

KEMI-TORNIO UNIVERSITY OF APPLIED SCIENCES

Corporate Social Responsibility in Business-to-Business Marketing Case Outokumpu Oyj

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Master's Thesis of the Degree Programme in International Business Administration

Business Administration

TORNIO 2012

ABSTRACT

Volotinen, Niina. 2012. Corporate Social Responsibility in Business-to-Business Marketing. Case Outokumpu Oyj. Master's Thesis. Kemi-Tornio University of Applied Sciences. Business and Culture. Pages 89. Appendices 1-4.

Corporate Social Responsibility and sustainable behavior are increasingly important for all companies. Corporate social responsibility includes economic, social, and environmental responsibilities. Green marketing and sustainability marketing has built theories on combining responsible behavior and marketing. However, majority of the studies focuses on customer markets, whereas the case company, Outokumpu Oyj, a global stainless steel producer operates in business-to-business –market.

The case company wanted to understand how environmental responsibility and corporate social responsibility could be used and developed in marketing. This Thesis aimed to build understanding on the meanings of CSR for and in business-to-business marketing, especially from the point of view of a customer or a key influencer.

The method for this Thesis was a qualitative single case study. The theoretical grounds were laid on corporate social responsibility and sustainability concepts of green and sustainability marketing. Data comprised of previous research and literature, reports, internal studies, and interviews. Two Outokumpu managers and two representatives of customer companies were interviewed. The semi-structured interviews were conducted face-to-face.

The results suggest that some of the existing theories could be applicable for developing greener business-to-business marketing, despite the fact that business-to-consumer and business-to-business markets differ in nature. The case company should carefully estimate the possible impacts and available resources, if it wishes to implement greener marketing. Further studies are needed for evaluating which green marketing strategy would be the most suitable for Outokumpu.

Keywords: Corporate Social Responsibility, Sustainability, Marketing, Business-to-Business

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1 INTRODUCTION

1.1 Motivation and Background

While the business buzzwords in the 1990's were customer orientation, quality, and core competences, in the 2000's quality and environmental management have paved the way to concepts such as value discussions, ethicality, partnership, and social responsibility (Pohjola 2003, 211-212). Corporate social responsibility and sustainable behavior are increasingly important for all companies. Social media have changed the world, and the global companies are now accountable for their actions around the clock. (McPherson, 2012.)

Corporate Social Responsibility (henceforth CSR) refers to the three-fold responsibility that a company has: financial, social, and environmental responsibility. CSR has traditionally focused on environmental issues, but the social responsibility, especially human rights, is gaining increasing attention (Yle 2011a). CSR is frequently discussed in the light of stakeholders, such as customers, employees, governments, organizations, nature, and local population (Polonsky 1995; Maignan & Ferrel & Ferrel 2005).

Companies approach to CSR has evolved over the years. From merely obeying legislation and doing the bare minimum to react to the stakeholder needs, companies have started to see the benefits of CSR. An increasing number of Western European, Japanese, and North American companies are realizing the business benefits of integrating the stakeholder needs into corporate strategies (Palazzi & Stracher 2000, cited in Kärnä & Hansen, & Juslin 2003, 849). In Finland, corporate responsibility is used relatively little in seeking growth for business. The focus lies mostly on CSR reporting, and less on designing responsible services and products, even though CSR can enhance a company's competitive advantage. (Yle 2011b.) Turning environmental excellence into a competitive advantage requires communication to customers and other stakeholders (Linnanen & Markkanen & Ilmola 1999, 207).

Responsibility and sustainability have existed in business literature for decades. For example, Juholin (2004) identifies the 1970's as the point of time when companies had to start taking responsibility especially about environmental matters. Until that the

companies had done their share by paying taxes. (Juholin 2004, 29 – 31.) Academic literature shows traces of several decades long sustainability research. Structures of sustainability research in marketing in between 1958 and 2008 were analyzed in a recent study. (Chabowski & Mena & Gonzalez-Padron 2011). Carroll's (1979, 499) over 30-year old definition of CSR is frequently referred to even in contemporary articles. He suggests that there are four elements in CSR: legal, ethical, economic, and philanthropic (Carroll 1979, 499).

Research in the area of CSR can be described as increasingly active, yet relatively new with its roughly 50-year long history. The increased activity in academics suggests that the importance of CSR is increasing. The role of CSR has been studied from different angles. A popular theme is the stakeholders and CSR (Maignan & Ferrel & Ferrel 2005; Kolk & Pinkse 2006; Riveira-Camino 2007). The consumer marketing perspective has gained attention (Maignan & Ferrel 2001; Pomeroy & Dolnicar 2009), as well as the green and sustainable purchasing (Green & Morton & New 1998). CSR in supply chains is another example of popular research topics (Carter & Jennings 2002; Boyd & Spekman & Kamauff & Werhane 2007; Kovács 2008; Cruz 2009). Design of responsible services and products is included in green marketing and sustainable marketing approaches (Belz & Peattie 2009; Ottman 2011).

In their study of structure of sustainability research in marketing Chabowski et al. (2011, 66) found out that even though sustainability research in marketing has evolved throughout the years, a minority of studies has concentrated on how sustainability-influenced marketing can influence the financial performance. Thus, Chabowski et al. (2011, 66) suggest that further research would benefit the topic to advance. Therefore, understanding the role and the meaning of sustainability marketing can pave the way to measuring its impact on the financial performance.

Further, approximately 80 percent of inter-relational CSR studies concentrate on consumers. The research lacks "inductive, exploratory oriented empirical studies" of CSR's relation to marketing. (Vaaland & Heide & Gronhaug 2008, 947 - 949.) Increased understanding of CSR in the business-to-business environment is needed and especially of how companies operating in that environment can improve their competitiveness with CSR.

The use of CSR in marketing is of interest in Outokumpu Oyj (henceforth Outokumpu), the case company for this Thesis. Currently, in Outokumpu, CSR reporting is used as one way to support CSR dialogue with its stakeholders (Outokumpu 2010a). The company has well established CSR reporting practices, which have been recognized by external parties (Outokumpu 2011). The company sees CSR practices as an integrated part of all group operations and functions, and emphasizes that approach by, for example, integrating CSR reporting into business reporting. For future success, the company sees ethical and sustainable business practices as necessary for all operations and contacts with the stakeholders. (Outokumpu 2010b.)

As was previously described, the case company is experienced in CSR management and reporting, and wants to continue developing its CSR integration to business and operations. The company wants to know how CSR, and especially environmental sustainability matters, can be used in marketing in an industrial context.

As the importance of corporate social responsibility and sustainability management is increasing among stakeholders, its role is increasing in importance in corporate strategic management. Understanding what meanings and values sustainability can have in different activities in a company is necessary in order to ensure a holistic sustainability approach, and further, in ensuring that the requests from stakeholders are fulfilled.

Outokumpu has integrated CSR into its business and aspires to have its stakeholders informed about its principles. The case company is also expecting its business partners to follow similar CSR principles. The company wants to understand how CSR and environmental responsibility can be used and developed in marketing. Further, Outokumpu wants to understand how CSR can be used in marketing of a commodity product, namely stainless steel.

The material provided by the case company suggests that all the stakeholder groups are interested in environmental matters. Therefore, the environmental focus of CSR has been selected for this Thesis. Social matters, such as working conditions, or good-will matters for the society have been excluded from this Thesis. It must be recognized that the social aspect of CSR is seen to become increasingly important. This Thesis will especially concentrate on the dialogue between the company and its customers, as the dialogue is a vital part of good CSR management.

1.2 Research Objectives and Questions

The role of corporate social responsibility together with sustainability matters in marketing are of interest in this Thesis. Especially, the perceptions of CSR and environmental responsibility and their meaning in and for marketing, seen from a customer or key influencer point of view have a central role in this Thesis. Building on this point of view, the aim of this Thesis is to build understanding of the role and meanings of CSR for and in marketing. In addition, the aim is to find out how CSR and environmental responsibility can contribute to marketing.

The objective of the study is to increase understanding of the meaning and the marketing value of CSR and environmental responsibility. Strictly speaking, the Thesis will provide information about and tools for using and further develop business-to-business sustainability marketing and green marketing.

Drawing from the objectives of this Thesis, the research questions are as follows:

- What is corporate social responsibility, especially environmental responsibility, in marketing?
- How can the case company develop corporate social responsibility, and environmental responsibility in marketing, especially in buyer-seller interactions?

Answering the first research question helps define the theoretical background for the study. The theoretical background sets the framework in which the topic will be looked into in the case company. The first research question will be answered in the theoretical part of the thesis. The relevant concepts, models, and theories, such as sustainability, CSR, environmental responsibility, green marketing, and sustainability marketing will direct the Thesis.

The second research question analyses the case company, and brings the theoretical framework into practice. The marketing related actions taken in sustainability context in the case company are studied. The evaluation will be done by comparing the actions and ideas suggested in the literature, supporting the evaluation with the interviews and observations conducted for completing this Thesis. Benchmarking with other industries'

environmental responsibility actions in marketing was done. Benchmarking contributes to increased objectivity in the view of the analysis of the actions taken in the company.

The viewpoint of the research question is that of a stainless steel material and product supplier. Even though the company itself is a customer for many raw materials suppliers that part of the value chain is not covered in this Thesis. Sustainable purchasing is widely discussed in previous research (see e.g. Green & Morton & New 1998) and even though the case company's customers are purchasing from the case company, the phenomena will be looked at from the seller's viewpoint. In this Thesis, customer refers to the industrial customer, key influencer to an "authority", architects, designer or an engineer, who decides upon the used material, while a consumer refers to the common person, an individual end-user who decides and purchases the goods desired.

1.3 Company Presentation

The case company for this Thesis is Outokumpu Oyj. Outokumpu is a stainless steel manufacturer, whose main products are cold and hot rolled stainless steel. The main production units are located in Finland, Sweden, and the United Kingdom. In addition, the company has production sites in the United States of America, Canada, and Estonia. The company serves customers via sales companies in 34 countries and service centers in 10 countries. (Outokumpu 2010c.)

Outokumpu has been actively developing its CSR systems, and has been awarded for its sustainability reporting. The company aims to keep its stakeholders informed about the social responsibility principles, and to follow similar principles. (Outokumpu 2011.)

The internal stakeholders for this Thesis are the Marketing and Environment, Health and Safety –functions. The Marketing function in Outokumpu is centralized and manages the overall marketing strategy and is responsible for steering the marketing actions. The Environment, Health and Safety function is steering the sustainability actions within the company.

I was employed by the case company until the end of the Thesis process. I pursued objectivity when writing the Thesis. The observations about the state of the matters are

based on my experiences gathered during past eight years working in different functions in Outokumpu. The viewpoint of the research questions is that of a stainless steel product manufacturer. Thus having been employed by the case company can on one hand enhance understanding of the roles, activities and meanings of different customer groups, but on the other hand can have caused a biased view. This Thesis allowed me to challenge my own thinking but also the practices in the case company. Being critical and objective is important for development. The Thesis topic is about sustainability and marketing, both areas in which I have an interest but no direct work experience. Hence, obtaining objectivity could have been easier for me than for example for a person working in sales, or in the marketing organization.

1.4 Methodology of Thesis

This Thesis was a qualitative study and was carried out as a single case study. Both Yin (1981) and Ghauri (2004) indicate that case study is a suitable method in-depth analysis of a contemporary phenomenon studied in its real-life context and looked into from many angles (Yin 1981, 59; Ghauri 2004, 112).

Characteristic for the case study method is that it derives data about the target of the study from multiple sources during the course of the Thesis. The sources can be for example document collecting and analyzing, survey data, participant observations, discussions, or any other method producing qualitative data about the case. (Greener 2008, 81.)

In this Thesis, the case evidence was both primary and secondary data: interviews, observation, archival records, and documents. Data collection was carried out throughout the duration of the Thesis. Interviews were an important source of information for this Thesis. Literature review forms the basis for the theoretical part of the work. Literature review will mainly comprise of scientific articles and books. In the empirical part, the collected data is analyzed. The analytical method in this work is pattern matching.

Interviews were a key information source for this Thesis. Two high-level managers of the case company were interviewed. Two key decision makers in customer companies

were interviewed for capturing the customers' perceptions about sustainability and environmental responsibility in marketing. The interviews were done as face-to-face interviews.

The interviews were semi-structured, where the participants are in-depth interviewed, guided with discussion topic but not limiting the discussion to only to the communicated discussion areas. In semi-structured interviews the discussion is based on a question guide. The questions are always asked from a respondent, while the respondent may divert to other topics of their interest. Leaving the actual question is fine in qualitative research, as the interviewee is the main point of interest. (Greener 2008, 83.)

1.5 Limitations

There are some limitations concerning this Thesis. Firstly, the objectivity of the Thesis might be impacted because during the writing of the Thesis, I was not only the researcher, but also an employee in the case company. Some data might be interpreted differently because of the years' experience from the case company. Like discussed in section 1.3 Company Presentation, the risk of a biased view is recognized.

Secondly, the research focus on one single company, thus the generalization of the result is limited. Therefore, the academic objective is not to provide results that can be generalized but to understand the phenomena within the case. Thus, proposals for the use of sustainability marketing are context bound and should be seen relevant for the case company. Hence, external validity of this Thesis is limited. Other industrial companies might or might not find the ideas applicable for their processes and practices. Possibly the results could be generalized within stainless steel industry, but their applicability to other producing industries is not known. Replicating this Thesis or using a multiple-case study, possibly comparative case study would increase the external validity of the Thesis. Even though the field of business-to-business sustainability marketing is less researched than consumer sustainability marketing, the knowledge this Thesis provides is largely context dependent. The contribution is to depict the phenomena from practical point of view.

Thirdly, one limitation concerns the phenomena studied. Even though sustainability is recognized to be an important part of the businesses, companies are careful when it comes to sharing information and experiences. As the demands and requirements concerning sustainability increase, the concepts and practices develop. What is applicable today might not be applicable in 5 years' time.

1.6 Structure of Thesis

This Thesis aims to enhance the understanding of two larger topics, CSR and sustainability marketing. In chapter 2 previous research and literature provides information and insights to the research topics from a conceptual point of view. Following the literature review, chapter 3 discusses methodological choices of the Thesis and bridges to the empirical part of the Thesis. Chapter 4 explores the case company situation. Chapters 2 and 4 answer the research questions. In the following table 1, the organization of the Thesis is explained in detail.

Table 1. Structure of the Thesis (adapted from Lindholm 2009, 5)

Research Question		Literature Review	Empirical Part
RQ1.	What is CSR?	2.1 Sustainability	3.3 Corporate Social Responsibility in Outokumpu
	What is Environment Responsibility?	2.1. Sustainability	3.3 Corporate Social Responsibility in Outokumpu
	What is CSR and Environmental responsibility in Marketing?	2.2 CSR and Environmental Responsibility in Marketing	3.4 Environmental Responsibility in Marketing in Outokumpu 3.6.1 Meaning of Corporate Social Responsibility in Marketing
RQ2.	How the case company can develop CSR and environmental responsibility in marketing?	<i>Not Applicable</i>	3.6.2 Developing Corporate Social Responsibility in Marketing

The first research question is handled in chapter 2. Sub-chapter 2.1 investigates sustainability and CSR and puts focus on the environmental responsibility. Environmental responsibility issues in marketing are discussed in sub-chapter 2.2. The second research question is answered in chapter 3. First, the CSR in Outokumpu is looked into separately, after which Outokumpu's environmental responsibility in marketing is explored. Finally, based on the findings in the previous chapter, chapter 4 presents the proposals for management and future studies. Chapter 4 concludes the Thesis.

2 LITERATURE REVIEW

In following literature review, sustainability, the role of corporate social responsibility and environmental responsibility in marketing are studied in the light of previous research.

The topics are vast and the first part of the chapter will discuss the key elements separately in order to enhance the readers understanding of these areas. The chapter begins with a presentation of sustainability and corporate social responsibility, then continues to discuss the three areas of responsibility: economic, social, and environmental. At last, commitment and rationale of responsibility are discussed.

The second part of the literature review combines presented concepts and introduces literature on sustainability marketing, green marketing, and discuss CSR and sustainability in marketing. A look into the evolution of green marketing is taken, and strategies, operational tools for sustainability marketing and green marketing as well as challenges of sustainability and green marketing are discussed. The literature review is concluded with an introduction of two theories for future sustainability marketing.

