

RECONSIDERING THE MARKETING MIX FROM THE PERSPECTIVE OF CIRCULAR ECONOMY

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Abstract

Circular economy, a modern and current concept, represents a concrete solution to practically support sustainable development. Moreover, circular economy is considered as one of the most representative answers to the need to efficiently and sustainably manage the problem of resources and waste generated by the production and consumption processes. The current paper which is prevalently theoretical and empirical, aims to identify the existence and meaning of the relationship between marketing mix and circular economy, starting from the hypothesis that the traditional marketing mix needs an adjustment to the requirements of circular economy. In fact, we propose to reconsider the traditional marketing mix by adding a 5th component to the established 4Ps: product, price, promotion, placement. By means of the analysis and synthesis of the literature, correlated with the authors' proposal, the new component added to the marketing mix is the "return" and refers to the new sustainable and responsible way to use the waste resulted from consumption. Thus, the main outcome of the paper, the 5th component that is "R", is analysed and developed based on the speciality literature and of the studies that support circular economy.

Key words: marketing mix, circular economy, protection

Current concepts, such as the marketing mix and the circular economy, are addressed in the same way, in detail and multifaceted in the profile literature, as well as in practical applications. Although, apparently, there is no connection between these two concepts, the present paper aims to highlight the obvious and close connection between the two.

In a predominantly theoretical approach, supported by the empirical side, the paper aims to identify the existence and meaning of a link between the marketing mix and the circular economy, starting from the hypothesis that the traditional marketing mix, based on the functionality of the production-consumption circuit in the form of a 4P chain, needs to be adapted to the requirements of the circular economy, in response to the need to move towards a truly sustainable economy.

In fact, we intend to reconsider the traditional marketing mix by adding a 5th P to the established 4Ps: product, price, promotion, placement. Through the analysis and synthesis of the literature, correlated with the authors' proposal, the "P" added to the marketing mix is actually a double P "processing & protection" and refers to a new sustainable and responsible way of using waste from consumption. Thus, the main result of

the paper, the 5th P, is analyzed and developed based on the established literature and studies that support the circular economy.

The main motivation behind the elaboration of this study focuses on the following arguments:

- orientation towards the tendency to approach the marketing theory from a new and modern perspective, associated with the topic of sustainable development;
- identification, in the profile literature, of conceptual connections similar to the assumptions and ideas of the authors;
- concern for approaching new marketing concepts: society marketing, sustainable marketing, eco-marketing;
- interest in the multifaceted issue of marketing principles;
- highlighting a new idea in the traditional composition of the marketing mix.

The main goal of this paper is based on and justified by identification of different approaches related to the mix of marketing. We propose to use a new component in this mix, from the perspective of the conceptual and applicative presence of the circular economy on the actual consumption market. And this is given by the harmful tendency, both socially and economically, to support more and more the hyper consumption.

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MATERIAL AND METHOD

The paper, predominantly empirical and theoretical, focuses on the analysis of the specific marketing literature and circular economy, in parallel. In particular, the authors aim at identifying a common denominator and the factors that can confirm the link between the two concepts. Methodologically, it is argued the possibility of conceptual correlation of the marketing mix and the circular economy, including examples and specific actions of some companies operating in the functional market. In this context, we aim to advance a new idea regarding the content and supply chain of the marketing mix.

The objectives pursued in the paper are:

- O1.** Analysis of the specific literature regarding the approach of the marketing mix.
- O2.** Analysis of the specific literature and actions to promote the circular economy.
- O3.** Advancing a proposal with a new component in the marketing mix, to support the practical understanding of the concept of circular economy.

The research methods used are observation, literature analysis, selection, interpretation. The paper, based on the analysis of concepts, aims to demonstrate that the circular economy and the marketing mix have a common denominator: the 5th P ("processing & protection") which allows a non-linear approach to the market.

The hypothesis of the paper is assimilated with a proposal: the traditional marketing mix requires an adaptation to the requirements of the circular economy. Therefore, the authors' contribution consists in reconsidering the traditional marketing mix by adding a 5th "P" to the established 4Ps. The foray into the profile literature, especially the international one, shows that the options for approaching the marketing mix are varied: 4 or 7 components, with different approaches, depending on the socio-economic context in which they were treated. Also, the literature is rich and diversified, including from the perspective of correlating the 4P (product, price, promotion, placement) with the "4C" (communication, consumer, comfort, cost). The 7P approach is an obvious adaptation to market progress and emancipation and involves the addition of 3Ps to the traditional 4Ps: people, process, physical evidence.

