

MARKETING STRATEGIES FOR SUSTAINABLE DEVELOPMENT OF BUSINESSES

¹Dr. Vaishali Fating
¹Asst. Prof. – Dept. Of Commerce
¹HBT College, Nagpur

Abstract : Sustainable Marketing strategies are unavoidable for 21st century businesses. Companies have started investing huge amount on these activities. Consumers do expect companies to adopt sustainable strategies but realizing one's need is the only drive for any consumer. Thus, there is gap between business sustainability practices and consumers' expectations. To address this gap, the paper proposes a conceptual framework for sustainability strategies that businesses must adopt. The proposed framework can be an important standpoint for businesses to meet consumers' expectations. The paper identified four major sustainable marketing strategies to be integrated into business practice.

Keywords: Sustainable marketing strategies, consumer expectations, societal marketing, modern marketing

Introduction

According to World Bank Report of 2017, economic growth of past two decades has lifted more than 680 million people out of poverty and has raised the income levels of millions more. Along with the development of emerging markets, the size and growth of affluent class in these markets has also improved. However, the development comes at an expense of environment and poor communities. The emerging countries are new industrial economies and their economic, social and environmental infrastructure and systems are not ready to handle these challenges. Therefore, we can say that development is not on the track with need of growing population and resource constraints.

On the other hand, today's executives are dealing with a complex and unique social, environmental, technological and market trends (Whelan and Fink, 2016). Executives are still hesitant to put sustainability strategies to the core, as they believe cost outweighs benefits. This mistaken belief is quite contrary to bottom line benefits and academic research on sustainable marketing practices. Sustainability practices definitely have positive influence on business performance. Consumers are also becoming aware of the ecological pressure their reckless consumption creates. So they are also mindful about products and services they prefer. Apart from consumers, companies are also feeling the heat from social media users and non-governmental organizations (NGO's) oriented towards wellbeing of environment (Sulaymon, 2016). Thus, the concept of Sustainability has gained lot of attention from researchers and practitioners.

Purpose and Significance

Consumers purchase consideration for sustainable brands directly depends on how business contributes towards improving their quality of life. Brown's (2011) report suggests that post-recession, consumers priorities have changed. The report shows a high correlation between company's sustainability performance and meeting consumer's expectation. Company's sustainability efforts are successful when consumers' receive perceived value during purchase decision process. Businesses are the beacon for innovation and value creation, which can move society towards sustainable consumption. Based on previous literature, this paper aims to suggest sustainable business strategies for value creation. To successfully integrate sustainability vision in to business strategy, companies must incorporate four factors. The factors are: innovation, collaboration, communication and commitment. These strategies would make consumer believe about benefits of sustainable consumption (Obermiller et al., 2008; Beguerisse, 2013). Marketing not only has great potential to promote sustainable propaganda but can also foster sustainable lifestyle that

contributes to businesses bottom-line. Consumers believe in sustainable business practices and do expect businesses to cope up with but their purchase decision reflects some contrasting practicality. Consumers’ purchase decisions are dependent on perceived value derived from products or services. To address concerns of consumers and businesses, purpose of this research is to suggest potential sustainability marketing strategies, which will target consumers’ expectations through utility creation. The proposed model will help marketers to focus on consumer expectations without compromising business value.

The academic interest in sustainability dates back in 1990s, mainly in micro, and macroeconomics, environmental accounting, psychology, sociology and policy. Most of research on sustainability was conducted in China and other emerging Asian economies. However, sustainability as a business strategy has taken the front seat post 2005, when Hargroves and Smith (2005), identified principles of sustainability for businesses. These principles include; dealing cautiously with risk, appreciation and value for nature, integration of environmental, social, and economic goals in planning (“triple bottom line”), and community participation in planning, commitment to best practices, continuous improvement and good governance. Sir John Elkington (1994) proposed the framework of Triple Bottom Line. The framework has three basic components of sustainable business: Social equity, economic sustainability and environmental sustainability.

In 2009, Belz and Peattie, presented an iconic model which integrated conventional forms of marketing into sustainable marketing (Figure 1). Belz and Peattie (2009) suggested that sustainability marketing requires long term orientation on relationship building rather than conventional short-term focus on transactions in modern marketing.

