



SUSTAINABILITY MARKETING

New directions and practices

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Sustainability Marketing

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Sustainability Marketing: New Directions and Practices

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The only ability by which one can sustain the entire process of life is Sustainability.

– Dr Rishi Raj Sharma

Instead of being just a fad, Sustainability is meant to be a new way of life.

– Tanveer Kaur

Anything that ensures the perpetual existence of life is Sustainability.

– Amanjot Singh Syan

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Preface

This book is designed to serve as an elaborative text on Sustainability Marketing for the post-graduate programs in marketing and for researchers in this field. This book equips students and practitioners with the concepts, frameworks and techniques required for making better strategic decisions with regard to sustainability. This text clearly reflects the dynamism of the fast-developing field of marketing and it endeavours to be both rigorous and relevant in the contemporary world. We have collected inputs from various books, journals and business publications in the form of various concepts and frameworks in augmenting the field of sustainability marketing. We have also included many sustainability related cases of various recognized companies to equip the readers in developing analytical thinking concerning the prevailing sustainability issues.

All the 17 chapters of the book engulf the concept of sustainability to improvise and look at the conventional marketing strategies through the lens of sustainability. This text comprehensively entails the related fields of sustainability marketing and issues associated thereto. From the theoretical perspective, the text enshrines in maintaining an optimum balance between consumption and conservation of resources which truly manifests the basic elements of Triple Bottom Line (TBL) concept. The book attempts to harness the ability of TBL in the form of economic, social and ecological resources and their dynamics in the state of perfect equilibrium. The book further develops by integrating sustainability as a market strategy, thus laying thrust on how organisations' strategic marketing intent meets the consumers' desire for sustainable products. The present business scenario is witnessing a transition in which the trajectory of business projections needs to comply with sustainability goals which actually becomes the need for survival and prosperity of any organization.

Features of the Book

- Each chapter contains Key Highlights/Learning Objectives in the beginning.
- Each chapter contains various interesting and relevant examples, exhibits and cases from all around the world to give an international outlook to the book. These cases and examples illustrate the vital aspects of sustainability in marketing management.
- The systematic and precise text with clear illustrations and lucid language makes the study of this subject way more interesting and engaging.

- Each chapter ends with
 - End-of-chapter discussion questions
 - Critical thinking queries

These features are designed to foster the learning experience of students and practitioners individually as well as in a group.

Organisation of the Content

The content of this book is quite comprehensive. It is divided into five parts.

Part I introduces the concept of marketing in the twenty-first century. The opening chapter presents the brief history of business and its sustainability. It explains the evolution of business management as a key concept. Chapter 2 provides an overview of all the marketing practices, which entails conventional as well as some prevalent practices. Chapter 3 introduces and elaborates the sustainability challenge being faced by the present day organizations. Further, Chapter 4 discusses the prevailing marketing and socio-ecological balance in the current business environment.

Part II introduces the concept of sustainability marketing as a new paradigm in the business arena. It includes Chapters 5, 6, 7 and 8. These chapters deal with the basic concept of sustainability marketing, the environmental aspect of sustainability marketing, social aspect of sustainability marketing and the economic aspect of sustainability marketing respectively.

Part III of the book discusses the various consumer centric aspects of sustainability marketing which is need of the hour. Chapter 9 emphasizes on crucial task of market segmentation, customer targeting and positioning of product. Chapter 10 is essentially devoted to the sustainable consumer and consumer behaviour in context of sustainability. Chapter 11 details the sustainability marketing mix and its components which are considered as replacement of the conventional four Ps of marketing mix. Chapter 12 captures the essence of branding and corporate personality with regard to sustainability.

Part IV deals with the groundwork and critical task of integrating sustainability marketing with a strategic intent of a business organization. Chapter 13 lays the foundation of strategy vis-a-vis sustainability marketing in business enterprises. It focuses and guides the practitioners to use sustainability as a strategic tool for gaining competitive edge. Chapter 14 entails the interconnectedness of internal and external business environments with regard to sustainability. Chapter 15 elaborates the diverse roots for the formulation of sustainability marketing strategies in an organization.

