

## MARKETING STRATEGIES FOR SUSTAINABLE DEVELOPMENT IN DEVELOPING COUNTRIES

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**ABSTRACT:** *As the traditional role of corporate entities have been challenged by an increased number of demands from society, organizations roles are no longer limited to generate profits by supplying products or services. Instead, they are expected to play the role of responsible co-citizens of the community, taking social and environmental responsibility for the consequences of their actions. Implementing sustainable practices into business strategies is considered beneficial for both organizations and society, as it brings organizations opportunities for growth and development, as well as a more sustainable future for society. More so, the success or failure of any business is said to rests in part on the nature and types of marketing strategy they employ. A cross-sectional survey design was put in place for the study. The unit of analysis was organizations while the owner/managers of SMEs were the respondents. Systematic, simple random and snowball sampling techniques were employed to collect the needed data for the study. A sample size of 200 SMEs covering all sectors that exist in the study area was drawn from a population of 522 SMEs. Inferential statistics was used to empirically and statistically analyze the data collected for the study with the aid of Statistical Package for Social Science (SPSS) version 20. Regression analysis was used to test the hypotheses. The study revealed that a positive relationship exist between Customer Relationship Management (CRM) and Sustainability Marketing (SM) and the relationship is statistically significant ( $p < 0.05$ ). Also, it shows that a positive relationship exist between Sustainability Marketing (SM) and Competitive Advantage and the relationship is statistically significant ( $p < 0.05$ ). It was recommended that SMEs operating in the Nigerian market should endeavour to communicate sustainable practices strategies internally in order to form effective sustainability strategies in all business decisions.*

**KEYWORDS:** Sustainable Development, Marketing Strategies, Sustainability Marketing Developing Countries

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## INTRODUCTION

### Background

The concept of sustainability was introduced into business by the World commission on Economic Development (WCED) over 20 years ago (Crittenden et al., 2010). According to Crittenden et al. (2010) the concept includes a large assortment of terms and management approaches such as; environmental responsibility, social responsibility, sustainable development, and many more. Regardless of the term used, it intention is to argue for business responsibility among organizations. According to the International Institute for Sustainable Development (IISD) the term ‘sustainable development’ is referred to as: “*development that meets the needs of the present without compromising the ability of future generations to meet their own needs*” (IISD, 2013). Furthermore, sustainability includes three dimensions; social,- environmental,- and economical sustainability and authors have argued that business practices

should address all three dimensions in order to be considered sustainable (Kumar et al., 2012). One of the ways through which businesses can ensure their responsibilities regarding sustainability issues and maintaining sustainable business practices has been depicted in eight goals termed the 'Millennium Development Goals' (MDGs) (Milleniemålen, 2015). These eight goals were introduced by the United Nations (UN) and its 190 members in 2001, where governments signing the declaration pledged to work towards the attainment of global development (milleniemålen, 2015; Okpala & Ekpemiro, 2012). The authors argue that the main purpose of the MDGs is to improve and better the lives of people in developing countries. Moreso, the eight goals are all time bound targets with the aim to strive for local solutions in order to strengthen the democracy, reduce poverty, prevent and solve conflicts or crises, while at the same time work to prevent pollution and avert diffusion of HIV and AIDS (milleniemålen, 2015; Okpala & Ekpemiro, 2012).

The notion of sustainability or, sustainable development, is reflected in different concepts related to corporations and the concept 'Corporate Social Responsibility' (CSR) is one of them (Idemudia, 2011). Idemudia (2011) also argues that the idea of CSR presumes that businesses have certain obligations to society that go beyond profit-making and instead involves the help to solve societal and ecological issues. Concerns related to sustainability have come to be one of the more important aspects within developing countries since these markets are in need of socio-economic stability within business environments, which as a result may lead to the support of macro trends and growth strategies (Kumar et al., 2012). For international companies doing business in these markets, the adoption of sustainable development is a function of including diverse firm activities of which marketing has been identified as one (Nkamnebe, 2011). 'Sustainability marketing' in regards to 'sustainability issues' encompasses a broader scope of marketing and is described as forming and maintaining sustainable customer relationships, the social environment and the natural

environment (Kumar et al., 2012).

