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Green Marketing Strategies -
Case Study about ICA Group AB

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Dedication to the "Greener" World

Why Green Marketing?

"If you do things well, do them better.
Be daring, be first, be different, be just."
(Anita Roddick, Body Shop’s founder)

This thesis is dedicated to the area of the green marketing as an academic subject area analyzing how business companies could combine two major areas: perform their business missions by making profits, satisfying shareholders’ and other stakeholders’ needs with the focus on minimizing the harmful affect on the environment caused by their business activities. Why green marketing as a thesis topic? The vital and more frequent discussions about the global nature conservation, minimization of pollution to the environment caused by the human actions and by the business activities have been becoming more and more important in the global arena from the single consumers’ perspective and from the companies’ perspective. The statistical facts show that the emission of carbon dioxide is increasing worldwide, the planet Earth is warming up periodically, that the fauna and the flora are changing their structures continuously. All these examples illustrate us that the global nature is in a big danger. That is why not only the consumers but also the companies should become more social responsible and should develop their daily activities and the long-term plans as environmentally friendly as possible. This important issues stimulates my interests and I am ego to make a research what marketing theories have been created up to now in the area of the greening the business activities.
ABSTRACT

In the industrialised nations around the world, both businesses and consumers are concerned about the environment and the future of our planet. In the business arena this concern has translated into environmental or green marketing. Marketers viewed this phenomenon as offering business opportunities, and a number of organisations developed and implemented short-term orientated reactive or long-term orientated proactive environmental strategies.

The term “Green Marketing” has been used to describe marketing activities which attempt to reduce the negative social and environmental impacts of existing products and production systems, and which promote less damaging products and services. Managers need to identify what ought to be greened: a company (systems, processes), a product or both. Green marketing in services includes service delivery processes. Other known titles for green marketing are: sustainable marketing, environmental marketing, and ecological marketing. Marketers need to develop strategies which will allow them to overcome three major problems associated with green marketing: poor credibility, consumer cynicism, and consumer confusion. If these problems cannot be overcomed, then it is questionable whether green marketing, as a whole, will be effective.

Subhabrata Bobby Banerjee (1999) supplies us with a conceptual framework of green marketing. The conceptual model of the green policies illustrates that external forces (e.g., customer needs, public concern, stakeholders) and internal forces (e.g., management priorities, need for competitive advantage, corporate culture) and are the basic motives to start with the green policies that might be various level. The level of the greenness (corporate, business, tactical, functional) impacts on the green strategies’ implementation activities (targeting, positioning, pricing, design, logistics, alliances, and on the company’s green marketing mix 7P (product/service, place, price, promotion, procedures, processes, people and physical surroundings), and it will result in a particular consequences, such as competitive advantage through crating value and adding value, through enhanced social image, through reduced prices and higher return on investments (ROI), through greening the whole B2B supply chain and greening the entire service/product life-cycle. Besides, the macroenvironmental conditions also effect the level of corporate environmentalism. Eco-labelling of products and services is one of the most vital tool helping in implementing green polices and supporting in increasing of consumers loyalty and trust in the long-run.

The qualitative case study about the green marketing strategies of the Swedish retailer ICA Group AB illustrates us that the company’s efforts in greeniing polices applies to the theoretical advises of experts and it is very close to the green marketing conceptual model: the external and internal reasons for green strategies, the level of greenness and its impact on green marketing activities, on green marketing mix and on implementation of green strategies, as well as the positive results caused by environmentalism. ICA Group AB performs the Extreme Green strategy and semi-proactive green marketing strategy with the focus on diversification stage. The finding demonstrates that differences in the macroenvironment (legal, social, economical, technical) and microenvironment (e.g., local customer need and the patterns of the local customer behaviour) affect the Swedish management’s plans to adapt the general corporate culture and the level of greening within the stores in other operating countries: Norway, the Baltic States. So far, the company has a greet potential chance to gain the long-period competitive advantage while focusing on green strategies in combination to the holistic business approach and to efforts in starting with green innovation within its services and products.

Purpose: The purpose of this paper it is to study what green marketing strategies are used by the service company, if and how company’s practical green strategies apply to the theories and recommendations in the area of green marketing with the aim to gain competitive advantage domestically and internationally.

Keywords: green marketing, green strategies, green service, Corporate Social Responsibility (CSR), competitive advantage, value creation, added-value, eco-labelling, corporate environmentalism, Total Quality Management (TQM), Service Life-Cycle.

Type of paper: Research paper. Case study.
Chapter 1
THEORETICAL BACKGROUND & DISCUSSION ABOUT THEORY

The importance of the literature review
This chapter will provide a basic theoretical background within the green marketing area. Literature review provides the basis on which I justify my research questions and build my research design. The process of reviewing the literature therefore involves making judgements about what to include and exclude from the literature review and then reading what researchers have written about the subject and, finally, writing about it in a way that demonstrates our understanding (Bryman and Bell, 2007).

The structure of the theoretical background
In the beginning of this chapter I am going to introduce with the basic theoretical data about the green marketing definition, green marketing history (evolution), greening’s problems, green marketing’s relation to the Total Quality Management and Corporate Social Responsibility. Later on, I will provide with the theoretical framework and the discussion about the green marketing conceptual model, which illustrates why companies go green, why and how the level of greening affects the Green Marketing Mix (7P) and affects green marketing activities, how the implementation of green strategies can be performed and what results can be expected at the end of this comprehensive procedure of environmentalism. Finally, at the end of this chapter a short theoretical background and the discussion about the qualitative marketing research with the focus on case study will be provided.

Introduction

In the industrialised nations around the world, both businesses and consumers are concerned about the environment and the future of our planet. In the business arena this concern has translated into environmental or green marketing (Feldman and Staehler, 1996). In the last few decades business have become under increasing pressure to reduce the environmental impact resulting from both the production and consumption of goods and services (Roy, 2000). Around the world there we can find an increasing number of firms that have introduced green products or/and green services (Chavan, 2005). The degree to which green marketing has been incorporated into a company’s marketing strategies has varied between companies (Chavan, 2005).

Marketers viewed this phenomenon as offering business opportunities, and a number of organisations developed and implemented short-term orientated reactive or long-term orientated proactive environmental strategies (Pujari et al., 2003). At the same time companies launched environmentally friendly products (Pujari et al., 2003). Despite the evidence that society is increasingly sympathetic towards the products, green companies have not achieved the level of market success that would have been expected. Many of them have been develop short-period environmental friendly tactics and have not been planning any innovation within the green marketing strategies (Polonsky and Rosenberger, 2001). At the same time there have happened quite few cases where the companies were accused of using
green-washing strategy and promoting their products as green even they have not been green at all (Polonsky and Rosenberger, 2001).

I Green Marketing Definition and the Main Green Concerns

1 Green Marketing Definition

The term "Green Marketing" has been used to describe marketing activities which attempt to reduce the negative social and environmental impacts of existing products and production systems, and which promote less damaging products and services (Peattie, 2001). As the understanding of the interaction between businesses, society and the physical environment has improved, so what the global society understands to be “green” practices and principles for marketing has also evolved (Peattie, 2001). So, nowadays (up to 2010) green marketing includes a wide range of activities related to: product design, the manufacturing process, service delivery processes, packaging, construction and renovation of buildings, recycling, and other areas such as marketing communications (Prakash, 2002). According to Prakash (2002), managers need to identify what ought to be greened: a company (systems, processes), a product or both. Green marketing in services includes service delivery processes. Other known titles for green marketing are: sustainable marketing, environmental marketing, and ecological marketing (Prakash, 2002).

Most of the scientists state that green marketing is different than general social marketing (Peattie, 1995). Green marketing has the following advantages in the comparison with general social marketing (Ken Peattie, 1995):

- Company’s strategy is more focused on environmental issues
- Nature and environmental are the subject having an important value by itself, as well as society needs and society values
- Concentration on the global issues in stead of the local issues

Green marketing includes a wide range of activities related to: product design, the manufacturing process, service delivery processes, packaging, construction and renovation of buildings, recycling, and other areas such as marketing communications (Kilbourne, 1998).

**Green marketing in services** includes green service delivery processes.

**Green marketing** includes a wide range of activities related to: product design, manufacturing process, service delivery processes, packaging, recycling, and other areas such as marketing communications.
The main motivations for creating and marketing greener products are: product differentiation to create a competitive advantage, to become a market leader, and cost savings (Polonsky, 2001).

It is vital to emphasise that green marketing is the voluntary policy with the purpose to solve ecological problems and that is different from those legal-regulatory approaches that are obligatory and that is why they can not be treated as marketing tools (Schaefer, 1998).

2 Green Marketing Evolution

The decade of the late 1980s marked the first stage of green marketing, when the concept of “green marketing” was newly introduced and discussed in the industry (Peattie and Crane, 2005).

Green marketing entered its second stage in the 1990s, when marketers started to experience a backlash (Wong et al., 1996). Gradually, marketers realised that consumer concern for the environment and a concomitant desire for green products did not translate into the active purchasing behaviour (Wong et al., 1996). The actual growth of green consumerism was found to be very little and a difference between concern and actual purchase was identified (Peattie, 1999; Crane, 2000). The dramatic growth in green marketing excitements at the beginning of the 1990s has gradually subsided (Peattie and Crane, 2005).

Furthermore the view of green management as a profitable strategy arose, since green corporations ideally began to use less raw material that caused less waste and less pollution (Vastag, 1996). Companies claimed to have changed to a more environmental friendly approach, and promotion and advertisement containing green information increased noticeably (Crane, 2000). Companies such as McDonald’s, Merck and Quaker Oats were praised for their environmental efforts in terms of adopting environmental policies, recycling efforts, energy efficiency, corporate responsibility and so forth (Vastag, 1996).

Gradually, the rise of green consumerism has led to an even broadened consumption concept called ethical consumerism (Bowen, 2000). According to Bowen (2000), ethical consumerism refers to buyer behaviour that reflects a concern with the problems that arise from unethical and unjust global trades, such as child and low-paid labour, infringement of human rights, animal testing, labour union suppressions, inequalities in trading relations with the Third World and pollution of the environment. Both green consumerism and its subsequent ethical consumerism are forms of symbolic consumption because consumers consider not only individual needs but also social values, ideals and ideologies (Bowen, 2000). Since, the emergence of the green consumerism and ethical consumerism which arose in the mid-1990s,
consumers have started to demand a say in the *production, processing and resourcing* of the products (Bowen, 2000).

Anticipating the continuous uprising forces of ethical and green consumerism, scholars started to call for “sustainability marketing” in the late-1990s, and that was the *third stage* of green marketing history (Charter and Polonsky, 1999). Sustainability marketing refers to the building and maintaining of sustainable relationships with customers, social environment and the natural environment (Charter and Polonsky, 1999). In the face of these challenges, green marketing entered a “self-adjusting” mode, whereby only corporations with a true intention for long-term sustainable business development continued to stay and improve on their products (Charter and Polonsky, 1999).

Since 2000, green marketing has evolved into a *fourth stage*. According to Simons and others (2006), with the implementation of more advanced technology, stricter state enforcement on deceptive claims, government regulations and incentives as well as closer scrutiny from various environmental organisations and the media, many green products have greatly improved and regained consumer confidence in the green products (Simons et al., 2006). Together, with the continuous rise of growing global concern about the environmental quality, green marketing has gradually picked up a returning again. Some researchers postulate that green marketing is “making a vital comeback” with new concepts as *eco-friendly* or *going-green* (Simons et al., 2006). Besides, corporations from developed countries will initiate international green marketing in order to expand their market, increase their sales and take advantage of the positive image of their green brands established in their domestic markets (Simons et al., 2006).

Figure 1 (see Figure 1) represents the most vital characteristics within each decade of green marketing evolution during the recent thirty years.

<table>
<thead>
<tr>
<th>Stage</th>
<th>Decade</th>
<th>The most important activities in green marketing history</th>
</tr>
</thead>
<tbody>
<tr>
<td>1&lt;sup&gt;st&lt;/sup&gt; stage</td>
<td>1980s</td>
<td>Introduction of ecological products; ecological was equivalent to green products; green consumption was very low</td>
</tr>
<tr>
<td>2&lt;sup&gt;nd&lt;/sup&gt; stage</td>
<td>Early-1990s</td>
<td>High concern about green issues; still low consumption of green products; companies involve themselves in using less raw material, wasting less; corporate efforts in recycling, energy efficiency, corporate responsibility</td>
</tr>
<tr>
<td>3&lt;sup&gt;rd&lt;/sup&gt; stage</td>
<td>Late-1990s</td>
<td>Changes in production processes, technology and resourcing; sustainability marketing; Total quality management involves envinromental issues</td>
</tr>
<tr>
<td>4&lt;sup&gt;th&lt;/sup&gt; stage</td>
<td>2000s</td>
<td>Green products and services making a comeback; eco-friendliness /going-green become more and more popular between companies and consumers; the term of ‘sustainable green marketing’ is introduced</td>
</tr>
</tbody>
</table>

Figure 1. The most important activities in green marketing history (adopted from various sources mentioned in the section above “Green Marketing Evolution”).
3 Green Marketing - as a Subset of Corporate Social Responsibility (CSR)

You can close your eyes for that, what you do not want to see, but you can never close your heart for that, what you do not want to feel.

(author unknown)

Clearly, many companies have become committed to being socially responsible. Today on practically every company's web-site one can find corporate social responsibility reports with titles such as "Corporate Citizenship," "Environmental Health and Safety" or "Sustainability Report." A big amount of firms have learned to design products that are better for the environment. For example, Anheuser-Busch Inc. developed an aluminium can that is 33% lighter than previous cans. The reduced use of aluminium, combined with an overall recycling plan, saves the company $200 million a year (Banerjee, 2003). And McDonald's Corp. saved 3,200 tons of paper and cardboard in 1999 by eliminating clamshell sandwich containers and replacing them with single-layer flexible sandwich wraps (Banerjee, 2003).

As it is stated by Snider and others (2003), green marketing can be considered a subset of CSR strategies. Garriga and Mele (2004) created a classification of four groups of CSR theories: instrumental theories, political theories, integrative theories, and ethical theories (Snider et al., 2003):

- **Instrumental theories** include strategies for achieving competitive advantage by making profits while also helping social causes such as philanthropic investments, cause marketing activities.
- **Political theories** related to usage of environmental marketing while applying government regulation in the business power.
- **Integrative theories** focus on stakeholder management that is related to social norms green marketing, and to the common good.
- **Ethical theories** focus on doing the right thing for society, and include universal human rights, environmental sustainability, and the common good.
4 Green Marketing - as a Part of Total Quality Management (TQM)

According to Bergman and Klefsjö (2003), Total Quality Management (TQM) is one of the most important topics related to service quality and it also includes green marketing and management. Nowadays, when environmental issues are so vital, a service company that does not apply green policies into its strategy cannot state that such a company follows the recommendation of TQM theories (Bergman and Klefsjö, 2003).

As it is stated by Bergman and Klefsjö (2003), the process of TQM is based on four core actions – Study (Analyse), Act (Organise), Plan, Do (Implement) (see Figure 2) - helping a company to improve its activities continuously while focusing on customer needs and satisfaction. Bo Bergman and Bengt Klefsjö (2003) indicate: "The central quality aspect and business success aspect is a continuous focus on the customer needs and ability to adapt to the changing needs".

![Business improvement cycle](image)

Figure 2. Business improvement cycle (Source: Bo Bergman and Bengt Klefsjö, 2003).

According to Bo Bergman and Bengt Klefsjö (2003), if a company decides not to improve its business any more, then such a company is not oriented in long-period strategies, as only long-period strategies and continuous improvements can lead into long-period competitive advantage in the market.

The Holistic Approach
Total Quality Management includes the concept of the Holistic Approach (Grant, 2008). According to Polonsky (2003), representatives of the Holistic View meant that marketers and corporations adopting an environmental friendly strategy must, due to the nature of environmental issues, consider the entire chain of events the company enrolls in (Polonsky, 2003). It means how a product is made cannot be separated from how it is sold and how the whole product life circle affects the environment. According to the Holistic View, business events such as planning, production, product features, logistics, packaging as well as promotion and advertisement is a part of the marketing process (Grant, 2008).
5 Problems with Green Marketing

There exists the whole ocean between the said words and the real actions (Italian proverb)

Marketers need to develop strategies which will allow them to overcome three major problems associated with green marketing: poor credibility, consumer cynicism, and consumer confusion (Winn and Angell, 2000). If these problems cannot be overcomed, then it is questionable whether green marketing, as a whole, will be effective (Winn and Angell, 2000).

The lack of credibility on the part of consumers is partially the result of some firms’ poor past environmental performance. To ask consumers to believe the green marketing claims of a firm or industry that has “mislead” them in the past is a difficult task. Furthermore, many firms have promoted their products as environmentally responsible without integrating environmental awareness into their corporate culture. This has resulted in some firms producing “environmentally responsible products” in an environmentally harmful fashion or alongside environmentally harmful products, leading to further reductions in environmental marketing credibility (Kangun and Polonsky, 1995).

Unfortunately, in the past some organizations appeared to be simply “exploiting” consumers’ increased environmental awareness, i.e. changing their marketing claims without modifying their products or production process. When these gaps in corporate behavior and marketing claims came to light, extensive negative publicity was generated, resulting in consumers boycotting the offending companies (Kangun and Polonsky, 1995).

As it is ascertained by Peattie and Crane (2005), a lot of companies have been trying to promote the green image but not all have been able to guarantee that their green image is based on honesty and trust. Some consumers do not trust ‘green’ policies because of the previous cases where companies cheated and were not quite faire to their customers while providing ‘green’ services or selling ‘green’ products. So one of the most challenging to try to win the trust and confidence of our customers. The shortest way to do, its it get eco-labels, organise the external audit and, simply, to act in such way that was communicated and openly promised to the society (Peattie and Crane, 2005).

Peattie and Crane (2005) have identified five marketing practices which led to the failure of green marketing during the last three decades:

- **Green spinning.** Taking a reactive approach by using public relations to deny or discredit the public’s criticisms against the company’s practices.
- **Green selling.** Taking an opportunistic approach by adding some green claims to existing products with the intention to boost sales.
• **Green harvesting.** Becoming enthusiastic about the environment only when greening could result in cost savings (e.g., in terms of energy and material input efficiencies, package reductions, etc.).
• **Entrepreneur marketing.** Developing innovative green products to market without really understanding what the consumers actually want.
• **Compliance marketing.** Using simple compliance with compulsory environmental legislation as an opportunity to promote the company's green credentials without taking voluntary initiative in green policies. Non-voluntary green procedures should not be promoted publicly and should not treated as green marketing strategy.

II Conceptual Model for Green Marketing Strategies

*The importance of the conceptual model*

In this section of the theoretical framework I will introduce to Bobby Banerjee’s (1999) conceptual model of green marketing (see Appendix 1). Briefly, it can be stated that this conceptual model of the green policies illustrates us that external forces (e.g., customer needs) and internal forces (e.g., management priorities in greening of company culture, need for competitive advantage) are the basic motives to start with the green policies that might be various level. The level of the greenness will impact on the green strategies’ implementation policies and on the company’s green marketing mix, and it may result in particular consequences, such as differentiation, reducing total cost, creating value and more. Besides, the macroenvironmental conditions also effect the level and the tools of corporate environmentalism, and this should be considered while starting business internationally.

*I have appointed a detailed attention to the analysis of this conceptual model based on that fact that the model will function as the structure for my case study’s research design (see Chapter 2).*

1 Basic Motives for Starting Green Business

According to the corporate environmentalism’s conceptual model suggested by Subhabrata Bobby Banerjee (1999), the most essential motives to start green strategies are caused by (Charter and Polonsky, 1999):

• External factors: legislation, public concern, customer needs, suppliers
• Internal factors: top management concern (cost reduction, organisational culture), need for competitive advantage.
1.1 Green Consumer

Satisfying customer need is the key-aims for every business (Bruhn and Georgi, 2006), and that is why this external factor is the most important motivator enhancing companies to start green business (Charter and Polonsky, 1999).

Researchers indicate that consumers become more aware about the environmental issues and that affect their consumption behaviour. A lot of studies show that consumers desire to purchase products and services that are less environmentally harmful and even wish to pay more that companies would become more environmentally friendly (Mendleson & Polonsky, 1995). Thus there is a group of consumers are unlikely to compromise on product attributes such as convenience, availability, price, quality and performance to buy green products (Ginsberg Meredith & Bloom Paul, 2004).

Consequently, consumers have become more concerned about their everyday habits and the impact that these can have on the environment (Wong et al., 1996). During the recent three decades, consumers appear to have become aware of the fact that the environment is more fragile than they once believed, and that there are limits to the use of natural resources (Sauza, 2004). This, in turn, stimulated a widespread feeling that the time for corrective action has arrived (Wong et al., 1996).

To respond to consumers' varying degrees of environmental concern, marketers can segment the market into different shades of green. The Roper survey divides consumers into the following groups (Sauza, 2004):

- **True Blue Greens (9%)**: True Blues have strong environmental values and take it upon themselves to try to effect positive change. They are over four times more likely to avoid products made by companies that are not environmentally conscious.

- **Greenback Greens (6%)**: Greenbacks differ from True Blues in that they do not take the time to be politically active. But they are more willing than the average consumer to purchase environmentally friendly products.

- **Sprouts (31%)**: Sprouts believe in environmental causes in theory but not in practice. Sprouts will rarely buy a green product if it means spending more, but they are capable of going either way and can be persuaded to buy green if appealed to appropriately.

- **Grousers (19%)**: Grousers tend to be uneducated about environmental issues and cynical about their ability to effect change. They believe that green products cost too much and do not perform as well as the competition.

- **Basic Browns (33%)**: Basic Browns are caught up with day-to-day concerns and do not care about environmental and social issues.

According to Polonsky (1995), there are **dark-green**, **semi-green** or **light-green**, and **non-green** consumers. The **dark-green** consumers is a specific group of consumers who know what they want and seek actively for the information about green products and services (Polonsky, 1995). Their intention to look for the green companies and green products are motivated by their inner intention to purchase these products. There are such **semi-green** consumers that choose green products sometimes, not continuously, and do not seek for green information so actively as dark-green consumers (Polonsky, 1995). **Not-green** consumers are not interested in green consumption and do not buy green products or if purchase such products, then buy them unintentionally (Polonsky, 1995).
These figures indicate that somewhere between 15% and 46% of the overall consumer market could be receptive to a green appeal, depending on the product category and other factors. And there are social, cultural and economic trends that could cause the size of this target market to grow (Polonsky et al., 2003).

2 Level of Corporate Environmentalism

The change in the consumer awareness of the environmental issues, stakeholders concern, and top management search for competitive advantage, has led to a company’s reaction to engage into corporate environmentalism. According to Prakash (2002), "corporate environmentalism is the organisational wide recognition of the legitimacy and importance of the biophysical environment in the formulation of organisation strategy, inclusion of the environmental impact of business actions in the strategic planning process, organisational communication of the corporate environmental goals, and the organisation responsiveness to env issues." One method of integrating env concerns into strategic planning involves employing the Total Quality Environmental Management (TQEM) approach, as advocated by the Global Environmental Management Initiative (1999), a group consisting of 20 leading global companies (Charter and Polonsky, 1999).

