Sustainable Branding

Aleksandar Grubor
University of Novi Sad, Faculty of Economics in Subotica, Republic of Serbia
Olja Milovanov
University of Novi Sad, Faculty of Economics in Subotica, Republic of Serbia

Abstract

The relationship between brands and consumers has evolved significantly over time. Companies that own successful brands have the power to modify the existing system of values and behaviors in society and even create a completely new lifestyle. This power is derived from the mass of loyal consumers who permanently follow favorite brands and often strongly identify with them. Given that successful implementation of the concept of sustainability demands changes that trigger mass rather than individuals, such a power of brands is invaluable. However, despite expressing a positive opinion about socially responsible practice, consumers are generally still not ready to change their behavior (attitude-behavior gap). Accordingly, it is necessary to find an interest for consumers in a sustainable lifestyle and to make it available to them in an easy and attractive way. In that sense, sustainable branding and the overall performance of companies are important instruments and generators of change. Thus, the goal of this paper is to highlight the importance of sustainable branding from the standpoint of society, consumers and companies, and to point out strategies for implementation of sustainable values into the brand concept, relying on the results of research and analysis in the given field.

Introduction

Even though sustainability issues have been preoccupying attention of policy makers for few decades, 21st century has brought completely new dimension of the practical implementation of sustainable development into regular business practice. Sustainable strategy requires holistic transformation of business model and synergetic approach; in other words, engagement of multiple stakeholders around a common goal, with the accent on consumer, as the one who makes the final decision whether specific business model will or will not be accepted.

Given that marketing discipline has consumer in the center of its philosophy and marketplace as the main playground; and that it has often been accused for creation of uncontrolled consumption of planet resources (Christensen et al., 2007), marketing managers' responsibility in this sense is the greatest. Accordingly, with the evolution of marketing, each aspect of marketing mix has been improved. Specifically, branding, as the area through which companies achieve the highest level of interaction with consumers and as a central element of a supplier's proposition (McKinsey, 2013), has arisen as the most influential part of sustainable marketing strategy. Loyal consumers are the driving force of brands as an asset, so they can also be a trigger for enlarging a group of environmentally conscious consumers, who are willing to adopt and advocate philosophy of the favorite brands. Consequently, strong sustainable brands have the power to initiate deeper

changes in peoples' lives, and ensure the balance between multiple interests of three usually opposed sides - consumers, companies and society.

Thus, the goal of this paper is to:

- provide an insight into sustainable branding,
- highlight its importance from the standpoint of society, consumers and companies,
- highlight its role in strengthening brand equity, and
- point out strategies for implementation of sustainable values into the brand concept.

The paper is structured in accordance with the stated objectives. The main method used for addressing the goal is detailed examination of the results of research and analysis conducted by various researches in the given field in last few years.

Sustainable branding insight

Brand is a unique blend of functional and emotional characteristic perceived by consumers as an additional value, unique experience and fulfilled promise (Lynch et al., 2004). It has a symbolic value different from everything that is available in reality, and ability to represent interests that go beyond the brand itself (McEnnaly et al., 1999). The interdependence between brands and consumers is huge – in a way that consumers determine development and the success of brands, brands reversely influence and direct consumer behavior. As such, branding has become "the story of belonging and pervasion", as it enables consumers to express their interests, attitudes, preferences and overall personality through brands they use (Olins, 2003, p. 14).

In recent years consumer interest in environment-friendly alternatives has risen dramatically (Mostafa, 2007), and so their expectations of brands. Even though the attitude-behavior gap, described as the inconsistency between consumers attitudes and actual buying behavior, is identified in many studies (Carrington et al., 2010; Lippincott, 2007), sustainable attributes are becoming increasingly important in a brand valuation (Armstrong et al., 2011; Gordon, 2002). Thus, the relation between mainstream brands and their consumers have prospered in a way that people want much more for their money – they strive to get the access to all the benefits generated by the company; and, from the standpoint of the companies, that means doing "the right thing" (Gordon, 2002) by contributing to a greater purpose. This inevitably leads to sustainability as the strategy that is in forefront of branding and overall business policy.

