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A Marketing Strategy for Sustainable Business

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<p>Abstract</p> <p>The research objectives were geared towards understanding the uniqueness of sustainable business compared to conventional business. Also, greater attention was given to investigating the marketing strategies of sustainable business and consumer buying behavior in sustainable business.</p> <p>The theoretical framework was completed using data from secondary sources such as published literatures, international journals of business, academic research papers and the Internet. This part of the research was organized in such a way that the key concepts such as sustainability, sustainable business, sustainable consumers and sustainable marketing strategies were reviewed in line with academic sources. These key concepts were defined and thoroughly discussed. The empirical part comprises both qualitative and quantitative research methods including the collection of the primary data. The qualitative part was executed with a semi-structure interview (face-to-face and e-mail interviews) and the quantitative part using an online survey.</p> <p>The main results from the research indicate that sustainable business resembles conventional business but with an extra focus on the environmental, economic and social responsibilities. Also, the marketing strategies for a sustainable business are peculiar in terms of the marketing mix and branding approach where sustainability itself is promoted as a brand ethos. The consumer buying behavior indicates that more people are interested in purchasing and start using sustainable products and services when they are positively influenced by family and friends, and also when they are reached with effective marketing messages about sustainable products and services.</p>		
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1 Introduction

As a result of several human economic activities, the world is currently facing major environmental and social challenges such as over population, air pollution, poverty, inequality, global warming, deforestation, ozone layer depletion and loss of biodiversity (planetearthheerald.com). Due to these challenges, governments, corporate organizations, individuals and all other stakeholders are considering sustainability a solution in form of green policies, sustainable business and corporate environmental policies and so on. For example, sustainability is observed nowadays from the energy industry (biofuel) to daily domestic essentials such as bamboo toothbrush or biodegradable waste bags which have been considered alternatives to conventional solutions.

Also, different companies in pursuit of sustainability have started rethinking their products, technologies, processes and business models in order to remain competitive (Ram, Prahalad & Rangaswami 2009).

Pujari and Wright (1996, 19-28) as well argue that manufacturing firms have started to put a lot of efforts into achieving sustainable development through their manufacturing technologies, products design and so on. Also, consumers are becoming aware of and educated about the impact of their consumption and economic activities on the environment. Consumers have expressed their support for a better environment and social wellbeing by patronizing and demanding ecological products and buying from companies that respect human rights and practice fair trade while doing their business. Consumers are no longer patient enough to tolerate companies that violate the environmental and social wellbeing of people due to their business activities. They would rather boycott such companies' products and services or actively mount enough pressure on them through social media or some other environmental and social wellbeing oriented non-governmental organizations (NGOs).

Research Background

The idea for this thesis lies in the author's personal passion for sustainable business and the related marketing strategies. The author derived inspiration for this subject from a marketing class where the word "sustainability" was discussed. Since then,

the author has developed an interest towards sustainable business in general and eventually decided to carry out this research work at the end of his studies. As discussed above in the introduction part, it is evident that sustainable business is a solution to the current environmental and social challenges. However, the marketing strategies for this kind of business is yet to be fully explored and from the author's point of view, it would be a useful knowledge base to investigate the marketing strategies for sustainable business. At the end of this research there would be benchmark studies done and strategies presented for marketing sustainable business. This research would help provide useful information for new startup companies and other established organizations aiming to improve their business practices towards sustainability direction and as well communicate such practices in their marketing messages in order to deliver unique value propositions (UVP) and unique sustainable selling propositions (USSP) to their customers.

Research aims and objectives.

The main aims and objectives of this research work is to explore the field of sustainable business with a focus on its related marketing strategies and how it is different from conventional marketing strategies. The consumer buying behavior in a sustainable business was also investigated in order to better understand the marketing strategies of sustainable business.

Structure and content

This research work follows the latest standard research reporting instructions and layout provided by JAMK University of Applied Science, Finland.

As for the structure, the research background and the main motivations for this research of the studies are presented after the introduction. After that, a number of literature reviews on sustainable business will be investigated while focusing on sustainable marketing strategies deployed by different companies. The empirical part containing the interviews and survey questions will then be presented and analyzed. Thereafter, valuable inferences and conclusions will be drawn and finally, the main findings from the research will be presented in the conclusion section.

2 Theoretical framework

In order to carry out the research work, the theoretical framework is based on analyzing secondary data from a number of articles, academic publications, international journals and literatures on sustainability, sustainable marketing, sustainable business, green business and general marketing principles. It was discovered that the field of marketing strategies for sustainable business is only emerging and not totally established yet, only limited amount of academic literatures were possibly explored.

2.1 Sustainability

Sustainable development

Our Common Future, a report published in 1987 and which is also known as Brundtland Report highlighted sustainable development as instrumental tool towards sustainability. Over seven billion people live on earth today, such expanding population has led to a number of concern among different researchers. In number of research works like *The Population Bomb* by Ehrlich (1968), *The Turning Point* by Capra (1982), *Small is Beautiful* by Schumacher (1973) and so on, all clearly identify that the current human development approach cannot be sustained and hence quest for a change and the change is sustainable development.

Sustainable development as explained in Brundtland Report at United Nations' World Commission on Environment and Development (Brundtland Commission) is the ability to meet today's need without compromising the ability of future generations to meet their needs as well. (WCED 1987, 24.)

Since 1987, there have been many definitions of sustainable development. In essence they could be generally divided into hard and soft approach. The hard approach focuses on preventing economic activities from the environment and hence preserving it. While the soft approach tries to find right limit within which economic activities can co-exist within social and environmental positive boundaries. (Belz & Peattie 2012, 11.)

Sustainable development spans over four main areas: ecology, economics, politics and culture (James, Magee, Scerri & Manfred 2015). Each area has specific challenges that need to be resolved in order to imbibe sustainability culture. Challenges

such as social equity (poverty, health and wellness issues, abuse of human rights), economic efficiency (innovation, prosperity, and productivity), and environmental accountability (climate change, land use and deforestation, loss of biodiversity) must be resolved to ensure sustainable development which fosters sustainability and sustainable business.

Sustainability defined

According to Brundtland report (1987), sustainability involves finding the dynamic balance between the environment, economic and social wellbeing of the people.

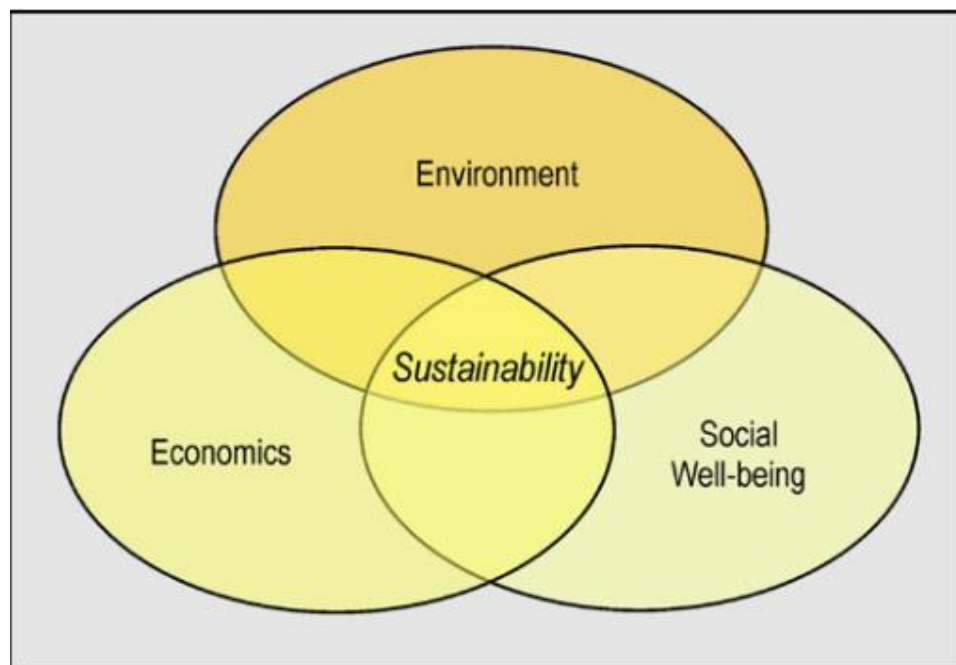


Figure 1. The concept of sustainability (Lee & O'Neil 2004)

As seen in the figure 1 above, these three aspects are interrelated and depend on each other in order to achieve sustainability.

Sustainability fundamentals: Belz and Peattie (2012, 10-11) identify from the Brundtland report that in order to ensure sustainability, the four underlying key principle must be observed as discussed below.

- I. **Need:** this examines anthropocentrism -human self-centeredness versus biocentrism -every life has equal value and human beings are not spectacular. In

order to achieve sustainability, biodiversity and biocentrism are essential.

Also it is not sustainable when only the needs of human beings must be met at the expense of extinction of other species.

- II. **Intergenerationality:** considering not only present generation needs as the most important but also future generations and their needs as well very important key principle towards achieving sustainability.
- III. **Equity:** fairness in distribution of the cost and benefits of economic growth among different regions, races, counties and so on.
- IV. **Global environmentalism:** the whole ecosystem is interconnected, dynamic and have limited possibility to meet human needs. Non-environmentally friendly behavior like pollution, over consumption and production cannot be sustained on the long run.

Elkington (1994) identified the triple bottom line of sustainability. The triple bottom line or the three pillars of sustainability are environmental, economic and social pillars with corresponding planet, profit and people dimensions respectively. Although, some other experts like Gibson (2001, 10) a political scientist propose in his paper that both cultural and political pillars could be added and more precisely he rejected the concept of pillars of sustainability and eventually propose seven fundamental principles of sustainability. However, for this research work, the three pillars and their challenges would be considered. The three pillars of sustainability are discussed below.

Social perspective/issues:

Despite a strong effort to improve standard of living and eradicate poverty and social injustice, a number of social inequities and wealth differences are still observed today across different geographical region even amidst human economic achievement in the 21st century. Those concepts such as social equity, labor rights, non-usage of child labor, community development and so on are yet to be achieved fully while conducting business.

According to United Nations website (2016), a number of reasons aside poverty is attributed to child labor especially in developing countries. These include but not limited to barrier to education, local labor market demand, culture and tradition and so on.

Also, the resources consumption across region of the world indicates social inequality and imbalance distribution of pains and gains that come with the consumption and extraction of such resources. For example, more than half of the 85 billion of barrel of oil produced per day is consumed by OECD countries alone. (eia.doe.gov). The concept of corporate social responsibility (CSR) is becoming a common practice by most organization recently in order to appear socially responsible. However, Burke & Logsdon (1996, 496) argue that not all CSR program create a value for a firm. There are number of other reasons why a business could be forced to be socially responsible as seen in the figure below.



Figure 2. Pyramid of socially responsible practices (Seretny & Seretny 2012, 66)

For a sustainable business, the social challenges faced as a result of doing business must be observed, reasonable efforts and strategies must be put in place in order to solve such challenges as well. A sustainable business should be aware of all these challenges and hence must create a business that embraces social justice and sustainability across regions of the world where they do business.

For example, H&M and Body practice social sustainability in their business. H&M ensures low environmental impacts while doing business, provides good working conditions for employees and ensures strong commitment to all its stakeholders (Edwards-son et al. 2009, 106). Body Shop uniquely stands out by rejecting animal testing, focusing on ethical consumptions and other social issues such as community development based on the principle of profits with a principle (Kent & Stone 2007, 531).

