

TRULY NEW ORIENTATION FOR ENVIRONMENTAL MARKETING

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Forest related industries from four European countries were surveyed in order to examine social responsibility in business values and environmental emphasis in marketing. "Proactive green marketers" (companies emphasising sustainability but believing in free market system) emphasise environmental issues in marketing clearly more than traditional "consumption marketers", and more than "reactive green marketers" (companies emphasising pursuing sustainability under governmental balancing). Thus, the example of these proactive companies should be the direction towards sustainable development in society.

Introduction

A Demand for Sustainability and Social Responsibility in Business

Business leaders agree that managing in times of turbulence and accelerating change challenges their traditional views of competitiveness and success factors needed for survival and profitability. Today's managers must deal with globalisation of markets, increasing intensity of competition, rapid technological changes, a shift from an industrial economy to a knowledge, human capital and information based economy, demographic changes, environmental challenges, changing value systems and consumer preferences. The changes in society are forcing

companies to consider the views of various interest groups in decision-making. Building relationships with customers, suppliers, employees, communities and other stakeholders can become central to competitiveness and form the foundation for a new, progressive and people-centered corporate strategy which attacks the sources – not the symptoms – of challenges facing business today. This brings us to the increased importance of corporate social responsibility (CSR) (Palazzi & Starcher 2000).

Corporate Social Responsibility and Business Success

Company responsibilities are often divided into economic, social, and environmental cate-

gories similar to the categories proposed in the popular concept of sustainable development (Peattie 1995). However, there is no single, commonly accepted definition of corporate social responsibility (CSR). It generally refers to business decision-making linked to ethical values, compliance with legal requirements, and respect for people, communities and the environment. The World Business Council for Sustainable Development defines CSR as “*the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve quality of life*” (WBCSD 2000). CSR means going beyond the legal, technical, and economic requirements of the company (Carrol 1999). Palazzi & Starcher (2000) say that in Western Europe, Japan, and North America, an increasing number of companies are finding that it makes good business sense to fully integrate the interests and needs of customers, employees, suppliers, communities, and our planet (environment) – as well as those of shareholders – into corporate strategies. They argue that over the long term, this approach can generate more growth and profits. There can be no social responsibility without profits.

Environmental Marketing

Marketing bridges the company and its markets in a societal context. Satisfying the needs of customers in a profitable way is the core of marketing ideology and in turn is a core of the market economy. Environmental or “green” marketing has been seen as a tool towards sustainable development and satisfaction of different stakeholders. Peattie (1995) defines green marketing as *the holistic management process responsible for identifying, anticipating and satisfying the requirements of customers and society, in a profitable and sustainable way.*

The basic question for green marketing is: how should environmental and social responsibility be integrated into traditional utilitarian business and marketing planning?

Banerjee (1999) and Wehrmeyer (1999) have analysed the greening of strategic marketing with implications for marketing theory and practice. Hierarchical levels of strategic (green) marketing are analysed in these academic discussions. Also Pujari & Wright (1996) address the application of the strategy, structure and process framework for organisational and product-level response to environmental imperatives. Kotler (2000) uses the term “social marketing concept” to cover social and ecological responsibilities. Recent developments show that a green agenda following holistic principles has now been integrated into mainstream marketing literature (McDonagh & Prothero 1997). However, it seems that many companies feel uncertain how they should react to green challenges. As Peattie (1999) states, “Without a greener philosophy and vision of marketing, the greening of marketing practice will be an uphill battle.”

Sustainability, Regulation and CSR

The question of ecological responsibilities has been a bit vague. During the last few decades environmental legislation has developed everywhere. It implies that ecological responsibilities belong to government. However, globalisation has altered the ability of governments to carry their social and environmental responsibilities. On the other hand, strengthening economic liberalism emphasises that the responsibility of common good can be left to market forces. Sheth & Parvatiyar (1995) argue that sustainable development can be achieved only by proactive corporate marketing and active government intervention. They suggest a two-dimensional shift in the approach to eco-



Figure 1. New Orientation for Ecological Marketing (Sheth and Parvatiyar 1995)

logical problems: from consumption marketing to sustainable marketing and from an invisible hand to a more visible hand of the government (Figure 1).

However, Sheth & Parvatiyar's conclusion for the direction of "new marketing orientation" seems a bit too straightforward. Porter and van der Linde (1995) and Miles and Covin (2000) have further conceptualised the role of governmental balancing in environmental marketing. Furthermore, another way of looking at corporate social responsibility is the two-dimensional model proposed by Quazi and O'Brien (2000), where they define wide vs. narrow responsibility, and benefits vs. costs from CSR action.

