A STUDY OF FMCG COMPANIES IMPLEMENTING SUSTAINABLE MARKETING PRACTICES TO SECURE BUSINESS BENEFITS AND MOVE TOWARDS A SUSTAINABLE FUTURE

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ABSTRACT
The present study deals with sustainable marketing practices and its effects on business and benefits of FMCG companies in India. The purpose of the study is to determine the importance of sustainable marketing for FMCG companies.

The conceptual part covers sustainable development and sustainable marketing. Sustainable development form a background for understanding of sustainable marketing. Sustainable marketing will include definition of sustainable marketing, sustainable consumer behavior, sustainable marketing strategy, sustainable marketing mix and benefits of sustainable marketing for companies and sustainable future. Data for this part was obtained from secondary sources such as books, reports, articles and websites.

Qualitative research was used to analyze data collected through company websites. In the analysis the benefits for FMCG companies are presented and the data is analyzed by comparing the findings for similarities and differences.

The study results indicate the sustainable marketing practice are very important for FMCG companies and will help sustainable development and is a move towards sustainable future.

Keywords: Sustainability, Sustainable Marketing, Business to Consumer

INTRODUCTION
We are living in a world where volatility and uncertainty have become the new Normal. The dynamic and fast changing nature or world today is best described by VUCA, a term coined by the US army war college. VUCA stands for Volatility, Uncertainty, Complexity and Ambiguity. Nicholas Taleb, Lebanese American scholar introduced the concept of black swans-events that are difficult to predict because they are low probability outliers so the past provides no reliable precedent. And yet these black swan events have a huge impact. We live now in a VUCA world surrounded by black swans.
This is the New Normal. However, even in this unpredictably changing world, there are few important underlying megatrends that will shape our future. The three megatrends are:

1. Digitization
2. Rise of the developing world
3. Sustainability

The present work focuses on sustainable marketing practices.

**Sustainability**

Sustainability is the third megatrend which is the changing relationship between humanity and the planet we inhabit. Scientific evidence has proven beyond any doubt that today we are living beyond our means. Living beyond our means not just in a financial sense but also in an environmental sense. Today, according to the third wild life Fund, we are consuming the resources of 1.5 planets. The human population took more than 250,000 years to reach the 1 billion mark in the 1800s. It took a century more to reach 2 billion in 1927. It then took 32 years to reach 3 billion around 1960 and only 50 years since then to add another 4 billion to reach 7 billion in 2011. By 2050, there will be another 2.3 billion more people on earth sharing the same space today. Almost all them will be in the developing world.

If the developing world consumed in the future at the rate the developed world consumes today, we would need somewhere between 3-5 planets. Obviously, that is not sustainable.

**Sustainable development**

Sustainable development ensures the well-being of individual by integrating social development, economic development, and environmental conservation and protection. The most frequently used definition of sustainable development is ‘development that meets the needs of the present without compromising the ability of future generations to meet their own needs.’ (WCED 1987) The meaning of needs is something that is necessary for the organism to live a healthy life. It is necessary for the sustainable development that the policies and technologies should be green so that environmental ability meets present and future generation in equal manner. It was coined in 1987 by the United Nations-appointed World Commission on Environment and Development, also known as the Brundtland Commission after its chair, former Norwegian Prime Minister Gro Harlem Brundtland.

**Sustainable marketing**
The framework for sustainable marketing is shown in figure 1 (Peattie 1995, 41) which consists of the three pillars of sustainability: environment, society and economy. Sustainability is in the middle of this intersection, which describes the relationship of the three concepts to sustainable marketing. All three components have to be taken into account, which are closely intertwined.

Fast moving consumer goods (FMCG) industry

FMCG companies have been selected as examples of large, powerful, shareholder owned, companies. Their success depends upon responding to developing trends in the business environment. Their position of power allows a degree of influence in these developments, imputing into regulatory and cultural development. FMCG business models have not traditionally been sustainable, focusing on short to medium term profits and externalizing costs where possible. Therefore FMCGs are able to facilitate a shift towards sustainability by altering their Business practices - innovating products and processes for a more sustainable future, and by influencing the business context they function within - influencing public opinion, supplier operations and consumer behavior. They are in a position of influence but significant change is required.

Benefits of sustainable marketing for FMCG companies

The benefits of Sustainable Marketing practices are:

Cost savings can be one of the biggest motivators for companies. Sustainable marketing offers both easily realizable and low-cost actions, as well as more comprehensive and cost intensive changes, both leading to long-term cost savings.

Reputation has to be earned and being sustainable can earn companies a good reputation. If sustainable marketing is practiced in the right way, the company or brand image can only benefit and it earns the company the trust of their customers.

New markets can open up through sustainable marketing. In any case, sustainability can be something with which a company can differentiate itself from its competitors.

