

Some Observations on Marketing Strategies in the Context of Globalization

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Abstract

The Economic reforms ushered in early 1990's across the world triggered the current expanded developmental path which is essentially consumption oriented. In effect it goes against the principle of sustainability. The marketing strategies of a firm assumed a greater role and significance in a competitive economy to create and expand the market base continually so as to maximize its profits. They influence the purchase decisions of the consumers through its various tools and techniques. This ultimately leads to consumerism or consumption on a scale that supports the constantly expanding market base. And, this brings the issue of sustainability of various resource endowments to the forefront of analysis. The extraction-production-consumption streams pose many and varied forms of environmental hazards. As resource endowments are finite and depleting, the marketing strategies of enhancing consumption for short term gain by ignoring their impacts on environment has become increasingly questionable. The marketing strategies of the corporate can only be sustainable if they are adequately complemented by appropriate environmental protection measures and resource exploration strategies on a scale that mitigate the immediate dangers of depletion. The paper therefore tries to make a few critical observations on various facets of marketing strategies in a competitive economy. The paper also advocates the need to integrate the sustainability aspects with the formulation of marketing strategies to ensure firm's long-term survival.

Key words: Marketing Strategies; Economic Reform; Resource Exploration; Environmental Sustainability; Purchase decision; Consumer absorption capacity; Process and Product innovations; Compatible and Sustainable globalization.

Introduction

The recent developments in the global economy resulting mainly from the economic reforms of the 1990's reveals that they are tending to go against the principle of sustainability. This is the reason why globalization is being increasingly questioned by several scholars (Joseph E Stieglitz, 2003, Greg Buchman, 2004, Paul Streeten, 2001). Globalization is nothing but corporatization or the transnational business whose spread is so much beyond the sustainable levels of various resource endowments. Free trade or the competitive market economy has been accepted as the primary economic policy across the world. Free trade is the basic tenet of the transnational business. This is based upon the principle of comparative cost advantage according to which all countries in the world will be specializing in those products in which they are more efficient. In ultimate analysis, the overall costs of products in the global market will go down and consequently the prices. As a result, consumption levels will increase and the global welfare will also be enhanced. This is the essence of the current global developmental path. Obviously, this is consumption-oriented. In this model, consumption is equated with welfare. At the outset, it may be noted that consumption does more harm than non-consumption. It does more harm than good to society.

The fundamentals of a competitive market economy depend mainly among other things, on efficiency and innovation (of course knowledge) and the volume of consumption on a scale that supports the continually expanding markets. This implies that the consumption or for that matter consumerism on a scale that is seen today, is the fundamental base for the market economy. The very base itself seems to be on shaky grounds because of the

inevitable faster rates of depletion (Dr. N. Naganna and Savitha Rani, 2006) and the impending dangers of environmental degradation including global warming. This is the reason why the issue of sustainability is being brought to the forefront of analysis.

The primary objective of this paper is to make globalization/transnational business compatible with sustainability and environment.

Economic Reforms, Marketing and Environment

Transnational business is one of the major logical consequences of the economic reforms with far reaching consequences across all the sectors of the global economy. Corporates or transnational businesses are now considered to be the engine of growth.

To overcome the perennial problems of poverty, unemployment etc and to achieve the faster rates of growth, the economic reforms were introduced in India and other countries. This was further induced and necessitated by the collapse of the socialistic block (USSR etc) and the failures of socialism to achieve the intended objectives. Economic reforms were introduced in the 1990's as a package of interrelated measures, popularly known as LPG (Liberalization, Privatization and Globalization). As a matter of fact, the whole package was directed towards globalization or transnational business. In the ultimate analysis globalization means free trade with competitive markets implying thereby the free flow of goods, services and capital across the countries with no trade barriers of whatsoever kind. This requires competitive markets. Consequently, economic reforms replaced stateism by marketism or in other words, state dominance by market dominance in all the decision-making processes. Thus, state monopoly was replaced by competitive market forces mainly to facilitate the transnational business. This scheme of macro economic arrangement is supposed to achieve faster rates of development at the least cost points through the principle of comparative cost advantage, leading to lower costs and consequently lower prices. In effect, this would enable a larger volume of consumption with a bigger consumption basket for a larger number of people and there by maximizing global welfare. This is the essence of economic reforms and the transnational business. On the whole the present developmental path as explained is essentially consumption driven or consumption centric. The recent bailout plans or stimulus packages as announced in various countries to combat the global recession/meltdown give ample credence to this fact. In other words, it assumes a highly positive correlation between consumption and welfare. That means, the more we consume the better off we are. This again is the essence of consumption.

In this model of development there is nothing but production and consumption. It should be noted that this is purely a physical phenomenon and therefore it should be guided by and should adhere to the physical laws and constraints. Accordingly the developmental analysis needs to take into account this physical constraint. Both production and consumption streams create unsurmountable problems in extraction and waste generation leading to environmental degradation in various forms. For instance production requires extraction, which is characterized by many adverse environmental impacts and higher rates of depletion besides generating a number of residuals at the factory sites and the mine heads. On the other hand, consumption is said to be a misnomer. In fact we don't consume anything. We only use the utility component in a product over its lifespan and thereafter, we discard it and throw it to the open environment. Thus, production means waste generation. To put in simple terms, it can be said that **"Today's production is tomorrow's waste"**.