Economic perspective/challenges

The pursuit of economic growth in order to improve standard of living of a group of people at the expense of available natural resources is not sustainable due to the finite amount of such natural resources.

This kind of unsustainable economic growth at the expense of resource depletion have been criticized over years and number of alternatives and reforms have been proposed to cater for such challenge. The key areas identified for reform towards sustainable economic growth includes but not limited to considering the environmental effects of unconstrained/unsustainable economic growth, rethinking nature as not being an economic externality and considering economic activities that is conscious of the social and environmental consequences of market behavior. (Hawken & Lovins 1999.)

Also, UNEP suggests green economy that is aimed at improving human well-being and social equity without enabling ecological and environmental impacts. The transition to green economy will not only generate wealth (ecological commons or natural capital) but also increased a GDP growth rate over a period of years, produced more new jobs more than those lost during the brown economy. When there is proper maintenance and conservation of ecological commons, poverty eradication is easier to achieve. (United Nations Environmental Program 2011.)

Environmental perspective/challenges

As much as human beings crave for environmental sustainability, our actions such as overconsumption, environmental degradation, emission of large amount of greenhouse gas every year, rising demands of middle class from emerging economies and some other non-environmentally friendly activities would make our dream of a greener environment more like a mirage. The word “sustainability” is quite common nowadays but the green actions are not.

The recent global warming is predicted to rise by 0.3°C ($\pm 0.21^{\circ}\text{C}$) degree from 2014 onward as compared to the figure of 2004 (Smith, Cusack, Colman, Folland, Harris & Murphy 2007). Around 10 billion tons of carbon (GtC) in the form of CO_2 are being emitted into the atmosphere every year by humans (Boden, Marland & Andres 2009). Another concern is that in the year 2013, the global CO_2 emissions increased by 0.7 Gt or 2.0% from 2012 which result in a high level of 35.3 billion tons (Gt) of CO_2 (Joint Research Centre European Commission -JREC). CO_2 , a major contributor of greenhouse gas, is released by humans through transportation, factory plants and machines running on fossil fuel. A number of effects of climate change such as loss in agricultural productivity, seasonal events variability and so on would have a greater impact on business and cost a lot of financial costs and human efforts to restore. Due to these challenges, there is a quest for alternative, cleaner and sustainable ways to meet our ever growing needs and sustainability is one of the solutions. The importance of sustainability and hence sustainable business cannot be underestimated in the 21st century.

Edvardsson and Enquist (2009, 105-108) listed a number of companies that practice sustainability towards the environment and ensure social justice in their business as Starbucks, H&M and Body Shop. They are all members of UN Global Compact and they use a service culture based on triple bottom point.

Starbucks that conducts sustainable business alongside offering excellent and customized consumer experience and ensuring a high return to all stakeholders still considers how the earth could sustain what Starbucks takes out of it. For example, Starbucks explores alternative energy sources through investing in renewable energy (Michelli 2007).

Sustainable business

According to Cooney (2009), sustainable business is a type of business or enterprise that strives to reach its business aims and objectives and at the same time, bears in mind to leave zero or minimal negative footprints on the environment (local, community and global), which would eventually lead to both financial and economic loss for both present and future societies. Usually, the corporate policies and core business strategies of such business favors decisions that create positive environmental and social impacts while doing business as highlighted below.

“A green business requires a balanced commitment to profitability, sustainability and humanity” (Koester 2011, 8).

Sustainable business is also known as green business according to Koester (2011, 22). The owner of such business is called “Ecopreneur” as suggested by Cooney (2009), or “Greentpreneurs” by Koester (2011, 11).

Charter, Peattie, Ottman & Polonsky (2006) simply explain the concept of the triple P's (profits, people and planet) also known as the triple bottom line commonly used to describe the triangularly thinking nature of sustainable business. Sustainable business strives to fulfill its financial (profit) and social/customers (people) needs without ignoring the negative impacts of their business activities on the environment, our planet. As sustainable business considers environment and social justice key decision parameters in every business decision and corporate policy, it will eventually gain a very positive reputation in the minds of customers.

In today's business world, many reasons have risen from strict government policies to customers' cry outs and boycotts of some non-green and unsustainable products and services. Every stakeholder of a business including shareholders, local and global communities, Non-governmental organizations (NGOs) such as Greenpeace, World Wide Fund for Nature (WWF), Conservation International and so on, suppliers and other stakeholders in the value chain have contributed towards the need for the well-established multinational companies to consider sustainable business principles in their operations. Over the years, a number of multinational companies have started going green in their business. This ranges from the Banking industry to the

Food & Beverage industry, Automobile industry, Airline industries, Multinational retailing companies, Computer manufacturing industries, Restaurant Business and so on.

Companies like Bank of America have saved around 200,000 trees a year in its business activities through their internal paper recycling program, which recycles around 30,000 tons of paper every year. The Bank of America stated on their website indicates the financing of \$53 billion for low-carbon, renewable and sustainable energy solutions. The bank's environmental commitment cut across so many other fields as shown in the figure below.

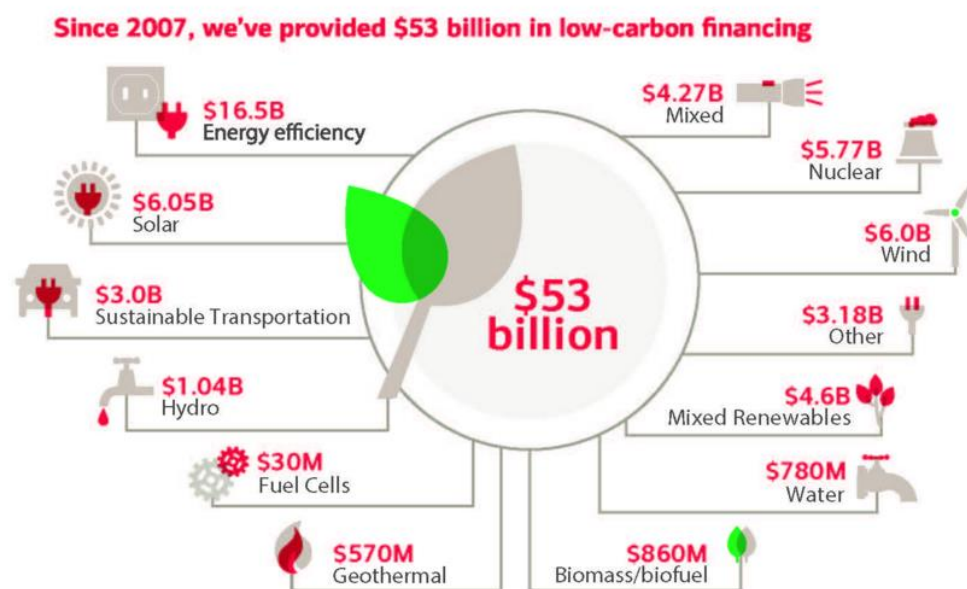


Figure 3. Environmental projects financed by sector (Bank of America website)

Another interesting multinational company gearing towards sustainable business is Starbucks. Apart from actively working with a number of environmental organizations to ensure the best environmental practices wherever they operate, Starbucks has also been saving around 78,000 trees per year since 2006 due to its "bean to cup" program. This is possible by making the coffee cup sleeves from recycled paper. The third example is taken from the automobile industry. Tesla do not only help customers save money, they help save the environment by advocating 100% electric

cars. (Businesspundit.com.) As highlighted in the case of the companies discussed above, stakeholder engagement and environmental management systems are common best practices by businesses that follow sustainable business principles.

2.2 Sustainable consumer

For every business, identification of established and potential consumers is very important in order to create a viable business. This is possible by using market research data, which is further analyzed to create different customer segments. As a result, companies could direct their marketing efforts effectively and also provide products and services that give right solutions to their customers' needs. It is the same for sustainable business, understanding how a sustainable consumer looks like can help companies understand better ways to reach them using right marketing strategies and marketing mix.

Although after several academic efforts and research studies, it is not straightforward to specifically define who a sustainable consumer is. This is because of different variations among sustainability oriented consumers between different consumption categories, contexts or even process stage. (Belz & Peattie 2012, 98.)

Sustainable marketers must account for how to understand consumer intentions, attitudes and behavior in holistic view and how it relates to both the environment and social issues.

As mentioned earlier, a sustainable consumer could be observed under different context and circumstances, the question is who actually sustainable consumer is. Could one say that a sustainable consumer is a consumer that is concerned about green or ethical consumption, or is someone with intention but no actual actions of sustainable consumptions due to number of reasons like financial constraints, lack of social approval or even skeptic about sustainability claims and so on. (Belz & Peattie 2012, 99-100.)

Botsman and Rogers (2010, 11) also consider sustainable consumer from the point of collaborative consumptions such as product-service system, communal economies or redistribution markets.

More so, an interesting point could be to consider a sustainable consumer as a co-creator in remanufacturing process, for example, consumers returning old electronic gadgets to factories for exchange of small money. It is evident that expecting every consumer to be similar in the areas discussed above could be impossible and asking who a sustainable consumer is might not be the right question but the right approach is to consider consumption as a social action and not merely individual personal decision as in the case of conventional marketing (Belz & Peattie 2012, 80).

Most importantly, sustainable marketer must try to understand under what circumstance and for what reasons or to what offerings an individual consumer can make more sustainable consumption decision, behavior and lifestyles. After understanding such circumstances, it is possible to develop marketing strategies and a marketing mix that will support such actions. (Belz & Peattie 2012, 103.)

2.3 Sustainability marketing

“Sustainability marketing may be defined as building and maintaining sustainable relationships with customers, the social environment and the natural environment” (Belz & Peattie 2012, 29).

Sustainability marketing is a kind of marketing that is based on essential components beyond just selling more and more. It is a marketing approach that provides solutions to consumers’ needs while considering other components like ecological orientation, ethical business process, viable and relationship based interaction with customers and the solutions.

Sustainability marketing has evolved over time as seen in the figure below and a number of researchers as contributed towards developing this important aspect of a sustainable business. From ecological marketing to green or greener or even sustainable marketing and eventually sustainability marketing. The interesting point is that the onion-like shape/ concentric nature of the sustainability marketing evolution diagram shows that sustainability marketing is broad and has developed over other different stages of evolution.

