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# APPLYING SUSTAINABLE MARKETING STRATEGIES – THE KEY TO OBTAINING COMPETITIVE ADVANTAGES ON THE INDUSTRIAL PRODUCTS MARKET

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## **Abstract:**

*The crux of any marketing strategy is to give business an advantage in a competitive market. The success of implementing a strategy is measured in economic terms by: sales volume, market share, profits, listed stock prices etc. In general, managers attach too much importance to obtaining short-term profit and ignore or disregard the profit made by the company in the long run. If for a company the only objective is to achieve economic success in the short term, then the interest in the direction of sustainable development is not the subject of the discussion. The studies published in various economy publications, the media debates, the actions undertaken by different NGOs frequently bring to public attention the issue of sustainability. There are a lot of reasons for bringing this issue into question, most of which are moral and ethical, but increasingly, the interest in sustainability is particularly economic, creating the premises of gaining a competitive advantage for the organizations that apply the principles of sustainable marketing.*

**Key words:** *sustainable marketing, competitive advantage, ecological impact*

## **1. Introduction**

In the past, consumers were informed only about the economic and social problems and just in general about environmental issues, but, in the future, the ecological information will be specialized and more specific. Omitting environmental information was not of too much importance in the past. However, the sensitivity of the consumer to such omissions will develop very much in the future, the changes which have already appeared in the structure of consumer demand being a confirmation of this fact.

A truly **sustainable society** is one that: does not cause systematic increases in the concentrations of synthetic substances in the environment; does not generate systematic increases in the degree of the degradation of the ecosystem; does not create systematic barriers for the population in fulfilling their own needs.

## 2. Sustainable production and consumption

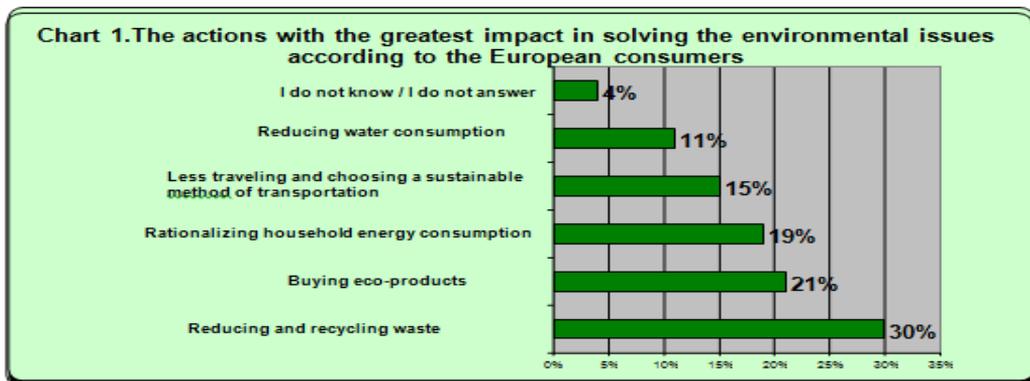
Europe's ecological print is one of the largest on the planet. If the rest of the world lived like the Europeans, such a lifestyle would require the resources of more than two planets like Earth to maintain it ([www.ec.europa.eu](http://www.ec.europa.eu)). Thus, we find that the European Union basically depends on imported energy and natural resources, and a growing proportion of the great products consumed in Europe are produced in other parts of the world.

Citizens of the European Union account for more than 10% of the world population and, nonetheless, consume half of world production of meat, a quarter of the paper and 15% of energy produced worldwide( [www.ec.europa.eu](http://www.ec.europa.eu)).

Housing, household goods and travel are responsible for 70-80% of all environmental impacts, from pollution and emissions, to the rational exploitation of land and the existence of large amounts of waste.

Extremely interesting and also relevant are the results of a survey (Flash Eurobarometer) by the European Commission on 21-25 April 2009 and published in July 2009 with the aim of studying the attitudes of the Europeans on sustainable production and consumption. The objectives of the study were: to determine the influence of environmental threats on consumption habits in Europe; the perception of the consumers regarding the of eco-labeling in general and the EU eco-label in particular; to study consumer confidence to the concerns of producers related to the consequences of their activities on the environment; to analyze the European consumer perception on the voluntary establishment of an environmental conduct code of the bidders; to determine the attitude of the consumers towards the increase efforts to promote eco products.

A summary of results reveals the following aspects: 30% of the European respondents believe that **reducing waste while recycling** might solve much of the environmental issues, while 21% believe that buying organic products, namely rationalizing the household energy consumption (approx. 19% of respondents) might provide solutions to ecological imbalances. (Chart 1.1.)



