



DIFFERENCES AND SIMILARITIES IN APPROACH TO SUSTAINABLE MARKETING TOOLS USED BY SMES IN THE FOOD AND DRINK SECTOR IN SELECTED EUROPEAN COUNTRIES

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Introduction

Sustainable development is a compelling idea for many people. It is concerned with how business can contribute to some of the most significant challenges that the world faces today – from climate changes and biodiversity to working conditions and health among the poor. The concept is now a well-known and commonly accepted framework for guiding a wide variety of choices. The concept of sustainability suggests that, in the decision-making process, societies that have a good quality of life have an obligation to ensure both future societies and contemporary, less well-off societies are also able to achieve a standard of living in which their basic needs are met (Varadarajan, 2017; Kibert et al., 2011). Within the last decade marketing managers have struggled to translate these ideas into viable commercial propositions and into marketing strategies that create value proposition for customers and other stakeholders, competitive advantage, build trust and develop new business opportunities. Moreover, marketers have often faced criticism for being part of the problem by pushing the consumption of unsustainable products

and lifestyles (Jones et al., 2008). Therefore, introducing sustainable issues into marketing strategy and tactic on one hand becomes a huge challenge for companies, but on the other is necessary if we consider the survival of the company in the longer period of time. Of course, the company alone is not, by itself, sufficient to create a more sustainable world, but it is invaluable. Marketing sustainable strategies and tactical activities can help initiate and reinforce structural changes. Development of sustainable concept changes the context of business and marketing itself. In the face of loss of trust in business the responsible and sustainable approach to marketing is therefore becoming established on marketing agenda not only of big companies but also SMEs. Also, if one considers that food and drink industry is the world's largest manufacturing sector, and at the same time this sector together with households goods and travel are responsible for 70–80% of all environmental impacts, ranging from pollution and greenhouse gas emissions to land use and waste it becomes clear that it is worth to research possibilities of im-

plementing sustainability issues into marketing strategies of companies operating in this sector (FoodDrinkEurope, 2016). Therefore, this paper¹ focuses on the assessment of the extent to which sustainable marketing tools are implemented by SMEs operating in selected European countries in the food and drink industry. The paper is based on the results of the field research conducted by the Authors in six European countries, including Poland, Croatia, Russia, Great Britain, Germany and Spain.

The sustainability marketing concept

Market-oriented management is in a constant state of flux, influenced by social, ecological, economic and cultural developments. Social and ecological effects of marketing have been the subject of debate since the 1960s. This debate has increasingly found that companies cannot ignore social and ecological developments when considering their relationship with consumers. Focusing exclusively on fulfilling their own customers' needs can cause companies to accept negative social or ecological impacts in providing products and services for individual buyers (Belz, Peattie, 2012, pp. 25–31).

One of the most important historic milestones in the development of sustainability overall and sustainability marketing in particular is the Brundtland Report, published in 1987. The key statement of the report was that meeting the needs of the current generation must not compromise the ability of future generations to meet their own needs. At the Rio Summit of 1992, this aspect of intergenerational justice was supplemented with the three pillars model, which states that sustainable development can only be achieved by balancing economic, ecological and social targets (Tollin et al., 2015; Griese, 2015, p. 8). In spite of this, a strong focus on investors and shareholder value persisted long into the 1990s. The central goal of corporate management – to increase company's value – frequently led to a one-sided, financially driven and often short-term focus on the capital market, with a significant impact on marketing. Incentives for companies to take sustainable and holistic approaches to marketing only began to increase in the early 2000s. Given the growing economic, ecological and social problems, social responsibility and sustainable management play an increasingly important role in scientific and practical debates (Kenning, 2014, p. 4). At the European level, these considerations in particular influenced the Lisbon strategy from 2000 on, and its successor, the Europe 2020 programme. These programmes directly link competitiveness and sustainable development of European companies.

