



LAHDEN AMMATTIKORKEAKOULU
Lahti University of Applied Sciences

SUSTAINABLE MARKETING

The Importance of Being a Sustainable Business

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Janina Reutlinger

Lahti University of Applied Sciences
Degree Programme in International Business

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ABSTRACT

This thesis deals with sustainable marketing, as well as the necessity for more sustainability. The purpose of this thesis was to determine the importance of sustainable marketing for companies.

The theoretical part is divided into sustainability and sustainable marketing. Sustainability covers current issues and sustainable development, which form a background for a better understanding of sustainable marketing. Sustainable marketing includes a definition of the concept, as well as sustainable consumer behaviour, sustainable marketing strategy, sustainable marketing mix and benefits of sustainable marketing. Data for the theoretical part was gained from published sources, such as books and articles, as well as the internet.

In the empirical part, qualitative research methods were utilized and data was collected through half-structured interviews and e-mail interviews. Firstly, implementation of sustainable marketing is presented individually by company before the data is analysed by comparing the findings and looking for similarities and differences.

In the conclusion, the collected data is compared to the theoretical part of this thesis and answers the research question.

The study results indicate that the contents of sustainable marketing are implemented by and are very important for companies. However, these activities are not called sustainable marketing and are instead seen as part of operating in a sustainable way.

Key words: sustainability, sustainable marketing, B-to-C

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1 INTRODUCTION

1.1 Background

It took the world's population until the 19th century to reach 1 billion. By the turn of the 20th century, the world population had reached 6 billion and is estimated to reach 9 billion by 2050 (U.S. Census Bureau 2012ab). Besides this unprecedented population growth, technology progressed in form of the Industrial Revolution and with it the creation of mass production, which made continuous economic growth and growth in consumption possible. This came at a high price. Climate change, loss of biodiversity, a rapid depletion of non-renewable resources and even on resources, which are deemed renewable, to name only a few of the environmental issues the world is facing. The striving for economic growth was driven by poverty alleviation and high quality of life for everyone, which has not been achieved since poverty and low living standards are still predominant in many African and also Asian and Latin American countries.

Consumers are aware of and worried about these issues. Besides environmental impacts, consumers also express their concerns about the social impacts of products they purchase and more than ever demand 'green' products. At the same time, only a small number of these people are willing to pay extra for these green products. Nevertheless, consumers expect companies to be socially responsible and operate in an environmentally friendly way, and do more than just comply with legal regulations. Companies, linked to unethical business practices or business operations, which damage the environment, are readily boycotted by consumers. This has led to an expansion of consumers' wants and needs, with which companies and marketers have to deal. At the same time, marketers are confronted with unsustainable consumer behaviour and have to lead consumers towards more sustainable consumption.

It is the author's belief that these challenges, which marketers have to face, cannot be solved by means of conventional marketing. Instead there has to be a change in conventional marketing practices. Sustainable marketing is concerned with sustainable development and offers marketers a holistic approach to make the products and the companies themselves more sustainable in order to meet

tomorrow's challenges and appeal to today's consumers at the same time.

The motivation for this thesis comes from the author's own personal interest in sustainability. This started with buying cruelty-free products, such as make-up which is not tested on animals, but has developed further. The author has educated herself somewhat on labels for groceries and tries to find background information on companies concerning social and environmental responsibility. However, she finds it quite often difficult to find proper information and understands that there is still room for improvement concerning sustainable marketing.

1.2 Objectives and research question

The main objective of this thesis is to determine how important sustainable marketing is for businesses. This will show the author if businesses have already recognized the necessity to implement sustainable marketing and the benefits which are a result of being a sustainable business. In order to be able to collect research data, firstly sustainability will be reviewed and secondly the concept of sustainable marketing will be framed. From this follows the research question and its sub-questions.

How important is sustainable marketing for companies?

- What is sustainability?
- What is sustainable marketing?
- What are the benefits of sustainable marketing?

1.3 Limitations

Since consumption has been one of the main contributors to environmental problems, sustainable marketing is also seen as a means to influence consumer behaviour towards more sustainable consumption. Thus, the first limitation is that the author will concentrate on sustainable marketing for B-to-C in the theoretical part and will neglect B-to-B, although there are many parallels.

Regulations set by governments will not be taken into account since regulations differ from country to country, which makes an overview very difficult. Therefore the author will look at sustainability and sustainable development from a marketing perspective, to see what marketers and businesses can do.

1.4 Theoretical framework

The theoretical part of this thesis is divided into sustainability and sustainable marketing. The framework for sustainable marketing is shown in figure 1, which consists of the three pillars of sustainability: environment, society and economy. Sustainable marketing is in the middle of this intersection, which describes the relationship of the three concepts to sustainable marketing. All three components have to be taken into account, which are closely intertwined.

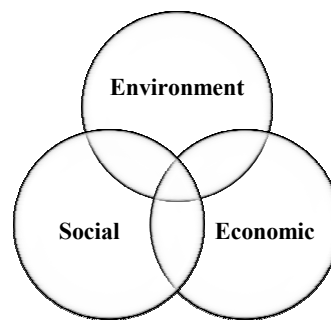


FIGURE 1. Framework for sustainable marketing (Peattie 1995, 41).

The environmental, social and economic issues will be discussed in Chapter 2 and the three pillars of sustainability will be considered in a worldwide context. In Chapter 3, this framework will be considered in a business context and applied to sustainable marketing.

1.5 Research methods

There are two different methods which are commonly employed in studies: quantitative and qualitative research. Quantitative research uses statistics in order to count and quantify data which is derived from large samples. The aim is to test an established theory or hypothesis. On the other hand, qualitative research is commonly used in social sciences, in order to understand a phenomenon. A suitable form of data collection is interviews and observations and smaller samples are sufficient. The aim is to understand the phenomenon at hand and develop a theory. (Strauss & Corbin 1998, 10-11; Abwai 2008.) This thesis is about understanding sustainable marketing and in order to be able to answer the research question, data was collected in form of interviews from a small number of samples. Therefore, this thesis uses qualitative research methods.

Data for this research was collected from both primary and secondary sources. For the theoretical part books, articles and the internet were used as sources. The empirical part consists of data from interviews the author conducted with employees from four different companies. The data collection and data analysis will be described in more detail in Chapter 4 (4.1. and 4.6.).

1.6 Thesis structure

The structure of this thesis is shown in figure 2. The thesis consists of five chapters and is divided into a theoretical and an empirical part. Chapter 2 and 3 form the theory for Chapter 4 which presents the study for this thesis.

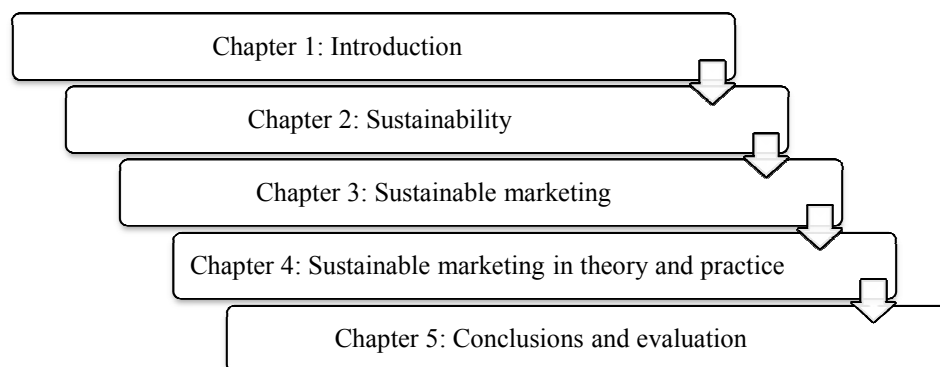


FIGURE 2. Thesis structure.

Chapter 2 will introduce sustainability and sustainable development and will show how up-to date this topic is. In Chapter 3, the author will explore the concept and benefits of sustainable marketing in theory. The elements that form conventional marketing – consumer behaviour, marketing strategy and marketing mix - will be looked at from a sustainability point-of-view.

Chapter 4 will provide the methods for the data collection and data analysis. The author will go through the findings of each company individually before drawing them together in the data analysis.

Chapter 5 will offer a conclusion, in which the findings of the study will be compared with the theory of sustainable marketing in order to answer the primary research question. Furthermore, the reliability and validity of this thesis will be judged and suggestions for future research will be given.

2 SUSTAINABILITY

The first part of this chapter will give an overview of global environmental, social and economic issues, which are all part of the sustainability agenda. The second part will frame sustainable development, whereas the third part will look at responsible behaviour from a business viewpoint.

2.1 Components of sustainability

There are a great number of issues on a global scale which need to be addressed by the international community. The author has chosen issues which are, at least partly, caused by business activities and/or can have a great effect on businesses. These issues are closely linked to each other. For the sake of clarity, the issues will be discussed according to the three pillars of sustainability.

2.1.1 Environmental issues

One of the most discussed issues in the last decade has been climate change. Scientists nowadays believe that human activity has strongly influenced the climate since the Industrial Revolution and has contributed to global warming. The average temperature of the earth has risen by 0.8°C since 1850, with the highest rise in temperature from the mid-seventies to 2000 and increasingly warmer decades. (The Royal Society 2010, 5.) One of the main contributors to global warming is the emission of the greenhouse gas carbon dioxide, also known as CO₂, which is emitted by burning fossil fuels, mostly for electricity, energy and transportation. The economist Nicholas Stern discusses in his report *The Stern Review on the Economics of Climate Change*, environmental and social consequences for environment and society, with a special focus on consequences for economies. Stern predicts that a continuing rise in temperature can lead to a yearly loss in GDP of up to 20%. In order to avoid this crisis, Stern suggests that 2% of global GDP would have to be invested. (Jowit & Wintour 2008.)

At the same time, the Industrial Revolution allowed people to produce more goods and services than ever before, by utilizing cheap fossil fuels and turning them into energy necessary for high productivity. However, in the last 30 years

alone, the extraction and use of natural resources has doubled to 60 billion tons per year. Although resource efficiency has improved in the same time frame, consumption has increased as well, thus counterbalancing this progress. (SERI, Global 2000 & Friends of the Earth Europe 2009, 3.) One major focal point is the rapid depletion of non-renewable resources, especially fossil fuels, on which manufacturing is greatly depended. Some geologists believe that peak oil has already been reached in 2008, which would mean that oil supplies only decline from this point on (Crooks 2009).

However, not only non-renewable resources are in decline. Oceans have been overfished for years; some fisheries have already collapsed, whereas some fish species are in danger of extinction. Although water scarcity is already reality for some countries, it might even worsen due to the expected population growth and the resulting increase in production and consumption. The global loss in biodiversity has been roughly 30% since 1970, which is partly caused by deforestation. Accordingly, the global Ecological Footprint indicates that it would take 1.5 planets to sustain humanity's current lifestyle, which means that it takes the planet 1.5 years to regenerate the renewable resources that are used within one year. This unsustainable lifestyle is called ecological overshoot, which means that people use more than the planet can provide. This ecological overshoot has occurred for the first time in the 1970s and has continued ever since. (WWF 2012 18-41.)

2.1.2 Social issues

As mentioned in the introduction, economic growth has been seen as a means to alleviate poverty and a way to high quality of life worldwide. However, this objective has not been achieved. According to the World Bank (2012), in 2008 around 1.29 billion people lived below \$ 1.25 a day and nearly 2.5 billion people lived below \$ 2 a day – which are the lines for extreme poverty and median poverty. The highest concentration of extreme poverty is still to be found in Sub-Saharan Africa, where 47% live below the extreme poverty line. At the same time, the UN's Human Development Index (HDI) - which is comprised of indicators for health, education and living standards – reveals that of the 46 countries with a low

HDI, 33 are Sub-Saharan countries and seven are Asian countries (UN 2011). The continuing growth in world population will put a further strain on developing countries, where most of the growth is to be expected.