Terms "sustainable" and "green" are usually used as synonyms in literature. In this sense, green brands attributes are (Ryals, 2012, p. 42):

- "Ecological": minimizing the negative impact on natural environment,
- "Equitable": prevent the marketing promotion of unsustainable social practices,
- "Economic": encouraging long-term economic development through brand.

Brands defer from each other by the degree of integrated green issues. Therefore, there are three categories of "greenness": 1) green as core value, 2) green integrated in core values, and 3) green values as the guarantee (Pflanz, 2014). The other classification, by Landor Associates, Newsweek, and Penn Schoen Berland, indicated four groups of green brands (in Danciu, 2015):

- "Unsung Heroes": brands that conduct strong green practice, but with insignificant public awareness,

- "Free Passers": brands that conduct limited green practice, but with distant brand echo that drives green reputation,
- "Losers": brands that conduct limited green practice, with public recognition of the limitations,
- "Winners": brands that conduct strong green practice that is recognized in public.

The growing role and significance of green branding (Sarkar, 2012) is reflected in a numerous benefits that are embedded in this concept.

Sustainability and brand equity

Consumer green perceptions and preferences, companies' sustainable practices and brand equity are strongly interrelated. Sustainability can bring deeper meaning to a brand image and consequently stronger emotional bonds and differentiation (Green, 2008; Kurowska, 2003). Moreover, It enhancing public recognition (Kotler et al, 2005), competitive advantage (Porter et al., 2006) and provide future financial health by reducing various possible risks (Osland, 2003).

Given that "green corporate perception, eco-label, and green product value" significantly influence purchase decision (Kong et al., 2014), and that there are consumers who are willing to pay higher price for green brands (Litvine et al., 2011), green branding is an important driver of brand equity (Benoit-Moreau et al., 2011). There are many studies referring to the link between sustainability and brand equity. For instance, the TANDBERG and Ipsos MORI survey (TANDBERG, 2007) confirmed the interdependence among corporate environmental responsibility, brand equity and competitive advantage, explaining that more than 50% (1 billion) of consumers from their global survey claimed they would prefer to buy product from environmentally responsible company, while almost 80% (700 million) of workers from the same survey stressed importance of working for environmentally ethical company. Similarly, Gidwani (2013) examined more than 1000 companies in 54 countries and showed that there is a strong correlation between brand strength and sustainable practice of a company, putting an accent on employees' treatment and environmental policies, as the leading drivers of the correlation. Chen (2010) observed different constructs of brand equity and indicated positive relationship between green brand image and green satisfaction, green trust and brand equity, as well as positive relation between green satisfaction and green trust with brand equity. He also listed main reasons for developing sustainable marketing: "compliance with environmental pressures; obtaining competitive advantage; improving corporate images; seeking new markets or opportunities; and enhancing product value" (p. 307). Finally, Nastanski (2014), provided sustainability-profitability relationship model, shows thoroughly how sustainability improves brand equity and consequently financial profit as final business indicator.