2.1 Sustainability

The World Commission on Environment and Development (1987, in Chabowski et al. 2001, 56) defines sustainability as “development that meets the needs of present without compromising the ability of future generations to meet their own needs” (Chabowski et al. 2011, 56). Charter, Peattie, Ottman and Polonsky (2002, 10) offer a more detailed definition of sustainability. According to them, sustainability is prolonging or maintaining environmental and human health. It gives moral obligations on firms to find renewable and sustainable alternatives for using natural resources. It aims to minimize and finally eliminate the polluting effluences and hazardous waste. (Charter et al. 2002, 10.) Characteristic for sustainability is the presence of intertwined economic, environmental, and social responsibilities. It directs approaches to global issues such as globalization, global warming and climate change, population pressure and ozone depletion. (Charter et al. 2002, 13.)

Sustainability and CSR are closely connected. Therefore, a clarification between these concepts is needed. CSR describes managerial actions, what needs to be done in order to achieve sustainability. In addition to defining the CSR areas, the triple bottom line (henceforth TBL) is used for describing sustainability. Often, CSR is dealt in three operative areas: economic, environmental, and social responsibility (Zadek 2001; Pohjola 2003; Juholin 2004). A metaphoric visualization of CSR emphasizes the interdependency of the three areas (Global Reporting Initiative in Zadek 2001, 110 – 111). The metaphoric visualization is presented in following figure 1.

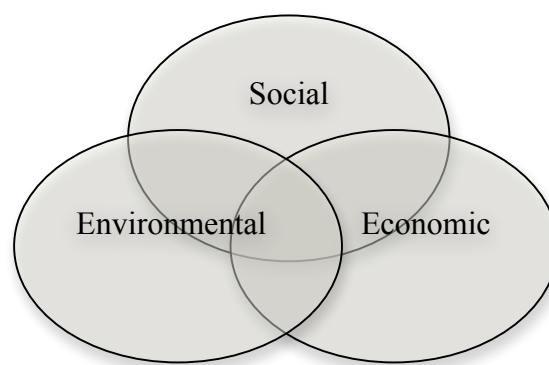


Figure 1. Metaphoric visualization of CSR, based on GRI (Zadek 2001, 110 – 111)

The CSR areas are interdependent, and can have positive and negative impacts on each other. Economic wealth can provide improved social conditions, but does not necessarily do so. Economic progress can be sourced from nature, or can provide for nature conservation. Interdependency can potentially reinforce these areas, however, trade-offs can still be done between and within the spheres. (Zadek 2001, 110 – 111.)

TBL, also known as the three-pillar split of CSR, has been questioned as it proposes that compromises could be done in one area in order to succeed in another. Zadek (2001, 105 – 106) challenges the idea of the three pillars of CSR, as it “encourages the dimensions of sustainable development to be seen as separate.” The image of CSR accounts being similar to financial accounts strengthens the idea that important things have financial impact, or they can at least be measured (Zadek 2001, 105 – 106). Adams (2006, 3-4) agrees that the three-pillar model suggests that trade-offs could be done between economic, environmental, and social dimensions of sustainability.

The definition of sustainability by Charter et al. (2002, 10) approaches the concept of CSR. Juholin (2004, 47) discusses a wide interpretation of CSR, which brings sustainability to a close connection with CSR. Wide interpretation of CSR holds that a company is economically and morally responsible for the society. Profit making is seen as means to reach the ultimate goal, which is the welfare and good life quality for the whole society. (Juholin 2004, 47.) CSR is a “part and a parcel” of corporate management strategy, thus CSR encompasses the company’s actions to follow good business ethics (Hopkins 2003, 24). It is suggested that over the past decade attention has been focused on how companies handle sustainability issues, social, and environmental considerations, and corporate ethics. As public attention is narrowly focused in sustainability, CSR is fast becoming a historic concept. (Sibilia 2009, in Strugatch 2011, 46.)

Neither is the concept of sustainability without criticism. Sustainability is suggested to be an ambiguous concept, which can mean anything and therefore means nothing (Robinson 2004, and Clark 2005 in Jones et al. 2008, 125). Adams (2006, 2) argues that the definition of sustainability by The World Commission on Environment and Development is vague, yet admitting that it has captured the issues of environmental concerns linked to economic growth needed to fight poverty. Adams (2006, 3) continues that the widespread acceptance of sustainability is due to the looseness of the definition (2006, 3). He argues that the concepts of sustainability and sustainable development do represent the right kind of aspirational values but the concepts are “over-worked and tired, as currently formulated they are too loose to drive effective change on the scale required” (Adams 2006, 10). Sustainability can attract misuse of the sustainability development vocabulary for promote or protect unsustainable activities. In addition, it is proposed that the sustainability draws attention from the need of fundamental change in social and political environment. It fails to understand that current economic growth levels are unsustainable. (Robinson 2004 in Jones et al 2008, 125.)

2.1.1 Corporate Social Responsibility

Even though there is no single commonly accepted definition of corporate social responsibility, the commonly named areas of CSR are economic, social, and

environmental responsibilities (Kärnä et al. 2003, 849). Corporate social responsibility has been defined as the “management of stakeholder concern for responsible and irresponsible acts related to environmental, ethical and social phenomena in a way that creates corporate benefit” (Vaaland et al. 2008, 931). The European Framework for Corporate Social Responsibility by European Commission defines CSR as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with stakeholders on a voluntary basis” (Belz & Peattie 2009, 34). Here, the CSR concept covers only the social and environmental responsibility. CSR can be seen as policies, practices, and programs that are integrated into all business operations, and decision making processes (Belz & Peattie 2009, 35). Kärnä et al. (2003, 849) concludes that CSR “generally refers to business decision making linked to ethical values, compliance with legal requirements, and respect for people, communities and the environment.”

Some CSR definitions include the commitment level to CSR. Business for Social Responsibility, a business network based in the United States of America, states that social responsibility is an activity, where company operations meet or exceed the society’s expectations on the ethical, legal, commercial, and public fronts (Zadek 2001, 18). Finnish ministry for employment and the economy defines CSR as a voluntary activity that exceeds the minimum requirements stipulated by the rules and legislation. Responsibility relates, for example, to selection of production methods, material usage and various labor questions. Long subcontractor chains in the global business environment pose a challenge to responsible behavior. (Työ- ja elinkeinoministeriö 2012.)

In certain contexts, CSR refers strictly to the social responsibilities that a corporation has. Therefore, a concept of Corporate Responsibility (henceforth CR) is sometimes used for describing what has become known as the Triple Bottom Line responsibility of a company. (Hopkins 2003, 9 - 11.) Generally, the literature and discussions seem to show that CR is a commonly used concept in the United States of America, whereas in European papers CSR refers to the same matter.

The concepts of corporate social responsibility and corporate citizenship both refer to responsible behavior of a company. Whereas CSR describes the management of the responsibility area, the concept of corporate citizenship holds the level of involvement

in CSR. Corporate citizenship can be seen as the top form of corporate social responsibility. (Juholin 2004, 60.) Maignan, Ferrel, and Hult (1999, 457) defines corporate citizenship as “the extent to which business meet the economic, legal, ethical and discretionary responsibilities place on them by various stakeholders.”

Corporate citizenship holds that a company is responsible for its stakeholders and environment. In addition, it has possibilities to influence its surroundings, its attitudes, values, and finally the overall culture. Corporate citizenship is considered as highest level of CSR, whereas CSR can be scattered or concentrated to only a narrow area, for example environmental responsibility. (Juholin 2004, 60.) Corporate citizenship happens when a company changes its strategy from short-term transactions to long-term relationships targeting to obtain stakeholders loyalty by tailoring profitable solutions that match the stakeholders’ identity and values (Zadek 2001, 29). Social and environmental are the most important areas of responsibility for a global corporate citizen (Pohjola 2003, 219).

Stakeholder ideology in CSR bases on the idea that a company has other responsibilities but maximizing profits, the bare minimum of following law and regulations is not sufficient for showing responsible behavior (Juholin 2004, 46). A successful firm delivers value to all of its stakeholders, not only to the shareholders. The operation of a company is therefore dependent on various interacting groups. (Charter et al. 2002, 11.)

When defining environmental responsibilities, the meaning of stakeholders is different from when defining economic responsibilities. In a production industry setting, the role of stakeholders in production chain is larger and more influential than in that of services industries. Similarly, the authorities, political organizations, and societal stakeholders have an important role in production industries, especially in forestry, metals, and chemical industry. (Pohjola 2003, 90 – 91.)

2.1.2 Triple Bottom Line

The Triple Bottom Line of CSR aims to summarize the three spheres of sustainability (Zadek 2001, 105). In the narrowest meaning, TBL is understood to measure and describe a company’s performance in relation to the three columns of the TBL. In the

wider meaning TBL describes the group values, matters, and processes that a company must take into account in order to minimize the negative impacts of its actions, and to create financial, social and environmental value. TBL approach provides that the company is aware of the stakeholder needs. (Pohjola 2003, 21.)

Global Reporting Initiative (henceforth GRI) is a global, independent organization whose goal is to develop and distribute a global reporting system for sustainability reporting. The aim is to enable the TBL reporting for companies and organizations, and to harmonize CSR reporting and make it comparable between organizations. (Pohjola 2003, 181; Juholin 2004, 65). The areas of GRI reporting follow the elements of corporate citizenship: corporate governance and management systems, CSR vision and strategy, stakeholder analysis, metrics for economic, environmental, and social responsibility, product safety, and actions in the local society (Juholin 2004, 65.)

Economic responsibility is about generating material wealth (Zadek 2001, 110). It is a long-term commitment to develop the company so that the prerequisites for operating in the future are fulfilled. Part of the economic responsibility is efficiency, creating new jobs, and taking care of the financial obligations in a good manner. In addition, economical responsibility includes monitoring and analysis of changes in the operational environment, risk management, and internal audit systems as well as the transparency of reporting. Economic responsibility is the foundation for other responsibilities, as it enables environmental responsibility, and social responsibility. (Pohjola 2003, 222.) In the GRI perspectives of the sustainable development elements, the economic responsibility is discussed in relation to the external economies. Organizations have an impact on the economies they operate in, by using resources and creating welfare. (Zadek 2001, 110.)

When looking into economic responsibility from sustainability point of view, the company should consider adding saving natural resources and other material resources, reducing waste by improving production and recycling processes, and retaining the surrounding natural environment. According to sustainability thinking, a company is acting economically responsibly only when the use of resources takes into account the financial and economic facts, demands from environmental matters, and when a company is handling employees in a responsible manner. (Pohjola 2003, 223.)

Social responsibility is about the people, their lives, and especially about the equity between people, communities, and nations (Zadek, 2001, 110). Social responsibility means for example responsible ways of working with customers and the local people, product, and service safety, consumer protection, and good cooperation with subcontractors and other partners, and finally, honoring agreements. Employee responsibility belongs to social responsibility. Marketing and communications should be true. Often social responsibility is an invisible and already existing activity, which now has been included in the CSR. (Pohjola 2003, 223 – 224; Juholin 2004, 15 – 16.)

The sustainable development elements defined in the GRI perspectives indicates the social dimension of sustainability and covers the effect of an organization's activity to the society, including in the employees, customers, supply chain, community, and business partners. Social performance is seen as the most valuable element in ensuring organization's license to operate. Organizations high-quality performance in environmental and economic responsibility areas are supported by social performance. Finally, GRI perspectives add that reporting and improving social performance is considered important for enhancing reputations, increasing stakeholder trust, creating opportunities, and lowering costs. (Zadek 2001, 110.)

Juholin (2004, 53) reminds that in Northern European welfare societies the corporate social responsibility is based on different grounds than in USA, or in developing or underdeveloped countries. In Northern Europe, the public services are provided with tax money, and the government and the municipalities are deciding on providing them. (Juholin 2004, 53 – 54.) Therefore, the expectations for social responsibility and philanthropic deeds are different in USA than in the Northern Europe.

Environmental responsibility is about protection and conservation of the natural environment (Zadek 2001, 110). The environmental capital is the natural resources available for producing goods and services, or for disposing waste (Zadek 2001, 117). From a GRI perspective environment is considered to be local, national, regional, and international environment. The dimensions of environment reach over land, water, air, and biodiversity. (Zadek 2001, 110.) Environmental quality is the “satisfaction of individual needs in a manner that will yield the maximum benefits to the individual while minimizing the effects or changes on people and natural resources” (Charter et al. 2002, 10).

Environmental responsibility is reflected several different standards, initiatives, and environmental management systems. So called “The Global Eight” comprises of UN Global Compact, ILO Fundamental Rights at Work, OECD instructions for multinational companies, environmental standard ISO14001, Global Reporting Initiative (GRI), Global Sullivan principles, Social Accountability 8000, AccountAbility 1000. Global Sullivan principles are guidelines for responsible actions. Social Accountability 8000 is a tool for proving the social quality independent of country of origin or industry. AccountAbility 1000 gives a framework for long-term sustainability development work. (Juholin 2004, 64-66.)

In the heavy industries, environmental responsibility has been initiated by legislation. Authorities demanded companies to start environmental protection, and the legal requirements are still one of the driving forces behind environmental protection. (Pohjola 2003, 40.) According to Michael Porter (Juholin 2004, 31), companies in countries with tight environmental politics have a good reputation in the global marketplace. Following tight environmental policies in turn can mean that their productivity is more effective. Other opinions question the conflicting evidence and add that in countries of tight environmental politics the companies are more active in environmental and development politics. There seems to be lack of evidence to proof that they would have increased productivity. (Juholin 2004, 31.)

The role of environmental responsibility is emphasized in a network society, as products and services can be produced in large networks of organizations. The companies are responsible for their own environmental performance, and in addition, the responsibility reaches over to the areas where functions overlap and interface. (Pohjola 2003, 219.) Environmental responsibility in downstream supply chain can extend over industry borders. The customer and customers’ customers can be in different industries than the supplier itself. Therefore, the company needs to take requirements from other industries into account. In addition, due to the industrial and customer level spillovers, the environmental demands reach across geographical borders. The environmental demand spillovers “lead into a multiplying effect of industry regulations across supply chains.” (Kovács, 2008, 1574 – 1575, 1577.)

The starting point for defining environmental responsibility is to evaluate the industry, in what kind of network the company operates and what the most remarkable environmental impacts of the company are. The company's values, vision, and the selected environmental strategy steer the sustainability approach to the business. Business strategy, of which environmental strategy can be a part, defines the elements of environmental responsibility in company's core business, and in relation to stakeholders. A company's environmental politics, objectives, and management are organized according to its definition of environmental responsibility. (Pohjola 2003, 40.)

One of the most important areas of developing environmental responsibility is the dialogue with stakeholders (Pohjola 2003, 219). Large companies should manage the subcontractor and supplier chains, which are an important part of for international business networks. Especially in environmental responsibility the networks of suppliers and companies provides systematic environmental management with actions such as measuring, reporting and developing. (Pohjola 2003, 216.) Environmental requirements on suppliers are created downstream in the supply chain, closer to the end user, where the environmental impact of the products comes under scrutiny. Environmental requirements coming from the end of the supply chain are considered supporting the evolution of life cycle assessment. To sum, in manufacturing process supply chains the suppliers are evaluated based on the environmental performance of their products rather than the product components. (Kovács, 2008, 1576.) The future of environmental management can be summarized as three areas: anticipating environmental responsibility, managing environmental matters when improving productivity and competitiveness, and consideration of societal impacts of environmental matters (Pohjola 2003, 141).

2.1.3 Rationale to Responsibility

From a company's point of view, anticipating future changes and risk, and thereafter ensuring future operations, is suggested to be the rationale for CSR and for being a good corporate citizen. Anticipating future is about screening the business environment and adjusting own actions to the anticipations. The target is to secure competitiveness and future productivity, characterized by strong future orientation. (Juholin 2004, 86.) In

addition, ensuring continuity and productivity are drivers for CSR. Good will alone is not enough reason for companies to have CSR. The companies want to secure future business, which depends on that they have a license to operate in the market place. CSR is a means to secure that. The interdependency of responsibility and productivity forms the sphere of success. (Juholin 2004, 82.) Following figure 2 illustrates the sphere of success in relation to CSR and risk management.

