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**RELATIONSHIP MARKETING IN INTERNATIONAL FOCAL FIRMS: A  
STRATEGIC PERSPECTIVE ON SUSTAINABILITY**

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**ABSTRACT:** In the intricate landscape of 21st-century business, this study addresses the challenges facing companies, particularly international focal firms, in meeting stakeholders' sustainability expectations. Requiring astute strategic decision-making, the focus is on the interplay between sustainability and Relationship Marketing (RM) theory in contemporary business networks. Current literature lacks a thorough exploration of the sustainability-marketing relationship, especially in the internationalization context, highlighting a critical research gap.

Identifying this gap, the research underscores the need for a cohesive theoretical framework to comprehend how companies navigate relationships through sustainability. Thus, the study aims to construct a robust RM framework, synthesizing theories and identifying success factors. The Research Question is: *"How can sustainability contribute to effective implementation of focal firms' Relationship Marketing strategies?"*. Sub-questions delve into internal operations, stakeholder engagement, and internationalization, forming the foundation for model development through data analysis and literature review.

Using a qualitative design, three distinct case studies undergo analysis through semi-structured interviews with marketing and sustainability executives of international focal firms. Contributing to RM and sustainability theory, the study identifies ten forms of relational exchange, emphasizing shared values like sustainability as catalysts for active engagement. In the context of the Resource-Advantage view of competition, it explores the significance of idiosyncratic competence resources. Comparative analysis reveals three key competences: intra-firm sustainability competence, interfirm sustainability competence, and international sustainability competence—forming Sustainability Factors for meaningful global relational exchanges.

Concluding, the research not only fills a critical research gap by establishing a foundation for exploring the intricate relationship between sustainability and Relationship Marketing but also provides insights for focal firms' executives navigating diverse business contexts, while suggesting avenues for further research.

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**KEYWORDS:** Relationship Marketing; Sustainability; Internationalization

## TABLE OF CONTENTS

TABLE OF CONTENTS .....	3
LIST OF FIGURES .....	6
<b>1. INTRODUCTION .....</b>	<b>7</b>
<b>1.1 Background of the Research .....</b>	<b>7</b>
<b>1.2 Research Gap .....</b>	<b>9</b>
<b>1.3 Research Question .....</b>	<b>11</b>
<b>1.4 Intended contribution .....</b>	<b>12</b>
<b>1.5 Master's thesis Structure .....</b>	<b>13</b>
<b>2. LITERATURE REVIEW .....</b>	<b>15</b>
<b>2.1 Relationship Marketing .....</b>	<b>15</b>
2.1.1 Definition of Relationship Marketing .....	15
2.1.2 Forms of Relationship Marketing .....	18
2.1.3 Why Individuals Join Relational Exchanges Within Networks .....	20
2.1.4 Why Organizations Join Relational Exchanges Within Networks .....	23
<b>2.2 RM-based Strategies .....</b>	<b>26</b>
2.2.1 Success Indicators for Relationship Marketing .....	26
2.2.2 Success Factors for Relationship Marketing Strategies .....	27
<b>2.3 Sustainability and Relationship Marketing .....</b>	<b>40</b>
<b>2.4 Visual Framework .....</b>	<b>41</b>
<b>3. METHODOLOGIES .....</b>	<b>44</b>
<b>3.1 Philosophical Considerations .....</b>	<b>44</b>
<b>3.2 Research Strategy .....</b>	<b>45</b>

<b>3.3 Sampling Process and Criteria</b> .....	<b>47</b>
<b>3.4 Data Collection</b> .....	<b>49</b>
<b>3.5 Data Analysis</b> .....	<b>51</b>
<b>3.6 Reliability and Validity of the Study</b> .....	<b>52</b>
<b>4. FINDINGS</b> .....	<b>54</b>
<b>4.1 The FITT Case</b> .....	<b>55</b>
4.1.1 Sustainability for RM: Internal Operations and Governance .....	55
4.1.2 Sustainability for RM: External Stakeholder Engagement .....	60
4.1.3 Sustainability for RM: International Markets.....	64
<b>4.2 The ICAM Case</b> .....	<b>67</b>
4.2.1 Sustainability for RM: Internal Operation and Governance .....	68
4.2.2 Sustainability for RM: External Stakeholder Engagement .....	72
4.2.3 Sustainability for RM: International Markets.....	77
<b>4.3 The IRSAP Case</b> .....	<b>80</b>
4.3.1 Sustainability for RM: Internal Operations and Governance .....	80
4.3.2 Sustainability for RM: External Stakeholder Engagement .....	84
4.3.3 Sustainability for RM: International Markets.....	88
<b>5. DISCUSSION</b> .....	<b>91</b>
<b>5.1 Sustainability for RM: Internal Operations and Governance</b> .....	<b>91</b>
5.1.1 Comparative Review: Alliance competence and alliance management .....	92
5.1.2 Comparative Review: Market-relating competence and functional departments.....	94
5.1.3 Comparative Review: From employees to part-time marketers .....	96
<b>5.2 Sustainability for RM: External Stakeholder Engagement</b> .....	<b>98</b>
5.2.1 Comparative Review: Alliance Competence .....	98
5.2.2 Comparative Review: Network Competence .....	101

5.2.3 Comparative Review: Information System Competence .....	102
5.2.4 Comparative Review: Relationship-portfolio management Competence .....	104
<b>5.3 Sustainability for RM: International Markets .....</b>	<b>106</b>
5.3.1 Comparative Review: Convergence .....	107
5.3.2 Comparative Review: Commonality .....	110
5.3.3 Comparative Review: Compatibility .....	112
5.3.4 Comparative Review: Connectivity .....	115
5.3.5 Comparative Review: Credibility .....	118
<b>5.4 Model Development .....</b>	<b>120</b>
<b>6. CONCLUSION .....</b>	<b>127</b>
<b>6.1 Relevant Results .....</b>	<b>127</b>
<b>6.2 Contributions.....</b>	<b>129</b>
6.2.1 Theoretical Contributions .....	129
6.2.2 Practical Contributions .....	130
<b>6.3 Limitations.....</b>	<b>131</b>
<b>6.4 Future Research Directions.....</b>	<b>132</b>
<b>LIST OF REFERENCES.....</b>	<b>135</b>
<b>APPENDIXES .....</b>	<b>145</b>
<b>Appendix 1. Semi-Structured Interview Guide .....</b>	<b>145</b>

## LIST OF FIGURES

<b>Figure 1</b> Forms of Relationship Marketing .....	20
<b>Figure 2</b> Success of Relationship Marketing Strategies: Key Factors and Indicators (adapted form Hunt et al., 2006; Paduraru et al., 2016).....	28
<b>Figure 3</b> Sustainability and Relationship Marketing Framework .....	42
<b>Figure 4</b> Sustainability Factors in RM .....	121

## **1. INTRODUCTION**

This chapter begins with an overview of the research context, in which the author examines the main themes of this study, such as the crisis of traditional marketing in the face of the new green trends, and the centrality of a long-term vision in the relationship with stakeholders, such as customers and other key partners. On the basis of these considerations, it is possible to understand the foundations of the considered research field, its current gaps and consequently the research questions. Finally, the chapter concludes with the outline of the master's thesis structure.

### **1.1 Background of the Research**

In the contemporary business landscape of the 21st century, companies grapple with a multitude of intricate challenges stemming from diverse dimensions, including societal shifts, environmental concerns, technological advancements, and market trends (Whelan and Fink, 2016). These multifaceted challenges introduce a considerable degree of complexity and uncertainty, necessitating astute strategic decision-making.

Specifically, international corporations encounter persistent hurdles in effectively transitioning towards sustainability (Peattie and Crane, 2005; Chabowski et al., 2011). These hurdles encompass a limited grasp of sustainability issues, the intricacies of global supply chains, the imperative of responsible sourcing (Peattie and Crane, 2005), the delicate balance between short-term financial objectives and long-term vision, and the establishment of a clear nexus between sustainability initiatives and business performance (Chabowski et al., 2011).

These challenges are emblematic of a broader trend that has intensified intricacies within production and consumption systems, leading to heightened stakeholder awareness regarding sustainability as a critical asset in contemporary business networks (Peattie and Crane, 2005). This heightened awareness has reshaped

stakeholder values and expectations, obliging companies to deliver not only utility but also to actively contribute to community progress (Elkington, 1994).

Within this context, effectively managing stakeholder expectations and reconciling conflicting interests, particularly with influential partners, has become paramount (Peattie and Crane, 2005; Crane and Matten, 2016). It is increasingly evident that traditional approaches to stakeholder relationships must adapt, especially concerning customers who wield significant influence in a competitive business environment, as their purchasing decisions ultimately determine a company's product/service success (Crane and Matten, 2016).

According to the American Marketing Association (AMA Website, 2017), marketing serves as the function that establishes connections between customers, partners, and broader user networks with the marketer. "This connection is facilitated through the utilization of information and resources which are employed for purposes such as identifying opportunities and challenges, generating, refining, and assessing actions, monitoring performance, and enhancing comprehension of the overall marketing process". This definition highlights the substantial potential of marketing within companies, as it is positioned at the forefront of value creation by addressing the specific needs of various stakeholders.

While marketing is urged to adopt a holistic approach to relationship-building, extending beyond customers to encompass larger networks of users, Relationship Marketing (RM) theory and practice underscore the importance of collaboration and cooperation among all stakeholders, both within and beyond organizational boundaries (Morgan and Hunt, 1994). In the realm of marketing, this approach acknowledges the significance of nurturing enduring, mutually beneficial relationships with various stakeholders, recognizing the value of collaboration in achieving marketing objectives and overall business success (Morgan and Hunt, 1994).

Adopting this perspective of expanded business networks, firms capable of attracting multiple actors in intricate supply chain systems are central (Hunt et al., 2006). Morgan and Hunt (1994) identify "focal firms" as companies playing a pivotal role as the

initiators of international business endeavours, encompassing the entire process from conceiving and designing products and services to their production and ultimate consumption by a global clientele. Thus, in the realm of Relationship Marketing, focal firms are pivotal because they occupy a central position in supply chain systems, engaging with a diverse group of stakeholders.

In conclusion, the challenges presented by climate change and the growing consumer emphasis on sustainability necessitate a paradigm shift in the management of business relationships. The management of business relations offers a valuable solution to companies, as they recognize the necessity of addressing social and environmental challenges while striving for long-term success (Hunt et al., 2006).

Relationship Marketing (RM) theory provides a valuable framework for companies to adapt and flourish in this evolving landscape. In the quest for a competitive edge, companies can employ long-term relational exchanges to cultivate shared values with customers and key partners, with sustainability being one of these values (Peattie and Peattie, 2003). By embracing a customer-centric approach, nurturing trust and loyalty, and actively participating in sustainable practices, companies can establish enduring relationships within their networks, navigate market uncertainties, and capitalize on the opportunities within sustainability-oriented markets (Morgan and Hunt, 1994; Sheth and Parvatiyar, 2000).

## **1.2 Research Gap**

RM is a relatively young field of inquiry, yet it has already become an extremely rich area of research (Grönroos, 2007). The RM theory has the potential to increase one's understanding of many aspects of business strategy because relationship marketing can take many forms (Morgan and Hunt, 1994). Indeed, it is particularly relevant in the contemporary business environment, where companies need to focus on building long-term relationships with customers, suppliers, and other stakeholders (Morgan and Hunt, 1994).

The role of sustainability in marketing strategies and its impact on business practices are subjects of ongoing inquiry. A recent Deloitte survey in 2022 with insights from diverse CMOs reveals varying perspectives. In particular, this study highlights the complexity of integrating sustainability into marketing strategies and the diverse opinions among managers (Deloitte, 2022). Some emphasize sustainability's importance for long-term success, as it strengthens stakeholder relationships and attracts new customers. Others question its centrality, citing risks and uncertainties. However, the debate about sustainability's centrality on consumer choices and corporate value is central also in academic literature.

With regards to literature, there remain some important aspects that have not been fully elucidated in the literature regarding the actual relation between sustainability and marketing. This kind of business uncertainty fueled ongoing scholarly discourse on the integration of sustainability into RM strategies and its potential ramifications for businesses. Moreover, as posited by Khojastehpour and Jones in 2014, there exists a notable absence of a cohesive theoretical framework, particularly in the context of the relationship between marketing and internationalization.

As for Peattie and Peattie (2003), the relatively “new” theories about Sustainability Marketing have made some progress in exploring the importance of sustainability as a determinant of success in marketing strategies. As outlined by Belz and Peattie (2009), unlike the conventional short-term transactional focus of mainstream modern marketing, Sustainability Marketing theory shares the long-term orientation of Relationship Marketing. The consideration of social and environmental criteria into conventional marketing thinking and processes require their integration into the articulation of Relationship Marketing theory.

Consequently, there is a potential research gap that deserves to be investigated, particularly to understand how companies identify, establish, maintain, or improve relationships with customers and stakeholders, throughout sustainability. Such an investigation is essential to effectively address the role and the importance of sustainability in business relations. By delving into this aspect, Relationship Marketing

theory can detect valuable insights into the interplay between sustainability, relationship management and the perceived benefits from a business point of view.

### 1.3 Research Question

This study aims to understand whether and how RM enables focal firms to be more sustainable. Given the aim of the thesis, the research question seeks to answer this:

**RQ:** *How can sustainability contribute to effective implementation of focal firms' Relationship Marketing strategies?*

This research question will be systematically examined by breaking it down into three essential sub-questions. These sub-questions will help to explore different dimensions of the role of relationship marketing in promoting and advancing sustainability efforts both within and beyond the company. By investigating these aspects individually, a comprehensive understanding of the topic will be achieved. The three sub-questions (sub-RQs) are as follows:

- i. How does incorporating sustainability into operational and strategic governance foster the involvement of internal stakeholders in business relationships built on commitment and trust?*
- ii. To what extent does sustainability enable companies to engage external stakeholders (e.g., customers, suppliers, community members etc.) in long-term relations of trust and commitment with customers and key partners?*
- iii. What are the critical dimensions and factors associated with this subject when considering internationalization?*

## **1.4 Intended contribution**

The primary objective of this thesis is to explore and elucidate the intricate connections between Relationship Marketing (RM) and sustainability. In particular, the general objective is to investigate the possibility for focal firms to enable a process of developing and enhancing relational exchanges within and beyond the company's boundaries, in congruence to their sustainability commitment.

Thus, the intended contribution of the research question is both theoretical and practical. On one side it aims to carry a significant contribution to the existing literature concerning RM. In this regard the author intends to create a robust and comprehensive framework for Relationship Marketing (RM) based on the synthesis of various RM theories. This framework will encompass various dimensions, including identifying success factors for RM-based strategies. Moreover, the study will highlight similarities and shared themes with the theory of SM, to set the foundations for data analysis and discussion.

On the other hand, by highlighting current sustainability initiatives carried out by focal firms, the study seeks to provide a fresh and insightful business perspective on the practical implementation of RM-based strategies. In this respect, by delving into the perceptions and decision-making processes of marketing and sustainability executives, the author will shed light on how effective long-term relational exchanges based on sustainability are developed and integrated through the lens of relationship marketing principles.

To summarize, this study is grounded on the RM and SM theory to gain a comprehensive understanding of how sustainability initiatives contribute to develop RM-based strategies from a practical and theoretical point of view. The empirical analysis and results discussion will offer valuable insights into real-world practices, providing valuable insights for focal firms operating in international markets, and contributing to enhancing the understanding and application of current RM theory in the contemporary business context.

## 1.5 Master's thesis Structure

The following sections of the thesis are structured as follows. The next section delves into the theoretical background, understanding the existing theories and literature on RM to provide a comprehensive definition and to identify various dimensions and success factors for RM. Moreover, an introduction to SM theories aims to establish a solid foundation of knowledge and understanding of the principles and concepts that underpin their connection in the context of the study.

Going forward, the 'Research Methodologies' section explores the research design, providing chosen research philosophy and approach. Primarily, the author will expose the selected research method, highlighting its suitability to examine research questions related to relational marketing. Secondly, the emphasis will be on the reliability and validity of the thesis, the sample selection, data collection and analysis methods, providing reassurances on consistency and solidity of the research and its results.

Subsequently, in the "Findings" section the thesis will present the results derived from the four case studies conducted. These case studies will examine the application and effectiveness of relational marketing in various companies or industries. Each case study will be presented individually, focusing on the specific results and insights obtained by the companies examined.

In the "Discussion" section, the results of the case studies will be widely discussed and concluded. This discussion will involve a comprehensive analysis and interpretation of the results, considering their alignment with the established theoretical framework of marketing relationship. The discussion will be structured in three distinct parts, drawing parallels with the organization of the RQ and sub-RQs, to facilitate a systematic and comparative examination of the results of the research.

The final chapter, "Conclusion", will provide a comprehensive summary of the process, along with contribution to literature, limitations, and recommendations for further research.

Overall, this structure aims to provide a logical and coherent progression of ideas, allowing for a comprehensive exploration of relationship marketing, from its theoretical underpinnings to its practical implications through case studies, ultimately culminating in a meaningful discussion and conclusion that contributes to the existing body of knowledge in the field.

## **2. LITERATURE REVIEW**

The proposed literature review is structured around two core themes. Firstly, it examines the role of Relationship Marketing in the context of modern marketing and its relevance for several actors. Secondly, it presents how Relationship Marketing works, by elucidating the success factors for Relationship-Marketing-based strategies, and their intricate connections with sustainability. The overarching objective of this chapter is to develop a comprehensive framework that enhances our understanding of the fundamental drivers and indicators that lie beneath the successful exploitation of Relationship Marketing strategies, while also exploring the role of sustainability.

### **2.1 Relationship Marketing**

This section aims to provide a comprehensive definition and description of the role and crucial aspects of Relationship Marketing (RM) in modern marketing theory. While the provided definition remains unchanged, it is also important to explore the reasons why customers and firms should engage in mutually beneficial relational exchanges. By identifying and understanding the factors that literature sets out as the advantages for customers and firms to enter relational exchanges, we can delve deeper into the dynamics of this phenomenon.

The question at hand revolves around the motivations driving firms and consumers to establish relationships with each other, a central concept in relationship marketing. First, we will explore the reasons why consumers engage in such relational exchanges with firms. Subsequently, we will delve into the motivations prompting firms to engage in relational exchanges, not only with other firms but also with consumers.

#### **2.1.1 Definition of Relationship Marketing**

Jackson (1985) categorizes marketing approaches into two main classifications: the traditional-based approach and the strategic market-based approach. The traditional

approach emphasizes transactional aspects, competition, firm-induced actions, the firm's value, passive buyers, firm-centric control, firm boundaries, short-term orientation, and independence. In contrast, the strategic market relationship approach prioritizes partnership, collaboration, cooperation, value within partnerships, active buyer involvement, the firm as an integral part of the process, boundary-less interactions, long-term perspectives, dependence, and network-led strategies.

The transition from a transactional orientation, often associated with traditional marketing, to a strategic market relationship approach gained significant attention during the following years. This shift was driven by changes in market strategies, emphasizing customer-centricity and value creation over a narrow focus on products or services. This new marketing paradigm underscores the importance of nurturing buyer-seller relationships as a means of creating value for both parties (Jackson, 1985).

Another point of view arises from the consideration that the conventional mainstream approach to customer behaviour falls short of comprehending sustainability when examined from this perspective (Belz and Peattie, 2009). The primary shortcoming lies in the excessive emphasis on the act of purchasing - or intention to purchase, as the sole consumer activity, disregarding the range of behaviours that occur before and after the purchase. The two scholars argue that, while economists and marketers recognize the importance of the moment of purchase, the social and ecological significance often becomes highly relevant during the sourcing, production, utilization, and post-use phases of the manufacturing process (Belz and Peattie, 2009).

Grönroos' (2007) book, "In Search of a New Logic for Marketing," describes the crisis resulting from the failure of marketing thought and practice to evolve. As per Grönroos (2007), it is perceptively stated that mainstream marketing persists in being oriented towards performing actions upon customers, rather than perceiving customers as individuals with whom interactions take place. Hence, the author (Grönroos, 2007) recommends an alternative view of marketing, which involves managing relationships with key stakeholders, especially customers, instead of merely facilitating contact with

them. This shift in perspective moves the focus away from the concept of “marketing products” to “delivering a broader value to customers” (Grönroos, 2007, pp. 9-29).

For these reasons, a comprehensive understanding of Relationship Marketing (RM) theory necessitates the ability to discern between two primary concepts: discrete transactions and relational exchanges (Hunt et al., 2006). Discrete transactions are characterized by their well-defined commencement, brief duration, and a conclusive termination based on performance outcomes. In contrast, relational exchanges are rooted in prior agreements and exhibit a more protracted duration, representing an ongoing and continuous process (Dwyer et al., 1987).

In order to address the particular significance of this distinction, it is necessary to examine the varying definitions of relationship marketing as presented by scholars. On one hand, Berry (1983, p. 25) characterizes relationship marketing as the process of attracting, maintaining, and, in the context of multi-service organizations, enhancing customer relationships. Similarly, Berry and Parasuraman (1991) posit that relationship marketing encompasses the attraction, development, and retention of customer relationships.

On the other hand, Gummesson (1994) defines relationship marketing as marketing viewed through the lens of relationships, networks, and interactions. Accordingly, Sheth (1994) defines relationship marketing as the understanding, explanation, and management of ongoing collaborative business relationships between suppliers and customers, while Sheth and Parvatiyar (1995) perceive it as endeavours to integrate customers, suppliers, and other infrastructural partners into a firm's developmental and marketing activities.

Accordingly, Grönroos (1996) elucidates that relationship marketing involves the identification, establishment, maintenance, and enhancement of relationships with customers and other stakeholders, with an emphasis on achieving mutually beneficial objectives through a reciprocal exchange of promises.

Taking into account all these conceptualizations, it becomes evident that some encompass broader dimensions than others. As a result, Morgan and Hunt (1994)

propose that RM encompasses all marketing activities directed towards establishing, developing, and maintaining successful relational exchanges (Morgan and Hunt, 1994). This view is in accordance with later work from Aijo (1996), which acknowledges the growing consensus regarding RM as involving any close, long-term relationship among various network of participants.

Hereby, as mentioned by Hunt et al. (2006), it is evident how in the past twenty-five years, the concept of RM has evolved significantly: from a narrow outlook of RM founded merely on customers (Berry, 1983; Berry and Parasuraman, 1991), to eventually encompass any form of relationship, network, and interaction (Gummesson, 1994; Grönroos, 1996).

### **2.1.2 Forms of Relationship Marketing**

In the realm of competitive business networks, focal firms occupy a central position, interacting with a heterogeneous group of stakeholders (Hunt et al., 2006). As previously mentioned, Morgan and Hunt (1994) describe focal firm as companies playing a pivotal role as the instigator of international business endeavours, encompassing the entire supply chain: from the conception and design of products and services to their production and ultimate consumption by a global clientele.

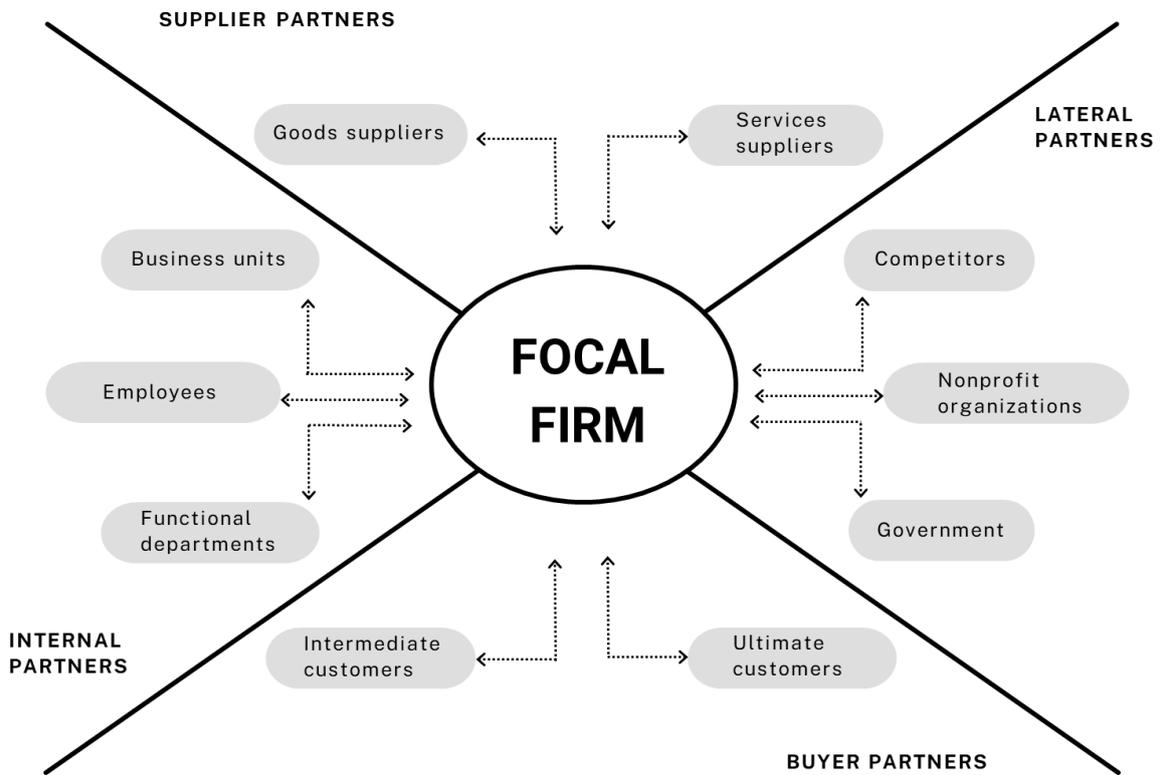
According to the scholars (Morgan and Hunt, 1994), focal firms can be categorized in large multinational enterprises (MNEs), also referred to as multinational corporations (MNCs), and small and medium-sized enterprises (SMEs). Their ownership structures may vary, with some being privately held entities, while others are publicly traded corporations, and still others fall under the purview of government ownership as state enterprises. Finally, it is pertinent to note that focal firms can span across diverse sectors, including manufacturing and the service industry (Morgan and Hunt, 1994).

Accordingly, in exploring various forms of RM, Morgan and Hunt (1994) identify ten distinct forms of relationships pertaining a focal firm and its business network:

1. The partnering involved in relational exchanges between manufacturers and their goods' suppliers, as in "lean manufacturing" production and collaborative procurement.
2. The relational exchanges involving service providers, as between advertising or marketing research agencies and their respective clients.
3. The strategic alliances between firms and their competitors, as in technology alliances, co-marketing alliances, and global strategic alliances.
4. The alliances between a firm and non-profit organizations, as in public purpose partnerships.
5. The partnerships for joint research and development, as between firms and local, state, or national governments.
6. The long-term exchanges between firms and ultimate customers, as implemented in "customer relationship marketing" programs, affinity programs, loyalty programs, and as particularly recommended in the services marketing area.
7. The relational exchanges of working partnerships, as in channels of distribution.
8. The relational exchanges involving functional departments.
9. The relational exchanges between a firm and its employees, as in internal market orientation in particular and internal marketing in general.
10. The within-firm relational exchanges, as those involving such business units as subsidiaries, divisions, or strategic business units (Morgan and Hunt, 1994).

