



## ESG STANDARTS AND MARKETING

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**Abstract:** *Since the acronym “ESG” was coined in 2005, and until recently, its fortunes were steadily growing. The objective of this article is to analyze the relevance of cause marketing, environmental marketing, green marketing, ecological marketing and sustainable marketing, so that companies can be characterized as ESG Companies.*

**Keywords:** *ESG, Green Marketing, Sustainable Marketing, Cause Marketing*

### Introduction

The acronym ESG refers to "Environmental, Social and Governance". It represents a set of criteria companies use to evaluate their performance concerning environmental, social and corporate governance issues. In this sense, companies that adopt the ESG approach consider financial performance and their activities impact on the environment, society and corporate governance practices—productive and commercial causes. The scope of this article is to present the theoretical approaches of cause, environmental, green, ecological and sustainable marketing that preceeds and relates to ESG business practices.

**Environmental Marketing** is a marketing approach that aims to promote the image of a company as environmentally responsible and committed to sustainability. Environmental Marketing is an antecedent of corporate reputation and a tool to increase the acceptance and perception of stakeholders about the activities of companies. The Environmental Marketing initiatives seek to convey to customers and society the message that the company is adopting environmentally sustainable practices and is concerned with the environmental impact of its daily operations, to the point of seeking ways to try to minimise possible environmental effects arising from such operations. Some of the most common Environmental Marketing initiatives are listed below:

- Participation in social and environmental responsibility programs.
- Use of recycled and biodegradable materials in products.
- Adoption of cleaner and more efficient production processes.
- Investment in renewable energy sources.
- Reduction of the emission of pollutants.
- Commitment to targets for reducing greenhouse gas emissions.

This marketing approach can effectively improve a company's image and strengthen its brand, especially in a context where sustainability is a growing concern among customers and consumers of any company and, of course, a demand of society. It is important that environmental marketing is aligned with honest and effective sustainability practices; otherwise, it can generate the opposite effect, known as greenwashing. Among the many reasons that explain the importance of Environmental Marketing, it is possible to highlight that its action emphasises:

1. Social responsibility: companies that care about the environment demonstrate that they are aware of their social responsibility and are committed to minimising the impact of their activities on the environment.

2. Competitive advantage: companies that adopt sustainable environmental practices can stand out in the market and have a competitive advantage over competitors that do not have the same environmental commitment.

3. Customer loyalty: many consumers value companies with an environmentally responsible posture and are willing to pay more for products and services produced sustainably.

4. Compliance with rules and laws: most countries already have laws and regulations that require companies to adopt sound environmental practices. Environmental Marketing can help ensure that companies comply with these rules and laws.

5. Positive image: Environmental Marketing can help improve the company's image before its stakeholders, including customers, suppliers, employees, and investors.

Therefore, Environmental Marketing can help companies be more socially responsible, have a competitive advantage, retain customers, comply with norms and laws, and improve their image. Also, it helps to increase margins and profits.

**Green Marketing** is often confused with environmental marketing; Green Marketing is a marketing approach that focuses on promoting products and services from companies with environmental benefits, that is, that have a lower environmental impact or that help preserve the environment. Green Marketing seeks to ensure that the brand is perceived as having a positive environmental impact. Green marketing emphasises the marketing of products based on their environmental benefits. Its features include adopting sustainable business practices, creating eco-friendly products, implementing eco-friendly packaging, and communicating the environmental benefits of products. Green Marketing aims to meet customer demands for sustainable products and services less harmful to the environment. In addition, Green Marketing seeks to sensitise the population about the importance of environmental preservation, making companies behave correctly and be seen as responsible and engaged with the environmental issue. Among the most common green marketing practices are: the use of recyclable packaging, the reduction of water and energy consumption in production processes, the use of renewable raw materials and the adoption of reverse logistics practices, which enable recycling and reuse of materials. It is important to emphasise that the two strategies are concerned with preserving the environment but have different foci and objectives. While Environmental Marketing is concerned with minimising the environmental impact of company operations, Green Marketing seeks to promote products and services with environmental benefits.

