

# BUSINESS AND THE ENVIRONMENT

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## **Chapter 5**

#### **ENVIRONMENTAL MARKETING STRATEGIES**

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A growing concern for the natural environment is one of the factors that increasingly determine actions adopted by enterprises. Companies operate to earn profit through responding to arising opportunities and threats, therefore, they should not ignore environmental issues in their business strategies, including marketing ones. Restrictive environmental standards, the increasing environmental awareness of consumers and the availability of clean technologies stimulate market opportunities as well as create additional risks. Thus, enterprises should select environmental strategies to balance their potential benefits and costs.

This chapter should provide the reader with an insight into environmental marketing strategies as well as demonstrate the reasons for their implementation. Defining these strategies is a starting point. The second part describes business motivations to implement environmentally friendly actions. The third one presents environmental marketing strategies, and the final part of the chapter contains conclusions and a set of questions addressed to the reader.

### 5.1. Definition and idea of corporate environmental marketing strategy

Considerations relating to corporate marketing strategies should start with providing definitions of this term. Corporate strategy is defined as: "the pattern of major objectives, purposes, or goals and essential policies and plans for achieving those goals, stated in such a way as to define what business the company is in or is to be in and the kind of company it is or is to be" (Jain 1999, p. 8). In other words, "this is a company's game plan for achieving its goals" (Kotler, Keller 2012, p. G8).

The term of a marketing strategy is described as "the marketing logic by which the company hopes to create customer value and achieve profitable customer relationships" (Kotler, Armstrong 2012, p. 677). According to Jain (1999, p. 23), "marketing strategy focuses on ways which enable an enterprise to outperform its competition effectively, using its unique strengths, to deliver improved benefits to the consumers." An effective marketing strategy should be characterized by (Jain 1999, p. 23):

- · clear identification of the market;
- · good linkage between the company's strengths and market needs;
- operations carried out in key business areas are better when compared to those of the competition.

Taking these elements into account, Jain indicates that the development of a marketing strategy requires that three key decisions should be made (Jain 1999, p. 24):

- Where should we compete? In other words, it is necessary to identify the market;
- How should we compete? It is necessary to identify the tools which will enable the enterprise to compete with other entities;
- When should we compete? This is perceived as a need to select the time of market entry.

Taking the above comments into account, we may now consider a definition of the environmental (or pro-environmental) marketing strategy of an enterprise. It is a narrower term in relation to the corporate environmental strategy, which has been described by Banerjee et al. (see Cater, Prasnikar and Cater 2009, p. 58) as "the extent to which environmental issues are integrated with a firm's strategic plans." The corporate environmental marketing strategy means a set of actions undertaken by an enterprise to benefit from its strengths and focus them on meeting the environmental needs of consumers (and potentially of other stakeholders). Stanton and Futrell define this term as "all activities designed to generate and facilitate any exchanges intended to satisfy human needs or wants, with the emphasis that these activities create the smallest possible negative impact on the natural environment" (see Cater, Prasnikar and Cater 2009, pp. 58–59).

In the context of Jain's considerations, we can present characteristics of an effective environmental marketing strategy:

- · clear identification of the market;
- linking environmental strengths of an enterprise with stakeholder needs in relation to environmental protection;
- environmental protection oriented tasks are delivered better than those of the competition.

Chodyński (2011, p. 124) recognises that corporate environmental marketing strategies should also be characterised by the following features:

- · orientation on prevention;
- addressing risk and planning;
- support of high level management.

It has already been mentioned that the term environmental marketing strategy is rooted in a broader term, i.e. corporate environmental strategy. Based on the subjective criterion, several other strategies which address the subject of environmental protection may be distinguished; they are described in Table 5.1.

**Table 5.1.** Constituent strategies resulting from corporate environmental strategy (based on the subjective criterion)

Strategy	Description
Purchasing environmental strategy	This strategy covers the long-term management of the supply chain to increase the importance of recycling, reusing and reducing the use of resources.
Production environmental strategy	This strategy addresses environmental requirements in diverse aspects of the production process, e.g. product development, the use of production capacity and stock management.
Personnel environmental strategy	This strategy involves training personnel and stimulating their environmental awareness, which translates into their active participation in the enterprise's environmental protection activities.

Source: Author's own compilation based on Cater, Prasnikar and Cater (2009), p. 59.

