

Will IMP Save The World?

Reflections on the role of networks in sustainable marketing

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Abstract

Purpose of the paper and literature addressed – This paper is a conceptual paper that builds on Ryan et al (2008) proposition that the IMP perspective supports the creation of a Sustainable Marketing framework. The author raises concerns over the suitability of a firm-centric perspective for Sustainable Marketing and the reliability of networks to deliver environmentally beneficial innovation. The paper suggests that government intervention, in the form of regulation, taxation and incentives, and contribution from “think tanks” that own the necessary knowledge are essential to guide the learning of networks towards sustainable business practices. We suggest that a special form of network, called innovation network, needs to be involved in this process of knowledge creation.

Main contribution – This paper aims to extend the theoretical discourse initiated by Ryan et al (2008). It is the author’s intention to further investigate how the IMP current of thought can be applied to Sustainable Marketing, and with what adaptation. This is thought to be an important contribution as it aims at informing changes in marketing theory and suggests directions for the design of a new theoretical framework for Sustainable Marketing.

Keywords: Sustainable Marketing; Innovation networks; interaction and networks; Knowledge Transfer;

Introduction

The issue of sustainability has been one of the most important objects of research by, amongst others, marketing academics since the late 70s. Some businesses appear to place social and environmental values at the centre of their business model (Peattie and Crane, 2005; Stone and Wakefield, 2001; Stone et al, 2004). Examples of such businesses include *The Body Shop*, *Lush*, *Ben & Jerry*, *the Interface Corporation* and many others. “Mainstream” businesses, even oil companies such as BP, claim to have espoused the cause of sustainability. This stance has been questioned as being exploitative (Peattie 1999; Peattie and Crane, 2005). In fact, consumers appear to be cynical about the honesty of these companies (Intel, 1991; 1995; Peattie, 1999; Peattie and Crane, 2005). This negative assessment of the pursuits by businesses has corresponded to the absence of a systemic, holistic approach to Sustainable Marketing. Marketing has failed to “clean up its act” (Peattie, 1999; Peattie and Crane, 2005; Catulli et al, 2008), and did not implement the paradigm shift necessary to achieve the radical changes necessary to address the issue of environmental degradation (Ryan et al, 2008). This is a central stumbling block in Sustainable Marketing, as the discipline of Marketing has traditionally been at odds with the concept of sustainability, because it tends to promote consumption. Ryan et al (2008) propose that this gap can be filled by the IMP Interaction and networks approach. The mutual learning which takes place in the context of business relationships can be directed towards redesigning business processes so that they can achieve environmental goals (Ryan et al, 2008). The authors propose therefore, building partly on the IMP concepts, a very interesting blueprint for a new Sustainable Marketing paradigm, which is a very important contribution. This paper however raises concerns on the overreliance of this theory on the decisive role of the business concerned, and on its firm-centric perspective. The author argues that networks cannot be relied on to introduce environmentally beneficial innovations without policymakers’ intervention by means of legislation and incentives and the contribution of “think tanks”.

Rationale and main contribution to knowledge

Within the debate of whether Sustainable Marketing can be a legitimate discipline, and whether marketing can maintain its social legitimacy in the face of environmental onslaught, this paper aims at extending the theoretical discourse initiated by Ryan et al (2008). It is the author’s intention to further investigate how the IMP current of thought can be applied to Sustainable Marketing, and with what adaptation. This is thought to be an important contribution as it aims at informing changes in marketing theory and suggests directions for the design of a new theoretical framework for Sustainable Marketing.

The role of networking in Sustainable Marketing

Organizations shape each other and change in a dynamic way in the course of their interaction, and go through a reciprocal learning process (Håkansson, 1982; Ryan et al, 2008). This can assist the introduction of the changes required to redesign business activities so that they are sustainable (Ryan et al, 2008). These relationships can be direct and indirect, and they can include other businesses (suppliers, buyers, partners, etc.) but also NGOs, local government, governmental departments that are in charge of supporting the adoption of environmental practices and research organizations such as, for example, universities (Catulli, 2008). The two focal companies engaged in the relationship between businesses, though they are immersed in an interconnected network, are seen as the central engine for change in this context (Halinen et al, 1999; Ryan et al, 2008). Such relationships are essential for the design and introduction of new technologies, business practices and models (Boder, A, 2006; Miettinen, 2006). In the course of