### **Problem Statement**

As the traditional role of business have been challenged by an increased number of demands from society, organisations are no longer constrained to generate profits by supplying products or services, but instead expected to create job opportunities (Schmeltz, 2014). Today, businesses must play the role of responsible co-citizens of the community, taking social and environmental responsibility for the consequences of their actions (Schmeltz, 2014; Kumar et al., 2012). The expectations from society are high and in order to survive and maintain organizational growth, business must align their way of working to the demands of society (Schmeltz, 2014). This requires organizations to incorporate sustainable practices into their different organizational strategies such as marketing, purchasing, and finance (Kumar et al., 2012).

Furthermore, sustainability marketing strategy is described as a concept that does not only result in added value to customers but also in long term relationships with customers, which is considered beneficial for both businesses, and society and ecology (Kumar et al., 2012). Hence, developing and operating businesses in a responsible way is a procedure that all organisations should strive to address in order to minimize the risk of compromising resources for the future (Azmat & Samaratunge, 2009).

Governments, campaigners, and media have become experts at holding companies responsible for the social consequences of their actions, and despite companies' effort to continuously work towards improving the social and environmental consequences of actions taken; these attempts have not been nearly as effective as they could be (Porter & Kramer, 2006). This issue has become especially important in developing countries as emerging markets compose great opportunities for businesses in terms of growth and development (Zou et al., 1997; Schlager and Maas, 2013). Consequently, factors such as cultural and environmental differences have an effect on business' strategic choices in order for them to claim a competitive role on the emerging market (Zou et al., 1997; Schlager and Maas, 2013). Regardless of whether companies that operate in developing countries choose to accept or reject sustainability principles, it is argued that businesses have certain obligations to society that go beyond revenue and profit-making, namely; to help and contribute to social and ecological problems (Idemudia, 2011).

One major aspect related to sustainable development is the concept of corporate social responsibility (CSR), which has shifted the attention towards a more social and environmental repercussion of business operations (Giuliani, 2014; Kumar et al., 2012). According to Giuliani (2014) firms are encouraged to adopt CSR practices as part of their sustainable operations with the intention of positively contributing to society and the environment. However, the author argues that this shift has resulted in an increased pressure for companies operating in developing countries, as the awareness of including sustainable development into business strategies has resulted in firms being exposed to international nongovernmental organizations (NGOs) and the media. The amplified global demand has subsequently forced organizations to implement codified set of laws, regulations and other CSR guidelines (Giuliani, 2014). Further, the link between companies' business ethics and NGOs has received an increased amount of attention during the last decade, as a result of social and political pressure (de Hond et al., 2015). Moreover, as a reaction to the increased global pressure, organizations may use their relationship with NGOs to their advantage in order to increase competitive advantage and thereby strengthen legitimacy and reputation, while at the same time prevent negative actions from stakeholders' side (den Hond et al., 2015; Giuliani, 2014).

The primary role of marketing strategies is to achieve competitive advantage (Kumar et al., 2012). However, Kumar et al. (2012) argue that designing an effective marketing strategy is a complex task as each business objective requires a diverse set of marketing strategies, together with a unique set of assessments. It is also argued that sustainability has become crucial as it is a long-term vision dealing with the development of strategies based on ethical and moral obligations (Kumar et al., 2012). Nevertheless, few studies have been conducted that addresses the link between sustainability and marketing strategy in terms of issues related to environmental, social and economic goals and objectives in an integrated manner (Kumar et al., 2012; Lenssen & Wassenhove, 2012; Krishnan & Ganesh, 2014). Regardless of the fact that many authors highlight the link between marketing and Sustainability, limited research exists presenting the relationship and link between the two. It is therefore considered vital to study the connection between marketing strategies in relation to Sustainability and thus, understand the difficulties linked to achieving environmental, social, and economic goals (Rundh, 2003; Kumar et al., 2012; Zou et al., 1997). Hence, this study empirically examines marketing strategies for sustainable development in developing countries.

