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PART

I

# UNDERSTANDING SUSTAINABILITY AND MARKETING

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CHAPTER

1

# Marketing in the Twenty-First Century

## After Studying this Chapter You Should be Able to:

1. Understand why the legacies of the twentieth century have created challenges for society and the discipline of marketing for the twenty-first century.
2. Explain the basic concept and key principles of sustainable development.
3. Analyse why 'modern mainstream marketing' as it has evolved is being challenged by emerging concerns about sustainability.

### LOOKING AHEAD: PREVIEWING THE CONCEPTS

This chapter explores the historical context of sustainability marketing through a short history of both the world and of marketing. The evolution of society and economic activity, particularly during the twentieth century, has created social and environmental consequences that threaten the planet's environmental systems and the future well-being and prosperity of society. Sustainable development is an alternative approach to human progress that seeks to balance economic prosperity with social justice and the protection of environmental quality. The chapter charts the evolution of marketing and how it seeks to take account of social and environmental issues.

## 4 SUSTAINABILITY MARKETING

**SUSTAINABILITY MARKETING STORY: OF PIRATES AND GIANTS**

'We don't consider ourselves sea bandits,' declared the Somali pirates' spokesman, Sugule Ali, in an interview with the *New York Times*. 'We consider sea bandits those who illegally fish in our seas and dump waste in our seas and carry weapons in our seas.' The interview was given by satellite phone from the bridge of the *Faina*, a Ukrainian cargo ship that was hijacked about 300 km off the coast of Somalia on 25 September 2008. Piracy in Somalia has become a highly organized and lucrative business based on ransoms. In 2008 alone, Somali pirates hijacked more than 30 ships from sailing yachts to oil tankers, and in many cases they were paid million-dollar ransoms to release the ships and their crew.

Since the collapse of the Somali central government and the beginning of a civil war in the early 1990s, piracy there has posed a constant threat to international shipping. With no patrols along its shorelines, Somalia's waters, which are rich in tuna, were soon plundered by commercial fishing fleets from around the world. Somali fishermen then began arming themselves and confronting illegal fishing boats with demands for a 'tax' for the use of Somalia's waters. 'From there, they got greedy,' said Mohamed Osman Aden, a Somali diplomat in Kenya. 'They started attacking everyone.' By the early 2000s, many of the former fishermen had traded in their nets for machine guns and were hijacking any vessel they could catch: sailboats, oil tankers and even UN-chartered ships delivering humanitarian assistance.

Millions of Somalis depend on food aid. Somalia is one of the poorest countries of the world, with an estimated annual per capita GDP of \$600 (€ 433). In 2008 over 70% of the population lived on a daily income below \$2 (€ 1.44). Frequent pirate attacks have been threatening the delivery of humanitarian assistance. 'Pirates may have a romantic image on the silver screen these days,' says World Food Programme executive director Josette Sheeran, 'but the picture might not be quite so pretty from the point of view of someone stuck in a camp for internally displaced people in Somalia, dependent on food assistance for survival.' It is easy to feel pity for the plight of Somali refugees, but should we also sympathise with the pirates who were once fishermen?

During 2008 the illegal actions of the Somali pirates in seizing international vessels caused global outrage, sparked massive media interest and posed a challenge for many governments whose economies rely on the shipping routes through the Suez Canal and the Gulf of Aden. Behind it lies another story, one about international vessels seizing and destroying natural resources, often illegally, usually without much media or government interest, and all done in the name of satisfying consumer demand. It does not excuse the actions of the pirates, but the depletion of the natural resources that their communities once depended on provides at least a partial explanation.<sup>1</sup>

Illegal, unreported and unregulated fishing is a key contributor to the overfishing of marine resources and the depletion of global fish stocks. According to the Food and Agriculture Organization (FAO), 52% of the fish population is already fully exploited, 17% is overexploited and

7% depleted. Since the 1970s depleted and overexploited fish populations have been rising dramatically. Total world fisheries production has steadily increased from 19 million tons in 1950 to over 100 million tons in 1989 and 142 million tons in 2005. The production figures are in line with research studies that provide evidence that humanity is gradually emptying the oceans: 90% of all large predatory fish have already been removed from the global ocean and marine communities. While whales and sharks are commonly acknowledged to be endangered species, some commercial fish like bluefin tuna and cod are also on the WWF's list of endangered species.

The consumer goods giant Unilever with annual sales of over € 40 billion employs 200 000 people and operates in about 100 countries. Until 2006 Unilever was also one of the largest fish processors worldwide (the frozen fish business unit was sold to an investment company that year). Faced with the crisis of overfishing and depleting fish stocks, Unilever cooperated with WWF to found the Marine Stewardship Council (MSC) in 1997. MSC is a global, nonprofit organization that promotes sustainable fishing practices by certifying fisheries and using an eco label to give consumers a choice. The blue MSC label signals to consumers that the wild-caught fish comes from marine sources that are managed in a responsible and sustainable manner. The MSC programme became mainstream when Wal-Mart made a switch to sustainable fish. In 2006 the retail giant announced that within three years it would source only MSC-certified fresh and frozen seafood. That commitment was a clear signal to suppliers and consumers alike, which has led to a tremendous growth in the supply and demand for sustainable fish: 35 fisheries were MSC certified in 2008, up from 14 in 2005, and more than 100 fisheries were under assessment. In addition, 1 700 MSC-certified seafood products were available in 2008, compared to 300 in 2005. The retail value of seafood products bearing the blue MSC label was close to \$1 billion (€ 721 million) in the fiscal year 2007/08.<sup>2</sup>

## A Very Short History of the World

The world we know is made up of two types of system. There are the natural environmental systems on which all life on Earth depends and which have evolved over the 4.5 billion-year history of the planet. These include systems that underpin the formation of rocks and soils, distribute water and govern our weather, and the ecosystems that integrate the resources and species that coexist on the planet in ways that sustain life. There are also systems created by humans, one of the planet's more recently evolved species that has existed for around 200 000 years. The past 10 000 years have witnessed the emergence of new man-made systems such as agriculture, politics, economics, education, culture and technology.

