SUSTAINABLE MARKETING AS A FACTOR OF INNOVATION GROWTH IN SMALL AND MEDIUM-SIZED ENTERPRISES

Innovation is nowadays a key for companies to stay competitive and to successfully compete in changing markets and environments. One increasingly important driver for innovation can be sustainable marketing, a concept which aims to integrate ecological, social and economic dimensions into conventional management. Especially small and medium-sized enterprises (SMEs) are under growing pressure to offer more ecological, cleaner, safer alternatives to existing products. The change in the approach to create new products and services, how to create, deliver and communicate the company's offer or the principles of co-operation with suppliers and customers are the basis for the increase in the level of innovation and minimize the adverse impact of business activities on society. Sustainable marketing is closely linked to the development of innovation and in this context affects economic development. Thus, the role of marketing is becoming increasingly, on the one hand, the development of consumer behavior towards the principles of sustainable development, on the other hand, the use of the opportunities for creating new innovative solutions in the enterprise.

Key words: sustainable marketing, innovation, small and medium-sized enterprises (SMEs), sustainable oriented innovation.

Introduction

One of the main problems of Polish small and medium-sized enterprises (SMEs) is the low level of their innovation measured almost all types of innovation indicators, which are used in the literature and innovation policies. Low Polish business innovation translates into slower course economic growth. It is necessary to draw attention to yet another question - decide for innovative solutions in Poland, mostly large companies. What more apparent correlation is as follows - the smaller the company, the less frequently decides to innovation. In addition, despite the fact that innovation is now widely understood (does not have to be the development of a new product), for innovative solutions in the field, for example, of services in Poland decides to only every eighth company1.

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1 Raport PARP: Determinanty rozwoju innowacyjności firmy w kontekście poziomu wykształcenia pracowników, Ekspertyza przygotowana dla PARP - Polskiej Agencji Rozwoju Przedsiębiorczości 2009, p. 9.
Innovations arise mainly as a result of focusing on the creation of new ideas. The problem lies in the choice of the idea that will bring success in the market, taking care of its development and the appropriate allocation of resources, organization and management of the development in the most efficient way. The organization's activities aimed at creating innovation is usually a tedious and complex, containing elements of creative destruction prior to which the organization is located. These actions raise therefore understandable resistance, as they introduce new solutions.

Nowadays, big opportunity for innovation growth in the SMEs sector can be sustainable marketing, which deliver the change in the approach to create new products and services, deliver and communicate the company's offer or the principles of cooperation with suppliers and customers. There are the basis for the increase in the level of innovation and minimize the adverse impact of business activities on society. Innovation focuses on the opportunities, instead of risks. It mobilizes positive action, rather than paralyzing business in inaction. It allows to imagine new futures — ones in which business works hand-in-hand with society.

The role of innovation in the development of SMEs

Small and medium-sized enterprises (SMEs) around the world play a key role in shaping the economy. They are a source of economy growth and innovation development in all sectors and create jobs for citizens. SMEs balance the negative economic trends and support the restructuring of industries. Sustainable development of the SME sector is crucial for the economy and is a necessary condition for economic growth, at least for several reasons. First, six out of ten new jobs are created in the SME sector. Secondly, SMEs are paving the way for the transformation of the traditional forms of industrial production to advanced technologies. Thirdly, SMEs play a key role in the development of innovations aimed at improving competitiveness. Finally, companies in this sector contribute significantly to the development of the global market.

The key to the success of small and medium-sized enterprises and entire economies in the world today is innovation. And it should be a strategic objective for the Polish

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2 Zajkowska M.: Socially responsible education as a chance for innovation growth - future challenge for the high schools in Poland, “Corporate Social Responsibility and Women’s Entrepreneurship around the Mare Balticum”, Baltic Sea Academy, Germany 2013, p. 154-161.
Polish businesses need to work on innovation in all areas to succeed on a global scale. They must offer innovative products and services, and also use innovative marketing solutions to reach buyers and build strong brands.

Innovation allows businesses to stay ahead of competitors - it expresses itself in new or more modern products and services, opens up new markets, and finds new ways to meet customers' needs and anticipate their future needs. Innovative activity encompasses scientific, technical, organizational, financial, and commercial steps that can lead to changes in the environment, reduce operating costs, and increase competitiveness.

The main efforts of SMEs in recent years have been focused on increasing efficiency by reducing costs. Today, a large proportion of SME owners view innovation as a means to achieve the highest possible profit in the long term. More often, businesses focusing on the broader role of enterprises operating in the market. Eminent authority in the field of management P. Drucker emphasized that “free enterprise operating in conditions of economic freedom cannot exist just because it is good for business; sense its existence is that it is necessary for society.”