The marketing mix is very well approached in the literature, as theory, but in practice, too (Möller, 2006). Chronologically, this concept with 4P started from the 1P, that is price, in the economic theory related to the efficient activity of enterprises on the market. But, in 1964 McCarthy introduced the 4Ps, to clarify the marketing planning. Some authors summarize the classical definitions, emphasizing that the marketing mix can be defined as a controllable group of variables that the organization can use to effect on the buyer's response to product or service (Kotler, 2000). Also, the marketing mix is a tool used by businesses and

marketers to help determine a product or brands offering. Since the 1980s, the 4Ps have expanded to 7P, which have been used more widely, but less well known compared to 4P, due to the need to adapt the way we communicate with customers, in order to ensure sales as much as possible, efficient and in line with consumer expectations. In fact, it is about the permanent adaptation to the new form of the market: more dynamic, richer, with more and more emancipated consumers. In the last 15-20 years, the marketing mix has been approached even more differently, in the form of 8P, also as a result of major market changes. Thus, the 8th P refers to Productivity and Quality. This variant, however, is very little known.

The concept of circular economy is no longer an absolute novelty in theory. Moreover, it is becoming better represented in the applicative sector. Thus, we identify a set of numerous and solid European requirements for the promotion of the circular economy. Contextually, awareness and recognition of the general problem of consumption and the resulting waste, as well as the side effects caused by the spread of a hyperconsumption society, is the basis for the implementation of the principles of the circular economy, as well as to reflect the need to reconsider the classic marketing mix "4P". In fact, it is necessary to identify concrete actions to solve these major problems: hyperconsumption, waste, sustainable management of resources.

The circular economy, a modern and current concept, is a specific solution to the practical support of sustainable development. Conceptually, it is approached as one of the representative answers to the need to efficiently and sustainably manage the problem of resources and waste, the results of the production and consumption processes, often at "above" or "hyper" level.

Regarding the definition of the circular economy concept, definitions from which we will extract the connection with the components of the marketing mix, in the specific literature are identified over 100 definitions, but the associated key factors are common: sustainable development, "4R" (Reduce, Reuse, Recycle, Recover) or derived variants, systemic approach (micro, meso, macro) of economic processes, waste management and monitoring.

An aspect supported almost unanimously by the profile literature is the one that highlights the transition from the linear economic model of "production-consumption-waste" type to the circular model of "production-reconditioning-reuse" type. This transition is determined by:

- increasing the level of competitiveness;
- compliance with environmental legislative obligations;
- pressures from informed consumers.

Table 1 presents a summary of the definitions of the circular economy and we have chosen to mention those definitions that allow highlighting the link with the marketing mix.

Table 1

Selected definitions of Circular Economy

Author, year	Definition
Yuan et al. (2008)	"The core of the Circular Economy is the circular/closed flow of materials and the use of raw materials and energy through multiple phases"
Ma et al. (2014)	"A circular economy is a mode of economic development that aims to protect the environment and prevent pollution, thereby facilitating sustainable economic development."
EC (2015)	"The economy where the value of products, materials and resources is maintained for as long as possible, and the generation of waste minimised."
Bocken et al. (2016)	"A Circular Economy design and business model strategies that are slowing, closing, and narrowing resource loops".
Franklin-Johnson et al. (2016)	"The centre of a circular economy is the circular/closed flow of raw materials and energy consumption in multiple phases".
Murray et al. (2017)	"Circular Economy is an economic model wherein planning, resourcing, procurement, production and reprocessing are designed and managed, as both process and output, to maximise ecosystem functioning and human well-being."

Source: adaptation and procession on Mazur-Wierzbicka, E. - *Towards Circular Economy - A Comparative analysis of the countries of the European Union* (2021)

To these selected definitions, we add that of the European Commission (2016): "In a circular economy: the value of products and materials is kept as long as possible, waste and resource use are kept to a minimum when a product reaches the end of its life, is reused to create added value, major economic benefits, contributing to innovation, growth and job creation". We believe that this definition is clear, complex and relevant to the topic addressed in this paper.

RESULTS AND DISCUSSIONS

Next, we will use a set of examples, from Romania and abroad, which demonstrate the practical applicability of the concept of circular economy, in connection with the approach of market functionality as a chain of "Ps". It is at least interesting to mention that the idea of adding a 5th "P" to the traditional mix is found in other approaches in the literature, so the adequacy of such an idea can be confirmed to the current socio-economic changes.