As prominent in **Figure 1**, such formulations concern a focal firm and all its possible relational exchanges with different stakeholders or partners. Those are categorized into four categories: suppliers, lateral organizations, customers, or internal stakeholders. Moreover, the scholars (Morgan and Hunt, 1994; Hunt et al., 2006) assert that since all ten forms of exchanges exhibit relational characteristics, they should all be classified as manifestations of RM.

**Figure 1** Forms of Relationship Marketing



**Source:** (Morgan and Hunt, 1994)

To conclude, while the previous definitions remain unchanged, it is important to address the following question: namely, why customers and companies participate to such relational exchanges with other customers and companies? The next sections delve into the academic discussion about the incentives for customer and focal firms to engage in relational exchanges.

### 2.1.3 Why Individuals Join Relational Exchanges Within Networks

Customers are crucial stakeholders in a competitive-oriented business context because they are the ones who ultimately decide whether or not to purchase a company's products/services (Crane and Matten, 2016). Hence, several writers have examined the motivations for firms and customers for engaging in relational exchanges with firms. As for Hunt et al. (2006), to engage in such exchanges, customers must perceive that the

benefits outweigh the costs. However, describing how this is possible is object of greater discussion.

Scholars have identified several benefits that consumers may seek in relational exchanges with firms. Among these, there are: "relationship benefits", such as trust and shared values (Morgan and Hunt, 1994, pp. 24-25), greater efficiency and risk reduction in decision making (Sheth and Parvatiyar, 1995), common goal fulfilment (Bagozzi, 1995), and customized offerings (Vargo and Lusch, 2004).

First, Morgan and Hunt's (1994) commitment-trust theory posit that networks characterized by commitment and trust not only foster cooperation but also yield additional benefits such as reduced attrition, the perception that conflicts are constructive, and diminished uncertainty. These qualitative outcomes collectively contribute to the overall performance of networks, and relations with customers. In light of the pivotal roles played by commitment and trust, the authors propose that these characteristics are nurtured when firms focus on nurturing relationships through four primary actions:

- Offering superior quality, prospects, and other benefits compared to alternative exchange partners.
- Upholding high corporate values and aligning with exchange partners that share similar values.
- Communicating valuable information, including expectations, market insights, and performance evaluations.
- Refraining from opportunistic behaviours (Morgan and Hunt, 1994).

The authors emphasize that the impetus for adopting relationship marketing strategies arises from the evolving dynamics of the global market and the evolving requirements for competitive triumph. Thus, customers desire relationship partners that they can trust to provide quality market offerings reliably, competently, and non-opportunistically, thereby reducing the risks associated with such relational exchange.

Additionally, Morgan and Hunt (1994) propose that customers are motivated to engage in relational exchanges with partners with whom they share values. In

particular, they argue that clienteles may seek firms that agree with them as to what is important, right, appropriate, and significant to what is not. For example, some customers will engage in relational exchanges only with those firms that they deem to be socially responsible (Morgan and Hunt, 1994).

Similarly, Bagozzi (1995) suggests that the most common and influential motive for entering a marketing relationship is that consumers see the relationship as a means for the fulfilment of some predefined and perhaps tentatively, committed goals. In his view, companies' relationship marketing should investigate consumers' goals more thoroughly. Moral obligation and moral virtues play an important part in motivating relational exchange for many consumers, which is consistent with Morgan and Hunt's (1994) view that shared values commitment is of paramount importance.

On the other hand, Sheth and Parvatiyar (1995) propose that consumers engage in relational market behaviour to achieve greater efficiency in their decision-making, to reduce the task of information processing, to achieve more cognitive consistency in their decisions, and to reduce the perceived risks associated with future choices. The academics focus on relational exchange as achieving "greater efficiency", reducing the costs involved in consumer search, and reducing perceived risk by looking for trustworthy partners with whom to engage in relational exchange.

Fourth, Vargo and Lusch (2004, p. 15) evaluate marketing's evolving "dominant logic" and suggest that the focus is shifting toward intangible assets, such as skills, information, and knowledge, and toward interactivity and connectivity, and ongoing relationships. For Vargo and Lusch (2004), the goal of the relational exchange is to customize offerings and maximize customer involvement in the customization to better fit their needs, wants, tastes, and preferences.

In essence, Hunt et al. (2006) highlight that customers engage in relational exchanges with firms when they perceive that the benefits outweigh the associated costs. These benefits encompass trust in the partner firm's ability to consistently provide high-quality, competent, and reliable offerings without opportunistic behaviour; alignment of values; reduced search costs; lowered perceived risk; adherence and commitment

to moral obligations; and customization of offerings to meet customer preferences. However, this engagement also entails drawbacks such as missing out on potentially superior offerings from other firms, investing time and money in co-production, accepting standardized offerings that lead to lower prices, and an increased vulnerability to the partner firm's opportunistic behaviour (Hunt et al., 2006).

It should be noted that the former list is not exhaustive, for customer behaviour theories (Hunt et al., 2006); hence, there may be additional benefits and costs that motivate customers to engage in relational exchanges with firms. However, the RM theory is making progress in identifying these factors (Hunt et al., 2006).

#### **2.1.4 Why Organizations Join Relational Exchanges Within Networks**

The reason why focal firms enter into relational exchanges with other firms and customers has been a subject of interest for many researchers. Focal Firm play a central role in fostering long-term relationships in international markets, as parts of large business networks (Morgan and Hunt, 1994). This engagement is underpinned by various factors and entails navigating specific challenges.

It is believed that firms enter into such relationships when they can gain a competitive advantage through them (Gummesson, 2002), and business-to-business and business-to-consumer relationships result from subjective cost-benefit analyses aimed at maximizing benefits and minimizing costs (Palmatier, 2008). Kangal (2009) further stress the concept that relationship marketing supports systematic action in competitive marketing strategies.

Accordingly, resource-advantage (RA) theory can provide a valuable grounding framework for comprehension of the competitive dimension, within relationship marketing theory (Hunt, 2002; Hunt and Derozier, 2004). RA theory views competition as a process of constant struggle among firms for comparative advantages in resources that will yield marketplace positions of competitive advantage and superior financial performance (Hunt et al., 2002).

In particular, RA theory is a model that views competition as a disequilibrium-provoking process. Such process combines a heterogeneous intersectoral demand and a resource-based view of the firm (Hunt and Derozier, 2004). Namely, a model in which in customers' expectations hold significant differences, and the companies work with imperfect information, and constant competition. In RA theory, the companies are seen as the totality of their resources; once they get a competitive advantage, all the others move accordingly.

Conferring to Hunt (2000), resources are described as the tangible and intangible assets available to the firm, that enable it to produce efficiently and effectively a market offering for a market segment(s), and they are categorized as follows:

- Financial: e.g., monetary assets and financial market access.
- Physical: e.g., infrastructure and machinery.
- Legal: e.g., trademarks and contractual agreements.
- Human: e.g., expertise and know-how.
- Organizational: e.g., competencies, governance, and corporate culture.
- Informational: e.g., consumer insights and market intelligence.
- Relational: e.g., collaborative partnerships and customer relationships (Hunt and Derozier, 2004).

To summarize, according to RA theory, the answer to “why focal firms join relational exchanges with other firms and customers” is that they do so when the exploitation of those relationships contributes to the competitiveness of the firm. Relationships will become relational resources when they contribute to the firm's ability to efficiently and effectively produce market offerings that have value for some market segment(s) (Hunt and Derozier, 2004).

On one hand, firms enter into relational exchanges with individual customers when the relationships allow them to develop market offerings customized to the tastes and preferences of different customers. On the other hand, firms are supposed to enter into strategic alliances with other firms when the relationship between the firms

results in the acquisition or development of complementary and/or idiosyncratic resources (Morgan and Hunt, 1994).

This progression is scalable to any - supplier, lateral, buyer, and internal - partnership as long as the relational exchange increases the value of the firm's market offering to customers (Hunt et al., 2006). However, RM theory and RA theory are not to be confused. As for Hunt et al. (2006, p. 77) "RA theory can provide a grounding for RM theory, as a theory of competition is useful to understand a theory of strategic choice".

To conclude, a wider way of categorizing resources is proposed by Vargo and Lusch (2004). In particular, they differentiate between operand resources, as those on which an act or operation is performed, and operant resources, namely those that act on other resources. When distinguishing between operand and operant resources, it is important to note that operand resources typically encompass physical assets such as raw materials.

In contrast, operant resources predominantly consist of human elements like the skills and knowledge possessed by individual employees, organizational aspects like controls, routines, cultures, and competences, informational elements such as knowledge about market segments, competitors, and technology, as well as relational factors like the firm's relationships with competitors, suppliers, and customers (Hunt, 2004).

In the depiction of effective RM-based strategies it is important to acknowledge this difference, to get how and why diverse relations implying diverse resources are developed and managed differently. Hereafter, the next macro-section will further discuss the implications of a relational view of marketing and contrasted with the RA theory above mentioned. In particular, it will delve into the identification of the strategic factors and their dimension that theory identifies as crucial for a successful RM-based strategy.

## **2.2 RM-based Strategies**

This section aims to build a theoretical framework to guide focal firms in the identification of crucial factors and dimension for the successful application of RM-based strategies in international markets. With this purpose, the previous literature on relationship marketing strategies, particularly in the identification of such factors, will be reviewed, summarised and visually displayed. As a result, a comprehensive visual framework will be developed for a better understanding of the topic.

### **2.2.1 Success Indicators for Relationship Marketing**

To recapitulate previous sections, when firms employ strategies grounded in relationship marketing, they prioritize the establishment and maintenance of enduring cooperative relationships within their networks. This approach, known as the RM-based strategy, underscores the significance of identifying, fostering, and nurturing a portfolio of relationships that enhance strategic considerations for business. On the other side, focal firms will engage in relational exchange, when such relationships offer a competitive advantage (Hunt and Derozier, 2004).

On the other side, firms must keep in mind that customers have heterogeneous expectations from these relationship, as widely mentioned by literature (Bagozzi, 1995; Hunt et al., 2006; Morgan and Hunt, 1994; Sheth and Parvatiyar, 1995, Vargo and Lusch, 2004). Therefore, the implementation of RM-based strategies internationally demands substantial investments of time, effort, and resources, such as training and, sometimes, financial allocations (Hunt et al., 2006). To make informed decisions about it, firms must carefully assess the benefits and costs involved (Hunt et al., 2006).

As for the potential benefits, the success of RM-based strategies has been associated with several advantages. Research in this field has identified various outcomes, objectives, or indicators that reflect the successful design and implementation of an RM-based strategies. Drawing on Hunt et al.'s (2006) work, this study outlines seven

key indicators that are acknowledged to be related to successful RM-based strategies. It is to note that, although literature identifies and outlines specific considerations on each of them, here they are not addressed comprehensively.

This study includes them to show the advantageous effects of fruitful RM strategies, while they are not discussed as the RQ differs in purpose. Hence, the researcher does not delve into their specific features and connections. However, such advantages are not to be addressed independently; rather, they can be considered interrelated (Hunt et al., 2006). For instance, competitive advantage is believed to contribute to superior financial performance (Hunt, 1997; Hunt et al., 2002). Herewith, they are displayed, as follows:

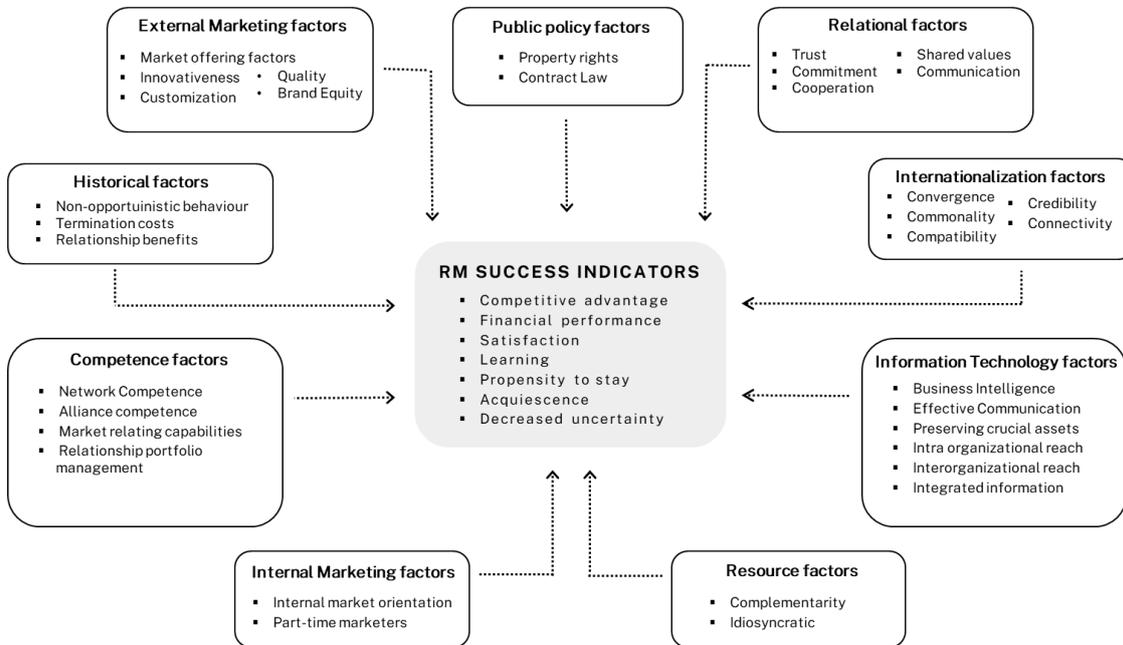
- Attainment of competitive advantages in the marketplace (Barclay and Smith, 1997; Day, 2000; Hunt, 1997).
- Achievement of superior financial performance (Boles et al., 2000; Hunt, 1994; Hunt et al., 2002; Kalwani and Narayandas, 1995; Walter and Gemünden, 2000; Weber, 2000).
- Heightened levels of customer satisfaction (Abdul-Muhmin, 2002; Schellhase et al., 2000).
- Facilitation of organizational learning (Selnes and Sallis, 2003).
- Enhanced partner retention (Gruen et al., 2000; Jap, 2001; Verhoef, 2003).
- Obtaining partner acquiescence (Kumar et al., 1992; Morgan and Hunt, 1994).
- Reduction in market uncertainty (Achrol and Stern, 1988; Morgan and Hunt, 1994).

### **2.2.2 Success Factors for Relationship Marketing Strategies**

Conferring to Hunt et al. (2006), although different firms implement RM-based strategies, only some of them realise greater benefits. In exploring 'why' some firms are more successful than others, this study addresses factors that influence the success of RM-based strategies. The following visual framework (see **Figure 2**) is mainly grounded on Hunt et al. (2006) and Paduraru et al.'s (2016) work, and it comprehends

nine of the most-cited factors from RM theories in a model, combined with the previously mentioned success indicators.

**Figure 2** Success of Relationship Marketing Strategies: Key Factors and Indicators (adapted form Hunt et al., 2006; Paduraru et al., 2016)



Source: Hunt et al., 2006; Paduraru et al., 2016

The researcher specifies that all the subsequent charted factors stream from different sources, integrating various theoretical frameworks related to RM. The factors are mainly based on strategic management literature, despite some of them are grounded on literature regarding informational systems, or public policy thinkers. For this reason, they are here considered and discussed independently (see **Figure 2**).

In this section, the factors are first listed and following explained:

- 1) *Public policy factors.*
- 2) *Resource factors.*
- 3) *Historical factors*
- 4) *Competence factors.*
- 5) *Relational factors.*
- 6) *Information technology factors.*
- 7) *Internal marketing factors.*

8) *Market offering factors.*

9) *Internationalization (Hunt et al. 2006, p. 78).*

**1) Public Policy Factors**, address success in RM strategies, primarily through adherence to regulations (Hunt et al., 2006). Specifically, alterations in regulatory frameworks, such as antitrust laws, significantly influence inter-firm relationships (Hunt and Arnett, 2001, 2003). Antitrust laws, rooted in neoclassical economics, can present challenges to relationship marketing strategies due to their reluctance towards inter-firm cooperation.

Public policy, encompassing property and contract law, provides the foundational legal framework for relational exchanges (Gundlach, 1996). Property law governs rights and responsibilities related to tangible and intangible assets, while contract law regulates the rules and procedures governing these exchanges (Calamari and Perillo, 1987). These factors deserve attention in research to ensure comprehensive understanding.

While they are mentioned in the RM literature, their relative importance in research questions (RQ) is limited. Hence, the researcher reports them for comprehensiveness, while they are not specifically addressed in this study.

**2) Resource factors** refer to a company's ability to nurture relationships in which they develop idiosyncratic and complementary resources (Hunt et al., 2006). According to Das and Teng (2000), this dimension is grounded in the resource-based view (RBV), further extended in the previous mentioned resource-advantage (RA) theory introduced by Hunt (2002) and Hunt and Derozier (2004). The RBV concept posits that resources must be highly diverse and challenging to replicate across organizations. Consequently, differences in resources among various organizations lead to variations in firms' performance (Das and Teng, 2000; Hunt, 2000).

Following the aforementioned categorizations of resources (Hunt and Derozier, 2004; Vargo and Lusch, 2004), resources encompass both tangible and intangible assets that empower a firm to efficiently produce valuable offerings for specific market segments.

Moreover, resources can be categorized as overlapping, either idiosyncratic or surplus, or non-overlapping, either complementary or wasteful (Das and Teng, 2000).

Among all these conceptualizations, complementary and idiosyncratic are preferable in RBV, meaning that they are aimed at obtaining mutual benefit and tailored to specific business relations, making them difficult to imitate by competitors. Indeed, RM-based strategies' success hinges on the resources each partner brings to the relationship and the creation of new resources within that relationship (Das and Teng, 2000).

Consequently, Vargo and Lusch (2004) highlight marketing's "dominant logic" (p. 14) in resource gathering towards operant and dynamic resources that underlie company's greater competitive advantage and performance. Also, Reed and Defilippi (1990) observe that modern marketers shall prioritize such resources, because they are company specific and difficult to imitate. Such perspective, that is more relational and competence-oriented, aligns with RA view of competition, in defining competitive resources and their dimensions for effective partnership maintenance, management and development.

In essence, marketers are encouraged to actively engage internal and external partners in the creation of complementary and idiosyncratic resources to excel in RM-based strategies. Among those, relational and competence resources are more difficult to imitate, thus enabling the attainment of a competitive advantage.

**3) Historical Factors** play a significant role in grounding RM strategy, emphasizing the importance of time, trust, and past interactions in shaping successful long-term business relationships (Hunt et al., 2006). According on previous studies, the scholars underscore the significance of historical factors in inter-firm relationships Morgan and Hunt (1994). Opportunistic behaviour, which involves breaking established relationship norms, can erode trust between partners (Bagozzi, 1995). Thus, partners must perceive their past interactions positively and trust in constructive future actions to establish compatibility (Morgan and Hunt, 1994).

On the other hand, certain historical factors positively impact relationship development and maintenance. For example, B2B relationships between firms often involves investing in idiosyncratic resources with little value outside that specific relationship (Anderson and Weitz, 1992; Mentzer, 2000). Therefore, such investments increase relationship termination costs, making the ongoing relationship essential and strengthening relationship commitment (Morgan and Hunt, 1994).

To conclude, historical factors outline that positive past interactions enhance trust and commitment among parties, fostering enduring relationships with various benefits (Hunt et al., 2006; Morgan and Hunt, 1994). Thus, RBV this can be seen as a valuable resource and contribute to the development of relational competences.

**4) Competence factors** draws from the strategic management literature and focus on a firm's ability to coordinate its competence resources effectively. Following the previous classification of resources from Vargo and Lusch (2004), competences are operant resources. Moreover, they are highly valued for competitive advantage, due to their tacit nature, complexity, and firm-specificity (Day, 1994; Reed and Defilippi, 1990). For this reason, competences are highly valued in the prospect of resource-advantage theory of competition (Lado et al., 1992) and are crucial for competitive advantage and performance (Madhavaram et al., 2014).

First, in the context of inter-firm relationships, the success of RM-based strategies relies on network competence; namely, the likability of firms to be part of larger networks. Ritter and Gemunden (2003), theorize network task execution, namely the competence to attain to various partners requests and network management qualifications, i.e., the capability of managing relations with diverse partners, as main drivers of network competence. Moreover, the scholars (Ritter and Germunden, 2003) note that this competence enables more knowledge-based and market-oriented innovation development tracks, establishing better RM-based strategies for pioneering products.

Secondly, literature identifies alliance competence, as a firm's capacity to develop cooperative behaviours, which entails finding, nurturing, and managing cooperations internally and externally (Lambe et al., 2002). Firms must recognize and implement methods that promote the identification, advance, and administration of alliances.

Kale et al. (2002) endorse that firms can devise methods to facilitate the exchange of knowledge originating from individuals, both within their organization and among their partner firms, will be better positioned to establish and sustain interfirm relationships successfully. Companies must possess the capability to gather and share valuable expertise, often comprising tacit knowledge deeply rooted in a firm's history or cooperations.

Nevertheless, a substantial portion of this knowledge is held by the individuals engaged in managing these relationships. Scholars (Kangal, 2009; Simonin, 1997) familiarise with the role of alliance managers, as those individuals who actively involved in both interpersonal and inter-organizational relationships and facilitate processes of collaboration. They facilitate mechanisms of knowledge accessibility, leveraging through relational capabilities (Spekman et al., 2000).

Their primary goal is to attain personal, professional, and organizational objectives, aligning assets and acting as value creators. Kangal (2009) asserts that these managers possess a diverse skill set, including creative problem-solving, innovativeness, cross-functional collaboration, conflict resolution, trust-building, strategic planning, project management, and team leadership (Kangal, 2009).

Third, market-relating competence is also explored. Day (2003) asserts that companies have the potential to cultivate internally the capability of engaging with the market or customers. In his view, this aptitude results from a simultaneous development of three key organizational facets (Day, 2003, p. 77).

1. An organizational orientation that prioritizes customer retention and grants the employees significant autonomy to tailor their interactions with customers according to their unique capabilities.

2. A configuration that encompasses the structural design of the organization, the processes for personalizing product or service offerings, and the incentives aimed at fostering strong customer relationships.
3. In-depth, pertinent customer information that is accessible through IT systems across all segments of the company (Day, 2003).

In essence, this capability involves three crucial steps: a customer-centricity orientation, and integration and alignment of processes.

At last, it's essential to recognize that not all potential connections with stakeholders are beneficial. As a result, it becomes crucial for managers to cultivate the skill of efficiently overseeing their "portfolio of relationships." According to Hunt (1997), he recommends that organizations construct a relationship portfolio consisting of connections that enhance the efficiency and effectiveness of the company. He asserts that each conceivable and existing connection should be carefully assessed to verify that it enhances the company's capacity to produce a valuable market offering for specific market segments efficiently and effectively (Hunt, 1997).

**5) Relational factors** explain firm's social and relational ability to create, develop and retain long-term relations (Hunt et al., 2006). Relational factors are rooted into company's history and specific set of competence, requiring long-term vision in their application, contrarily to a transactional approach, which involves a rapid maturation, end, and anonymous parties (Dwyer, 1987). As mentioned above, academic debate on the definition of relationship marketing evolved on this topic over the time (Madhavaram et al., 2014), identifying four relational elements:

- Trust, commitment, and shared values (Day, 1995; Morgan and Hunt, 1994; Sividas and Dwyer, 2000; Spekman et al., 2000).
- Cooperation (Sheth, 1994; Sheth and Parvatiyar, 1995).
- The commitment to (and fulfilment of) promises and common goals (Bagozzi, 1995; Grönroos, 1996).

- Risk reduction and enhancement of information processing (Sheth and Parvatiyar, 1995).

In particular, relational exchanges with rich value proposition and featuring the elements of commitment to shared values and goal, non-opportunistic behaviour, and effective communication are more likely to establish trust between organizations (Grönroos, 1990, 1994; Morgan and Hunt, 1994). Trust act as a relational resource that enhances inter- and intra-firm cooperation which, in turn, enable in the development of competitive advantages, such as the pooling of resources (Hunt et al., 2006). For focal firms aiming to implement effective relationship marketing strategies, recognizing, and cultivating these relational competences is critical.

**6) Information Technology factors** underline the importance of appropriate informational channels for resource transfers and knowledge sharing, to enable relational exchanges, internally and externally. According to Lam (1997), relationship marketing theory emphasizes that establishing collaborative relationships involves significant exchanges of technology and the sharing of knowledge among partners.

Accordingly, the implementation of interorganizational information systems can yield various benefits, including improved internal and interorganizational efficiency, enhanced relationships among partners, and increased interfirm cooperation (Hunt et al., 2006). Building upon Hunt et al. (2006), we conceptualize intra (or inter-) organizational information systems capability (ISC) as comprising four components:

1. The focal firm's capacity to cultivate and sustain cooperative cultures with relevant network participants.
2. The focal firm's ability to develop suitable interorganizational information systems tailored to the needs of network participants.
3. The focal firm's capability to regulate the extent of knowledge exchange and utilization within the network.
4. The capacity to establish integrated information and communication infrastructures.

It's essential for focal firms to recognize that developing interorganizational information systems and ensuring cooperation among network participants are distinct challenges. Often, fostering cooperative cultures proves to be more challenging than developing systems, and firms must excel in both areas to succeed in the realm of strategic network competition.

Moreover, firms should tailor its information systems to cater to the specific requirements of different network partners, as the scope and depth of knowledge usage can vary significantly. Additionally, the extent of knowledge sharing may also differ among network participants (Gold et al., 2001).

To enhance the effectiveness of intraorganizational information systems, firms must adapt their existing infrastructures to facilitate collaboration and knowledge sharing across internal organizational boundaries, as advocated by Gold et al. (2001). This entails integrating information technology (IT) infrastructure, allowing for improved internal communication flows.

Finally, deciding to implement an interorganizational information system is a collective process, requiring collaboration and commitment from all involved members (Premkumar and Ramamurthy, 1995). Success relies on fostering strong relationships among firms to encourage voluntary participation or exercising authority to ensure involvement.

**7) Internal Marketing factors** emphasize the significance of managing or fostering relational exchanges within the company, to detect, attract or create relational and competence resources. Gounaris (2006) explains that internal market orientation poses the focus on the strategies and initiatives a firm employs to involve internal partners, to achieve its external market objectives.