The inequality is not only restricted to economic differences between rich and poor countries. Resource extraction and consumption patterns vary widely from continent to continent. The resource extraction in Africa is 15 kg per capita per day, although the resource consumption is only 10 kg per person per day. In contrast, in Europe the resource extraction per capita per day is 36 kg but the resource consumption per capita per day is 43 kg. (SERI, Global 2000 & Friends of the Earth 2009, 11-20.) The average resource extraction and consumption of the world regions can be seen in table 1, which indicates that resource distribution is unequal and that there is a discrepancy between resource consumption in developed and less developed regions.

TABLE 1. Resource extraction and consumption (SERI, Global 2000 and Friends of the Earth 2009, 11-20).

Continent	Global resource extraction (%)	Global resource extraction per capita per day	Global resource consumption per capita per day
Asia	50%	14 kg	14 kg
North America	19%	68 kg	88 kg
Europe	13%	36 kg	43 kg
Latin America	13%	41 kg	34 kg
Africa	9%	15 kg	10 kg
Oceania	3%	158 kg	100 kg

Furthermore, rapidly growing economies, such as China, India and Brazil, will create new middle classes with millions of consumers. It is only natural that these new middle classes will want to enjoy their new status and live the life that people in developed countries have enjoyed for decades, which will mean a further increase in consumption. As a consequence, these emerging markets will use their resources to continue their own economic growth and lower their resource exports. An even steeper decline of natural resources is to be expected if nothing changes.

2.1.3 Economic issues

Although the 21st century is only a couple of years old, the world has already seen a global recession caused by the banking crisis in 2008. Furthermore, the European Union is in the middle of a financial crisis due to debts of several of its member countries. Continued growth is suggested as a remedy by many, which does not take the limitations of natural resources into account. This might seem like the natural solution. Economic growth has been a driving force since the Industrial Revolution and it has been the goal to increase the economic output continuously. In the last 25 years of the 20th century alone the global economy has grown by 50%. (Jackson 2009, 6-21.)

Economic performance and the success of a country are measured with the GDP, which looks at the final goods and services which are produced in a country. However, this measurement has several shortcomings in terms of social and environmental sustainability. The GDP does not show how a country's population is doing financially - the inequality between rich and poor can even grow, while the GDP increases. For instance, in most OECD countries, there is a growing income inequality which will widen the gap between rich and poor in the future even further (OECD 2011).

The economic well-being of a country is often based on the exploitation of its natural resources. Since natural resources are often limited, the growth cannot continue endlessly and is therefore not sustainable. However, the GDP neither takes externalities into account, nor does it reflect a country's sustainability. Furthermore, it is not taken into account what kind of goods or services are produced. If a lot of people are in prisons and new prisons have to be built, the GDP increases. Similarly, if many people are sick and need medical treatment, the GDP also increases but at the same time a more efficient health system, which would lower costs, would also lower the GDP. (Stieglitz 2009.) Whether or not this is a sign of a healthy society is questionable. This pursuit of constant economic growth and consumption is seen as a means to improve peoples' standard of living. Up to some point this is true but when a certain point is reached life satisfaction does not increase anymore. (Belz & Peattie 2009, 106.)

2.2 Sustainable Development

The report *Our Common Future* (1987), better known as Brundtland Report, was published by the World Commission on Environment and Development (WCED) and was preceded by publications about the social responsibility of businesses and their impact on the environment. Before the Brundtland Report, *Silent Spring* by Rachel Carson (1962) drew peoples' attention to the dangers of agricultural pesticides and its consequences for animals and people, and Paul Ehrlich's *Population Bomb* (1968) linked the growing world population to exploitation of resources and environmental pollution (IISD 2009). Likewise, the report *Limits to Growth*, published by the Club of Rome in 1972, promoted the idea that economic and population growth, as it developed at the time, could not be sustained indefinitely by the planet because it depleted natural resources. It was widely criticized for its content and was understood as opposing economic development. (Peattie 1995, 5.)

Thus the Brundtland Report was not the first report concerned with environmental and social issues but it has defined sustainability, as people understand it today. It has been more influential than any other paper – before and after its publication – and sparked further initiatives towards sustainability. Since the Brundtland Report has popularized the term sustainable development, the author feels the need to give the direct quotation from the report of the definition for sustainable development.

Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. (WCED 1987)

The key concepts of sustainable development are needs and limitations. Needs of the present can be understood as quality of life. However, the world is experiencing a great gap between rich and poor countries and unequal distribution of wealth. Sustainable development means to cover at least the basic needs of all people; all other living standards have to be sustainable. The “ability of future generations to meet their own needs” refers more to the environment. With humanity's current Ecological Footprint (see Chapter 2.1.2), the planet's environmental capacity is already exceeded and essentially resources are

borrowed from future generations, thus limiting their ability to meet their own needs.

The environmental, social and economic sustainability are interrelated and the Brundtland Report links poverty closely to environmental degradation. For instance, people are forced to destroy their immediate environment in order to survive, such as burning or felling trees in order to create fields, which in turn destroys the ecosystem around them. Humans depend on economic activity in order to afford a certain standard of living and on the environment for well-being but at the same time economic activity depends on the environment. (Martin & Schouten 2012, 3).

The Brundtland Report was followed by the United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro in 1992, also known as Earth Summit. This was a conference attended by 108 heads of state or government and a great number of NGO representatives. The focus of the conference was on the environment and sustainable development. The outcome was, amongst other things, Agenda 21, which was a plan for how to achieve sustainable development. (UN 1997.)

Agenda 21 was also directed at companies. Although businesses had before concerned themselves with environmental and social responsibility – mostly due to pressure from government, NGOs and society - interest in Corporate Social Responsibility (CSR) began to rise in earnest.

2.3 Corporate Social Responsibility

Corporate Social Responsibility is not a new concept. However, the understanding of CSR has changed immensely since the 1950s. CSR was understood in a way that businesses had economic and legal obligations towards shareholders and to some extent a responsibility towards society, which was interpreted differently from company to company. (Carroll 1999, 269-272.) Over the years, companies have started to recognise that they are responsible for their actions, which has developed into having a positive impact on stakeholders, the environment and society. In its wake, companies have begun to publish CSR reports which tend to

be about general commitments to society or the environment, instead of actual performance. Another common approach is philanthropy in form of donations to local or international organisations. Many companies see CSR as an easy way to improve sales, enhancing a company's image and attracting investors. (Kotler & Lee 2005, according to Emery 2012, 13). This exploitation for PR purposes has widely discredited CSR. However, Emery (2012, 13) distinguishes between old and new CSR. Current definitions are more about integrating social and environmental behaviour into the business, instead of just taking responsibility for their actions (European Commission 2011). Nevertheless, CSR approaches are often end-of-pipe solutions instead of changing processes within the company. Overall, CSR has to be practiced carefully. If a company lets everybody know about their CSR efforts, accusations of only doing it for image purposes, are never far behind.

A CSR strategy has to be built individually by each company, depending on the most pressing environmental and social issues for the business, but the author will not elaborate further on the topic due to its complexity, which would go beyond the scope of this thesis. There are, however, certain tools companies can utilize, which help to implement CSR or sustainability into business operations and communicate those efforts to stakeholders.

2.3.1 Standards

Standards can help companies to integrate social and environmental responsibilities into their operations. The most comprehensive international standards for environmental management are provided by the ISO 14000 series, which covers areas such as environmental audits and eco-efficiency assessment. The framework most commonly used for environmental management systems is ISO 14001, which helps a company to plan and implement an environmental policy and to continuously improve its environmental performance. Another tool for environmental performance is the EU's Eco-Management and Audit Scheme (EMAS), which helps with the evaluation, reporting and improvement of a company's environmental performance. (Belz & Peattie 2009, 156; Martin & Schouten 2012, 79-80.)

A standard for social management systems is the SA8000, which focuses on good working conditions and covers a company's employees, as well as employees of suppliers and sub-contractors. The standard helps a company to develop and implement policies on topics such as child labour, discrimination, working hours and other important labour related issues. (SIA 2008.)

Although not a certified standard, the International Organization for Standardization has developed the ISO 26000 which is a guide about social responsibility and is applicable to all organisations. Like other standards, it helps to develop a framework and implement social responsibility. (ISO 2012.)

2.3.2 Sustainability reporting

A sustainability report should inform readers about an organization's environmental, social and economic performance (GRI 2012). However, there is no general standard which is used by all organizations reporting on sustainability, which is why reports vary greatly in quantity and quality. Reports can be utilized to present just the goals a company sets itself or to indicate positive performance, which then lacks evidence. Thus, sustainability reports are still regarded with suspicion by some because there are still companies which use these reports to improve their image.

Nevertheless, there are standards for sustainability reporting, such as the guidelines of the Global Reporting Initiative (GRI). GRI has developed a reporting framework, which is the most widely used for reports by organisations worldwide, with guidelines for the contents and format of a report. The aim is that companies keep track of their performance and impacts, while reporting in an accountable and transparent way to stakeholders. (Martin & Schouten 2012, 79.)

2.3.3 Labelling

Labels enable companies to communicate sustainability to consumers at the point of sale, which is often where the ultimate purchase decision is made. Typical consumer products which carry labels are food, household appliances, wood- and paper-based products and cleaning supplies (Ottman 2011, 144). Even though labels should help consumers to inform them about environmental and social attributes of products, they can also cause a lot of confusion. The sheer number of 340 eco-labels can be overwhelming and the number is growing (Big Room & World Resources Institute 2010, 1). Consumers are not able to recognize all labels or do not know their exact meaning.

Labels can be divided into environmental and social labels, which focus on either single or multiple attributes, which can concern characteristics of the product, the whole life-cycle or how a business operates (Ottman 2011, 145). Labelling can also be used to indicate recycled content and how to recycle or dispose of products. (Belz & Peattie 2009, 183.) Additionally, there are three different types of product claims and eco-labels. Type 1 claims are verified labels from third parties on a national, regional or international level; type 2 claims are non-verified labels which companies themselves have created; type 3 claims are quantified environmental data about a product. (ISO 2000, according to Emery 2012, 232-234.)

3 SUSTAINABLE MARKETING

The following chapter will be concerned with defining sustainable marketing and considering aspects of marketing from a sustainability viewpoint.

3.1 Related marketing concepts

This section will give an overview of marketing concepts, which are named by several authors as steps towards sustainable marketing. Those concepts were concerned with social and environmental issues and have developed since the 1970s. Figure 3 shows which marketing concepts are integrated into sustainable marketing. Since modern marketing and relationship marketing are well-established concepts, the author will concentrate on the environmental and social marketing concepts.

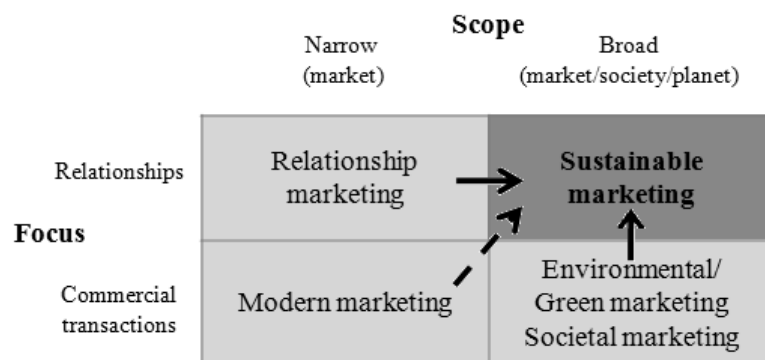


FIGURE 3. Towards sustainable marketing (Belz & Peattie 2009, 18).

Marketing concepts which address social issues can be divided into societal and social marketing. Societal marketing aims to combine the wants and needs of consumers, long-term interests of society and companies' profitability. Since the consumers' wants often differ from what is best for society, one can differentiate between long-run consumer benefits and immediate satisfaction for the consumers. The optimum is a desirable product, which gives customers high immediate satisfaction while bringing long-term benefits at the same time. (Armstrong & Kotler 2009, 528.) Social marketing, on the other hand, focuses on

the welfare of individuals or society as a whole and is often implemented by NGOs. The aim is to influence behaviour for the better. (Emery 2012, 18.)