**Cause marketing** addresses the involvement or association of a company with a social or environmental cause, aiming to generate benefits for society and the company itself. This strategy is based on the idea that customers are more attracted to companies that show concern for social and environmental issues, local, regional or global. *Cause Marketing* is a marketing tool that has been experiencing strong growth over the last three decades, proving to be versatile and broad, able to deliver a financial return to companies while acting positively with society. It even allows customers to engage more meaningfully with each cause the business supports, increasing people's engagement. According to Kotler and Keller (2019), Cause Marketing can effectively establish an emotional connection with customers and consumers by demonstrating



the company's concern with social issues, such as the environment, health, safety, employability, income, and recycling. Using Cause Marketing involves:

- selecting and associating one or more causes relevant to the company and community,
- developing marketing campaigns that promote the cause and encourage customers to support it, and
- supporting the company's efforts for the cause(s) considered.

For example, a company can donate a percentage of its sales to the cause or promote actions that involve the direct participation of customers, such as cash donations or other resources, volunteering or sharing information about the cause on social networks. However, customers expect the actions that the company carries out to be effective, therefore, capable of generating well-being for people and the environment; therefore, donations or campaigns that do not generate perceptible transformations and improvements in the target groups can be considered irrelevant and even false. Managers should know that any social or environmental achievement the company promotes must be carefully planned to generate people's interest and involvement (customers and employees). In this sense, actions that propose impossible goals to be achieved, which do not fulfil what they promise, or even lie, echo as misconduct and falsehood by those responsible, emphasising the idea that that company does not have good governance, act irresponsibly, and purposefully misleads its customers, generally through manipulation and individual interests. This is exactly the opposite of what Cause Marketing and ESG-focused businesses propose. *Cause Marketing* is an initiative that involves a donation (not necessarily financial) to a specific cause related to causes that improve the corporate image and consumer attitudes towards brands. Thus, one consideration when choosing a social cause is the target customers' cause involvement. According to Choi (2022), the involvement of customers with a cause positively affects the evaluation of a company's socially responsible marketing management. It is important that the company is genuinely committed to the cause and adopts sustainable practices in all areas of its business to avoid accusations of "greenwashing" and to maintain credibility with the market and society. Cause Marketing can help the company build a positive image with customers and society; it helps to increase customer/consumer loyalty. It serves to attract new customers who value the social responsibility that the company demonstrates, among other factors. Therefore, it can generate tangible benefits for the supported cause, such as greater visibility and financial resources, social and even governmental involvement, collective awareness for immediate support, etc.

***Sustainable Marketing*** is a marketing approach that focuses on promoting products and services produced and marketed in an environmentally and socially responsible manner. Sustainable Marketing also includes disseminating environmentally and socially responsible practices and brand values. This means that companies that adopt Sustainable Marketing are committed to sustainability in all areas of their operations and consider the environmental, social and economic impacts of their products and services. Kotler and Lee (2012), agree that even if it requires effort and resources, Sustainable Marketing is the ideal path for organisations and society and has undeniable benefits. Sustainable Marketing involves communication techniques emphasising corporate social responsibility and commitment to sustainable practices. This can include promoting organic or sustainable products, eco-friendly packaging, and fair-trade practices. It can also involve consumer education about the environmental and social impacts of certain products and services,

as well as the promotion of more sustainable lifestyles, conditions that the more familiar people are, the more they will seek. It is possible to say that sustainable marketing aims to create value for customers and consumers, the company and society while minimising negative impacts on the environment and society. *Sustainable Marketing* is a marketing approach that seeks to balance financial profitability with a company's environmental and social impact to promote a more sustainable and responsible future. Therefore, Sustainable Marketing is essential for companies that seek to adopt a responsible approach towards the environment and society, as well as to meet consumer demands for products and services that are sustainable and socially responsible.

