

# **The Green marketing and brands. The state of the art in the Italian SMEs.**

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**Keywords:** green marketing; marketing mix; sustainability; marketing strategy; brand; SMEs.

## **Abstract**

The concept of green marketing is today one of the most important concerns worldwide. As result, consumers are progressively realizing the importance of protecting the environment through product choices while companies are gradually more considering the impact of their activities onto the environment.

This paper addresses the need for a more integrated and holistic overview and analysis of green marketing practices and its link with the brand management through the development of a conceptualization of green marketing status of Italian SMEs to capture the organizational facets and situation in this field.

## **Purpose**

Present days are characterized by a number of challenges that have a profound impact on society, economy, environment and climate change. The destructive waste of natural resources, the increasing of pollution, the uncontrolled exploitation of precious assets, (and of course, the “new normality” after pandemic Covid-19), threatens economic development of businesses and societies and, above all, the future of a livable planet. This is a situation that points out changes in consumer behaviour modifying the responses of business entities (Moravcikova et al., 2018).

In this very complicated scenario, companies play a great role in the society and have to manage a double objective: first of all, adapt their brand and the marketing mix to preserve the environmental balance; secondly, they have to protect the growth and profitability of the firm adapting and changing their business plans and marketing strategies.

It should be said that the focus on sustainable consumption and production is not new, indeed it represents a strategy and research imperative, started in the mid-1990s' with environmental documents, agreements and reports from the transnational organizations such as OECD, UNFCCC (and the subsequent Kyoto Protocol) and World Business Council for Sustainable Development (Papadas et al. 2017; Peattie and Crane 2005).

From that point, an ever-increasing number of companies and other organizations are trying to make their processes and operations sustainable. Moreover, expectations that long-term profitability should embrace social justice and protect the environment nowadays have taken on. These expectations are only set to increase and intensify. As the need to move to a truly sustainable economy is interpreted by companies' and organizations' shareholders, customers and other stakeholders in general to improve the social value.

More specifically, “green” concerns have become ever more crucial for decision makers in order to obtain a competitive advantage in particular since companies have to deal with new public sensitivity, severe regulation, and growing stakeholder pressure motivated on protecting the environment (Leonidou et al. 2013; Hult 2011; Maignan and Ferrel 2004; Banerjee et al. 2003; Pratesi, 1999).

For these reasons, green marketing has been also well recognized as a broader concept by scientific community and defined in various ways all over the world (Osman et al. 2016). Many terms were used to describe this concept (Prakash 2002): environmental marketing (Coddington 1993), ecological marketing (Fisk 1974; Henion and Kinnear 1976), green marketing (Peattie 1995; Ottman 1992), sustainable marketing (Fuller 1999) and greener marketing (Charter and Polonsky 1999). Our work uses the term “green marketing” to refer to the marketing strategies to product,

distribute and promote products by employing environmental applications. Clearly, green marketing is only a part of the overall corporate strategy in sustainability (Prakash 2002; Menon and Menon, 1997).

The term has also been described as an organization's effort at designing, promoting, pricing and distributing products that will not harm the environment (Fuller 1999).

Firms that implement holistic environmental strategies send a strong positive message to their stakeholders. This positive message is linked to brand identity on the hand of the firm (Simoes et al., 2005) and on brand image on the hand of consumers (Chen, 2010; Sarka, 2012) ensuring a real and durable competitive advantage.

Thus, in order to send this message today, some companies try to achieve the "green" in everything, from their ground level manufacturing to their top management and one way of being environmentally friendly is to use green marketing. This is because green marketing is the holistic management process responsible for identifying, anticipating and satisfying the needs of customers and society in a profitable and sustainable way (Peattie & Crane, 2005). Green marketing is today used by many companies and it deals with all the activities designed to generate and facilitate any exchanges intended to satisfy human needs and wants, with a minimal effect on the natural environment (Polonsky and Rosenberger 2001; Peatty 1999). There are different approaches to green marketing where some companies are more environmentally responsible than others, especially if we talk about the differences between big companies and small-medium companies.