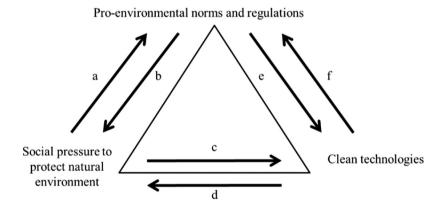
Bearing that in mind, one may claim that corporate environmental strategy is a rather holistic approach aiming at being eco-friendly, and an ecological/environmental marketing strategy is one of the measures taken to achieve such a goal.

#### 5.2. Enterprises' motivation to adopt environmental marketing strategies

The subject of environmental protection is reflected in various aspects of companies' operations, including their marketing strategies. Therefore, it seems reasonable to identify factors that motivate enterprises to coordinate their strategies with the requirement of environmental protection. Kaczmarek (2011, p. 507) lists three key reasons for adopting this approach. They include:

- an increased number of standards and regulations addressing the issue of environmental protection;
- consumers who are more sensitive about this issue and related social pressure to improve quality of the environment;
- technological progress focused on the decreasing importance of technologies which degrade the natural environment and the increasing importance of pro-environmental technologies.

All these factors are interrelated as they mutually impact one another. This is graphically demonstrated in Figure 5.1.



**Figure 5.1.** Interactions among motivations to adopt environmental marketing strategies **Source:** Author's own compilation

Society's attitude is increasingly focused on protecting the natural environment from degradation, which influences such aspects as legislation and results in adopting such laws that encourage people to act in an environmentally-friendly

manner (arrow a). On the other hand, citizens must adapt to the binding standards and regulations by taking such actions as limiting the consumption of goods that affect the environment and increasing their spending on goods which comply with pro-environmental legal requirements (arrow b). Consequently, this results in shaping a consumption pattern that facilitates the improvement of the natural environment, as it provides a bottom-up stimulus for enterprises to adopt pro-environmental solutions.

Social pressures also lead to the development of new technologies which are characterised by improved environmental parameters (arrow c). On the other hand, such technological solutions, particularly if they are implemented in the final goods, facilitate the development of social awareness focused on the concern for environmental conditions (arrow d). It is clear that the development and implementation of such technologies represent a response not only to consumers' behaviours but also to the binding, and sometimes planned, regulatory solutions (arrow e). At the same time, willingness to extend the application of pro-environmental technological solutions is expressed through the adoption of standards and regulations focused on environmental protection (arrow f).

Other sources divide the motivations to adopt environmental strategies into four major groups (see: Cater, Prasnikar and Cater 2009, pp. 57–58):

- regulations establish legal and economic limitations to business activities; it should be stressed that the degree of impact created by the regulations depends on the sector in which specific entities operate;
- public concern an external force which impacts businesses and is related to activities of various groups of stakeholders (e.g. green activists) and the consumers themselves;
- expected competitive advantage a belief that an enterprise may gain an advantage over other companies operating in a specific sector due to the implementation of pro-environmental goals;
- top management commitment an external care of the company management for the natural environment which results from a fear of stricter regulations or high environmental awareness of consumers.

The impact of these motivations on corporate marketing strategies is presented in Figure 5.2.

It should be emphasised that empirical analyses confirm that enterprises are led by these motivations when deciding upon their environmental marketing strategies. Cater, Prasnikar and Cater (2009) studied Slovenian entities in terms of reasons that

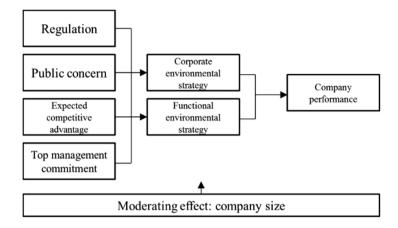


Figure 5.2. Model of environmental strategies and motivations

Source: Cater, Prasnikar and Cater (2009), p. 59

have contributed to the adoption of such strategies. The respondents, i.e. representatives of companies with at least 50 employees, were asked to respond to specific statements using a scoring scale from 1 to 5 (1 means complete disagreement with a specific statement, and 5 – complete agreement with the statement).

The responses indicated that Slovenian enterprises were becoming more pro-environmental mainly due to the fact that their top management was fully committed to the idea of environmental protection. Other motivations were also important, and social pressures represented this attitude. Occasionally, there were significant differences in responses provided by the representatives of large and small enterprises, which is a key finding. The latter group, for instance, was influenced by a stronger pressure of consumers, who expected that the enterprises would develop products presenting greater environmental values. That situation could result from the fact that large enterprises had a greater potential to adopt a pro-environmental attitude (e.g. due to greater financial resources), and their activities were more visible to consumers and other stakeholders.