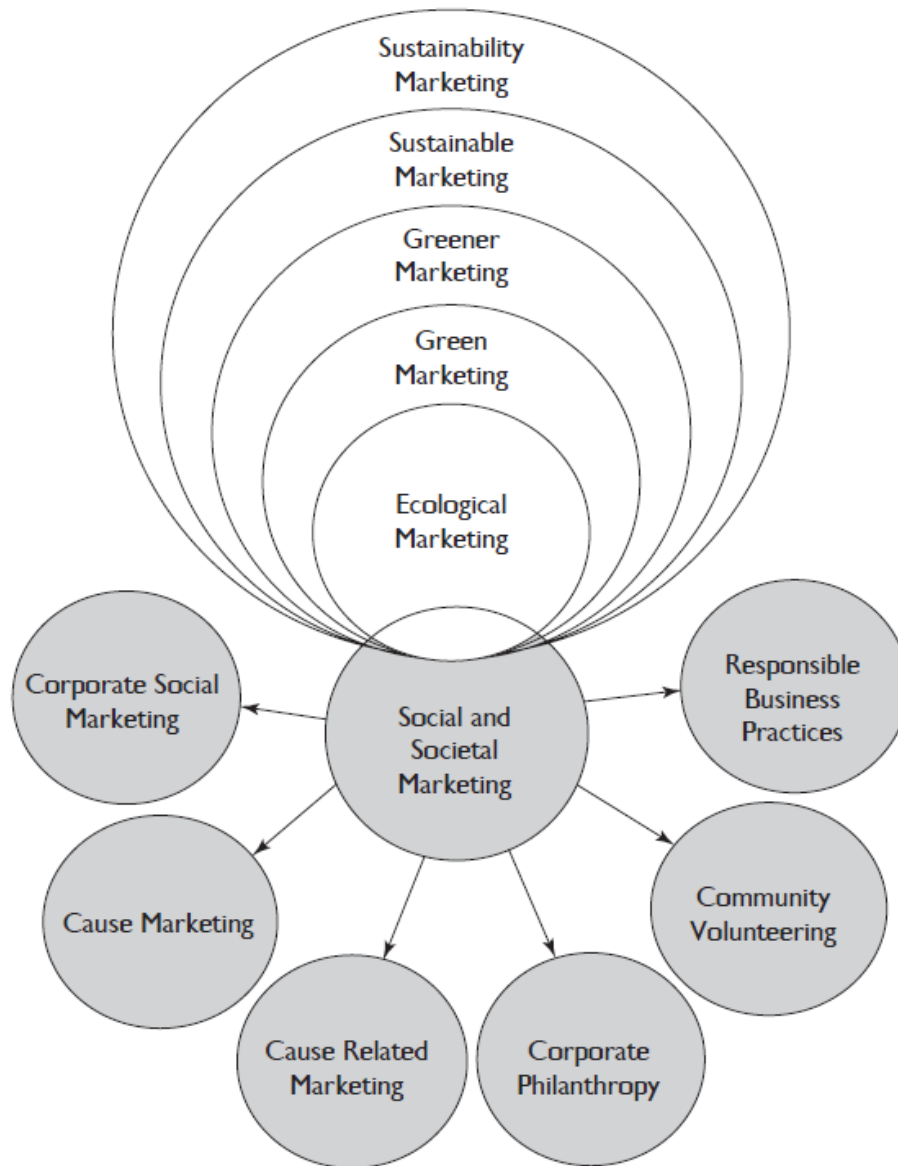


Figure 4. Evolution of concept of sustainability marketing (Global Business Review 2013)

Sustainability marketing ensures that sustainable development's key principles are employed. Sustainability marketing is different from sustainable marketing, which implies building long lasting relationship with customers with little or no consideration of sustainability issues. Sustainability marketing involves every stakeholder including manufactures and consumers to have a new mindset and influence changes on their environment. Also sustainability marketing differs as well from green mar-

keting which focus more on solving environmental challenges. However, sustainability marketing involves solving sustainability issues considering the triple bottom line –ecological, social and economic perspectives (Belz & Peattie 2012, 28-29).

For the purpose of this research, only sustainability marketing would be discussed further in the next sections.

Key elements of sustainability marketing

Sustainability marketing is not transaction focused or merely short term based, it is long-term oriented and focus on building genuine customer relationship while considering other sustainability issues as well. Belz & Peattie (2012, 28) classify six key elements of sustainability marketing from managerial perspective as described below.

- Social-ecological problems
- Sustainability marketing strategies
- Sustainability marketing mix
- Sustainability marketing transformations
- Consumer behavior
- Sustainability marketing values and objectives

Unlike conventional marketing, both companies and consumers have power to change the environment considering the elements of sustainability marketing mentioned above since it is more realistic and long term based. For example, an ethical consumer knows how his/her activities at different stages such as purchase, use and post-use have effects on the environment and would effectively make positive choice of consumption in favor of the environment.

Sustainability marketing values and objectives

Business must create values for customer through its interaction with customers. In marketing sustainability, certain values and marketing objectives are pursued by a sustainable business and such values and objectives set them aside from conventional marketing as discussed below. (Belz & Peattie 2012, 124-129.)

Sustainability marketing values: Companies are founded on own core values. Those core values are expressed in number of ways through their corporate mission, vision, philosophies and principles. In return, companies expect that their core values will create the brand ethos for the company and provide guiding principle of company's activities.

Ethos means character in Greek. It is guiding set of principle that makes a community. In essence brand ethos is the character of a brand and it shows the core values of a company, its products and services. For many big and innovative organizations, sustainability itself is essential aspect of what makes their core values and brand ethos.

Sustainability marketing objectives: Every business must set a specific, realistic, time bound, attainable and measurable (SMART) marketing objectives in order to keep the business running. Sustainable business sets marketing objectives that cater for economic objectives (both short and long term) for the business as well as both social and environmental marketing objectives. Sustainable business uses the triple bottom—social, environmental and economic objectives. Unlike the conventional marketing that focus mainly on the economic perspectives and measures marketing performance on factors like sales profit, market share which are targeted towards short term financial gains and growth oriented objectives.

Economic objectives: This is the main focus of conventional marketing. However, in sustainability marketing objectives, it is also important. Sustainable business for example could set an economic objective to something like increasing sales and market share of sustainable products and services, increase long-term customer relation as against one-time transaction based and ensure environmental friendly driven psychographic marketing and so on. Whereas a conventional marketing objective could only be like increasing the sales and market share of any products and services not implicitly sustainable ones, focus on short term customer relationship and crave for brand recognition despite being environmentally unfriendly. For example, Toyota setting an economic objective of a global sales goal of hybrid cars to one million by 2010 is an example of sustainability economic objective. (Belz & Peattie 2012, 129.)

Social objectives: When a business operates in a certain environment, it is important to relate with all stakeholders –customers, employee, contractors, suppliers and so on in a positive way. A sustainability social objectives ensure fairness within the social context it operates and make it core to its business operations and not just only for public relation purpose through Corporate Social Responsibilities (CSR) program only. For example, Nike make social objectives core to its business, invested several millions of dollars in “Let Me Play community project” and ensure that all its partners and contactors respect the rights of their employee after the sweatshop labor accusation in the mid-1990s. (Belz & Peattie 2012, 131.)

Ecological objectives: the economic activities of consumption, producing and even disposing products cost the environment and leaves its impact that visible over a long period of time. This is why the ecological objectives is crucial and aims to ensure such activities gained from the economic objectives have little or no impact on the environment. For example, Life Cycle Assessment (LCA) guides sustainable marketers to set a holistic ecological objective that cover key areas such as material use (toxic materials, non-renewable and renewable energies usage), effluents (such as effects on water quality of production), emissions (such as greenhouse gases, ozone depletion problems), waste (such as toxic materials, not recyclable wastes), water use (volume required to produce) and so on. (Belz & Peattie 2012, 130 & Ottman 2011, 59.)

These ecological objectives are essential since the cost of using and damaging the environment do not necessarily get reflected in the price of goods and services but rather considered as externalities that must be taken care of by the society if possible in one way or the way. But in essence business too could support policy makers and government at the grass root level of their operations. It is important to highlight that achieving the triple bottom line of sustainability marketing objectives could be challenging due to its intricate nature, complexity and continuous development. Sustainable business must try its best to find a common balance point among the three aspects while considering both short and long term business objectives in their rightful proportion. (Belz & Peattie 2012, 119-132.)

2.4 Sustainability marketing strategies

In a broader view, marketing strategy involved utilizing the marketing mix as a basis for a business to develop its market segmentation and targeting of consumers and developing a positioning strategies. This implies that marketing strategies is two legged. It capitalizes on the marketing mix and strategic marketing. When discussing marketing strategies for a sustainable business, it means adopting sustainability principles alongside with the strategic marketing and marketing mix. (Slater & Oslon 2001, 1056.)

Marketing strategies of a company should go together with the company's core values and main reason for the company existence in the first place. In the case of marketing strategies for sustainable business, the business environment and the relationship between the company and its key stakeholders (customers, suppliers, NGO, the local communities, the media and so on) would have an effect on such strategies. Sustainable business tends to consider all these carefully in order to achieve a successful business.

Developing a right marketing strategies that incorporate economic as well as both the environmental and social goals would help sustainable business to become successful amidst number of social and ecological challenges arising from economic activities and how they are perceived by the public and the government. Sustainable marketers could use five steps as suggested by Belz & Peattie (2012, 137) to achieve an effective sustainability marketing strategies. These steps are screening what sustainability actors and issues are, sustainability market segmentation, sustainability innovation introduction, sustainable products positioning and establishing partnership with sustainability stakeholders.

Screening sustainability actors and issues

In today's global economy and market place, there are number of social and ecological challenges such as global warming, toxic and local waste management, child labor and so on. However, each has its peak and off peak time. For example, over a cause of about three decades, starting from 1980s through 2006, global warming issue has wax and wane during this period. The main reason why sustainability marketing strategies must consider this swing in the social-economic problem using tools such

as issue-attention cycle graph and understand the active actors –social media, politician, society and so on behind those sporadic events. When sustainable marketers understand such situation, they are able to know when such problems interest the public how it affects the behavior of consumers at that point in time. (Belz & Peattie 2012, 149-150.)

Sustainability market segmentation

There is no substitute for companies to understanding their consumers well and knowing how much to serve them better. Different customers over a diverse composition would be reached and properly served when segmented. Also, a wide range of different customer behaviors would be properly understood through segmentation. Segmentation helps sustainable marketers to channel their efforts towards the right segments for their sustainable products and services. Using broader marketing principles, four major variables could be used to segment markets. These variables are: geographic, demographic, psychographic and behavioral variables.

In geographic segmentation, understanding the different categories of consumers and their behavior in different geographical locations of the world helps identify their orientation towards sustainability and what their sustainable consumer behavior looks like. This knowledge does not only help identify which regions have more money to spend on premium sustainable products but also their willingness to buy sustainable products. For example, about 20% of the population in most developed countries such as USA, Germany, France, and Japan and so on are willing to pay for premium sustainable products and services according to the LOHAS (lifestyle of health and sustainability) studies. But these developed countries rank lowest in sustainable consumer behavior as reported in the Greendex research. (Belz & Peattie 2012, 153.)

In marketing studies, demographic characteristics such as age, sex, gender, race, level of education, income, family size and ethnicity of customers are used for segmentation. A study by Diamantopoulos, Schlegelmilch, Sinkovics and Bohlen (2003) concluded that there is no convincing theory to establish the impact of gender on sustainable customer behavior. Even though the research conducted in Egypt shows that men are more concerned about environmental issues than women (Mostafa

2007). However, Jain and Kaur (2006, 107-142) propose the opposite that gender and environmental knowledge are interrelated because men are more open to environmental information than women. So due to varying conclusions, the research will prefer to conclude that gender makes insignificant difference for sustainable consumer behavior but depends in different social and cultural contexts.

