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Evolution of sustainability as marketing strategy: Beginning of new era

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Abstract

Time has witnessed the different phases of marketing strategy. Out of which, sustainability is the key issue which has emerged in marketing strategy over the time. In earlier phase of 1970s, ecological issues have emerged as a new paradigm in marketing strategy. Then in next decade, social issues picked up the lime light and emerged along with ecology. Reassessment of the issues resulted in evolution of green or environmental issues in marketing strategy and now the sustainability in marketing strategy has become the focus of attention of the researchers. Therefore, the objectives of this paper are, first, to review and understand concepts of marketing strategy and sustainability, secondly, to discuss evolution of sustainability in marketing strategy and lastly, to discuss the future of sustainability marketing strategy.

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1. Introduction

The first marketing course, i.e., ‘The marketing of Products’, was established in ‘University of Pennsylvania’ in 1905 (Peattie and Belz, 2010). The concept undergone many changes with time after that and the field of marketing has experienced different changes. Talking specifically about marketing strategies, these have also undergone many changes and focus of marketing has also become consumer

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oriented as the customers' requirements and expectations have also changed. Different issues are raised in marketing strategy with the passage of the time and companies always tried to adopt different marketing strategies to gain competitive advantage in the market. Today, sustainability is that area which is being explored by companies for growth and development. Sustainability works on 'Triple Bottom Line' approach i.e., people, planet and profit (Charter et al., 2006). Brundtland Report, 1987, named "Our Common Future", coined the term sustainability. In this report, sustainable development is defined as "development that meets the needs of current generations without compromising the ability of future generations to meet their own needs", revived the discussion on the role of business in society (WCED, 1987; p.24). Sustainability, on the other hand is defined as:

According to Veiderman, "*Sustainability is a vision of the future that provides us with a road map and helps us to focus our attention on a set of values and ethical and moral principles by which to guide our actions*" (cited in Munier, 2005).

It is clear from both the definitions that some steps have to be taken today to save future of coming generations. It also revealed that sustainability is a long term vision that deals with development of strategy based on ethical and moral principles. But, most of the time, the meaning of sustainability is understood as environmental sustainability, but it is limited not only to environmental issues, but also include the social and economic issues (Obermiller et al., 2008). Sustainability says that business practices should be assessed in terms of sustainability through economic, environmental and social dimensions. Therefore purpose of this paper is, first, to review and understand concepts of marketing strategy and sustainability, secondly, to discuss evolution of sustainability in marketing strategy and lastly, to discuss the future of sustainability marketing strategy.

2. Brief literature review

Sustainability in the field of marketing is studied through different perspectives. Some authors took environmental or green issues and other took social issues. But sustainability has got three dimensions as discussed earlier i.e., environmental, social and economic. The previous studies evaluated and analyzed the green or environmental marketing strategies (Polonsky, 1995; Aragon-Correa, 1998; Buysse and Verbeke, 2003; Camino 2007; Fraj- Andrés, 2008). Further, the marketing strategy has also been analyzed from the social aspect (Maignan et al., 2004, 2005; Soriano et al., 2010). But very few studies exists which developed the link between sustainability and marketing strategy. Therefore, there is need to design marketing strategy which can deal with problems related to achieve environmental, social and economic goals and objectives in integrated manner. But, it is very complex to design effective marketing strategy because each business objective requires different marketing strategy comprising of unique set of decisions (Slater and Olson, 2001). Therefore, analysis and evaluation of marketing strategy in terms of sustainability is also a unique objective and requires special attention. Therefore, this paper firstly, focuses on concept marketing strategy. Secondly, it discusses the evolution of sustainability in marketing along with the concepts of sustainability marketing and sustainability marketing strategy. Finally, it shares the issues and changes related to sustainability marketing strategy.

3. Marketing strategy

As far as the field of marketing strategy is concerned, it is very less explored by researchers. The prime role of marketing strategy is to achieve competitive advantage (Slater and Olson, 2001; Ansary, 2006). Therefore marketing strategy is important component of strategy which cannot be overlooked. The different authors define marketing strategy in different ways:

“According to different companies, marketing strategy is a long term activity and deals with achievement of specific objectives through broad plan of actions” (Greenley, 1989).

According to Walker et al. (1992), *“Marketing strategy is defined as the effective allocation and coordination of marketing resources to accomplish the organization’s objectives within a specific product market. As such, marketing strategy decisions involve specifying the target market segment(s) to be pursued and the product line to be offered. Further, firms seek competitive advantage and synergy, planning a well integrated program of marketing elements (the 4P’s) tailored to the needs and wants of customers in the target segments”* (cited in Zinkhan and Pereira, 1994).

