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SUSTAINABLE MARKETING MIX – THE BASIC ASSUMPTIONS¹

The growing importance of sustainable development concept finds its consequences in companies' marketing policy, on both micro and macro level. A new concept of sustainable marketing has emerged. It focuses on the necessity of satisfying the needs with profit, while creating, communicating and delivering value for consumers, partners and the society. Therefore concentrating activities on achieving values of social, ethical and / or environmental character, while maintaining economic efficiency, marketing can be seen as an activity, which enables the implementation of sustainable development at a company level. The article fits into the current discussion on the new management concept, including marketing activities. The goal was to identify the impact of sustainable development on marketing tools of modern organizations. The article is a review and has been prepared based on an analysis of recent literature.

Keywords: marketing, sustainable development, marketing instruments

Introduction

The degradation of the natural environment, the changes in the technological or social environment of organizations operating in the market cause the expansion of the influence of sustainable development concept beyond the realm of ecologists, demographers and sociologists. Intensification of negative changes in the environment is obviously noticed on a global scale, but their effects increasingly show up in the economy at the level of individual countries, regions, local markets and even businesses. In the recent years, this implies a need to change the mind set of scientific and business circles about the role and nature of the strategy carried out by these companies. Today, their modification towards sustainable strategies, looking for sources of the company's success in maximizing economic value while creating social and environmental value in

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the long term, becomes necessary. The strategy of marketing, as the one that is the most committed to the relationship between the company and the environment in which it operates, appears to be undergoing through the biggest change in relation to the dissemination of the concept of sustainable development. The article fits into the current discussion on the new management concept, including marketing activities. The goal was to identify the impact of sustainable development on marketing tools of modern organizations. The article is a review and has been prepared based on an analysis of recent literature.

Marketing and the concept of sustainable development

The concept of sustainable development implies the need for such a development of the economies as well as business entities, which allows satisfying present needs without compromising the ability to meet the needs of future generations [Dąbrowska, Gutkowska 2015]. Its popularization finds its consequences in companies' marketing policy. On the micro scale the implementation of the principles of sustainable development means supporting the company's success to its long-term, sustainable development resulting from the inclusion in its activity three dimensions: economic, ecological and social one. And here the special role of marketing, which is seen as the concept included in sustainable development and the activity, which supports it, should be emphasized [Hunt 2011]. The growing importance of marketing strategies modification towards sustainable operations, which is a consequence of global change over the past few decades, has led to the emergence of the concept of sustainable marketing. It focuses on the necessity of satisfying the needs with profit, while creating, communicating and delivering value for consumers, partners and the society. Therefore concentrating activities on achieving values of social, ethical and / or environmental character, while maintaining economic efficiency, marketing can be seen as an activity, which enables the implementation of sustainable development at a company level.

A company with sustainable oriented marketing is the one in which the rule of transparency covers an area of all marketing tools. From the traditional point of view, they are limited to product, price, distribution and promotion. In this article it is proposed to broaden a set of marketing tools by the company personnel, previously linked primarily to the sphere of service, due to the strongly emphasized and highlighted role of personnel in the strategies of globalizing companies. Moreover, so far the concept of 4P or 5P was related to the area of cooperation between the company and its customers. In sustainable marketing concept it also relates to the company itself, its investors and shareholders as well as communities and the government.

Assumptions for sustainable product policy

Streams of products flooding the world pose significant social and environmental problems. The development of the concept of sustainable product fits into actions for sustainable development and should be run through discussion on the economic, social and environmental goals [Pabian 2011].

The product will be sustainable if it takes into account aspects of environmental, social and economic nature: the features and characteristics of the product assortment,

brand, accompanying services, but also raw material sourcing, transportation, storage, production, sale, use and recycling [Pabian 2011]. Sustainable product and/or service is defined as an offer serving customer needs while fostering the implementation of environmental and social objectives, in the whole of the product life cycle. Sustainable product should be characterized by several key characteristics:

- enable to satisfy customer needs.
- durability of the product - sustainable product should enable meeting the needs of the customer in the long term,
- the dual nature of sustainable offers, i.e. the implementation of social and environmental aspects. Unlike the organic, sustainable products should focus on social and environmental aspects,
- broad understanding of the product life cycle - from raw material acquisition stage, through transport and manufacturing to use and post - use,
- continuous improvement of products – sustainable products and services are not absolute measures but are dependent on the state of knowledge, the latest technologies and societal aspirations, which change over time. Hence there is a need for continuous improvement of offers regarding changing customers' needs as well as changing social and ecological environment,
- taking into account the significant improvements - sustainable products have to make a worthwhile contribution to tackling socio-ecological problems for both: the target group and the society,
- transparency, not only in terms of the level of the service quality or product performance assessment, but also the manufacturing process (including the type of sources and their origin) [Belz 2012].