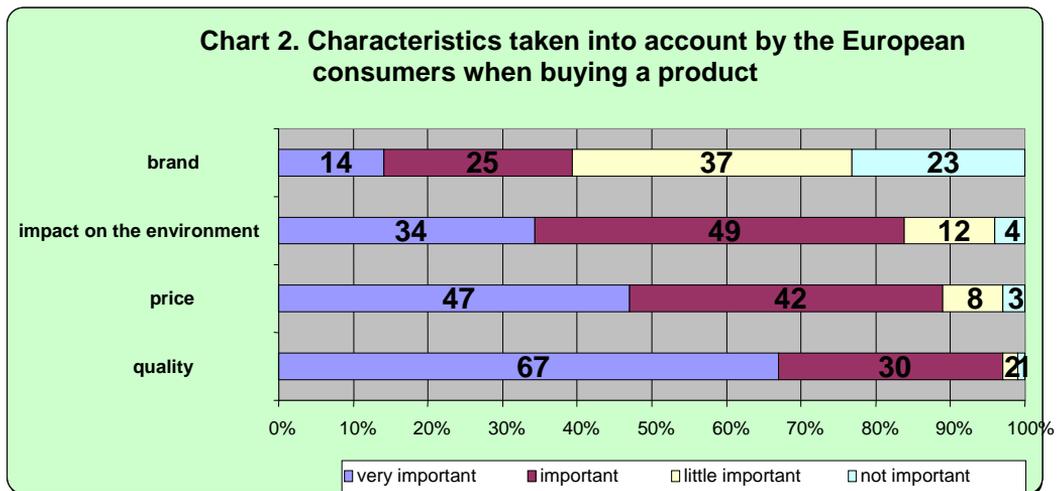
Source: European Commission, *Flash Eurobarometer-The attitude of the Europeans on sustainable production and consumption, July, 2009, p.7*

The vast majority of the respondents in both the EU and in Croatia consider that waste reduction and recycling are activities with the greatest impact on environmental health (Chart 1.2.). Responses ranged somewhere below 25% in Germany (22%) and Italy (20%), and amounted to 50% in Hungary (51%) and Finland (49%).

For Romania, the data collected in 2009 show that a 33% of the respondents consider that reducing and recycling waste are solutions to increase environmental sustainability, while a percentage of 26% of the respondents felt the purchase of eco-products can improve environmental health, 24% of the Romanians considering that rationalizing the domestic energy consumption is the optimal solution to increase sustainability.

As a result of the changes in the structure of market demand, it can be estimated that the market for eco-friendly products and services is extremely attractive for both business-to-consumer sector, as well as for the business-to-business. If organic products were initially required by a relatively narrow specialized segment of consumers, the market of eco-friendly products today is extremely broad and dynamic, which involves a careful segmentation, forcing the organizations to choose an optimal strategy in order to achieve the set objectives.

In this context, the analysis of the criteria taken into account by the European consumers when deciding to purchase a product is extremely relevant – chart 1.2.

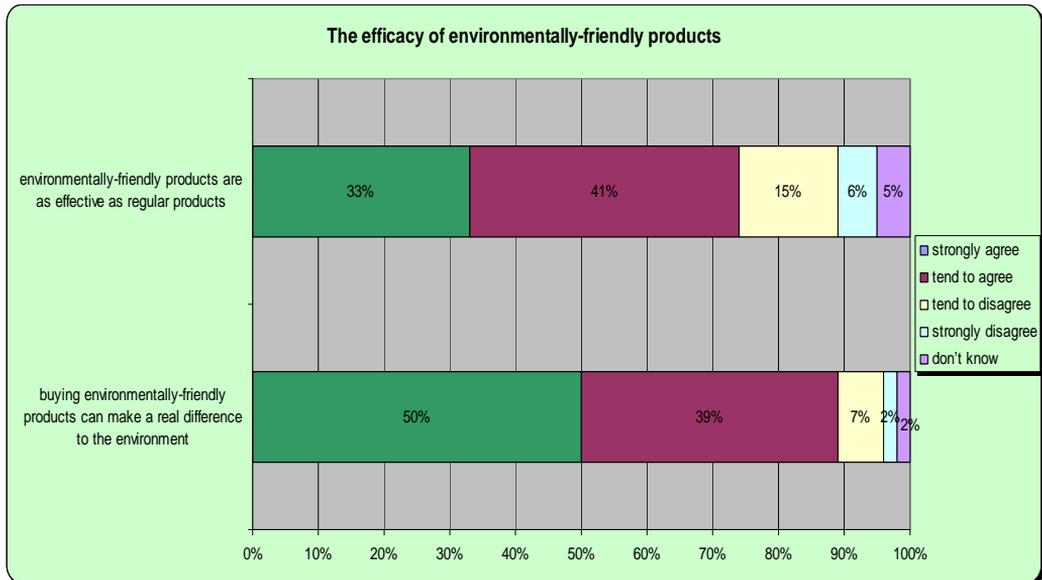


Source: European Commission, *Flasheurobarometer-The attitude of the Europeans on sustainable production and consumption*, July, 2009, p.11

As shown, only 4% of the Europeans believe that the environmental impact is not important, while quality and price remain the most important criteria when deciding to purchase the products.