episodes of these relationships, the players involved can initiate collaborative projects to introduce change. The suggestion that interaction can be a facilitator of learning, and eventually of change, is an important contribution, as it recognizes that a learning process is necessary to deliver the changes required. Ryan et al's (2008) proposition is an important one as it proposes the adoption of a systemic theory in order to support marketing strategies embedded in the open "living" system. Two important contributions Ryan et al (2008) make to the conceptualization of Sustainable Marketing by applying the IMP framework to it is that companies do not work in isolation, and certainly cannot work in isolation in respect to the climate change issues that affect the living world and the impact humans have on it. Furthermore, the authors also include in their model of network indirect as well as direct actors, and these indirect actors include a range of stakeholders which, as we propose, have an important influence in the learning processes advocated by Ryan et al (2008). In this respect, theirs is a very important contribution to the definition of the Sustainable Marketing paradigm.

The limits of IMP perspective as applied to Sustainable Marketing

For networks to focus on the implementation of environmentally sound business practices, an assumption must be made that the members of these networks are willing to behave in an ethical way.

"...as the environment changes/becomes depleted the network can rely on the process of relational knowledge to motivate network actors to collectively improve the environmental situation. This kind of learning can aid network actors to create value for all by contributing to the sustainability of the environment" (Ryan et al, 2008 P. 10)

Unfortunately, this is too often not the case; in fact some suggested that businesses are often not ethical (Ketola, 2006). Whilst the climate change issue is the "flavour of the month" in the business disciplines, the notion that business and consumption activity has very damaging effects on the natural environment is far from new. Campaigners have been advocating change towards business models more respectful of the environment for many decades, and examples that may come to mind include the activities of organizations such as *Greenpeace* and *Friends of the Earth*. Businesses have in that time mostly remained indifferent to these issues, and very often went to lengths to "cover their tracks" after any given environmental episode of misconduct. Even in recent times, for example, Corporations such as ExxonMobil are alleged by some authors to be trying to promote "spinning" and attract the attention away from the issue (Monbiot, 2006). This means that the behaviour of these companies as part of dyadic relationships and networks might not give environmental concerns the priority they deserve. As Ryan et al (2008) also admit, parties to business relationships would also need to refrain from engaging in opportunistic behaviour. Unfortunately, business buyers frequently impose onerous conditions on their suppliers, such as requiring them unilaterally to be ISO14001 certified in order to be shortlisted as a supplier. This means that the approach would in this case not be collaborative, and the change towards environmentally sound practices would be driven by imposition rather than reciprocal learning. Power imbalances between members of the network are also a great obstacle to the success of these relationships. These factors may pose a significant constraint to reciprocal learning. When learning takes place, the creativity of the actors, whilst it could enable them to deliver radical change, would be arguably in reality stifled by the company's plans, policies, and management controls. The actors involved in the business relationship might be constrained by a lack of autonomy and authority or may not have a mandate for introducing radical innovations. When they develop novel ideas they may be inhibited by their inability to break the mould. Top management may have "hidden agendas" which prevent innovative projects from being introduced successfully. The relationship between

the parties can become institutionalized (Håkansson, 1982). All this can make these relationships inertial, favour the maintenance of the status quo, and stifle creativity. Perhaps this can help explain why alternative energy technologies such as solar, wind and hybrid power failed to gain enough support to instigate economies of scale and become competitive.

Another important factor to take into account is the lack of propensity of diverse business sectors to engage in collaborative relationships, where there is in fact evidence that they do not necessarily. For example, the author has experience of companies in the steel stockholding business, where most of the companies in the industry deliberately keep the relationship with their clients and partners at arm length. This is amongst other things, a consequence of the fact that these enterprises trade commodities, which, they believe, does not offer them opportunities to form meaningful relationships with their clients. Commodities are defined as “high volume products that are (...) undifferentiable by product characteristics, (...) produced with a technology which is common amongst competing producers” (Robinson et al, 2002, P. 149), and are “manufactured to a standard or fixed specification, bought in response to basic and essential needs, and used in markets where purchasing decisions are governed by rational factors” (ibid, P. 151). Purchase of steel products, for example, is driven by rational factors such as price (McAdam and Brown, 2001). The clients themselves, because of the low level of differentiation of the commodity they seek, have little reason to be loyal to a given supplier, let alone being part to a relationship (McAdam and Brown, 2001). The absence of opportunities for customization or mutual investment reduces the opportunities for mutual learning to nothing. Finally, it should be considered that a large proportion of businesses are made of small or medium enterprises. Some of these enterprises may be neither adept at networking, nor have great abilities to create innovative knowledge.

