

# Reforming marketing for sustainability: towards a framework for evolved marketing

By Dr Victoria Hurth, Jules Peck, David Jackman, and Dr Enrico Wensing

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For more than 40 years we've seen that the wellbeing of people and planet go hand in hand – and it's been the inspiration for our campaigns. Together with thousands of people like you we've secured safer food and water, defended wildlife and natural habitats, championed the move to clean energy and acted to keep our climate stable. Be a Friend of the Earth – see things differently.

### **About this paper**

This paper has been written for Friends of the Earth by Dr Victoria Hurth, a lecturer in Marketing at Plymouth University, with over 13 years experience of working in marketing and sustainability. Her co-authors are Jules Peck of communication strategy and innovation consultancy Jericho Chambers; David Jackman, author of the first British Standard for Sustainable Development; and Dr Enrico Wensing from the George Mason University in the USA with expertise in psychology and sustainability.

The paper was produced to contribute to Friends of the Earth Big Ideas Project, which aims to identify 20-25 significant changes necessary to deliver wellbeing to people and the planet. It particularly contributes to the Big Ideas topic on consumption and identity.

A working paper was discussed in a roundtable of experts in the field of marketing chaired by Mark Earls, and was adjusted accordingly. We would like to expressly thank the following contributors to that discussion: Adam Elman, Ann Franke, Sarah Greenaway, Matthew Neilson, Kirsty Saddler, Ella Saltmarshe, Matt Sexton, Solitaire Townsend, Adeela Warley, Helena Wayth. We would also like to thank Carole Bond, Mike Childs, Mark Earls, Ed Gillespie, Jules Goddard, Jo Jenkins, Alan Knight, Duncan McLaren, Nikolaos Tzokas and Daniella Vega, for their advice and support.

The paper makes six recommendations for changes in marketing practice which, most significantly, add-up to need for the next big shift in marketing to be from 'sense and provide to 'co-create and guide for sustainability'. This follows the earlier big strategic shift in marketing from 'make and sell' to 'sense and provide'. It notes that whilst some major companies are edging towards this 'guide and co-create for sustainability' approach the shift needs to be faster and more widespread if wellbeing is to be achieved for both people and the planet.

The authors, and Friends of the Earth, welcome feedback on this paper both through the roundtables and in writing to [victoria.hurth@hotmail.com](mailto:victoria.hurth@hotmail.com) and [mike.childs@foe.co.uk](mailto:mike.childs@foe.co.uk)

## Structure of the paper

The paper is divided into two parts. The first part gives an overview of the complex phenomenon known as ‘marketing’ and provides some detail about what we mean by Sustainable Marketing. It also provides the context for the system shifts needed within marketing and explains why revisiting and focusing on the Marketing Concept and Relationship Marketing provides a great foundation for marketing to help drive sustainability. Part 2 of the paper highlights the key objectives for change we recommend and outlines options for making these happen and who should help make them happen, illustrated with some practical examples of positive change already happening in marketing.

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## Executive Summary

This paper seeks to provide guidance to the question ‘how can we evolve marketing so that it becomes a force for sustainability?’. Much useful advice has been produced on the how existing norms of marketing can be applied to the topic of sustainability – for example, taking the marketing ‘Ps’ and integrating a sustainability approach into each. Many people on the ground trying to implement ‘Sustainable Marketing’ find that there is much high-level enthusiasm for this kind of change, at a management and strategic level, but this enthusiasm is quelled or blocked when the realities of day-to-day marketing activities are faced. Why is this? We conclude that many of the barriers marketers and organisations face in this respect is due to 1) A misalignment between the perceived role of marketing and sustainability 2) Lack of an agreed definition and structure for evolution that companies can follow and stakeholders can use to hold them accountable.

This report therefore starts by looking at the very foundations of modern marketing and where best practice is pointing – both of which have the potential to provide a very suitable base for Sustainable Marketing, but equally they could motivate the opposite. By combining these insights with insights on what is required in order for social, economic and environmental sustainability to be met, we suggest that marketing needs to adopt an approach of ‘guide-an-co-create’ rather than a ‘make-and-sell’ or ‘sense-and-respond’ to its customers and society and put forward a set of 6 foundations that could form the basis of a ‘framework for evolved marketing’. These are:

- 1) Pursue a relentless focus on understanding and satisfying real primary needs
- 2) Acknowledge the critical leadership role marketing plays
- 3) Recognise and build upon relationships
- 4) Adopt a long-term sustainability mindset
- 5) Take a rigorous approach to measuring the sustainability of all marketing decisions
- 6) Put marketing at the heart of all organisational strategic decisions

This report is intended to provide the starting point for discussion about if there is support for a framework that might be used in the way a voluntary code might, and if so, are the 6 suggested here the right ones?

The hard work then comes when companies work with the framework to innovate their own examples of best practice in each. Through this practice sector level key performance indicators and benchmarks are likely to evolve. By using a question based maturity –matrix style approach (as has been used successfully in other sustainability settings) it will therefore become clear over time, which companies are leading in this area and can make valid claims and those who are not.

The framework presented is intended to support organisations in setting their strategic direction so that it is aligned with sustainability through its marketing - which in advanced companies should be driving their strategic direction. It is equally intended to support the journey of those who are doing marketing on a day-to-day basis – both those who formally consider them to be marketers as well as the many, many people who are doing marketing but don’t define themselves in that way. We believe that by providing a common language and common direction for the evolution of marketing, it could become a key driving force for a sustainable future.

## 1 Introduction

Sustainability can be seen as maximising the wellbeing of all individuals worldwide within a level of impact that the Earth's environmental resources can sustain over the long term. It is about all of humanity flourishing within our resource limits and in partnership with the rest of nature. It is the opposite of the unsustainable trajectory we are currently on whereby we design, produce and consume finite resources as if they are infinitely available, exploit others in the process and at the same time do not increase our wellbeing – and in many cases reduce it.

For most communities the market economy is the key mechanism we have for translating scarce resources into welfare/wellbeing and, therefore, we need to develop a 'sustainability economy' to do this. Marketing<sup>a</sup> is at the centre of driving and solving the problem of maximising wellbeing with appropriate resources because at the heart of modern market-based economies, marketing shapes the amount and type of resources organisations exploit, for what end and for whom. At the same time it also shapes what society demands by symbolically connecting offerings (wants) with fundamental human needs and with our sense of who we are and who we should be.

There are many products and services that are capable of meeting a range of primary needs while still preserving the underlying resource base and supporting producers in leading better quality lives – however, many of the consumption offerings currently available to us are not.

There are two key ways this unsustainability can be addressed. Firstly, through enabling citizens to explore ways that they can fulfil their needs in non-marketised ways - so that we are all able to increase our wellbeing more efficiently, effectively and sustainably. Regulation has an important role to play in this as previous publications have outlined<sup>1</sup>, allowing us, as children and adults, much more freedom to explore new avenues for need fulfilment, for example, through restrictions on advertising to children and advertising free zones. Companies practicing Sustainable Marketing<sup>2</sup> should be supportive of these kinds of well-placed interventions, as well as embracing and strengthening the collaborative economy.

However, this is only half of the story. Marketing is a permanent feature of our lives and, at its best; it is a high efficient medium whereby primary human needs are matched with the natural, human, social, intellectual, manufactured capital we rely on. Furthermore, marketing influence is in many ways intangible and all of society is involved in the process so its influence is very hard to regulate. By moving directly to constraining marketing we may reduce some of its negative impact but we do not help progress its ability to meet our needs in sustainable ways or to redirect its unavoidable power to shape our lives to a positive direction.

Marketing has the power to help global societies make the transition to sustainability and achieve greater wellbeing, through considerate products and services co-created with us as citizens, or it has the power to commit us to unsustainability. As Paul Polman (CEO

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<sup>a</sup> In this paper we use the word Marketing as the technology/institution/discipline but also as a way to also denote those who work within it. We also recognise that marketing pervades an organization from the strategic direction to many people in an organisation who are 'doing' marketing but do not classify their actions in that way. The framework suggested is expected to be driven by/influence all these domains.

Unilever) has said: “*Their job (marketers) has changed. It doesn’t work any more to push consumption. We need a new model and get companies to adjust their marketing strategies as well as their job roles.*”<sup>3</sup>

We need marketing to change so that our efforts to live sustainably are not in constant discord with the world around us and marketing needs to change so it can be a valid part of a sustainable future economy – very few companies without evolved marketing will prosper.

If marketing doesn't change voluntarily and seize the opportunity to evolve then it will face increased regulation, the realities of degraded resource base and an uncompetitive position relative to those that know how to maximise wellbeing (value) with affordable offerings. As we will outline, best practice marketing is sustainable marketing.

While recognizing the critical role of empowering citizens and the use of regulation to support that, in this report we focus on how the discipline of marketing might make a fundamental shift, in a structured way, towards Sustainable Marketing through industry-led change which, we recommend, begins with marketers and C-Suite executives coming together, with stakeholders, and developing an industry framework focused directly on the goal of evolving marketing to a values-led, sustainability aligned culture.

### 1.1 The Two Faces of Marketing

**A:** “Marketing is seen as a huge and increasingly dangerous technology making it possible to sell persons on buying things, propositions and causes they either don’t want or which are bad for them”

**B:** “Marketing ... is the concept of sensitively servicing and satisfying human needs ... Marketing is the function that can keep in constant touch with the organisation’s consumers, read these needs, develop “products” that meet these needs”

These two interpretations of the possible faces of marketing were put forward by Kotler and Levy in 1969. They argued strongly that the second path – what became their ‘societal marketing’ approach - is the goal to which all organisations should be aspiring, although it is the first that many see as most often associated with marketing practice – in other words, unsustainable marketing. We utilise the term ‘Unsustainability marketing’ to refer to how marketing motivates and supports the unsustainable consumption practices of individuals and businesses. Although marketing’s promise is that it can satisfy people’s needs and maximize wellbeing, marketing and those working in the profession have been heavily criticized over many decades for promoting the opposite. There is a highly convincing body of evidence from a range of disciplines, that plots marketing’s central role in: reducing the wellbeing of society through promoting and normalising consumerism and materialism<sup>4</sup>; wantonly exploiting environmental resources in the pursuit of short-term profit<sup>5</sup>; spurring high levels of personal debt, which de-stabilises the global economy<sup>6</sup>; masking people’s understanding of their real primary needs through a ‘smoke and mirrors’ approach to need satisfaction<sup>7</sup> and therefore often not delivering on the long-term needs of people at all<sup>8</sup>. In other words marketing is currently judged as unsustainable.

Our aim in this article is not to rehearse these arguments but to build on this understanding and recommend focused actions for change, underpinned by academic research, that can be undertaken by marketers and those that surround them. Unsustainable marketing is the

result of millions of marketing decisions carried out by individuals and teams of marketers, who are responding to a variety of stakeholder and other pressures. Micro-level decisions being made every day appear individually unimportant to the unsustainability consequences cited above, but together these decisions have massive resource influence and provide a direction of travel for how we will consume now and in the future. They therefore carry important ethical and sustainability consequences<sup>9</sup>.

If micro and macro marketing decisions are to positively influence sustainability, then the key barriers to sustainability and enablers of unsustainability in the system need to be isolated and altered. Systemic change may be complex but by focusing action around key leverage points, significant change can happen relatively quickly<sup>10</sup>.

In this respect, there is a growing literature on how Sustainable Marketing might be advanced<sup>11</sup>. However, suggestions often focus on how approaches to product design, pricing, promotions and distribution can be made more sustainable, taking the current definitions and general operating environment of marketing as given. However, we assess that the status quo presents severe limitations to Sustainable Marketing that need to be addressed as a matter of urgency before marketing can drive sustainability. Our purpose here is, therefore, to focus on the foundational barriers and opportunities in order to support the implementation of the recommendations contained in the literature. Central to this is the argument that Sustainable Marketing needs Marketing to move from a 'sense-and-respond' paradigm to one of 'guide-and-co-create for sustainability' where leadership, followership and collaboration are the recognised process by which 'value' is created - in order to serve foundational customer needs in socially and environmentally sustainable ways. This paper focuses on six key interconnected foundations that we argue are required for this shift to Sustainable Marketing to take place:

- 1) Pursue a relentless focus on understanding and satisfying real primary needs through offerings (wants/value)** which are environmentally, socially and economically sustainable.
- 2) Acknowledge the critical leadership role marketing plays** in satisfying real primary needs in sustainable ways by unavoidably shaping identities, lifestyles and culture worldwide – and therefore what people want and value.
- 3) Recognise and build upon relationships** as the foundation of marketing success in co-creating in deep, authentic partnership with society.
- 4) Adopt a long-term sustainability mindset**, so that long-term business success, sustainable shareholder value and long term social wellbeing can be aligned
- 5) Take a rigorous approach to measuring the sustainability of all marketing decisions**
- 6) Put marketing at the heart of all organisational strategic decisions** so that sustainability can drive the organisation from the customer outwards

We recognise that the companies that marketers work for are at different stages of their sustainability journey and face varying macro- and micro-level forces as discussed above, however, any marketer or other stakeholder should be able to progress and translate these six areas of action to their circumstances.

We also recognise that making the ideological and strategic shift from ‘sense and respond’ (the current paradigm of marketing, which will be reviewed later) to ‘guide and co-create for sustainability’ is a big step for marketing. We also recognise that although we are primarily addressing these changes to formal ‘marketers’ who often sit within ‘marketing’ departments or related-departments, we concur with Gummersson<sup>12</sup> who states that in companies ‘everyone is a part-time marketer. Marketing is therefore a strategic orientation, which should permeate throughout an organisation and as such the marketing shift to ‘guide and co-create for sustainability’ is one that a wide range of people are involved in.

Furthermore, we recognise that there are a myriad of different businesses and operating contexts, which means that adopting the six principles above will take careful translation and will present different challenges. For some the change will be more difficult for some than others – for example, within a business-to-business (B2B) market where rigid procurement specifications are difficult to influence, or if the current modes of need satisfaction are unsustainable but heavily ‘locked-in’ for cultural or technical reasons. There is also a ‘meta-level’ lock-in to contend with where decades of marketing practice within western economies has encouraged people to accept certain types of unsustainable products or services as ways of satisfying their primary needs, or consuming obsessively (consumerism) in a way which does not actually meet those needs. This may give the impression that this level of consumption is natural or normal and unlikely to change – it is difficult to imagine a new system while standing in the old one, especially for incumbent companies<sup>13</sup>.