In this context, it is worth emphasising that Esty and Winston (2009, p. 20) indicate that enterprises most influenced by environmental protection-oriented social pressure:

- own reputable brands,
- operate in sectors which significantly impact the environment,

- · have an offer which depends on natural resources,
- are subject to significant on-going regulation-related burdens,
- can become subject to new regulations in the future,
- have operations which involve significant greenhouse gas emissions,
- operate in sectors which intensely compete for qualified labour force,
- have a strong pro-environmental image.

Many of these characteristics indicate that it is mainly large enterprises that need to adopt pro-environmental attitudes, however, small ones also need to address environmental protection in their marketing strategies. The reference literature lists several reasons for this situation (see: Esty and Winston 2009, pp. 19–21):

- The subjective scope of legislation is extended regulations which concern large enterprises in many cases also cover smaller ones;
- smaller enterprises hold an advantage in terms of technology development, which can result from their greater organisational flexibility, hence, they can generate significant benefits from the development of so-called clean technologies;
- pressure groups (such as green activists) can perceive small enterprises as
  a target of their actions for instance, the emission of pollution produced
  by a single individual does not raise the same objections as those produced by a company (regardless of its size);
- technological progress reduces the cost of activity monitoring, even in small enterprises, also in terms of their compliance with environment-related requirements;
- larger customers force smaller suppliers to implement measures to reduce negative impacts on the environment – this is evident particularly in the situation where the environmental values of a final product depend on the environmentally friendly aspects of intermediate goods;
- due to their flexibility, smaller enterprises have a greater ability to respond
  to new market trends for instance, they are more efficient in managing
  gaps created by consumers who are aware of the threats resulting from
  the degradation of the environment.

To conclude considerations concerning the motivations that direct business towards the adoption of an environmental marketing strategy, we may observe that such activities are in line with the idea of corporate responsibility. This is a multi-layer concept which can be represented in the form of a pyramid (Figure 5.3).

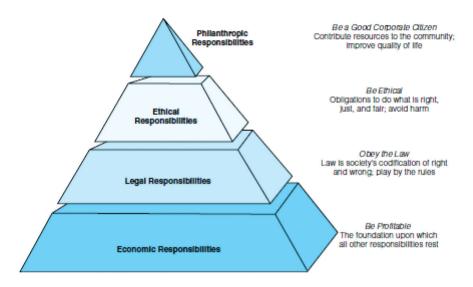


Figure 5.3. The pyramid of business responsibility

Source: Carroll (1991), p. 42 (cited after Farrell, Hartline 2011, p. 63)

The greater effort of an enterprise in the area of environmental protection involves the need for being responsible vis-à-vis society. A company, which fulfils environmental requirements aspires to produce as many social benefits as possible, and, in a way, it gives up planning and delivering its individual business targets.

### 5.3. Types of corporate environmental marketing strategies

The corporate environmental marketing strategy reflects the attitudes of enterprises in relation to environmental protection. These attitudes are mainly based on the classification of motivations followed when adopting environmental strategies. The literature distinguishes four types of such attitudes (Kaczmarek 2011, p. 508):

- the legislation-focused approach this strategy is implemented to respond to the publication of new rules and provisions on the environment;
- the market approach this strategy expresses the green preferences of consumers;
- stakeholders' approaches extends the previous attitude, taking also other groups interested in environmental issues into account;
- the "dark green" approach this approach emphasises the need for the organisation to operate in greater harmony with nature.

It should also be stated that when an entity adopts an ecological marketing strategy, it must specify how it should change its marketing mix components to address environmental issues. Some key questions in that area are presented in Table 5.2.

**Table 5.2.** Marketing mix in an ecological context – key questions

Marketing mix element	Key questions
Product	What is the impact of the firm's product on the natural environment? Do the inputs and packaging affect the environment? Are different product features (like packaging) necessary or is it possible to eliminate them?
Price	Is there a pool of consumers who are willing to pay higher prices for an eco-friendly product?  How does the usage of ecological inputs influence the firm's prices?  Are there public programmes subsidizing the usage of ecological products and are the firm's clients aware of those programmes?
Place	How does the way a firm reaches its consumers (e.g., through the selection of means of transport) affect the environment?  Does the time of delivery increase congestion?  Does the usage of proecological transport have an impact on the speed of delivery and/or the quality of the product?
Promotion	Is the material used in promotion detrimental to the environment? Are consumers aware of the firm's proecological attitude? (e.g., through information on cerificates a firm obtained) Do the firm's communication channels efficiently reach environmentally conscious consumers?