Despite the managerial interest, few empirical studies have examined sustainability issues in marketing strategy (Leonidou et al. 2013; Cronin et al. 2011) and so marketing literature is failing in order to understand this concept from an academic and empirical point of view, focusing on SMEs. For now, as a result, knowledge about green marketing practices is still limited for both managers and policy makers (Chabowski et al. 2011; Etzion 2007), especially in its link with the brand management.

This paper addresses the need for a more integrated and holistic overview and analysis of green marketing practice and its connection through the development of a conceptualization of green marketing status of Italian SMEs to capture the organizational facets and situation in this field. Then research on brand and brand management need to be boosted by a new and deep comprehension about green management and brands can be linked and operate together.

The purpose of this research therefore is double. Firstly, it aims at exploring the body of literature, studies and projects on sustainability for defining the state of the art of green marketing at company level. Secondly, it aims at analysing quantitative secondary data and conduct quantitative research in order to understand the status of the implementation of the green marketing from the Italian SMEs perspective and its relationship with brand management and brand identity in particular.

This paper aims to answer the following research questions:

RQ1: what is the state of the art about the green marketing mix in the Italian SMEs?

RQ2: Is it possible to map and cluster these companies according to their green marketing mix?

RQ3: Can we find a relationship between the level of green marketing with the brand identity management?

## **Methodology**

The present work follows a quantitative approach to collect and analyse data. First step was to administer a survey to a number of Italian SMEs (taken out from Global Reporting Initiative (GRI) Italian database). The questionnaire consists in four parts. Following the first part in which general information are asked about participating firms and respondents (Position of the respondent, Annual Turnover, Company Experience/Age, Number of Employees and Type of Industry), the second part was designed to investigate about the efforts in terms of financial resources and investments in green for what concerns the marketing mix and in particular the four main Ps (Product, Place, Price, Promotion). For the third section we used scales developed by Leonidou et al. (2013) (17 items for the green marketing mix) and by Papadas et al. (2017) (13 items for the green marketing

orientation) covering the evaluation of contingencies that may affect the leverages of the marketing mix and the green marketing orientation. This part was measured by 7-point Likert scale. Last section concerned brand section with an adaptation from the scale developed by Simoes et al. (2005) (14 items for brand identity management). Also this last part was measured by 7-point Likert scale.

After the reliability analysis data were analysed through the cluster analysis methodology performed on SPSS in order to investigate if some companies showed similar characteristics or not, firstly on the hand of green marketing mix and then, on the hand of brand identity management

### Findings

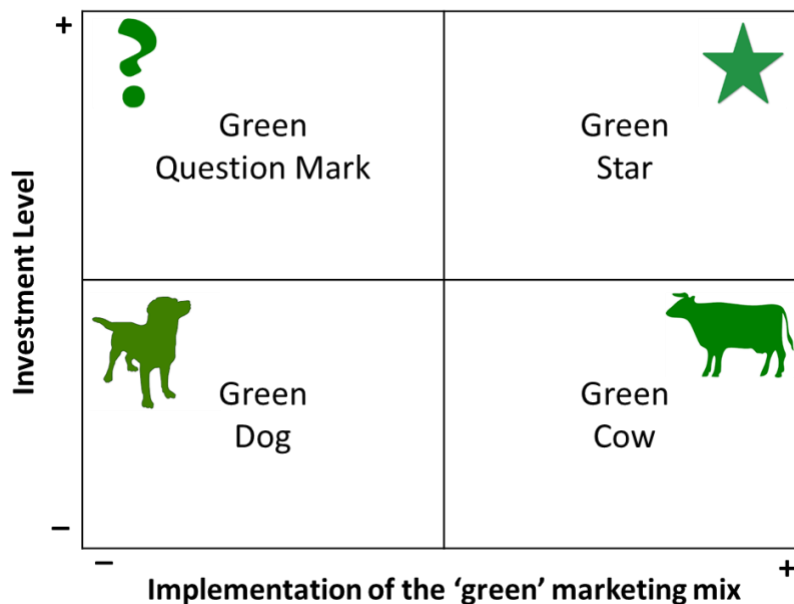
Final sample resulted in 46 Italian SMEs.