However, for those companies who get this right and for innovative new entrants, the long-term rewards are likely to be great<sup>b</sup> This is because ‘guide-and-co-create for sustainability’ is as much about great marketing as anything else – in addition this approach will become increasingly necessary within a competitive marketplace that is trending strongly toward social responsibility. As we will discuss, many companies are already beginning to understand and practice ‘guide-and-co-create for sustainability’. Fortunately, the foundations of success are already in place - the basics of modern marketing: the customer-focused ‘marketing concept’ and ‘relationship marketing’, are absolutely ideal for achieving sustainability - if viewed and pursued in a more appropriate way as we describe here.

Hence the shift to Sustainable Marketing requires deep philosophical and normative change, of the kind already occurring within the sub-level of Financial Services and the Alcoholic beverage industry. Such change is not easy or quick, even with heavy regulation. History tells us that making enduring change is likely to involve a blend of industry standards, guidance and regulation – all of which can be friends to the process if used in the right way. Common rules and standards are important for creating a level playing field within which those who take bold long-term action are advantaged, or at least not penalized by those content to pursue minimum standards or pillage the future for short-term profit. Which mix might work best, and in what order, is not clear at this moment. What is clear is that the necessary changes will be driven by the industry and other stakeholders coming together and setting-out the current failures, the potential and the planned outcomes.

At the heart of this opportunity are a growing number of marketers who would like to

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<sup>b</sup> Netflix is an example - lambasted for launching an online movie rental service when they had the market leading postal service. As a result their share price plummeted. Fast forward a few years and Netflix is thriving precisely because of its long-term vision whereas others like Blockbusters no longer exist.



establish economic viability for their companies through designing offerings that people actually need and which are socially and environmentally friendly - marketers and companies who care about producing valuable products and services that make people's lives better; who want to build brands that people are loyal to and which are loyal to them in return. These are the marketers who will change the norms and culture of the craft, and in turn the culture of business and society. We believe that if marketers can come together to co-create the new norms of marketing within an industry framework, supported by NGO's, civil society, government and other stakeholders; then marketing can begin to become a central force for sustainability.

## **PART ONE – the foundations of sustainable marketing**

### **2. What is marketing?**

Google and Wikipedia reflect well popular notions of what marketing: “the action or business of promoting and selling products or services”<sup>14</sup> or “the process of communicating the value of a product or service to customers, for selling that product or service.”<sup>15</sup> As well as obscuring the fact that marketing “is simultaneously a philosophical, strategic and operational discipline”<sup>16</sup>, these definitions describe a process of a one-way communication or promotion from a company to people, via promotional activities. This actually reflects a very out-dated ‘make-and sell’ philosophy that is overly focused on promotion.

For decades it has been clear to scholars and many in the profession that marketing is much more than promoting pre-made goods – known as a ‘make-and-sell’<sup>17</sup> philosophy. In a free market economy, marketing provides the central meeting place of producer and society. It is where purposeful and collaborative conversations about what is valuable and how people’s primary needs are best met can happen. The majority of the profession have moved beyond a ‘make and sell’ to a ‘sense and respond’ era of marketing because marketing is now understood as the business of interpreting what societies are seeking from the marketplace and then translating this into: what to produce; where and how to sell it; at what price point; and who and what is involved in the process of delivering the offer. All these are marketing or marketing-influenced decisions which are based around communication that can be summarised as: what are we trying to say about our offerings and to whom are we trying to say it? This takes place every day all along the supply chain where a range of market interactions occur long before the product gets to the end user, as well as in promotional decisions about how the offerings, the brand and the company are framed and associated with different aspects of people’s lives. In effective marketing, all marketing functions should be aligned to produce integrated communications, which consistently and successfully communicate the core intended messages to the core audiences<sup>18</sup>.

That’s not to say that in some companies marketing isn’t still just about shifting products as fast as possible. The marketing strategies utilised today still vary widely in their scope and role, depending on the company. In a more modern marketing-oriented ‘sense and respond’ company (something many business schools and leaders have actually been holding up as gold standard for decades) marketing and, therefore ‘customers’, should be at the core of a company’s agenda, shaping everything that it does. With the dawn of digital commerce, this has taken on a new flavour as leading companies let ‘big data’ drive their real-time communications and their new product development. However, it would be wrong to suggest all, or even most, companies in the real world put customers at the heart of everything they do - often marketing simply serves as the tactical sales arm and is given little strategic power, with ‘digital’ just a more sophisticated short –term sales tool. The number of companies stuck in ‘make—and-sell’ itself presents a barrier to Sustainable Marketing, as we will discuss later. In this paper we argue marketers needs to move beyond ‘sense-and-respond’ to ‘guide-and-co-create for sustainability’ and so for those lagging, this proposition will be more challenging.

#### **2.1 Short-term - long-term tensions**

The concept of Integrated Marketing Communications suggests that marketing is highly strategically driven – however, the reality is often quite different. Marketing strategies may be

understood at the micro level, but are often overruled by more pressing short-term drivers to meet ever shifting, sometimes weekly, sales and profit targets - in order to demonstrate success and satisfy the company's commitment to shareholders and the stock market<sup>19</sup>. This ad hoc approach also presents a barrier to Sustainable Marketing. Every person and organisation wants to be successful – but for most businesses, success is based on a continual upward trajectory of sale volumes and profits rather than a balance of increasing financial capital as well as other capitals (human, intellectual, natural, manufactured and social/relational<sup>20</sup>) on which the company and its shareholders depend. Without an embedded long-term sustainable strategy<sup>c</sup>, this pressure translates into increasingly challenging sub-level targets without any strategic base, which in turn results in tactical promotional marketing actions to increase sales – often in ways divergent from the strategy. Research regarding the negative impacts of short-term thinking in business are to be published<sup>21</sup>.

Marketing in practice, therefore, is an evolved yet still somewhat random system of diverse planned strategies/tactics combined with emergent and ad-hoc tactics – all with intended and unintended consequences - rather than synonymous with intentional one-way advertising, which is a popular interpretation of marketing. Of course a company must be 'light on its feet' and recognise and adapt to emerging strategic imperatives, but overriding valid strategic sustainable objectives with the aim of short-term financial gain is foolish for the company, as well as for society and our the planet.

Sustainability requires marketers to take a long-term view. This is, in part, because the consequences of marketing actions taken now a while to play-out in the social, environmental and economic realms. These often only become apparent in distant places and timescales. For example, the consequences of designing a product containing palm oil, on which customers (through the features of the product) and the company (through the margins obtained) came to rely, only became clear when the land needed to grow palm oil had to rapidly increase to meet market demand. Large areas of virgin forest was cleared to grow it and many people in equatorial areas already affected by extreme poverty were displaced while many already endangered species, such as Orang-utans lost their lives. The first time some companies would have understood about the unintended unsustainability of their marketing was when Greenpeace knocked on their door. The same was true of the British multinational B&Q when they got a call from WWF in the 1990s asking them where their wood came from – they didn't know<sup>22</sup>. The type of wood might have been a marketing decision but the impact was distant and not understood, or understood but the consequences undervalued. This sort of disconnect along the linkages of supply chains (even between different departments of the same company), and with consumers has been endemic globally and is only slowly changing towards more joined up auditing, reporting and communication.

Companies are becoming better at foreseeing abstracted consequences and interactions, and those leading the pack realise that this cannot be done without strong relationships, transparency and a long-term focus.

Delivering on long-term success means being allowed to forfeit short-term gain (e.g. "I won't

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<sup>c</sup> Company strategies are often only 3-5 years even if derived from a more persistent company mission. Sustainability (social, environmental and economic) is an overarching goal that is in many senses 'beyond strategy' – it sets the 50 year plus framework within which missions and strategies sit.

design my cosmetic with palm oil even though the margins would be slightly higher at the moment”). By following short-term gains and sacrificing long-term success, marketers are risking the trust, consistency and brand relationship with customers – the very foundation of their business. This argument for long-termism should be a no brainer even if social, economic and environmental health and stability were not societal concerns. Web-enabled growth in consumer power and interconnectivity of customers means such risks for companies are not controllable by Public Relations or SLAPP suits (Strategic Lawsuits against Public Participation)<sup>23</sup> in the same way they were in the past – there has been a fundamental shift in power to the customer and citizens<sup>24</sup>. However, not all companies realise this; have a culture which is able to adapt to this; have shareholders or customers who exert enough direct pressure; or have strong enough leadership to see this shifting landscape and move towards long-termism. Companies like this have been known to risk their entire reputation in order to make a quick buck with varying outcomes. These types of companies represent not only a risk to themselves and sustainability, but they also alter the environment in which other businesses operate because, until they are caught, they make focusing on the longer-term more difficult to argue for and less competitive. Therefore, there is an important role for transparent codes of conduct and regulation, which discourage this kind of environmental, social and corporate recklessness.

Marketing must help boards understand and communicate why long-term Sustainable Marketing strategies should be adhered to, despite reduced near-term margins or growth levels. This will be discussed further in Part 2. Of course, the extent of marketing’s role will also depend on the type of company (many smaller companies don’t have boards).

We see shifting to longer-term strategic decision making and translating this coherently into daily marketing decisions as a vital foundation if marketing is to maximise its positive effect on sustainability. Hence, one of our six foundations to support a shift to ‘guide-and-co-create for sustainability’ is: **Adopt a long-term sustainability mindset, so that long-term business success, sustainable shareholder value and long-term social wellbeing can be aligned.**

Because marketing rarely has a strategic seat in corporate board-rooms<sup>25</sup>, many organisations have been too reliant on financial metrics, which drive short-term and narrow decision making, rather than focusing on a range of metrics, better at indicating long-term success and driving sustainable profitability<sup>26</sup>. Sir Peter Davies, ex-CEO of J Sainsbury, says marketing should do more to make its voice heard at the executive board level and to ensure relevant marketing metrics are in place.

So, if marketing is to have the freedom and incentives to act sustainably, then marketers need to be central to strategic decision-making; and sustainable marketing metrics central to how success is measured. Of course this will only lead to sustainability if marketing is operating in line with the other foundations we outline in this document, but that is unlikely unless marketing is strategically central to an organisation. For that reason that one of our six foundations is: **Put marketing at the heart of all organisational strategic decisions so that sustainability can drive the organisation from the customer outwards.**

### 3 What is sustainability and how does it relate to marketing?

Sustainability can be understood as creating a socially fulfilled, environmentally healthy and economically stable world. Despite some eco-centric approaches, which prioritise outcomes for nature, most sustainability discourse focuses on maximising human wellbeing in the long-term. For instance, HRH Prince of Wales' Cambridge Program for Sustainable Leadership says "A sustainable economy is one which achieves and maintains a high level of wellbeing for all people, now and in the future, that works within the constraints of nature." And the IUCN echoes this saying "The relevant metric of sustainability is the production of human wellbeing per unit of extraction from or imposition upon nature".

Sustainable Marketing is a term that has been employed by many authors<sup>27</sup> and is gaining support as the central term in a field, which has been quite fragmented in terms of terminology<sup>d</sup>. Here we use Schouten and Martin's<sup>28</sup> way of describing the two key aspects that make up Sustainable Marketing: *Marketing Sustainably* and *Sustainability Marketing*.

#### 3.1 Marketing *Sustainably*

As a wide reaching system, marketing has direct resource influence in terms of all types of capital – human and non-human, through its impact on product and packaging design, promotional materials, marketing channel design and, increasingly, also on previously hidden aspects of the whole supply chain, as they become highlighted and connected with the brand identity. There are thus many opportunities for improving the way in which offerings are produced, in other words 'Marketing *Sustainably*'<sup>29</sup>. The media is increasingly full of stories of companies making remarkable sustainability leaps in how they create their offerings, for example, using cradle-to-cradle<sup>30</sup> or circular economy principles<sup>31</sup> - Interface reduced the emission from one factory by 90% between 1996 and 2014<sup>32</sup>, Bacardi reduced its water consumption by 27.3% between 2009-2010<sup>33</sup>, the UK Brewing industry reduced their waste by 83% between 2006 - 2013<sup>34</sup> and in 2009 Starbucks started to use only Fairtrade coffee in all UK outlets<sup>35</sup>. Marketing Sustainably was a key focus of the foundational book of Sustainable Marketing by Donald Fuller, and there are now many resources available which outline how marketing can help a company design relevant offerings for customers so that they are sustainable in their production, the resources used to promote them, their use, and their disposal. This is a maturing area which has benefited from its tangible nature, costs drivers and the increasingly wide range of standards and legislation pushing in the direction of Marketing Sustainably, from ISO20121 on sustainable events, to the Waste Electrical and Electronic Directive in the UK (WEEE).

#### 3.2 Marketing *Sustainability*

Although the improvements in Marketing Sustainably can be impressive, on their own they are often limited to reducing resource use and related costs. The offering, strategy or tactics need not change much and the customers are often pretty unaware of what is going on behind the scenes. That does not mean the importance of these incremental 'back-end' actions should be dismissed. They are critical and the challenge of even these 'low hanging fruit' can be considerable – hence, why many companies are only just starting on this journey, despite the often-considerable return on investment presented. However, there are

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<sup>d</sup> Other terms that have been used in the general sphere are Green Marketing<sup>d</sup>, Sustainability Marketing<sup>d</sup>, Eco-Marketing<sup>d</sup>, Environmental Marketing<sup>d</sup> and Ecological Marketing<sup>d</sup>.

clear limits, in terms of impacts on sustainability, to this kind of 'eco-efficiency'<sup>36</sup> through incremental changes.

Firstly, the fact that many of the changes are the responsibility of sustainability managers or supply-chain managers rather than involving or being directed by marketers, suggests that these changes are not supposed to affect the customer. If this is the case, then they are motivated by saving money, general efficiency or they can be the result of an 'eco-evangelist' CEO who is focused on supply side issues. However, when the driver for these changes becomes reputational and core to the brand (in other words, the foundation of what a company or product is – its identity), then marketing should be in the driver's seat, or at least part of a collaborative effort. If marketing is not at the table, then it is likely that the changes will be short-lived, or constrained by short-term, rather than long-term return on investment.