Corporate environmental can be implemented at different levels of strategy depending on the characteristics of the firm itself, industry features, regulatory force, public concern, and macroenvironment (Charter and Polonsky, 1999):

- **Enterprise strategy.** This is the broadest level of strategy that integrates the total organisation into its environment. Environmental concerns can force the company to re-examine its mission and include other stakeholders, such as the public and environmental protection agencies into the enterprise strategy level. The examples of such companies are Ben-Jerry, The Body Shop, Kung Markatta.

- **Corporate strategy.** Company considers all the tools for reaching the most important goal of a company. *Socio-political* and *cultural factors* need to be considered in this level of strategy. The fact of increasing ‘green products’ consumption, is the key reason for developing this kind of strategy.

- **Business strategy.** This type of strategy involves the optimal allocation of its resources in order to achieve competitive advantage by reducing total cost (cost advantage) of by differentiation advantage or even by both manners. Company can use TQEM (Total Quality Environmental Management) in order to be eco-effective or to gain good positioning in the market.

- **Functional strategy.** Here environmental issues may affect only functional activities, for example planning, organising and implementing of one of several elements within the Green Marketing Mix 7P which is going to be discussed bellow.

3 Implementation of Green Marketing Strategies

3.1 Greening of Marketing Mix

Green marketing strategy can be implemented through the process called as the Greening of Marketing Mix, including External Green 7P, Internal Green 7P, and Green 4S for Success (Peattie, 2001).
According to Peattie (1995), **External Green 7P** consist of the following elements:

- Paying green customer who has a need to buy green product or green service
- Providers or suppliers who already develop green strategies and seek companies that can add more value to the ‘green chain’
- Politicians that promote green issues
- Pressure groups (legal authorities, non-governmental organisations, foundations, voluntary green movements)
- Problems are usually related to the green scepticism, green-harvesting and macroenvironmental conditions
- Predictions in relation to the tendency of green consumption and green problems
- Partners that perform green strategies or plan to perform in the future

According to Peattie (1995), **Internal Green 7P** include *(will be discussed in more detail later on)* these parts: products or services, promotion, price, place and accessibility, provided information (via green communication), processes & procedures (e.g., eco-labelling), people (staff’s education and involvement into the green matters or green corporate culture, if such exists).

According to Peattie (1995), **Green 4S for Success** stand for the further matters:

- Satisfaction about green strategies and their results
- Safety of green product and service
- Social acceptability of green products and service
- Sustainability in relation to the inner procedure of green company supplying with the green product or green service

Sharma (2000) states that classical Marketing Mix 4P, where price, place, promotion plays the most important role, can not fit the greening context where *quality, process, accessibility and reliability* become also significant.

**Green prices**

The *price* of environmental friendly products are in some cases higher than the prices of the ordinary alternatives. Sharma (2000) stresses on the idea that the price of environmental friendly products has a large importance for different customer groups when considering to purchase. A higher price compared to the ordinary alternative can be determining factor for some consumers, verifying the accurateness of the products green features. Others do not consider the price at all but choose the environmental friendly alternative.

**Green product quality**

*Quality* is another determinant factor when considering buying environmental friendly products. Some customers are willing to accept lower quality (such as wash powder that does not remove all stains since it does not contain certain chemicals). Others are not willing to sacrifice their personal comfort and purchase the ordinary alternative in such cases. Ecological food usually have higher quality and taste better (Rex and Baumann, 2007).

**Green place**

*Accessibility (place)* is the third determinant factor when considering purchasing green products or not. Many persons view the effort to actively look for environmental friendly products as an obstacle. Such consumers are not willing to actively search for locations where
green products are promoted or scrutinize products on the shelf’s which are poorly labelled or not actively promoted (Rex and Baumann, 2007). Such consumers buy environmental friendly products that are easy to access and identify in the store.

**Green promotion**

Rex & Baumann (2007) suggest that green marketing could adopt and learn many tools and techniques from traditional marketing, in order to make use of other means than labelling in order to *promote* green products. Such efforts could be to address a broader range of customers, not only targeting green consumers by promoting the environmental friendly features of the product as one of the appeals of many. It could also be to engage more actively in the creation of the market and make strategic use of the traditional positioning strategies of price, place and promotion.

**Green marketing communication**

Green or ecological features signal genuine environmental benefits (Ginsberg Meredith & Bloom Paul, 2004). It is therefore important for customers to be able to trust the dealer’s declaration of environmental friendly offers, as well as it is essential that the dealer provides information that enables the customer’s trust and confidence (Ginsberg Meredith & Bloom Paul, 2004).

Environmental friendly policies should be communicated to the stakeholders, and the most important - to clients - that are the centre of all business process (Ginsberg Meredith & Bloom Paul, 2004). Green communication strategies (GCS) can be carried via newspapers, magazines, brochures, media, Internet, webpage. Environmental rapport can be used as one of the most efficient green communication tool.

McDonagh (1994) defines two types of green communication that impact on trust, accessibility, and opportunity to get information and consultations (Peattie, 1995; see Figure 3):

- Sustainable green communication
- Non-sustainable green communication

<table>
<thead>
<tr>
<th>Sustainable green communication</th>
<th>Non-sustainable green communication</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management consider the expectations of stakeholders</td>
<td>Management manipulate with feeling of stakeholders</td>
</tr>
<tr>
<td>Readiness to avoid or to minimise the mistakes of environmental policy happened in the past</td>
<td>Ignoring the mistakes</td>
</tr>
<tr>
<td>Searching for possibilities that are attractive to all stakeholders</td>
<td>Seek the benefits for itself</td>
</tr>
<tr>
<td>Present the evidence of positive actions and ideas</td>
<td>Does not present the results of the plans</td>
</tr>
<tr>
<td>Ask others and try to answer the questions – two ways communication</td>
<td>Spread the news and decide – one way communication</td>
</tr>
<tr>
<td>Make a focus on the important participants in order to make a long-term relationship</td>
<td>Operate public relationship with society</td>
</tr>
<tr>
<td>Treat all stakeholders as important as the customers who shall get attention</td>
<td>Anticipate that all stakeholders need to get education &amp; training</td>
</tr>
<tr>
<td>Communicate with all stakeholder with the same respect and engagement</td>
<td>The massage varies in dependence on the part who listen to</td>
</tr>
<tr>
<td>Are always open</td>
<td>Are open when it suits to them</td>
</tr>
</tbody>
</table>

Figure 3. McDonagh’s (1994) two types of green communication: sustainable green communication, non-sustainable green communication (Source: Peattie, 1995).
Internet as a complement in green marketing communication

Recently, in the area of marketing communications, due to the growth of new media such as the Internet (e.g. search engine marketing, email, e-newsletters, online communities, e-commerce, e-CRM, etc.) and mobile marketing (e.g. m-commerce, m-CRM, SMS, MMS, etc.), there are new opportunities for green orientated companies to promote their products and services in an environmentally-friendly way (Ruzevicius and Kasparaviciene, 2003).

Pujari (2003) claims that Internet allows firms to achieve a lot of audience at any time, any place, and the personal selling can be fulfilled in a very cheap and in a climate smart way. This will improve efficiencies, reduce costs, and reduce inventory. But the real challenge however is to use the Internet to improve a firms competitive advantage (Pujari et al., 2003). To summarise Pujaris’s view, the Internet should neither be seen as a total solution nor be underestimated. It should be used as a complement to reinforce a firm’s strategy to achieve competitive advantage.

Driven by the rapidly changing business environments and more demanding consumers, companies have to find new ways to achieve a competitive advantage through creating trust and confidence through open green communication with the support of e-communication.

3.1.1 Green Services

Service economy in the global perspective

The western world is living in a service economy now and today the service sector is the fastest growing sector on the world’s economies (Zwan & Bhamra, 2003). According to the Euromonitor (2009), almost 68 per cent of the EU gross domestic product is generated by the services. That is why service contribution to the sustainable world should be very important and more considered by the marketers, researches and other participants (Zwan & Bhamra, 2003).

New dominant logic - service dominant logic

Stephen Vargo and Robert Lusch (2004) state that "indirect exchange masks the fundamental unit of exchange". It means that the final user might not realize that a company, providing a service to him/her, at the same time is a customer to other service providers. For example, when we go shopping to a grocery store, we do not think that this company uses other services that may be green or not green:

- Producers may deliver their goods by using very polluting or greener transportation mode
- Design company may has created physical environment using a lot of different furniture, decoration attributes, flowers, that can be green origin not green at all
- Electricity supplier may sell environmental friendly electricity or opposite

Based on that, a new term as eco-supply-chain is coming into the green marketing area (Zwan & Bhamra, 2003). In order to become greener, services companies may also use other green products and/or other green services. For example, a retail shop may buy the transportation vehicles that use less fuel and have better technological characteristics resulting into less harm
to environment, or a retail shop may be focused on buying the food products produced by the local farmers and the local food producers in order to minimise transportation distances.

"Goods are distribution mechanisms for service provision" (Vargo and Lusch, 2004). It means that all services are used to be provided with the assistance of tangible goods. Every physical good helps in providing a service for a consumer. It means that even industries producing tangible products, such as food, clothes, furniture, machinery, telephones and so on, provide an indirect service. For example, a company producing a car might indicate that it sells a transportation service giving ability to a client to move from one geographical location to another or a food retailer provides with a service while selling food products that are necessary to customers.

**Eco-efficient services**

Within the sector of green marketing services are often called as *eco-efficient services*, and they are known under many various names: eco-services, eco-efficient services, sustainable services, green services, sustainable services systems, green service systems, sustainable products-service systems, green products-service systems (Zwan & Bhamra, 2003). In this paper the term of eco-efficient services will be used.

Zwan and Bhamra (2003) state that when we talk about green services, then usually the speech is going about eco-efficient services, and the most vital aims of eco-efficient services are:

- to increase the added value to the company itself and to company’s clients
- to decrease material and energetic component of the Product-Service Mix

Added value to a service company itself can be defined in terms of *reduced total costs, profits margins, improved image* or the ability to define the differentiation (Zwan & Bhamra, 2003). While to consumers the added value can be defined in the manner when consumer realises that their needs have been satisfied (Zwan & Bhamra, 2003).

### 3.1.2 Green Brands

A green brand is one that offers a significant eco-advantage over the incumbents and which hence appeals to those who are willing to making green a high priority (Kaman, 2008). There are strong green brands targeting both retail consumers and also B2B customers (Kaman, 2008). Whichever definition of “green” you follow, there is undoubtedly a significant segment of consumers willing to favour greener products and greener services (Kaman, 2008).

The majority of successful green brands are based on one or even all features (Grant, 2008):

- an alternative technology,
- an innovative technology,
- a company which runs on green principles – green culture.
3.2 Strategic Activities within Green Marketing

Implementation of strategies and tactics within green marketing include targeting, pricing, design, positioning, logistics, marketing waste, promotion, and strategic alliances (see Figure 4; Polonsky and Rosenberg, 2001).

Implementing strategies and tactics of green marketing include targeting, pricing, design, positioning, logistics, marketing waste, promotion, and strategic alliances.

Green targeting
Consumers often encourage companies to start with green products, as energy-efficient light bulbs, ecological food or ecological clothes what cause less harm to the nature and to the health or energy saving services. More an more consumers seek to become green and want to pay a competitive price or even higher price for that. The target group of green products and serviced are existing green consumers or potential green consumers who care about green company efforts to supply with green products to the market and to provide with added-value to consumers (Polonsky and Rosenberg, 2001).

![Figure 4. Green marketing activities in three levels (Source: Polonsky and Rosenberg, 2001).](image)
Green design
Coddington (1993) asserts that Design for the Environment (DFE) has emerged as a philosophy of integrating environmental considerations into the design process of both product and packaging (Rivera-Camino, 2007). There are two basic tenets: 1) the firm engaged in DFE must internalize environmental considerations and constraints, and 2) the firm must evaluate environmental issues systemically, in conjunction with associated manufacturing, economic, regulatory, social, and political factors (Rivera-Camino, 2007).

According to Rivera-Camino (2007), additional considerations inherent in DFE are:
- designing for disposal,
- designing for non-disposal (recycling),
- designing for pollution prevention, and
- designing for resource conservation.

DFE strongly encourages the development of ideas that would incorporate waste reduction into production processes, recycling products and/or packaging, that would make products compostable, or that would help facilitate changes in the process of design while adding more benefits than costs to the organization (Maxwell et al., 1997).

The greening of Product Life Circle is a part of Green design
Life Cycle Analysis (LCA) is a method of calculating a product’s total effect on a single factor, such as its climate impact or water usage (Pujari et al., 2003). A Life Cycle Analysis is based on a complete study of a product, from cradle to grave, or from raw material extraction and production processes to a consumer’s use and disposal of the product (Pujari et al., 2003). All transports and energy consumption are thus accounted for. The method has its drawbacks, however, in that it fails to account for effects that are less quantifiable, such as chemical hazards, impact on biological diversity and radiation (Pujari et al., 2003).

Green marketing forwards the notion that companies should be concerned with what happens to a product during and after its useful life. Companies may manifest this concern through experimentation with ways to reassess and redesign the product life stages. Life cycle reassessment focuses on environmental considerations in product development and design, including energy and material inputs and outputs in production, consumption, and disposal of products (Pujari et al., 2003). We would then manage the life stages of a product in an environment-friendly and eco-efficient manner. Eco-efficiency refers to the proper timing for the use or consumption of natural (and oftentimes scarce) resources so that nature is afforded an opportunity to renew itself (Pujari et al., 2003).

Green positioning
Strategic positioning is about building a picture of the market and the interrelationships between the targeted customers, competitors and the competitive advantage. The company should target a segment of the market where it can satisfy customer needs better than it’s competitors, based on the company’s distinctive strengths (Christmann, 2000). Strategic positions can emerge from three different sources (Porter, 1995):
- customers need
- customer’s accessibility
- range of a company’s products or services
Needs-based positioning focus on if the company’s strategy is about serving most or all the needs of a particular part of it’s customers. Access-based positioning focus on customers that is accessible in different ways, which can be based on geography, how dense the customers are situated and so forth. Variety-based positioning centre on the product or service varieties rather than customer segments. A company can base its strategic position on one or a combination of the three (Porter, 1995). Having defined positioning, strategy can be identified as the creation of a unique, valuable position, involving a different set of activities (Porter, 1995). A company that chooses a set of activities that are different from its competitors, has positioned itself effectively strategically (Porter, 1995).

If the same set of activities would meet all demands, needs, varieties and access everyone the need for strategic positioning would not exist as all companies would be able to perform all activities and operational excellence would determine success.

Green pricing
Consumers often associate green products with higher prices in comparison with the not green ones (Bohlen, 1993). Yes, it can sound true, if we for example, would compare the price of simple tomatoes from Spain in ICA retail store and the price of ecological tomatoes originated from the same country. So, the price of ecological bananas will be about 20-25% more expansive then regular tomatoes. What is the idea that customers would choose ecological if there are cheaper? Do they experience the added-value of more expensive ecological tomatoes? Yes, they will do in long-run if they are well informed an have sufficient knowledge about the benefits of ecological food products to the health. Image can not play a vital role here, as long as nobody see what they buy or they do not spread this information to others in order to get recognition from other people.

A consumer, who buy energy efficient technical device, can see a visible benefits, when a technical device, washing machine, TV or printer, will use less electricity and then a person will expand less money on electricity. Such product will be less harmful to the environment as a result of eco-efficiency, and will help to save money to the user. So, the user will win in the long-run even he or she will pay more then it would cost other alternative products. On the other hand, the question arises if a such product is really environmentally friendly if it was produced in not green manner and the production process itself has caused as lot of air and water pollution.

Green logistics
Logistics is the integrated management of all the activities required to move products through the supply chain (Murphy et al., 1995). For a typical product this supply chain extends from a raw material source through the production and distribution system to the point of consumption and the associated reverse logistics. The logistical activities comprise freight transport, storage, inventory management, materials handling and all the related information processing (Murphy et al., 1995). The main objective of green logistics is to co-ordinate these activities in a way that meets customer requirements at minimum cost (Murphy et al., 1995). In the past this cost has been defined in purely monetary terms, but as concern for the environment rises, companies must take more account of the external costs of logistics associated mainly with climate change, air pollution, noise, vibration and accidents (Murphy et al., 1995).

There can be a lot of ways to minimise environmental costs within more effective logistics process: smaller packages with more concentrated products, like laundry powder or juice, can
impact on lower transportation costs and less need of raw materials. At the same time, company may choose shorter distribution chain, less warehousing services, fewer intermediates, or even different and fewer transportation mode that use less fuel and cause minimal pollution of the environment.

Internet plays an important role in green strategies as an alternative distribution channel and as alternative communication channel, and that all cause less harm to the environment, create competitive advantage while saving total costs and while seeking differentiation.

According to Giuntini and Andel (2005), green logistics consists of 6R - recognition, recovery, review, renewal, removal and reengineering (see Figure 5; Polonsky and Rosenberger, 2001).

![The Six Rs of Facilitating Reverse Logistics](image)

**Figure 5.** Green logistics system (Giuntini and Andel, 2005; Source: Polonsky and Rosenberger, 2001).

**Marketing waste**
Firms might have products that cannot be reprocessed. In order to solve this problem, companies can develop the internal process and systems that seek to minimise the waste or to reprocess their internal waste for their own internal use.

**Recycling and waste reduction.** Recycling of materials and energy and resource conservation are more plausible thanks to technological change. Additionally, since all natural and industrial processes generate waste, and waste becomes pollution (Polonsky and Rosenberger, 2001). It is important to find ways to prevent pollution before it has become critical. To a large extent, companies are realizing that pollution is a sign of inefficiency and added cost, and that waste represents raw materials not sold in final products (Polonsky and Rosenberger, 2001).

**Green Promotion**
Modern society lives in the data overloaded world, so the marketers should be very careful in providing green communication (Davies, 1993). That is why before providing information regarding green policies, marketers should analyse what kind of environmental information
consumers want to receive, what channel they would prefer to be communicated by, and how much they understand of that what has been communicated (Davies, 1993). Some authors suggest that this information should be more educational kind and should empower consumers to be more responsible in their actions and purchasing behaviour (Davies, 1993).

Bohlen and Diamantopolous (1993) say that environmental oriented consumers have a lot of eco-knowledge before they decide to buy green products and they are less cynical to green promotion then those who do not buy green products. That is why green promotion can be more oriented to the potential eco-consumers and here the pull strategy can be used.

**Strategic alliance**

There is debate over how successfully to reduce consumer confusion (Crane, 1998). Therefore, if marketers of consumer goods are going to be able to use green marketing in an effective manner they need to develop strategies to overcome these problems. One strategy that organizations have recently adopted to make their environmental marketing activities more effective is to form a strategic alliance with an environmental group (Crane, 1998).

### 3.3 Eco-Labelling as a Tools for Implementation of Green Policies

*The basic theories about eco-labelling and about environmentally friendly programs, as vital tools for implementation of voluntary green policies, follow in this section. At the same time, based on the fact that the case study company ICA AB (see Chapter 2) performs its business in Sweden, Norway and the Baltic States, a short description about the most popular EU, Swedish, Norwegian and the Baltic eco-sign is briefly supplied as well.*

**Product’s ecological quality is often associated with eco-labelling**

**Eco-labelling - voluntary green policy**

Eco-labels are considered to be a strong and effective tool to market greener products and services, thereby, making it easier for consumers to identify products and services that are kinder to the environment (Simons et al., 2006). Wasik (1996) means that eco-labelling and eco-certification is a way to practically verify the green-message that has been communicated to the society (Simons et al., 2006). At the same time, Grundey and Zaharia (2008) means that eco-labels enhance consumers to trust in green products.

According to Sauza (2004), eco-labelling is a voluntary greening policy and it has emerged as the main marketing tool, since green marketing was introduced in the 1990s. Eco-labelling are becoming more and more important factors of gaining public recognition and a powerful marketing tool, influencing customers and manufacturers as well (Sauza, 2004). Eco-labelling has become the main tool to verify to the clients and other stakeholders about the ecological features of products and product’s ecological quality is often associated to eco-labels (Sauza, 2004). However eco-labels still represent a very small share of the total market which partly
depends on the fact that they have been directed towards consumers that are very aware of environmental issues and their effect on the environment (Rex & Baumann, 2007).

**Eco-management systems and eco-labelling at the global perspective**

In 1994 Global Ecolabelling Network was created to solve the compatibility of the programs and now it unites about 20 eco-labelling institutions, members are encouraged to exchange information and coordination of eco-labelling programs (Ruzevicius, 2003). World-wide there are many different eco-labelling programs and declarations, which are managed through governments, private companies and non-governmental institutions (Ruzevicius, 2004). Nowadays, there are about 50 eco-labelling programs in the world. Most of these programs were created in the late 80-ies of the last century. They also can be divided into national and international (for instance, EU or Northern Countries). The oldest ones are „Blue Angel” (Germany) and „Environmental Sign” (Japan) programs (Ruzevicius, 2003). Bellow the most important international and national eco-labelling programs will be shortly described.

The EU Eco-Management and Audit Scheme (EMAS) is a management tool for companies and other organisations to evaluate, report and improve their environmental performance. The scheme has been available for participation by companies since 1995 and was originally restricted to companies in industrial sectors. Since 2001 EMAS has been open to all economic sectors including public and private services (Rex & Baumann, 2007).

Eco-management systems (as ISO 14001 and EMAS (Eco-Management and Audit Scheme EMAS in EU)) and product’s or service’s eco-labelling are ascribable to voluntary green policies are different then compulsory green policies which should not be use for marketing purposes (Rex & Baumann, 2007).

**Eco-labelling and environmental friendly programs**

"European flower " in European Union

The EU created the common EU "ECO-Flower" program (see Figure 6) in 1992, which is acknowledged and can be used by all 25 EU member countries as well as Norway, Liechtenstein, Iceland and other states. The process leading to the development of the "European Flower" can be characterised as a vertical and “bottom-up” -driven diffusion mechanism (Ciegis, 2004).

"European flower" eco-sign is being popularized a lot. The importance of this sign is that it is acknowledged by 28 states. Products are labelled with this sign with no reference to the country of origin. It allows consumers in the EU to recognize ecological products (Ciegis, 2004). Recently, the role of this sign has been strengthened remarkably: at the end of 1999 the number of product types labelled with this sign, was 250, whereas at the beginning of 2005 – more than 600 (Ciegis, 2004).

![European eco-label "EU ECO-Flower"](https://example.com/label.png)
“Blue Angel” in Germany
Eco-label "Blue Angel" is one of the oldest environmental labels in the world (Ruzevicius, 2003). In Germany manufacturers try hard to get "Blue Angel" (see Figure 7) sign in order to enhance their products’ competitiveness in the market and increase the amount of sales (Ruzevicius, 2003). But the most important thing is that this sign encouraged innovations, and due to its positive reaction of partners and consumers was noticed; it also became easier to attract new customers (Ruzevicius, 2003).

![Figure 7. German eco-sign "Blue Angel".](image)

Labelling of Organic Farming
Organic Farming (see Figure 8) supports farming with a high degree of self-sufficiency (Ruzevicius, 2003). No chemical nutrients are allowed, nor genetically modified organisms or products. Animals must be fed with organically grown forage. The label is managed by EU and KRAV (Ruzevicius, 2003). All EU countries can use this label and instead of "Organic farming" it is allowed to use the local language, for example, in Sweden it is known as "Organiskt jordbruk" (see Figure 9).