Because of these reasons, and in the experience of the author, it can be very difficult to persuade companies in this sector to buy into the IMP management philosophy.

Based on this real life example, the author suggests that in some industries, the relationship development, reciprocal learning and dynamic change advocated by Ryan et al (2008) would not be practical, and this is a problem when what is needed to introduce sustainable business practices on a meaningful scale is an “all or nothing” solution, where all businesses adopt sustainable business practices.

Another problem is that businesses might actually not be willing to extend the mutual learning arising from the interaction to consumers. This would be an excellent strategy, as there is rising evidence that consumers are confused by what constitutes a “green” product as well as cynical in respect to the honesty of the companies’ claims. Some recent examples of this include difficulties encountered by *British Petroleum* (BP) when trying to rebrand them selves as “*Beyond Petroleum*” and persuade the market of their commitment to sustainable values. Consumers were confused by this rebranding. This ignorance is often exploited by businesses; however, at the same time, these companies attract the criticism of pressure groups, and in BP’s case the company was an early winner of the “*Emerald Paintbrush*” awarded by Greenpeace for the worst green wash of 2008(greenpeace.org.uk).

Is “reciprocal learning” sufficient?

As a consequence of all the issues described above, the change occurring as a result of the learning process taking place in business interactions is more likely to be of an incremental nature, very often in response to market demands or even just environmental legislation (Catulli, 2008a, 2008b), rather than the radical change needed in business and consumption activities (Stern, 2006). The concept of co-evolution, advocated by Ryan et al (2008) as a mechanism for change, is dangerously simplistic. Evolution has been recently suggested to be not as a tidy and progressive phenomenon as previously thought (Lawton, 2009). Evolution is a complex, messy process. In this context co-evolution, when seen as a change process specific to a given dyad of

companies, can pull this change in different directions without following any guiding principle. Examples of this are the “unintended consequences” of some of the supposedly “green” innovations, such as the introduction of bio fuel for transport, which has later been found to have had an impact on food prices. In the context of business and consumption on global warming, change needs to be guided. The author suggests that this radical innovation requires **knowledge creation** and **transfer** rather than the incremental learning that can arise from networked relationships. Should governments direct the innovation process? Should legislation and regulation dictate the environmentally sound features of business and marketing practices? There are strong suggestions that this is the case. In *The Guardian* (2009) Lord Browne of Madingley, former Head of BP, was quoted warning against market mechanisms, and recommending government control through legislation and regulation in order to direct the energy market towards achieving sustainable targets. Price competition is slowing down crucial investment in the infrastructure required to “green” energy markets, and this has been exacerbated by the current recession. The growth of the Environmental Goods and Services (EGS) industry, for example, which is spearheading the development and dissemination of new low carbon technologies, is driven by legislation and regulation (voluntary or not) rather than other factors (Catulli, 2008a, 2008b). The EGS sector is defined by the Organization for Economic Cooperation and development (OECD, 1999) as the set of “activities which produce goods and services to measure, prevent, limit, minimize or correct environmental damage to water, air and soil, as well as problems related to waste, noise and eco-systems” (OECD, 1999, p.9). It includes “firms producing goods and services capable of measuring, preventing, limiting or correcting environmental damage such as the pollution of water, soil, as well as waste and noise-related problems (European Commission 1994) and “the provision and delivery of the environmental resources of water, recovered materials, and clean energy” (Diener and Terkla 2000 P. 305). This industry is, arguably, the repository of vital knowledge to engineer the switch to sustainable business – and marketing - practices and the contribution of its specific expertise is essential to transfer this specialist knowledge to businesses aiming to clean up their act. Reciprocal learning as part of interactive business relationships certainly has a role to play, but not without a strong contribution from appropriate “think tanks”. On the other hand, not even Governments are to be trusted with the task of promoting environmentally beneficial innovation, mainly for fears that excessive regulation might harm the economy. It is well known for example, how former US president George W. Bush refused to support the *Kyoto agreement*, while still recently, the new President Barak Obama is facing opposition in Congress to support the new Copenhagen Climate Change Agreement (*The Guardian*, 2009). Some suggest, therefore, that the “big ideas” which are necessary to radically change the way our economy works will be generated neither by politicians nor by businessmen, rather by visionary individuals (Ecologist, 2009). These ideas often run against traditional business orientation: for example, Porritt (2007), and Jackson (2009) strongly advocate abandoning the pursuit of economic growth in favour of sustainability, a position which is bound to clash with business’ ideals.

Can we really trust networks to create knowledge?