According to Slater and Olson (2001), *“Marketing strategy deals with decisions related to market segmentation and targeting, and the designing of positioning strategy based on marketing mix.”*

According to Ansary (2006), marketing strategy is defined in terms of formulation as, *“Marketing strategy is defined for our purpose as the total sum of the integration of segmentation, targeting, differentiation and positioning strategies designed to create, communicate and deliver an offer to a target market”*

Varadarajan (2010) gave definition of marketing strategy in terms of product offering, according to him, *“Marketing strategy refers to an organization’s integrated pattern of decisions that specify its crucial choices concerning products, markets, marketing activities and marketing resources in the creation, communication and/or delivery of products that offer value to customers in exchanges with the organization and thereby enables the organization to achieve specific objectives.”*

With the passage of time, the definitions of marketing strategy have changed. Greenley (1989) described it as a broad plan of action which deals with achievement of objectives. Walker et al. (1992) tried to simplify the definition and took it to next level. But Slater and Olson (2001) used few but productive words to describe it. Ansary (2006) in his study on marketing strategy revealed that the concept revolves around 3Cs i.e., customer, company and competitors. He further includes the segmentation, targeting, differentiation, positioning along with branding, which unites all elements with marketing mix for formulation and implementation of marketing strategy. Branding was included because it was something which was left conceptually from marketing strategy. Lastly, Varadarajan (2010) also defined marketing strategy in his own words. But, all the definitions of marketing strategy linked with the segmentation, targeting, and positioning, branding and marketing mix of the company.

4. Evolution of sustainability in marketing

Field of marketing has also evolved over time. Evolution of marketing has been discussed through five concepts, which are: production concept, product concept, selling concept, marketing concept and societal marketing concept. All the marketing activities revolved around these concepts. Production concept was based on meeting unsatisfied demands by producing more at lesser cost. Whereas the product concept holds that the consumers prefer quality products with sound performance and innovative features. Selling concept relies on aggressive selling and promotion. But in the mid of twentieth century, marketing concept came with a focus on consumer centric approach. It holds that the marketing activities should be based on creating communicating, and delivering superior value to targeted customers. Finally, the societal marketing concept came, which is based on bringing social and ethical consideration into marketing activities (Kotler, 2008). But now, it is time to include sustainability criteria into marketing, which is the need of the hour. The companies should keep in mind that sustainability has become a requirement; it does not remain as an option (Charter et al., 2006). The time has gone when it was an option, now it is becoming obligation for the companies so as to achieve competitive advantage. It is essentially a requirement in the business because, the concept of marketing is not remained limited to intra-personal and inter-personal needs; it is getting extended towards needs of future generations (Dam

and Apeldoorn, 1996). The concept of marketing is extending towards fulfilling the needs of future generations, which further means that creating, communication and delivering sustainability based value to customer. It can be said that company has to balance its marketing strategy in such a way that customer needs can be fulfilled after maintaining profitability, public interests and ecology (Vagasi, 2004).

5. Social and Societal Marketing

The first definition of social marketing was given by Kotler and Zaltman (1971), according to which, “*Social marketing is the design, implementation, and control of programs calculated to influence the acceptability of social ideas and involving considerations of product planning, pricing, communication, distribution, and marketing research.*”

With the passage of time, the field of societal marketing and related issues is explored and classified into different fields. Philip Kotler and Nancy Lee (2005) surveyed 23 companies and reviewed 36 corporate social initiatives in six categories i.e., corporate social marketing, cause marketing, cause-related marketing, corporate philanthropy, community volunteering, and socially responsible business practices. According to them, these practices can be explained as follows:

- (i) *Corporate Social Marketing*: It deals with “behavior change campaigns.”
- (ii) *Cause Marketing*: It deals with “supporting social causes through paid sponsorships of promotional efforts.”
- (iii) *Cause Related marketing*: It deals with “donating a percentage of revenues to a specific cause based on product sales during an announced period of time.”
- (iv) *Corporate Philanthropy*: It deals with “making direct contributions to a charity or cause, usually in the form of grants or donations.”
- (v) *Community Volunteering*: It deals with “providing volunteer services in the community.”
- (vi) *Responsible Business practices*: It deals with “adopting discretionary business practices and investments that support social causes” (Kotler and Lee, 2005).