Miles and Covin (2000) define two mutually exclusive philosophies towards environmental management: 1) the "compliance model" of environmental management; and 2) the "strategic model" of environmental management. The compliance model suggests that corporations must simply comply with all applicable regulations and laws. This is a typical traditional "defensive" environmental manage-

ment approach. The strategic approach to environmental performance suggests that firms attempt to maximise stockholder returns by utilising an environmental strategy "proactively" to create a sustainable competitive advantage. They argue that firms primarily marketing commodity products and competing primarily on the basis of price will tend to adopt the compliance model of environmental management, whereas firms that primarily market highly differentiated products will tend to adopt the strategic model of environmental management.

Also Porter and van der Linde (1995) emphasise environmental responsibility and improvements as a source of competitive advantage in today's dynamic economy. They argue that *innovating* to meet regulations can bring off-sets: using inputs better, creating better products, or improving product yields. Certainly, some companies do pursue such innovations without, or in advance of regulation. Furthermore, they list six major reasons why regulation is needed but also define "good regulation" supporting innovations versus "bad regulation" damaging competitiveness. As an example of good regulation and innovation, they mention the Scandinavian pulp and paper industry. Porter and van der Linde suggest that now is the time for a paradigm shift to bring environmental improvement and competitiveness together. Through innovations companies can reap offsets that will go beyond those directly stemming from regulatory pressures.

Objectives of the Study

The purpose of the empirical study is to measure, describe, and compare how social responsibility is emphasised in the values of members of the forestry-wood value chain in four European countries. Environmental marketing is described based on three hierarchical levels:

marketing strategies, structures and functions. The specific questions under focus are:

- What are the value-based dimensions of companies' social responsibility?
- Is it possible to categorise companies based on their social responsibility values?
- How are environmental issues incorporated into company marketing planning?
- How do the surveyed countries, industry sectors, and responsibility categories differ regarding environmental emphasis in marketing planning?
- What are the relationships among dimensions of social responsibility and dimensions of environmental marketing?

Theoretical Frame of Reference

The theoretical framework of the study (Figure 2) is based on the integrated model of marketing planning (Juslin 1992; 1994). The model contains the usual components of marketing planning presented in marketing textbooks (e. g. Kotler 2000). However, the background ideology and hierarchical structure differ notably from the most common models, e. g. the frequently used "Four P Model", presented in marketing textbooks. Environmental marketing in this model means that environmental issues are genuinely integrated into marketing decisions on three hierarchical levels: marketing strategies, structures and functions. Environmental marketing planning should be based on business values emphasising social and environmental responsibility.

The core of environmental marketing is the strategic product and customer decisions in which environmental issues are emphasised and environmental strengths are used as a competitive advantage. Implementation of the strategies is not possible without structures (e. g. environmental management systems, organisation, contact channels) taking environmen-

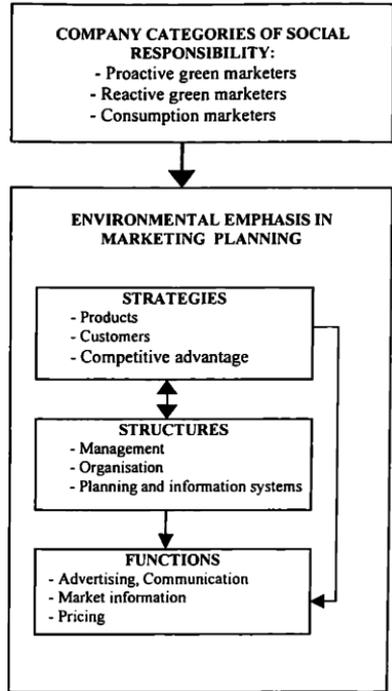


Figure 2. Theoretical Framework of the Study

tal issues into account. Marketing structures and functions (communication, advertising, personal relationships) should be planned so that they carry out and support the environmental marketing strategies. However, an insufficient relationship among strategies, structures, and functions can lead to unfounded claims about a company's environmental performance. This kind of "greenwashing" is the misuse of the principles of environmental marketing (Juslin 1994).

The integration of environmental issues into business values and marketing planning examined in this study tests, by using the terminology of Miles and Covin (2000), if corporations

are adopting the “compliance model” or the “strategic model” of environmental management. Also the desired direction of “new marketing orientation” suggested by Sheth and Parvatiyar (1995) is tested by examining the dimensions of social responsibility in relation to environmental marketing. Furthermore, green “innovations” as a source of competitive advantage proposed by Porter and van der Linde (1995), fit well into this theoretical framework.