The proposition that companies go through a process of dynamic change together through their interaction, are shaped by mutual learning and this can lead the companies concerned to further environmental achievements is an attractive one, but as seen above, insufficient. The opportunistic postures of the parties to a relationship, the inertia which characterizes these relationships, and the possibility that these complex networks do not possess the required knowledge and resources means that the sought after radical innovation is left to chance. The author suggests that no company, or dyad, or in fact interconnected network, can be trusted

with the actions necessary to achieve the comprehensive, radical change needed in our way of living and in our economic system. In other words, the author suggests that the key mechanism for network change *cannot be* the interorganisational dyad, as postulated by Halinen et al (1999) and supported by Ryan et al (2008). Dyadic relationships cannot be seen as sufficient source for learning. It is suggested that what is needed for the advocated knowledge creation and transfer is a special type of network, which can be called a formal, *structured, innovation network*. Innovation networks are defined as “the linkages between organizations (other companies, universities and regulatory agencies)” which support the creation, capture and integration of “the many different skills and knowledge needed to develop complex technologies and bring them into the market” (Calia et al, 2007, p. 427). A practical example of innovation networks is offered by those networks involving motorsports companies. These companies foster close relationships and interaction in order to facilitate knowledge creation and transfer. This takes place in the context of manufacturing collaborations, problem-solving collaborations, co-development collaborations and partnerships (Mariotti et al, 2005). The important characteristics these networks have are that the “dyad” is no longer the central unit. These networks are often lead by a company, but are made of companies that share most of the work, and have a “formalized” rather than an informal way of working.

Within these innovation networks, the Higher Education sector – Universities, academic and research institutes, intended as centres of knowledge creation –and environmental specialists in the EGS industry cited above have a duty and responsibility to support the growth of “green” industries, and the diffusion of environmentally sound management practices (Catulli, 2008a; Catulli, 2008b) with the creation and transfer of new knowledge. Networks need to work as communities of practice, communities of practitioners that go through processes of social learning (Wenger et al, 2002), where normative legislation and regulation contribute to align the learning tasks towards the common purpose of environmentally sound innovation. A variety of stakeholders need to participate to the creation of this social capital. In the context of innovation networks, then, leadership needs to be taken by a member of the network who is responsible for generating and transferring knowledge, testing this knowledge in practice, then disseminating it starting from that initial demonstrative application, all guided by an overarching discipline and “straitjacketed” by government intervention, which should include both legislation to regulate the conduct of businesses and incentives in the form of investment by, for example, development agencies to fund environmentally beneficial innovations.

Conclusions and recommendations for further research

Networking is certainly important to lead to innovation, and dialogue is certainly necessary. This dialogue though needs to be supported by a co-ordinated effort of knowledge creation, transfer and dissemination, guided by overarching principles that go beyond changing the nature of marketing, but also change the nature and the features of the technologies underpinning the economic activity.

The author suggests that the dramatic degradation of the environment that business and consumption have brought about by leaving business left unchecked in its pursue of a growth economy constitutes an indictment of business, dyads and networks when they work unfettered, and therefore the firm-centric perspective taken by Ryan et al (2008) presents serious flaws. The business practices of these organizations need to be guided by central and local government intervention in the form of taxation, legislation and incentives.

The reciprocal learning driven by dialogue advocated by Ryan et al (2008) needs to be guided by members of innovation networks that are generators and repository of specialist knowledge. Examples of these organizations are universities, research organizations, EGS companies and NGOs. In this context, marketing is a player in a co-ordinated, multidisciplinary effort. Sustainable Marketing needs to go beyond the Marketing domain; it needs to include the input

of other disciplines, such as purchasing, logistics, ICT, and above all, environmental sciences. In this context marketing will gain its social legitimacy not only because of the change in its nature (which is after all still that of identifying, anticipating and satisfying consumer needs) but also of the change in the nature of the business processes and manner of consumption it promotes.

There is one important thing that the IMP current of thought and most of the relationship marketing thinking contributed: the importance of extending the marketing function of businesses across other disciplines, and out of the marketing department. Climate change is too big an issue for Marketing alone to deal with. In Sustainable Marketing every member of a business needs to be a part time environmentalist as well as a part time marketer as stipulated by Grönroos (1996).

Future research should investigate the role of marketing in the context of innovation networks which create, transfer and disseminate knowledge. Investigation is needed into how marketing can support the co-ordination and collaboration of businesses with knowledge creating organizations in order to achieve the process of creation and transfer of new knowledge to replace the industrial and business processes that support our economy.

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