At first glance, the concepts of sustainability and corporate social responsibility on one hand, and the central tenet of marketing on the other, i.e. consistently focusing all the company's activities on market's needs, would appear fundamentally contradictory (Stehr, Struve, 2017, p. 3). However, companies must reconcile this apparent contradiction in light of changed conditions of economic systems in a globalised world. As challenges, growth of environmental pollution, climatic and demographic

change and increasingly scarce natural resources are just as significant as tougher national and international competition on procurement and sales markets and rapidly advancing digitisation of products, communication and sales. Against this background, it is clear that a one-sided, short-term and unbalanced company's orientation on just one group of stakeholders (e.g. investors) cannot lead to a sustainable business success (Kenning, 2014, p. 4). Furthermore, social changes and the rise of new target groups, e.g. LOHAS (Life Style of Health and Sustainability – consumers who focus on sustainably manufactured products), or Generation Y (who focus on the positive work-life balance) have led companies to respond increasingly to the changed values of these target groups and appeal to them through sustainability marketing (Kuchinka et al., 2018; Stehr, Struve, 2017, p. 3).

A range of definitions describe the term „sustainability marketing” and its components. First, we can distinguish the term from similar concepts like CSR (Corporate Social Responsibility) and ecological or environmental marketing. The latter is more a predecessor of modern sustainability marketing. The clearest difference between the two concepts is that sustainability marketing includes economic and social categories in addition to ecology, and aims to bring about an enduring balance of these aspects (Kenning, 2014, p. 11). The same is true of the discussion on sufficiency or post-growth, for example. Their proponents consider ecological and economic goals as diametrically opposed. However, sustainability marketing seeks to reconcile precisely this apparent contradiction. The time perspective is one of the main differences between sustainability marketing and CSR. The definition of CSR lacks the intergenerational aspect essential to sustainability marketing. CSR focuses primarily on the needs of contemporary society. There are also significant differences in the fundamental concepts of sustainability marketing and CSR. CSR revolves around the use of funds, i.e. how profits earned are used, whereas sustainability marketing focuses in particular on how the funds are earned, i.e. how the profit is generated and how to contribute to achieving corporate goals (Kenning, 2014, p. 12).

Now that we know what sustainability marketing is not, we can attempt to find a suitable definition for the concept. The American Marketing Association (AMA) provides a clear definition of marketing as a whole. The AMA is one of the world's leading scientific associations in the marketing sector and publishes the renowned *Journal of Marketing and Journal of International Marketing*. AMA defines marketing as follows:

„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” (American Marketing Association, 2013).

This definition already goes beyond the classic, or previous understanding of marketing to include other stakeholders besides customers, and the society as a whole in its deliberations. Moreover, the definition refers to the organising effect marketing has on corresponding



processes (Griese, 2015, p. 11). These core components of marketing are also key to sustainability marketing. Sustainability marketing supplements the core components with sustainable development aspects. Sustainability marketing can therefore be defined as environmentally and socially-oriented corporate management. A company's marketing activities are focused on creating values. These values can be ecological (e.g. efficient resource use), social (e.g. fair treatment of employees or suppliers) or economic (e.g. boosting profits) in nature. On one hand, companies focus on market and consumer requirements and the competitive framework and, on the other hand, on internationally recognised ecological and social standards (Griese, 2015, p. 11).

In summary, sustainability marketing can therefore be defined as follows:

Sustainability marketing is the process of planning and implementing products/services, prices, distribution, promotion and staff, designed to meet the needs of customers, and at the same time achieving business goals and implementing social and environmental objectives.

Sustainable marketing means that marketing strategy must (Rossouw, 2010):

1. Reflect and inspire the ambitions of the marketing team, the rest of the company and its employees;
2. Be aligned with the company's core strategy, values and culture;
3. Help to deliver sustainable returns to investors;
4. Address consumers' needs, and at the same time inform and educate people about the impacts of their purchasing practices;
5. Identify and respond to emerging societal trends, and explore the opportunities to deliver products in collaboration with the communities in which the company operates;
6. Respond to governmental and regulatory expectations, and influence the public policy agenda.