Starr (2009, 916) is of the opinion that when people are informed about social, ethical and environmental issues through some form of education, they consume products and services in a responsible and ethical manner. Thus when sustainable marketers increase the awareness, education and information about sustainability, it propels environmental concern in customers as pointed out by Newell and Green (1997, 53-69). Age is an important factor to correlate sustainable consumer behavior with. Starr (2009, 920) holds an opinion that young people understand current global environmental challenges better than older people possibly due to the recent emphasis in the education of young people about those problems. Consequently, they tend to hold a greater value towards ethical consumption. As for income, even if higher income earners are able to pay extra for sustainable products and services as mentioned by Straughan and Roberts (1999, 558-575), there is no assurance that they are able to adopt ethical and sustainable consumption (Starr 2009, 925).

Psychographic factors such as personality characteristics and lifestyles are used to segment sustainability markets into different groups. But the actual driving force behind such division is the LOHAS consumers. They are not restricted by age, income, gender, or education but they can be found from every walks of life. Their motivation is to live a better and healthier life and embrace sustainability in speech and action. They are also ready to pay more for sustainable products and services. Another similar consumer group is the LOVOS (lifestyle of voluntary simplicity). They consume less, live a simple lifestyle and find a balance between efficiency and sufficiency. However, the LOVOS are less attractive than the LOHAS because they consume less. (Belz & Peattie 2012, 155.)

When sustainability marketers make a market segmentation based on behavior, they are able to determine how often consumers choose sustainable products and services, which will make them develop appropriate marketing strategies for each group. For example, some customers buy sustainable products such as organic food

more frequently (more than once or twice a week) and they could be categorized as heavy users, while some only buy once a week/month, and they could be categorized as occasional users or light users. Some do not even buy at all due to reasons like doubt of ecological quality or high price, and they are simply nonusers. When sustainable marketers understand each segment, appropriate marketing strategies can be created to reach them. For example, encouraging nonusers to try out sustainable products at a lower price during certain periods or encourage light users to become heavy users. (Belz & Peattie 2012, 154.)

Sustainability innovation introduction

Business must innovate and get the timing right. A sustainable product or service with additional environmental and social benefits today could be regarded as a standard tomorrow. That is why continuous innovation considering environmental and social performance is very important to sustainable business. (Belz & Peattie 2012, 156.)

Belz & Peattie (2012) consider sustainability innovation from different perspectives. As shown in the diagram below, sustainability innovation could consider ways to improve existing products and services and improve their social and environmental performance (1), it could be that alternative technologies are developed to solve existing problems (2), or existing knowledge and technologies are deployed to a new market area, (3), or finally sustainable innovation could be a form of combination of different systems (technology and non-technology innovations) to support one another and create new but soft sustainability innovation. For example, car sharing as against owning one (4).

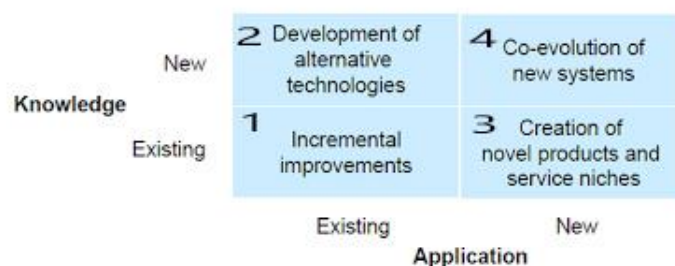


Figure 5. A typology of sustainability innovations -edited. (Belz & Peattie 2012, 156)

Even in some cases, the strategy could be a form of exnovation and not innovation. Exnovation is a means by which a company adopts new innovation practices for entirely new and different business areas while discarding some other ones. For example, Siemens in 2011 announced that it was to stop its nuclear business entirely and shift focus to renewable energy, health and medicine.

The other side of the coin is getting the time right. This is very important in order to achieve successful sustainability marketing strategies. Some sustainable business pursuit early mover advantage, though it has both pros and cons. Sustainable marketers must consider the fact that there is risk such as creating or marketing a sustainable products or services that customer might show some interest in at early stage through some survey but their actual willingness to buy these products might be different. Also the problem of educating consumers about new sustainable products and services is another challenge faced by pioneering sustainable business marketers. However, on the other hand early mover advantage give business possibilities to gain high market share earlier enough than others, create an awareness and build market-entry barriers for others.

Sustainable products positioning

Every customer has unique orientation about each products and services. In business, positioning is the orientation a customer has about a product or service in his/her own mind and in comparison to other alternatives from competitors in the market. Sustainable business commonly finds unique positions such as sustainable, green, ecological or ethical products which in essence give a unique image to their customers about who they are. On the other hand, even if such competitive advantage is evident against conventional business, the question is how much should it be communicated and how?

Belz & Peattie (2012) argue that in order to position sustainable products, it could take any of the following four ways as discussed below.

- I. Focus on socio-ecological value added over performance and price
- II. Equal emphasis on performance, price and socio-ecological value

- III. Communication of socio-ecological value added as an integral part of the product quality – common positioning strategy by large companies
- IV. No communication of socio and environmental benefits of products.

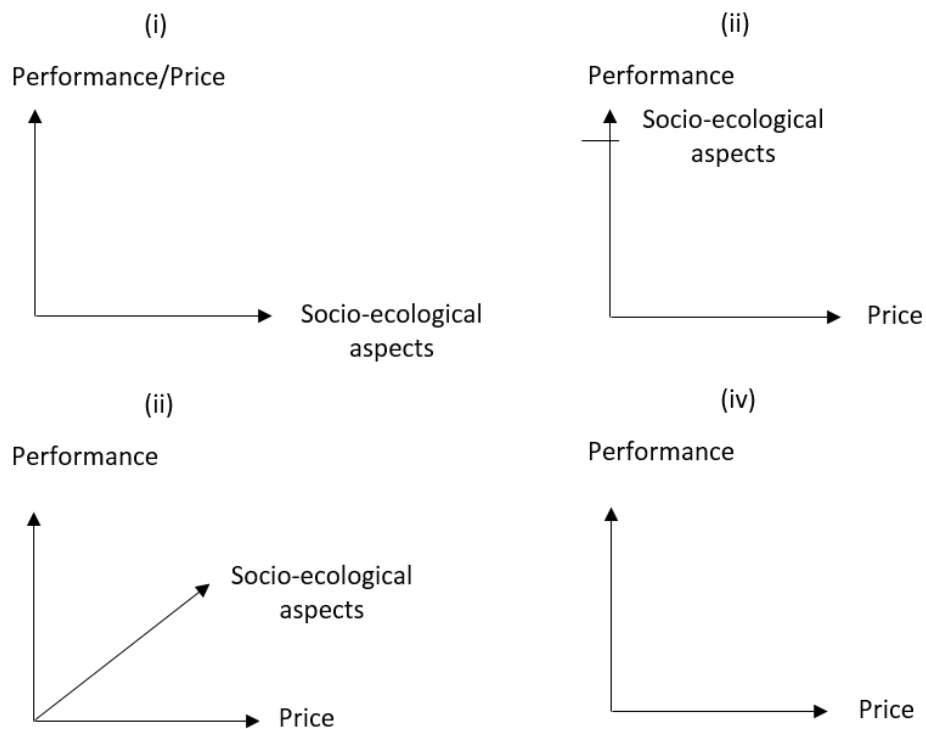


Figure 6. Positioning sustainable products (Belz & Peattie 2012, 160)

All these types of positioning strategies are used by sustainable marketers to gain a competitive advantage in the mind of customers at different situations depending on the industry or the kind of sustainable products or services being offered.

Establishing partnership with sustainability stakeholders

Social and environmental challenges faced businesses could be improved when different stakeholders such as employee, customers, suppliers, NGOs, communities, business partners, shareholders, government and even competitors come together. Sustainable marketers could engage customer, community or even other co-designer through an open sustainability innovation. For example, jovoto.com lunched a competition of 300 dollar sustainable and affordable home in 2011 and it received a lot

of engagement and content from the public ranging from students to professional. Also Starbucks launched 'betacup' innovation contest in 2010 to reduce paper cup on same platform. (Jovoto.com.)

One other interesting example is Procter and Gamble partnering with number of climate oriented NGO's across Europe and North America in order to encourage customers to adopt low temperature washing using Ariel brand. This eventually save energy, save cost for customers and reduce greenhouse gas emission. (Belz & Peattie 2012, 165.)

2.5 Sustainability marketing mix

This section will examine how conventional marketing concepts differ from that of sustainable business. The concepts of 4Ps 'and 4C's will be discussed as well in this session in line with literature on sustainability marketing.

Marketing is an essential aspect of any business. In order to achieve a successful marketing objectives, McCarthy (1960) proposed the marketing mix as 4P's in his book "Basic Marketing: A Managerial Approach". The 4P's as it is commonly used and widely accepted as the short form of Price, Promotion, Product and Place. More so, in order to have a holistic view of the concept of sustainability marketing mix, the customer's perspective presented by Lauterborn (1990, 26) as the concept of 4C's would be discussed later in this section. The 4C's is simply a short form of customer cost, convenience, customer solution and communication and it considers the mix from buyer's perspective as mentioned earlier whereas the classic 4P's considers the seller's perspective alone.

The figure below shows the comparison and transformation of the traditional McCarthy's 4P's of marketing mix with its equivalent sustainable marketing mix next to each other.

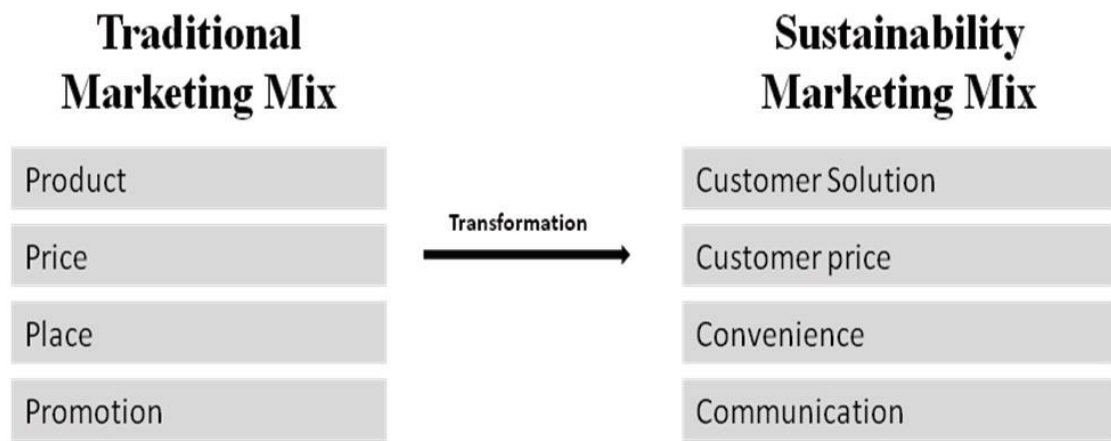


Figure 7. McCarthy's 4P's approach versus sustainability marketing mix.

2.5.1 Product

Companies offer products and services to their customers in order to satisfy their needs. Each company strives to ensure that its products and services stand out in terms of variety, quality, packaging, design, brand name, warranties services and so on (Kotler & Armstrong 2009). Sustainable business in all the aspects of its products and services mentioned above, strive for minimum impact on the environment starting from manufacturing to recycling and back to manufacturing stage again. Sustainable business uses the concept commonly referred to as life cycle assessment (LCA) and cradle to cradle approach as shown in the figure 3 below to analyze the environmental impacts of its products and services and ensure to minimize such impacts to the lowest value possible. Also, sustainable business carefully selects partners and suppliers that practice fair trade, community trade and so on to achieve this aim of minimal environmental impacts. As a result, sustainable business marketers are able to communicate their products and services to their consumers as ethically sourced and produced and environmental friendly.