![Figure 8. Organic farming label in EU and in Germany.](image)

![Figure 9. Organic farming label in Sweden language (EU-label that is adopted to the Swedish market).](image)
Eco-labelling in Sweden

In Sweden (up to 2010) exist three major environmental labels - Svanen, Bra Miljöval and KRAV. Organic Farming, Demeter, Svenskt Sigill are other eco-labels available in the Swedish market. Institutions providing these eco-signs collaborate actively with Svenska Naturskyddsföreningen (Swedish Society for Nature Conservation), SIS Miljömärkning (Swedish ISO-manager) and other environmental orientated institutions.

The "Nordic Swan" (Svanen)
The range of eco-labelling programs is so wide and based on this reason it appears the problems of their compatibility (Steen, 2005). That is why some countries have started creating common eco-signs. For example, in order to co-ordinate eco-labelling programs in Sweden, Finland, Norway, Denmark and Iceland, the Nordic nations created the common "Nordic Swan" program (Svanen; see Figure 10) in 1989 (Svanen 2010, www.svanen.nu).

The Swan label will help to guide Nordic consumers and purchasers so that they have a real possibility of buying 'green' and thus contributing to improving the environment. At the same time there is a desire to encourage producers to manufacture environmentally-friendly products (Norden 2010, www.norden.org).

The image of Svanen was indistinct, according to the informants, in comparison with the other ecological labels (Bladh, 2007). This may be due to the fact that Svanen does not cover food items – a type of commodity consumers seem to be most engaged in (Bladh, 2007).

![Figure 10. Nordic eco-label "The Northern Swan" (Svanen).](image)

The Nordic Ecolabel now covers 66 different product groups, for which it is felt that ecolabelling is needed and will be beneficial. These days, everything from washing-up liquid to furniture and hotels can carry the Nordic Ecolabel (Svanen 2010, www.svanen.nu). The Nordic ecolabel checks that products fulfil certain criteria using methods such as samples from independent laboratories, certificates and control visits (Svanen 2010, www.svanen.nu).

The label is usually valid for three years, after which the criteria are revised and the company must reapply for a licence. In this way, the label ensures that products suite to the environment and are constantly being developed (Svanen 2010, www.svanen.nu).
Reasons for labelling with the Nordic Ecolabel

"There are several good reasons to label products and services with the Nordic Ecolabel”, says Svanen’s Product Manager Per Sandell (2010):

- It will be easy to promote the environmental performance of products and services with the help of this well-known symbol. It is recommended to display the Nordic Ecolabel in marketing material.
- It will earn goodwill by reliability and safety. 77% of Swedes consider that the Nordic Ecolabel makes a brand extremely reliable.
- Based on the fact that the Swan label is a very well-known and well-reputed trademark in the Nordic region, the store may use the Swan trademark for marketing purposes.
- The Swan label is a cost-effective and simple way of communicating environmental work and commitment to customers and suppliers. 67% of people in the Nordic countries understand the logo.
- Reducing environmental impact often creates scope for lowering costs, by for example lowering energy consumption and reducing the amount of packaging and waste.
- Environmentalised operations prepare the store for future environmental legislation.
- Environmental issues are complex. It can take a long time and extensive resources to gain an understanding of a specific area. Swan labelling may be seen as a rational aid in this work.
- The Swan label not only covers environmental issues but also quality requirements, since the environment and quality often go hand in hand. This means that a Swan licence can also be seen as a mark of quality.

KRAV

KRAV, Kontrollföreningen för Alternativ Odling (The Control Association for Alternative Farming), was established in 1985 (see Figure 11). Today KRAV has 28 member organizations, such as Coop and ICA (retail-chains), Arla Foods (dairy industry), Swedish Meats (meat industry) and Scandic Hotels, and also the founding organizations: Association for Organic Biological Cultivation, Association for Young People interested in Nature and the Environment, and Animal Rights Association (KRAV 2010, www.krav.se).

KRAV has inspectors making unannounced visits to individual farmers. Inspectors have the right to check both book-keeping as well as plants and animals. Inspectors also visit shops and restaurants that are KRAV-labelled (KRAV 2010, www.krav.se).
Bra Miljöval
Swedish Society for Nature Conservation (SSNC; Naturskyddsföreningen) is a non-profit, nation-wide, environmental organization. According to its own homepage, in 2010 SSNC has 168,000 members organized in 24 county unions and 270 local "circles" (Naturskyddsföreningen 2010). SSNC maps environmental threats, create solutions, and influence politicians and public authorities, at both national and international levels (Naturskyddsföreningen 2010). Climate, the oceans, forests, environmental toxins, and agriculture are the main areas of involvement. Eco-label "Bra Miljöval" (Good Environmental Choice; see Figure 12) is an important tool to achieve these aims (Naturskyddsföreningen 2010). The number of products covered by "Bra Miljöval" has increased over the years and now (2010) it covers 12 product groups, of which many are chemicals, transport, electricity and shops (Naturskyddsföreningen 2010).

![Bra Miljöval](image)

Figure 12. Swedish eco-label "Bra Miljöval".

Demeter
"Demeter" (see Figure 13) is a label for biodynamic agriculture. The Swedish Demeter Association was founded already in 1957 and is based on anthroposophy, which originated in Switzerland in the 1920’s. Demeter has its own inspectors, but in order to be labelled as “ecological” the production must be controlled by KRAV, The Control Association for Alternative Farming (Demeter 2010, [www.demeter.nu](http://www.demeter.nu)).

![Demeter](image)

Figure 13. Demeter – eco-label for biodynamic agriculture in Sweden.
The Swedish Seal of Quality (Svenskt Sigill)

The Swedish Seal of Quality (Svenskt Sigill; see Figure 14) is the quality label for assured food. The label guarantees that the food has been produced on farms, which follow strict criteria for safe food, animal welfare, responsibility for the environment and a vivid landscape (Svenskt Sigill 2010, www.svensktsigill.se). The rules are developed in co-operation with experts, researchers, the sector specific industry and organisations that have an interest in the specific production. An independent audit company reviews the farm's compliance with the Swedish Seal criteria (Svenskt Sigill 2010, www.svensktsigill.se). The label makes it easier for consumers to feel safe and make a conscious choice and hence contribute to a sustainable agriculture and a prosperous countryside (Bladh, 2007). All farms are independently checked to guarantee that the production fulfil the criteria.

Figure 14. The logo of the Swedish Seal of Quality (Svenskt Sigill).

Eco-labelling in the Baltic States and in Norway

Based on the fact that the case company ICA AB is also operating in the Baltic States and Norway, the short overview of the local eco-labelling programs for agricultural and food products will be provided bellow as well. "Ekoagros" (see Figure 15) is Lithuanian eco-label for agricultural and food products. The Ekoagros-labelled products must be grown, processed and sold according to the strict rules. (Ekoagros 2010, www.ekoagros.lt). These products are always labelled with the most important information – eco-products label, identified producer, his certification number and certification authority (Ruzevicius & Kasparaviciene, 2003).

Figure 15. Lithuanian eco-label “Ekoagros” for food.

Certified Lithuanian eco-farmers and processors have been also using label "Ecological farming" (see Figure 16) together with eco-label “Ekoagros” since 2006 (Ruzevicius & Kasparaviciene, 2003).
Based on the fact, that the local consumers are more familiar with the national eco-labels, companies acting in the international arena should also use the national eco-signs (Ruzevicius & Kasparaviciene, 2003).

In Estonia the Veterinary and Food Board (VFB) has established the national Eco-label Mahemärk (see Figure 17) for ecological food products in Estonia. This eco-sign is quite famous in Estonian market and stands not only for the ecological food, but also for the local production (Ruzevicius & Kasparaviciene, 2003).

Association of Latvian Organic Agriculture (ALOA) was founded in 1995. It is a professional organisation in the framework of which people producing, processing and selling organic agriculture products as well as people supporting organic movement have been united. ALOA has established the national eco-labels as "Growing Green in Latvia" and "Latvia’s Eco-product" (www.ekoprodukti.lv, www.ggl.lv; see Figure 18-19) to mark ecological food products in Latvia. The label "Latvia’s Quality Product" (see Figure 20) stands for the food products produced by the local producers in Latvia (Ruzevicius & Kasparaviciene, 2003).
Debio (see Figure 20) is one of the most popular organic certifications in Norway (Debio 2010, www.debio.no). All providers of organic products in Norway are certified by Debio which ensures that farms and fish farms, processing and marketing enterprises, importers and others follow the regulations for organic production, and meet the requirements for marketing organic products under Debio-label (Debio 2010, www.debio.no).

The ISO 14000

The ISO 14000 is a family of internationally-recognized standards for environmental management systems that is applicable to any business or organization, regardless of size, location or income (Bergman and Klefsjö, 2003). These standards are developed by the International Organisation for Standartization (ISO), which has representation from committees all over the world (Bergman and Klefsjö, 2003). The ISO 14000 family includes most notably the ISO 14001 standard, which represents the core set of standards used by organizations for designing and implementing an effective environmental management system. Other standards included in this series are ISO 14004, which gives additional guidelines for a good environmental management system, and more specialized standards dealing with specific aspects of environmental management (Albuquerque, Bronnenberg and Corbett, 2007).

According to Albuquerque, Bronnenberg and Corbett (2007), the ISO 14000 environmental management standards exist to help organizations minimize how their operations negatively affect the environment. The major objective of the ISO 14000 series of norms is "to promote
more effective and efficient environmental management in organizations and to provide useful and usable tools - ones that are cost effective, system-based, flexible and reflect the best organizations and the best organizational practices available for gathering, interpreting and communicating environmentally relevant information" (Santos and Escanciano, 2002).

As it is stated by Santos and Escanciano (2002), the ISO 14000 offers a source of guidance for introducing and adopting environmental management systems based on the best universal practices, in the same way that the ISO 9000 series on quality management systems, which is now widely applied, represents a tool for technology transfer of the best available quality management practices (Santos and Escanciano, 2002). In structure the ISO 14000 series is similar to ISO 9000 quality management and both can be implemented side by side (Albuquerque, Bronnenberg and Corbett, 2007). So, two major subjects - the quality and the environmental care - go parallely and comply each other’s importance within the area of marketing and management.

3.4 The Levels of Green Marketing Strategies

3.4.1 Categories of Companies in Relation to the Level of Green Marketing Strategies

if we evaluate company’s environmental efforts, according to Victoria Olausson (2009), there exist tree types of companies:

1st category. Such companies do not have any environmental certificate, any environmental responsibility, any systematic environmental activities and they are called gray companies.

2nd category. This type of companies perform low level environmental activities and they consider some of business activities in concern to the environmental responsibility. However professionals working with environmental issues are not involved into company’s top management group and such company usually does not include green policies neither into the long-period strategies nor within the highest level policies. Such firms are titled as light green companies.

3rd category. Such companies integrate environmental policies as a company’s core values at the highest level of corporate strategy. Professionals working with green issues usually belong to company’s top management group. Green policies are interpreted as company culture and that affects daily routines and long-term projects within all departments. Besides, companies within this category usually have environmental certificate for products or systems, develop long-term environmental marketing strategies and even introduce green innovations. The examples of such companies are: Body Shop, Ben & Jerry, Hipp, Saltå Kvark, Stonyfield Farm, Kung Markatta, Scandic Hotel, and they are called dark green companies.

Menon and Menon (1997) suggest that green marketing activities can occur at three levels:

1. Tactical. In tactical strategy appears changes in functional activities: e.g., water saving fashion when companies promote their interest in less pollution and saving natural resources and all employees and customers are invited to follow this tactical policies. This type of strategy is usually short period and can not guarantee impact on competitive advantage in
long run. Tactical actions typically involve limited change and limited coordination across multiple functions.

2. Quasi-strategic. In quasi-strategic appear changes in business practices: e.g., hotels ask its clients to use towels for several times in order reduce total costs while using less water and less washing detergents. This type of strategy might increase company’s image and concern in social responsibility in short or medium period, but that is not enough while seeking to achieve long-term competitive advantage. Quasi-strategic actions normally require more substantive changes in marketing activities, as well as broad-based coordination among several non-marketing activities.

3. Strategic. In strategic greening appear changes in corporate philosophy: e.g., company installs recycled water system. This type of strategy is usually long-period strategy that may help to reducing total costs in long-run and may increase company’s competitive advantage and enhancing image.

Strategic greening is not necessarily should be strategically integrated into all marketing activities. However in any case strategic greening requires a holistic approach in order that all actions of the firm should be well co-ordinated in order to integrate environmental issues across all functional areas (Menon and Menon, 1997). The need for a holistic approach cannot be overemphasised, considering the frequent problems associated with non-integrated green marketing (Menon and Menon, 1997).

Companies performing strategic greening activities have got the following characteristics (Menon and Menon, 1997):
- Long-run plans in relation to green strategies
- Green aspects are involve into company’s culture
- Organisational structure is created in such style that green strategies go together with other important strategies, and they supplement each other
- Continuous mutual dialog with stakeholders in relation to green issues

According to Ginsberg Jill Meredith and Bloom Paul (2004), there are four types of green strategies for both the production companies and the service companies: Lean Green, Defensive Green, Shaded Green, and Extreme Green. Bellow a short description of each green strategy is following (see Figure 22 and Figure 23).

**Lean Green**

According to Ginsberg and Bloom (2004), Lean Greens try to be good corporate citizens, but they are not focused on publicizing or marketing their green initiatives. Instead, they are interested in reducing costs and improving efficiencies through pro-environmental activities, thereby creating a lower-cost competitive advantage, not a green competitive advantage. They are usually seeking long-term pre-emptive solutions and want to comply with regulations, but they do not see substantial money to be made from the green market segments. Lean Greens are often hesitant to promote their green activities or green product attributes for fear of being held to a higher standard - and not always being able to live up to it or differentiate themselves from competitors. Coca-Cola Co. can be characterized as a Lean Green company. Most consumers do not know that the company has invested heavily in various recycling activities and package modifications. Although Coca-Cola is concerned about the environment, in most cases it has chosen not to market its efforts (Ginsberg and Bloom, 2004). One reason for this might be the company's wide target market and brand breadth. If
Coca-Cola directly tied its environmental efforts to the overall brand, it would run the risk that all its products would be pigeonholed as green. Also, by publicizing its green marketing efforts, Coca-Cola might actually do itself more harm than good. For Lean Greens, narrowly tying environmental issues to one brand is the safer approach, as Coca-Cola has done with its Odwaila brand.

**Defensive Green**

As it is said by Ginsberg and Bloom (2004), Defensive Greens usually use green marketing as a response to *competitor's actions*. They seek to *enhance brand image* and mitigate damage, recognizing that the green market segments are important and profitable constituencies that they cannot afford to alienate. Their environmental initiatives may be sincere and sustained, but their efforts to promote and publicize those initiatives are spontaneous and *temporary*, since they do not typically have the ability to *differentiate* themselves from competitors on greenness.

Defensives will pursue actions such as *sponsoring* smaller environmentally friendly events and programs. And they will certainly defend their environmental records with public relations and advertising efforts if they are attacked by activists, regulators or competitors. But unless they discover that they can obtain a sustainable competitive advantage on the basis of greenness, they will not launch an overt, significant green campaign (Ginsberg and Bloom, 2004).

The huge clothing retailer Gap Inc. has often been cited as a socially responsible company that is concerned about the welfare of the workers and customers at its Gap, Banana Republic and Old Navy stores. On the environmental front, the company has long promoted energy conservation and waste reduction, and its corporate headquarters has been described as a prime example of sustainable building. The company mentions these activities on its Web site, but it does *not publicize* them externally much beyond that (Ginsberg and Bloom, 2004).

**Shaded Green**

Ginsberg and Bloom (2004) state that Shaded Greens invest in *long-term, system wide, environmentally friendly processes* that require a *substantial financial and non financial commitment*. These companies see green "as an opportunity to develop innovative needs-satisfying products and technologies that result in a competitive advantage. They have the capability to truly *differentiate* themselves on greenness, but they choose not to do so because they can make more money by stressing other attributes. Shaded Greens primarily promote the direct, tangible benefits provided to the customer and sell their products through mainstream channels.

Environmental benefits are promoted as a *secondary factor* (Ginsberg and Bloom, 2004). The Toyota Prius is advertised today as "an environmentally advanced, fuel-efficient hybrid." However, when the Prius was first launched in the U.S. market in 2000, Toyota Motor Corp. did not play up its environmental attributes (Ginsberg and Bloom, 2004). The emphasis was instead on fuel efficiency - consumers would spend less on gas and spend less time at the pump. The fact that the Prius reduced air pollution was merely icing on the cake. This type of promotion works particularly well for products that have the ability to help to save on recurring expenses; energy efficient appliances are another example.
Extreme Green

According to Ginsberg and Bloom (2004), holistic philosophies and values shape Extreme Green companies. Environmental issues are fully integrated into the business and product life-cycle process of these firms. Usually greenness has been a major driving force behind the company since day one. Practices involve life-cycle pricing approaches, total-quality environmental management and manufacturing for the environment. Extreme Greens often (not always) serve niche markets and sell their products or services through boutique stores or speciality channels.

The most famous examples of Extreme Greens include The Body Shop, Patagonia and Honest Tea (Ginsberg and Bloom, 2004). Honest Tea is one of the fastest-growing organic tea companies in the natural foods industry. Social responsibility is embedded in its identity and purpose, from manufacturing to marketing, as illustrated by its biodegradable tea bags, organic ingredients and community partnerships. The value of the Honest Tea brand is based on authenticity, integrity and purity. But relatively speaking, Honest Tea and other Extreme Greens are few and far between.

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Figure 22. Marketing Mix 7P within green strategies (Source: Ginsberg and Bloom, 2004).

Figure 23. Matrix of green marketing strategies (Source: Ginsberg and Bloom, 2004).

3.4.2 Reactive and Proactive Green Marketing Strategies

Within the area of green marketing exist two types of strategies: reactive and proactive green marketing strategies (Sharma, 2000). Below a short description about each of them follows.

3.4.2.1 Reactive Strategies in Green Marketing

Research on general marketing strategy often reflects difference between reactive and proactive strategies (Sharma, 2000). Reactive strategy (also called as compliance strategy)
happens when companies respond to changes appearing in the external environment (Sharma, 2000). **Proactive strategy** includes firms that act before they are forced to respond to the external threats and external forces and create new innovative opportunities in the environment (Sharma, 2000).

Based on the general marketing strategies theories, McDaniel and Rylander (1993) propose two main approaches to the green marketing: the first is a **defensive or reactive strategy** green marketing strategy, and the second is an **aggressive or proactive strategy** green marketing strategy (Sharma, 2000).

A defensive-reactive green marketing strategy has got the following characteristics (Sharma, 2000; Peattie and Crane, 2005):
- limited resources (not very expensive and low in risk)
- low level of organisational commitment
- low involvement of top management
- a short-term orientation
- low organisational ecological commitment and resource allocation
- less likely to develop continuous innovations

Peattie and Crane (2005) states that defensive-reactive green marketing strategies can lead to:
- short-term benefits (e.g. short-run increases in sales and profits)
- risks of green-washing criticisms
- lower levels of ecological sustainability

Peattie and Crane (2005) assert that green marketing has not developed and been a disappointment in the past two decades due to the fact that a reactive strategy is a short-term orientation approach. According to Peattie and Crane (2005), during the last three decades green marketing has failed because of **five problems caused by reactive strategy**. The first two problems are related to what is often referred to as "**green washing**" (Peattie and Crane, 2005):
1. "**Green spinning**" - that is manipulation of green image via publicity and lobbying from “dirty” industries such as oil, chemicals, pharmaceuticals, and automotives.
2. "**Green selling**" occurs when firms communicate about environmental features in existing products or services, and then promote them sometimes with misleading or unproven green claims.
3. The third criticism is the use of "**green harvesting**" where firms reduce short-term cost by reducing packaging cost, increasing energy efficiency, greening their supply chain, using life-cycle pricing approaches designing products for disassembly (Menon et al., 1999), and selling products at premium prices without perceived **added value** by customers (Miles and Covin, 2000). Most of these tactics mentioned above do not address the issue of **long-run sustainability** and **long-run competitive advantage**.
4. The fourth problem is the failure related to the focus on the green-production with a lack of accurate and proper **marketing research** and a ineffective or unsustainable **marketing communications** to educate customers. Or, perhaps these firms were ahead of their time, and the true era of green marketing may still emerge in the future.
5. The fifth problem is related to the fact that companies did not have long-term plans for **continuos improvements** and **innovative development**.
3.4.2.2 Proactive Strategy in Green Marketing

The objective of proactive green marketing strategy would ideally address what is referred to as the "triple bottom line" of economic, social, and ecological sustainability (Sharma and Vredenburg, 1998). In contrast to the reactive green marketing, a proactive green marketing strategy includes the following characteristics (Sharma and Vredenburg, 1998; Peattie and Crane, 2005):

- great resource allocation
- more expensive and risky
- high organisational ecological commitment including an environmental corporate policy which reflects high levels of top management and employee involvement
- long-term orientated

Proactive green marketing strategies can guide to several constructive consequences (Sharma, 2000):
- longer-term financial benefits related to competitive advantage (lower total cost, higher ROI)
- greater product differentiation
- higher customer brand loyalty
- enhanced corporate reputation and social image
- higher R&D support
- more ecological sustainability for the common good

4. Consequences of Corporate Environmentalism

According to the corporate environmentalism’s conceptual model suggested by Subhabrata Bobby Banerjee (1999), corporate environmentalism has far-reaching consequences affecting firm itself, customers, suppliers, employees, society and it impact on (Charter and Polonsky, 1999; Banerjee et al., 2003):

1. Customer satisfaction and value creation. Corporate environmental strategies should enhance customer satisfaction. The concept of customer satisfaction needs to be broadened beyond traditional criteria such as quality, value, to include environmental quality.
2. Positive company image. Company commitment to environmental protection can also lead to an enhanced company image. However there is a danger that company having positive ‘green’ image do not live up to its environmental performances. This might lead to a consumer backlash. Thus, it is important for a firm to appear credible in their green image campaigns.
3. Green products launches. Companies, producing material products, try to come up innovations, that are more environmental friendly then the previous goods or then competitors’ products.
4. Research and development. Companies, that invest in research in order to develop greener products and process, implement long-term oriented green strategies. For example, ICA Group AB collaborates with few scientific institutions and they together try to minimise the environmental damage cased by ICA’s business.
5. Enhanced competitive advantage. It may take some years before environmental investments yield the expected payoffs. Many firms have already realised significant cost savings as a result of implementing environmental programs.

4.1 Value Creation and Added Value through Green Marketing

“Consumer value is the cornerstone of any marketing challenge”
(Lovelock and Gumnesson, 2004)

Stephen Vargo and Robert Lusch (2004) state that service provider and customer exchange skills and knowledge in order to experience the value. For example, a store selling ecological food products uses its competencies, research skill, network in order to provide a valuable green product to a customer who knows why and how to use it by adapting his/her knowledge, previous experience, mental skills and information gathered. So, the service supplier – the food retailer, and service user – the green consumer, both exchange their knowledge in order to achieve the value. Green-customers and other green-stakeholders act as value co-creators in the green business process. Value co-creation together with customers creates bigger opportunity to the companies to gain competitive advantage in long-period (Vargo and Lusch, 2004).

According to L. Vargo and Robert F. Lusch (2004), "the enterprise can only make value proposition". This means that a company itself does not create value and does not make a product or a service valuable by itself. A company only proposes the potential value to a customer who will experience value by one’s unique way or maybe will not experience any value at all. Value does not exist without the customer experience and direct participation. So, if a consumer considers that a greener product makes value for one, then the green product will become valuable, and opposite.

