

# **SUSTAINABILITY MARKETING MYOPIA: A LITERATURE REVIEW ALONG WITH A CASE STUDY**

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**Abstract:** Sustainability has emerged as a critical perspective over last decades. After the irrefutable scientific evidences presented, climate change, pollution, biodiversity losses and degradation is clearly observed and accepted by all humans. Apart, many governments had chosen to set goals for sustainability. Marketing, focusing on human itself, could not ignore this trend and tried to center it. As a result, a new perspective started to guide marketing; sustainability instead of continuous consumption. This idea let to a new term called sustainable marketing. However, focusing only on sustainability credentials instead of consumer needs results in sustainability marketing myopia. Whilst sustainability offers good opportunities to companies for differentiation in the marketplace, it can also put businesses at risk of stakeholders' backlash (Maxwell & Lyon, 2011).

**JEL classification: Z23, M16**

**Key words: Sustainability, marketing, marketing myopia, consumer, consumption**

## **1. INTRODUCTION**

There are many different explanations of sustainability marketing in the literature. These differences arose from the nature of marketing; marketing model is based on continuous consumption (Peattie & Peattie, S. , 2009).

Sustainability marketing encompasses a philosophy and a range of activities (Villarino & Font, 2015, p. 1). It aims to satisfy consumers' needs or wants and create a favorable position for the business in the marketplace by communicating how the business addresses environmental, social and economic concerns (Wilhelm & Bridges, 2008).

Bernte (2018, p. 28) defines sustainable marketing as a holistic approach, which involves identification and satisfaction of customer needs in a sustainable manner, while conventional marketing satisfies needs and wants in the most profitable manner. Conventional marketing does not consider the impact of goods and services on the environment, while sustainable marketing emphasizes providing the long-term environmental benefits. For brands and corporations at whose core is sustainable marketing, their strategy and communications are more credible to their customers. Fuller (1999, p. 4) defined the sustainable marketing as; "the process of planning, implementing and controlling the development, pricing, promotion, and distribution of products in a manner that satisfies the following three criteria: (1) customer needs are met; (2) organizational goals are attained; and (3) the process is compatible with eco-systems."

Sustainable marketing is satisfying consumer wants and needs, while considering social and environmental criteria and meeting corporate objectives (Peattie & Belz, 2009, p. 31). It focuses on long-term environmental benefits.

In short, the aim of the sustainability marketing is to inform all actors about sustainability-oriented behavior and its influence on this behavior (Rakic & Rakic, 2021). So, if a company focuses on sustainability marketing, both natural and human capital should be preserved (Martin & Schouten, 2014, p. 18).

## 2. OBJECTIVES

The term "marketing myopia" was first used by Theodore C. Levitt (1960) of Harvard, in an article for the Harvard Business Review. Levitt described marketing myopia as a shortsighted approach to marketing in which businesses become complacent due to the fact that they are in a growth industry and focus solely on marketing their existing products instead of catering to their customers' wants and needs. Levitt felt that the slowing of a company's growth, particularly one that relies on a flagship product or line of products, is caused not by stagnation of the industry but by the complacency of the company's management (Horowitz, 2020). It might be stated that, Levitt showed a way to marketers to view the products and services through the point of the way of customers. This was a new and revolutionary change in the paradigm of marketing. In 2004, the Harvard Business Review republished Levitt's paper "The marketing myopia" as "the most influential marketing idea of the past half-century" (Levitt, 2004).

Basically, marketing myopia is the failure of a business to recognize and respond to changing conditions within its industry (Horowitz, 2020). Like Levitt, many researchers, based the failure of companies on marketing myopia. Urdan and Rocha (2006) stated that the failure occurs when companies do not understand customers' expectations and needs and how product diversification occurs overtime to meet those needs. In the original article Levitt (1960) presented the railroad companies as an example to the myopia. Due to the fact that the railroad companies positioned themselves as "railroad companies" they failed to understand the transportation business. Another example was Hollywood; which could not understand that they are actually in entertainment business –rather than just movies. Last example can be the petroleum industry which defined its product as pure gasoline, neither fuel nor energy. Moreover, in today's world, still many companies keep on repeating the same mistake. Kodak; who once owned a 90 per cent share of the US film business and manufactured 85 per cent of all cameras sold in the USA (McMullen, 2015, p. 120). Kodak focused on their products, thinking they were in the film and camera business instead of focusing on the needs of their customers who wanted to preserve memories. A&P serves as a prime example of the classic myopic firm. A&P's management defined the organization by the type of product sold (groceries). This definition led to the decision not to add highly profitable non-grocery items as competitors did (Richard, Womack, & Allaway, 1993).

