BRAND STRATEGIES IN THE ERA OF SUSTAINABILITY

Aleksandar Grubor and Olja Milovanov*

University of Novi Sad, Faculty of Economics in Subotica
Subotica, Republic of Serbia

DOI: 10.7906/indecs.15.1.6
Regular article
Received: 19 October 2016.
Accepted: 26 February 2017.

ABSTRACT

Today, brands are powerful instruments of change. They are tightly connected with consumers all over the world and profoundly incorporated into their everyday life and choices they made. Consumers indicate with brands they love and strongly advocate the ideas that are embedded in their philosophy and image. Consequently, companies that own successful brands, which are followed by large group of loyal consumers, have the power to generate modification and even complete shift in consumers’ lifestyle, value system, attitudes and behavior. Accordingly, environmentally friendly brands are inevitable element of sustainable marketing strategy and sustainability concept, given that its implementation requires changes that will trigger mass rather than individuals. However, regardless of positive opinion about socially responsible practice on the market, attitude – behavior gap is widely present among consumers, making segment of green consumers just a market niche. Thus, the most challenging task for marketing and brand managers is to find interest for consumers in a sustainable way of life and to make it easy accessible and attractive for them. This article aims to highlight the leading role of sustainability in branding theory and practice and to point out strategies for successful implementation of green values into the brand management, with an accent on brand equity construct, relying on the results of research and analysis in the given field.

KEY WORDS

brand management, green branding, sustainability, sustainable development, sustainable marketing

CLASSIFICATION

JEL: M31

*Corresponding author: olja.milovanov@ef.uns.ac.rs; +381 69 1301224;
Segedinski put 9-11, 24000 Subotica, Serbia
INTRODUCTION

Even though sustainability topics have been preoccupying attention of policy makers for few decades, in 21st century it has become mainstream issue [1]. Side effects of the climate change are visible more than ever, and therefore the completely new dimension of the practical implementation of sustainable development into regular business practice is requested. In the near future, traditional sourcing and selling will be marginalized, and thus, being on sustainable pathway will be the main qualification for staying in business [2].

Sustainable strategy demands holistic transformation of business model and synergetic approach; in other words, engagement of multiple stakeholders around a common goal, with the accent on consumer, as the one who makes the final decision whether specific business model will or will not be accepted. Given that marketing discipline has consumers in the center of its philosophy and marketplace as the main playground; and that it has often been accused for creation of uncontrolled consumption of planet resources [3], marketing managers’ responsibility in this sense is the greatest. Accordingly, with the evolution of marketing, especially the green marketing, each aspect of marketing mix has been improved. Green marketing encompasses all marketing activities with the aim to stimulate and sustain environmentally-friendly attitudes and behavior of consumers [4].

Branding area, through which companies achieve the highest level of interaction with consumers and as a central element of a supplier’s proposition [5], has arisen as the most influential part of sustainable marketing strategy. Loyal consumers are the driving force of brands as an asset, so they can also be a trigger for enlarging a group of environmentally conscious consumers, who are willing to adopt and advocate philosophy of the favorite brands. In words of Gordon [6], “once a majority embraces an idea it becomes an unstoppable force”, which is the ultimate goal pursued by green movement. In the essence of this idea is what Schultz and Block [7] call “sustainable brand growth” or the rise in brand value “created by existing loyal customers who encourage other customers to become users and eventually loyal to the brand”. Evidently, adoption of sustainable attitudes and behaviors through sustainable brands usage have the power to initiate deeper changes in peoples’ lives, and ensure the balance between multiple interests of three usually opposed sides - consumers, companies and society.

In academic literature, investigation in field of green branding and sustainable strategy effects on brand equity is modest. Accordingly, the goal of this article is to provide an insight into sustainable branding, highlight its importance and role in strengthening brand equity, and analyze strategies for implementation of sustainable principles into the brand concept. The article is structured in accordance with the stated objectives. The main method used for addressing the goal is detailed examination of the results of research and analysis conducted by various researches in the given field in last few years.