Operationalisation of variables used to measure business values and environmental marketing planning are presented within the results of a series of factor analyses (Tables II, IV, VI and VIII). Overall the operationalisations used in this study are not industry specific and can be applied to any industry sector. Only item 7 in Table VIII refers to independent third party certification, and wood products that come from “well-managed forests.”

Propositions to be Tested

The principle assumption to be tested (Proposition 1) in this study is that environmentally conscious decisions on the structural and functional levels of marketing planning obtain their objectives from marketing strategies. Those marketing strategies are based on the objectives of the business unit, in this case environmental business values of the business unit.

Proposition 1: The more environmental issues are emphasised in business values, the more environmentally active companies are in their decisions on strategic, structural and functional levels of marketing.

The purpose of Proposition 2 is to test the concept presented by Sheth and Parvatiyar (Figure 1), who argue that sustainable development can be achieved only by proactive corporate marketing and active government intervention. We challenge their conclusion con-

cerning the direction of “new marketing orientation” because we consider it too straightforward. Proposition 2 is derived from conceptualisation and ideas proposed by Porter and van der Linde (1995), and Miles and Covin (2000), who emphasise environmental performance as a source of competitive advantage resulting from “innovations,” or adopting a “strategic model” for environmental management.

Proposition 2: Companies that are most environmentally active (pursuing a “strategic model” or “innovating”) will emphasise redirection towards sustainable development and a free market system (invisible hand).

Data and Analysis

Data Collection

The cross-sectional data for the study was collected mainly through personal interviews with a structured quantitative questionnaire. Personal interviews were used when possible to assure a high total and item response. Quota sampling was utilized with the objective of representative data for the strategic business units (SBU) of the forest industry value chain, including companies in Finland, Sweden, Germany and the UK. Data was collected in Finland, Germany and in the UK during the winter of 1997, in the context of an EC-FAIR research project on “potential markets for certified forest products in Europe,” and the equivalent data from Sweden was collected during the fall of 1998 in the context of a University of Helsinki M. Sc. thesis. In Finland and Sweden the sampling emphasis was on the beginning of the forestry-wood value chain, and in Germany and the UK it was towards the end of the forestry-wood value chain. This sampling emphasis was considered relevant because in European forest products markets the Nordic countries are suppliers for Central European companies. Thus, we describe the sample as

covering the forestry-wood value chain which includes primary wood processors, secondary wood / paper processors, publishers, and marketing channel intermediaries including DIY retailers. The broad sampling scheme and general operationalisations used in the study are strong indicators of the generalizability of the results outlined below. The person with the highest responsibility in marketing planning within each unit was targeted. Table I shows the number of interviews in each country. For a more detailed description of questionnaire development, data collection procedures and coverage, see Rametsteiner et al. (1999) and Steineck (1999).

Analysis

Interpretation of the data called for a variety of analysis techniques. At the most basic level, means and the end points (two extreme points) of the Likert-type scales were used to interpret the magnitude of ratings. The questions (dependent variables) were self appraisals in five or six point Likert-type variables, e. g. 1=Not important at all – 5=Very impor-

tant. Factor analysis (maximum likelihood, varimax rotation) was used to examine the dimensions inherent in the data and as a data reduction tool. In each case, the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy, Bartlett's Test for Sphericity, and Eigenvalues, as well as the judgement of the researchers were included in the decisions surrounding the number of factors that most meaningfully represented the larger number of variables. The reliability of the factor solutions was tested using the reliability coefficient Alpha.

Orthogonal factors of companies' social responsibilities were used in grouping the companies by K-means clustering. Indicative significance testing was used, although the sampling was not pure random sampling, but closer to the total population. Significant differences among countries and industry sectors were identified by comparing the means of factor score coefficients using one-way ANOVA (Bonferroni, sig. level .05) or through the use of the χ^2 -test within responsibility categories. Only those differences found to be statistically significant are reported along with their associated p-values. Finally, correlation examination (Pearson) was used to analyse the relationships among the different dimensions.

Table I. Number of Interviews

Industry sector	Number of interviews (total 454)			
	FIN	SWE	GER	UK
Pulp, paper and paperboard	34	22	13	9
Sawmills and wood based panels	46	44	3	20
Secondary wood processing	20	14	57	42
Marketing channel intermediaries	11	12	24	21
Paper and paperboard buyers	4	3	48	8
<i>Total</i>	<i>114</i>	<i>95</i>	<i>145</i>	<i>100</i>

Results of the Study

Dimensions of Social Responsibility

Social responsibility values of respondents were examined using statements covering economic, ecological, and social aspects of business management. Table II presents the means and standard deviations of the dependent variables, and the extracted factor solution explaining 32.7 % of the total variation in the variable set. The KMO measure of sampling adequacy (.58) and Bartlett's test for Sphericity ($p < .000$) both indicated that the variable set was appropriate for factor analysis.