As it is refers to Vargo (2008), value creation is an important aspect in the strategic management perspective. Porter’s (1985) Value Chain Model is probably the most frequently used model to explain how companies create value (Vargo, 2008). The value chain illustrates, as shown in Figure x below, the value creation as a set of interdependent activities, both within the firm and with partners (Vargo, 2008). Value can be created by decreasing buyer cost or by increasing buyer performance, both directly related to the two generic strategies; low cost and differentiation. The difference between the cost and the perceived value is the created value (Vargo, 2008).

Green marketing can ensure secure competitive advantage and deliver superior added value to green customers and to green company itself (Vaccaro, 2009). Green service can also add value to the green consumer (Vaccaro, 2009).
4.2 Competitive Advantage

"Knowledge is the fundamental source of competitive advantage" (Vargo and Lusch, 2004). In the modern market the most compatible is a company that owns intelligent, innovative, analytical, creative, flexible and skillful human resources knowing how to analyze, plan, organize, and use resources or introduce to the market new systems, new products or new services (Vargo and Lusch, 2004). Know-how is the key-ability to a business success in the long-period perspective. Having money, physical equipment is not enough in the nowadays comprehensive society and highly competitive market.

Flint (2009) states that every firm must seek and find a function that enables it to maintain a position in the marketplace. How firms perceive their market and competitive environments, whether local, regional or global, will influence the opportunities they see for differentiation. "The competitive challenge is to outperform rivals in light of internal and external constraints and to satisfy continually changing consumer wants and needs" (Flint, 2009). That is why as long as the consumers have been showing their growing interest in environmental issues, the company can choose green policies and proper communication of green policies as a tool for creating long term competitive advantage (Flint, 2009).

According to Hamel & Prahalad (1994), "company must be capable of enlarging its opportunity horizon (Saloner et al., 2001). This requires top management to conceive of the company as a portfolio of core competencies rather than a portfolio of individual business units. Business units are typically defined in terms of a specific product-market focus, whereas core competencies connote a broad class of customer benefits".

A competitive advantage is based on the organization’s internal and external environment, e.g. both the organization itself and its relationship to its environment (Saloner et al., 2001).
Looking from the **outside-in**, a competitive advantage can be based on the organization’s position such as its network of relationships, geographic location or if it is a first-mover. When looking from the **inside-out**, a competitive advantage can also be based on the organization’s competencies, or capabilities as Saloner et al. (2001) refer to it. A company is then viewed as a collection of capabilities.

A competitive advantage is always measured against its actual and potential competitors. Therefore, it will only be advantageous if it is superior relative to competitors and if customers value it (Flint, 2009). The internal capabilities must also be used to defend the organization’s position (Flint, 2009).

A sustainable competitive advantage is complex to imitate, due to that it may origin from the company’s history of social responsibility, culture and/or intercultural competence. Even if current and potential competitors know that the organization possesses these capabilities, it is almost impossible for them to imitate (Saloner et al., 2001).

### 4.2.1 Sustainable Competitive Advantage through Strategic Pricing

One view of how a sustainable competitive advantage can be reached is through pricing, when low prices can be suggested to clients as the result of eco-effectiveness (Christmann, 2000). This approach stress that the price of a product or service should be based on the customers’ perceptions of the value, rather than the costs for producing and selling the offer (Christmann, 2000). The perceived value is defined as the price a customer is prepared to pay for the benefits that the product delivers. The benefits and costs can be both direct and associated with the product (Christmann, 2000). The method can be used in several ways (Tse, 2001).

One common approach to using strategic pricing is by using the customer’s perception that a higher price means greater quality and thereby greater benefits. Another way of using the method quite differently is through producing the same items as a famous brand but settle on a lower price. Such a strategy is characterized by large quantities, similar or the same qualities but lower prices. Tse (2001) stresses how important it is to meet the customer’s needs in terms of quality, value and price in order to become successful in the long term, while simultaneously be profitable and secure a superior position. Meaning that pricing should be used in a dynamic way to meet the demands of the targeted customers.

Green products are usually more expensive then alternatives and that is related to the more expensive production process and the customer perception that green products have better quality that is why they should cost more (Christmann, 2000).

### 4.2.2 Sustainable Competitive Advantage through Adding Value

"A competitive advantage that is based on *value* is characterized by the benefits or qualities increasing the attractiveness of the market offer to the targeted customers " (Porter, 1995b).

It is a challenge for companies to stay competitive and to identify the organization’s key sources of competitive advantage. Companies need to have an understanding of whether their competitive advantage is based primarily on position or on competencies, as well as the interaction between them. This understanding is crucial, in order to identify the capacity to **create value in the long-term** (Brandenburger and Stuart, 1996).
The purpose of a business strategy is to show how a corporation can continually create more value (Brandenburger and Stuart, 1996). Which is accomplished through positioning the company, how attractive the industry is and how persistent the corporations supporting competitive advantages are. Also Porter (1995b) suggests that value is strongly related to competitive advantage. A sustainable competitive advantage is a competitive advantage that is not momentary but continues to give the company a unique position which is beneficial and creates value.

The concept of customer value as an essential factor to consider in gaining a competitive advantage has become constantly more important (Brandenburger and Stuart, 1996). Porter (1996b) means that being competitive is about being different. It requires choosing a different and special set of activities in order to deliver a unique combination of value.

One example of such competitiveness is IKEA’s strategy. IKEA targets young furniture buyers who want high fashion for low cost. The company’s “do it yourself” policy entails minimal help from sales staff and require that the customer transport and assemble the items themselves. However the very same strategy also enable the company to have significantly lower prices than it’s competitors. Furthermore IKEA provides an offer of childcare and extended opening hours, unlike other furniture retailers. This enables their targeted customer, the young working adult without nannies, to make their purchases at the time which fit them best. By being different IKEA has provided a value to their customers that differentiate the company from their competitors and make them successful.

4.3 Positive Image and Fulfilling the "Green Promise"

Consumers, shareholders and society - all stand to benefit when a company integrates environmental friendliness into its marketing strategy (Zwan and Bhamra, 2003). If properly implemented, green marketing can help to increase the emotional connection between consumers and brands. Being branded a green company can generate a more positive public image, which can, in turn, enhance sales and increase stock prices (Pujari et al., 2003). A green image may also lead consumers to have increased affinity for a company or a specific product, causing brand loyalty to grow (Handson et. al., 2004).

While there are obvious benefits to integrating environmental friendliness into consumer marketing, there are also some significant risks (Handson et. al., 2004). There is a lot at stake for companies that choose to implement green marketing strategies, including the magnitude and risk of capital investments, the rigors of regulatory compliance and the potential for consumer backlash (Handson et. al., 2004). An ability to anticipate and react to the next environmental issue could mean the difference between maintaining a green reputation or losing status as a green company - and potentially much more (Handson et. al., 2004).

5 The Impact of Macroenvironment on Corporate Environmentalism

Green marketing activities, as the general marketing activities, are affected by the macroenvironment and the microenvironment (Ken Peattie, 1999):
• macro environment (social/cultural, demographical, political/legal, economical, physical/technical, scientific)
• and micro environment (intermediates, customers playing the core role, competitors, suppliers, other public stakeholders)

The macroenvironment can impact on the level of green strategies and the tools of green strategies (Polonsky et al., 2003). A short description about the relationship between the green strategies and the macro environmental will be provided later on.

Political and Legal Environment

The concern about the environmental protection has been also displayed through great national and international attempts to create environmental protocols, reducing the harm to the nature. The political/legal approaches can reduce or increase company’s involvement into the environmentally friendly business but the legal obligations can not be promoted as marketing tools (Ruzevicius, 2003).

At the end of the last century a number of environmental laws, technical guidelines and normative documents were created. At the same time there appeared the combination of such concepts as „business“, „environment-oriented activity“, „sustainable development“, „continuous development“ and „sustainable product management“ in scientific articles (Ruzevicius, 2003).

There are various international instruments, such as "Agenda 21" - a programme created by the United Nations (UN) related to sustainable development. It is a comprehensive blueprint of action to be taken globally, nationally and locally by organizations of the UN, governments, and major groups in every area in which humans directly affect the environment (Ciegis, 2004). The implementation of Agenda 21 was intended to involve action at international, national, regional and local levels. Some national and state governments have legislated or advised that local authorities take steps to implement the plan locally (Ciegis, 2004). Such programmes are often known as "Local Agenda 21" or "LA21" (Ciegis, 2004).

The Johannesburg Plan of Implementation, agreed at the World Summit on Sustainable Development (Earth Summit 2002) affirmed UN commitment to 'full implementation' of Agenda 21, alongside achievement of the Millennium Development Goals and other international agreements (Ciegis, 2004).

Social Environment

Social and psychological pressure on consumption is explained by the need to gain status, acceptance, image and prestige (Czinkota and Ronkainen, 2007). Within the green consumption perspective it can be explained, that people may become green consumer not because that they have such a personal desire, but because they seek to make an impression to others. The social pressure can impact on changed consumption, for example, people who used to wear fur clothes, do not show them any more in the society.
Media is one of the most important devices forming the mentality of the society. For example, in Sweden every day newspaper, magazines, radio and TV programs communicate the messages about environmental issues, the importance to save the natural resources and to consume in a green manner. Journalists, officers of public authorities, experts and researches contribute a lot of useful information and impact on society member knowledge and opinion about green issues. Swedish consumers become more interested in consuming ecological food and beverage not only it is more useful for the health, but also because that enhance the ecological agriculture and protect the environment. The consumption of non-food environmental products and services also receive increasing attention but as long as it has not direct affect to the health as food and drinks, it still lack of higher attention (Afroditi Logothetis, 2009).

The social environment impacts on an individual willingness to do something useful while changing behaviour in order to restore the balance in nature, or at least to decrease the negative effects of the consumption society. People are becoming inclined to give up some of their personal comfort in order to be more environmental friendly. This can be demonstrated through travelling by bus instead of by car, by saving electricity, by buying environmental friendly products and by supporting products and services that are produced locally in order to reduce waste even though those efforts might mean higher prices and less comfort.

Cultural Environment

Various companies during the stages of planning, organising and implementing the business strategies, should pay attention to the national values and cultural features of particular nation because it will impact on customers behaviour, loyalty, and satisfaction (Czinkota and Ronkainen, 2007). According to Richard Lewis (2006), there exist specific cultural features that can affect the mentality and the behaviour patterns of the consumer in particular countries. Richard Lewis (2006) states, that Swedish cultural values are, harmony, honesty, modesty, nature and environmental care. The national values can affect the way people work, communicate, spend leisure time, and also can impact on the priorities and consumption behaviour (Lewis, 2006).

According to Geert Hofstede and Jan Hofstede (2005), Sweden is the most feminine country in the word. It is important to know that a feminine country has the following characteristics considered as the key important in the daily society life (Hofstede, 2005):

- Cooperation and collaboration
- Support and care
- Quality, comfort, security and safety
- Peace and harmony
- Active care about environmental issues and nature

The fact that the environmental care and protection is one of the most vital Swedish national values, the general Swedish consumer will pay more attention to the products, services and companies that implement environmentally friendly strategies. That is why business professionals should consider this significant fact while planning the long-period strategies in respect to the green policies.
Economical Environment

That is important to discuss how nation’s economical wealth and consumers’ income level can impact on green-consumption. Countries that fight for surviving, they consider only the issues of how to survive with getting enough food and water. However the Western countries having high standard of living do not face these survival issues. That is why they pay attention to other issues, like nature protection, ethical consumption, quality and forth. However not all consumer in the western world are ready to forget about the price level. Even in Sweden, that is famous for its interests in environmental care, we can find a lot of consumers who will consider the price as the most important variable (Afroditi Logothetis, 2009). That depends on demographical characteristics of consumers: age, education, interests, profession, income level, personal life style, priorities and so on.

Summary of the theoretical background

Based on the theoretical background provided above, I have come up to the conclusion (see Figure 24b) that company’s environmentalism is usually greatly affected by the macroenvironment (PEST) and the microenvironment (external and internal motive, such as customer needs, company’s search for competitive advantage) which may function as stimulus or as a barrier to start and to develop the planed green policies. The external and internal forces regulate company’s level of greenness that further affects the grade of greening of marketing mix 7P. The green marketing mix impacts on the implementation tools and implementation policies within the green marketing strategies, that may be accomplished by various levels: a) proactive or reactive strategy, b) Lean, Defensive, Shaded or Extreme green strategy c) tactical, quasi-greening or strategic greening. And finally, a successful implementation of green polices and green marketing activities within the focus on the long-term perspective may result in certain consequences, such as gaining competitive advantage via financial attainments, differentiation, value creation, enhanced image and forth.

![Figure 24b. The summary of the conceptual model of the green business; Adopted according to the conceptual model of Bobby Banerjee (1999).](image-url)
III Theoretical Framework about Business Research Methods

In this section I am going to introduce to the qualitative business research method by discussing its techniques, its main roles and the vital characteristics. The difference between the data collations and analysis will be emphasised. Later on, more detailed information will be provided about the features, roles, advantage and disadvantages of a case study, as a type of the business research methods. Wider attention to the theories about a case study is contributed because in the Chapter 2 I am going to make a research - the case study about the green marketing strategies in ICA Group AB, the Swedish food retailer.

1 Introduction to the Business Research Methods

Organisations want to know everything about company’s or product’s weakness and strengths, future possibilities and threats. That is why organisations are interesting in ordering business research so the researcher would supply them with the proper result that will guide to the optimal strategies in solving existing problem(s), preventing possible problem(s) or developing the activities in more efficient and more effective way then it was before the research (Denzin and Lincoln, 2005).

2 Information Gathering

It should be admitted that there exist a difference between information gathering and research (Denzin and Lincoln, 2005). Information gathering is the act of collection of information and using that information for various purposes. Research includes also the gathering of information but only in the beginning and only as a base for the further analysis and discovering a new theory or explaining a phenomena by a new unique way (Denzin and Lincoln, 2005). In order to develop research we need to identify the problem or several problems. The researcher tries to solve the problem within the procedure of the research. The solution(s) provided by the researcher are innovation within the frame of society (Denzin and Lincoln, 2005).

3 Qualitative Marketing Research

There exist two types of business research: qualitative research and quantitative research (Bryman and Bell, 2007). In the further case study (see Part II), I have chosen to use the qualitative research method.

Definition of qualitative research
"Qualitative research is a field of inquiry that crosscuts disciplines and subject matters" (Holliday, 2007). Qualitative researchers aim to gather an in-depth understanding of company behavior and the reasons that govern such behavior (Holliday, 2007). The discipline investigates the why and how of decision making, not just what, where, when (Holliday, 2007). Hence, smaller but focused samples are more often needed rather than large random samples. Qualitative marketing research is a set of research techniques, used in marketing and the social sciences, in which data is obtained from a relatively small group of respondents and
not analyzed with statistical techniques (Holliday, 2007). This differentiates it from quantitative research in which a large group of respondents provide data that are statistically analyzed.

**The role of qualitative research**
Qualitative research tools are used primarily to define a problem and generate hypotheses. They are often used as the prelude to quantitative research in order to identify determinants, and develop quantitative research designs. They can be better than quantitative research at probing below the surface in order to understand what drives and motivates behaviour (Holliday, 2007).

Because of the low number of respondents involved and the idiosyncratic nature of some data collection methods (e.g. unstructured interviews), findings from qualitative marketing research should be applied to larger populations with caution. They are however, very valuable for exploring an issue and are used by almost all researchers at various points during large research campaigns (Holliday, 2007).

**Validation in qualitative research**
One of the central issues in qualitative research is validity (also known as credibility and/or dependability) (Denzin and Lincoln, 2005). There are many different ways of establishing validity, including: member check, saturation, interviewer corroboration, peer debriefing, prolonged engagement, negative case analysis, auditability, confirmability, bracketing, and balance (Denzin and Lincoln, 2005).

According to Denzin and Lincoln (2005), validation is inherently based on a philosophy of positivism. Non positivistic viewpoints include the idea that findings do not need to be reproducible, verifiable, or consistent, and idea that comes from the notion that there are multiple realities, not just one. For positivistic viewpoints, though, validation is as important as the research itself (Denzin and Lincoln, 2005).

**Data analysis in qualitative research**
The most common analysis of qualitative data is observer impression. That is, expert or layman observers examine the data, form an impression, and report their impression in a structured quantitative form(Denzin and Lincoln, 2005). These impressions can be the final conclusion of the analysis, or some quantitative characteristics of the data to be further analyzed using some quantitative methods. An example of quantitative characteristics is word frequencies in textual data (Denzin and Lincoln, 2005).

**In-depth interviews**
These interviews are beneficial to businesses as each individual in their own entity can be explored and understood. In-depth interviews are unmatched when a project calls for hearing specific points of view (Holliday, 2007). Interviewers give us the time and space to establish rapport, understand customers prospective and experiences and communicate this understanding back to clients. In-depth interviews has the following features (Holliday, 2007):

- Interview is conducted one-on-one, and lasts 30 - 60 minutes
- Best method for in-depth probing of personal opinions, beliefs, and values
- Very rich depth of information
- Very flexible
- Very useful at uncovering hidden issues
• They are unstructured (or loosely structured). This differentiates them from survey interviews in which the same questions are asked to all respondents
• Can be time consuming and responses can be difficult to interpret
• Requires skilled interviewers and that is expensive. Interviewer bias can easily be introduced
• There is no social pressure on respondents to conform and no group dynamics
• Start with general questions and rapport establishing questions, then proceed to more purposive questions
• Hidden issue questioning is a technique used by depth interviewers
• Symbolic analysis is a technique used by depth interviewers in which deeper symbolic meanings are probed by asking questions about their opposites

Distinctions from quantitative research
The term qualitative research is most often used in the social sciences in contrast to quantitative research (Bryman and Bell, 2007). It differs from quantitative research in many ways. First, sampling is typically not random but is purposive (Bryman and Bell, 2007). That means that cases are chosen based on the way that they typify or do not typify certain characteristics or participate in a certain class. Secondly, the role of the researcher (Bryman and Bell, 2007). Researchers must reflect on their role in the research process and make this clear in the analysis. Thirdly, data analysis differs considerably (Bryman and Bell, 2007). Researchers must carefully code data and discern themes in a consistent and in a reliable way.

Qualitative research is also highly useful in policy and evaluation research, where understanding why and how certain outcomes were achieved is as important as establishing what those outcomes were. Qualitative research can yield useful insights about program implementation (Denzin and Lincoln, 2005). - Were expectations reasonable? Did processes operate as expected? Were key players able to carry out their duties?

Case study
A case study is one of several ways of doing quantitative research whether it be social science related or even socially related (Flyvbjerg, 2006). Other ways include experiments, surveys, multiple histories, and analysis of archival information. Business researches use case studies that involve examination of a phenomenon in its natural setting (Flyvbjerg, 2006). The researcher has no control over the phenomenon, but can control the scope and time of the examination, and the researcher may or may not have clearly defined independent and dependent variables (Flyvbjerg, 2006). Case studies are most appropriate when the researcher is interested in the relation between context and the phenomenon of interest. According to Flyvbjerg (2006), there exist three types of information-oriented cases: 1) extreme or deviant cases, 2) critical cases, 3) paradigmatic cases. More about a case study is contributed below in more detailed manner.

4 Case Study as a Type of Qualitative Research
In the further case study (see Part II), I am going to analyse the green strategies in the Swedish retailer ICA Group AB, and the case study will be used as the business research method. That is why now I am going shortly to talk about the main concepts within the case study as one the type of qualitative research methods.
Definition of case study
A case study is a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence (Flyvbjerg, 2006). Case studies are particularly well-suited to new research areas or research areas for which existing theory seems inadequate (Flyvbjerg, 2006). The case study strategy are more concerned to answers to the question "why" as well as the "what" and "how" questions (Flyvbjerg, 2006). For this reason case studies are particularly well-suited to new research areas or research areas for which existing theory seems inadequate.

Characteristics of case study
As it is stated by Flyvbjerg (2006), case study contains the following features:

- Essential details of the organization or situation under question (such as name of organization, description of core activities, socio-economic background)
- Essential problem(s) that has led up to the situation being presented
- Detailed description of the situation being analyzed
- Description of the problems encountered
- Analysis of possible solutions (if a problem is being presented)

In case studies, there are both historical materials study and possible direct observation and interactions (Flyvbjerg, 2006). Moreover, a case study may involve both qualitative methods and quantitative methods. They are dynamic unlike other kinds of research, which requires ongoing inspection.

Especially in a case study, a pilot study serves as the first step of test (Flyvbjerg, 2006). It is quite useful to use qualitative methods in a pilot study to build hypotheses or propositions and then to use quantitative methods to test these hypotheses (Flyvbjerg, 2006).

Advantages and disadvantages of case study
As it is stated by Flyvbjerg (2006), the primary advantage of the case study is that an entire organization or entity can be investigated in depth and with meticulous attention to detail, what is interesting to a reader. The disadvantages of case studies are that the manual settings make the study to be tentative, so the result may not always reflect the situation; it also takes time to develop, and it requires some level of good writing skills (Flyvbjerg, 2006).

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**Case Study** is inquiry that investigates a contemporary phenomenon within a real-life context in which multiple sources of evidence are used.

**Case Study** answers the question *how* and *why*, not only what, where, and when.
Chapter 2

CASE STUDY -
Green Marketing Strategies
in ICA Group AB

The choice of country, industry, and a case company
In this case study, I have chosen to analyse the green marketing strategies of one of the major Swedish company – ICA Group AB that is on of the leader in the Swedish food retail industry. The interest in Swedish company is based on the facts that Sweden is globally famous in the cultural characteristics focusing on the environmental care and a lot of Swedish companies are well known for their greening efforts not only in the product area but rather within the entire business processes and systems. The focus on food retail industry is based on the facts that food retailers have the closest accesses while distributing the ecological products having a very short life on the bases on food’s natural origin – food is consumed daily, people eat daily and that is why huge and continuous production capacities are required. At the same time the food industry involves a lot of business activities: farming, production, deliver, storage, shops and others. All these activities negatively affect the environment more or less. That is why it was interesting to see how the food-retail company, as a service provider, tries to green the entire service life-circle and to minimise harm on the environment while using the theories within the green marketing strategies. The choice of ICA AB, as a case company, is mostly based on the motive that last year (2009) this enterprise was awarded with the Global Award for the Sustainable Business Efforts in local and in international arena. Besides, my interest in this company was even more strengthened when I knew that it has been accomplishing its businesses even in the international market – Norway, Lithuania, Latvia, Norway, not only in the domestic Swedish market. So, it was the encouragement to make a research on that what kind of barriers may appear while going green internationally, and why any differences in implementing green policies internationally might be happening.

Problem Discussion and Research Questions

Problem Discussion
As understanding grows about the impact of human activity on the Earth's ecosystems, consumer concern about the environment and its links to health and safety will intensify. At the same time, humankind's passion for consumption will persist. The challenge for companies will be to devise business practices and products that are friendly to the environment while also meeting the needs of consumers.
In the industrialised nations around the world, both businesses and consumers are more and more concerned about the environment and the future of our planet. In the business arena this concern has translated into environmental or green marketing. In the last few decades business has become under increasing pressure to reduce the environmental impact resulting from both the production and consumption of goods and services (Roy, 2000). Around the world there has been an increasing number of firms which have introduced green products or/and green services (Chavan, 2005). The degree to which green marketing has been incorporated into a company’s marketing strategies has varied between companies (Chavan, 2005).

