

## TrainERGY project

### Good practice – Green Marketing

Date:	5-9/03/2018
Place:	Thessaloniki

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# 1 Introduction

## 1.1 Good practice definition

*Good practice is a method or technique that has been generally accepted as superior to any alternatives. It has been proven to work well and produce good results<sup>1</sup>.*

## 1.2 Good practice criteria

The following set of criteria will help you to determine whether a practice is a 'good practice':

- **Effective and successful**  
A good practice has proven its strategic relevance as the most effective way to achieve a specific objective; it has been successfully adopted and has had a positive impact on individuals and/or communities.
- **Environmentally, economically and socially sustainable**  
A good practice meets current needs, in particular the essential ones of the world's poorest, without compromising the ability to address future needs.
- **Technically feasible**  
Technical feasibility is the basis of a good practice. It must be easy to learn and implement.
- **Inherently participatory**  
Participatory approaches are essential, as they support a joint sense of ownership of decisions and actions.
- **Replicable and adaptable**  
A good practice should have the potential for replication and should therefore be adaptable to similar objectives in varying situations.
- **Reducing disaster/crisis risks, if applicable**  
A good practice contributes to disaster/crisis risk reduction for resilience.

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<sup>1</sup> Nash, J. and Ehrenfeld, J., (1997), "Codes of environmental management practice: assessing their potential as a tool for change." Annual Review of Energy and the Environment 22, pp. 487-535; Bretschneider, S., Marc-Aurele, F.J., Jr., and Wu, J. (2005), "Best Practices" Research: A methodological guide for the perplexed, Journal of Public Administration Research and Theory, (15) 2, pp. 307-323.

## 2 Good practice description

*GP has to be related with one of the topics covered during the training (e.g. Green purchasing, Technologies for reducing waste or Green external operations management). If it is possible, you can try to describe the practice that you would recommend to the supply chain analysed using ScENAT tool.*

*You can use different resources e.g. company websites, business reports, scientific papers, ScENAT analysis results and your business experience.*

*Try to answer to all below questions and to not exceed 3000 words.*

### 2.1 Objective

The aim of the document is to present a good practice in green marketing, which might be inspiring for other companies, especially those still not very developed in the sustainable actions. Green marketing is one of the concepts in which sustainability is visible in various areas, in example at the level of marketing mix – traditionally: product, price, place, promotion (Padhy et al., 2015). McDonald's was chosen for the good practice presentation for its multidimensional actions aimed at sustainable results.

### 2.2 Introduction

All the activities presented in a case study can be used by various companies, regardless of their size and scope of operations. The case study presents various different activities to ensure that even partial implementation may deliver improvement in the final results. This is also to prove that green marketing might be applied even for the companies which were positioned as unhealthy fast-foods, perceived as harmful for people and the environment.

The McDonald's is an interesting case for the starting point of their actions. Starting from 2009, about 80% of McDonald's packaging comes from renewable resources. It is visible in a worldwide context, not only in a local one. The Restaurants in Canada use napkins made of renewable resources, saving around \$1.3 million per year. In U.S restaurants 13.000 pounds of used cooking oil is recycled and usage of modern technologies in example special fryers allowed reducing the oil consumption for 40%. (Nastu, 2009). McDonald's plans to use renewable, recyclable or certified materials in all of its packaging till 2025 (Geier, 2018). The company is also active in answering contemporary challenges, such as climate change, sustainable packaging and recycling, conserving forests, eliminating waste, protecting water resources, sustainable transportation etc. All those actions are the basis for implementation of Green Marketing communication, which covers all the brand's contact points.

The company noticed that it is perceived as harmful for the environment and the basis for the thoughts was in-depth marketing research. Reviewed customers claimed that packaging is one of the most

important element to be addressed. The brand defines itself as a responsible leader, focused on the fate of “the planet”. It is reflected in corporate values which stretch “from simplifying ingredients to being nutritionally mindful; from reducing our waste impact to advancing the industry on sustainable and humane sourcing; from being a good employer for millions to giving help to those most in need via Ronald McDonald House Charities.”

The sustainability is present in a lot of areas. First of all, it is noticeable at the corporate website, which is presented at the picture below.



#### A roadmap for sustainability

In 2015, the UN set 17 universal [Sustainable Development Goals](#) (SDGs) to provide a holistic and ambitious roadmap for governments, businesses and civil society to work together in partnership toward making these goals a reality.

