



European Business Review

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Helen Song-Turner Michael Polonsky

Article information:

To cite this document:

Helen Song-Turner Michael Polonsky , (2016),"Enviropreneurial marketing in greening corporate activities", *European Business Review*, Vol. 28 Iss 5 pp. 506 - 531

Permanent link to this document:

<http://dx.doi.org/10.1108/EBR-12-2014-0087>

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Enviropreneurial marketing in greening corporate activities

Evidence from four Chinese green firms

Helen Song-Turner

*Department of Management and Marketing, Federation University
Australia, Australia, and*

Michael Polonsky

*Department of Management and Marketing,
Deakin University, Burwood, Australia*

Abstract

Purpose – The purpose of this study is to explore the enviropreneurial marketing approach used by firms in China and its impact on the success of green marketing actions, with the aim of drawing useful lessons from the literature and successful green firms.

Design/methodology/approach – This study follows the inductive case study approach, and the qualitative data come from a study of four firms engaging in enviropreneurial marketing activities. Interview data were triangulated with qualitative data from other sources.

Findings – The evidence from this study indicates that enviropreneurial marketing plays a central role in developing innovative product or services, adopting an innovative and pragmatic green marketing mix that differentiates and creates changes within industry and markets.

Research limitations/implications – The main limitation of this study is that data samples are from successful firms labelled as “green” by the Chinese authorities, based on winning “official” awards. These do not necessarily represent the opinions of a cross section of firms within China with respect to enviropreneurial marketing. Future studies should include a mixed population of firms.

Practical implications – Policy makers and marketing practitioners need to consider drivers to ensure that Chinese firms integrate enviropreneurial marketing activities, which need to complement the delivery of functional value.

Social implications – Green initiatives/changes within the firm seem to be partly driven by the environmental orientation of these firms’ founders, thus, developing an environmental orientation in managers may be important to drive enviropreneurial marketing activities.

Originality/value – This study contributes by confirming the current literature on green marketing and examining the positive impact of enviropreneurial marketing on firms’ performance in the context of marketing in emerging markets.

Keywords China, Strategy, Green marketing, Enviropreneurial marketing

Paper type Case study

Introduction

With China’s rapid transition towards a market-oriented economy and entry into the World Trade Organization in 2000, environmental issues have received an unprecedented degree of attention from the authorities and the public (Yi *et al.*, 2007). Globally, businesses have become aware of the need to protect the natural environment and have increasingly integrated environmental marketing activities into their



activities (Minor and Morgan, 2011). This green shift is starting to also be addressed by Chinese businesses (Guerin, 2009). While many firms are increasing their commitment to social and environmental issues (Warbuton and Horn-Phathnothai, 2007), there are a diverse range of alternative approaches that can be adopted to achieve responsible outcomes (Polonsky and Jevons, 2009). Environmental issues and sustainability are considered as important competitive advantages (Zollo *et al.*, 2013).

Contemporary marketing research has broadened its core focus from segmenting, targeting and positioning and increasingly examines entrepreneurial dimensions of strategy incorporating ecological and other corporate social responsibility (CSR) initiatives to deliver value for competitive advantage (McDonagh and Prothero, 2014). In the context of green operations and marketing strategies, enviropreneurial marketing has a well-grounded theoretical framework which integrates antecedents and consequences for sustainability (Baker and Sinkula, 2005). Enviropreneurial and eco-innovation, sometimes also referred to as enviropreneurial marketing, emphasizes the influence and importance of entrepreneurial quality and advocates that firms reduce environmental impacts through innovation, rather than superficial face-lifting and window dressing activities. Thus, enviropreneurial marketing is designed to address social concerns (Menon and Menon, 1997; Rennings, 2000), where the firm's marketing activities are congruent with environmental and social objectives, as well as economic goals.

The relevance of enviropreneurial marketing to developing a sustainable competitive advantage appears to be clear. There is increasingly evidence that even in developing markets, such as China, firms are making greater use of aspects of enviropreneurial marketing (State Environmental Protection Agency, 2006) to improve their market performance and image (Leonidou *et al.* 2013); however, there is still limited examination of how Chinese firms undertake greening activities, even though research on Chinese consumers greening behaviour is increasing (Polonsky *et al.*, 2014).

The conceptual framework used in this paper was developed from a theoretical interpretation of green motivation, stakeholders and marketing practices to explore Chinese firms' green governance and greening activities (Song-Turner, 2010). The current paper focuses on the "how" component of implementing greening initiatives, which will allow a better understanding of greening approaches and practices made by Chinese firms to improve their performance and the Chinese natural environment. The main motivation driving this research is to answer the question: why do some firms, implement different green initiatives in regards to their coverage and depth, even though all organizations operate in broadly the same economic, technological, political and regulatory environment? In other words, how did they operationalize their response to environmental related issues?

The next section of this paper overviews the literature on "enviropreneurial marketing" and how this shapes firms' green marketing activities. This is followed by a discussion of the qualitative case-based methodology (Woodside and Wilson, 2003) used in this study. The research results are then presented and discussed. The work is concluded with a discussion of the limitations and further research opportunities.

Literature review

Enviropreneurial marketing has emerged as an important approach to addressing environmental issues within marketing (Menon and Menon, 1997) and has arisen

because it has been identified that firms require a new mindset to make marketing more responsible in regards to their obligations to society and consumer well-being (Polonsky, 2011). Varadarajan (1992) coined the term environmental marketing, which is designed to encompass environmentally friendly marketing practices, strategies and tactics that benefit society, the consumer and the firm, enabling firms applying enviropreneurial marketing to achieve a sustainable competitive advantage. Building on Varadarajan's (1992) work, Menon and Menon (1997) saw the environment as part of the firm's core value, which shaped firms' strategic direction. This differentiates enviropreneurial marketing from other environmentally based approaches, as it makes enviropreneurial marketing proactive and does not rely on legal or public pressure to drive greening initiatives. Menon and Menon (1997) contend that enviropreneurial marketing is a subset of CSR, given its focus is on environmental performance and activities.