1. DS Smith, a leading European packaging company, proposes "Packaging to be the 5th P in the marketing mix".

2. The French model of good practice or the Law "Anti-Waste" (2016) on food waste. Considering the very large volume of packaging resulting from consumption, instead of becoming just waste, it could be turned into resources for a new production cycle. In this context, the French model focuses on the following requirements and priorities:

- limiting food loss;
- food waste prevention;
- reprocessing of unsold food;
- the signing of a financing agreement between traders and one or more food aid associations;

- the prohibition of contractual provisions that could be an obstacle to food donation;
- the fight against food waste in schools;
- involvement of the entire business environment in the food sector to avoid sanctions, including fines and up to two years in prison. (Ministère de l'Environnement, de l'énergie et de la Mer, 2016).

3. CHEP (Commonwealth Handling Equipment Pool) system for efficient use of packaging for storage. There is a 50% increase in the number of companies that have introduced CHEP circular logistics solutions, as real innovative solutions for the supply chain. CHEP Romania counts over 300 companies from the domestic Retail and FMCG (fast-moving consumer goods) sectors that have reduced their costs and carbon footprint by renting reusable pallets, in order to transport and promote their in-store products. (source) The CHEP system is considered a pioneer of circular logistics, the main contribution being the model of rotational rental services of transport equipment that are shared and reused throughout the distribution chain. (EU Directive 2018/852 of 30 May 2018, packaging and packaging waste).

4. The SIGUREC system is another model for fixing the concept of circular economy and is supported by the use of vouchers in exchange. It is a modern waste collection and collection service, new for Romania, but present on the European market for over 15 years. Usually, the location of the collection equipment is either inside or in the parking lots of large retailers.

5. The Carrefour network has launched a successful national campaign to provide "free" vegetables and fruits in exchange for PETs. The results of this campaign were above expectations, so the program extends to all points of sale in Romania.

6. Mega Image is the first supermarket chain with a recycling center for PET packaging and aluminum cans, while Kaufland has installed PET waste recycling machines in 17 stores.

7. Romania will adopt the legislation regarding the guarantee system of the packaging purchased from each store, so for each bottle / plastic bag / beer box / any other type of synthetic packaging an additional amount will be paid. The money will be recovered only when this packaging is brought back to the same store - a system specific to economies that are not based on consumption, but on a balanced production-consumption relationship, which involves adjusting the demand-supply ratio according to real needs that society has and, implicitly, individuals. Moreover, the proposed 5th "P" outlines more clearly the need to identify and maintain this balance. This system will most likely be implemented from April 2022 - the deadline imposed by the European Union, through the "Guarantee-Return System" (GRS). A favorable aspect is that all the retail companies in Romania support the implementation of this waste recycling system, proof of the recognition of the relational imbalance need-production-consumption that we are currently facing. Stores with over 50 m.p. will have a point of collection and selection of plastic or polluting waste, and the level of guarantee considered acceptable is 0.5 lei for each package.

Specifically, European Directive 2008/98 / EC requires that 50% of household waste be diverted from landfill and recycled, while Directive 2019/904 of the European Parliament requires Member States to reach a collection rate of disposable plastic of 77% by 2025 and of 90% by 2029. For now, in Romania the degree of recovery and recycling is only 13% - 14%. The total investments in the realization of the infrastructure, such as the collection, storage and waste sorting centers, are estimated at 140 - 160 million Euros, and the costs will be borne by the producers of the products sold in polluting packaging.

CONCLUSIONS

A first conclusion regarding the conceptual approach is that the mix of marketing and circular economy, from a conceptual point of view, have common points of interest. Both are oriented towards the reconsideration of the waste resulting from the consumption process and find their current and certainly future practical socio-economic applicability, the "P" proposed to be added to the marketing mix is "processing &

protection" or "return". Regarding this aspect, the authors aim at continuing this research and at establishing which word symbolizes as faithfully as possible what we set out to emphasize conceptually. Clearly, however, the proposed 5th "P" refers to a new sustainable and responsible way of using waste from consumption, ie waste should be approached as a resource, gain value, and this aspect should be included and highlighted in the classic marketing circuit: from producer to consumer, through the 4P, without stopping at the consumption stage. Specifically, after the actual consumption of goods and services on the market, the next step is to determine what is done with the component part of the consumed good, consisting of waste. In fact, what results from consumption will be divided into two components that cover different needs: energy / utility that covers the need for which the product / service was created and consumed and waste that covers the need to manifest responsible consumption and had a continuous availability of resources through the reuse of waste. In essence, the common core of the two concepts, viewed from a practical perspective, is given by the process of reuse and reuse of waste from consumption. Thus, we consider that the consumption process is not the last stage in the path of the good / service from producer to consumer.

In conclusion, the main result of the paper, to be clarified and developed in future research, is the 5th P "processing & protection", in this paper being analyzed and developed based on established literature and studies that support circular economy.

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