Table II. Dimensions of Company's Social Responsibility

<i>Variable</i>	<i>Mean (SD)</i>	<i>Factor I</i>	<i>Factor II</i>	<i>Factor III</i>	<i>h²</i>
Scale: 1=completely disagree - 6=completely agree n=452					
Companies should redirect their customers towards less environmentally harmful consumption	4.5 (1.3)	.780	-.034	.003	.610
Companies should use marketing tools to redirect customer behaviour towards environmentally sustainable consumption	4.5 (1.3)	.699	.007	.091	.497
Environmentally friendly products are a necessity in the future and the price will include the associated costs	4.8 (1.2)	.228	.005	.025	.115
Adequate social responsibility for company executives is to maintain a profitable business	3.4 (1.7)	.125	.654	-.057	.447
The sole function of marketing is to determine and satisfy the needs of consumers	3.7 (1.5)	.066	.628	.012	.399
To operate in a socially responsible way, companies only need to obey laws and regulations	2.8 (1.4)	-.116	.352	-.038	.139
In decision making company profits will carry a heavier weighting than environmental friendliness	4.2 (1.3)	-.036	.265	.212	.116
The free market system will take care of global environmental problems with no governmental interference	2.7 (1.3)	.006	.288	-.620	.467
Governments must balance environmental and economic values by policies which regulate markets	4.0 (1.4)	.138	.111	.421	.209
Initial Eigenvalue (Cumulative % of variance = 52.9)		1.791	1.720	1.246	
Variance explained after rotation (Cumulative = 32.7%)		13.4%	12.4%	6.9%	
Reliability coefficient Alpha (of highlighted variables)		.707	.592	-	

Environmental friendliness and social responsibility of companies were seen by respondents as a necessity in society. Almost 90 % thought that environmentally friendly products are a necessity in the future (rating 5 and 6). Eighty percent believed that companies should redirect their customers towards less environmentally harmful consumption. Governmental regulation in balancing environmental and economic values was supported by two thirds of the respondents.

Within the factor solution, *Factor I* received the strongest loadings on redirecting customer behaviour towards environmentally friendly consumption. This factor was named “**Redirection of customers towards sustainability.**” The loadings on *Factor II* refer to traditional utilitarian business values. It was named “**Profitability and customer satisfaction orientation.**” The bipolar *Factor III* was named “**Free market system orientation vs. Governmental balancing.**”

The results of the One-way ANOVA with the factor score coefficients indicate that the German industry emphasises redirection of customers towards sustainability as a dimension of social responsibility more than industries in other countries. On the other hand, German and British companies emphasise the role of profitability more than Finnish and Swedish companies. The results show that redirection of customers towards sustainability and a profitability orientation are not mutually exclusive. The difference concerning emphasis on a free market system compared to governmental balancing indicates that Finnish companies favour a free market system while British companies emphasise governmental balancing.

Redirection of customers towards sustainability is emphasised more by paper buyers, marketing channels and secondary wood processors than the pulp and paper industry. The same three industry sectors closest to end-users also emphasise profitability more than the pulp

and paper and sawmills and panel sectors. The pulp and paper industry emphasises a free market system more than other industry sectors.

Company Categories of Social Responsibility

Factor scores from the factors I and III outlined in Table II were used in a K-means cluster analysis in order to categorise the surveyed companies according to their values concerning environmental business responsibilities. The resulting clusters well fit the matrix proposed by Sheth and Parvatiyar (Figure 1) and prove that the model can be operationalised.

Three and four cluster solutions were considered but the F-test and further face validity supported clustering the companies into three groups: (I) *proactive green marketers*, emphasising redirection towards sustainability and a free market system, (II) *reactive green marketers*, emphasising pursuing sustainability under governmental balancing, and (III) *consumption marketers*, having lower scores in the sustainability factor (Table III). It was expected that emphasising pursuing sustainability and a free market system would reflect

proactive environmental attitude beyond governmental pressures (Proposition 2). According to Sheth and Parvatiyar (1995), the “new marketing orientation” consists of sustainable marketing by companies and active involvement by government in the marketplace referring in this case to cluster II (reactive green marketers). Defining whether consumption marketers emphasise a free market system or governmental balancing was considered less important in this cluster solution.

Divergence among countries and industry sectors within this typology indicate that German and UK companies are more likely to belong to reactive green marketers. The proportion of British companies is lowest within proactive green marketers. Regarding the industry sectors, a majority of the pulp and paper industry is divided between proactive green marketers and consumption marketers. Nearly half of the other sectors’ representatives are reactive green marketers.