The concept of sustainable product includes all aspects in the product life cycle, i.e., from obtaining raw materials and semi-finished products through its production, and its total elimination from the environment (this process is referred to the "from cradle to grave" [Wolf 2013]. In this context, sustainable offers should meet the following requirements: cyclicity (pass the full life cycle without harming the environment), efficiency (the use of available resources, but not degrading the environment), no impurities (in the whole product life cycle) [Emery 2012]. Thanks to them it is possible to reduce the negative impact on the natural environment of manufactured products. The control of this process is carried out at the conceptual stage through the Environmental Product Declaration (EPD) [Rutkowski 2011]. This is a detailed description of the product and the manufacturing process, ecological balance, i.e. data relating to the impact of the product on the environment, as well as guidelines for using of product collected in one document.

The latest concept of marketing implies the necessity to concentrate not so much on providing a specific product, but on broadly defined customer value to gain competitive advantage. That value for the customer today also stems from the activities of the supplier demonstrating its commitment to creating offers, which have a significant influence on eliminating undesirable socio-environmental issues.

Objectives and opportunities of sustainable prices

Undoubtedly, another marketing mix tool, which is difficult to harmonize with the concept of sustainable marketing, is the price. On the one hand, sustainable products have higher prices than other offers, which is an important barrier on the demand side [Pabian 2015]. On the other hand, it is the only tool for the company, which directly contributes to the size of the generated revenues, and therefore is a main tool for gaining competitive advantage on the global market. Thus, shaping the pricing policies is a particularly important and sensitive element of company management. The inclusion of sustainable marketing principles additionally makes it more complex. It goes beyond internal costs incurred by the company. Sustainable marketing concept is not confined to calculating the economic costs, but also takes into account the social and environmental costs. Moreover, an estimation of the amount of costs should be analysed from the point of view of both company and all stakeholders.

Setting prices in a sustainable manner means for the company the necessity to:

- research the possibility of connecting prices with important social or environmental issue,
- identify opportunities for growth in margins and/or increasing the competitiveness of the prices combining them with ecological impacts,
- identify the price level, which will be accepted by customers thanks to the features possessed by the product,
- include overall social and environmental costs in the price while providing benefits for the buyer and a fair profit level for the seller [Martin, Schouten 2012].

In particular, the last point is the biggest challenge. It derives from the fact that it is very difficult to track location, moments of expenses as well as to estimate their amount. As a result, it is not easy to allocate them to a specific organization and enforce them. This means that also for objective reasons the market price may not cover the full cost. The change in this situation would require that all participants in the production and sales process would lead policies compatible with the idea of sustainable marketing.

The consequences of recognition of the concept of sustainable development in pricing policy will also be reflected in the price calculation from the point of view of the customer. In this case the attention of managers setting the price should be focused on all the costs borne by the purchaser. Although the concept of total costs of the buyer is not new, in sustainable marketing a broader, holistic view is proposed. Apart from purchase costs, the costs of use, modernization and products disposal are included. In addition, the opportunities to reduce them are analysed. Therefore, the most important goal, but at the same time difficulty in the process of adaptation of sustainable principles in pricing policy is calculating the total costs that are incurred in the full product life cycle.

Cooperation and costs of sales channels

The concept of sustainable development has also its consequences in the company's distribution policy. Physical distribution of goods and services has both direct and indirect impact on the environment. A thorough knowledge of the full cost, their amount and the kind is the basis for the design of distribution policy. It enables a reduction of

economic, social and environmental costs, which is one of the main objectives of the management of flow in distribution channels in a sustainable way. In practice, factors determining the implementation of sustainable marketing idea include cooperation in distribution channels taking into account the requirements of environmental protection, the choice of suppliers who have appropriate certificates certifying their activities, in accordance with sustainable development, the reduction of energy consumption in the process of supplying products, re-using or recycling, responsible policy related to the design, construction and recycling of packaging and cooperation with customers in the field of environmental protection, eg. through the organization in places of sale points of collection of used products. Because the essence of distribution policy is to reach out to customers in the right place and time with the right product, the key seems to be seeking answers to the question: How to reach consumers through new/modified distribution channels allowing minimizing the negative impact on the socio-ecological environment? This issue fits into the concept of green supply chain management. M. Ciesielski defines it as "maximizing customer service levels while minimizing costs and minimizing negative impacts on the environment" [Ciesielski 2011]. Hence, a sustainable marketing takes into account issues such as:

- at the side of the company – the control of the selection of suppliers, integration of the supply processes, manufacturing, delivery, returns handling, recycling processes, and waste management for fulfilling social and environmental standards,
- at the side of the client - the organization of responsible sales system, taking into account the distance between producer and customer, the sales outlets are also places for recycling used products.