SUSTAINABILITY AND BRANDING

According to Gabriela Alvarez from Latitude Switzerland, “sustainability is not a one-for-all model. It is about collaborating, learning, creating, implementing, assessing and constantly evolving.” [7; p.26]. Addressing sustainability as a “real marketing topic” demands entering into the substance of and considering a few facts [7; p.27]. At first, this means considering sustainability as a process that is integrated in all companies’ processes, with the aim of successful holistic adoption of sustainable principles. Besides, “sustainability calls for new guidelines”, which means working together is a new mantra that puts stakeholders in position to develop common language, trust and shared vision with all partners. Managing
sustainability requires a new sort of knowledge, capable of providing transparent business activities and processes with clear communication and without incorrect claims, which could be slippery area. Finally, taking sustainable projects should be a result of observing and listening market trends, nature and society needs rather than action forced by environment and society current issues, and all those actions and investments should be measured, testified, analysed, improved and justified through the change of consumer perception, society welfare, company’s reputation etc.

Brand is a unique blend of functional and emotional characteristic perceived by consumers as an additional value, unique experience and fulfilled promise [8]. It has a symbolic value different from everything that is available in reality, and ability to represent interests that go beyond the brand itself [9]. For the company, it is the core strategic resource and most powerful invaluable asset [10-11].

The interdependence between brands and consumers is huge – in a way that consumers determine development and the success of brands, brands reversely influence and direct consumer behavior. As such, branding has become “the story of belonging and pervasion”, as it enables consumers to express their interests, attitudes, preferences and overall personality through brands they use [10; p.14]. Moreover, they are trustworthy source of information and great mediator in education end occupation of large group of consumers which, when create community of a brand, can be very influential force in society [2].

In recent years consumer interest in environment-friendly alternatives has risen dramatically [13], and so their expectations of brands. Even though the attitude-behavior gap, described as the inconsistency between consumers attitudes and actual buying behavior, is identified in many studies [14-15], sustainable attributes are becoming increasingly important in a brand valuation [6,16]. Linking brand performance and image with sustainability concerns is becoming leading way for differentiation [17]. Thus, brand management emerges as a focal and even more dynamic business process with sustainability in the center of its philosophy, and main initiator of traditional brand management theory and practice shift [18].

The relationship between mainstream brands and their consumers have prospered in a way that people want much more for their money – they strive to get the access to all the benefits generated by the company; and, from the standpoint of the companies, that means doing “the right thing” [6] by contributing to a greater purpose. In words of Paul Polman, CEO of Unilever, “businesses can not succeed in societies that fail. (...) With liberty comes responsibility. Sustainable brands have the heritage, ability and drive to bring this alive.” [2, p.4]. Sustainability, as a strategy, inevitably emerges in forefront of branding and overall business policy, demonstrating responsible stance toward mankind requirements [19].

Terms “sustainable” and “green” are usually used as synonyms in literature. In this sense, green brands attributes are [20; p.42] “ecological” - minimizing the negative impact on natural environment, “equitable” – prevent the marketing promotion of unsustainable social practices, and “economic” – encouraging long-term economic development through brand.

Brands defer from each other by the degree of integrated green issues. Therefore, there are three categories of “greenness”: 1) green as core value, 2) green integrated in core values, and 3) green values as the guarantee [21]. The other classification, by Landor Associates, Newsweek, and Penn Schoen Berland, indicated four groups of green brands in [22]:

1.) Unsung Heroes – brands that conduct strong green practice, but with insignificant public awareness,
2.) Free Passers – brands that conduct limited green practice, but with distant brand echo that drives green reputation,
Brand strategies in the era of sustainability

3.) Losers – brands that conduct limited green practice, with public recognition of the limitations,
4.) Winners – brands that conduct strong green practice that is recognized in public.

The growing role and significance of green branding is reflected in a numerous benefits that are embedded in this concept [23]. However, successful implementation of green branding and environmental concepts with positive results entails their presence in all aspects of green marketing strategy [24].

THE ROLE OF SUSTAINABILITY IN STRENGTHENING BRAND EQUITY

Consumer green perceptions and preferences, companies’ sustainable practices and brand equity are strongly interrelated. Sustainability can bring deeper meaning to a brand image and consequently stronger emotional bonds and differentiation [17, 25]. Satisfied consumers are more favorable to those products and companies that fulfill their expectations, needs and desires [26]. Moreover, sustainability enhance public recognition [27], competitive advantage [28] and provide future financial health by reducing various possible risks [29].