Such a definition of sustainable marketing and its tools was adopted in the research presented in the next part of the paper. Incorporating sustainability into marketing strategies of companies operating in the food and drink industry and undertaking research in that field seems essential if they are to remain competitive players in this sector. The analysis of the current research in that field shows the existence of a research gap regarding issues related to implementation of sustainability into the marketing tools used by companies. Most of the research run so far focus mainly on sources of unsustainable production of food and drink products (Reisch et al., 2013), sustainable food consumption and customers' willingness to pay higher prices for sustainable offers (Willer, Kilcher, 2011; Friel et al., 2014), creating sustainable supply chain in the food and drink industry (Yakovleva et al., 2012) or sustainability in regard to the product innovation strategy (Capitanio et al., 2010). Despite the progress made in research in the sustainability area of the food and drink industry there is still paucity of research in regard to sustainable marketing mix tools in that sector. Therefore, it is worth filling this gap.

Research methodology

The study focused on SMEs operating in the food and drink sector on selected European food markets. The food and drink sector is defined as all companies involved in processing raw materials, packaging, and distributing them (globalEDGE.msu.edu). The presented analyses are the result of the research run in six European countries. The research project grouped the countries into two regions based on their geographic location and socio-economic development. On one hand, there are the socio-economically relatively highly developed Western European countries of Germany, Great Britain and Spain, and on the other the less developed Central-Eastern European countries of Croatia, Poland and Russia. The respondents were SMEs managers, marketing directors, or marketing staff delegated by the company's manager (depending on how a given company was organized).

The research tool used in the research was a questionnaire, prepared in a six-language version. The computer-assisted web interviewing (CAWI) method was used to reach the respondents, as well as CATI (computer-assisted telephone interviewing) was also used in the process of contacting the respondents. It was aimed to identify the range of sustainability marketing tools used by the survey participants. Five marketing instruments, i.e. product, price, place (distribution), promotion (communication) and people (employees), were analysed. Each instrument was described with a variety of scales developed on the base of literature review. The respondents were asked to respond to statements relating to the above mentioned areas and express their opinions on the five-point Likert scale. The research was conducted between April 2016 and January 2017. To ensure a proper understanding of the researched aspects a formal pilot study took place using a sample of 30 companies. The interviews revealed no particular problems with the research tool.

A stratified random sampling was used in the study. The target population was extracted from different company databases, depending on the country, including the National Statistics Database „Spark” in Russia, Gelbe Seiten in Germany, Experian in Great Britain, SABI database in Spain as well as the company database purchased for the purpose of the field research in Poland. The respondents in particular countries were stratified according to company's size, measured by the number of employees. Thus, the following strata were included in the sampling process:

- micro enterprises, employing up to 10 people,
- small enterprises, employing between 11 and 50 people,
- medium-sized enterprises, employing between 51 and 250 people.

In determining the size of each stratum, the structure of creating gross value added by SMEs in Europe was taken into account. The authors of the research project aimed at conducting 150 SMEs in each of the countries (900 companies in total). In the end they managed to acquire 770 correctly completed questionnaires. 20% of an effective sample size constitute Polish and Croatian companies, 18% Spanish SMEs, 16% Germany, and 13% each Russian

and British. The percentage structure in terms of company size is as follows: 41% micro enterprises, nearly 32% small enterprises, and 27% medium-sized entities.

The implementation of sustainable marketing mix tools by European SMEs – research results

As for the first marketing mix tool – product – the research has been conducted to assess the extent to which sustainability is implemented into the product strategy by SMEs operating in six European countries. The scales used to measure that tool regarded aspects related to the technology used in the production process, product innovativeness, packaging and their environmental impact, product environmental friendliness, utilisation and recycling, certificates showing company's commitment to social and environmental issues (e.g. Fair Trade, not tested on animals, eco-mark, etc.) as well as implementation of environmental management standards (e.g. ISO 14001, Clean Production programme, etc.).