On the other hand, there are perfect examples of companies that managed to save their business from the destructing marketing myopia. Encyclopedia Britannica, the most known reference materials provider for more than 250 years, admitted that they had lost the battle to Internet and Wikipedia had reoriented themselves on

knowledge business. Or Disney, orienting the company in “entertainment” business rather than “cinema”.

Companies that were relying on the belief in automatic growth were fated to stagnation and decline, being at the mercy of the self-delusion cycle. The self-delusion cycle is composed of four conditions;

(1) The belief that growth is assured by an expanding and more affluent population. (2) The belief that there is no competitive substitute for the industry’s major product. (3) Too much faith in mass production and in the advantages of rapidly declining unit costs as output rises. (4) Preoccupation with a product that lends itself to carefully controlled scientific experimentation, improvement, and manufacturing cost reduction (Levitt, 1960, s. 60)

Fifty years after the paper’s publication, no doubt, today’s marketers do a much better job of focusing on customer needs.

The marketing myopia concept was reanalyzed through new marketing perspective by a group of researchers. According to them “the new marketing myopia occurs when marketers are unable to see the broader social context of business decision, sometimes with disastrous results for their organizations and society”. The new marketing myopia is based on three interrelated phenomena (Smith, Drumwright, M. E., & Gentile, 2010, p. 4):

(1) a single-minded focus on the customer to the exclusion of other stakeholders, (2) an overly narrow definition of the customer and his or her needs, and (3) a failure to recognize the changed societal context of business that necessitates addressing multiple stakeholders”.

There is no doubt that, for a company on its lifetime, the relations with stakeholders is one of the most important factor for success. Therefore, the company's fundamental role is to identify its key stakeholders and classify them according to the interests demanded (Kumar, Rahman, Z., & Kazmi, A.A., 2016). While customers should "remain a central consideration," companies must learn to take other stakeholders into account as well.

A good example for new marketing myopia can be Nike’s failure to respond to workplace abuses in the factories of its suppliers<sup>1</sup>. At the end, Nike has to overcome worldwide boycotts.

In short, when marketers give insufficient attention to stakeholders, their customers, their companies, and society at-large likely will be adversely affected (Smith, Drumwright, M. E., & Gentile, 2010, p. 5).

Sustainability marketing myopia is a term used in sustainability marketing referring to a distortion stemming from the overlooking of socio-environmental attributes of a sustainable product or service at the expenses of customer benefits and values (Peattie & Belz, 2010). The idea of sustainability marketing myopia is rooted into conventional marketing myopia theory, as well as green marketing myopia (Sustainability marketing myopia, n.d.). However, it is important to note that sustainability marketing myopia differs from green marketing myopia in that the former follows a broader approach to the marketing myopia issue, taking into account the social attributes of a product, as well as the environmental ones. At the same time,

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<sup>1</sup> Nike was plagued with reports that its global supply chain was being supported by child labor in places like Cambodia and Pakistan, with minors stitching soccer balls and other products as many as seven days a week for up to 16 hours a day.

sustainability marketing myopia encompasses sustainable services and product-related services, not products alone (Peattie & Belz, 2009, p. 51).

Generally, sustainability marketing myopia can be avoided in two ways (Ottman, 2006):

- (1) by identifying and stressing the inherent consumer's values (efficiency and cost-effectiveness, health and safety, convenience, symbolism and status) of the socio-ecological features of the product. In other words, companies should highlight the personal customer benefits stemming from the socio-ecological features of the product;
- (2) by aligning socio-ecological attributes with core benefits of the product to create "motive alliances". Core benefits of the product can comprise functionality, performance, design, durability, taste, freshness, uniqueness, aesthetics, fashion. Motive alliances are the connections of such core benefits with the relevant socio-ecological attributes embedded in the product, an operation also known as bundling.