These issues changed the face of marketing and beautifully defined the society based business practices. Also, these issues put marketers under pressure to include them in their strategy. The companies, with the passage of time, included them in their marketing strategy to gain competitive advantage.

6. Ecological Marketing

The concept of ecological marketing was first introduced by Fisk (1974) and then Henion and Kinnear (1976) elaborated it after giving the concept of ‘Ecologically Concerned Consumer’. According to Fisk (1974), “*Ecological marketing focuses on the acknowledgement of an impending ecological crisis and the willingness and ability of marketers to assume responsibility for avoiding this doom.*” The approach was purely based on societal marketing. Henion and Kinnear (1976) defined the concept of ecological marketing as, “*Ecological marketing is concerned with all marketing activities (a) that have served to help cause environmental problems and (b) that may serve to provide a remedy for environmental problems*” (Peattie, 2001). The definitions tell that ecological marketing deals with factors affecting ecology and pollution. Ecological issues mainly concentrated on producer’s will to become environmental friendly and these were not considering consumer demand at all (Dam and Apeldoorn, 1996).

7. Green Marketing

Less priority was given to environmental issues in terms of marketing strategy from 1970 to 1985, but after that these issues really picked the pace (Menon and Menon, 1997). The companies were having

narrow approach in considering regulatory issues in relation to environment to include in marketing strategy, which gave rise to green marketing issues. Also, green marketing replaced the societal and moral motives of ecological marketing by market pressures (Dam and Apeldoorn, 1996). This was first step then companies took forward beyond environmental laws and authors who defined the green marketing are:

Mintu and Lozada (1993) defined green marketing as "*The application of marketing tools to facilitate exchanges that satisfy organizational and individual goals in such a way that the preservation, protection, and conservation of the physical environment are upheld.*"

According to Dam and Apeldoorn (1996), "*Green marketing focuses on market pull and legislative push towards improved, environmentally friendly corporate performance.*"

The green marketing approach was based on legislative as well as stakeholder's influence. In addition to this, the concept was further developed by Charter (1992). He coined the term 'Greener marketing', which is defined as, "*A holistic and responsible management process that identifies, anticipates, satisfies and fulfils stakeholder requirements, for a reasonable reward, that does not adversely affect human or natural environmental wellbeing*" (cited in Charter et al., 2006).

8. Sustainable Vs Sustainability Marketing

As far as sustainable marketing is concerned, it is macro-marketing concept, which is defined as, "*The marketing within and supportive of sustainable economic development*" (Dam and Apeldoorn, 1996). In contrast to this, Belz and Peattie, in their book "Sustainability Marketing: A Global Perspective", tried to explain the thin line difference between sustainable and sustainability marketing. They explained that the word sustainable is related to something durable or long lasting and, "*Sustainable marketing is a kind of marketing, which builds long lasting customer relationships effectively- without any particular reference to sustainable development or consideration of sustainability issues.*" Whereas, "sustainability marketing is more explicitly relates to sustainable development agenda" and defined as the "*building and maintaining sustainable relationships with customers, the social environment and the natural environment*" (p.31). Therefore, the author has used sustainability marketing instead of sustainable marketing because of the broader scope.

9. Sustainability in marketing strategy

As discussed earlier, marketing has witnessed changes as the sustainability is making its way in marketing practices. There is need to consider sustainability to develop marketing strategy, which means that the company has to adopt sustainability in strategic marketing practices and marketing mix. But, on the other hand, it is not easy to formulate and implement, because customer is the one according to needs and wants of whom marketing strategy of the company is designed. Moreover integrating sustainability into marketing strategy is another unique task and objective. Sustainability marketing is considered to be different because the customer demand has to be fulfilled but not necessarily by communicating in language of customer (Peattie and Belz, 2010; Whiting, 2008). On the other hand, sustainability marketing strategy not only resulting in added value to customer but also building long term relationships with customers, which are not only beneficial for business but also for society and ecology. Therefore, after research in this direction, Peattie and Belz (2010) gave the concept of 4C's and tried to mould traditional 4P's (Product, Price, Place and Promotion) into 4C's i.e., Customer solution, Customer cost, Convenience and Communication. These are very much related with the 4P's of marketing given by McCarthy. The 4P's are converted to 4C's to include sustainability criteria into marketing strategy.