This concept draws inspiration from market orientation and internal relationship research from Gummesson (1991). Implementing successful relationship marketing strategies involves recognizing the importance of engaging all employees, not just full-time marketers, or the sales department, thereby adopting an internal market

orientation (Gummesson, 1991). This internal focus contributes to improved internal aspects of performance, such as employee satisfaction and commitment, ultimately impacting external market orientation and performance metrics like customer satisfaction and profit (Gounaris, 2006).

The scholar (Gounaris, 2006) identifies three key dimensions or competences for internal market orientation: internal intelligence generation, internal intelligence dissemination, and responses to internal intelligence. Within these three dimensions, he further breaks down the aspect of internal intelligence generation and dissemination identifying the importance of initiatives such as identification of exchange value, communication between managers and employees, communication among managers, internal segmentation, clear definition of roles, training, and internal targeting (Gounaris, 2006).

As endorsed by Arnett et al. (2002), altering the organization's culture to align employees' attitudes with new strategies is often a necessary first step in implementing innovative marketing approaches. This cultural shift involves fostering a service-oriented mindset within the company, which, in turn, relies on building strong relationships among governance and employees. As Grönroos (2000) emphasizes, without effective internal relationships, it's challenging to establish successful external market relationships.

**8) External Marketing factors** reflect on the aptitude of a company to develop, retain, and manage relational exchange of resources with external partners, to enhance its market offering. Firms and may obtain mutual benefit by aligning resources to enhance market offering; namely, by forming strategic alliances for exchanging valuable idiosyncratic resources, ultimately aiming for competitive advantage (Hunt et al., 2006). Market offerings encompass a variety of attributes, both tangible and intangible, and their perceived value is influenced by subjective consumer perceptions (Hunt, 2000).

Attributes such as quality, innovativeness, and customization are commonly used by consumers for comparing market offerings (Vargo and Lusch, 2004). Higher quality products are associated with meeting consumer needs, reliability, and durability, granting firms a competitive advantage (Morgan and Hunt, 1994). Innovativeness, signifying a product's novelty and uniqueness, is also known to be related with solid relation the market. Innovative market offerings tend to be more profitable and capture larger market shares (Hunt et al., 2006).

The combination of the aforementioned attributes constitutes brand equity, enhancing a firm's competitiveness. As for how, RM theorists theorize that brand equity is demonstrated to be correlated with levels of communication, trust commitment and satisfaction among internal and external relational exchanges (Khojastehpour and Johns, 2014). These dimensions all attain to firms' capacity of managing competence and relational resources, making it a complex asset to achieve (Hunt, 2000). However, once achieved, strong brands lead to greater customer loyalty, reduced vulnerability to competition, product differentiation, and increased profit margins (Aaker, 1991; Hunt, 2000; Hunt et al., 2006; Keller, 1998). Trademark protection and the time required for brand development further solidify its value as a long-term competitive advantage (Keller, 1993; Hunt, 2000).

In summary, external marketing factors highlights the significance of a firm's market offering, emphasizing the importance of fostering relationships that provide access to high-equity market offerings and contribute to overall success in the marketplace. These market offering factors, including quality, innovativeness, and brand equity, are essential considerations for firms engaged in relationship marketing strategies (Hunt, 2000).

**9) Internationalization factors** encompass internal and external oriented RM factors on which companies can rely on when coming to internationalization dimension (Hunt et al., 2006; Khojastehpour and Jones, 2014; Paduraru et al., 2016). Accordingly, the internationalization factors can be viewed in this study as an additional level of complexity to internal and external marketing factors (Palmatier, 2008). Indeed, the

challenges posed by internationalization may imply additional level of difficulty, particularly related to cross-cultural interactions and relationship formation, both internally and externally. Overcoming these challenges require focal firms to emphasize consideration on different values, adapt to psychic distance, and prioritize effective communication (Grönroos, 1990, 1994; Morgan and Hunt, 1994).

Khojastehpour and Jones (2014) investigated the intricacies of relationship marketing components within diverse market contexts, specifically focusing on the pre and post internationalization stages. According to their findings, they discerned that in the pre-internationalization phase, the foundations of successful relationships primarily rely on communication, trust and common objective setting. In a significant transition, as firms advanced from the pre-stage to the post-stage, trust shifts to commitment, enhancing satisfaction in relational exchange a pivotal factor in the post-internationalization phase.

In address the question how to face this transition, further research from Paduraru et al. (2016) theorized that international relationship marketing focus on five dimension that allow companies to orient themselves in international partnerships. These factors address the complexities of internal and external market relationships in pre and post internationalization phases, determining companies' long-term success in a global network. Grounding on Paduraru et al. (2016) and relevant literature, such factors are here presented.:

- *convergence* (Kangal, 2009; Palmatier, 2008).
- *commonality* (Johanson and Vahlne, 2009; Khojastehpour and Jones, 2014).
- *compatibility* (Barnes et al., 2010; Caliguri and Tarique, 2012)
- *credibility* (Kangal, 2009; Shaladi, 2012).
- *connectivity* (Brodie et al., 2008; Gummesson, 2008).

*Convergence* reflects on the firm's inclination to enter international relations and emphasizes the concept, already discussed, that business enter international relationships as a result from bilateral cost-benefit analyses that aim to maximize

benefits while minimizing costs (Palmatier, 2008). In this view, the goal of relationship marketing is to create long-term, mutually satisfactory relationships at multiple levels, including economic, social, and environmental. As aforementioned, these relationships offer organizations significant advantages, including price negotiation (Vargo and Lusch, 2004), common goal achievement (Bagozzi, 1995), risk reduction, knowledge sharing and better coordination (Kanagal, 2009; Sheth and Parvatiyar, 1995).

Second, *Commonality* underscores the importance of learning and identifying shared interests and contextual factors among various countries. Overcoming differences in language, culture, and other aspects, referred to as psychic distance, is essential for relationship building, often starting with markets that are closer in proximity (Johanson and Vahlne, 2009; Khojastehpour and Jones, 2014).

Third, *Compatibility* involves making concessions and adjustments, particularly in the initial stages of relationship building. (Caliguri and Tarique, 2012). This factor recognizes that establishing international partnerships and collaborations requires aligning values, behaviours, and viewpoints according to economic interests. Effective communication addressing cultural empathy, openness, and partner interests is vital for overcoming potential barriers due to country-specific differences (Barnes et al., 2010).

*Credibility*, the third dimension, is built through positive interactive social exchanges that strengthen relationships (Kangal, 2009). Trust, commitment, loyalty, and shared experiences contribute to credibility in business relationships. Trust, in particular, is foundational to relationship marketing and is based on the belief that partners have good intentions. In this view, communication and past interactions is a critical catalyst for building and maintaining credibility in business relationships (Shaladi, 2012).

Lastly, *Connectivity* emphasizes the importance of staying in touch with key partners and reinforcing relationships within a network structure (Gummesson, 2008). According to connectivity dimension, in the context of international industrial networks, organizations must engage in social exchanges and collaborations within the network to support their growth strategies. This involves leveraging the resources of

both the organization and the network to improve the business's position and build trust. (Brodie et al., 2008).

### **2.3 Sustainability and Relationship Marketing**

The final section of this chapter, is focused on intricate connection between sustainability and RM. In particular, more recent debate on RM theories delves into the significant interconnections between RM and Sustainability Marketing (SM). Thus, studying the connection between these two disciplines can provide us with a useful instrument to explore the use of sustainability in RM strategies, consistently to the research aim and the research questions.

The parallelism between the two theories has been widely recognised in literature. Belz and Peattie (2009) argue that SM, in contrast to the conventional short-term transactional focus of modern marketing, shares RM's long-term orientation. They posit that these connections are increasingly significant as companies acknowledge the imperative of addressing social and environmental challenges while pursuing enduring success.

First, Morgan and Hunt (1994) propose that consumers are inclined to engage in relational exchanges with partners who align with their values, seeking firms that share their perspectives on what is important, right, appropriate, and significant. For instance, some consumers opt for relational exchanges exclusively with socially responsible firms. Concurrently, consumers are becoming more conscious of sustainability, demanding greater commitment from companies in this regard (Laroche et al., 2001). This shift is manifest in "conscious consumption," characterized by reduced purchases, brand selectivity, and thoughtful product choices (Seth et al., 2011).

Bagozzi (1995) suggests that customers often enter marketing relationships as a means to fulfil predefined goals, emphasizing the need for RM to investigate consumers' goals more comprehensively. He highlights (p. 273) the role of "moral duty" and "moral

virtues" as influential factors in motivating relational exchanges, echoing the significance of "shared values" proposed by Morgan and Hunt (1994).

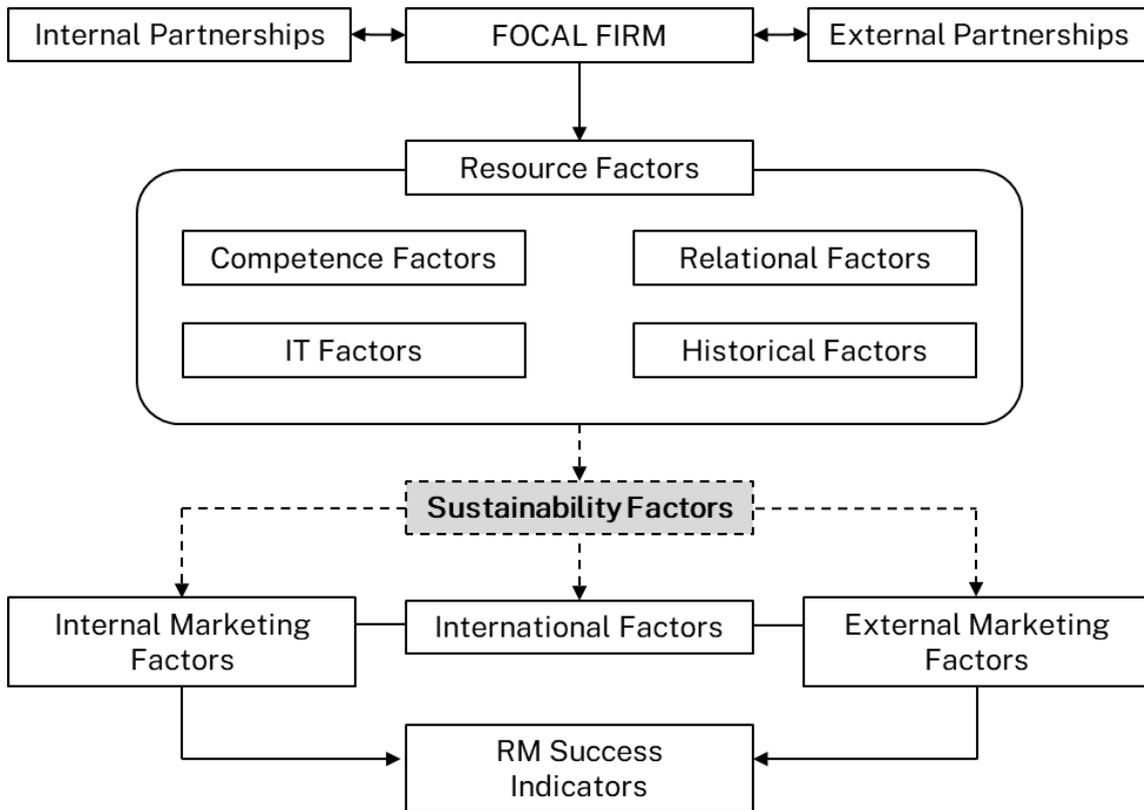
Secondly, SM theory offers prospects for enhancing RM-based strategies by enabling companies to cultivate long-term relationships with stakeholders who share their values and concerns (Murray and Vogel, 1997). Peattie and Charter (2003) emphasize that SM encompasses not just marketing environmentally friendly products and services but also the establishment of relationships with customers who espouse these values.

This perspective unveils the transformative potential of sustainability within RM. Thus, while moving forward to next chapters it is important to keep in mind this parallelism. Peattie and Peattie (2003) shed light on the synergy between these two factors, suggesting that firms can employ relational exchanges to foster a shared set of values with partners, with sustainability being one of those values. Belz (2001) recognizes that sustainability can serve as a catalyst for relational exchanges, facilitating proactive engagement with various partner groups, all aimed at mutual benefit.

In essence, according to literature, the correct integration of sustainability principles into business relations has the potential to enhance firms' successful application of RM-based strategies. This consideration underscores the dynamic nature of marketing theories and their capacity to adapt to contemporary challenges and opportunities. In the following chapters, the selected business cases will provide a practical point of view on this matter, trying to bring a fresh perspective on focal firms' sustainable transition and the influence of sustainability in RM theory.

## **2.4 Visual Framework**

The following visual framework is the result of a combination of all the various theoretical frameworks discussed.

**Figure 3** Sustainability and Relationship Marketing Framework

To recapitulate previous sections, scholars suggest that RM theory encompasses ten forms of relational exchange, comprising lateral, buyer, supplier, and internal partnerships (see **Figure 1**), here exemplified in “external” and “internal” (see **Figure 3**). Particularly, RA theory suggests that in a competitive network, firms will enter relationships when they can develop complementary and idiosyncratic resources, thus obtaining a competitive advantage and superior financial performance (Hunt and Derozier, 2004).

Moreover, Vargo and Lusch (2004) highlight new marketing's service-orientation approach in resource gathering towards operant and dynamic resources that underlie company's greater competitive advantage and performance. Such perspective, prioritize relational and competence-oriented resources because they are company specific and difficult to imitate (Reed and Defilippi, 1990), aligning with RA view of competition in defining competitive resources and their dimensions for effective partnership maintenance, management, and development.

A second argumentation poses that other individuals will enter relationships when they perceive that benefits such as common objectives, trust and shared values are met in such relations (Morgan and Hunt, 1994). In outlining relevant interconnection between RM and sustainability, it is found that focal firms can employ relational exchanges to foster a shared set of values with partners, with sustainability being one of those values (Peattie and Peattie, 2003).

Likewise, sustainability act as a catalyst for companies' relational exchanges; indeed, according to Belz (2001), it fosters active engagement with various partners groups, all aimed at mutual benefit. Thus, the discussion shifts toward RM-based strategy and its relevance in obtaining greater competitive advantage, as well as other benefits, exemplified in seven key indicators (see **Figure 2**). In exploring how certain firms obtain greater benefits than others, a total of nine factors are identified and explained (Hunt et al., 2006).

In this context, literature differentiate between external and internal marketing factors, as for the ability of companies to nurture, manage, and maintain key competence and relational resources towards internal or external partnerships. Accordingly, international factors account for the ability to scale these competences on an international level.

This study wants to verify whether companies perceive and experience an enrichment within partners' relations, due to the Sustainability Factors. Sustainability Factors are here presented as the result of the strategic harmonisation of complementary and idiosyncratic resources, coordinated by focal firms in order to achieve a greater market offering and internal marketing orientation. Additionally, addressing the third sub-RQ, it is studied whether this sustainability factor is scalable to enhance internal and external partnerships in the context of internationalization.

### **3. METHODOLOGIES**

In this chapter, the author presents the research design and provides an explanation for the selection of the research methodology of this paper. First, the author elucidates the philosophical assumptions, and research strategy. Secondly, the sampling approach and sampling criteria are presented. Following, the chapter describes the data collection process, and expounds upon the data analysis procedures. Finally, the section encompasses the discussion of limitations, as well as the aspects of reliability and validity pertaining to the research.

#### **3.1 Philosophical Considerations**

The research methodology chapter commences with an examination of the research philosophy. The concept of research philosophy pertains to comprehending the fundamental essence of the study (Eriksson and Kovalainen, 2015). Saunders et al. (2019), define research philosophy as the framework of beliefs and assumptions that guides researchers in their exploration of knowledge development. In accordance with this conceptualization, the researcher acknowledges the importance research philosophy on conducting research.

Among various classification of philosophical stances, this study embraces interpretivism, aiming to understand how individuals interpret experiences and situations (Gioia et al., 2012). Interpretivism acknowledges that individuals construct subjective realities influenced by their unique perspectives and contexts, aligning with the essential tenets of qualitative research. Gioia's methodology, deeply rooted in phenomenology and qualitative research, facilitates the exploration of interpretivism's core principles.

Gioia et al. (2012) underscores the importance of rich descriptions and multiple valid interpretations, both central elements of interpretive research. By integrating Gioia's methodology into the interpretive framework, this study aims to embrace

interpretivism's essence, emphasizing the subjectivity of reality and the significance of individual interpretations to create new concepts and constructs in the research process (Gioia et al., 2012).

Regarding theory development, three main approaches are widely discussed and adopted in research literature: deductive, inductive, and abductive. These approaches shape the presentation of the entity of knowledge under study. The deductive approach involves testing existing theory and basing the research on a theoretical framework derived from academic literature, aiming to clarify specific phenomena. In contrast, the inductive approach seeks to generate new findings and develop theory based on data collected in a systematic manner. Lastly, the abductive approach strives to develop novel understandings of phenomena by collecting data, testing theories, and suggesting modifications or additional propositions (Saunders et al., 2019).

The existing research employs a mixed approach, combining elements of deductive and inductive reasoning. Primarily, it adopts a deductive approach by drawing upon existing literature to address the research questions (RQs) and analyze the findings. More specifically, the study builds upon prior research in Relationship Marketing and Sustainability Marketing theories, aiming to generate novel insights and perspectives through the examination of collected qualitative data (Saunders et al., 2019).

In the subsequent sections, the mixed approach used in this paper will be elucidated in greater detail, encompassing both the research strategy, case selection, data collection, and data analysis procedures employed.

### **3.2 Research Strategy**

This qualitative study addresses the research question (RQ) *“How can sustainability contribute to effective implementation of focal firms’ Relationship Marketing strategies?”*. Given the need for an explanatory approach to the RQ, the multiple case study method is selected.

As discussed in the theoretical background section, existing research has delved into various aspects of business relations, identifying 10 forms of relational exchanges and 8 factors of success for RM-based strategy. However, limited attention has been given to investigating the role of sustainability in the development of such relations and such factors for international focal firms that aim to gain competitive advantage. Therefore, to gain a comprehensive understanding of this phenomenon, a qualitative research approach was chosen over a quantitative one.

This research is inherently qualitative in nature, as it seeks to gain a deeper understanding of the phenomenon under investigation (Eriksson and Kovalainen, 2015). Qualitative research primarily focuses on comprehending experiences and the ways in which individuals express themselves, as opposed to quantitative research, which emphasizes explanation, statistical analysis, and hypothesis testing (Eriksson and Kovalainen, 2015). To embody the essence of qualitative research, this study follows a methodology inspired by Gioia, which aligns with the philosophical roots of interpretivism and phenomenology.

Gioia's methodology, known for its systematic and rigorous approach to qualitative research, shares the objective of understanding complex organizational phenomena in their natural context (Gioia et al., 2012). This aligns with Trumbull's (2005) assertion that qualitative research aims to explore phenomena in their natural context to uncover their meaning. It strives to provide a profound understanding of everyday life and human perspectives, complementary to comprehensive research questions and theoretical frameworks (Trumbull, 2005; Johnston et al., 1999).

The chosen research method for this study is the case study approach, which facilitates the identification and explanation of critical phenomena and the cause-and-effect relationships among them (Yin, 2003). Gerring (2004) notes that this approach allows for an in-depth exploration of the selected companies, providing insights into their operational context and challenges. It's essential to recognize that the case studies conducted herein represent the experiences of the selected case companies.

According to Ghauri and Grønhaug (2005), the case study method is particularly suitable when addressing 'how' and 'why' type questions, which aligns with the objectives of this thesis. This approach is well-suited for researching contemporary areas and those lacking comprehensive knowledge about specific events or phenomena (Crowe et al., 2011; Ghauri and Grønhaug, 2005). Crowe et al. (2011) further describe a case study as a research approach that aims to generate a profound, multifaceted understanding of complex issues within their real-life contexts.

### **3.3 Sampling Process and Criteria**

As previously stated, this study has opted for a qualitative approach. Unlike the quantitative method, which relies on statistical data, the qualitative approach offers more flexibility in sample selection, allowing researchers to exercise creativity (Ishak and Bakar, 2014). Nevertheless, it remains imperative to conduct the sample selection process meticulously, as the chosen sample must effectively support the researcher in elucidating the research questions and acquiring valuable insights into the subject matter.

In this particular context, among various sample selection methods available, the author aligns with the purposive sampling technique (Patton, 2015; Yin, 1994). Following this process, the case selection follows criteria that the author acknowledges to be important to answer the RQ. Each criteria embodies a specific feature that is recognized to be relevant partly by previous literature concerning RM and partly by to analyse the research question. Accordingly, the business cases were selected coherently with the RQ and sub questions.

Hereby, the features are first outlined and secondly clarified, as follows:

- All the company are focal firms
- They are committed to sustainability
- They are all good producers
- All the companies operate internationally.

**All the companies are focal firms.** The inclusion of focal firms in this study stems from the centrality of focal firms in modern business networks and in the need from the researcher to find businesses that are likable to engage with a variety of partners. In accordance with the previously provided definition, all the selected companies are SMEs, with global or multinational operations, and a private ownership.

**They are all committed to sustainability.** The selection of companies committed to sustainability is driven by the growing recognition that sustainability has evolved into a crucial aspect of the relational value. By focusing on companies committed to sustainability, this research seeks to shed light on the ways in which these organizations actively engage with different stakeholders, considering their shifting expectations and demands for sustainable practices.

In this study, the word sustainability doesn't have specific connotations, but it assumes the broad definition of "*meeting the need of the present without compromising the ability of future generations to meet their own needs*" (World Commission on Environment and Development, 1987), as declined in the triple bottom line theory which highlights social, environmental, and economic sustainability (Elkington, 1994).

Moreover, this aligns with the aim of this master's thesis, which explores the practical lessons that can be derived from examining the various forms of relations in which sustainability is employed. The priority of this criterion in the selection process is further explained and described thoroughly in the data collection process.

**All the companies operate internationally.** The deliberate inclusion of international companies in this study is driven by the recognition that incorporating the international dimension of relationship marketing for sustainability can offer valuable insights and contribute significantly to the existing body of literature. These selected companies, originating from Italy and boasting a substantial international presence, provide practical case studies, by examining how relationship marketing is applied in the context of sustainability across diverse clients from different countries and cultural backgrounds. Thus, especially regarding the third sub-RQ, this study aims to shed light

on the complexities and challenges inherent in promoting and implementing sustainable relations on a global scale.

### **3.4 Data Collection**

The data collection process of this study involved a combination of in-person tour of the companies' HQs and virtual interviews as the primary methods for data collection process. In-person visits provided an immersive understanding of the firms' core operations, and sustainability initiatives, while virtual interviews were conducted to gather primary data specifically related to the RQ and sub-RQs. Top tier representatives from FITT, ICAM, and IRSAP, including board directors and specialists in Marketing, Communication, Branding, Finance, Procurement and Sustainability, participated in the interviews.

The overall data collection process can be divided in two phases, each requiring different steps to be completed. The first phase concerns the data gathering process, comprising the case studies selection, participation gathering and the conception of the interview's text. The second phase refers to the actual period of interviews and data collection from companies.

The first phase encompasses the company selection and the creation of the interview text. First, three companies were identified and contacted during an Academy programme in May 2023, in the context of the Green Week: namely, the annual festival of the circular economies in Italy. For the occasion, the company representatives were individually asked for participation and personal contacts were collected. Moreover, in the same period, a fourth company (ICAM) from the personal network of the author was invited and included.

The questions were based on the theoretical background and adapted in accordance with the RQ and the aim of the study. The interview guide was prepared beforehand and sent to the companies concomitantly to the phase of participation gathering.

The second phase required a solid organisation and tight communication with companies to organise the interviews. Although, most of the interviews were carried out in the month of June, the implementation of this procedure to all the participant encountered some issues. Indeed, certain companies underwent a deeper investigation process, to enhance data depth and comprehension. Finally, it is important to mention that more companies were keen to participate in the study, but they weren't included, due to non-compliance with sample criteria or lack in commitment to the data collection phase.

A total final number of six interviewee participated to the interview, providing a solid sampling base of participants. As evident from **Table 1**, the length of the interviews was overall homogeneous varying between 49 and 68 minutes. Following, the table provides an overview of the companies and roles of specific participants considered for the interviews.

**Table 1** Case Studies Presentation

NAME	DESCRIPTION	INTERVIEWEE	TITLE	DATE	TIME
FITT	Established in Italy in 1969, FITT is a global leader in the production and development of fluid transfer solutions for domestic, professional, and industrial use.	S.C.	Group Brand & Sustainability Manager	23.06.2023	63 min
		L.B.	Sustainability Specialist	14.09.2023	49 min
IRSAP	Established in 1964, IRSAP represents the Italian excellence internationally, by designing and manufacturing high-quality radiators and heating solutions.	E.T.	Sustainability Specialist	22.06.2023	68 min
		A.B.	Marketing & Communication Director	28.06.2023	51 min

ICAM	Established in Italy in 1946, ICAM have been dedicated to producing premium chocolate for nearly a century. The corporate claim, "chocolate by nature" succinctly encapsulates its four pillars: Innovation, people, environment, and supply chain.	G.A.	Commercial Director	07.06.2023	67 min
		S.A.	Director of Procurement & Chief Sustainability Officer	05.09.2023	58 min

Finally, to ensure data triangulation, secondary data were collected from internet sources. The secondary data, acquired from the internet, contributed to the overall rigor and comprehensiveness of the study. As Guba (1981) endorsed, these secondary data were utilized to complement and validate the primary data collected through interviews. The combination of in-person visits, virtual interviews, and secondary data analysis allowed for a comprehensive exploration of sustainability-focused relationship marketing practices of such companies.

### 3.5 Data Analysis

A total of four distinct case studies were derived from the data collected through semi-structured interviews. The initial step in the analysis involved transcribing the recorded data to ensure its accuracy and facilitate further examination. To enhance comparability, a table was created to codify the main topics that emerged from the interviews.

Particularly, each topic in the table was assigned a unique code and accompanied by a clear definition. This coding system enabled the identification of similar patterns and themes across the interviews. The chosen approach aligns with the guidelines for data analysis put forth by Eisenhardt (1989), Gioia et al. (2012), and Yin (2003), which advocate for systematic categorization and comparison.