Results show a variegated scenario where some companies are “greener” than others in terms of marketing mix while some other shows a kind of “hybrid” situation.

Through companies’ feedbacks from the administered survey and collected data we were able to map the descriptive sample and create 4 clusters contained into a grid that we called “the Green Grid” inspired from the well-known Boston Consulting Group (BCG) Matrix. On the x-axis we put the implementation of green operations and initiatives in the 4 leverages of the marketing mix (Product, Price, Place, Promotion); on the y-axis we put the investment level in terms of percentage of the total revenue. Starting from the taxonomy used by BCG we named the 4 cluster as follow:

- High investment and high green marketing mix: Green Star
- High investment and low green marketing mix: Green Question Mark
- Low investment and low green marketing mix: Green Dog
- Low investment and high green marketing mix: Green Cow

**Fig. 1: The Green Grid**



Source: Authors’ elaboration

After this, we did a second step in order to match together the level of green marketing mix and the implementation of a professional brand identity management. To explore this part we used the survey’s answers about “brand identity management section”. Here too, after the reliability and correlation analysis (see tables below) we performed a clusterization matching the level of green marketing with the level of brand identity management. Even this time we made use of a 2x2 matrix

(see figure 2).

**Tab 1. Descriptive statistics and reliability analysis**

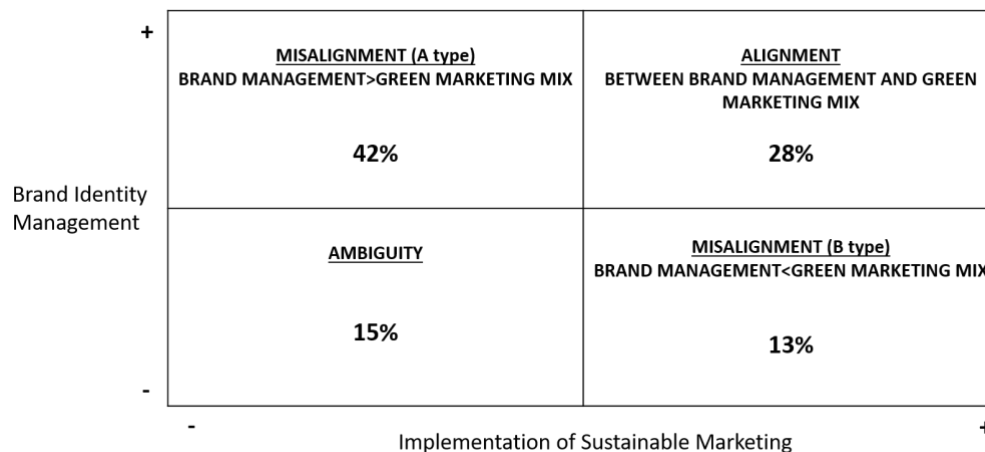
Construct	N. of items	Mean	Mode	SD	$\alpha$	$\alpha$ if item deleted
Mission and Value Dissemination	4	4.3	5	1.5	.971	.961
Consistent Image Implementation	5	4.2	6	1.8	.978	.922
Visual Identity Implementation	4	3.5	5	2.1	.951	.943

**Tab 2. Correlation analysis**

Construct	MVD	CII	VII
Mission and Value Dissemination	1		
Consistent Image Implementation	.674*	1	
Visual Identity Implementation	.631*	.859*	1

\*. The correlation is significant at 0,01 level (2-tails).

