How can businesses offering responsible products and services stand out to consumers?

Sustainability challenges encountered by small and medium enterprises (SMEs)

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INTRODUCTION

As sustainable products and services become more popular, SMEs have an opportunity to gain market share. By understanding consumer needs and wishes, SMEs can market these products more effectively.
Marketing challenge

How can businesses offering responsible products and services stand out to consumers?

Small and medium enterprises (SMEs) are trying to carve out a share of the market for responsible products and services, following the broader trend for more sustainable business.

For SMEs, providing these products and services can be a way to make sustainability profitable. To gain market share, SMEs try to communicate more effectively with consumers. They face fierce competition from better-funded, larger companies.

To make the most of their marketing budget, SMEs must reach out to consumers to better understand their needs and expectations.
Possible solutions

How businesses offering responsible products and services can stand out to consumers

This report presents five strategies for SMEs seeking to expand market share. These approaches come from REDD research resources as well as the international symposium “Sustainable Development: Finding Solutions for SMEs” (Montreal, 2015). Réseau entreprise et développement durable (REDD) is the francophone office of the Network for Business Sustainability (NBS).

We present concrete examples and emerging research ideas. The strategies are:

1. Make a broader argument to avoid “green marketing myopia”.
2. Fight negative beliefs about responsible products.
3. Address the consumer’s tendency to walk away from responsibilities.
4. Share the history of the product, service or business.
5. Know the different needs of the links in your “chain of customers”.

Consider these ideas individually, not as steps of a manual. Each SME should explore the solutions that are best suited to its situation.
Possible solution 1.
Make a broader argument to avoid “green marketing myopia”

Responsible consumption is growing, but is shaped by many factors. One particular challenge to responsible marketing is “green marketing myopia.”

Green marketing myopia (definition): overstating the effect of environmental arguments on consumers’ choices; thinking that saying that the product is responsible will lead the consumer to buy it or pay more for it; focusing on the responsible argument at the expense of other arguments.

Does this mean that green marketing is useless or even harmful? No.

The responsible argument is even more effective if it is combined with other arguments. The essentials of marketing are still important. Talk about efficiency, quality, and price. Make it easy to access the product or service. A polished marketing plan remains essential, and the sustainability elements should be part of a whole presentation.

“SMEs often use responsibility approaches in a really good way but will completely miss the mark on the market because they will turn to ‘green marketing myopia.’”

– Fabien Durif, Professor, School of Management, Université du Québec à Montréal
Possible solution 2. 
Fight negative beliefs about responsible products

Consumers may avoid responsible products and services if they feel that the products and services cost more or do not offer similar or better quality. In the 1980s, Fair Trade coffee was often considered less tasty. Only a small niche market purchased some occasionally, “for the cause”.

Since that time, the Fair Trade coffee network has prioritized quality. Farmers learned to choose the best beans and the roasting process became closely controlled. Consumers now see the Fair Trade logo as a guarantee of quality.¹

Whether a product’s or service’s sustainable qualities are an effective sales argument varies significantly depending on what’s being sold. Research shows that consumers will pay more for only some types of responsible products and services. Consumers appreciate the sustainable aspects of products with “soft” characteristics, such as baby shampoo. But sustainability can be less appealing in “strong” products, such as car shampoo, tires, sports shoes, trucks, and even mouthwash.²

When selling such “strong” products, emphasize their “strength” or effectiveness. In a research experiment, consumers saw a brand of eco-friendly tires as more durable and were more likely to buy this product when the tire was backed by a “strength warranty”.³

Possible solution 3.
Address the consumer’s tendency to walk away from responsibilities

There is a gap between what people say and do when it comes to their sustainability journey.

Researcher Angélique Rhodain (Université de Montpellier, France) found that consumers who are less likely to buy responsible products and services justify their behavior in order to feel less guilty about their non-responsible choices. These are psychological defences – ways that people can protect their self-image. People make these arguments:

- It’s someone else’s responsibility.
  E.g.: “Large businesses pollute, not me.”