It is right to criticise marketing activities that are just about creating the impression of something sustainable that isn't there, so-called greenwashing, but it is equally right to criticise companies who take seemingly ethically driven actions but do not stake their reputation on them by aligning them with their brand, for example a company may use Fairtrade at an event to create an impression for that occasion, but does not publicly declare 'we are a company committed to Fairtrade across our activities and supply chain.'

Secondly, the key problem with incremental change is that it will not provide the magnitude of progress required to shift our resource reliance to be sustainable. Transformational approaches to offerings need to be taken instead<sup>37</sup>. "Relying on eco-efficiency to save the environment will in fact achieve the opposite; it will let industry finish off everything, quietly, persistently, and completely"<sup>38</sup> because it distracts us from the real extent of the challenge. Mike Barry, Director of Plan A at Marks & Spencer (M&S) and Adam Elman recently said that being 'less bad' is just not enough – re-engineering for products and systems is required to make things actually 'better'<sup>39</sup>.

If, as we argued above, marketing should be involved in even eco-efficiency measures, then transformational approaches simply cannot happen without marketing. This is because a transformational approach that is not absolutely designed with customers at the heart would be corporate madness. For example, Desso is a notable example of radical shift in the sustainability of carpets, which was based on customers valuing the environmental features and being willing to purchase the service and not the carpet. On the other hand, the early format of Nike's *Considered* range were pulled shortly after launch due to poor sales – they were nicknamed 'Air Hobbits' by critics because of their brown hemp material<sup>40</sup> – presumably because marketing was not properly involved, or did not represent its customer bases well enough.

Transformations cannot go too far ahead of customer expectations and value definitions – otherwise companies risk 'marketing myopia'<sup>41</sup>, in other words producing offerings that are perceived as being irrelevant by people. This is a common concern with green innovation<sup>42</sup>. So how can a company with big sustainability ambitions achieve them if their customers' appear less ambitious? Marketing can overcome the customer-company sustainability stalemate by influencing customers to make sustainable choices and behaviours.

Encouraging people to consume in more sustainable ways is known as *Marketing Sustainability*. However, it is the combination of Marketing both *Sustainably* and *Sustainability* that provide an authentic way to engage people - together they are 'Sustainable Marketing'<sup>43</sup>. The recognition that if you want to move ahead in sustainability and your customers aren't ready, then you need to guide them there, is something that is taking hold in many boardrooms. Unilever's controversial 'Project Sunlight' campaign is an example<sup>44</sup>. The rationale in Unilever's own words was: "We know people all over the world want to adopt more sustainable behaviours, but need these to be easy and to fit with the way they live their lives. As a global consumer goods company, we have the means to help people realise this ambition." Although the approach itself is questionable<sup>e, 45</sup>, this campaign is remarkable, not only for what it is trying to achieve, but also that it is linked to its parent brand – an indication of authenticity and commitment. When B&Q wanted to lead customers towards more sustainable consumption practices it launched 'Street Club' – encouraging people on the same street to share their power tools rather than each household buy one and use it for a few minutes in total before binning it<sup>46</sup>. Here any short-term drop in sales was deemed to be worth the long-term gains in brand positioning and the relationships with customers that could be built. These examples show what can be achieved, when others who are not so confident of their ability to deliver consistently, are shying away from making public sustainability declarations. Other companies are beginning to dabble in this kind of consumption leadership. For example, every year companies such as Eurostar and IBM as well as Eden Project and BlaBlaCar, are brought together by 'Business in the Community' to promote sustainable behaviours related to their brands and the newly launched 'Collectively' social media platform involving collaborating brands such as Coca-cola, Nestle and Google, aims to 'get millennials acting on climate change'<sup>47</sup>. There are signs Marketing Sustainability is becoming mainstream. With the launch of the World Economic Forum/Effie Worldwide (the key body making awards for marketing effectiveness) award for Positive Change – this is specifically for global marketers who must help to "shift consumers toward sustainable choices"<sup>48</sup>. As Barry and Elman from M&S state: (customers) "want us to take the lead, do the hard work and help them tackle a few things that are relevant to them in an exciting way)"<sup>49</sup>.

What is interesting about the leading examples of Marketing Sustainability, such as Unilever and B&Q, is that as much as they are trying to change behaviour, they are simultaneously emphasising certain values in society such as cooperation, care, stewardship, and intergenerational concern. The role of certain values in forming an effective foundation for sustainability is something that has been highlighted extensively<sup>50</sup>. From this perspective, marketing as a tool for social change fails where it looks to modify short-term behaviour without linking this to the cultural values which might sustain and broaden any change. This is a subtle process starting from understanding where sub-sections of society are currently at, in terms of learned association between notions of success and happiness and extrinsic values - to one where success is defined in more cooperative intrinsic ways. Understanding the role of values in delivering real primary needs over the long-term is critical to Sustainable Marketing (see section 4.1.4.1. for more detail). Understanding and delivering on values is also critical for company success, with the Reputation Institute estimating that 44.3% of a company's reputation is based on its CSR activity<sup>51</sup>. These numbers are likely to only get bigger as a reciprocal effect between societal values and their consumptions begins to takes

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<sup>e</sup> It can be criticised for failing to focus on real primary needs (one of our six foundations - set out in section 4 below).

effect. That is, as marketing evokes public values toward sustainability globally, that same public will demand more sustainable products and will increasingly value a company's Sustainability identity (not just activity), which will further reinforce Sustainability Marketing.

Effective marketing of the sustainability concept requires a maturity of corporate sustainability culture because it demands authenticity, consistency and demonstration of all six foundations we outline in this document. At best, the very identity of a company will be manifest through sustainability. It requires means putting the 'whole' customer at the heart of the company – not just the bit that makes money for the company (a citizen-consumer approach that we will outline later). This is likely to require divesting from the many offerings that are environmentally unsound, poor at meeting customer's primary needs, or better served in a non-market way; e.g. using tap water instead of bottled water. Marketing Sustainability is also challenging because, despite first impressions, it represents a radical shift for companies to be consciously engaged in. This is because marketing was born from the economics discipline and, as such, still reflects and embraces the main tenets of neo-liberal economic philosophy. Such economic theory holds that it is not the role of the market to influence the preferences people hold, but merely to provide for those preferences (even if in reality marketing has always influenced preferences). This assumes that humans are rational and, given the right information, will make the autonomous decisions that are best for their own welfare. Hence a range of definitions of marketing across the decades have been focused almost exclusively on delivering what individuals demand without focus on the longer term implications for those individuals or society<sup>52</sup>. In the UK, the Chartered Institute of Marketing's current definition is "Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably." While 'sense-and-respond' can be seen as a huge advance on 'make-and-sell', Marketing Sustainability necessitates a further and bigger shift to what we term a 'guide-and-co-create for sustainability' philosophy and practice of marketing. The first part of this is 'guide' which recognises the strong influence marketing has over our lives.

### **3.3 The Unavoidable Leadership of Marketing**

There is much to support the logic of moving from 'sense-and-respond' to towards a 'guide-and-co-create for sustainability' approach in marketing. Neuro-psychology is now revealing that the very idea of free will may be on shaky ground<sup>53</sup>. More established is the overwhelming body of psychological literature showing that we are so riddled with biases and misjudgments, outside our control, that it is unlikely we ever make a truly impartial or unbiased decision<sup>54</sup>. Of course, marketing has relied on these biases, consciously or incidentally, for a very long time - but without an ethical framework to make this work for society in the long run. Societies are unavoidably guided by marketing, but this hasn't ever been formally recognised in the definition and ethics of marketing.

#### **3.3.1 Postmodernism and sustainability**

Another important reason for embracing a 'guide-and-co-create for sustainability' approach is based on our increasing understanding of what can be broadly termed as 'postmodernism.' This is a complex and controversial term, but considering some of its core observations helps us unpick why marketing now has a leadership role in societal direction, in a way it just didn't a couple of centuries ago. There are a number of foundational human needs that the economist Max-Neef (who spent many years living with and observing a



range of cultures) identified: subsistence, protection, affection, understanding, participation, idleness creation, freedom, identity and spirituality or transcendence<sup>65</sup>. These needs are not fixed, but are relatively stable and connected to our humanity in its deepest sense. Identity is acknowledged as a more 'modern' need – essentially this recognises that we require a positive, coherent and relatively distinctive identity to be happy. Although needs are universal and stable, the ways in which we fulfil these needs are movable and something in which marketing has increasingly had a substantial role. In respect to identity, in the past, someone born a baker's son would have a clear path laid out regarding what he would do (probably be a baker), where he would live, what he would wear, who his friends would be and even the kind of woman he would marry. His sense of self would have been in a very large part determined for him<sup>66</sup>. The ways he would fulfil his needs for participation and creativity and all other non-subsistence needs would have also been heavily structured.

As disposable incomes increased and consumer choice proliferated, the structures that solidified identities (e.g. religion and behavioural norms) and met our primary non-subsistence needs broke down<sup>67</sup>. Beck outlines how this state of flux was uncomfortable and, with the help of marketing, consumption filled the void to help us structure the social world<sup>68</sup>. The things consumption symbolised generally became more important to our needs than the practical functions products and services performed. As consumption offerings could be filled with varying meaning, they serve as a fluid way in which we could communicate to others, and ourselves about who we were, who we wanted to be and what we valued<sup>69</sup>. This is perhaps the main defining shift from a modern to a postmodern society – that consumption not occupation is the main basis of our identities<sup>70</sup>. Marketing is a key way in which consumption is filled with meaning and therefore has a central role in influencing who we are and what we think will satisfy our needs. It is not just marketing that has a role in this, all actors in these exchanges have some role, and increasingly the role of consumers/citizens as co-creators of value (meaning) is recognised<sup>71</sup>.

Although we have, through this fracturing, been freed from many historical identity shackles, on the flip side we are obliged to construct and manage our identities continually - our need for purpose, belonging, and meaning in our lives remain core to being human. We have therefore come to rely on market offerings to symbolise and help guide us in what we should say about ourselves. Therefore, for most people identity construction is not a 'game', nor just a form of 'conspicuous consumption': the 'things' we use as identity resources<sup>72</sup> become part of our extended self<sup>73</sup> and the relationship between consumption and identity is so foundational that we will consume things that reflect who we want to be, even if they are not visible to others<sup>74</sup>. A recent global survey by Momentum suggests that in some countries up to 70% of people consider their relationships with brand to be a 'friendship or more', with up to 33% of these countries seeing them as a member of their family<sup>75</sup>.

Hand-in-hand with the shift in the role of consumption through modernity came massively increasing environmental impact as we sought more and more to satisfy non-material psychological needs with material goods with relevant and potent symbolism<sup>76</sup>. We live in a world where meaning is constantly shifting and is detached from underlying realities<sup>77</sup> - as such, what will provide us with wellbeing is generally obscured, not enlightened, through marketing. Over-consumption and consumerism can therefore be seen as natural consequences of this endless search. This is more than just an issue of 'asymmetry of

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<sup>f</sup> Spirituality or transcendence was later suggested by Max-Neef

information' in economic terms, generally, neither the company nor the citizen are clear about what will best satisfy their needs; this is something that must be co-created with the end goal of primary needs firmly in sight. Some people appear to be coming to this conclusion – that they cannot rely on brands or to satisfy their identity or other needs in a one way dynamic, instead they should seek out new possibilities in collaboration with relevant companies and others, and to look beyond the exchange of money for ownership (something we will discuss in section 4.1.3).

### 3.3.2 Shaping the world

Identities encompass attitudes and values – in other words what we see as important and how we relate to others. Therefore, if consumption shapes our identities, then consumption has a big role to play in what we as individuals, and as sub-cultures and cultures determine to be important and what behaviours we display. For example, many people hold a 'financially affluent' identity either as an actual identity or an ideal. There are certain aspects that are associated with this identity – glistening surfaces, darkness, powerful looks, mastery over nature, admiration of others, good looks and individualism. Marketing cues these, through visual and written signals to indicate that a certain product is aimed at those who hold, or want to hold, the affluent identity. If marketing uses these signals to persistently promote environmentally dubious products then over time being affluent (a highly socially desirable identity) is continually associated with environmental profligacy<sup>68</sup>. In the same way if individualism is brought out as a key feature in these promotions, then the connection between individualistic values and the affluent identity becomes strengthened. This makes individualism a more desirable trait than cooperation or inter-dependence, which is by definition then seen as opposed to the identity of those with monetary wealth.

If marketing has an important role to play in filling consumption offerings with meaning that relates to our identities and other primary needs, then marketing has a big role to play in shaping individuals and society<sup>69</sup>. In other words, "Marketing can no longer pretend to be an instrumental discipline that *affects* consumers and society but has to become reflexive and has to be studied as the sociocultural process that *defines* postmodern society".<sup>70</sup>

Although marketing is now recognised to be infused with psychology and aspects of anthropology, the economic driven viewpoint still dominates in many ways and despite the weight of evidence of the central role marketing has of shaping individuals, society and culture, marketers appear incredibly reticent to accept such power and assume the necessary responsibility. This is perhaps understandable, because of the associated responsibility that comes with it. WWF's 'Think of me as Evil' document<sup>71</sup> fore-fronted a quote from Rory Sutherland who was at the time the President of the Institute of Practitioners in Advertising. He talked directly to all those marketers who refuse to accept their influence and implied that if you do not influence society at a sub-conscious level then you must be an ineffective marketer.

### 3.3.3 Conclusion

Sustainable Marketing is about Marketing *Sustainability* as much as it is about providing existing offerings in more efficient ways (Marketing *Sustainably*). Without a strategic approach to guiding customers towards more sustainable ways of consuming, companies will not be able to make the transformational changes so desperately needed for their own viability, nor that of greater society's. Furthermore, without a formal recognition of the role

marketing plays in shaping people's values, identities and cultures, as manifest in what it chooses to consume, then marketing is likely to continue to underwrite unsustainability through negligence and will not harness the opportunity to support sustainability.