Miles and Covin (2000) expanded the discussion of enviropreneurial marketing further, suggesting that it was only through practising enviropreneurial marketing that firms can simultaneously improve financial and environmental performance, thus greening becomes a source of sustainable competitive advantage. Baker and Sinkula (2005) also discussed enviropreneurial marketing as a corporate commitment that encompasses proactive, entrepreneurially grounded, environmental marketing strategies. They concluded that enviropreneurial marketing is "a unique organisational resource, one that is difficult to learn and costly to copy" (p. 471), but is essential for a firm's long-term competitiveness and sustainability. Enviropreneurial marketing therefore becomes a resource and capability, helping enhance the firm's market position, but enviropreneurial marketing does not in itself directly drive performance (Baker and Sinkula, 2005). Enviropreneurial marketing is, rather the pathway to corporate and marketing success (McDonagh and Prothero, 2014).

Innovation associated with enviropreneurial marketing plays an important role in the process of facilitating businesses and environmental sustainability (Porter and Kramer, 2006; Pujari *et al.*, 2003; Polonsky and Ottman, 1998; Porter and van der Linde, 1995). With this perspective, Cronin *et al.* (2011) conclude that firms undertaking enviropreneurial marketing may capitalize on a first-mover advantage if they are successful, although others suggest that greening activities alone are not a panacea for all corporate problems (Ginsberg and Bloom, 2004).

There have been several reviews of the green, sustainable and enviropreneurial marketing literature (Chamorro *et al.*, 2009; Kilbourne and Beckmann, 1998; Leonidou and Leonidou, 2011; McDonagh and Prothero, 2014). There has not been a consensus of alternative approaches to greening or what firm characteristics (such as its size, environmental impact, technology) result in better success from greening strategies. Part of the difficulty of understanding the development of enviropreneurial marketing within organizations is possibly the fact that firms may undertake or manage green activities at different levels – strategic, quasi-strategic and tactical (Menon and Menon, 1997). Tactical actions are characterized by functional decisions that aim to achieve specific marketing or operations' objectives dictated by the economic or financial situation. Quasi-strategic actions are those that require more substantive changes in marketing activities, but there is still a lack of uniform effort across the firm to use these to achieve organization-wide competitive advantage. Whereas strategic greening requires a holistic approach, which integrates the eco-mindset with all of the actions of

the firm across all functional areas and reframes corporate action and focus. This all means that all greening is not the same (Leonidou *et al.*, 2013; Polonsky *et al.*, 2011), even when focusing on a given type of activity it can be undertaken at the tactical, quasi-strategic or strategic level (Polonsky and Rosenberger, 2001). This too is why Ginsberg and Bloom (2004) suggested that a firm's greening approach (i.e. strategic, quasi-strategic and tactical) may impact on the viability of the strategy in regards to appealing alternative consumer segments.

One of the driving forces for firms engaging in green initiatives is the perception that greening is a market opportunity and firms' expectations that greening will improve firm competitiveness (Bansal, 2003). This suggests that firms will invest in securing resources and developing environmental friendly competencies (Cairncross, 1990). Sharma *et al.* (1999) found that firms are more likely to undertake substantive, proactive environmental initiatives when the firm's managers perceive various issues to be opportunities not threats. Indeed, Andersson and Bateman (2000) stress that "framing an issue in an appropriate manner can capture the attention of organisational decision makers and thus shape and direct subsequent issue-relevant activity" (p. 551). This implies that having an entrepreneurial approach to environmental issues would assist organizations in undertaking greening, as their entrepreneurial mindset means firms frame green issues as opportunities rather than as impediments.

In the many reviews of green marketing and environmental strategies (Chamorro *et al.*, 2009; Kilbourne and Beckmann, 1998; Leonidou and Leonidou, 2011; McDonagh and Prothero, 2014), it is suggested that the focus of most research has been on developed countries. This is changing, as there is also a growing body of green marketing research within Asian economies (Wang *et al.* 2015; Polonsky *et al.*, 2014; Du, 2012) as well as work in other developing countries (Mishra and Sharma, 2010; Pinteau *et al.*, 2014; Gupta and Goldar, 2015). This global examination is essential for preserving the natural environment, for unless firms in developing countries learn how to proactively integrate environmental issues into their strategy, long-term sustainability will not be achieved, preventing firms contributing to solving social and environmental issues (Achrol and Kotler, 2012; Crilly *et al.*, 2012; Zollo *et al.*, 2013).

Chinese context

This research addresses the need to examine developing country contexts, particularly those in Asia (Polonsky *et al.*, 2014), by examining enviropreneurial marketing, within four Chinese firms. The Chinese economy is the second largest in the world in regards to GDP (Lin, 2013). Additionally, as the Chinese economy grows so does its environmental impact, and China is the world's largest carbon producer (Olivier *et al.*, 2015). As such it is critical to understand Chinese firms' approach to greening and enviropreneurial marketing if global environmental issues are to be effectively addressed (Polonsky *et al.*, 2014). If Chinese firms improve their environmental performance, it will have a long-term sustained impact on the world's ecosystem (Liu and Diamond, 2005). To date, research has shown (Xu *et al.*, 2015; Wang *et al.*, 2015) that environmental regulations in China are less than effective and Chinese businesses adoption of enviropreneurial marketing and CSR, more broadly, is still evolving. As such, relying on the government drivers alone may be inadequate, on their own, to halt China's increasing environmental degradation. Firms need to proactively assist in achieving broader policy objectives in China (Song-Turner, 2010) and elsewhere (Wymer and Polonsky, 2015). This paper

seeks to draw lessons from four Chinese businesses that are going greening, integrating theory from within literature. This will provide insights into these environmental proactive firms' activities to identify why they have been successful, which will hopefully assist other Chinese firms in adopting enviropreneurial initiatives.

Case method and case selection

Given that the enviropreneurial marketing practices have not been extensively studied within Chinese firms, this study follows an inductive case study approach, which allows for the generation of valuable insights into the issue under examination (Bonoma, 1985). Within case research, it has been suggested that a single-firm or multiple-firm case can be used (Wilson and Woodside, 1999) and multiple-firm cases are frequently used to understand organizational marketing strategy (Piekkari *et al.*, 2010).