Environmental issues became part of the marketing agenda in the 1970s and it can be distinguished between ecological and green/environmental marketing. First, ecological marketing emerged, owing to the growing recognition of companies' impact on the environment. However, ecological marketing focused more on industries which were energy and resource intensive and highly polluting.

Companies were hardly proactive and only reacted to external pressure, with no technical innovations but rather end-of-pipe solutions. (Emery 2012, 17.)

Subsequently, environmental and green marketing developed almost simultaneously during the 1980s and 1990s. In contrast to ecological marketing, a variety of industries started to embrace these marketing concepts. The aim was to make packaging and products more environmentally-friendly, besides the actual production process. (Belz & Peattie 2009, 29.)

Green and environmental marketing emerged due to increasing concerns of consumers for the environment. Businesses focused on the target group of the so-called green consumer, who was perceived to be interested in products with lower impacts on the environment for which they were willing to pay more. Since many companies wanted to cash in on green consumerism, this gave rise to green claims. Companies hardly changed their products but claimed them to be green or non-polluting without expert proof, which bore the risk of being accused of greenwashing. Greenwashing was first used to describe hotels' practices of asking guests to reuse towels in order to save the environment but doing nothing to reduce the hotels' environmental impact otherwise (Ottman 2011, 133). Later the term was also used for deceiving consumers about environmental practices or product benefits (TerraChoice 2007, 1). At the same time, most companies continued to sell their regular products, usually for a lower price, instead of greening all their products. Eventually it transpired that the green consumer did not really exist or at least that customers were not willing to pay extra for green products nor compromising quality, and many companies abandoned their environmental marketing efforts. (Peattie & Crane 2005.)

However, all of the above mentioned marketing concepts have only been alternatives to the conventional mainstream marketing concept and the focus of those concepts is rather narrow, concentrating on single issues. Sustainable marketing, on the other hand, is advocated as the new mainstream marketing, which will replace conventional marketing and lead to sustainable development (Belz & Peattie 2009, xii; Emery 2012, 5). The necessity for sustainable marketing has been established; now the concept has to be defined.

3.2 Sustainable marketing defined

There is no official definition for sustainable marketing and authors interpret the concept differently. Therefore, the author will go over definitions by several authors in order to establish a definition for this thesis.

Sheth and Parvatiyar (1995, 3-7) were one of the first to propose the idea of a sustainable marketing concept, which leads to sustainable development in combination with government action. Since conventional marketing is considered mainly responsible for continuously increasing consumption, the goal of sustainable marketing is to promote sustainable consumer behaviour and offer suitable products, with the aim of economic and environmental sustainability. However, this leaves out the social dimension of sustainability completely. Equally van Dam and Apeldoorn (1996, 45-46) link sustainable marketing to the environment and even combine it with ecological and green marketing under the heading of environmental marketing, with the aim of furthering sustainable economic development. By contrast, Peattie (1995, 26-28) and Ottman (2011, 43-47) use the terms 'environmental marketing' and 'green marketing' but understand environmental and social issues to be intertwined.

Terms can be ambiguous. Belz and Peattie (2009, 30-31) even differentiate between sustainable and sustainability marketing, since sustainable can mean durable and could therefore be understood as a long-lasting relationship with customers. The author of this thesis will use the term sustainable marketing since it is more prevalent than sustainability marketing. Furthermore, in the context of this thesis, sustainable marketing consists of environmental, social and economic sustainability.

- The social dimension is concerned with employees, communities and equality. Employees are to be treated equally and not treated unfairly due to race, gender or other characteristics. Mostly the social aspects of production are focused on developing countries, where child labour is an accepted norm and workers are often exploited. Therefore, it is expected that working conditions in companies and especially factories, are good and workers are treated well. The health and safety of workers during production are vital; neither can a product pose health or safety threats during the use for the consumer. At the same time, companies can bring negative consequences for local communities in form of air or sound pollution and other externalities. Negative impacts need to be minimised, whereas companies try to bring positive impacts as well, often in the form of community-based programmes or donations. Furthermore, and in correspondence to sustainable development, poverty alleviation is one main aspect by paying fair prices and ensuring workers' wellbeing.
- The environmental dimension is concerned with businesses making responsible decisions and reducing negative impacts on the environment. The focus is on the whole life-cycle of a product. Depending on the industry or the product, the biggest impact on the environment can be either during the production, consumption or disposal of a product. Sourcing, material and energy use, emissions during production, waste, packaging and distribution are all taken into account, with the aim to have the lowest possible impact on the environment in all stages. However, the responsibility of the company does not end after the purchase. It is important to measure the product's impact during its use and at the end of its life-cycle and whether it can be recycled or ends up in a landfill. (Ottman 2011, 59.) Although, there has been considerable progress in reducing waste and making products more reusable and recyclable, a desirable shift would be from cradle-to-grave to more cradle-to-cradle product design.
- All of this is in vain if a business does not generate profit. Especially if a company is publicly owned, there is another responsibility towards the investors. An economically sustainable business uses resources in a way

which allows the business to operate in the long-term while generating profit.

Sustainable marketing is a holistic approach (Charter, Peattie, Ottman & Polonsky 2002, 12; Bridges & Wilhelm 2008, 35; Emery 2012, 24). A company's mission and vision has to support sustainable marketing, which can be found in the core values of a company. Designing, producing and delivering a sustainable product is not only the responsibility of the marketing department but requires the collaboration between all departments in a company. Otherwise a company cannot be truly sustainable. Furthermore, consumers increasingly expect not only the company to be sustainable but the whole supply chain (Bridges & Wilhelm 2008, 35; Belz & Peattie 2009, 117). Many companies outsource production to Third World countries, which technically frees them of any responsibility. However, in some of these countries child labour and sweatshops are common practice, which reflects badly on the company.

The aim of sustainable marketing is still to add value to the consumer and satisfy the customer's wants and needs but in a sustainable way (Charter et al. 2002, 12; Belz & Peattie 2009, 31; Martin & Schouten 2012, 10). Therefore sustainable marketing can be defined as follows: Sustainable marketing is a holistic approach with the aim of satisfying the wants and needs of the customers while putting equal emphasis on environmental and social issues, thus generating profit in a responsible way.

In order for sustainable marketing to be successful, consumer behaviour and consumption patterns have to be reconsidered.

3.3 Sustainable consumer behaviour

Consumer behaviour is exceedingly complex and with the development of marketing, consumption has become more unsustainable over the years.

According to Tukker and Jansen (2006, 159), the consumption of food, housing and private transport, account for over 70 % of environmental impacts.

Additionally, these three areas account for over half of consumption expenditure.

Furthermore, durable goods are purchased more frequently nowadays which

increases the use of raw materials, environmental impacts and waste (Belz & Peattie 2009, 158). As seen in chapter 2.1, more sustainable consumption is necessary, due to the increasing resource depletion and other environmental problems.

Although sustainable marketing's goal is to satisfy customers' needs, the consequences for society and the environment, caused by production and consumption, are equally important. Similarly, sustainable consumption is about people's ability to satisfy their needs without compromising the ability of other people to do so in the future (Martin & Schouten 2012, 58). More sustainable consumption calls for a change in consumer behaviour but also companies' activities (Charter et al. 2002, 11). Although there is a great interest in sustainability nowadays, as in the 1990s when customers were increasingly worried about the environment, there is a discrepancy between expressing concern for sustainability and translating those concerns into actions (Belz & Peattie 2009, 74-77; Emery 2012, 78-79).

The complexity of consumers' needs is often explained by Maslow's theory that people need to satisfy the most basic needs first before moving on to other needs. Figure 4 shows Maslow's Hierarchy of Needs, starting at the bottom with the most important needs.

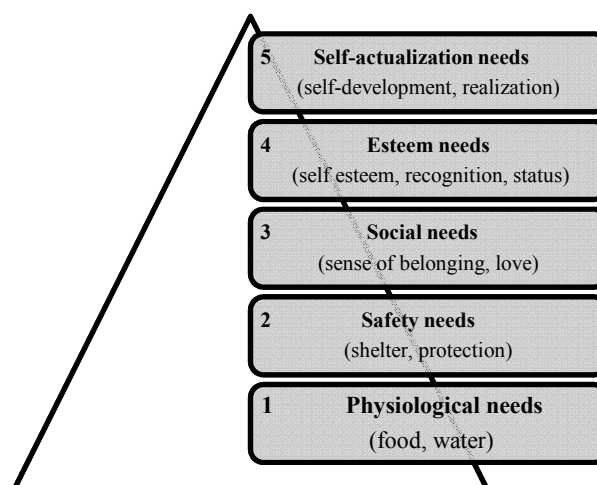


FIGURE 4. Maslow's Hierarchy of Needs (Kotler & Keller 2006, 185).

Physiological needs, such as food, are the needs for survival. Here people have already recognised the need for more sustainable alternatives, such as organic food. Housing is a part of the needs for safety and, as mentioned above, this accounts to a great part of the environmental impacts. More sustainable solutions have become more accepted here, such as energy-saving home appliances and solar panel roofs. The needs for belonging and esteem are the ones that hold most people back from consuming sustainably. People want to belong and be recognised by others around them. If sustainable consumption behaviour and sustainable products are not the social norm, people do not consume in this way. People express themselves through purchases and form their identity but all within the frame of the social norm. They want to be valued and if a sustainable product does not bring them the required status, they do not buy it. (Jackson 2005, 9-17; Belz & Peattie 2009, 84-87; Emery 2012, 73; Martin & Schouten 2012, 61-62.)

These needs play a role in the buying decision process and can lead to less sustainable purchase decisions.

Need recognition in a sustainable consumer decision process is to recognise the need for alternative and sustainable solutions, which can have different triggers such as celebrity endorsement or because sustainable products become the social norm.

Sustainability adds a new dimension to the information search besides traditional criteria such as price and place. More often than not, consumers are overwhelmed by the amount of information about sustainability. Additionally, consumers are often less knowledgeable about sustainability and the information search turns into a learning process.

When evaluating alternatives, consumers look at the benefits and attributes the different products have to offer. Sustainability is only one of these attributes and is not seen as a benefit by all consumers. Other attributes and benefits are price, performance and status which can outweigh sustainability. Furthermore,

alternatives to purchasing a product can be considered, such as renting or not buying at all.

Most importantly the purchase decision is about buying the sustainable product or not. Although during the evaluation of alternatives the consumer has found the most preferred product, the purchase intention can still be intervened. With sustainable products, one major factor which can deter the purchase is availability. Another factor is that if the sustainable product results in embarrassment because it is not the social norm, it will most likely not be purchased. On the other hand, if the consumer believes that the conventional product poses a threat to their safety or health, the sustainable solutions may be preferred.

Post-purchase behaviour includes the use and disposal of the product. Sustainable use of the product means efficient usage but also maintenance in order to prolong the product's lifespan. Sustainable post-use behaviour is about recycling, reusing or remanufacturing products in order to reduce waste which goes to landfills. Another post-use possibility is to resell the product to someone else. (Kotler & Keller 2006, 191-199; Belz & Peattie 2009, 88; Martin & Schouten 2012, 63-67.)

Consumers tend to focus on single sustainability issues and buy products which respond to these issues, such as Fairtrade products or cruelty-free products. Therefore, the main challenges are to include all ranges of sustainable products into sustainable consumption and that the mass market consumes sustainably. In order to achieve this, sustainable consumption has to become the social norm as opposed to the currently prevailing consumer society. (Belz & Peattie 2009, 79-88.)