The SDGs are important to our stakeholders, including customers and their communities, the farmers and suppliers that produce our food, McDonald's employees and our non-governmental organization (NGO) advisors and partners. In taking our first steps to map our Scale for Good initiatives to the SDGs, we hope that we will help to drive meaningful action that positively impacts this global agenda.



*“We welcome and fully support the SDGs as a roadmap for our Scale for Good journey to ensure we make a positive difference to some of the most pressing social and environmental challenges in the world today. We have a role to play in helping society meet the goals and are committed to drive meaningful change that reaches beyond the McDonald's system in the areas where we can have the biggest impact.”*

**Keith Kenny, Vice President Global Sustainability**

Picture 1 McDonald's corporate website

The elements of green marketing are also visible in the transparency of the company and publication of complex reports, including those with pro-environmental actions (see: <http://corporate.mcdonalds.com/corpmcd/investors-relations/financial-information/annual-reports.html>).

The sustainability is highly visible after rebranding which changed corporate colours from red/yellow to green/yellow (Martin et al., 2011). The restaurants themselves have also changed, making them look more cozy and natural (i.e. with replacing plastics to wood or reorganizing the tables to make them adjusted for greater groups). The restaurants claim to be smart and sustainable for their design. The renewed locations

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are adjusted to sharp limitations of resources consumption and emissions (Smart Restaurant Design, 2018). Their actions are visible at the level of relationship building, which includes customers and business partners. Long-lasting relations are crucial for the second group in terms of sustainable planning and actions optimization. It is visible at McDonald's corporate Twitter account (<https://twitter.com/McDonaldsCorp>). The cooperation is present in marketing communication on Facebook which increases the range of communication and rating (i.e. GRP). The communication also covers the mobile application which presents the examples of actions of McDonald's.

The changes have started in 2009, still, they are a long-lasting process. Rebranding of McDonald's took the company around 2 years in a worldwide context. It is worth noticing that green marketing actions were subsequent to the sustainability philosophy and actions in general.

The good practice to show sustainability in all of the company's marketing activities, in all touch points may be implemented by any company which is pro-environmental.

The major aim of the good practice is to change the perception of the brand thanks to implementation of changes in business (including marketing) strategy.

## 2.3 Actors and Stakeholders

The target of the good practice are all the companies who work in a standard of sustainable operations. Due to the fact that their normal business activities can deliver additional value through efficient and effective usage of marketing communication.

The benefits are linked not only to the stakeholders of the company implementing the actions. There is a great general context behind it. While the relationship between communication and real actions is obvious, the company using green marketing is forced to implement changes in their operations. This is why the benefits are distributed among the whole society benefiting from healthier environment.

There are various groups included in the best practice implementation (Kumar et al., 2016). The first group are internal stakeholders (employees, board etc.) who change their attitude towards the environmental issues in the company. As for the others, there are the customers who understand the sustainability better while seeing the company's actions and benefiting from it. As for the benefits for the stakeholders, the marketing communication itself can barely influence them, but all the elements which are hidden behind it guarantee high-quality relations and safety of contracts. The only two parties that might be involved is the internal environment of the company and the customers, giving detailed feedback on the actions.

## 2.4 Methodological approach

The case study of McDonald's shows that any action that is aimed at rebranding must start with in-depth changes in the business philosophy and actions. After implementing green business model communicating it seems to be the natural consequence of the previous actions. It is impossible to start with marketing and presentation of the values to the customers, while there is nothing behind it.

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In the methodology, it is crucial to define all the touch points, which are all places where customers have contact with a brand. These can be points of sales, website, profiles on social networking sites or trucks delivering the products. What crucial is, the better they are mapped, the easier it is to implement the actions aimed at value delivery. Usually the changes are started with those touch points with which the contact lasts the longest, involving with time those which are subsequent. The element that should be analysed, especially in the context of international brands, it is the cultural and regional influence. Local culture may influence interpretation of colours, words or activities (Laroche et al., 1996). The gender context should also be taken into consideration, still in majority of cases it does not force a company to introduce dramatic changes.

## 2.5 Validation

The practice can be validated with usage of standard marketing indicators, such as: cost per lead; sales revenue; ROMI (return on marketing investment); customer value; organic, mobile and social media traffic; brand recognition and brand recall; brand awareness. There is one more indicator of a successful implementation of the good practice which is brand positioning. Customers asked for first associations with a brand should enumerate those related to sustainability (even if named a little bit differently). All the research should be included in general research process in the company.