In this overall context, the environment should not be considered as a bottomless-sink to receive, absorb and assimilate all kinds of wastes/residuals generated by the extraction-production-consumption streams. It has its own limitations. If the extent of waste generation from the above said streams is more than the environmental capacity to receive, then the result will be the awful environmental degradation and pollution. The latest trends indicate that the environmental capacity is stressed too far to cope with the ever-expanding activities of the corporates and the transnational business. This is the reason why there is the mounting pressure from the environmental groups on the corporates to check their activities.

Marketing strategies have a definite role to play in the present developmental model as described above.

Needless to emphasize its role as creating awareness of

products and creating or expanding the markets. It is widely known that "Efficiency and Innovation" are the basic tenets of competition which is the base for free trade. That being the case, the marketing strategies need to take the outcomes of "Efficiency and Innovation" through R&D investments to the end users on a larger scale. This means that they need to enhance the diffusion rates on a wider scale. This implies the commercialization of R&D outcomes in terms of a new product developments, new processes, new technology and better management practices and so on. In this case the marketing strategies have a definite positive role in commercializing the R&D efforts on a wider scale, which will ultimately lead to the overall growth of efficiency and productivity to reduce the costs, and the material and energy intensities of the products. This is perhaps the only way to maximize the gains and benefits from the free trade. The new and better products from improved technology can be taken to wider markets through marketing efforts. On the other hand, if marketing strategies through its tools and techniques such as branding, advertisements, promotion campaigns etc., promote and encourage consumerism and conspicuous consumption on a larger scale then they will be harmful to environment in more than one way. Such strategies ultimately lead to the higher rates of extraction of non-renewable resources, threatening levels of environmental degradation, pollution and the frightening global warming. Most of these adverse environmental impacts are irreversible and irreparable. As a matter of fact they jeopardize the economic interest of our posterity in several ways besides depriving them of fertile resource base. This is precisely the reason why we said earlier that unbridled **consumption does more harm than good**. In recent years there is a growing concern that the social benefits of Extraction-Production-Consumption streams may not outweigh the social costs in terms of environmental degradation, depletion, global warming and so on. Considering the various adverse impacts on environment and conservation, we are inclined to advocate that non-consumption or abstinence seems to be better than consumption in the present context.

To a large extent the problem of depletion and the likely shortages of resources supplies can be tackled through undertaking the large-scale exploration of virgin areas in the globe. It will bring the new and hitherto unknown reserves for exploitation to make production sustainable. This would enlarge the known resource base and enable us to overcome the likely shortages of resource supplies in future. In other words exploration would ensure sustainability for a long term. So to say, the higher rates of growth arising out of globalization and transnational business can be made compatible with sustainability only through large scale exploration programs. In the same vein, substitution of scarce resources by plentiful ones can also be undertaken through S&T (Science and Technology) / R&D (Research and Development). Both exploration and substitution together would ensure sustainability (Dr. N. Naganna, 2001).

On the whole our analysis though very brief and incomplete, aims to bring out the various intricacies involved in the extraction-production-consumption streams. The marketing strategies being what they are, need to take care of all the above aspects in detail, instead of focusing on the conventional market share, market expansion and profitability.

Economic reforms aiming to achieve faster rates of growth in the global economy can only be successful, fruitful and beneficial if they are complemented adequately by the environmental protection measures and the exploration strategies. Otherwise they tend to make the dooms day a reality. (Dr. N. Naganna, 2000)

Transnational Business and the Trends in Corporatization

The transnational business and the corporatization can be treated as synonymous for all practical purposes. Because, corporate carry out the transnational business operations. In one important sense, globalization is nothing but corporatization. They are said to be the engines of growth and development. Since the power and influence of the state is declining rapidly in recent years due to economic reforms, the corporates are simultaneously becoming more and more powerful in all the respects. Their sociological impacts are many and varied. Their role is more powerful than a nation state. The following quotation will explain the all-pervading influence of the corporate sector in the society.

“Over the last 150 years, the corporation has risen from relative obscurity to become the world's dominant economic institution. Today, corporations govern over lives. They determine what we eat, what we watch, what we wear, where we work and what we do. We are inescapably surrounded by their culture, iconography, and ideology. And, like the church and the monarchy in other times, they posture as infallible and omnipotent, glorifying themselves in imposing buildings and elaborate displays. Increasingly, corporations dictate the decisions of their supposed overseers in government and control domains of society once firmly embedded within the public sphere. The corporation's dramatic rise to dominance is one of the remarkable events of modern history...”
(Joel Bakan, 2004)³

The above passage explains broadly the ethics and economics of corporatization. It is true that there are a number of ethical issues involved in these phenomena. This aside, consumption is the driving force for corporatization through various media channels and marketing strategies. The corporates create continually new wants and desires in society to promote consumerism and thereby sustain their growth and profits. At present, they are not showing any significant concern on environment and sustainability despite their populist CSR policy. The CSR is mainly used to promote their image and brand. This is the reason why there is a growing opposition to the expanding trends in corporatization. This opposition is weakened by continuing poverty, unemployment and so on. Because, several developing countries need their massive investments and technology to solve their economic problems. Their weakness became the strength for the corporates.