### ***ESG marketing***

ESG Companies are strongly anchored in social causes and environmental sustainability; therefore, one of their foundations is the understanding of Cause Marketing, which can be understood as the type of marketing whose action involves and associates the company's conduct with one or more social and environmental causes, and this to generate long-term benefits for society, the environment and the company itself. ESG Companies understand that their action is strategic, therefore, capable of, over time, demonstrating that the actions taken correspond to actual measurable social and environmental gains, and understand that, as a result of this effort and measurement, it is expected social recognition that promotes the appreciation of the company, its products and brands and guarantees the maintenance of the interest of a significant portion of the consumer public in them. Therefore, managers with a genuinely sustainable emphasis do not practice greenwashing; consequently, they do not jeopardise the business's market image, much less in exchange for mere passing attention based on falsehood or deceit that will possibly be discovered by customers, competitors, regulatory bodies or government. ESG companies use communication techniques emphasising corporate social responsibility and commitment to sustainable practices. For example, this could include promoting organic or sustainable products, eco-friendly packaging, fair trade practices, and more. They can also educate customers and consumers about specific products and services environmental and social impacts and promote more sustainable lifestyles. These companies use sustainable marketing to balance financial profitability with the environmental and social effects they cause to promote a more sustainable and responsible future for everyone. Studying ESG initiatives helps to understand not only what makes a company considered socially, environmentally and corporately correct but also that each organisation has its own corporate cultural identity, which helps it get involved with specific causes and support them. They continually review and improve their operating practices. ESG companies integrate environmental, social and governance considerations into their business strategies. It is possible to assume that companies that genuinely develop an ESG approach seek to create economic value while promoting sustainability and social responsibility as part of their business identity. They can, with this initiative, for example:

- Reduce reputational risks.
- Attract and retain talent.
- Improve customer loyalty and investor confidence, in addition to contributing to the promotion of sustainable development.

Considering the three items of the ESG (environmental, social and governance), a company can be considered environmentally responsible if it has policies to reduce its carbon emissions or minimise the waste of natural resources; it can be regarded as socially responsible for the way it treats its employees, customers



and local communities; and it can be considered as adequate in governance for the transparency, ethics and integrity in its management practices. The ESG approach recognises that companies have responsibilities to society and the environment, in addition to their shareholders, and that effective management of these issues can lead to better long-term business results, mainly because the behaviour of these companies is part of their 'own causes' with 'social and environmental causes', that is, they seek coherence and sustainability of the business without losing sight of concerns regarding the quality of life and well-being of the population, environmental conservation and profit. It is clear, therefore, that trustworthy ESG Companies are related to values that must be widely supported and disseminated, such as:

1. Environmental protection, preservation and recovery.
2. The development of society and people's quality of life.
3. The existence, growth and profitability of businesses (these as the "engine" of the real economy, therefore, of job and income generation).

Such values give meaning and guide companies' involvement with social and environmental causes. These causes are used to show how each company adheres to what is necessary to transform the current reality into an ideal reality.

### **Conclusion**

Although each approach has particularities and specific focuses, they all share a concern for sustainability and companies' social and environmental responsibility. In turn, the main differences between the marketing approaches above are:

- Focus: cause marketing, for example, emphasises supporting a social, environmental or cultural cause and mobilising the public. In contrast, environmental marketing focuses on reducing the company's environmental impact and improving its image through sustainable practices.

- Product: each approach emphasises a different dimension of sustainability concerning products and services. Green marketing, for example, emphasises the environmental benefits of products and services, such as energy efficiency and reducing pollutants. In contrast, green marketing focuses on manufacturing biodegradable products that do not harm the environment.

- Scope: the broader approach is sustainable marketing, which seeks to reconcile all dimensions of sustainability in an integrated manner, that is, to integrate all the approaches mentioned here. In turn, the scope or scope of each approach individually depends on several factors, such as the size of the company, available resources, the market and segment with which it operates or intends to operate, and demographic and cultural factors, among other factors.

- Target audience: Each approach can have a different target audience. Cause marketing, for example, can target specific groups passionate about the cause supported by the company. In contrast, environmental marketing can target customers and consumers concerned about the environmental impact of products and services.

- Strategy. Each approach may require a different strategy to achieve goals. Cause marketing can be based on specific events and campaigns to mobilise the public around a cause. In contrast, environmental marketing can require a more technical and data-driven approach to reducing a company's environmental impact.

Each approach is of particular importance for ESG Companies, such as the possibility of strengthening the company's identity, building a stronger relationship with the public, and attracting talent committed to sustainability and social responsibility, in addition to seeking to reconcile all dimensions of sustainability in an integrated and truthful way, with the aim that this practice collaborates with the

increase of relevant financial results for the business after all, clients and consumers tend to give preference to socially and environmentally correct companies.

Therefore, it is fundamental that ESG Companies consider marketing as an essential factor for their development and reputation, always seeking ethical and responsible strategies and avoiding unfair manipulations and falsehoods, as occurs with greenwashing. It is necessary to remember that marketing approaches are not isolated solutions but rather a combination of efforts that lead to adopting sustainable and responsible practices.

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