Cases are especially useful in understating how firms navigate complex environments, such as how firms' approach and integrate green and marketing activities that address organizational, environmental and public policy imperatives. Previous research into green issues within China has focused on narrow purchase decision contexts as a "case" (Thøgersen and Zhou, 2012), whereas other non-China works have looked at how firms within a sector have been embracing green practices (Dilts and Prough, 2001) or how individual organizations have adapted greening initiatives (Brindley and Oxborrow, 2014; Stafford *et al.*, 1998).

Given the above case study rationale, the qualitative data used for this paper is from four Chinese firm case studies across different industries, where the firms are actively engaged in green initiatives. The firms were selected using a purposive sampling strategy (Patton, 2002) which enables the researchers to use their own judgement, based on specified selection relevant to green marketing. This enables selected cases to be highly involved in enviropreneurial marketing activities. Firms were chosen by replication logic where the features of the firms could be used for duplication and for producing contrasting results (Yin, 2012), rather than because of firms being representative of any population (Chetty, 1996). The selection criteria used were:

- firms covered different industrial settings and thus are facing differing business environmental pressures, rather than trying to examine one specific industry context (Yin, 2012; Andersson, 2000); and
- selected firms have been recognized by various Chinese governmental bodies for environmental excellence.

This includes national environmental awards, certified organic goods, included in the national list of recommended green products, China Patents Gold Award; thus the four selected firms represent a cross section of Chinese organizations that have enviropreneurial marketing activities. Table I provides a summary of the key features of the four case firms.

Selection of key informants

Data collection involved interviews with the key decision maker within the organization and were conducted over one and half years. Within this research an interpretative approach was followed (Maxwell, 1996) to gain insights on organizations' perceived green motivations and the enviropreneurial marketing activities undertaken. Industrial key informants have been widely used in marketing and organizational research

Firm	FA	FB	FC	FD
<i>Firm key characteristics</i>				
Product	Camellia oil and associated products	Architect design and associated services	Ecological commercial and environmental sand products	Detergent
Firm size (no of employees/turnover RMB) (2009-2010)	238 employees; 1.29 billion RMB	300 employees; 1.20 billion RMB	600-700 employees; estimated 13.5 billion RMB ^a	Approximately 1600 employees; 1 billion RMB for year 2010-2011
Ownership	Private	Private	Private	Privately joint-stock-owned
Industry sector	Agriculture processing	Real estate architect design service	Industrial and commercial sand industry	Daily chemical industry
Government control	Moderate	Moderately high	Low	Very high
Green impact	Consumer	Construction design/material & equipment selection	Raw material/manufacturing process/distribution/environmental impact	Environment, process and discharge
Geographic location	Jiang Xi Province	Beijing	Miyun, Northeast of Beijing	Xi'an Shaanxi Province
<i>Key informant characteristics</i>				
Participant position	General manager	General manager	Founder and general manager	Founder and general manager
Years with the firm	14	20	19	15
Interview times	3	3	3	2
Note:	^a Estimated based on past sales figures and growth rates			

Table I.
Firm features and key informant

(Kammerlander, 2016; Walter *et al.*, 2016; Mitchell, 1994). As suggested in the literature, key informants must be selected based on their knowledge and role within the organization. Using this key informant was considered the most appropriate method given that many of the Chinese firms examined do not have specific marketing departments. Top management respondents, particularly those who oversee both operations and marketing activities, were used in this research to examine their organizations' enviropreneurial marketing activities. Within this research, a single decision maker who has influence and knowledge of the firm's history and enviropreneurial marketing activities was chosen, which is supplemented by data from internal and publically available sources where possible, as well as information collected on site visits to the organizations. The in-depth knowledge of the key informant increases the validity and consistency of the internal data collected. General Managers, CEOs or founders are considered the most suitable and knowledgeable person (i.e. key informant) in relation to firm's motivations, relationships with stakeholders and other key aspects of firms' enviropreneurial marketing approaches. Given China's collectivist culture, general managers (i.e. the key informant) also exert strong managerial influence throughout the firm (Zhou, 2006). The profile of the organizations and key informants is summarized in Table I, and Appendix A provides a brief description of each firm's business scope and activities.

Data and analysis

The purpose of the interviews was to obtain an understanding of why and how the four firms have implemented green initiatives, which are deeper and more engaged than other Chinese organizations, given that each firm's competitors face similar industrial and national contexts in regards to environmental issues. A similar type of qualitative approach has been used in other research seeking to understand organizations environmental strategy and practices (Drumwright, 1994).

The interviews were based on open-ended questions that revolved around the perceptions of environmental issues, identification of key influential stakeholders, motivations for implementing enviropreneurial marketing initiatives as well as examples of associated practices, marketing strategies and challenges. Respondents also completed a survey based on Wong *et al.*'s (1996) work, which consists of a series of structured statements and questions that relate to enviropreneurial marketing orientation, outcomes and practices. The survey questions are modified and adjusted for the environmental and Chinese context and were used to assist in validating respondents' in-depth answers (Charmaz, 2006; Silverman, 2011).

In keeping with the qualitative case study approach, all discussions were recorded with the respondents' approval and professionally transcribed. A thematic analysis was undertaken in an iterative process, as themes and issues were identified, the supporting materials were scanned to ensure that these could be corroborated (Yin, 2012; Guba and Lincoln, 1994). In cases where this information was ambiguous, follow up interviews (via phone or email) were undertaken. The follow up discussions was designed to clarify, verify and assist in refining the emerging themes, trends from initial interviews, as well as cross validating the observations from site tours and secondary materials. The use of follow up interviews and secondary materials minimizes any potential weakness associated with a single qualitative data collection (Mason, 2002; Charmaz, 2006; Silverman, 2011).

The goal is not to use one case to understand other cases and thus each case was summarized as a stand-alone “study” (Stake, 1995). The findings within each case yield insights into the motivation and approaches of the Chinese firm’s enviropreneurial marketing activities and motivations. Each case draws on the interview(s), survey responses, secondary materials (brochures, websites, newspaper, media advertisements) and site visit.

Results

This section discusses the results of this study. The first section provides results relating to a firm’s enviropreneurial marketing approach. Each firm’s green approach is first described and patterns emerging across the cases are provided. Analysis of the cases studied focuses on significant themes that align with the literature review as well as those themes that emerge from within the data. Each firm’s greening specific enviropreneurial marketing activities are then discussed and are also summarized in Table II.