Source: Author's own compilation.

A really holistic approach towards environmental issues necessitates the adaptation of each markeing mix element to new opportunities and risks. It is hard to imagine a company which focuses its pro-ecological efforts on only one aspect of the marketing mix.

#### 5.3.1. Active and passive strategies

The literature devoted to the subject often distinguishes the following four key types of corporate environmental strategies (Wiśniewska 2004, p. 94, Kaczmarek 2011, p. 509):

- aggresive uses all possible measures to adapt the production process to environmental requirements and transform the organisational structure to combine the aspect of environmental protection with the various tasks of a given entity;
- innovative identified with the search for new technologies, constructions and goods which foster an attitude of environmental protection;
- defensive its implementation involves withdrawing products that do not comply with environmental requirements from the company's offer, and eliminating technologies with low environmental parameters;
- passive its implementation involves the company adapting to binding environmental regulations only.

These strategies can be classified by dividing them into two groups. The first two strategies are often referred to as active ones as they respond to actions implemented by the authorities and to market signals, while the other two are referred to as passive as they only respond to newly adopted regulations (Wiśniewska 2004, pp. 94–95). Active strategies reveal a significant commitment of an enterprise to activities, which prevent the degradation of the natural environment. They improve the image of the enterprise and facilitate its expansion into new markets or segments developed by consumers with high environmental awareness. However, the need for environmental investments involves a readiness to accept additional risk.

On the other hand, passive strategies are preferred by enterprises, which view environmental protection as an issue of secondary importance that only (or almost only) generates additional costs. Reasons why enterprises reduce their environmental activities to the bare minimum (see: Wiśniewska 2004, p. 95) include:

- the enterprise's impact on the environment is marginal, which may result from the specificity of the sector or the size of a given production unit;
- the enterprise's attitude towards the environment does not significantly impact its market position e.g. the market is monopolised;
- the enterprise's financial standing is so weak that it is unable to invest in environmental protection;
- a comparison of estimated necessary expenditure and expected benefits demonstrates that environmental activities are pointless for the enterprise;
- management do not see environmental protection as a problem, or are of the opinion that by investing in environmental protection the enterprise will not improve its financial performance.

It should be added that the above-mentioned classifications (composed of four and two elements) concern corporate environmental strategies and, as such, they condition environmental marketing strategies. For instance, it seems obvious that a passive strategy (e.g. type 4) will impact the marketing activities of an enterprise, which will focus on adapting its product composition or publish information that the environmental parameters of a manufactured product meet binding regulations. The enterprise will neither deliver R&D activities to develop a new and environmentally friendly product nor increase its expenditure to position a specific product in the context of its environmental aspects.

The presented classification of environmental strategies is also consistent with the classification by Tilley (1998, pp. 69–71), who distinguishes four environmental strategies of small enterprises:

- the resistant strategy ignores environmental protection-related pressure, meaning no relevant actions are implemented;
- the reactive strategy reacts to external pressure, which mainly results in compliance with basic standards and provisions; actions are often taken on an ad-hoc basis to reduce costs;
- the proactive strategy a more determined engagement of an enterprise
  in environmental protection, however, still distant from questioning the
  enterprise's modus operandi as an organisation; environmental actions
  implemented by the enterprise in many cases are innovative, however,
  they do not represent a holistic attitude towards environmental issues;

the sustainable strategy – a fundamental modification of all aspects of the
enterprise's operations in terms of its impact on the natural environment;
apart from implementing environmental activities in the field of production (e.g. implementation of environmentally friendly technologies), this
strategy integrates the need for environmental protection with how the
enterprise is organised and managed.

