society as well as the organization. Corporate social responsibility may also be referred to as “ corporate citizenship” and can involve incurring short-term costs that do not provide an immediate financial

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benefit to the company, but instead promote positive social and environmental hanged.

Companies have a lot of power in the community and in the national economy. They control a lot of assets, and may have billions in cash at their disposal for socially conscious investments and programs. Some companies may engage in “ greenmailing”, or feigning interest in corporate responsibility, but many large corporations are devoting real time and money to environmental sustainability programs, alternative energy/clearance, and various social welfare initiatives to benefit employees, customers, and the community at large.

Therefore Social responsibility is quite important to the society, organization and human. It can be said that social responsibility is not fixed and has to be related to pressures at a particular point of time. Responsibility can be divided into 4 groups of beneficiaries: 1. Responsibility to Owners/shareholders * Resources available should be best utilized for the benefit of the owners/ shareholders. * Stability of the enterprise * Ensure that the company grows, so that the shareholder gains from increase in the market price of shares. 2.

Responsibility to Employees * Provide adequate monetary , psychological rewards as well as Job security Selection of employees should be made fairly Providing educational opportunities & training to the employee at company’s expense * Working conditions should be safe & pleasant 3. Responsibility to Consumers/customers * Provide adequate quality products at reasonable price 4. Responsibility to Community Companies should contribute to the

welfare of society and not be solely devoted to maximizing profits. Socially responsible companies can act in a number of ways to benefit society.

For example, companies can give money to the arts, fund academic scholarships, support community-building initiatives, and so on. They can also commit to not pollute or to reduce the pollution they put out, to not build weapons, and so forth. Incentives of Corporate Social Responsibility for Businesses There are various incentives for businesses to become involved in responsible business practices. Some of these incentives include: *

- Increased Leverage and Influence: businesses can serve in leadership positions as “ first movers” to change or affect government policies.

Businesses engaged in CARS also tend to take the lead in regulatory and financial reform. *

- Market and Product Expansion: businesses can discover and enter new markets by changing the way they arrest and to whom they market.
- Improving Access to Finance.
- Attracting and Retaining Employees.
- Enhanced Reputation and Protection of Brand Identity: businesses can increase their reputation and image, potentially increasing profit, by appealing to consumers who increasingly want to buy from firms that care about sustainable development.
- Enhancing Operational Effectiveness.
- Reduction of Risks and Costs: businesses that engage and invest in their communities enjoy lower production and transportation costs and a lower risk profile associated with production and local and global reputation.
- Enhanced Government Relations.
- Developing a Local Skills Base.
- Increased Local Expertise and Access to Local Networks

Examples of CARS Initiatives in Egypt Avoidance Avoidance Egypt is one of the first

corporate companies in Egypt to establish a department dedicated to Corporate Social Responsibility activities.

This reflects the commitment to Corporate Responsibility at the most senior level, and how it is embedded into the business. The department was established in 2004 to support different types of social program, it covers a wide range of activities: * Environmental issues (recycling, waste management): The focus on environmental issues has always been one of Car's main projects throughout Avoidance group.

Environmental issues such as climate change, carbon emissions, recycling and energy saving are no longer issues to be ignored or looked upon as of less importance, and large entities such as Avoidance are leading the way for such causes, for example: * Education development : Avoidance Egypt Foundation launched the and schools in Egypt, This charity campaign aims at encouraging the poor to educate their children through distributing thousands of school bags to students in remote and needy areas throughout Egypt. Community support programs: * Medical Equipment: Avoidance also donated medical equipment to the Laser Unit there. PC Donations: The program aims at helping them get familiar with new technologies. We have donated around 560 PC's to Nags in different governances * Fund raising: Avoidance Egypt supported optical caravan projects in cooperation with Rotary Kara El-Nile. Also, supported a fund raising event with Retract Lee Care Champion to the benefit of Anamosa Asker School for blind children * Health support programs : Avoidance focus on health and safety is one of Car's priorities, which indicates that the company cares about the community and supporting health issues.