Decisions for Environmental Marketing Strategies

Emphasis on environmental issues in product, customer and competitive advantage strategies was measured by asking the questions presented in Table IV. Factor analysis was performed on this variable set and a one-factor solution was found (KMO = .66 and Bartlett’s test $p < .000$). This uni-dimensional solution explaining 42 % of the total variance was named “**Environmental emphasis in marketing strategies.**”

As seen in Table IV, environmental friendliness (self defined by the respondent) was seen as a rather important issue when planning the competitive emphasis for the most important products and markets. About 40 % of the respondents regarded it as important, and 23 % did not. Environmental friendliness as a

Table III. Company groups based on environmental business responsibilities. K-means clustering

Company group	n	%	Cluster center (standard deviation)	
			Redirect on towards sustainab.	Free markets vs. Gov. balancing
I Proactive green Marketers	145	32	.337 (.509)	-.693 (.446)
II Reactive green Marketers	189	42	.458 (.460)	.518 (.373)
III Consumption Marketers	120	26	-1.129 (.551)	.022 (.654)
Total	454	100		
F-ratio			416.743	256.894
P-value <			.000	.000

Table IV. The Dimension of Environmental Marketing Strategies

Variable Scale 1-5, n=443	Mean (SD)	Factor I	<i>h</i> ²
In your strategic product decisions, how much is the environmental friendliness of the product emphasised?	3.4 (1.0)	.623	.388
When selecting your most important customer group(s), how important is their level of environmental awareness in your decision making	2.9 (1.3)	.589	.347
How important is environmental friendliness when planning the competitive emphasis for your most important products and markets?	3.2 (1.0)	.725	.526
Initial Eigenvalue (61.1 % of variance)		1.832	
Variance explained after extraction		42.0%	
Reliability coefficient Alpha		.670	

product characteristic is quite emphasised. Fifty percent of the respondents emphasise it in their strategic product decisions while 18 % do not. Customer environmental awareness had an important role in customer selection for 36 % of the respondents. For 38 % it did not play an important role. Divergence regarding environmental emphasis in marketing strategies among countries, industry sectors and responsibility classification was examined by comparing the means of factor score coefficients in a One-way ANOVA (Table V).

The results indicate that environmental emphasis in marketing strategies is strongest in Germany, and lowest in the UK. A significant difference was also found between Germany and Sweden, and between Finland and Britain. Regarding industry sectors, environmental emphasis was strongest in the pulp and paper industry and lowest within sawmills and panels. Supporting Proposition 2, proactive green marketers emphasise environmental issues in their marketing strategies more than the other two groups. A significant difference was also found between reactive marketers and consumption marketers.

Decisions for Marketing Structures

The dimension of environmental marketing structures can be described by producing a one factor solution from the original four variab-

Table V. Divergence of Environmental Marketing Strategies among Countries, Industry Sectors and Responsibility Classification

Country Industry sector Responsibility classes	Environmental emphasis in marketing strategies	
	Mean	F-Prob<
Finland	.095	.001
Sweden	-.179	
Germany	.273	
UK	-.350	.043
Pulp & paper	.157	
Sawmills & panels	-.185	
Second. wood processing	.038	
Marketing channels	-.054	
Paper buyers	.119	.000
Proactive green marketers	.309	
Reactive green marketers	-.053	
Consumption marketers	-.293	

les described in Table VI (KMO = .78 and Bartlett's test $p < .000$). This one-dimensional solution explaining 49 % of the total variance was named "Impact of environmental issues in marketing structures."

Values and philosophy of management is the aspect that is most influenced by environmental issues. About half of the respondents assessed the impact as strong. Only 22 % of the respondents thought that the impact has been minor. The impact has been lowest with respect to distribution channels. This could be interpreted to mean that companies do not easily make changes in their distribution channels,

Table VI. The Dimension of Marketing Structures

Variable	Mean (SD)	Factor I	h^2
Scale: 1=no impact at all - 5=strong impact <i>n=447</i>			
How strong an impact have environmental issues had in the values and philosophy of management in your company?	3.3 (1.1)	.680	.460
How strong an impact have environmental issues had in the planning and information systems (type of information used etc.)?	2.8 (1.1)	.750	.563
How strong an impact have environmental issues had in the personnel recruitment and training?	2.6 (1.1)	.758	.575
How strong an impact have environmental issues had in the distribution channels?	2.5 (1.1)	.599	.359
Initial Eigenvalue (61.4 % of variance)		2.456	
Variance explained after extraction		49.0 %	
Reliability coefficient Alpha		.790	

but for some companies, environmental issues may also influence decisions concerning distribution channels. Divergence regarding environmental emphasis in marketing strategies among countries, industry sectors and responsibility classification was examined by comparing the means of factor score coefficients in a One-way ANOVA (Table VII).