Enviropreneurial marketing approaches

FA is involved in producing camellia oil-based pesticides. Their enviropreneurial marketing approach is based on the owner and manager’s motivation to seek opportunities to benefit the local community through commercializing an environmentally safe pesticide that benefits the environment, farmers and is also profitable. The firm transformed itself into a national leader in organic products, using compliance with recognized green certification:

The accreditation process was very rigorous, costly and time consuming [...] with hundreds of pages of technical data, information on management practices, air quality and soil analysis, food/oil safety and quality control system, (camellia) seeds selection, packaging and shipment and so on. The application and approval also included field inspections [...] but the benefits of being certified has rendered great benefits as well [...] (Interview of general manager, 26 June 2010).

This was partly motivated by management’s desire to provide a healthy and safe organic product that was trusted by the community. The benefits of obtaining green certification increased FA’s products market share and resulted in FA winning various awards at regional, provincial and state levels. The firm is the leading producer of organic camellia oil and has become the model for Chinese firms in this industry. FA’s enviropreneurial marketing approach is a strategic one, as there has been a fundamental shift in operational and tactical activities. The firm used the implementation of certification requirements to achieve coordinated and controlled outcomes across all function areas.

FB is involved in the architecture sector and designs residential and commercial buildings in China. In this case, top management’s personal knowledge, values and commitment to economical and sustainable design were essential for FB’s green initiatives. The chief architect, who is also the operations officer, is influenced by the traditional Chinese philosophy of living harmoniously with the environment. Rooted in his design philosophy is the Chinese “fit” concept, as he explained:

“fit” encourages the reduction of waste and visual impact, conservation of resources, and the valued mother earth which translates to the organisation’s design philosophy. (Interview with general manager, 21 June 2012)

Table II.
Summary of the four
firms' marketing mix

Marketing mixes	Firm details		
	FA	FB	FD
Product	Brand building emphasizing origin of production and organic and green certifications	RED design, emphasize the premium value of its service	Focus on its core technology and offer of distinctive efficient eco product lines economic and environmental needs. Using different brands for different product lines
Price	Premium price based on the nature of the products and its targeted products	Premium price based on the saving that their design could offer	Brand building emphasizes scientific and technical innovation for safe, healthy and also eco-friendly products Using differentiation strategy emphasize on product function, efficiency and environmental features Mixed pricing strategy. Premium pricing for leading products emphasis on effectiveness; personal care and environmental values. Competitive pricing for other products to compete with cost leading competitors
Place	Through hypermarket and top-level supermarkets in tier one and two cities in China	Personal contact; relationship building; tendering bids	Initially relies largely on super and hyper markets then switched to establish its own sales network by building branch office and develop dealers by geographical area. Start to set up exclusive stores in 2008; plus strategically partnered with large firms, organizations for direct sale

(continued)

Marketing mixes	Firm details		
	FA	FB	FD
Promotion	Use green issues to sell new lifestyles and ideas Emphasize the brand image and the natural and health benefits of the products. Tactically utilize the influence of media and governments. Adopted a combination of personal sales and media advertising	Personal sale; education programmes; word of mouth; utilization of public media. Specifically using saving analysis; ROI-related decisions	Promote its commitment to invest in green research and development initiatives Never use advertising. The promotion strategy is primarily through the demonstration effects of its previous public and private projects
			Limited advertising at the starting stage and mainly replies on consumer experiences and word of mouth. Later, it uses a combination of TV advertising, spot demonstrations, news reports, industrial plant tours to increase public awareness and knowledge of its products and bonus presents bundling with strategic partners

FB's strategic enviropreneurial marketing development is based on a clear awareness of the realities of the Chinese building industry. There is a huge demand for residential buildings resulting from extensive rural-to-urban migration as called for in China's Eleventh Five Year Plan (2006-2010) (Kamal-Chaoui *et al.*, 2009). Given the general low level of skill in the construction sector, the key informant at FB identified the importance of bridging the gap between the design and the construction processes, such as increased use of green initiatives to reduce the cost of construction, making green initiatives more accepted and creating a competitive advantage for FB. The firm has implemented a Refined Economic Design (RED) concept, which advocates that all the stakeholders in the value chain – from the design planning to construction, equipment and material supply, interior decoration and industry standard – review and question existing design and construction practices and standards in China. This philosophy has been communicated to:

[...] to do this, you need a good team who are not only detail-oriented but also understand that the design is for the future, not just for the present time. To me, establishing a set of high benchmarking architect standards and a team who are able to maintain the standard is the ultimate goal as an architect. (Interview with general manager, 21 June 2012)

What makes FB distinctive from other architecture firms is the training and professional development given to all staff in the firm to ensure they share the same vision. FB's use of its RED concept allows monetary savings to be better communicated, ensuring the benefits of the process are clearly articulated, and thus, FB's green solutions are a direct result of the decision makers' environmental awareness, knowledge, commitment and demonstration of environmental design leadership in China. This is reflected as strategic enviropreneurial marketing approach.

FC is a leading high-tech industrial sand producer. In this instance, FC's CEO sought to provide greener and more ecologically friendly products, through revolutionizing the outdated Chinese foundry industry, while at the same time improving firm performance and the quality of life in China through more sustainable business processes and practices. FC sought to redesign sand casting technologies in China, shifting from expensive imported goods to less expensive local goods that also involved reductions in environmental (i.e. transportation) costs. FC's CEO believes a better marketing strategy is not trying to compete or divide the existing market share, but rather to create a new market. This moves beyond marketing and starts with the innovative product development. Over the years, the products FC has brought to market have been closely linked with the challenges facing society, community and industries' needs, such as water shortages, earthquake, food safety rather than specific market segments. In FC's founder and CEO's words:

Nothing is impossible. Innovation needs changing your mind and changing the way of your thinking. Always following others will lead you nowhere. Observation and learning by doing is a good starting point for innovation. (Interview with FC's founder and CEO, 26 June 2010)

FC focused on sustainable innovations by engaging with their own employees, technology and products to identify solutions that contribute to "benevolence, innovation, contribution, and development" as highlighted by FC's organization motto. This philosophy is translated into all organizational activities and spurred organization innovation that is socially responsible. FC's commitment to sustainable innovation arose through "leading by example" and the top-down approach demonstrates the firm's

commitment to innovation to the firm's customers and employees. FC complies with a range of international quality standards in terms of operations (ISO9001:2000 Quality Management System), environmental performance (ISO14001:1996 Environmental Management System) and employee safety (HSAS18001:1999 Occupation Health and Safety Management System). These innovations are also in line with supportive state policy encouraging local innovation, leading to FC being seen as an innovative hi-tech enterprise. FC ensures all employees understand the operational realities of the organization and since 2012 has required that all new employees work in the factory for one year. FC has also adopted a strategic approach to enviropreneurial marketing, where its greening solutions are diverse but all are built on its core competencies, leveraging government policies and international accreditation.