**Fig. 1: Matching the Green Marketing Mix with the Brand Identity Management**



### Theoretical and Practical implications

This study could offer important insights for both academics and practitioners. Exploring inside the green grid important differences can be found also from the practical and strategic point of view.

The cluster “Green Stars” shows a “practiced sustainability” which embraces a long term objective of effectiveness. The sustainability is considered a strategy leading to a competitive advantage, and all the organizational functions are involved in it.

Thus, stars, should oversee and preserve their position. To do this one efficient way could be the development of a strong internet and social monitoring of different consumer targets. Stars should also enhance their CRM system in order to stay tuned with customers’ preferences.

The “Green Cows” show a merely “communicated sustainability” which embraces a medium-long term objective of visibility in which sustainability is considered as important and the main function involved is a widespread PR function. Cows have to allocate primarily financial resources in R&D and product innovation and improve the so called internal branding. In fact, the Cows

situation underlines to managers the important role of taking care as being based on corporate values, which could be promoted in the construction of a green culture through discussions, socializing, and the sharing of corporate values and norms during meetings involving both employers and employees.

The “Green Question Marks” have a “suffered sustainability” which embraces a medium-short term objective of defense. The green perspective is considered as an area of constraints and only the legal function is involved to apply the rules in a proper way. Thus, Question Marks should go beyond the merely positive answer to legal norms and work harder and better on the green resources allocation, production, distribution and to communication activities in order to achieve a better green position.

The “Green Dogs” show a “denied sustainability” which embrace a short term objective of effectiveness. For them sustainability is considered as non-existent and the different functions are not involved. Dogs should work in an integrated way improving all the aspects and factors of sustainability in order to become greener. The challenge in this case is to enhance managers’ sustainable awareness in order to ensure more environmentally and socially friendly practices. All the departments in the organization should be committed to provide the same level of environmental and social responsibility, which will be accepted by not only the customers but also by the government, the other stakeholders and the employees as well.

Regarding the second grid used (about green marketing in link with brand identity management) other interesting insights can be drawn. The majority of the sample are those companies who are in “misalignment (type A)” situation that is a declaration of a good brand management but, at the same time, not a strong orientation towards the green marketing mix. It means that most of the analysed firms, even if they have a professional brand management system, they should work actively on green strategies. The 28% of the firms are in “perfect” alignment with a good brand management and good green marketing implementation. The 13% are in the “misalignment (type B)” situation and they should implement a proper brand identity management, while the 15% are all those companies that should evolve in both sides, the brand identity management and the green marketing mix.

To conclude, managers nowadays should be aware that the “green reputation” is conveyed by an effective brand identity management and it could be a strong communication leverage that can be used to communicate the values of the company and the inner quality of the products/services and processes in order to survive and gain a sustainable (in all the senses) competitive advantage.

**Originality of the study.** To the best of our knowledge this is the first effort in order to cluster and map Italian SMEs for what concerns the strategic choices about the implementation of the green operation in the marketing mix and its link with the brand identity management.

We drew two significant grids, matching some important variables emerged from the survey to map the SMEs in our sample. We found important preliminary findings and characteristics about Italian SMEs on the both sides of green marketing and brand identity management. From findings important theoretical and managerial implications can be drawn in the next advancement of this work. Moreover, to the best of our knowledge no studies until now have explored the impact of the green marketing mix and its connections with the brand management

**Research limits.** Although this research study has been designed to fill both theoretical and empirical gaps in the academic literature, we acknowledge that it has some limitations, which could be overcome in future research. First, the data were collected from a convenient sample taken out from Global Reporting Initiative (GRI). Second, we collected most of the data from a single key informant in each firm and potential cognitive bias could exist. Next step of this work will be in-depth interviews to top management and to the CSR manager (if it exists in the company organization structure) of the investigated companies in order to focus and analyse exhaustively the opportunities and the threats of the implementation of green practices in the marketing mix.

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