As humankind has evolved, so its relationship with the planet has changed. As hunter-gatherers, humans as a species initially formed an integral part of many ecosystems and depended directly on them for the provision of food, water, shelter and medicines. The evolution of agriculture between 8500 and 7000 BC allowed humans to shape their environment by harnessing other species and deliberately

alter and direct ecosystems in order to meet our needs. The food surpluses provided by agriculture allowed for the development of permanent settlements and more specialized skills and roles among people. As civilization emerged with innovations such as cities and writing, humankind began to search for, accumulate and communicate knowledge about our world and how it worked. During the eighteenth century, the scientific knowledge of the Enlightenment, when combined with the emerging technologies of the Industrial Revolution, allowed humans to begin to alter and control their environment to an unprecedented extent. As individuals, during the last two centuries our direct dependence on, and experience of, the natural environment has declined compared to that of our ancestors. Collectively, however, we have developed the power to transform that environment in ways our ancestors could never have imagined. Where the rhythms and limits of natural systems and seasons once dictated human behaviour and how society was organized, now science and technology are able to change those rhythms and limits, either purposefully or unintentionally.

The mix of forces that has determined the evolution of social systems around the world, and determined the relationship between humankind and the planet, has changed over time. For many centuries politics and technology have been important drivers of change, particularly when combined in warfare. In recent centuries economics has also been important, particularly when combined with evolving technologies through business and commerce. Ideas and beliefs relating to religion, democracy, ethics and personal responsibility have also all been important, along with those individuals who have articulated and championed them.

During the twentieth century a new driver of change emerged that has in many ways integrated, subsumed, harnessed or in some cases replaced those that came before it. That new driver of change is called *marketing*. Viewing marketing as a force that can shape the world might seem like nothing more than self-aggrandisement on the part of marketers. However, in the liberal consumer democracies that make up the majority of the world's richest societies, we are familiar with the idea that the products we consume are marketed to us. Less obviously, marketing processes also determine the political leaders we are invited to choose between and the policies that they seek to pursue. Marketing increasingly helps to determine where we invest our savings, where we go to learn, which countries we visit on vacation, which charitable causes we support, what information we are exposed to through the media, and whether or not we take proper care of our own health or support a range of social initiatives.

## The Twentieth Century – The Century that Transformed the World

The scale and scope of change on planet Earth that occurred during the twentieth century in many fields eclipsed the changes of the previous thousand years. The human population was estimated to have passed the one billion mark during the 1830s, and it took another hundred years to double to

reach two billion. During the twentieth century it tripled, to exceed six billion by 2000.<sup>3</sup> This population growth was driven partly by improvements in medical science that raised average global life expectancy and partly by the 'green revolution' in agriculture that expanded global food production. The twentieth century was also the era of world wars, of flight, of space exploration, of mass tourism, of computerized information technology, of cheap and plentiful oil and of the 'great car economy'. It was the era that saw the end of colonial empires and the growth of a more globalized popular culture and the concept of the 'global village'. Yet perhaps the greatest change was the unprecedented expansion in our material wealth. The twentieth century witnessed the *democratization of consumption* and the rise of the mass market, and it saw marketing emerging as a force that could both shape and change the world.

The paradigm or mindset that dominated during the twentieth century was based on several key ideas. One was that economic growth was a prerequisite to improving the quality of life for humankind and was necessary to generate the wealth through which challenges like poverty or the need for environmental protection could be addressed. A second was a belief that the physical problems linked to the use of resources and the generation of waste and pollution caused by a rapidly expanding global population and economy could be solved through the application of science and technology (sometimes referred to as the 'Promethean view'<sup>4</sup>). By the end of the century humankind had developed the ability to manipulate genes, to harness nuclear power for constructive or destructive purposes and to embark on engineering projects from the nano to the interplanetary scale. In her book *Science as Salvation*,<sup>5</sup> Mary Midgeley suggested that faith in science to solve our problems had largely replaced the faith in divine intervention that had been widespread in western society in previous centuries. A third key idea was a belief that markets were not only the most effective way to allocate scarce resources, but also the most effective way to deal with the provision of many social services and benefits that had previously been provided through the state, and to tackle many of the social (and some of the environmental) consequences created by economic and population growth. The collapse of the communist economies of eastern Europe, the failures of many state-owned enterprises and the perceived failure of many government service providers to meet the needs of their 'customers' led to a much greater emphasis on the role of private enterprise and markets to meet society's needs. As more and more of our society became governed by markets, particularly during the last decades of the century, so more aspects of it became influenced by marketing.