The last three decades have seen a progressive increase in consumer environmental consciousness, as the environment moved from a fringe, to a mainstream issue (Baker and Sinkula, 2005). This has been driven by a number of factors including (Baker and Sinkula, 2005):

- increased media coverage
- greater awareness of environmental problems
- the rise of pressure group activities
- stringent legislation (both national and international)
- the impact of major industrial disasters on public opinion

Marketers viewed this phenomenon as offering business opportunities, and a number of organisations developed and implemented short-term orientated reactive or long-term orientated proactive environmental strategies (Pujari et al., 2003). At the same time companies launched environmentally friendly products (Pujari et al., 2003). Despite the evidence that society is increasingly sympathetic towards the products, green companies have not achieved the level of market success that would have been expected (Peattie and Crane, 2005). Many of them have been developing short-period focused environmental friendly tactics and have not been planing any innovations within the long-term green marketing strategies which lead to the failure (Polonsky and Rosenberger, 2001). At the same time there have happened quite few cases where the companies were accused of using green-washing strategy and promoting their products as green even they have not been green at all (Polonsky and Rosenberger, 2001).

Many firms use traditional business measures like profits, ROI, market share, to evaluate the success of green marketing, and others do it for altruistic reasons or social responsibility concern (Polonsky and Rosenberger, 2001). Very few companies realise that going green gives them the long-term strategic opportunity resulting in competitive advantages (Polonsky and Rosenberger, 2001). A lot of innovative green-products, like Toyota’s next-generation electric-combustion automobiles or ecological cosmetics Body Shop, give a long-term competitive advantage not only in the local, but even in the international market.

According to Polonsky and Rosenberger (2001), green marketing is involved into a complex, integrated, strategic and tactical process which can be called as a holistic process or holistic mindset, not only simple ‘marketing hype’ or tactical opportunism. Marketers do attempt to include environmental issues in their activities, but they no often do so in a sustainable long-term approach. Companies can achieve long-term benefits only while implementing sustainable competitive advantage in all organisational areas continuously (Polonsky and Rosenberger, 2001). So, the core issue for the green orientated firms, is the ability to plan, organise, implement and improve the green marketing strategies within the long-term perspective.
Research Questions
Based on the problem discussion presented above, this case study will try to answer into the following questions:

- Why does the selected company (ICA Group AB) engage itself into the green marketing area? Why does it ‘go green’?
- What is the level of environmentalism within the company? Do all areas of the company are combined with the green polices? And how the level of greening is affected by external factors, internal factors and macro factors?
- What marketing tools are used in order to implement the green marketing strategies? Why and how exactly such tool are used?
- How does the internationalisation impact on the corporate green culture?
- What are the consequences of the green strategies? How are those consequences reflected in the practice?
- Does the company have the long-term orientated green policy? How is it reflected?
- What can be improved within the company’s green policies in the future?

Methodology

Case study
I have chosen to perform a case study, as a type of the qualitative research method. Case study is a good way to explain how to combine the theoretical knowledge into the actual case (more about a case study, as a research method see in the Chapter 1). Maybe the theory is difficult to understand some times, therefore the case study can tell you some actual methods clearly and easily (Bryman and Bell, 2007). Besides, case study answers the question how and why, not only what, where, and when (Bryman and Bell, 2007).

Data collection
The qualitative research about the green marketing strategies of ICA Group AB is based on the primary data provided via direct answers through e-post, via company’s newsletters, via press massages on the company’s web-page, and via web-page blogs by: a) ICA’s professionals in public relationships and in social responsibility policies, b) public relationship specialist in ICA RIMI Lithuanian. At the same time the detailed analysis of ICA’s Sustainable Development Report 2009 and ICA’s Annual Report 2009 was accomplished. ICA’s newsletter on company’s web-side, ICA’s Sustainable Development Report 2009, and ICA’s Annual Report 2009 include a lot of citations that were said by various ICA’s professionals, and their thoughts will be used as the primary data as well. The empirical data about the Nordic-Swan’s (Svanen’s) requirements for the retail shops are based on the interview with Svanen’s product manager and on Svanen’s Annual Report 2009. Besides, I personally visited one ICA store (ICA Kvantum Välsviken, Karlstad, Sweden) for the direct observation purpose. It is vital to mention that about 85-90% of the data was gathered via secondary data - ICA’s Sustainable Development Report 2009 and ICA’s Annual Report 2009.

In the beginning I was ego to focus on ICA’s top managers in marketing, corporate social responsibility and environmental policies. However due to the shortage of time and that the company has received a lot of attention from various students and researches, I was advised to
get my data from company’s reports and newsletters. The respondents received the written questionnaire by e-mail and had four weeks for fulfilling it. All interviewees received the same type of questionnaire (see Appendix 2, Appendix 3, Appendix 4) but they have answered only those questions that were the most relevant to their competencies. That necessary data that was not replied during the interviews, was successfully founded in the company’s Annual Report 2009 or Sustainable Development Report 2009 and company’s newsletter (about 80-90% of the data). Some of the respondents even marked that they "are not going to answer to these questions based on the shortage of time and based on the fact that a lot of data is already submitted in the company’s reports and newsletter on company’s website".

**Structure/ design of data analysis**

The collected empirical data will be analysed and discussed according to the academic theories within the green marketing strategies. During the analysis procedure, the critical comparison of already existing company’s efforts and the theoretical approaches within green strategies has been fulfilled.

Analysis and discussion about ICA’s green strategies will be framed according to the Conceptual Model of Green Marketing, suggested by Subhabrata Bobby Banerjee (1999; see Appendix 1). This conceptual model will function as the structural plan for the further part of the research paper. Briefly, we can confirm that the conceptual model illustrates that external forces (e.g., customer needs) and internal forces (e.g., management priorities, need for competitive advantage) are the basic motives to start the green policies that might be various level. The level of the greenness will impact on the green strategies’ implementation policies and on the company’s green marketing mix, and, finally, it will result in particular consequences, such as competitive advantage based on added value, differentiation and etc. Besides, the macroenvironmental conditions also affect the level of corporate environmentalism in various nations.

During the qualitative research green strategies in ICA, I will analyse why ICA has chosen particular green strategies, what level of greenness the company has achieved, how the company has been implementing green policies, what implementation issues it faces in the international arena (the Baltic States and Norway), and what benefits appear as the consequence of all greening efforts. Later on the comparison between ICA’s practical green strategies and the green marketing theories will be accomplished. Finally, at the end of the research I will contribute with some advises for the further green-improvements.

**Research Limitations**

According to Bryman and Bell (2007), one of the central issues in qualitative research is validity (also known as credibility and/or dependability). Validation is inherently based on a philosophy of positivism. Non positivistic viewpoints include the idea that findings do not need to be reproducible, verifiable, or consistent, and that there are multiple realities, not just one (Flyvbjerg, 2006). For positivistic viewpoints, though, validation is as important as the research itself (Bryman and Bell, 2007).

Limitations in the qualitative research about ICA’s green strategies are related to the validity and to the accuracy of the information that has been provided by ICA’s professionals in

Generally, the data related to ICA’s green efforts which has been already done are quite open and reliable. The reasons, why the company is engaged in implementing green strategies can be more private and can be known only for the staff members, and not told to the public representatives. At the same time, in order to keep secrets in competition strategies, the company’s experts were not willing to talk about the green innovations that have been planned for the future. Besides, we should consider the fact that every company is interested in enhancing its social image publicly and it spreads mostly the best and the most constructive information in relation to the green or any other kind of marketing strategies.

EMPIRICAL DATA & DISCUSSION

I Background about ICA Group AB

The ICA Group AB is one of the Northern Europe’s leading food retail companies, with around 2,220 of its own and retailer-owned stores in Sweden, Norway and the Baltic countries. The Group includes ICA Sweden, ICA Norway and Rimi Baltic (in Latvia, Lithuania and Estonia), as well as ICA Bank, which offers financial services to Swedish customers. ICA AB is a joint venture 40 percent owned by Hakon Invest AB of Sweden and 60 percent by Royal Ahold N.V. of the Netherlands. The number of employees in 2009 was 20,412 employees (in Sweden 6,258 employees), excluding store employees employed by individual ICA stores in Sweden and in Norway (ICA Annual Report, 2009).

Rimi Baltic is a wholly owned subsidiary of ICA Group AB operating a chain of 233 wholly owned grocery stores in Estonia, Latvia and Lithuania. In 2009 Rimi’s sales corresponded to SEK 12,329 million. The number of Rimi Baltic employees in 2009 was equal to 7,780 employees (Rimi Baltic Annual Report, 2009).

ICA Group AB in financial numbers

In 2009 the ICA Group’s net sales amounted to SEK 94,651 million (SEK 90,963 million in 2008), an increase of 4.1 percent compared with 2008. In 2009 ICA’s operating income amounted to SEK 2,713 million (2,117), a decrease of 28.2 percent compared with 2008. The year 2009 was a challenging year for the ICA Group because sales increased but operating income decreased slightly. ICA has a strong balance sheet and is well placed to face the turbulent economic environment. The operating margin was 2.9 percent, a decrease from 2.3 percent in 2007 (ICA Annual Report, 2009).

The sales of ecological products in Swedish ICA in 2009 amounted to SEK 1,285 million (SEK 1,277 million in 2008 and SEK 827 million in 2007), an increase of 0.6 percent compared with 2008 and an increase of 35 percent compared with 2007. The sales of ecological products in the Baltic States and Norway in 2009 was equal to SEK 128 million.
(SEK 113 million in 2008, SEK 93 million in 2007), an increase of 12 percent compared to 2008 and an increase of 27 percent compared to 2007. However, even the amount of ecological food products are increasing despite of the global financial crisis, we still can state that the sales of the ecological food products in ICA is relatively low – only 1.5% of the total sales (ICA Annual Report, 2009).

II Analysis of ICA Green Strategies according to the Conceptual Model of Green Marketing

Analysis and discussion about ICA’s green strategies will be framed according to the Conceptual Model of Green Marketing, suggested by Subhabrata Bobby Banerjee (1999; see more information in the Chapter 2; see Appendix 1). This conceptual model will function as the structural plan for the further part of the research paper. Briefly, it can said that the conceptual model illustrates that external forces (e.g., customer needs) and internal forces (e.g., management priorities, need for competitive advantage) are the basic motives to start the green policies that might be various level. The level of the greeness will impact on the green strategies’ implementation policies and on the company’s green marketing mix, and, finally, it will result in particular consequences, such as competitive advantage based on added-value, differentiation and etc. Besides, the macroenvironmental conditions also effect the level of corporate environmentalism.

1 Driving Forces for ICA’s Eco-business and Macroenvironment’s Impact on ICA’s Environmentalism

According to Subhabrata Bobby Banerjee (1999, see Appendix 1), there exist two basic forces motivating to start green business – external and internal forces. The external forces consist of legislation, public concern, and customer needs. Legislation force encourages the non-voluntary green strategies which can not be treated as marketing strategies at all (Pujari et al., 2003). The internal forces consists of the top management involvement and the need for competitive advantage within differentiation and/or total cost reduction. In ICA’s case, the company adapts to external force – customer needs, and to the top management commitment to create a green business culture as well as to gain competitive advantage in the complex and hard food-retail market (ICA Annual Reports, 2009).

1.1 Customers’ Demand for Green Products

"ICA’s value chain always begins and ends with the customer”
(Kenneth Bengtsson, ICA’s President and CEO)
Satisfying customer need is the key-aims for every business (Bruhn and Georgi, 2006), and that is why this external factor is the most important motivator enhancing companies to start green business (Charter and Polonsky, 1999). Many grocery stores today provide organic, ecological, toxic free products as alternatives to the regular products. That can be treated as a result of the environmental awareness of people and the increased demand for healthier food, organic clothes, eco-efficient products, and other green products.

"Our business begins with our customers’ needs. Giving them what they want today and in the future is one of ICA’s most rewarding, yet difficult, tasks. The proof is in our stores, where customers meet ICA’s solutions to make every day a little easier. At the company culture level, ICA lays the foundation for continued profitable growth by addressing these driving forces with a keen business sense" (Kenneth Bengtsson, ICA’s President and CEO).

As customer demand for organic products has risen, ICA has expanded its offering. A driving force in these efforts has been to figure out how ICA can contribute to modern organic thinking (Kenneth Bengtsson, ICA’s President and CEO). That led to the decision to re-brand ICA’s existing organic product line as a new line – ICA I love Eco - which was launched in Sweden and Norway in 2008 and in the Baltic in 2009. The product range was broadened significantly, and according to the empirical data, the company has long-term plans for expanding the range of this brand continuously.

**Green Customers – the core of ICA’s green strategies**

As long as the company sales not only ecological food and in a such way satisfies the needs of non-green consumers, we can not state that the green consumer is the core of ICA’s business. The right way to describe this phenomena it will be a statement that the green clients is really a very important segment for ICA, taking into the account that:

- ICA’s own brand I love ECO is base only on environmental friendly ecological assortment
- ICA’s whole service system is based on the top cultural values in respect to the environmental friendliness. More an more ICA’s stores have being certified with eco-label Svanen and more and more ICA’s warehouses and offices have marked with the ISO 1400 certificate.

Finally, we can state that the green consumer is the core not of the entire business, but the core of the green strategies of ICA corporation.

### 1.2 Macroenvironment Influences on Green Marketing Strategies

Macroenvironment impacts on the eco-business and its controls the level of company’s environmentalism (Charter and Polonsky, 1999).

#### 1.2.1 Social environment

Social and psychological pressure on consumption is explained by the need to gain *status, acceptance, image and prestige* (Czinkota and Ronkainen, 2007). Within the green consumption perspective it can be explained, that people may become green consumer not
because that they have such a personal desire, but because they seek to make an impression to others. The social pressure can impact on changed consumption, for example, people who used to wear fur clothes, do not show them any more in the society.

Media is one of the most important devices forming the mentality of the society. For example, in Sweden every day newspaper, magazines, radio and TV programs communicate the messages about environmental issues, the importance to save the natural resources and to consume in a green manner. Journalists, officers of public authorities, experts and researches contribute a lot of useful information and impact on society member knowledge and opinion about green issues. Swedish consumers become more interested in consuming ecological food and beverage not only it is more useful for the health, but also because it enhance the ecological agriculture and protect the environment. The consumption of non-food environmental products and services also receive increasing attention but as long as it has not direct affect to the health as food and drinks, it still lack of higher attention (Afroditi Logothetis, 2009).

KRAV’s marketing chef Pia Högström says that in Sweden in 2009 consumption of ecological products have risen 25% percent in the comparison with 2008 and during 2008 Swedish consumer bought 35% percent of the green food products more then during 2007. Pia Högström informs that the economical crisis did not affect that much the behaviour of green consumers.

So, the social environmental in Sweden, natural motivates ICA to start and to develop the green strategies within the company’s top level.

1.2.1 Cultural Environment

Various companies during the stages of planing, organising and implementing the business strategies, should pay attention to the national values and cultural features of particular nation because it will impact on customers behaviour, loyalty, and satisfaction (Czinkota and Ronkainen, 2007). According to Richard Lewis (2006), there exist specific cultural features that can affect the mentality and the behaviour patterns of the consumer in particular countries. Richard Lewis (2006) states, that Swedish cultural values are, harmony, honesty, modesty, nature and environmental care. The national values can affect the way people work, communicate, spend leisure time, and also can impact on the priorities and consumption behaviour (Lewis, 2006).

According to Geert Hofstede and Jan Hofstede (2005), Sweden is the most feminine country in the word. It is important to know that a feminine nation cares a lot about environmental issues and nature (Hofstede, 2005). The fact that the environmental care and protection is one of the most vital Swedish national values, the general Swedish consumer will pay more attention to the products, services and companies that implement environmentally friendly strategies. That is why business professionals should consider this significant fact while planning the long-period strategies in respect to the green policies.

So, the cultural environmental in Sweden, natural motivates ICA to start and to develop the green strategies within the company’s top level.
1.2.2 Economical Environment

Economic conditions are a determining factor in consumers’ habits and priorities (Czinkota and Ronkainen, 2007). The economy has made customers more polarized. Some have been forced to look for cheaper alternatives, while others can afford to treat themselves more. On an everyday basis, more people want inexpensive products, but they also want something extra for special occasions. Many customers are willing to pay more for products that add value, like organics.

So, the economical environmental in Sweden, natural motivates ICA to start and to develop the green strategies within the company’s top level.

1.2.3 Technical Environment

Technical macroenvironment can act as a support or as a barrier while implementation of green strategies. Even ICA prioritises to separate various sort of garbage and to recycle them, technically it can not be smoothly performed in Lithuanian and in other Baltic States because there is a shortage of the recycling companies that could recycle soft plastics and glass (Jovita Bagdonaite, Public Relations Manager, RIMI Lithuania). So, here the technical macro environment can be treated as a barrier for successful implementation of green policies within the all operating sectors and in all countries.

So, the technical environmental in Sweden can become as a natural support or as a barrier for ICA to develop its green strategies within the top level of the company.

1.2.4 Legal Environment

The concern about the environmental protection has been also displayed through great national and international attempts to create environmental protocols, reducing the harm to the nature (Ruzevicius, 2003). The political/legal approaches can reduce or increase company’s involvement into the environmentally friendly business but the legal obligations can not be promoted as marketing tools (Ruzevicius, 2003).

Society’s growing awareness of climate change is likely to result in new laws and new regulations that in turn affect ICA’s operations financially and physically, and ICA is continuously monitoring these issues in order to be ready to quickly adapt (ICA Sustainable Development Report 2009). Emissions limits on goods transports, taxes leading to more expensive fossil fuels and society’s transition to renewable energy sources are among the most important areas right now.

Challenges give a rise to new ideas. The climate change debate is likely to lead to stricter limits on carbon dioxide emissions from transports. This in turn increases the need for environmentally friendly solutions such as more rail transports. New technology is also being developed for new demands, which provides opportunities for eco-friendly solutions (ICA Sustainable Development Report 2009). For example, a possible tax on synthetic cooling agents would steer development toward more eco-friendly alternatives in everything from transports to refrigeration systems in stores (ICA Sustainable Development Report 2009).
2 Level of Corporate Environmentalisation

2.1 Green Policies -
a Part of Corporate Culture

McManus and Carter (1991) state "...Green must be a comprehensive program in the form of a corporate strategy, not merely a promotion" (Feldman and Staehler, 1996). Consistent with this belief, Joel J. Davis (1991) advises, "Senior management must provide adequate resources and show leadership in integrating environmental initiatives into long-term strategic decision making". This recommendation clearly requires a high level of investment from a company and would likely result in fundamental changes in business practices (Feldman and Staehler, 1996).

According to the Conceptual Model of Green Marketing, suggested by Subhabrata Bobby Banerjee (1999; see Appendix 1), there exist several level of firm environmentalisation: enterprise strategy, corporate strategy, business strategy and functional strategy. Lower the discussion about the level of corporate environmentalism follows.

ICA’s corporate culture and values involve green responsibilities which even has the special title "ICA’s good business" including the following purposes (ICA Sustainable Development Report 2009):

- drive business by profitability and high ethical standards
- contribute to environmental improvements
- contribute to sustainable development initiatives
- promote and develop environmental practices

ICA’s corporate culture or green corporate philosophy is oriented to the green strategic approach then it is the company performs long-period oriented green polices (Polonsky and Rosenberg, 2001). Green tactics are not related to Green corporate culture or green philosophy, and that is short-term oriented activities (Polonsky and Rosenberg, 2001). As we can see from the data presented above, ICA’s vision and mission do not involve environmental issues, but ICA’s policies and corporate culture are related to the social and
green responsibilities. "We want people to feel confident about the way we do business, so our work with sustainable and development is an important part of our day-to-day activities" (Kenneth Bengtsson, ICA’s President and CEO).

ICA’s corporate values indicates that the corporate culture include environmental care and development issue as one of the most important principles. This fact illustrates that company performs green activities within the highest level corporate strategies and, according to the empirical data, almost all important ICA’s decisions are made with the respect to the green issues. Based on these facts, we can state that company has got the long-term orientated policies in the respect to the environmental issues. The company is planning the following long-period strategies related to the environmental issues (ICA Sustainable Development Report 2009):

• Reduce emissions of greenhouse gases by 30 percent by 2020 compared to 2006
• Reduce energy consumption in stores with ten percent by 2009 compared to 2006 (it has been achieved at the end of 2009)
• Level out the total amount of ICA’s known greenhouse gas emissions during 2010-2020
• Expand the range and increase sales of eco-labelled products
• Reduce ICA’s environmental impact from hazardous substances and wastes

Marketers do attempt to include environmental issues in their activities, but they not often do so in a sustainable long-term approach (Menon et al., 1999). So, their issue is to plan, organise and implement green marketing strategies in concern of the long-term perspective. Besides, companies can achieve long-term benefits while implementing sustainable competitive advantage in all organisational areas (Michel Jay Polonsky and Philip J. Rosenberger, 2001).

The fact, that company involve sustainable responsibility and green issues into its corporate culture means that green strategies are included as the top strategies of a company and that a company implement the green marketing strategies as the business strategic priority (Menon et al., 1999).

In addition to doing careful research to guide strategy selection, managers should also cultivate the corporate culture. The organization and its people must support a truly green marketing strategy in order for it to succeed. Managers should encourage the increased participation of all employees in order to generate ideas and increase enthusiasm (Ginsberg and Bloom, 2004). They should also keep in mind that most customers and employees get satisfaction from being part of an organization that is committed to operating in a socially responsible manner (Ginsberg and Bloom, 2004).

2.2 Green Marketing - a Part of Corporate Social Responsibility

Clearly, many companies have become committed to being socially responsible (Banerjee, 2003). Today on practically every company’s web-site one can find corporate social responsibility reports with titles such as "Corporate Citizenship," "Environmental Health and Safety" or "Sustainability Report." A big amount of firms have learned to design products that are better for the environment. As it is stated by Snider and others (2003), green marketing
can be considered *a subset of CSR strategies*. ICA also develops the work with CSR but it cause opportunities as well as risks.

**Risks and opportunities regarding ICA’s work within CSR**

According to the data provided at ICA’s Annual Report 2009, ICA’s work within Corporate Social Responsibility (CSR) entails both risks and opportunities. ICA must constantly adapt to demands for greater transparency, regulatory changes and increasing requirements placed on sustainability in every level of the supply chain. Unless ICA can satisfactorily meet the market’s expectations and the goals of its CSR work, there is a risk that the brand and ICA’s position in the market will suffer. There is also a risk that cost-effectiveness will fail to keep pace unless satisfactory measures are taken to conserve energy and reduce waste, among other things. On the other hand, ICA’s brand could be strengthened as a result of successful CR work. Its market position could improve if ICA can meet customer demand for environmentally adapted and healthy products better than the competition. Moreover, ICA can operate more cost-effectively by reducing its consumption of energy and materials.

The level of the corporate environmentalism impacts on the implementation policies and affects the greening strategies (Charter and Polonsky, 1999). This will be analyzed in the next part.