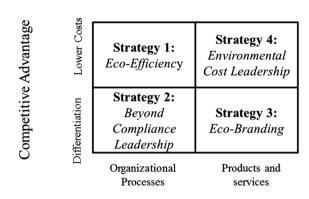
#### 5.3.2. Competitive environmental strategies according to Orsato

Marketing strategies are closely related to how an enterprise decides to compete. Thus, environmental marketing strategies can also be viewed in terms of forms of competition that companies adopt. Orsato lists four key corporate competitive environmental strategies (Orsato 2006, pp. 130–137):

- · eco-efficiency,
- · beyond compliance leadership,
- · eco-branding,
- environmental cost leadership.

This classification addresses the source of an enterprise's competitive advantage (i.e. whether the company attempts to differentiate itself from the competition or bases its position only on low cost and price), as well as the content of environmental actions implemented by the company (organisational processes or offered products and services). Where an enterprise is focused on its offer, it is quite easy to assign its specific environmental actions to specific products or services. The introduction of a new product characterised by significant environmental strengths is an example of this approach. Where an enterprise is focused on its processes, it is hard to assign environmental actions to specific activities, and they apply to the organisation as a whole. Figure 5.4 presents the strategies identified by Orsato.

An eco-efficiency strategy assumes that an enterprise can become more productive and reduce costs due to the minimization of various types of waste. This approach makes a lot of sense, particularly in the case of enterprises that do not have sufficient funding to implement measures that would differentiate them from the competition. For instance, the cost of obtaining a certificate to confirm that business operations are environmentally friendly (e.g. ISO 14001) may exceed the capacity of many small and medium-sized enterprises. Orsato (2006, p. 133) adds that this is a favourable strategic option for entities which:



#### Competitive Focus

**Figure 5.4.** Generic Competitive Environmental Strategies **Source:** Orsato (2006), p. 131

- · operate in a sector of industry,
- ncur relatively high costs of production;
- produce waste and/or by-products in the course of production.

Esty and Winston (2009, p. 106) provide various examples of how this strategy is applied in practice:

- AMD, a manufacturer of computer microprocessors, reduced water consumption necessary to clean silicon wafers from 18 to 6 gallons per minute;
- General Mills reduced the quantity of packaging by reducing packaging volume, and saved 890,000 lb of paper;
- in the field of energy savings, UPS saves three million gallons of fuel annually by requesting its drivers not take left turns.

In terms of marketing, this strategy generates significant benefits: for instance, the modification of packaging, such as the one introduced by General Mills, enables a company to impact the frequency of purchases or gain an entry to new market segments. It also reduces waste and thus offers benefits in marketing the organisation in general. Reduced paper consumption, particularly in large and bureaucratic enterprises, may result in significant savings and represents an intuitive example of this approach.

Leadership strategy, in turn, is connected with efforts undertaken to distinguish an enterprise in the market. A possibility of avoiding price wars with other companies is the key benefit of this strategy. Additionally, it seems that this strategy enables companies to communicate their environmental attitude and actions better that the Eco-Efficiency strategy. It is due to the fact that its implementation often requires companies to obtain environmental certificates or to declare that they have adopted an environmental management code, etc.

It seems that this strategy is appropriate for enterprises which meet the following conditions:

- their buyers (both natural persons and companies) highly value the environmental characteristics of the supplied products e.g. a producer of a final good can request that the supplier acquire specific certificates;
- their operations are closely related to creating an image of an environmentally friendly business;
- they try to avoid price-based competition this may result from their willingness to develop consumer loyalty or to recover the investment expenditure as soon as possible.

The two presented strategies assume that organisational activities will be adapted to environmental requirements. However, it also seems that strategic options, which involve the impact on the environmental aspects of products and services, increasingly often influence the consumers. The beyond compliance leadership represents this strategic option. Under this strategy, the enterprise aspires to reduce costs, and ultimately the prices, of environmentally friendly products. Orsato (2006, pp. 136–137) describes an example of Ecolean, a Swedish manufacturer of packaging. This company has a 25% advantage over the prices of its competitors. The reduction was mainly accomplished by replacing plastics with calcium carbonate used in the production process. As a result, the Ecolean offer gained an environmental value as well as becoming cheaper – calcium carbonate is an easily accessible ingredient as it is a chemical compound universally available in the earth's crust.

An eco-branding strategy is the final option which allows enterprises to differentiate their offer from their competition. According to Orsato (2006, p. 134–135), there are three conditions that apply:

 consumers must be willing to pay higher prices for the environmental features of the product they want to purchase;

- consumers must receive reliable information on the environmental features of products and services;
- the differentiation method introduced by an enterprise should be difficult to copy for the competition.