As in the case of sustainable marketing mix discussed earlier, distribution policy is also characterized with a higher complexity than in the traditional approach. Nevertheless, its implementation should bring many advantages. These are: positive impact on the environment, through obtaining, storing and retrieving products which do not have negative impact on nature, costs reduction (e.g. related to emissions of pollutions) and customer service improvements [Mesjasz-Lech 2014].

Responsible communication

Referring to another traditional marketing mix tool, i.e. the promotion, it has to be emphasized that its primary purpose is to give credibility to the company as an entity implementing marketing strategy in a sustainable way. Thus the method of its application should ensure open, transparent, interactive and holistic communication between the company and its customers [Beltz 2012]. Undoubtedly, the realization of this task raises a lot of controversy. From promotional activities, including advertising, personal selling, sale promotion and PR an increase in demand is expected. Focusing on this task leads to encouraging customers to make additional purchases also in a situation where the products are unnecessary and may even be harmful in the long term. However, in sustainable marketing concept the process of exchanging information has a much different character. It is based on an interactive dialogue, following the actual needs and expectations of the customer. In the promotional campaigns companies operating in a

sustainable way will of course encourage to purchase their offers, but at the same time underline the products and brands features, which meet the socio-ecological requirements. When taking the discussion on the kind of media used for giving content by the company, attention is directed, among others: on the type of equipment used, the overall economic, social and environmental cost of producing it, the infrastructure for operating and disposal costs (e.g. old, unused leaflets). In this context traditional means, like television, press and radio are rated worse than the Internet, which allows a reduction in the use of materials. One has to agree here that the global network will not eliminate them completely, for that the *on-line* communication requires suitable devices [Trojanowski 2013]. Their growing popularity and diversity leads up even to the phenomenon reverse to the idea of sustainable development and strategies of aging the products.

The role of customer is also emphasized in the sustainable marketing communication. He becomes a creator of the content and shares it not only with the company but with other customers as well. This fact makes that communication process is more and more often beyond the company's control (e.g. EWOM). That's why communication in sustainable marketing is the inclusion of a company in a dialogue with various stakeholders. This corresponds to a broad approach to marketing communications, but with a significantly extended circle of influence and integrating a variety of communication channels. Undoubtedly, sustainable marketing concept also exposes an educational role of promotion. As it was previously indicated, products or services provided by companies operating in a sustainable way have a higher price, thus the image of luxury products. Meanwhile, their purchase should not be judged as snobbish, but conscious and responsible behaviour of the buyer. According to the World Business Council for Sustainable Development (WBCSD), the overarching objective is supporting consumers in *eco-efficient choices*, sustainable goods and services. Such goods contain fewer harmful elements, can be better recycled or longer used by consumers. This is where the marketing can play a fundamental role, as a way to stimulate and reinforce rational and responsible consumption.

Sustainable marketing activities in relation to employees

An important tool of sustainable marketing is the organization staff recognized in modern management concept as one of the most valuable assets of the organization [Gotowska, Jakubczak 2015]. Employees are an integral part of the sustainable marketing strategy, because they directly implement its foundation and thus determine the effectiveness in achieving its objectives. The strength of relations between employees and the organization, identification with the company philosophy and strategy, their commitment to the development of the entity creates a huge potential for effective implementation in sustainable marketing. Employees, as one of the key stakeholder groups, in addition to customers and shareholders should be addressed a carefully planned and consistently implemented long-term actions that can be defined as sustainable internal marketing. Among these actions one can indicate a few most important. First, integration, internal communication and social dialogue, which takes into account the needs of employees. These actions may contribute to the elimination of crises; provide opportunities for joint development, i.e. both the company and

