U55080: Marketing Issues
Week 2 – Societal Marketing Concept and Environmental Issues (Green Marketing)

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Learning Outcomes

- To understand the role social and green marketing in marketing management
- To understand the criticisms of marketing: micro and macro level
- To discuss the key challenges facing marketing

Marketing Management Orientations

**Customer-Driven**

- Societal Marketing Concept
- Marketing Concept
- Selling Concept
- Product Concept
- Production Concept

Are We Normal / In Crisis / Heading Towards a Paradigm Shift?

![Diagram showing the evolution of marketing concepts over time](image)

Production Concept

Consumers will favour products that are available and highly affordable.
- The demand of a product exceeds the supply.
- Product cost are too high and improved productivity is needed to bring it down.

Product Concept

Consumers will favour products that offer the most quality, performance and features. The organisation need to make continuous product improvements.
Selling Concept

Consumers will not buy enough of the organisation’s products unless the organisation undertakes a large-scale selling and promotion effort.

Marketing Concept

The marketing concept is the idea that achieving organizational goals depends on knowing the needs and wants of the target markets and delivering the desired satisfactions better than competitors do.

Societal Marketing Concept

Organisation determines the needs, wants and interests of target markets and deliver the desired satisfactions more effectively and efficiently than competitors do in a way that maintain or improves the consumer’s and society’s well-being.

The Body Shop: Social Responsible Campaigns

The Body Shop has a strong commitment to social responsibility. They are known for their ethical and environmentally friendly products.

Apple and the Environment

Apple is committed to making their products more environmentally friendly. They have introduced several initiatives to reduce their carbon footprint.

Intel: Corporate Responsibility

Intel focuses on sustainability and corporate responsibility. They have set ambitious goals to reduce their environmental impact.
CSR

- Corporate Social Responsibility (CSR):
  - “…encompasses the economic, legal, ethical and philanthropic expectations placed on organisations by society at a given point in time” (Carroll and Buckholz, 2003, p. 35)
- Shareholder (e.g. Friedman, 1970) versus “Stakeholder” views
- Window dressing vs. long term impact

Generic Criticisms of Marketing (Advertising and Promotion)

- It wastes resources and increases prices
- Creates unnecessary wants
- Promotes socially harmful behaviour regarding, for example, drinking, eating fatty foods, risky sexual behaviour, excessively fast driving, cigarette smoking…
- Promotes harmful stereotypes of race, gender, body type or ethnicity

Generic Criticisms of Marketing (cont.)...

- Oversells, deceives or misleads
- Exploits the vulnerable e.g. children
- Misuses of lists and invades customer privacy
- Offends public taste by being vulgar and base….

Criticisms of Marketing

<table>
<thead>
<tr>
<th>Micro – Level…</th>
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</thead>
<tbody>
<tr>
<td>Product</td>
</tr>
<tr>
<td>Poor Product Quality</td>
</tr>
<tr>
<td>Deceptive Packaging and labelling</td>
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<tr>
<td>Relevant info not disclosed</td>
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<tr>
<td>Pricing</td>
</tr>
<tr>
<td>Failure to disclose the full price</td>
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<tr>
<td>“Prices from…”</td>
</tr>
<tr>
<td>Place</td>
</tr>
<tr>
<td>Small companies have to rely on intermediaries to sell their products</td>
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<tr>
<td>Delivery of goods being unreliable</td>
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<td>Powerful buyers can exert undue influence</td>
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<tr>
<td>Promotional</td>
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<tr>
<td>Pressurising</td>
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<tr>
<td>Aggressive</td>
</tr>
<tr>
<td>Manipulation</td>
</tr>
<tr>
<td>Negative impacts</td>
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<tr>
<td>When is a bribe not a bribe?</td>
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<tr>
<td>Ambiguous/Misleading statements: “Age reversing cream…”</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td>Exploitation of children/handicapped</td>
</tr>
<tr>
<td>Poor After-sales service</td>
</tr>
<tr>
<td>Misuse of Market Research Data</td>
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Criticisms of Marketing

<table>
<thead>
<tr>
<th>Macro – Level…</th>
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<tbody>
<tr>
<td>Imperfections of a free market economy, which result in:</td>
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<tr>
<td>Monopolistic companies</td>
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<td>Wasteful competitive promotion</td>
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<tr>
<td>Offensive and Deceptive Advertising</td>
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<tr>
<td>Inefficiencies that waste finite resources</td>
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<tr>
<td>Promotion of Materialism - creation of artificial needs</td>
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<tr>
<td>Unethical Practices and misplaced obligations</td>
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<tr>
<td>Ozone Layer</td>
</tr>
<tr>
<td>Levels of atmospheric carbon dioxide/greenhouse gases</td>
</tr>
<tr>
<td>Depletion of species</td>
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<tr>
<td>Pollution of margins of the oceans</td>
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<tr>
<td>Limit of cultivable land close to being reached</td>
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<tr>
<td>Lack of water in some regions</td>
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<tr>
<td>Depletion of the rainforests</td>
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<tr>
<td>Land becoming more polluted</td>
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</tbody>
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A Few Responses for Advertising’s Excesses...

- Advertising reflects current standards of public taste and sensibility
- Advertising communicates offers and hence serves a vital economic function
- Advertising is an essential aspect of wealth generation in democratic capitalist economies
- It provides an interface of communication between markets, consumers and organisations and facilitates competition
- Advertising can and is being employed for public policy, environmental and broader societal ends
A Few Responses for Advertising’s Excesses...