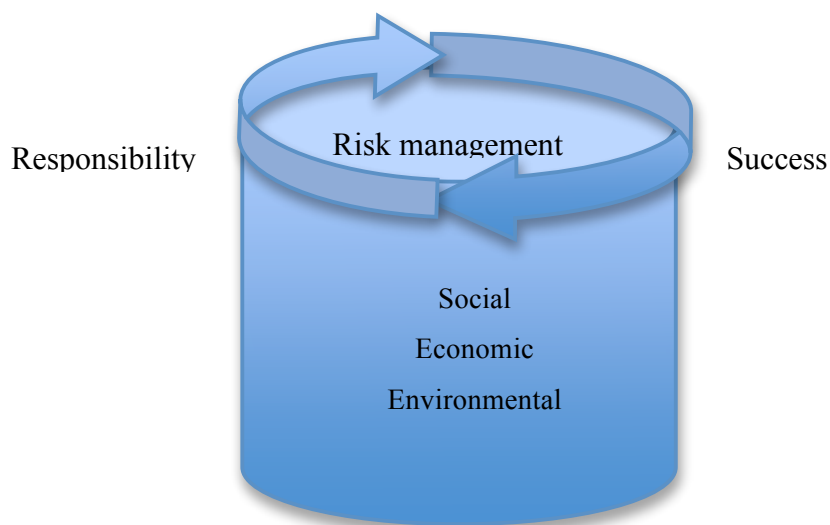


Figure 2. CSR areas and the sphere of success (Juholin 2004, 101)

Regarding the sphere of success, Juholin (2004, 83) finds in her study that large Finnish corporations see benefits in CSR – responsible operations gives the a corporation freedom to operate. The companies take initiative for responsible behavior, and do not necessarily wait for legislation or regulation demanding that. Further, CSR can improve business by enhancing the corporate image. Generally, CSR improves the investor- and consumer relations, and therefore secures business by avoiding risks. (Juholin 2004, 84.) The companies want to be the preferred choice in cooperation for their customers and subcontractors. Corporations try to differentiate as good corporate citizens, achieve acceptance in environment and strengthen their role as a reliable partner. (Juholin 2004, 86.)

Thus, the meaning of CSR for Finnish companies is pragmatic. Securing the future productivity and continuity of the business is seen as the main reason for CSR. It is supported by three operative elements: efficient management, improving

competitiveness, and future anticipation. The CSR management forms the grounds for these areas and is based on the long history of responsibility since the industrialization. (Juholin 2004, 84 – 87.) Efficient management is about management of matters and leadership of people. It builds on shared and articulated values that are expected to strengthen the personnel and stakeholders' commitment to the company's goals. Part of the efficient management is good corporate governance. Therefore, responsibility is inside-out action, and cannot be brought in from outside. (Juholin 2004, 84- 85.)

CSR can be seen as a way to improve competitiveness as it is seen as a way to differentiate in the market. Companies can identify themselves as a good corporate citizen, be in good terms with surrounding environment, and strengthen their position as a reliable partner. CSR can help to mitigate risks, and pressure coming from outside. (Juholin 2004, 85 – 86.) Companies can affect their business partners in the supply chain, whereas government, local communities, media, and general public can only be indirectly influenced (Belz & Peattie 2009, 35). Profit maximization and CSR cannot be separated, as CSR influences social legitimacy and stakeholder perceptions, which, especially in brand based businesses, affects the economic performance (Werther & Chandler 2005, 319).

Sustainability issues are becoming increasingly important for reputation management and brand trust. A strong brand image equals to increased visibility and exposure to media and hence, higher pressure in case of any social or environmental issues. Increased outsourcing and contract manufacturing means that companies need to be constantly aware about societal and social concerns. (Charter et al. 2002, 14.) CSR can have a drastic effect to a company's legitimacy and the brand, on which market value is built. Increasingly integrated brand management, strategy, and need for social responsibility lift CSR "from being a minimal commitment or some social 'add-on' to becoming a strategic necessity". (Werther & Chandler 2005, 319.) CSR has a meaning for the image and reputation, although among Finnish companies image and reputation are not highlighted, instead focus is put on value of integrated, proactive CSR work. (Juholin 2004, 85 – 86.)

Zadek (2001, 29) lists reasons why corporate citizenship might prove to be a great development step. Technical and organizational change has resulted in increased information and knowledge. Core lifestyle decisions are aligned with caring, for

example consumer choice has increased and ethical brands are chosen. People are increasingly empathetic for the troubles of other, concerned about market power, source of income and overall security. (Zadek 2001, 29.)

2.2 CSR and Environmental Responsibility in Marketing

This subchapter presents how previous research has defined the relations between marketing, sustainability, CSR and environmental responsibility. Relevant strategies and operative tools are introduced. Finally, the challenges of sustainability and green marketing are presented.

As discussed in the introduction chapter, a vast majority of inter-relational CSR studies in marketing focuses on consumer or customer (Vaaland et al. 2008, 947 - 949.) Therefore, even though this Thesis is limited to the business-to-business field, the ideas and models established in the field of consumer marketing are not excluded from the literature review. The applicability of the presented ideas to business-to-business marketing is discussed in chapters three and four.

2.2.1 Environmental Responsibility in Marketing

The concept of ecological marketing was introduced already in 1970s. Ecological marketing is research on how marketing activities have influenced, positively and negatively on reduction of pollution and depletion of resources. It was concerned with products and production methods that “have served to help cause environmental problems and may serve to provide a remedy to environmental problems.” (Charter et al 2002, 12.)

In the 1990s, concept of greener marketing was defined as “a holistic and responsible management process that identifies, anticipates, satisfies and fulfills stakeholder requirements, for a reasonable reward that does not adversely affect human or natural environmental wellbeing.” (Charter 1992, in Charter et al. 2002, 12). Green or environmental marketing includes all activities that are needed for creating or enabling

any exchanges meant for responding to human needs and wants, in a way that the environmental impact stay minimal (Stanton & Futrell 1987, in Polonsky 1995, 31).

Peattie (1995, in Kärnä et al. 2003, 849) defines green marketing as “holistic management process responsible for identifying, anticipating and satisfying the requirements of customers and society, in a profitable and sustainable way” (Kärnä et al. 2003, 849). Similarly, as in the definition of CSR by Vaaland et al. (2006), Peattie (1995) includes the stakeholders – customers and society – into his definition of green marketing. Belz & Peattie (2009, 29) criticize the green marketing for its narrow approach of targeting environmentally aware consumers for getting higher price premium for ecological products.

A contemporary definition of green marketing by American Marketing Association has three perspectives. In retailing, green marketing refers to the environmental product safety. In social marketing, green marketing is a “development and marketing of products designed to minimize negative effects on the physical environment or to improve its quality.” Last, the environments definition holds that green marketing is sensitive or responsive to ecological concerns when producing, promoting, packaging, and reclaiming products. (American Marketing Association 2012.)

Another contemporary view on green marketing is given by Ottman (2011, 44-45) who presents a “new green marketing” model. In the new green marketing, companies need to be sensitive to their customers, employees, and other stakeholders and especially about how they interact with nature. The products should ideally be designed to “travel in cycles” that is, the cradle-to-cradle approach should be applied. In marketing messages, the value added is derived from “empowering educational messages”. The new green marketing calls “businesses to excel by being proactive.” (Ottman 2011, 44-45.) The differences between conventional marketing and green marketing are listed in following table 2.

Table 2. The New Green Marketing Paradigm (Ottman 2011, 46)

	Conventional Marketing	Green Marketing
Consumers	Consumers with lifestyles	People with lives
Products	“Cradle to grave” Products Globally sources One size fits all	“Cradle to Cradle” Services Locally Sources Regionally Tailored
Marketing and communications	Product end-benefits Selling One-way communication Paid advertising	Values Educating and empowering Creating community Word of mouth
Corporate	Secretive Reactive Independent and autonomous Competitive Departmentalized Short-term oriented/ Profit maximizing	Transparent Proactive Interdependent / allied with stakeholders Cooperative Holistic Long-term oriented/ triple bottom line

Proposed by Ottman (2011, 46) green marketing paradigm could be seen as a holistic approach, with long-term orientation. Compared to conventional marketing, the green marketing model highlights the responsibility, trust, and interaction between stakeholders. Marketing and communications are based on values, aiming to educate and empower the customers and other stakeholders. (Ottman 2011, 46.)

Typical for greener marketing is the focus on environmental issues, especially efforts for reducing environmental damage. The next step on the path is often considered to be sustainability marketing. It concentrates on progressing greater sustainability and to fulfill the triple bottom line by “creating, producing, and delivering sustainable solutions, with higher net sustainable value whilst continuously satisfying customers and other stakeholders.” (Charter et al. 2002, 12.)

2.2.2 Sustainability Marketing

Belz & Peattie (2009, 18) discuss how sustainability marketing has evolved. Modern marketing is seen as the most traditional form of marketing. Focusing on commercial transactions and concentrating on customers, it has a market scope. Eco-marketing and ethical marketing as well focus on commercial transactions but have connections to a broader set of stakeholders. Relationship marketing, as the name suggests, focus on building and maintaining relationships while having market focus. Sustainability marketing is seen as the improved form of marketing. It carries the relationship focus while keeping multiple stakeholders in scope. Relationship marketing, as well as eco- and ethical marketing, are paths to sustainability marketing. (Belz & Peattie 2009, 18.) Figure 3 below illustrates how marketing has developed in terms of focus and direction.

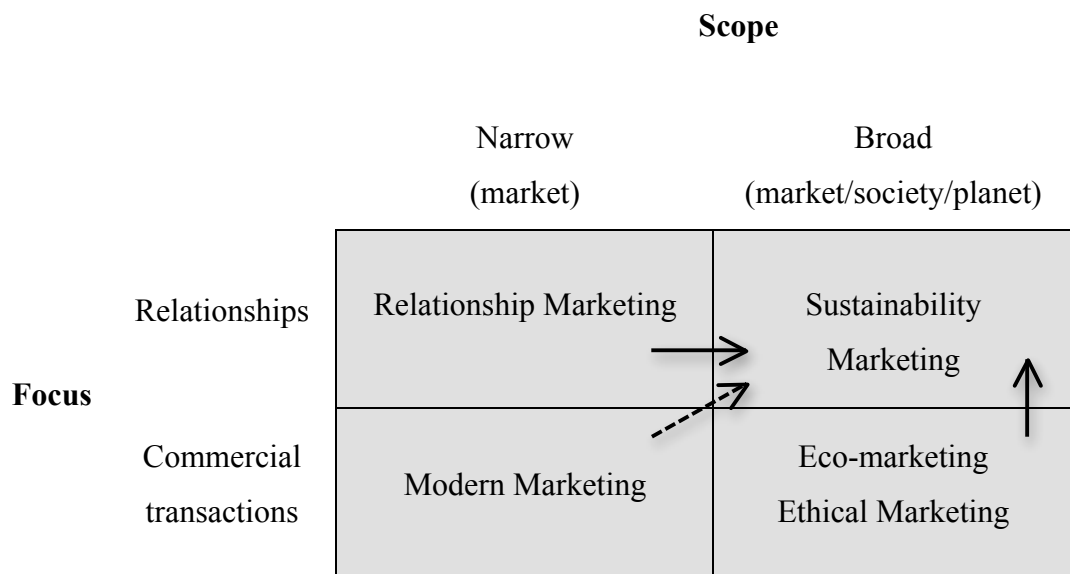


Figure 3. Towards sustainability marketing (Belz & Peattie 2009, 18)

Sustainability marketing is ecologically oriented. It acknowledges the limited ecological resources, and strives to find ways of satisfying customers' requirements without risking "the health of ecosystems and their ability to continue delivering ecosystem services." (Belz & Peattie 2009, 18.) Sustainability marketing is "viable, from technical feasibility and economic competitiveness perspectives". It is ethical, and aims for higher

social justice and equity, or at least avoids worsening the current situations. Finally, sustainability marketing is based on relationships. Marketing focus is on managing stakeholder relationships, and it is no longer seen in light of economic exchanges. (Belz & Peattie 2009, 18.) Generally, sustainability marketing is concerned with “building and maintaining sustainable relationships with customers, the social environment and the natural environment” (Belz & Peattie 2009, 31).

The concepts of sustainability marketing and sustainable marketing should not be mixed. Sustainable marketing effectively builds on long-term customer relationships, but does not have a particular reference to sustainable development, neither is it concerned with sustainability issues. Sustainability marketing, in turn, plans, organizes, implements and controls marketing resources and programs. It aims to satisfy consumers’ needs and wants while following the corporate social and environmental requirements and objectives. (Belz & Peattie 2009, 31.)

Sustainable companies treat the stakeholders, who they depend on, with trust and respect. The sustainable company aims to establish and maintain long-term relations with these key groups and is long-term rather than short-term oriented. Another characteristic of sustainable companies is innovative culture. The companies feel responsible for the surrounding social and natural environment, and have integrated them into all business activities. That in turn brings environmental and social criteria to core of products and services offered. (Belz & Peattie 2009, 112.)

Sustainability marketing focuses on long-term relationships instead of short-term or single transactions, therefore customer satisfaction and customer value become relevant marketing objectives. Customer satisfaction tells how the company’s products and services meet the expectations of the customers. Customers with higher satisfaction are more likely to stay and repurchase the products in the future than the ones with lower satisfaction. Customer lifetime describes the monetary value of a customer throughout its economic life. (Belz & Peattie 2009, 115.)

Sustainability marketing management is applicable in various areas. Related to corporate external environment, managing socio-ecological problems and consumer behavior bring insights to key problems in the areas and help to develop market opportunities. Management of sustainability marketing strategies and the sustainability

marketing mix are part on the strategic, corporate level decision-making. They are present in the planning phase and form the basis for sustainability marketing mix at the product level. Sustainability marketing transformations relate to the active participation of companies to change to favor sustainability. (Belz & Peattie 2009, 31.)

Objectives of sustainability marketing indicate where a company wants to be at a specific point of time in the future. Measuring merely economic objectives is not enough for sustainability marketing, as it is likely to steer the focus of managers away from the sustainability issues. Therefore, ecological and social objectives should be added in measuring the marketing performance. (Belz & Peattie 2009, 114 – 115.)

Ecological objectives “reflect the need to manage the ecological impacts of the consumption and production of a product or service through all phases of the physical product life cycle”. Life cycle assessment (henceforth LCA), product design, and development related documents could help marketers to increase their awareness of the environmental impacts of products and services. (Belz & Peattie 2009, 115 – 116.)

Social objectives in sustainability marketing relates to health and safety. The “general goals in sustainability marketing are to improve the safety of products during use and to reduce potential negative impact on health.” In addition, the physical protection and well-being of people are central indicators of sustainability marketing. Here, the responsibility stretches from own employees to workers in the entire supply chain. Finally, a company can have impacts to the communities where it operates, and generally aim to “increase the positive social impacts and decrease the negative impacts.” (Belz & Peattie 2009, 116 – 117.)

2.2.3 Responsibility in Product Development

Environmental performance can be measured with tools, such as product life cycle analysis, and carbon footprint (Charter et al. 2002; Belz & Peattie 2009; Ottman2011). Life cycle thinking refers to the product’s life from raw material to disposal or reuse. Traditionally, the life cycle has followed the path from cradle to grave, from raw material extractions, to manufacturing, transport, use, and finally to disposal. Cradle-to-gate covers the product’s life steps from raw material extraction to production, without

covering the use and disposal of the product. Cradle-to-cradle approach refers to an approach, which takes into account the possibilities for recycling or “responsibly turning your product into useful new material or energy” (Ottman 2011, 59.)

Cradle-to-cradle thinking means that the economy has a circular orientation instead of a linear “produce, use, dispose” –orientation. Circular, closed loop orientation is promoted by legal requirements and economic incentives. Increasing costs in energy, raw material costs and waste management are all valid reasons for companies to implement circular product cycles. (Belz & Peattie 2009, 162.) Design for environment (henceforth DFE), is one of the guidelines ensuring the redistribution, remanufacturing and reuse of products. According to DFE, the products need to be easy to disassemble at the end of their life cycle. DFE ensures that the costs remain low enough for cradle-to-cradle approach. In addition, cradle-to-cradle thinking is supported by a strategy where products are designed and materials used are in harmony with the natural cycles and systems. (Belz & Peattie 2009, 162 -163.)

Life cycle analysis is an environmental evaluation tool used in product development process. One can evaluate the materials, energy, and emissions needed for producing a certain amount of the product. Based on the analyses, problems and opportunities can be identified, and resources allocated in order to address them in the priority order. (Ottman 2011, 59.)

Sustainable product development will demand larger portions of recycled content, resource-loops, where the used materials are recovered and reused within the system (Charter et al. 2002, 21). Products need to reflect the customer attitudes and changes in legislation. At the first place, the product should fulfill a genuine human need, without harming the human health. It should have a greener life cycle. In addition, it would be desirable if the product was for example, environmentally and socially sustainable, reusable, or recyclable, non-polluting and designed to last. (Charter et al. 2002, 20.)

LCA can be used for comparing the energy and resource usage costs, and environmental emissions related to product designs, manufacturing, and packaging methods, and their alternatives. It can be useful for identifying areas for improvement in terms of energy, water use and waste. In addition, LCA can be used for comparing energy and resource usage as well as environmental emissions related to substituting

products. (Ottman 2011, 61.) Using LCA as a marketing tool can be tricky as the methodologies and measuring systems might vary between companies. Therefore, transparency is not always afforded by LCA. Other shortcomings are that LCA might not consider all environmental and social impacts. (Ottman 2011, 61 - 62.)