Part V constitutes two chapters. Chapter 16 explains the role of digitalization and e-commerce in promoting sustainability. Chapter 17 sheds light on the various emerging issues related to sustainability in the marketing field.

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Part I
Marketing Scenario in the 21st Century

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Chapter 1

Brief History of Business and Its Sustainability

Chapter Key Highlights

After reading this chapter, you will be able to:

- Understand the major milestones in the history of business management.
- Define the term sustainability and sustainable development.
- Analyse the significant role of sustainability in business.
- Identify and understand the phases of business sustainability.
- Outline the steps involved in creating a more sustainable business strategy.

1. Introduction

Globalization, technological advancement and increasing diversity have essentially put organizational challenges into hyper drive. After almost a full century, organizations have come to a point where they have realized that the ideologies and practices that worked before are just not enough in the present business scenario. With the traditional management, it is possible to comply with the business, market and legal regulations but for boosting the level of growth and innovation in organization, engagement of people to a whole new level is needed. The traditional top down approach is now a thing of the past. Success of an organization in today's business environment needs an inspiring and participatory management style.

As market is considered as the most powerful institution, business is automatically the most powerful entity in this institution. Business is responsible for almost all the activities taking place around us such as construction of buildings and houses, production of food that we eat and production of clothes, automobiles, energy, etc. This does not imply that it is the business alone that can generate solutions in the society but owing to its huge power with regard to ideation, production, and distribution, business can be best positioned to bring in the change that is required at the current stage.

Due to the extensive role and importance of business in every sphere of life, it is crucial to enhance the sustainability of business in all aspects – economic, social

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and environmental. Sustainability is recognized as a megatrend that has a huge impact on every sector of life. Thus, understanding the significance of business sustainability is of utmost importance in the present era characterized with devastating impacts of business organizations on the society and environment.

2. Brief History of Business Management

The fundamental processes of business management have been subject to continuous development ever since they first evolved. These processes include how to organize, coordinate and direct human activity for achieving the collective goals. The twentieth century is considered as the most important time frame when most of the changes in business and its management were witnessed. This century can be divided into timeline of different periods and all these periods focus on transition and change over time and each time period is indicative of a dominant set of ideas, beliefs and practices. This periodization is based on the insights of researchers – Wren and Bedeian (2009), Kipping (2002), and Barley and Kunda (1992).

i. 1900–1940 – *Scientific management*

The idea of considering management as science developed in the early years of twentieth century. It primarily emphasized on improving productivity and efficiency with the help of approaches such as division of labour, standardization, centralization and hierarchy. Here, the management approach was ‘top-down’ with strict control over people and business processes.

The first period was primarily dominated by the ideas and practices of scientific management which were introduced by Frederick Taylor. He presented scientific management as a complete opposite of the ‘rule-of-thumb or traditional knowledge’ that were prevalent in the business management earlier. It spread in such a manner as never seen before and was also introduced into the public sector. Taylor’s ideas were similar to those of Max Weber and Henry Fayol. Henri Fayol (1937) developed a general theory of management for state and as well as industry. The works of Taylor and Fayol were further developed and disseminated by thinkers such as Lyndall Urwick (Brech, Thomson, & Wilson, 2010).

ii. 1940–1960 – *Humanistic or behaviouristic management*

The second period was the era of the welfare state, which was linked to processes like industrialization and post-world war recovery. Here the Taylor-esque ideas and practices were still considered important, but there was a change which can be seen in the work of Peter Drucker (1954). He was the first modern management guru who showed that management is about the use of fixed procedures or ‘management-by-objectives’. This diversification of management was caused by the behavioural revolution of the social sciences. These ideas were also used by public administration for establishing welfare policies.