Figure 1
Sustainability-Profitability Relationship Model
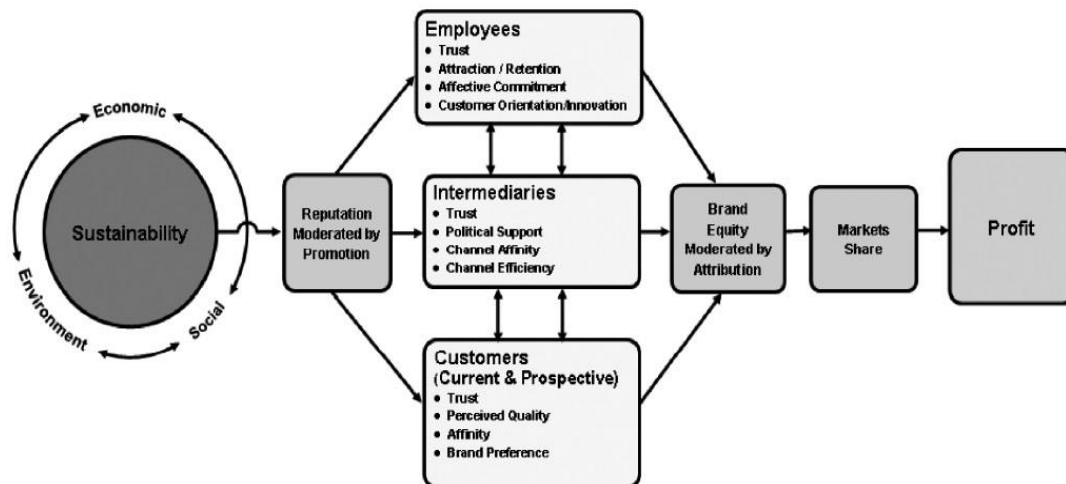
As a result, many companies have appointed sustainability on their business agendas, with the twofold aim – making contribution to society and gaining financial profits and advantage over competition (Haanaes et al., 2012). However, the link between what companies really do in terms of sustainability and how consumers see it is often blurred and unclear. Interbrand's annual Best Global Green Brands report (Interbrand, 2014) indicated two types of gaps between corporation's environmental practices and consumers' perceptions – positive and negative – where the first one refers to higher sustainable performance than the perception of consumers of those practice really is, and vice versa (in the case of negative gap). The main reason for this inconsistency is consumer confusion compounded by "greenwashing" (Zamitt, 2013) – the practice of misuse and forgery of the concept of sustainability, the green movement and manipulation in the field of ecology (Demin, 2012) - that rises question of trust and confidence in the company and their products, and usually results with loss of will and enthusiasm of consumers to engage in eco-friendly behavior and waiting for someone else to fix the problem (Hollis, 2011).In this respect, creating appropriate green brand strategies is required in order to reduce the gap and accelerate for large-scale adoption of sustainable behavior of all members of the community.

Essentials of successful sustainable branding strategy

Proper implementation of sustainability concept into society requires strong brands and comprehensive strategy. Best positioned and trustful brands are most inspirational, most influencing and with the ability to induce mass resonance and action (Hollis, 2011). On the other hand, appropriate strategy maximizes brands' impact, in best way fit "greenness" in consumers' lifestyle and trigger not just green audience but has much wider extent (Hollis, 2011). Likewise, it brings additional value to an individual and unequivocally inform consumers about all benefits of green brands purchase (Danciu, 2015).

In order to reach defined goals, sustainable brands must deal with the gap between companies performance and consumer perception, in the following way (Interbrand, 2014):

- Performance – should be demonstrated through clear explanation how organization source, produce, and distribute products and services in sustainable-responsible manner
- Perception – should be built among key consumers through credible and permanent communication of crucial benefits of sustainable practices.

It is important to understand full context of consumer socially responsible behavior. Hence, consumer decision regarding sustainable brands is based on three connections (Kim et al., 2015, p. 31):

- consumer and environmental sustainability,
- brand and environmental sustainability,
- consumer and brand.

Consumer acceptance of and positive attitudes toward sustainable brands depends on available green information and their procession by individual, as well as "sustainability fit within brand schema, consumer motivation and strength of relationship with the brand" (p. 31). Given that the idea of "green" is often abstract and that sustainable issues are too broad, consumer motivation is driven mainly by their concern for those issues and belief that their contribution makes sense (Gordon, 2002).