Given that “green corporate perception, eco-label, and green product value” significantly influence purchase decision [30], and that there are consumers who are willing to pay higher price for green brands [31], green branding is an important driver of brand equity [32].

Brand equity is the intangible, hidden value inherent in a well-known brand name [33]. It adds value to the brand through the brand name [34] and indicates consumers’ preferences, attitudes and purchase behavior towards specific brand [33]. The pioneer definition of green brand equity, as the final objective of green marketing and green branding strategy, was given by Chan [1; p.310], who explaining it as “a set of brand assets and liabilities about green commitments and environmental concerns linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service.” It is based on Aaker’s [35] and Keller’s [36] definition of brand equity.

There are many studies referring to the link between sustainability and brand equity. For instance, the TANDBERG and Ipsos MORI survey [37] confirmed the interdependence among corporate environmental responsibility, brand equity and competitive advantage, explaining that more than 50% (1 billion) of consumers from their global survey claimed they would prefer to buy product from environmentally responsible company, while almost 80% (700 million) of workers from the same survey stressed importance of working for environmentally ethical company. Similarly, Gidwani [38] examined more than 1000 companies in 54 countries and showed that there is a strong correlation between brand strength and sustainable practice of a company, putting an accent on employees’ treatment and environmental policies, as the leading drivers of the correlation.

Chen [1] proposed, by observing consumers’ purchase of information and electronic products, three novel constructs of brand equity: 1) green brand image, 2) green satisfaction, and 3) green trust. He indicated positive relations between those three drivers and brand equity, with the note that green satisfaction and green trust to some extent can mediate the relationship between green brand image and green brand equity. He also listed main reasons for developing sustainable marketing: “compliance with environmental pressures; obtaining competitive advantage; improving corporate images; seeking new markets or opportunities; and enhancing product value” [1; p.307]. Finally, Nastanski [39] provided sustainability-profitability relationship model, showing thoroughly how sustainability improves brand equity and consequently financial profit as final business indicator.
As a result, many companies have appointed sustainability on their business agendas, with the twofold aim – making contribution to society and gaining financial profits and advantage over competition [40]. However, the link between what companies really do in terms of sustainability and how consumers see it is often blurred and unclear. Interbrand’s annual Best Global Green Brands report [41] indicated two types of gaps between corporation’s environmental practices and consumers’ perceptions – positive and negative – where the first one refers to higher sustainable performance than the perception of consumers of those practice really is, and vice versa (in the case of negative gap). The main reason for this inconsistency is consumer confusion compounded by “greenwashing” [42] – the practice of misuse and forgery of the concept of sustainability, the green movement and manipulation in the field of ecology [43] – that raises question of trust and confidence in the company and their products, and usually results with loss of will and enthusiasm of consumers to engage in eco-friendly behavior and waiting for someone else to fix the problem [44]. In this respect, creating appropriate green brand strategies is required in order to reduce the gap and accelerate for large-scale adoption of sustainable behavior of all members of the community. Nonetheless, greening its strategy, companies and brands avoid the risk of obtaining disapproved outlook and unfavorable attitudes in consumers’ eyes [45].

**ESSENTIALS OF SUCCESSFUL SUSTAINABLE BRANDING STRATEGY**

In branding context, proper implementation of sustainability concept into society requires strong brands and comprehensive strategy. Best positioned and trustful brands are most inspirational, most influencing and with the ability to induce mass resonance and action [44]. On the other hand, appropriate strategy maximizes brands’ impact, in best way fit “greenness” in consumers’ lifestyle and trigger not just green audience but has much wider extent [44]. Likewise, it brings additional value to an individual and unequivocally inform consumers about all benefits of green brands purchase [22].

