

Building a Brand in the Context of Sustainable Development

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Abstract. The principles of sustainability are becoming to be a part of responsible behavior of the company in business activities and at the same time, it presents the opportunity how to raise competitiveness. The article presents summary of expert opinions on the green brand issue. In addition, the aim of this paper is to declare why “going green” and “eco friendly” is necessary, explain principles of brand marketing to suggest how to market and promote a brand with green values. Furthermore, it enriches this knowledge by results of own research, in which marketers as well as customers were surveyed about future of green brands.

Introduction

Current situation in the world is characterized by a lack of natural resources, pollution, rapid population growth, global poverty and neglected social services. The concept of sustainability and sustainable development are resonating in recent years more and more in every aspect of any human activity [1]. Natural resources are limited and global environmental problems are demonstrating particularly in global warming. These facts appeal for the necessity to consider environmental aspects in doing business. According to Križanová “consideration about environment becomes part of the company responsible approach to business and at the same time, it imagines the opportunity for business growth.” [2]

Because environmental issues are increasing social trend that are reflected in the behavior and attitudes of consumers and companies, it has become a mainstream in the world. However, “green” consumers are concerned about a variety of sustainability issues. Climate change ranked high globally, but respondents from various countries cited also deforestation, energy use, toxic waste reduction, and water management as priorities. [3] These diffuse interests make it difficult for businesses to effectively develop and communicate their environmental strategies.

Therefore, a recent study on consumer perception and purchasing behavior shows an increasing interest in purchasing from environmentally sustainable companies [2,4] Because of the attention of the society, more and more companies are willing to accept the principle of sustainable development and environmental responsibility. [5]

Environmental issues have been affecting marketing activities for a long time and their prominence has increased in recent years. The concept that includes mentioned environmental aspects is calling green marketing. Green marketing is one of the inevitable trends for companies, and its concept has been widely accepted and applied currently. Consequently, on the one hand green marketing often allows the companies to access to new markets, to increase their profitability and to enjoy more advantages that are competitive. On the other hand, companies that do not accept mentioned principles will lose their position on the market. [4, 6, 7]

Literature review and hypothesis development

Green marketing and brand building

In general, business-marketing concepts are divided into five basic: production concept, product concept, selling concept, marketing concept and societal marketing concept. Last one is a theoretical

platform for green marketing. This concept focuses not only on consumer demand, but also on the welfare of the whole society. [5, 8, 9]

The concept appeals on producers to include social and ethical consideration in their marketing practices. Product in green marketing, as the most important tool in marketing mix, is defined as “anything that can be offered to attract attention, to purchase, for use or consumption, which can satisfy the desires, needs or customer requirements with regard to the environmental aspect”. [5, 10] Green product consists of three levels. The first level of a green product includes customer benefits while meeting environmental requirements. The second level of the product bears the characteristics such as quality, features, brand, design and packaging. [2, 11, 12]

Ecolabelling

A very important attribute of the product is the brand. It is a symbol and product identifier that is using it differentiates from the competition. Oftentimes, own brand is connected and used with eco labels. Eco labels are used at the national level under the name "Environmentally Friendly Product" and a European label as "EU Ecolabel". In this manner, labeled product or service fulfills the general conditions, environmental requirements and special conditions for placing on the market. [13]

However, the aim of article is not to point out the possibility of obtaining these labels. The object of research is to highlight the meaning and necessity of building a positive brand image –building green brand, and thus responsible approach the company that owns it.

Process of Greening a brand

Strategy of the company is very near connected with brand. Building strong brand is complex process. According to AMA brand is: “name, concept, symbol, design or combination of these elements that identify products and services of a contractor and differentiate them from competitors”. Branding as a process of brand building is changing the general commodity to specific and desired products. From customers’ point of view, brand adds value at which they are willing to pay. [14]

Brand and reputation have become more than just a theoretical concept. Brand is an asset of the company that is able to attract customers, employees and investors. A strong reputation can be achieved by building and maintaining stakeholder confidence. The role of marketers is to identify and assess problems that most resonate with stakeholders and develop processes capable of responding to these challenges and communicate well. According to Keller, a positive brand image is evaluated on the basis of four factors: quality of products, credibility, consideration, superiority [15, 9]

Nowadays, positive brand image is associated with environmental activity of the company. All the highlighted facts that increase the brand value can be according to Shan Chen (2010) summarized in 5 reasons, why enterprises should implement and develop green marketing: compliance with environmental pressures, enhancing product value, obtaining competitive advantage, improving corporate images, seeking new markets and opportunities. Companies that develop new improved products and services with environment inputs in mind give themselves access to new markets, increase their profit, sustainability and enjoy a competitive advantage by building green brand image over the companies that are not concerned for environment [1,2, 5]

Furthermore, the concept of green brand value has three drivers: green brand image, green satisfaction and green trust. It follows that the total corporate reputation has a great impact on brand value. According to Chen and his research, green brand image is positively associated with green satisfaction, with green trust and brand equity. Green satisfaction is positively associated with green brand equity and green trust is positively associated with green brand equity.