Besides striking a right balance of focus between product attributes and consumers' benefits, sustainability marketers should also avoid employing unsubstantive claims about the socio-environmental benefits of their products (Ottman, 2006). This particular form of marketing myopia is best avoided by building an image of credibility for the brand through effective sustainability communication, so that consumers can easily associate their products with sound socio-environmental performances (Peattie & Belz, Sustainability Marketing: A Global Perspective, 2009).

In short, sustainability marketing myopia, similar to green marketing myopia, is the result of being product focused instead of consumer focused and emphasizing on sustainability legitimacy and credentials over consumer needs and satisfaction, losing the balance between marketing goals (What is Sustainability Marketing Myopia, n.d.).

### **3. METHODOLOGY**

A good example for sustainability marketing can be the green buildings. The producers of green buildings in Western Europe suffered from sustainability marketing myopia in the experimental stages of energy-efficient houses. Companies focused on the energy-efficient attributes of the houses at the expenses of cost-effectiveness and affordability, marketing their products on the basis of intergenerational equity, ecology and energy-savings (Peattie & Belz, Sustainability marketing: An innovative conception of marketing, 2010). In addition, further inherent consumer values as comfort and design were also ignored at these early stages (Peattie & Belz, Sustainability Marketing: A Global Perspective, 2009).

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#### **4. Analyses**

A very good example of sustainability marketing myopia can be Cola Turka, a brand of Ülker. Ülker Bisküvi launched its operations 70 years ago in a small workshop in Eminönü, Istanbul, with only six or seven boilers, a small oven and three employees.

Yet it is now the flagship of Yıldız Holding<sup>2</sup> by both sales volume and profitability. As Turkey's largest food company, Ülker recognized 9.401 million TL in sales revenue in 2020, with EBITA margin 17.2%, operating profit of 1.493 million TL. While the majority of its products are exported to the Middle East, Russia and Central Asian republics, it also exports to Europe, Africa and the United States (Ulker Biscuit, n.d.). The company had reached a total production capacity of 1,5 mn. ton in 2020 after the acquisition of Önem Gıda (Ulker Biscuit, 2020).

In July 2003, Ülker launched Cola Turca as a local competitor to Coca-Cola and Pepsi. The launch has been supported with a very aggressive advertising campaign. Actually, the campaign was based on a series of humorous television commercials that conveyed the message that as Coca-Cola 'Americanizes', Cola Turca 'Turkities' those who drink it—even Americans (Yashin, 2002).

Ülker, on the launched used these marketing keys on the launch of the product: (1) being national and local, (2) the aggressive TV commercials with Turkitiesing messages (3) 3 liter bottle – which was the first in Turkish market (4) very low entry pricing, to compete with the global rivals, Coca Cola and Pepsi. After the market entry, the success of Cola Turca was undeniable; in 2005 it managed to be second on the market - beating monstrous international rival Pepsi (NTV, 2004).

The success of Cola Turca kept on until 2010 with aggressive promotion and pricing. Also, Cola Turca sponsored sport clubs<sup>3</sup> and cinema films. 2005, the Cola Turca marketing management understood that it is not a sustainable marketing idea to keep the pricing and entry level and spending high on promotion. In order to eliminate negative hit of low prices on their balance sheets, they decided to reduce the costs of production by focusing on sugar costs -in Turkey, sugar imports and production are under hard control of Turkish Government, regulated by 4634 numbered Sugar Law (Tarım ve Orman Bakanlığı, n.d.). In order to have a competitive advantage, they form an alliance with Cargill – one of the biggest producers of starch and corn sugar in Turkey – to produce their own starch sugar to use in Cola Turca. This was at the first step a sustainable strategy because Cola Turca has only one plant at which the competitors have production facilities spread in Turkey and due to the regulations, only a sugar plant can produce and sell to the drink company if the plants are next to each other (Afif, 2017). Of course the rivals sued Cola Turca for noncompliance to competition law and sugar production quotas (<http://www.radikal.com.tr/ekonomi/kola-devlerinin-seker-kavgasi-743403>, 2005), which ended up with the ending of partnership