The growing urge of the nation states to raise their rates of development to eradicate poverty and to create more employment generation and to increase the general welfare and quality of human life etc. are pushing the corporatization trends to unprecedented scale. Since they are the instruments of development, almost all the countries are extending all the facilities and incentives for the smooth entry of MNCs into their respective countries to install new production facilities besides their own domestic corporates. The corporatization trends are further encouraged by the economic reforms, revolutions in S&T, IT, transport and communication and so on. (Peter Dicken, 2004). **In effect, corporatization has become an inevitable outcome of reforms and globalization.** And there is nothing that can resist this trend.

In what follows is a brief presentation on the increasing levels of corporatization to substantiate the case in point. (World Resources: 2002-2004)

- Today, more than 65,000 corporations are transnational in the sense that they do business and control assets in more than one country.
- Together these companies control some 8, 50,000 affiliates or subsidiary companies spread over several countries.
- Between the years 1990 and 2000, the sales of the largest one hundred TNCs increased from \$ 3.2 trillion to 4.8 trillion (50% rise).
- TNCs are also significant local employers. For instance, foreign employment by TNCs (i.e., people employed outside of a corporation's home country) grew substantially from 24 million in 1990 to 54 million by 2001. This is a sizeable rise (125%)
- Their investments are also very large exhibiting their **economic power**. The value of cross border mergers and acquisitions (a transaction in which a foreign corporation acquires more than 10% stake in the existing domestic enterprise) skyrocketed from \$ 94 billion to \$ 866 billion between 1996 and 2000 (9 times).
- By their charitable activities in the name of the so-called CSR, the corporates are encroaching upon the state's jurisdiction to reduce its role and its arena of operations. Another disturbing issue is that the private participation/corporatization is increasing in the exploitation of natural resources (timber, mining etc.) for producing raw materials for production. Besides they are also allowed to own and manage projects in energy,

telecom, infrastructure sectors etc. to facilitate production. This is how corporates gain access to resource base and production through their technology and subsequently, **control people through media and markets**. In one word, the destiny of the society is placed in their hands. In effect, the government and the civil society are not able to hold them (corporate) accountable for compliance with the environmental standards and acceptable customer service.

→ In this context the above report (2002 -2004) of the World Resource Institute

observes

"The corporate influence on government's policies is also a concern. Critics warn that the corporate are using their economic muscle and close government connections to coax decision-makers to favor corporate interests over other stakeholders. In the U.S., for instance, Energy, Mining and waste management industries contributed \$ 29.7 million to political campaigns in 1999 – 2000 and spent another \$ 159 million on direct lobbying activities in 2000"

This is how the corporates turn everything in their favor without any concern on the "means" adopted. Their nefarious activities are widely known to the public, particularly to the agitating public. Some are known and noticed, some are not. This emphasizes the need for ethics in their decision-making. They do, as we said earlier achieve growth without showing any concern for ethics. In their over enthusiasm for profits and growth, the corporates generally ignore the vital social issues. The decisions that govern production, trade and investment often pay **little or no attention to the protection of environment and the human needs**. This aside, the corporates spread the unwanted and unbridled consumerism in society for their own growth, which is catastrophic in the long-run. Without consumerism, the corporatization just collapses. The growth that is given and falsely promised by the corporates is solely based on the continually depleting resource-base. This being the case, it is not difficult to argue that the fundamentals of globalization and subsequent corporatization are flimsy and weak because the more of them will make the issue of sustainability more critical.

However, the major sources of power and influence of corporates over the governments, people and the markets are mainly derived from:

- R & D
- Technology
- Innovation capabilities
- Control over the resource base
- Marketing strategies and Branding.

In effect, these sources give them enormous competitive advantage and strength by which they virtually gain monopoly power over the markets.

Firm and the Resources

Firms are said to be instruments of development where the commodification of natural resources from mines takes place. The result is products with salability and utility. Marketing strategies enable the exchange of products for profits by facilitating their access to consumers. Thus, the whole gamut of operations is essentially a physical phenomenon with complex environmental dimensions. In the present context, sustainability refers to the carrying capacity of the environment (physical) to maintain and even increase the current levels of consumption without hampering or jeopardizing the interests of the future generations in any manner. This has a very broad meaning and a catch-all concept. Its influence is all-pervading both in theory and practice. In the present paper, resources refer to the physical resources i.e., raw materials.

A firm is designed to transform the raw materials into products which have utility and salability. This is nothing but commodification of natural resources. The firms use various marketing strategies to create markets for their products through raising the awareness levels, need identification and their satisfaction among the existing and

potential customers (Douglas West et al., 2007, Orville C Walker et al., 2002, David A Aaker, 2002). This has been made a continuing process through science and technology and thereby expanding the existing markets as also creating new markets for their constant growth and expansion. This can be conceptualized as below:



This is to say that the whole production-consumption steam is essentially a physical phenomenon.