FD is involved in the cleaning products industry and translates its enviropreneurial marketing approach through its culture, eco-production and development of eco-products. Specifically, they instituted a two-pronged approach using the government's Environment Protection Emblem (EPE) product certification and international Environmental Management system certification. This ensures that eco-friendly is a feature of all the products and production processes. The influence of the general manager's vision, values and principles has formed a strong enviropreneurial culture across the firm. The general manager recognizes that consumers are not willing to sacrifice quality for environmental performance, which differentiates them in the fiercely competitive cleaning products industry:

The high degree of homogenization of domestic producers and the large scale of foreign brands have motivated us to differentiate ourselves through innovation and cost reduction. (Interview with General Manager, 6 May 2012)

To make their products more affordable, FD implemented an advanced Enterprise Resource Planning system to facilitate operational coordination across functional departments, optimize purchasing and production processes and help reduce operational costs. Each year the firm invests approximately 10 per cent of sales revenue in Research & Development (R&D) and strives to introduce five new environmentally focused products each year. For example, one new highly concentrated product not only has anti-bacterial features and enhances softness of clothing in the wash, but also saves packaging costs, storage space, reduces water and energy consumption, as well as has lower transportation manufacturing and distribution costs:

We estimated that cost savings from transportation and distribution would be about 500 RMB per ton. The potential cost saving for the first year of 100,000 tons, would be 50 million RMB let alone the reduction in emission of CO₂. (Interview with General Manager, 6 May 2012)

Apart from this, FD has established an eco-demonstration corridor utilizing its recycled water, material and resources to demonstrate its cultural value to the public and boost employees' pride in working at FD, thus, FD's enviropreneurial marketing approach demonstrates a strategic approach.

All four cases exhibited a high level of top management environmental awareness and concern, with enviropreneurial marketing seen as a strategic and long-term issue. Each case's scope of enviropreneurial marketing extends throughout all function areas, with a goal of improved firm performance and environmental improvement. All four organizations voluntarily implemented various types of international certifications and/or implemented their own internal standards in cases where existing external standards

and regulations are seen to be inadequate (i.e. FC and FD). At the same time, each firm complies with or exceeds requirements of all applicable national environment-related laws and regulations. Even though all of the firms adopt strategic greening approaches, the scope of their activities did not necessarily include supplier and customers' participation (Menon and Menon, 1997), however, in all cases other than FD, there were some efforts to also change the behaviour of consumers.

Enviropreneurial marketing practices

The preceding section has identified that all four firms undertook strategic enviropreneurial marketing, however literature and the respondents in the four cases, identified that even when this occurs there may be alternative marketing tools used to achieve this strategic shift (Menon and Menon, 1997; Polonsky and Rosenberger 2001). This section discusses the specific activities undertaken within each firm in order to achieve their strategic approach (see Table II for a summary), drawing on the key informant interviews, archival data and triangulation survey. In evaluating the firms' enviropreneurial marketing practices, we examine the traditional 4Ps – product, price, place/distribution and promotion. Within this section we focus on the similarities and differences across the cases, rather than summarizing each case.

Products

The product offerings across all four cases suggest a number of similarities and differences. First, regardless of the type of industry, respondent firms all integrated environmental features into their product offerings and sought to develop their green credentials in the marketplace. FA emphasizes natural, organic and green features; FB emphasizes its savings and eco-friendliness in its design; FC and FD emphasize their environmental R&D efforts and innovative capacity as features of their innovative solutions.

Secondly, R&D is perceived as important in the four firms' product activities, although their commitment to R&D varies. The hi-technology firms, FC and FD, seek to be industry leaders and thus green technology and products are critical. As shown in informant FC's words:

Every year we put back at least eight per cent of our sales revenue to R&D, which is higher than the majority of firms in China. We are committed to continue building up capacity and expanding R&D to ensure we meet social and markets' needs. (Interview with FC's Founder and CEO, 26 June 2010)

For FA, R&D is important to guarantee quality and reputation, but FA focuses more on growing the product and production processes, rather than innovative product features. As pointed out by the informant of FA:

Reputation and credibility of our products recognized by consumers are the key factors for our success. We are motivated to maintain our leadership in providing the finest organic camellia oil [...] (Interview of General Manager, 26 June 2010)

Whereas FB is a service company and their innovation investments are in the intellectual capacity of employees, through professional development and training.

Thirdly, in all four cases, environmental issues are a core plank of the organizations' branding. FA and FB use brand building to differentiate their products and enhance product image and reputation. FC uses brand extensions to develop their diversified

product offering. FD has many branding activities including line extensions, product modifications and packaging variations, designed to appeal to existing and new segments of consumers.

Price

In all four cases, the firms use high to premium prices to project or reinforce the image of high quality and performance of green product offerings; however, over time, market conditions (i.e. increased competition) forced the firms to adopt a more consumer-based or competitor-based strategy. FC and FD, for example, initially decided to use a premium price for their market leading products but changed to using competitive pricing for products whose competitors use cost leadership pricing strategies. Both firms on one hand expected a good return on their R&D investments, but realized the limitations within the market:

Our products are targeted at the high-end consumers, our price is set higher than our domestic competitors but we are not able to charge as premium a price in China as we should. We have to be practical and realistic as consumers, even in the high-end, are still price sensitive [...] (Interview with General Manager, 6 May 2012)

Firms FA, the fine camellia oil producer, and FB, the architectural design firm, both have been able to maintain their premium pricing strategy, which is due to the nature of the products and services which are directly related to consumer and client's self-interests, thus consumers value the environmental and associated attributes and thus are willing to pay premium prices.