This strategy can be applied by enterprises operating in the B2B (business-to-business) sector as well as in the sector of consumer products. The former may inform their clients about the benefits provided by reduced energy consumption or reduced generation of by-products, while the latter can fill the gap for consumers who care about environmental issues. Avoiding price competition is the key benefit which can be obtained from this strategy, e.g., Swedish companies which use the KRAV label, price their products by 10–100% more than their competitors.

Several key factors should be addressed when selecting or implementing one of the above-mentioned strategies. Esty & Winston (2009, pp. 129–132) state that it is necessary to:

- ensure that the company's offer includes other advantages, not just environmental ones;
- adapt the company's operations to the requirements of specific segments;
- analyse consumers' willingness to pay higher prices.

The focus on environmental features as the key strength of a product may be treacherous. It may work only in cases where the environmental value of the product significantly impacts the standard of living. In other situations, the environmental features should only complement an appropriately high value or other favourable use-related characteristics. That was a lesson learnt by Shell, which introduced fuels with a smaller sulphur content in Thailand. Due to the high population density in Thailand and major traffic jams in large cities, the air is heavily polluted, and that is why the new fuel became a success. However, its introduction in the Dutch market resulted in Shell's market failure. Environmental awareness of Dutch consumers seems high, however, only by highlighting the fact that new fuel increases the power of the engine did it contribute to increased sales. This example demonstrates that if the need for environmental protection is not urgent (e.g. due to the low level of pollution in a specific country), and enterprises have no funding or sufficient competence to differentiate their offer based on features other than environmental values, then they should select low cost strategies (eco-efficiency or cost leadership).

The efficiency of a strategy also greatly depends on a company's skills to adapt to the specificity of the segments. The activities of the Monsanto corporation, which successfully sells genetically modified foods in the U.S.A., but which, however, is not able to attract EU consumers, represent an example of such a failure.

Taking into account the need to provide an offer with other typical attributes, such as high quality, we should note that there are some attributes that should be emphasised on the B2B market, with others for the consumer goods market. In the case of the former, energy savings resulting from the application of environmentally friendly supplies, machinery and equipment, etc., are important to buyers. The different features of a product or a service, such as ease of use, will be important to the final consumer. Thus, if an enterprise selects a strategy based on differentiation, it should adapt it to each of the segments it serves.

The final recommendation of Esty & Winston (2009, p. 132) says that it is important not to expect that consumers will be willing to pay high prices for green products. Intuition prompts people with high environmental awareness to accept higher prices for a product's lower environmental impact. Esty & Winston refer to examples of interviews with representatives of large enterprises who suggest that a group of such consumers is rather small and represents slightly more than ten per cent of the market. Although the price premium due to environmental merits can be quite high (which is confirmed by data for Swiss producers from the energy sector – see Figure 5.5), the final revenue does not necessarily have to be satisfactory.

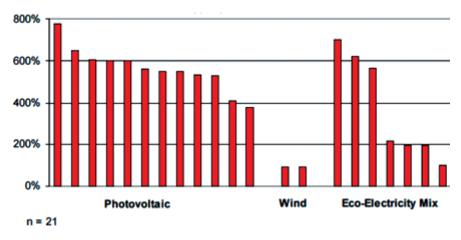
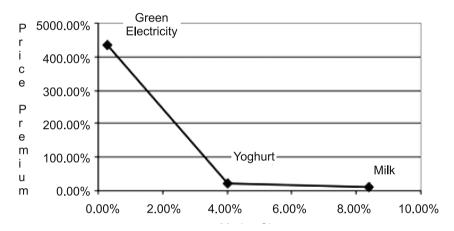


Figure 5.5. Price Premium for Swiss Eco-Electricity Products (%)

Source: Wüstenhagen (1998), p. 3

This indicates that differentiation-based strategies should only be applied in situations where we have identified a relatively large segment of consumers who accept increased price levels. If, however, its size is limited, enterprises should focus on strategies based on low cost and prices. If the cost of, e.g., obtaining environmental certificates or implementing environmentally friendly technologies is high, companies are tempted to transfer such costs to consumers. However, such an approach must be limited – one can raise prices only to a specific level. This finding is confirmed in Figure 5.6, which demonstrates the negative dependence between the level of prices of environmentally friendly products and their market share.