In what regards the perception of the European consumers about the opportunity to create a single market for sustainable products, another study published

by the European Commission in 2013 (Flash Eurobarometer 367/2012) presents relevant data for the year 2012 on the impact of sustainable products on the environment and their effectiveness as compared with conventional products (Chart 1.3.)

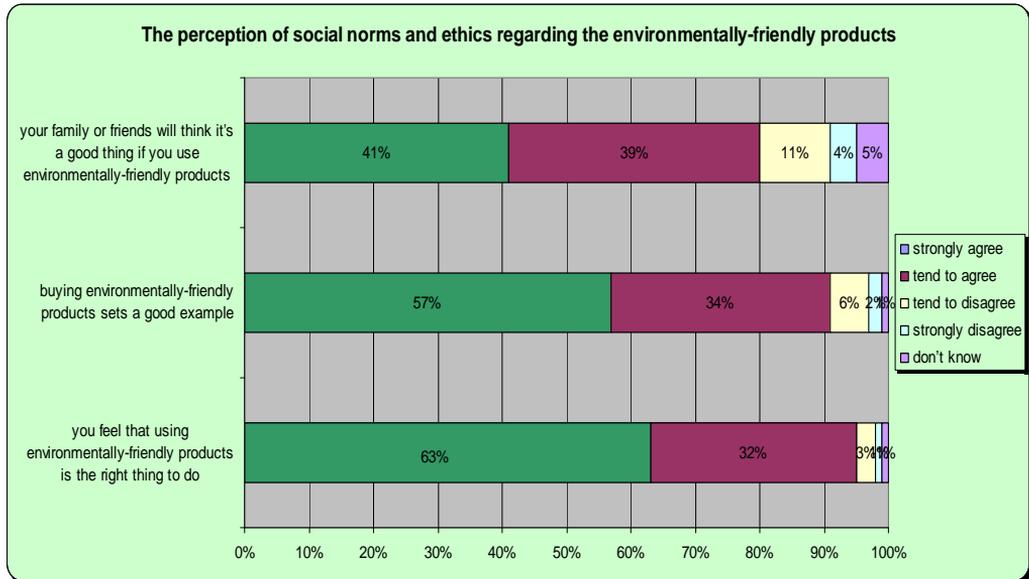


Source: European Commission, *Flash Eurobarometer-The attitude of the Europeans regarding the opportunity to create a single market for sustainable products, Dec,2012, p.19*

As seen from the analysis above, a large proportion of Europeans (89%) believe that the purchase of sustainable products brings a real benefit to the environment, while a high percentage (74%) also consider using sustainable products are as effective as conventional products.

Regarding data analysis at the country level, the strongest agreement on the beneficial impact of sustainable products on the environment was recorded in Portugal (81%) and Malta (79%), while the lowest Agreement was recorded in the Netherlands (34%) and Finland (28%).

In the same report presents an extremely interesting issue related to the social norms and ethical rules regarding the use of sustainable products (Chart 1.4). Therefore, at the level of the European Union, 95% of the respondents believe that using sustainable products is the best thing to do, while 91% of the respondents consider that the purchase of sustainable products is a good example for the community, and 80% of the respondents opionate that the use of sustainable products is perceived favorably by family and friends.



Source: European Commission, *Flasheurobarometer-The attitude of the Europeans regarding the opportunity to create a single market for sustainable products*, Dec., 2012, p.24

From the analysis of the data at country level, and perhaps surprisingly for Romania, given that information on sustainable products are still extremely limited on the domestic market, our country appears with the highest level of support (88%) of the belief that buying sustainable products is the best thing to do, followed by Slovenia (84%), while a lower degree of support of this statement was recorded in Finland (38%) and the Netherlands (35%).

Creating and implementing a sustainable marketing strategy by an organization basically involves the completion of two phases:

- Creating a team; even the most brilliant strategy may be less valuable if it is not understood and if those involved do not really believe in it. Therefore, finding the right people for the foundation and the strategy is essential;
- The actual base of the strategy, a phase that involves the following steps:
  - ❖ Identify marketing opportunities;
  - ❖ Selecting target market and market positioning;
  - ❖ Planning and implementing a marketing eco-cross;
  - ❖ Monitoring, adapting and replicating the strategy, if necessary.

