Building a Responsible Marketing Mix as a Competitiveness Tool:

The case of French Multinational Companies

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Abstract:

To date, building a new responsible marketing is becoming a challenge for marketing managers. Compared to others functions (accounting, finance, human resources or production control) marketing is late concerning this topic. In fact, marketing remains irresponsible because of the large width of its real responsibility. But how can companies manage this problem, not only to reduce the gap but also to develop a new competitiveness?

To answer this purpose, after describing the context, we propose in this paper a study based on French multinational companies.

Firstly, a specific strategic marketing design can be applied. Secondly, thinking on products, distribution channels, communication and pricing policies, allows a first draft of a responsible marketing mix.
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It is not obvious to fit globalisation and sustainable development. Their relationship is complex. In fact these two concepts seem to come into conflict (debate global vs local) and to be dependent (great problems as ecological ones for example require international coherent responses). Nevertheless B. Stigson, President of World Business Council for Sustainable Development (WBCSD)\(^1\) affirms that “behaving as a corporate citizen can help society to accept the changes brought by globalisation”\(^2\). Empirical research has tried to establish a link between social and financial performances but they gave contradictory results (Rowley and Berman, 2000; Roman and al., 1999; Griffin and Mahon, 1997; Preston and O’Bannon, 1997).

Now it is impossible to specify impact of social performances on company’s results\(^3\). In spite of uncertainties and doubts about interest of a company to support sustainable development it does not remain silent. Why? Different reasons can explain multinational company reaction. If its interest for sustainable development is based on a wide experience\(^4\) pressures of macro and micro environments are becoming more important than before. For example consumers have been translated in consum’actors. They use their purchasing power to boycott brands denounced by non-governmental organizations. Transparency of activities became essential concepts in our consumer society. Marketing remains irresponsible because of the great width of its real responsibility. Other functions in companies often assume consequences of marketing decisions.

Thus, pollution of a factory site by a subcontractor is not integrated to calculate costs of the final product and, moreover it is not obvious that such an additional cost is accepted by

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\(^1\) World Business Council for Sustainable Development (WBCSD) is a club created in 1990. Since 2005, most of multinational companies have joined it.
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consumer. If there is a meeting between the social responsibility of companies and marketing decisions, this link needs to be finalized on levels which worry us: in our discipline and within companies.

Our paper tries to bring short replies to the following problem: How French multinational companies can manage their responsible marketing mix in order to create a new competitiveness tool?

To answer this question we’ll develop successively three main points: the context, the study and a rough draft of a responsible marketing mix.

I. THE CONTEXT

Studying sustainable development from a marketing point of view is not easy but it must be taken into account. Marketing is on late compared to other management functions: finance, human resources management or even production control. Academic research dissipates because various aspects should be analysed at the same time. Firstly a great deal of research is carried out on ethics. It focuses on the consumer and tries to understand his purchasing behaviour and to appreciate his reaction to social engagements of companies. Secondly maybe this delay is due to an extreme polysemy. There is a serious problem of vocabulary.

New concepts such as ecological and environmental marketing, philanthropic marketing, social marketing, cause related marketing and public marketing in private sector\(^5\) are progressively popping up.

\(^5\) Concept of « public marketing in private sector was proposed by Laufer R. and Burlaud A. (1980), Management public, Gestion et légitimité, Paris, Dalloz.
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Nevertheless it is very important to underline the specific role of marketing addressing emerging global social responsibilities of MNEs.

Moreover it is not very easy for multinational companies to develop an operational marketing which respects principles of sustainable development. Now States seem to set back and want to give greater place to private initiatives (Capron and Quairel-Lanoizelée, 2004). New partnerships emerge between private and public instances (Lafarge works with World Worldlife Fund to safeguard the habitat of migratory birds in Scotland; Unilever works with United Nations agencies and local schools in rural India to teach kids to wash their hands). MNEs work in close collaboration with United Nations Organization (UNO). For example at the summit of Johannesburg, about 200 MNEs were present and their representative showed with brochures the importance of their sustainable actions. They wanted to negotiate the best conditions for the development of their business. Holdings of companies try to promote sustainable development as Business Social Responsibility (United States), Corporate Social Responsibility (Europe), Business in Community (United Kingdom) for example. Gabriel (2003) defends the idea that marketing can help the company to find legitimacy seriously damaged by scandals and crisis which do not fail to strike it during its living.