Together with increasing interest in environmental issues, the concept of sustainable marketing emerged. New marketing concepts place greater emphasis on environmental and social aspects. The basis of these new approaches has become a responsible look at how to meet current needs while preserving or even improving society's ability to meet the needs of future generations. The new marketing concepts emphasize the need to involve companies in activities that are pro-social and ecological. At the same time, the significance of new categories of customers - more demanding, better informed, and more likely to share knowledge about product or service quality through the Internet or mobile phone - has increased, targeting new operational capabilities that improve collaboration and product innovation.

**Sustainability as a response to the contemporary market**

The concept of sustainable marketing is derived from the mainstream of sustainable development. The UN Commission on Environment and Development (WCED) defines sustainable development as development that allows meeting the needs of the present without compromising the ability of future generations to meet their own needs.

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without compromising the ability to meet the needs of future generations\(^9\). Broader concept of sustainable development is understood as a long-term process, resulting in the permanent improvement of the quality of life for present and future generations achieved through balancing the three types of capital: economic, human and natural\(^{10}\). This approach takes into account the intergenerational justice because it takes into account the increase in the quality of life for all generations. A key criterion for assessing the achieved level of sustainable development is to achieve a balance between the three previously mentioned capital with appropriate proportions while the growth in the quality of life\(^{11}\). Sustainable is also seen as a philosophy whose goal is to bring to market participants, groups and social activists organizations whose interests have not been consistent, in order to create a joint plan view of the world (a common worldview), through the prism, which includes the responsibility for protection and preservation of the environment, social responsibility and prudent management of financial resources on a global scale.

Assumptions for sustainable development at the enterprise level have been defined by the World Business Council for Sustainable Development\(^{12}\) and include such factors as:

- **Eco-efficiency** focus from a general management concept to addressing more specific aspects such as the development of indicators, reporting guidelines and its relevance to financial markets. An eco-efficiency learning module is currently being developed as an outreach tool to disseminate the eco-efficiency message among members, regional partners and Small and Medium sized Enterprises (SMEs).

- **Innovation and Technology** theme is designed to put sustainability at the heart of companies’ creative and technological development processes. When talking about innovation and technology, a crucial issue for business is Intellectual Property Rights (IPRs) as they are a prerequisite for investing in new technologies and products.

- **Corporate Social Responsibility (CSR)** - for many companies, the opportunities but also the challenges of now is focus on implementation of CSR. This theme examines how a long-term CSR strategy, based on integrity and firm values, offers clear business advantages.

- **Ecosystems** theme means that ecosystem degradation occurs as a result of emissions of various pollutants, use of natural resources, which reduces biodiversity depletion.

- **Sustainability and Markets** theme means to advocate a mix of market tools and incentives that encourage sustainable consumption and production. This is approach by showing how markets can provide business large and small with the framework to innovate with sustainability as its core.

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\(^9\) Word Commission on Environment and Development, 1987, p.43


- **Risk** as a cross-cutting theme which looks at how systemic risks – the risks that affect systems on which society is built – impact the way companies operate and offers guidance on managing an expanded set of risks.

Another source of literature defines this concept as a strategy for the development of enabling of management of all the resources, such as human, natural, and financial and material, and an increase in long-term prosperity and wealth\(^{13}\). It should be noted that the idea of sustainable development at the enterprise level has another specific than sustainable development at the macroeconomic level. Implementation of this concept is associated with a decrease of intensity and material consumption, an increase in productivity of natural resources, reduced pollution levels at the same time meeting the expectations of stakeholders\(^{14}\).

The presented approach to identify the concept of sustainable development appear to contradict the assumptions challenges facing marketing concept, which involves targeting the growing consumption of products and services\(^{15}\). In a critique of marketing there are allegations of excessive consumption, shortening product life cycle or the use of excessive packaging. Often there are opinions on the assessment of marketing through the prism of the artificial creation of the growing demand for a variety of products and services, through the sale and encourage the growth of consumption in order to maximize profit.

**Conceptualization of sustainable marketing**

Sustainable Marketing is a multidimensional concept and can therefore Polish social and economic realities still little known. To understand how it came to its formation must take into account a number of related concepts that the years to have an impact on its development. Played a particularly large role such ideas as: corporate social responsibility, the development sustainability, stakeholder theory, stakeholder marketing, social marketing, marketing eco-friendly, socially involved marketing and environmental marketing.