Therefore the analysis of marketing the products need to be constrained by physical laws rather than economic/financial principles. As against this background, we intend to look at marketing in its various facets. Marketing through its all-powerful advertising instrument, (Mark Tungate, 2008) makes people buy the things which they don't NEED. Our paper tries to focus on this aspect. In this context, it may be noted that the resources are finite in their known endowments and limited in their supplies

Categorization of Resources and the Marketing Strategies

Saleable products as said earlier are made out of the natural resources either directly or processed/converted into raw materials and later processed into exchangeable products. It is the firm that undertakes the whole gamut of operations involved in bringing the products to the markets. Thus the whole landscape of the production – consumption stream is essentially resource centric. In this context, resources are broadly classified into:

- a) Renewable / Replenishable; and
- b) Non – renewable / exhaustible / non-replenishable.

Both come mainly from land, either from above soil or below. The above category (a) is generally found to be ubiquitous and plentifully available for consumption for a particular level of population. There is no scarcity value attached to them. But, if population explodes to abnormal levels, they tend to become scarce and thereby get scarcity value which is to be added to their normal pricing practices. In this case, it is to be matched with the rate of their regeneration so that continuous resource supplies are ensured. Mismatch leads to scarcities. In the case of products made of renewable resources, the marketing strategies can be liberal if they can take care of the 'matching' problem. Since the matching problem is being taken care of, there is no question of depletion and its associated problems. There is no fear of consumerism because even their residues are not harmful to environment (easily biodegradable and absorbable). On the whole, those products do not pose any environmental hazards. Unlike other products, these products satisfy the needs of the people (Ex: food, fisheries, fuel wood etc.). Therefore there may not be any requirement for any kind of marketing tactics.

On the other hand, the products made out of non-renewable resources are prone to a number of unsurmountable problems in the areas of environment, waste disposal, depletion and pollution. As a result, there is a growing resentment among the enlightened public against the present levels of consumption of these materials. They are generally taken up as the core issues of the NGO sector. These NGO movements are essentially directed towards conspicuous consumption, wasteful use of scarce resources and so on. The major problems associated with these products are:

- i) Extraction being an inseparable and integrated part of production processes, creates a number of environmental hazards such as: deforestation, soil erosion, waste disposal, land damages, displacements and many others.
- ii) The modern production trends reveal that the sustainability and the carrying capacity of the environment to supply the present levels of raw materials are becoming increasingly critical.
- iii) Faster rates of depletion jeopardizing the interests of the unborn posterity (Dr. N Naganna & Savitha Rani R, 2006). For instance, it has been shown empirically that the sum total extraction for the last 10 years or so are found to be more than the sum of earlier 100 years of output. This refers to a coal mining company which clearly

shows that the depletion rates in recent years are indeed alarming.

- iv) Residuals/waste management. As a matter of fact, the word consumptions as said earlier is a misnomer in economics or marketing. In fact, we buy a product and use it over its lifespan; and thereafter discard it and throw it into the open environment. We only use its utility streams. Hence the whole problem is one of managing the wastes or the residuals as today's production of anything becomes tomorrow's waste. Studies reveal that the waste generation from the extraction-production-consumption streams are found to be more than the capacity of the environment to receive, absorb and assimilate such wastes. The consequences are pollution of various types. The generally accepted solution to this problem lies in the 3 R's (Reduce, Reuse & Recycle and Recover). The recycling solution is also being questioned because it only alters the environmental medium to absorb wastes.
- v) The extraction-production-consumption stream produces a number of toxic emission/ wastes through their routine operations. They are also highly energy-intensive. The net effect of all these activities is seen in global climatic changes of far reaching consequences.

With this brief background in view, the marketing strategies undertaken by various firms need to be examined, evaluated and appraised for their various socio-economic policy implications. The products being what they are, the corporate/public policies need to be oriented towards promoting and advocating environmentally friendly consumption patterns in society. The "how" of it, is a matter of interdisciplinary concern. **Otherwise the marketing strategies will be undertaken at their own peril.** The marketing strategies through their various techniques of advertisement, branding, promotion etc. tempt and induce people to buy the things, which generally they do not need. This leads to the perilous conspicuous consumption, which is termed as consumerism. The corporates encourage these trends for their short-term gains by overlooking the long-term ramifications on society and on themselves in particular. They sacrifice the long-term interests for their short-term gains. This can be termed as the corporate paradox, which in the long run erodes their own profits.

The marketing strategies generally assume though implicitly that the environment is a perennial and inexhaustible source of raw material supplies for their production stream. On the other hand, they also assume that the environment is a bottomless sink to receive all kinds of wastes generated by their selling processes. Infact both economics and management assume that the resources are 'given' which in reality are not given but 'taken' from a finite source. The reckless extraction for reckless consumption advocated by the corporate in essence, go against the principle of parsimonious or wise use of natural resources. The marketing strategies whatever form they take go against the basic principles of the ethics of conservation. (Dr. N Naganna & Savitha Rani R, 2007). In the ultimate analysis, the corporate impede and jeopardize the practices of sustainability in society and the environment of which they are also an integral part. The whole issue of sustainability therefore needs to enter explicitly in the formulation of marketing strategies. Their non-cognizance will make the marketing strategies to go on at their own peril.