Books and articles are sometimes somewhat Manichean: some people try to use ideas of green movement to commercial ends and they are accused of "green washing".

One often observed many gaps between theoretical positions held by firms and their effective actions, for instance in petroleum industry or chemical industry.

Others are self-declared enemies of any type of marketing and they forget to do elementary calculations of eco-efficiency. However it is possible to show that in certain cases disposable products are less biodegradable than durable products. Calculation of consumption and
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pollution water costs to wash durable products compared to disposable products confirms it. Academic research a long time preferred to work on product and on communication rather than on a global strategic vision. If, for example, one is interested in measuring the performance of marketing, it does not take into account external savings induced by more ethical marketing practices. Return on investment, share of market, rate of transformation of contacts into sales are main indexes. Environmental quality of products is not an index really selected, even if it is referred to it.

II. THE STUDY

We’ll present our methodology of research and our main results.

We tried to study marketing mix of French multinational companies. We chose an exploratory study because we have noted a lack of responsible marketing research. More precisely we have not found empirical studies which were interested in the link between French operational marketing multinational companies and sustainable development. Traditionally only one variable (product or communication) of operational marketing is studied and its contribution to sustainable development is observed. We try to compare practices of three French multinational companies.

We choose deliberately differentiated cases named MNE 1, MNE 2 and MNE 3 in order to respect confidentiality. They belong to various industries: foods (MNE 1), building (MNE 2) and great distribution (MNE 3).

Their relationships with their consumers are different and their commitment to sustainable development is specific. One of them is perceived in France as an advanced responsible company because its Director admits that corporate management partially depends on the
management of company’s image. We study all marketing mix variables after manual analysis of various documents. We use internal and external sources of companies. We can discuss marketing application proposed by companies. Today setting up responsible marketing mix is really a problem.

We choose to present main tendencies. In the three cases all marketing mix variables are not considered with the same attention. Generally communication is the most important one even if product is not forgotten. This observation is neither new nor surprising.

- Evolution of positioning.

The relationship between marketing and sustainable development seems require a new definition of positioning. Image of company depends partially on its strategy of communication. Nevertheless we must denounce a real paradox. If companies revisited content of their positioning in order to integrate sustainable development connotation transposition to communication level is problematic. For example we present briefly the case of MNE 1.

In France there are 16% of obese children. MNE 1 understood that obesity is a very important problem of society. Nevertheless MNE 1 would have left this question because a study of JP Morgan bank underlined that “80% of the MNE 1’s products portfolio belong to the category of healthy products” (Laville, 2004). On the contrary it chose to get health to the heart of its positioning. MNE 1 does not completely overcome process of communication. MNE 1 made different mistakes. It has had some difficulties in finding adverts in adequacy with its responsible values. For example, two TV spots have been suppressed following MNE
1’s initiative because complaints have been lodged against it by consumers, consumers’ associations and the medical profession. It seems very surprising that a multinational group chose spots TV so paradoxical. It is obvious that their marketing positioning (based on health) is incompatible with sportsmen who overcome cream dessert or with a child who eats a piece of cake fell in a sandpit because a milky drink which protects him against microbes.

MNE 2 adopted same improvement. Positioning as “Producer of building materials” became positioning as “supplier of solutions”. This last one proposes more complete and more global competencies. Nevertheless we can wonder if a such positioning is not becoming classic. Today several companies (French companies but foreign ones too) pretend bring solutions to theirs customers as Shell or IBM for example. Is this positioning so new? Does satisfaction of customers not depend on solutions that company propose to solve theirs problems?

It can appear surprising at first sight that the sites of distributors abound of information and of publicities highlighting engagement of company in the social field. In fact, it is traditionally reproached of the great groups of distribution their opposite behaviour with that is awaited from a responsible company (Audigier, 2003). They use argument of protection of purchasing power to give a second breath to their programs to develop consumer loyalty.