It is for this reason that another foundation of Sustainable Marketing we suggest is:  
**Acknowledge the critical leadership role marketing plays in satisfying real primary needs in sustainable ways by unavoidably shaping identities, lifestyles and culture worldwide – and therefore what people want and value.**

However, merely recognising its power is not enough to ensure Sustainable Marketing. This must be combined with a holistic view of citizen's needs...focus on the wellbeing of the whole of citizen's needs (something we will explore in the next section).

## 4 The Existing Foundations of Sustainable Marketing

Two key ideas that are central to contemporary marketing philosophy are the Marketing Concept and the Relationship Marketing Concept. These could be seen as complementary ideas about the *raison d'être* of marketing, with relationship marketing an advanced form of the marketing concept:

“The introduction of the marketing concept focused business on seeing customers as the centre of the universe and the organisation revolving around them. Relationship Marketing reorients the positions of suppliers and customers through a business strategy of bringing them together in co-operative, trusting and mutually beneficial relationships.”<sup>72</sup>

It is our view that with a slight shift in interpretation, these two concepts could unlock marketing's role in sustainability as well as maximising long-term financial viability of organisations.

### 4.1 The Marketing Concept

The Marketing Concept has been described as the “cornerstone of contemporary marketing theory”<sup>73</sup> or its “sacred cow”<sup>74</sup>. Embraced as an organisational philosophy since the 1950's, the Marketing Concept aims to maximise value for customers as a way to ensure business success. It marked the shift from the ‘make and sell’ to the ‘sense and respond’<sup>75</sup> philosophy and can be said to have three key principles:

- “1) An organization's basic purpose is to satisfy customer needs,
- 2) Satisfying customer needs requires integrated and coordinated efforts throughout the organization, and;
- 3) Organizations should focus on long-term success”<sup>76</sup>.

Based on the above definition a firm, via marketing, should have the long-term wellbeing of customers at the heart of all its activities. If this was the case, then, marketing would be truly sustainable for people, planet, and profit. So, either companies and marketers have not adhered to the marketing concept, or there is a problem in how it is being interpreted. The issue of a lack of long-term focus in marketing has already been considered. However, the ‘long-term’ was only introduced into the Marketing Concept with 1970s ideas of ‘societal marketing’ following the recognition of issues of an over-focus on consumption that came with a short-term focus on needs fulfilment as well as the issues with underhand marketing practices that led to consumer movements. At that time Arndt noted that, “the very emergence of consumerism is a negation of the marketing concept”<sup>77</sup>.

#### 4.1.1 Making primary needs primary

A core issue with the use of the marketing concept is the age-old question of how needs are best interpreted<sup>78</sup>. There are a number of theories of human needs. Many conclude that there is an observable suite of needs that all humans appear to require to be satisfied in order to be happy/ have a high level of wellbeing/ welfare, and quality of life. Maslow's hierarchy is the model often used by marketers, but this has been highly critiqued, even by Maslow himself<sup>79</sup>. Another taxonomy that is gaining prominence is Max-Neef's (set out above in section 3.3.1.1). These approaches both point to a universal list of primary needs,

and suggest that these primary needs can be satisfied in any number of ways (these ways are called 'wants' in marketing<sup>80</sup>) depending on the particular cultural context. Different cultures come to associate different systems and different market offerings (or wants) with these primary needs. For example, maintaining a positive, coherent yet distinct identity is dependent on what consumption a person's aspirational group comes to use to signal membership<sup>81</sup>.

Primary needs (noun) are considered foundational<sup>9</sup> and the ways of satisfying them (wants) subjective. The two should, therefore, not be confused. This is because the first is virtually stationary and the second infinitely moveable. The first is the font of innovation, as in Benjamin Franklin's famous quote, "Necessity is the mother of invention," and the second the outcome of that innovation. However, needs and wants are often misinterpreted and conflated in marketing, and in wider society<sup>82</sup>. Not only are marketing offerings themselves termed needs (noun), but the discrepancy between a current state and a desired state (the urge) – is also defined as a 'need' (verb)<sup>83</sup>. Wants are defined in marketing as "desires for particular offerings that will satisfy (a) felt or identified deprivation"<sup>84</sup>. What we are trying to emphasise here is that the language of needs/wants/value is confusing and has been confused,<sup>85</sup> but must be clarified rather than avoided, because this confusion is a key source of unsustainable marketing.

If wants are culturally dependent, then as well as optimising current forms of consumption (through marketing *sustainably*), new forms of everything we currently perceive as normal are possible (through marketing *sustainability*), which could be much less materially impactful, and fulfil our primary needs much better. This is the promise and opportunity of Sustainable Marketing. The fact that nearly all of the unsustainable consumption in advanced economies is to fulfil psychological needs (everything but pure subsistence) means that there are virtually no bounds to the alternative ways in which we can maximise our wellbeing – almost everything we currently do to provide welfare can be reimagined, and therefore, sustainability is entirely possible. The role of marketing is clearly critical to this - to align wants so that they are as effective as possible at satisfying our primary needs, and to do this in a way that preserves the health of the natural environment and the wellbeing of those involved in the production of those wants.

#### 4.1.2 The danger of a short-term 'want' focus

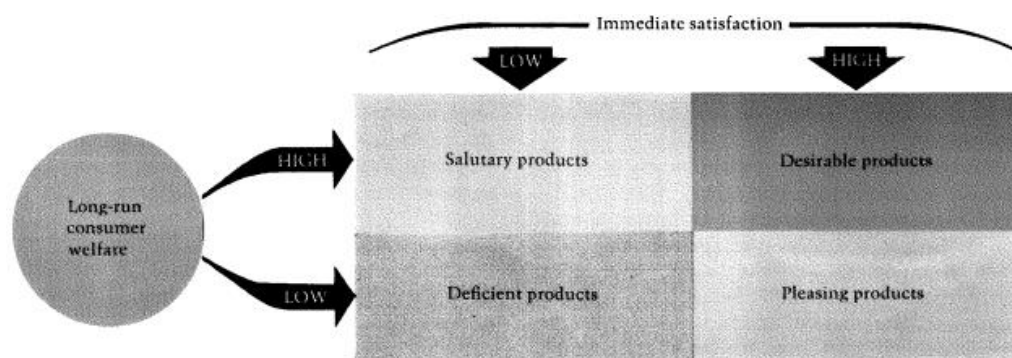
However, it is clearly a mistake, one now generally recognized, for marketing to focus on the immediate satisfaction of a short-term urge – the focus should be on primary needs (noun). Kotler put this point very strongly many years ago now when he termed the focus on long-term needs as 'societal marketing'<sup>86</sup>. Kotler noted that business people mistakenly think that achieving customer satisfaction means giving the customer what they want – therefore they think that meeting customers' desires/wants should be the focus of marketing strategy. However, Kotler noted that "the problem is that in efficiently serving customers' desires, it is possible to hurt their long-run interests". Therefore, marketers should serve customers' long-term welfare, not their short-term desires. Importantly, Kotler noted that this was also the key to long-term profitability. He went on to state that meeting the long-term interests of

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<sup>9</sup> Claiming that needs are foundational may seem at odds with the earlier recognition of our postmodern era which many see as suggesting no place for such objectivity. It is recognised here that although the boundaries and labels of the needs are subjective, they are the source of motivation without prior cause and so are described here as foundational.

customers and the business requires taking account of the impact of marketing and offerings on environmental resources. Of course, an offering that only meets long-term welfare may never sell, so taking short-term desires as the starting point and moving strategically towards long-term welfare, through cultural change, is critical.

Marketing should start the process of innovation with the primary real needs of particular target groups – rather than derivatives of them (wants) as this could reinforce or help lock-in current unsustainable ways of consuming without questioning if they could be done better. Starting at the level of wants is like starting with the product and then working out how to flog it – it only produces short-term success and can produce long-term harm to people by undermining people's ability to meet their needs in a range of areas. Max Neef terms wants that are not aligned with primary needs as 'pseudo-satisfiers' or 'destroyers' whose social and environmental damage may be long lived, but whose pleasure is short-lived. In a similar way, Kotler classified products into those that meet long term welfare and those that merely give short-term satisfaction.



**Fig. 1** Kotler, 2000. Classification of new product opportunities.

Kanner and Gomes<sup>87</sup> give an example of a pseudo-satisfier: "The purchase of a new product, especially a 'big ticket' item such as a car or computer, typically produces an immediate surge of pleasure and achievement, and often confers status and recognition upon the owner. Yet as the novelty wears off, the emptiness threatens to return. The standard consumer solution is to focus on the next promising purchase." Additionally, the purchase of this car could undermine the ability to satisfy the needs it was anticipated to fulfil – for example by buying that car in order to attract affection by others, we may turn off people who see us as a show off, or get into debt which reduces our ability to uphold healthy relationships. The car is good at helping satisfy a need for freedom in many ways, however we experience little or no human connections in private car mobility compared to other more social forms of transport such as bikes and buses. We are also forced to fulfil our subsistence need for exercise in our spare time. Research indicates that the average US car owner works one day a week to cover the costs of their car and driving, adding to work-life balance issues which further reduce our ability to satisfy affection, creativity and idleness needs<sup>88</sup>.

Habitually providing slightly newer versions of a 'want' as a way of innovating within a tired

market is an example of how pseudo-satisfiers come about. If you ask people 'which of these new fizzy drinks do you prefer', then the opportunity to fulfil the need for subsistence, participation and any other need currently associated with fizzy drink brands, in a better way, is lost. The need for creation (e.g. novelty) may be temporarily satisfied, or a short-lived desire tempered, but other human needs go unnoticed and un-served. Increasingly the need for 'affection' and 'spirituality' can be seen through people's desire to consume in ways that make them feel they are good people – an ideal self identity<sup>89</sup> and the desire of critical talent to work for companies that are driven by goals beyond just profit<sup>90</sup>. Companies are also beginning to create solid brand identities based on 'doing the right thing' – the raft of corporate moral decisions that hurt short term profit maximisation by companies such as Disney and Starbucks, is being called the CVS effect after the drugstore chain stopped selling profitable tobacco on moral grounds<sup>91</sup>.

Operationalising attention on real primary needs is something that is more or less difficult or relevant depending on where in the value chain, or on the decision-tree, a marketer is working. When setting strategic direction or engaging in product innovation in a business to consumer (B2C) company, a focus on primary needs is critical. However, in a business to business (B2B) context the needs of the end user are more abstracted and have to be consciously brought into the conversation – in the same way as other stakeholder requirements are discussed. By holding the primary needs of the end user in sight, a company can more easily operate a partnership approach with those in other areas of the supply chain, driving innovation. An example of this is the WellbeingNeedfinding<sup>92</sup> process being developed with leading companies. In this process companies do not start with assumed 'wants' based on consumer segmentation and surveys of current goods and services, but seek to understand the real underlying wellbeing-needs of customers and then to satisfy those needs in the most environmentally benign manner possible with new products and services.

Approaching the product development process with this kind of 'blue-ocean thinking' is crucial for maintaining an innovative strategic mind-set within the company as a whole, where new markets are sought rather than being stuck in overly-competitive unprofitable ones<sup>93</sup>. Furthermore, this approach is necessary if marketing is to provide the leadership for its customers discussed previously. It is known that of the concepts rejected in market-testing many of them are just unfamiliar, rather than inappropriate – if launched they could be a hit<sup>94</sup>. Product innovation, which leads customers towards sustainable ways of need satisfaction without falling into marketing myopia is about paying more attention to trialling and launching such unfamiliar yet just acceptable innovations which are designed around real primary need satisfaction.

The types of questions asked to narrow down new product or service ideas could be: Does the potential offer meet one primary need or multiple needs well? Are there non-consumptive ways in which these needs can be met – i.e. does this have to be met through the market? Does this offering satisfy one need but destroy other needs in the short-medium or long term? If this product is a good satisfier, how can we design it with minimal social and environmental impact? How can we maximise its life in-use and minimise the impact of disposal? How can we price this offering so that it is accessible to those who would benefit from meeting their need through it?

To avoid myopia, marketers must recognise the current landscape of cultural associations

for the target groups and seek to gradually move those associations in the right direction. For example, if there is already an association between 1940s retro and identity for the middle aged female audience being targeted by an appliance company, then evocation of war time 'rationing' type posters might be used to introduce a new more expensive product with a much longer warranty and a new 'mindfulness' about the importance of repairing and extending the life of toasters. A pricing solution could be to offer an online 'piggy bank' where people could pay in week by week to save up – again associated with the 'retro' saving of saving up before you buy. This is also a good example of a relationship marketing strategy (discussed in more detail in section 4.2).

#### 4.1.2 Needs and value

One of the key reasons for the lack of clarity around needs in marketing, despite them being central to the discipline, is the influence of the economics discipline. "In economics, 'need' is a non-word. Economics can say much which is useful about desires, preferences and demands ... But the assertion of absolute economic need — in contrast to desire, preference and demand — is nonsense"<sup>95</sup>. Therefore, "economics translates all needs as subjective desires or preferences"<sup>96</sup> – whereas, as discussed above, needs have been shown to be relatively stable and it is how these needs are fulfilled that is subjective. This fundamental issue in terminology means it was perhaps inevitable marketers would gravitate away from the needs as a concept and instead towards a focus on how those needs are fulfilled. It is in this context that the marketing discipline has shifted away from needs, towards a focus on 'value'. 'Value' was described as the new "marketing mania"<sup>97</sup> and has become central to marketing. It is a highly contested term<sup>98</sup>, but value could be seen to measure the relative 'worth' of an object or practice (distinct from 'values', which are principles that guide our actions)<sup>99</sup>. The value concept inherently recognises aspects of the postmodern condition - that the assessment of worth we place on market offerings is based on their symbolic value. This value is, therefore, not functional but intangible – it is a service, not a 'thing'<sup>100</sup>. It is created and destroyed by a range of actors<sup>101</sup> and it is subjective but identifiable at the sub-group or lifestyle level. This suggests that value is "defined by and co-created with the consumer rather than embedded in output"<sup>102</sup>. Value is hence intricately connected to wants, because what we want depends on what we value – one definition of value is a customer-defined assessment of the ability of a market offering (a want) to reduce the discrepancy felt between a current state and a desired state (a need – verb)<sup>103</sup>.