Carbon footprint has emerged as an easier and simpler alternative to LCA which can be considered complex (Ottman 2011 62). Thus, using energy consumption as a proxy for an LCA is reasonable because “so much of any product’s life-cycle impacts are energy-related, calculating the carbon footprint of a product rather than conducting a full LCA is becoming popular” (Ottman 2011, 62).

2.2.4 Sustainability Marketing Strategies

Conventional marketing strategy is a closed circle, where demand measurement, segmentation, targeting, and positioning create the competitive advantage. In the light of green marketing research, the conventional marketing strategy elements can be matched with relevant themes. Demand measurement in green marketing research has concentrated in identifying the market size by mainly estimating what part of the consumers define themselves as ‘green’. Segmentation and targeting have focused on the green customer typologies. Once the customer segments are identified, the characteristics of these segment groups are detailed in order to allow right positioning. Finally, positioning of the product ensures the market appeal. The marketing mix is used for achieving the right position. Promotion has been identified as an important element. (Rex & Baumann 2007, 571 – 572.)

Sustainability marketing can create competitive advantage in several ways. In product differentiation, the superior environmental or social performance is used as a source to differentiate the products from competition. Sustainability approaches can lower the costs and prices, which can be used for gaining competitive advantage. Lower costs and prices could be reached by increased efficiency in material and energy usage in production process, reducing packaging, introducing new technologies, and cutting pollution and waste. (Belz & Peattie 2009, 135.) Charter et al. (2002, 18) support that competitive advantage in sustainability marketing can be gained through enhanced socio-environmental performance, which leads to improved market place performance.

The product might be differentiated, through cost savings or design innovations found when redesigning the production process to be increasingly effective. (Charter et al. 2002, 18.) Finally, competitive advantage can be created when a new market niche is found, occupied, and defended. (Belz & Peattie 2009, 135.)

Charter et al (2002, 18) highlight that successful sustainability marketing often requires putting the focus on entire product or service packages instead of products. The focus should be in providing solutions, not in selling products. Providing solutions requires change in the mindsets to truly support the idea to fulfill customer needs through functional solutions instead of products. (Charter et al. 2002, 18). This thinking is supported by the green marketing definition by Ottman (2011, 46).

In many companies, marketing seems to have currently a secondary role in driving sustainability agendas (Jones & Clarke-Hill & Comfort & Hillier 2008, 125). The role of marketing for sustainability depends on the company, the industry, the size, and corporate culture. The style of the marketing affects its role as well: is the company practicing customer-led, technology/product led, or communications focused marketing? Companies where sustainability decisions are based on corporate values or wider CSR issues, marketing department might get the mandate to revisit and realign the corporate strategy. In companies, where the green pressure comes from consumers, the marketers' response might be increasingly sustainable products, services, and strategies. (Charter et al. 2002, 16.)

An increasing number of companies are integrating sustainability thinking into the core brand. The sustainability commitment is underlined in pursuing differentiation in the market, and for improving corporate brand and reputation. All contact points between the consumer and the brand should be taken into account when pursuing such a strategy. (Jones et al. 2008, 126.) Good marketing alone is not enough for companies, brands, or products to become more sustainable or to be seen as more sustainable. The sustainability strategy needs to be fully backed up with cross-functional plans, clear objectives, strategies, programs, and resources. (Charter et al. 2002, 17.)

Sustainable marketing strategies might bring new challenges to marketers. Familiar tasks, such as customer research will still be there. The company needs to analyze its ability to respond to the customer needs, preferences, and expectations compared to the

competition. New types of information might be needed about stakeholder attitudes towards sustainability matters concerning sourcing, production, use, and disposal of the product. Marketers need to identify the markets, which are likely to grow because of sustainability actions, the products “which can be positioned as market leaders in social or environmental performance within sensitive markets”. (Charter et al. 2002, 18.)

2.2.5 Green Marketing Strategy Matrix

Companies can use a green marketing matrix in selecting the best-suited green marketing strategy. Companies should consider how much it should focus on greenness as differentiating attribute. There are two aspects in defining the green marketing strategy. First, the company should analyze how significant the green consumer segment is for them. Matters, such as would improving perceived greenness of the products help the company to increase revenues, would company suffer financial losses if it was found unsatisfactorily green, and how large share of consumers is indifferent to the cause, and is the company able serve them profitably, should be analyzed.

Second, the company should evaluate could greenness be used for differentiating the brand or the company. The internal analysis should include evaluating the company’s understanding on what being green means in the industry. The support and commitment of the highest management should be known, as well as the available recourses. Lastly, the company needs to estimate its performance in the green dimension against the competition. (Gingsber & Bloom 2004, 81.)

Green marketing strategy matrix defines four strategies based on the company’s ability to differentiate their products based on greenness, and the potential of green market in the industry. (Ginsberg & Bloom 2004, 81.) Figure 4 below presents the green marketing strategies based on these two dimensions.

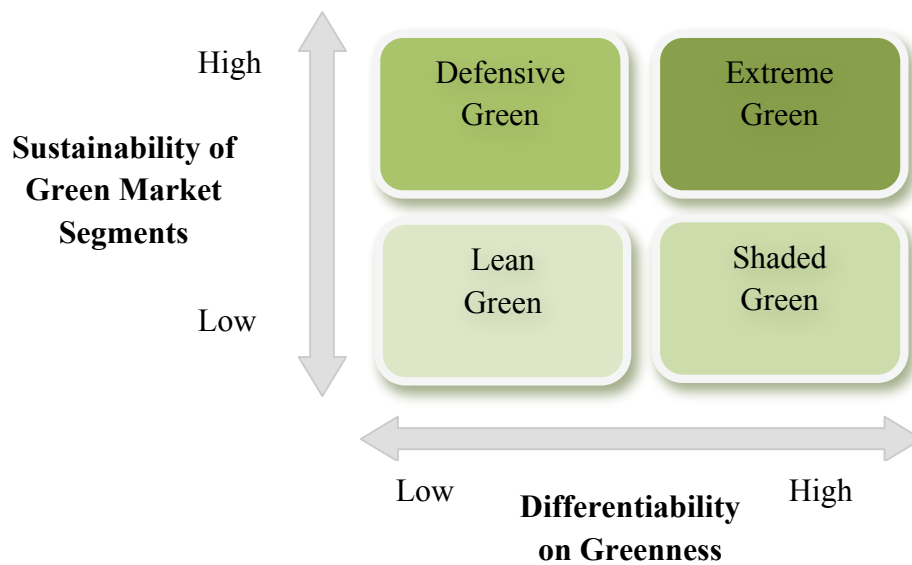


Figure 4. The Green Marketing Strategy Matrix (Ginsberg & Bloom 2004, 81)

The Lean Green companies want to be good corporate citizens. Focus of these companies is on improving efficiencies in the processes and reducing costs by environmental improvements. Thus, they opt for creating competitive advantage by lowering cost. The companies strategize for long-term defensive solutions. They want to follow the regulations, but do not want to be committed to higher standards. Nor do they see that green segments would increase profits. Therefore, Lean Greens are careful in promoting their green activities. (Ginsberg & Bloom 2004, 81.)

For Defensive Greens green marketing is a preventive measure, response to crisis or to competitor's actions. The defensive green companies use green marketing for improving the brand image, and preventing damage. The green marketing segments are important and profitable. The environmental actions are "sincere and sustained", although their role in marketing is not high. The company cannot use greenness for differentiating from competition. Aggressive green marketing is seen as wasteful and a potential risk to create demands that the company could not meet. If the companies do not find that greenness brings sustainable competitive value, they will not enter in to creating marketing campaigns based on that. However, if attacked by activists, competitors, or regulators, the company will defend their environmental records in public relations and advertizing. (Ginsberg & Bloom 2004, 81-82.)

Shaded Greens have capability to differentiate themselves based on greenness, but refrain from doing that, as increased profits can be created with highlighting other attributes. The companies invest in “long-term, system-wide, environmental process that require a substantial financial and nonfinancial commitment.” Greenness is seen as an innovative opportunity for product development. Products are sold in the mainstream channels, and they primarily promote direct, tangible benefits. Environmental aspects are seen as a secondary factor in product promotions. (Ginsberg & Bloom 2004, 82.)

Extreme Green companies support holistic philosophies and values, integrating environmental issues fully into business and product life-cycle processes. The companies have life cycle based pricing, total-quality environmental management systems, and manufacturing for environment. The customers of these companies often represent niche markets, and specialty channels or boutiques serve them. (Ginsberg & Bloom 2004, 83.)

When considering implementing a green marketing strategy, companies need to consider the two dimensions of the green marketing strategy matrix to understand how the consumers would react to green marketing strategy. In addition, the company should study how consumers rate competition on greenness. The company needs to critically evaluate its own environmental activities and management support. If the company can be sure that greenness can be used for differentiation in an “honest, credible, and long-lasting” way, the company can select shaded green or extreme green marketing strategy. Lean green and defensive green marketing strategies are applicable, if there is a risk that competitors have superior performance on greenness and able to maintain the position. In addition, if becoming greener than competition is not seen as profitable, these strategies could be suitable options. (Ginsberg & Bloom 2004, 83.)

2.2.6 Sustainable Marketing-Mix

Market positioning defined by the four green marketing strategies can be described by using the traditional “4P” marketing-mix. The meaning of product, price, place and promotion differs based on each strategy. The Lean Green strategy relies on greenness on the product development, design, and manufacturing only. Defensive greens includes promotional and product aspects. The promotion is mainly quieter public relations

rather than active marketing. In shaded green marketing strategy, focus is in on promotion, product development, design and marketing. The strategy seeks for find cost benefits through greenness, thus pricing could also be included. Extreme greens use the full set of marketing-mix elements, including the place related matters. For example, distribution systems and retailers could be selected based on their greenness. (Ginsberg & Bloom 2004, 82.) In following table 3, the positioning aspects of each strategy are illustrated.

Table 3. Marketing-mix in Green Marketing Strategies (Ginsberg & Bloom 2004, 82)

	Product	Price	Place	Promotion
Lean	X			
Defensive	X			X
Shaded	X	X		X
Extreme	X	X	X	X

Charter et al. (2002) discuss how marketing mix could reflect sustainability. Belz & Peattie (2009, 33) suggest that traditional marketing mix of product, price, place and promotion is not suitable for sustainability marketing, as it is taking the seller's point of view instead of the buyers. They propose an alternative of four 'Cs' to reflect the customer relationship and sustainable development. The four 'Cs' are customer solutions, customer costs, communication, and convenience. (Belz & Peattie 2009, 33.)

In the sustainable marketing mix, products and services need to reflect the changes in legislation and in consumer attitudes. The product considerations might need to be extended to include other stakeholders as well as customers. Sustainable product has a greener life cycle, it is designed to fulfill a "genuine human need" and be safe for health. If possible, the product should be energy- and material efficient, designed to last, repairable, re-usable or recyclable, and follow good social ethics in the manufacturing. (Chartet et al. 2002, 20). Customer solutions, in turn, sell rather solutions to customers' problems than products. Selling solutions requires that the seller knows the customers, and can offer products and services that satisfy customers' needs while considering the social and environmental aspects. (Belz & Peattie 2009, 33.)

Price of a sustainable product can possibly gradually start integrating costs earlier seen as externalities, such as environmental and social costs. Legislation and stakeholder groups are setting price tags to these costs, for example by carbon taxes. The possible impacts for price of green products are that the external costs are taken into the product prices. Alternatively, governments might increase relative prices for 'non-green' products, thus create a competitive benefit for green products. Companies should be careful with expecting price premiums for green products. Performance, quality, and functionality should match or exceed the less sustainable alternatives' levels in order to use sustainability performance as a product differentiator. "The real challenge is translating environmental improvement into value for the consumer, or at least into a value proposition they are willing to pay for." (Charter et al. 2002, 23 - 24.) Unlike price, customer costs refers not only to the transactional price that the customer pays, but in addition it includes the psychological, social and environmental costs for buying, using and disposing the product (Belz & Peattie 2009, 33). The challenge with the price relate to integrating the social and environmental costs, when the consumer is mainly concentrating to price and quality (Becker 2004 in Jones et al. 2008, 126).

Place includes the distribution, wholesaling and retailing of products. It covers the material movements within the companies. The aspects green marketing should consider the improvements in the physical distribution process. Matters to consider can be, for example, related to location of the companies, distances to retailers and suppliers, green practices among the supply chain members, and what kind of transport is used. In addition, reverse logistics, systems supporting material recycling, could be considered. (Charter et al. 2002, 25.) In the 4C, place is replaced by convenience. Convenience stresses the easiness and convenience of accessing and using the product or service. (Belz & Peattie 2009, 33.)

Promotion strategies and claims for green products should be carefully planned. The statements should have a factual base, and any communication that could be interpreted and hype should be avoided. The communications should hold company- and product specific aspects of CSR and environmental matters. The environmental claims should be exact, and legitimate. Promotional actions can include for example campaigns, media advertising, literature, PR, sponsorship, personal selling, direct marketing, and exhibitions and conferences. (Charter et al 2002, 26 – 28.) Communication in contrary

to promotion emphasizes the interactive dialogue between seller and buyer instead of one-way promotion messages. Dialogue is important for building trust and credibility. (Belz & Peattie 2009, 33). Communicating about environmental practices, especially in an industrial company, is not without questions. The process has to be carefully planned and managed, so that the actions taken will support the strategic aims of the company. Often the environmental communication can be turned against the company. However, if the company can find competitive advantage in communicating about its environmental achievements and benefits, environmental matters should be investigated if they can be a part of the marketing strategy. As the expectation is that customers will increasingly place requests and questions about environmental issues, the sales force has to be ready to take the discussion. (Linnanen et al. 1999, 207 – 223.)

2.2.7 Challenges of Green Marketing and Sustainability Marketing

Marketing has a dual role. It is creating needs among customers, and encouraging unnecessary consumption. It has a key role in “identifying and meeting customer needs profitably” (Jones et al. 2008, 124). On one hand, it is promoting materialistic lifestyles, and on the other hand, it has a key role in developing and diffusing innovations for improving energy and material efficiency. Compared to traditional marketing, sustainability marketing is supporting less materialistic and more sustainable lifestyles. (Belz & Peattie 2009, 53.)

Green marketing and sustainability marketing face challenges on strategy level. Two underlying reasons for resistance of CSR to economic pressure are named to be that sustainability is replacing CSR, and that CSR has become mainstream in consumer discussions, while gaining importance as a reputation management and brand building tool (Strugatch 2011, 46).

Sustainability initiatives are facing challenges, as strategists might not be fully aware of the social and environmental trends. Sustainability activities might be seen to have high risk and uncertainty, and therefore cause internal and external skepticism. Especially in emerging markets, sufficient business models might be missing. In addition, the available capital is often used for continuing or expanding the existing business model

rather than developing a new model. New projects might lack financial resource, especially during economic downturns. (Little 2005 in Sodhi 2011, 178.)

In addition to strategy related challenges sustainability relates to image and reputation management. Protecting brand value and company image have been connected to environmental excellence. In business-to-business markets, company image is usually more important than brand image. In consumer markets, the brand image has more value than company image. If the company is better known than its products and if the environmental benefits are related to early stages of the product life cycle, focusing on the company image is usually the best choice. (Linnanen et al. 1999, 213- 214.) The background of the company, for example the industry sector, can affect the credibility of the environmental message. If a company has a remarkably greener image than the industry generally has, it might encounter opposition when voicing its own environmental achievements. (Linnanen et al. 1999, 213- 214.)

Too much environmental communications can cause green fatigue. Green fatigue is a new concept used by consumers who are tired with flood of green marketing. The overwhelming amount of green PR and claims, together with green washing are jeopardizing the credibility of true green marketing. The companies that are labeled as green washers may lose their corporate credibility and trust. Eventually that can affect company's financial performance as the revenues might reduce or market share might be depressed. (Ottman 2011, 132 - 133.)

If a company makes environmental claims without legitimate greenness behind, it might be accused for "green washing". It can be very harmful for the brand's reputation. Ottman (2011, 132) holds that no business can ever be fully green, thus corporate efforts for greener business might receive criticism. Industries are seen as polluters, and marketing as a function promoting consumption, therefore environmental actions are easily questioned. Even though green initiatives are admirable, heavy polluters are often not advised to promote their green initiatives. (Ottman 2011, 132 – 133.)

Credibility can minimize the chance of marketing campaign being labeled as 'green washing'. Ottman (2011, 134) lists five strategies for creating credibility for sustainable marketing and branding. First, one should "walk the talk". The company should be committed to environmental policies, and engage the whole organization top

management included, extending to supply chain members. The environmental goals should be measurable and meaningful, and progress should be made in achieving them. Communication should be transparent, and respond to the stakeholders concerns and expectations. The company should be proactive in its actions, and make the environmental change thorough. A company can benefit from adhering to a environmental standards, which help to “identify and control the environmental impact of its activities, products or services.” Standards can help to continuously improve environmental performance, and to implement a control system for monitoring and measuring target achievements. (Ottman 2011, 135 – 137.)