The alarming issues of residuals/waste management and environmental sustainability need to be an integral and inseparable part of extraction-production-consumption streams. They have to get their due space in all the corporate strategies. Otherwise, the very objective of development to enhance global welfare will be defeated. This issue has been ignored till recently. It is gaining cognizance due to the increasing involvement of the NGO sector in the corporate affairs.

Marketing Strategies and the Purchase Decision

Sustainability is a new name given to the old concept of conservation. In fact they mean the same thing. The core of its advocacy centers on attacking the conspicuous and wasteful consumption of scarce non-renewable resources. Sustainability does not mean abstinence from consumption. But essentially means parsimonious or wise use of resources in place of reckless consumption as is seen today. **It has a great relevance to marketing strategies** because they lie at the very root of resource-use. Marketing strategies are ostensibly directed towards satisfying the needs of the people such that their welfare is maximized. And, in the process, the corporate earn profits. But in reality the corporate are creating new wants, desires and aspirations to sell things which are not

needed. To justify this sort of divergence, they created the concepts of satisfaction, customer delight and of sorts. In the process, they are making abnormal profits. In view of these complex processes, the marketing strategies need to be judged mainly by the parameter of sustainability.

The fundamentals of marketing strategies need to be based upon the analysis of felt needs in a given society. The felt need analysis and assessment should consider the resource base in great detail – its quality, quantity, longevity and so on and also its relation to a level of population. Resource base in general is a major determinant of the quality of life for majority of the population in a given society. Whether nature is niggardly or bountiful will thus determine the quality of life. In this context, the product requirements can be arranged in an ascending order of their intensity of possessing (buying) rather than going without them. In any given society, at a given point in time the product categories and the nature of product requirements can be diagrammed in Figure 1.

They are nothing but the triggering factors or the underlying forces for the purchase decision. In their absence, marketing cannot take place. Purchase decisions refer to buy or not to buy situation for a particular product category. It is a multi-dimensional process. Several neuro-psychological, complex processes take place within a very short span of time in the mind before a purchase decision is made. In fact, it encompasses several neurological, physiological and psychological processes concerning the purchase decisions. They are highly complex because they take into account several permutations and combinations of the ordering of product requirements and the product category. In between there is problem of prioritization and its shifts between the products and need assessment. This is the reason why the concept of neuro-marketing is gaining increasing concern from the marketers in recent years (Binshan Lin, 2004)

To make the scheme of marketing phenomena complete, one can also classify the customers in a corresponding pyramid next to the earlier two. (See Figure 1c)

The three pyramids together will define the broad boundaries/contours within which the marketing and production strategies will have to operate. The whole gamut of their operations and constant shifts will have to be examined, evaluated and assessed for the social welfare in the context of resource base, environmental sustainability, demographic factors and the developmental imperatives. This is indeed a complex exercise.

By super imposing or overlaying one pyramid over the other, one can get a fuller meaning of marketing strategies aiming to inflict a number of shifts and transformations to expand the market base. Needless to say that the neurological and behavioral responses to marketing stimuli vary widely across the customer categories. A cursory glance at prevailing marketing strategies indicates that they are essentially directed towards exploiting the neurological responses among the gullible public through their marketing techniques and branding strategies. In effect, they promote consumerism against the principles of conservationism and environmental protection. In the long run, they will be counterproductive, if unchecked. They cause more damage than good to social well-being. The whole issue requires more elaborate and in-depth analysis.

At the outset it may be noted that there are no sustainability concerns for category 1 products (bottom of the pyramid viz. necessities). Therefore, the concerns of sustainability/conservation refer to the wants, desires and aspirations and their corresponding product categories. On general grounds, it can be said that they are all based on the non-renewable resources. Hence, the problem.

Marketing strategies need to be generally shaped by judicious or optimal correspondence between the product categories and the ordering of product requirements (see Figure 1) in a broad framework of resource-base and sustainability/conservation strategy adopted by a country. This will be an ideal marketing strategy because it takes into account explicitly the constraints/limits imposed by the existing and known resource-base. Such a strategy would achieve the objectives of conservation while at the same time make normal profits for firms to survive in business. But in practice and in reality, one can observe significant deviations from the ideal strategy for the sake of short-term gains. There has to be scientific correspondence among the three pyramids as shown earlier instead of a haphazard one. It requires a rigorous scientific study.

The Marketing strategies through their various techniques and tools such as advertisement, promotions, branding etc. create wants, desires and aspirations to induce the people to buy their products. More importantly, they also try to create some kind of illusionary and false shifts from the top to bottom (see figure 1) in the sense that all the desires are made ultimately to appear to be needs. These movements are really complex processes involving several neuro-psychological factors. These conversions in the ultimate analysis promote unaffordable consumerism in the society and subsequently hampering the firm's profits for long.