Also keeping safety measures in our daily behavior is one of the messages that Avoidance carry out on continuous basis, focusing on responsible driving behavior and mobile usage. Also, in order to maintain the health of our students, Avoidance completed a campaign for building 2000 clinics in schools across Egypt Distillates Egypt Corporate Social Responsibility is a commitment from corporations to be ethical and contribute to the social and economic development of the society they operate thin.

CARS is slowly gaining energy in Egypt and the region and Distillates Miss is one of the leading companies in the CARS arena. Distillates Miss regards Corporate Social Responsibility as an on-going commitment. The company which is a participating member of the United Nations Global Compact has revolutionized the concepts of CARS, introducing trends like “ Cause based CARS” and leading several initiatives in the fields of environment, special needs, humanitarian aid and sustainable development.

Although the highlight of Distillates Miser’s program is the water related “ origin” initiative, there are several other initiatives like the sponsorship of the Egyptian Paralytics committee and the creation of “ Roy” the special tariff for the users of sign language that utilizes the Distillate’s technological edge and wide 36 coverage. * Origin: is a nation-wide project Distillates has devised to counter Egypt water dilemma. The United Nations has identified providing clean water and sanitation as one of the millennium development goals.

Many countries including Egypt have been identified as water stressed. The UN also reports that thousands of people in Egypt eave access to little or no

clean drinking water, mostly because of wrong usage habits and misconduct. Irrigation is responsible for over 80% of water usage in Egypt, traditional irrigation habits and mismanagement are causing lands to dry and conflicts to arise between farmers. Kidney failure is common in areas suffering from unclean water.

Water-related diseases also include liver problems and dehydration. The initiative is in partnership with the giant international organization “ Care” as well as renowned Egyptian non-governmental organizations. Like “ Resale” the “ Egyptian Society for integrated development” and others as well as a large number of community development agencies. It is estimated to directly aid hundreds of thousands of beneficiaries in 7 governances in its first year. Impaired and those with special needs can use video calls at reduced prices.

This innovation will enable hundreds of thousands of Egyptians to use mobile phones with sign language, many of them for the first time relying on Distillate’s sophisticated technology and wide 36 coverage. On the community level, Coca-Cola is cooperating with the Egypt Food Bank in order to help refurbish infrastructure and connect families with sources of clean water. For the family pillar, it is partnering with micro-finance institutions in order to provide micro-loans to families that will enable them to invest and build small business to provide sustainable family income.

For the individual pillar, Coca-Cola is working with other partners to provide scholarships to students, support university students in entrepreneurship, and develop learning centers in 100 schools with the Discovery Channel. According to observers, the companies’ involvement in such projects could

alp silence claims that their products are injurious to health, especially Coca-Cola's fizzy drinks. Mikado comments that "Coca-Cola believes that community investment is necessary throughout the year.

Investing in community sustainability is a key part of how we operate as a local business, and is a critical part of our strategy in Egypt. This clarifies that Coca-Cola's CARS activities are not a 'response' to anything. Instead, they are an investment in community sustainability. "Chips Company Vision Chips for Food Industries is a company that's all about good fun, and doing good hinges when it comes to making snacks and caring for our community. For more than 30 years, we have enjoyed making the best snacks in Egypt with world class quality, starting with simple, farm-grown ingredients.

And we're not stopping now. We continue to innovate, so we can provide tasty products that are good as well as fun. We know we still have a lot of work to do, but we're up to the challenge. We've had a lot of good fun along the way, and we'll continue that as we look to the future. What is Our Promise? It's simple. It's the belief that we can all benefit from doing good. From supporting coal farmers, to investing in sustainability efforts, to going the extra mile to use the highest quality ingredients, we think the small steps we take today can make a big difference tomorrow.