**Figure 5.6.** Market Share and Price Premium of Average Swiss Green Electricity, Bio-Yoghurt and Bio-Milk Products

Source: Wüstenhagen (1998), p. 5

It seems that product with a high price premium (being the additional markup which stems from the proecological features of the particular product) can gain only a limited market share.

#### 5.3.3. The Ansoff Matrix – the environmental version

The so-called Ansoff Matrix is a simple structure which presents corporate marketing strategies in relation to the product and market. It is presented in Figure 5.7. In its basic form, the matrix does not address environmental issues, however, it can be used to describe behaviours of enterprises in terms of environmental protection.

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Figure 5.7. The Ansoff Matrix

Source: Author's own compilation

An ecological market penetration strategy involves the sale of an existing product on a market which is currently served by the company. This strategy is the simplest strategic option of all the options presented in this paper. One may intuitively assume that two types of enterprise are particularly predestined to implement this strategy. The first is enterprises which have already expanded into many markets (thus, they do not need to enter new markets) and, at the same time, their offer includes a universal product (which, however, represents environmental features). The second is enterprises which have just launched an offer with environmentally friendly goods (thus, they focus on their existing market as they have a good knowledge of its specificity, they do not introduce new products and only monitor the reaction of their existing consumers in relation to their current offer).

Enterprises which intend to address the needs of their respective markets in a comprehensive way can implement a strategy of eco-product development. Assuming that an extended line of products offered to consumers will increase their loyalty towards the brand and, hence, to the enterprise, the entity will aim at enriching its offer with new environmentally friendly products. The fact that in the course of strategy implementation the enterprise is oriented towards the group of consumers whose needs have already been recognised is a relevant advantage of this strategy.

On the other hand, the need for market identification is a feature that characterises market development strategy. It also ensures economies of scale in production as it involves the possibility to offer a currently manufactured environmentally-friendly product to new consumers. A foreign market entry with the existing offer is an example of this approach (e.g. as a result of increased income available to society and the resulting increased interest in green goods).

The diversification strategy is the last option shown in the Ansoff Matrix. It involves the development of both the portfolio of products and the markets,

which makes this option the most expensive and means it bears a high risk of failure. However, if this strategy is implemented successfully, the enterprise becomes independent of various fluctuations occurring on specific markets or related to production and the sales of specific products.

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In the face of new challenges related to the need for environmental protection, companies increasingly often decide to implement environmental marketing strategies. Factors which contribute to such decisions include national regulations, a growing social pressure and the availability of green technologies. It should be emphasised that some enterprises are more likely to implement these strategies, and examples include entities with reputable brands or those which operate in sectors that significantly impact the environment. At the same time, small and medium-sized enterprises should also consider the adoption of environmental marketing strategies because of, e.g., the expanding scope of environmental regulations or the requirements of larger customers.

The literature lacks the finally approved classification of environmental marketing strategies, however, it contains numerous references to various active and passive strategies. The classification also provides an option to apply the environmental concept of Orsato's competitive strategies or the Ansoff Matrix, although the selection of a specific strategy is a complex and multi-aspect process. Enterprises which adapt their marketing activities to environmental requirements should address various factors such as available funding, dependence of their sales on environmental image, the type of sector, and the environmental attitude of clients or their readiness to pay higher prices.

#### **Questions and assignments**

- 1. Why are large enterprises more vulnerable to external pressures which force them to become more environmentally friendly?
- 2. Should small enterprises address environmental requirements in their marketing strategies? List reasons which support your answer.
- 3. Why do some enterprises prefer passive activities in the area of environmental protection, and why do they decide to only adapt their offer and business activity to comply with binding legislation?
- 4. List examples of enterprises operating in your country which implement specific competitive environmental strategies identified by Orsato.

- 5. When is it reasonable to apply the low-cost environmental strategies described by Orsato?
- 6. List examples of firms following four strategies summarized in the Ansoff Matrix (in the context of ecology).

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Considering environmental protection requirements in business operations may, in the long run, determine if a lasting comparative advantage can be achieved. That is why our textbook, rich in case studies, identifies not only the threats a business may pose to the environment but stresses the ways of reducing its negative impact. It discusses, among other things, the concept of corporate social responsibility, environmental management systems, methods and the importance of eco-labelling goods and the so called green public procurement in the private and public sectors. The book is addressed primarily to students of courses in economics and management. We hope it will also make interesting reading for entrepreneurs, representatives of business environment organisations and the staff of public administration at different levels.





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