The sole objective of marketing strategies as can be seen today is to make the **conversions** of aspirations into desires; desires into comforts and comforts into needs. And, subsequently their aim is to maximize their market shares and profits by selling more, more and more without any regard for resource base. This is how the purchase decisions are molded in the society. In the process, they also try to convert everyone into customers for all kinds of products. All in the name of development. All those conversions and distortions as explained are made to occur in society through the corporate power over mass media. By these conversions/shifts, the corporate are trying to expand the market base (through creating false perceptions about needs) so that they can sell more and more. Thus the present path adopted by marketing strategies is extremely hazardous to the quality of environment. Rightly, there is a growing awareness on the impeding dangers of environmental degradation in recent years among the planners, policy makers and strategists. This is the reason why the analysts have already started exploring alternative development models.

This is also reflected in the pricing of products which at present ignore the social costs resulting in underpricing. To correct this anomaly, there is an emerging concept of life cycle costing of products which take into account all the social costs (thus far ignored) from extraction stage to the product disposal stage. In effect, the prices will go up and consumption levels will go down leading ultimately too lesser burden on the environment. This is indeed a healthy sign if practiced. In the same vein, substitution of scarce materials may also take place, which will ensure sustainability. With the population explosion unchecked and with ever increasing aspirations of the growing population to make their lives materially better off, we are inclined to reach a pessimistic inference that higher prices and smaller consumption baskets are a preferred option in the interests of environment and sustainability. It is true that this goes against globalization. But, the unsustainable globalization also cannot be accepted to placate the corporates. Our hunch is that the globe is not designed to satisfy the greed of everyone but only the needs of all. It is in this context, the marketing strategies are to be evaluated and assessed for their social good.

On the whole, the sustainable marketing strategies for the sustainable globalization will be the ones that:

- (a) Will not promote consumerism or conspicuous consumption; and material & energy intensive lifestyles.
- (b) Will not promote materials & energy intensive products/production patterns.
- (c) Will not shorten product durability /life span.
- (d) Will not encourage "use & throw" culture and that encourage "reuse".
- (e) Will not use excessive and unwanted packaging.

Firm, Market and Competitive Advantage

Firms produce products of various types to satisfy the customer's needs of varying degrees of intensity. Markets are becoming highly heterogeneous and complex. The consumer has "so wide a choice" that firms' marketing strategies have become imperative at best and very complex at worst. In this context, three dominant decision variables have been identified in the formulation of marketing strategies in general. They are:

- a) Firm's sales volume/output
- b) Firm's Marketing efforts
- c) Consumers' absorption capacity.

The following analysis of the three variables emanates from the earlier pyramid analysis (Figure 1)

Consumers' absorption capacity to absorb a particular product or a basket of products is a function of income level, education level, urbanization level etc of a consumer. In one important sense, this refers to the market base as mentioned earlier. On general grounds, one can suspect that this cannot be infinite. It is in fact limited by the availability of disposable time, leisure, fatigue levels, inclinations etc.; besides the conventional variables like income, education etc. As a matter of fact, these variables are becoming increasingly critical in the modern era. They define the scope and magnitude of consumer absorption capacity. Besides them, there are the other imperative demands of socialization and social networking. Several of such things impinge on the disposable time and leisure of the customers. Leisure has become a critical resource. One can observe that people are making a trade off in favour "Leisure & rest" against the use of products they bought (making them useless). Residential space adds yet another dimension. All we want to say is that "income levels alone" cannot determine the consumer absorption capacity of products. Since the determinants themselves are many and complex, it is indeed a complex exercise to determine the scope and extent of the capacity to consume a large variety of products. Further, goods and services compete to attract customers to buy. On the whole, the consumer absorption capacity can be considered as a limiting factor to buy indiscriminately, though, there may be the desire, will and affordability to buy. This concept refers to all the customer segments since "time, leisure and rest" are equally critical across all segments. This is the consequence of the modern urbanized time-starved human life. That being the case, this issue will lead to two consequences viz., (a) limitless consumption may not be possible indefinitely; and (b) under-use of products implying the avoidable wastages of resources. It is taking place on a large scale. This can be mitigated to a large extent by the development of secondhand markets which enhance the durability of products and thereby reduce the burden on the environment. There appears to be no solution to the former.

It may be noted that the concept of absorption capacity does not refer to the needs and necessities but to the desires and non-need products. In fact, one can feel that the customers seem to be disgusted with the huge variety of products offered in the markets. There seems to be a lurking realization among the consuming public (at least a section of them) that marketing is too disgusting as it is encroaching upon their peaceful existence. In a sense, this is reflected in the growing environmental movements against consumerism and corporatization, in general.

In the same way, it has been observed that globalization has a tendency to increase the inequalities of income and wealth. In the ultimate analysis, the unequal distribution of incomes and wealth also tend to constrict the extent of markets in the long run because the markets will be clustered around higher income brackets. In other words, it excludes a larger segment of population from consumption stream and thus, constricting the extent of markets to a particular category of products (see the earlier pyramids). This will also have the same dampening effect as that of the absorption capacity.