Results indicate that an environmental emphasis in marketing structures is strongest among Finnish companies and lowest within the British industry. The impact of environmental issues in the UK has been lower compared to any other country. With respect to industry sectors, the impact of environmental issues has been stronger within the pulp and paper industry compared to sawmills and secondary wood processing. The impact of environmental issues has been stronger within proactive green marketers compared to the other two groups. This result provides support for Proposition 2.

Decisions for Environmental Marketing Functions

The dimensions of environmental marketing functions can be described by using factor analysis to produce three factors from the original eleven variables (Table VIII) (KMO = .73

Table VII. Divergence of Environmental Marketing Structures among Countries, Industry Sectors and Responsibility Classification

Country Industry sector Responsibility classes	Impact of environmental issues in marketing structures	
	Mean	F-Prob<
Finland	.223	.001
Sweden	-.039	
Germany	.147	
UK	-.340	.005
Pulp & paper	.343	
Sawmills & panels	-.136	
Second. wood processing	-.055	
Marketing channels	-.019	
Paper buyers	-.054	.001
Proactive green marketers	.234	
Reactive green marketers	-.094	
Consumption marketers	-.130	

and Bartlett's test $p < .000$). This solution of three factors explains 42.4 % of the total variation in this set of variables.

The heaviest loadings in Factor I were variables related to examination and consideration of environmental issues and inviting input from environmental groups. It was therefore named "Environmental information input in marketing planning." Factor II was labelled "Belief in a price premium for environmentally friendly products" because of its

Table VIII. Dimensions of Environmental Marketing Functions

Variable	Mean (SD)	Factor I	Factor II	Factor III	h ²
Scale 1-5, n=442					
Frequency company procedures: Examining environmental information in business decision making (scale 1-4)	2.5 (8)	.859	-.065	.168	.770
Frequency company procedures: Consideration of environmental concerns in strategic planning (scale 1-4)	2.6 (9)	.749	-.082	.252	.631
Frequency company procedures: Inviting input from environmental groups when making environmental business decisions (scale 1-4)	1.7 (8)	.522	.047	.144	.295
Frequency company procedures: Inviting input from consumers' groups when making environmental business decisions (scale 1-4)	1.5 (7)	.301	.118	.140	.124
Frequency company procedures: Carrying out customer surveys for marketing planning (scale 1-4)	2.3 (9)	.242	.004	.212	.104
Environmental friendliness can convert an ordinary product into a special product and that is reflected in the price	2.7 (1.3)	.076	.816	.005	.672
Certification leads to a price premium for the product in question	2.6 (1.3)	-.011	.718	-.099	.525
How strong an impact have environmental issues had in pricing of a company's products (e. g. green premium)	2.0 (1.2)	.220	.295	.178	.133
It is not possible to get a higher price for environmentally friendly products	3.2 (1.3)	.040	-.278	-.088	.087
How strong an impact have environmental issues had in advertising and communication campaigns	3.0 (1.3)	.301	.047	.833	.787
How strong an impact have environmental issues had in personal contacts / selling	3.1 (1.1)	.315	.105	.624	.500
Initial Eigenvalue (Cumulative % of variance = 65.1)		3.153	1.840	1.170	
Variance explained after rotation (Cumulative = 42.4 %)		17.9 %	12.6 %	11.9 %	
Reliability coefficient Alpha (of highlighted variables)		.763	.728	.758	

strong relationship to price. *Factor III* relates to the impact of environmental issues on advertising, communication campaigns and personal contacts / selling. Thus, it was named **“Impact of environmental issues in marketing communications.”**

Very few respondents indicated that they never consider environmental concerns in strategic planning. Over half of the respondents reported doing so always or often. Over one-third of respondents reported carrying out customer surveys for marketing plans always or often. About half of the companies actively examine environmental information in their business decision-making. Inviting input from environmental or consumer groups was clear-

ly not as common. Less than half of the companies invite input from these groups at least occasionally.

About 40 % of the respondents estimated that the impact of environmental issues has been strong both on advertising and on personal contacts / selling. Many respondents said that environmental issues have often come up in informal discussions between the supplier and customer rather than in formal business documentation. Up to now, environmental issues seem to have had relatively little effect on pricing. Half of respondents said that these issues have had no impact at all. However, 15 % estimated that they have had some or even a strong impact on pricing.