Sustainable marketing is seen as marketing, which is part of the sustainable economic development. Typing in the responsible development, marketing underwent a three-stage evolution\(^{16}\). The first stage dates back to the 70s - ecological marketing, which focused on environmental issues such as air pollution, water, depletion of natural resources and environmental impact of farming used in fertilizers and pesticides. In the spotlight were aspects of marketing activities related to the reduction of pollution and reduction of natural resources. The second stage is the 80s - environmental marketing, focused on the development of modern, environmentally "clean technologies". It focused on the marketing efforts directed at "green segment of customers" who see the

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responsibility to act as a competitive advantage. According to this concept, they do not make a purchase only products and brands, but the philosophy of the company. Environmental Marketing pointed to the growing role of ethical and ecological factors in consumer decision-making processes and pointed to the need to make changes in consumption patterns.

The third stage is the currently existing sustainable marketing era, the aim of which is in economic and social development. Sustainable marketing is focused on meeting the needs of today's consumer, including the next generation of consumers and the ability to meet their needs. The consequence of this approach is the need to change the behavior of all actors of the value chain. As part of the marketing concept of sustainable company strives to achieve the objectives of focusing on three areas: ecological (environmental), social (equity) and economic (economic) referred to in the literature as "3ES". Sustainability marketing is marketing that endures for EVER, in that it delivers solutions to our needs that are\(^{18}\) [Belz, Peattie, 2012]:

- **Ecologically oriented**, taking account of the ecological limits of the planet and seeking to satisfy our needs without compromising the health of ecosystems and their ability to continue delivering ecosystem services.
- **Viable**, from technical feasibility and economic competitiveness perspectives.
- **Ethical**, in promoting greater social justice and equity, or at the very least in terms of avoiding making any existing patterns of injustice worse.
- **Relationship-based**, which move away from viewing marketing in terms of economic exchanges towards viewing it as the management of relationships between businesses and their customers and other key stakeholders.

Analysis of the considerations leading to the definition of sustainable marketing as a process of planning, organizing, implementing and monitoring marketing resources and programs related to the development of products, prices, sales and promotion methods in such a way that\(^{19}\):

1. Satisfy customers and meets the needs,
2. To achieve the objectives of the company,
3. Ensures compatibility of ecosystem processes.

Cost-savings, leadership, trust, competitive advantage, as well as attracting and retaining employees were all pointed out as benefits of sustainable marketing. The benefit which was mentioned the most was that being seen as sustainable enhances the company’s image and gains the company a good reputation.

Conceptualization of sustainable marketing is a modern response to the need of link the two concepts. Area of discussion and research in this area focuses on the synthesis of profit-seeking enterprises through continuous improvements in customer satisfaction with regard to the environment, depletion of natural resources and the needs of future generations. In the light of the foregoing marketing - regardless of whether it will be perceived as a philosophy of operation or one of the key functions of the organization, most involved in the relationship between the company and the environment in which it


sits - should be the main source and the focal point of the company's concentration on sustainable development.

**Challenges for marketing in the context of innovation growth in SMEs**

Marketing based on the assumptions of sustainable development is seen as efforts to improve the quality of life of society. In this context, the considerations taken, it is worth emphasizing marketing relationship with the process of creating innovation, mainly at the level of product types. If we assume that marketing accelerates the process of creating and implementing innovations, which are increasingly concerned environmentally friendly products, means of communication and distribution of products, the role of marketing becomes crucial. Sustainable marketing activities are invaluable to the change in lifestyle, which translates into the effect of social, environmental or economic. Successfully carried out promotional activities, in particular the Public Relations campaigns can contribute to changes in consumption patterns, which in turn translates into improvement of the environment.

Marketing that promotes a company's sustainable initiatives serves as a bridge between corporate responsibility and profitability. These initiatives often require a significant capital investment to change the way a company does business or to innovate its products and services so they have a more positive impact on the environment. Investments in sustainability are only worthwhile to a corporation if they result in increased profitability. While social goals are admirable, a corporation has a fiduciary duty to maximize profits for its stockholders. Sustainable marketing assumes this investment is viable by crafting messages that tap into this consumer concern with the expectation that it can be translated into purchasing decisions. For example, a company that produces body lotion can design a product that has less volume, needs less packaging, and is produced only from natural ingredients instead of chemicals. This product innovation costs the company a significant amount of money to accomplish. It will only make this investment if it believes that consumers will value the product and make a purchasing decision based on its new features. Sustainable marketing at the product level is designed to bring these new eco-friendly features to the consumer's attention. At the public relations level, the company can report to its shareholders and customers that it is a responsible corporate citizen that is concerned about sustainable product innovation for the sake of future generations.

