THE SUSTAINABLE MARKETING CONCEPT IN EUROPEAN SMEs:
INSIGHTS FROM THE FOOD & DRINK INDUSTRY
THE SUSTAINABLE MARKETING CONCEPT IN EUROPEAN SMEs: INSIGHTS FROM THE FOOD & DRINK INDUSTRY

EDITED BY

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About the Editor

Edyta Rudawska (PhD) is Associate Professor, Head of Marketing Department and Director of the Management and Marketing Institute at the Faculty of Economics and Management, University of Szczecin in Poland. She is an author or co-author of over 200 publications on customer relationship management, sustainability and marketing management. She has published scholarly articles in well-referred journals, including *British Food Journal*. In 2010, she was given an award by the President of the Polish National Central Bank for the best habilitation thesis. Edyta Rudawska is a member of the Committee of Organization and Management Sciences of the Polish Academy of Sciences and an expert of the National Science Centre in Poland. She has delivered lectures and conducted training workshops at the University of Szczecin, Warsaw School of Economics, University of Łódź, Cracow University of Economics at master’s degree, postgraduate and executive MBA level. She has participated in scientific internships and research programmes at the University of Nicosia (Cyprus), University of Manchester (Great Britain), University of Kelaniya (Sri Lanka). She has also been a visiting professor at Guangdong University of Foreign Studies (China), Virtual College at University of Vitez (Bosnia and Herzegovina) and at the University of Jaen (Spain).
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Introduction

Edyta Rudawska

Some interesting facts to awaken and inspire:

- Global warming leading to severe and unpredictable weather, shifting rainfall patterns and droughts will limit crop yields … (Gornall et al., 2010)
- By the end of the twenty-first century, the temperature will rise between 1.4° and 5.8° C … (Kihiko & Kinoti, 2017)
- The growth rate in CO₂ concentrations is the highest for at least 20,000 years … (Koch, 2012)
- Natural resources are being depleted at a faster rate than they are produced or renewed by nature … (Renewable and non-renewable resources, 2017)
- By 2025, 1.8 billion people will be coping with water scarcity … (Andrei, 2016)
- By 2070, European areas poor in water will increase from 1% to 35% … (Commission of the European Communities, 2009)
- Forty per cent of the Amazon rainforest has been consumed since 1960. At the present rate, it could be used up within 40 years … (Wallace, 2007)
- The indiscriminate use of fertilizers and pesticides by the food and drink industry has contaminated the soil … (Khedkar & Ingole, 2015)
- Global resource use could quadruple within 20 years if current patterns of consumption continue … (European Commission, 2009)
- It is estimated that by 2050, the global population will reach 9.7 billion … (Tracy, 2017)
We live in a time of throwaway consumerism … the level of global waste is 1.3 billion tons per year … by 2025, it will increase to 2.2 billion tons per year … (Hoornweg & Bhada-Tata, 2012)

Thirty per cent of waste is packaging … and 40% of that waste is plastic … (Lilienfeld, 2015)

The average European citizen generates 5 tons of waste, of which only 39% is recycled … (European Commission, 2017)

This long list, but incomplete, enumerates some of the adverse phenomena that not only nations, but also industries and corporate companies are facing today. These facts show that there is no time for business as usual. Various books and reports published by external research agencies, papers published in mainstream journals, as well as conferences, have been devoted to enumerating and quantifying the increasing sustainability challenges faced by businesses. All these facts show unequivocally that the Earth’s ecosystem is being overwhelmed, and many species are endangered; global warming, ocean acidification and deforestation are becoming apparent; energy and natural resources are being depleted; pollution of the land, sea and air is increasing; the level of accumulated waste is increasing; and social and economic disparities are growing. It is certain that these trends cannot be neglected and ignored by businesses. These problems are real, they are accelerating, they are global and they will not disappear overnight.