Following the creation of the table, the analysis proceeded by comparing the coded topics within it for each company. By examining the similarities and connections between the topics, common themes and trends were identified. Thus, grounding on previous literature and according to the purpose of the study and the RQs, the topics were categorized as follows:

- i) *Background Information.*
- ii) *Sustainability for RM within Internal Operations.*
- iii) *Sustainability for RM and External Stakeholder Engagement.*
- iv) *Sustainability for RM on International Markets.*

The “Findings” chapter presents a solid description of such process, providing four separate case studies, accompanied by data on each of the three identified dimensions. In contrast, the “Discussion” chapter provides a comparative review of the three dimensions displayed the previous chapter. Each dimension is further contrasted to relevant literature on the diverse topics. This allowed for contextualization and integration of the empirical data within the existing knowledge framework.

Finally, the observations and insights gleaned from this process are synthesized in the “Conclusion” chapter to draw meaningful and objective representation of the subject matter and to provide new glimpses on the designed framework. By employing this rigorous analytical approach, the study aimed to provide a robust and comprehensive understanding of the research topic.

### **3.6 Reliability and Validity of the Study**

This research aims to contribute to the understanding of the intersection between relationship marketing and sustainability, with a particular attention to the issue of potential greenwashing. As with any academic study, it is important to recognize its limitations. One key limitation is the use of case studies as the primary research method. While the findings from the selected case companies provide valuable insights to answer the RQ, they cannot be generalized to a larger population. However, the

findings may offer transferable knowledge to companies with similar characteristics and sustainability goals.

The reliability of the research refers to the consistency and dependability of the data collection techniques and analysis procedures (Saunders et al., 2019). It is important to address potential threats to reliability, such as participant bias, observer bias, and errors in data interpretation. Additionally, the qualitative nature of the research, focused on individual perceptions, may limit the ability to replicate the exact findings in a different context.

Validity concerns whether the findings accurately represent the intended subject matter (Saunders et al., 2019). Factors such as greenwashing, information asymmetry, different sustainability vision, mission and goals and ambiguity about causal direction need to be considered, while verifying the validity of the findings. Regarding this study, the data accuracy issue was addressed through rigorous representation of the information collected.

By acknowledging these limitations and addressing reliability and validity concerns, this research seeks to provide a comprehensive understanding of the relationship between relationship marketing, sustainability, and the potential for greenwashing.

## 4. FINDINGS

This section introduces three separate case studies of focal firms. Each of them is analysed by the lens of relevant literature concerning RM and in accordance with the RQ and sub-RQs. Here, relevant data from the interviews were utilised to gain insight into each company's internal processes and practices. The result is a triparted analysis for each case study. Accordingly, along with the companies' background, three dimensions are encompassed, namely:

- i) **Sustainability for RM in Internal Operations and Governance** describes the internal adaptation processes to ensure sustainability alignment in intra-firm's relations.
- ii) **Sustainability for RM in External Stakeholder Engagement** highlights the centrality of sustainability in external partnerships retainment, development, and creation.
- iii) **RM in International Markets** incorporates another level of complexity to previous dimensions, explaining how focal firms leverage sustainability in RM-based strategies across different countries and markets.

The case studies are primarily derived from interviews conducted with representatives from each company. Supplementary information has been obtained from the companies' websites and available documentation. To enhance clarity and comprehension, direct quotes from the interviewees are identified using assigned abbreviations, as provided below. For other instances, the author has synthesized the statements of the interviewees from each company to present a cohesive account of the case studies.

The combined utilization of interview data, website information, and documentation ensures a comprehensive depiction of the case study findings. This approach facilitates a deeper understanding of the companies' practices, challenges, and strategies pertaining to the mentioned dimensions.

## 4.1 The FITT Case

**Background.** The FITT Group, established in 1969 by the Mezzalira family, has a history spanning over 50 years. Initially led by the first generation of the family, the company saw a change in leadership in 2007 when Alessandro Mezzalira of the second generation became CEO (FITT, 2023). FITT has gained recognition for its dedication to innovation and is a key player in producing thermoplastic solutions for fluid transportation, primarily water-related applications. The company's product range includes pipes, tubing, and fittings designed for nine distinct business segments such as agriculture, industry, food, nautical, swimming pools, gardening, infrastructure, building, and mechanical ventilation (S.C., 2023).

FITT's operations span Italy, France, and Poland, with production facilities, logistic centres, and commercial offices. Expanding its global presence, FITT established logistics offices in the United States and China. Additionally, a new production facility in the US is in progress to serve the local market effectively (S.C., 2023).

FITT is structured into three divisions: namely, Gardening, Building, and Industrial. Gardening is mainly focused on B2C and retailers, while Building covers infrastructures, constructions, and ventilation systems, and the Industrial division, serving diverse needs from various sectors. Each division is responsible for product development solutions within its area (S.C., 2023).

With a revenue of 305.6 million euros in the last year, FITT showcases a strong presence in the international markets. The company's revenue distribution is well-balanced, with the Garden and Building and Industrial divisions contributing around 100 million euros each. However, *“although this division, FITT operated as a unified brand globally”* (S.C., 2023).

### 4.1.1 Sustainability for RM: Internal Operations and Governance

FITT underwent a comprehensive implementation process within its management model to embrace sustainability as a core asset. *“The journey began in 2018, when we*

*started to participate to a massive training programme on sustainability, reaching diverse topics. The Health, Safety and Environment department, together with each manager which, in turns, had to participate” (L.B., 2023). Moreover, “in 2020 was set the establishment of the Innovation and Technology department, focusing on research and development and adopting Eco design guidelines, outlining nine fundamental principles currently in practice” (S.C., 2023).*

In 2021, FITT became a benefit corporation, marking a significant cultural shift and internal mindset change towards sustainability. Thus, that year the company established the Think-Tank Corporate committee, comprising *“the CEO, directors of three business divisions, HR director, CFO, a representative from the communication department, the Innovation and Technology director, Health Safety Environment (HSE) manager, and the Community manager”*. According to S.C. (2023), *“this committee played a crucial role in formulating FITT's 2030 sustainability strategy, outlining both short-term - by 2025- and long-term - by 2030- objectives rooted in ESG criteria”*.

*“Further reinforcing our commitment to sustainability, in 2023, we established a dedicated sustainability department led by S.C., Group Brand and Sustainability Manager” (L.B., 2023). “My multifaceted role encompasses coordinating brand communication, managing image consistency across business divisions, and overseeing the sustainability department” (S.C., 2023).*

*“The sustainability department has since made significant strides in enhancing FITT's governance structure, promoting the exchange of expertise, and fostering knowledge development” (S.C.; L.B., 2023).* This includes the creation of a social committee merging People Care and Community functions to facilitate collaboration between internal and external communities. In addition, committees for environmental and procurement matters are slated for launch in 2023 and 2024, underlining FITT's unwavering dedication to sustainability across its operations.

The sustainability department at FITT is staffed with three “and a half” key roles, each playing a vital role in the company's monitoring and development of sustainable initiatives (S.C., 2023). *“One member is responsible for meticulously mapping product*

*impacts and corporate emissions while also overseeing environmental management controls. Secondly, the Community Manager serves a double role, and one of them comprehends maintaining and enhancing essential relationships with the domestic community a preserving the territory. Finally, another key role revolves around data governance, involving the collection and utilization of sustainability-related data for reporting and analysis actively linking data to platforms (such as Ecovadis , Achilles, Integrity Index, and Customer Data Platform)” (S.C., 2023).*

This office is carried by L.B., who is the Health, Safety, Environment and Sustainability Specialist. *“This processes requires time-consuming yet crucial efforts to comply with diverse data requests, internally and externally” (L.B., 2023).* The role of L.B. comprises a double commitment, one to the Sustainability Department and the other to the HSE department. Moreover, in L.B.’s vision, this dual view enables her to include in every safety training programme an overview on the ESG aspects that are intertwined with the specific topic.

Until 2022, there was a Health, Safety, and Environment (HSE) Director participating to the Think-Tank. "Currently, we have an HSE manager who participates in the Think-Tank when necessary. L.B. interfaces with her for the HSE aspect of her role and plays a key role with me in the sustainability aspect" (S.C., 2023). Specifically, L.B. and S.C. hold regular weekly meetings to ensure alignment on specific topics. "For instance, we are currently collaborating on the development of a new code of conduct, which involves participation from individuals across various departments, including S.C."

FITT Group adopts a comprehensive approach to engage its employees and ensure internal alignment with the sustainability strategy. *“The company leverages channels, such as its Intranet platform, newsletters, and special events like ‘Let's Share Together’ to share updates, progress on sustainability goals, ongoing projects, and governance with its workforce in Italy. The periodic newsletters provide insight into the company's achievements and promote a transparent and accountable culture. Additionally, ‘Let's Share Together’ fosters an inclusive environment where departments can showcase*

*their concluded projects, encouraging knowledge exchange and collaboration” (S.C., 2023).*

Additionally, FITT’s governance structure outlines the organization's approach to goal setting and evaluation within its annual objective framework. *“In addition to the existing Think-Tank decision-making committee, several committees have been organized to pursue and monitor key performance indicators (KPIs) outlined in our strategy” (S.C., 2023).*

*“Each department, including HR, transportation, procurement, production facilities, energy, and HSE, has specific key performance indicators (KPIs) for improvement, supported by dedicated Management by Objectives (MBOs) tied to individual incentives. Thus, the so called ‘Sustainability Champions’, about fifteen individuals with specific responsibilities, have been appointed to promote individual ESG goals” (S.C., 2023).*

*“These key performers are people from various departments, who work towards achieving KPIs aligned with the strategic objectives. For instance, the transportation manager works on increasing intramodal transport to 40%” (S.C., 2023).* Another significant KPI involves the monitoring of climate and organizational well-being through a biennial anonymous survey. *“FITT's HR representative assumes responsibility for this data, developing initiatives to attain well-being and improvement objectives across all ESG aspects” (S.C., 2023).*

Regarding FITT's organizational links between sustainability department and the marketing division, the company governance includes two levels: a corporate level and the business units. *“The corporate level focuses on communication strategy and positioning, whereas the business units handle operational marketing activities for their respective products” (S.C., 2023).* Regular meetings, such as the Think-Tank Garden, Industrial, and Building, take place monthly, where managements from sustainability, marketing and sales, and innovation technology gather to listen to market needs, propose solutions, and determine how to communicate them effectively and consistently.

S.C.'s role in these meetings involves *“contributing actively to brainstorming sessions, ensuring communication correctness, coherence and promoting compliance to counter greenwashing”* (S.C., 2023). Additionally, S.C. embraces a transversal role by ensuring that *“communication strategies can be adapted and replicated in similar markets to maintain uniformity and consistency in branding across the board”* (S.C., 2023).

Thus, S.C. plays a critical role in ensuring that the FITT brand is consistently upheld and promoted across all three divisions. *“Collaboration with each division is vital, given the need to capture market insights, respond to specific market needs, and address varying timelines and demands”* (S.C., 2023). As a result, a cross-divisional marketing approach is not feasible, and thus, each division has allocated 1 or 2 individuals responsible for tailoring marketing and communication activities to their specific domains (S.C., 2023).

Over time, FITT realized *“the utility of these sustainability tools extended beyond mere compliance”* (L.B., 2023). According to L.B. (2023) *“they have provided valuable insights for internal process improvement across various areas of the company, such as onboarding, training, and HSE programmes”*. Consequently, FITT now sees these tools as opportunities for enhancement rather than constraints.

To conclude, as for S.C. (2023) all these internal exchanges benefit the company: *“if we are undertaking this direction, it is because we think that is going to benefit the company in the long run. For example, all the data we are collecting help us gaining a deeper understanding and enhancing our internal processes”*. This allows a comparative advantage that is difficult to imitate: *“although it is just a matter of time, before sustainability will become a necessity for all businesses, as for now we can act as first mover, thus gaining a competitive advantage in our industry”*.

However, *“it was observed that a significant amount of time, approximately two days per month, was being allocated to meetings at the top and middle management level, with all these committee meetings being considered”* (S.C., 2023).

To summarize, within the organization, there is a dedicated Sustainability Department alongside numerous committees. Hence, FITT Group employs a robust internal governance system, with a diversified communication strategy to engage its workforce

and ensure everyone is aligned with the company's sustainability objectives. The company's comprehensive communication approach strengthens employee commitment and bolsters the successful implementation of its sustainability initiatives towards market-specific requests.

#### **4.1.2 Sustainability for RM: External Stakeholder Engagement**

In recent years, FITT has observed a growing demand for sustainability-related practices among its key clients, especially abroad, necessitating the company's adaptation to these requirements. *“Initially prompted by specific requests from important Northern European clients, such sustainability demands were initially viewed as time-consuming but mandatory for maintaining crucial customer relationships”* (L.C., 2023).

Thus, *“by recognizing the fundamental significance of sustainability factors, the company's management has taken significant strides over the past five years”* (L.B., 2023). In 2019, on the occasion of FITT's 50th anniversary, the CEO introduced sustainability as a cornerstone of the company's vision. Consequently, *“sustainability was integrated as one of the foundational pillars of the corporate vision, alongside customer-centricity, digitalization, and innovation”* (S.C., 2023).

FITT has witnessed an increased emphasis on social and third-party audits to align materiality and impact assessment with customer and other organizations. Hereby, *“in 2020 FITT began assessing and mapping the impact of their products through Life Cycle Assessments (LCAs) certified in collaboration with University of Padova, a local significant institution. “The partnership with University of Padova continues to support the mapping of environmental impacts”* (S.C., 2023).

Moreover, the sustainability department is currently working on a new Code of Conduct for suppliers and external collaborators. *“As for now, we are planning on becoming a B corp. For this reason, it is important that all the supply chain relations are aligned and encompassed in on our vision and strategy for 2025 and 2030”* (L.B., 2023).

*“It is acknowledged that sustainability is growing in importance for the establishment of any business relation. The new Code of Conduct will be deployed mandatory for all new relations. Some historical relations, however, that are crucial in FITT’s supply chain are to be addressed on this matter; hence, it is crucial to find a way to help these partners developing and implementing sustainability internally” (L.B., 2023)*

As previously alluded to, the company's sphere of operation lies within the Industrial, Building and Gardening sectors. The former one represents the most receptive and the exclusive domain wherein direct interaction with the final consumer is feasible. *“Despite the gardening market, by nature, is less receptive to product innovations compared to other industries, the company recognizes a margin to operate within the unique challenges and opportunities presented by this market” (S.C., 2023).*

FITT products range from those with a softer appeal to more specialized and advanced solutions, reflecting both traditional gardening needs and avant-garde demands. A recent demography-driven survey conducted by the company have indicated that *“60% of end consumers are inclined towards purchasing sustainable products over non-sustainable ones when no Green Premium Price is imposed. This finding highlights even more the growing importance for the company to take into account sustainability considerations among consumers” (S.C., 2023).*

Unlike many other products, FITT estimates that a plastic pipe’s lifecycle settles around a decade; thus, *“engaging with consumers in this field requires a strategic approach and a long-term vision, as there is approximately only one chance every ten years to convey certain messages” (S.C., 2023).* The company's target consumer is carefully identified through market analysis and segmentation. *“The consumer base does not predominantly consist of millennials or Generation Z with similar priorities; instead, it caters to a more diverse age group and countries depending on the product type” (S.C., 2023).*

Hence, the marketing teams often conduct surveys to gauge consumer preferences and market trends. *“These surveys include both online findings, such as the IBM research from 2020, as well as internal surveys conducted at least once a year” (S.C., 2023).*

Additionally, the company engages external consultancy services based on the specific needs and type of survey, whether targeting the end consumer or professional clientele. *“Objectives are carefully defined, and surveys are designed in collaboration with the consultant, who then oversees the administration and creation of focus groups. Each survey is product-themed and serves as a guide for product development”* (S.C., 2023).

FITT is now working on increasing their sustainability and brand awareness. *“This means that we want sustainability to be at the core of our brand reputation”* (S.C., 2023). First, efforts in product development, led by S.C., resulted in the successful launch of a Carbon Neutral product, and strategically aligned sustainability-driven campaigns. S.C. (2023) recognizes the importance of an adaptive approach in depending on specific products. For instance, *“in 2022 FITT introduced FITT Force Carbon Neutral, a new garden hose emitting 43% less CO2 compared to their traditional product line. For this product, FITT took the additional step of achieving carbon neutrality by purchasing certified carbon credits to offset any remaining emissions”* (S.C., 2023).

In this case FITT leveraged on the longstanding relations with one of their most important client to convey its exceptional features. Specifically, FITT collaborated with Leroy Merlin France to create a captivating, dedicated sales point within the store. The test was conducted in 130 Leroy Merlin stores across France, with 4,000 units of FITT Force Carbon Neutral distributed. A customised display showcased FITT Force Carbon Neutral with informative banners, totems, and engaging point-of-purchase materials, all designed to highlight the product's key sustainability features and benefits.

*“The communication efforts went beyond facts and figures, incorporating emotional messaging to resonate with consumers”* (S.C., 2023). Remarkably, FITT's communication emphasized the ecological impact of each purchase, showcasing that for every FITT Force Carbon Neutral sold, 10 litres of clean water were donated to Madagascar. This emotional appeal encouraged consumers to connect with the product's larger purpose and contribute to positive social and environmental change.

Although the project encountered challenges and required substantial effort, positive engagement with Leroy Merlin was vital to its eventual success. *“The Market Test resulted in a significant sales increase of 100% during the test period, indicating strong consumer interest and acceptance of the sustainable product”* (S.C., 2023). This experience demonstrated that sometimes proactive actions are necessary to drive market acceptance, especially when introducing groundbreaking product innovations. *“This kind of proactive engagement, strategic communication, and focus on sustainability messaging played a crucial role in the test's success, demonstrating the growing appeal of sustainable products and strengthening the relation with a long-standing client”* (S.C., 2023).

Secondly, the company strategically utilizes various channels, such as newsletters, LinkedIn, and Facebook, to promote its sustainability initiatives and educate its target audience on important topics like SDGs (Sustainable Development Goals) and LCA (Life Cycle Assessment). The FITT Green editorial section on sustainability serves as a valuable platform for sharing relevant news and updates. This two-fold approach, combining brand awareness and proactive external communication, showcases FITT's comprehensive approach to engaging also external stakeholders and enhance sustainability awareness (S.C., 2023).

Accordingly, *“the company's focus on brand awareness has shifted from brand awareness towards a brand and sustainability awareness”* (S.C., 2023), indicating a purposeful alignment with the SDGs and the promotion of responsible practices within its industries. FITT's communication channel's efforts have yielded significant results, reaching over 300,000 contacts through various channels in the past year (S.C., 2023). *“While quantifying the ROI of these engagement initiatives might be challenging, we recognize the importance of transparency and has taken steps to publish LCA information on our website, showcasing a commitment to providing quality data to its stakeholders”* (S.C., 2023).

To conclude, FITT's focus on internal cultural transformation and sustainability initiatives is reflected on the company's commitment to communicate responsible

practices across various external partners, by enhancing both brand and sustainability awareness. By participating in events, market test, research, and collaborating with associations, FITT actively engages external stakeholders to spread and boost its social responsibility efforts. *“As FITT continues its sustainability journey, it will be essential for the company to maintain its adaptability and responsiveness to evolving market dynamics, ensuring that it remains at the forefront of sustainability innovation without losing competitiveness”* (S.C., 2023).

#### **4.1.3 Sustainability for RM: International Markets**

FITT’s international presence spans over 30 nationalities, with 15 facilities spread across the globe, notably in Europe, the US, and Shanghai. In particular, the company's strong presence in Europe, enables timely delivery within 72 hours across various European countries (S.C., 2023).

First, *“FITT, initially a private label company, transitioned into developing innovative products it didn't want to entrust solely to the market or major clients like the Adeo Group and Fischer. Instead, the company decided to create the FITT brand, initially targeting the consumer market, and later expanding to the B2B sector”* (S.C., 2023). This evolution gave rise to FITT's current marketing and communication department and various developments.

Particularly, FITT doesn't have sub-brands, such as Fit Garden or Fit Building. *“The company maintains a unified brand across its product range, avoiding market-specific variations for B2B, B2C, or different geographical markets”* (S.C., 2023). The primary goals were to ensure consistent communication across different markets and protect the new vital assets of the company. *“This led to the recent establishment of the FITT Brand and Sustainability office, driven by the assimilation and protection of new technologies and know-hows that facilitated FITT's transformational process”* (S.C., 2023).

First, *“the appointment of a Group Brand and Sustainability Manager was essential to consistently communicate and coordinate sustainability efforts within and beyond the organization in different markets”* (L.B., 2023). Effective external communication and brand awareness are fundamental components of FITT's international sustainability approach (S.C., 2023). Proactive promotion of sustainability awareness to customers enables FITT alignment with internal Sustainable Development Goals (SDGs) and responsible practices within its industries.

However, *“such international reach poses complex challenges, stretching from the integration of different conceptions of sustainability across different markets”* (L.B., 2023). Thus, in approaching different markets, the company must consider different dimensions, such as sustainability awareness, customer receptiveness and cultural differences among customers.

For instance, *“while FITT Poland caters to Eastern and North European markets, provisions for Spain, Portugal and France market are predominantly covered by FITT France”* (S.C., 2023). Among all, *“Scandinavian countries and France, followed by Germany, are identified for showing greater receptiveness towards sustainability-driven innovations, also compared to other significant markets, such as the other European countries and the domestic – Italy”* (S.C., 2023).

Notably, the previously mentioned successful Market Test was conducted with Leroy Merlin France. On one hand, this showcases the importance of accurately select key clients in relevant markets for driving market acceptance towards sustainable product innovations (S.C., 2023). On the other hand, it is clear that to trigger a sense of shared value with customers in different countries, market receptiveness and sustainability awareness must be constantly monitored and addressed.

As already mentioned, FITT implements a tailored strategy to achieve it, shifting its focus from fostering and monitoring brand awareness to brand/sustainability awareness. Thus, the company actively educates key stakeholders on sustainability themes through yearly planned topics, such as different SDGs and case studies. They

disseminate this information through *“newsletters to their database and social media channels, reaching more than 300,000 contacts internationally in 2022”* (S.C., 2023).

Moreover, FITT has successfully established shared logic with some clients, including the mentioned major groups: *“when clients visit FITT, the initial part of the appointment is dedicated to sharing the company's sustainability strategy”* (S.C., 2023). For example, *“last year, FITT initiated a mapping process of its clients into three divisions, analysing their sustainability reports and available information online to assess alignment with relevant external partners”* (S.C., 2023).

Secondly, *“the establishment of shared strategy committees played a crucial role in aligning the efforts of different branches within the FITT Group's new governance structure. This facilitated open communication and alignment on sustainability goals across all entities”* (L.B., 2023). By providing access to relevant information, organizing events for knowledge exchange, and using appropriate language and cultural considerations, FITT fosters a cohesive and sustainable organizational culture across its national and international operations. However, as the scale of operation expands its reach, both S.C. and L.B. (2023) recognise *“the challenge of linking internationally the structured process, as for now, mainly implemented into the domestic market”*.

Therefore, ensuring knowledge alignment and upskilling within the organization becomes essential (S.C., 2023); for this reason, *“FITT invests in HSE training programs that equip its international workforce with the requisite knowledge and skill”* (L.B., 2023). The company adopts a hybrid approach to communication, ensuring that essential topics are communicated both in English for global accessibility, while foreign subsidiaries and teams are addressed in their respective languages (S.C., 2023).

Additionally, *“Let's Share Together and the intranet serve as essential tools for internal communications and sharing information across different countries”* (S.C., 2023). Regarding highly strategic topics, FITT either communicates through Let's Share Together in English, taking into account the time zones of American and Chinese colleagues, or provides specific communications for sustainability-related matters. Finally, S.C. *“engaged with branch directors through dedicated one-on-one meetings.*

*These directors acted as advocates for sharing information in their respective languages to ensure effective engagement with their teams” (S.C., 2023).*

In conclusion, FITT Group's international dimension within its sustainability journey showcases the challenges faced and the sustainable practices employed to promote responsible practices internally and externally across diverse global markets (S.C., 2023). Externally FITT employs a unified brand strategy, combined with active listening and marketing tailoring. Internally, it promotes sustainability education and alignment through hybrid communication. As FITT continues its global sustainability journey, it remains devoted to aligning its sustainable efforts on a global scale (S.C., 2023).

## **4.2 The ICAM Case**

**Background.** ICAM, a prominent player in the cocoa industry, is renowned for its comprehensive approach to the supply chain, distinguishing itself by managing the entire transformation process internally. The company's commitment to a fully integrated supply chain ensures meticulous control and quality throughout the entire production processes.

ICAM's headquarter is in Italy, where the company holds its production and commercial offices in Orsenigo (IT) and Lecco (IT), respectively. Moreover, ICAM has a representation office in Peru and three fermentation midpoints in Uganda, operating under the name ICAM Chocolate Uganda Ltd. At last, the company holds two commercial offices, Agostoni Chocolate US in the United States and ICAM Chocolate UK in the United Kingdom (G.A., 2023).

ICAM's dedication to quality, sustainability, and internationalization has resulted in a turnover of €206 million in 2022 (ICAM, 2023). The company operates through various channels, serving both business customers and end consumers (G.A., 2023). The Industrial channel supplies cocoa powder, liquid chocolate, molded chocolate, and cocoa butter to industrial-sized companies in the baking, biscuit, ice cream, and snack industries. The Professional channel caters to pastry shops, ice cream parlors, and

chocolate shops with products designed for professionals. Third, ICAM's Private Label segment manufactures products under third-party brands, providing customized solutions for retailers. Finally, the B2C retail segment targets end consumers with a range of tailored products, prominently featuring the Vanini brand.

#### **4.2.1 Sustainability for RM: Internal Operation and Governance**

As for G.A. (2023), ICAM holds a premium position in the chocolate industry by taking an ethical approach which positively impacts every step in the cocoa processing cycle, from bean to finished product. *“Throughout its 77-year history, ICAM has consistently upheld the integrity of its chocolate products. The company has steadfastly avoided sourcing cocoa from questionable or unethical practices, including child labour, slavery, exploitative conditions, and subpar raw materials”* (G.A., 2023).

In 2022, ICAM underwent a project of renovation of Corporate Identity, to better ensure internal and external, consistency in strategy and operations, while also encapsulating its values and approach. Thus, ICAM's new corporate claim, *“Chocolate by Nature, tries to encapsule concisely its values and approach. In particular, its corporate identity and materiality analysis is built on four pillars: supply chain, people, environment, and innovation”* (G.A., 2023). Pillars are here explained for a better understanding of ICAM's history and approach, despite it must be considered that they encompass internal, external, domestic, and international relations.

With regards to the supply chain, *“while the company strives to directly purchase cocoa beans from farmers cooperatives, there are instances when business requirements lead to procurement from traders. However, whenever feasible, a direct relationship with cocoa farmers is sought, emphasizing the value placed on the product origin and fair prices”* (G.A., 2023).