- Responsible products and services don’t make a difference.
  E.g.: “My actions won’t solve the problem.”

- Companies aren’t really responsible.
  E.g.: “It’s only greenwashing anyways.”

- Other priorities are more important.
  E.g.: “I don’t have the time or money to make responsible choices.”

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7 How can businesses offering responsible products and services stand out to consumers?
How can SMEs counter these beliefs?

There are easy ways to help people make the change, and start on their sustainability journey

- Provide consumers with clear and simple information.
- Share the positive impacts of responsible purchasing.
- Show that products and services can be consumed responsibly E.g.: By providing examples of people like them who do it.

Don’t

- Make people feel guilty.
- Put too much emphasis on sustainability.

Why?

Making sustainability seem too complicated can reinforce people’s original beliefs and turn them off sustainability. If sustainable behavior seems too difficult, people won’t change their ways.
Possible solution 4. Share the history of the product, service or business

“Storytelling” is a widely used marketing tool. A company tells the story behind its product, service or organization. Some businesses have misused this strategy (greenwashing). But there is always a true and often interesting and relevant story behind the products, actions and strategies of sustainable SMEs. These companies can share this story to stand out to consumers.

For example, a company might have created a responsible product or service in order to solve a social or environmental problem. Or, a company’s broader sustainable development approach may stem from its essential principles.

Telling the story behind the product or service lets consumers better understand the company’s responsible actions and identify with the business.
Simple actions any SME can take to tell its story

Sharing the story behind a product, service or business doesn’t necessarily require a lot of money. Efficient storytelling can come through relatively simple actions, such as:

Have employees share the story behind specific responsible actions

Manufacturing SME *Produits Neptune* puts posters in its factory where innovations or improvements occurred. Visiting clients and distributors notice. The employees involved are then asked to share the story behind the improvements.

“We have a large logo wherever process improvements were made and so when we visit the factory with clients or prospects, someone explains what was done at these places. People are proud of that.”
– Jean Rochette, President, *Produits Neptune*

Share the company’s history

*Cascades*, a company that has always focused on eco-efficiency and sustainable development, highlights this history in its communications.

Share the suppliers’ history

Italian SME *Épicerie Loco* offers local and organic food products. It introduces its suppliers to its customers by asking the suppliers to explain their vision and responsible principles on the company website or in the grocery store. The SME also shares its suppliers’ history through a board game meant to educate children.
Encourage clients to share the story through pictures

SME Les Fermes Lufa is a Montreal urban farm which grows vegetables on roofs of warehouses. They produce and distribute vegetables to city dwellers. Distribution and pick-up sites are unusual: often, neighborhood businesses such as a pharmacy or café. The exchange can bring the businesses new customers as well. Les Fermes Lufa invites its customers and partners to share their pictures and stories. The company also organizes regular open houses to further support connections.

Share by playing

A group of employees at Boréalis, a SME offering stakeholder management software for stakeholders, decided to create an interactive educational game. It is a free application that allows users to play the role of a company manager leading a railway construction project. The game allows people to discuss complex issues in a simple way.
Possible solution 5. 
Know the needs of different links in the “client chain”

The “client chain” includes all the actors involved in the use of a product or service. Each member of this network sees the advantages of responsible products differently. For example, an SME may sell to a buyer interested in low costs, while the ultimate user may have more interest in environmentally-friendly products.

For example:

- Production staff will appreciate a motor filter that saves electricity. However, a purchasing department may consider only the filter’s initial cost, rather than longer term payoffs.

- Maintenance staff will appreciate a product that makes cleaning more effective and doesn’t risk the health of staff and residents. However, a purchasing department may, again, only see the higher initial cost of such a product.