### 3 Implementation of Green Marketing Activities and Green Marketing Mix in ICA Group AB

> "A vision without actions is just a dream. Actions without visions is just a pastime. **Visions together with actions can change the world.**"  
> (Joel Barker)

Green marketing Mix 7P and green marketing activities in ICA AB will be analyzed bellow. The implementation of the green marketing activities within ICA AB is going to be explored according to the green marketing theory suggested by Polonsky and Rosenberg (2001; see Figure 25): green marketing activities, such as targeting, design, positioning, pricing, logistics, promotion, alliances will be compared to the tree levels of greening, such as tactical, quasi-strategic and strategic. Later on ICA’s Green Marketing Mix 7P will be analyzed as well.
3.1 Green Targeting

Targeting green consumers and satisfying their needs by adding value with green-labelling, is a source of competitive advantage (Polonsky and Rosenberg, 2001). Companies contemplating a green strategy must consider how competitors are pursuing these potential target segments. Are key competitors already playing in the green consumer space? Is it necessary to match their approach? Is there an opportunity to "outgreen" key competitors.

It would be wrong if we would say that ICA targets only green consumers as long as it provides with various food products that are not ecological at all. Thus the fact that ICA has launched its own brand I love Eco that is extremely orientated to the green customers, it means that ICA treats its eco-clients as a very important segment which, according to the statistics, has a great tendency to grow.

ICA’s targeting is based on the Quasi-strategic Greening strategy because the company develops the green brand in addition to its other assortments. Targeting based on Strategic Greening would be only then if the company would launch separate store unit dedicated just
for ecological products. For example it could be called as ECO ICA, or similar. By the way, American retailer Wal-Mart has launched an ecological prototype with the name ECO-Mart. At the same time, Eco-Mart was constructed using environmentally friendly building materials and started to use less energy than conventional stores (Ginsberg and Bloom, 2004).

### 3.2 Green Design

Green design can be adequate to the Green Marketing Mix’s (7P) Processes and Procedures. As long as ICA’s products life cycle is focused on minimization of eco-harm, the green design strategy can be called as *Quasi-strategic Greening*. However, it can not be called Strategic Greening because the company has not invented any special innovative green products or innovative green systems within the service procedures. ICA is an active client of ecological food producers, green products suppliers (e.g., energy efficient refrigerators, eco-certified paper products, eco-farmers) and green systems suppliers (such as renewable energy suppliers, eco-certified cleaning companies and so on). About Green Design or Service Lifecycle will be discusses later on in more detailed manner.

### 3.3 Green Positioning

To understand where a brand or company really stands on the two dimensions of green market size and the ability to differentiate on the basis of greenness requires careful research (Ginsberg and Bloom, 2004). As a good starting point for trying to understand the size of the green market segment, managers should gather data from customer records or surveys to determine whether a significant portion of a brand's current customers fall within the True Blue Green, Greenback Green or Sprout segments (Ginsberg and Bloom, 2004).

Apart from cost advantage, environmental product *positioning* can also lead to products differentiation and gains in market share (Pujari et al., 2003). As it is stated by Peattie (2001), a company may have various positions in the market. For example, for the market leaders’, such as Xerox’s, light green strategy can be as an additional effort in order to maintain the leading position in the market and to attract new green consumers (Peattie, 2001). Another group of companies - market challengers - which fight hard in order to become market leaders, may use the green strategies in a challenging way probably leading to the market leader position (Peattie, 2001). An example of such company can be Varta using the green strategies with the purpose to become the leader in British battery market. Market followers is the group of smaller firms that generally are more interested in keeping already existing market share rather in becoming the leaders. Such companies usually use green strategies in a low tactical level and advertise openly that they are "also participate in the sustainable development" (Peattie, 2001). For example, a beverage producer Isklaer advertises that it also uses recycled material and bottles production into the packages that are used from less plastic. The fourth group of companies belong to market niche (Peattie, 2001) and suitable examples for such sort of company would be British Ecover producing environmentally friendly laundry detergent or Swedish Saltå Kvarn. This type of companies produce only organic products.

Efficient implementation of environmental friendly service program Svanen and successful sells on I love ECO, gives an opportunity for the company to position itself high on the top of
the Swedish market and that is why they can be called as market leaders as long as the market challenger Coop’s Änglamark will not force to change this position. According to ICA’s Annual Report 2009, in 2009 the retailer has almost 60% of the Swedish market share within the eco-food sales. These marvelous green numbers and the fact that the company is engaged into the social and ethical long-term policies and encourages its stakeholders to behave in a similar was as well, demonstrates that the company implements Strategic Greening in Positioning.

**Different positioning internationally**
In Sweden, ICA is a well-established player in a mature green-market. In Norway, on the other hand, ICA is implementing a turnaround in the company, while in the Baltic countries the Group have been operating in an expansive market (Sara Hjelm, ICA Public Relations Secretary). As a result, the practical aspects of green activities differs as well.

### 3.4 Green Pricing

Anna Hedström (ICA Public Relations Specialist) says: "Because of the efficiency of inner procedures that are related to eco-services, the company is able to reduce the prices of the whole assortment". That is why the end consumer can win by purchasing for less and by being able to save money. Based on this data, it can be stated that ICA performs Tactical-greening strategy within its pricing strategy. ICA can not implement Strategic Greening in pricing because it can not rent its core product – food, as it the food products are aimed to be consumed and be eaten. So, the natural origin of the food retail service becomes as a barrier. Cost savings, as a result of greening, can be sometimes criticised as green-harvesting, which means that company has not any ethical aims, just financial interested in gaining more earnings.

**Reasonable green pricing**
As it is stated by Kotler (2005), traditionally marketing has focused on the classical marketing mix P:s - product, price, place and promotion (Kaman, 2008). However during the last decade a marketing approach focusing on creating customer value has attracted interest addition P - people, physical environment, processes & procedures (Kaman, 2008). Earlier in the purchasing process low price often was a very important factor, determining to buy or not to buy. Nowadays, the quality, process, people plays more an more important role in consumers behaviour (Prakash, 2002). However it should be said that even if the environmental issues are a concern, still the price is one of the most important determines for many people (Kaman, 2008). ICA I love Eco products are approximately 10-20% more expensive then non ecological products, but green-consumers are ready to pay this little difference I return to better quality, better taste, ethical behaviour and other reason. Anders Svensson (ICA Marketing Specialist) states: "We set up reasonable price for high quality ecological products".

According to the marketing research, done by ICA Group in 2009, customers have already realised that it is worth to pay little more and to get better quality and the added-value. ICA’s clients have accepted that the interaction between quality and price of ecological products is quite reasonable (Anders Svensson, ICA Marketing Specialist).
3.5 Logistics Greening

ICA’s logistics processes are really oriented to the Quasi-strategic Greening because the company is actively involved in the constant development of the whole logistics system in respect to minimizing harm on environmental (Anna Hedström, Public Relations Specialist, ICA Group AB). The greening of the entire supply chain system, (transportation, storage areas, waste management) plays an important role among ICA’s long-term priority plans. If the company would reuse the waste into some other raw-resources, then it could be asserted that it performs Strategic Greening within the area of logistics activities.

3.6 Green Promotion & Providing of Green Information

Based on the fact that consumers buy products and services primarily to fulfill individual needs and wants, companies should continue to highlight the direct benefits of their products by using proper promotion and communication tools and both – pull strategy for the existing green clients and push strategy for the potential green consumers (Ginsberg and Bloom, 2004).

As it refers to Poduska et al. (1992), communication of environmental activities to customers, and company efforts to educate consumers about environmental issues are some important activities for effective implementation of environmental strategy (Ginsberg and Bloom, 2004). Customer satisfaction is based on the fact that customers receive value from the products supplied.

A lot of companies have been trying to promote the green image but not all have been able to guarantee that their green image is based on honesty and trust (Davis, 1994). Some consumers do not trust ‘green’ policies because of the previous cases where companies cheated and were not quite fair to their customers while providing ‘green’ services or selling ‘green’ products (Grundey and Zaharia, 2008). So one of the main issues within corporate environmentalism, it is the attempting to win the trust and confidence of customers, and that is why a company’s ability to implement a proper green promotion and the endeavor to provide with green information plays an vital role.

ICA performs the Strategic Greening within the promotion activities because within its inside-shop promotion and within data provide in magazines, brochures and other promotional material, the corporation seeks actively to demonstrate its I love Eco brand and to inform society about its Svanen-labeled shops. Besides, several times per year the company organizes few social and ecological events or even support other eco-complaints, as ‘The Earth Hour’, support environmental fund, sponsors environmental events, as planning the trees and expanding forests (ICA Sustainable Development Report 2009).

Eco-label should be visible for the customers

It is significant not only perform green policies and to become eco-labelled, but also to inform about them to the society, as that is the part of the successful green promotion (Grundey and Zaharia, 2008). ICA was the first store in Sweden that started with labelling "Svanen". ICA was the first one that introduce the eco-labelled washing detergent and other washing devices...
that has the name as ICA Skona. The own brand ICA I love is KRAV certified as the safe and reliable ecological food that was produced with the highest requirement to the environmental care and protection. All eco-labelling are openly and visibly communicated on ICA products or at ICA stores itself.

Customer education
A lot of authors recommend that green strategies should include consumer education (Feldman and Staehler, 1996). Such a strategy allows a company to build on consumers' interest in "green" and develop a positive corporate image which is focused on their natural strengths (Feldman and Staehler, 1996). Ottman (1996) notes that in order to maintain credibility with "green" consumers, while at the same time addressing their pessimism, companies must not only educate on environmental benefits, but also deliver green goods, talk up the direct tangible benefits of products and services, and create alliances with other companies which are recognized for their environmental efforts and concern (Feldman and Staehler, 1996).

Customer education is a part of successful green promotion (Grundey and Zaharia, 2008). To expand the usage of environmentally harmless, safe and sparing products, it is needed to establish consumer eco-education and eco-information programs on the state-basis, this way bettering consumer’s competency and the ecological culture in the society (Ruzevicius, 2005). Only ecologically competent consumer will become a competent and demanding buyer, and will make business representatives work purposefully. ICA has created its own climate on the Internet: http://qstream-down.qbrick.com/01961/vaxthus/. With the support of this web-side customers are educated how not to waste food, how to save it, how to keep food in right temperature, how to reuse leftovers. This educational project has a special name: "Eat is smart" (ICA Annual Rapport 2009).

Campaign "Five per day". Because fruits and vegetables are good for the health, so ICA co-operates with Cancer Foundation and organise the campaign "Five per day". ICA’s idea is that people should eat more fruits and vegetables in order that the discharge of carbon dioxide (CO2) would be reduced as much as possible (ICA Sustainable Development Report 2009). As a business company, theoretically, ICA should be more interested in selling more and earning more. However, as the projects "Eat is smart" and "Five per day" illustrate, ICA is actively engaged in customer education and provides useful information on how to save food, how to keep food properly so it would not get old too soon. That seems as a deep long-term orientated engagement into the environmental care.

ICA believe that it should be easy to do shopping, to rinse food products, to store food products and to cook food according to the environmental friendly way (ICA Annual Rapport 2009). That is why ICA contributes to all its clients with the monthly magazine "Buffe" where a lot of useful information is used to be provided to ICA’s customers wishing to live by environmental friendly way.

3. 7 Green Alliances

Ottman and Terry (1998) suggest "a good way to overcome green-skepticism is to act in new ways, and especially to form alliances with trusted third parties such as environmental groups, regulators and retailers..." (Feldman and Staehler, 1996). This strategy of building green alliances, while appearing a simple, inexpensive, and harmless way to develop a positive
"green" corporate image, clearly has possible negative repercussions which extend far beyond the loss of a few "green" consumers (Feldman and Staehler, 1996).

According to Crane (1998), the company that create green alliances with the social institutions (governmental and non-governmental organisations, such as like WWF or FCS) has more chances to succeed in the green marketing while enhancing customer trust and increasing their long-term loyalty in respect to the green-consumption. Within the green alliances perspective, ICA develops the Quasi-strategic Greening, because the company has created long-term collaboration with World Wide Foundation (WWF), Marine Stewardship Council for Sustainable Fishing (MSC), and other environmental groups. It can be affirmed, that the Strategic Greening would be only then if a representative non-governmental environmental groups would join ICA’s Board of Directors.

3.8 Green Marketing Mix 7P and Greening of Service Life-Cycle

As addition to the analysis of ICA green marketing activities, further the discussion about ICA Green Marketing Mix 7P or the greening of ICA service life-cycle will be provided and only those parts (greening the products and greening procedure) that were not analyzed above, will be considered.

3.8.1 Greening the Product/Service

According to Peattie (1995) there exists two main types of tendencies in green strategies:

- greening companies’ product or / and
- greening company’s systems and processes

In ICA’s business activities both – the green products and the green service – are included (Magdalena Sekkenes, Environment & Social Responsibility Manager, ICA Group AB).

Companies, producing material products, try to come up innovations, that are more environmental friendly then the previous goods or then competitors’ products (Ginsberg and Bloom, 2004). Within the food retail sector, it is quite complicated to come up to with innovative ideas, and the best what companies can do, that is to supply with ecological food products.

In 2009, ICA with its alliance institutions analyzed 100 private label food products to better understand their climate impact and how it can be reduced. The aim was to use the study as a platform for further discussions on climate work in the industry (ICA Sustainable Development Report 2009). The results have significantly improved the understanding of the climate change (ICA Sustainable Development Report 2009):

- A diet based more on vegetables has less impact than one based on meats
- In the food chain, primary production (agriculture and fishing) has the biggest impact on pollution
- In terms of individual products, beef has the biggest negative impact on environment
- Swedish greenhouse vegetables and fruits can be both the best and worst from a climate perspective, depending on the type of energy used in the greenhouse
- Ecological products are less harmful to the environmental as any pesticides are used during the process

**Packaging of products**

Experts recommend to involve the introduction of new products or changes in existing products and the redesign or development of packaging (Feldman and Staehler, 1996). Wheeler (1992) notes, "Recyclable packaging will no longer sell, consumers are demanding simpler and less wasteful packaging (Feldman and Staehler, 1996).

Green packaging material promotes sustainability and facilitates materials handling (McDaniel et al., 1993). Good packaging should break down or be reusable when the product has been consumed (McDaniel et al., 1993). ICA is working actively with our private labels to develop efficient packaging solutions. For ICA’s organic produce selection, for example, the company uses packaging that contains renewable materials, is biodegradable and meets the EU’s composting requirements (ICA Sustainable Development Report 2009). For customers who do not use our trendy cloth bags, the firm has developed plastic bags that contains more renewable materials and produces less CO2 emissions when incinerated (ICA Sustainable Development Report 2009).

**Eco-Labelling as an implementation tool of green strategies**

A vital key element of green marketing strategy is *credibility*. Having a good reputation to begin with can go a long way in helping to ease customer *skepticism* (Ginsberg and Bloom, 2004). Companies with *socially responsible corporate values* will appear more credible to target audiences, but it is critical that they also back up environmental claims (Ginsberg and Bloom, 2004). Customers are still worried about the "green-washing" (that is false or misleading environmental claims) that was prevalent in the 1980s and early 1990s (Ginsberg and Bloom, 2004). Now new standards and certifications allow customers to identify green products easily. The use of *eco-labels* can help assure customers that the products they are purchasing are in fact green (Ginsberg and Bloom, 2004).

Eco-measures are divided into obligatory and voluntary (Ruzevicius, 2003). Eco-labelling is becoming more and more important factor of gaining public recognition and a it functions perfectly as a powerful marketing tool (Krūopis, 2003). Eco-management systems, as ISO 14001 and EMAS, and products’ eco-labelling are ascribable to voluntary and can be treated as green marketing tools (Ruzevicius, 2003). Quality and environment control are matters of primary interest as the groups of interest (customers, creditors, shareholders, society etc.) are concerned about (Winn and Angell, 2000). Their increasing requirements forced to innovate eco-labelling and environmental management systems even in companies which are not directly linked with manufacturing (real estate companies, educational, public offices, banks, retailers, and etc.) (Winn and Angell, 2000).

According to the primary empirical data, it can be stated that ICA is working actively to expand its range of sustainable alternatives. Well-known labels such as MSC, FSC, Fairtrade, Svenskt Sigill, KRAV (Debio in Norway, Ekoagros and Ecological farming in Lithuania, Mahemärk in Estonia, Latvia’s Eco-product and Growing Green in Latvia) and EU Organic *(from July 1, 2010 EU Organic will be replaced by a new label, the Euro Leaf)* help customers to identify products that are produced responsibly (Sara Hjelm, Public Relations Secretary). The growing popularity of organic and local foods is clearly evident among private labels, such as ICA I Love Eco (see Figure 26), ICA Gott Liv and ICA Skona, all of which include high-quality products that offer value for money and are environmentally
friendly (Sara Hjelm, Public Relations Specialist, ICA). In the Baltic market, KRAV certified food products have been also launched. The problem with that, is the "fact that the Baltic consumer are not familiar with KRAV label and they need more addition information about it, what takes time" (Jovita Bagdonait÷, Public Relations Specialist, RIMI Lithuania).

In 2008 the ICA I love Eco (see Figure 26) assortment was launched in Sweden Norway and the Baltic and the efforts to expand the range of climate and environmentally friendly products and add more regional and local alternatives are ongoing. ICA’s devotion in increasing the assortment of own I love Eco brand can be realised as a natural company’s reactive green strategy in relation to the increasing customers’ consumption of ecological products, having local organic origin.

ICA I love Eco has several objectives (ICA Annual Report, 2009):

- to inspire customers by informing customers what the products contain, who are the producers, how to recycle packages
- to highlight the benefits of organic alternatives
- to offer good prices for good food products
- to gain competitive advantage in differentiation among other food retailers

The fact that the company has been selling the ecological food products can be reverted to the idea that the company has been providing the green service with the help of tangible good-food products. As it is stated by Vargo (2008), the tangible goods are the instrument that support service providers in creating the service and in adding value to the final users. So, ICA creates green service by selling green goods and creates value to the green customers by satisfying their needs for such kind of products.

Figure 26. ICA assortment of ecological food “I love eco” (Source: www.ica.se).

Energy-saving campaign. In 2009 ICA ran a campaign in Sweden to offer regular customers better prices on energy-saving light bulbs. When customers use the energy-saving bulbs sold during the year instead of conventional incandescent bulbs, carbon dioxide emissions will be reduced by an estimated 18,300 tons (Sara Hjelm, Public Relations Secretary, ICA Group AB).

ICA as Swan-labelled (Svanen) grocery store

Service companies used to get eco-labelling for the entire firm, and that ensures that inner procedures, systems and processes are implemented according to the respect of environmental friendliness (Zwan and Bhamra, 2003). As it is ascertained by Peattie and Crane (2005), a lot of companies have been trying to promote the green image but not all have been able to guarantee that their green image in based on honesty and trust. One of the most challenging
purposes, it is to try to win the trust and confidence of customers. The shortest way to do, its it get eco-labels, organise the external audit and, simply, to act in such way that was communicated and openly promised to the society (Peattie and Crane, 2005).

In Sweden more and more ICA stores are being certified with the eco-label the Nordic Swan (Svanen; see Figure 27). During the years, the number of Swan-labeled ICA stores in Sweden increased, mainly in the Supermarket format, from 117 to 168 (ICA Annual Report 2009). The environmental requirements of the Nordic Swan eco-label provide guidance to individual stores as to how they can contribute to the development towards an ecologically sustainable society consumables (Per Sandell, Product Manager, Svanen in Sweden). The Swan label not only covers environmental issues but also quality requirements, since the environment and quality often go hand in hand. This means that a Swan licence can also be seen as a mark of quality (Per Sandell, Product Manager, Svanen in Sweden).

Per Sandell (Product Manager, Svanen in Sweden, 2010) notifies that the Swan-labelled food store, as well as ICA stores, must comply with environmental requirements within a number of different areas including:

- product range (the product assortment should include ecological products)
- decreased energy consumption
- environmental friendly packaging
- environmental friendly distribution
- refrigeration and freezer equipment with minimal energy use
- environmental friendly waste management
- environmental friendly transport
- communication and information available to customers (customer has right to be openly and honestly informed about the eco-labelling and other green policies within the company systems and company’s products)

The Svanen company recommends that eco-certified store would inform its customers about its Svanen-labelling by communicating it directly in the store in the visible place or communicating about it on the promotional attributes, as magazines, brochures, checks or at companies web-pages (Per Sandell, Svanen, 2010). It is vital to mention that during my direct observation of green marketing communication strategy at one of ICA store (ICA Kvartum Välsvik in Karlstad, Sweden) I have noticed that the store applied to all the recommendations mentioned above. Svanen-label was openly communicated to the visitors at the most visible places of the store - the entrance door, the exit door, beside the cash-offices with the kind message "Thank you that you do shopping at Svanen-certified store". All store’s brochures (on the front page), magazine "Buffe" (on the front page), and even Internet web-page (on the front page) clearly communicated about the fact the sore is proudly certified with Svanen-label, which is very known between the Scandinavian consumers (according to Per Sandell, 77 % of Swedes consider that the Nordic Ecolabel makes a brand extremely reliable safe and inform about the service quality as well).
3.8.2 Greening the Procedures / Processes

The latest green marketing mix suggests treating *procedure and processes* as important as other traditional parts - products, prices, place and promotion (Zwan and Bhamra, 2003). The importance of inside processes are emphasized even by the theory of the service marketing and management where the service quality is the core concept (Vargo and Lusch, 2004).

ICA strives to help its customers to conserve the environment by offering an expanding range of *eco-labeled, organic and locally* produced products in the stores. At the same time ICA also endeavors to reduce its own and all suppliers’ environmental impact at every level of the *eco-cycle* (ICA Sustainable Development Report 2009). So, ICA’s inside processes and procedures are highly orientated to the greening system and even the entire product/service life-cycle (including the supply chain) is orientated to the greening policies at higher level as possible (ICA Sustainable Development Report 2009).

**Internal project "I Care about Eco-cycle"**

In 2009 ICA decided on a major internal project called "I Care", to ensure that they live up to the market’s requirements, and their own initiatives (ICA Sustainable Development Report 2009). Over a three-year period, ICA’s experts are going to review all markets and every aspect of the product flow - from purchasing and logistics to stores - to verify that the company is meeting all relevant and decided standards, as well as its own policies (ICA Sustainable Development Report 2009). This internal project "I Care" can be called as greening the design of ICA service supply chain or greening the total product / service cycle (ICA Sustainable Development Report 2009; see Figure 28):
- Raw material and assortment/products
- Suppliers and producers/plants
- Transportation and business trips
- Warehouses and stores
- Offices
- Waste management

"Energy consumption is a priority within our environmental policy", says Anna Hedström (Public Relations Specialist, ICA Group AB). However sometimes that might appear as green-harvesting or eco-efficiency, which means that a company strives to save more money just in order to gain higher earning, not because of the altruist and the ethical concern. Anyway, at the end of this process, it will appear two winners: (1) the final customer wins by paying less, and (2) the company gains by getting more return on investments and creating competitive advantage through reducing prices and attracting more clients.

![Diagram of ICA service life-cycle](ICA Group AB, www.ica.se)

Figure 28. The greening of ICA service life-cycle: Råvara (Raw Material), Fabrik (Production), Lager & Kontor (Warehouse & Office), Transport (Transportation), Butik (Store), Kund (Customer), Avfall (Waste); Source: ICA Group AB, www.ica.se.