The second pillar, people, holds great value for the company. As pointed out by S.A. (2023) *“this approach is deeply rooted in company's history and approach to cocoa suppliers' relation. Our general director used to underscore that the underlying decisive*

*aspect accounting for cocoa quality, is to make every very agent – namely, the individual cocoa farmers- feel happy and realized through their job. It is not to be explained, that the words ‘happiness’ and ‘realization’ referring to our collaborators are just another way to talk about sustainability”. For this reason, “by acknowledging the true value of every agent in the cocoa supply chain, we always reallocate a part of the selling surplus from the company to every line of the value chain” (G.A., 2023).*

Thirdly, the company prioritizes safeguarding the environment and preserving biodiversity. *“Preserving diverse cocoa varieties and the environment in which they are produced is critical for creating distinctive and high-quality products” (S.A., 2023).*

The final pillar, innovation, is deeply ingrained in the company's DNA, *“driving experimentation with novel recipes, technologies, and solutions tailored to specific customer segments” (G.A., 2023).* Moreover, *“as a relatively small player in a competitive global market, staying ahead of competitors through innovation is essential for success” (G.A., 2023).* As explained in the following sections, this relentless pursuit of the latest trends on customer expectations and dietary needs keeps the company at the forefront of the industry.

Therefore, *“with this heightened awareness of sustainability, every entrepreneurial decision, investment, strategy, and organizational aspect require a holistic vision to corporate vision and strategy” (S.A., 2023).* Thus, *“protecting and fostering this four-pillars approach is of paramount importance as protecting one of our most valuable asset” (S.A., 2023)*

For strategic decision-making, the company employs two levels of governance. *“Firstly, there is a management committee comprising directors who convene weekly to discuss company-related matters. Secondly, there is a higher-level board consisting of the family owners responsible for making strategic corporate decisions. This board shall ensure coherence by virtue of its composition, as the owners themselves deliberate on industrial, organizational, and strategic choices” (G.A., 2023).*

The organizational structure was adapted in accordance with the corporate identity project in 2022, in order to enhance the management of sustainability awareness

internally and externally. With regard to internal marketing orientation, according to G.A. (2023), *“further streamlining and agility in governance and operations were considered essential: both to ensure consistency and to adapt quickly in evolving markets. It is crucial to address sustainability among multiple factors without burdening existing processes, and while maintaining full coherence”*.

*“The idea of structuring a dedicated Chief Sustainability Officer (CSO) function was a natural consequence of this holistic approach to corporate strategy”* (S.A., 2023). Thus, while the Global Sales Marketing Director is part of the board and assumes the responsibility for overseeing the entire commercial area, encompassing both sales and marketing functions globally. Moreover, the CSO was appointed within the board: *“this emphasized the significance of sustainability by entrusting this role to the Director of Procurement, Sara Agostoni, who is also a family member”* (G.A., 2023). Such structural change signifies the company's formal commitment to integrating sustainability into its core operations.

*“The CSO function operates in a partially hierarchical and partially matrix-based structure, collaborating with all the departments within the organization”* (S.A., 2023). Acting as the pivot and orchestrator, *“the CSO ensures the alignment of activities, projects, and initiatives across all business areas with the four pillars and the company's vision. With her dual responsibilities, S.A. navigates the demands and requirements from the marketing and sales departments for development, while simultaneously applying a double filter when selecting suppliers”* (G.A., 2023). *“My role encompasses balancing economic and environmental and social needs to ensure a sustainable supply chain, which I view as crucial for business continuity”* (S.A., 2023).

From an operational point of view, G.A. (2023) describes that there is a structured process between their two functions: namely, *“the so-called ‘Request for New Product’ (RNP) or ‘New Product Development’ (NPD), triggered by commercial needs arising from the sales or marketing function. The Commercial Director authorizes the request, specifying the desired characteristics of the new product. This request must be countersigned by the Director of R&D and Quality, confirming that the commercial*

*requirements can be met, as well as the Director of Manufacturing, confirming the technical feasibility of the product” (G.A., 2023). Once these three signatures are obtained, the operational process commences, incorporating considerations aligned with the four pillars.*

*“The Procurement department, which plays a crucial role, oversees these considerations, and operates within a dual capacity” (G.A., 2023). For instance, “if the marketing team requests the inclusion of an ingredient, but no supplier meets the ethical code of conduct or if the ingredient is environmentally unsustainable due to deforestation, the process will be halted” (S.A., 2023). In such cases, the procurement department will reject the proposal and encourage alternative solutions that meet the sustainability requirements.*

*“This code has become a binding prerequisite for establishing any business relationship, whether it involves the procurement of ingredients, packaging, or services” (G.A., 2023). Non-compliance with the ethical code becomes a non-negotiable reason for terminating potential commercial partnerships, highlighting the company's unwavering commitment to ethical standards, also through compliance.*

Finally, *“with the current larger scale of operations and a mixed management system involving family and non-family members, ICAM recognizes the challenges of ensuring that all employees feel the company's essence and view it as rewarding and motivating” (G.A., 2023). As reported by G.A. (2023), “Many years ago, ICAM's sense of connection and understanding between the family and employees was nearly self-assured (...) In a smaller environment where personal relationships with the owning family were more prevalent, maintaining such a connection was easier”.*

Since the Corporate Identity project, the company relies on various strategies beyond personal relationships, to ensure internal engagement, and foster a sense of commitment. On one side, internal consistency is guaranteed by the CSO:

*“I oversee various cross-functional teams within the organization, which are led by different managers and executives, focusing on different aspects of the supply chain. This includes managing sustainability projects related to cocoa procurement, with a*

*strong emphasis on human rights, environmental responsibility, and sustainable development within our supply chains. I also coordinate projects involving agroforestry development, aiming to support growers and expand product offerings beyond cocoa, such as medicinal plants” (S.A., 2023).*

*“Finally, I supervise teams responsible for safety and health, both internally and externally, as well as environmental initiatives, including energy efficiency and carbon reduction. From an organizational perspective, my role is multifaceted, encompassing various aspects of sustainability, safety, and environmental management” (S.A., 2023).*

On the other side, *“the company relies on an internal newsletter, with interviews from various departments. Approximately four to five editions are distributed each year, providing a comprehensive overview of the company's activities. The newsletter helps individuals in various departments, such as production or administration, to gain a holistic understanding of the company's endeavours, including its supply chain stories” (G.A., 2023).* By fostering a sense of belonging and motivation among all employees, ICAM enhances their engagement with the company, which, in turn, becomes a driving force for its business.

#### **4.2.2 Sustainability for RM: External Stakeholder Engagement**

In 2022, ICAM embarked on a brand identity project that spanned an entire year, rethinking its corporate identity, as described in the previous section. *“The goal of this operation was to ensure coherence, consistency, and clarity in conveying ICAM's message to its stakeholders. The need for a unified communication and action becomes evident when engaging with stakeholders in different countries and distant markets” (G.A., 2023).* This process also involved a comprehensive review and revision of all communication tools and channels; thus, including the website, social media platforms, and various documents and brochures.

As mentioned, ICAM's market offering is based on: supply chain, innovation, people, and environment. Company's commitment in these four areas results in the centrality

of this factor in the company's business network as it ensures premium features and strengthen its market position among different market segments.

As for ethical sourcing and sustainable supply chain ICAM's *"pursuit of 100% end-to-end traceability in its supply chains to ensure commitment to transparency and responsible sourcing. This can only be achieved through constant nurturing of strategic relations with suppliers"* (G.A., 2023). Both G.A. and S.A. outline that the company has already achieved remarkable traceability rates for cocoa, as well as other ingredients such as milk and sugar (G.A.; S.A., 2023). According to S.A. (2023) *"this approach is the only feasible one and it is truly holistic, because it is relevant for the company's economic, social and environmental value"*.

S.A. (2023) continues: *"the 95% of greenhouse gas emissions are derived from Scope 3 emissions, and within this, 86% can be attributed to the cocoa supply chain"*. This highlights the significant carbon impact of the cocoa supply chain. ICAM acknowledges that *"cocoa sourcing involves many developing countries in various stages of development, often characterized by distinct environmental, social, and governance conditions, and associated risks"* (S.A., 2023). Herewith, to address specific risks associated with different regions, such as child labour in Africa and corruption in Peru, they are developing targeted codes of conduct that take these local challenges into account. These codes of conduct were initiated in January of this year and include concrete examples of ethical behaviour, target by regions (S.A., 2023).

With this purpose, the company actively seeks to strengthen existing bonds with suppliers in South America and Africa, recognizing the importance of ethical sourcing both in achieving sustainability goals and in guaranteeing quality (G.A., 2023). In this regard, also company's dedication to social and environmental dimensions is crucial to reach its sustainability objectives.

ICAM's establishment of a branch in Uganda demonstrates its dedication to engaging local communities and fostering scientific research in cocoa fermentation (G.A., 2023). The project was co-financed by a non-profit organization and is acting as pilot to all supply relationships. *"We are working on holistic projects, with Uganda as a pilot, to*

*address worker safety issues, such as the use of protective devices and alcoholism in the workplace. We recognize that these issues vary from region to region and address them specifically in our codes of conduct”.*

The underlining belief of this business practice is that the marketing result shall be directly credited to the origin of the cocoa beans. *“This approach not only ensures a healthy development of the territory and preserves cocoa properties but also ensures excellence and certified premium features in ICAM's chocolate products”* (G.A., 2023).

*“This approach guarantees a healthy development of the territory, including biodiversity and preservation of cocoa properties. In ICAM we value cocoa quality very highly; thus, taking care of every last unit of the value chain helps us to deliver excellence and guaranteeing premium features to our chocolate”* (S.A., 2023).

Additionally, another initiative to engage with suppliers originates with providing them with bonus incentives: *“we deliver a bonus price to cocoa farmer’s cooperatives, which became a business practice. The higher price is directly imputed to the selling bonus achieved by the company within the fiscal year and often exceeds the fair market value of cocoas by 300, 500, 1000 or 3000 dollars”* (G.A., 2023).

To complete the framework, dedication to innovation, underlies the importance of upscaling internal skills and innovative approach to gain a competitive advantage: *“from refining fermentation processes and production techniques we create products that cater to various dietary preferences and lifestyles”* (G.A., 2023). For instance, ICAM actively explores the use of coconut sugar and date sugar as alternatives to traditional sugars, catering to consumers with specific dietary needs and preferences (G.A., 2023).

Additionally, the company's started to develop and invest on sustainable packaging solutions through the use of virtuous, recyclable, and compostable packaging materials (G.A., 2023). Currently, 96% of ICAM's chocolate bar packaging materials are recyclable or compostable, reflecting its dedication to reducing waste and mitigating environmental impacts (G.A., 2023).

With the innovation pillar, ICAM includes the centrality of customers in its business values, encompassing end consumers and future generations in the definition of

corporate strategies (ICAM, 2023). Leveraging the insights of stakeholder dialogue and continuous monitoring of consumer expectations, ICAM supports its competitive advantage and paves the way for sustainable competitive advantage. Consequently, constant monitoring and measurement of these trends become imperative.

In particular, ICAM conducts frequent market research and analysis to understand and monitor the expectations of the final consumer comprehensively. *“These studies enable the measurement of brand equity and awareness to ensure that, for example the B2C Vanini brand is perceived as intended - a recent study has confirmed positive results”* (G.A., 2023). ICAM observes factors that move alongside with consumer expectations. While this growing interest in sustainability is not evenly distributed across the entire population, specific consumer segments with higher education levels and a lifestyle that is more receptive to various communication channels exhibit increasing interest (G.A., 2023).

Moreover, in order to identify the themes and ESG aspects to address in preparing the Sustainability Report, thus refining the reporting process, ICAM updates its Materiality Analysis annually (ICAM, 2023). This essential commitment not only enables ICAM to understand customer perspectives, concerns, and aspirations, but also acts as a catalyst to build trust, improve transparency, drive innovation, and achieve long-term success in the modern business landscape (G.A., 2023).

Finally, the company has also witnessed a growing interest from B2B channels in supply chain stories, the company's ethical approach, and its environmental stance (G.A., 2023). Indeed, *“ICAM's strong presence in the Private Label (B2B) component allows the company to receive similar stimuli from clients worldwide who engage in comparable activities for their own brands”* (S.A., 2023).

While conducting specific market research in lesser-known territories may be less justified for ICAM's brand presence, the contributions from indirect sources provide valuable insights into diverse sustainability facets. For example, this interest has led to the search for more ethical packaging solutions and the strive for strengthening their ethical supply chain systems.

On the other hand, effective engagement necessitates a heightened level of awareness, clarity, and communication capabilities among stakeholders both within and outside the organization. *“In today's ever-changing business landscape, characterized by dynamic techniques and evolving modalities”, G.A. (2023) recognizes the pivotal role of “clear, effective, and comprehensible communication in positioning its products successfully in the market”.*

Thus, ICAM actively seeks certifications that validate its adherence to industry standards and consumer demands. Some of them include *“IFS (International Featured Standards), ERC (Ethical and Responsible Certification), ISO (International Organization for Standardization), Fair Trade, Rainforest Alliance, and Kosher certifications”* (G.A., 2023). These certifications not only enhance consumer trust but also differentiate ICAM from its competitors, expanding its market reach and further solidifying its reputation.

This process has led to a progressive sustainability awareness within the company. *“As we integrated all the best practices, projects, and initiatives into a single document, we realized that it became a “stand-alone” document, lacking immediate reflection in the company's communication image”* (G.A., 2023).

*“The CSR document, with its comprehensive nature, may not always captivate the interest or willingness of stakeholders to read it in its entirety. Unlike digital channels, which demand effective communication primarily through text, images, and videos, the CSR document lacks an agile-communication function”* (G.A., 2023). According to G.A. (2023), the challenge lies in making the content more accessible and user-friendly.

*“By replacing the back cover with a QR code, we were able to provide a more engaging experience. Scanning the code leads consumers to a video showcasing the experiences of local farmers and their plantations, offering a deeper understanding of the cocoa's origin”* (G.A., 2023). This innovative approach fosters transparency and consumer engagement, aligning with sustainable principles of the company.

In conclusion, ICAM's commitment to four pillars is evident through its holistic strategic approach in multiple areas. As ICAM recognized an increase in sustainability awareness

it undertook this opportunity by adoptive an active listening and market receptive approach. This was made possible, partly by the extended network of business partners among suppliers and customers, and partly through the Corporate Identity project which enabled an enhanced system of internal and external brand and sustainability communication.

#### **4.2.3 Sustainability for RM: International Markets**

ICAM is a company with a notable inclination towards international expansion; indeed, *“it derives a substantial 60% of its revenue from global exports”* (G.A., 2023). With a strong presence in *“approximately 70 countries, the company strategically prioritizes key markets, such as North America and Europe; specifically, the United States and the UK, followed by France and Germany, which also serve as prominent markets for ICAM”* (G.A., 2023). Expanding further, the rest of Europe presents numerous other significant market opportunities.

ICAM's presence in the global market can be attributed to its certified strategic focus on the upstream supply chain, customer centricity approach, and commitment to innovation. By consistently demonstrating its dedication to sustainability even embracing the complexity of internationalization, ICAM has successfully positioned itself as a premium brand in the global chocolate market. This positioning allows the company to compete effectively with larger players while also catering to the demands of specific markets.

ICAM's dedication to building strong relationships with suppliers in various countries is reflected in its bonus incentive system. *“By directly rewarding cocoa farmer cooperatives, ICAM promotes sustainable practices, biodiversity preservation, and equitable wealth distribution”* (G.A., 2023). This approach aligns with the company's values and has a positive impact on the communities involved, such as those in Peru and Uganda. *“The company's efforts in Uganda, including investments in research and community engagement, not only ensure supply chain integration but also contribute*

*to transparency and traceability, further enhancing its sustainability efforts” (G.A., 2023).*

The CSO's role in guaranteeing internal alignment and continuous communication with the commercial division and the board of directors enables ICAM to adapt its products to meet the specific demands of different markets and consumer preferences. *“Through data collection and feedback, ICAM can identify and respond to various themes and sensitivities in different countries, allowing the company to stay ahead of evolving market trends” (G.A., 2023).* By placing great attention to the origin of cocoa, the company ensures that its products possess unique and premium qualities.

Moreover, ICAM's constant market research process, unified with constant feedback from Private Label (B2B) component play a crucial role in spreading sustainability practices across various markets. *“Working with multiple brands and clients worldwide exposes ICAM to a diverse range of sustainability demands. This experience enables the company to incorporate best practices and cater to specific market requirements, enhancing the sustainability profile of its products” (G.A., 2023).*

Nonetheless, ICAM ensures transparency in communicating these efforts. Each achieved result is underscored by a range of certifications, each tailored to the specific requirements of different markets. *“These certifications serve as tangible evidence of the company's responsible business practices and reinforce ICAM's premium positioning” (G.A., 2023).* The Brand Identity project further enhances communication of the company's sustainability-focused values, resonating positively with consumers and stakeholders, and enabling ICAM to stand out in a competitive industry (G.A., 2023).

For instance, in North America, *“ethical sourcing and fair-trade practices are paramount to consumers” (S.A., 2023).* ICAM responds to this by engaging in direct relationships with cocoa growers and providing bonus incentives to cocoa farmer cooperatives. *“This approach not only fosters a sense of ethical responsibility but also ensures transparency and traceability in the supply chain” (G.A., 2023).* In the UK market, *“greenhouse emissions, environmental preservation and biodiversity*

*conservation hold significant importance” (S.A., 2023). ICAM addresses this concern by obtaining certifications like EFC, which guarantee responsible sourcing of packaging materials. Furthermore, the company's initiatives to reduce waste and promote recycling align with the sustainability priorities of UK consumers (G.A., 2023).*

*In France, “the focus on animal welfare and veganism has led to a strong demand for products sourced exclusively from ethically derived ingredients. ICAM meets this demand by ensuring that the only animal-derived ingredient used is milk, while expanding its offerings of vegan-certified products to cater to this growing trend” (G.A., 2023). In Germany, “where environmental concerns are prevalent, ICAM's emphasis on organic chocolate production has resonated well with consumers. By investing in scientific research and collaborating closely with cocoa growers in the Dominican Republic, ICAM has elevated the country as a leading producer of organic cocoa” (G.A., 2023). This success reflects the company's commitment to preserving biodiversity and supporting sustainable farming practices.*

Moreover, the company is witnessing a promising and growing market share in the Middle East, while the Far East remains relatively underexplored and driven mostly by “big” brands (G.A., 2023). In particular, ICAM recognizes the potential for growth in this region and continues to explore opportunities to introduce and promote its brand. As sustainability gains traction, ICAM's pioneering efforts in other markets position it well to respond proactively to emerging sustainability trends on the territory (G.A., 2023). However, as identified, *“the Far East remains a challenging market due to lower brand and sustainability awareness” (S.A., 2023).*

In conclusion, ICAM's focus on upstream sourcing, sustainable practices, and strong relationships with suppliers has proven to be a winning strategy, which fosters the company's adaptability to market demands, reinforced by certifications and a unified branding strategy. *“The growth of the green trend further solidifies its position as a premium player in the global chocolate industry, because meets directly ICAM's particular features” (G.A., 2023).* With a track record of success in diverse markets,

ICAM's sustainable and international approach has become a key driver of its continued growth and success (G.A., 2023).

### **4.3 The IRSAP Case**

**Background.** IRSAP is a leading Italian group in the production of tubular steel radiators, catering to the domestic heating market as its primary revenue line. The company operates within three Business Units (BU): IRSAP Kit, which focuses on tubular steel radiators, IRSAP Air, which focuses on centralized mechanical ventilation systems, and IRSAP Smart, which specializes in home automation and connected radiator systems.

The main BU, IRSAP Kit, is dedicated to providing heating solutions for residential households worldwide, focusing on domestic heating systems rather than industrial installations. The company also offers connected valve systems, available for purchase on e-commerce platforms such as Amazon, facilitating direct communication with end customers.

IRSAP runs two production facilities, one in Italy, located in Arquà Polesine, Rovigo province, and the other in Romania, situated in Cluj. Moreover, the company has four commercial subsidiaries that provide access to the entire European market. Those are distributed in Germany, Spain, UK, and France (A.B.; E.T., 2023).

#### **4.3.1 Sustainability for RM: Internal Operations and Governance**

In recent years, IRSAP has exhibited a growing commitment to sustainability and corporate responsibility, which forms a pivotal foundation within the realm of relational marketing. This case study explores the company's internal alignment efforts in pursuit of sustainability objectives and its implications on achieving a unified and effective communication strategy, particularly within the domains of marketing and sustainability.

In 2019, IRSAP initiated its first foray into sustainability reporting, signifying a nascent exploration into accountability and transparency principles. While the initial report remained unpublished, it marked a foundational step in IRSAP's journey towards comprehending and assimilating sustainability practices. *“Notably, key figures in the company's leadership, including Dr. Fabrizio Rossi, the President, and Dr. Marco Rossi, the CEO, have assumed prominent roles in embracing sustainability as an intrinsic element of the company's ethos”* (A.B., 2023).

Building upon this initial endeavour, *“IRSAP made substantial strides in 2020 by publishing its inaugural Sustainability Document. This document underscored IRSAP's commitment to economic, social, and environmental sustainability”* (E.T., 2023). Consequently, IRSAP embarked on diverse sustainable initiatives, culminating in the creation of its inaugural sustainable corporate balance sheet in 2022. As we move into 2023, IRSAP has intensified its focus on strategic sustainability objectives. *“The company conducted a comprehensive analysis of both external and internal needs, leading to the formulation of long-term sustainability goals in three key areas: employee well-being, emissions reduction, and circularity”* (E.T., 2023).

Within the organizational framework, A.B., Director of Marketing and Communication, coordinates both the operative and strategic facets of the entire supply chain; *“all the marketing and project managers globally report to me”* (A.B., 2023). Moreover, *“as part of the board, A.B plays an instrumental role in translating sustainability efforts from the highest echelons of the company's decision-making hierarchy to the market”* (E.T., 2023).

*On the other side, the Sustainability Specialist act as a project manager for any sustainability initiative, accounting also for data gathering and documental requests. Despite being newly appointed roles, both are instrumental in IRSAP's journey towards integrating sustainability into corporate operations”* (E.T., 2023).

Beneath the purview of the HR director, E.T. assumes another critical role within IRSAP's organizational tapestry. *“E.T.'s diverse responsibilities necessitate collaboration, not only with the HR director but also with personnel across the organization. My*

*collaborative role entails close collaboration and the implementation of initiatives with various departments, ensuring the coordination and reporting of sustainability efforts across the organization” (E.T., 2023).*

A.B. approach, accordingly, aims to have sustainability driving marketing efforts *“by promoting a content-driven approach, avoiding greenwashing, and ensuring transparency, while marketing acting as an information provider to the Sustainability Specialist” (A.B., 2023).* In particular while IRSAP is working on gaining full knowledge of internal scope one and two emissions, *“it is exploring the possibility of addressing scope three emissions, reaching certificate endorsement and ultimately aims to supervise the entire life cycle of their products” (E.T., 2023).* For this reason, the focus on internal alignment aims to facilitate information share and assessing methods across the supply chain to communicate the results effectively and definitely.

*“IRSAP's attainment of the ISO 14001 environmental management certification in 2023 was a significant achievement, forged through collaboration with the Health, Safety, and Environment (HSE) office. Furthermore, in 2022, the company initiated the Mentor Project in response to an extensive employee turnover operation across the organization. The project's aim was to foster communication among colleagues from different departments to share competences and values” (E.T., 2023).*

In this context, cross-functional teams comprising representatives from diverse departments such as purchasing, marketing, and technical engineering work collaboratively on projects to encourage knowledge exchange and skill transfer within the organization. Lastly, IRSAP's well-conceived welfare plan *“garnered the prestigious Welfare Index PMI award in 2023, further underlining the company's dedication to employee well-being and social responsibility” (E.T., 2023).*

A.B. and E.T., despite being relatively recent additions to the company, *“are playing a pivotal role in establishing a functional relationship to ensure and support continuous alignment efforts between sustainability and communication” (E.T., 2023).* Particularly, *“the prior Head of Marketing faced time constraints that hindered full engagement with sustainability efforts, and similarly, the sustainability office remained vacant.*

*Consequently, both A.B and E.T actively work towards bridging existing gaps and fostering strong bonds between the two functions and within the board” (A.B., 2023).*

Notwithstanding their absence in executive or managerial roles, E.T.’s involvement in strategic meetings, alignment sessions, and management committees allows her to align functional heads with sustainability-related activities. This multifaceted role renders her instrumental in *“coordinating and aligning sustainability efforts across various levels and departments, ultimately ensuring that sustainability considerations are seamlessly integrated across diverse departments and functions” (E.T., 2023).* However, it’s noteworthy that E.T.’s interactions with A.B. are presently not regulated nor standardized. Instead, they are tailored to address explicit customer requests, particularly pertaining to specific certifications that are experiencing rapid growth (E.T., 2023).

In the context of these constraints, collaboration between the Sustainability Specialist and Marketing Manager is pivotal to drive sustainability initiatives and ensure their constant alignment with market expectations. According to A.B. (2023), *“the Director of Marketing and Communication and the Sustainability Specialist, are complementary in IRSAP’s journey towards integrating sustainability”.*

In this regard, their synergy serves the purpose of promoting the development of competencies and facilitating knowledge exchange. This approach aligns seamlessly with the company’s aspiration to foster sustainability internally across various subsidiaries and countries, effectively addressing all internal stakeholders along the supply chain. This effort is complemented by *“effective communication strategies spanning various channels such as online platforms, social media, television marketing, and on-field activities” (A.B., 2023).*

A key avenue for IRSAP to extend the reach of its sustainability efforts and cater to diverse audiences is the website. *“Through this platform, IRSAP translates its comprehensive reports into various languages spoken by employees and primary markets internationally. This enables the company to broadcast best practices, editorials, and reporting plans across different subsidiaries and countries, effectively*

*targeting various consumer segments” (E.T., 2023). By adopting a multi-lingual approach, IRSAP reinforces try to engage all stakeholders along its supply chain, including end consumers, financial stakeholders, collaborators, and product prescribers and resellers.*

Moreover, collaboration with external companies and diverse industry organizations proves to be a critical avenue for adopting a comparative approach and achieving tangible results. Through meetings and partnerships, IRSAP *“gains valuable insights from other companies' best practices, drawing inspiration from innovative solutions. For instance, in their 'Gender equality project,' IRSAP collaborated with a certified metalworking company, which provided valuable insights to address gender equality more effectively. The ensuing gap analysis highlighted strengths and areas for improvement, fostering further progress in enhancing environmental, social, and economic impact. Engaging with other firms enables IRSAP to understand target markets, conduct comparative assessments, and evaluate its sustainability performance” (E.T., 2023).*

In conclusion, IRSAP's integration of sustainability into its organizational structure and internal processes is poised to transform its internal alignment and operations towards sustainability. By fostering competency development, collaborating with external partners, prioritizing employee welfare, and implementing effective communication strategies, the company is navigating a transition process. The roles of Alberto and Elena, in conjunction with initiatives such as the 'Irsap Mentor' program, assume key importance in propelling sustainability throughout IRSAP's organizational fabric."