Treating value as subjective at the level of the customer and focusing on the short-term benefits is problematic. By moving to a focus on value, marketing has taken one step further from focusing on satisfying real primary needs. Instead the 'in-the-moment' value judgements of customers become even more central. This makes manipulation of short-term value a more likely marketing goal and, given what we know about the biases flawing our judgements, this makes it very easy for marketing to rely on manipulative short-term slants. Although the value concept offers a very useful way of understanding customer decision-making, this should be defined in terms of how value is connected to underlying needs for specific individuals or groups at a point in time. As a *raison d'être* of marketing it takes us one stage further from the resolute focus on serving primary needs that is necessary for delivering sustainability and wellbeing.

Focusing on objective primary needs as the source of innovation is critical to social, environmental and economic sustainability and therefore another key foundation for



Sustainable Marketing is: **Pursue a relentless focus on understanding and satisfying real primary needs through offerings (wants/value) which are environmentally, socially and economically sustainable.**

#### 4.1.3 Citizen-Consumers and the Importance of Values

There are strong calls for a more citizen-based approach to business, where marketing sees customers as citizen-consumers and not merely consumers. According to a panel at this year's Davos, people "*bristle at even being called consumers. They think of themselves as makers, users, sharers, and sometimes participants in the production of products, services, content, etc. They have values. They get status from different things than their parents did. And they want to support products and companies that align with their values*"<sup>104</sup>. Likewise, Trendspotter's Susanne A.C. talks of the Sharing Economy as being "*Much more than a global market place involving consumers – it's a new societal structure involving citizens*"<sup>105</sup>.

Some large organisations, such as Unilever, have started to follow this approach. By holding a holistic view of the customer at the heart of an organisation and allowing non-market based consumption to fill the areas where it is best placed to meet needs, an organisation will build more credible relationships. This is because it will be clear they have the best interests of their customers and society as a whole, at their heart.

If people and businesses are viewed as customers and not citizens then this alters how a firm relates to and talks to people. An archetypal perfect consumer's life and identity is guided by extrinsic values such as financial success, prestige, authority, individualism and materialism with egoistic motivations - in a (misguided) quest to improve self-esteem rather than for altruistic or biospheric (nature preserving) reasons. At the other end of the spectrum is the 'perfect citizen' whose life is guided by intrinsic values like community, affiliation to friends and family, connection to nature, concern for others, social justice and creativity. In reality we all have some mix of these values in our make-up<sup>106</sup>.

Like the range of potentially conflicting identities that we all hold, values are also multi-layered where those which are the more salient and socially rewarded are those which are used more often to guide our behaviour<sup>107</sup>. Factors like upbringing, advertising and societal norms therefore mediate what values are dominant for us in general, and also in any particular circumstance. Research has suggested that certain values that may be not be stronger than average can be primed to play a dominant role in our decision making through certain communication<sup>108</sup>.

Studies in positive-psychology, theories of human needs and wellbeing-economics demonstrate that the 'perfect consumer', motivated by extrinsic consumerist values, has a lower wellbeing than others, lowers the wellbeing of those around them, has a higher than average environmental footprint and is more closed than others to pro-social and environmental behaviour change messaging<sup>109</sup>. The latest Greendex survey<sup>110</sup> underscores this by showing that the more you consume, the less you care about the impacts of your consumption and that consumerist values reduce empathy and desensitise people to their social responsibilities.

Taking a broader systems perspective of who their 'customers' are forces marketing to think more systemically about its long-term success and impact. The AMA definition of marketing acknowledges that "marketing creates market offerings that have value to those who are not

“customers.”<sup>111</sup> Those who are its customers now, might not be in the future. But all of them remain citizens. To be successful in the long term, a company needs a holistic society-wide view of people and their interaction and potential interaction with the firm – in other words a real relationship approach.

## 4.2 Co-creation and Relationship Marketing

### 4.2.1 Co-creation

The second part of the new marketing paradigm of ‘guide-and-co-create’ for sustainability is about ‘co-creation’. Because we are beyond our planetary limits and we know that to flourish we must begin to satisfy our needs in increasingly non-material based ways, marketing should be working hard to associate our needs with low impact ways of consuming and not high-impact ways – this must include non-material and non-market based ways. If it does not then people will increasingly be forced to look outside of the formal market as resource prices increase and affordability becomes an even bigger issue. Moreover, if marketing is not to be accused of over-commoditising people’s lives then it must be made apparent to customers that marketers understand when the best interests of society are met in non-market ways, or in new market forms – and where possible promote this route. In fact, it is becoming clear that the ‘market’ as we know it is in huge transition with the search for need satisfaction becoming a co-created, collaborative space where material ownership is unlikely to remain the primary channel and brands will need to adapt quickly.

Survey after survey shows that the networked-generation: Millennials<sup>112</sup>, prosumers<sup>113</sup> and aspirationals<sup>114</sup> are all shifting towards identity as relationships, collaboration and social interactions and in which ‘access is the new ownership’. This is supported by the Momentum survey, which also showed a declining identification with brands in developed economies and in the younger generation. As well as replacing material based products with collaborative services, some of these new plays like Yerdle<sup>115</sup> are potentially challenging the whole acquisitional way the current economy works. This shift is important not just because it reduces the resource we rely on (marketing sustainably), but it also begins to send an important message to people about who we are (marketing sustainability).

The co-creation, facilitated approach is fast becoming mainstream business: Just six years old, Airbnb is set to become the world’s largest hotelier by 2015. In the mobility sector car sharing apps like Liftshare and SideCar are making real dents in the auto sector and this kind of car sharing has already helped in Millennials buying 30% less cars in 2011 than 2007<sup>116</sup>. Zipcar found that 78% of Millennials think car ownership is becoming a thing of the past. The proliferation of ‘consumer empowering intermediaries’ like billmonitor, Incahoot, shimmer, justbuythisone, energyswitch, directly.me is putting the connection between customer and brands under fundamental threat <sup>117</sup> meaning that companies must either find new ways to collaborate with people or become irrelevant to people’s lives. Rather than trying to find the highest margin way to cash-in on people’s needs, this is about maximising value through real primary need fulfilment, even if this means lower margins. Economic sustainability has to be the focus for success in co-creation, not profit maximisation. This approach gives real credibility to the relationships that marketing is trying to build between the brand and the customer.

These shifts are occurring in the context of what is variously being called the

relationship/frictionless/fractional/sharing/collaborative economy<sup>118</sup>: Benkler's The Wealth of Networks<sup>119</sup> meets Shirky's Here Comes Everybody<sup>120</sup>. This echoes a wider shift in society away from linear hierarchies to flatter, networked power balances between citizens. In what Jeremy Rifkin terms a Zero Marginal Cost Society, we are "entering a world beyond markets where we are learning how to live together collaboratively and sustainably in an increasingly interdependent global Commons" where who we are is more about what we share than what we own<sup>121</sup>, a proposition Harvard Professor Jim Heskett supports<sup>122</sup>.

The idea of collaboration between a company and its stakeholders – particularly its customers or suppliers is something with a long history<sup>123</sup> however the idea of value co-creation and 'co-creational marketing' is fairly recent<sup>124</sup>. One of the drivers of this is likely to have been the understanding of the value concept, which in turn is based in a cultural understanding of society and perspective of postmodernism. In this context, because 'value' is an intangible service created by many parties with their roles difficult to pinpoint<sup>125</sup> - broad and 'giving' partnerships therefore become central. The importance of co-creation and the shift to 'guide-and-co-create for sustainability' must also be situated against the concept of relationship marketing, which is another key pillar of contemporary marketing.

#### 4.2.2 Relationship Marketing

Since the 1970's marketing has moved from a 'hit-and-run'<sup>126</sup> approach to marketing based on transactions, to a relationship marketing approach where trust, commitment and loyalty are developed. This marks a break with much of traditional economic theory<sup>127</sup>. The case for relationship marketing recognises the ability to gain competitive advantage from being close to customers along the value chain, optimising the life-time value of customer acquisition and the resilience and efficiencies that come with deep relationships. Customers are willing to forgive temporary glitches, and they value a sense of long-term trust and care. As Ravald and Gronroos<sup>128</sup> put it:

*"In a long-term relationship with the supplier the benefit concept takes on a deeper meaning. We talk about safety, credibility, security, continuity, etc, that together increase the trust for the supplier and thereby support and encourage customer loyalty. ... The customer knows that this company is able to fulfil his needs and wants and is assured that the company will take care of the commitments it has made"*

Relationship marketing is fundamental to Sustainable Marketing because it emphasises a long-term approach<sup>129</sup>, and puts the fundamental requirements of customers at its heart. As

Souder et al. note in their review of how to bring long-term thinking into business<sup>130</sup>:

*"By treating customers as inherently important, rather than merely useful for completing a current transaction, organizations can develop both the trust that encourages customers to speak up about desired product improvements and the patience to wait for the organization to provide those improvements"*.

Relationship marketing is naturally aligned to a 'guide-and-co-create for sustainability' approach to marketing. In a deep relationship with someone you accept and understand your influence over them and you allow them to influence you. You also understand that entirely new approaches where both parties have collaborated will emerge. This influence doesn't mean telling someone what to do, but looking out on their behalf and making

suggestions or enabling them to achieve new things. This could take the form of opening up a discussion with groups of customers about new ways of fulfilling a need and offering some suggestions – this might seem similar to what already happens in focus groups, but if primary needs, not wants are the starting point then this will likely involve a more challenging process of bringing deeper associations between offerings and needs into the light, where they can be innovated on, before being re-set. Chipotle’s marketing of new approaches to farming is an example of confronting this kind of cultural norm. Another approach to Sustainable Marketing that flows from a relationship and citizen approach is companies taking responsibility for the impact of their offerings when they are being used. Unilever and Tesco for example, have specific targets around the impacts of some of their products while being used (e.g. washing practices and lighting choices respectively). Companies could also take leadership and deepen relationships by being seen to allow non-market based consumption to fill the areas where it is best placed to meet needs. Although it cannot prevent other companies marketing into this space, by promoting the fact that it is leaving a certain practice free of commodities a company will be highlighting that there are non-market approaches people can take and will show they have customers and citizen’s best interest at heart – above profit maximisation (but of course not above financial sustainability) – for example B&Q’s Street Club as previously outlined.

In these ways a company clearly communicates what it is about – its brand identity, values and principles. The brand is the core ‘entity’ with which a customer has a relationship, and if you don’t know what someone stands for then it is hard to have an affinity with them<sup>131</sup>. This translates to the offer level, which should clearly and consistently reflect brand values and connect with customers more deeply. In turn, brand values should reflect intrinsic values that will lead society to sustainable practices and interactions (something WWF and Tom Crompton have campaigned hard about<sup>132</sup>). Sacrificing brand values for short-term wins or not applying them across your whole portfolio (such as Toyota with its Prius and its Hilux Invincible), is not effective relationship marketing or Sustainable Marketing. For this reason Sainsbury’s recent ‘because good value also means good values’ campaign is a risky example of a company seeking to demonstrate that it applies its values consistently across all ranges – although Sainsbury’s scores just 2.5 out of 20 by ethicalconsumer.org.

Although the significance of brand identity and the way people engage with brands reaches to all sections of the marketplace, there are times at which pursuing sustainability is more challenging. For brands that are positioned primarily on low-cost and have to fight hard to maintain that positioning, making longer-term ‘guide-and-co-create for sustainability’ strategies and sticking to them is especially difficult. However, almost no company can compete on price alone, even in a recession, nor survive without building strong relationships with their customers. Supermarkets demonstrate this clearly. Aldi might scrimp on its displays and staff numbers in store - but Aldi’s espoused core values are consistency, simplicity and responsibility and it appears to be fairly advanced in its sustainability approach, although not in the ‘Marketing Sustainability area’<sup>133</sup>. Sainsbury’s values campaign mentioned above is another example where a company is keen to combine cost leadership with brand identity. Ryan Air is perhaps the ultimate cost leader but even it has started to back pedal from its extreme cost-leadership position partly because “shareholders complained that the company’s reputation for poor customer service was limiting its room for growth”<sup>134</sup>. Strong brand identity and great relationship marketing are applicable in all markets. Low-cost at any cost is not something that seems to go down well.

A relationship or co-creational approach is applicable to success in all markets, although more naturally so in high involvement markets (high cost, high risk offerings) and, we argue, necessary but of course not sufficient for Sustainable Marketing. Therefore great marketing and Sustainable Marketing are complementary at this juncture. There are now examples where the combination of relationship, co-creational, long-term, needs-based Sustainable Marketing is helping transformational market leadership. For example, only through this combined approach do headlines like “Eat Less Meat says Burger Chain<sup>135</sup>”, ‘Buy Fewer Clothes says Clothing Company<sup>136</sup>’ or ‘share drills don’t buy more of ours’<sup>137</sup> make sense. These companies (Max Burgers’, Patagonia and B&Q), and others like them, haven’t gone mad, they are very logically following a sustainable, relationship marketing protocol as outlined in this document. By doing this they are ambitiously trying to build market share through deep relationships, while promoting a reduction in the size of the total market to a sustainable level (a new take on co-opetition where typically companies cooperate to grow the market<sup>138</sup>)– and they appear to be doing very well out of it.

A range of techniques, which could come under the banner of Corporate Social Marketing, can be utilised by companies practicing relationship based Sustainable Marketing such as de-marketing<sup>139</sup> (using marketing to reduce demand for a product without disparaging it) – as exemplified above, counter-marketing (using marketing to reduce the demand for a different product or sector by disparaging it) for example SodaStream’s anti-bottled water campaign<sup>h</sup>, Chipolte’s anti-mainstream farming; choice editing for example Marks and Spencer deciding to only stock sustainably sourced fish or direct behaviour change, for example Sainsbury’s ‘Food Rescue’ campaign<sup>140</sup>. Purposefully not engaging in corporate lobbying to distort the market or lobbying for controls on lobbying are also ways in which a company can demonstrate its relationship commitment to its customers and increase its support from wider society.