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<sup>2</sup> Yıldız Holding started operation in 1944 with the opening of the first Ülker biscuit factory in Istanbul. With the purchase of Godiva at the end of 2007, the group gained two production facilities, one in Belgium, the other in the United States. The purchase of Italian packaging company Nuroll in 2011, was followed by the acquisition of DeMet's Candy at the beginning of 2014. In the same year United Biscuits joined the group. Collaborations with food giants like Cargill, Gumlink and Kellogg's have made Yıldız a truly global brand. Focusing on chocolate, biscuits, cakes, gum and candy, Yıldız Holding has been increasing its share in global markets with brands such as Ülker, Godiva, and McVitie's. Yıldız Holding has reached a turnover of 65 billion liras as of the end of 2019. The company currently employs 63.500 people and has 68 factories; 45 of which are in Turkey (Yildiz Holding, n.d.).

<sup>3</sup> Cola Turca signed agreements as a sponsor for the biggest football clubs of Turkey; in 2005 with Beşiktaş JK (Beşiktaş Jimnastik Klübü, 2005), in 2006 with Galatasaray SK (Hürriyet Gazetesi, 2006) and 2007 (as celebrating sponsor) with Fenerbahçe SK (Fenerbahçe Spor Klübü, 2007).

of Cola Turca - Cargill and Ülker was fined for 30 million Turkish Lira. At the same time, Coca Cola started a very aggressive advertising campaign, focusing on localization and increased the profit margin of the dealers from 15% to 30% (Cola Turka'ya Ne Oldu?, 2021). As a result, the market share of Cola Turca decreased dramatically and in 2016, the story ended with the sale of 90% of Cola Turca to Dydo DRINCO of Japan (Yakışan, 2015). Still, the product is available in provincial areas of Turkey as a local product alternative to Coca Cola and Pepsi.

In the story of Cola Turca, the marketing idea were based on low entry pricing, being local and national, high frequency aggressive advertisement, low cost starch sugar inputs, 3 liter packaging (for price advantage, environmental anxiety and big families). As said earlier, this can be a very good example of sustainability marketing myopia due that the Cola Turca marketing management completely focuses on being local and national, sees no drawback to change the sugar type and keep the advertising campaign with being eco-friendly by creating 3 liter bottles which all neglected the needs of the customers. Also, focusing so much on the product and neglecting the placement (as the rival Coca-Cola did not) resulted in a huge market share for Cola Turca.

## **5. CONCLUSIONS**

Sustainability marketing involves building and maintaining sustainable relationships with customers, the social environment and the natural environment (Belz, 2006). Thinking of the marketing challenges of today, all businesses should find a way to transact sustainability to their marketing ideas. The transition to sustainability marketing involves the integration of social and environmental criteria into conventional marketing thinking and processes (Peattie & Belz, 2010, p. 9) without neglecting all stakeholders.

We know that businesses with a strong green focus often suffer from sustainability marketing myopia (the result of being product, instead of customer, focused) and therefore emphasize some aspect of their sustainability credentials rather than focusing on consumer needs (Villarino & Font, 2015). Also, sustainability claims often result in greenwashing - also called "green sheen"-, which is the strategic disclosure of positive sustainability information about a company's performance whilst omitting negative information (Maxwell & Lyon, 2011). Although rise of greenwashing, paired with ineffective regulation, contributes to consumer scepticism of all green claims (Dahl, 2010). But, as framed in this study, is not limited with companies that has green focus.

Since the beginning of the twenty-first century marketers from construction companies have improved their strategies. Successful sustainability marketing concepts have been progressively adopted, including motive alliances and the use of a new marketing mix based on so-called 4 Cs: consumer solution, consumer cost, communication and convenience (Peattie & Belz, Sustainability marketing: An innovative conception of marketing, 2010). This new approach has fostered a rise in the market share of energy-efficient houses (Peattie & Belz, 2009).

As Elkington (2009) describes, the sustainability imperatives of People, Planet and Profit should be considered when creating the marketing mix.

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