The above implies that the corporates cannot go on selling in quantities that they desire due to the limitations of consumer absorption capacity. In other words, the market base itself is limited beyond which the corporate cannot expand. Thus, it defines the boundaries or the upper bound of the marketing strategies. Even the extent of competitive advantage of firms is limited by the consumer absorption capacity or market base. The above analysis however seems to be more notional and perceptual, but they do exist in reality.

The other two decision variables are self-explanatory. The firm has to formulate its marketing strategies after considering these decision variables in detail and within the broad framework of environmental carrying capacity. One can observe that there could be two limiting factors in this complex operation viz. consumer absorption capacity and environmental carrying capacity in the context of globalization. In other words, the firm needs to operate within these limits. It **cannot** push its marketing strategies beyond consumer absorption capacity and it **should not** ignore environmental carrying capacity in the process.

The interrelationships between a firm's marketing effort, sales volume/output and consumer absorption capacity is conceptualized graphically in

Figure 2:

This graphic analysis though simplistic can be adapted with suitable modifications to any level such as: product level, unit level, micro and macro levels. From the above diagram, the following broad propositions can be formulated for the sake of understanding and further empirical work. They are tendered in a frame work of the organizational growth path. This is to state that the enterprise responses through marketing strategies need to be different during different phases of growth cycle.

Proposition I: If the rate of absorption is higher than the rate of increase in marketing efforts, the sales will also be increasing more than proportionately.

During the initial stages of product/firms, the marketing efforts are likely to create the required awareness levels in the minds of consumers regarding product requirements along with their product categories resulting in purchase decision (sales for the firms). During this growth phase, the rates of change of the variables will be higher than during the maturity stage. In this case, the sustainability or the environmental concerns will not normally become critical though the socio-economic planning should not ignore it by postponing till the threatening proportions are reached.

Proposition II: When the absorption capacity reaches an asymptotic limit and an equilibrium stage is reached where absorption capacity and sales is maximized for a given level of marketing efforts and product.

This is in fact the maturity stage. Since saturation levels of all kinds are reached in a society, the environmental and sustainability concerns come to the fore. This also gives rise to public debates.

Proposition III: Despite the increase in marketing efforts, the rate of absorption for a particular product decreases and thus imposes a constraint on market base expansion.

This is in fact an indicator of a declining stage where the benefits of marketing/ development efforts may not outweigh the costs. Environment concerns will continue.

Proposition IV: To ensure survival and growth (increase in sales) after the declining stage, the firm's emphasis needs to shift from new product development (tangible factor) to product-value improvements (intangible factors) and diversification of products and markets.

During this declining stage, it requires significant resource diversification and large scale resource substitution to achieve sustainability of resource supplies and thereby to keep the business and industry moving. With regard to the environment, there needs to be programs and projects for reclaiming the environmental quality, protection from future degradation and maintenance of the environmental quality standards.

Proposition V: The non-cognizance of the environmental dimensions in the marketing strategies will be self-defeating.

Environmental and sustainability issues need to enter explicitly into the core (not peripheral as is seen today) of the corporate strategies. Otherwise the Marketing Strategies will be undertaken at their own peril. The marketing strategies need to be reoriented in tune with the complexities arising out of environmental concerns and globalization. They need to consider explicitly the limiting factors as explained earlier. The unregulated and uncontrolled marketing efforts will make the issue of sustainability more critical. In this context, the social control through enlarged role of NGO sector seems to be necessary in today's growing consumerism. Further, we need to

reconsider our belief that consumption alone can enhance social welfare keeping in view the environmental and resource constraints.

In the context of globalization, one more proposition can be put forth as below

“Globalization aiming to achieve faster rates of growth can be made compatible with sustainability only through large scale exploration projects coupled with conservatism”

Innovation is said to be the major driving force for continuous improvements in a competitive economy. In fact competition promotes innovation while the marketing strategies commercialize the outcomes of innovation into revenue-generating processes. Thus both are complementary to each other as also reinforcing each one's contribution. Both together contribute to building of sustainable competitive strength of a firm. Since competition involves continuous innovations through R&D, one may suspect that the whole gamut of linkages may make a dent on the finite resource base and subsequently making sustainability more critical. This suspicion is based on the fact that prices go down, new products come in and consumption rises. In what follows is a brief analysis on this aspect.

In this context, a distinction can be made between

- a) Process innovation and
- b) Product innovation

Process innovation generally refers to the ways in which the products are made through various combinations of factor inputs (mainly the input/output ratios) while the other refers to the design of products mainly the new ones to satisfy the customer's desires, and to create new markets or expanding the existing ones. That being the case, the first one is geared towards promoting and achieving mainly the environmental (resource-base) sustainability of the globe. Because it reduces material and energy intensities in the products. The second one promotes/enhances the short term competitive advantage of an organization by generating more revenues.