Table IX. Divergence in Environmental Marketing Functions

Country Industry sector Responsibility classes	Environmental information input in marketing planning		Belief in a price premium		Impact of environmental issues in communications	
	Mean	F-Prob<	Mean	F-Prob<	Mean	F-Prob<
Finland	-.109	.004	.227	.006	.242	.001
Sweden	.222		-.041		-.217	
Germany	.108		-.039		.104	
UK	-.207	.006	-.195	.001	-.281	.001
Pulp & paper	.352		-.306		.334	
Sawmills & panels	-.073		.128		-.112	
Second. wood processing	-.026		.086		-.031	
Marketing channels	-.118		.175		-.303	
Paper buyers	-.150		-.218		.163	
Proactive green marketers	.153	.042	.045	.023	.188	.004
Reactive green marketers	-.106		.090		-.039	
Consumption marketers	-.024		-.196		-.170	

Table X. Correlation Matrix of Marketing Dimensions (Correlations, p<.05, in bold type)

Redirection of customers towards sustainability (ValueFac1)	1.000							
Profitability & customer satisfaction orient. (ValueFac2)	.022	1.000						
Free markets vs. Gov. balancing (ValueFac3)	.046	-.091	1.000					
Env. emphasis in strategies (StraFac1)	.241	-.011	-.159	1.000				
Impact of env. issues in structures (StrucFac1)	.126	-.103	-.231	.550	1.000			
Environmental information input (FuncFac1)	.056	-.051	-.114	.417	.520	1.000		
Belief in a price premium (FuncFac2)	.063	.024	.000	.143	.101	-.003	1.000	
Impact of env. issues in communic. (FuncFac3)	-.132	-.108	-.113	.486	.420	.127	.012	1.000
	Value Fac1	Value Fac2	Value Fac3	Stra Fac1	Struc Fac1	Func Fac1	Func Fac2	Func Fac3

The results of the One-way ANOVA with the factor score coefficients (Table IX) indicate that Swedish companies are more active in environmental information input than British companies. Finnish companies were more inclined to believe in a price premium for environmentally friendly products than companies in other countries. The difference concerning emphasis on environmental issues in marke-

ting communication was clear: the impact of environmental issues on marketing communication has been strongest within the Finnish industry. The difference between German and British companies was also significant. The pulp and paper industry was most active in environmental information input and in environmental communication. Supporting Proposition 2, proactive green marketers are more ac-

tive in environmental information input compared to reactive green marketers who scored even lower than consumption marketers. Reactive green marketers believe more in a price premium than consumption marketers. The impact of environmental issues in communications is stronger within proactive green marketers than consumption marketers. Pairwise comparison (Bonferroni, sig. level < .05) also showed a difference of $p < .069$ between proactive and reactive green marketers.

Relationships among Values, Marketing Strategies, Structures and Functions

Table X provides a correlation matrix of business values, environmental marketing strategies, structures and functions according to the factor scores.

Results of the correlation examination provide support for Proposition 1. The high correlations between strategies and structures and the three dimensions of functions suggest that an environmental emphasis in marketing strategies can be seen in the marketing structures and functions of a company. Also, green values, concerning the social responsibility of companies, correlates with environmental emphasis in strategic, structural and functional levels of marketing decisions. Correspondingly, a profitability orientation correlates negatively with environmental marketing structures and functions. Additionally, belief in a price premium for environmentally friendly products is in harmony with environmental marketing strategies.

Summary and Conclusions

The study results show that *most of the respondents emphasise environmental issues in their values, marketing strategies, structures and functions*. An interesting observation is that industry sectors closest to end-users emp-

hasise both 'redirecting towards sustainability' and 'profitability orientation' in their values more than companies in the beginning of the value chain. The impact of environmental issues on marketing planning has been strongest among Finnish and German companies and within the pulp and paper industry. This indicates that *environmental marketing and CSR are becoming the norm at some level* but this development has been driven mostly by outside pressures, and CSR behaviour has been a genuine proactive strategic decision only for a part of the companies.

From the perspective of marketing theory, the interrelationships between values, strategies, structures and functions in marketing planning were analysed. Structures and functions are tools to implement strategies and logical relationships should exist between various planning levels. The results of the correlation analysis give evidence that green values, environmental marketing strategies, structures and functions are logically connected to each other as hypothesised according to the model of environmental marketing used to guide this study. This supports Proposition 1. For companies examined in this study, *environmental marketing functions (e. g. green advertising or examining environmental information) logically reflect environmental values and strategic and structural level decisions*. This suggests that the companies may not be at risk of being accused of "greenwashing." However, the correlations could have been higher. Sophistication of integrating social responsibility and environmental issues into marketing planning could be improved and the level of strategic decisions deeper if genuine environmental responsibility is regarded important. The necessity of credible marketing strategies and structures behind environmental marketing functions is the most important lesson to be learned for marketers in all sectors.