3.4 Sustainable marketing strategy

Making sustainability part of the business can be an initiative from the company itself but also a reaction to consumer pressure or changes of competitors' strategies. In the future, companies may be forced to change their behaviour due to consequences of climate change or impending raw material shortages, which have been discussed in chapter 2.1. In any case, marketing objectives and strategies need to be adapted to the sustainability agenda. Typically, economic

objectives are about profits and market shares. Instead, economic objectives in sustainable marketing can be set for increasing the revenues and market shares of sustainable products and services. Environmental and social objectives have been often ambitious and published in CSR reports but have been ultimately not followed through. Environmental objectives should not only concern the production process, such as lowering emissions, but the whole life-cycle of the product. Therefore environmental objectives can aim at lower energy consumption during the use phase or 100% recyclability. Social objectives are about making the products as healthy and safe as possible when used. However, the safety and health of employees as well as workers within the supply chain, has gained increasing attention, which is why social objectives are now also set for health and safety in factories and in the supply chain. (Belz & Peattie 2009, 115-118.)

One of the most important decisions to make is who to target. It would be fatal to repeat the mistake of green and environmental marketers to target only a niche segment of green consumers. Emery (2012, 70) as well as Belz and Peattie (2009, 88) are of the opinion that the focus of sustainable marketing needs to be on the whole market and not only 'sustainable consumers'. Thus segmentation has to move away from traditional characteristics, such as demographics, and divide segments according to their attitudes towards sustainability.

3.4.1 Segmentation

Due to inconsistent consumer behaviour and the need for behavioural change, Emery (2012, 104) suggests that segmentation is done according to consumers' current behaviour and their willingness to act more sustainably. Current behaviour looks at how sustainably consumers behave already and how existing sustainable consumer patterns can be deepened. Furthermore, reasons for or against sustainable behaviour need to be identified. Segmentation helps marketers to identify potential target groups, which can then be offered products in a suitable way. A number of attempts have been made to segment the market along these lines.

The British government's Department for Environmental, Food and Rural Affairs (2008, 42-45), has divided the British population into seven segments, which reach from very engaged to extremely disinterested. Positive Greens, Waste Watchers and Concerned Consumers all show sustainable behaviour at home and in purchases to different extents. Positive Greens have integrated sustainability into nearly all of their lifestyles, whereas Waste Watchers are mostly focused on avoiding waste. Sideline Supporters, Cautious Participants and Stalled Starters have pro-environmental attitudes in varying degrees but actual sustainable behaviour is low to non-existent but at least recycling is practiced. The Honestly Disengaged have no interest in the environment whatsoever. Table 2 shows the segments' ability and willingness to act and what restrains them from behaving more sustainably. The more the ability and willingness decreases, the more barriers arise.

TABLE 2. Possible sustainable segmentation (DEFRA 2008, 42-45).

Segment	Ability / willingness	Barriers
Positive greens	HIGH	
Waste Watchers	MEDIUM / LOW	Think they are doing enough Scepticism
Concerned consumers	MEDIUM	Think they are doing more than they actually do Difficulty adapting lifestyle Scepticism
Sideline supporters	LOW / MEDIUM	Low knowledge about sustainability Difficulty in changing habits and adapting lifestyle
Cautious participants	MEDIUM / LOW	Difficulty changing habits and adapting lifestyle Losing self-identity Low priority Do not want to be identified as green Not the social norm
Stalled starters	LOW	Low priority Scepticism Low knowledge about sustainability Inconvenience, costs Difficulty in adapting lifestyle Losing self-identity Do not want to be identified as green
Honestly disengaged	LOW	No opinion about or interest in sustainability Not the social norm Low priority

Depending on the segment, some consumers need only little engagement and enabling to behave more sustainably, others have to be encouraged more strongly. Motivators for more sustainable behaviour are highlighted throughout the thesis and are discussed more deeply in 3.5.4. Whether or not a product is ultimately successful often comes down to choosing the right segments and positioning.

3.4.2 Positioning

According to Kotler and Keller (2006, 24-25) positioning is about how the target market perceives a product and what position it takes in consumers' minds, also compared to competitors' products. A well positioned product should communicate its essence, what it does for the consumers and how it distinguishes itself from other products.

In the case of sustainable marketing, the emphasis can be put on sustainability in different ways. An environmentally and socially sustainable product can be positioned as the most sustainable product, which does not appeal to the mass market but only a small niche. If only part of the production is environmentally sustainable or social sustainability is neglected, this strategy is to be avoided. In times of the internet, these practices are quickly revealed and spread, which can ruin a company's reputation for good. Instead products can be positioned by highlighting single sustainable benefits such as benefits to human health or cost savings.

As explained earlier, the aim of sustainable marketing is that the mass market consumes sustainable products throughout all product ranges. Therefore, the main emphasis is not necessarily sustainability but is seen as an additional benefit. Instead a product is positioned according to other primary benefits, in order to reach consumers who are not concerned with sustainability and which represent the greatest part of the market (Ottman 2011, 110; Martin & Schouten 2012, 99). For instance, clothes are usually positioned as fashionable but behind these fashionable clothes can stand a sustainable company, with good working conditions, environmentally-friendly sourcing and materials as well as production

processes. Thus, sustainability itself can be a competitive advantage but not necessarily. Nevertheless, sustainability can lead in other ways to a competitive advantage.

3.4.3 Competitive advantage

A competitive advantage is gained when a company is able to perform better compared to their competitors (Kotler & Keller 2006, 150). Companies can gain a competitive advantage through enhanced environmental and social performance, which is usually expressed through a specific attribute, such as being organic, local or Fair Trade, among others (Belz & Peattie 2009, 136). According to PTY (2011) the sales of organic and local food have grown in Finland and the demand is expected to grow. Equally, Fairtrade certified products have grown in popularity both in Finland and worldwide (Lehtinen 2012). Also, energy-efficiency is an attribute of enhanced environmental performance. However, the competitive advantage is not necessarily the environmental performance but durability, cost-savings, convenience or all three together.

More sustainable production processes, products or services can be accomplished through innovation. In the 1980s and 1990s, companies were unwilling to change their production and pointed to increasing costs, which would lead to higher prices and destroy competitiveness. However, Porter and Van der Linde (1995, 120-122) already argued back then that innovation towards more environmentally-friendly production can gain companies a competitive advantage. Instead of increasing costs, costs could actually be reduced through innovations in production processes, packaging or distribution. This brings the company a cost advantage, which would allow them to lower their prices while sustaining or increasing their profit margin (Martin & Schouten 2012, 16). As a result of the improvement of the production process, the quality of a product can be increased, too. This is only one approach companies can take to gain a competitive advantage through innovation.

3.5 Sustainable marketing mix

This part focuses on how to make the marketing mix more sustainable. According to Kotler and Keller (2006, 19) the marketing mix offers tools in order to pursue the set objectives. Traditionally the 4 Ps of marketing have defined the marketing mix – product, price, place and promotion – which represent the seller’s viewpoint and offer opportunities to influence consumers. By contrast, Lauterborn (1990, 26) has developed the 4 Cs - customer solution, customer cost, convenience and communication - which represent the consumers’ view on the marketing mix. The 4Cs take also the environmental and social aspects for consumers into account when a product is purchased. Since the 4 Ps are still pre-dominantly used, the author has decided to use these as headings but will discuss the equivalent C in each part.

3.5.1 Product

No product can have zero impact on the environment. However, the so-called life-cycle assessment (LCA) is a tool that helps companies to analyse the environmental impact of a product during its life. It identifies environmental impacts when new products are designed, while the environmental impacts of existing products can be reassessed and the most critical areas identified. The LCA of a product from cradle-to-grave is shown in figure 5.

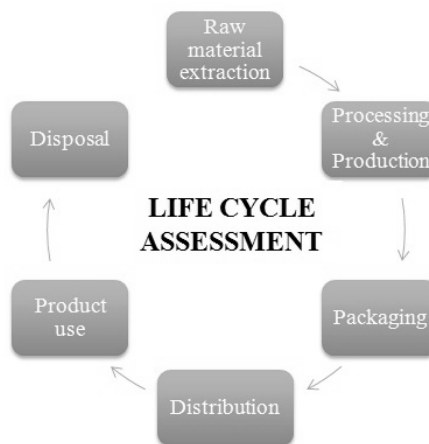


FIGURE 5. Life-cycle assessment from cradle-to-grave (Ottman, 2011, 58-59).

Radical improvements can be very cost-intensive for companies. However, over time and through continuous improvement, the production process can become sustainable, which lowers costs in the long-term (Belz & Peattie 2009, 210). Starting point is 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 but also protects the rights of workers and indigenous populations (FSC 2012). The production process itself is energy-efficient and minimizes emissions. A step further towards sustainability is the use of renewable energies, instead of conventional energy sources. Another side effect of production is waste. Resource efficiency reduces waste and the remaining waste can often be useful in some other way, which saves waste disposal costs. An increasingly important role plays the packaging of a product. More and more packaging is made out of recyclable materials and is in return recyclable (Emery 2012, 171). Smaller packaging has the advantage that increased freights reduce the number of shipments.

From the customer solutions perspective, a product should offer a complete package to consumers, which satisfies their wants and needs, provides a solution to their problems while being sustainable in use and disposal. The environmental component focuses on energy-efficiency and durability (Belz & Peattie 2009, 157-158). For instance, energy-efficient cars and home appliances offer consumers personal benefits in form of reduced electricity bills and gas costs. On the other hand, durability has declined and instead products become more easily obsolete, either because they are unfashionable or their usability is limited on purpose. Planned obsolescence needs to be reversed and products' lifetimes need to be lengthened again. Besides environmentally-friendliness, products have to be safe to use for the customers and pose no health threats. (Belz & Peattie 2012, 158.) At the end of the product's lifecycle, the aim is that products are recyclable but at least should not be dangerous when ending up in a landfill. Increasingly important is the take-back of products. (Martin & Schouten 2012, 127). Partly, companies have already implemented reverse logistics, which can be applied to packaging,

used products and other materials which are then reused in some way. This is a step towards closed supply loops and cradle-to-cradle. (Peattie 1995, 259.)

All this comes at a price, which has often been higher than that of conventional products and is a major decision making factor for customers. However, pricing of conventional products has to be rethought in terms of externalities and depleting raw materials, as well as how to price sustainable products accurately.

3.5.2 Price

Often the price of a product can make or break a purchase. Prices are not only what customers pay but can communicate quality or exclusivity to consumers, be part of market segmentation, reflect demand and supply of products, be part of competitiveness and include costs of production and profit margin (Peattie 1995, 280). However, environmental and social costs caused by production are usually not included in the end price. Instead these are treated as externalities, which are costs that are shifted on to society. Internalised costs would take these costs into account, though hardly any producer internalises costs on a voluntary basis. Moreover, it is extremely difficult to put a price tag on biodiversity loss or damaging ecosystems (Belz & Peattie 2009, 104).

Sustainable pricing is affected by many factors and different strategies can be applied. The author will look at value- and cost-based pricing. Consumers tend to believe that sustainable products are more expensive. This is usually a misconception which might still stem from the times of green/environmental marketing. This is not to say that sustainable products cannot have a higher price compared to conventional products. However, the question is if those higher prices are a mark-up for sustainability or have another reason. Premium prices often reflect pricing strategies but also production costs can be behind higher prices. (Belz & Peattie 2009, 210.)

Value-based pricing looks less at costs of production and instead on how much the consumers are willing to pay for a product, based on the perceived value (Kotler & Keller 2006, 444). Premium prices can be based solely on the fact that the production process is sustainable, which usually aims at a niche market

willing to pay more for sustainably manufactured products. As mentioned before, this does not appeal to the bulk of the market because there is a value-action gap towards sustainable products. If prices are higher than those for competitors' products but with the same features, customers inevitably choose the competitors' lower prices products. Therefore, higher prices are more sensible when the product excels in performance or quality or some other way, such as energy-saving light bulbs which not only lower energy costs but have a considerable longer lifetime (Charter et al. 2002, 24). Value-based pricing does not necessarily mean premium prices but depend on the business' strategy.