employees. Secondly, these activities include safety in the workplace and health care and employees' rights. Creating a safe and healthy working conditions as well as the state of health of the workforce result in the quality of their work. Companies conducting marketing activities aimed at employees that are consistent with the concept of sustainable development face the necessity of not admitting to any form of discrimination with regard to working conditions (access to promotion, hiring and firing policies, etc.). Another group of activities includes training, remuneration and promotion system, opportunities and participation of employees in the development of the organization. The successful implementation of sustainable marketing related to employees is determined whether employees will be involved in the decision-making processes within the organization and whether they become the co-creators of marketing strategies and at the same time people jointly responsible for their success. Creating proper conditions for submitting ideas of changes, organizational improvements or innovations in the customer value seems to be crucial in this process. An important part of a sustainable internal marketing is also employee volunteering. Company engagement in the socio-ecological initiatives as well as informing and educating employees in this area as well as encouraging employees to engage in them enables the realization of win-win-win strategy, i.e. that will result in the achievement of benefits by employees (team integration, self-realization, satisfaction, pride), company (greater involvement of employees, improvement in the atmosphere at work) as well as the environment. Finally, the creation of company friendly to parents and ensuring the harmony between work and private live (work-life-balance), i.e. offering a flexible/reduced working time, individual setting of schedule or telecommuting opportunities, play an important role as far as sustainable internal marketing is concerned.

Implementation of sustainable marketing programs among employees creates new opportunities to build a better employee morale, increases their motivation and job satisfaction - and consequently productivity, creativity and innovation. It also seems an invaluable tool for creating their loyalty to the employer, as not only financial incentives but also those intangible ones decide today about the attitudes of employees to the organization. Company image, so-called employer branding created by activities in the field of sustainable marketing play in this process invaluable role. It also creates opportunities for acquiring new, valuable employees in the future.

Conclusions

We are facing today significant changes of a global nature. Environmental degradation, demographic collapse in developed countries and increasing social problems caused largely by an excessive consumption mean that issues related to sustainable development of enterprises become current and critical. Marketing activities run by companies are seen as one of the sources of emerging problems. It is perceived as the one that is responsible for shaping many bad behaviours and habits of customers leading to over-consumption, manipulation of information being given to customers or "artificial" product differentiation. The current criticism of marketing in many aspects is right. Its concept, and in particular the practice, insufficiently exposes the role and importance of the customer to the company. For a long time this activity was in fact seen exclusively as a tool for sale and profit increase.

Hence, modern marketing faces currently a new challenge regarding such a creation of marketing instruments that will contribute to achieving both financial benefits and positive socio-environmental changes. Of course, the meaning and scope of various sustainable marketing tools will vary depending on the size of the company, the industry in which it operates or its organizational culture. For example, one of the world's biggest mining companies – KGHM, takes a lot of strategic projects such as: “zero harm”, programme of land reclamation, social dialogue with local communities, support children and young people, protection the breeding sites of falcons, sport sponsorship, voluntary service etc. Usually, activities of small and medium-sized enterprises are not so complex. In some cases they will be mainly focused on creating a more ‘sustainable’ product, in others on the promotional activities associated with engaging in social events of major importance to the community, and yet in others marketers are going to implement sustainable marketing concept through a complete correction and re-development of the individual marketing tools. In each of these situations managers’ awareness regarding to the need of implementing sustainable marketing activities and eco-friendly and pro-social attitude of all participants in the value chain is important.

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Streszczenie

Rosnące znaczenie koncepcji zrównoważonego rozwoju znajduje swoje konsekwencje w polityce marketingowej współczesnych organizacji, zarówno na poziomie mikro jak i makro. W ostatnich latach pojawiła się koncepcja zrównoważonego marketingu. Koncentruje się ona na konieczności zaspokajania potrzeb z zyskiem, przy jednoczesnym tworzeniu, komunikowaniu i dostarczaniu wartości dla konsumentów, partnerów i społeczeństwa. Dążąc do kreowania wartości o charakterze społecznym, etycznym i/lub środowiskowym przy zachowaniu efektywności ekonomicznej marketing jest postrzegany jako aktywność umożliwiająca realizację koncepcji zrównoważonego rozwoju na poziomie przedsiębiorstwa. Artykuł wpisuje się w aktualną dyskusję na temat nowej koncepcji zarządzania, w tym koncepcji zarządzania marketingowego. Celem opracowania jest określenie wpływu koncepcji zrównoważonego rozwoju na charakter instrumentarium marketingowego oddziaływania współczesnych organizacji. Artykuł ma charakter przeglądowy i został przygotowany w oparciu o analizę najnowszej literatury przedmiotu.

Słowa kluczowe: marketing, zrównoważony rozwój, instrumenty marketingowe

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