In other words signs show that with these programs they do it possible households to get good prices. Also MNE 3 does not hesitate to choose a very commercial message "the chart of MNE 3: power to lower prices". Growth of purchasing power gets a new commercial argument. Thus, 82% of fidelity card holders of MNE 3 affirm that this one did not modify their behaviour. Moreover, the French people collect discount cards of all signs located near their residence. They get points in a random way (getting few points on each card) but they preserve their freedom!
- Thinking on products

An action in favour of sustainable development requires wondering about three very important concepts as eco-design, eco efficiency and durable products. It is necessary to present each of them. Eco design allows reducing external costs by avoiding useless packaging and by focusing on a definite and classic shape of product - for instance the shape of a traditional knife. But we got no response on this topic through the three cases. MNE 1, MNE 2 and MNE 3 ignored this concept.

About eco efficiency MNE 2 declares to invest in improved processes reducing pollution and water consumption. We observe that MNE 2 applies the same strategy than several French companies. For example in France an important research on new organic gas has emerged. Sometimes companies imagine new materials and propose vegetal sources. It is very surprising because companies rehabilitate plants which have been criticized few years ago as hemp for example.

Concerning durable products we note few initiatives. At the international show of professionals of real estate business 2006, MNE 2 presented a new generation of skyscrapers named “Hypergreen”. This last one has been designed by the French architect J. Ferrier and created with ecological material. MNE 2 wants to boost building technologies (time and labour are reduced because using prefabricated material) and to propose a daily use which respects environment. This tower produces the biggest volume of energy (70%) that it consumes. Rain water is collected and used after filtration. At the end of their life these
components will be recycled. Durable building is now at the launching stage. But to welcome this concept is not to buy it.

MNE 1 chooses to adapt these products to targets. For example it proposes a yogurt with added vitamins in South Africa. This product called Danimal corresponds to the specific problems of nutrition of this country and today MNE 1 is not envisaging selling it in France. Danimal required new conception of marketing. Its price does not exceed fifteen centimes of euro. In order to establish this price it was necessary to reduce various costs (no advertising, a simple system of distribution). Also small shopkeepers are supplied by trucks of this multinational company.

French great distribution opened its shelf spaces to products stemming from fair trade. This phenomenon is rather recent. In France sales of these products appreciably increased in 2004. The engagement of the great distribution in favour of equitable trade is the most surprising and involves a lot of questions. The latter multiplies actions on this level: communication campaigns, creation of its own brands of products resulting from equitable trade, participation at events in favour of equitable trade.... This adhesion of the great distribution to equitable trade disturbs but we must consider it.

Although consumption of products resulting from equitable trade increases in rich countries, they represent only a negligible part of international exchanges Moreover, in France the focus is put on the question of distribution system of these products. Independent shops such as Craftsmen of the World or Biocoop chose to propose only them. These products are directly competed by distributor brands at lower prices than Alter Eco or Etiquable for example. Some people denounce a sly operation of the great distribution. Another paradox is denounced. It is incredible that French distributors are interested in living conditions of small producers of
South countries whereas French producers denounce an unbearable trade in the long term. Relationships between distributors and manufacturers are becoming more and more difficult. (Colla and Dupuis, 1997; Manzano, 2000; Allain and Chambolle, 2003).

- Exploration of new distribution channels

In South Africa MNE 1 uses a retailing approach which is more and more obsolete in France because of limits are identified. In dangerous or not very accessible districts ladies employed by MNE 1 provide door-to-door selling. MNE 1 pretends that it is a good thing because creating jobs and educating population. Each lady employed by MNE 1 works in her community to develop a relational approach based on proximity. They are trained to do mothers aware of the problem of malnutrition. It is obvious that this method of sale presents advantages in this context of education. This product is new and people do not know it. It is necessary to present them qualities and particularities of it. Nevertheless many criticisms of this method are based on a long term approach. More precisely if relationships are created between saleswomen and buyers problems may occur. More than traditional dangers of door-to-door selling (theft, threats…) risks of country are very important (bribery, pillaging, conditions of women…).

In France MNE 3 explores a new distribution channel in order to help the most underprivileged segments of population. MNE 3 signed a partnership with an association against all sorts of exclusion. Its foundation brings a financial help and rehabilitates new stores and their equipment. Moreover MNE 3 provides more than 60% of products proposed in these stores. These last ones must be qualified of social stores because only specific products are sold (alcoholic drinks are not proposed for example).
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- Communication

Distribution companies recall on their Web sites of corporate communication the same slogans which we can read on posters in the street. MNE 3 proposed a program of communication called “to consume better”.