#### **4.3.2 Sustainability for RM: External Stakeholder Engagement**

As stated by A.B. (2023), *“while it may be premature to discuss a set of established best practices, initiating practical initiatives is essential (...) The road ahead is broad. Today, we cannot yet speak of best practices, but we can talk about starting to implement practices”*. This statement resonates with the fact that, in A.B.'s view, *“prioritizing low-cost impact activities, such as stakeholder engagement and collaborations, can serve as*

*a foundation for addressing high-cost impact activities like Scope three emissions, Life Cycle Assessment (LCA) and research for packaging reduction” (A.B., 2023).*

According to E.T. (2023), *“it's not unusual to receive certification requests on specific features of our products and processes. For example, we notice intensifying requests on LCA which we can't provide as of now. This is not going to improve if we don't take action accordingly”*. Being at the forefront of market demands necessitates a high degree of responsiveness to customer inputs. *“The company must prepare for the challenges ahead: being able to anticipate sustainability expectations of various stakeholders is one of them” (A.B., 2023).*

From this viewpoint, the incorporation of stakeholder engagement holds paramount importance in the firm's sustainability strategy. Nurturing continuous and robust relationships with all stakeholders through ongoing dialogue and active participation showcases the group's commitment to societal, environmental, and employee welfare (IRSAP, 2022). Hence, stakeholder engagement is of utmost importance to IRSAP, which recognizes the significance of aligning its actions with their expectations.

*“Certainly, it is increasingly evident how our stakeholders are demanding alignment on sustainability efforts” (A.B., 2023).* IRSAP has observed a *“significant change in various stakeholder expectations towards sustainability - including certifiers, agencies, collaborators, and banks - which are essential for long-term competitiveness” (A.B., 2023).* Likewise, *“financial stakeholders, such as banks and investors, seek comprehensive and technical sustainability reports that outline IRSAP's actions towards achieving various sustainability goals” (A.B., 2023).*

In this context, partners relationship plays a critical role in adapting IRSAP to diverse conceptions of sustainability and meet diverse needs. *“Given the diverse set of interests, fostering enduring and stable relationships is crucial to know what market requires and generating mutual long-term value, while achieving important results in our path to sustainability” (E.T., 2023).* In this regard, employing an attentive listening and dialogue process, facilitated through diverse communication avenues, empowers IRSAP to gain deeper insights into stakeholder expectations and interests. This, in turn,

enables the company to effectively monitor and enhance the efficacy of its engagement tools and channels.

Accordingly, the company is working on *“anticipating market demands and enhance processes of internal and external data collection for future sustainability reporting”* (E.T., 2023). Constant monitoring of market requests is vital, as *“a lack of such connection with clients and key partners could risk IRSAP's competitiveness in the market”* (E.T., 2023). Additionally, *“Understanding and meeting the diverse needs of different consumer segments, including end users, architects, designers, installers, wholesalers, and retailers, is critical for effective marketing”* (A.B., 2023). Therefore, the marketing division collaborates with the Sustainability Specialist to ensure effective communication of sustainability initiatives.

Hence, IRSAP adopts an attentive listening and dialogue activity, facilitated through diverse communication channels, to gain deeper insights into stakeholder expectations and interests (E.T., 2023). In particular, the marketing division actively engages with customers through innovative tool like Zendesk for customer care, as well as surveys which gauge audience preferences and concerns. Additionally, the company seeks guidance from specialized agencies in sustainable communication to further enhance its sustainability messaging.

*“IRSAP continues to leverage social media and television as highly significant communication channels, catering to a diverse audience ranging from 25 to 65 years old. Online marketing proves to be a highly effective and customizable tool, offering cost efficiency and measurable returns on investment. Likewise, on-field training activities involving students and other companies, contribute to conveying the value of sustainability and ensuring bilateral communication. For example, IRSAP reinforces its commitment to sustainability by compensating for CO2 emissions from events held at their premises, exemplifying the company's values in its communication with stakeholders”* (A.B., 2023).

Moreover, to better integrate customer expectations into the materiality analysis, IRSAP has conducted surveys to gather feedback on specific topics like CO2 emissions

and materiality assessment. *“All the company's commercial branches participated in this customer-engagement project”* (E.T., 2023). During this process, customers' perceptions of sustainable value within products, such as their preference for cardboard packaging over plastic, were actively explored. *“Surveys were sent to customers across Europe, asking about what is perceived sustainable about a radiator and what is expected to be more sustainable about our product. Those are expected to yield valuable insights, with a forecasted response rate between 10% and 15%”* (E.T.). However, it is already visible how there are some clients especially in the Italian market who lag in sustainability awareness, making it vital to gather direct feedback from them.

Nonetheless, the increasing number of documental requests directed to the Sustainability Specialist from the marketing department or directly from customers, underscore the importance of sustainability certifications, environmental reports, and life cycle analyses for IRSAP's products. *“All IRSAP's major clients like Leroy Merlin and Saint-Gobain, who are more advanced in sustainability practices, request extensive documentation and data analysis, driving IRSAP's commitment to transparency and performance. Also, many French clients have imposed radical changes, such as eliminating plastic packaging by 2030, prompting a proactive approach from the company”* (E.T., 2023).

For instance, in 2020, *“Saint Gobain started to require an entrance score on EcoVadis, as a condition of commercial relation”* (E.T., 2023). EcoVadis assesses various aspects of the supply chain requiring specific documentation for each considered facet. The adaptation to this request has been instrumental in evaluating and improving IRSAP's sustainability awareness, as it initiated a mechanism of improvement of internal processes, *“which eventually led to an improvement of the score through the last three years”* (E.T., 2023).

To conclude, building long-lasting business relationships through diverse communication, active listening and response to market requests is substantially growing in importance for IRSAP to remain ahead of the market. Overall, IRSAP's

approach involves proactive engagement with stakeholders, constant monitoring of market demands, collaboration with external experts, and a comprehensive omnichannel strategy to effectively communicate and implement its sustainability initiatives. The company's commitment to sustainability and stakeholder engagement fosters long-term competitiveness and a positive environmental and social impact from the company's perspective.

#### **4.3.3 Sustainability for RM: International Markets**

*“On a global scale, we observe varying levels of sustainability awareness among different countries, as results also from the first analyses of customer surveys”* (E.T., 2023). Germany where IRSAP is known with the brand “BEMM” (A.B., 2023) constitutes a benchmark for level of sustainability awareness and receptiveness, considerably valuing sustainability matters. France and the UK exhibit a heightened sensitivity towards sustainability themes, outpacing other countries like Spain and Italy, which have almost no receptiveness. According to A.B. (2023), *“this observed disparity is not surprising, given the current rapidly evolving magnitude of sustainability internationally”*.

Accordingly, E.T. acknowledges that the landscape of sustainability responsiveness among countries varies; thus, *“the company must maintain an extraordinary commitment to constant listening of internal and external stakeholders in order to navigate this diverse terrain successfully”* (E.T., 2023). Although *“certain aspects regarding materiality relevance and host-country legislations show some heterogeneity, IRSAP continues to improve and enhance its practices to align with evolving standards and expectations”* (E.T., 2023).

As mentioned in the previous section, this becomes particularly manifest to E.T. (2023), when talking about international subsidiaries: *“barriers, such as differences in language and organisational structures are difficult to overcome, while trying to be agile and adapt to different markets”*. In the perspective of a variety of players and legislations in global markets, E.T. (2023) distinguishes that the current most pressing challenge is to

identify a clear and unified path: *“the critical importance of conducting in-depth risk analyses and future scenario assessments, is essential to navigate uncertain and diverse terrains”* (E.T., 2023).

On the other hand, A.B., as the commercial representative, often highlights IRSAP's advancement during internal discussions, emphasizing the company's significant lead over many competitors internationally in terms of accountability (E.T., 2023). While the company acknowledges that it may be slightly lagging in some respects compared to certain advanced players, *“IRSAP remains confident in its strategic trajectory and positioning in international markets, towards sustainable action and communication”* (E.T., 2023).

In particular, despite IRSAP adapts its sustainability communication to effectively address country-specific variations, as recognized by E.T., *“the current reach and level of sustainability awareness in the market is not extensive enough to ensure a wide-ranging branding strategy, although we consider of paramount importance to be able to combine these two dimensions.(...) For example, the costs of our initiatives do not result in increased prices for the customers in any market, but we try to account for different actions we are undertaking to be able to promote our sustainable efforts in a clear, comprehensive and unified way”* (E.T., 2023).

IRSAP aims to be recognised as a sustainable brand, in order to foster a sense of connection through transparency and communication. As testified by E.T. (2023), *“we want sustainability to be aligned with our customers, and to be at the core of our long-term strategy in any market relation”* (E.T., 2023). Besides, being able to be accountable is becoming mandatory requirement for a growing number of market relations in recent years. As reported by E.T. (2023), *“our sustainability report, along with environmental certifications, has been in mandatory demand, especially among some of our most important customers across Europe”*.

As for A.B.'s view, *“competitiveness in international markets comes from market responsiveness; there is never a specific formula for success, but we know that we have to keep up to world's evolution and act as first movers. (...) We didn't decide to follow*

*the sustainability path just to follow the market because market isn't always receptive to these topics. On the other hand, a general internal commitment isn't enough. I envision it as a constant tension between market evolution and internal strategic governance: the important part is to translate this perceived tension into clear values and actions; otherwise, we risk losing either competitiveness or credibility".*

To conclude, despite the challenges posed by its size and international reach, IRSAP remains steadfast in its commitment to sustainability. To ensure cohesion in sustainability practices across its subsidiaries and markets, IRSAP fosters shared projects and collaborations between subsidiary managers and the Sustainability Specialist. This collaborative approach ensures a consistent strategy for sustainability implementation throughout IRSAP's operations (E.T., 2023).

## **5. DISCUSSION**

In the Findings chapter, three case studies were presented in a triparted analysis, treated separately for each company, and encompassing the dimensions of “Internal Operations and Governance”, “External Stakeholders Engagement”, and “Internationality”. According to the RQs and the research approach, this chapter aims to provide various point of view and compares the role of sustainability in RM in each identified dimension.

Herewith, the author proposes a comparative review of the case-studies, to highlight the main findings concerning each dimension. Following, the findings are discussed to draw meaningful conclusion in each dimension. Finally, such discussion is complemented by the creation of a model.

### **5.1 Sustainability for RM: Internal Operations and Governance**

In analysing how sustainability is integrated in relationship marketing strategies, the first dimension focused on internal partnerships. Those encompass functional departments, strategic business units, subsidiaries, and employees (Morgan and Hunt, 1994). In theoretical provisions it is acknowledged the importance of nurturing relational exchanges within the company, to develop an internal marketing orientation, fostering internal competence and relational resources and enabling the formation of part-time marketers (Hunt et al., 2006).

The two internal marketing factors pose the focus on the implementation of strategies and initiatives to engage employees at all levels, ultimately aiming to accomplish its external market objectives (Gounaris, 2006).

Arnett et al. (2002) stress the importance of cultural change within organizations to align employee attitudes with innovative marketing approaches; this shift involves cultivating a service-oriented mindset, which depends on strong and consistent internal relationships among governance and employees. Accordingly, the following

section aims to analyse the role of sustainability in the implementation of an internal marketing orientation in practice.

### 5.1.1 Comparative Review: Alliance competence and alliance management

The findings attest that in response to growing importance of sustainability, all the interviewed companies experienced a process of adaptation in their governance structure, usually starting from ownership, to encompass all internal partners. According to Kangal (2009), the process of adaptation is enabled by the presence of key figures, that often operate cross-functionally, to ensure constant alignment and organization of competence and relational resources.

In particular, the scholar explains that some individuals operating within the company management, are actively involved in interpersonal and inter-organizational relationships, fostering creative problem-solving, innovativeness, cross-functional collaboration, conflict resolution, trust-building, strategic planning, project management, and team leadership. These individuals foster **alliance competence** and are known as **alliance managers**.

**FITT:** In 2021, FITT's transformation into a benefit corporation signified a significant shift toward sustainability. A critical milestone was the establishment of the Think-Tank Corporate committee, comprising top leadership and key department heads. This committee played a pivotal role in shaping FITT's 2030 sustainability strategy, with both short-term (by 2025) and long-term (by 2030) objectives grounded in ESG criteria (S.C., 2023).

*"As the Group Brand and Sustainability Manager at FITT, I play a pivotal role in coordinating brand communication, maintaining image consistency, and overseeing the sustainability department"* (S.C., 2023).

*"In 2023, we established a dedicated sustainability department led by S.C. and comprising three and a half role"* (L.B., 2023).

Within the sustainability department, there are specialized roles, including one responsible for mapping product impacts and corporate emissions while overseeing environmental management controls. Another role is held by the Community Manager, who maintains essential relationships with the domestic community and preserves the territory.

Furthermore, a key position focuses on data governance, involving the collection and utilization of sustainability-related data for reporting and analysis, actively linking data to platforms (S.C., 2023). L.B. occupies this position serving as the Health, Safety, Environment, and Sustainability Specialist and plays a crucial role encompassing sustainability training and data governance across the company (L.B., 2023).

**ICAM:** ICAM's governance structure involves a management committee and a higher-level board, including family owners, responsible for strategic decisions (G.A., 2023). The company recognized the need for streamlining and agility to address sustainability alongside other factors, while maintaining coherence (G.A., 2023).

*"The idea of structuring a dedicated Chief Sustainability Officer (CSO) function was a natural consequence of a holistic approach to corporate strategy" (S.A., 2023).*

*"The CSO function operates in a partially hierarchical and partially matrix-based structure, collaborating with all the departments within the organization" (G.A., 2023).*

*"My role encompasses balancing economic and environmental and social needs to ensure a sustainable supply chain, which I view as crucial for business continuity" (S.A., 2023).*

Also, the CSO ensures the alignment of activities, projects, and initiatives across all business areas with the company's vision and four pillars. This role also involves navigating the demands and requirements from the marketing and sales departments for development and applying a double filter when selecting suppliers. Finally, it oversees cross-functional teams focusing on various aspects of the supply chain, including sustainability projects related to procurement, human rights, environmental responsibility, and sustainable development (S.A., 2023).

**IRSAP:** Leadership figures such as Dr. Fabrizio Rossi and Dr. Marco Rossi have assumed prominent roles in embracing sustainability as an intrinsic company ethos (A.B., 2023). The Director of Marketing and Communication, A.B., oversees product development, marketing, and international communication. Additionally, a Sustainability Specialist role was introduced to manage sustainability initiatives and related data (E.T., 2023). Both participate in meetings of the board of directors.

*“Despite being newly appointed roles, both are instrumental in IRSAP's journey towards integrating sustainability into corporate operations”* (E.T., 2023).

E.T. at IRSAP has diverse responsibilities that require collaboration not only with the HR director but also with personnel across the organization. This collaborative role involves close collaboration and the implementation of initiatives with various departments, ensuring the coordination and reporting of sustainability efforts across the organization.

E.T. ensures that sustainability considerations are seamlessly integrated across diverse departments and functions (E.T., 2023). On the other hand, there is A.B.: *“as part of the board, I play also an instrumental role in translating sustainability efforts from the highest echelons of the company's decision-making hierarchy to the market”* (A.B., 2023).

**Proposition 1:** The appointment of sustainability managers, specialists, or CFOs within the selected companies mirrors the role of alliance managers in fostering alliance competences. These appointed individuals are instrumental in promoting and implementing shared sustainability values among all employees, contributing to a unified sustainability approach throughout the organization.

### **5.1.2 Comparative Review: Market-relating competence and functional departments**

Thanks to alliance managers, focal firms can develop **internal alliance competence** among various business units, directed to the implementation of sustainability. In

particular, the challenges posed by aligning sustainability and market division, were addressed in the interview. Day (2003) acknowledges the importance of a governance configuration that encompasses the structural design of the organization, the processes for personalizing product or service offerings, and the incentives aimed at fostering strong customer relationships.

This ensures the effectiveness of internal intelligence generation, dissemination, and responsiveness, which collectively form **market-relating competence**. Such competence is fostered by alliance manager and encompasses various initiatives, including identifying exchange value, facilitating communication both vertically and horizontally, implementing internal segmentation, clarifying role definitions, providing training, and targeting internal audiences (Gounaris, 2006).

**FITT:** S.C. at FITT ensures alignment between the sustainability department and the marketing division through organizational links. The company's governance structure comprises two levels: a corporate level focused on communication strategy and positioning, and business units handling operational marketing activities for their products (S.C., 2023). Regular meetings, such as the Think-Tank sessions, involve managements from sustainability, marketing, sales, and innovation technology. These meetings aim to listen to market needs, propose solutions, and determine effective communication strategies. S.C.'s role in these meetings includes actively contributing to brainstorming sessions, ensuring communication correctness and coherence, and promoting compliance to counter greenwashing.

*“Collaboration with each division is vital, given the need to capture market insights, respond to specific market needs, and address varying timelines and demands” (S.C., 2023).*

**ICAM:** the CSO participates to board meetings, while on an operational level: *“the so-called ‘New Product Development (NPD)’* This process is triggered by commercial needs arising from the sales or marketing function. The Commercial Director authorizes the request, specifying the desired characteristics of the new product. The request must be countersigned by the Director of R&D and Quality, confirming commercial

feasibility, and the Director of Manufacturing, confirming technical feasibility (G.A., 2023).

*“While meetings between functions are not regular, there is collaboration on specific requests to maintain coherence in the overall value chain” (S.A., 2023).*

**IRSAP:** *“Since we notice a growing demand in sustainability documentation from clients, we are currently working on establishing a functional relationship to ensure and support continuous alignment efforts between sustainability and communication” (E.T., 2023).*

This is particularly important as the prior Head of Marketing faced time constraints that hindered full engagement with sustainability efforts, and the sustainability office remained vacant. A.B. and E.T. actively work towards bridging existing gaps and fostering strong bonds between the two functions and within the board (A.B., 2023).

**Proposition 2:** Market-relating competence plays a crucial role in enhancing internal intelligence generation, dissemination, and responsiveness through the implementation of relational bonds within divisions. In particular, companies actively facilitate relational exchanges between marketing and sustainability divisions, for the establishment of common objectives. This interplay enhances the firm's ability to respond effectively to sustainability requests and ensures the seamless generation and dissemination of sustainable information to marketing stakeholders.

### **5.1.3 Comparative Review: From employees to part-time marketers**

Internal marketing orientation stresses the importance of addressing all employees, not just full-time marketers, or the sales departments (Gummesson, 1991). In particular, companies can further enhance market-relating and alliance competencies, by enabling knowledge and competence exchange and foster the formation of internal idiosyncratic resources. These factors account for the further development of market-

relating competence and ultimately lead to the formation of **part-time marketers** within the organization.

**FITT:** FITT employs diverse structures and committees to foster internal knowledge development and exchange. Each department, including HR, transportation, procurement, production facilities, energy, and HSE, has specific key performance indicators (KPIs) for improvement, supported by dedicated Management by Objectives (MBOs) tied to individual incentives. *“This has led to the appointment of Sustainability Champions, comprising around fifteen individuals with specific responsibilities from various departments, to promote individual ESG goals”* (S.C., 2023). FITT leverages various channels, such as its Intranet platform, newsletters, training, and regular events like 'Let's Share Together,' to share updates, progress on sustainability goals, ongoing projects, and governance with its workforce in Italy. *“All these initiatives foster knowledge exchange and collaboration among departments”* (S.C., 2023).

**ICAM:** ICAM recognizes the challenges of ensuring that all employees, including family and non-family members, feel a connection to the company. In the past, personal relationships with the owning family facilitated this connection. However, *“with a larger scale of operations, maintaining this sense of connection is more challenging”* (G.A., 2023). ICAM relies on an internal newsletter to provide employees in various departments with a holistic understanding of the company's activities, including its supply chain stories. Approximately four to five editions are distributed each year to facilitate knowledge dissemination and enhance the sense of belonging (G.A., 2023).

**IRSAP:** IRSAP employs effective communication strategies across various channels, including online platforms, social media, television marketing, and on-field activities. Additionally, the company achieved the ISO 14001 environmental management certification in 2023 through collaboration with the Health, Safety, and Environment (HSE) office. In response to extensive employee turnover, IRSAP initiated the Mentor Project in 2022. *“This project aims to foster communication among colleagues from different departments, enabling them to share competences and values”* (E.T., 2023).

**Proposition 3:** The phenomenon of internal knowledge exchange and competence sharing is consistently observed across all studied companies. This practice is driven by the imperative to maintain consistency in sustainability integration across the entire value chain. It highlights the significance of knowledge and competence transfer in promoting sustainability within the organization.

## **5.2 Sustainability for RM: External Stakeholder Engagement**

In the theoretical premises is acknowledged the importance of nurturing long-term sustainable relationships with different stakeholders (Belz and Peattie, 2009). In particular, external stakeholders are here intended as a diversified group of individuals which act as company's partners, when they establish any kind of relational exchange with the focal firm as part of the company's network (Morgan and Hunt, 1994). The external partnerships identified by literature encompass buyer partnership, namely the company's customers, supply chain partnerships, and lateral partnerships, such as institutions, non-profit organizations, or competitors (Morgan and Hunt, 1994).

**External marketing factors** reflect on the aptitude of focal firms to originate a competitive market offering, based on the effective management of flows of relational and competence resources (Hunt et al., 2006). Such ability contributes to the development of idiosyncratic relational and competence resources with external partners. This, in turn, lead to the formation of high-equity brand.

### **5.2.1 Comparative Review: Alliance Competence**

As evidenced in previous sections, all the companies underwent processes of strategic implementation of sustainability in internal marketing factors. The need for enhancing external marketing factors need strives from the importance of meeting different partners expectations towards sustainability without losing competitiveness.

First, alliance competence enable business to identify, manage and develop relevant partnerships in the network, guided by internally developed market-relating competence which accounts for navigating business in uncertainty and driving it in the implementation of competence and relational resources. Secondly, companies can nurture long-term relationships with relevant partners, by building on shared values and objectives, with sustainability being one of those (Peattie and Peattie, 2003).

In this context, Findings highlight the centrality of sustainability in the creation, management, and development of external partners relationship. Hence, given the discussion of previous section, comprehending how sustainability is crucial in external relationship networks, can shed a light on how focal firm can foster relations aimed at common sustainability values and objectives, as described in literature.

**FITT:** FITT recognizes the growing importance of sustainability for establishing any business relation. Sustainability has been integrated as one of the foundational pillars of the corporate vision, alongside customer-centricity, digitalization, and innovation. *“Initially prompted by specific requests, sustainability implementation was viewed as time-consuming but mandatory for maintaining crucial customer relationships”* (L.B., 2023).

Thus, FITT's management has taken significant strides over the past five years in recognizing the fundamental significance of sustainability factors. Research in the gardening sector revealed that a significant portion of end consumers prefers sustainable products, emphasizing the importance of considering sustainability in product offerings. The company conducts surveys and research, both online and internal, to address customer needs (S.C., 2023

**ICAM:** ICAM *“conducts frequent market research and analysis to understand and monitor the expectations of the final consumer comprehensively”* (G.A., 2023). These studies enable the measurement of brand and sustainability awareness. While interest in sustainability is not evenly distributed across the entire population, specific consumer segments with higher education levels and a receptive lifestyle exhibit increasing interest.

Moreover, *“ICAM's strong presence in the Private Label (B2B) component allows the company to receive similar stimuli from clients worldwide who engage in comparable activities”* (S.A., 2023). The company's commitment to understanding customer perspectives, concerns, and aspirations not only builds trust and improves transparency but also drives innovation and long-term success (G.A., 2023).

**IRSAP:** IRSAP's major clients, such as Leroy Merlin and Saint-Gobain, who are advanced in sustainability practices, request extensive documentation and data analysis, driving the company's commitment to transparency and performance. The company recognizes the importance of constantly monitoring market requests to maintain competitiveness (E.T., 2023; A.B., 2023).

IRSAP conducts surveys across its international commercial branches to gather feedback on sustainability topics and enhance customer engagement. These surveys explore customer perceptions of sustainable value within products, such as their preference for cardboard packaging over plastic. *“While the response rate from European customers is expected to be between 10% and 15%, some Italian market clients lag in sustainability awareness, making direct feedback crucial”* (E.T., 2023).

Understanding and meeting the diverse needs of different consumer segments, including end users, architects, designers, installers, wholesalers, and retailers, is considered critical for effective marketing. The marketing division actively engages with customers through innovative tools like Zendesk for customer care and surveys to gauge audience preferences and concerns. Prioritizing low-cost impact activities, such as stakeholder engagement and collaborations, lays the foundation for addressing high-cost impact activities related to sustainability (A.B., 2023).

**Proposition 4:** In the context of alliance competence, sustainability plays a pivotal role in the creation, management, and development of relevant external relation. Also, literature emphasizes the importance of nurturing sustainable long-term relationships with diverse external stakeholders. Moreover, findings show that through attentive

listening of market request and materiality assessment, company set the ground to develop relational competences based on sustainability.

### **5.2.2 Comparative Review: Network Competence**

Second, **network competence** refers to a focal firm's ability of being part of larger networks by accomplishing common objectives in networks of participants, thus prioritizing relevant relational exchange (Ritter and Gemunden, 2003). Focal firms build on network competence to ensure a more knowledge-based and market-oriented decision-making.

Ritter and Gemunden (2003), theorize network task execution, namely the competence to attain to various partners requests and network management qualifications, namely the capability of managing relations with diverse partners, as main drivers of network competence.

Accordingly, firms use the information gathered on sustainability through market-relating competence to drive efforts through product or process innovation. This, in turns favours customization and commitment to sustainable common objectives, ultimately contributing to brand equity (Hunt et al., 2006).