According to them, the entire process of marketing starting from market research to identify needs of the customer till loyalty building should have sustainability vision. The authors argued that to develop sustainable vision, it is important to merge previous sets of marketing ideas to create concept of ‘Sustainable Marketing’ (Figure 2). According to this model sustainable marketing is macro-marketing which influences entire system, such as, institutions, value chain or industries.

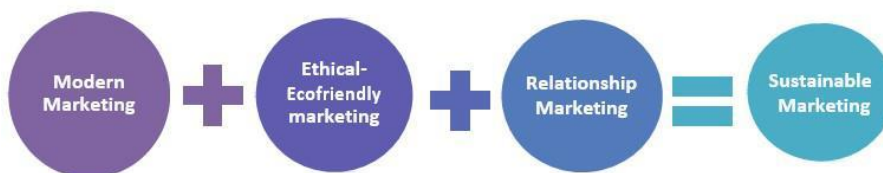


Figure 1: Modern to Sustainable Marketing

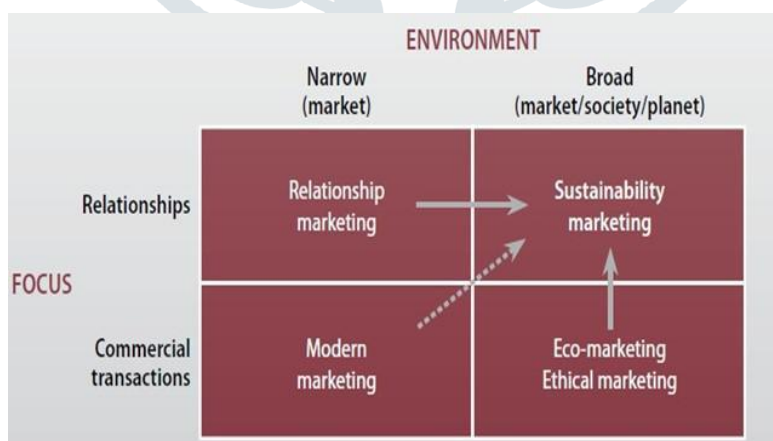


Figure 2. New Concept of Sustainable Marketing

Source: Peattie and Belz (2010)

Renowned companies like Exxon, Enron, McDonalds and Nike have miserably failed because consumers felt them as non-sustainable. On the contrary, Toyota’ s synergy Drive, Volvo’s safety and Body Shop’s natural beauty, perception has created more revenue for the companies. However, sustainable business practices demand extra efforts and costs. Most often, cost of adopting these practices outweigh the benefits.

Progressive Consumers' Expectations

In recent years, consumer interest in environmental friendly alternatives has risen dramatically, and so their expectations from businesses. Nestlé's effort to develop a Nutritional Profiling System (NPS) across their food and beverages, Intel's collaboration with USA Government to develop Smart Cities, Unilever's Sustainable Living Plan; all of these programs suggest that companies are creating a business case for their long term growth and competitiveness. Because of dynamism in consumer behavior traditional 4P's (Product, Price, Place, Promotion) of marketing mix essentially be replaced with '4Cs' of sustainability marketing mix; Customer solutions, Customer cost, Convenience and Communication (Belz and Peattie, 2009).

TRADITIONAL MARKETING MIX		SUSTAINABLE MARKETING MIX
Product	→	Customer solution
Price		Customer Price
Place		Convenience
Promotion		Communication

Figure 3. Traditional and Sustainable Marketing Mix

Heck and Yidan (2013) strove to explore the impact of sustainable marketing practices on brand equity and consumer behavior. The researchers' found that consumers have high regards for the companies involved in sustainable marketing practices. But the research could not show any tangible impact of these practices on consumer purchase decision. The study inferred that consumers are aware of ideas like societal marketing and green marketing but they are unsure whether these practices influence their purchase decisions.

Organizations do not merely want their investment in sustainable marketing practices to be politically correct discourse. Companies and investors also want to generate business value out of it. According to Alexander (2015), companies and investors need specific approaches/techniques that quantify sustainability value to business and society.