Green branding is more than eco-labeling (Danciu, 2015). Convincing and sound communication is essential for the process – familiarity with company's vision and tangible action plan for making a change is the basis for motivation of consumers and reaching their minds and hearts (Russo, 2011). Emotional connection created through green positioning provides three different types of values for consumers (Hartmann, 2005, p. 18):

- "A feeling of well-being" – finding personal satisfaction in contribution to the "common good",
- "Auto-expression benefits" – finding personal satisfaction in socially visible consumption and acquisition of environmentally conscious image,
- "Nature-related benefits" – love toward nature as the main trigger for satisfaction.

Observation of different segments on the market and their affinities toward sustainable behavior was also conducted by Lippincott (2007). They identified six profiles of eco-conscious consumers (p. 9): 1) campaigners (accept the issue and want to contribute, but are pessimistic about the change), 2) optimists (accept the issue, want to contribute and believe in change), 3) followers (ready to change, but not fully accept the issue), 4) confused (neutral and confused, but open-minded), 5) unwilling (accept the issue, but not ready to change), and 6) rejecters (informed, but don't want to change). Wining "heads, wallets and hearts" of consumers demands "insight into consumer practice" as a framework for "developing sustainable brand propositions and delivering and communicating green values" (Ryals, 2012).

There are various criteria for establishing successful sustainable brand strategy, like uniqueness, innovativeness, co-creation of sustainable value, and "accurate and clever communication (Danciu, 2015, p. 53). However, common thread that links all successful brands, regardless of whether they are green or conventional, is understanding "what matters to people in their lives, how and in what direction culture is changing, how to lead rather than follow and how to 'walk the talk' of brand integrity" (Gordon, 2002, p. 16), and those are mainstream rules for each successful brand strategy.

Conclusion

Conducted examination of the available studies in the field of sustainable branding confirmed that sustainability is omnipresent in modern world - it has become one of the main business and society topics. Translating sustainable principles into real behavior requires integrating it into society and business ideology as a core value. It takes time, investment and consistency in all stages, as well as leading consumers through the green maze, which is path full of risk and challenges.

Sustainable brand management perspective is seen as effective approach that can bring sustainability to life and provide multiple benefits for both consumers and companies. As a reflection of company's culture, brands are a significant instrument for driving the change into society with respect to environmental crisis. Consumers who follow their favorite brands are willing to identify with the brand values, and to adopt messages and lifestyle that brand recommends. They are "drawn to brands they trust, brands that are different from the rest, innovative, that appeal to the emotions, that signify something intelligent or interesting about the user, and brands whose parent company behaves well" (Gordon, 2002, p. 12).Understanding consumers, making business and brands green and inspiring broad audience to adopt sustainable behavior should become the mission of each company with long-term views on business.

Scientific investigation of the sustainable branding practice is at very beginning, given that there are still not enough companies that actually implemented the sustainability concept into their business models. Thus, this is both the main limitation of the study and great opportunity for the future research.

References

1. Armstrong, C.M., LeHew, M.L.A. (2011), "Sustainable apparel product development: In search of a new dominant social paradigm for the field using sustainable approaches", Fashion Practice: The Journal of Design Creative Process and the Fashion, Vol. 3 No. 1, pp. 29-62.
2. Benoit-Moreau, F., Parguel, B. (2011), "Building Brand Equity with Environmental Communication: An empirical investigation in France", EuroMed Business Journal, Vol. 6 No. 1, pp. 100-116.
3. Carrington M.J., Neville B.A., Whitwell G.J. (2010), „Why ethical consumers don't walk their talk: towards a framework for understanding the gap between actual buying behavior of ethically minded consumers", Journal of Business Ethics, Vol. 97 No. 2, pp. 139-158.
4. Chen, Y.S. (2010), "The Drivers of Green Brand Equity: Green Brand Image, Green Satisfaction, and Green Trust", Journal of Business Ethics, Vol. 93, pp. 307–319.
5. Christensen, T.H., Godskesen, M., Gram-Hassen, K., Quitzau, M., Ropke, I. (2007), „Greening the Danes? Experience with consumption and environment policies", Journal of Consumer Policy, Vol. 30, pp. 91-116.
6. Danciu, V. (2015), "Successful Green Branding, a New Shift in Brand Strategy: Why and how it works", The Romanian Economic Journal, Vol. 56, pp. 47-64.
7. Demin, J. (2012), "Ekomanipulacija – zloupotreba I krivotvorenje ideje održivosti, zelenog pokreta I manipulacija u oblasti ekologije", available at: http://www.buildmagazin.com/pdf/BUILD24.pdf (9/14/2015)
8. Gidwani, B. (2013), "The Link between Brand Value and Sustainability", available at: http://brandfinance.com/images/upload/the_link_between_brand_value_and_sustainability.pdf (4/10/2016)
9. Gordon, W. (2002), „Brand Green: Mainstream or forever niche?", Green Alliance, London.