It is true that both process innovation and product innovation are important, but not equally. Their relative importance varies in tune with stage of development, resource availability, S&T, depletion rates etc. Both are important to the society but their relative roles vary. If the process innovation is directed towards reducing the input-output ratios or the material intensities, it is good. If it is directed towards promoting products to satisfy customer desires, it is not so good. On the basis of this distinction, it can be inferred as below:

- i) **Product innovation promotes consumerism and**
- ii) **Process innovation, if directed well, promotes conservatism.**

The type (i) above refers to the markets and type (ii) refers to the production systems. Keeping this in view, the marketing strategies need to make a judicious balance between product and process innovations. In essence, they need to encourage the process innovation which achieves the objective of environmental sustainability. This is in their own interest. Therefore, the focus of marketing strategies need to make a shift from the tangible dimension (physical) of innovation to the intangible dimension (non-physical) which refers mainly to the information and knowledge including the mass media and promote the sustainability values among the customers.

The primary objective of corporate strategies or the thrust of transnational business will be to make globalization compatible with sustainability. This is necessary in their own long term interest and survival. Sacrificing the long term interests for the short term gains is not good a policy. In this context, one more proposition can be made as below:

“Globalization can be made compatible with sustainability more through process innovation than product innovation.”

Conversely, it can be hypothesized that if the product innovation leads to the conspicuous consumption, then it needs to be discouraged in the interest of sustainability.

Whatever may be the case, the innovation processes need to reduce that material and energy intensities in the products as also enhance their durability or the product life spans. This will ensure sustainability. Their net effect will then be the reduced stress on environment as also the waste/residuals generation will be much less. This is the only way coupled with exploration, to make globalization compatible with sustainability. This is the only way to overcome the impeding dangers of depletion and environmental degradation. And, there is no other way.

Conclusion

It is true that we need development. It is also true that the marketing strategies help developmental outcomes percolate down to the wider public. Thus development and marketing are necessary for the enhancement of the material welfare of the people. But, both need to take into account the physical limits imposed by the environmental and the endowed resource-base. Otherwise, both will be counterproductive. Globalization or the transnational business aiming to achieve faster rates of development will certainly lead to increased rates of depletion and environmental degradation. This is certain. To overcome these impending dangers and to make globalization compatible with sustainability, the only way is through the resource exploration and the process innovations. Of course, the environmental protection measures need to be kept in place.

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Figure 1: Correspondence between product requirements and product categories

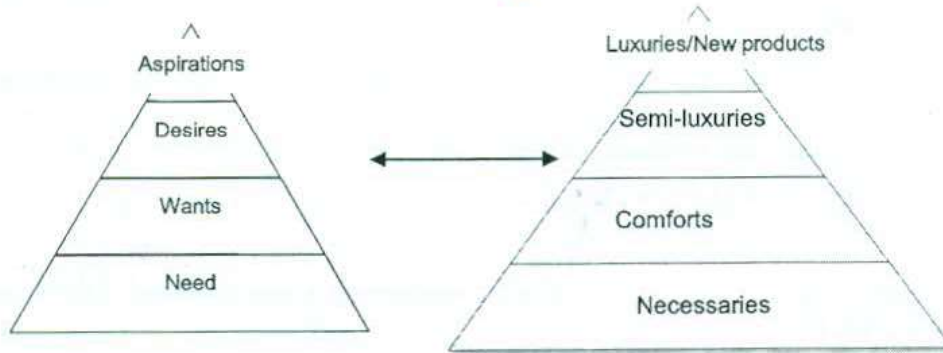


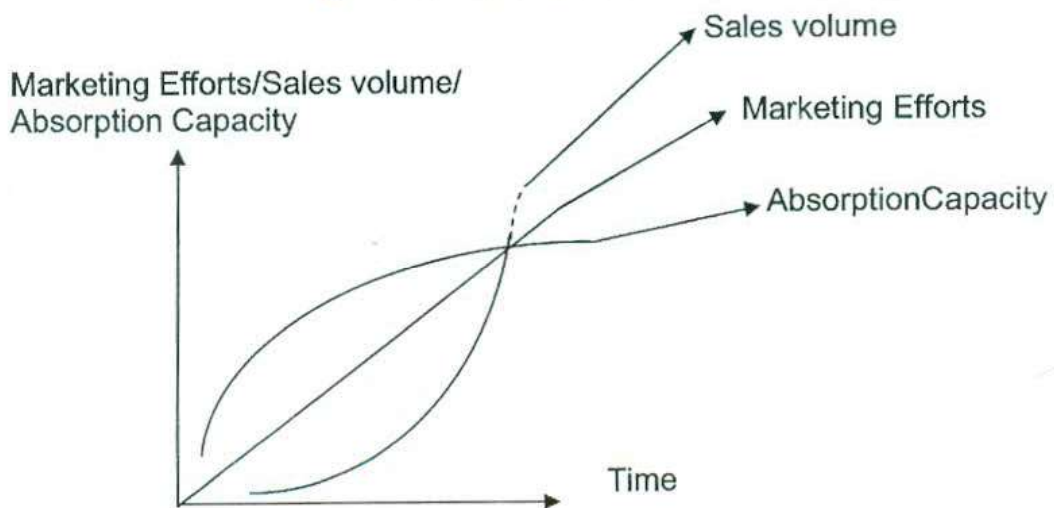
Fig. 1a: Nature of product requirements

Figure 1b: Corresponding product categories



Fig 1c: corresponding customer categories

Fig. 2: Interface between decision variables



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