Businesses in the twenty-first century must respond to the legitimate demands of their environment and take up responsibility of the societies they operate in. There are two key motives for doing so – conviction and their own self-interest: conviction because sustainability must constitute the nucleus of their business model and self-interest because companies have to relate to an increasingly better-informed and demanding society and therefore need greater legitimacy to successfully engage in their activities over the long term. It is not big companies but great ones that are always ahead of consumers. They have a long-term vision. They do not just respond to customers’ evolving needs and expectations of society, but anticipate what their customers as well the society expect of them and satisfy accordingly. For many years, representatives of business and science have been discussing the idea of sustainable development, a concept which assumes fulfilling current needs without compromising the ability to meet the needs of future generations. Its implementation should take place on all levels of the economy, including the level of companies. According to this concept, on a micro level, the success of today’s businesses ought to be based on long-term
sustainable development, taking into account economic, environmental and social growth. This involves changing not only the way in which individual European economies function, but also the way companies operate on the market, as they are currently forced to reconfigure their operational strategies, including marketing strategies. A new perspective on how to create, deliver and communicate value to customers and the public, how to work with suppliers and consumers, how to implement different marketing functions, as well as analysing and minimizing any adverse impact of these activities on the environment is a good starting point for combining sustainability and marketing, and consequently changing the prevailing negative perception of marketing. Marketing as a key management concept faces a substantial adversity today. In view of mounting allegations related to artificially creating greater demand for various products and services, as well as creating offerings and encouraging increased consumption to maximize profits, this concept now functions in a misconception. Marketing, being the most prominent component of the relationship between a company and its environment, should be the primary source and centrepiece of a company’s focus on sustainability. The concept of marketing should therefore evolve towards sustainability marketing, a broader management concept that incorporates the idea of sustainable development.

The proposed book is part of a worldwide discussion on issues related to the concept of sustainability marketing. The research and publications in the area of sustainability marketing are fragmentary and most of them refer to selected aspects of marketing; i.e. sustainable consumption, ethical aspects of marketing, social marketing activities or environmental issues in product strategies. An important contribution to understanding the premises of this concept in the context of enterprise management was provided by a research conducted under the supervision of Prof. Irena Hejduk as part of a project entitled ‘Sustainability as a Condition of Survival in a Crisis’ and a monograph entitled *Sustainability in Business: The Company of the Future. Shifts in Paradigms and Management Concepts* (Grudzewski, Hejduk, & Sankowska, 2010) The literature, however, lacks a comprehensive presentation of the problem of sustainability marketing, including all areas relating to marketing mix tools and sustainability marketing orientation. There are also examples of the application of sustainability marketing in big, often, global companies, yet they are concerned only on selected aspects of marketing activity. However, the implementation of the sustainability marketing concept by SMEs is a completely new notion in the literature. Therefore, the focus of the book is on SMEs
operating in the food and drink industry because sustainability plays a key role in creating long-term competitiveness of these players. I consider this sector to be particularly important because it is heterogeneous, that is, food combined with homes, household goods and travel that are responsible for 70–80% of the environment, ranging from pollution and greenhouse gas emissions to land use and waste. The book is also a new contribution in the field of sustainability marketing, since this topic has not yet been explored. It is estimated that by 2050 food demand may increase steeply by 98%, so the prospective in this industry is bright. According to the FoodDrinkEurope organization, food and drink industry is Europe’s primary manufacturing industry, its largest employer, and a major player in the economy (e.g. the largest exporter of food and drink products in the world). It is estimated that there are 14 million enterprises in this industry, the vast majority of which (99%) are SMEs. The European food and drink industry is a key provider of jobs and a relatively stable employer. Turnover of SMEs in Europe account for over 49% of food and drink industry, over 48% of food and drink are value adding, and almost 63% of food and drink industry provides employment. On the other hand, the industry is losing its competitive edge. The value added is being outpaced by input costs: between 2005 and 2013, value added increased by 1.5% and input costs by 3.8%. Also, European market share worldwide has decreased from 19.8% (in 2005) to 17.8% (in 2014). If this trend persists, growth will continue to slow down until 2025 (www.fooddrinkeurope.eu). In the current challenging economic conditions, the sector must collectively step up its efforts, particularly in terms of R&D and innovation. This is essential in providing the market with sustainable marketing activities, and thereby contributing to the productiveness of the food and drink industry, while making it more resilient and equipped to satisfy the evolving expectations of customers. Nowadays, it is estimated that less than one-third of SMEs have innovative activities. Therefore, the industry should think of new ways of operating on the market that will have a positive effect on growth. The industry must step up its efforts to initiate sustainable marketing strategies.