Second, one should be transparent. The company should provide the information that the audience is asking for. A company should be “accessible and accountable”. Positive and negative matters should be communicated openly. The reporting should be consistent in order to enable stakeholders to follow progress and make comparisons. Following for example Global Reporting Initiative provides a model for TBL reporting, benchmarking, and comparison. (Ottman 2011, 137 – 138.)

Third, one should not mislead with the communications. One should provide as exact information as possible, and avoid vague statements. The provided information should be complete, and overstatements avoided. The whole product life cycle should be taken into account when posing environmental claims. “Vague, trivial, or irrelevant” statements should be avoided. Ottman (2011, 142) recommends that one should not use broad statements as “environmentally safe” or “Earth friendly”. If one uses statements like these, a specific reasoning should be given on the environment benefit the product has. Similarly, “sustainable” as a concept can be ambiguous. (Ottman 2011, 139 – 143.)

Fourth, support from third parties should be listed. A company can enhance its credibility by engaging stakeholders in company actions, educating the public, and aligning with third parties issuing life cycle inventories, certificates and awarding eco-seals. Many labels and certifications are subject to a third party audit, and can therefore become expensive. In addition, in international markets the local governments might require the product to be tested in the national system, thus creating overlapping testing and additional costs. There is a vast variety of eco-labels, certifications, and awards. Therefore, one has to carefully estimate what is the best option for the product.

However, the customers should be informed about the criteria the eco-seal is based on. (Ottman 2011, 143 – 154.)

Fifth, one should promote reasonable consumption. Ottman (2011, 154) relates reasonable consumption with preserving the resources needed for using products, promoting consumers to use what is needed, and constant waste reduction. Changing to green products is not enough for achieving sustainable society, but the consumer habits would need to be changes as well. In addition to reasonable consumption, recycling and composting should be promoted. (Ottman 2011, 154 – 155.)

2.2.8 Two Models for Modern Value Creation

In the following, two proposals for integrating sustainability to marketing are presented. First, Creating Shared Value proposed by Porter & Kramer (2011) is introduced. Then, the Embedded Sustainability based on Laszlo & Zhexembayeva (2011) is reviewed.

Porter & Kramer (2011, 62 - 64) support that the concept of value needs to be refined in the business, as the decreased trust in business has caused politics to set policies which are reducing economic growth. They propose that business grows at the expense of environment, and that the more the business has started to foster corporate responsibility, the more it is accused for the failures in the society. The outdated value approach is suggested to be a contributor to it. To update the outdated value approach Porter & Kramer (2011, 64) propose a principle of creating shared value (henceforth CSV), where “economic value is created in a way that also creates value for society by addressing its needs and challenges.” (Porter & Kramer 2011, 64.) Shared value opportunities can be created by re-conceiving products and markets, redefining productivity in the value chain and by enabling local cluster development (Porter & Kramer 2011, 65 – 66).

Re-conceiving products and markets can create value when company identifies all the social needs, benefits, and harms that are possibly related to company’s products. Development in technology, economics, and societal priorities change the opportunities for re-conceiving products and markets. Constantly monitoring the societal needs helps the companies to find new opportunities for differentiation and repositioning of existing

markets. In addition, new potential markets could be found. (Porter & Kramer 2011, 68.)

Redefining productivity in the value chain can be related to for example energy use and logistics, resource use, procurement, distribution, location, and employee productivity. Investigating the energy use throughout the value chain can result into improved energy utilization by enhanced technology, recycling, and cogeneration. By achieving increased productivity, the companies can increase profits, increase number of employees, and offer higher wages. Increased employment and salary levels benefit other businesses in the society. Porter & Kramer (2011, 71) suggest that strongest international competitors would be the ones who can establish deeper roots in important communities. (Porter & Kramer 2011, 68 - 71.)

The local clusters are understood as concentrations of companies, suppliers, institutions, service providers, and logistical infrastructure. Enabling development in these surrounding companies, organizations, and infrastructure nurtures logistical efficiency and eases collaboration. When the local capabilities in training, transportation services, and related industries increase, the productivity increases as well. Businesses can therefore build clusters to improve productivity while tackling problems in the surrounding the cluster. Improving the framework conditions for the clusters can create a chain reaction: workforce development actions increase the number of skilled employees for other companies as well. (Porter & Kramer 2011, 72 – 73.)

Porter & Kramer (2011, 76) suggest that CSV should replace CSR as the guiding tool for “investments of companies in their communities.” Both Porter & Kramer (2011, 76) and Laszlo & Zhexembayeva (2011) notice that CSR is mostly focusing in reputation management, and has actually only little connection to business. The linkage to reputation management makes it challenging to reason and maintain CSR activities in the long-term. (Porter & Kramer 2011, 76.) Table 4 below highlights the differences between CSR and CSV.

Table 4. From CSR to CSV (Porter & Kramer 2011, 76)

CSR	CSV
Value: doing good	Value: economic and societal benefits relative to cost
Citizenship, philanthropy, sustainability	Joint company and community value creation
Discretionary in response to external pressure	Integral to competing
Separating from profit maximization	Integral to profit maximization
Agenda is determined by external reporting and personal preferences	Agenda is company specific and internally generated
Impact limited by corporate footprint and CSR budget	Realigns the entire company budget
Example: Fair trade purchasing	Example: Transforming procurement to increase quality and yield

In both CSR and CSV, the basic assumption is that laws and ethical standards are followed, and that harm from corporate activities is reduced (Porter & Kramer 2011, 76). Opposite to CSR, CSV is an integral part of profitability and competitive position of a company. CSV is intertwined into company's operations and planning, whereas CSR is held separate from the company's main agenda. Connecting societal and economic progress the concept of shared value is seen as the enabler for the next global growth wave. Thus, the concept of shared value can be defined as "policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates." (Porter & Kramer 2011, 65 – 66.)

Laszlo & Zhexembayeva (2011) present embedded sustainability as the new competitive advantage in value creation. Transparency needs have increased throughout the years, and the value for both stakeholders and shareholders needs to be integrated. According to Laszlo & Zhexembayeva (2011) preceding phases of value creation include the 1990's TBL- thinking, where economic targets are seen separate from environmental and social targets. In 2000's the environmental and social values were

integrated in ROI, focus was in eco-efficiency and in business ethics. (Laszlo & Zhexembayeva 2011, 41.) Laszlo & Zhexembayeva (2011, 41) call for a re-evaluation of value creation in business in order to respond to the three megatrends named diminishing resources, need for radical transparency and increasing expectations. The future vision is to create sustainable value, which is defined as “a dynamic state that occurs when a company creates ongoing value for its shareholders and stakeholders” (Laszlo & Zhexembayeva 2011, 41 – 42.) Embedded sustainability is not about environmental or social responsibility for its own sake. It brings in “environmental, health, and social value into the company’s core business with no trade-off in price or quality.” (Laszlo & Zhexembayeva 2011, 100.)

Laszlo & Zhexembayeva (2011, 101) suggest that “only incremental changes in sustainability performance” can strengthen the existing strategies of firms. Embedding sustainability in the core business can generate long-term value for stakeholders and shareholders. Traditional methods, such as CSR and philanthropy concentrate on creating stakeholder value and can be considered as bolt-on efforts that produce “fragmentary and symbolic wins” can potentially lead into trade-offs and added costs. (Laszlo & Zhexembayeva 2011, 101 - 105.) When sustainability is planted in everything the company does, even controversial industries achieve embedded sustainability and improve their competitive position. (Laszlo & Zhexembayeva 2011, 98.)

Embedded sustainability value can be created with following principles. First, the sustainable value should be maximized, not the value for shareholders or stakeholders. Even the combination of shareholder and stakeholder value, balance or a compromise between these two, should not become more important than sustainable value. Second, a company should concentrate on meeting customer and stakeholder needs. All business decision should reflect the “outside-in perspective of stakeholder issues, interests, and frustrations.” (Laszlo & Zhexembayeva 2011, 116.) Third, scope of actions should breach over the organization’s boundaries on all product life cycle value chains. Fourth, sustainability driven actions, such as “product differentiation, brand respectability, regulatory influence and radical innovation,” should go beyond risk mitigation and cost cutting. Fifth, sustainability performance should be integrated into core business. Vague or symbolical integration, for example using hybrid cars as company cars, or creating a green product line, is not enough. (Laszlo & Zhexembayeva 2011, 116.)

3 CASE STUDY

3.1 Research Methodology

This Thesis is a qualitative case study, which investigates a contemporary phenomenon in its real-life context. The case study is based on a single case and hence the aim is to look deep in to the research topic, rather than wide.

The first research question investigates the role and meaning of sustainability and especially environmental responsibility in marketing. As the question is focused on definition of concepts and theories, the answer will be searched from previous literature, and therefore the research method for the first research question is literature review. The literature consists of scientific publications, previous research, books, and articles that handle the key concepts in CSR, environmental responsibility, sustainability marketing, and green marketing.

The second research question refers to understanding the phenomenon in its real-life context. Building on the theoretical base laid out in the first research question, this question will develop the connection between theory and practice. In order to answer the research question, information about the case company is required. Data picturing the as-is situation in the company includes archival records, such as reports, analysis, surveys conducted by the case company, and interviews. Based on the same data possible development ideas can identified. The data collection continued throughout the course of the Thesis process. The case study method was used for answering this question.

The research questions aims to create understanding of what sustainability and environmental responsibility is in business-to-business marketing, and how the case company can use them in its marketing. The context where business-to-business marketing happens is uncontrollable. The behaviors should not be controlled in the research, as otherwise the true understanding of the state of the matters would not be formed. Yin (2009, 9) names case studies, histories, and experiments as the preferred research methods for researching “how” and “why” – research questions (Yin 2009, 9). Case study method provides the best suiting research methods needed for studying a

contemporary phenomenon in uncontrollable, real-life contexts. Histories look into passed events, and experiment requires control over research objects (Yin 2009, 9). Therefore, case study method is the best suited method for this Thesis.

Ghauri (2004) refers to Bonoma (1985), Ghauri & Gronhaug (2002), and Yin (1994), when describing the holistic nature of case study method. When there are several variables to be studied, quantifying the research concepts and variables is often difficult. This excludes experiment or survey from the research method option. (Ghauri 2004, 112.)

Further, case study method is applicable when researching a contemporary event in its real-life context, “especially when the boundaries between phenomenon and the context are not clearly evident.” (Yin 1981, 59). Case study method allows in-depth investigation of each case, and therefore enables not only theory testing, but also theory building. In addition, the case study method allows the researcher to study a phenomenon from several viewpoints. (Ghauri 2004, 112.)

The research question answering to a “what” –question can be either exploratory, focusing on hypothesis building and creating room for future research, quantifying, or descriptive and predictive. “Why” and “how” –questions try to explain the phenomenon under investigation, and are explanatory. (Yin 2009, 9.) This Thesis answers to “what” –and “how” questions, both explaining a specific event. Thus, the research is an explanatory single case study.

The analytical method for this case study is pattern matching. In an explanatory case study, the “patterns may be related to the dependent or the independent variable of the study (or both)” (Yin 2009, 136). Patterns provided in the literature review will be matched with the patterns identified in the case company analysis and in the customers’ businesses. The dependent and independent variable patterns will be identified.

This single case study can be considered as a representative or typical case, as it deals with a typical marketing phenomenon in a manufacturing company, which can be thought to represent an industry. According to Yin (2009, 48) representative or typical case is displaying a one of many, for example a typical project, company, or town among many similar. Typical case is documenting the “circumstances and conditions of

an everyday or commonplace situation” and the results are thought to be of information to the peers. (Yin 2009, 48.)

According to Yin (2009, 99) case study research can use multiple data sources, six of them being “documentation, archival records, interviews, direct observation, participant-observation, and physical artifacts” (Yin 2009, 99). Greener (2008, 81) has a broad approach to data sources. To her, case study uses “more than one way of deriving data” (Greener 2008, 81). In addition to Yin’s (2009, 99) list, data can be sourced from talking to people, consumer research, and survey data. Further, “any other data collection techniques which offer qualitative information about the case” can contribute to case study data. (Greener 2008, 81.)

The data used in this Thesis was both primary and secondary data. The theoretical framework relies on previous research and literature on the defined key areas. The case company has archival records and documentation, such as written reports, brochures, articles, and manuals that were used as data sources. Previous studies and surveys on CSR made in the case company were used for defining the key areas for environment responsibility needs of the customers.

Primary data in this Thesis was provided largely in interviews. For understanding the meaning and usability of environmental marketing in business-to-business context, especially in the case company’s industry, interviews were conducted. The case company representatives were interviewed for obtaining information about environmental marketing from the seller’s point of view. Two customers were interviewed to collect the data from the buyers’ side. The interviews were recorded, and transcribed. The transcript was sent to each interviewee for approval.

The interview is one of the most important data source for a case study (Yin 2009, 106). The intention with the interviews in this Thesis was to develop knowledge and understanding over the specific topic, thus the interviews will be focused interviews. A focused interview is typically conducted in a short time, and it uses open-ended questions often following a case study protocol (Yin 2009, 107). According to Greener (2008, 89) a semi-structured interview uses a “question guide”, but the interviewees may take sidesteps from the questions, and discuss topics that interest them. However, all the questions on the question guide were asked in the interview. In in-depth or

unstructured interviews, the interviewees may leave the actual interview topic, as that may result into fruitful findings when the interviewee is not merely answering a question but revealing something about how he or she thinks. (Greener 2008, 89.) In Yin's (2009, 107) definition of an in-depth interview the interviewees can voice their opinions and articulate their views on the topic. In addition, the interviewees may propose other data sources or persons to be interviewed. (Yin 2009, 107.) Thus, the interviews in this Thesis were semi-structured, focused interviews. They had characteristics from Yin's in-depth interviews, and the interviewees were allowed express their opinions and ideas, as well as divert to other topics. Predefined questions guided the interview.

Two case company representatives and two customers of the case company were interviewed. The boundaries between the supply chain members are becoming less distinct, and more similar to partnerships rather than clear customer-supplier relationships. Therefore, interviews were targeted at decision makers, who do not necessarily purchase the material themselves but influence the purchase decision. In order to identify these customers, the interviewees were selected together with Outokumpu's Vice-President for Marketing. The questions or topic areas were communicated in advance to both the internal contact point in the case company and to the key decision makers at the customer companies interviewed. The idea was not to limit the discussion entirely to the questions, but to form a good understanding of the relevant matters for each customer.

Selected two managers at the case company were interviewed before conducting the customer interviews. Interviewing Outokumpu representatives before the customer company representatives allowed developing understanding of the matters in general, and helped to prepare for the customer interviews.

In addition, observation can provide additional data for a case study research. Observation can be direct observation, where the researcher has a passive role, or participant observation, where the researcher is not only a "passive observer". Participant observation challenges the researcher by proposing multiple roles, and potentially biased views. Being a participant in an event might take the attention from being an observer. (Yin 2009, 109 – 113.) Face-to-face interview allows including non-verbal communication in the interview, which can be useful for building understanding.

It can explain, and highlight certain areas, thus provide additional information. However, non-verbal communication can equally mislead. (Greener 2008, 89.) The participant observation was in a minor data collection role, and was done as an addition to the interview process and in the informal interaction with the members of the case company.

Finally, benchmarking to other industry environmental marketing practices was done in order to obtain objectivity in the work. Benchmarking information was collected from public sources.

Ghauri (2004, 115) defines triangulation as “one of the defining features of a case study”. Triangulation means that data is collected “through different methods or even different kind of data in same phenomenon.” Triangulation is used for ensuring the correct understanding of the studied phenomena. (Ghauri 2004, 115.) It confirms and enhances the quality of the evidence (Greener 2008, 36). The data can be for example observation, written documents, and interviews. Yin (1981, 58) emphasize that case study method can use both qualitative and quantitative data. Suitable evidence for a case study can be “fieldwork, archival records, verbal reports, observations, or any combination of these.” (Yin 1981, 58.) Analyzing and collecting data are closely intertwined, and the process will continue through the life cycle of the case study research (Ghauri 2004, 117). Following the above, supporting data for this Thesis included written documents, archival records, interviews, and participant observation. The data analysis and collection continued during the course of the Thesis. As a conclusion, data triangulation was fulfilled in the study.