On the other hand, cost-based pricing takes the costs of production into account and adds a profit margin to calculate the end price (Belz & Peattie 2009, 208). Higher prices based on cost-based pricing can stem from high costs due to change towards sustainable production processes, initial low production volumes or internalising costs (Belz & Peattie 2009, 210-211). Sustainable production processes usually pay off in the long-term because they lower costs over time, which then allows the reduction of prices. Low production volumes can be counterbalanced by cost savings which are quickly realisable, in order to be able to lower the price, thus encouraging sales and increasing production volumes. A price disadvantage results from internalising costs voluntarily if competitors do not follow suit. At the same time, innovations and constant improvements can help companies to save costs from the beginning and enables them to have lower prices.

However, the costs for the consumers include more than just the purchase price. Instead the total customer cost of a product consists of both monetary and non-monetary costs thereby incurred during the evaluation, purchase, use and disposal (Kotler & Keller 2006, 141). These total customer costs from acquisition, use and post-use are visualised in figure 6.

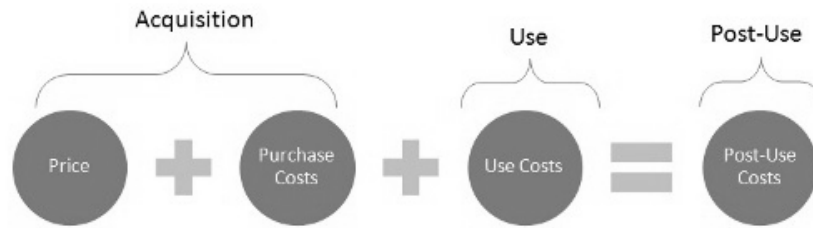


FIGURE 6. Total Customer Cost (Belz & Peattie 2009, 204).

Total consumer costs for durable goods involve time, energy and money. Purchase costs include information search, evaluation of products as well as transportation costs. Purchase costs depend on how knowledgeable the consumer is already about sustainable products, how easy it is to compare products and distribution intensity. When a product is used, energy and maintenance costs arise but also costs when one changes from a familiar to an unfamiliar product, which can require a change in behaviour. Post-use costs come from a product's disposal in the form of fees or transportation costs. (Martin & Schouten 2012, 173.) In many cases, customers ignore these total customer costs or might not even be aware of them. At times, they cannot even look beyond the price of a product. A survey in Finland shows that the price is the most important evaluation criteria, even if a product can bring long-term savings (Kuusela & Spence 1999, 230). Sustainable marketers need to make customers aware of all costs related to a product.

One aspect of the total customer costs is the distribution intensity and convenience. For customers it is important that a product is easily available but distribution, retail stores and the purchase of products have environmental impacts as well which have to be considered.

3.5.3 Place

Products need to be conveniently available for consumers to purchase. Sustainable products do not only have to be at the right place, at the right time but also the impacts of their distribution have to be taken into account.

Distribution's main environmental impacts are packaging, waste, emissions and use of fuel (Szymankiewicz 1993). Since packaging and waste have already been covered, this part will concentrate on use of fuel and emissions. How much fuel is used depends on where the product is manufactured, purchased and used. Due to globalisation these distances have grown, which can bring products halfway around the world. Belz and Peattie (2009, 230) believe that production, distribution and consumption will become partly more local again, to shorten distances and reduce fuel consumption. More fuel-efficient and low emission trucks can address two issues at the same time. Another factor concerning the environment is the mode of transportation. Air freight has by far the highest environmental impact in terms of greenhouse gas emissions, followed by road transport (Martin & Schouten 2012, 165). However, air freight is the least used mode of transport due to costs, whereas road transport is mostly responsible for inland transport. Whenever possible a shift from air to sea for international transports and from road to rail for inland transports would help to reduce emissions. (Belz & Peattie 2009, 235.)

In recent years, retailers have become more interested in making their stores more sustainable. Through energy-efficient fridges, freezers and lightning retailers can save costs but they also address water efficiency and waste reduction. However, retailers' role goes beyond these efforts and are responsible for supplying sustainable products to customers. Retailers decide whether or not sustainable products get shelf space. It could be said that they act as 'gatekeepers' between producers and consumers. (Peattie 1995, 256.) Accessibility and availability of products in major retail stores and online retailers is indispensable to be successful with the mass market (Ottman 2011, 110). Although customers would be interested in buying sustainable products, low availability would prevent most from doing so. For that reason eco-oriented stores emerged in the 1980s and 1990s, to supply a niche market with sustainably-oriented products (Belz &

Peattie 230). Martin and Schouten (2012, 166-167) point out that retailers have the possibility to educate their consumers about sustainable products and offer return systems for certain materials. In Finland, the prices at the shelves of sustainable product are labelled 'organic', 'environmentally-friendly' or 'fair'. Furthermore organic vegetables and fruits have their own corner in the vegetable and fruit section, which is indicated by a big sign reading 'organic'. Used batteries can be disposed of in stores which sell batteries.

Although specialised eco-stores offer a great opportunity for niche products and market entries, sustainable marketers have to aim at conventional market channels to reach the biggest possible market. Additionally, big retailers are able to provide products at a lower price than eco-stores. Even when sustainable products are available in supermarkets, companies need to communicate their products and services to the consumers, as well as educate them about sustainability.

3.5.4 Promotion

Marketers have been faced with environmental and social criticism over the years. Marketing is, at least partly, regarded as responsible for the current condition the planet is in, by constantly creating demand and encouraging consumption. Social criticism involves creating unrealistic desires and images of people, as well as targeting children. Therefore sustainable marketers have the difficult task of communicating their sustainability agenda to consumers, without attracting the same criticism.

For Belz and Peattie (2012, 180) sustainable marketing communication is about communicating solutions products have to offers to consumers as well as communicating to all stakeholders about ones company. The objectives of sustainable marketing communication can be numerous and are as follows:

- *Raising the mass market's awareness of sustainable products.* Coverage of sustainability in the media, such as reports about climate change or endangered species, additionally helps to create awareness.

- *Informing about the product or company.* Information is clear and easily understandable to avoid information overload and instead help to compare products. Company information furthers transparency.
- *Reminding consumers* either about the product itself, sustainable use or post-use behaviour, such as recycling or take back possibilities.
- *Persuading consumers* to purchase sustainable products or services. This can mean to try a new product or change of brand for the consumer.
- *Rewarding customers* for buying a product, engaging with the company or other behaviours which motivates and helps to build customer loyalty. (Belz & Peattie 2009, 180-181; Martin & Schouten 2012 184; Emery 2012, 218-219)

In order to achieve one or more of these objectives, the right promotion mix out of advertising, personal selling, direct marketing, sales promotion and PR has to be found. All of these conventional marketing methods are open to sustainable marketers. However, they have advantages and disadvantages but can also be prone to criticism. For instance, direct marketing in the form of mail is often perceived as junk mail and criticised for the amount of paper it uses. Another common approach, of which many consumers have tired, are advertisements with vague claims concerning sustainability. (Belz & Peattie 2009, 181-182.)

Maybe even more important than the promotion mix, is the content of what businesses communicate to consumers and how they do it – in other words what appeal the product has for the consumers. Iyer and Banerjee (1993, 497) have identified six appeals, which are described in table 3, of how green products are communicated in print advertisements. These appeals can also be applied to sustainable products.

TABLE 3. Six appeals of communicating sustainable products (Iyer & Banerjee 1993, 497).

Zeitgeist appeals	- Portraying sustainability as a trend of the times - Companies portray their products as sustainable, communicating that they are part of this trend
Emotional appeals	- Tending to make consumer feel fear or guilt but also empowered
Financial appeals	- Emphasizing the savings consumers can make with a product - Sales discounts - Donations to good causes
Euphoria appeals	- Highlighting the well-being for consumers: health benefits or natural ingredients of a product
Management appeals	- Company is working towards sustainable development, not contributing to social and environmental problems
Others appeals	- Testimonials - Celebrity endorsement - Comparative advertising

Particularly negative emotional appeals by communicating global sustainability issues are considered as preventing consumers from buying sustainable products. Confronting consumers with the threat of climate change or loss of biodiversity can be intimidating and cause guilt or fear, which does not necessarily lead to a change in behaviour. Although consumers might feel guilty, they might also feel that the claims are false or at least exaggerated, as well as being manipulated. (Belz & Peattie 2009, 187; Emery 2012, 219-221.)

Consumers are more receptive for change when communications appeal to their self-interests or focus on their benefits. Although consumers do care about the environment and social issues, they want to know what is in it for them when they use sustainable products. Ottman, Stafford and Hartman (2006, 27-30) suggest communicating self-interests and benefits through efficiency and cost-savings, health and safety, performance, symbolism and status, or convenience. Popular examples for efficiency and cost-savings are home appliances, such as refrigerators and washing machines, hybrid cars, LED or CFL bulbs. At the same time, efficiency can also mean convenience because hybrid cars have to be refilled less frequently and LED or CFL bulbs have to be changed less often. Organic food is an example for health and safety. In times of genetically-manipulated food, the use of pesticides and diseases, organic food seems to an increasing

number of consumers as a safe and healthy option. However, often consumers do not buy organic food because of these reasons; instead they perceive organic food to be better in taste (Belz & Peattie 2009, 165). Performance is a very typical communication tool for products and something many consumers do not associate with sustainable products, as mentioned earlier. Nevertheless, high performance products can be sustainable without the consumer being aware of it. Symbolism and status is often driven by celebrity endorsement or simply when celebrities are seen with sustainable products, which then becomes fashionable. For the marketers, it is important to know their customers in order to be able to provide them with relevant information.

However, the most important factor for sustainable marketing communication to be successful is credibility. Although many claims of companies are true, consumers are sceptical and do not take their word for it. Not unlike in the 1990s, companies want to offer their customers sustainable products but make untrue, unverified or unethical claims either intentionally or unintentionally. Although greenwashing was originally meant for deceiving environmental practices, it has since then also been applied to false sustainability claims. The sustainability and marketing consultancy TerraChoice (2007, 1-2) found during a study conducted in North America that out of 1,018 examined products, all but one made at least one unsubstantiated or misleading claim, with a total of 1,753 claims. They identified six 'sins' of greenwashing, into which the claims could be categorized: hidden trade-off, no proof, vagueness, irrelevance, fibbing and lesser of two evils. Over 80% of the claims were hidden trade-offs or had no proof.

Most commonly used to display credibility are labels by third-parties. Due to the great number of labels available, companies have to choose carefully. Most preferable are well-recognized and credible labels. Moreover, companies' self-declaration claims alone can make consumers mistrustful but combined with official labels and transparent behaviour they can support credibility (Emery 2012, 233). Furthermore, a company needs to follow through with its commitments, provide stakeholders with information not only about products but the production process and the company itself, as well as being consistent in one's actions (Belz & Peattie 2009, 189; Ottman 2011 137).

3.6 Benefits of sustainable marketing for companies

The author has shown throughout the theoretical part that sustainable marketing can bring benefits to customers in many different ways. However, sustainable marketing can necessitate great organisational changes for companies, a rethinking of current marketing practices and require sometimes costly modifications of production processes. Thus there have to be benefits for companies as well, in order for them to pursue sustainable marketing.

Cost savings can be one of the biggest motivators for companies. Actions taken are usually easily realisable but save costs only in the short term. Sustainable marketing offers both easily realisable and low-cost actions, as well as more comprehensive and cost intensive changes, both leading to long-term cost savings. It would be unrealistic to expect companies to make their production more sustainable all at once. A step-by-step approach is sensible, starting with easily realisable actions which pay off quickly before realising more cost intensive changes. Common cost benefits are achieved through energy, material and waste efficiencies.

Reputation has to be earned and being sustainable can earn companies a good reputation. A company does not necessarily have to demonstrate their sustainability in so many words but rather through their actions. Word of mouth or endorsement from reputable NGOs is more powerful than something which comes from the company itself. If sustainable marketing is practised in the right way, the company or brand image can only benefit and it earns the company the trust of their customers.