Therefore, we can say that a competitive marketing strategy will be ecological if (Danciu,2006):

- It is based on at least one environmentally sustainable advantage;
- It is focused on ecological customers and is attractive to them;
- It is able to counteract competitive eco-friendly pressures;
- It improves the company's position as an environmental factor on the market.

The increasingly narrower usage of toxic substances and the rethinking of traditional manufacturing processes have led to the emergence of a new range of industrial products such as:

- building materials made of plastic and synthetic fibers obtained from recycled materials;
- catalysts that reduce waste and increase the efficiency of chemical processes;
- safer food additives and less polluting cleaning products;
- less harmful soil pesticides;
- cosmetics and beauty products whose composition excludes potentially harmful substances. (Martin&Schouten,2010)

The analysis of the industrial market highlights three aspects generating change and **orientation of the producers towards eco-friendly industrial products**, such as:

- **changes in the structure of the demand** represented by various manufacturers, retailers, end users, i.e. their orientation towards safe and sustainable products;
- **the necessity to reduce costs**; diversifying the range of raw materials that are based on reconditioned biodegradable materials which causes a reduction in costs and thus an increase of competitiveness in the long run;
- **the increase of the market share as a result of innovation**; despite the existence of large industrial players, the market is highly competitive industrial products. Therefore, the orientation towards innovation in the field of organic products may create new development opportunities on the industrial market.

In order to illustrate the new market opportunities for organic industrial products, the following examples may be analyzed:

- **Bioplastics** - an alternative to traditional plastic products based on a toxic substance, namely PVC. A study published by the University of Utrecht (Netherlands) emphasizes that bio-polymers can replace 90% of the composition of derived polymers from petrochemicals. In addition, the same study predicts an increase of 6% of bioplastic production between 2013-2020. (Heintz&Pollin, 2010)
- **organic construction materials** - providing sustainable and less toxic materials for building residential and commercial constructions is a criterion of difference on the building materials market. A prediction on the building materials market shows a significant increase of the purchases of eco-friendly building materials from 7 billion dollars in 2009 to 230 billion dollars in 2030, resulting in a growth rate of about 18% annually. (Heintz&Pollin, 2010)
- **children-oriented products (toys, bottles etc.)** - it can be said that this market sector has been proactive in moving towards more secure alternatives that bring greater health to both the users and the environment. Concerns about eliminating BPA (bisphenol-A), an extremely toxic substance, especially at high temperature, as well of cadmium, contained in products aimed at children are already extremely

popular, as there are countries that have banned their use by law. (Martin&Schouten,2010)

- *household maintenance products* – this sector represents an increasingly great opportunity for the producers that can offer organic products, such as cleaning products, all kinds of detergents, paints, paper etc. In this context we note the example of Procter & Gamble which have sought to reduce the content of PVC (polyvinyl chloride) contained in products and their packaging since 1990, and the percentage of PVC currently used in packaging is of only 1.5%. (Martin&Schouten,2010)
- *personal care products* – one of the sectors in which there has been a rapid growth in demand for organic products. Currently, on the market of cosmetics and body care, there are a lot of manufacturers who have launched their own line of organic products, such as deodorants, soaps, shampoos, gloss etc. (Martin&Schouten,2010)

### 3. Conclusion

In conclusion, we can say that we can even discuss of a model of competitiveness that can be applied on the market of eco-friendly industrial products. The shift towards environmentally friendly industrial products has made it possible that competitiveness be achieved primarily through a reduction in costs, and in particular in the external costs which rebound on different actors, such as:

- costs incurred by consumers using unsafe and toxic products;
- costs incurred by workers involved in the production and who are at risk of working with dangerous substances;
- costs of various intermediates, which deal with storage and handling, and are exposed to a risk of toxicity;
- costs for the environment, which must take on all the toxic waste resulting from the use of industrial products.

Therefore, it can be said that *applying the principles of sustainable marketing* by the organizations acting in the industrial sectors of activity is judiciously supported by the following arguments:

- **legislative regulations on environmental protection**, which compel companies to be alert to the consequences of their actions on the environment;
- **the advantage of reducing costs and increasing the profit**. Companies tend to learn quickly that moving towards a sustainable development saves money. In many cases, the organizations have turned residues resulting from their activity into a source of income;
- **innovation**, the process of creation new products and services adapted to the changing demands of the society creates the prerequisites of the orientation of the organizations towards applying eco-marketing in order to meet the

consumers' requirements and to counter the actions of the competitors in a given market sector;

- **more efficient workforce**; the ability of firms to attract and keep talented employees is directly related to the possibility of creating a more efficient and innovative working environment, which stimulates their creativity;
- **positioning through differentiation**; more and more frequently, the orientation towards a sustainable development is a key component of a successful positioning in the market. Providing high quality products that meet both the requirements of the consumers and those of the environment will result in customer loyalty.

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