There was considerable evidence to judge as a success the approach to managing humankind's development that was founded on the pursuit of economic growth, particularly through the application of technology and markets. Simply during the last 30 years of the century, life expectancy in many developing countries rose by up to 20%, infant mortality halved, food-production rates managed to rise ahead of population increases, and incomes and literacy rates improved. On the basis that, at its end, more people than ever before were living a relatively comfortable, safe and free life, the twentieth-century project could be judged a clear success. In spite of this, critics of existing political and business approaches highlighted the fact that many social problems remained stubbornly intractable, some had worsened, and new social and environmental challenges were emerging.

## Challenges for the Twenty-First Century

In 2000, the beginning of a new century, and indeed a new millennium, provided an opportunity for reflection about the state of the world and the future prospects for humankind. The United Nations' projects to establish the Millennium Development Goals<sup>6</sup> and conduct a Millennium Ecosystem Assessment<sup>7</sup> were symptomatic of that moment of reappraisal. The rapid population growth, technological changes and unprecedented economic growth of the twentieth century all combined to pose a number of challenges for the new century, including the following:

- *Population.* In 2000, the United Nations estimated that the world's population had recently passed the 6 billion mark and was growing at an annual rate of 1.14% (or about 75 million people).<sup>8</sup> On its growth trajectory at the time of writing, global population is expected to reach nearly 9 billion by the year 2050. Over 95% of the population growth that occurred in the five years after 2000 was in Asia, Africa and Latin America.
- *Poverty.* The unprecedented scale of economic growth during the twentieth century might logically be assumed to have had a major impact in terms of reducing poverty. However, with almost 3 billion people living on less than \$2 (€ 1.44) per day, and up to 30 000 child deaths daily being directly attributable to poverty,<sup>9</sup> it appears to be a challenge that has endured. Over a billion people entered the new millennium unable to read or to sign their own name.<sup>10</sup> As former UN Secretary General Kofi Anan said in a speech for the International Day for the Eradication of Poverty in 2000, 'Almost half the world's population lives on less than two dollars a day, yet even this statistic fails to capture the humiliation, powerlessness and brutal hardship that is the daily lot of the world's poor.'
- *Health.* Health remains one of the primary determinants of quality of life, and although improvements in health technologies and public health practices raised life expectancies in most countries during the twentieth century, a number of health issues continued to threaten or impair the quality of lives worldwide. Curable diseases still accounting for large numbers of deaths include tuberculosis (an estimated 3.5 million deaths in 2000) and malaria (an estimated 1 million deaths).<sup>11</sup> In comparatively rich nations, emerging health challenges tend to be linked more to lifestyle than disease, particularly concerns about rises in both obesity rates and mental health disorders.
- *Urbanization.* Population migration into, and growth within, cities was a key trend during the twentieth century, and by 2000 almost half of the world's population were urban dwellers. There is an increasing number of so-called megacities containing more than 10 million inhabitants, including Tokyo, New York, Mexico City, Buenos Aires, Mumbai, São Paulo and Karachi. Based on trends in births and migration, the United Nations predicts that 2 billion people will be living in slums by 2030,<sup>12</sup> with profound implications for future challenges linked to health and poverty.
- *Peak oil.* The fossil fuels, and particularly oil, that underpinned the economic growth of the twentieth century are known to be finite resources. There is considerable controversy over when existing fossil fuel resources will be depleted to a point that 'peak oil' output is reached, leading to subsequent reductions in supply and rises in price. Known reserves are likely to expand through new discoveries and technologies to exploit 'unconventional' and currently uneconomic resources. However, growing demand for oil from large and rapidly industrializing economies such as China and India will also rapidly absorb new supplies. During 2008 global crude oil prices breached the \$100 (€ 72) per barrel



level for the first time, before then both hitting a new peak (\$147 = €106), and dropping to almost a five-year low (below \$37 = € 26.70) in the space of less than six months. Such price volatility has already raised concerns about the long-term viability of existing 'suburban' patterns of living that have become widespread in North America and Europe. Urban development in which our places of work, residence and consumption are geographically distant and rely on widespread private car ownership and use to connect them became the norm in the latter part of the twentieth century. Now there are concerns about whether more remote communities in many parts of the United States can remain viable in an era where communities have become far less self-sufficient, once oil prices return to mid-2008 levels.