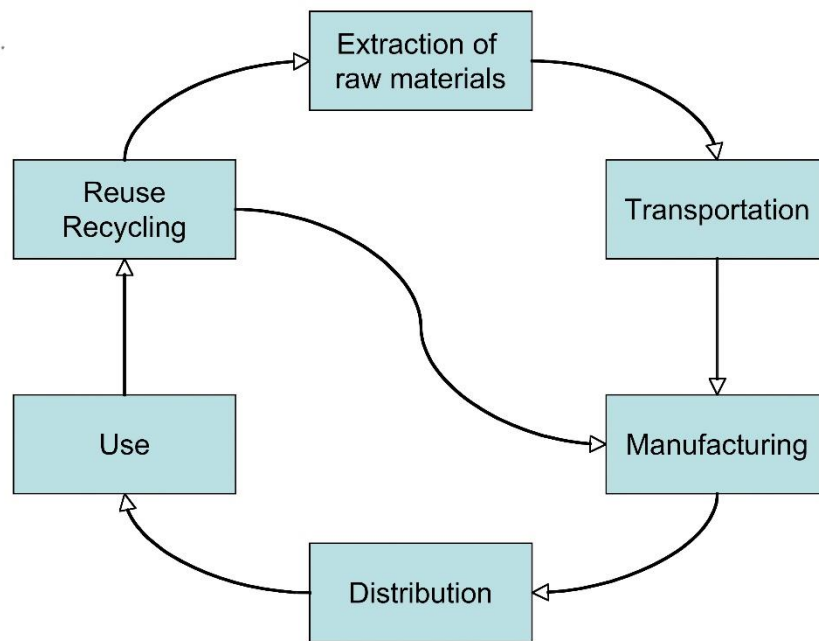


Figure 8. Cradle-to-cradle approach (Belz & Peattie 2012, 184)

The main point here is that sustainable business ensures to fulfil customer's need with only sustainable products and services for example replacing a plastic package material of a product with paper which is environmentally friendly. Sustainable business capitalizes on this in their marketing campaign and presents its products to be a better choice as compared to the conventional offers (Belz & Peattie 2012, 184.)

However, the main challenge posed to marketers is that different people examine products and services not only based on environmental and societal benefits alone but also on intangible criteria like personal honor, social influence and so on. Therefore, one could infer that it is hard to make sustainable products and services appeal to everyone despite its numerous benefits both on the short and long run.

As discussed above about different customers choosing sustainable products and services in their own unique ways, marketers of sustainable business must utilize the right message gets to their customers about their products and services in order to achieve business success. Peattie (2002) identifies what customers think about sustainable products while comparing perceived eco-performance and perceived technical performance as show below.

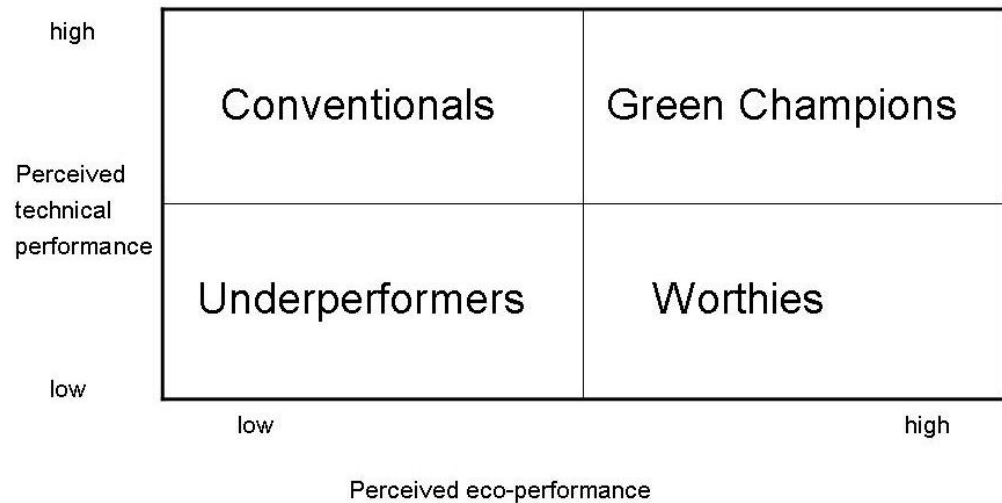


Figure 9. Perceived eco-performance (Peattie 2002)

Large number of customers consider first products that satisfy their primary needs. Sustainable business must ensure its products and services excel in primary/technical performance and environmental performance in order to be regarded as “green champion”. Although other sustainable business could offer products and services that are “worthies” where customers would have to compromise on the low technical performance but high environmental performance.

All these important features as seen in the case of “green champion” products must be well communicated to customers through branding, promotion and other marketing communication channels. It is also important to mention that all claims about green products during marketing campaign and promotion must be genuine and credible in order to prevent loss of good reputation. (Peattie 2002, 191.)

Another product strategy used by sustainable business is that it tends to offer a more durable product, which in turn have both economic and environmental benefits to consumers and the planet respectively. The need for a more durable product is growing among consumers. Sustainable business does not necessarily aim to only sell as much as possible as observed by conventional business where manufacturers embark on different type of planned obsolescence methods like built in, fashioned based or technological obsolescence.

Also, sustainable products from starting point ensure to source depleting raw materials more efficiently or even use recycled materials as input. However, if raw materials are needed, it is important that they are obtained from sustainable sources. One such sustainable source is Forest Stewardship Council (FSC) certified wood, which comes from sustainably managed forests and protections of the rights of workers and indigenous populations (FSC 2012.)

Another interesting point about sustainable products is in terms of energy efficiency and efficient usage of water. Sustainable products capitalize on improving energy efficiency of products and water consumption. This in turn also leads to both economic and environmental rewards. Not only that the final product is energy efficient, sustainable business chose renewable energy source during production and ensure very minimal waste emission or water consumption is involved. Packaging is very important for sustainable products as well. Minimal material and environmentally safe and less harmful materials are used.

2.5.2 Price

Because price involves the exchange of the sum of all the values that are being offered to customers for owning or utilizing a product or service, there is a top debate about pricing sustainable products and services. A number of questions arise, for example are sustainable products overpriced or conventional products are too cheap? Since sustainable products tend to protect the environment more, who should reward sustainable business for protecting the environment? And what kinds of customers are ready to pay for the so called green products?

The price of any product or service plays an important role in the purchasing decisions of customers. To some consumers, price reflects quality while to others it means premium products. As discussed in the product session above, all these unique features of a sustainable product come at some costs usually higher than an alternative product that is not sustainable.

Even though the price of a product or service accounts for the amount that a customer has to pay to the seller or provider of such product or service in order to utilize or enjoy it, other costs such as those involved in maintaining a purchased product

or other after sales costs also contribute to the total price that a customer must bear. As a result, lately some customers have started leasing a product instead of buying it especially if it is quite expensive.

Price is a very important component of the marketing mix since it is the only mix that brings direct return in the form of a profit to the business. Although the price of a product can be changed in different situations, for example, a strategy of reducing prices over a short period of time for market penetration could be done by a company. (Peattie 2002, 280-281; Schaltegger, Burritt & Petersen 2005, 243.)

When a company adjusts the price of a product or service, it has a great impact on the marketing strategy. In the case of sustainable business marketing strategies, the pricing also reflects the overall marketing strategies in terms of embracing the third dimension of eco performance in addition to the primary performance of a product. As a result, green products are usually provided as premium compared to the conventional alternatives thereby justifying the higher price usually attributed to them. Although it is interesting to know that a majority of the consumers would choose green products and not conventional ones provided all other factors including price are kept constant. (Peattie 2002, 287-289.)

In conventional marketing, price could simply be an indication of the cost of production. However, as mentioned earlier, sustainable business considers other environmental costs attributed to producing a particular product. As sustainable business strives to protect the environment, by saving energy, raw materials and embracing local production instead of distance or imported goods that would lead to high transportation costs, sustainable business is able to save a lot of money. It is also possible to earn more profit as a result of cost savings to maximize the profit for the business and other stakeholders as well.

2.5.3 Place

One of the most important concern about place in the marketing mix is the transportation medium over the entire distribution chain. When business considers using rail or ship, a significant amount of energy and emission could be cut. For a purpose of

better understanding, the figure below shows a breakdown of transportation emission by different media. For example, sea and rail account for smallest portion of the cut as seen below.

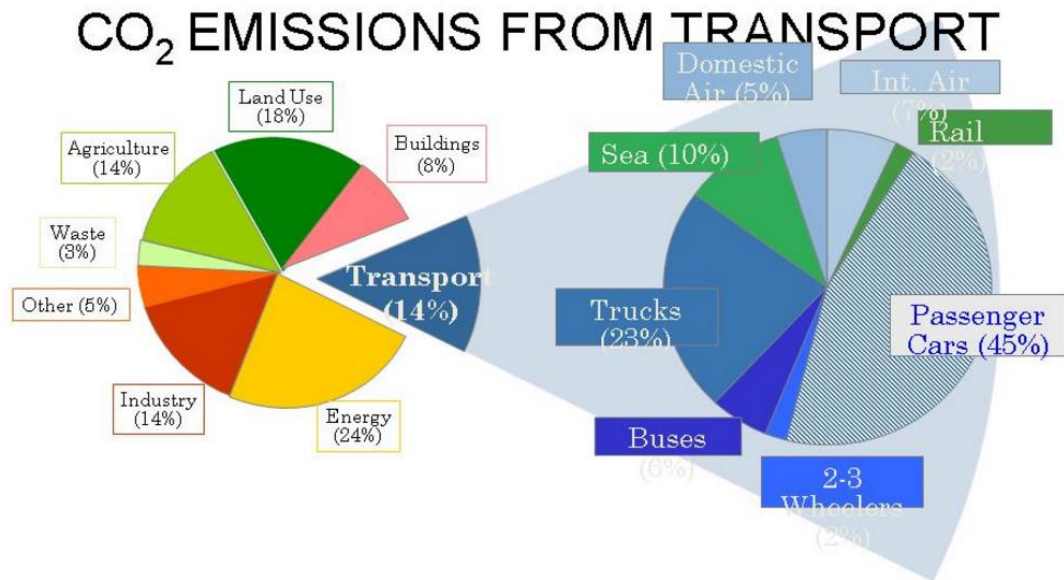


Figure 10. Transportation media emission breakdown (Stern Review CAIT)

There is possibility that both the sustainable products and conventional alternatives could be affected with the non-environmentally friendly approach mentioned above in one way or the other. One main factor about convenience of getting sustainable products is important for consumers. The products must be easily available and at one place.

In conventional marketing, a physical location where transaction takes place should be present in the form of taking the product to the customer or the customer coming to the seller. Also emphasis is laid on how such distribution network actually function and depend on each other. However, sustainable business marketers explore several other channels to provide products and services to a consumer while emphasizing convenience to consumers. This includes but not limited to availability and wide varieties of goods at one shopping malls and so on. (Peattie 2002, 250; Belz & Peattie 2012, 257-260.)