3.2 Case Analysis

In this chapter, the case-company’s situation is presented and analyzed. The case evidence includes four interviews. In the case company the Vice President of Marketing and the Vice President of Environment and Sustainability were interviewed, another two interviews were conducted with decision makers from the case company’s customers. To complement the interviews, internal and public material such as reports, studies, and information from Internet pages have been used. All interviews have been semi structured, face-to-face, conducted at respective company’s premises in Espoo or

Helsinki. The discussion topics (appendices 1 - 3) were made available to interviewees beforehand and the interviews were recorded. Interviewees have approved the transcribed interviews before inclusion to the study. In order to maintain the confidential customer relationships, only discussion topics can be released as appendices, other information related to the interviews remains classified. Therefore, the interviews with the customer companies are not listed in the references. Background information about the customer companies is also kept at a minimum.

3.3 Corporate Social Responsibility in Outokumpu

“In Outokumpu’s views, responsible business practices are preconditions for sustainable competitiveness” (Outokumpu 2012a). In Outokumpu, sustainability as a concept is chosen as the leading concept, as it better describes the benefits than CSR. CSR is what the company does; its own actions, which do not necessarily provide direct competitive edge. (Haikka 2012.) The company operates in all three sustainability areas. Key performance indicators include safety, profitability, working capital, delivery performance, and customer satisfaction (Outokumpu 2012b, 18).

The idea of sustainability in Outokumpu is considered to be embedded in the product. Stainless steel is fully recyclable, maintenance free, and the company ensure that it offers a safe and healthy workplace. It also aims for constant improvement of processes to minimize the environmental impact of the production. In Outokumpu, the triple bottom line corporate responsibility are integrated in “all operations, business processes, and decision making”, including the impacts to stakeholders. (Outokumpu 2012c.) Sustainability is a substantial part of Outokumpu’s strategy and is one of the three strategic focus points. (Haikka 2012.)

In Outokumpu, sustainability is defined as the area, where the TBL responsibilities overlap. The illustration presented in figure 5 below follows the cognitive presentation of TBL by Zadek (2001).

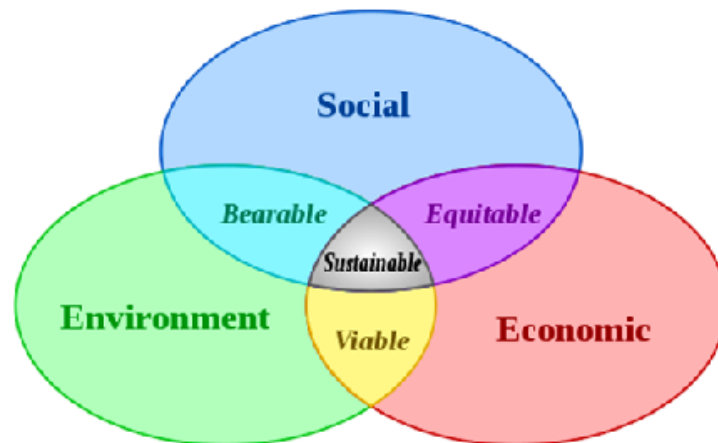


Figure 5. Sustainability and Triple Bottom Line of Corporate Responsibility (Outokumpu internal material, adapted from Adams 2006)

According to Outokumpu, sustainability is only present when all three responsibility areas are active. The illustrated definition of sustainability suggests that compromise between the responsibility areas cannot be done if one wants to achieve sustainability. Outokumpu has named three strategic responsibility objectives to make corporate responsibility an integral part of the operations, activities, and decision making in the group. The triple bottom line should be in balance. Compliance with laws is seen as a foundation for all operations, but Outokumpu aims for higher levels. The company's target is that stakeholders should be familiar with Outokumpu's corporate responsibility principles and follow similar standards. (Outokumpu 2012a.)

Outokumpu's vision "to become global leader in stainless steel" (Outokumpu 2012b, 18) reflects the sustainability ambitions. While primary target is to be the best financial performer in the industry, related targets are concerned with becoming an industry leader in customer satisfaction, to have "most efficient and environmentally-friendly operations", and to be the "most attractive employer." (Outokumpu 2012b, 18.) Sustainability is a "key element" in Outokumpu's strategy and planning, as well as "an integral part" of the business practices. The company believes that a leading position in sustainability will be achieved by responsible business practices and cooperation with

key stakeholders. Outokumpu considers itself a “leader in sustainability” within its sector. (Outokumpu 2012b, 18.)

As suggested previously, sustainability is integrated in all parts of operations, and therefore it should be integrated in all parts of the organization too. The company’s internal material suggests that responsible operations are rooted in to the organization by highlighting the importance of ethical behavior. Another vocal message has been the increased attention to safety. An internal program for continuous improvement, internally branded “OK1” concentrates on improving the production processes, which in turn can improve material- and/or energy efficiency. One example being reduced water consumption in the UK because of OK1 action primarily aiming to reduce costs. Here, striving for reducing operational costs led to improved environmental performance as well. (Outokumpu 2012b, 63.)

Corporate social responsibility has been present in Outokumpu’s interactions already from the early years, although the responsibility terminology was not yet used. In the town of Outokumpu, as well as the other mill locations, the company has supported social responsibility by ensuring that the workers have good living conditions, services, and other activities outside the works. For example, the company’s presence has helped to establish schools and hospitals. Caring for the local community has been essential part of Outokumpu for a long time. (Haikka 2012.)

Environmental responsibility is visible in Outokumpu actions for decades. The mill locations have been selected based on logistic efficiency and so that water consumption in the process will not harm the local environment. In the 1960’s, the company established an environmental workgroup, and the environmental manager was already in early stages part of the executive committee. The company has communicated about environmental responsibility since 1975. Environment as a concept has a wider meaning covering the business environment not only the natural environment. CSR as wider concept has evolved in the early 2000s. The starting point for the company is that it is obeying laws and best practices. A code of conduct and clear policies give directives how everyone should behave. (Haikka 2012.)

In Outokumpu, following laws and regulations is the given starting point. The company has defined values, ethics statements, and code of conduct, which guide the operations.

The company is also a member of stainless steel industry organizations who are defining industry values and ethical codes. In addition, there is participation to international initiatives such as United Nation's Global Compact, and GRI reporting initiative. The company honors global recommendations, such as EU, UN, and USA trade restrictions. When operating in foreign countries, the company ensures that even if the local law for example would allow for extra economic gains, the situation will not be exploited. The company strives to maintain the same standards when operating in foreign countries as in home markets. (Outokumpu 2012b, Haikka 2012)

According to Haikka (2012) the meaning of corporate social responsibility is higher in the less developed countries or markets. Multinational companies should be self-regulated, and when operating in less developed areas or countries, the companies should operate ethically and in a responsible manner. Corporate social responsibility is a good format for keeping standards. (Haikka 2012.) Refining raw material such as scrap and ore to finished products means that Outokumpu is a material- and energy intensive company. Stainless steel as a product is sustainable, and Outokumpu produces it in a sustainable way that is where the sustainable value added is born. (Haikka 2012.)

Sustainability has a double meaning in Outokumpu. On one hand, it is related to brand, trust, influence financiers, shareholders, and NGOs. On the other hand, direct business benefit comes when Outokumpu can bring additional benefits for the customer with the product; the characteristics of the product and the environmental performance are highlighted. A responsible value chain is a remarkable value itself. (Haikka 2012.)

CSR has long been a task fulfilling demands from legislation, and in that light being a good corporate citizen. Fulfilling the demands from legislations and being a good corporate citizen has been important for ensuring future operations but has not turned into operative benefit. "Responsibility will become a huge potential for growth. Companies that can help their customers to fix existing problems, limit or decrease effects of global warming, save water and so forth, all these companies whose strategy is based on embedded sustainability, are likely be the growth companies, and the giants who will do well". Even Outokumpu could renew its reason for existence so that it is based on the already existing strong base of sustainability. (Toikka 2012.)

For the future, Toikka anticipates CSR to develop similarly to quality thinking. From being an isolated island in companies, it will be integrated to the whole organization. Otherwise, it will not come true. Responsibility of CSR cannot be given to one function only, but it has to become a part of our daily work and thinking. In addition, it needs to be in the core of strategy, not because it should be there, but for the reason that Outokumpu has good, relevant reasons to have sustainability in the core. (Toikka 2012.)

3.3.1 Triple Bottom Line of Responsibility

As mentioned previously, Outokumpu follows the GRI and United Nations Global Compact reporting indexes. (Outokumpu 2012d, 19.) On the group level, Outokumpu has publicly reported environmental matters since 1970's (Haikka 2012). For its efforts the company has received third party recognition from various organizations for its environmental and sustainability activities and reporting (Outokumpu 2012d, 16).

Outokumpu defines the environmental responsibility targets and results in the sustainability summary. The company has set "concrete, measurable targets" that focus "attention on specific environmental and energy aspects throughout the Group". The targets are on group level, and on site-level. Sites include the production units in Sweden, Finland, UK and USA, as well as the Kemi mine. (Outokumpu 2012b, 43.) The company aims for "efficiency in the use of materials and reducing the quantities of waste sent to landfill" Outokumpu aims for "zero-waste stainless production." Material efficiency in Outokumpu means that all produced material is studied for potential recycling, re-using or being sold as by-products. (Outokumpu 2012b, 45 - 46.)

Economic responsibility is calculated using the GRI guidelines. The economic responsibility includes generation of value added, distribution of value added, and financial information related to environmental investments. The Worlds Steel Association guidelines are used for collecting the financial information about the environmental investments. (Outokumpu 2012b, 32 – 33.)

Social responsibility is measured using metrics associated to personnel: lost time injuries, EU average lost time injuries, near miss incidents, sick leave days, personnel figures (actual headcount instead of number of full-time employees), total personnel

costs, training costs, training days per employees, bonuses, personnel turnover, and days lost due to strikes. (Outokumpu 2012b, 33 – 34.) In 2011, Outokumpu decided to adopt ISO26000 standard, which guides social responsibility (Outokumpu 2012b, 8).

Being aware of emerging legislation is one part of environmental management in Outokumpu. The company “monitors and evaluates legislative initiatives” and their possible impacts on operations. In addition, the company “participates on communicating the effects of emerging legislation and aims to supply industry specific and expert information to be available for decision makers.” (Outokumpu 2012b, 42.)

3.3.2 Customers and Suppliers

Outokumpu strives for “continuous, systematic and open dialogue” with its key stakeholders, in order to enhance transparency and accountability. The company’s list of key stakeholders includes shareholders, employees, customers, suppliers, public, and non-governmental organizations. The latest actions on the stakeholder management area are the evaluation of sustainability trends and expectations in Asia and Middle-East area, as well as active dialogue with largest shareholders. Evaluation aimed at the external supply chain stresses the responsibility issues in the society and local communities. At the same time penetration of ethical and fair business principles among Outokumpu’s suppliers and communities were evaluated. (Outokumpu 2012b, 84.)

The company has focused on developing the customer relationship management systematically. One of the aims is to collect information about matters on the softer side, what are the important matters to the customers, and how Outokumpu can support the customers on these matters. In addition, the company has organized customer visits for other functions than only sales in order to increase understanding throughout the company. (Haikka 2012.)

Outokumpu audits its suppliers, and similarly Outokumpu is being audited when new customers are selecting suppliers, when an existing customer is introducing a new product, or replacing a material with stainless steel. The compliance with quality-, safety-, and energy efficiency systems is evaluated. Depending on the customer

segment, different certificates and standards may be included in the criteria as well. (Haikka 2012.)

The company has noticed that during past couple of years, responsibility as a theme has been included more frequently in the dialogue with customers. So far, Outokumpu has no indications that environmental performance would have been a reason not to be selected as a supplier. Toikka (2012) suggests that Outokumpu has not seen the environmental performance hindering the company being part of supplier selection could be because of Outokumpu's good performance in the area. (Toikka 2012.) Even though it is not clear for Outokumpu what is the role of environmental performance for decision making when its customers are selecting a supplier, Toikka evaluates that environmental performance will be definitely included in the decision making. The company has witnessed a rapid change in interest towards sustainability and responsibility matters. In only one year, sustainability has changed from being discussed only at board level to be of high interest also on operative level. (Toikka 2012.)

3.4 Environmental Responsibility in Marketing in Outokumpu

In discussions with customers and other stakeholders, as well as in a customer study conducted a couple of years ago, the sustainability and environmental responsibility matters were highlighted as areas of interest. Responding to this signal, Outokumpu has created internal material for discussing about sustainability matters. In addition, the company has included sustainability into marketing messages. The selected approach is the recyclability of stainless steel. (Toikka 2012.)

The role of corporate social responsibility is increasing in business-to-business marketing. Currently, matters such as environmental responsibility issues, energy efficiency, material contents, and recyclability are in the central point of interest. (Toikka 2012.)

Conducted in late 2010, the materiality sustainability analysis identified both internal and external issues that Outokumpu has based its sustainability-related actions and developments on. Matters that were of significance for both stakeholders and the

company included environmental footprint, energy efficiency, ethical business conduct, and safety at workplace. (Outokumpu 2012b, 20.) A customer survey that Outokumpu made in late 2010, found that especially in segments close to the end-users the meaning of environmental and social responsibility were higher than in other segments. Thus, the closer to the end-user Outokumpu's customer is, the earlier the pressure comes to the company. (Toikka 2012.)

Sustainability has been integrated in everything what Outokumpu does, and therefore it is one angle in the marketing as well. It is present in the marketing planning and sustainability has now been chosen as Outokumpu's key message. When seeing stainless steel business in a wider perspective, the company can be said to be in a transformation or metamorphosis business; transforming materials in the processes into a product, which is fully recyclable and can return to the process again. (Toikka 2012.)

Stainless steel life cycle cost-benefit considerations have been used in marketing already earlier. From sustainability marketing point of view, life cycle cost and life cycle cost calculation extends not to only cover production of stainless steel but also the usage of stainless steel would be of great help. This would bring in environmental costs and other similar cost elements in addition to investment cost. For example, for stainless steel it could mean that if stainless steel is used for bridges instead of for example carbon steel, one could save on maintenance and reparations works. In addition to the surface protection chemicals, reparation work slow down the traffic and increase air-pollution from exhausts. However, it is very challenging to create and conduct this kind of calculation. (Toikka 2012.)

As Ottmann (2011, 133) notes, conveying a sustainability message is not without questions in producing industries. The companies need to be careful with what is being said. Toikka (2012) concludes that the careful approach to commercializing sustainability has been the right one. He sees the risk for delivering messages that would lack meaning or even credibility. More important than listing success in index ratings is to understand what sustainability means to their customer, and how can Outokumpu together with its customers create a sustainable future. (Toikka 2012.)

As suggested in the literature, one task for marketing is educating and empowering customers. Customer empowerment and educating is an area, where Outokumpu could

potentially improve. Conveying the message about Outokumpu's strengths could be something where marketing could support. (Haikka 2012.)

Outokumpu uses the traditional 4P – model in the marketing of stainless steel. In Outokumpu, responding to the customer request and conveying the right message have the focus in marketing. The company recently launched a new marketing concept in which sustainability is the key element. The company has added new, relevant information to the existing communication. (Toikka 2012.)

Instead of only selling steel for customers' applications, Outokumpu is striving to find solutions for creating a sustainable future. For example, use of high strength stainless steel grades in transportation tank allows thinner walls, thus lowering the weight of the tank. Using thinner material and lowering the vehicle weight allows bigger quantities to be delivered and savings on fuel when not driving with full load. (Toikka 2012; Haikka 2012.) Outokumpu considers stainless steel to be a key building block for creating solutions supporting global megatrends like urbanization, lack of drinking water, and need for clean energy. (Haikka 2012; Outokumpu 2012e)

In addition to Environment and Sustainability –team and Marketing, communications is supporting the sustainability work in Outokumpu. The internal communications role has recently been defined, and after a recent re-organization, the function is now slowly finding its place. The internal communications, especially about sustainability is seen as one of the development points in the company. Systematic internal communications is not yet on the right level but sustainability as such is built in to everything that the company does. For example, concerning the possible merger with Inoxum, there would be need for melting capacity reduction in Germany. The possible closedowns of the melting shops have been planned to be done in a responsible manner, including finding new jobs for the redundant personnel. (Haikka 2012.)

3.4.1 Life Cycle Approach in Stainless Steel

In 2011, Outokumpu “focused attention to life-cycle oriented environmental management” (Outokumpu 2012b, 41). Environmental product declarations and life-cycle analysis were done in accordance to relevant ISO standard and verified by a third

party. In addition to the environmental product declarations, Outokumpu provides additional information related to sector specific evaluations schemes (Outokumpu 2012b, 38.)