- *Ecosystem damage.* In 2005 the results were published of the United Nations' Millennium Ecosystem Assessment,<sup>13</sup> a four-year research project to assess the health of the natural environment, the impact of human development on natural systems and their ability to support life and provide 'ecosystem services'. These services including providing food, water, fuel and materials such as wood and fibres for shelter, clothing and other products. Ecosystems also provide benefits by regulating climate and temperature, preventing flooding and diseases and managing water quality and wastes. They also contribute to our well-being through recreational, health and spiritual benefits. The results of the project showed that 60% of world ecosystem services have been degraded and species extinctions are running at between 100 and 1000 times the 'natural' background rate. For example, during the last 20 years of the twentieth century, about 35% of mangroves were lost, removing the protection they provide for coastlines from damage by hurricanes. The overall conclusions of the assessment were that unparalleled economic growth during the second half of the century had 'resulted in a substantial and largely irreversible loss in the diversity of life on Earth' and that 'gains in human well-being and economic development . . . have been achieved at growing costs in the form of the degradation of many ecosystem services . . . and the exacerbation of poverty for some groups of people. These problems, unless addressed, will substantially diminish the benefits that future generations obtain from ecosystems.'<sup>14</sup>
- *Food.* Despite progress in agricultural productivity, at the millennium around 800 million people in developing countries were still chronically undernourished.<sup>15</sup> The expansion of agricultural production during the previous century largely relied on the use of artificial fertilizers based on oil. Increasing oil prices, competition for agricultural land for uses such as biofuels, extreme weather and growing demand from countries such as China and India all combined to push up global food prices. By the beginning of 2008 global food reserves had reached their lowest level for 25 years.
- *Water.* More than 1 billion people in developing countries lack adequate access to water, and 2.6 billion lack basic sanitation. In sub-Saharan Africa the costs associated with water and sanitation deficits equate to around 5% of GDP (which exceeds the totals provided in aid flows and debt relief during 2003).<sup>16</sup>
- *Climate change.* One consequence of the economic growth of the twentieth century and the burning of fossil fuels to provide much of the energy that drove our economies was the release of carbon dioxide (CO<sub>2</sub>) into the atmosphere. There is a clear scientific consensus that the role of CO<sub>2</sub> as a 'greenhouse gas' that traps the incoming energy from the sun (combined with other greenhouse gases such as methane released by both natural processes and human activity) is raising average global temperatures in ways that will increasingly disrupt global climatic systems resulting in potentially

disastrous changes in climate.<sup>17</sup> Climate change has become an issue that has woven together many of the other challenges facing humankind as either a cause or an effect. Changes in our climate will have a profound impact on the distribution and availability of water supplies and on the viability of food-production systems, and are likely to exacerbate the loss of species who cannot adapt and to further damage fragile ecosystems. Many of the most severe impacts of climate change will be experienced by those in poorer countries, and this is likely to increase their vulnerability to health problems. Health may also be affected in the richer countries in the northern hemisphere as warming temperatures lead to changes in the pattern and prevalence of disease.

Climate change, and the risks it poses to the future quality of life for much of the world's population and to future economic growth, is an issue that has recently galvanized politicians, businesses, consumers and citizens to confront the fact that if humankind retains the twentieth-century approaches to politics, economic development, business, consumption and lifestyles during the early stages of the twenty-first century, the consequences are likely to be disastrous. In 2006 a report by Sir Nicholas Stern on the economics of climate change<sup>18</sup> examined the challenge not simply as a looming environmental and humanitarian crisis, but in economic terms. His conclusion was that we need to invest 1% of global GDP *per annum* to avoid experiencing the most severe effects of climate change that could forcibly shrink the global economy by up to 20%.<sup>19</sup> The Stern Report portrayed climate change as likely to provoke the greatest and widest-ranging market failure ever seen unless we act to both prevent it from worsening, and to adapt to those changes that cannot be prevented.

Some of the responses to climate change also illustrate the limitations of an over-reliance on new technologies or market mechanisms to provide solutions to such challenges. Faced with mounting evidence about the potentially disastrous effects of climate change, there has been a rush to develop alternative technologies that allow for existing lifestyles and patterns of consumption and development to remain relatively unchanged while changing the technologies of products and production to reduce their impact on the climate. A key example is the move towards biofuel-driven cars with the expectation that since plants absorb carbon as they grow, this will offset the carbon released when the fuel is burnt, creating a carbon-neutral fuel. This idea led to the enthusiastic promotion of corn-based ethanol, particularly in the United States, where the Renewable Fuel Standard law required the country's refineries to blend 9 billion gallons of biofuels into the national fuel supply during 2008. The rush to biofuels has been partly responsible for the rise in food prices, which led to riots on the streets of cities in Mexico and other poorer countries. The environmental benefits of biofuels have also been questioned through studies showing that the oil used to grow and process the corn and therefore 'embedded' in the ethanol makes it a contributor rather than a solution to climate change.<sup>20</sup> It also takes around 1700 litres of water to create one litre of ethanol. The biofuel story demonstrates that meeting the challenges of the twenty-first century will not be achieved through the development of individual technologies or particular types of market that address specific problems. Instead, we need an approach to our thinking that integrates the economic viability of particular technologies and systems of production and consumption with a consideration of their social significance and environmental impact in a far more holistic way.

## Sustainable Development

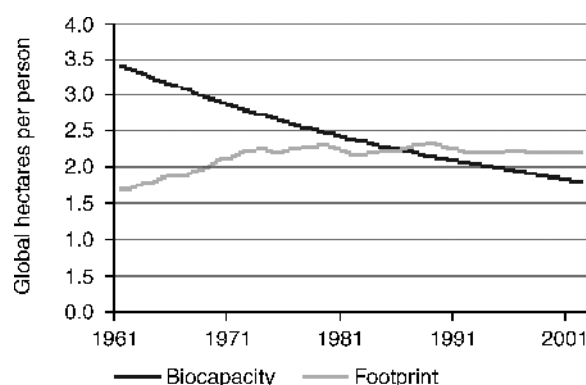
In 1987 the United Nations' World Commission on Environment and Development (often referred to as the Brundtland Commission as it was chaired by Norwegian Prime Minister Dr Gro Harlem Brundtland) published the influential report *Our Common Future*.<sup>21</sup> This report provided the enduringly memorable encapsulation of sustainable development as 'meeting the needs of the present without compromising the ability of future generations to meet their needs'. The report recognized the interdependencies between the natural environment, human social welfare and economic activity, and the need to establish and maintain a dynamic balance between these three elements. The key principles of sustainability are either explicitly expressed in the Brundtland definition or implied by it:

- *Needs*. The Commission's focus on 'needs' shows both a concern for social justice and an anthropocentric, rather than biocentric, viewpoint. Anthropocentrism, or human-centredness, frames the maintenance of a healthy and sustainable environment as necessary for human well-being. It places humans and their needs above the interests of other living creatures on Earth. In contrast, biocentrism is commonly defined as the belief that all forms of life are equally valuable and that human beings should not be pre-eminent. Anthropocentrism has been identified by some environmentalists as a root cause of the ecological crisis, human overpopulation, and the extinction of many nonhuman species.<sup>22</sup>
- *Equity*. The Commission called for development with a fairer distribution of the costs and benefits of economic development among different countries, regions, races and age groups and between the sexes. The economic growth of the twentieth century failed to close the gap between the richest and poorest nations. According to United Nations Development Programme figures, by the turn of the century the richest 20% of the global population within the industrialized nations were consuming 86% of global resources, while the poorest 20% of the global population shared a mere 14% of the planet's resources. Over 80% of people live in countries where income differentials are widening rather than reducing.<sup>23</sup>
- *Intergenerationality*. The Commission takes a long-term perspective by seeking a balance between present needs and those of future generations. This principle of futurity ensures that the needs of existing people are balanced against our ability to meet the needs of future generations of citizens, consumers, investors and workers.
- *Global environmentalism*. The final principle recognizes that the environment is a holistic, dynamic and vulnerable physical system with a finite ability to provide our production and consumption systems with resources, and to absorb waste and pollution without impairing the quality of the environment and the services that it provides. Over half of the global poor rely directly on 'ecosystem services' for their survival, and the majority of their consumption and production activity exists outside the framework of the monetary economy and is therefore largely 'invisible' from the perspective of conventional economic development.

Unlike much of the ecological concern voiced during the 1970s, sustainable development is not based on a 'zero growth' agenda, but on ensuring that economic growth will not ultimately become self-defeating because its consequences lead to environmental or social crises. As such, sustainable development

provided a concept that businesses, politicians and pressure groups could all endorse, and an ideological space within which constructive dialogue could take place. The broad definition and basic principles of sustainability provided by the Brundtland Report allowed for a myriad of different interpretations of 'sustainable development' to emerge. By 1992 around 70 different definitions of sustainable development had been noted<sup>24</sup> and over the following decade the proliferation of definitions and the frequent hijacking of the term continued.<sup>25</sup> The many different suggested approaches to sustainable development were often roughly split between 'hard' sustainability (which focused on the preservation of environmental quality by protecting the environment from economic activity) and 'soft' sustainability (which focused on ensuring that economic development could be maintained by keeping it within environmental and social limits).

In the 1990s the Brundtland Report gained widespread political and business support for the principle that the scale and nature of the human economy should not exceed what the planet can physically sustain. It also begged the question of what the limits of the planet might be, and how and when human activity might go beyond what the planet can sustain. This question has been at least partly answered by the science of 'eco-footprinting', which seeks to calculate the level of resources we consume (as individuals, organizations, cities, regions and nations, or as humanity as a whole) and compares this with the resources nature can provide and sustain in terms of land, water, energy and other resources. The first global eco-footprint for humanity was published by WWF in 1998. This showed that around the time of the Brundtland Report's publication in 1987, humankind began to exceed the physical capacity of the planet to support our numbers, activities and lifestyles indefinitely.<sup>26</sup> To use a financial analogy, at this point we stopped living off the 'income' provided by natural systems and began instead to use up 'natural capital' and therefore to reduce the productive capacity of natural systems. By the turn of the twenty-first century humankind's eco-footprint was exceeding the Earth's sustainable productive biocapacity by some 20% (see Figure 1.1). Despite the widespread agreement about the need to change the nature of economic development, the existing dominant social paradigm and the trajectory of social, economic and technological development have proved remarkably resistant to significant change.



**Figure 1.1** Ecological footprint vs global biocapacity

Source: Global Footprint Network, [www.footprintnetwork.org](http://www.footprintnetwork.org) (26 December 2008).

## Sustainable Development – Towards Transformation

The debate about what might represent sustainable development, and how it might be achieved, has continued for more than 20 years. Hopwood *et al.* suggested that simply dividing up sustainability approaches into hard and soft disguised the many variations that existed among them in terms of emphasis and intensity.<sup>27</sup> They created a 'map' of sustainability approaches according to the extent to which they offered alternatives to our existing patterns of development, government and business that were more environmentally oriented or sought to deliver greater social equality (or both). They suggested that whatever the balance between social and environmental issues, the different approaches to sustainability all belonged in one of three groups:

- *Status quo oriented.* The first group consists of relatively 'soft' approaches primarily oriented towards maintaining our current lifestyle and ensuring that it is not disrupted by environmental catastrophes or social crises. The efforts of democratically elected governments or organizations such as the World Bank or Organization for Economic Cooperation and Development (OECD) are geared towards preserving patterns of economic activity and not changing them. The state-funded 'bailouts' of car companies announced during the credit crunch of 2008 were also used by some governments to promote the adoption of cleaner car technologies. However, the agenda was more a desire to retain an economically viable car industry than to promote a more sustainable personal mobility agenda. Seeking to make positive changes while largely preserving the status quo is also typical of environmentally concerned businesses, as represented by the World Business Council for Sustainable Development and the 'green' or 'ethical' consumers to whom such businesses often market.
- *Reform oriented.* The second group involves reforming existing approaches to development and systems of consumption and production. It encompasses the work of mainstream environmentalist groups such as the International Union for Conservation of Nature, and organizations promoting alternative development policies such as the Real World Coalition.
- *Transformation oriented.* The final group consists of approaches that seek to transform societies and economies into something more profoundly sustainable. They take the far more radical approaches to social and economic development put forward by the Club of Rome's *Limits to Growth* work,<sup>28</sup> Schumacher's *Small is Beautiful*<sup>29</sup> or *Natural Capitalism* from Hawken, Lovins and Lovins.<sup>30</sup> Such approaches seek to create a society that is socially equitable, ecologically oriented and ultimately (meaning intergenerationally) sustainable.

The challenges set out in the Millennium Development Goals, and reported in the Millennium Ecosystem Assessment, demonstrate that seeking to maintain the status quo in relation to patterns of development, production and consumption is no longer defensible. We inhabit a planet that must accommodate 75 million new citizens every year, that suffers enduring problems linked to poverty and inequality, and that faces growing concerns about the future impact of climate change and the likelihood of related crises in food, water, health and ecology. Addressing these challenges requires action to achieve substantive reforms and ultimately to achieve a fundamental transformation within many spheres of human activity. One of the metaphors frequently used to explain sustainable development is not as a destination, but as a journey towards a more ecologically oriented and socially equitable world. This

book considers marketing's role in contributing to the journey of human society towards sustainability, by moving beyond defending or reforming the status quo to begin to transform how we live, produce and consume.

## The Evolution of Marketing Thought

Marketing can be considered in many ways: as a commercial activity, as a management function or department, as a business process, as a philosophy or as a discipline. As a word, 'marketing' can be traced back at least 400 years and until the twentieth century it had a very literal meaning relating to activities that brought buyers and sellers together, usually in the context of a physical marketplace. Such marketing activities are as old as commerce itself.

Early in the twentieth century the idea emerged that marketing could be an academic discipline and a subject for study. In 1905 the University of Pennsylvania established one of the first explicit marketing course concerning the marketing of products. By 1920 a number of institutions were offering courses covering subjects such as marketing, advertising, salesmanship and marketing research, and the first books explicitly dealing with marketing practice had been published. The early days of the marketing discipline brought together experience from sales and advertising, insights derived from the developing field of psychology, and the increasingly sophisticated and analytical use of market research data. This early marketing sought to increase and to shape demand, and to develop new mass markets for the products created by new mass production systems. The emphasis of the early days of marketing can be summarized as 'how to sell more stuff to people'.

The emergence of mass production allowed supply to outstrip demand in many markets, forcing companies to seek new ways to become more competitive. The emergence of mass markets also created an increasing distance between consumers and producers. In a matter of decades, relatively localized systems of production and supply were replaced by mass production and marketing operations serving national or international mass markets. Producers no longer interacted so directly with their consumers, and lacked the direct knowledge of consumers and their preferences that pre-industrial producers possessed. From the 1950s onwards we see the emergence of what we could term 'modern marketing', as both a business philosophy and a management discipline. The emphasis of marketing moved beyond selling more products to customers towards understanding customers and how to meet their needs and wants.

By the end of the 1970s, the evolution of the core components of modern mainstream marketing thinking was largely complete. Although they would be refined and supplemented by new ideas that reflected changes in technology and the growth in international trade, the core elements we still use to teach and understand marketing were largely in place. The following core components are the foundations of marketing theory and practice:<sup>31</sup>

- *The marketing philosophy*, founded on the idea that meeting the needs and wants of the customer is the principle around which a business should be organized and from which success in the market and profitability will flow.

- *The marketing environment*, the principle that marketing should be an outwardly focused function within a business, helping it to understand and respond to the environment within which it exists.
- *Marketing research*, to ensure that the marketing decisions, particularly concerning customers and their wants, are based on insights derived from research.
- *Market segmentation and targeting*, to ensure that significant differences among customer groups and types revealed by marketing research are accounted for in the strategies and market offerings of companies.
- *The marketing mix*, a set of variables that marketers can control and adjust in order to meet customer needs more effectively than the competition, and to meet the differing needs of particular market segments. The mix was originally defined as the 'four Ps': product, price, place and promotion. The original four Ps mix model has received much criticism,<sup>32</sup> but it has also simply endured due to a combination of its simplicity, memorability and relatively universal applicability.
- *Competitive advantage*, the principle that through an understanding of consumers and their marketing environment a business can provide something unique that generates competitive advantage.
- *The marketing planning and management process*, the principle that marketing success is delivered through a systematic approach to marketing activities and decisions.