Place/distribution

In all cases, they use distribution channels that match their market positioning and to actualize their entrepreneurial marketing objectives. To reduce costs, all four firms choose short distribution channels. FA and FD, for example, choose to work with high-end retailers for their products and reduce the number of intermediaries. Selecting high-end retailers also reinforced the high-end product image. For example, one respondent suggested:

We positioned ourselves as the finest organic oil producer and targeted the top income consumers. Where do those people shop? It is highly likely they will not visit the ordinary supermarket or wet market. Therefore we chose the top retail chain stores like Wal Mart, Metro, Parkson, Justco, Pacific Department Store, which are the most popular shopping sites for high income consumers. (Interview of the General Manager of FA, 26 June 2011)

As a service provider, FB chooses personal selling, with no intermediary and extensively used tendering bids to clients directly to highlight the potential savings from RED sustainable design. As:

Tendering bids provides us with a direct way to sell our concepts and designs to potential clients. This is an effective way to reduce if not overcome Guanxi's influence in obtaining business in this circle. Secondly the decision panels of these clients are well connected. Even if we are not successful, they may recommend us to someone else who is interested in our design. (Interview with General Manager, 24 June 2011)

FC initially used personal selling but later chose to establish a joint venture with local producers which assists them in reducing transportation and logistics costs and they sell directly to the end users in local markets.

All firms sought to increase the controllability of their distribution network. The firms saw controllability of distributors as playing an important role in helping them to achieve other objectives such as marketing coverage and penetration (FA) and overcoming any supplier difficulties (FD). FD, for example, chose to market directly to large business organizations, based on its reputation, and successfully bypass barriers created by dominant existing distributors. Further, all four firms use online marketing as part of their distribution networks, thus allowing them to have better direct relationships with their customers.

Promotion

There are four patterns identified in the cases in regards to promotion. First, personal selling and direct marketing seems to be preferred to advertising across all cases. For example, FB and FC had limited direct advertising, and FC did not use any paid form of advertising in its marketing efforts. FD did not use direct advertising in the early stage of its development and only started advertising in an attempt to grow further. However, this may have arisen as the result of firm size and financial constraints, which required more innovative promotional techniques.

Secondly, firms in all cases appeared to focus on the developing of positive customer experiences, using demonstrations and sales promotions to communicate the product benefits and features. By demonstrating visible benefits and value of products and services, it made information more quantifiable and easy for consumers to understand, which in turn assisted the four businesses standing out from competitors. As one informant suggested:

The municipal civil projects are our best stage show. Take the water permeable brick for example, it's spongy and comfortable to walk upon. Not only for walking in the rain, you will never worry about shoes being wet as the water already has been absorbed by the brick and being collected, filtered and stored underground. (Interview with Founder/CEO, 26 June 2011)

The demonstration effect of the public projects is direct and influential as the visibility of its products' benefits such as water saving, water purifying, waste reduction can be clearly seen and recognized by the public and authorities. Direct communication also assisted in developing greater word of mouth influence, which was applied across all cases, particularly for firms offering products that target users' self-interests: FA – healthy organic camellia oil; FB – more efficient construction/interior design; and FD – healthier personal care/safety. The marketing communication message designed by these firms tended to emphasize product features that are specific, meaningful and directly related to consumers' personal needs rather than focusing on the environmental benefits alone, which recognized the importance of product core functional value. For example, firm FB focused on client savings rather than environmental benefits. Focusing on core benefits to consumers, i.e. consumers' self-interest, created a direct appeal with environmental savings as a secondary benefit.

Thirdly, there was a strong use of governmental and public media to build product and image awareness. In all cases (FA, FB, FC and FD) the organizations targeted governmental customers and sought to use public relations through public media to amplify their green efforts, which are also frequently seen to be more credible than advertising (Chen *et al.*, 2014).

Lastly, all firms communicated their environmental qualities and certifications to their targeted consumers through direct marketing materials such as pamphlets,

catalogues, mail outs, newsletters and posters. Such information is critical when dealing with high credence attributes that consumers cannot access. Labels and logos, indicating compliance with international or external standards, can create higher levels of perceived credibility (Atkinson and Rosenthal, 2014). In addition to publicizing their eco-labels, cases FC and FD integrate their social responsibility activities within all communication activities. All firms used integrated public relations campaigns, charity programs, education sponsorships and green recycling campaigns to reinforce the firms' social image. Combined with other marketing communications elements such as personal selling and sales promotion, the credibility of firms' green efforts are reinforced in the minds of consumers and the general public, as suggested by the informants in these cases.

Implications

This study provides insights into the increasing importance of firms' enviropreneurial marketing in an emerging country – China. The analysis provides a holistic means of examining firms' internal greening and associated enviropreneurial marketing practices. It moves beyond *what* and *why* questions to examine the *how* factors within an integrated framework with strategic implications for firms' greening.

As suggested in the cases studied in this paper, the data indicate that creating a supportive internal climate is critical for enviropreneurial marketing, shaping marketing practices. With clear leadership and an intensive commitment to its brands, green practices are emphasized at all levels of communications both internally and externally. These practices have created a strong internal environmental culture, which supports Polonsky and Rosenberger's (2001) view that real, lasting, eco-strategic changes happen from within. In addition, the adoption of a strong environmental culture where a firm's employees share similar values will facilitate the creation and dissemination of the shared visions created by managers (Barrett and Murphy, 1996; Marcus and Geffen, 1998).

Reviewing the overall marketing approach and marketing practices across the case study firms, it is not difficult to see that the value and principle of enviropreneurial marketing is embodied in the operations of each organization. The marketing approaches adopted by those firms stand out among firms in their industries. For example, FC's (the leading industrial sand company) marketing strategy is based on creating new markets, new industries and establishing itself as a leader in that market, instead of competing within existing markets.

The leadership exhibited in the firms, provided them with differentiated offerings, addressing specific narrowly targeted customer needs, while doing this in a less environmentally harmful fashion. R&D was one of the main focuses in regards to product development because it helped firms focus on developing innovations in green management processes that improved environmental performance. All of these contribute to the creation of sustained competitive advantage. Firm's innovative promotion strategies also distinguish them from competitors. All four firms choose to emphasize the functional benefits of products to consumers rather than focusing solely on environmental attributes alone. They also sought to leverage government influences in the market, within public relations activities. Additionally, using on-site demonstrations (FA, FC and FD) and project displays (FC) allowed the firms to better communicate the value, increase publicity and trust, where these practices were more

innovative than competitors. All four firms used limited paid advertising, and what they did use, emphasized their social responsibility through promoting their greenness. This is embedded in Firm FC's management slogan "using fewer resources to achieve more, better, efficient results".