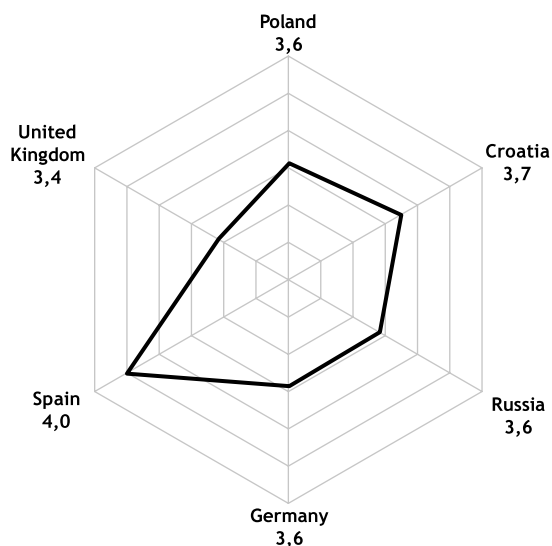


Figure 1. The implementation of sustainable product by companies in 6 European countries (\bar{X})
Source: own research

Among the analysed countries, Spain attached the greatest importance to this construct (Fig. 1). Spanish companies usually gave 4 points on the five-point scale. The lowest number of points was given by British companies (3.43 points). In Poland the score was at 3.624.

Out of all the elements of the marketing mix, price is the least balanced, perhaps due to its sensitivity to changes in its environment and because of the fact that it is the only marketing mix instrument that generates not cost but profit. To define that marketing tool from the sustainability perspective the following questions were asked: does the price correspond to the service value? Are the prices over – or underestimated in comparison to prices on the market? Do the companies follow the rules of law and ethics when setting their prices? Does the price encompass the costs of the company's social activity?

Do the company's environmentally friendly investments lead to lowering the price? The results show that Polish companies attach the greatest importance to setting prices in a sustainable way (Fig. 2). For German companies this element was the least relevant.

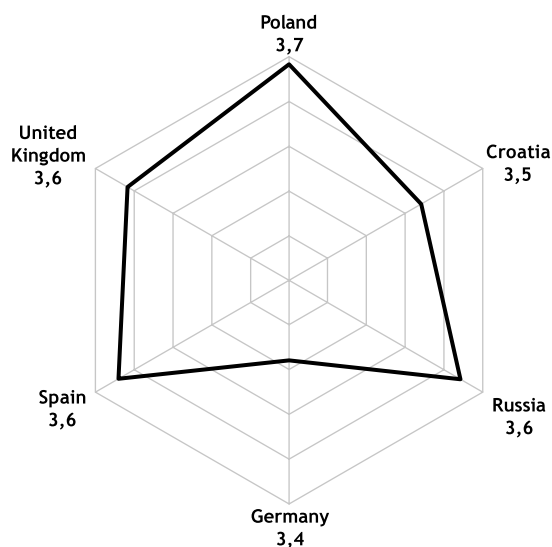


Figure 2. The implementation of sustainable price by companies in 6 European countries (\bar{X})
Source: own research

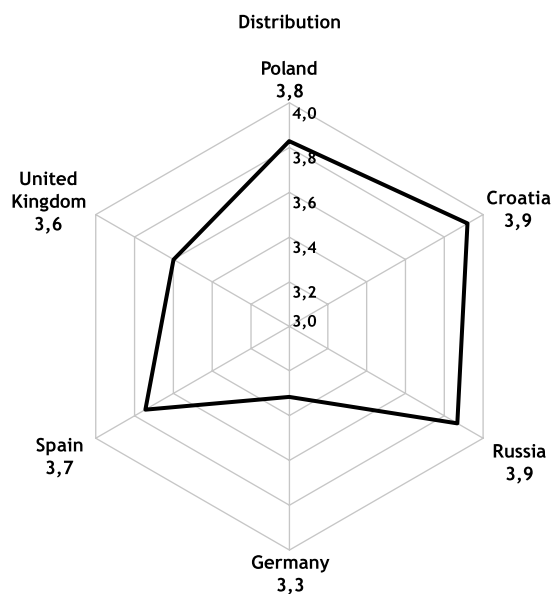


Figure 3. The implementation of sustainable distribution by companies in 6 European countries (\bar{X})
Source: own research

As regards the construct of sustainable distribution seven aspects, arranged in three groups, were analysed. The first related to the characteristics of suppliers in terms of their pro-social and pro-ecological engagement, ethics in the process of cooperation with business partners, and the logistic process. The answers to the following questions were given: What are the bases for cooperation with suppliers? Do the company's logistic operations foster local community and natural environment? Are local suppliers supported? Are

the logistic processes optimised? When choosing suppliers, is their company culture taken into consideration or is the price the only criterion? The highest average was granted by companies operating in Croatia (3.92) (Fig. 3). The lowest mean of points was given by German companies.