“Many businesses will stop their client analysis with the person who will write them a cheque. But businesses will sell to a retailer or distributor, who will sell to a client, who will give the product to a user. In some cases, this chain will also include an installer or contractor. These links are all clients who must be considered in the needs analysis. They may all have environmental and social expectations that must be taken into account.”

– Bertrand Derome, Executive Director, IDP Innovation / Institut de développement de produits
How to move beyond buyers and connect to product users

The SME InnuScience, which specializes in professional biotechnological cleaning products, speaks first to users and then buyers.

Rather than simply trying to convince procurement departments by talking prices, InnuScience tries to better understand the needs of the main users of its product, maintenance workers. The products are for these workers, first and foremost. Only once the company connects with the maintenance staff will it meet with company buyers.

This approach lets InnuScience to understand the user’s reality and find innovative solutions that provide competitive edge. This knowledge of the business needs lets InnuScience stand out.

“We discuss [the user] reality, and offer a solution. Often, we meet a client a first time, then a second time, then a third time, and we do not discuss products, but solutions. We inform and train workers, to reduce their risk of exposure, reduce the pollution load, reduce the dumping of plastic and product, and reduce the number of products.”

– Steve Teasdale, Co-Founder, InnuScience
FIVE PATHS FORWARD

As SME try to carve out a share of the market for responsible products and services, they must understand how to communicate effectively. This report on marketing outlines five strategies for standing out in a crowded marketplace.

Consider the strategy that works best for you, and share your insights with REDD/ NBS: info@nbs.net.
About this report

Réseau entreprise et développement durable (REDD), the francophone office of the Network for Business Sustainability (NBS), has long considered the main sustainability challenges facing Canadian SMEs. Working with its SME Council, REDD has identified issues and challenges for SMEs in their sustainability journey.

REDD published regular annual reports on sustainable development challenges encountered by SMEs. These reports identified three main issues:

- **Expertise**: How can SMEs develop sustainability expertise?
- **Profitability**: How can we quantify the benefits of sustainability actions for a business?
- **Marketing**: How can SMEs stand out in consumers’ eyes with a responsible product?

To identify solutions to these issues, REDD conducted a broad information search and gradually narrowed its focus. This report is built on a review of the articles and reports summarized on the REDD site and an international conference, including a panel of experts.

This report was completed with the support of:
International symposium

Sustainable development: Finding solutions for SMEs

In October 2015, Réseau entreprise et développement durable (REDD), the francophone office of the Network for Business Sustainability (NBS), organized an international symposium entitled Sustainable Development: Finding Solutions for SMEs. The event was intended to support exchange between students, researchers, government representatives and practitioners.

Each day of the event addressed a different issue: expertise, profitability and marketing. The symposium brought together more than 160 people over three days.

Each day began with a panel of experts, including both researchers and practitioners. In the morning, researchers presented their work regarding the day’s challenge. Afternoons featured creative workshops during which researchers, practitioners and the general public came together to discuss their ideas and reflect on concrete solutions.

Each workshop participant is considered a report co-author (see the following page for a list of participants).
Names of workshop participants

We would like to thank all participants who fed the discussions held during the workshop on October 30, 2015, with the theme “How can businesses offering responsible products and services stand out to consumers?”. The discussions and exchanges anchored development of the possible solutions described in this report.

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Le REDD : Réseau entreprise et développement durable

As a non-profit organization founded in 2005, Réseau entreprise et développement durable (REDD) is the francophone office of the Network for Business Sustainability (NBS). It produces resources that constitute the authoritative statement on major sustainable development issues to influence management practices and research. We bring together thousands of researchers and professionals from around the world who are interested in matters concerning corporate social responsibility (CSR) and who believe in the value of practice based on research and research based on practice.

For more information on REDD and NBS and to access our reports, please visit https://redd.nbs.net and https://nbs.net
Interesting links

Read more about sustainable products and services.

https://nbs.net/p/when-green-means-premium-and-when-it-requires-a-disco-176dcbcf-da87-4b69-bda6-98b901c266d8
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