10. Green, H. (2008), "The greening of the corporation", available at: http://www.businessweek.com/technology/content/dec2008/tc20081211_004876.htm (4/102016)
11. Haanaes, K., Reeves, M., von StrengVelken, I., Audretsch, M., Kiron, D., Kruschwitz, N. (2012), "Lessons from the harvesters. In Sustainability Nears a Tipping Point: Full Report", MIT SMR, North Hollywood.
12. Hartmann, P., Ibáñez, V.A., Sainz, F.J.F. (2005), "Green branding effects on attitude: functional versus emotional positioning strategies", Marketing Intelligence & Planning, Vol. 23 No. 1, pp.9- 29.
13. Hollis, N. (2011), "How Strong Brands Can Lead to a More Sustainable Future", available at: http://www.millwardbrown.com/docs/default-source/insight-documents/points-of-view/MillwardBrown_POV_Brand_Sustainabiliy.pdf (4/15/2016)
14. Interbrand (2014), "Interbrand's Best Global Green Brands report", available at: http://www.businesswire.com/news/home/20140624006052/en/Interbrand-Releases-4th-annual-Global-Green-Brands (4/20/2016)
15. Kim, H.S., Hall, M.L. (2015), "Green Brand Strategies in the Fashion Industry: Leveraging Connections of the Consumer, Brand, and Environmental Sustainability" in Choi, T.M, Cheng, T.C.E. (Ed.), "Sustainable Fashion Supply Chain Management", Springer International Publishing, Switzerland, pp. 31-45.
16. Kong, W., Harun, A., Sulong, R.S., Lily, J. (2014), "The Influence of Consumers' Perception of Green Products on Green Purchase Intention", International Journal of Asian Social Science, Vol. 4 No. 8, pp. 924-939.
17. Kotler, P., Lee, N. (2005), "Best of Breed: When it comes to gaining a market edge while supporting a social cause, corporate social marketing, leads the pack", Social Marketing Quarterly, Vol. 11 No. 3/4, pp. 91-103.
18. Kurowska S. (2003), "Sustainable consumption", International Journal of Consumer Studies, Vol. 27 No. 3, pp. 237-238.
19. Lippincott (2007), "Consumers, Brands and Climate Change", available at: http://www.theclimategroup.org/_assets/files/consumers_brands_and_climate_change_us_07_r.pdf (4/7/2016)
20. Litvine, D., Wustenhagen, R. (2011), "Helping light green consumers walk the talk: Results of a behavioral intervention survey in the Swiss electricity market", Ecological Economics, Vol. 70 No. 3, pp. 462-474.
21. Lynch, J., de Chernatony, L. (2004), „The power of emotion: Brand communication in business-to-business markets", Journal of Brand Management, Vol. 11 No. 5, pp. 403–19.
22. McEnnaly, M., de Chernatony, L. (1999), „The Evolving Nature of Branding: Consumer and Managerial Considerations", Academy of Marketing Science Review Online, Vol. 2 No.2, pp. 1-30.
23. McKinsey (2013), „Business branding - Bringing strategy to life", available at: https://www.mckinsey.de/sites/mck_files/files/b2b_branding.pdf (4/19/2016)
24. Mostafa, M.M. (2007), „A hierarchical analysis of the green consciousness of the Egyptian consumer", Psychology & Marketing, Vol. 24, pp. 445-473.
25. Nastanski, M., Baglione, S.L. (2014), "Sustainability: Benefits of Social Responsibility to Brand Value & Profit. The Journal of International Management Studies", Vol. 9 No. 2, pp. 164-173.
26. Olins, W. (2003), „O brendu", (About Brands) Profile, Beograd.
27. Osland, J. S. (2003), "Broadening the debate: The pros and cons of globalization", Journal of Management Enquiry, Vol. 12 No. 2, pp. 137-154.
28. Pflanz, S. (2014), "Nachhaltige Marke - Die Chance zur Wettbewerbdifferenzierung" ("Sustainable Brand - The chance for competitive differentiation"), available at: www.marketingboerse.de (6/29/2014)
29. Porter, M.E., Kramer, M.R. (2006), "Strategy & society: The link between competitive advantage and corporate social responsibility". Harvard Business Review, Vol. 84 No. 12, pp. 78-92.