2.5.4 Promotion

Every business lay emphasis on informing their customers about what the company's products and services is all about and how such products and services can help meet the needs of their customers.

Promotion involves sales promotion and organization, advertisement, public relation and some other important elements that ensure sales is well planned and managed and at the end, the consumers will eventually choose the company's product.

In conventional business, the common practice of promoting a particular product is usually limited to achieving a marketing objective of increasing sales. However, in sustainable business marketing communication, the marketing objectives is not limited to increasing sales alone but also to educate the public and create an awareness about sustainable consumption and also promote interest of the public about environmental issues and social injustice while doing business. This is done having a dual focus whereby a company communicate about itself to all the stakeholders involved and also communicate a sustainable solution as an alternative to a conventional ones (Belz 2005.)

Sustainable business marketers must prevent green washing in order to gain customer's trust and credibility. Green washing involves a company advertising and claiming to be environmentally conscious but such claims do not commensurate with the real life business practices of such company (Ottman 2011).

Also a sustainable business embrace openness in communication with their customer and other stakeholders about sustainability challenges concerning their business. Openness shows proactive measure is being taken by such business and will eventually leads to a company being regarded as being trustworthy. For example, www.treehugger.com and www.lohas-magazin.de are online website and communities where customers and companies could discuss sustainability issues. Online communication channels can also be created by committed consumers and consumer groups. (Belz & Peattie 2012; Ottman 2011, 137.)

The 4C's of sustainable business

As mentioned earlier about 4C's, Belz and Peattie (2012, 31) discussed the sustainability mix from the buyer's perspective as observed in the following discussion.

Customer solutions: consumers nowadays need more than solutions to their needs or just buying a particular product, they are more interested in products and services that can solve their problem and at the same time consider both social and environmental implications of the solutions provided. Sustainable business capitalizes on these strategies to deliver a unique sustainable selling proposition (USSP) to their customers.

Customer cost: Sustainability marketing strategies do not consider only the financial cost a customer has to invest for obtaining a product, it also considers the social, psychological and environmental cost of acquiring, using and disposing a product.

Communication: Sustainability marketing strategies aim to build trust, credibility and ensure a two-way connection and dialogue between buyers and sellers. Promotion as considered in the 4Ps is usually in the form of one-way communication to persuade a customer to purchase particular products or services.

Convenience: Sustainability marketing strategies consider easy and convenient access to solutions to the needs of customers by providing products and services that meet up with such criteria.

3 Research methodology

The Research design of a study gives the framework on which the study will be based. It considers the relevant resources needed for the study and properly plans the layout and the roadmap to achieve answers to the research questions at hand. Saunders, Thornhill & Lewis (2009, 140) categorized research design into exploratory, descriptive or explanatory types. In this thesis, the research is exploratory in nature since an exploratory study provides new insight to a problem and is also useful when limited information is available as in the case of this research. (Shields & Rangarjan 2013.)

A pragmatic philosophical method was used in this research. The philosophy of pragmatism allows for the usage of the best research methods for a problem at hand on a

practical level and not only based on assumptions. Research based on pragmatism usually employs mixed methods to investigate a phenomenon (Feilzer, 2010; Morgan, 2007). This will help the research to utilize the opportunity of complementarity whereby one method covers the limitations of the other method used in the research.

A Deductive approach was considered suitable for the research. The Deductive approach involves testing established theories.

The research strategy of a survey was used to investigate the research questions about the customer buying behavior in sustainable business. The survey strategy involves the collection of a large volume of data usually in a quantitative form from a sample of a large population. The survey strategy is relatively easy to conduct, easy to explain using charts and figures and eventually one would arrive at useful, measurable and practical conclusions about the phenomenon being investigated.

Using the survey strategy will also help the researcher arrive at meaningful conclusions about the population being sampled in an economical way and also provide representative results without a further need to collect data from the whole population. (Saunders et al. 2009, 144).

Semi structured face to face and email interviews were used in the qualitative part to investigate the concepts of sustainable business and the related marketing strategies. Due to the nature of the semi-structure interviews which allowed for other relevant questions along with the written ones, it was possible to ask follow up questions during the interviews.

This research used mixed methods, which involves using both qualitative and quantitative research methods in a single study (Greene, 2007; Teddlie & Tashakkori, 2009). Creswell (2013, 47) mentioned that a mixed method is useful when pragmatic knowledge is to be drawn from the results as in this thesis. A researcher would also be able to utilize different data collection means, analyze them separately and draw useful conclusions from them when utilizing mixed methods. (Saunders et al. 2009, 152-153.)

Additionally, using mixed methods will result in a number of benefits in terms of complementarity and triangulation. According to Bogdan and Biklen (2006), triangulation provides a possibility to use different varieties of data sources in one study or phenomenon. Complementarity helps cover for the gap in one research method for another (Bryman 2006). For example, the research was well facilitated by using one technique (a quantitative method) to investigate the customer behavior and a qualitative method to investigate the concept of sustainable business and the related marketing strategies as mentioned above.

This research utilized cross-sectional studies because the thesis work involves studying the subject (sustainable business and the related marketing strategies) at one specific point in time. (Saunders et al. 2009, 155.) As mentioned in the theoretical framework section, the literature review search for sustainable business and the related marketing strategies was conducted through Google Scholar, Google search and other research platforms (such as Nelli portal, Janet) provided by JAMK University of Applied Sciences.

For the purpose of having quick look through of the research methodology used in this study, the research onion proposed by Saunders et al. (2009, 128) is presented below with an oval circle around the method utilized in each layer.

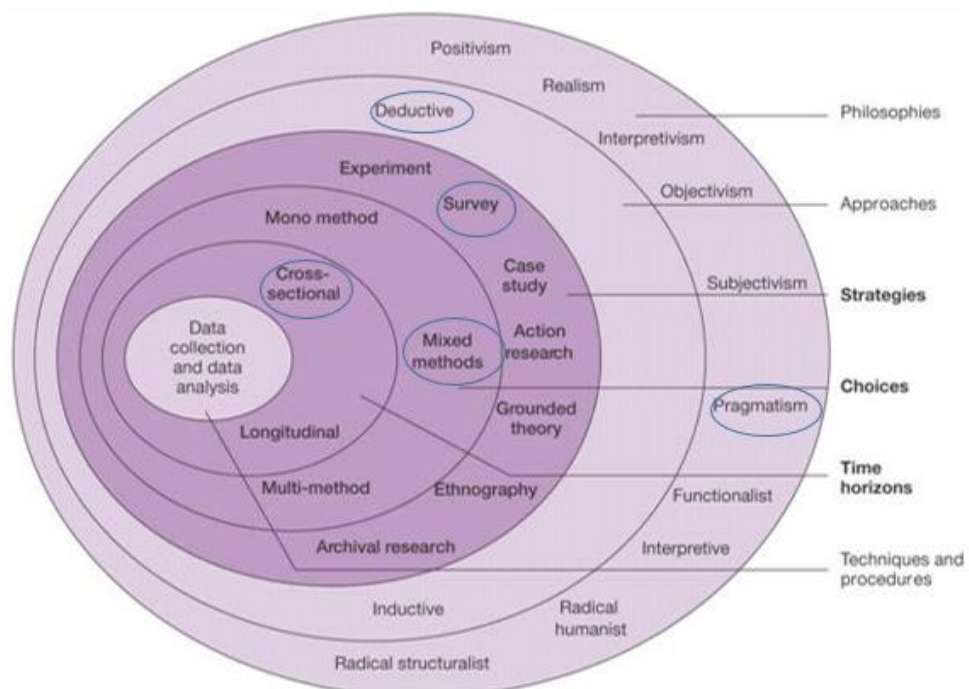


Figure 11. Research Onion with methodology applied (Saunders et al. 2009 128)

Research questions/ problems

For the purpose of this research, the research problem gives rise to a number of research questions, the research problem and research questions are presented below.

Research problem

How do the marketing strategies for sustainable business differ from conventional marketing strategies?

Research questions

- What is a sustainable business and how is it different from other types of businesses?
- What does the consumer buying behavior in sustainable business look like?
- What are the marketing strategies for sustainable business?

3.1 Method of collecting data

For the empirical part, primary data was collected through six interviews (2 face-to-face and 4 email interviews) and a survey. Email interview was considered because it was quite challenging to get other interviewees to participate in face-to-face or skype session due to their busy schedules.

The empirical part employed mixed method of research through qualitative data collection (interview) and quantitative approach (online survey) as discussed earlier on.

Qualitative method is a data collection technique that do not involve numerical data while quantitative method generates, processes and utilizes numerical data in order to carry out a research and reach final conclusions. (Saunders et al. 2009, 151.)

3.1.1 Interview part

Due to difficulty of reaching the subjects for interview, the interview part of this research utilized snowball sampling techniques. Snowball sampling involves getting future subjects from among acquaintances. Snowball sampling is used by a researcher

when subjects are difficult to reach. Therefore, a request in form of a chain referral is asked from an initial subject to help identify another subject of similar interest in the research area at hand. (Goodman 1961, 148-170).

Semi-structured interview was considered suitable for this research. Semi-structured interviews gave the flexibility of probing other interesting areas of sustainable business and its marketing strategies that might arise during the interview session. Although such follow-up questions might not be part of the original interview questions.

A total of 10 contacts were gotten and the interview questions in English were sent to all the respondents through an email in advance. Emphasis was made that the research will focus on the marketing strategies for a sustainable business in the email and during the interview sessions. Emphasizing the marketing strategies as main interest of this research helped the respondents to focus on providing relevant answers that is not only limited to sustainability alone but with useful attention about the related marketing strategies as well which eventually contribute to the validity of this research.

At the end, a total of six subjects for both face-to-face interview (2 subjects) and email interview (4 subjects) responses were gotten for this research. In order to ensure validity and reliability of this study, a criterion based on relevant knowledge or business expertise of the potential respondents to the research was considered.

The subjects for this research were made up of professionals from the university, industry expert on field of sustainability, frugal innovation and sustainable business.

The table below shows the background and areas of expertise of all the respondents in relation to sustainable business and the related marketing strategies.

Table 1. Overview of interview respondents' background

Interviewee	Location (Finland)	Response type	Company code/ business line or background
Interviewee 1	Jyväskylä	Face-to-face	Company A -Industry (sustainable business)

Interviewee 2	Jyväskylä	Face-to-face	Company B -Industry/ Academic (sustainability)
Interviewee 3	Jyväskylä	Email	Company C -Academic (sustainability)
Interviewee 4	Jyväskylä	Email	Company D -Industry (frugal innovation)
Interviewee 5	Turku	Email	Company E -Industry/ Academic (sustainable business)
Interviewee 6	Turku	Email	Company F -Academic (sustainable business)

In order to ensure anonymity of the interviewee, the research codified each respondent name and organization.

The two face-to-face interviews were conducted in English. One of the interview lasted for about 50 minutes, and the other lasted for about 25 minutes. Both interviews were recorded with the consent and permission of the interviewees and transcribed by the author afterward.

For the email interview, it took different amount of time for individual interviewee to provide answers to the questions and send them back via email. At latest, it took only less than a week to number of weeks for different respondents to provide answers. When necessary, a follow-up email in a form of a reminder was sent to different respondents at one point in time. Due to the nature of email interview in terms of availability of time at a relaxed atmosphere, the respondents were able to provide answers that address research topic under investigation. However, it was not possible for the author to ask follow-up questions to the email response due to the nature of email interview although there was no need for such follow-up questions.