The firms' pricing strategies also supported their positioning. Instead of using premium pricing to set themselves apart from ordinary people (as occurs for many international brands in developing countries), the firms adopted a practical premium price based on the market affordability in China. For example, FD's highly regarded cleaning liquid is priced about one third of international brands, but is still about 10-15 per cent higher than domestic competitors. The benefit of using this pricing strategy is that it minimizes the possibility of localized copies, which is an issue that is highly criticized by multinational firms (National Bureau of Asian Research, 2013).

Both the marketing approaches and marketing practices of the four firms studied emphasize their R&D, greening processes, sourcing, innovative distribution strategies and the benefits of products in terms of their high performance and cost efficiency rather than greenness. By using these creative approaches, the four firms have reinforced their brand image and differentiated themselves as producers/providers of genuine green products.

The results of this study are consistent with those in previous works (Liu, 2008; He and Yu, 2004; Polonsky and Rosenberger, 2001; Menon and Menon, 1997), which suggest that enviropreneurial marketing in China, as elsewhere, is often led by "dark green" enterprises and that real, sustained enviropreneurial changes arises from within the firm. The enviropreneurial approaches within the four cases also rely heavily on the values and philosophy of managers/CEO, which in turn impacts on each firm's enviropreneurial orientation and marketing practices.

The findings from this study highlight that the enviropreneurial marketing concept carries great importance for the firms studied, and has been integrated across activities. The first insight is that government and policy makers may consider cultivating enviropreneurial people to lead in making changes. This approach results in a two-pronged benefit, in that it would nurture and cultivate entrepreneurs within the Chinese economy and also create and advance green firms and industries. This is especially important as entrepreneurship is a key driver of an economic growth (Matley and Carey, 2007) and while entrepreneurs start out in small business, many go on to create big businesses, like those in the cases studied. Fostering an entrepreneurial culture in a collective society presents the opportunity to maximize both individual and collective economic and social benefits.

The second insight is to create better products and solutions so that consumers have viable options for going green. This ideally will enable consumers (and customers) to adopt green behaviour more easily as reflected in the cases examined. Responsibility needs to embrace the mainstream of the market rather than targeting only environmentally or socially concerned niche segments, however, as all firms highlighted they promoted their goods on the functional value or benefits to consumers rather than focusing on goods green characteristics. This is consistent with work that has shown early green goods only expanded market acceptance when they focused on value rather than greenness (Cottam, 1994).

The third insight from this research is that it is essential to develop marketing messages that align with consumers' core benefits as advocated from previous research

(Ginsberg and Bloom, 2004). Through the development of an internal enviropreneurial culture, firms fully understand the greenness of their products and how customers perceive the underlying product benefits, allowing for the development of appropriate communication strategies.

Fourth, the importance of alliances was identified as a way to overcome resource constraints and to seek strategic alliance with complementary resources to implement innovative practices (Stafford *et al.*, 1998) such as alternative distribution networks. For example, FC and FD utilized the power of government to assist in publicizing the image of the firm and its green efforts. In a strong state-driven environment, governments at all levels are excellent platforms for promoting genuine green goods and firms. This may especially be important in economies where there is a high degree of active state leadership (Chen, 2003) and the government is seen as the guardian of public good (Li, 2006; Martinsons *et al.*, 1997).

Limitations and future research

There are limitations in this study, which also suggest opportunities for future research. The first limitation is that the data are from four green successful firms identified by the Chinese authorities (i.e. they won Chinese governmental awards). These firms do not necessarily represent or reflect the attitudes of all Chinese firms in respect to environmental orientation. While the sample fulfils the purpose of this study, by drawing useful lessons from the literature and the practices embraced by successful green firms (i.e. effective outliers in their enviropreneurial marketing), future research needs to include a mixed population of firms with different pathway to integrating enviropreneurial marketing.

Secondly, while multiple case studies is an appropriate method for making a firm's green practices and strategies, future research could move beyond this limitation through a comparative study of firms adopting enviropreneurial marketing in different countries and cultures to ascertain the constructs of the effectiveness of enviropreneurial marketing to sustainable development either through quantitative research or mixed researched methods. Future research might seek to use quantitative approaches to identify the degree to which enviropreneurial marketing occurs in a cross section of organization or even to look at whether there are segments of green firms that differ in regards to their enviropreneurial marketing activities. This might also allow for the examination of whether there is an evolutionary process that firms take in regards to how they integrate greening and whether it is possible that firms undertaking superficial greening in fact evolve to darker green firms?

Despite these limitations, this study contributes to advancing the understanding of the positive impact of firms' enviropreneurial marketing on the firms' performance and greening activities in the context of marketing in emerging market. As Taleb (2007) persuasively argued that outliers are the harbingers of the future and should be studied as a guide to understand future development in the context of exploratory research when little understanding can be generated from studies of average or median performers. The findings, coupled with a rapid evolving business environment in China, present important implications and research opportunities academically and managerially for addressing sustainable development through enviropreneurial marketing.

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Appendix 1. Brief firm profiles

Firm A

Firm A was founded in 1987 and was one of the first companies specializing in producing camellia oil and related products in China. Located in Nanchang, Jiangxi Province, China, it was a collectively owned company until privatization in 1997.

Camellia oil is unique to China. It is made from wild camellia seeds, with its origins dating back some 2,300 years. It contains an abundance of various vitamins, mineral nutrition and up to 90 per cent of unsaturated fatty acid. It is honoured as “Oriental olive oil”. Camellia oil is also known as tea seed oil and is cold-pressed from the seeds of the tea plant (*Camellia sinensis*). One benefit of this oil is its high oleic acid content (80 per cent). This fatty acid has remarkable skin penetration capacities and is absorbed deeply into the layers of the stratum corneum. With this penetration comes the delivery of vitamins and antioxidants which supports the production of collagen and elastin – both of which keep skin strong and firm. Like tea leaves, camellia oil contains high levels of anti-oxidants in the form of polyphenols. The oil also contains vitamin E, which is good for healing scars and maintaining a youthful complexion. For years, Firm A’s brand products have been recognized as the best-selling in the Agricultural and Forestry sectors in Jiangxi province, also recognized at provincial level as a famous Jiangxi brand. Its trademark “Green Sea” is sought after provincially and nationally.