The main aim of the book is to provide new knowledge regarding the application and conditions accompanying the implementation of sustainability marketing orientations and sustainability marketing mix tools in SMEs operating in the food and drink industry. As existing publications majorly concentrate only on selected tools, the focus of this book was put on all marketing tools, including the people (the concept of 5Ps). It can be understood that the development of the
sustainability marketing concept is global and applies to all geographic markets. Nevertheless, the disparities in socio-economic development, which exist between countries, may result in different approaches to the concept of sustainability marketing per se, as well as the way in which individual marketing tools are used. Therefore, this book will be the first publication on the full scope of SMEs application of sustainability marketing, which is comparative in character as the data come from two groups of countries: Central and Eastern Europe and Western Europe.

This book is a result of an international research project grant for the years 2015–2018, financed by the National Science Centre in Cracow, entitled: ‘Sustainable Marketing Concept and Its Implementation in Selected European Markets: Identification of International Differences’, Harmonia Funding, registration no. 2014/14/M/HS4/00891. The principal investigator of the project is Prof. Edyta Rudawska, University of Szczecin, Poland. Issues related to sustainable development inspired me many years ago when my cordial friend, Prof. Sanda Renko from Zagreb University invited me to prepare an article for her special issue of the World Journal of Retail Business Management on sustainability. We have continued our cooperation in subsequent years, which resulted in the publication of our book A discussion of the Concept of Sustainable Development: Example of Polish, Croatian and Ukrainian Market (KrokBooks Publisher, Ternopil 2011; Rudawska, Bilan, & Renko, 2011). Later, when I was attending the international 37th Macromarketing Conference, organized by Freie Universitat in Berlin in 2012, I was convinced of the increasing role of marketing activities in the implementation of the concept of sustainable development. The idea of an international research project, mentioned above, came up in 2013, when I was working on the paper entitled: ‘Sustainability Marketing: A New Face of Capitalism?’, published by the Wroclaw University of Economics (Economics, 2013, vol. 3, no. 24).

The book is the result of over four years of international cooperation initiated and organized by me as the principal investigator of the project. I invited partners from six European countries to share their wisdom. They included Poland — the initiator of the project — Croatia, Great Britain, Russia, Germany and Spain. All the partners are scientific workers at universities having many years of experience in marketing and sustainability. The knowledge and experience of the partners, who have the necessary research know-how and expertise in their respective markets, made it possible to perform comparative analyses between countries with different levels of socio-economic development.
The project served to develop cooperation between scientific partners from European countries through exchange of experience and knowledge with regard to sustainability marketing and methodologies. The participation of six partners from different countries was a unique opportunity for us to make international contacts on a long-term basis.

After I prepared a concept and a table of contents of the book as well as short description of each chapter, I invited the project partners to share their thoughts in parts. The idea of each part was explained to each partner so that he/she knows what to include. As a result, this book presents theoretical challenges faced by SMEs in the food and drink industry in Europe of present times, as well as theories and frameworks such as sustainable market orientation and sustainability marketing. An important part of this book is an analysis and description of the scope of implementation regarding sustainability marketing in food and drink SMEs operating in selected European countries. This part of the book is a result of the research cooperation, which started in 2015, with partners from six European countries. My idea of the book was to provide readers with both theoretical and empirical knowledge related to sustainability marketing. Therefore, I divided the book into three parts, theoretical, methodological and empirical. I have also included an Introduction part, where I discuss the concept of the research, its objectives, assumptions, significance of the case studies and the content of the book. The final part of the book is the Summary; with regard to the research hypotheses, I present some key conclusions regarding the implementation of sustainability marketing in food and drink SMEs operating in selected European countries. I also discuss the limitations of the research and directions for future research.