Very recently social responsibility seems to have taken a new orientation. More precisely, a new axis of communication emerged: to preserve the purchasing power. Is it a responsible engagement or only a policy of communication based on image? Today the border between supports of corporate communication and product communication is fuzzier. The question arises knowing if sustainable development is not becoming in France just a retailing argument. Recently, a new stage has been just crossed. Signs found a new interest to communicate on the purchasing power of consumers.

- Difficult creation of a pricing strategy

Each company promises to adapt prices of its products to the purchasing power of different targets. It is the reason why products are adapted at markets. Products are more or less sophisticated in order to reduce costs (production, advertising…).

This position may generate problem of perception. Nobody forgot French people reaction when Renault has marketed “Logan” in East Europe. Renault reacted and now this same product is proposed in West Europe.

Briefly we can say that conception of sustainable development by marketing function is too restrictive. For example in an internal document MNE 2 defines how functions of direction integrate sustainable development and it summarizes rules of marketing by two main
elements: to know emergent waitings of customers concerning sustainable development, health and security constraints and to promote ecological building. Also marketing function of MNE 2 tries to reconcile a reactive and a proactive logic. French multinational companies seem to be divergent and hesitate to define a responsible marketing mix. Is it necessary to wait remarks and demands of interested parties or to create and to propose a new conception of operational marketing?

Today in France the question is global.

III. A DRAFT OF A RESPONSIBLE MARKETING MIX

This concept induces many interrogations. The idea even seems paradoxical. Indeed practices of marketing are often qualified "anethical". The purpose of it is to cause "favourable behaviours to the achievement of the goals of the organization" (Lendrevie and Lindon, 1997, p. 12). In other words, marketing gets profit oriented intends (Biardeau, 2005). It is allowed that tools of marketing stay on persuasion. And the French legislator had very often protected consumer to avoid bad practices concerning unfair competition. Examples are various. Thus, in France the decree of February 09, 1961 prohibited hard selling. We propose various elements of thinking.

- Relationship marketing requires rebuilding

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The CRM (Customer Relationship Management) ensures a management of client relationship by networking. Each consumer is perfectly identified and targeted through an offer which is presented in an exclusive form but being intended to thousands of users. It is the “individualized mass marketing,” the "one to one". The risk of drift is clear because of emergence of information system the consumer would be completely a prisoner. The customer is more active in building the relationships with the company, he is becoming more powerful. He does not hesitate any more to show his dissatisfaction and sometimes even he boycotts brands or products (Fournier, Dobscha and Mick, 1998). Today, limits of relationship marketing and its traditional tools are denounced (Moller and Halinen, 2000; Marion, 2001). Few empirical studies were interested in effectiveness of programs of development of consumer loyalty (Sharp and Sharp, 1997 and 1999 ; Benavent and ali., 2000 ; Meyer-Waarden, 2002, 2003 and 2004 ; Leenheer and ali., 2003, Mägi, 2003, Meyer-Waarden and Benavent, 2005) but all of them agree on limited effects of them. Sustainable and faithful links with customers don’t systematically increase profitability (Reinartz and Kumar, 2000).

This fear is expressed in strategic plan as in operational plan. The strategy can be built on an artificial differentiation, and leads to very debatable policies of product, of price, of distribution and of communication.

As for the responsible mix in charge, it can be declined according to various axes. We explain that its new approach of marketing is dangerous if multinational company does not harmonize its different functions and its marketing variables.

More generally we discuss tools used between the consumer and the multinational company.
Thus, concerning surveys, it is necessary to rehabilitate more participative approaches, by using more respectful techniques of the consumer. The stress can be put on "focus groups", less aggressive qualitative techniques. It is advisable to work on movements assigning the consumer rather than on segmentations and typologies in the search of average profiles, less and less revealing. A responsible marketing will have to borrow more from Sociology.

The analysis of speech for example, via the generalization of new softwares, must be popularized and applied, as well with consumers as with decision makers. The results can be the subject of an exchange and not only a restrictive exploitation by surveys departments.