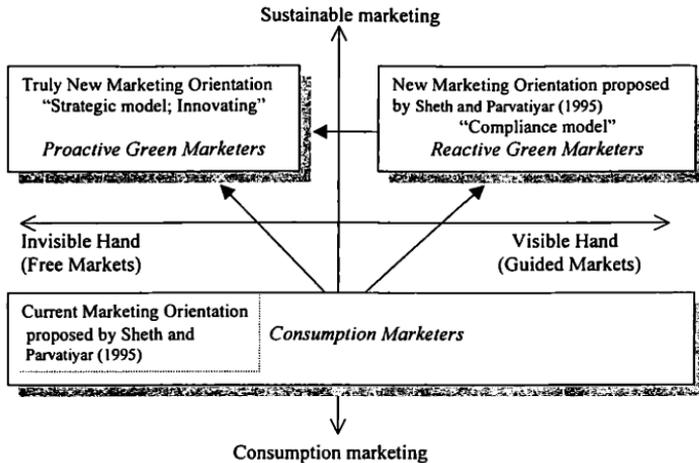


Figure 3. Truly New Orientation for Environmental Marketing

Being socially responsible does not mean that a company must abandon its primary economic task. Nor does it mean that socially responsible companies could not be as profitable as other less responsible companies. Social responsibility or environmental friendliness can also be a competitive advantage for proactive and innovative companies. The results of this empirical study indicate that *there are companies that feel 'redirecting of customers towards sustainability' and 'profitability orientation' are compatible*. This attitude was most common among German companies. Marketers in all sectors must recognise the growing importance of social responsibility and design marketing strategies that will allow the company to meet its responsibility without sacrificing profitability.

Three types of companies were found in this study. Thirty two percent of the companies were classified (Figure 3) as "proactive green marketers" (companies emphasising pursuing sustainability but believing in free market system). The results show that "proactive green marke-

ters" emphasise environmental issues in their marketing planning more than traditional "consumption marketers" (26 % of sample), and "reactive green marketers" (42 % of sample), who emphasise pursuing sustainability under governmental balancing (compliance model). This supports Proposition 2, derived from the ideas by Porter and van der Linde (1995) and Miles and Covin (2000), who emphasise environmental performance as a source of competitive advantage resulting from "innovations," or adopting a "strategic model" for environmental management. The result suggests that the direction of "new orientation for ecological marketing" proposed by Sheth and Parvatiyar (Figure 1), is incorrect and that their conceptualisation is too reliant on governmental interference.

We interpret these results to mean that the *proactive green marketers are the most genuine group in implementing environmental marketing voluntarily (innovating) and seeking competitive advantage through environmental friendliness*. Thus, we suggest that the

example of these progressive companies should be the *truly new marketing orientation*, the direction towards sustainable development in business and society (Figure 3). However, this does not mean that governmental regulation is not needed. Apparently, governmental intervention and balancing contributes in re-direction towards sustainability because it is driving the traditional consumption marketers to change their values and practices. The result simply shows that the forerunners of sustainable development are voluntarily ahead of governmental interventions, and this allows an opportunity to gain competitive advantage through environmental friendliness.

The role of governmental regulation in the development towards sustainability in society and business is particularly interesting from the

point of view of economies in transition. The belief that companies will pick up on profitable green opportunities without a regulatory push makes a false assumption about competitive reality. Regulation is needed to create pressure that motivates companies to innovate. Government intervention appears to be needed for the laggards, but as companies evolve, the need for governmental intervention decreases, and the truly new environmental marketing orientation can be found from the direction of free market system (invisible hand). As Porter and van der Linde (1995) suggest, companies must become more proactive in defining new types of relationships with both regulators and environmentalists in order to gain competitive advantage and raised resource productivity.

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NAUJA SOCIALINIO MARKETINGO ORIENTACIJA

Jari Kärnä

Santrauka

Straipsnyje pateikiami keturios Europos šalyse esančių 454 miško pramonės įmonių apklausos duomenys. Tyrimo tikslas – ištirti įmonių socialinės atsakomybės ir dėmesio aplinkai lygį plėtojant marketingą. Įmonės suskirstytos į tris tipus: įmonės, skiriančios daug dėmesio aplinkai, įmonės, skiriančios dėmesio aplinkai skatinamos vyriausybių, ir įmonės, orientuotos į

pelną ir vartojimą. Tyrimo rezultatai rodo, kad dauguma įmonių yra įtraukusios aplinkosaugos klausimus į savo organizacinę veiklą, marketingo strategijas, struktūras ir funkcijas. Nustatyta, kad daugiausia dėmesio aplinkosaugai skiria Suomijos ir Vokietijos popieriaus ir celiuliozės pramonės įmonės.