According to the suggestions of Loverlock and Wirtz (2004) - "customer needs is the centre of service process", I would recommend to ICA to improve the existing schema (See figure 28) and within the new logic to point the customer as the core-motive of the entire system of Product/Service Life-Cycle (see Figure 29).
Life-Cycle Analyses
With the support of the Life-Cycle Analyses, companies can evaluate every product’s ecological impact within each production stage (Pujari et al., 2003). ICA co-operates with SIK (Swedish Institute in Food Production and in Biotechnology) in order to deepen the knowledge about how the food products can affect climate and environment. In 2009 ICA and SIK calculated what environmental impact cause 100 items of ICA own food products, both ecological and non-ecological. During 2010 the company has an ego to calculate the impact on environment caused by every product originated from ICA’s own assortment – ICA I love Eco, ICA Gott Liv, and ICA Skona. After the results, ICA started active collaboration with supplier and other partners with the purpose that the products would cause minimal harm to the environmental – starting with the farming stage and ending with the waste management stage (ICA Sustainable Development Report 2009). Besides, the company seeks to find the alternative methods while collaborating with the supplier for the best solution. So, this dedicated efforts assists to allocate alternative methods while cutting production costs ad while finding more environmentally friendly procedures (ICA Sustainable Development Report 2009).

3.8.2.1 Greening Raw Material and Suppliers

"Taste the local products"
Interest in eating local is prevalent among customers in every country where the Group operates. Norwegians prefer Norwegian meat and Estonians want products labeled with a barn, which guarantees that the ingredients mainly come from Estonia. Latvia uses a label with a green spoon, guaranteeing that at least 75 percent of the ingredients are local. So, this strategy shows, that ICA uses a successful adaptation strategy while adapting to particular culture’s features and the needs of local customers (ICA Sustainable Development Report 2009). Locally produced food products have a very important place in ICA’s assortment. The
company arranges the project "Taste the local products" in all countries where it has got own stores: Sweden, Lithuania, Latvia, Estonia, and Norway. That is the motivation and stimulation to the clients to choose the local production because that will impact on less harm to the environment (ICA Sustainable Development Report 2009).

Adapting its purchases to local offerings is an important part of this work. ICA’s overall philosophy with regard to produce is to buy it as close to its stores as possible and to buy in the season. When Swedish carrots are in season, for example, ICA buys as much as it can for its Swedish stores. But it also has to make sure that the stores get their deliveries. When the supply of Swedish carrots runs out, ICA turns to the next possible sourcing area where they are in season (ICA Sustainable Development Report 2009).

The initiative is designed to make it easier for the country’s local food producers and individual ICA stores to come into contact with each other, including through a web-based marketplace Torget. Both parties benefit by working together; the supplier reaches a wider audience, while ICA can increase its range of local, seasonal products. ICA was also active in the development of a quality standard for small-scale food production in Sweden (ICA Sustainable Development Report 2009).

Ecological food as a priority
More about ecological food products was discussed before, so now we will mention only the main concerns. ICA’s biggest priority is to increase the assortment of ecological food by the support of own ICA I love Eco products and ecological items of other producers that must have special eco-labelling (ICA Sustainable Development Report 2009).

Co-operation with various organizations – building green alliances

Local meat products. In Sweden ICA collaborates with the Federation of Swedish Farmers (LRF, Lantbrukarnas Riksförbundand), and the main purpose of this cooperation is that by the year 2012 75 percent of all the meat sold in Swedish ICA stores should come from Swedish producers by 2012 (ICA Sustainable Development Report 2009).

Sustainable fish products. In 2008 ICA was the first Swedish retailer that started KRVA-certified fresh and frozen fish products: salmon and cod. At the same time, the company was the first retailer that supported MSC (Marine Stewardship Council), an international NGO, that works in order that sustainable fishing would be developed with the respect to protection of global maritime ecosystems. This fruitful collaboration has led to the fact that ICA has started sales of eco-certified wild fish (ICA Sustainable Development Report 2009).

Wood from the fairly cultivated forests. ICA seeks to sale such wood and paper products that are originated from the producers who cultivate forest with the sustainable responsibility. If the wood products are originated from the tropical are, then the company insists that is would include the FCS (Forest Stewardship Council) Certification which means that raw material is produced by the way that is sustainable and has the long-period orientation in replacing the lost forests (ICA Sustainable Development Report 2009).
Animal welfare
As part of its collaboration with WWF, ICA launched its own free range meats in Swedish stores. Meat and unmixed meat products purchased by ICA shall be supplied by breeders and slaughterhouses with an animal welfare program that meets the requirements imposed by ICA with regard to animal care, supervision and a healthy environment for the animals. ICA’s animal welfare policy can be summarized as follows (ICA Sustainable Development Report 2009):

- Animals shall be treated well and spared unnecessary suffering and disease
- Animals shall be provided with sufficient supervision
- Animals shall be kept and cared for in a healthy environment that promotes their health and allows them to behave in a natural way

Natural pasturage for cows
From the end of 1990 the company started collaboration with World Wide Fund for nature (WWF) and participated in various projects based on the environmental protection. ICA stimulated that the farmers in Sweden would begin with the natural pasturage for cows with 32000 hectare area. From 2008 ICA has started its own natural pasturage for cows. The damage to environmental is decreased because the cows eat natural food without preservatives and other synthetic additives (ICA Sustainable Development Report 2009).

"Local suppliers = less transportation = greener business.
Responsible supplier bring more value to all business supply chain".
(Kenneth Bengtsson, ICA’s President and CEO)

High expectation and high requirement from suppliers
To be approved, all ICA’s suppliers must live up to ICA’s stringent demands on quality, product safety and responsibility. This means that they have to work actively with environmental issues based on clearly stated goals that are followed up continuously. Further, every factory or production location must be certified according to international standards. In addition to maintaining an open dialogue with suppliers, ICA regularly conducts inspections to ensure that responsibilities are met throughout the production process, and naturally the Group places the same high demands on our suppliers’ subcontractors (ICA Sustainable Development Report 2009).

This should be done by suppliers
ICA requires that all direct suppliers and suppliers’ suppliers (subsuppliers) would collaborate actively within the environmental issues (ICA Sustainable Development Report 2009). That means that ICA requires that all members of the supply chain would have clear long-term environmental policy an obvious long-term aims in relation to environmental care and protection. For example, ICA’s suppliers are encouraged to use packages with less material (less paper, less plastic) or packages from recyclable material (ICA Sustainable Development Report 2009).
Projects for suppliers
Since spring 2009, as a result of the climate analyses, ICA has been involved in a project with five selected suppliers of ICA I love Eco products to reduce the climate impact of their products and evaluate possible future requirements. Moreover, the project has facilitated a valuable transfer of experience between suppliers and with ICA and KRAV. As of 2010, all suppliers use green electricity in their production and all of them have or will conduct an energy analysis and set goals to reduce energy consumption. These companies have become increasingly aware of environmental issues, including climate change, which is leading to a steady flow of new ideas for improvements (ICA Sustainable Development Report 2009).

3.8.2.2 Greening Transport Sector

Demands on drivers and freight forwarders
Although ICA receives shipments mainly by rail or sea, the firm is dependent on trucks to and from stores. During several years, ICA has required its truckers to receive eco-driver training. By using the latest engine technology in the vehicles and alternative fuels, emissions as well as climate impact from transports decrease even more. ICA requires freight forwarders to report this. All drivers that work for ICA and drive ICA’s trucks are educated in special courses in energy saving driving and have certificates (ICA Sustainable Development Report 2009).

Any unnecessary miles
To further improve transport efficiency by more fully loading trucks and having fewer drive empty-handed, ICA in Sweden is trying to take over its suppliers’ shipments to warehouses. To optimize logistics flows, ICA fills its trucks as much as possible and plan routes with as few stops as possible. (ICA Sustainable Development Report 2009).

Flexiwagon
ICA participates in the Flexiwagon rail project to move transports on road to train by loading trucks onto railcars. Specially designed railcars have been built and are now being tested. If plans hold, they will be in service in 2010 (ICA Sustainable Development Report 2009).

Boat and train
While transporting goods, boats and trains are prioritised more than tracks. From 2008 ICA has been developing the project for finding alternative transportation by trains. The company try to find the way which will help to deliver trucks by trains (ICA Sustainable Development Report 2009).

Logistic system
The company has a purpose that all trucks would be as full as possible, that they would choose the shortest route and that they would have a continuous network with suppliers and with the stores. In the result, the total amount of driven miles shall be minimised and the amount of the fuel shall reduce as well. For this purpose, well educated logistics experts manage to improve logistics routes. Transportation companies are expected to use the same delivering packages in order that the amount of recyclable material would be decreased and in order to avoid addition production that would cause in additional harm and pollution of the environment (ICA Sustainable Development Report 2009).
Attitude to business trips
ICA considers that business trips have an impact on climate. That is why company’s management has a special plan where the amount of trips are minimise and replace by alternative communication tools. If trips are really necessary, then a better solutions by train has a priority. However there are business trips, where airlines are the only way to travel. In order to compensate the damage to the environment, the company has been participating in various national and international projects related to the environmental care. For example, in 2009 ICA donated to the wind power project in the northern China (ICA Sustainable Development Report 2009).

Environmental and traffic safety
Safe driving can not only prevent from the accidents on the road, but also can reduce wasting of foods, other goods and that leads to decreasing impact on the natural resources and environment. From 2009, all vehicles that drive for ICA Sweden must be equipped with alcohol locks. An audit, conducted in the summer 2009, showed that nearly half of the freight forwarders did not have alcohol locks on their trucks, as required. They are scheduling times to install locks as needed (ICA Sustainable Development Report 2009).

Climate-Neutral Goods Transport
ICA Sweden has been a member since 2009 of KNEG (Climate-Neutral Goods Transport) - an alliance working to reduce the climate impact of goods and transports (ICA Sustainable Development Report 2009).

Fossil-free in Stockholm
ICA is taking part in a project to test fossil-free distribution in Stockholm. In 2009, three vehicles were prepared for testing in early 2010 (ICA Sustainable Development Report 2009).

Alternative fuel
In Sweden, ICA requires that alternative fuel is blended with diesel, that trucks use tires with low rolling resistance, that there is no unnecessary wind resistance on the vehicle and that drivers practice eco-driving techniques, in order to reduce fuel consumption and environmental impacts. Using the latest engine technology in trucks and alternative fuels further reduces emissions and climate impact (ICA Sustainable Development Report 2009).

Beverages by rail
The large part of beverage transports in Sweden are shipped by rail. During the year, ICA Sweden worked closely with state-owned Jernhusen, which is building a terminal beside ICA in Västerås. The idea is to incorporate ways for ICA to use rail shipments into the design (ICA Sustainable Development Report 2009).

Future strategies
ICA Sweden took part during the year in the Transport 2030 project overseen by the Royal Swedish Academy of Engineering Science to create strategic guidelines for transport work (ICA Sustainable Development Report 2009).
3.8.2.3 Greening Warehouses and Offices

Environmental certification
Environmental certification is very important tool in green marketing (Chavan, 2005). All ICA’s storage areas in all operating countries and a lot of offices in Sweden are certified according to the international environmental standard ISO 14001. That includes that responsible employees work continuously the procedures leading to the minimisation of the harm to the environment. In Sweden, the firms exclusively uses green electricity and is in the process of reevaluating refrigeration, freezer and ventilation systems to reduce energy consumption (Anna Hedström (Public Relations Specialist, ICA Group AB).

Focus on energy efficiency
All Swedish, Norwegian, and the Baltic warehouses use only the environmentally friendly electricity form the eco-certified suppliers. Freezing and cooling systems, ventilation system, doors, windows and other objects are use to be controlled continuously with the purpose to reduce the total energy usage. In this case, there exist few winners (ICA Sustainable Development Report 2009):

- Less harm to the environment
- Saving money and reducing total costs
- Customers receive more environmentally friendly service and experience added value to the services they use
- Clients can buy good for the lower prices as a result of ICA’s inner abilities to save total costs and maybe later to cut the prices of the products
- Better image

ICA’s warehouse in Kallhäll (Sweden) replaced the antifreeze it uses in 2009, thanks to which energy consumption declined. Other warehouses in Sweden are working actively to reduce unnecessary energy losses. The warehouse in Borlänge replaced all seals in areas where trucks load and unload goods. Self-closing doors were installed in the recycling station at the warehouse in Västerås to reduce energy losses.

Waste management
More then 98% of waste (paper, hard paper packages, soft plastics, hard plastic, metal, glass) in all operation countries are used to be properly sorted out and later recycled. When Lithuania, Latvia and Estonia did not belong to EU, then it was more complicated to recycle all waste, but from 2004 less and less barriers have been appearing in this sector (ICA Sustainable Development Report 2009).

3.8.2.4 Greening Stores

Eco-certified stores
According to Sauza (2004), eco-labelling is a voluntary greening policy and it has emerged as the main marketing tool, since green marketing was introduced in the 1990s. Eco-labelling are becoming more and more important factors of gaining public recognition and a powerful marketing tool, influencing customers and manufacturers as well (Sauza, 2004). Eco-labelling has become the main tool to verify to the clients and other stakeholders about the ecological
features of products and product’s ecological quality is often associated to eco-labels (Sauza, 2004). The number of environmental certified ICA stores is rapidly growing. Today all ICA Maxi Hypermarkets and ICA Kvantum stores have the Nordic Swan label, and interest among other stores remains high. The number and the share of Swan-labeled ICA stores in Sweden was 382 (28%) in 2009, 326 (24%) in 2008, and 269 (20%) in 2007. The company is engaged that all ICA stores would be Svanen-certified in Sweden and in Norway. Reducing energy consumption and achieving eco-efficiency is a priority for all ICA stores. During 2010-2012 the stores in the Baltic States are going to get certification according to ISO 22000 (ICA Sustainable Development Report 2009). In more detailed manner about ICA stores’ eco-labelling was discussed before – greening the product/service (ICA Sustainable Development Report 2009).

**Waste management**

All stores in all five countries sort out their waste with the recycling purpose. For example, transportation plastics usually become a raw material for shopping bags. Besides this, ICA suggests to its customers long-lasting bags that can be used a lot of times. In 2009 ICA Group started to sell plastic bags that consist of 30% material that reduce climate pollution during the burning procedure. The biggest store in all countries have set up recycling stations and invite their customers to recycle metal cans, plastic bottles, and batteries (ICA Sustainable Development Report 2009).

**Energy-efficient stores**

ICA Sweden launched an energy-savings project during the years in order to reduce consumption in stores. The first step was to install a system to measure consumption in various parts of the store on an hourly basis. Measurements and analysis are needed to gain knowledge and inspire employees to reduce their consumption. Several stores are also receiving help from an energy consultant to conduct a total energy audit and devise an action plan for improvements. The goal in 2010 is to reduce energy use in stores by 10 percent compared with 2007, but for many stores the potential is much greater (ICA Sustainable Development Report 2009). The great thing about energy efficiency measures is that they benefit both the environment and the store’s bottom line.

**WWF’s Earth Hour**

During the year, ICA participated in WWF’s Earth Hour campaign, a global action to highlight climate change, by reducing lighting in a number of warehouses, offices and stores. ICA also encouraged its customers to turn off their lights for one hour for the sake of the environment (ICA Sustainable Development Report 2009).

**Developed control systems**

In Norwegian stores, ICA uses the CoolICA system, which monitors energy consumption and temperatures; 406 stores have now installed in the system. In the Baltic countries, an Automatic Monitoring System (AMS) is used to monitor temperatures in refrigerators and freezers (ICA Sustainable Development Report 2009).

**Lids and doors on refrigerators and freezers**

ICA is working continuously to place lids on freezers, doors on refrigerated cases or air curtains on refrigerators and freezers. The project was expanded in Sweden in 2009. In Norway, refrigerator and freezer cases have been equipped with lids and doors in connection with the renovation of Rimi stores. Refrigerators and freezers are also being upgraded in the
Baltic countries in connection with the rebranding of the Supermarket store profile (ICA Sustainable Development Report 2009).

**Transition to renewable electricity**
ICA offers all Swedish ICA retailers renewable electricity for their stores. In May, ICA’s CEO challenged Swedish retailers to switch to renewable electricity in order to more quickly achieve the Group’s climate goal. Since the challenge was issued, a slight increase in renewable electricity has been noted. The Maxi format has made the conceptual decision that all of its stores will use renewable electricity. Two thirds of the stores have it already, and the remaining third will switch as soon as their contracts allow. In some cases where a store is part of a large shopping center, it can take a little longer to achieve, since the property owner must be involved (ICA Sustainable Development Report 2009).

**Replace lighting**
ICA is continuously replacing older lighting in stores with more modern, efficient alternatives that consume less energy. The savings can reach as high as 50 percent, which can reduce energy consumption for an entire store by around 10-15 percent. The project, under way in both Sweden and Norway, received an environment award in September. This in turn has led to greater publicity, which is evident by the increased number of stores that are interested in similar measures (ICA Sustainable Development Report 2009).

**Throw out less**
During the year, many new ideas were offered to reduce shrinkage and the amount of edible food thrown out by stores. Examples include ICA stores that offer prepared lunches with short expiration dates and sell less-than-perfect produce to a reduced price (ICA Sustainable Development Report 2009).

**Transition to natural cooling agents**
In 2009 ICA had around 20 stores using 100 percent natural cooling agents, and that number is growing. In other stores using synthetic cooling agents that emit greenhouse gases, ICA has been working for years to minimize the levels in their refrigeration systems. This mainly involves larger stores that use other types of antifreeze such as glycol, which is circulated in the system to reduce the amount of cooling agents. ICA has greatly decreased those amounts in its refrigerators and freezers. Glycol is used as an antifreeze in refrigeration systems in all store profiles except Nära, while carbon dioxide is used for freezers at Kvantum and Maxi (ICA Sustainable Development Report 2009).

**Solar power on roof**
To achieve its climate-change objectives, ICA is working actively on several projects involving renewable energy. One of the projects is installed on the roof of the Maxi ICA Hypermarket Erikslund in Västerås, where 300 m2 solar panels have been mounted. They generate an estimated 25–50 MWh per year, enough to meet the electricity needs of 30 homes for a whole year. Though the panels do not meet all the store’s energy needs, they do offset a share. ICA’s real estate management unit is responsible for the project. "We have access to a 1,000,000 m2 roof, and this is one way to test alternative energy. The Maxi ICA has become one of Sweden’s largest test sites for rooftop solar panels," says Bo Liffner, managing director of the real estate unit, ICA Fastigheter. Solar panels have a useful life of about 25 years, are basically maintenance-free and do not produce any disruptive noise or emissions. The project will be evaluated at the end of 2010 (ICA Sustainable Development Report 2009).
Turn off lights
In ICAs warehouse in Umeå, Sweden, sectional lighting fixtures were installed in 2008. This means that lights can be turned off in any part of the facility that is not being used. ICA expects the Umeå unit to reduce its energy consumption by 146,000 kWh annually (ICA Sustainable Development Report 2009).

Eco-friendly shopping bags
Together with the design trio Dagmar, ICA Sweden created an eco-friendly cloth shopping bag made of organic, Fairtrade cotton in 2009. SEK ten per bag is donated to WWF’s work on climate change (ICA Sustainable Development Report 2009). In Estonia, Latvia and Lithuania, Rimi stores stopped offering plastic bags and instead started offering bags containing 33 percent recycled material (Jovita Bagdonaitė, Public Relations Manager, ICA Rimi Baltic). Cotton and paper bags are available for sale within all stores of ICA Group (Sara Hjelm, Public Relations Secretary, ICA Group AB).

3.8.2.5 Greening Waste and Recycling Sector

Attitude to packages
ICA’s ambition is that packages shall protect the products from damage, but at the same time they should be produced with minimal amount of material and should be effective during transportation period. ICA follows special EU regulations for ecological food products. ICA’s ecological food products are packaged in packages that are made from recycled materials and can be biologically decomposed. ICA also informs its customers that the packages of ecological products are environmentally friendly. From 1998 all products from ICA own assortment have an open and clear information about how a package should be sorted in order that a proper recycling could be fulfilled later on (ICA Sustainable Development Report 2009).

Recycle more
All of ICA’s warehouses in Sweden sort wastes for reuse or recycling. In 2009 ICA’s warehouses recycle 98 percent of all their wastes, and all our stores sort waste at the source. ICA also collects waste (batteries, metal cans, plastic bottles) from customers and offers tips how they can sort correctly (ICA Sustainable Development Report 2009).

Education of employees
All employees are educated how to sort our waste properly in order minimise the harm to the environment. So, the green strategies affect the polices of ICA’s Human and Resources Department (ICA Sustainable Development Report 2009).

3.8.3 Green People / Green Employees

According to Magdalena Sekkenes (Environment & Social Responsibility Manager, ICA Group AB), a concern for green strategies is reflected in the day-to-day operations of the ICA Group, and it is ICA’s responsibility to provide the opportunity to every employee to do a good and greener job. Company’s aim is therefore that every employee will receive web-based training in ICA’s Good Business philosophy based on green culture values. To further increase awareness internally, a firm provides its personnel with eco-cycle training as part of ICA’s environmental work (Magdalena Sekkenes). In addition, ICA is working actively to
ensure that those who drive on the job receive training in eco-driving techniques (Magdalena Sekkenes).

4 Green Policies in International Arena of ICA business

**Different positioning in the markets.** ICA Sweden is the leader in a mature market. In Norway, on the other hand, it is an upstart working hard to turn around a negative long-term trend. In Estonia, Latvia and Lithuania, Rimi Baltic operates in a potentially expansive market that is very shaky and uncertain at this point. This translates into different conditions when Corporate Social Responsibility (CSR) work is put into practice (ICA Sustainable Development Report 2009).

**Different microenvironment.** Macroenvironment can cause barriers for implementing the general corporate polices (Czinkota and Ronkainen, 2007). That is why, due to the natural hinders, the Group’s stores operating in different countries, may perform different green approaches. For example, not fully developed recycling industry (technical environment) in the Baltic States, is a natural hindrance for the smooth waste management policy.

Companies operating in the international arena, in order to achieve business successes, should adopt its products/services according to the needs and priorities of the local market and the local social/cultural environment (Czinkota and Ronkainen, 2007). Different issues can trigger different responses depending on local priorities. For example, In Sweden, greenhouse gas emissions are a hot topic, whereas Baltic customers are more interested in littering and unnecessary packaging, and Norwegians feel strongly about their healthy eating habits. "That is why ICA’s marketers should adapt their policies to the local needs" (Kenneth Bengtsson, ICA’s President and CEO). This illustrates that ICA uses reactive green marketing strategy and adapts its green marketing strategies in relation to the needs of the local consumers. So, this says that the company uses the adaptation strategy in stead of standardisation strategy in the international market.

If we talk about consumer behaviour, then it can be stated that the Baltic customers still have a great deal in common, including their attention to price and interest in local products. In the Baltic market interest in the environment and organic alternatives is also rising, thus it is not so high as in the Swedish and Norwegian markets (ICA Annual Report 2009).

All ICA’s green policies are governed by the same basic principles and policies regardless of country. In general, the Swedish operations have come the furthest with their green activities. Many ideas and methods initiated in Sweden are transferred to the Norwegian and Baltic markets. Although the foundation for this work is the same, there are variations between countries and national characteristics play and important role here (ICA Sustainable Development Report 2009):

- **Sweden.** Swedish customers are generally concerned about the environment and other social issues and therefore are likely to seek out Fairtrade, organic and healthy alternatives.
- **Norway.** Finding healthy alternatives is important to Norwegian consumers.
- **Estonia.** Among the Baltic countries, Estonia has been the least hurt by the financial crisis and recession. Buying habits have changed however, with a shift toward discounted prices over ecological alternatives.
Latvia. Latvia’s deep recession is affecting all businesses in the country. In food stores, customers are seeking out the least expensive alternatives. That is why the consumption of ecological food that is little more expensive than other kinds of food, have reduced more than 60% during 2009.