As regards the information systems, the tools should not privilege a short-term calculation as sometimes in the current practices of "call-centers" and delocalized tertiary factories, but the management of a relation developed for all the stakeholders. The tools of the CRM are to be revisited and revised, by taking more into account the opinion of consumers. For example, the integration of the Net surfers to debate can prove not only more ethical but also more useful for marketing experts.

- To include this analysis in strategic marketing field.

This way seems forgotten. It is rather easy to explain this lack. The target is very wide: shareholders, employees, industrial suppliers and final consumers. The strategic nature is obvious. But the unique message for everybody and the size of the target both involve a fuzzy action. A basic marketing approach needs to use a specific speech for a specific market segment.

The classic approach of strategic marketing built during these last ten years founded a specific domain. American authors and European academics (Lambin, 1993 ; Trinquecost
1999) found a main difference between strategy and strategic marketing. The goal is « to overlook the hidden part of the marketing iceberg i.e. the strategic choices on which marketing management decision must be based ». That emphasizes the need by the firm to consolidate its strategic marketing in order to base its activities on strategic options.

To sum up the state of the art we could build this following « pyramid ».


Now we can find a lot of marketing advantages perceived by consumers and markets: products reliability, quality of service, industrial design, distribution channels and networks, sales methods, branding, packaging, value pricing. Companies got more and more difficulties to emphasize a specific advantage particularly in the immaterial field of services. Thus marketing actions could not avoid imitation. If the corporate image or products are traditional
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sources we must include new elements and develop a more integrative approach. Responsible marketing mix is one of them.

Firstly we can use a new approach.

- To adopt a non sequential process

For new products it involves marketing of ideas preceding final demand and market assessment. Feed-backs can improve this non sequential process.

The role of the consumer is far from being passive (Blanc, 2003). The steps based on the offer, very often developed in industrial marketing, support a participation of the consumers. Methods of project management with search for privileged actors in the environment are completely transferable with problems of responsible marketing and, this in final consumption. A work on the "Relevant Social Groups" focusing on more experimental than
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interrogative surveys, using a very early communication of the concept, can be found a new responsibility for producers and consumers.

As regards price, it is necessary to specify the concept of equitable price, in an approach of sharing the value between supply and demand. That induces new methods to calculate costs and appreciate performance. Which is, for example, the social value created and how to divide it between actors if a consumer agrees to work with sheltered industries from the sector of the handicap? For example, such large client will allow the development of sheltered industries in doing important orders without integrating that in social responsibility and even in a form of "social added value". But the same industrial group will communicate readily on ecological qualities of the products which it manufactures.

It is also obvious that in wholesaling and retailing, alternative models are possible, for example, with engagements of large distributors with respect to equitable suppliers or in direction of a new more readable traceability for consumers. In fact, many actions were already committed in this direction.

The communication is often the most criticized variable and it is regarded as most opened to criticism. The use in recent postings of messages degrading for women or using images close to a form to pornography which does not have anything "chic" attest some. In the same way the patronage remained for a long time the principal mean to testify social responsibility, a
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study\textsuperscript{7} carried out in 1999 showed that the public judged this type of engagement very insufficient because it was too limited. The companies are seen attacked from all sides on this point and very often, that is justified;

But do they communicate on their responsibility?

To conclude:

We wonder if lessons learned from French MNEs could be generalized to other MNEs in other countries. We think that it is too early to generalize for a lot of reasons. The approach of each company is specific because it develops its own strategy according to its degree of implication in favour of sustainable development. Today companies are searching new management tools of sustainable development. Companies are in a learning logic and there is no experience curve applied to sustainable development. All concepts are not considered.

A responsible marketing mix does not really exist.

Nevertheless our study can participate to a new research axis. We must confirm our orientations. We are preparing a quantitative study. This study will widen our thinking.

Beyond a future concept of responsible mix, it will also be essential that company will insist on the responsible marketing function. We must study and analyse relationships between strategy and structure. More equitable management must be also translated, inside the firm, by different organizations. The emergence of specific cells or even of specialized directions is to be noted, but creation of these services does not always mean their perfect integration in

\textsuperscript{7} Alphandari, B. and A. Dellière (1999), « La consommation citoyenne », Etude européenne Fleishman-Hillard et Ipsos.
flow charts. It is clear that a new research site is opening for managers in charge of marketing inside as outside companies. Now we are going on this way.

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