Reduced risk is another benefit of sustainable marketing. Proactive companies mitigate these problems and gain a competitive advantage over competitors by switching to alternative energy sources, becoming more resource efficient or finding alternative resources.

Attracting and retaining employees can be easier for a company by practicing Sustainability.

Leadership can be either gained or maintained through sustainable marketing. By Making sustainability part of the business, the company can enhance their image and gain a competitive advantage.

OBJECTIVES AND RESEARCH QUESTIONS

The main objective of the study is to determine how important sustainable marketing is for businesses. This will show if businesses have already recognized the necessity to implement sustainable marketing and the benefits which are a result of being a sustainable business. From this follows the research question and its sub-questions.

- What is sustainability?
- What is sustainable marketing?
- What are the benefits of sustainable marketing?

RESEARCH METHODOLOGY

The research undertaken is underpinned by phenomenological paradigmatic assumptions. Therefore a qualitative methodology is followed. Three case studies have been selected and analyzed, providing the basis for a comparative analysis of approaches taken.
LIMITATIONS
Only Three companies were considered.

LITERATURE REVIEW
Sustainable marketing

Sustainability became important many decades ago, in one form or another, people have been advocating for sustainability for a long time. It is natural that their voices have not reached the business world, even with all the creative ideas, the typical structures based in a long-held beliefs face terrible objection (Martin and Schouten, 2012).

Martin and Schouten (2012, p. 6) assert that: “modern marketing is the grandchild of the industrial revolution and since the beginning of the era of mass production, the practices and the philosophies of marketing have evolved considerably”. The industrial revolution had as philosophy: “If we can build it, we can sell it”, then became “let the buyer beware”, due the aggressive tactics of sale and advertising that the companies used to compete with each other, and in the third generation, the central stage was the needs and wants of the consumer and marketing concept starts to manage the philosophy of time onwards (Martin and Schouten, 2012).

However, Gordon et al. (2011) claim: “marketing is central to global society, and when harnessed responsibly can encourage us to recycle, reuse, buy Fairtrade, eat healthily, drink sensibly, save energy and support good causes” According Emery (2012, p. 20): “most commentators on sustainability point to the 1972 United Nations Conference in Sweden on the Human Environment as the starting point of international debate on sustainability, which was followed by the 1987 Brundt and Report, Our Common Future by the World Commission on Environment and Development, which inspired many of the later standard definitions of sustainability”. In short, the Brundt and Report refers about attempts to settle conflicting topics through the balance of the economic growth and the concern of the natural environment, as well as the justice and equity social, and proposing a better distribution and use of the natural resources (Emery, 2012).

The base to achieve the sustainability is upon three key elements, as cited by Emery (2012, p. 21):

“Social equity, economic sustainability and environmental sustainability; so these three elements form the framework known as the Triple Bottom Line, coined by John Elkington co-founder and chair of Sustainability, a sustainable business consultancy”.

Emery (2012) explains that SM paradigm sits where the three elements converge and intersect, as figure 1.0 above and as a result it changed the interpretations that only the environment concerns are important for the success of the business, otherwise, SM recognized the interlace of the environment, social/ ethical and economic factors for a good performance of the business.

Triple Bottom Line is also named by the phrase “people, planet and profit”, as well “the three Es – equity, economic and environment” and the common split “environmental, social and economic sustainability” as explained by Emery (2012). “The framework provided by the Triple Bottom Line allows companies to assess their progress towards sustainability by measuring overall organizational success, including social and environmental performance, not only economic performance” according Emery (2012, p. 22).

Nowadays SM is a key for the human survival, the several actions of the man is causing huge damage to the environment, as the pollution of the fresh water and consequently the scarcity, what will limit the production of food and automatically unbalancing the ecosystem functions as well as the supply for the urban area; other actions as the damages on the marine ecosystem, climate changes and among other (Martin and Schouten, 2012). In a simple and in other words, Martin and Schouten (2012, p. 2) emphasis that: “humans are using up or destroying the Earth’s vital resources much faster than those resources that can be replenished.”
In order to live in a more sustainable society, a new assumption of marketing must be revised and changed as well its practice, claims Emery (2012).

**Present study**

The current study the following three companies have been selected as case studies because they represent a spread of leading, national companies. Their portfolios include a range of FMCG categories.

For each case study, key corporate information is summarized, followed by a brief summary of sustainability approach and sustainable marketing practices followed by these companies.

**HUL**

Case study based on secondary data from companies website.