## 2.6 Results/outputs

The easiest way to measure performance and to convince the other companies for similar actions is the increase of sales for almost 4% in a year (2016/2017), giving the earnings per share at the level of \$1,70 while compared to \$1,62 forecast. For sure green marketing is not the only element influencing the situation, still it can be one of the factors (Oyedele, 2017). At the same time, it had the best same-store sales growth in six years (Whitten, 2018).

The consequent implementation of the company's green (marketing) strategy may result with sales growth only when it is supported by the other business actions, which was already mentioned above (Philips and Philips, 2010). For that reason it is complementary to the other sustainable innovations in the field of production, transportation, purchasing etc. The companies should consider multiple areas to implement the green marketing communication strategy with a success. The output in that case would be the whole spectre of marketing products, such as the new website, product packaging, CSR actions etc. Even though most of them are intangible, they would be reflected in tangible indicators, mentioned above.

## 2.7 Impact

The implementation of green marketing strategy is a tool for social and business change, especially when the entity which starts the change is a global enterprise or a leader in the field. The impact is measured by the imitators trying to copy similar solutions and actions. The company itself is working in line with the customers' needs, expectations and wants, which makes its position more stable in time. Moreover, due to the fact that sustainability is popular and perceived as crucial in Europe and worldwide, it is beneficiary for the company to follow the ideas that are shared by the Europeans.

The actions of a single company are not highly probable to change the situation worldwide, nevertheless, there are the possibilities to measure the performance success and the final impact. The perception of a company shall be the success for the entity itself. In terms of general change – the more companies are perceived as green by customers; the more clients expect the other companies to be green. The customer pressure guarantees broader social and economic impact.

## 2.8 Success factors

The complexity of actions and great preparations done before marketing communication adjustment are the elements differentiating the described good practice from some other activities. Green marketing is a consequence of the undertaken actions, not a fake picture drawn on a greenwashed factory.

The initial element which is of the utmost importance in terms of a good practice implementation is awareness of the board and employees. High readiness for change eases the process of green marketing strategy introduction. Additionally, relatively stable economic situation is also a beneficial factor. In terms of social circumstances – the New Customers, who are expecting green actions (for various reasons) force the companies to adjust to new reality. Their behaviour makes a healthy pressure not only to communicate being green, but also taking up some pro-environmental actions before.

## 2.9 Constraints

Application of a good practice is challenging in terms of its relationship with all the departments in the company. It is not only about planning and executing marketing communication but switching the whole organization for a greener mode. The second element to be analysed is the structure of the touchpoints in terms of relations with customers and their categorization. In the customer journey, all the elements should convince the client that the company is consistent and reliable, especially when it focuses on sustainable actions.

## 2.10 Lessons learned

It is never only about green marketing. It is a result of the other activities, which are aimed at being more sustainable and environmentally friendly. The touchpoints defined, the marketing tools, execution of the strategy – each element should show that a company is aware of green philosophy and knows what its goals are. For that reason, it is extremely important to follow logical process of sustainability implementation, covering all business actions.

## 2.11 Sustainability

The good practice covers the attitude towards green marketing and its implementation. For that reason, keeping sustainability as a major feature of the company, being the part of the company's vision is obvious necessity. While a company builds its competitive advantage on the sustainability, it cannot resign from that. The element that cannot be forgotten in terms of the practice is the consistency of

implementation. When the vision is clearly defined, the actions follow it intuitively. While the managers and employees understand and follow, the customers will believe a company and the implementation shall be successful.

The costs of implementation of green marketing is hard to be quantified, because it depends on the scale of organization's operations and the amount of the touchpoints used. The good side is that it can be really cheap, if it is well defined. The benefits are easier to be calculated, at the example of the good practice it can be a growth of sales, reaching even 4% per year.

## 2.12 Demonstration

The good practice presented in a case study is a starting point for many companies. They should start with implementing sustainable solutions in their companies, then – define or map all the touchpoints, create marketing strategy covering all of those touchpoints and execute it. There should also the monitoring be applied, especially in terms of the touchpoints and their efficiency. Constant adjustment of business actions, while caring for sustainability shall deliver enough inspirations for green marketing itself.

## 2.13 Related website(s) / resources

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