New markets can open up through sustainable marketing. Environmental and social sustainability, as well as different sustainability issues, such as cruelty-free products, appeal to consumers. Often a product is not only purchased for the product's sake but also for the company or brand image the product represents. When a company is renowned for being sustainable, this can lead to new customers. Besides gaining new customers through being sustainable, innovation can result in new products and services which can attract new customers who otherwise might not have bought the company's products. In any case,

sustainability can be something with which a company can differentiate itself from its competitors.

Reduced risk is another benefit of sustainable marketing. Some natural resources will become scarce in the future, their prices will rise as a consequence and supply becomes uncertain. This can limit a company's production and increase product prices. Proactive companies mitigate these problems and gain a competitive advantage over competitors by switching to alternative energy sources, becoming more resource efficient or finding alternative resources.

Attracting and retaining employees can be easier for a company by practising sustainability. A survey revealed that graduating students believe that a company is accountable for their impact on society and the environment and half of the respondents would take a lower salary to work for a sustainable company (Martin & Schouten 2012, 16). Furthermore, working for a sustainable company can enhance current employees' innovativeness, motivation and productivity.

Leadership can be either gained or maintained through sustainable marketing. By making sustainability part of the business, the company can enhance their image and gain a competitive advantage. By implementing sustainable solutions now, companies can leave the competition behind because it can take years to make up leeway concerning sustainability and gaining the reputation it takes years to establish.

4 SUSTAINABLE MARKETING IN PRACTICE

This part forms the empirical part of the thesis, which is based on the cases of four companies. The data gained from the companies will help the author to answer the primary research question for this thesis: *How important is sustainable marketing for companies?* First, the author will discuss what criteria were considered when companies were chosen and how the data was collected. The collected data will then be presented company by company before comparing the results of how companies implement sustainable marketing.

4.1 Data collection

For the empirical part, four companies were interviewed to gain information about how companies implement sustainable marketing in real life and in order to determine how important sustainable marketing is for companies. Companies which operate in different lines of business were chosen, in order to gain a better overview of sustainable marketing in real life context. However, sustainability was not the main criterion for selecting companies but the willingness to participate.

Table 4 gives an overview of the companies, as well as the interviewees' position in the company. Peikko and Elematic are in B-to-B, whereas Nudie Jeans and Company X are in B-to-C. Furthermore the companies are from three different EU-countries: Finland, Sweden and Germany. Three of the people interviewed have a marketing background, whereas one works in CSR.

TABLE 4. Background of companies.

Interviewee	Country	Company	Products	Position
Molli Nyman	Finland	Peikko Group	Concrete connections, composite structures	Marketing & Communications Manager
Päivi Talonen	Finland	Elematic Oy	Precast concrete technology	Marketing Manager
Sandya Lang	Sweden	Nudie Jeans Co.	Jeans, other clothes	CSR Manager
Interviewee X	Germany	Company X	Beverages	Junior Brand Manager

A number of companies were contacted over a period of several weeks via e-mail or through contact forms on companies' homepages. The author was referred to Elematic's marketing manager by another interviewee. The aim of the study was explained and the company's willingness to participate was inquired. Many refusals were received or companies did not respond at all. The four companies which are part of this thesis were the ones that agreed to an interview.

The data was collected through interviews and e-mail interviews. Molli Nyman and Päivi Talonen were interviewed in person, whereas e-mail interviews were conducted with Sandya Lang and Interviewee X. This was done out of convenience and Interviewee X chose e-mail interview because he wanted to answer the questions together with someone from the sustainable development department.

The data collection method was semi-structured interviews. This was considered to be most suitable, since this allowed the author to focus the interview on several areas of sustainable marketing while having the possibility to ask follow-up questions, which were not part of the original interview questions. The interviewees only knew that the topic was sustainable marketing but did not receive the questions in advance and could therefore not prepare in detail for the interviews. The interviews were conducted in English and lasted approximately 60 minutes. Both interviews were recorded and transcribed by the author after the interviews.

Sandya Lang and Interviewee X received the questions via e-mail, which were the same as those asked in the interviews. The additional comments were the same as in the interviews in order to clarify things. The author did her best not to guide or influence the interviewees' answers by these additional comments. Sandya Lang received the questions in English, whereas the questionnaire for Interviewee X was in German. Due to the nature of e-mail interviews, the interviewees had the possibility to deliver better prepared answers. The author received the answers from Nudie Jeans within a day and was allowed to send follow-up questions if needed. Interviewee X returned the questionnaire after two weeks, with no possibility for follow-up questions.

Figure 7 gives an overview of the themes which were covered during the interviews.

Questions 1 - 2	•Background of interviewee and company
Question 3	•Thoughts about sustainable marketing
Question 4	•Certifications and labels
Questions 5 - 6	•Consumer behaviour and marketing strategy
Questions 7-10	•Marketing mix
Question 11	•Sustainable supply chain
Questions 12-13	•Benefits & importance of sustainable marketing

FIGURE 7. Interview structure.

The interview structure was loosely based on the thesis structure. The focus was on aspects, which the author believed would show best how important sustainable marketing is for companies. The complete interview sheets in English and German can be found in the appendices (appendix 1 and 2). The author has chosen not to publish the transcript of the recorded interviews nor the e-mail interviews in the appendices, due to length and confidentiality.

4.2 Peikko Group Corp.

Peikko is a Finnish company, which was established in 1965. The core business of the company can be divided into two product areas: concrete connections and composite structures. The company operates on an international level and has 30 subsidiaries all over the world with its head office in Lahti.

Sustainable marketing as such is not explicitly defined at Peikko. The main focus for the company is to help their customers to make their building processes safer, faster and more reliable, of which sustainability can also be an aspect. Thus, sustainability within Peikko applies both to the customers' operations and the company's own operations. Whether or not sustainability is an issue for customers depends from case to case. Mostly, price is the decisive factor. However, when the customer builds a zero energy house, has set other environmental targets for a project or wants to have a building with LEED certification, sustainability becomes a crucial factor. For instance in office buildings, Peikko's Deltabeam can save 30 cm on each floor since it is a slim-floor system into which wiring and installations easily fit instead of having concrete beams hanging down. By saving space, less heating and cooling is necessary which lowers costs. Moreover, if a customer wants to have a LEED certificate for their building, they are interested in whether or not they can get points with Peikko's products or not. In this case, for instance, it has to be taken into account that steel material cannot be transported more than 700 km, which requires a lot of planning. Then it is important to bring out that Peikko operates sustainably. Otherwise with the Deltabeam sustainability aspects are stressed, which is positioned as sustainable, whereas other products of the company have lesser impact on making a building sustainable.

Peikko's production is already quite sustainable since Finnish law regulates operations concerning sustainability quite strictly. Regulations aside, Peikko recognizes both its environmental and social responsibilities.

Environmental responsibilities. There is a responsibility that products and operations are sustainable. Since Peikko's main production units are ISO 14001 certified, the regulations on operations are tight. Additionally, the company has

set internal targets to reduce heat, emissions and garbage. Resource efficiency and innovation play an important role at Peikko. Since steel is expensive, it is important to save material or to use the material efficiently and to a high percentage, which calls for innovation. The production process of Peikko's own Deltabeam is very well streamlined and the initial loss of raw material is little. As part of the process, holes are drilled out of the Deltabeam but instead of throwing those drilled out metal pieces away, they are used for other products. Similarly a mould is made for a steel part which is then casted from metal instead of welding it together from single pieces. This method saves both raw material and time. After production, products are distributed either directly to customers or to subsidiaries. Deliveries are made mostly by trucks within Europe. Transportation is optimised in order to save costs but also has the side effect of lowering emissions. To ensure efficiency, only full truckloads are sent. From where deliveries are made, depends on the destination. For instance, instead of shipping from Finland to Spain, shipments are made from the production site in Slovakia to Spain, which shortens the distance by several hundred kilometres.

When it comes to Peikko's suppliers, the main criteria are price and quality of the supplied materials, whereas environmentally and socially sustainable sourcing is less important. One aspect of sustainability Peikko is interested in when selecting suppliers, is the economic site of the company. The business needs to be financially stable to ensure that they are capable of supplying in the long-term.

Social responsibilities. Internally, the well-being of the employees is a priority. The production facilities use very modern technology with automated processes. Still, manual labour is required. Here, the work environment is made as safe as possible, to ensure the health of the workers. If an accident happens, there are measures taken to avoid something like this from happening again in the future. Overall, the working conditions at Peikko are good which is important for people to be able to work productively. The company values are set by the owners, who lead by example and employees live up to these standards. Because of the good working environment, there are many people who have been working for many years at Peikko. Due to this positive image, the company has been very successful in recruiting new people as well. Peikko operates also outside of Europe, where working standards can differ from European standards. In order to ensure product

quality, as well as that operations abroad are carried out according to Peikko's standards and EU regulations, the company itself is present instead of working with agents. This also allows the company to gain knowledge about the local market and legislation, which for Peikko is also part of being a responsible business.

Since price is often the most decisive factor, it is vital for Peikko to have competitive prices in order to be able to compete with competitors. This is especially true in the current economic situation. Thus, the company has gone through all its product groups to see how the products can be made more competitive and how processes can be changed which would then lead to cost savings. This is a constant process at Peikko and these savings can be a result of sustainability such as material efficiency and innovation. However, sustainability is not seen as the factor which helps to lower costs and prices but is rather a positive side-effect. On the other hand, the Deltabeam might be more expensive than the competitors' products but it can bring long-term savings. Therefore, Peikko communicates its sustainable solutions in terms of cost savings. This is a point where customers have to be convinced that even if they pay more for the product now, it will pay off over the life-cycle of a building which amounts to a lot of money.

Overall, sustainable activities at Peikko are not primarily carried out for sustainability's sake but the main benefit is without a doubt cost savings. Although profit is clearly the main objective of the company, there is always the question how they make their money and having a good image of being a sustainable company can only be a benefit for them. For Peikko, this is part of being a respectable corporate citizen, which brings about a good reputation and is also a benefit when it comes to recruiting new employees. All in all, sustainable marketing is very important for Peikko. (Nyman 2012.)

4.3 Elematic Oy Ab

Elematic is the world's leading company in selling precast concrete technology, which includes the design, production and delivery of single machines to complete factories which then produce precast concrete elements for buildings. The company was founded in 1959, with its headquarters and production facilities located in Finland, as well as daughter companies in Germany, the United States, Russia and Dubai, a joint venture in China and sales representatives around the world.

Sustainable marketing has never been defined by Elematic and the term sustainable marketing as such has neither been mentioned by the company itself nor by communication experts or marketing strategical companies they use. Nevertheless, sustainability is taken into account at every step in planning, designing and delivering solutions and the terms 'sustainability' and 'sustainable' are used a lot in Elematic's marketing communications. However, the company's slogan is 'Smart evolution' of which sustainability is a natural component, which is why it is not brought up as a special form of marketing. Sustainability is built into everyday operational activities, not only marketing, because not being and working in a sustainable way is not an option anymore.

Elematic operates in three types of markets: the established markets which are Europe, North America, some countries in the Middle East and Singapore; the emerging markets, such as China and India; and mixed markets such as Russia and the Middle East. Whether or not sustainability is an issue for customers or not, varies greatly on the company's location and the size of the company. Larger clients, no matter where, and public companies often require environmental studies before buying a product. The established markets attach great importance to sustainability and working in a sustainable way goes without saying. Emerging markets have turned more towards sustainable solutions, which will have to be taken into account in marketing and communication issues in the future. Mixed markets have industrialised and less industrialised regions, thus the importance of sustainability varies accordingly. Some companies could not care less about sustainable solutions for their productions, whereas others expect the most sophisticated products. This makes it very difficult for Elematic because markets

have to be approached differently. Nevertheless, as a market leader in precast products and manufacturing systems, it is stressed throughout what Elematic's solutions do for the customer in terms of sustainability. The company is renowned for paying attention to sustainability in every single aspect and having embedded sustainability into all their operations. Being positioned as sustainable helps the company to differentiate from the competition, which can be easily used in marketing communication.