The complete transcription of the recorded interviews and the email response to the interview questions will not be published in this research work due to confidentiality issues and length.

The table below shows the overall structure of the interview questions by sections.

Table 2. Interview questions by sections and area of coverage

Sections	Area of coverage
Section 1	What sustainable is all about
Section 2	Customers of sustainable business
Section 3	Marketing strategies for sustainable business
Section 4	Challenges and areas of opportunities for marketing sustainable business

The interview questions were carefully chosen in order to understand the research questions about the meaning of a sustainable business and the related marketing strategies. The full interview questions are presented in the Appendix session.

3.1.2 Survey part

The other part of data collection involved quantitative approach via a survey as mentioned above. This quantitative part was considered necessary in order to answer the other part of the research problem that involves customer buying behavior of sustainable business. The survey questions spans over a loose range of how different people relate with sustainable products and services, their frequency of purchase of such items, and main influencing factors for consuming sustainable products and services. Also, investigative questions were asked about the reasons why people would not consider purchasing sustainable products and services. Specific segmentation variable in terms of demography were not included in the questions. This was dropped purposely since a broader view of customer buying behavior of ecological/sustainable products was required in this research. A specific title of “survey on ecological products” was used as the title of the survey since this was considered easy enough for any independent respondent to understand what the survey is all about. The table below shows the skeletal structure of the survey sections and the main areas of focus.

Table 3. Survey questions overview by sections and main focus areas

Sections	Main focus areas
Section 1	Frequency of purchase

Section 2	Channel of purchase
Section 3	Nature of purchase
Section 4	Reasons for purchase (influencers)
Section 5	Reasons not to purchase

The complete survey questions are attached in the Appendix section.

The survey was collected via online platform using Webropol survey tools provided by JAMK. Main campus area of JAMK that includes students and teachers was sampled. As a result, convenient sampling approach was considered appropriate to collect data for this research. A convenience sampling is a type of non-probability sampling methods that involves sampling a population that is easy to reach.

3.2 Data analysis

Saunders et al. (2009, 14) discussed the two research approaches to analyze a data as deductive and inductive approach. Deductive approach involves a situation where by a hypothesis is developed based on existing theories and the research work test such hypothesis. On the other hand, inductive approach is opposite in the sense that new theories are developed based on data collected and analyzed. When a researcher decided to work from theory to data, the data collected will be analyzed based on existing theoretical frameworks (Saunders et al. 2009, 259).

For the literature review part that involves mainly secondary data, the analysis of such data utilized was searched, reviewed, analyzed and interpreted putting in mind the relevance of such data to the research aims and objectives. (Burns & Bush 2008, 106).

Webropol tool was used to codify, process and analyze the answers from the survey as presented in the results section below.

For the interview part, the answers were grouped under different general sections first, then under each sections, common concepts were grouped together. As a result of the grouping and classification of common concepts, it was possible to arrive at

common pattern that emerge from the interview aspect of this research. At the end specific results are drawn as presented in the results sections.

4 Results

This chapter will present the main results from the research. The literature review is considered alongside with the interview and survey results and then discussed appropriately in this chapter while bearing in mind to provide answers and explanations to the research questions of this study. The results of both the interview and the survey will be discussed under the sections mentioned in table 2 and table 3 respectively.

4.1 Interview results

What sustainable is all about

The majority of the respondents mentioned that sustainable business considers three main aspects –environmental, social and economic as the core of its business operations and strategies. The interesting point is that sustainable business is also like a normal business but it endeavors to package the triple bottom line –environmental, social and economic responsibilities in the forms of planet, people and profit respectively and avoid only short term economic gains as is the case in most conventional businesses. In essence, sustainable business strives as much as it can to reach the goal of not leaving behind any negative impact while doing business. Also, it is quite challenging to say a business is sustainable in the total sense since there is no business that excels in all the triple bottom line –environmental, economic and social dimension in all of their business practices.

Sustainable business is an enterprise that has minimal negative impact on the global or local environment, community, society, or economy. Yet, sustainable business should not be understood as a stable state that company can reach. I see sustainable business as a path to better performance in the company. This requires continuous development, strategic intent and everyday commitment in the company. (Company F, Interviewee 6)

I just try to explain that it is very difficult to say what is sustainable and what is not because it depends on the point of view. (Company B, Interviewee 2)

Sustainable business differentiates itself from regular business by having a mindset to satisfy today's needs without compromising on the future generation's needs. And specific strategies such as cradle-to-cradle approach, user centric design and empathy approach are commonly practiced by a sustainable business. As highlighted in the literature part, it was pointed that many companies nowadays also including multinationals started considering how to be sustainable in order to be more competitive and earn a good reputation of being responsible and fair in business deals. One of the interviewees also mentioned the examples of weak and strong sustainability in practice. Sustainable business is also open and transparent and strives to comply with both social and environmental laws even to a greater extent than required. An interesting perspective could be analyzing sustainable business from the angle of its carbon footprint and usage of resources. It was highlighted that sustainable business produces a high economic impact while utilizing a small amount of resources and also producing minimal carbon footprint at the same time.

Customers of sustainable business

Any customer of conventional business could also be a customer of sustainable business. This includes but not limited to individual customers (B2C), business entities (B2B), public sectors and so on. Although such customer groups and market of sustainable products and services are usually niche and sometimes hard to reach. However as against traditional believes about sustainable business and its customers being relatively small, it was highlighted that the market sphere and customers of sustainable business is large and more opportunities still need to be explored.

Of course that is your customer but like you said anybody can be your customer have customer so so or someone that is emh emh (phone rings) some that is emh accepting your organization

*So to say so, so I think the the **sphere is larger** in sustainable business. Like it is just a traditional business like I am telling that this pen is and you are the customer of this pen and use it like eh that (laugh) at least you are in sustainable business umm emh you affect larger larger sphere. (Company A, Interviewee 1)*

In essence this might be possible as a result of many companies trying to become more sustainable in a way, and more customers are becoming aware of environmental and social issues related to their consumption activities. They rather choose companies that follow ethical practices in their business operations and boycott those that default. Although the point of customers complaining about relatively high price of sustainable products and services was highlighted also. On the other hand, early adopters and environmentally conscious individuals was highlighted to be one of the main customer target of sustainable business

*Hmm, you know that the maybe it concerns also that the you have a certain life time of a product or some or some eh eh like emh there con ah business related to that goes like about that so that there are earlier let's say the bio. **early adaptors and and the are they followers** then and then then here are the late adaptors and so on. (Company B, Interviewee 2)*

This could be obvious since these set of people are enthusiast about green and sustainable products and services as discussed in the theoretical part concerning LOHAS and LOVOS.

Marketing strategies for sustainable business

It is a common practice among sustainable business to capitalize on its ethical business practices and as well as observing sustainability principles in its marketing overall strategies.

To the extent that sustainable practices are desired by consumers, companies can use them as bases for marketing strategy. However, for sustainability practices, there are differences and uncertainties even about the desired direction among the customers. (Company F, Interviewee 6)

This could take several means in form of marketing communication like labeling products such as organic food or Fairtrade business practice.

*Again at this point of time, labeling as organic or **Fairtrade** is popular but the better way is to tell it as an environmental friendly /uplifting story or experience to distinguish themselves from their competitors (Company D, Interviewee 4)*

Also another important strategy of sustainable business includes customer awareness & education as well as partnership with stakeholders. Educating and creating awareness for customers and other stakeholders about benefits of sustainable products and services could help facilitate creating pressure on the decision makers to make regulations and institutions that favor sustainable businesses. An example would be about sustainable business handing out leaflets and handbills that do not necessarily advertise sustainable products and services but rather only educate customers and create awareness about sustainable solutions to the current conventional unsustainable solutions.

Another interesting strategy to market sustainable products and services would be to make environmental or social oriented NGO recommends to customers a particular sustainable products or services through some form of certificates or labels on such products. Although this is debatable since most environmental or social oriented NGOs would like to be a realist and prefer to be neutral from any business.

Challenges and areas of opportunities for marketing sustainable business

Sustainable business has a lot more areas to cover than conventional business. This creates more challenges to sustainable marketers to be able to practice extensive sustainability in actual sense in all their marketing and business practices. On the other hand, more opportunities lie in this type of business and the related marketing strategies in the future. With extensive innovative marketing approach that suits the

current trend of sustainable products and services at that point in time, marketers are able to meet the demand of their customers in a more sustainable way. Another big challenge highlighted is that most customers are not aware what products or services are sustainable even though they might be.

“For the customers it is not easy to know what is sustainable and what isn’t”. (Company C, Interviewee 3)

There is still gap of customer communication. Usually big companies with lot of budgets for marketing are able to do this better. They are able to quickly capitalize on relatively small sustainable achievement in their business. However, when small scale business with even almost 100% sustainable products and services refuse to create awareness to customers about how much better and greener their product is relatively better, then this is a big challenge that marketers must address.

Sometimes companies tell about these things with a responsibility report. But this is not always the case. SMEs sometimes DO things, and TELL about them less. (Company E, Interviewee 5)

The promising aspect of marketing sustainable business is that more people are getting aware of sustainability especially in B2B, and even some companies sometimes make sustainability as a condition in their procurement processes for example.

People, business entities and public entities are getting more and more aware, e.g. procurement processes sometimes consider the sustainability as one of the criteria. (Company C, Interviewee 3)

4.2 Survey results

Frequency of purchase

Question: How often do you buy ecological products in a month?

Table 4. Frequency of purchase

Variables	Number of respondents	Percentage
0-3	61	76.25%

4-7	12	15%
8 and above	7	8.75%
Total	N=80	100%

This data shows that there is a large number of nonusers and low/moderate users of green or ecological products. Only few people (7 out of 80) appear to be frequent users. This kind of data suggests that a lot still need to be done for sustainable business marketers to create and implement comprehensive marketing strategies able to bring about a strong awareness among consumers thereby affecting their buying behavior and eventually making them use ecological and sustainable products and services at the point of purchase.

Channel of purchase

Question: Please mention what kind of store you prefer to buy ecological products from?

This kind of question is useful to understand what channel customers of sustainable products and services buy from and how those channels are distributed. Only 70 out of 80 respondents replied to this particular question.

Table 5. Channel of purchase (ecological/ regular stores)

Variables	Number of respondents	Percentage
Specialty eco stores	14	20%
Regular stores	56	80%
Total	N=70	100%

The information derived from this part indicates that only 14 out of 70 (20%) respondents reported that they purchase ecological products from specialty stores such as Ekolo, Body Shop, Planet Organic, flea market (used products) and so on. On the other hand, the majority of the respondents reported that they buy from conventional stores such as grocery stores, flea market or regular super market. This could be interpreted to mean that sustainable business marketers must still consider conventional channels very powerful and important to get potential customers. One

could argue that specialty stores such as Ekolo or The Body Shop create convenient shopping experiences for environmentally oriented consumers and enthusiasts like (LOHAS & LOVOS). Getting sustainable products and services through established channels will make a significant difference and ease the adoption rate.