The future is uncertain. Which current modes of needs satisfaction will become unviable and when is unclear, but if our resource depletion continues, bit by bit the current ways we have come to meet our primary needs will become undone for expanding layers of the wealth strata. If marketers can walk hand-in-hand with customers, sometimes leading, sometimes following and always co-creating, towards a place where their needs can be satisfied in sustainable ways, then that company is in a good position for the future. No-one knows exactly what the highly valuable, but sustainable, ‘wants’ of the future will look like, or whether these are best fulfilled through the market or in another way, but it is clear that appropriate market innovation will not happen without strong customer relationships, vision and leadership.

It is for the above reasons that one of our foundations is that marketers should: **Recognise and build upon relationships as the foundation of marketing success in co-creating in deep, authentic partnership with society.**

#### **4.3 ‘Objective’ decision making and measurement**

Sustainability is complex and contested<sup>141</sup>, but the adage: ‘What you measure you manage’ is as true for sustainability as anything else. The marketing industry therefore cannot

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<sup>h</sup> We recognise that SodaStream may not be considered sustainable in other respects, and in particular is suffering serious reputational damage for locating its offices in Israeli settlement on land occupied in 1967 and claimed by the Palestinians.

practice Sustainable Marketing unless it is clear about what it is trying to achieve in the longer-term, how to guide highly variable day-to-day decision making to get there, and how to measure the outcomes.

Some Sustainable Marketing metrics need to be established at a sector level, and preferably within the structure of Integrated Reporting (as discussed in part 2). Other metrics need to be decided at a company specific level in conjunction with stakeholders, and guided by the foundations laid out in this document. One way of ensuring marketing metrics are sustainable is to incorporate sustainability into the brand and then measure the uplift in value as a result, something companies are beginning to show an interest in.

Setting out and measuring progress is central to Sustainable Marketing and therefore the final foundation is that marketers should: **Take a rigorous approach to measuring the sustainability of all marketing decisions.**

## 5 Conclusions to Part 1

Marketing is on a journey – from ‘make-and-sell’ to ‘sense-and-respond’ to ‘guide and co-create for sustainability’. A focus on ‘brand’ has emerged, alongside recognition that all products are in fact services – a formal acknowledgement of the social role that offerings and companies play in people’s needs, identities and communication strategies.

Relationship marketing has underpinned the ‘brand’ focus with the understanding that it is only through creating and maintaining authentic, long-term relationships with certain groups of people that a company will be able to remain sustainably profitable. If we rely on brands to help tell the story of who we are to other people, then it really matters what these brands and the companies behind them represent. If they do something to embarrass us or which goes against what we are trying to say, then, unless we have a very deep relationship with them where such errors can be forgiven and rectified, we will shun that brand as if it is a disloyal friend. Personal success is now deeply aligned with the success of brands and vice versa. When diminishing environmental health, rising inequality and financial instability are brought into this picture, companies and customers are relying on each other to get to a place where both are viable and thriving.

The foundations for sustainability in marketing are beginning to be formally set. In 2007, the AMA definition became “*Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.*” This re-focused attention on the impact of marketing on all stakeholders in society<sup>142</sup>. In 2013 the UK Marketing Society launched its new manifesto for Marketing which stated that its purpose is “*To create sustainable growth by understanding, anticipating and satisfying customer need.*” They added that “*Sustainable growth is a powerful idea that implies that the growth is profitable and that it reflects the broader needs of society and other stakeholders so that it can be sustained for the long run wherever it applies. Our definition of marketing also means being sustainable in its modern sense – in balance with society and the environment.*”<sup>143</sup> There are important questions around how ‘sustainable growth’ is interpreted<sup>144</sup>, but the general direction of the Marketing Society approach is clearly promising.

Not only is there emerging recognition of this critical challenge within marketing, but marketing theory and practice are set-up to deliver this long-term change through deep relationships. The challenges can’t be underestimated but marketing has never been in a better place to drive forward sustainability. However movement towards a tipping point in the theory and practice of marketing requires a number of key actions. In this paper we have outlined the six most pressing that we feel are required. Part 2 will suggest ways these can be driven forward – both by marketing and by surrounding stakeholders in the world in which marketers operate.

## **PART 2 - Towards Implementation**

Achieving the six foundations of Sustainable Marketing, and hence arriving at a 'guide-and-co-create for sustainability' marketing approach, requires action at many levels. If marketing as an industry is to play its central role in this, then the specific actions that can be taken need to be identified and driven forward by the industry within a framework of conduct for Sustainable Marketing. We believe that the detailed content of such a framework can only meaningfully be developed in a participative manner, and there are many options that could help drive change. We do not, therefore, claim to provide a definitive list, but in the second part of this paper, we offer options for consideration by the industry, organised under each of the six foundation headings.

### **6 Adopt a long-term sustainability mindset**

The Cox review found that three-fifths of senior managers consulted thought short-termism was a major or significant impediment to their corporate success<sup>145</sup>. Concerned with the short-termism that is promoted in life and business Larry Fink, CEO of BlackRock, wrote to CEOs of the largest companies urging them to focus on long-term sustainability minded strategies<sup>146</sup>. Sustainability is at the heart of corporate success and Sustainable Marketing rests on marketers being empowered to deliver on long-term sustainable objectives (10 years plus) and to be able to stick to 3-5 year sub-strategies and objectives, without them being overridden by short-term profit-maximising targets that jeopardise the long-term aim – for example employing environmentally unsound promotional campaigns in order to 'shift product' when this goes against the brand and corporate sustainability values. This is different to being agile in how plans are delivered as new knowledge comes to light – which is of course necessary. Long-term thinking "creates tensions with the short-term focus that dominates corporate decision-making"<sup>147</sup> and therefore marketers must exert their influence through embedding and justifying marketing decisions rather than purely sales-based decisions.

Although many changes required in the macro landscape that drives short-term thinking and practices are beyond the scope of this document<sup>i</sup>, there are some factors that are critical for supporting long-term thought and action in marketing.

#### **6.1 Choose investors wisely, set the right expectations and educate**

To make business sustainable and to foster sustainability through businesses, a variety of actions are needed from vested interests in the company and all along the supply chain. As stakeholders in a business, shareholders are central to the way in which a company operates. Companies are obliged to deliver value for shareholders. However this can be interpreted as short-term monetary value, or longer term value which balances longer-term monetary returns with other types of value a shareholder may be looking for – for example knowledge that their investment has not caused harm, or actually promoted good. The extent to which a company can pursue sustainability depends on attracting investors who are already inclined to support broad sustainable strategies that extend to 50 years plus

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<sup>i</sup> Editor's note: Economic and business models that overcome the challenges of short-termism are to be explicitly considered in a later paper in the Big Ideas series. Also see here for a good academic review of 'Bringing long-term thinking into business' <http://nbs.net/wp-content/uploads/NBS-Long-Term-Thinking-SR.pdf>



and/or educating existing shareholders to the value of this approach.

The type of investor that is attracted will rely on a number of factors. The view a company has about its shareholders is important – do they see them as whole people with concerns about employment, community and with their own values or rather as only seeking to maximise financial returns (this is similar to the point we made about customers in Part 1). The former is likely to lead to deep relationships, which can transform business practice and the latter more will result in an instrumental approach, which will constrain sustainability action<sup>148</sup>. Additionally, with the rise of activist shareholders seeking to put pressure on companies to alter practices to increase short-term gains for those investors, companies that have deeper relationships with their shareholders will be in a better position to counter activist approaches, which threaten the long-term health of the business<sup>149</sup>.

Attracting the right investors and maintaining good relationships relies heavily on senior executives. Thankfully, major shifts can be observed in this respect. For example this year (2014) Tim Cook, the CEO of Apple defended the decision to provide 100% of power used from renewables and to exit from ‘dirty’ minerals. Speaking to investors he proclaimed that: “If you want me to do things only for ROI reasons, you should get out of this stock”<sup>150</sup>

This represents a shift from the old order, which is becoming more and more common. Since the recent economic recession the weight of support for rethinking our current form of capitalism is growing across all spheres<sup>151</sup>. Not just in academia but also amongst practitioners. Patagonia has launched its ‘Responsible Economy’ drive, Ian Cheshire of Kingfisher has said that “*Instead of the goal of maximum linear growth in GDP, we should be thinking of maximum wellbeing for minimal planetary input... That starts to challenge business to go beyond efficiency gains, useful though they are, and really redesign their business models.*” Unilever is another large company talking about the need for ‘long-term capitalism’. Unilever CEO Paul Polman put the case strongly in an article for McKinsey<sup>152</sup>:

*“The “short-termism” of so much modern business—“quarterly capitalism”—lies at the heart of many of today’s problems. I agree and have said so many times, occasionally to my cost. At Unilever, words have been backed with action. We have aligned management incentives for the long term and invested heavily in R&D to build our pipeline of innovations. In addition, we have moved away from quarterly profit reporting; since we don’t operate on a 90-day cycle for advertising, marketing, or investment, why do so for reporting? ... [We] have also been among those companies “to resist playing the game” when it comes to issuing guidance. The share price may have fallen on the day we announced an end to guidance but is now 35 percent higher. Nothing in the intervening two years has persuaded me that this was the wrong thing to do. We will therefore go on resisting.”*

Companies who are serious about sustainability and sustainable marketing need to be articulating similar visionary perspectives that drive the right kind of investors to allow greater speed of transformation to be made.

### **Support from the sidelines**

Along with senior executives, supporting institutions have a big role to play in incentivising this shift through demand for Socially Responsible Investments (SRI). The CEO of McKinsey has argued that this is the only real way to create the conditions to counter the “tyranny of corporate short-termism”<sup>153</sup>. Again there have been significant shifts since the

1990's, with major pension funds and other institutions, such as the Church of England and the Norwegian Sovereign Wealth Fund adopting SRI approaches. The market for SRI is still relatively small but growing – total funds under management in 14 European markets increased from €7 trillion to €11 trillion between 2009 and 2011<sup>154</sup> and every investment company that adopts SRI principles makes it easier for companies like Apple and Unilever to make a stand. NGOs can support this by playing a watchdog role in monitoring and ranking companies' sustainability strategies and performance.

## **6.2 Adopt the International Integrated Reporting Framework**

The launch this year (2014) of the International Integrated Reporting Framework (IR) is significant in supporting long-termism. For the first time it provides a standardised mainstream approach to annual reporting which is based on more than a financial historical snapshot. Through IR a company sets out its short, medium and long-term strategies and relates them to a range of 'capitals' (resources) it draws from and adds to: in IR it is not just a yearly stock take of financial capital that is reported but also of natural, social and relational, intellectual and manufactured capital. This gives investors much richer information to guide them and should help move the stock market to a more strategic, long-term, holistic view of the value of a company and its actions. IR is being driven by some of the world's foremost financial institutions and companies and has already been adopted by South Africa as the recommended reporting approach to comply with its national Integrated Reporting requirements. The Global Reporting Initiative, the most popular sustainability reporting framework has worked closely with the IR's council in developing IR and although the metrics used within the IR framework are not prescribed, GRI is likely to be used by most along with other standardised approaches such as ISO. The GRI4 has been developed to work with IR.

Marketing, as the heart of organic value creation for any company, has an important role to play in IR, articulating long-term growth in social and relational value with customers and describing the ways in which the company is delivering on real primary needs through sustainable products and services. Through a strong sustainable marketing approach, marketing can support the company in convincing investors of its long-term foundation for success.

### **Support from the sidelines**

Governments and regulators can support this by making IR mandatory as quickly as possible, while NGOs can help shape the indicators of long-term business success through working with organisations such as GRI and ISO.

## **6.3 Counter short-termism through evidence and argument**

Although choosing investors, setting a long-term sustainable strategy and articulating this through IR is mostly in the hands of senior executives, marketers at more junior levels can support this by communicating the costs and risks of a short-term strategy effectively. If IR is adopted and marketing metrics included, then this should help translate the long-term into day-to-day decision-making which marketers on the ground then become responsible to deliver against - marketers can also shape what those metrics are and how they are measured. Additionally, for those companies who are not following IR, developing measures of sustainable marketing success will be important to help adherence to long-term plans.

#### **6.4 Take strategic plans down to the most micro level and the shortest time scale**

By translating high-level corporate sustainability objectives into micro level plans that are referred to every day, they become explicit and are not so easily over-ruled by conflicting short-term targets. This might be done in conjunction with senior management but if there is reticence to do this, corporate plans can be proactively translated by marketing departments and built in to daily decision-making and agency briefs.

#### **6.5 Bring the long-term into marketing communications**

Recent research has suggested that those who talk about the future as if it is closer are more sustainable in their outlook, better prepared for the future and more successful in a number of ways: save more, retire earlier, smoke less, practice safer sex, and are less obese<sup>155</sup>. Similarly, while there are still limits to the understanding of sustainability across global societies, having a future orientation (the degree to which people engage in future focused behaviours e.g. planning, investing in the future, valuing long term results) increases support for sustainability initiatives<sup>156</sup>.

In a corporate setting then, the way the future is brought to mind in the language and practices of a company could be central to unlocking sustainable practices. Companies that do so outperform and are more solvent than those that do not<sup>157</sup>. For marketers and senior executives this means developing a corporate language and habits to bring the future closer.

This is not just about communicating a long-term approach to staff and shareholders. It is about developing a future-oriented corporate culture for sustainability through all stakeholder relationships. Strategically designing the brand identity and integrated communications to talk about the future as if it is closer and eliminating the language of short-term fixes for customers will not only shape their mental habits but will create customer expectations which give the company and its marketers the grace to deliver long-term and create the conditions necessary for solid customer relationships and not just market transactions.

#### **Support from the sidelines**

Regulation can be implemented to require cost benefit analysis of decisions, which explicitly take account of the long-term<sup>158</sup>, although these regulations can be interpreted in ways which render them ineffective. Remuneration can also be linked to long-term outcomes such as is being implemented at the Financial Services Authority. Much work has been done on how to counter short-termism through regulation by authors for example the Cox Review from 2013<sup>159</sup> and this topic is to be dealt with in more detail in Topic 6 of Friends of the Earth's Big Ideas Project: How can we focus economies and businesses on long-term sustainability?

## **7 Acknowledge the critical leadership role marketing plays in satisfying real primary needs and shaping our identities**

Marketing has long had an integral relationship with the social development of global societies. It has unavoidably shaped our social identities, lifestyles and cultures (and therefore our values, actions and wellbeing). Now, with concerted focus, it can play a central role in helping societies move to a sustainable way of interacting with each other and the natural environment.