### **Objectives of the Study**

The main objective of this study is to examine marketing strategies for sustainable

development in developing countries. The study seeks specifically to:

1. Examine if the employment of Sustainability Marketing Strategy lead to competitive advantage and growth opportunity.
2. Find out if the adoption of Sustainability Marketing Strategy contribute to the achievement of the MDGs?
3. Determine the effect of sustainability marketing on customer relationship management
4. Investigate if sustainability marketing leads to corporate social responsibility

## LITERATURE REVIEW

### Sustainable Development

As time has witnessed different phases of marketing strategy, the concept of sustainability has emerged as a key component of the field (Kumar et al., 2012). Today, it is an area that is explored by organizations for growth and development (Kumar et al., 2012; Mokthsim & Salleh, 2014). Moreover, the notion of sustainability works on a 'Triple Bottom Line', i.e., people, planet, and profit, and is regarded as a long-term vision that deals with the development of a strategy based on ethical and moral principles (Kumar et al., 2012; Mokthsim & Salleh, 2014). The concept of sustainability is not only limited to environmental sustainability but also comprises economic and social issues (Mariadoss et al., 2011; Kumar et al., 2012; Mokthsim & Salleh, 2014). Additionally, the main objective of sustainability is to move societies beyond constant consumption at no more than an existence level, and doing this without conceding the potential for the future (Khavul & Bruton, 2013). Mariadoss et al. (2011) argue that Sustainable Development comprises sustainable consumption behavior on a social, economic, and political level. The authors also mention that activities carried out at the individual household,-community,- business,- and government levels will support and encourage the consumption of goods and services that respond to basic needs and bring better quality of life. This in turn may minimize the use of natural resources, toxic materials and emissions of waste (Mariadoss et al., 2011). The vision of a future sustainable society is one that invests more than it consumes, and passes to future generations at least as much as it inherited from previous generations (Khavul & Bruton, 2013). The concepts 'Sustainability', 'Corporate Social Performance', 'Corporate Social Responsibility' (CSR), 'Going Green', and the 'Triple Bottom Line' all refer to organizations increasing their long-term economic, environmental, and social performance (Galpin et al., 2015). However, the term 'development' has undergone several phases, some more successful than others (Lenssen & Wassenhove, 2012). Lenssen and Wassenhove (2012) explain that before the 1960s development aid mostly consisted of an instrument used by nation states for various geopolitical purposes, where the novel mind-set was "*development through economic growth*". The authors further discuss the following phase of the global development and that it was grounded on the belief that growth would follow the satisfaction of basic material and nonmaterial needs of people. During the 1990s, the theory of Sustainable Development emerged and represented a new way of thinking (Lenssen & Wassenhove, 2012). The Millennium Development Goals (MDGs) were also framed and adopted as a response and call for global action (Lenssen & Wassenhove, 2012). Nowadays Sustainable Development, or Sustainability, is regarded as a universal and multidimensional concept and is defined as a type of development that meets the needs of the present, without compromising the capability of

forthcoming generations to meet their own needs (Mokthsim & Salleh, 2014; Gumeni & Gorica, 2014). Despite much progress being made since the concept Sustainable Development was established, researchers claim that due to the large scale of challenges faced, it might already be a “little too late” (Lenssen & Wassenhove, 2012). The increased global demand has left several international institutions proposing a codified set of laws, regulations, and other CSR guidelines in order to help organizations move towards sustainable development (Giuliani, 2014). Several of these institutions are linked to the United Nations through specific agreements and one of these guidelines is depicted in the United Nations’ Millennium Development Goals (un.org., 2015).