Another interesting point about the channels of purchase was also investigated through the online and physical store dimensions. Out of the total number of 78 respondents, 63 (80.77%) people prefer to purchase from physical stores as shown by the figure below. The low turnout rate was observed on the online channel. This could indicate that more opportunities still need to be explored regarding such channel. Sustainable business marketers must also improve their marketing campaigns for selling sustainable products and services across online platforms using the powerful tools of the social media, online stores and so on.

Table 6. Channel of purchase (online/ physical store)

Variables	Number of respondents	Percentage
Online store	8	10%
Physical stores	63	81%
Others	7	9%
Total	N=78	100%

Nature of purchase

Question: What kind of ecological products do you ever purchase?

Table 7. Nature of purchase

Variables	Number of answers selected	Percentage
Food	67	84%
Cosmetics	16	20%
Organic clothing and footwear	10	13%
Others	8	10%
Total	N=101	127%

Where N=101 (no of selected answers) by 80 respondents.

Food is the most purchased item as observed in the figure above. This kind of information suggests that many people still have limited consumer information about other sustainable products. This, again, refers to consumer awareness and education as highlighted in the interview data analysis section. Marketers must endeavor to offer several other sustainable products as an alternative to the conventional ones.

Reasons for purchase (influencers)

Table 8. Reasons for purchase (influencers)

Variables	Number of respondents	Percentage
Family reasons	6	8%
Friends	3	4%
Marketing campaign (online and offline)	2	3%
Personal interest	33	42%
Society influence	5	6%
Better quality or taste	22	28%
Others	8	10%
Total	N=79	100%

This result simply highlights the LOHAS and LOVOS consumers as indicated in high numbers in terms of personal interest and better quality or taste as seen in the figure above. For the personal interest part, marketers could establish open innovation marketing concepts where these individuals could become brand ambassadors and value leaders in order to promote and influence others through their referral that other customers could even trust more than those from company advertisement alone. The quality or taste indicates that consumers of sustainable products and services naturally expect a better offer when compared to other consumers. This could send a powerful signal to marketers that the issue of ethics must be clearly observed where what is promised and mentioned during marketing campaign and promotion is what is delivered to consumers. Referring back to the theoretical aspect of this research about eco-performance of sustainable products and services, this looks like a

good data to verify that theory in practice. Also, the top factor for choosing ecological products as presented in the data below explains this point better.

Question: What are the top factors you consider when choosing ecological products

Table 9. Top factors for choosing ecological products

Variable	Number of respondents	Percentage
Price	17	21%
Quality	43	54%
Performance	3	4%
Ecologically authentic	16	20%
Others	1	1%
Total	N=80	100%

As discussed above, quality comes up first here as well and then ecological authenticity which is still related to quality from another dimensions.

Investigating the effective methods in terms of marketing and communication channels will help understand those factors that influence consumers to purchase sustainable products as indicated in the data below.

Question: What is the most effective methods that affect your buying behavior and choice of certain ecological products?

Table 10. Effective methods of reaching sustainable consumers

Variables	Number of respondents	Percentage
TV advertisement	8	10%
NGO organization campaign	0	0%
Social media/ online marketing	23	29%
Ecological store ads	12	15%
Referral by friends and family	32	41%
Others	4	5%
Total	N=79	100%

As observed from the figure above, recommendations by friends and family is very important for people to choose ecological products and services. Also social media/online marketing ranks next to referral by friends and family members and then ecological store ads. This data depicts main influencers of sustainable consumers as family& friends, social media ads and ecological stores ads. Sustainable business marketers must ensure that a lot of effort is directed towards these main influencing factors are effectively utilized in order to get consumers choosing sustainable products at the point of purchase.

Reasons not to purchase

This part is expected to help identify main reasons why people will not choose or not consider buying sustainable products. Also the possible future of sustainable consumer size is presented in this section as well.

Question: Please mention reasons why you would not consider buying or recommending ecological products

Table 11. Reasons not to purchase sustainable products

Variables	Number of respondents	Percentage
Price	20	45%
Other reasons	24	55%
Total	N=44	100%

Majority of the respondents mentioned price as the main factor for not purchasing ecological products.

Other informative data about future consumers of sustainable products is given in the table below.

Question: if not at the moment, do you consider yourself a consumer of ecological products in the nearest future or at any other point in time.

Table 12. Possible future consumers of sustainable products

Variables	Number of respondents	Percentage
Yes	35	47%

No	9	12%
Maybe	31	41%
Total	N=75	100%

Most people would like to purchase ecological products now or later in the future. Only few amount of people do not wish to purchase ecological products and services. This indicates a greater opportunity in sustainable business as mentioned in the interview part.

5 Conclusions

5.1 Summary of the main findings

This research was conducted for the purpose of understanding what sustainable business and the related marketing strategies are all about and how they differ from conventional business marketing strategies. This research was able to investigate the topic from both academic and practical point of views and then provide useful results for companies interesting in marketing sustainable business. The summary of the main results/ findings of this research will be discussed below.

Sustainable business from both an academic and a real life situation is business that embraces the economic, social and environmental dimensions of a business and ensures these aspects are properly taken care of while doing business. This kind of mindset of not focusing only on short-term economic gains as is usually the case with most non-sustainable/conventional business, allows sustainable business to be able to meet the needs of today's customers without compromising on the needs of the future generation. The triple bottom line in the form of social justice - people, economic benefits - profits and environmental management - planet is the foundation principle on which sustainable business relies.

The result of examining the consumer buying behavior in sustainable business indicates that more people would like to choose sustainable products if they had to right education, awareness and marketing message about such products. The result also shows that price is a very big challenge for those consumers who wish to purchase

and start consuming sustainable products. The main influencing factors or reason why people choose sustainable products is personal interest. Referrals from friends and family are also an important factor for people to start using sustainable products. Food seems to be the most purchased ecological product. This kind of result about the high volume of purchasing organic food shows that more marketing investments should be made to let customers know about other sustainable products as alternatives to conventional products.

Regular stores such as super market is still a significant channel through which people purchase ecological/sustainable products and sustainable business marketers must take note of this. The issue of ethical marketing also shows up in the results. Since customers of sustainable products are keen on making their choices based on quality as a top factor. This simply implies that sustainable business marketers must promise what they can deliver.

The marketing strategies of sustainable business differentiate themselves in a number of ways in terms of consumer behavior as discussed above and also in some other ways. For example, the marketing mix of a sustainable business ensures the classic marketing mix of 4P's is based on sustainability principles. This is evident in terms of ensuring a concept such as LCA (Life Cycle Assessment) is used in product development and as well utilizing biodegradable raw material instead of non-biodegradable ones like plastic. Also, the marketing strategies for a sustainable business are interactive and embrace two-way approach between the seller and the buyer. Unlike the conventional marketing that only considers the seller's perspective, the sustainability marketing mix considers the perspective of the buyer as well using the concept of 4C's as suggested by Lauterborn (1996, 26). The 4C's is short for customer solutions, customer cost, communication and convenience as mentioned earlier.

Finally, the marketing objectives consider the whole three objectives such as social sustainability marketing objectives, economic sustainability marketing objectives and environmental sustainability marketing objectives. This makes the marketing strategies of sustainable business unique when compared to conventional marketing strategies that usually focus only on the economic marketing objectives in the form of profits or sales volume.

5.2 Reliability and validity of the research work

In any research work, the concepts of reliability and validity cannot be underestimated. Research quality is based on these two concepts. Although a number of factors contribute to the reliability and validity of a research, the quality of such research work is observed on how reliable are the data used for both empirical and theoretical parts, and the method of collecting and analyzing such data to arrive at conclusions.

Reliability of a research is concerned with the fact that the research methodology used for collecting and analyzing data for one study will produce consistent results when employed at some other time. It is simply concerned with repeatability of findings. (Saunders et al. 2009, 156.) Reliability of a research work simply answers the question about whether or not a study would yield same results when done the second time or some other occasions even by some other observers using same subjects. (Collis & Hussey 2009.)

For the interview part of this study, self-sampling was considered to get subject that are interested in this topic and also have relevant expertise. Although this does not mean that the result from such interview could be generalized to all the population of such sample since result gotten from them might vary from other experts in similar field.

For the survey part, the sample was taken mainly from JAMK University students and teachers. Total number of 80 respondents was collected in order to conduct this research, however such amount of data cannot be absolutely generalized since more extensive data would be needed to do so. Therefore, the results could only be attributed to such sample alone and not generalizable to every member of such population.

For the theoretical part, proper care was observed in order to verify the sources of the articles, journal and all other citations used in this research. Although it is not possible to give absolute reliability of all the sources since those might still depend on the authors themselves.

Validity of a research explains how credible or believable a research is. Validity of a research implies whether or not a research work answers the questions it is meant to answer and how much does a research measure what it might claims to measure. (Bryman & Bell 2007.)

In order to ensure validity of this research, both the survey and interview questions were carefully structured and designed in terms of content and use of choice of words in order to limit getting invalid and biased responses from the respondents. Also the main purpose of the interview was clearly communicated to the respondents via email and face-to-face in order to ensure accurate responses. Another important thing that contributed to the validity of this study is that the respondents are given enough time to understand and meditate on the interview questions by sending them in advance via email.

5.3 Suggestion for future research

Due to the limited availability of literature on this topic and this topic is emerging and developing over time, a number of opportunities still exist for conducting future research on this subject. Furthermore, a large sample could be considered for both the interview and the survey parts of this study in the future in order to be able to produce a result that could be more generalizable.

Finally, considering the marketing strategies for sustainable business from other perspectives along with the consumer buying behavior based on a longitudinal time horizon will possibly yield more valuable results on this subject.

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Appendices

Appendix 1. Interview questions

Semi structured Interview questions for thesis qualitative data

(Thesis title: Marketing strategies for sustainable business)

1. How could you explain sustainable business?
2. What are the distinguishing features of a sustainable business?
3. Who are the main target audience of sustainable business?
4. What are the marketing strategies for sustainable business and how do they differ from traditional marketing strategies? This could be in terms of marketing mix, channels, target audience/market, marketing communication branding, and distribution channels and so on. How do a these concepts of sustainable business differs from traditional business
5. What are the possible areas yet to be explored in marketing sustainable business?
6. What are the current challenges facing marketing of sustainable business?
7. What are the future opportunities for marketing sustainable business?

Appendix 2. Survey questions

Survey on ecological products

Survey for ecological products consumers

1. How often do you buy ecological products in a month *

0-3 4-7 8 and above

2. Please mention what kind of store you prefer to buy ecological products from?

3. Reason for your answer in question 2 above

4. Do you buy ecological products from online or physical stores?

Online stores Physical stores Others please specify

5. What kind of ecological products do you ever purchase? *

Food Cosmetics Organic clothing and footwear Others Please specify

6. What is the biggest influence for choosing and buying ecological products

Family reasons
 Friends
 Marketing campaign (online and offline)
 Personal interest
 Society
 Society influence
 Better quality or taste
 Others Please specify

7. What are the top factors you consider when choosing ecological products

Price Quality Performance Ecologically authentic Others Please Specify

8. What is the most effective methods that affect your buying behaviour and choice of a certain ecological products

TV advertisement NGO organization campaign Social media/online marketing Ecological store ads Referral by friends and family Others please specify

9. if not at the moment, do you consider yourself a consumer of ecological products in the nearest future or at any other point in time.

Yes
 No
 Maybe

10. Please mention reasons why you would not consider buying or recommending ecological products