The next element in the sustainable marketing toolkit is people. The analysis of sustainable marketing literature leads to the conclusion that employees are often omitted aspect of marketing mix. However, employees are the key driver of business performance. To implement a sustainable marketing strategy successfully they need to be engaged and they need to identify themselves with sustainable policies, common goals, and initiatives undertaken by the company they work for. On the other hand, employees are also recipients of a company's sustainable policy. That is why employers should be responsible towards their employees and implement sustainable activities among them.

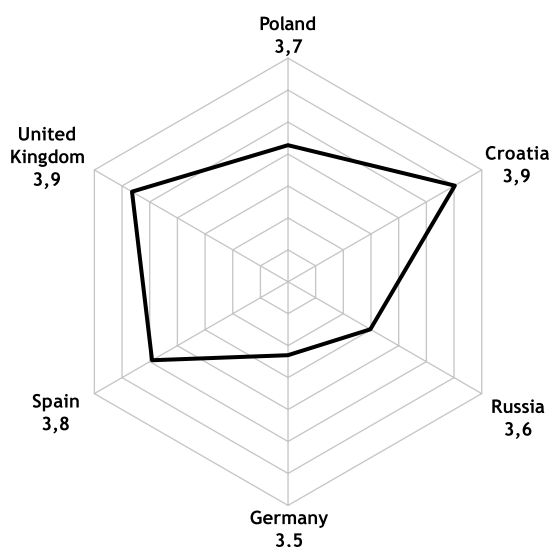


Figure 4. The implementation of sustainability among employees by companies in 6 European countries (\bar{X})
Source: own research

Activities connected with this tool of sustainability marketing were divided into three principal groups:

1. compliance with labour rights, for example implementing non-discriminatory practices, ensuring the freedom of association, caring about health and work safety;
2. ensuring organizational order, manifested through transparency and openness, ethical behaviour towards employees, priority in offering work to local residents, etc.;
3. ensuring proper relations with employees by integrating them around sustainability initiatives, consulting employees with regard to sustainability marketing strategies.

As Figure 4 shows, these activities are the most commonly implemented by companies from Croatia, while the least – by German companies.

Sustainable marketing strategies implemented by companies should be effectively communicated to the public, including different stakeholders, both internal (employees) and external (customers, shareholders, suppliers etc.). It is vital to make the company credible as an entity, which develops in a sustainable way. In regard to

the process of sustainable communication the following aspects were researched: the use of promotional tools and materials (for example company engagement in charitable and/or sponsorship activities, replacing traditional forms of communication, e.g. leaflets, brochures and other printed promotional materials by email, telephone or via social networking), communication with customers (for example communicating with customers in an honest and transparent way, running interactive communication with customers), communication with other stakeholders (for example regularly communicating to all stakeholders the company's commitment to socio-ecological activities to build their trust in the company and its credibility and activities aimed at regular employee training in social and environmental activities that the company undertakes so they could communicate the benefits of sustainable products to customers).

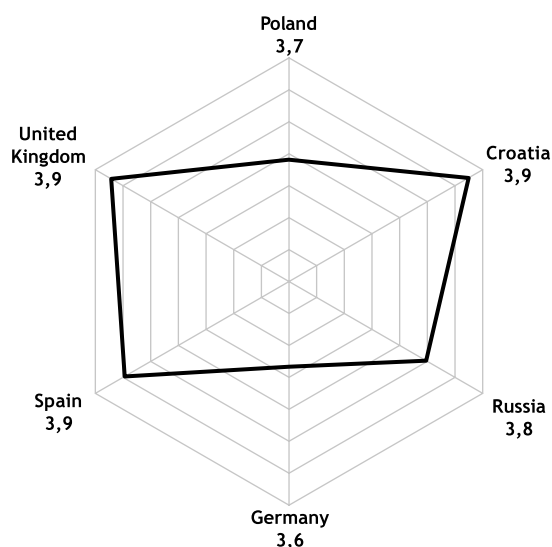


Figure 5. The implementation of sustainable communication by companies in 6 European countries (\bar{X})
Source: own research

The research results show that companies in Poland and Germany are the most reluctant to get involved in communicating with their stakeholders in a sustainable way (Fig. 5). That kind of activities is most common in Great Britain and Croatia.