### **Sustainable Development in developing countries**

An increasingly large number of businesses choose to enter and operate in developing countries, and despite this fact there is still little agreement regarding the current and future responsibilities of business in development (Lenssen & Wassenhove, 2012; Kumar et al., 2012). Issues connected to food, poverty, health and education as well as issues regarding corruption and bribery all demand urgent action (Lenssen & Wassenhove, 2012). Moreover, a typical example of a sectoral aspect of Sustainable Development is provided by the manufacturing industry, which is often active in sustainability debates across all three dimensions of sustainability; i.e., economic, social, and environmental (Luken & Castellanos-Silveria, 2011). In recent years, the issue of maintaining a sustainable business development in manufacturing has become a vital subject due to the various environmental impacts such as earthquakes, terrorism, and hurricanes to name a few (Gunasekaran & Spalanzani, 2012). It is no longer considered an option to be successful purely in one’s business, nowadays it has become an obligation to protect the environment, as well as ensuring safety and welfare for those alive today and for future generations (Gunasekaran & Spalanzani, 2012).

According to Mani et al. (2014) entrepreneurs must increase flexibility, supplier networks, and speed of production systems while at the same time reduce energy consumption and environmental impacts in order to remain globally competitive. Moreover, Lenssen and Wassenhove (2012) argue that sustainable manufacturing is connected to the resources required for meeting Asian energy requirements and consumption. The authors further discuss that if manufacturing in Asia is formed in an unsustainable way, it will have a global impact on demand and resource supply, distribution and energy generation, and market pricing.

Furthermore, as sustainability is directly linked to the natural environment and poverty issues of developing countries, modeling sustainable manufacturing that minimizes the negative environmental impact and conserves energy and natural resources are considered safe for employees, communities and consumers, and is believed to be economically sound (Khavul and Bruton, 2013; Mani et al., 2014).

### **Sustainability Marketing Strategy in developing countries**

The term ‘Sustainability Marketing Strategy’ emphasizes added value to customers as well as the establishment of long-lasting customer relationships, beneficial for businesses, society and environment (Kumar et al., 2012). As issues related to Sustainability and Sustainable Development will become more of an obligation in the future, accompanied by the fact that stakeholders increasingly influence businesses to adopt Sustainability in their marketing strategies, authors argue that it is crucial to implement sustainable criteria into marketing strategies in order to survive (Kumar et al., 2012). As markets and organizations have come to



understand the importance of acknowledging sustainability issues and the influence these have on companies' marketing strategies, it also becomes evident how forming activities in accordance to sustainability issues may lead to competitive advantage (Beltz & Schmidt-Riediger, 2010). Many authors discuss

Sustainability as a key factor that has emerged within marketing strategy and that has become the focus of attention. It is widely argued that the main objective when forming marketing strategies is to gain competitive advantage (Kumar et al., 2012; Lenssen & Wassenhove, 2012). However, as entrepreneurs are urged to acknowledge that Sustainability is no longer an option but instead a requirement; recognizing the importance of implementing sustainable development into organizations' business practices and strategies is considered vital in order to achieve competitive advantage (Kumar et al., 2012).

## METHODOLOGY

The study made use of Cross-sectional design and employed the survey method in obtaining the needed data. The population of this study consisted of the entire SMEs operating in Ado-Ekiti metropolis of Ekiti State, Nigeria, which numbered about 522 (the State Ministry of Commerce and industries (2014), National Association of Small Scale Industries (NASSI, 2014). Most of the SMEs existing in Ado-Ekiti metropolis operate as family/sole proprietorship businesses and are generally classified into commercial, industrial and agricultural categories depending on their activities. Commercial SMEs however constitute more than 84% of the entire number (Ekiti State Ministry of Commerce and Industries, 2014). The population of the study therefore covers the entire SMEs in the study area. Simple random sampling technique was used to select 200 participants who took part in the study. The participants are mainly SME owners who deep knowledge of marketing strategies and sustainability marketing strategy. A self-structured questionnaire was developed for the data collection. The questionnaire were distributed, retrieved, collated and returned for analysis. The hypotheses proposed in the study were tested using multiple regression. S

## RESULTS AND DISCUSSION

**Table 1: Regression estimates for SM and its components**

$$SM = f(CRM, CA, CSR, MDG)$$

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
1					
(Constant)	1.803	11.918		.151	.880
CRM	.501	.155	.516	3.224	.002
CA	.247	.143	.453	1.719	.026
CSR	.197	.109	.190	1.809	.077
MDG	.079	.069	.805	1.145	.258

a. Dependent Variable: SM

Source: SPSS 20.0 Output for this study, (2017)

$$SM = + 1.8030 + 0.516 CRM + 0.453CA + 0.190CSR + 0.805MDG \quad - - (1) S (b_i)$$