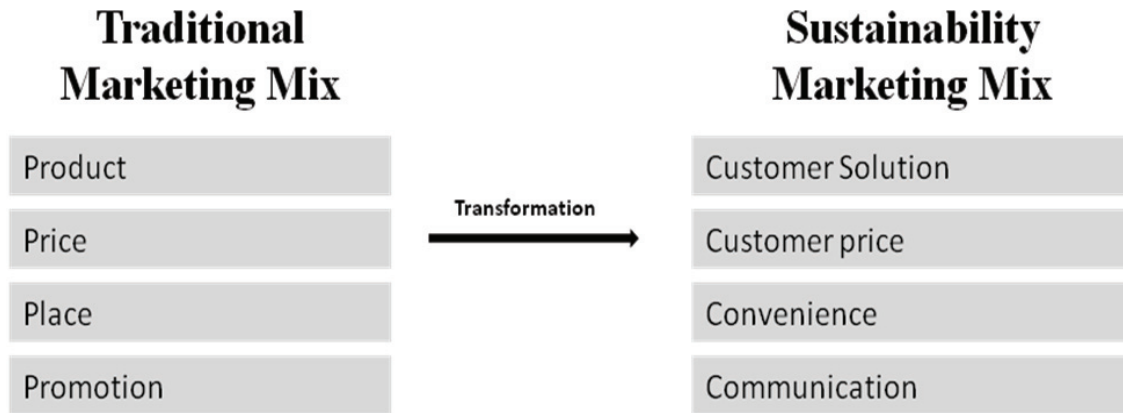


Fig. 1. McCarthy's 4P Approach Vs Sustainability Marketing Mix

10. Future of sustainability marketing strategy- issues and challenges

The goal of sustainability marketing strategy is changed to attain competitive advantage through a position that is desirable, different, and defensible (Obermiller et al., 2008). But practically, it is not easy to design these kinds of marketing strategies because of the related issues and challenges. In addition to this, according to sustainability principles there is need to conserve the resources and to consume less, while on the other hand, the principle of marketing says to sell more, which means more production, hence more consumption of resources (Jones et al., 2008). Therefore, the need is to strike a balance between the two, which means that the strategy should be formulated in such a way, so that profits can still be earned even after reduced impact on environment and society. No doubt that problems and solution go hand in hand because if someone finds solution for one problem then other problem arises. Same is the case with sustainability marketing strategies i.e., if someone finds solutions for one environmental or social problem which is economically profitable, then a new set of problems also can arise out of that and this cycle goes on and on (Charter et al., 2006).

Sustainability in marketing strategy not only helps in competitive advantage but also opens door for cost savings and innovation (Whiting, 2008). It is rightly said that companies cannot stay for longer in the market if they will not become truly sustainable (Whiting, 2008). But, there are limited companies which are trying to adopt sustainability in their marketing strategy. Moreover they are also having unsustainable products in the market. Therefore, first of all, the consumer segments which are early adopters and ready to buy sustainable products should be targeted and positioned. In addition to this, the future goal of sustainability marketing strategy should be focused on segmentation, targeting and positioning customer on the basis of sustainability criteria along with designing sustainability marketing mix for better products and services, better prices, better distribution and better promotion.

11. Conclusion

No doubt that concept of sustainability marketing strategy has evolved over the time. Starting its journey from ecological issues it has reached now on sustainability issues. This journey of sustainability issues in marketing strategy has been discussed through different views of several authors in this paper. The study revealed that the sustainability can be implemented in marketing strategy when the companies

will adopt it in their business practices. The companies are slow in adopting this concept in marketing strategy. Despite of the emergence of sustainability concept in 1987, companies are still planning to make best use of it in their marketing strategy. The companies have to give importance to sustainability issues as its importance has already realized. It is a win-win approach both from the side of company and customers. Therefore, companies have to resolve related issues and challenges to adopt the sustainability criteria in marketing. Already companies are influenced by various stakeholders to adopt sustainability in marketing strategy (Camino, 2007). Moreover, it will become a moral obligation in future. Before that companies should pro-actively adopt sustainability in marketing strategy. Companies have to learn from modern marketing that production concept will not hold good in case of sustainability marketing and they have to make sure and treat this as a new concept (Whiting, 2008). Therefore, marketers have to break their traditional frame of reference to integrate sustainability in marketing strategy. They have to come forward not only to bring sustainability in products and services, but also in marketing mix. Moreover they have to reconsider their marketing strategies so that they can cover wider environment and reduce the social and environmental impact (Charter et al., 2006). It can only happen when companies and their respective stakeholders will realize the importance of integrating sustainability in business practices. Hence, the new era of marketing strategy has already begun with integration sustainability issues. It is time for companies to integrate sustainability in their marketing strategy so as to beat the intense competition in the market.

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