Outokumpu has made Life Cycle Analysis of two main stainless steel products, cold rolled and hot rolled material. When needed, the company can provide additional life cycle cost analysis for other products than the basic hot or cold rolled. The life cycle analysis has helped Outokumpu to “identify the most effective ways of reducing the life-cycle impact of the products Outokumpu manufactures.” (Outokumpu 2012b, 4; Haikka 2012.) The Environmental Product Declarations are available from the company website. Environmental product declarations contain detailed information about environmental impact, energy consumptions, and related information. The company itself does not make comparisons between its own and competitors’ Life Cycle Analysis data, but leaves that for the customer. (Haikka 2012.)

The product life cycle thinking follows the ‘Cradle to cradle’ thinking. The company benefits from using recycled inputs in the production instead of virgin minerals, and is doing its best to promote end of life cycle recycling of stainless steel products. Stainless steel is fully recyclable, and the stainless steel scrap price is relatively high. Therefore, there is a strong market signal supporting the recycling levels, which are relatively good. The challenge is to collect the small stainless items, such as cutlery. (Haikka 2012.)

Manufacturing and reprocessing of stainless steel influence nature mostly due to dust and particle emissions to air, waste water from production plants and high levels of energy consumption during production. The production process also creates landfill waste. Outokumpu aims at improving sustainability at each stage of production through re-use and by securing a sustainable supply chain, from suppliers of recycled steel to the production of stainless steel products. (Outokumpu 2012b, 41.)

3.4.2 Sustainability and Environmental Marketing of Stainless Steel

International Stainless Steel Forum (henceforth ISSF) is a non-profit research organization serving as a world forum of the international stainless steel industry

(International Stainless Steel Forum 2012a). In a promotional video for stainless steel, ISSF names stainless steel to be very corrosion resistant, strong, durable, flexible, and versatile material. Other characteristics relate to the appearance of the material: it is attractive, noble material. The alloying elements of stainless steel make it durable. (International Stainless Steel Forum 2012a.)

ISSF has collected sustainability information about stainless steel to a separate Internet page. Sustainable Stainless –page reasons why stainless steel is sustainable by using a split similar to the triple bottom line: people, planet, and profit. For people, stainless steel represents a safe material to use and produce. Health and safety issues are highlighted. Sustainability from the planet's point of view includes reusability and recyclability of stainless steel. About 80 percent of stainless steel is recycled, and the average recycled content of stainless steel is about 60 percent. The efficient production methods enable recycled content in the stainless steel. The stainless steel has a long lifetime, and low maintenance costs. Profit aspects of sustainability relate to long-term sustainable value and growth of stainless producers. The producers are considered reliable and produce quality to the customers. The low maintenance costs, long life, and recyclability influence the profitability of stainless steel products. The mechanical properties, esthetics, and safety of the material add to profitability. Emissions during productions and use are minimal compared to substituting products. (Sustainable Stainless 2012b.)

Based on the material available in the Internet pages of the European Stainless steel producers Inoxum, Aperam, and Acerinox, it seems that stainless steel marketing is widely based on facts, such as technical properties, rather than softer elements, such as sustainability considerations. (Acerinox 2012a, 2012b; Aperam 2012a, 2012b; ThyssenKrupp 2012a, 2012b.) In some cases, sustainability information is not available at all, or at least it is not easy to find. Acerinox, Aperam, and ThyssenKrupp Nirosta (included in current Inoxum) are featured in ISSF's 2011 Sustainability Awards Case Study publication (ISSF 2012b). Therefore, it can be concluded that the companies do have sustainability activities, and they are successful in them. Perhaps the green marketing strategies of these companies are towards lean green, or defensive green, where the companies have green practices but has selected not to use them in marketing.

When benchmarking Outokumpu to other major Finnish industrial groups like StoraEnso, operating in the pulp & paper industry, Ruukki in the steel industry, and Kone in the mechanic industry, one can conclude that all of these three international companies are committed to local, and international laws, do have their values and ethical principles, which they follow. The companies have all received third party acknowledgement for their achievements (Appendix 4). What is not visible in the annual reports, sustainability summaries, and global responsibility reports, is how well the principles and standards are rooted in the organization and to the daily work. It is challenging to estimate how good corporate citizens each of these companies are. Therefore, one needs to be careful when interpreting available information. In addition, consideration is needed when using sustainability or responsibility in marketing communications.

3.5 Customer Interviews

Company A is a distributor operating in the North Europe. In Company A, the interviewee manages two product divisions, one being stainless steel, in Finland. Company B is a technology- and engineering company operating worldwide. The interviewee is the director for environment and sustainability.

In the customer interviews, the sustainability and corporate social responsibility were discussed from different angles: What do sustainability and corporate social responsibility mean to the customer, how the concepts are understood and how do they reflect to operations. The named questions help to estimate the role and importance of sustainability and CSR in the customer companies. Especially environmental responsibility was highlighted in the discussion topics, aiming to learn how do the environmental factors influence supplier or material selection. In addition, the supply chain perspective was discussed, as the literature suggests that the responsibility issues seem to spill over clusters and supply chain layers. Finally, the outlook was discussed in order to find indication for development directions of sustainability and CSR.

Sustainability and CSR are present in both companies, but the role differs. In the company A, sustainability and CSR instructions come from the corporate level. Sustainability and CSR are seen to have an important role for continuity of the

company. In addition, the moral responsibility of companies is another reason for having sustainability and CSR.

In company A, sustainability and CSR are most visible when selecting and auditing suppliers. Social matters relate to taking good care of the employees and economic responsibilities include being profitable and providing work places. Environmental responsibilities are about material, as all material is recyclable, including packing material. Material safety, the planned application where the material is going to be used, material certificates and the environmental matters relating to practical questions such as recycling are most frequent inquiries. As the company is a distributor and does not produce anything itself, the performance of the suppliers is very important.

Company A audits its suppliers carefully before establishing a business relationship. All suppliers are audited at least once a year, most of them twice a year. The instructions for suppliers - document, available at the group's Internet pages, the company A highlights that it is important that the company's Code of Business Ethics, and Environmental and Sustainability Policy are implemented in to business operations by the supplier, and if possible, the suppliers of supplier should implement the similar principles. Company A notes that all the biggest suppliers are already highly responsible for environment and they have certified their material accordingly. Information availability varies. Company A is audited by its customers, and therefore it wants to keep good track record. The bigger the customer is, the more important certificates and similar information is to them. In addition, company A notes that the consumers have more environmental requirements than business-to-business customers, thus for a company in the beginning of a supply chain, especially with no own production, these matters have less pressure. Finally, the customers are environmentally very aware. Environmental matters are nothing new in the field, so therefore they might not be spoken about so widely.

Environmental performance does not play any role in material selections for company A. Neither is LCA used when making purchase decisions. It is possible their customers consider environmental aspects when defining the material for their products, but the company itself does not base the purchases on environmental aspects. The main drivers on material selection are price, quality, and delivery accuracy. If a product would be more environmentally friendly, and would have same price, quality, and delivery

accuracy than a “standard” product, company A would possibly purchase environmentally friendlier alternative.

When needed, company A gives training to customers about metals, and then includes environmental matters to training. In addition, when presenting products to its customers, company A tells about the environmental benefits of the products, so that the customer is left with an understanding that the material is fully recyclable and environmentally friendly. Company A thinks it is important that there is discussion about sustainability and CSR matters. It would be important that all supply chain members would participate to it.

In Company B sustainability and CSR are seen as concepts that hold in each other. Sustainability in CSR are the company’s own actions, how the company works, how the business is conducted, product are produced and delivered. Another perspective to sustainability is the one of company’s own products, how they help fighting the challenges in the World today. The sustainability is therefore linked closely to everything the company does. Especially environmental responsibility is considered.

The company B has recently introduced a Supplier Policy, which details the criteria the company expects its suppliers to fulfill. The supplier policy integrates the TBL responsibilities, however, integrating social dimension of responsibility has been found challenging. The company B audits its suppliers, and claims that managing the global supplier network has become increasingly important for companies. The company has established a support function for supply chain management, operating in all the company’s locations. Managing supply chain is a critical matter, as companies do not have complete control over the subcontractors and other suppliers. It is known in the company that for example car manufacturers can have criteria, which their material suppliers need to fulfill before the supplier is even asked to quote. Thus, sustainability matters are evaluated in the process of selecting suppliers.

Company B has done product life cycle inventories and analysis in order to understand how and what is the LCA of its products. However, LCA is not used in material selection as it is a rather heavy tool to use and environmental performance is not criteria when selecting material. More important than environmental performance is that material used in the products is safe, durable, and long-lasting. In the design and

planning of the products, the company might consider for example using materials that are more durable in order to produce lighter devices. Other material selection criteria could be price and availability.

Company B used sustainability in its marketing communications. The company representative highlights that only facts should be used in marketing, since if the conveyed messages should prove inaccurate or lack facts, the company might lose credibility and harm the reputation. Reputation is seen to have two directions: one towards the shareholders and investors, and one to customers. Shareholders and investors can have impact on the company's value by impacting the share price, whereas customers evaluate a company by its actions. For the company B sustainability represents competitiveness, especially concerning the product. Sustainability directs the product development, and the company B's reputation in the World is based on products that support sustainability. When company B's products help customers to save energy, raw materials and water. The systems can be run more efficiently and profitable than older ones, or those of the competition. The customer saves money and have a cleaner production processes.

Company B sees sustainability as a megatrend, which will continue for a long time, but it might change its forms. The targets and theories currently are concerned with waste, decreasing CO₂ –emissions, providing clean water to everyone, stop spoiling water. Equal energy distribution is seen as well as one of the future challenges. In addition, the energy should be produced in a sustainable manner.

3.6 Results

3.6.1 Meaning of Corporate Social Responsibility in Marketing

The findings above suggest that in Outokumpu, and in the customer companies studied, sustainability and responsibility matters are a concern at corporate level. It seems that their strategic value is increasing. In addition, it seems that during the years sustainability and marketing have become increasingly intertwined. In fact, it seems that sustainability has become a legitimate concept in business life, and it is could be argued that sustainability is now the target companies want to achieve instead of merely

implementing responsibility programs. Further, sustainability could be seen as one of the driving forces influencing companies' strategies. Therefore, it might not be completely unexpected to see sustainability becoming one of the quality measurements of products and companies.

Haikka (2012) names the image and brand value as areas where sustainability is reflected. He suggests that sustainability performance influence shareholders, financiers, and NGOs. When a company is going through change its responsibility profile is reviewed from outside. The value of sustainability on image is extremely difficult to measure. (Haikka 2012.) In addition, in the customer interviews, trust, image, and reputation were mentioned as matters that depend on CSR. Therefore, it could be concluded that CSR is important for corporate image, brand value, and for building trust with customers. In the interview with company B, the importance of information based on facts was highlighted.

In addition to corporate image and brand value, both interviewed customer companies stressed the importance of supply chain management. Sustainable and responsible performance ensures that the supplier has the possibility to start a business relationship with the customer. Supply chain management is seen as one way to mitigate possible risks related to responsibility matters. Risks relating to responsibility matters are linked to company image, and value. Highlighted by the company B, reputation is a two way matter. If the reputation is harmed, investors and shareholders can have immediate impact on the value of the company. The company reputation affects also customer relations.

Responsible actions can create economic benefit for the companies (Juholin 2004, 86). When reducing energy, raw material use, and waste creation the companies can improve their environmental performance and increase their profitability as suggested by Outokumpu and company B.

Even though environmental responsibility has existed for decades, it has not been used in Outokumpu's marketing. The company has been careful in including sustainability messages to marketing. The role of marketing has been to inform and educate own sales people and customers about sustainability matters of stainless steel and Outokumpu.

3.6.2 Developing Corporate Social Responsibility in Marketing

Based on the presented literature and the case evidence, it seems that the marketing in Outokumpu is closer to relationship marketing than green or sustainability marketing. Customer focus has been highlighted in Outokumpu. The company has trained the sales people to have improved customer service skills. It organizes customer surveys on regular and ad hoc basis when an important theme evolves. (Toikka 2012; Haikka 2012.)

Green marketing strategy matrix defines four strategies for companies. The model seems to be originally created for businesses operating in consumer market, as it uses consumer greenness as one of the strategy selection criteria. Anyhow, the green marketing strategy matrix could serve in business-to-business marketing as well.

In a business-to-business context, green marketing strategy selection could be done using the same two dimensions: How much can the company differentiate its products based on greenness, and how large is the customer base for green products. It means that rather extensive customer and competitor analysis should be carried out. In addition, the internal resources and commitment should be analyzed. The company might want to segment the customers based on greenness, in order to obtain a good understanding of the actual situation. Competitors would need to be studied for evaluation of their performance in greenness. As this Thesis has not carried out such investigations, no clear proposals for possible green marketing strategy can be given.

Sustainability marketing, new green marketing, and embedded sustainability all highlight the long-term orientation in customer relationships, and seek to build partnerships, knowing the customer is in the key role. Knowing customer's needs allows for tailoring products or services so that they offer solutions to customer's problems. In business-to-business environment, the customers are often producers themselves. In stainless steel industry, the products are largely commodities and differentiation is minimal. Therefore, when finding ways to solve customers' problems with a product that the seller supplier, it can provide a way to position the offering in a new way.

Implementing 4C–thinking to marketing could assist the case company in conveying the sustainability message to the sales force. When training the sales people, 4C–model could support rooting sustainability thinking and finding new arguments for stainless steel usage, highlighting the long-term customer relationships, interaction, and the possible improvements resulting from organizational changes which impact the distribution network.

The importance of customer dialogue is generally highlighted in CSR and sustainability literature, especially in the stakeholder management theories. In addition, the long-term relationships and partnerships are valued. Without interactive dialogue, creating and maintaining that kind of relationships might be challenging. Following that, communication, as well as the customer solutions, might provide tailored messages to each customer or customer group, as well as trustworthy and credible responses from the company side. Outokumpu is continuously training the sales force in relationship management. Marketing team is supporting them by providing promotion material. Compared to consumer market, communications in the business-to-business field are more direct. There are fewer customers, and the role of personal selling is bigger than in consumer market. Therefore, communications might play a bigger role than promotion. As highlighted in the literature, including sustainability messages to communications has to be done with caution. The communication should always be based on facts.

Compared to consumer markets, customer convenience in business-to-business might be less straightforward to implement in practice. Consumers have more freedom to choose where to purchase the products they want, and where to use them. It can be assumed that there are more products in consumer market than in the business-to-business markets. The nature of consumption is different in these two markets. In stainless steel industry, the customers often have their own production sites, or warehouses where the material is taken to. The need can be estimated in advance. The purchasing process differs from consumer market remarkably. Yet, the possibilities for customer convenience in the industrial world should not be overlooked.

Stainless steel as such is virtually maintenance free, it has a long life, and it is fully recyclable. Stainless steel is safe, hygienic, and esthetic material. Stainless steel production and usage, compared to substitute products, have relatively low emissions and competitive life-cycle indexes. (Sustainable Stainless 2012; Haikka 2012). For

example, the most obvious substitute product, carbon steel, is mostly made from primary raw materials such as ore and coke, meaning larger environmental impact in production. In addition, carbon steel needs repeated coating or painting in order to obtain and maintain same corrosion resistance as stainless steel. Poorer corrosion resistance means higher maintenance cost. These sustainability facts could be used in defining the customer cost of stainless steel. Possibly the softer cost elements in buying, using and disposing the product are already used as arguments when choosing stainless over some other material. When the traditional product is seen as a solution, the weight of the psychological, social, and environmental cost might increase. Similarly, when choosing between different stainless steel suppliers, the sustainability performance of a particular supplier could be of importance. The customer interviews suggest that the sustainability and corporate social responsibility are evaluated especially when selecting suppliers. Haikka confirmed this statement during the interview.

3.6.3 Discussion

Corporate social responsibility and environmental responsibility as one responsibility area are often related to strategy and to operationalizing strategy. Corporate social responsibility can be seen as an operational tool, used to work towards sustainability and corporate citizenship targets. As operative measures, they impact all the parts of a company, including marketing function. However, it seems that CSR or environmental responsibility alone do not create any particular marketing value.

As the consumers' awareness and concern over environmental and social matters has increased, the companies feel the pressure to enhance performance in these areas. The responsibility spills over clusters and supply chain members. Even in the business-to-business world the customer pressure is felt, especially on industries working close to end-users. One of the responsibilities of marketing has traditionally been responding to the stakeholder needs. The consumers and other stakeholders are increasingly concerned about environmental matters. Heavy industry is often considered questionable when it comes to environmental matters. In some countries the social responsibility in heavy industry is questionable.

CSR and environmental responsibility in marketing are suggested to have close connections to risk management and to ensure future operations of the company. Marketing can contribute to CSR by customer and business environment analysis, collecting and interpreting signals from the markets. Another CSR related responsibility of marketing is communications and ensuring the customers and other stakeholders are educated about the company's actions concerning CSR matters.