Lithuania. In Lithuania, customers have seen their lives turned upside down by the economic crisis. Their shopping habits are steered primarily by their wallets. So, the same as in Latvia consumption of ecological food have reduced by 50% during 2009.

5 Consequences of Green Marketing Strategies in ICA Group AB

According to Charter and Polonsky (1999), companies that successfully implement green marketing strategies, face the following positive consequences:

- Enhanced company’s competitive advantage via financial performance
- Enhanced company’s competitive advantage via differentiation and added-value
- Strategic co-operative alliances with foundations, non-governmental institutions, academic institutes
- Enhanced company image and public reputation
- Higher return on investments
- Increased R&D investment
- Greener B2B supply chain

ICA Group case proves us that the company has been experiencing all these favourable outcomes. Based on that, it can be asserted that ICA’s top managers have chosen the right long-term green strategy which has been implemented at the highest corporate level and constantly is going to be improved in the long-run perspective.

As a consequence of successful green policies in combination to TQM, in the long-run outlook ICA gains the competitive advantage in the market with the ability to perform the following activities:

- Differentiate itself as a green company
- Reduce total costs that result in decreeing prices of general assortment
- Add value to the service users by labelling company with eco-label
- Create value to clients by selling the ecological products which satisfy the increasing need of the segment of green consumer
- Enhance company reputation and image as the social responsible business actor in the local and in the international arena
- Green B2B supply chain

Below a short discussion about these consequences follows.
5.1 Greening Business-to-Business Supply Chain

ICA - a service provider and a customer of other companies
ICA, as a service provider, that sells the service to its clients with the help of other tangible goods, has a possibility ‘to green’ its business by the support of other ecological products or environmental friendly services. ICA, as a customer of other companies producing tangible products (e.g. food products, trucks for transport) and not tangible services (e.g., logistics, energy supply), has an ability to become a ‘greener customer’ and to choose, for example refrigerators that are eco-efficient, can buy electricity from supplier that sell the most environmentally friendly alternatives (see Figure 30).

Figure 30. Business-to-business supply chain (own made).

As a service company does not produce any material tangible good, it can only use tangible products in order to produce services (Vargo et al., 2008). So, the service company’s decisions to use greener tangible products, such as vehicles that use less fuel, solar energy batteries, refrigerator consuming less electricity, energy from sustainable energy supplier, or buying food products from ecological farms, is already a serious step towards a greener service. That is important to mention that the whole supply chain also can become green, not only a green service company (see Figure 30).

According to the data provided at ICA Annual Report, the company has long-term strategies and long-period orientated collaboration with its suppliers. As long as the Group has high green oriented requirements for suppliers’ environmental policies, it means that the entire supply chain becomes more green (voluntary or pushed). This means that ICA plays an important role while greening other companies strategies at the local and at the international arena (stores in the Baltic States and Norway, suppliers in those and other contact countries). As long as the legal system and regulations allows the same standards, it is not that complicates for the Swedish company - ICA Group AB - to expand its business in other countries and apply the same green policies there.

Within the B2B chain the value creation chain, ICA plays an important role by attracting already existing green supplier while using pull strategy, and can force non-green supplier to become green while using push-strategy (see Figure 31). So, ICA as a green-business actor
impacts on greening of the whole business chain and motivates more and companies (direct supplier and subcontractors) to become green. That of course, results in less harm to the environment, both nationally and internationally.

![Figure 31. ICA uses pull and push strategy for its suppliers (own made).](image)

### 5.2 Competitive Advantage trough Value Creation and Added Value

Stephen Vargo and Robert Lusch (2004) state that service provider and customer exchange skills and knowledge in order to experience the value. For example, a store selling ecological food products use its competencies, research skill, network in order to provide a valuable green product to a customer who knows why and how to use it by adapting his/her knowledge, previous experience, mental skills and information gathered. So, the service supplier – the food retailer, and service user – the green consumer, both exchange their knowledge in order to achieve the value. Green-customers and other green-stakeholders act as value co-creators in the green business process. Value co-creation together with customers creates bigger opportunity to the companies to gain competitive advantage in long-period (Vargo and Lusch (2004).

The voluntary green activities positively influence the public image of a company and enhance its value (Kruopis, 2003). According to Polonsky and Rosenberger (2001), a trend of green process and its holistic mindset considers the possibilities to create value to consumers. As long as customers are motivated to gain the value the need and seek for, the company’s ability to create that value insures not only loyal customers, but also attract new customers. As long as more and more customers consider ecological product as a product having added-value and environmental friendly service as a service having added value, the potential market is increasing as well.

It means that ICA’s efforts in implementing green polices, also creates value to consumers who are the core aim of each market player. I would suggest to ICA’s marketers to accomplish a research about subject.
5.3 Competitive Advantage through Financial Attainments

Zwan and Bhamra (2003) state that when we talk about green services, then usually the speech is going about eco-efficient services, and the most vital aims of eco-efficient services are:

- to increase the added value to the company itself and to company’s clients
- to decrease material and energetic component of the Product-Service Mix
- and increase ROI

Company’s interest in reducing the amount of material and energy are usually related to the business interest to become more efficient and to save more money, which would cause higher ROI. This process is called eco-efficiency. The biggest issue it is to prevent that process would not be called the hunter after eco-harvesting. As it was stated in the theoretical background, the eco-effectiveness sometimes is understood as the ability to save more and to earn more, and has nothing to do with the ethical value of the company.

Thus decreasing total cost can serve not only to the company itself, but also to its customers, because clients can purchase good on lower prices then at the competitor’s store. Financial attainments become the way to create competitive advantage, and in a result of that to attract more customers and to gain bigger market share.

5.4 Competitive Advantage through Differentiation and Enhanced Image

Corporate image is critical in attracting stakeholders (Feldman and Staehler, 1996). A strong corporate track record on activities such as environmental: protection and community relations are growing in importance as factors in the overall corporate image (Feldman and Staehler, 1996).

Consumers, shareholders and society - all stand to benefit when a company integrates environmental friendliness into its marketing strategy (Zwan and Bhamra, 2003). If properly implemented, green marketing can help to increase the emotional connection between consumers and brands. Being branded a green company can generate a more positive public image, which can, in turn, enhance sales and increase stock prices (Pujari et al., 2003). A green image may also lead consumers to have increased affinity for a company or a specific product, causing brand loyalty to grow (Handson et. al., 2004).

Enhanced social image help a company to attract more clients and to gain bigger market share as company image can directly impact on clients’ behavior (Pujari et al., 2003). ICA has made several research about society’s attitude to the company image regarding its green policies, and the results have been very positive (ICA Sustainable Development Report 2009). The latest research in Sweden (in 2009 July; PS: the authors of this thesis also participated in this research) submits with the following data: almost 70% of respondents pointed out that ICA
has the best solution for the ecological food assortment (having in concern I Love Eco) and almost 75% respondents have stated that they are well familiar with ICA’s Svanen eco-labeling and consider it as an important strategy proving company’s environmental friendliness.

### III Further Discussion on Implementation of Green Strategies in ICA Group AB

Peattie and Crane (2005) say that a proactive green marketing strategy focuses on the following aspects:

- customers’ needs
- needs of other stakeholders
- benefits for future generations
- continuous integration of innovative solutions

According to these features presented above, I can assert that ICA implants the focus on customers needs, society needs and priorities. However that is not enough for the statement that a company implement proactive green marketing strategy. Proactive green marketing strategies are most effective when they are related to innovations (Sharma, 2000). And ICA’s green strategy lacks the integration of innovative solution in green performance because almost all ICA’s techniques and green tools are quite generally used by other companies and are widely familiar to other market players. The key to long-period competitive advantage for ICA’s green strategies, would be the ability to introduce and successfully integrate innovative solutions within the products and the systems.

Reactive green marketing strategy can be related to eco-effectiveness (Chen, 2008). As Chen (2008) noted, “Eco-effectiveness aims beyond merely reducing negative environmental impact by ending ecological degradation. Seeking an ultimate solution for ecological problems, eco-effectiveness oftentimes requires a shift of mindset and transformation of business models, business processes and business systems” (Chen, 2008). As it concerns ICA, it can be stated that ICA uses semi-proactive green marketing strategy, requiring less risks and investments and adapting to the increasing green consumption and intensifying social concern in green business processes, which guides to eco-effectiveness within the entire service-cycle.

According to the Growth Vector Model (Ansoff, 1984), ICA’s strategic direction belongs to the "Diversification stage" (see Figure 33; Prakash, 2002), because the company continuously has been introducing new eco-products into the market and the new green-customers have been appearing frequently as well. ICA’s chief for environmental care and social responsibility, informs that during 2008 the consumption of ecological food products has increase upto 50% more then it was during 2007 and in 2009 the consumption of ICA’s ecological food assortment was rising also – 15% more then during 2008 (lower numbers in 2009 are due to the financial crisis).
According to the Ginsberg Meredith and Bloom Paul (2004), there exist four types of green strategies for both the production companies and service companies: Lean Green, Defensive Green, Shaded Green, Extreme Green. According to Ginsberg and Bloom (2004), holistic philosophies and holistic values shape Extreme Green companies. Environmental issues are fully integrated into the business and product life-cycle process of these firms. Based on this, it can be considered that ICA has been performing the strategy of Extreme Green Strategy (see Figure 34) because the company is shaped by the holistic philosophies and green-values, environmental issues are fully integrated into the business and product/service life-cycle process, and Total Quality Environmental Management (TQEM) is focused on the reduction of harm to the environment. Besides, it is vital to mention that Extreme Green Strategy applies to the whole Marketing Mix with 7P: green product/service, green pricing, green place, green promotion, green provided information, green policies green processes (Ginsberg and Bloom, 2004; see Figure 35), and that is exactly what has been performed in the top business strategy of ICA.

### Figure 34. The green marketing strategy matrix (Ginsberg and Bloom, 2004).

<table>
<thead>
<tr>
<th></th>
<th>Product</th>
<th>Price</th>
<th>Place</th>
<th>Promotion</th>
<th>Policies</th>
<th>Provided info</th>
<th>Processes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lean</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Defensive</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shaded</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Extreme</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>
Gathering information about how competitors are performing on greenness is also necessary (Ginsberg and Bloom, 2004). A critical eye must also be focused on the company's own green processes and its upper management commitment to greenness. If a marketer feels that it is possible to truly differentiate a brand in a way that will be honest, credible and long-lasting, a shaded green or extreme green strategy will be viable (Ginsberg and Bloom, 2004). But if competitors are really better and are capable of maintaining this edge - or if the cost of becoming greener than competitors does not seem worth the effort, given the prospects for additional revenue - then a lean green or defensive green strategy will make more sense (Ginsberg and Bloom, 2004). ICA’s own brand I love ECO is an extreme green strategy that differentiate the company from other food retailers having ecological assortment. According to ICA’s consumer research (2009, July), ICA’s eco-brand I love ECO is the most popular in the Swedish market. The company has a purpose to promote it more actively in other countries: the Baltic States and Norway.

As it is stated by Bergman and Klefsjö (2003), the process of TQM is based on four core actions - Study (Analyse), Act (Organise), Plan, Do (Implement) (SAPD; see Figure 36) - helping a company continuously improve its activities while focusing on customer needs and satisfaction. Bo Bergman and Bengt Klefsjö (2003) indicate: "The central quality aspect and business success aspect is a continuos focus on the customer needs and ability to adapt to the changing needs". Our case company ICA AB is acting according to this theory:

- focuses on the needs and interests of its existing green-clients and potential green-clients
- improves continuously SAPD cycle based on the green-consumer needs and green-policies

This means that ICA’s TQM is actively orientated to green issue, and that, according to Polonsky and Rosenberger (2001), insures business success in the long-period perspective.

According to Feldman and Staehler (1996), very few companies follow the theoretical advises within their green policies, and that is why it causes problems or/and very minimal benefits. However the case of ICA Group illustrates that most of the companies green polices apply to the theories and recommendations within the green marketing area. That can be a key to ICA’s success in developing its green strategies and that they are positively accepted by the consumers. As it was analysed before, ICA AB performs strategic greening activities, and the
companies, accomplishing such level of greenness, have got the following characteristics (Menon and Menon, 1997):

- Long-run planning in relation to green strategies
- Green aspects are involved into company’s culture
- Organisational structure is created in such style that green strategies go together with other important strategies, and they supplement each other
- Continuous mutual dialog with stakeholders in relation to green issues
- Green alliances

All these aspects perfectly fits to the green profile of ICA.

**IV Final Conclusions and Practical Suggestions**

Implementing a philosophy of sustainability in the practice of marketing would require businesses to become more sensitive to the efficient use of all resources over a longer period. Marketers should be encouraged to assess the cost of new laws and regulations, the cost of endless litigation, and the potential loss of competitive position(s) as integral and critical components of an ecological approach, which is broadly discussed and substantiated in this paper.

Modern companies act in the complicated and dynamic business environment, and they should not focus only on one particular strategy believing that it will cause the long-term competitive advantage. A successful service company should use green marketing strategies as a *compliment* to other policies while seeking long-term competitive advantage. The sophisticated and dynamical microenvironment and macroenvironmental motivate companies to implement the entire package of holistic strategies consisting with the optimal combination of various strategies in the following sectors:

- Green marketing & management
- Total quality marketing and management
- Corporate social responsibility management
- Customer relationship management

I do believe that the long-term competitive advantage can be gained only then if the company is capable effectively and *holistically* to combine all these crucial areas within its business *daily routines, short-term oriented activities and long-term oriented strategies*.

Development of customer loyalty programs, enhancing customer trust and confidence in business activities, contributing with service quality and product quality in relation to company’s green strategies are the key purposes while getting competitive advantage in the log-run perspective both in the local and in the international arenas.

Despite of the problems related the green marketing (critics on green-washing, green-harvesting and others), companies should dare develop green procedures and green products because people become more and more interested in consuming green products and green services as they supply with added value. Innovations within green strategies should be enhanced as they have a potential ability to add more value to the green product/ green service.
I would say that a successful business on the 21st century should not be focused only on green strategies, but it should develop the HOLISTIC business. So, it can be stated that nowadays we have a new term for research area and new implementation area for business people while searching for the optimal formula for HOLISTIC STRATEGIES.

The qualitative case study about ICA Group AB demonstrates us that the company’s green efforts applies to the theoretical advises of experts and it is very close to the green marketing conceptual model: the external and internal reasons for green strategies, the level of greenness and its impact on green marketing activities, on green marketing mix and on implementation of green strategies, as well as the positive results that are caused by company environmentalism (see Figure 37).

ICA green polices are motivated by the core motive - green consumers and the top management’s concern in greening the corporate culture. Then the third level of corporate greening affects greening of the entire marketing mix - product, pricing, promotion, people, processes, provided information. The greening of marketing mix of ICA affects the implementation tools, such as a) eco-labelling of stores with the Northern-Swan label, eco-certifying warehouses with ISO 14000 or even launching the own brand I love Eco which is certified with the eco-labelling, such as KRAV, Organic Farming and b) greening the entire Service Life-Cycle: Raw materials, Production, Logistics, Transportation, Warehousing, Stores, Offices. As a result of these implementation tools, ICA bases the positive results: eco-efficiency, reduction of total costs, ability to suggest lower prices to the customers, enhanced image, greening the entire B2B chain, value creation to the company, clients, other stakeholders. ICA Group AB performs the Extreme Green strategy (all 7P are greened) and semi-proactive (clean proactive strategy requires innovations) green marketing strategy with the focus on diversification stage (new users, new uses). In the international arena the company faces some barriers caused by the microenvironment and that is why can not implement all corporate greening plans. For example, a) technical environmental in the Baltic States acts as a barrier which does not allow to implement waste management programmes at the highest level as it is planed by the top management or b) national cultural features of consumers in the Baltic and Norway motivate ICA to fulfil the adaptation strategies, in stead of standardisation strategies: local producers are more welcomed, local eco-labels are better accepted.

So far, the company has a greet potential chance to gain the long-period competitive advantage while focusing on green strategies in combination to the Total Quality Marketing and Management. I would suggest to the company to start with green innovation within its services and products or to start up green prototype - ICA ECO - while targeting only existing green-consumers and potential green-consumers. I would suggest to the company to improve the green communication strategy while informing better and wider about all the greening procedures they fulfil in the back-stage that is not visible to the consumer and other stakeholders. The sustainable green-communication strategy could be organised via web-page (in the manner of two ways communication between company and clients), directly in the shops, on the magazines, published directly on the receipt or organised during the promotion or sponsoring events. At the same time, in the future it would be useful to perform the research on how green company image affect the society opinion and the consumer behaviour.
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APPENDIX 1

Conceptual framework of corporate environmentalism
by Subhabrata Bobby Banerjee (1999)
APPENDIX 2

Questionnaire about the Green Marketing Strategies to ICA Group AB

Dear ICA’s professionals,

I am a student in Master Program in Marketing and Management at Karlstad Business School by Karlstad University in Sweden. Personally, I am very interested in green issues and at the moment I am writing my master thesis about green marketing strategies.

As a satisfied ICA’s customer, I have decided to take a case study about ICA and in my thesis I would like to discuss the company’s efforts in green marketing strategies. Please, read the questions below and you can answer only to those questions that you have competence in. Please, send back your answers to me by e-post until the 10th of April 2010 (latest).

Thank You very much for Your kind co-operation!

1 Why does ICA implement green strategies? You can choose few alternatives:
   • to satisfy legal requirements
   • to satisfy customer needs
   • to save money in efficiency
   • to increase image publicly
   • to react to competitors’ actions
   • to become ‘green company’ - a part of the whole culture of the company
   • and other reasons (please, specify)..........................................................................................................

2 Do you have ‘green plans’ for the future, for example what results in ICA’s environmental friendliness shall be achieved by 2012, 2015 or 2020 and so on. If, yes, why do you do it? Why is it important? What projects exactly? Please write about them.

3 Do you plan to increase I love Eco assortment? Why? And how exactly?

4 Are the same green strategies adjusted in ICA’s stores in Lithuanian, Latvia, Estonia and Norway? Are they different? If they are different, can you say why?

6 Why did you choose to get Svanen eco-labelling in Swedish stores? Do stores in Lithuanian, Latvia, Estonia and Norway have the same or other kind eco-labelling? If international stores do not you have, specify, what are the barriers for that?

7 Do products of ‘I love Eco’ line come from the local producers? Why?

8 Do ‘I love Eco’ have certification in KRAV and other eco-labelling? Why is it important?

9 Did the company calculated what part of all ICA’s income comes form ecological products? How big is that part in 2007-2009?

10 How does the company promote its green actions?

11 Do company sponsor some environmentally friendly events? If, yes, why?

12 How does the company educate its customers in green issues?

13 How does the company communicate its green strategies to society?

14 Did they company make any research about ICA’s image and reputation after the introduction of I love Eco and Svanen certification? If, yes, what the results?

15 Did they company make any research about customer’s satisfaction after the introduction of I love Eco and Svanen certification?

16 Has ICA certification in ISO 14000? Why and what areas does it involve?

17 Do ICA’s experts in environmental care belong to the Board of Directors?

18 Do ICA’s employees get continuous education in green subjects, like recycling, energy saving and so on? What courses?

19 Are the top corporate strategies adopted to the green strategies? Do they go together in combination to each other? Why?

20 Are green issues a part of companies culture? How does it look? Could you show some examples?

21 Are the packages of ‘I love Eco’ made from the environmentally friendly material? Can it be recycled? Is it clearly communicated?

22 Are the material and equipment in the stores made from the environmentally friendly material? For example building material, stores’ furniture and so on?

23 Does ICA plan in the future to have a separate net of the shops adopted just for ecological products? For example, ECO-ICA?

24 Does ICA plan to introduce some innovations in green strategies? If yes, what innovations?
25 What does ICA do in order to shorten the supply chain? Why do they do it?

26 What do you do in order to reduce the marketing waste, like brochures, magazines, that consume a lot of paper and other material?

28 Do you actively promote ICA’s green actions? Or maybe some green actions stay just inside and they are not know for the wide society?

29 Do you educate and inform customers about the meeting of Svanen label and the meaning of KRAV label? How do you perform it?

30 Are green issues involved into all corporate solutions and are they involved into activities all departments? Please, specify how.

31 Are the green issues a part of ICA’s vision and business mission? Why?

32 What green? Product or procedures, systems or both
   - Green products
   - Green procedures
     - Transportation
     - Energy
     - Other (specify) .................................................................

33 eco-efficiency and added value to both – service company and user

34 Green marketing as part of CSR in ICA

35 What position ICA has in the Swedish market for green food product?

36 Green marketing mix

37 Corporate, business or functional…strategy

38 What are the results

39 Long term strategy?

40 Why difference in Sweden and Lithuania. External conditions? What else? Why?

41 Did you mention any positive or negative consequences after the green strategies have been started. What and why?

42 Any innovations planed?

43 What about green pricing?

44 Has ICA made a research about how the customers treat I love Eco assortment? Any differentiation from the competitors, like Coop, Hemköp?

45. Has ICA made a research about if the clients realise ecological products that have added-value? If yes, what are the results?

46 Are Swedish ICA stores eco-labelled? If yes, what eco-labelling program?

47 What about eco-labelling programs in other countries, where ICA has its stores? Do they exits? If, yes, then what? If no, then why and what are the barriers for that?

48 Additional notes about the green marketing strategies in the company.

Note: Other relevant information to ICA’s green strategies will be used from ICA’s Sustainable Report 2009/2008 and ICA’s Annual Report 2009/2008.

Thank You one more time for Your greet co-operation!
APPENDIX 3

Questionnaire to ICA RIMI LITHUANIA

Dear RIMI’s professionals,

I am a student in Master Program in Marketing and Management at Karlstad Business School by Karlstad University in Sweden. Personally, I am very interested in green issues and at the moment I am writing my master thesis about green marketing strategies (case study - food retailer ICA Group AB & ICA RIMI Lithuania).

Please, send your answers to me by e-post: feminabonita@hotmail.com until the 10th of April 2010 (latest).

Thank You very much for Your kind co-operation!

1 What green marketing strategies are implemented at ICA RIMI Lithuania?

2 Why ICA RIMI Lithuania implements green strategies?

3 Are there any eco-labelling programs implemented at ICA RIMI Lithuania? What? What do they mean? If not, why not and when it will be started?

4 What problems appear while implementing the green strategies? In what areas? Why? How and when can they be solved?

Note: Other relevant information to the green policies of ICA RIMI Lithuania will be used from RIMI’s Annual Report 2009/2008.

Thank You one more time for Your greet co-operation!

Kind Regards,
Ilona Solvalier
APPENDIX 4

Questionnaire to SVANEN

Dear SVANEN’s professionals,

I am a student in Master Program in Marketing and Management at Karlstad Business School by Karlstad University in Sweden. Personally, I am very interested in green issues and at the moment I am writing my master thesis about green marketing strategies (case study - food retailer ICA Group AB).

Please, send your answers to me by e-post: feminabonita@hotmail.com until the 10th of April 2010 (latest).

Thank You very much for Your kind co-operation!

1 Specify what does requirements a grocery shop should apply in order to get the Svanen-label?

2 Why is it important for the business company to get Svanen-label? Any advantages?

3 Can stores receive Svanen-label in Lithuania, Latvia, Estonia and Norway?

Note: Other relevant information to Svanen policies will be used from Svanen’s Annual Report 2009.

Thank You one more time for Your greet co-operation!

Med vänliga hälsningar / Kind Regards,
Ilona Solvalier