**Corporate information**

- Hindustan Unilever is India’s largest Fast Moving Consumer Goods Company with a heritage of over 80 years.
- It touches the life of two out of three Indians.
- 35 brands spanning 20 distinct categories.
- Company has 16000 employees and turnover of Rs.30,000 crores (2014-15)

**Sustainable marketing practices of HUL in India**

HUL is committed to operate and grow its business in a socially responsible way. Their vision is to grow business while reducing the environmental impact and increasing their positive social impact. The sustainable marketing practices of HUL are based on three big goals:

**Improving Health And Well Being**

1. Reducing environmental impact
2. Enhancing livelihoods

A few examples of HUL sustainable marketing initiatives and its impact:

1. Lifebouy Hand Washing Campaign: The aim of Lifebouy Hand Washing Campaign is to change the hygiene behavior of 1 billion people by 2015 through the active promotion of hand washing soap. HUL used its knowledge of consumer behavior to encourage hand washing.

2. Shakti Distribution network: The Shakti distribution in India, employs 45,000 women who sell affordable unit sizes in the villages they live. Making products accessible to 800 million people living in villages but also providing a livelihood, dignity and respect to many families along the way.

3. Hindustan Unilever Limited (HUL) announced the launch of ‘Swachh Aadat, Swachh Bharat’ programme in line with Government of India’s Swachh Bharat Abhiyan (Clean India Mission) to promote good health and hygiene practices. Given the scale of challenges that India faces in the areas of water, sanitation and hygiene (WASH), this programme is an effort to help India realise the goals of Clean India Mission by 2019.

All the above initiatives of HUL are based on sustainable marketing principles, provide measurable social, economic and environmental benefits.

**Procter and Gamble**

Case study based on secondary data from companies website.
Corporate information

- P&G is one of the largest and the fastest growing FMCG companies in India
- Its presence spans across the Beauty and Grooming segment, Health and well being segment
- It serves across 650 million consumers across India.
- It employs around 26,000 people in India.

Sustainable marketing practices of P&G in India

1. P&G’s signature Social Responsibility Program ‘Shiksha’ (education) has till date helped 280,000 underprivileged children access their right to education. Shiksha has built & supported over 140 schools across India, in partnership with NGOs like Round Table India (RTI)
2. Environmental sustainability is at the heart of operational excellence, and are constantly making efforts to reduce our carbon footprint. Leading the way is their plant in Baddi, Himachal Pradesh, which produces brands like Pantene and Ariel, having achieved 40% reduction in carbon footprint over the last 3 years
3. P&G’s ‘Parivartan’ (transformation) program reaches over 2.5 million girls each year with timely menstrual education & protection, that helps keep them in school
4. P&G’s ‘Parivartan’ Program and Whisper are helping girls embrace womanhood positively by adopting the right feminine hygiene practices, without having to abandon education
5. P&G’s commitment towards waste management is best demonstrated by our plant in Goa, which produces one of our leading brands Whisper. Over the past 2 years, the plant has recycled and reused over 4000 tons of scrap, which equates to the daily paper & plastic waste generated by 12 times the population of a major Indian metro
6. P&G’s sustainable marketing practices are touching and improving the lives of consumers now in sustainable manner and will continue to do so in future.

PEPSICO

Case study based on data from companies website.

Corporate information

1. PepsiCo products are enjoyed by consumers one billion times a day in more than 200 countries and territories around the world.
2. PepsiCo generated more than $66 billion in net revenue in 2014, driven by a complementary food and beverage portfolio
3. At the heart of PepsiCo is Performance with Purpose—our goal to deliver top-tier financial performance while creating sustainable growth and shareholder value.

Sustainable marketing practices of PEPSICO in India

1. PepsiCo India has pioneered and established a model of partnership with farmers and now works with over 24,000 happy farmers across nine states. More than 45 percent of these are small and marginal farmers with a land holding of one acre or less. PepsiCo provides 360-degree support to the farmer through assured buy back of their produce at pre-agreed prices, quality seeds, extension services, disease control packages, bank loans, weather insurance, and the latest technological practices. The association with PepsiCo India has not only raised the incomes of small and marginal farmers, but also their social standing.
2. PepsiCo India is now focused on reducing its carbon footprint. More than 40 per cent of its energy is today generated from renewable sources such as bio mass and rice husk boilers and wind turbines. Initiatives such as reduction in use of chemicals, eco-friendly packaging initiatives and efficient waste management help reduce load on the environment.

3. PepsiCo in partnership with the NGO Exnora and local municipalities has also been working on a unique waste collection and treatment program called ‘Waste-to-Wealth’. The award winning programme has positively impacted more than 5,00,000 people.

We can infer that Pepsico India follows sustainable Marketing practices in a way that sustains and respects Business, Society and Planet.

ANALYSIS AND CONCLUSION

1. The above three case studies elucidate that the companies have incorporated sustainability in their processes and Sustainable Marketing processes are inbuilt in the DNA of the Organizations

2. The above three companies have recognized interface of the environment, Social / ethical and economic factors for a good performance of the business.

3. The above three companies have managed Triple Bottom Lines framework to assess their progress towards sustainability by measuring overall organizational success, including social and environmental performance and not only Economic performance.

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