## Beyond 'Modern' Marketing

The evolution of marketing thinking did not end once the ideas of modern mainstream marketing were in place. The social, technical and cultural environment that shapes marketing thought and practice has continued to evolve. Dramatic changes involving the globalization of markets, the rise of electronic commerce and renewed concerns about the environment created new pressures on marketing to respond and evolve. At the end of the 1970s and early 1980s, the field of macromarketing emerged to integrate many of the debates about the impacts of marketing activity and the relationships between markets, regulation and social welfare that had surfaced periodically since the beginning of the twentieth century. Macromarketing sought to consider more systematically the inter-relationship between marketing systems and society, with a particular emphasis on the (often unintended) consequences of marketing activities on environmental quality and societal welfare.<sup>33</sup>

Discussions about the evolution of marketing thought also shifted to consider what 'postmodern' marketing might look like. Stephen Brown, a leading thinker within the postmodern marketing movement, critiqued both mainstream marketing thinking and many of the alternatives proposed to it with wit and insight.<sup>34</sup> He noticed an emerging literature composed of what he termed 'marketing panaceas', alternatives to mainstream thought and practice that were proposed as solutions to marketing's supposed ills. A review of these panaceas by Badot *et al.*<sup>35</sup> uncovered 70 different forms of 'new' marketing that had been proposed between 1985 and 2005 and that could be applied across different forms of market (unlike, say, arts marketing, bank marketing or political marketing).

An analysis of this parade of panaceas shows that they vary in several ways. Some concern the scope and focus of marketing efforts both geographically and within the market, such as niche marketing, micromarketing, one-to-one marketing and geo-marketing. Other ideas include new ways of defining



and targeting market segments through ideas such as tribal marketing, family marketing, community marketing or ethnic marketing. Some approaches aim to help smaller companies or those with limited resources to compete within markets, including entrepreneurial marketing and guerrilla marketing. Other approaches sought to reorientate marketing in terms of one particular aspect of the marketing process, such as:

- *Time*, through time-based marketing, real-time marketing and slow marketing.
- *Information systems*, through database marketing and knowledge marketing.
- *Style of communication with customers*, through stealth marketing, street marketing, network marketing, viral marketing and grass-roots marketing.
- *Style of appeal*, through trend marketing, nostalgia marketing, emotion marketing and cause-related marketing.
- *Consumer experiences*, through experiential marketing and sensory marketing.

There are a number of common themes running through these panaceas. Many of them use a particular metaphor to recast marketing thought and practice, such as guerrilla marketing, tribal marketing, viral marketing or turbo marketing. Many of them seek to balance the rather rational analytical perspectives of conventional 'Kotlerian' marketing through a greater emphasis on emotion and the subjective experiences and perceptions of consumers. What many of them also have in common is that as a 'new' form of marketing, they represent nothing that is significantly different to the established marketing mainstream. Mostly they represent a focusing of marketing efforts around particular segments, communications approaches or company capabilities.

Nevertheless, there are two groups among the panaceas that propose an approach to marketing that does not just refocus, adjust or enhance existing marketing thinking and practice, but seeks to challenge these and provide a substantially different perspective.

The first group is based on a shift of focus in marketing away from the commercial transaction with customers and towards the relationship that is formed and maintained with them. Relationship marketing, total relationship marketing, co-marketing, loyalty marketing, solution marketing and symbiotic marketing are within that group of alternative marketing approaches.

The other group consists of those marketing approaches that seek to address the lack of fit between marketing as it is currently practised and the ecological and social realities of the wider marketing environment. This group includes marketing approaches such as macromarketing, societal marketing, green marketing, environmental marketing and eco-marketing.

## The Marketing of the Future

The debates about postmodern marketing, marketing panaceas and the various forms of 'new' marketing share a common theme: that the marketing of the future will have to be different to the marketing of the past. In a world that is coming to understand the social and environmental consequences of the



unsustainable economic growth of the twentieth century, it is clear that we need alternative approaches to production and consumption for the future. Changing our production and consumption systems cannot be achieved without changing marketing mindsets and practices, and forever abandoning the assumption that the issue at the root of marketing activity is 'how to sell more stuff to people'.

In his book *In Search of a New Logic of Marketing*, leading marketing scholar Christian Grönroos opens with a chapter entitled 'Marketing – A Discipline in Crisis'.<sup>36</sup> The crisis he describes is one in which marketing is an area of business thought and practice that has failed to evolve, and where a marketing executive who travelled in time from 50 years ago would be quite comfortable in the same role in a contemporary marketing department (albeit with a little catching up to do about digital media). The picture Grönroos paints is one of an increasingly costly function whose strategic role and credibility within business are eroding because it has been unable to break out of its existing ways of thinking to evolve:

The productivity of marketing cannot be improved within the existing frameworks and structures. As long as marketing's major responsibility is customer acquisition and promise-making, the costs of marketing will continue to grow, and its effectiveness will continue to go down . . . The development of brand management and adopting a branding terminology in marketing is only more of the same, in some situations making conventional marketing more effective perhaps, but offering no innovative new avenues for customer management. Marketing is a discipline in crisis. And marketing as a business practice responsible for customer management is losing credibility.

The irony in Grönroos's diagnosis is that the crisis that marketing faces comes from a failure to apply the marketing philosophy thoroughly enough to the discipline itself. The emphasis on marketing has been on the management of the marketing mix and the traditional four Ps, which are inherently producer-oriented. They focus on the company's products and how it prices, distributes and promotes them. Such thinking tends to focus marketing thinking inward and onto the variables that the marketer can control. Customers become something that need to be acquired through the promise of value and benefits. As Grönroos phrases it, 'Mainstream marketing continues to be orientated towards doing something *to* customers, instead of seeing customers as people *with whom* something is done.'<sup>37</sup> He proposes an alternative vision of marketing that is centred around a process of managing relationships with customers rather than facilitating exchanges with them. In doing this, it shifts the focus away from the marketing of products to customers, and instead emphasizes the need to deliver value to customers.