In this way, business analysts consider sustainable marketing to have a triple bottom line, resulting in benefits to the customer, the environment, and the corporation. The real impact of sustainable marketing is still debatable, however, because consumer concerns that are identified through polling and research do not always translate into actual purchasing decisions. Purchases of sustainable products are often impacted by outside forces, such as comparative utility, cost, and availability, that can skew the impact of marketing. Sustainable marketing is as concerned with identifying when a consumer can afford to make a sustainable purchasing decision as it is in crafting the awareness message. Applying the sustainability concept of the constant capital rule on the field of innovation, it is arguable that sustainability innovations are innovations which maintain or increase the overall capital stock (economic, environmental, social) of a company.
Hence, Wagner describes “sustainability-related innovations” as better-managed innovations, “[. . .] where more target criteria are integrated and made mutually compatible.”

Making sustainability part of the business can be an initiative from the company itself but also a reaction to consumer pressure or changes of competitors’ strategies. In the future, companies may be forced to change their behaviour due to consequences of climate change or impending raw material shortages. Economic objectives are about profits and market shares. Instead, economic objectives in sustainable marketing can be set for increasing the revenues and market shares of sustainable products and services.

Now that the concept of sustainability has taken hold in the mind set of consumers and has become a value proposition to corporations, environmentalists want to move the definition forward. They would like to see it changed to reflect corporate responsibility to market in a sustainable way, one that is profitable but responsive to actual worldwide need rather than rampant consumerism. Ideally, sustainable marketing would stop encouraging irresponsible over consumption in developed nations simply to improve profits.

Sustainability marketing is therefore an expression of sustainable implementation of corporate social responsibility and sustainable development in marketing. Thanks to their translation into action and marketing tools there are created new opportunities to offer more environmentally sustainable and socially products and services. The use of marketing sustainable throughout the life cycle of a product or service, and especially in the design phase, is now the most desirable customers and the business itself, a sign of innovation.

Conclusion

Many businesses are already converting over to this new structure, even though there is a difficult conversion from planning to implementation. A lot of SMEs have not heard about sustainable marketing, but they will. Without a doubt it is a strong combination of forces forming between economics, environment and population growth creating the perfect storm. This necessitates change in our economic structures, consumer pricing and goods, social responsibility and long-term business viability. In short, sustainable marketing stands to become an imperative for SMEs seeking to have or maintain their competitive advantage. The observations show, that in many cases the companies’ operations and products are very consistent with the contents of sustainable marketing and practise it, although none of the companies calls its activities sustainable marketing. Both the social and environmental dimensions of sustainable marketing are part of the SMEs’ operations. Sustainability is a holistic approach for all of the companies and is not only limited to marketing, although the degree of sustainability being integrated into everyday activities varies. For some of the companies it is also part of their core values. Clearly, all companies want to satisfy their customers through their activities. SMEs in Poland can gain a competitive advantage through enhanced environmental and social performance. The competitive advantage is not necessarily the

environmental performance but durability, cost-savings, convenience or all three together. More sustainable production processes, products or services can be accomplished through innovation. Instead of increasing costs, costs could actually be reduced through innovations in production processes, packaging or distribution. This brings the company a cost advantage, which would allow them to lower their prices while sustaining or increasing their profit margin.

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Streszczenie

Innowacyjność stanowi obecnie kluczowy czynnik dla przedsiębiorstw, aby skutecznie konkurować w zmieniających się otoczeniu gospodarczym. Jednym z coraz bardziej istotnych czynników innowacji może być zrównoważony marketing, koncepcja, która ma na celu integrację wymiaru ekologicznego, społecznego i ekonomicznego w procesie zarządzania. Szczególnie małe i średnie przedsiębiorstwa (MŚP) są pod rosnącą presją, aby oferować bardziej ekologiczne, czystsze, bezpieczniejsze alternatywy dla istniejących produktów. Zmiana w podejściu do tworzenia nowych produktów i usług, jak tworzyć, dostarczać i komunikować oferty firmy lub zasad współpracy z dostawcami i klientami są podstawą do zwiększenia poziomu innowacyjności i minimalizacji negatywnego wpływu działalności gospodarczej na społeczeństwo. Zrównoważony marketing jest ściśle związany z rozwojem innowacji, a w związku z tym ma wpływ na rozwój gospodarczy. Zatem rola marketingu staje się coraz bardziej znacząca, z jednej strony, na rozwój zachowań konsumentów wobec zasad zrównoważonego rozwoju, z drugiej strony, korzystania z możliwości tworzenia nowych innowacyjnych rozwiązań w przedsiębiorstwie.

Słowa kluczowe: marketing zrównoważony, innowacje, małe i średnie przedsiębiorstwa (MŚP), innowacje zorientowane na zrównoważony rozwój.

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