Firm B

Firm B was established in 1993 and is a privately owned architect design firm with grade A status granted by the Ministry of Construction of the People’s Republic of China with ISO9001 certification granted in 1997. Headquartered in Beijing with branches in major capital cities throughout China, Firm B has around 300 designers and accredited professionals, including nationally registered architects, structural engineers, building service engineers and surveyors. They offer full architecture design services for both industrial and residential buildings. Their services cover structural design, interior design mechanical engineering design, landscape, consultancy to real estate development, project investment analysis, feasibility studies and tourism and resort planning. In addition to design services, they also carry out research in residential refinement design and resources conservation and energy efficiency in buildings design. Their ability to quantify savings on earth digging, energy, water, waste and purchasing is critical to establishing their credibility in this industry. In year 2009-2010, Firm B designed 2,000,000 m² of building with 780,000 m² completed and 1,120,000 m² still in implementation. Firm B’s rapid expansion has been internally funded, and the company has been debt free since 1994 (Firm B Annual Report, 2011).

Firm C

MYR Science and Technology Group is one of the leading high-tech industrial sand producers and exceptionally innovative enterprise (abbreviated as Firm C in the following) at the forefront of the sand industry in China. It supplies cost-efficient industrial sand and eco-friendly sand products with its industry-leading technology to an array of markets and industries, including foundry, oil and gas, turf and landscape, water filtration, construction, industrial and horticultural markets.

Firm C is charting a new path and has established a new industry, an industrial and commercial sand industry, in China. It is a large, privately held firm, founded in 1993, headquartered in Zhongguancui area, Beijing. It changed to a privately owned firm in 1997, was renamed *The Firm C Group*, and has developed quickly since then. Firm C operations at present include six subsidiaries, with one Research and Development (RandD) Centre which houses the State Key Lab of Silica Sand Resource Utilization and six processing and manufacturing coating facilities. Firm C intends to set up a manufacturing facility in each province of China in the future. Each year since 2004, the annual sales revenue of Firm C has increased by around 50 per cent.

Firm C's products and technologies were self-developed. It owns more than 280 intellectual property rights, among which more than 89 are patents. They also have filed 25 international patent applications and two have already been granted (Firm C firm website, 2011; Zhang and Ren, 2011). Firm C has a committed innovative scientific and management team and innovation guides everything that they do. Their efforts have been recognized and they have received various honours and awards such as National Invention Awards, China Patents Gold Awards, Ministerial-level scientific and technological progress awards, the National Independent Innovation New Product Award and the High-End Residential Technology Award. They are a certified ISO9001:2000 Quality Management System, ISO14001:1996 Environmental Management System and OHSAS18001:1999 Occupation Health and Safety Management System. Internally, the standards they use for a number of their products/series are all higher than the China National standards. From its establishment in 1993 to the present, Firm C's rapid expansion has been internally funded. Its annual sales revenue increase rate has been maintained at 40 per cent since 2004.

Firm D

Firm D Daily Chemicals was founded on 31 July 1997, with registered capital of 70 million RMB. It started as small private limited firm and became a joint-stock firm. It is located in Xi'an High-tech and Development zone, Xi'an city, Shaanxi Province, China. It is a state-level high-tech firm engaging in research, manufacturing and sales of hi-tech environmental-friendly daily chemicals and personal care products. Firm D has been committed to promoting growth of the national industry since its foundation (Firm D, 2012). It consistently pursues scientific and technical innovation by setting up the Shaanxi Provincial Engineering Technology RandD Centre of Green Detergents and Cosmetics, headed by a director who is a Member of Chinese Academy of Engineering. This Centre has a workforce of postdoctoral scientific research and foreign experts. Firm D's innovation and product development ability ensure its products are at the forefront of world developments in the daily chemical industry (Firm D, 2012). Firm D has more than 180 daily living care products, covering eight series, such as laundry detergent, vegetable and fruit detergent, personal care, household cleaning and industrial cleaning detergent. None of these products contain phosphate, aluminium, alkaline, sodium tripolyphosphates, florescent whitening brightener or other harmful materials. Firm D applies the principle of human sustainable development and insists on a double green strategy, combining the EPE Product Certification and the Environment Management System Certification processes. This ensures that the development, production and marketing are human safe and that their products are environmentally friendly from the concept of product RandD, to the process of production and marketing. They are the leaders in drafting and revision of 13 standards of daily products including seven state standards and six industry standards. They have the highest number of environmental labelled products in China with 34 patents and intellectual property rights.

Firm D's sales network covers 30 provincial and regional autonomous cities. It has also registered trademarks in more than 38 countries, including the USA, Japan and Australia. Its products have been listed on the China Ministry of Industry and Information and UN purchase catalogues, and are sold in the USA, Russia, Korea and other South Eastern countries. Firm D in 2012 employed around 1,600 people and its annual revenue was around 1 billion RMB.

About the authors

Dr Helen Song-Turner is a lecturer in Business & Marketing at the Business School, Federation University Australia. Prior to becoming an academic, she worked for more than 10 years in manufacturing industry and global business areas in China and the USA. Her primary research interests are in green marketing, consumer behaviour, brand management and cross-culture teaching. She has published in those areas in peer reviewed national and international journals. Helen Song-Turner can be contacted at: h.song-turner@federation.edu.au

Prof Michael Polonsky is an Alfred Deakin Professor and Chair in Marketing at Deakin University, Australia. He has taught at a number of Australian Universities, as well as into their international programs in China, Malaysia and Singapore. Michael has published over 135 journal articles in over 70 different academic journals, as well as has published numerous conference papers and book chapters. He also has co-edited four books on environmental marketing. In 2010 he was awarded Elsevier Distinguished Marketer award by the Society for Marketing Advances for his 20 years of research into environmental marketing issues.

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