Suitable sustainable branding strategy includes changes in various marketing strategy areas, such as product production, design, packaging and positioning, communication with target market, etc. [10]. Environmentally friendly materials, reduction of paper usage and carbon emissions [46], creating public awareness and actions toward waste reduction [47] and educating people about sustainable products benefits [48] all together increase company strategy visibility and the chances for buying environmentally-friendly brands. Various sustainable marketing activities that can improve and strengthen brand image and marketing performance are presented in Figure 2.
Moreover, marketing strategy must be allied with overall business strategy. Environmental culture should permeate all organization sectors, which understand, collaborate and recognize importance of brand green orientation [49]. This points out the significance of observing internal structures and all employees as the starting point in terms of education, support and proper implementation of sustainability concept [50]. The best way for making brand ambassadors is creation of strong ties between a brand and both employees and consumers [51]. However, the most challenging area in green branding is dealing with the gap between company’s performance and consumer perception [41]. Thus, company’s performance should be demonstrated through clear explanation how organization source, produce, and distribute products and services in sustainable-responsible manner, while consumer perception should be built among key consumers through credible and permanent communication of crucial benefits of sustainable practices.

Likewise, it is important to understand full context of consumer socially responsible behavior. Consumer decision regarding sustainable brands is based on three connections [52]: 1.) consumer and environmental sustainability, 2.) brand and environmental sustainability, 3.) consumer and brand.

Consumer acceptance of and positive attitudes toward sustainable brands depends on available green information and their procession by individual, as well as “sustainability fit within brand schema, consumer motivation and strength of relationship with the brand” [52; p.31]. Given that the idea of “green” is often abstract and that sustainable issues are too broad, consumer motivation is driven mainly by their concern for those issues and belief that their contribution makes sense [6]. In this sense, even though consumers hardly change their long-established habits, rational arguments can be useful [6].

Green branding is more than eco-labeling [22]. Convincing and sound communication is essential for the process – familiarity with company’s vision and tangible action plan for making a change is the basis for motivation of consumers and reaching their minds and hearts [53]. Emotional connection created through green positioning provide three different types of values for consumers [54; p.18]: 1) “a feeling of well-being” – finding personal satisfaction in contribution to the “common good”; 2) “auto-expression benefits” – finding personal satisfaction in socially visible consumption and acquisition of environmentally
conscious image; and 3) “nature-related benefits” – love toward nature as the main trigger for satisfaction.

Observation of different segments on the market and their affinities toward sustainable behavior was also conducted by Lippincott [15]. They identified six profiles of eco-conscious consumers [15; p.9]: 1) campaigners (accept the issue and want to contribute, but are pessimistic about the change), 2) optimists (accept the issue, want to contribute and believe in change), 3) followers (ready to change, but not fully accept the issue), 4) confused (neutral and confused, but open-minded), 5) unwilling (accept the issue, but not ready to change), and 6) rejecters (informed, but don’t want to change). Wining “heads, wallets and hearts” of consumers demands “insight into consumer practice” as a framework for “developing sustainable brand propositions and delivering and communicating green values” [20].

There are various criteria for establishing successful sustainable brand strategy, like uniqueness, innovativeness, co-creation of sustainable value, and “accurate and clever communication” [22; p.53]. However, common thread that links all successful brands, regardless of whether they are green or conventional, is understanding “what matters to people in their lives, how and in what direction culture is changing, how to lead rather than follow and how to ‘walk the talk’ of brand integrity” [6; p.16], and those are mainstream rules for each successful brand strategy. In the era of environmental concern and sustainability on the top of business and society agendas, it is both an obligation and an opportunity for companies to enhance their brands’ performance and enlarge brand equity.

**CONCLUSION**

This article examines how branding theory and practice evolve in modern business environment where sustainability has been set as a major global issue. In this sense, strong brands have been seen as a powerful driver of changes towards sustainable behaviour patterns of both companies and consumers. However, fitting internal cultures and brand image is the main challenge organisations face in identifying the most effective strategies [55]. Thus, maximizing brands’ impact requires comprehensive green branding strategy that calls for multiple modifications in marketing policy and organisational culture.

Previous studies in the field of sustainable branding were the bases for the examination conducted in this article. Dealing with the attitude – behaviour gap, marketing communication and education with the aim of fitting greenness into consumer lifestyle, finding value in consumption and building trust between brand/company and consumers are some of the leading topics that should be addressed in order to create public awareness and green behaviour patterns.