- …and constraining it could damage economic growth and impair free speech

- Finally, advertising is visible, and defenceless- it is a soft target. It may take the blame for many social ills for which it is not responsible

Consumer Responses

- Anti-consumerism movements
  - E.g. Adbusters, blogs, social networks, etc.

- Ethical consumerism
  - “the conscious and deliberate decision to make certain consumption choices due to personal moral beliefs and values” (Crane and Matten, 2004, p.290)

Legal and Regulatory Responses

- There is considerable legal and regulatory protection for consumers from the wiles of marketers

- There is legal protection (Sale of Goods Act, Race Discrimination act, Trades Descriptions Acts), monopolies legislation and the Trading Standards Office

- And there is the industry self-regulation of the Advertising Standards Authority (www.asa.org) and Ofcom

- The ASA

Freedom of Speech

Opposing bodies have gone as far as to say...

- “Advertising in capitalist democracies is part of the free expression and interchange of ideas. For some, the principle of free expression is so fundamental to democracy that nothing can be allowed to limit it (e.g. the internet)”

Environmental Issues in Marketing

Green Marketing:

“is the marketing of products that are presumed to be environmentally safe”.

- American Marketing Association
Social & Green Marketing

Why bother?
- Recent disasters have heightened concerns for the environment
- Marketing accused of largely being governed by what profits are made to shareholders rather than by societal concerns
- The realisation that the world is inhabited by individuals (us) who can affect each others’ existence

Therefore...
- Philosophical – a responsible society requires contribution from firms to a just and fair society
- Pragmatic – if firms don’t take account of society’s values, they may end up isolated from the values of the customers they seek to attract

The Marketing Environment

The macroenvironment consists of the larger societal forces that affect the microenvironment.
- Demographic
- Economic
- Natural
- Technological
- Political
- Cultural

Macroenvironment: Natural Environment

Natural environment involves the natural resources that are needed as inputs by marketers or that are affected by marketing activities.

Trends
- Shortages of raw materials
- Increased pollution
- Increased government intervention
- Environmentally sustainable strategies
- Green marketing

Macroenvironment: Political Environment

Political environment consists of laws, government agencies, and pressure groups that influence or limit various organizations and individuals in a given society.

Increasing legislation
- Changing government agency enforcement
- More socially responsible behavior
- More cause-related marketing

Political Environment

Legislation regulating business
- Public policy to guide commerce—sets of laws and regulations that limit business for the good of society at large

Increasing legislation to:
- Protect companies
- Protect consumers
- Protect the interests of society
Political Environment: Increased Emphasis on Ethics and Socially Responsible Actions

Socially responsible behavior occurs when firms actively seek out ways to protect the long-term interests of their consumers and the environment
- Cause-related marketing

Environmentalism & Green Marketing
- Concern for the environment applies to all aspects of the production & consumption processes
- i.e. Ecover – Belgian producer of detergents & cleaning products (recycling old commercials of competitors!)
- Food scares – growth hormones, BSE genetically modified crops
- Distrust of modern industrial production & rise of ‘green’ consumer

Other Examples...
- Recycling of waste (Japan recycles 40%)
- McDonalds & edible breakfast platters of maize
- China – tax planned on disposable chopsticks
- Waste management differs greatly among countries
- Role of social marketing to encourage environmentally responsible behaviour

Key Challenges Facing Marketers

The Ethical Consumer
- May have political, religious, spiritual, environmental, social or other motives for choosing one product over another
- Concerned with the effects that a purchasing choice has, not only on themselves, but also on the external world
- Covers a very wide range of ‘ethical purchasing’
- Uses buying patterns to react against/support certain companies
- Consumer Boycotts (Campbell’s soup & child labour)

Key Challenges Facing Marketers

Growth of Ethical Consumer Behaviours
- Globalisation of markets & weakening of national governments
- Rise of transnational corporations & brands
- Rise of campaign pressure groups
- Social & environmental effects of technological advance
- Shift in market power towards consumers
- Effectiveness of market campaigning
- Growth of a wider corporate responsibility movement
Key Challenges Facing Marketers

What to do?
- Revision of typical marketing concept and inclusion of social criteria in assessing success
- Need for environmental concerns as part of the planning process
- Need to pay more attention to consumer privacy
- Need to re-think/reformulate present trading laws
- Need for managers to be responsible in law for their actions
- Need for more active consumer participation in marketing activities

Fair Trade

http://www.fairtrade.org.uk/

Key Challenges Facing Marketers

- How can businesses capitalise on GREEN CONSUMERISM?
- Some segments of buyers may pay a premium price for “green” products
- Being "green" may actually save a company money
- A company adopting eco-friendly production methods ahead of compulsion can gain competitive advantage through experience

Key Challenges Facing Marketers

Firms have to consider various stakeholders groups/players. Cost and benefits to the firm:
- Setting the benchmark for the industry
- Influencing legislation
- Better allocation/utilisation of company’s resources
- Produce more consumer loyalty
- Allow it to introduce new products to the market in a systematic manner
- Sustainable growth
- Better working environment
- Gains in market share
- Attainment of relationship marketing

Responses from Government

Specific Gov’t Initiatives
- Debt for Nature Swaps
- Encourage Eco-tourism
- Emissions Trading – Kyoto Protocol
- Carbon-offset Forestry Projects

Improved Energy Efficiency
- Paradox of improved resource efficiency leading to lower price
- If demand is highly elastic, consumption of resources may actually increase (e.g. aircraft, cars)
- Compare US favoured approach (emphasis on efficiency) with Kyoto approach (emissions trading)

Starbucks

For more: http://www.starbucks.com/responsibility/learn-more/goals-and-progress