**FITT:** FITT operates in a gardening market that may be less receptive to product innovations compared to other industries. However, the company recognizes opportunities within this market. FITT defines objectives carefully and collaborates with consultants to design surveys that guide product development. An example of innovation is *"the introduction of FITT Force Carbon Neutral, a garden hose emitting significantly less CO2 compared to their traditional product line"* (S.C., 2023). FITT leveraged its longstanding relationship with Leroy Merlin France to conduct a market test, resulting in a substantial sales increase and strong consumer interest in the sustainable product (S.C., 2023)

**ICAM:** ICAM's commitment to sustainability is evident in its pursuit of 100% end-to-end traceability in its supply chains (S.A., 2023). This commitment requires nurturing

strategic relations with suppliers and has already led to remarkable traceability rates for cocoa and other ingredients. The company also invests in sustainable packaging solutions, with 96% of its chocolate bar packaging materials being recyclable or compostable. Finally, *“ICAM adapts its products to various dietary preferences and lifestyles to cater to different market expectations”* (G.A., 2023; S.A., 2023)

**IRSAP:** IRSAP acknowledges the need to initiate practical sustainability initiatives, even though it may be premature to establish best practices. *“The company recognizes the importance of fostering enduring and stable relationships with stakeholders to understand market requirements and generate mutual long-term value”* (A.B., 2023). IRSAP responds to certification requests on specific product and process features, such as Life Cycle Assessment (LCA), and is working to reorganize its internal assets to anticipate market demands and enhance data collection for sustainability reporting. An example is its adaptation to Saint Gobain's entrance score requirement on EcoVadis, which led to improvements in IRSAP's sustainability awareness and score (A.B., 2023; E.T., 2023).

**Proposition 5:** Network competence, as observed in the case studies, highlights the significance of a focal firm's ability to be an active participant in larger networks, collaborating with various partners to achieve common sustainability objectives. The ability to foster knowledge-based and market-oriented decision-making through effective network competence is crucial for firms. By leveraging the information acquired through market-relating competence, companies can drive efforts in product or process innovation, leading to customization and commitment to sustainable objectives, ultimately enhancing brand equity (Ritter and Gemunden, 2003).

### 5.2.3 Comparative Review: Information System Competence

In literature, **information systems competences (ISC)** (Hunt et al., 2006) maintain that focal firms must regulate the extent of suitable knowledge exchange and utilization, tailoring it to the needs of varying networks participants, depending on the initiative. In

this way ISC foster market-relating competence in creating in-depth, pertinent customer information that is accessible through IT systems across all segments of the company (Day, 2003). Ultimately, it contributes to network task and network management competences.

Moreover, as advocated by Gold et al. (2001), firms should tailor its informational systems to cater to the specific requirements of different network partners, as the scope and depth of knowledge usage can vary significantly. Additionally, the extent of knowledge sharing may also differ among network participants, as evidenced in Findings.

**FITT:** FITT employed a custom display to showcase FITT Force Carbon Neutral during its market test. Both *“proactive engagement and strategic communication played a crucial role in the test's success, strengthening the relationship with a long-standing client”* (S.C., 2023). Using informative banners, totems, and engaging point-of-purchase materials to highlight the product's sustainability features and benefits.

Secondly, FITT strategically utilizes various channels such as newsletters, LinkedIn, and its website to promote sustainability initiatives and *“educate its target audience on topics like Sustainable Development Goals (SDGs) and Life Cycle Assessment (LCA)”* (S.A., 2023). Moreover, *“whenever we become able to assess the impact of one of our product, that is published on the website page of that product”* (S.C., 2023). Thus, FITT aims to be recognized for a sustainability brand reputation, aligning the effort in impact with its communication (S.C., 2023).

**ICAM:** ICAM embarked on a year-long brand identity project to ensure coherence, consistency, and clarity in conveying its message to stakeholders, especially in different countries and distant markets. Contextually, recognizing the pivotal role of clear and effective communication in positioning its products, *“ICAM reviewed and revised all communication tools and channels, including the website, social media platforms, and more comprehensive documents, such as the CSR”* (G.A., 2023). The challenge lies in making comprehensive CSR content more accessible and user-friendly, such as

replacing the back cover of documents with QR codes leading to engaging videos showcasing cocoa origin experiences (G.A., 2023).

**IRSAP:** IRSAP seeks guidance from specialized agencies in sustainable communication to enhance its sustainability messaging. The company leverages social media and television as significant communication channels, targeting a diverse audience. Online marketing is highlighted as a highly effective and customizable tool with cost efficiency and measurable returns on investment. IRSAP engages in on-field training activities involving students and other companies to convey the value of sustainability and ensure bilateral communication (A.B., 2023).

**Proposition 6:** sustainability awareness needs to be developed alongside brand awareness. This issue is addressed through the use of innovative communication channels. Firms must tailor their information systems capabilities (ISC) to cater to the specific requirements of different network partners, considering the scope and depth of knowledge usage and knowledge sharing variations among participants. Sustainability efforts can significantly impact information systems, influencing how firms gather, disseminate, and utilize data related to sustainability initiative.

#### **5.2.4 Comparative Review: Relationship-portfolio management Competence**

Fourth, according to **relationship-portfolio management competences** firms shall devise and facilitate the relational exchanges with external partners that allow them to be better positioned in the network, by establishing and sustaining knowledge and resource sharing (Lambe et al., 2002). Specially, sustainability serves as a catalyst for relational exchanges (Belz, 2001), and in some cases is the necessary condition underlying the creation or retainment of key partnerships. In this perspective, firms addressing sustainability are more likely to focus on nurturing sustainable partnerships over the others. Grönroos (2000) further underscores that successful external market

relationships hinge on effective internal relationships, thus relying on the internal needs of the company.

Nonetheless, historical factors play a fundamental role in identifying relational exchange that are more relevant, as they consent the maintenance of complementary and idiosyncratic resources. As seen in previous chapter, the selected companies apply Relationship-portfolio management competence, in identifying strategic buyer and lateral partnerships.

**FITT:** FITT acknowledges the growing importance of sustainability in establishing any business relationship. *“The company plans to deploy a new Code of Conduct that will be mandatory for all new relations”* (L.B., 2023). However, historical relations crucial to FITT's supply chain also need to address sustainability. FITT aims to *“find new ways to help these partners to develop and implement sustainability competences internally, instead of just replacing them”* (L.B., 2023).

**ICAM:** ICAM's procurement department use the code of conduct to ensure that suppliers meet ethical and sustainability requirements, with non-compliance becoming a reason for terminating potential partnerships (S.A., 2023). *“The code of conduct has become a binding prerequisite for establishing any business relationship, whether it involves the procurement of ingredients, packaging, or services”* (G.A., 2023).

As pointed out by S.A. (2023) this approach is deeply rooted in company's history and approach to cocoa suppliers' relation. *“Throughout its 77-year history, ICAM has consistently upheld the integrity of its chocolate products. The company has steadfastly avoided sourcing cocoa from questionable or unethical practices, including child labour, slavery, exploitative conditions, and subpar raw materials”* (G.A., 2023).

**IRSAP:** *“The company has observed significant changes in various stakeholder expectations towards sustainability, including certifiers, agencies, collaborators, and banks, all of which are essential for long-term competitiveness”* (A.B., 2023). Financial stakeholders, such as banks and investors, seek comprehensive and technical sustainability reports outlining IRSAP's actions towards achieving sustainability goals.

Secondly, IRSAP actively engages with other companies to gain insights from best practices and innovative solutions. For instance, in their 'Gender equality project,' IRSAP collaborated with a certified metalworking company, drawing insights to address gender equality more effectively. *“Engaging with other firms allows IRSAP to understand target markets, conduct comparative assessments, and better evaluate our sustainability performance”* (E.T., 2023).

**Proposition 7:** Relationship-portfolio management competence underscores the importance of nurturing and managing relational exchanges with external partners, particularly those that align with sustainability goals. Historical factors often play a crucial role in identifying relevant relationships that enable the maintenance of sustainable complementary and idiosyncratic resources. Successful external market relationships are intricately linked with effective internal relationships and the fulfillment of internal company needs.

### 5.3 Sustainability for RM: International Markets

In literature we acknowledge that internationalization brings forth a unique set of challenges, particularly related to cross-cultural interactions and relationship building, necessitating adaptation to differing values, consideration of psychic distances, and effective communication (Grönroos, 1990, 1994; Morgan and Hunt, 1994).

Khojastehpour and Jones (2014) contribute by examining relationship marketing components across various market contexts, with a specific focus on pre and post internationalization stages. Their findings highlight the significance of communication, trust, and shared objectives in successful relationships during the pre-internationalization phase. As firms progress to the post-internationalization phase, trust evolves into commitment, ultimately enhancing satisfaction in relational exchanges.

Paduraru et al. (2016) proposes a list of five dimensions that influence focal firms during this transition: convergence, commonality, compatibility, connectivity, and credibility. Discussing these dimensions can enable a deeper understanding of the internal and external factors involved. In essence, sustainability act as a driver to improve both external high-equity branding strategy and internal marketing orientation.

In conclusion, it is to mention that companies implementing sustainability strategies in different market present different state of advancement, elements from pre and post internationalization phases are observable across them.

### **5.3.1 Comparative Review: Convergence**

The **convergence** factor examines why a focal firm sees value in aligning with international partners at various levels. This dimension underscores that international relationships result from bilateral cost-benefit analyses aimed at maximizing benefits and minimizing costs (Palmatier, 2008). Consequently, the strategic approach to Relationship Management (RM) revolves around creating conditions for business continuity, with sustainability emerging as a primary driver for converging internal and external marketing factors.

**FITT:** FITT's international presence spans 30 nationalities, with 15 facilities worldwide, including Europe, the US, and Shanghai. While sustainability was integrated as a foundational pillar of FITT's corporate vision - alongside customer-centricity, digitalization, and innovation - the establishment of a unified FITT brand across various markets aimed to align internal and external practices. FITT, initially a private label company, transitioned into developing innovative and sustainable products internally, to avoid depending on major clients. Instead, the company decided to create the FITT brand, and develop internal knowledges (S.C., 2023). Thus, the primary goals were to ensure consistent action and communication across different markets and protect the new vital assets of the company.

This evolution gave rise to FITT's current sustainability department and committees within governance structure. Contextually, key figures such as S.C. and L.B., were appointed to ensure effective and consistent communication of sustainability and brand image, across different division and markets. This further emphasized the convergence of internal and external factors, as it facilitates the assimilation and protection of new technologies and know-how in line with sustainability goals (S.C., 2023).

*“This led to the establishment of the FITT Brand and Sustainability office, driven by the assimilation and protection of new technologies and know-hows that facilitated FITT's transformational process” (S.C., 2023).*

However, as the scale of operation expands its reach, both S.C. and L.B. (2023) recognise *“the challenge of linking internationally the structured process, as for now, mainly implemented into the domestic market”*.

**ICAM:** ICAM derives a significant 60% of its revenue from global exports, demonstrating a strong international presence. To enhance sustainability awareness and ensure strategic consistency, ICAM embarked on a year-long brand identity project in 2022, aligning its organizational structure with its corporate identity (G.A., 2023). The organizational structure was adapted in accordance, with the appointment of CSO role.

*“The goal of this operation was to ensure coherence, consistency, and clarity in conveying ICAM's action and communication to its stakeholders. The need for a unified communication and action becomes evident when engaging with stakeholders in different countries and distant markets” (G.A., 2023).*

ICAM's market offering is based on: supply chain, innovation, people, and environment. Company's commitment in these four areas results in business network as it ensures premium features and strengthen its market position among different market segments. In this regard, also company's dedication to social and environmental dimensions is crucial to reach a sustainable competitive advantage.

*“Protecting and fostering this four-pillars approach is of paramount importance as protecting one of our most valuable asset” (S.A., 2023)*

*“By placing great attention to the origin of cocoa, the company ensures that its products possess unique and premium qualities” (G.A., 2023).*

Finally, as the scale of business is growing in importance, the necessity of keeping everyone aligned can foster sustainability awareness within and beyond company’s borders (G.A., 2023).

**IRSAP:** IRSAP prioritizes trust, reliability, and a customer-centric approach in their mission to excel in long comfort solutions. Their commitment to meeting customer needs is fundamental, and they are recognized for their excellence in product development and market presence, with a strong focus on reliability and customer support. Thanks to the role of A.B., who is global responsible for product development and communication, IRSAP adapts its sustainability communication to effectively address country-specific variations.

While the company acknowledges that it may be slightly lagging regarding brand equity, compared to certain advanced players, IRSAP recognizes the importance of reinforcing the overall process-efficiency and monitoring while integrating sustainability in the value chain. However, as recognized by A.B.: *“IRSAP remains confident in its strategic trajectory and positioning in international markets, towards sustainable action and communication” (A.B., 2023).*

Accordingly, the Sustainability Specialist enhances the convergence of internal competencies and knowledge exchange and takes care of all the sustainability initiatives, making sure that they are effectively aligned in the company (A.B., 2023). The collaborative approach with A.B. aligns with IRSAP's aspiration to foster sustainability internally and externally, recognizing sustainability as a must for company’s survival (A.B., 2023).

*“The current reach and level of sustainability awareness in the market is not extensive enough to ensure a wide-ranging branding strategy along with sustainable practice*

*implementation, although we consider of paramount importance to be able to combine these two dimensions” (E.T., 2023).*

*“In a multinational context where service-orientation is growing in importance, being envisioned as a sustainable brand can set a comparative advantage from our competitors in the long-term, as long as marketing efforts are driven by sustainability action, not the contrary” (A.B., 2023).*

**Proposition 8:** All the companies experience a convergence of internal and external marketing factors. As for their long-term strategies, they all aim to enhance brand equity and internal marketing orientation, along with the implementation of sustainability in corporate’s values. While internal orientation is addressed by all the companies, the enhancement of brand equity may be affected by the stage of international incidence, as outlined by Khojastehpour and Jones (2014).

### **5.3.2 Comparative Review: Commonality**

Second, **commonality** underscores the importance of learning and recognizing how shared interests and contextual factors may differ among countries and distant markets (Paduraru et al., 2016). Overcoming differences in language, culture, and other aspects, referred to as psychic distance, is essential for relationship building, often starting with markets that are closer in proximity (Johanson and Vahlne, 2009; Khojastehpour and Jones, 2014). When dealing with different sustainability conceptions, it is important to foster attentive listening in order to meet partners’ expectations. In this regard, all the company recognize different levels of sustainability awareness and mismatching values among various countries.

**FITT:** FITT's approach to diverse markets accounts for sustainability awareness, customer receptiveness, and cultural nuances. L.B. (2023) emphasizes the complexity in integrating distinct sustainability conceptions across markets. FITT's strategic

perspective acknowledges the lengthy lifecycle of a plastic pipe, emphasizing the need for a carefully planned, long-term approach to consumer engagement (S.C., 2023).

FITT achieves market-specific tailoring through cross-divisional meetings with marketing's heads and S.C.'s pivotal transversal role, ensuring brand consistency while adapting to local nuances in communication. This approach is tailored to a diverse consumer base, which varies depending on the country and the product type (S.C., 2023). The market distribution strategy includes FITT Poland for Eastern and North European markets, and predominant coverage by FITT France for Spain, Portugal, and France.

*Among all, "Scandinavian countries and France, followed by Germany, are identified for showing greater receptiveness towards sustainability-driven innovations, also compared to other significant markets, such as east European countries or the domestic – Italy" (S.C., 2023).*

**ICAM:** ICAM's constant market research process, unified with constant feedback from Private Label (B2B) component play a crucial role in familiarising with sustainability information across various markets. *"Working with multiple brands and clients worldwide exposes ICAM to a diverse range of sustainability demands. This experience enables the company to incorporate best practices and cater to specific market requirements, enhancing the sustainability profile of its products" (G.A., 2023).*

Consumer perceptions and priorities regarding ethical sourcing, sustainability, and product ingredients exhibit considerable diversity across countries. North American consumers prioritize ethical sourcing and fair-trade practices. In contrast, the UK market emphasizes concerns related to greenhouse emissions, environmental preservation, and biodiversity conservation. France stands out for its strong demand for products sourced exclusively from ethically derived ingredients, driven by a focus on animal welfare and veganism. In Germany, ICAM's emphasis on organic chocolate production aligns well with consumers' heightened environmental consciousness. The Middle East market shows promise with growing market share, while the Far East

remains relatively unexplored and characterized by lower brand and sustainability awareness.

**IRSAP:** IRSAP actively integrates customer expectations into materiality analysis through surveys covering CO2 emissions and material assessment: “All the company's commercial branches participated in this customer-engagement project” (E.T., 2023). Global variations in sustainability awareness are acknowledged

*“On a global scale, we observe varying levels of sustainability awareness among different countries, as results also from the first analyses of customer surveys”* (E.T., 2023).

*“Although certain aspects regarding materiality relevance and host-country legislations show some heterogeneity, IRSAP continues to improve and enhance its practices to align with evolving standards and expectations”* (E.T., 2023).

Germany where IRSAP is known with the brand “BEMM” (A.B., 2023) constitutes a benchmark for level of sustainability awareness and receptiveness, considerably valuing sustainability matters. France and the UK exhibit a heightened sensitivity towards sustainability themes, outpacing other countries like Spain and Italy, which have almost no receptiveness. According to A.B. (2023), this observed disparity is not surprising, given the current rapidly evolving landscape of sustainability internationally.

**Proposition 9:** All the observed companies conduct extensive market research and prioritize attentive listening to identify commonalities in sustainability expectations while addressing different markets.

### **5.3.3 Comparative Review: Compatibility**

**Compatibility** involves making concessions and adjustments, particularly in the initial stages of relationship building (Caliguri and Tarique, 2012). This factor recognizes that establishing international partnerships and collaborations requires aligning values, behaviours, and viewpoints according to economic interests. Particularly, cultural

empathy, openness, and adapting to partner interests is vital for overcoming potential barriers due to country-specific differences (Barnes et al., 2010).

**FITT:** FITT places significant emphasis on alignment with suppliers, aiming to foster a unified vision for 2025 and 2030. They are in the process of developing a Code of Conduct for suppliers to ensure that all supply chain relations are aligned with their sustainability strategy (L.B., 2023).

*“As for now, we are planning on becoming a B corp. For this reason, it is important that all the supply chain relations are aligned and encompassed in on our vision and strategy for 2025 and 2030”* (L.B., 2023).

Internally, FITT invests in HSE training programs to equip its international workforce with essential knowledge and skills, emphasizing the importance of internal alignment (L.B., 2023). Additionally, FITT employs a hybrid communication approach, using English for global accessibility and local languages to address specific teams and subsidiaries (S.C., 2023). The company leverages tools like "Let's Share Together" and the intranet for efficient internal communication and information sharing (S.C., 2023).

*“Let's Share Together and the intranet serve as essential tools for internal communications and sharing information across different countries”* (S.C., 2023).

**ICAM:** ICAM recognizes the paramount significance of strategic supplier relationships in achieving responsible sourcing and safeguarding cocoa diversity and the environment. They actively nurture these relations to ensure product quality and sustainability (G.A., 2023). *“This can only be achieved through constant nurturing of strategic relations with suppliers”* (G.A., 2023). Thus, ICAM acknowledges that preserving diverse cocoa varieties and their environments is vital for creating distinctive and high-quality products (S.A., 2023).

The company is acutely aware of the environmental impact of cocoa sourcing, with 95% of greenhouse gas emissions stemming from Scope 3 emissions, 86% of which are attributed to the cocoa supply chain. Recognizing the unique challenges associated with sourcing cocoa from various developing countries, each with distinct

environmental, social, and governance conditions and associated risks, ICAM has initiated the development of targeted codes of conduct to address region-specific issues.

With this purpose, the company actively seeks to strengthen existing bonds with suppliers in South America and Africa, recognizing the importance of ethical sourcing both in achieving sustainability goals and in guaranteeing quality (G.A., 2023). In this regard, also company's dedication to social and environmental dimensions is crucial to reach its sustainability objectives.

*"The code of conduct has become a binding prerequisite for establishing any business relationship, whether it involves the procurement of ingredients, packaging, or services"* (G.A., 2023). Compliance with the code of conduct has become a non-negotiable prerequisite for establishing any business relationship, encompassing procurement of ingredients, packaging, or services. ICAM's unwavering dedication to ethical standards is further demonstrated through its commitment to compliance (G.A., 2023).

**IRSAP:** IRSAP encounters several challenges in its international subsidiaries, including language barriers and differing organizational structures, which pose difficulties in agility and adaptation to diverse markets (E.T., 2023). Given the diverse players and legislations in global markets, E.T. (2023) emphasizes: *"the critical importance of conducting in-depth risk analyses and future scenario assessments, is essential to navigate uncertain and diverse terrains"* (E.T., 2023).

collaboration with lateral partners proves to be a critical avenue for adopting a comparative approach and achieving tangible results. Through meetings and partnerships, IRSAP *"gains valuable insights from other companies' best practices, drawing inspiration from innovative solutions. For instance, in their 'Gender equality project,' IRSAP collaborated with a certified metalworking company, which provided valuable insights to address gender equality more effectively. The ensuing gap analysis highlighted strengths and areas for improvement, fostering further progress in enhancing environmental, social, and economic impact. Engaging with other firms*

*enables IRSAP to understand target markets, conduct comparative assessments, and evaluate its sustainability performance” (E.T., 2023).*

**Proposition 10:** To further enhance consistency on an international level, all the companies are working on strengthening strategic relationships with internal and external partners that can help and strengthening their commitment to sustainability.

#### **5.3.4 Comparative Review: Connectivity**

**Connectivity** dimension is grounded on the ability of a firm to align through constant interactions to partners’ expectation within an international network structure, (Gummesson, 2008). Particularly, international organizations must stay in touch with their partners to support their growth strategies.

According to previous sections, network task compliance and network management are manifestation of commitment to sustainability expectation, fostering trust-based relations through fulfilment of promises (Bagozzi, 1995, Khojastehpour and Jones, 2014). Regarding the case studies different efforts are observable, both in communication and in process and product innovation efforts.

**FITT:** FITT's approach to connectivity involves engaging external consultancy services tailored to specific survey needs, whether targeting end consumers or professional clientele. These surveys are meticulously designed in collaboration with consultants and serve as guides for product development (S.C., 2023).

Proactive engagement, strategic communication, and a focus on sustainability messaging have been integral to the success of FITT's initiatives. A notable example is the successful Market Test conducted in collaboration with Leroy Merlin France, a long-standing partner in a country selected for its receptiveness to sustainability (S.C., 2023). This highlights the importance of selecting key clients in relevant markets to drive acceptance of sustainable product innovations.

Recognizing the need to trigger a sense of shared value with customers across different countries, FITT actively monitors market receptiveness and sustainability awareness. To achieve this, the company has shifted its strategic focus from merely fostering and monitoring brand awareness to promoting brand/sustainability awareness (S.C., 2023).

Furthermore, FITT has successfully established shared logic with key clients, including major groups. In a notable initiative, FITT mapped its clients into three divisions, analysing their sustainability reports and online information to assess alignment with relevant external partners (S.C., 2023). *“When new clients visit FITT, the initial part of the meeting is dedicated to sharing the company's sustainability strategy”* (S.C., 2023).

Finally, FITT plays an active role in educating key partners on sustainability themes, covering various Sustainable Development Goals (SDGs) and presenting case studies. This information dissemination occurs through newsletters and social media channels, reaching a broad international audience of over 300,000 contacts in 2022 (S.C., 2023).

**ICAM:** ICAM's global market presence is attributed to its strategic focus on the upstream supply chain, customer-centricity, and unwavering commitment to innovation. The company's dedication to sustainability has solidified its position as a premium brand in the global chocolate market, enabling effective competition with industry giants while catering to niche market demands.

Innovation is a cornerstone of ICAM's competitive advantage, driven by a commitment to refining processes and embracing novel approaches. *“From refining fermentation processes and production techniques, we create products that cater to various dietary preferences and lifestyles”*, affirms G.A. (2023). The company actively explores alternatives like coconut sugar and date sugar to meet specific dietary needs.

Moreover, ICAM invests in sustainable packaging solutions, with 96% of its chocolate bar packaging materials being recyclable or compostable. This reflects its resolve to reduce waste and environmental impact. Attentive listening to market dynamics and customer feedback drives experimentation with recipes and technologies tailored to

customer segments, vital for staying ahead of competitors, especially as a smaller player in the global market.

ICAM's alignment with the green trend reinforces its premium status in the chocolate industry, leveraging its distinctive features for success in diverse markets. This sustainable, international approach remains a key driver of ICAM's growth and industry prominence.

**IRSAP:** According to A.B. (2023), competitiveness in international markets hinges on market responsiveness and being a pioneer in evolving trends. A.B. emphasizes that sustainability isn't merely a response to market trends but a strategic imperative. They describe it as a constant balancing act between market dynamics and internal strategic governance. This requires translating the tension between these aspects into clear values and actions to maintain competitiveness and credibility.

Partner relationships are pivotal for IRSAP in adapting to diverse sustainability conceptions and market needs. E.T. underscores the importance of nurturing enduring and stable relationships to gain insights into market requirements and foster mutual long-term value in sustainability endeavors. IRSAP employs attentive listening and dialogues facilitated through diverse communication avenues to deepen its understanding of stakeholder expectations, effectively enhancing engagement tools and channels.

IRSAP aspires to be recognized as a sustainable brand, aiming to establish a sense of connection through transparency and communication. E.T. states, "We want sustainability to be aligned with our customers and at the core of our long-term strategy in any market relation." Being accountable has become a mandatory requirement for numerous market relations.

A.B., the commercial representative, consistently highlights IRSAP's progress in internal discussions, underscoring the company's lead over many international competitors in terms of accountability. While acknowledging some minor disparities in comparison to advanced players, IRSAP remains confident in its strategic trajectory and international positioning, emphasizing sustainable action and communication.

Building upon its initial sustainability efforts in 2019, IRSAP made significant strides in 2020, publishing its inaugural Sustainability Document, reaffirming its commitment to economic, social, and environmental sustainability. The company subsequently initiated diverse sustainable projects, culminating in the creation of its first sustainable corporate balance sheet in 2022.

*“The company conducted a comprehensive analysis of both external and internal needs, leading to the formulation of long-term sustainability goals in three key areas: employee well-being, emissions reduction, and circularity” (E.T., 2023).*

**Proposition 11:** All the observed companies acknowledge the importance of maintaining a sense of connection, through accomplishing promises and achieving common objectives based on shared values with relevant partners. They also underscore the significance of fostering sustainability awareness alongside brand awareness to enhance their long-term strategies effectively.

### **5.3.5 Comparative Review: Credibility**

**Credibility** is built through positive interactive social exchanges that strengthen relationships (Kangal, 2009). Trust, commitment, loyalty, and shared experiences contribute to credibility in business relationships. Trust, in particular, is foundational to relationship marketing and is based on the belief that partners have good intentions. In this view, communication and past interactions is a critical catalyst for building and maintaining credibility in business relationships (Shaladi, 2012). It is particularly evident from the case study, that credibility is built through the convergence of all the mentioned dimensions. In practice this can be recognized through the achievement of different certification that attest best practices discussed.

**FITT:** FITT has witnessed a growing emphasis on social and third-party audits to align materiality and impact assessments with customer and organizational expectations. Notably, FITT collaborates with the University of Padova to obtain Life Cycle

Assessments (LCAs) certification, providing a comprehensive overview of environmental impacts.