As outlined in Part 1, products and services now play a much greater symbolic role in our lives than ever before. Marketing has a significant role in defining what different types of products and services communicate, with a very large combined budget purely for the purpose of shaping meaning through a range of channels. Marketers intentionally imbue products and services with different kinds of meaning and then connect these, either directly or indirectly, to our primary needs and to different identities that we may hold.

There are no neutral acts in communication, so every decision that a marketer makes will be either reinforcing or shifting the system of interconnected meanings. That means that sustainable offerings linked with intrinsic values and artfully connected to the identities of target audiences can be created – or the opposite could be the case. Of course this implies opaqueness in how even sustainable messages are crafted and that in turn raises serious ethical questions which have been considered at length about how marketing and social marketing is conducted<sup>160</sup>. True transparency in marketing activities, commercial or social, is a highly challenging area. There are some areas of marketing influence that can be legislated for and these will be outlined below. At the same time there are many areas where developing sound cultural values and norms in the marketing profession is likely to be the most effective and efficient way forward.

### **7.1 Acknowledging influence**

There are areas where marketing's influence requires restraint; acknowledgement of responsibility and it needs accountability. Given marketing's huge scope to occupy our symbolic space and, consequentially, to influence societies, either marketing needs to be much more heavily restrained, or it must acknowledge its influence and responsibility and adopt Sustainable Marketing behaviour. Without this, marketing will not be able to limit its negative impacts and help shape sustainable resource use and sustainable cultures. In that case the tension between marketing and sustainability would grow and the calls for marketing to be legislatively restrained in a broader set of areas would get louder. A lot of time, money and energy could be wasted in this battle and in the resulting regulation which might prove costly or ineffective - time which could instead be used towards working together on solutions that are important for everyone.

Recognising the influence of marketing implies a shift in its culture and, therefore, requires the institutions that help define marketing and who educate marketers to recognise the scope and implications of that influence. Paul Polman of Unilever argues that the move to sustainability, demands “*a generation of leaders with the mind-set and the courage to tackle the challenges of the future*”<sup>161</sup>. To deliver Sustainable Marketing therefore we must educate, develop, support and promote marketers with that courage and mind-set. Important institutions vary by country and some organisations are globally influential. In the UK some of the key organisations would be the Chartered Institute of Marketing (CIM) the Marketing

Society the Higher Education Academy and relevant academic institutions. It is recommended that these institutions contribute to and sign up to a 'framework for evolved marketing', which would include formal recognition of the influence of marketing over our current and future identities, values and cultures.

## 7.2 Being clear about intent

Individuals and social groups also have a central role in how they accept, reinforce and adjust marketing messages. Government, the media and all other actors who interact in society have a role in this. Some of this acceptance, alteration and reinforcement happens consciously: as many in marketing point out, people are not stupid and many are completely aware of the potential impact of the thousands of subtle messages they are faced with every day. However, the research is clear that as humans we are not often aware of or able to unpick deliberately how we are affected by the way messages are framed and crafted<sup>162</sup>. Strong associations between consumption practices, offerings and our needs are often held in the 'doxa' – the sub-conscious mind – where we are unaware of them or their malleability. Furthermore, many of the messages that marketers communicate are very subtle by-products of the central communication objective but are equally as powerful in shaping our world and identities. These background messages are what provide the baseline of what is perceived as normal for a particular lifestyle or group identity.

The influence of marketing on society in a way that society cannot control of its own free will has been recognised formally in a number of ways<sup>j</sup>. Citizens (actual or potential customers) are only partially able to mitigate the power of marketing. They might seek to avoid marketing wherever possible (e.g. avoid commercial TV), tell themselves over and over that what is being communicated is not true or desirable e.g. 'I will not really be able to dominate others if I buy this new inefficient car and why should I want to anyway?', actively twist the meaning of brands when engaging in word-of-mouth marketing "that car is actually driven by insecure people"; or engage in more organised efforts to regain the message space e.g. culture jamming. This has become much more feasible in the fragmented yet converging digitised world of information sharing and has in some ways reduced the power of marketing in our lives - on the other hand we are now unable to escape marketing as we could in the past – it is with us 24 hours a day in almost all of our online and offline environments.

Educators and NGOs could help individuals by bringing underlying associations between consumption and needs up to the level of 'discursive elaboration' (in other words to our consciousness) where they can be reformed before slipping back to our subconscious<sup>163</sup>. They could also provide consumer focused education resources such as those available within Financial Services <http://www.pfeg.org/>. Government could bring in mandatory education in schools about the history of consumption, how cultural meaning is created and reinforced by marketing and individuals. In this way individuals could structurally regain some control over marketing's influence. Countering messages is more effective in a group and therefore NGOs and others can help people to unpick marketing messages in a group context in order to understand the hidden meanings and effects better. However these are both laborious and expensive solutions, which are therefore unlikely to be feasible.

As a more efficient alternative, some have suggested putting general disclaimers at the

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<sup>j</sup> See WWF's 'Think of me as Evil' for a summary of some of this evidence:  
[http://assets.wwf.org.uk/downloads/think\\_of\\_me\\_as\\_evil.pdf](http://assets.wwf.org.uk/downloads/think_of_me_as_evil.pdf)

bottom of every advert that *“This advertisement may influence you in ways of which you are not consciously aware. Buying consumer goods is unlikely to improve your wellbeing and borrowing to buy consumer goods may be unwise; debt can enslave”*<sup>164</sup>. This might help the general public think more carefully about marketing messages, but could be easily ignored. Moreover, engaging rationally is unlikely to block the impact of the message, and would not affect the more subtle ways in which marketing shapes meaning e.g. through the design of offerings, where they are made available and the price point they occupy. However the proposition needs to be taken seriously because it encourages marketing to recognise the growing discontent about its influence and much disproportionality irresponsible conduct<sup>k</sup>.

The impact of marketing on the public is something that has increasingly been debated in politics with the rise of techniques designed to influence behaviours within a liberal paradigm – such as ‘nudge’ interventions<sup>165</sup>. Accusations of “liberal paternalism” have often been levelled against social marketing<sup>166</sup> - marketing techniques applied to a social cause. The debates around this give an interesting insight into how we might conceive of the influence of marketing and the difficulties in providing transparency in the marketing sphere. Evidence to the UK House of Lords committee noted *“two sorts of transparency which might be relevant to behaviour change interventions. Transparency might mean telling people about an intervention directly, or it might mean ensuring that a perceptive person could discern for themselves that an intervention had been implemented”* and that *“the latter, weaker form of transparency distinguished nudges from subliminal messaging, which was widely considered to be ethically unacceptable on the ground that it was wrong to influence people in a way that they are incapable of identifying”*<sup>167</sup>. The committee then noted that this is an extremely difficult area to regulate for: *“The line which divides an intervention that it is impossible to discern from one that it might be possible to discern, but almost never will be, is imprecise. We note however that this weaker form of transparency is all that is required of businesses when they seek to influence our behaviour through nudges. Retailers do not, for example, tell consumers that they have designed their stores in a way that is intended to encourage purchasing of specific types of product, such as confectionery.”* In conclusion the Committee noted that *“it is important that ministers are always able to explain the evidence-base of any proposed behaviour change intervention, and why it is a necessary and proportionate means of addressing a well-defined problem”*.

### 7.3 Taking responsibility and supporting restrictions

So, if companies are continually engaged in interventions, which change our behaviour - the question remains as to why they should have a lower level of ethics than others, such as governments? This should be best practice, if not regulated. Additionally, if adults may be unable to discern the influence of marketing on them, then children are incredibly exposed. As the House of Lords Committee recognised, transparency is not likely to be achieved and, therefore, limiting the exposure of promotional marketing to both children and adults is probably the only option and in this respect the WWF report outlines recommendations that we support<sup>168</sup>. This includes a call to create spaces or realms where commercial advertising (or promotional) activities are heavily restricted – something, which cities like Sao Paolo have implemented<sup>169</sup>. This would include limiting advertising by proxy by public organisations

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<sup>k</sup> A written response by Sir Martin Sorrell in response to the WWF report on advertising indicates this recognition is growing [https://www.linkedin.com/today/post/article/20140217095224-237838958-on-riots-advertising-and-not-treating-consumers-like-idiot?trk=tod-home-art-list-small\\_1](https://www.linkedin.com/today/post/article/20140217095224-237838958-on-riots-advertising-and-not-treating-consumers-like-idiot?trk=tod-home-art-list-small_1).

such as the UK's NHS – for example new mothers are routinely handed a pack of company sponsored trial packs in hospital straight after they have given birth and asked to disclose personal information<sup>170</sup>. A powerful statement about what the NHS endorses is created through this – including therefore people's perception of 'good' products.

Restricting promotions would help protect children from formative manipulation and give all people more psychological space to consider the non-market, non-material ways in which their needs might be better fulfilled. For companies committed to Sustainable Marketing, these measures should be supported, otherwise there will likely be an increasing gulf with citizens who are aware of the effect of marketing on them and those around them, resulting in more conflict (e.g. [www.brandalism.org.uk](http://www.brandalism.org.uk)).

## 8 Maintain a relentless focus on meeting real primary needs

As outlined in Part 1 Sustainable Marketing hinges on recognising that there are real primary needs that we as humans have to fulfil in order to have a high level of wellbeing. The modes and offerings that different groups see as 'normal' or likely to fulfil those needs, is dependent on culturally contextual conditions. If marketing only uses wants or customer value assessments as the starting point of innovation and strategy and does not consider its obligation to potential customers as citizens with a range of needs (only some of which that company will fulfil) then the urgent transformation to sustainability required will not happen.

Re-aligning the role of marketing to a societal marketing approach which focuses on real primary needs requires the institutions that uphold definitions of marketing to intervene – similarly to how the guidance role of marketing should be recognised (Section 2). Of course if you work in a company headed by someone like Elon Musk this becomes easier<sup>1</sup> however here we set out a number of routes that can be taken to stimulate a primary needs approach to marketing.

### 8.1 Stop checks

As corporate strategic direction is being formed, new products are developed, marketing channels selected, price points decided, advertising agencies briefed or marketing collateral created, 'stop checks' can be built in, to assess the extent to which these are providing synergistic needs fulfilment for the group in focus (in terms of their whole persons) rather than providing pseudo-satisfiers or destroyers. Determining this rests on a value approach of marketing and would be very difficult to regulate, so voluntary adherence to an industry framework, with self-and stakeholder pressure to comply would be a more appropriate approach.

As discussed in part 1, there are certain values such as cooperation and care for others, which are shown to promote long-term needs fulfilment and wellbeing of society. As others have recommended, stop checks can also be used to assess the extent to which companies are promoting cultural values that are unhelpful to sustainability versus those that are helpful and that these associations are commensurate with the underlying marketing offering<sup>171</sup>.

There are already some guidelines on greenwashing produced by the UK CAP (Committee for Advertising Practice – non-broadcast promotions) for administration by the ASA (Advertising Standards Authority). These cover unsubstantiated green claims but not other areas more pertinent to how consumption claims to fulfil our needs. For example the use of powerful symbols such as wealthy lifestyles, status and sexual prowess to imply one can achieve these through consumption of certain unsustainable products (what could be termed 'gold-plated green washing'), or implication that consuming certain products will make you a

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<sup>1</sup> Musk has removed Tesla's patent barriers to its electric vehicle technology. Musk stated Tesla was: "created to accelerate the advent of sustainable transport" and "if we clear a path to the creation of compelling electric vehicles, but then lay intellectual property landmines behind us to inhibit others, we are acting in a manner contrary to that goal." For Musk, social need fulfilment was the absolute end goal – not profits, which are a critical means to that end. [http://www.sustainablebrands.com/news\\_and\\_views/behavior\\_change/mike\\_hower/tesla\\_opens\\_patents\\_advance\\_ev\\_movement](http://www.sustainablebrands.com/news_and_views/behavior_change/mike_hower/tesla_opens_patents_advance_ev_movement)



better person, for example Coke's use of community values in its 'Simpson's 'open happiness' campaign<sup>172</sup> which could be described as 'value-washing'.

However there is a precedent in restricting these kinds of absurd associations between needs and products that cannot be reasonably judged to fulfil them: in alcohol marketing the CAP has created an enforceable code regarding the associations that can be made between alcohol and certain desirable aspects of our identity. This is complimented by a voluntary code administered by the Portman Group, which ensures greater leadership in the area. The CAP code states that: "*Marketing communications must not claim or imply that alcohol can enhance confidence or popularity*" and "*Marketing communications must not imply that drinking alcohol is a key component of the success of a personal relationship or social event*"<sup>173</sup>. This could be usefully extended to products, with relatively high environmental impacts. The approach of CAP for alcohol and indeed tobacco or gambling, does raise a broader question – if it is wrong to mislead the public regarding the effects of alcohol on their needs fulfilment then why is it ok for the public to be misled about any other market offering and the needs fulfilment it promises. Alcohol, gambling and tobacco, provide straightforward examples of a pseudo-satisfier but that doesn't mean other offerings are not as effective at reducing our long-term wellbeing though promoting debt and psychological issues associated with unmet needs. The complexity of pinpointing a link between an offering and an outcome does however suggest that an extension of CAP's approach to all market offerings would be overly complex, but the spirit of CAPs approach could form part of a framework for evolved marketing.

## 8.2 Portfolio analysis

Marketers should assess their current range of market offerings for the real primary needs they fulfil for their customers in the longer-term and to assess whether they are environmentally and socially sustainable. This will necessitate not only understanding what they are achieving and their inherent sustainability throughout the supply chain but also how sustainable are the symbolic messages used. This should lead to a rationalisation of products, eliminating those that do not fit the corporate Sustainable Marketing objectives. What constitutes best practice in social and environmental sustainability changes quickly, so regularly scheduled analysis is important.