During the 1950s and 1960s, the business organizations were becoming more complex and this marked the introduction of functional organizations and the Human Resource (HR) movement. Firms started considering the importance of the human factor with regard to production processes and productivity. In this time period, the tools like goal setting, job descriptions and performance reviews were developed.

iii. *1960–1980 – Strategic management*

In the third period, the focus was on the role and restructuring of top management, top-down budgeting and the increasing popularity of Henry Mintzberg's (1973) ideas. His ideas stressed on the strategic importance of a manager as the manager was regarded as a 'figurehead with ceremonial duties'. This was the result of the merger and acquisition wave of the 1960s which led to creation of large, diversified private conglomerates. In this period, there was a huge shift from shop floor to boardroom. Moreover, the increasing importance of strategic management was seen in this period along with the growth of some abstract management concepts. The spread of management was so wide that it not only affected large firms, but also the small organizations.

In the 1970s, the focus changed to the process of resource allocation. Tools such as Strategic Planning (GE), SWOT and Growth Share Matrix (BCG) were developed and used for formalization of the strategic planning processes. Moreover, contingency theories were also developed after several decades of using 'best practice' and 'one-size-fits-all' solutions.

iv. *1980–2000 – Popular and individualized management*

In the fourth period, the main focus was on the increasing importance of the role and behaviour of the top management. The spread of concepts related to strategic management led to the individualization and popularization of management. The other reason behind this was the effect of the changing circumstances. In this period, New Right and monetarism (neoliberal politics) emerged, which supported the role of the individual and favoured restructuring of economics and finance for curing the recessions of the 1970s.

In 1980s, the business environment became very competitive. Due to the introduction of management consultancy industry, Competitive Advantage came out as the first priority for all organizations in this period. Tools such as six sigma, total quality management (TQM), and Lean manufacturing were introduced and used for measuring processes and improving productivity. TQM was a solution for the decreasing productivity and recession of the 1970s. In this period, the employees' involvement in collecting data increased, however, the decision-making power was still in the hands of top management. The top managers set goals for managing people and maintaining control in the organization.

In the 1990s, due to the approaches such as neoliberalism, the management's focus on the long-term change declined. The management welcomed quick and dramatic changes and adopted radical methods like Business Process Reengineering (Hammer & Champy, 1993) and concepts like 'shareholder value'. The focus was now on the short term financial success. In

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1990s, the processes like benchmarking and business process reengineering also gained popularity. Other tools such as Strategy Maps and Balance Scorecards were introduced as a part of more holistic organization.

v. 2000–present – Critical management

In 2000s, organizations started to focus on utilization of technology for value creation and growth. The era of using Big Data started during this period. Concepts like Blue Ocean Strategy and Value Innovation were also introduced due to oversaturation of existing market space. Since 2000, management has been criticized in industry as well as government sector. This criticism is different from that in other periods, and it marked the change which had an impact on development and distribution of management, particularly outside the industrial sector. The concepts focussing on the short term gains and shareholder value were delegitimized due to a number of fraud cases that took place. Moreover, there was a rise of anti-guru gurus who stood against the dominance of managers and management (Kipping & Engwall, 2002; Micklethwait & Wooldridge, 1997; Pinault, 2000). In this period, the concept of ‘blame it on the manager’ had a sharp rise with critical assessments of the management ideologies (Hoopes, 2003; Pearson, 2009).

The latest trend that is going on in business management is integration of sustainability into the strategic and functional areas of business. These concepts are discussed in detail in the proceeding sections of this chapter.

3. Concept of Sustainability

Sustainability has arisen as a key imperative in the present corporate picture. Researchers believe that the sustainability challenge will dominantly influence the organization’s economic value, competitiveness, corporate personality and survival in coming years (Latessa et al., 2010; Lubin & Esty, 2010). Anthropogenic activities pose a significant threat to the society and also to the planet on the whole. This paradox of consumption oriented marketing philosophy leaves a significant room for embedding sustainability in the total business operations and processes (Hahn, Preuss, Pinkse, & Figge, 2014; Rockstrom et al., 2009; Slawinski & Bansal, 2012).