“In 2020 FITT began assessing and mapping the impact of their products through Life Cycle Assessments (LCAs) certified in collaboration with University of Padova, a local significant institution. *“The partnership with University of Padova continues to support the mapping of environmental impacts”* (S.C., 2023).

These certifications are prominently featured on the company's website, serving as tangible proof of FITT's commitment to sustainability (S.C., 2023). FITT actively strives to boost sales of certified products by setting specific sustainability related KPIs.

**ICAM:** ICAM prioritizes transparency and emphasizes its achievements through certifications tailored to diverse market requirements. According to G.A. (2023), these certifications are *“tangible evidence of the company's responsible business practices, reinforcing ICAM's premium positioning”*. Their Brand Identity project enhances the communication of sustainability values, resonating positively with consumers and stakeholders, setting them apart in a competitive industry (G.A., 2023).

The company actively pursues certifications that validate adherence to industry standards and consumer expectations. This includes *“IFS (International Featured Standards), ERC (Ethical and Responsible Certification), ISO (International Organization for Standardization), Fair Trade, Rainforest Alliance, and Kosher certifications”* (G.A., 2023). These certifications not only boost consumer trust but also differentiate ICAM from competitors, expanding their market presence and solidifying their reputation.

**IRSAP:** E.T. (2023) highlights that IRSAP experiences a growing demand for sustainability reports and environmental certifications from significant European clients. Major clients like Leroy Merlin and Saint-Gobain, leaders in sustainability practices, require extensive documentation and data analysis, emphasizing IRSAP's commitment to transparency and performance. French clients have even set ambitious goals like eliminating plastic packaging by 2030, prompting IRSAP's proactive response.

In 2023, IRSAP achieved the ISO 14001 environmental management certification through collaboration with the Health, Safety, and Environment (HSE) office, signifying a significant milestone. Additionally, in 2020, Saint Gobain introduced an entrance score requirement on EcoVadis as a condition of their commercial relationship with IRSAP.

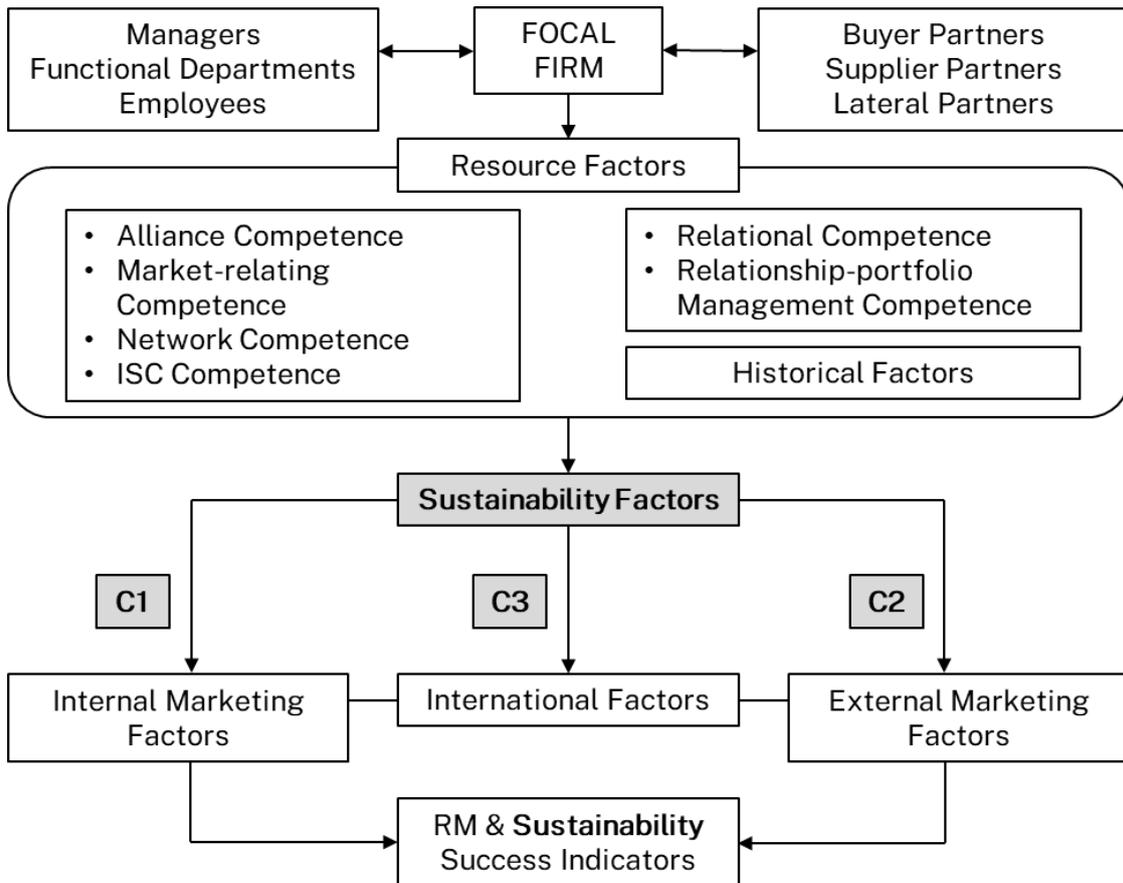
EcoVadis assesses various aspects of the supply chain, necessitating specific documentation for each facet. Adapting to this requirement proved vital in assessing and improving IRSAP's sustainability awareness, initiating enhancements in internal processes, which ultimately led to improved scores over the past three years (E.T., 2023).

**Proposition 12:** As for the companies under investigation, credibility within business relationships is a foundational element that relies on trust, transparency, and a commitment to shared values. The pursuit of certifications and transparent communication practices serves as tangible evidence of this commitment, strengthening relationships and positioning companies as leaders in sustainability.

## 5.4 Model Development

To conclude the discussion, the researcher will advance a model, which has been formulated according to the comparative review of all the case studies (see **Figure 4**). The findings stay in line with Belz (2001) and show that sustainability act as a catalyst for market relations.

**Figure 4** Sustainability Factors in RM



*First*, the integration of sustainability within a firm's internal governance and operations is a complex and multifaceted process. This process is instrumental in fostering the creation, management, and enrichment of internal partnerships, which are pivotal for the development of internal marketing orientation. The first dimension draws on relevant theoretical foundations to shed light on this process, emphasizing the critical role of key figures within organizations (Kangal, 2009). Key individuals known as alliance managers orchestrate sustainability implementation by driving governance adaptation, promoting employee engagement, and ensuring alignment across various departments and functions through relational competencies.

The outcomes of this process manifest as three key competence resources: market-relating competence, alliance competence, and the cultivation of part-time marketers. These competences collectively contribute to the development of an internal

marketing orientation that positions the firm for success in an ever-evolving market landscape.

**Proposition 1:** The appointment of sustainability managers, specialists, or CFOs within the selected companies mirrors the role of alliance managers in fostering alliance competences. These appointed individuals are instrumental in promoting and implementing shared sustainability values among all employees, contributing to a unified sustainability approach throughout the organization.

**Proposition 2:** Market-relating competence plays a crucial role in enhancing internal intelligence generation, dissemination, and responsiveness through the implementation of relational bonds within divisions. In particular, companies actively facilitate relational exchanges between marketing and sustainability divisions, for the establishment of common objectives. This interplay enhances the firm's ability to respond effectively to sustainability requests and ensures the seamless generation and dissemination of sustainable information to marketing stakeholders

**Proposition 3:** The phenomenon of internal knowledge exchange and competence sharing is consistently observed across all studied companies. This practice is driven by the imperative to maintain consistency in sustainability integration across the entire value chain. It highlights the significance of knowledge and competence transfer in promoting sustainability within the organization.

#### **Conclusion 1**

**Intra-firm sustainability competence** refers to an organization's strategic capability to effectively integrate sustainability principles and practices into its internal marketing factors.

This competence is realized through the appointment of key personnel, the development of competence resources, and the facilitation of knowledge exchange.

Its primary objective is to establish an internal marketing orientation, enabling the organization to thrive within a sustainability-conscious market environment.

*Second*, sustainability in the realm of Relationship Marketing (RM) is an increasingly vital aspect of modern business strategies. The theoretical underpinnings emphasize the criticality of fostering enduring and sustainable relationships with various external stakeholders (Belz and Peattie, 2009). These stakeholders, acting as company partners within the network, include customers, supply chain entities, institutions, non-profit organizations, and even competitors (Morgan and Hunt, 1994). Such relationships are essential for the development of high-equity brands.

This literature forms the backdrop against which the findings regarding interfirm sustainability competence are situated. Within the examined dimensions of competence, sustainability emerges as a central theme, guiding the actions and strategies of companies. It influences the creation and management of external partnerships, drives innovation through network competence, shapes information system capabilities, and guides the management of relationship portfolios.

**Proposition 4:** In the context of alliance competence, sustainability plays a pivotal role in the creation, management, and development of relevant external relation. Also, literature emphasizes the importance of nurturing sustainable long-term relationships with diverse external stakeholders. Moreover, findings show that through attentive listening of market request and materiality assessment, company set the ground to develop relational competences based on sustainability.

**Proposition 5:** Network competence, as observed in the case studies, highlights the significance of a focal firm's ability to be an active participant in larger networks, collaborating with various partners to achieve common sustainability objectives. The ability to foster knowledge-based and market-oriented decision-making through effective network competence is crucial for firms. By leveraging the information

acquired through market-relating competence, companies can drive efforts in product or process innovation, leading to customization and commitment to sustainable objectives, ultimately enhancing brand equity (Ritter and Gemunden, 2003).

**Proposition 6:** sustainability awareness needs to be developed alongside brand awareness. This issue is addressed through the use of innovative communication channels. Firms must tailor their information systems capabilities (ISC) to cater to the specific requirements of different network partners, considering the scope and depth of knowledge usage and knowledge sharing variations among participants. Sustainability efforts can significantly impact information systems, influencing how firms gather, disseminate, and utilize data related to sustainability initiative.

**Proposition 7:** Relationship-portfolio management competence underscores the importance of nurturing and managing relational exchanges with external partners, particularly those that align with sustainability goals. Historical factors often play a crucial role in identifying relevant relationships that enable the maintenance of sustainable complementary and idiosyncratic resources. Successful external market relationships are intricately linked with effective internal relationships and the fulfilment of internal company needs.

## Conclusion 2

**Interfirm Sustainability Competence** can be defined as the set of capabilities and strategies that enable a company to effectively integrate sustainability principles and practices into its relationships with external stakeholders.

It encompasses the ability to nurture and sustain long-term sustainable partnerships, align, and attain to sustainability objectives with network partners, tailor information systems to support sustainability initiatives, and manage relationships that prioritize sustainability.

*Third*, Internationalization presents unique challenges for firms, demanding adaptation to diverse cultural contexts, values, and communication styles (Grönroos, 1990; Morgan and Hunt, 1994). The role of Relationship Marketing (RM) in this context becomes increasingly critical, emphasizing the importance of long-term, sustainable relationships with various stakeholders (Belz and Peattie, 2009).

Khojastehpour and Jones (2014) emphasize the significance of communication, trust, and shared objectives during pre-internationalization phases. As companies progress to post-internationalization phases, trust evolves into commitment, enhancing satisfaction in relational exchanges. Paduraru et al. (2016) introduce five dimensions—convergence, commonality, compatibility, connectivity, and credibility—that influence firms during this transition. Sustainability emerges as a driver in improving external high-equity branding strategies and internal marketing orientations.

**Proposition 8:** All the companies experience a convergence of internal and external marketing factors. As for their long-term strategies, they all aim to enhance brand equity and internal marketing orientation, along with the implementation of sustainability in corporate's values. While internal orientation is addressed by all the companies, the enhancement of brand equity may be affected by the stage of international incidence, as outlined by Khojastehpour and Jones (2014).

**Proposition 9:** All the observed companies conduct extensive market research and prioritize attentive listening to identify commonalities in sustainability expectations while addressing different markets.

**Proposition 10:** To further enhance consistency on an international level, all the companies are working on strengthening strategic relationships with internal and external partners that can help and strengthening their commitment to sustainability.

**Proposition 11:** All the observed companies acknowledge the importance of maintaining a sense of connection, through accomplishing promises and achieving common objectives based on shared values with relevant partners. They also

underscore the significance of fostering sustainability awareness alongside brand awareness to enhance their long-term strategies effectively.

**Proposition 12:** As for the companies under investigation, credibility within business relationships is a foundational element that relies on trust, transparency, and a commitment to shared values. The pursuit of certifications and transparent communication practices serves as tangible evidence of this commitment, strengthening relationships and positioning companies as leaders in sustainability.

### Conclusion 3

**International Sustainability Competence** refers to a company's ability to manage internal and external marketing factors to adapt and integrate sustainability on a global scale.

It involves the convergence of internal and external factors, finding commonalities through market-relating capabilities, connect with partners through alliance and network competencies, maintaining a sense of connection with shared values, and building credibility through certifications and transparent communication practices.

This competence is instrumental in navigating the complexities of international markets, fostering enduring relationships, and enhancing brand equity while aligning with sustainability objectives. Focal firms may exhibit varying levels of advancement in these competence due to their internationalization phase. However, the integration of international sustainability competence is envisioned as a competitive resource as it is observable in RM strategies from different market contexts.

## 6. CONCLUSION

The final chapter covers the key elements of this dissertation, including drawing results, highlighting contributions, acknowledging limitations, and suggesting recommendations for future research.

The study focused on how sustainability factors contribute to the development of RM-based strategies in contemporary business settings. The central Research Question (RQ) guiding this inquiry was: *“How can sustainability contribute to effective implementation of focal firms’ Relationship Marketing strategies?”*.

To address this question comprehensively, the research was structured around three core areas, each corresponding to a specific sub-research question (sub-RQ). These areas encompassed internal operations and governance, external stakeholder engagement, and internationalization. The study adopted a mixed research approach, combining deductive and inductive elements, drawing from existing literature while also aiming to advance it through in-depth analysis, founding on literature and findings-based interpretation. A qualitative methodology was employed for data collection, involving semi-structured interviews with select company executives, to create three separate case studies: the FITT case, the ICAM case, and the IRSAP case.

Accordingly, the analysis of findings, based on the systematic comparative review between relevant topic identified in each case and literature, meaningful proposition was identified and applied to draw relevant conclusions.

### 6.1 Relevant Results

As the study aimed to assess whether companies perceive an enrichment in partner relations due to sustainability, it generated three essential conclusions while addressing the sub-RQs, ultimately providing a comprehensive answer to the RQ, from a practical and theoretical point of view.

**Conclusion 1:** Intra-firm sustainability competence refers to an organization's strategic capability to effectively integrate sustainability principles and practices into its internal marketing factors. This competence is realized through the appointment of key personnel, the development of competence resources, and the facilitation of knowledge exchange.

**Conclusion 2:** Interfirm Sustainability Competence encompasses a set of capabilities and strategies enabling a company to effectively integrate sustainability principles and practices into relationships with external stakeholders. It encompasses the ability to nurture and sustain long-term sustainable partnerships, align, and attain sustainability objectives with network partners, tailor information systems to support sustainability initiatives, and manage relationships prioritizing sustainability.

**Conclusion 3:** International Sustainability Competence involves a company's ability to manage internal and external marketing factors to adapt and integrate sustainability on a global scale. It involves the convergence of internal and external factors, finding commonalities through market-relating capabilities, connecting with partners through alliance and network competencies, maintaining compatibility within the value chain through shared values and common objectives, and building credibility through certifications and transparent communication practices. This competence is instrumental in navigating the complexities of international markets, fostering enduring relationships, enhancing brand equity, and aligning with sustainability objectives.

In essence, the study introduces a new contribution – the concept of **Sustainability Factors**. These factors, comprising intra-firm sustainability competence, interfirm sustainability competence, and international sustainability competence, result from the strategic harmonization of complementary and idiosyncratic resources by focal firms. As evident in **Figure 4** Sustainability Factors serve as operant resources, aiding focal firms in creating, managing, and developing relational exchanges both internally and externally on a global scale. Consequently, focal firms seeking broader market

offerings and internal marketing orientation, whether in domestic or international markets, can leverage sustainability as a catalyst for fostering meaningful and productive relational exchanges with diverse partners.

## **6.2 Contributions**

### **6.2.1 Theoretical Contributions**

The study achieves substantial theoretical contributions by crafting a robust Relationship Marketing (RM) framework that synthesizes various RM theories, while identifying the prominence of Sustainability Factors.

Theoretical premises underscore the pivotal role of shared values, particularly sustainability, in fostering both internal and external relational exchanges with partners (Belz, 2001; Peattie and Peattie, 2003). Contextually, in the perspective of Resource-Advantage (RA) view of competition, this study emphasizes the significance of relationships in acquiring complementary and idiosyncratic resources for competitive advantages (Hunt and Derozier, 2004). This approach aligning with the competence-oriented approach advocated by Vargo and Lusch (2004), to obtain sustainable competitive advantage as well as other benefits.

In addressing the sub-RQs from a strategic standpoint, the study identifies External and Internal Marketing Factors as conglomerates of competences essential for nurturing and managing competence and relational resources within partner networks (Hunt et al., 2006). Simultaneously, International Factors are recognized for their role in scaling these competences on an international level (Paduraru et al., 2016). Given the increasing significance of partners' expectations regarding sustainability in the contemporary business landscape (Peattie and Crane, 2005), the researcher acknowledges the importance of identifying competences crucial for managing strategic sustainability-based relations.

The concept of **Sustainability Factors**, encompassing intra-firm, interfirm, and international sustainability competence, is introduced to focus on creating sustained, long-term relationships with diverse partners based on sustainability. These relationships are managed, developed, and harmonized through the development of specific competences, enabling the creation of idiosyncratic synergies for a sustainable competitive advantage. Results, as charted in the comparative review of findings and literature, indicate that the integration of sustainability into focal firms' strategies enriches partner relations within the focal firm's network.

### **6.2.2 Practical Contributions**

On a practical perspective, the comparative review of findings enhances our understanding of key theories, providing a nuanced perspective on how focal firms, spanning diverse backgrounds, industries, or stages of internationalization, can cultivate sustainable, long-term relationships with a spectrum of partners. This involves examining the perspectives of marketing and sustainability executives to offer insights to other focal firms' executives into the practical implementation of RM-based strategies.

**Enhancing RM Strategies through sustainability:** Managers can leverage the findings of this study to recalibrate their Relationship Marketing (RM) strategies. The identification of key partners, emphasizing the identification of shared values and objectives. Sustainability act as catalysts providing a blueprint for fostering sustained, long-term relationships with such partners. This insight empowers managers to emphasize shared values and sustainability as key drivers of successful partnerships.

**Internal Alignment:** Internally, managers can focus on aligning the organization's values and operations with sustainability principles. This involves fostering a culture of sustainability among employees, appointing key personnel to oversee sustainability efforts, and developing competence resources within the organization.

**External Collaboration:** Externally, managers can enhance RM by strategically collaborating with external partners. This includes aligning sustainability objectives with network partners, tailoring information systems to support sustainability initiatives, and managing relationships with a priority on sustainability.

**Competitive Advantage through Sustainability:** The Resource-Advantage (RA) view of competition underscores the importance of relationships in acquiring relational and competence resources for competitive advantages. Managers can use insights from this study to identify key competences to develop and harness idiosyncratic resources effectively through partnerships, gaining a competitive edge, difficult to imitate among competitors. Nurturing long-term sustainable partnerships and aligning sustainability objectives with network partners enable managers to capitalize on Interfirm Sustainability Competence, enhancing internal marketing orientation and market offering.

**Global Expansion with Sustainability:** The study's exploration of International Sustainability Competence provides insightful nuances for companies that have to deal with international operations. Managers can navigate the complexities of international markets by aligning internal and external factors, connecting with partners through alliances and network competencies, and maintaining consistency throughout the value chain through shared values and common objectives. Addressing international dimensions through the right combination of competences can help managers in facing cultural differences and physical distance.

### **6.3 Limitations**

While our study contributes valuable insights, it is imperative to acknowledge its inherent limitations. The research approach, guided by existing theories, may influence the interpretation of findings. Notably, our focus on success factors for RM-based strategies falls short of exploring their direct correlation with RM success indicators,

representing a knowledge gap with potential implications for firms considering RM strategies.

Additionally, our study, relying extensively on strategic management literature, does not deeply probe specific causal relationships between factors. External influencers, such as national or communitarian policies on sustainability, remain underexplored, impacting the generalizability of our results to diverse contexts and limiting a holistic understanding of factors shaping relational exchanges.

Historical and contextual factors, identified as significant influencers on a firm's readiness for relational exchanges and sustainability strategies, deserve more in-depth exploration. While we provide valuable insights, the depth of their influence, crucial for crafting context-specific strategies, remains a potential area for future inquiry through longitudinal studies.

Further, the reliance on three case studies, while offering broad applicability insights into RM strategies, introduces limitations in terms of generalizability to specific industries. While the sample selection followed established criteria, expanding beyond three cases could enhance the broader generalizability of our findings.

In summary, while our study lays a robust foundation, the limitations underscore the need for future research to delve deeper into the intricacies of RM strategies, considering success indicators, causal relationships, external policy influences, and the nuanced impact of historical and contextual factors across diverse business landscapes.

#### **6.4 Future Research Directions**

As we culminate this exploration into the symbiotic relationship between sustainability and Relationship Marketing (RM) strategies, the trajectory of our findings propels us toward uncharted territories ripe for future investigation.

Our threefold conclusion, weaving through intra-firm sustainability competence, interfirm sustainability competence, and international sustainability competence, represents not the terminus of inquiry, but a beckoning threshold to further understanding. In this continuum, the following avenues present themselves:

In scrutinizing the interplay between sustainability and RM strategies, the need for a quantitative lens becomes apparent. Future studies could rigorously measure the quantitative impact of sustainability on the success indicators of RM strategies. This empirical approach would not only validate our qualitative findings but provide a nuanced understanding of how sustainability tangibly enhances the effectiveness of RM strategies.

Beyond the organizational realm, the influence of external factors beckons exploration. Delving into the role of national or communitarian policies on sustainability as catalysts or constraints in a company's decision to embrace relational exchanges would offer a holistic view. Understanding the intricate dance between external policy landscapes and internal strategic choices is pivotal for guiding businesses in navigating the ever-evolving sustainability terrain.

Our journey also underscores the significant role played by historical and contextual factors. A more detailed exploration, whether through longitudinal studies could unravel the depth of their influence on a firm's readiness to engage in relational exchanges and implement sustainability strategies. This nuanced understanding is imperative in crafting strategies attuned to the unique historical and contextual tapestry of each business landscape.

Expanding the canvas of inquiry involves both a quantitative and qualitative amplification. Increasing the sample size beyond the confines of three case studies and encompassing companies across diverse industries would not only enhance the generalizability of findings but also provide a panoramic view of how RM strategies and their intersection with sustainability manifest in various business contexts.

In essence, our study lays the foundation for a richer exploration of the intricate relationship between sustainability and Relationship Marketing. The identified

contributions and limitations carve out a roadmap for future research to build upon, ensuring a more profound comprehension of how sustainability factors intertwine with and impact the effectiveness of RM strategies across diverse business landscapes. As we embark on these future research trajectories, the dialogue between sustainability and RM strategies promises to unfold in ways yet unforeseen.

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## APPENDIXES

### Appendix 1. Semi-Structured Interview Guide

#### QUESTIONS

1. **Please, briefly present your company, your core business and how you are structured internationally**
2. **Present yourself and your role in the company.**
3. **How do you define and envision sustainability in your company?**
  - 3.1. When did your company start to talk about sustainability and why?
  - 3.2. What are the corporate's best practices in this regard?
  - 3.3. How do they relate to the company's vision and goals?
4. **Do you have any sustainability division (or dedicated offices)?**
  - 4.1. How is it located from an organizational point of view?
  - 4.2. How do you ensure alignment with other divisions?
  - 4.3. How do you ensure alignment between countries?
5. **How is sustainability related to marketing, in your company?**
  - 5.1. What are the organizational bonds that link these two divisions?
  - 5.2. Can your marketing divisions help you to adapt to different concept and perception of the sustainability issue, among different countries?
  - 5.3. What is the exchange of information /resources between your marketing division and with your sustainability division /offices?
6. **How important is it for your company to stay updated on consumer expectations regarding sustainability?**
  - 6.1. Do you perceive, in this, a change in consumer expectations, particularly between different generations or between different countries?
  - 6.2. Do you continue to keep abreast of these issues and how?
  - 6.3. What is the information flow and how is it managed at strategic and organisational level?
7. **Do these informational processes help you adapt to a more customer-centric approach and how?**
  - 7.1. What relevance and significance do customer expectations have for you?
  - 7.2. Do you think a more customer-centred approach is useful? Why?

7.3. If not, do you think a different approach is needed?

**8. How does your company promote and communicate its commitment to sustainability?**

8.1. Which channels do you use most?

8.2. What are your hallmarks for communicating sustainability?

8.3. Does your commitment to sustainability affect your internal costs and (consequently) your final price?

8.4. In your opinion, does this have a positive or negative impact on your company?

8.5. Do you have a unified branding strategy, or do you adapt it to the different countries in which you operate?

**9. How important is it for your company to align its sustainability efforts with key stakeholders?**

9.1. What kind of relationships do you rely on with your key stakeholders (business partners, customers, other companies, institutions, others) regarding sustainability?

9.2. How do you ensure that your sustainability efforts are aligned with them?

9.3. Optional: Do you collaborate in coordinated initiatives such as information sharing, resource exchange, business partnerships (etc.) to enhance your sustainable performance?

**10. Which factors do you recognize as best guaranteeing the consolidation of relationships with customers and key partners, in your company?**

*If you recognize any of them among the followings, please try to explain how and why they are relevant to your company (multiple choice is welcomed).*

- **Effective communication:** Accessing and exploiting channels to exchange information, with the aim of creating engagement and improving customer interactions.
- **Agile adaptation and innovation:** The drive for continuous improvement to meet market demands and foster collaborative innovation.
- **Strengthening the value chain:** Mutual benefits from establishing long-term relationships with distribution and/or supply channels.

- **Skills development and knowledge exchange:** Facilitating organisational and human factors to ensure an effective flow of information and expertise.
- **Trust, reliability and customer-centred approach:** Building trust through consistency, reliability and prioritisation of customer needs.
- **Shared values, goals and collaboration:** Aligning vision and goals and engaging in joint projects and co-creation.
- **Proactive support and mutually beneficial partnerships:** Respond promptly to customer and partner needs, ensuring value for both parties.
- **Collaborative innovation:** Establishing partnerships and relationships focused on the development of shared technologies.
- **Institutional support:** Regulatory factors that promote business cooperation.

**11. So far, do you think these relationships can help your company being more sustainable, and how?**

**12. So far, do you think these relationships can help your company being more competitive, and how?**