Part One of the book presents the theoretical studies in the development of sustainability marketing orientation in SMEs. A critical review of the existing literature is presented. In subsequent chapters, the latest key market challenges and trends that SMEs in Europe face nowadays have been identified and discussed. Next, the main theories and frameworks have been presented, such as sustainable development, sustainable market orientation and sustainability marketing. In addition, it also discusses new ways of marketing mix tools management, our attention not being limited to those instruments which are most commonly analysed in the existing literature (4P). Focus was put on sustainability marketing activities in relation to employees, the most valuable asset of an organization, which is rarely identified in the context of sustainability marketing tools.
Part Two of the book focuses on a description of SMEs operating in the food and drink industry in Europe. This part aims to gain new insights in the food and drink industry, which is a key beneficiary of sustainability, and also understand the potential of the industry in Europe. Some research methodologies on sustainability marketing applicable to SMEs have been also discussed.

Part Three of the book discusses the process of implementation of sustainability marketing in food and drink SMEs operating in selected European countries. This part of the book is a result of the cooperation, which I started in 2015 with partners from six European countries. The research was carried out in three Western countries (Great Britain, Spain and Germany) and three emerging markets (Poland, Croatia and Russia). The focus was on identification of differences which existed globally in sustainability marketing implementation.

The key elements, which differentiate the book from others and make it unique, are the following:

- it is the first research on sustainability marketing aimed at identifying the relationship between the scope of SME’s application of sustainability marketing and the degree of socio-economic development in a particular country;
- the Central and Eastern European approach is compared to the Western European approach;
- it is the first comprehensive publication focusing on the specifics of sustainability marketing in SMEs operating in the food and drink industry;
- it provides a comparative analysis of research carried out in six European countries (three developed countries and three emerging markets);
- it is in easy-to-read language; and
- it follows a systematic and holistic approach.

The proposed book contributes to the existing literature in the following respects:

- It borrows its viewpoint from European companies and presents a comparative analysis of sustainability marketing implementation by companies operating in developed and emerging markets.
- It is based on SMEs. Since the analyses of sustainability and sustainability marketing presented in the literature refer mainly to big companies, it is of interest to discuss such SMEs which is not present in the literature.
• This book is not only of a theoretical nature, but also of an empirical one. It not only presents the concept of sustainability marketing orientation (theoretical background), but also elaborates on the conditions determining the development of the concept. It also presents how to implement the concept in international markets and identifies SMEs operating in Central and Eastern and Western European countries where sustainability marketing strategies are followed. It also presents how sustainability marketing tools are used in companies operating in these countries.

• The perspective of this book is based on the 5P concept of sustainability marketing, including the people working in an organization. None of the books available in the market focus on an analysis of sustainability marketing mix tools in an augmented approach. They are limited to the 4P concept, if at all.

The primary audience is academic researchers. This book presents detailed theoretical study related to contemporary topics like sustainability and sustainability marketing (definition, identification of environmental challenges and trends for modern SMEs) as well as a description of sustainability marketing tools. Other academics may also be interested in the book as it presents the methodology and results of research carried out in six European markets. I believe the book could be a very useful knowledge base since this kind of research has never been carried out before. Also, the book could inspire further research in the field, because despite the fact that it is a contemporary topic, there are not many research herein.

Students, mainly MBA and executive education, are the second audience group, since the book provides them with the latest knowledge on sustainability marketing concept and its tools, which are rarely discussed during university courses. This group may also profit from the book, which could serve as a comparative analysis of case studies from Central and Eastern and Western European countries.

I believe that practitioners and business leaders would also be interested in the book. Since businesses nowadays find it necessary to include not only economic but also environmental and social responsibilities in their strategies; the book will enable them to compare their experiences in this area with other companies, both in developed and emerging markets. By presenting the sustainability marketing tools, which are used by companies operating in different countries, it may be considered a blueprint of sustainability marketing of different economies. As a result, the
book is for practitioners who aspire to implement new business models, which are in line with sustainability management.

Finally, I would like to thank all the project partners for accepting my invitation and contributing in parts to the book. I do appreciate your commitment to this undertaking. I thank each one of you for the many inspirational meetings, long discussions about emerging ideas, as well as the dozens of e-mails, which served to refine the details of the project. I sincerely hope that this book will inspire readers and explore new opportunities in marketing.

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References


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