Hypothesis and research question

Polonsky (2009) argued that green marketing is not to achieving its potential, both in terms of its impact on customer purchase behavior and its effectiveness in improving the environment. [15]

On the other hand, from the viewpoint of branding, green marketing activities were not so successful. Despite the positive public reaction to the corporate responsibility, companies neither unaccounted higher consumption nor increase in brand value. The main obstacles are:

- lack of trust from customers (green washing),

- unwillingness to pay more for organic products,
- insufficient implementation, poor communication policy.

According to Keller (2010), customers are not willing to pay more for green products. In a contrary, [17, 18] BCG (2011) research has shown more consumers were willing to pay a higher price for green products deemed to be of higher quality. Another one research has shown following results: if ordinary product valued 10€, then 28 % of consumers are willing to pay 10% above the starting price for green product. Twenty six percent of consumers are willing to pay extra 25 % of the starting price for green product. Nine percent of consumers are willing to pay extra 50 % of the starting price for green product. Eight percent % of consumers are willing to pay extra for more than 50 % of the starting price for green product.

Although previous studies have paid great attention to explore the relevant issues of willingness to pay more for green product, none explored several possible relationships between demographical data, communication policy, future and consumer's purchasing behavior of green brands. Based on these facts and we developed hypotheses tested in following part.

Hypothesis 1: There is a positive correlation between purchasing of green brands products and customer's net monthly income.

There are hundreds of public opinion surveys related to environmental issues. The one thing is to carry out surveys on environmental attitudes of customers, but on the other hand, categorized them into major groups that describe and predict their buying behavior, then such a group chosen as the object for which the company created the product and the strategy for its placing on the market. It is obvious that a consumer who exhibits ecological awareness, awareness and behavior, will have a higher propensity to buy organic products. However, there may be barriers that limit such behavior, such as lack of funds, unwillingness to change their lifestyle or sacrifice their comfort, poor availability of organic products etc. Based on previous surveys and mentioned facts, we felt needed to explore the correlation between willingness to pay more for green brands products and customer net income.

Hypothesis 2: There is a positive correlation between the purchasing of green brands products and customer's highest level of education.

Moreover, it can be assumed that the green market will grow substantially in the coming years. Based on this, the third hypothesis was developed.

Hypothesis 3: Consumers are planning to buy more products of green brand in future.

Ecolabelling and certificates confirm engagement environmental issues in business processes of the company. It is assumed that companies will try to gain this type of labels to persuade customers about their social and environmental responsibility.

Hypothesis 4: Majority of companies are using or plan to use more ecolabels and own green brands in future.

Our questionnaire was focused also on opinions of managers and about green marketing communication and its importance, about significance of green brand awareness and their connection with the company success in a future.

Hypothesis 5: There is a positive correlation between using marketing communication of green brand products, green brand awareness and company success in future.

Methodology

This study applied the questionnaire survey to verify the hypotheses. The object of this research study was green brand and its building in context of sustainable development and willingness to accept it by customers. The questionnaires were randomly mailed to 300 consumers and 100 companies. There were 163 valid questionnaires from consumers (effective response rate 54,33%, that included 44% male and 56 female) and 48 valid questionnaires from companies (effective response rate 48%) We used statistical methods binomial test and chi-square test to support hypotheses. The process of survey was conducted in July 2014.

For calculation non-parametric binomial test, we used formula:

$$\sigma^2 = \sqrt{n \cdot p(1-p)} \quad (1)$$

Where: n=number of trials; p= probability of success; (1-p) = probability of outcome

For calculation correlation, we used chi-square formula:

$$X^2 = \sum \sum \frac{(O-E)^2}{E} \quad (2)$$

Where: x^2 – Chi Square obtained; \sum - the sum of; O – observed score; E – expected score

Empirical results

H0: There is not a positive correlation between purchasing of green brands products and customer's net monthly income.

H1: There is a positive correlation between purchasing of green brands products and customer's net monthly income.

Table 1 Results of survey (net monthly income and frequency of purchasing green products)

Net monthly income	How often do you buy green brand products?				
	I absolutely prefer green products -very often	Often, I am willing to pay more for green products	Less often, it depends on price	Do not buy	
0-350 €	8	5	19	4	36
351-700 €	18	23	11	6	58
701 -1050€	13	19	6	5	43
1051 -	12	8	4	2	26
Total	51	55	40	17	163

Chi –square: 24.609

Degrees of freedom: (m-1)(n-1) = 9

Chi-tab: 16.919

P-value: 0.00343555

Our calculated value is much higher than the tabulated (which is 16.919), the chart is located right by the border of the chart value in the field reject the null hypothesis. Thus, we assume that the null hypothesis does not apply. We accept H1, so there is a positive correlation between purchasing of green brands products and customer's net monthly income.

H0: There is not a positive correlation between the purchasing of green brands products and customer's highest level of education.

H2: There is a positive correlation between the purchasing of green brands products and customer's highest level of education.