30. Russo, V.M. (2011), "Building a Green Brand by Creating Attraction to Your Products", available at: https://www.greenbiz.com/blog/2010/07/06/building-green-brand-creating-attraction-your-products (4/15/2016)
31. Ryals, L. (2012), "Marketing a green brand", available at: http://www.som.cranfield.ac.uk/som/dinamic-content/media/Hayley%20Brown/Admap%20Article%20-%20Lynette%20Ryals%20-%20Green%20Consumer%20-%20Dec%2012.pdf (4/2/2016)
32. Sarkar, N.A. (2012), "Green Branding and Eco-Innovation for Evolving a Sustainable Green Marketing Strategy", Asia-Pacific Journal of Management Research and Innovation, Vol. 8 No. 1, pp. 39-58.
33. TANDBERG (2007), "Corporate Environmental Behavior and the Impact on Brand Values", available at: http://www.ivci.com/pdf/corporate-environmental-behaviour-and-the-impact-on-brand-values.pdf (4/20/2016)
34. Zammit, J.L. (2011), "Why green brands are failing to capture attention", available at: http://www.theguardian.com/sustainable-business/green-brands-fail-public-appeal (4/15/2016)

About the authors

Aleksandar Grubor, Ph.D. is a Full Professor and a Vice-Dean at the Faculty of Economics in Subotica (University of Novi Sad, Serbia). He teaches global marketing, services marketing, brand management, marketing communication and principles of marketing and has mentored a number of doctoral, master and bachelor student theses. He is an Author or a Co-author of more than 70 articles published in domestic and foreign journals (including eight articles in journals indexed on ISI list) and in books of proceedings of scientific meetings. To his references belong two monographs and three books as well. At the same time, Professor Grubor took part in many projects for domestic companies with emphasis on solving marketing problems. In period of January-March 2004, he completed the International Faculty Development Program at the Free Market Business Development Institute, School of Business Administration, Portland State University, Portland, Oregon, USA. Professor Grubor is an Editor-in-Chief of Annals of the Faculty of Economics in Subotica and a Member of the Serbian Marketing Association. The author can be contacted at **agrubor@ef.uns.ac.rs.**

Olja Milovanov, M.Sc. is a Teaching Assistant at the Faculty of Economics in Subotica (University of Novi Sad, Serbia), teaching principles of marketing, product management and business marketing. She is an Author or a Co-author of several papers published in leading domestic journals, or presented at scientific conferences in Republic of Serbia. She is also a Member of the Serbian Marketing Association. The author and can be contacted at **olja.milovanov@ef.uns.ac.rs.**