Conclusions and future research

The most successful organizations are creating significant growth by embedding sustainability into the heart of their marketing strategy, operations and culture. Instead of perceiving it as a negative trend, which forces them to change, they should develop a more positive mindset, which enables them to treat it as a source of unlimited opportunities for growth and differentiation. Companies should take a proactive approach that enables them to develop and implement creative marketing solutions in regard to company offer, its price, forms of sale and cooperation with intermediaries, communication as well as people working for them.

The research results show that small and medium companies operating in Spain are focusing most on implementing sustainable products. Entities from Croatia are involved in running sustainable strategies in the area of distribution, communication and employees. Polish SMEs engage themselves in setting sustainable prices for customers, and British companies implement sustainability mainly in the process of communication.

The presented study has several limitations that provide opportunities for further research. First an interesting area of future research is to analyse how sustainability marketing is being embedded not only in marketing tools but also throughout the entire organization. Also, further research on integration of sustainability initiatives at a functional level (marketing strategies) as well as corporate level (corporate philosophy, procedures, culture, processes) is important in order to enable managers to enhance overall sustainability of their organizations. Furthermore, since the present study employs subjective measures of sustainable marketing tools in one sector only (food and drink), further research can refer to other measures, which may be used in other sectors.

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Endnote

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Różnice i podobieństwa w podejściu do narzędzi marketingu zrównoważonego wykorzystywanych przez MSP w sektorze żywności i napojów w wybranych krajach europejskich

Streszczenie

Globalne megatrendy, obejmujące m.in. zmiany klimatyczne, rosnącą biedę, globalizację czy zmiany demograficzne, kreują nowe wyzwania przed przedsiębiorstwami i w konsekwencji powodują konieczność zmiany ich działań, zarówno na poziomie strategicznym, jak i taktycznym. Owe zmiany są niezbędne, aby sprostać tym wyzwaniom i skutecznie konkurować na rynku. Zrównoważone podejście do zarządzania firmą jako całością, a do działań marketingowych w szczególności, staje się kluczowym elementem dla przedsiębiorstw działających w sektorze żywności i napojów. Te, które zaimplementują założenia strategii zrównoważonego rozwoju do

realizowanych działań marketingowych, będą miały szansę wykreowania unikatowej wartości dla klientów i tym samym zdobycia trwałej przewagi rynkowej. Artykuł koncentruje się na ocenie zakresu wdrożenia narzędzi marketingu zrównoważonego przez MSP działające w wybranych krajach europejskich. Został on opracowany na podstawie wyników badań prowadzonych przez autorów w sześciu krajach europejskich: Polsce, Chorwacji, Rosji, Wielkiej Brytanii, Niemczech i Hiszpanii. Wyniki badań wskazują, że małe i średnie przedsiębiorstwa działające w Hiszpanii koncentrują się w największym stopniu na kreowaniu zrównoważonych produktów i działań promocyjnych. Podmioty funkcjonujące w Chorwacji angażują się głównie w tworzenie zrównoważonych działań marketingowych w obrębie dystrybucji, komunikacji i działań nakierowanych na pracowników. Z kolei w Polsce implementacja koncepcji zrównoważonego rozwoju obejmuje głównie strategię cenową, podczas gdy w Wielkiej Brytanii strategię komunikacji rynkowej oraz działań w obrębie pracowników. Przedsiębiorstwa z Rosji natomiast zwracają największą uwagę na tworzenie zrównoważonej dystrybucji.

Słowa kluczowe

zrównoważony marketing, kraje europejskie, MSP, sektor żywności i napojów