Table 2 Results of survey (level of education and frequency of purchasing green brand)

Level of education	How often do you buy green brand products?				
	I absolutely prefer green products -very often	often, I am willing to pay more for green products	less often, it depends on price	do not buy	
Elementary	0	0	2	1	3
High school	8	6	4	11	29
Bachelor degree	13	20	9	4	46
Master degree	16	38	1	3	58
PhD. and more	9	13	4	1	27
Total	46	77	20	20	163

Chi –square: 46.905

Degrees of freedom: (m-1)(n-1) = 12

Chi-tab: 21.026

P-value: 0.00000484

Our calculated value is much higher than the tabulated (which is 21.026), the chart is located right by the border of the chart value in the field reject the null hypothesis. Thus, we assume that the null hypothesis does not apply. We accept H2, so there is a positive correlation between purchasing of green brands products and customer's highest level of education.

H0: Consumers do not plan to buy more green brands products in future.

H3: Consumers plan to buy more green brands products in future.

Table 3 Result of survey and binomial test calculation (purchasing green products in future

		Number of respondents	Percentage	Tested share	p value
critierion	plan to buy more	121	74,23 %	0,50	0.000001
	do not plan to buy	42	25,76 %		
	Total	163	100 %		

Based on non-parametric binomial test ($p\text{-value } 0.000001 < \alpha = 0,05$), Hypothesis H3 is supported. Therefore, consumers plan to buy greener brand products in future.

H0: Companies are not using or do not plan to use more ecolabels and own green brands in future.

H4: Majority of companies are using or plan to use more ecolabels and own green brands in future.

Figure2 Results of survey: Ecolabelling in future from companies point of view

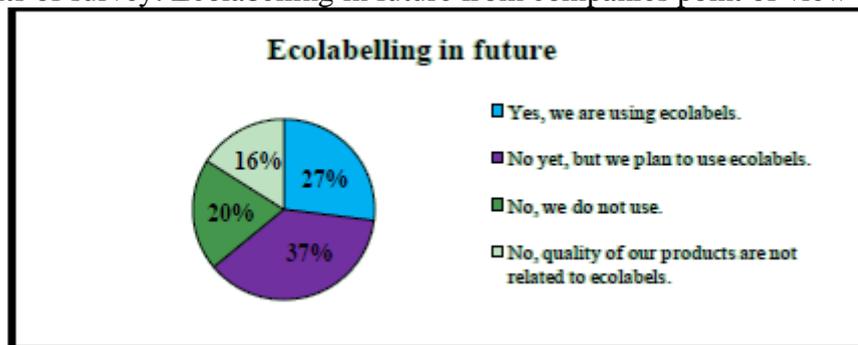


Figure1 Results of survey: Ecolabelling in future from companies point of view

H0: There is not a positive correlation between using marketing communication of green brand products, green brand awareness and company success in future.

H5: There is a positive correlation between using marketing communication of green brand products, green brand awareness and company success in future.

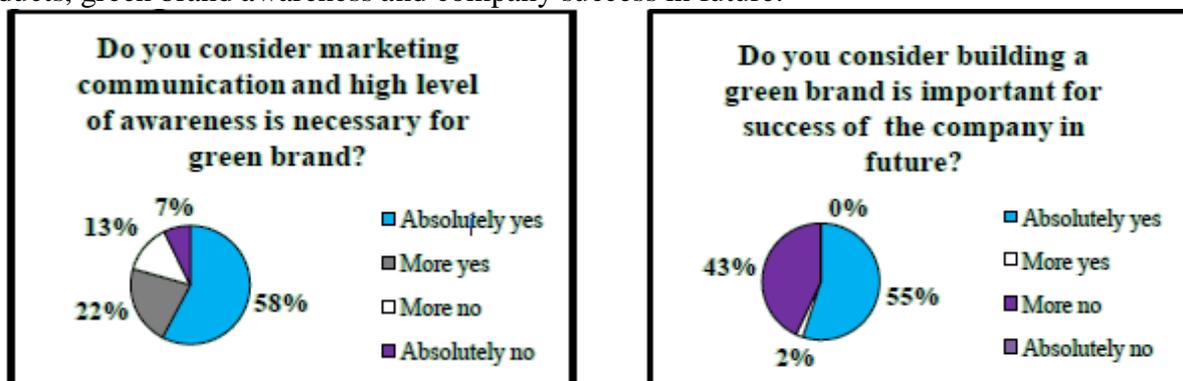


Figure 2 Answer to question related to H4 and H5

Managers of surveyed companies answered to questions related to H4 and H5. As is possible to see on graphs, both of hypotheses were supported, more than half answers we positive in relationship with our hypotheses.

Summary

This paper offers overview of the expert opinions about green brand issue and it states reasons why is important to have a green brand and behave responsible. For company it is necessary because of remaining on the market, obtain higher competitiveness, and attract stakeholders and customers, and current social and economic situation. Moreover, study brings new facts related between customer's purchasing behavior and demographical data. In addition, it delivers green marketing activities in future from companies' point of view.

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