[0.155][0.143][0.109][0.069]

*p-value:* (0.002)(0.026)(0.077)(0.258)

The model specification for Sustainability Marketing (SM) establishes that a positive relationship exist between Customer Relationship Management (CRM) and Sustainability Marketing (SM) and the relationship is statistically significant ( $p < 0.05$ ). The relationship is in line with *a priori expectation*. This means that a unit increase in CRM will result to a corresponding increase in Sustainability Marketing (SM) by a margin of 51.6%.

$$SM = + 1.8030 + 0.516 CRM + 0.453CA + 0.190CSR + 0.805MDG \quad - - (1)$$

S (b<sub>i</sub>)      [0.155]      [0.143]      [0.109]      [0.069]

As shown by the results of the regression coefficients, a positive relationship exist between Sustainability Marketing (SM) and Competitive Advantage and the relationship is statistically significant ( $p < 0.05$ ) the relationship is in line with *A priori expectation*. This means that a unit increase in Sustainability (SM) will result to a corresponding increase in Competitive Advantage (CA) by a margin of 45.3%.

A positive relationship also exists between Sustainability Marketing (SM) and Corporate Social Responsibility (CSR) and the results is statistically significant ( $p < 0.05$ ) and also in line with *a priori expectation*. This also means that a unit increase in Sustainability Marketing (SM) will cause a corresponding increase in Corporate Social Responsibility (CSR) by 10.90%.

$$SM = + 1.8030 + 0.516 CRM + 0.453CA + 0.190CSR + 0.805MDG \quad - - (1) S (b_i)$$

[0.155][0.143][0.109][0.069]

*p-value:* (0.002)(0.026)(0.077) (0.258)

The model above shows that a positive relationship exists between Sustainability Marketing (SM) and Millennium Development Goal (MDG) and the relationship is not statistically significant ( $p > 0.05$ ). This is however not in line with *A priori expectation*. This relationship means that a unit increase in Sustainability Marketing (SM) will cause a corresponding increase in Millennium Development Goals (MDG) by 80.5%.

$$SM = + 1.8030 + 0.516 CRM + 0.453CA + 0.190CSR + 0.805MDG \quad - - (1) S (b_i)$$

[0.155][0.143][0.109][0.069]

*P-value:* (0.002)(0.026)(0.077)(0.258)

## CONCLUSIONS

This study investigated Marketing strategies for sustainable development in third world countries.

To this end, four components of sustainability marketing were sampled based on the revealed

literature. The effect of these four SM components (Dependent variables) made up of; Customer Relationship Management, Competitive Advantage, Corporate social responsibility and Millennium Development Goals were used against Sustainability Marketing. The research objectives have been achieved since, reliable, explicit, rigorous and unambiguous answers have been reasonably provided to each of the research questions in the study. Conclusion has therefore been drawn from the study based purely on the research findings.

## RECOMMENDATIONS

Arising from the findings of this study and Consequent upon these and other issues examined in the study, the following recommendations are made.

- SMEs in the Nigerian market should endeavour to communicate sustainable practices strategies internally in order to form effective sustainability strategies in all business decisions. This point to the fact that all staff members should have knowledge about the area of sustainable development.
- Given that Nigeria is a developing country, SMEs are advised to expand and broaden their understanding regarding sustainability marketing strategy, and how employing such strategies may affect the company and the market in terms of economic, - social, - environmental issues. Mainly since issues related to sustainability have become strategically important to managerial decision makers as companies face increased pressure from employees and stakeholders.
- Communication is crucial and starts internally, hence; the organizations are advised to improve their communication within the firm and ensure that staff and managers are all aware of the company's sustainability marketing strategy. Adopting CSR to organizations can facilitate the communication of underlying company values, which in turn may lead employees to create an organizational identification to the idea of CSR. This may also trigger organizational benefiting behaviors as CSR becomes part of the business' daily practices.

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