Sustainability Marketing Strategies: Creating Value for Customers

Conventionally, marketing management was perceived as a process that identifies and satisfies needs of consumers to earn profit. Emery (2012) cited that modern marketing function is to build strong brand by innovation with customer centric approach. According to Moreno- Beguerisse (2013), organizations with sustainability initiatives invest and offer more innovative products than the one's not complying with sustainability value. Innovation helps organizations to leverage their sustainability efforts and creates better products and services. The innovation should be a user-centered design (UCD) which is more likely to affect customers' decision making. Companies need to combine marketing and, social and environmental innovation to gain competitive advantage. Here, technology has a key role to play. Organizations swiftly ought to transit towards technological advancement. These advancements eventually result in higher operational efficiency, cost reduction and create competitive advantage. However, marketers need to recognize that product/service will get sustainability value when it meets consumer expectations.

IMPLICATIONS

21st century Millennials are difficult to convince. It is not easy for companies to engage, inform and persuade them for considering company's sustainability efforts. Today's generation expectations are influenced by powerful media and entertainment business. Their expectations reflect more of material needs than rational needs. This situation is problematic for companies that want to adopt sustainable strategies. Consumers are ready to pay added price if they are convinced about the

benefits gained from consumption. However, as discussed earlier there is still huge gap between “show me the money” attitude of investors and real business value generated from sustainable marketing practices.

Now the major responsibility that lies on marketer is to make consumer feel connected to something more “real” than the artificial world that surrounds them. This means reconnecting with nature and other people. Consumers expect more from their outlay than buying products and services. This feeling aggravates consumers’ belief that companies are failing to meet their expectations. To offer better value to consumers and secure a competitive advantage, companies must assume *Innovation, Collaboration, Communication, and Commitment* as important sustainability business strategies.

Traditionally, marketing has been painted as a ‘Bad Guy’ profession for impelling and glamorizing consumption. Producing goods and services does exhaust resources, which has harmful effect on environment and society as a whole. As influencers, marketers need to develop products and services that make a significant difference both to their customers, the planet and to the bottom line. This will eventually create opportunity for marketers to create competitive advantage and business value.

CONCLUSION

Researchers have repeatedly pointed the need to expand sustainability base from environment to business. Businesses can leverage their vision of sustainable practices in the form of competitive advantage, brand loyalty, risk mitigation and cost reduction. Researchers proved that sustainability practices adopted by a firm may gain more investors by the firm. It can also lead to an increased market value of firm. Still much research is needed to prove positive correlation between the two. The recent economic, financial and environmental crisis calls for more of sustainable social development rather than mere economic growth. Businesses can steer this sustainable development with socially responsible, environmental mitigation and purposeful strategies. With public concern around, environmental issues growing, tougher regulations sustainable marketing practices are unavoidable.

Marketers have adopted sustainable practices to avoid criticism from stakeholders but they are still unsure about consumer buying decision and business value gained. Sustainable marketing strategies can earn revenue when companies frame their marketing 4P’s in a manner that consumers feel empowered while using the products/services. Businesses need to display clear purpose and build trust to create long-term customer engagement. Internal and external stakeholders view sustainable- marketing practices that cause business value as more reliable.

While companies are still wondering how to carry out sustainable marketing strategy to gain trust of stakeholders, consumers and society as a whole. Therefore, role of marketer is to communicate company’s genuine commitment to responsible and sustainable marketing practices. Marketers also need to act as ‘collaborators’ within and outside organization to ensure the promises on sustainable marketing are honored.

This article illustrates that sustainability is a main stream issue and cannot be isolated from business strategies. Those companies that proactively make sustainability core to business strategy will drive innovation and engender enthusiasm and loyalty from employees, customers, suppliers, communities and investors. Companies need to understand that they and society are inherently interdependent. This kind of mindset of not focusing only on short-term economic gains, as is usually the case with most non-sustainable/conventional business, allows sustainable business to be able to meet the needs of today’s customers without compromising on the needs of the future generation. Consumer will always be drawn to brands they trust, that are different from the rest, innovative, appeal to emotions and intelligence.

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