The report by Brundtland Commission’s titled as ‘Our Common Future’, in 1987 introduced the term ‘Sustainable Development’ and states that the ‘concept is concerned with satisfying the needs of existing generation without risking the needs of coming generations’ (WCED, 1987). According to corporate culture, Sustainability indicates meeting the needs of present stakeholders along with focusing on the needs of forthcoming stakeholders (Alameeri et al., 2018). In the course of attaining ecological and social goals, sustainability is evolving as an essential concern for businesses around the globe (Goleman & Lueneburger, 2010; Van der Byl & Slawinski, 2015).

Sustainability is often considered synonymous to ecological sustainability (Peattie, 1995) and Corporate Social Responsibility (CSR) (Montiel, 2008). This

similarity overshadows the overall significance of sustainability as the holistic concept of sustainability includes social, economic, and environmental aspects clubbed together (Obermiller et al., 2008). The lack of harmony amongst these philosophies has created confusion for the academicians and corporate executives as well. Henceforth, holistic research on sustainability remained in the infancy stage, so more light needs to be thrown upon the grey areas. This field has been explored and extended due to the proactive efforts of researchers (Nulkar, 2014) and business houses for undertaking the challenges of sustainability in order to gain competitive advantage. Nevertheless, the three pillars of sustainability such as people, planet and profit are internally consistent and also complement each other in a way that environmental prosperity helps to increase economic strength while taking care of the interests of all the stakeholders (Berkes et al., 2000).

Corporate world has witnessed numerous transitions in recent years and marketing is no exception. From mass marketing to micro niches, the agenda of marketing has fully transformed the business world in totality. As a fact, strategies of marketing have encouraged unsustainable consumption potentially and in spite of paradoxical relationship between sustainability and marketing, businesses need to maintain equilibrium between conservation and consumption in a suitable way.

Various researchers have engaged in introducing 'sustainability' in the field of marketing. Consequently, sustainability is becoming a serious marketing element presently and is widely used as a chief guiding factor for improving the products' marketability and that of a company too (see Example 1.1). Though such insights into these factors help in strengthening the assimilation of company's marketing potential clubbed with sustainability strategies, majority of firms still lag behind in unveiling the full potential of sustainability (Engert et al., 2016).

Example 1.1 Kurzemes Piens

Kurzemes Piens, a Latvian dairy, is a small business which benefited from the actual application of basic sustainability concepts. The company saw their investment in leakage prevention of their refrigeration system which was having a pay back of just four months and it also enabled Kurzemes Piens to reduce the ammonia emissions by 12 tons per year, which eventually improved the health and safety for their employees while saving \$9,300 per annum.

4. Sustainability in Business

In business, sustainability can be generally addressed on the basis of two main categories:

- (1) The impact of business on environment
- (2) The impact of business on the society

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Sustainable business aims to make a favourable impact on both the areas. At times when corporations fail to assume their obligations towards sustainability, the problems and challenges related to society and environment get aggravated such as increase in ecological degradation, social injustice and inequality.

Apart from helping to curb the global sustainability challenges, sustainability vision can also play a crucial role in driving the success of a firm's business. Many investors use the environmental, social, and governance (ESG) metrics for analysing a firm's ethical behaviour and sustainability-related activities. These investors focus on factors such as firm's carbon footprint, resource usage and community development efforts.

Firms with higher ESG ratings often have a lower cost of debt and equity. Their sustainability efforts help them in improving their financial performance along with rendering public support. In fact, 'doing good' can have a more direct effect on the firm's ability than the concept of 'doing well' (see Fig. 1.1). Doing well refers to acquiring wealth or financial gains such as profit in business, whereas doing good is related to the ethical responsibility to solve the social or environmental problems i.e. doing ones part in tackling the sustainability issues.

Business sustainability has apparently evolved and has certainly come a long way since its inception. Since 1970s when the modern ecological movement started and the regulations in this regard were established, business sustainability has transformed into a critical strategic concern which is essentially driven by various market forces. In the current business scenario, CEOs of almost all major companies have recognized sustainability as a key factor in the success of their companies. They are engaged in development of appropriate sustainability



Fig. 1.1. Value Addition and Sustainability in Businesses. *Source:* [Harvard Business School Online \(2019\)](#).