## **9 Take a rigorous, objective approach to making sustainability decisions and measuring impact on sustainability**

No matter how opaque and contested ‘sustainability’ might appear it is critical that each company sets out its definition and a statement of ‘materiality’ – the key ways in which that company affects the range of ‘capital’ on which sustainability relies. Materiality is core to Integrated Reporting and to GRI4 reporting. This then informs the strategic direction of the company in the short, medium and long term and the selection of metrics of progress (as outlined in section 6). Guidance on terminology could be created on the definition and scope of marketing as part of a framework for evolved marketing. This guidance should help evaluate corporate maturity on key elements of Sustainable Marketing including the six foundations we have outlined in this document. Additionally, the process of working with organisations like GRI and ISO in creating marketing focused metrics, potentially at the sector level, will be critical in building momentum in the marketing industry as well as establishing appropriate benchmarks.

## **10 Recognise and build-upon relationships as the foundation of marketing success.**

Building long-term relationships with all stakeholders is increasingly seen as the key to business success and is certainly a foundation of Sustainable Marketing. This approach demands both senior level strategic direction, and clear programme level objectives and actions. It is a philosophy that must transcend the organisation. The other five foundations of Sustainable Marketing all support a relationship marketing approach to Sustainable Marketing. The key institutions that define marketing can help by making apparent, and reinforcing, the connections between Sustainable Marketing, Relationship Marketing and long-term business success.

Marketing metrics also need to change to reflect a relationship marketing approach – for example where strong relationships are in place often the goal of one party becomes the same as the goal of the other, therefore marketing success would be focused on shared goals with suppliers and customers.

Gundlach and Murphy<sup>174</sup> have outlined the types of legal framework suitable for relationship marketing, and highlight that it requires, and helps develop, a level of moral agreement which is hard to legislate for. There is only so much that contract law can do where long-term relationships are the basis for engagement and therefore the role of ethics and shared commitments to trust, responsibility and equity become critical.

However legislation could support the development of relationship marketing. Enforcing supply chain legal failures as joint legal failure of any company that has entered into a contractual relationship with that company is one way this could be done, building on the principles outlined in John Ruggie's report for the UN on the human rights responsibilities of multinational enterprises<sup>175</sup>, and some experience with the US Alien Tort Claims Act<sup>176</sup>.

## **11 Put marketing at the heart of all organisational strategic decisions**

If marketing as an industry, delivers the above five foundations then it will be a force driving sustainability forward – not just providing sustainable goods, but not providing market goods where non-market consumption practices are better suited. In fact at such a mature stage marketing is likely to make explicitly clear to customers which non-market solutions are best for them (something leading companies are already doing). At this point marketing's deep understanding of customer needs should be at the heart of an organisation if that organisation is to move forward with a successful business model that delivers long-term. As such, with marketing being at the heart of strategy, sustainability can be the driving force of the organisation from the customer outwards; any 'back-end' changes made to how offerings are produced will be done in ways appropriate to the whole customer in the long term; and transformational change that alters the fundamental business models of organisations will be possible.

## **12 Conclusions to part two: Levelling the Playing Field and Supporting Change**

Implementing the above six foundations of Sustainable Marketing is the key not only to sustainability but also to long-term business success. Some companies are already quite far down this road. Some of these have a range of positive conditions in their favour, such as healthy margins, supportive shareholders and good relations with customers. Others, often due to an unsustainable short-term strategy, are in a less accommodating context, facing highly competitive cost-based markets where they are not sufficiently differentiated, unforgiving customers due to lack of customer relation building, no financial buffer for investment in the future and shareholders expecting short-term high returns. A question remains as to how marketers in companies pursuing short-term gains in the status-quo (for which they receive immediate reward) can be supported in their transition without hampering those marketers in companies who already expend a lot of time and energy creating the conditions for long-term sustainable success.

Even for those moving ahead in this sphere there needs to be guidance, support for increased innovation in this area and more structured recognition for those changes they are making. Furthermore, we recognise that change needs to be made as quickly as possible given the current unsustainable trajectory.

### **12.1 Regulation**

Regulation is one way of making change happen and it is something the public and NGOs often reach for when trying to solve a social problem: a concrete, enforceable, rule-based intervention. Regulation can seem like a simple and credible fix. Politicians, the media, members of the public and, strangely, industries like regulation because it creates a seemingly predictable and fair approach: regulatory intervention seems tough, it over-rides vested interest and operates in the interests of all to create level playing fields. However regulation is not always the easy fix it might appear. In some circumstances regulation can have the opposite effect to that intended by restraining real change. Unlikely as it may seem, regulation is these days a highly sophisticated art, and a science. Smart regulation requires great skill, experience, professional judgment and sensitive execution.

### **12.2 Voluntary approaches**

Voluntary approaches also have their advocates, and can be powerful depending on how important membership of the voluntary group is. In some cases being thrown out of a voluntary code grouping can, in effect, mean a company is forced to stop trading in that sphere, for instance, in the UK if a Royal Charter is in place. For the field of marketing, the UK Advertising Standards Agency (ASA) is a self-regulatory body, not governed by statute – it was agreed by the Molony Committee shortly after inception in 1961 that this could remain the case while proper standards were being seen to be maintained (in America advertising is governed by statute). It is funded by a levy on the advertising industry presumably because it feels it is in its best interests to self-regulate (although it must have an independent chairman with no vested interests). It has significant powers, which can effectively require an advert to be changed even though not all the codes drawn up by the CAP (Committee for Advertising Practice) and BCAP (Broadcasting Code of practice) are grounded in law. These codes are focused on promotional marketing activity not marketing as a whole and relate generally to principles that promotions must be true, fair (not anti-competitive) and not misleading. There

is also regulation to cover health and safety. It is from these principles that the government guidance on Green Marketing (not misrepresenting the environmental performance of a product) also derive<sup>177</sup>. Although some of what we have outlined in this report could possibly be covered by the ASA, the agency does not cover marketing as a whole and although some intervention may be welcomed, it would not offer the flexibility to drive the scale and speed of change required in the industry. There is no single regulatory body or approach that captures all the foundations of Sustainable Marketing. Change will therefore likely require additional voluntary measures and possibly also new institutions.

### 12.3 The journey

The regulator's skill is to blend the infinite combinations of rules, guidance and incentives of voluntary standards, education, supervision, threshold standards, fiscal measures, liability, accountability and enforcement. The mix depends on the stage of development of the industry and the issues in question. How a regulator blends these 'tools' in practice determines long-term effectiveness or sustainability. Jackman (2002) has developed a model of sustainable regulation using a range of approaches as sectors mature and values converge. This model (Appendix 1) categorises firm culture and regulatory response as well as suggesting a direction of travel for all interventions.

The experience of financial regulation, for example, is that focusing on process (such as selling practices) does not always prevent market failure. Instead a focus on principles or outcomes with requirements for industry practitioners to be able to give reasonable answers to questions about them, is the direction that regulation is now heading – a Principle-Based Approach. This is because regulatory approaches that are too prescriptive can drive defensive strategies and dependency culture. An industry of compliance and risk management masks real progress in addressing outcomes. We believe it should be more effective and efficient to try to influence corporate culture, values and governance through a principle-based approach where clearly defined outcomes and critical questions regarding them are the foundation of change. This shifts the focus to prevention and on the cause of issues, not managing the effects. Recognising that change is a journey also means recognising different stages of maturity towards the outcomes. Maturity matrices are beginning to be used to help plot that journey and can be used to help guide the Marketing industry's journey. An example of a maturity matrix currently in use is in Appendix 2.

Whilst recognising that regulation may play a role in the journey towards Sustainable Marketing, **we suggest that the first step is for industry level development of a framework for evolved marketing, taking the six foundations outlined here as a starting point to move the industry beyond the scope of process regulation and aim for a principles and values-led approach as quickly as possible.** Such a framework would serve to clarify what is meant by Sustainable Marketing, what the key outcomes are and what maturity towards each outcome looks like. Additionally, it would provide the incentive and structure necessary to help companies begin, advance or solidify their Sustainable Marketing journeys. The process of creating this will help provide the cultural foundation necessary for change in this area and help reduce the barriers to change that are inherent in the status quo.

### 13 Conclusions

Marketing Sustainably and Marketing Sustainability are both critical – together forming the basis of Sustainable Marketing. However to achieve Sustainable Marketing is not a simple matter – so far the industry has been muddling along, unclear of both the goal and the path<sup>178</sup>. The shift requires transformative changes to the ideology and practice of marketing as well as its supporting systems. Centrally, marketing must move from a ‘sense-and-respond’ mission to one of ‘guide-and co-create for sustainability.’ Without this fundamental change (via the suggested changes necessary to support it) it seems unlikely marketing will achieve more than incremental and inconsistent contribution to sustainability - sustainability will only ever be a sideshow to the real event.

We have outlined six key foundations that we believe will provide the base needed for a profound acutely important shift in marketing from one of ‘sense-and-respond’ to one of ‘guide and co-create for sustainability’, enabling Sustainable Marketing to thrive. Each of these interconnected changes are necessary and together they would provide a system which can support a new era of marketing, one in which: *marketing drives companies to guide and co-create for sustainability - though building long-term collaborative relationships with their customers, and innovating sustainable consumption options that are inspired, driven and evaluated by their success in fulfilling long-term primary human needs, and enhancing positive and intrinsic social values and ethics.*

In order to provide the cultural conditions for change effective an appropriate framework for evolved marketing will be critical. The next step is for marketers to come together with other stakeholders and begin to shape the principles and outcomes of Sustainable Marketing, which they can then use to transform marketing into a critical driver for sustainability and away from being a perpetuator of unsustainability. If this document helps spur and fuel that process, it will have served its purpose.

## Appendices

### Appendix 1. A Model of Sustainable Regulation

Values and culture of firms	Compliance and regulation
<p><b>Minimum Standards</b></p> <ul style="list-style-type: none"> <li>▪ Hopes never caught</li> <li>▪ Does as little as can get away with</li> <li>▪ Cost controls over-rule</li> <li>▪ Tries to abdicate decisions and responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>▪ Regulation – enforcement</li> <li>▪ Reporting – transparency</li> <li>▪ Market discipline</li> </ul>
<p><b>Compliance culture</b></p> <ul style="list-style-type: none"> <li>▪ Unthinking, mechanical compliance</li> <li>▪ By the book – black or white</li> <li>▪ Tell me what I have to do</li> <li>▪ Business prevention</li> <li>▪ Bureaucratic costly</li> <li>▪ Culture of dependency</li> </ul>	<ul style="list-style-type: none"> <li>▪ Box ticking</li> <li>▪ Audit + reporting obfuscation</li> <li>▪ Systems and controls + MI detail</li> </ul>
<p><b>Business improvement</b></p> <ul style="list-style-type: none"> <li>▪ Risk focused, self policing</li> <li>▪ Some buying in at senior level</li> <li>▪ Ethos integrated into most business processes</li> <li>▪ Seen as assisting business and reputation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Converging regulatory outcomes</li> <li>▪ Proactive - corporate memory</li> <li>▪ Good PR – reputational benefit</li> </ul>
<p><b>Values – led</b></p> <ul style="list-style-type: none"> <li>▪ Internalise core values</li> <li>▪ Spirit not just letter</li> <li>▪ Values focused, goes beyond rules, not just compliance</li> <li>▪ Well developed individual responsibility and involvement</li> <li>▪ Continued reassessment and learning culture</li> <li>▪ Awareness and discussion of ethical considerations at all levels</li> </ul>	<ul style="list-style-type: none"> <li>▪ Partnership reporting</li> <li>▪ Ethical culture develop</li> <li>▪ Shareholder partnership</li> </ul>

FSA DP 18 2002 D Jackman <http://www.fsa.gov.uk/pubs/discussion/dp18.pdf>



## Appendix 2. An Example Maturity Matrix

Purpose and principles	Key issues	Start up	Gaining momentum	Self-sustaining commitment	Leadership and innovation
<b>Mutuality</b>	Building systems that enhance shared benefits and <b>local interaction</b> .	Community meetings / surveys to identify local issues Competences mapping Newsletter / blogs	Organised committee and structure, plan and reporting Stakeholders contacted Eg: Trader to trader exchanges Local produce mark	Create new infrastructure Eg: Local currency Local producers' market Allotment schemes Energy collectives	Build skills for long term Extend scope and export skills to other communities Eg: Community Interest Company (CIC) Credit Union
<b>Social Cohesion</b>	Building shared experiences and values; open and inclusive	Ad hoc events that bring meaning to community Eg: ; community forum / website, public space use, celebrations, sports	Reduction of inequities Community leadership Eg: Community planning Land and building re-use Shared transport schemes	Engagement of marginalised Promotion of local identity Eg: Drop-in centres Faith partnerships Child-care schemes	External connectivity Eg: Community networks Joint funding applications Connect with voluntary sector
<b>Well-being</b>	Investing in long term health, education and quality of life	Measures of <b>well-being</b> , + audit. Starter schemes Eg: Keep fit schemes Evening classes Litter reduction	New community schemes Eg: Work / school partnerships Safety in design Neighbourhood watch	Substantive projects Eg: affordable housing Control second homes Care in the community Multiple use of public buildings eg: schools, halls	Community long term plan Co-housing Spaces for lifetime needs Community 'hub' / buildings
<b>Resilience</b>	Embedding collaboration; adaptable under pressure	Risk – awareness Eg: flood control measures Economic forecasting	Development of economic depth / diversity / quality Eg: Incubator units Support local public transport services	Local economic partnership Eg: Local finance schemes SME and start-up facilities Shared IS system, wifi sites	Independent accreditation Local currency or credits Community resilience index Seek inward investment
<b>Resource use</b>	Stewardship for successive generations: resources, <b>opportunities</b> and environment.	Engagement through shared transport / travel to work schemes Recycling systems	Organised schemes Eg: Joint fuel buying schemes Set-aside Green spaces	Risk mitigation Eg: Local renewables Rail enhancement Cycle paths Toxic site renewal	Resource plan 5 yrs + Long term carbon reduction Shared resource ownership
<b>Environmental management</b>	<b>Enhancing biodiversity, stewardship of environmental resources.</b>	Biodiversity research Back garden surveys Footpath repair	Identify environment and heritage at risk Eg: restoration of buildings Local wardens Information signage	Stewardship integrated plan Eg: River course health Sites of scientific value Green plans	Independent accreditation Partnership with authorities Corporate accountability

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<sup>178</sup> Forthcoming publications by Victoria Hurth and colleagues illustrate the current confusion around the concept of Sustainable marketing and paths to achieve it.