Another viewpoint to CSR and environmental responsibility in marketing is how they can be benefitted from, form competitive advantage or create new value added. Based on the studied literature and the case related evidence, it seems that CSR or environmental responsibility are perhaps not exactly where the benefits could be drawn from in this specific case. The current thinking in academia seems to be that CSR is about company's activities, whereas sustainability is the actual goal, which in addition can bring potentially great benefits for the company. Therefore, sustainability could be considered something that companies could base their strategies on, and further, where marketing could find potential for new value creation. However, it needs to be noticed that in the sustainability based strategies the value creation is not focused on merely creating economic value but takes the economic and social values in to consideration. Thus, it could be concluded that sustainability in marketing is relevant in cases where the company's strategy is based on sustainability, or sustainability should at least be in a very central role in the strategy. Otherwise, the substance and trustworthiness of the sustainability message might be questioned. Communications has to be fact based, transparent and accurate, in order to avoid accusations of green washing. Marketing strategies should therefore be based on sustainable operations.

The case company for this Thesis, Outokumpu, has a positive attitude towards sustainability matters. The company has selected recyclability of stainless steel to be a key component in the latest marketing concept. Compared to the competitors in Europe, the case company seems to have an active approach on sustainability and responsibility issues. However, it is difficult to evaluate the activity on sustainability and responsibility issues as the companies might have sustainability activities but they do not necessarily communicate about them, like proposed by Ginsberg & Bloom (2004).

The internal sources of the company suggest the sustainability might become increasingly central to the strategy, or that it could become increasingly important

element of the strategy. Based on the literature, especially on views of Laszlo & Zhexembayeva (2011), and Porter & Kramer (2011), the successful companies in the future are the ones who see the value creation in a wider perspective that is including economic and social value.

Outokumpu is an active player in the sustainability and responsibility field. Sustainability is not a task of a single team or an individual, but it should be a responsibility of everyone. Communicating about sustainability and responsibility is challenging, especially in heavy industries. Based on the analysis, it seems that the company could benefit from activating internal communications to convey the sustainability message, which was also indicated by Haikka. Internal stakeholders should be equipped and ready to discuss about sustainability and to collect feedback from the external stakeholders they meet. Stakeholder communities could be activated for ensuring feedback loops. The marketers could assist by providing educational material for customers about sustainability. In addition, sustainability could be lifted up as one of the focus themes. General knowledge about sustainability as a concept, the related actions in different areas and how it impacts the everyday life of the employees and other stakeholders could be shared.

Outokumpu could continue making conscious choices in its activities. In heavy industries material and energy use, waste creation, safety and health of the employees are legitimately main concerns. As suggested by Haikka (2012) internal communication about sustainability could be enhanced. Perhaps the “4C” marketing mix by Belz & Peattie (2009) could serve as a tool in making sustainability tangible when communicating sustainability matters internally. The company could continue to make sustainable choices in all operations, to mention some examples, ways of working, traveling and printing marketing material on ecological ink to recycled paper.

One reason why sustainability or responsibility matters are not widely included in marketing is the challenge of credibility. If Outokumpu wants to develop its marketing strategies based on sustainability or environmental responsibility, it needs to carefully evaluate the prerequisites. Entering in green or sustainability marketing without proper preparations could harm the company more than the benefit would be.

How central role sustainability matters have in businesses is hard to prove. From the public material, it can be noticed that even though many industries have targets on saving energy or material, and improving environmental performance, the key performance indicators do not yet include environmental performance. Social performance is included in the internal dimension, for example in lost-time-injury rates. As suggested in various sources, environmental and social matters are likely not to attract the needed attention unless they are part of the performance management decision-making.

4 CONCLUSIONS

4.1 Summary of Findings

Outokumpu has a long history of corporate responsibility. Outokumpu has carried its responsibility in the local societies, and developed its environmental responsibility and performance throughout the years. Communication of the responsibility, and sustainability related matters is mainly done through annual report and Internet pages.

The results suggest that the role of corporate responsibility and sustainability is of crucial importance when establishing new business relationships. The role of CSR and sustainability is valid for both Outokumpu selecting its suppliers, and for Outokumpu's customers selecting their business partners. Once a company has fulfilled the selection criteria, the next selection round seems to be based on price, delivery time, and quality. The material selection seems to be done by engineering companies. They decide what material should be used in the application. That in turn defines which companies are involved in the quoting. Juholin (2004, 86) suggests that corporate social responsibility could be used for market differentiation. This Thesis does not provide clear evidence for finding differentiation possibilities. The indication is that in the stainless steel market, environmental considerations are not related to material selection, but might have a central role when selecting the companies, who are included in the offering process. Therefore, based on the results of this Thesis, and Linnanen et al. (1999) it can be suggested that for Outokumpu, corporate image might be more important role in marketing messages than brand image. In practice, the company image focus directs the CSR and sustainability actions in marketing to corporate image rather than to the product. In addition, the fact that stainless steel is a commodity product supports the company image approach as well.

Sustainability and responsibility matters relate therefore to supply chain management, and thereafter to company image and brand value management. It seems that many companies have adopted some form of supplier policy, which details that the supplier is responsible to follow certain responsibility ideals, and should ensure that its own suppliers follow the same. Therefore, requests from the customer side seem to increase the demands for responsibility and sustainability. In addition, it was suggested by Outokumpu and one of the customers interviewed that industries closer to the end-users

have higher pressure to perform responsibly. To summarize, these findings support ideas presented by Kovács (2009), Belz & Peattie (2009), Ottman (2011) and Porter & Kramer (2011).

Linked to corporate image and brand value, corporate social responsibility is seen to support risk management and ensure that the core company itself has a license to operate. It seems that as proposed by Juholin (2004, 86) responsibility and sustainability are indeed used for managing the pressure from outside.

As a conclusion, corporate responsibility has important linkage to marketing in building relationships, mitigating business risk, analyzing markets, and customer signals on CSR, and sustainability as well as assisting on the supplier network management. In addition, marketing can assist on educating customers and other stakeholders in CSR and sustainability matters. In some cases, marketing of the company and the products can be based on sustainability, or green messages can be part of the marketing communications. However, green or sustainability marketing is a delicate area, which needs extremely careful planning and execution.

CSR and sustainability can be used in strategy and thereafter in marketing for sustainable value creation. When the company's strategy is based on sustainability, the company can find new value creation models as suggested in Laszlo & Zhexembayeva's (2011) embedded sustainability, and Porter & Kramer's (2011) CSV ideas. If Outokumpu is not yet ready for such a radical change in strategy directly, perhaps the company can develop the CSR and sustainability in marketing by defining green marketing strategy for the company. In addition, increasing knowledge internally about sustainability might assist on maintaining and improving the performance.

If the company wishes to increase greenness in marketing, it should carry out a careful evaluation. As stressed in the literature (Ottman 2011; Laszlo & Zhexembayeva 2011; Linnanen et al 1999; Belz & Peattie 2009), and in the interviews for this Thesis, the company should be absolutely certain to use only fact based information in its sustainability or green marketing in order to avoid risk of green washing accusations, and consequential harm of the company image. Sustainability marketing, the new green marketing, embedded sustainability, and the extreme green marketing strategy all emphasize the holistic nature of sustainability. In order to successfully utilize these

models the strategy needs to be based on sustainability. It seems not to be enough if there is a separate sustainability strategy, since the core business is not necessarily based on sustainability. Important to notice is that even heavy industries can be sustainable, when they are operating in a sustainable way, or producing sustainable solutions.

When strategy is truly sustainability driven, I believe sustainability can be a way to differentiate the company and its products in the market. Companies creating higher value added by not only creating economic but environmental, and social value can achieve improved competitive position. Ethics competition – competing in who is doing best in the ethical business – is already here: companies are evaluated by various organizations and indexes and ranked by their performance. Supply chains audits are already everyday business. Perhaps the audits will spill over to the other supply chain partners, such as customers and logistics providers. As suggested by Belz & Peattie (2009, 19) the development of sustainability marketing could be seen as an indication of change in market thinking. Marketing has developed from production driven marketing to sales oriented and further to demand driven marketing. The contemporary marketing ideas include customer marketing, and relationship marketing. Perhaps sustainability-oriented business, and thereafter sustainability marketing, would be the new direction in marketing.

4.2 Proposals for Future Research

In order to increase understanding in how environmental considerations influence business-to-business decision making, future research could aim to build understanding in what is the role of environmental performance in supplier selection. As it was highlighted in the interviews that environmental matters are mostly present in the supplier audits, it could be interesting to learn if there are industry segment related differences. In addition, it seems that the responsibility in supply chain is extending to other supply chain members, not just the supplier and producer. How the responsibility spills over in supply chain could be another area for future research. Related to material selection in engineering companies, it might be interesting to increase understanding in what is the meaning of sustainable material for them in planning new devices or production units, and what makes the material sustainable in their eyes.

Specifically concerning Outokumpu, it might be interesting for the company to conduct a customer and competitor analysis for evaluating the possibilities for green marketing strategies. In addition, long-term view on sustainability could be assisted from a strategic sustainability study. Concepts like embedded sustainability or shared value could be studied in closer detail in relation to that.

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Interview with Mika Toikka, Vice President – Marketing, Outokumpu Oyj. 23.3.2012
Espoo

Discussion topics

- CSR B2B -markkinoinnissa
 - Nykytila
 - Organisointi, strategia, missä ollaan yrityksen mielestä suhteessa kilpailijoihin?
 - Ympäristövastuun / suorituksen rooli ja merkitys
 - Asiakas, maine, CSR tuotteen laatutekijänä?
 - Haasteet ja mahdollisuudet
 - Asiakas / Ostopäätöksen tekijä
 - Miten sidosryhmä vaatimukset vaikuttavat toimintaan?
 - Dialogi, analyysi
- Yritysvastuullisuus tulevaisuudessa
 - Tredit alalla, sidosryhmien vaikutus, oma toiminta
 - Tavoitteet
 - Inoxumin vaikutukset?

Interview with Mika Toikka, Vice President – Marketing, Outokumpu Oyj. 23.3.2012
Espoo

Discussion topics

- CSR in B2B marketing
 - Current stage
 - How is it organized, strategy, seen from the company's point of view, where is it compared to competition?
 - The role and meaning of environmental responsibility / performance
 - Customer, reputation, CSR as a quality measure for product?
 - Challenges and possibilities
 - Customer / Influencer (= the one who makes the purchase decision)
 - How stakeholder demands impact activities?
 - Dialog, analysis
- Corporate responsibility in the future
 - Future trends in the business, how do the stakeholders impact, own activities
 - Goals
 - Possible impacts of the Inoxum deal?

Interview with Tuomas Haikka, Vice President – Sustainability and Environment,
Outokumpu Oyj. 4.4.2012

Discussion topics

- Yritysvastuu Outokummussa
 - o Kehitys/historiaa
 - o Nykytila – painopisteet
 - o Tulevaisuus – tavoitteet
- Sidosryhmät
 - o Asiakas (tämän tutkimuksen focus)
- Yritysvastuu ja strategia
 - o Mikä on yritysvastuun merkitys Outokummussa? Mikä on sen suhde strategiaan?
 - o Miten yritysvastuuta on jalkautettu organisaatioon?
- Yritysvastuu ja markkinointi
 - o Tuotteen elinkaarianalyysi?
 - o Hiilijalanjälki?
 - o Miten markkinointi voi tukea menestyksestä yritysvastuullisuutta?
- Yritysvastuun rooli ja merkitykset yleensä (ei vain Outokummussa) ja tulevaisuuden visiot

Interview with Tuomas Haikka, Vice President – Sustainability and Environment, Outokumpu Oyj. 4.4.2012

Discussion topics

- Corporate responsibility in Outokumpu
 - o Development / history
 - o Today – focus areas
 - o Future – goals
- Stakeholders
 - o Customer (focus area of this study)
- Corporate responsibility and strategy
 - o What does corporate responsibility mean in Outokumpu? What is its relation to strategy?
 - o How corporate responsibility is rooted to the organization?
- Corporate responsibility and marketing
 - o Product life cycle analysis?
 - o Carbon footprint?
 - o How can marketing support successful corporate responsibility?
- Role and meaning of corporate responsibility in general (not just in Outokumpu) and the future visions

Kestävä kehitys ja yritysvastuu

- miten käsitteet ymmärretään?
- Mitä tarkoittaa käytännössä?
- Miten organisoitu?

Onko jokin painopistealueista tärkeämpi tai kriittisempi kuin jokin toinen?

Ympäristövastuu

- Mitä merkitystä yritykselle ja sidosryhmille?
- Miten kestävä kehitys ja ympäristövastuu “suoritus” vaikuttaa materiaalivalintaan?
 - o Tuotteen elinkaarianalyysi (LCA)
 - o Tuotteen ominaisuudet
 - o Mitä kestävä kehitys asioita liittyy tuotteen valintaan?
- Miten vaikuttaa toimittajavalintaan?
- Tuote / Toimittaja
 - o Laatu, Imago, Turvallisuus (työ-, tuote)
- Mahdolliset kompromissit (“normaali”tuote vs. ympäristövastuullinen / kestävä kehitys mukainen tuote)
 - o Helppouden väheneminen (Decrease of convenience)
 - o Heikompi tuotteen saatavuus (Reduced product availability)
 - o Korkeampi hinta (Increased price)

Suorituksen mittaaminen ja merkitys

- miten arvioidaan?
- Auditointi
- Onko tietoja saatavilla
 - o Helposti?
 - o Riittävästi?

Miten CSR / kestäväkehitys näkyy toimitusketjussa?

- vaatimukset omilta asiakkailta, viranomaisilta ym sidosryhmiltä

Miten toimittaja voi tukea kestävä kehitys / yritys vastuun tavoitteissa?

Tulevaisuuden visiot / näkymät kestävä kehitys liittyy?

Sustainability and Corporate responsibility

- How are these concepts understood?
- What do they mean in practice?
- How are they organized?

Is some of the focus areas more important or more critical than some other area?

Environmental responsibility

- What meaning does it have for company and the stakeholders?
- How does sustainability and environmental responsibility performance affect material choices?
 - o Product life cycle analysis (LCA)?
 - o Characteristics of the product?
 - o Which sustainability matters are related to selecting the product?
- How do they impact in selecting suppliers?
- Tuote / Toimittaja
 - o Quality, Image, Safety (occupational and product)
- Possible Trade-offs (“normal” product vs. environmentally friendly / sustainable product)
 - o Decrease of convenience
 - o Reduced product availability
 - o Increased price

Measuring and meaning of the performance

- How is it measured/evaluated?
- Auditing
- Is information accessible
 - o Easily?
 - o Adequately?

How is CSR / Sustainability visible in the supply chain?

- Demands from own customers, authorities and other stakeholder groups

How can a supplier support in sustainability / corporate responsibility targets?

Future visions / scenarios relating to sustainable development?

BENCHMARKING RESPONSIBILITY INFORMATION

APPENDIX 4

Outokumpu	Ruukki	StoraEnso	Kone
GRI reporting	GRI reporting	GRI Reporting (B+)	GRI3 Reporting (B)
UN Global compact	UN Global compact	UN Global Compact	
Code of conduct	Code of conduct	Code of conduct	Code of conduct
Ethics statement	Corporate Governance		
	Corporate Strategy		
Environment, Health, Safety, and Quality	Safety management principles		
	Environmental policy		
	Quality policy		
Carbon Disclosure Project Rating: 86/100	Carbon Disclosure Project Rating: 61/100	Carbon Disclosure Leadership index top scores in paper and forest products in CDP's Nordic Carbon Disclosure Leadership index for reporting carbon emissions	
Dow Jones Sustainability Indexes being listed in Europe 6th year, world 5th year	Dow Jones Sustainability Indexes Industry Leader in World DJSI	Top 5 in overall Dow Jones Sustainability Indexes (industry top scores for sustainable forest management, product stewardship and environmental management)	
Best in steel / environmental climate strategy, environmental policy, and management system highest scores	Industry Leader in Europe DJSI	being listed 11 years running	
Environmental reporting and occupational health and safety - best in industry			
SAM Sector mover 2010	SAM Sustainability Yearbook 2012 Gold Class, Sector Leader		
	Climate Action - World Steel		
	Aspi		
	OEKOM - best steel company rated		
NASDAQ OMX Sustainability Index	NASDAQ OMX Sustainability Index	Forest Footprint Disclosure	
Kempen /SNS Smaller Europe SRI Universe		FTSE4Good Index	
Ethibel	Ethibel Excellence Investment Register	World's most ethical companies	
Sustainability Summary downloadable	Corporate Responsibility report available in Internet	Global Responsibility Report downloadable	Corporate Responsibility Report available as .pdf, print or webpage
Supplier auditing		Stakeholder magazine	Supplier Code of Ethics
		Social Media used	
		Internet pages	