

NBS/REDD – Oct. 28-30, 2015
Sustainability: Developing Solutions for SMEs

Strategic Marketing of “Responsible” Goods/Services: Competitive and Collaborative Strategies for SMEs

Carol-Ann Tetrault Sirsly, PhD, MBA, CPA, CA

Agenda

- Introduction
- Research questions
- Theoretical grounding
- Collaborative/Competitive options
- Conceptual model
- Engaging stakeholders
- Practical applications
- Future research directions

Introduction

- Motivation behind this conceptual research
- Traditional MNC focus doesn't apply to SMEs
- Consideration of strategic options

Research Questions

- How can SMEs keep competitive while marketing a “responsible” product/service?
- What decision model can SMEs adopt to select business strategies to reach responsible consumers?

Theoretical Grounding

- Resource based view (Barney, 1991)
 - Resources that can provide sustainable competitive advantage must be rare, valuable, inimitable & non-substitutable
 - Unique resource bundles, intangibles & capabilities

- Resource dependence theory (Pfeffer, 1981)

- Stakeholder theory & stakeholder management (Freeman, 1984)

Differentiating “Responsible” Goods/Services?

- Meet stakeholder needs with minimal ecological footprint
- Life-cycle impact considered
- Qualifications or standards met (i.e. FairTrade, ISO, etc)
- Substantive approach to sustainability (no *greenwashing*)
- Eye of the beholder & local perspectives
- Does there have to be “irresponsible” goods/services as a contrast to distinguish “responsible” goods/services?

Strategy Considerations

- Cost leadership – focus on cost-cutting for lowest price
- Differentiation – enhance features to obtain premium price

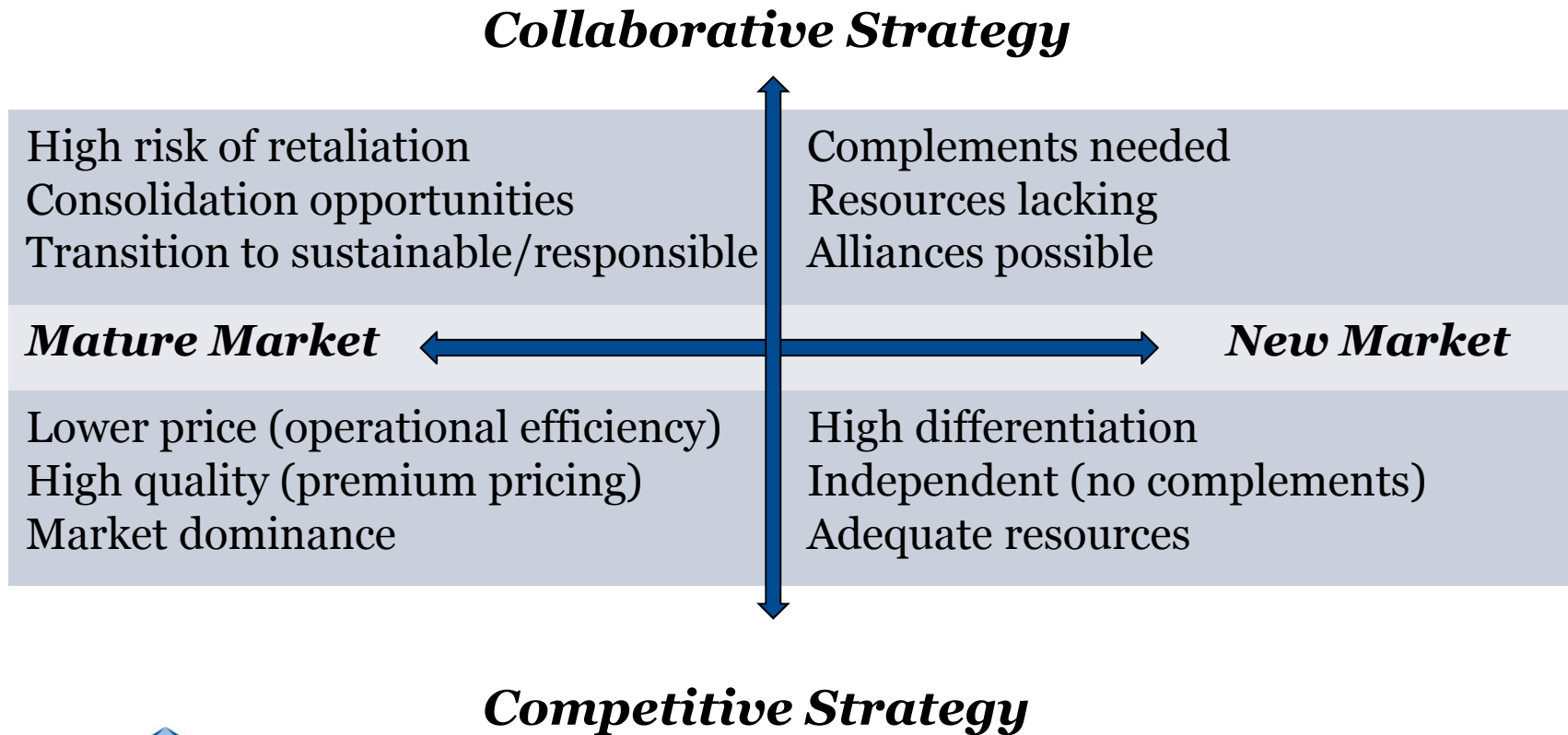
- Mass market or niche market appeal
- First mover, follower or late adopter

- SME resource constraints – financial, human/leadership
- SME advantages – flexibility, nimble to adapt, under radar

Competition + Cooperation = Coopetition

- Strategic options depend on SME' s internal structure, market context & industry players
 - Firm governance
 - Market maturity & consumer appeal
 - Industry composition/concentration
 - Innovation and R&D
 - Knowledge transfer & intellectual property protection

Conceptual Decision Model



Underlying Considerations for SMEs

- Managerial discretion/commitment to “Responsible”
- Consumer knowledge of “Responsible” - market receptivity
- Financial resources or access to funding
- Pace of R&D/innovation, protection of intellectual property
- Pricing scope: volume versus premium
- Reputation & brand coherence
- Contingency plans & risk management

Stakeholder Engagement

- Employees (particular importance for services)
- Suppliers within “responsible” supply chain
- Consumers seek consultation & feedback
- Community involvement
- Financiers (owners, lenders, grant agencies, etc)
- Tailored & timely communications

Practical Applications

Best practices – be inspired by unrelated industries

Doing things “differently” when converting from traditional to “responsible”

Consumer loyalty built on stakeholder engagement to be responsive/genuine to how your product/service is “responsible” in the eye of the beholder

Future Research Directions

- Empirically test model in a variety of contexts
- Examine how entrepreneurs can embed and protect their “responsible” products/services knowhow within coopetition
- Develop marketing strategies to educate and attract consumers to “responsible” products/services

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Questions, comments?

Carol-Ann Tetrault Sirsly
ca.tetraultsirsly@carleton.ca