As shown, introducing sustainable brand management into the business practice has the potential to bring together multiple requests between consumers, companies and society, gaining win-win situation. This article presents both advantages of sustainable branding strategy and crucial elements in its implementation. Firstly, showing responsibility for the natural environment and “doing the right thing” directly and indirectly helping a company to achieve its strategic and economic objectives – companies should understand that they and society are inherently interdependent. Secondly, consumers are “drawn to brands they trust, brands that are different from the rest, innovative, that appeal to the emotions, that signify something intelligent or interesting about the user, and brands whose parent company behaves well” [6; p.12]. They follow their favorite brands and are willing to identify with the brand values, messages and lifestyle that brand recommends. Loyal consumers are satisfied consumers and that is only that matters. And thirdly, sustainable brands, that reflect firm companies’ values and culture, can be a significant instrument for driving the change into
society with respect to environmental crisis. Achieving all this benefits demands linking sustainability with brand perception and marketing performance.

However, scientific investigation of the sustainable branding practice is at very beginning. There is still not enough companies that actually implemented the sustainability concept into their business models and this is both the main limitation of the study and great opportunity for the future research. Understanding consumers, making business processes and brands green and inspiring broad audience to adopt sustainable behavior will be one of the main requests in the future and major antecedent of prosperous business.

REFERENCES


http://www.theclimategroup.org/_assets/files/consumers_brands_and_climate_change_us_07_r.pdf, 07.04.2016,
http://dx.doi.org/10.2752/175693811X12925927157018,
http://www.businessweek.com/technology/content/dec2008/tc20081211_004876.htm, 10.04.2016,
Journal of Marketing Management 17(7/8), 849-875, 2001,
International Journal of Business Governance and Ethics 1(4), 277-302, 2005, 
http://dx.doi.org/10.1504/IJBGE.2005.006733,
http://www.som.cranfield.ac.uk/som/dinamic-content/media/Hayley%20Brown/Admap%20Article%20-%20Lynette%20Ryals%20-%20Green%20Consumer%20-Dec%202012.pdf, 02.04.2016,
http://www.marketingboerse.de, 29.06.2014,
The Romanian Economic Journal 56, 47-64, 2015,
http://dx.doi.org/10.1177/2319510X1200800106,
NTC Business Books, Chicago, 1992,
International Journal of Consumer Studies 27(3), 237-238, 2003, 
http://dx.doi.org/10.1046/j.1470-6431.2003.00308_27.x,
British Food Journal 101(11), 857-870, 1999, 
http://dx.doi.org/10.1108/00070709910301373,
[27] Kotler, P. and Lee, N.: Best of Breed: When it comes to gaining a market edge while supporting a social cause, corporate social marketing, leads the pack. 
Social Marketing Quarterly 11(3/4), 91-103, 2005, 
http://dx.doi.org/10.1080/1524500500414480,
Harvard Business Review 84(12), 78-92, 2006,
Journal of Management Enquiry 12(2), 137-154, 2003, 
http://dx.doi.org/10.1177/1056492603012002005,
International Journal of Asian Social Science 4(8), 924-939, 2014,


International Journal of Consumer Studies 31(6), 571-581, 2007,  
http://dx.doi.org/10.1111/j.1470-6431.2007.00600.x.

Journal of Marketing 61(1), 51-67, 1997,  

Journal of Service Management 20(2), 209-226, 2009,  
http://dx.doi.org/10.1108/09564230910952780.

European Journal of Marketing 40(5/6), 611-633, 2006,  
http://dx.doi.org/10.1108/03090560610657868.

European Journal of Marketing 40(7/8), 761-784, 2006,  
http://dx.doi.org/10.1108/03090560610669982.


https://www.greenbiz.com/blog/2010/07/06/building-green-brand-creating-attraction-your-products, 15.04. 2016,

Marketing Intelligence & Planning 23(1), 9-29, 2005,  
http://dx.doi.org/10.1108/02634500510577447.

Journal of Public Policy & Marketing 29(1), 78-88, 2010,  
http://dx.doi.org/10.1509/jppm.29.1.78.