Environmental responsibilities. Elematic is ISO 9001 certified and due to tight Finnish and EU regulations the production is already sustainable. However, for Elematic sustainable thinking goes beyond how they themselves produce. The company produces capital goods, which are designed to produce a good. Thus it is also taken into account what is produced with their product and how this product is then used by the final end user. The whole chain is considered, when machinery and processes are designed, but not from inside out but from outside in. They first look at end use and how that can be made most sustainable and then slowly go towards Elematic's own production.

Steel and cement manufacturing are one of the most polluting industries. Precast concrete saves steel and cement compared to normal cast-in-place concrete, which lowers the carbon footprint of a company and makes these solutions already more sustainable. In order to gain a competitive advantage over the competitors, the processes are designed in a way that even less cement is used and machinery is developed to make the compression of concrete so efficient that less steel is needed. Since the whole life-cycle is taken into account, it is also important to think about whether or not something can be recycled, reused or replaced.

Although suppliers are chosen according to certain standards and companies with ISO certification are preferred, Elematic has no way of knowing how the supplier actually works.

Social responsibilities. Additionally the company pays attention to social aspects, such as occupational health and safety in the delivered factories. One major danger in cement factories is the quartz dust in the air, which is very dangerous for the lungs. The R&D department is concerned with designing new types of

systems so that the dust goes neither in the air nor in the sewer. Whether or not suppliers operate in a sustainable way is less important for the company. Another aspect is noise pollution, which is considered during the planning and designing phases.

For many reasons the company's products have always been priced higher than the competitors' products but not because of sustainability. Nobody wants to pay an extra fee for sustainability and especially in places where sustainability is not appreciated they do not want to pay anything. The company does not believe in telling customers that they are more sustainable than the competitors. However, working in a sustainable way in a B-to-B environment builds trust and safety. Clients know that it is safe to use Elematic's products which are in accordance with environmental regulations, and trust that their solutions are best suited. However in countries like Singapore, where environmental laws are extremely strict, companies want to see that a product is environmentally-friendly and are willing to pay extra if it is designed according to their standards. On the other hand countries, which do not attach importance to sustainability, are shown that Elematic's solutions can translate into energy savings, thus saving ultimately costs.

These sustainable solutions are communicated in different ways. The company publishes articles and attends seminars, also for people who are not their clients. Furthermore, a training programme called Precast Academy is offered, which is about understanding precast, how to use it and its benefits, which also promotes the most sustainable way of building houses. With these methods, the company wants to educate the audiences. For instance in countries with hot climates, such as the Arabic countries and South East Asia, insulation in facades is very important because cooling an apartment takes more energy than heating it. This is something Elematic wants people to understand that they should use these methods to save energy and which are also more environmentally-friendly. Furthermore, the company's marketing communications themselves can be described as sustainable. All marketing communications are done web first and the digital environment is used as much as possible in order to save paper. Reasons for digitising marketing were, among other things, that the company

wanted to reduce their use of paper and discontinue the use of airplanes for postal deliveries.

For Elematic benefits of being sustainable are leadership, trust and a strong brand. As the industry leader, one has to be sustainable if one wants to stay at the top. Becoming a strong brand and gaining a reputation, is something which is built over time and not through words but through actions, which is what Elematic is doing. In this respect, sustainable marketing as such is not important at all because the company does not practice it as a separate marketing function, but being a sustainable company is of the utmost importance for Elematic. (Talonen 2012.)

4.4 Nudie Jeans Co.

Nudie Jeans was founded in 2001 and is located in Gothenburg, Sweden. The company is specialised in jeans, which accounts for 80% of their production and value, but also produces t-shirts, jackets and accessories. The products are sold worldwide through retailers and online shops.

At Nudie Jeans there is no definition for sustainable marketing as such. Sustainability is part of the company's core values and integrated into Nudie Jeans' normal marketing activities. Everything related to marketing should be long-term and thus more sustainable. The company is a member of the Fair Wear Foundation (FWF) and Textile Exchange, which are both non-profit organisations which strive to improve the working conditions in the textile industry and support farming and trading of organically grown cotton. FWF promotes transparency through annual social reports, which can be found on Nudie Jeans' website. These reports are not to the standard of the Global Reporting Initiative. Almost all organic cotton used for denims is certified according to the Global Organic Textile Standard (GOTS), whereas the Backbone collection is both GOTS and Fairtrade certified. To use exclusively organic cotton is also a long-term goal of the company.

The decision of being sustainable and using organic cotton is the company's own decision and is not based on their customers' attitude towards sustainability. Accordingly, the company is neither positioned as sustainable nor is it the major

goal to be considered as a sustainable brand. Instead Nudie Jeans is positioned as fashionable and the company wants to be known for their good-looking and quality products. Being considered as sustainable is an added bonus for the company's image. However, the feedback from customers has been positive. In their opinion it is good that Nudie Jeans has these values concerning sustainability while producing cool products at the same time.

Nudie Jeans itself does not own manufacturing plants, which makes environmentally and socially sustainable production no less important for the company.

Environmental responsibilities. Within its possibilities, Nudie Jeans wants to contribute to sustainable development and minimize the impact of its products on the environment. One of the most important aspects of environmental responsibilities for the company is to use organically grown cotton. In comparison to conventional cotton farming, organically grown cotton uses no toxic fertilisers or other chemicals during the farming process in order to preserve the soil.

The newest denim collection is made to 100% out of organic cotton. To reach this goal, innovation was required both from Nudie Jeans' and the suppliers' site and has brought some change with it. The company has developed its own organic fabrics in cooperation with its suppliers and does no longer buy available fabrics. Although the fabrics are GOTS certified, the end product is not because the company has not paid for GOTS labels on the garments themselves.

Furthermore, Post Recycle Dry is an initiative, where products are made out of recycled fibres in addition to organic cotton and the Denim Maniacs programme produces jeans out of old jeans. The Repair Reuse Reduce project offers customers the possibility to hand in their jeans in order to get them repaired or trade them in for a discount on a new pair of jeans. Jeans, which are made from old jeans, have been certified with the Swedish eco-label Bra Miljöval (Good Environmental Choice). Overall it is the company's intension to extend the life-cycle of the jeans by reusing them in some way.

Social responsibilities. All suppliers and sub-suppliers are expected to follow the company's code of conduct, in order to guarantee good working conditions in the

factories, which are controlled through regular audits. Social requirements are concerned with employee rights, fair wages, as well as working hours; child labour in factories chosen by the company is forbidden. Furthermore, a safe and healthy work environment has to be ensured.

The company has chosen to place its production mostly in Europe, which makes it easier to have control over the production chain and ensures that people are fairly paid. Production in India is both Fairtrade and GOTS certified, in order to ensure that a fair price is paid to the farmers and that neither during farming nor production harmful chemicals are used. For Nudie Jeans, it is very important that suppliers share the same commitment for both social and environmental issues, or are willing to improve conditions, and are selected accordingly.

In addition, the company has worked on two occasions with Amnesty International. Both projects were connected to designing t-shirts and parts of the proceeds were donated to AI.

Since production is placed mostly in Europe, the costs are a little bit higher. However, the company does not compromise sustainable production for lower prices. Salesmen and distributors receive information about products twice a year at meetings. Otherwise, the company uses exclusively social media, such as Facebook and Twitter, for its marketing activities and the company's homepage offers a lot of information about its sustainability efforts, organic cotton and responsible production. Additionally, booklets on the jeans inform customers about the company's core values and on the garments of the Backbone collection are hangtags which introduce the concept of Fairtrade and organic cotton. These communications provide transparency and show customers exactly how Nudie Jeans operates.

The company has gained positive attention and a good image by being sustainable. However, at Nudie Jeans there is a belief in the combination of what is done and everything is considered equally important. Sustainability is not discussed separately in the financial report, nor is it assessed which sustainable initiatives are most profitable. Being sustainable is part of the business and is also part of the marketing activities. (Lang, 2012.)

4.5 Company X

Company X is a German company which was founded in the 1990s. The company is best known for its non-alcoholic beverages in different flavours. Since 2006, the soft drinks have been also sold abroad.

Sustainable marketing is seen as marketing strategy and activities which are long-term oriented and aim not solely at short-term results. Economic sustainability is the goal, which means that the company's activities do not harm the environment or society. However, the concept of sustainability is not seen as a marketing tool but as a basic understanding of corporate responsibility. Sustainability is part of the company's core values and is not used for marketing purposes.

The company's target groups are men and women from 20-40, students and young families. The target groups are mostly higher income households and tend to think and behave in a sustainable way. Nevertheless, the term 'sustainability' is either not known by customers or they do not know the exact meaning of the word. Those customers, who do know what sustainability is, expect that a business, which presents itself as sustainable, demonstrates its attitude through actions and does not participate in any form of greenwashing. The company itself sees the product as a beverage which refreshes in a special way and does things differently.

Environmental responsibilities. The company aims at making both production and products as sustainable as possible. Raw materials are purchased from local farmers when possible and are organically certified. Not all necessary raw materials are provided by the surrounding region, yet. As a consequence, the company has started project BLR which promotes organic cultivation of raw materials and aims at committing local farmers to eco-farming. This ensures the company the supply of high quality raw materials from local suppliers and might prevent a possible scarcity in the future. The project also contributes to sustainability and the protection of the environment by supporting organic farming and helping to prevent the use of genetically manipulated organisms in agriculture. No artificial flavours are added and instead only natural aromas and juices from organic fruits and herbs are used. The production is ISO 14001

certified and the company has set itself the goal to be carbon neutral by 2013. Company X sets internal targets, which are only published when those targets are met.

Besides its own BLR project, the company supports a number of other regional and national environmental causes, such as preserving biodiversity and protecting and regenerating drinking water in a sustainable way.

Social responsibilities. To its customers, the company offers an ecological soft drink which provides healthy nourishment. Besides being made from organic raw materials, due to the production process, less sugar needs to be used. Furthermore, the production of soft drinks usually creates alcohol during brewing which is not the case with this beverage. This makes the products unlike conventional soft-drinks which the company continuously emphasises.

Besides its customers, suppliers are crucial for the company. To company X, the region where it comes from is very important which is also shown by supporting the local farmers. The region is structurally weak but the company creates new opportunities by providing jobs and securing the existence of many farmers by preferring locally grown raw materials. The company guarantees farmers, which are part of the BLR project, to purchase their complete harvests at long-term fixed prices.

Furthermore, the company is a partner in several health and youth projects. These projects promote a healthy diet and encourage children and teenagers to do sports and exercise more. Company X supports these projects as a sponsor and through donations.

Overall, it is extremely important for the company that suppliers are working in a sustainable way. The company has clear purchase criteria, which prefers local suppliers and prohibits the use of child labour and the use of genetically manipulated materials. Additionally, suppliers need to fill out a questionnaire concerning their environmental and social standards and audits of the suppliers are carried out several times a year.

The price should represent the value of the product. Sustainability is communicated through information on the company homepage and Facebook where the company has direct contact with customers, as well as participations in trade fairs. In Germany and the rest of Europe the products are labelled with the Bio-Siegel, the German national eco-label, and the EU organic products label, which signals to consumers that the products were organically produced.

The company cannot say that there are any benefits from sustainable marketing because the company does not see itself as utilising sustainability for marketing purposes. (Interviewee X 2012.)

4.6 Data analysis

After all interviews were conducted and answers from the e-mail interviews were received, the collected data was analysed. For the data analysis a comparison was conducted with the aim of finding similarities and differences between companies' perception and implementation of sustainable marketing. The comparison was done according to the interview structure, which was divided into seven themes. Due to the diversity of the companies, a comparison was possible of whether or not the attitudes differ between countries and lines of business, as well as between B-to-C and B-to-B.