The need for an alternative vision of marketing is often portrayed rather simplistically as a clash between 'old' marketing (i.e. mainstream Kotlerian marketing) and a 'new' alternative approach to marketing that seeks to replace it.<sup>38</sup> The reality is more subtle and complex. The mainstream concept of marketing as it was encapsulated by the first edition of Kotler's *A Framework for Marketing Management* in 1967<sup>39</sup> may no longer be as well suited to the world within which it exists, but rather than simply allowing itself to be replaced, it continues to adapt and evolve. It was perhaps significant that the first European edition of *Principles of Marketing* by Kotler *et al.*<sup>40</sup> to be published in the twenty-first century opened with a chapter entitled 'Marketing in a Changing World: Satisfying Human Needs', which

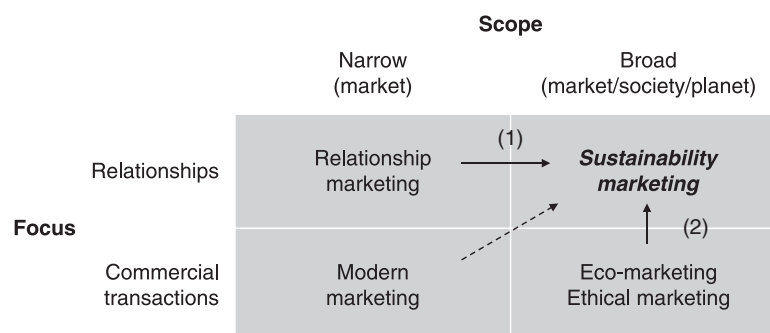
emphasized the central issues of marketing as demand management, the management of relationships and of connectivity. Similarly, the second chapter concerned marketing and society with a focus on social responsibility and marketing ethics, transforming sustainability issues in mainstream marketing from afterthought to context.

## Towards Sustainability Marketing

In view of the sustainability challenges facing society, a logical question confronting the marketing discipline is: 'What would a sustainability-oriented vision of marketing look like?' This is the question that this book seeks to answer. In short, the answer comes in the form of a pseudo-mnemonic. Sustainability marketing is marketing that endures forEVER, in that it delivers solutions to our needs that are:

- *Ecologically oriented*, taking account of the ecological limits of the planet and seeking to satisfy our needs without compromising the health of ecosystems and their ability to continue delivering ecosystem services.
- *Viable*, from technical feasibility and economic competitiveness perspectives.
- *Ethical*, in promoting greater social justice and equity, or at the very least in terms of avoiding making any existing patterns of injustice worse.
- *Relationship-based*, which move away from viewing marketing in terms of economic exchanges, towards viewing it as the management of relationships between businesses and their customers and other key stakeholders.

In other words, sustainability marketing represents an evolution of marketing that blends the mainstream economic and technical perspectives with the emerging concepts of relationship marketing and the social, ethical, environmental and intergenerational perspectives of the sustainable development agenda. This evolution is shown in summary in Figure 1.2. It is not exactly a 'new' marketing, but it is an 'improved' marketing in drawing insights and strengths from these different perspectives. It is about marketing that is intended to endure.



**Figure 1.2** Towards sustainability marketing

The marketing of the future will be shaped by many forces, and this chapter has encapsulated only a few of them. The perceived crisis in the marketing discipline, the growing importance of relationship management and the rise of new technologies of production and communications will all play a part. Growing concerns about the environmental and social impacts of economic growth, and particularly concerns about the impacts of climate change, are also bound to push businesses and marketers to search for more sustainable ways of maintaining relationships with customers and delivering value to them. These issues are explored in more detail in Chapters 2 and 3. Ultimately, if humankind is to avoid environmental and social disaster caused by the unsustainable patterns of business, growth and lifestyle that emerged during the twentieth century, marketing has a very important role to play as a pathway to delivering transformation for sustainable development in the twenty-first century.

## List of Key Terms

Brundtland Report  
Climate change  
Ecological footprinting or eco-footprinting  
Economic growth  
Ecosystems  
Equity  
Global environmentalism  
Intergenerational perspective  
Marketing 'panaceas'  
Modern marketing  
Need  
Peak oil  
Population  
Postmodern marketing  
Poverty  
Sustainable development  
Transformation  
Urbanization

### REVIEW QUESTIONS

1. Why did the scale and nature of economic growth during the twentieth century create problems?
2. What is the Brundtland Report's basic definition of sustainable development and what are the key principles within it?
3. What are the three groups of sustainability approaches identified by Hopwood *et al.* and what are the differences between them?

4. What are the core components of the modern mainstream marketing discipline?
5. On what basis does Christian Grönroos criticize mainstream marketing?

### DISCUSSION QUESTIONS

1. Do you think that the former fishermen of Somalia have the right to confront illegal fishing boats and demand a tax for the use of Somalia's waters?
2. Would it be fair to characterize the consumers of today as 'pirates' seizing resources at the expense of the citizens of tomorrow and their quality of life?
3. Why has the principle of sustainable development proved easy for many different groups to endorse, but difficult for them to define or put into practice?
4. Would embracing sustainability principles represent an evolutionary reform of the marketing discipline, or a revolutionary transformation?

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