Thoughts about sustainable marketing None of the companies had a proper definition for sustainable marketing. However, at Nudie Jeans and Elematic sustainable marketing can be seen as part of the normal marketing activities, whereas in Interviewee X's opinion Company X does not use sustainability for marketing purposes. Three interviewees pointed out that sustainability is part of their companies' core values but all interviewees agreed that their companies have social and environmental responsibilities, on which equal emphasis is put. On the other hand, economic sustainability, as defined in 3.2., was mentioned by only one interviewee.

Certifications and labels Those companies which own production units have partly ISO 14001 certified production units or plan on getting the ISO 14001 certification. Of the two B-to-C businesses, only Company X has third party verifications, in form of labels, on all its products, although the garments used by Nudie Jeans are certified and jeans from their reuse programmes carry a Swedish eco-label.

Consumer behaviour and marketing strategy The author found that consumer behaviour was the area where B-to-B and B-to-C differed most from each other. What all companies have in common is that segments are not classified according to sustainability criteria, although Company X's target groups could be classified as DEFRA's Concerned Consumers in 3.4.1. On the other hand, for Nudie Jeans consumers' attitude towards sustainability is neither relevant nor researched. But the company thinks about sustainable consumer behaviour and offers customers

possibilities to prolong the jeans' lifespan. Therefore, operating in a sustainable way is rather independent from the customers' attitude towards sustainability. In the cases of Peikko and Elematic it depends from client to client to whether or not sustainability is important, although the interviewees could point out countries where sustainability is important and where it is not. Both B-to-B businesses said that they are somewhat positioned as sustainable or are renowned for sustainable solutions, whereas Nudie Jeans and Company X are not.

Marketing mix All four interviewees pointed out that their companies' productions and operations are conducted in a sustainable way and what they offer are environmentally and socially sustainable products. Although the approach to sustainable production varies, similarities could be found. Sustainable sourcing is a focal point for Nudie Jeans and Company X but less important for Peikko and Elematic. All three of the producing companies mentioned as part of environmentally-friendly production aspects such as emissions, energy and garbage; chemicals are also an issue for Nudie Jeans. The life-cycle of their products is taken into account by Peikko and Elematic when products are designed, whereas Nudie Jeans wants to extend the life of their products by repairing them for their customers or reusing them in some way. Elematic's product-life cycle assessment was the most extensive, which took the impact of the product for their clients into account and in turn their clients, if they are not the end user of the product. Government regulations concerning production were mentioned by Päivi Talonen and Molli Nyman, which can be seen at least partly as the cause for sustainable production.

Occupational health and safety was ranked as the most important factor of socially sustainable production. Child labour was brought up by all four companies and is explicitly forbidden in Nudie Jeans' code of conduct and Company X's criteria when selecting suppliers. Fair prices for suppliers and factory workers were especially pointed out by Nudie Jeans and Company X, which Nudie Jeans ensures through GOTS and Fairtrade certified fabrics and Company X through its BLR project. The author was given the impression that all four companies are very much concerned with good working conditions and offering a good work environment.

None of the companies' prices include a mark-up due to sustainability. Higher prices are the result of other factors, such as production units in countries with higher labour costs as in the case of Nudie Jeans. With the B-to-B companies it became clear that cost-savings for the customers are a very important factor, especially if the product price is originally higher than the competitors'. These cost-savings are often the result of sustainability, such as saving energy or raw materials.

Therefore, sustainability is often communicated in terms of cost-savings, as in the case of Peikko. Also Elematic uses this strategy for customers who attach less importance to sustainability. Otherwise, the internet and/or social media are common ways of communicating sustainability to customers, which was mentioned by three companies. In the cases of the B-to-C businesses, eco-labels and other labels on the products inform customers about sustainability. In the case of Elematic, it can be said that the company educates its clients about sustainable solutions and working in a sustainable way.

Sustainable supply chain High quality is an issue for all companies when it comes to their suppliers but only the B-to-C businesses attach great importance to a sustainable supply chain and pay attention to selecting sustainably operating suppliers. Audits of their suppliers are carried out by Nudie Jeans and Company X. Nudie Jeans was the only one to bring up sub-suppliers, who also have to operate according to the company's code of conduct. In Päivi Talonen's opinion it is impossible to know how suppliers really operate but both Elematic and Peikko prefer long-term suppliers and it is seen as a benefit when the suppliers have ISO certificates.

Benefits of sustainable marketing Cost-savings, leadership, trust, competitive-advantage, as well as attracting and retaining employees were all pointed out as benefits of sustainable marketing. The benefit which was mentioned the most was that being seen as sustainable enhances the company's image and gains the company a good reputation. The author found that for Peikko, cost-savings were the main motivator for sustainability, whereas Elematic's sustainability efforts are driven by leadership. Interviewee X could not answer the question of benefits because the company does not use sustainability for marketing purposes.

5 CONCLUSION AND EVALUATION

To answer the primary research question, the author will compare the theory of sustainable marketing to the companies' approaches to sustainable marketing, which were presented in Chapters 3 and 4 respectively. Furthermore, the reliability and validity of the study will be explored and suggestions for future research will be made.

5.1 Conclusions

In the author's opinion the companies' operations and products are very consistent with the contents of sustainable marketing and practise it, although none of the companies calls its activities sustainable marketing. Both the social and environmental dimensions of sustainable marketing are part of the companies' operations. Sustainability is a holistic approach for all of the companies and is not only limited to marketing, although the degree of sustainability being integrated into every day activities varies. For some of the companies it is also part of their core values. Clearly, all companies want to satisfy their customers through their activities.

Consumer behaviour, as described in 3.3, was the part which was least applicable to Peikko and Elematic and the difference between B-to-C and B-to-B was most pronounced. At the same time, sustainable consumer behaviour is least considered by the B-to-C companies and the companies' target markets are not segmented nor chosen according to sustainability criteria. However, Nudie Jeans takes the post-use of their jeans into account. By offering customers to repair their jeans, the company contributes to sustainable consumption.

Accordingly, sustainability as such is not the main factor when it comes to positioning. Either single benefits of sustainability are highlighted, such as cost savings or health benefits compared to competitors' products. In the case of Nudie Jeans, the products are not positioned as sustainable at all but as fashionable, although sustainability can be seen as an added bonus. All of this is very consistent with the theory of positioning sustainable products. However, in the author's opinion, Company X's perception of its positioning differs from the

consumers' view on the business - the company and their products are very much perceived as sustainable.

The author found that innovation is an issue for all four companies. For instance, due to the production process of Company X, less sugar needs to be added which makes the product healthier than those of the competitors. However, the reason for the innovation might not be sustainability itself but for instance cost savings, as in the case of Peikko. Nevertheless, those innovations have led to more sustainable production processes or products, which has gained the companies a competitive advantage and allows them to differentiate themselves from their competitors.

Although not all theoretical aspects of the marketing mix can be found in each and every company, there are many consistencies.

- The life-cycle of the products is taken into account, although sourcing sustainably is neglected by the B-to-B companies. Possibly, this aspect is more important when the client's end customers are people instead of businesses. Local sourcing only played a major role for Company X.
- It became clear that sustainability does not come into play when it comes to pricing. This indicates that premium prices due to sustainability might be less common than many consumers still believe.
- The availability of both B-to-C companies' products is very good. Clearly, sustainable products are available outside of eco-stores and no longer shunned by conventional retailers. However, distribution was only addressed by Peikko.
- Rather than utilising negative emotional appeals, the author found that a more common approach are financial and euphoria appeals. It has been mentioned several times by Interviewee X that Company X does not use sustainability for marketing purposes. However, the company's TV and magazine ads are about nature or use a green background and point explicitly to the organic nature of their products. In the author's opinion this is a classic example of utilising sustainability for marketing purposes.

Out of the six benefits of sustainable marketing, four were mentioned at least once and trust could be added to these benefits.

Based on this comparison, the primary research question, stated in 1.2., can be answered. The contents of sustainable marketing are already implemented by companies and are part of everyday activities. However, these activities are not called sustainable marketing. Therefore, the concept of sustainable marketing is not important but the contents of sustainable marketing are very important for companies. Thus, it is more accurate to say that being a sustainable company, which operates sustainably and offers sustainable solutions, is extremely important for companies nowadays. In the author's opinion, it is not important what companies call their sustainability efforts, as long as the contents of sustainable marketing are recognised as important and are implemented.

5.2 Reliability and validity

Considering the reliability and validity are usually part of quantitative research. However, these concepts have become more common in qualitative research, in order to judge the study's quality. Reliability refers to reproducibility and whether or not the outcome of a study would be the same if it was to be repeated. Although in qualitative research it is more difficult to replicate the exact same conditions than in quantitative studies, the conclusions should nevertheless be the same or very similar. Validity establishes whether the research has studied what it was intended to study. (Strauss & Corbin 1998, 266-277.)

The author believes that the results of a study, conducted within European countries, would yield the same results. In the future, the result might be that sustainability will play an even bigger role for companies, due to increasing prices, consumer pressure and other factors. However, a study concerning companies from other countries might have different outcomes, which is why the author has made suggestions for future research in this regard. One factor which affects the reliability of this study is the e-mail interviews. Telephone interviews with Sandya Lang and Interviewee X would have provided more in-depth answers than e-mail interviews. All in all, the reliability of this study can be judged as good.

Concerning the validity, the author has researched what she intended to. Sustainability and sustainable marketing, as well as the benefits of sustainable marketing for companies were studied in the theoretical part. The empirical part gave an overview of sustainable marketing within companies. This allowed the author to determine the importance of sustainable marketing for companies, which answered the primary research question.

5.3 Suggestions for future research

The author limited the aspects of sustainable marketing to voluntary actions from companies. In the course of research for this thesis, the author came across many hints at government regulations which were not always interpreted as negative. Therefore, looking at sustainable marketing from a government's perspective and what can result from government regulations, such as innovations, is a topic worth exploring.

The empirical study was conducted with European companies, which are all from EU countries. This leaves one of the biggest manufacturing countries and consumer societies – the USA – unexplored. Furthermore emerging economies are worth studying, especially countries such as China to which a lot of European manufacturers are outsourcing.

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APPENDICES

APPENDIX 1

Interview structure (English)

- 1.) Who are you, what is your position in the company and what are your responsibilities?
- 2.) Briefly describe your core business.
- 3.) How do you define sustainable marketing?
- 4.) Are your company and/or products certified and/or labeled? If yes, which certification(s) and/or label(s)?
- 5.) Describe your target markets and customers.
- 6.) What do you think are your customers' views on sustainability (or environment/social views)? How do their views affect your business?
- 7.) How sustainable is your production and products?
- 8.) Are your company and/or products positioned as sustainable?
- 9.) How are your sustainable products priced?
- 10.) How does your company communicate sustainable solutions to customers?
- 11.) How important is it that suppliers act sustainably?
- 12.) What are the benefits of sustainable marketing for your company?

APPENDIX 2

Interview structure (German)

- 1.) Wer sind Sie, was ist Ihre Position innerhalb des Unternehmens und was sind Ihre Aufgaben?
- 2.) Beschreiben Sie kurz das Kerngeschäft Ihres Unternehmens.
- 3.) Was verstehen Sie unter nachhaltigem Marketing (sustainable marketing)?
- 4.) Sind Ihre Firma und/oder Produkte zertifiziert und/oder gekennzeichnet?
- 5.) Beschreiben Sie Ihre Zielgruppen und Kunden.
- 6.) Was glauben Sie, wie Ihre Kunden über Nachhaltigkeit denken? Wie beeinflussen diese Ansichten Ihr Unternehmen?
- 7.) Wie nachhaltig sind Ihre Produktion und die Produkte selbst?
- 8.) Sind Ihre Firma und/oder Produkte als nachhaltig positioniert?
- 9.) Was ist Ihre Preisstrategie für Ihre nachhaltigen Produkte?
- 10.) Wie informieren Sie Ihre Kunden über Ihre nachhaltigen Produkte?
- 11.) Wie wichtig ist Nachhaltigkeit innerhalb der supply chain?
- 12.) Welche Vorteile bringt nachhaltiges Marketing Ihrem Unternehmen?