



Aligning the sustainable supply chain to green marketing needs: A case study



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ABSTRACT

The research explores the challenges facing organisations in aligning sustainable procurement requirements and marketing needs and the attendant shifts in supply chain management practices. Whilst external influences are readily understood (e.g. regulation and customer demand), less is understood about the implications for suppliers trying to meet sustainable procurement requirements and the organisational challenges of aligning marketing with sustainable supply chain management. An exploratory case study of a UK University catering department has been undertaken, to explore the strategies, processes and relationships associated with synthesising sustainable supply chain and green marketing needs. The empirical findings illustrate the divergence between organisational perspectives on sustainability and procuring sustainable products with marketing demands. Thus, the findings extend the theoretical discussion on sustainable supply chains by providing empirical data based on real-life implementation and from this an emergent aligned supply chain model is proposed, which confirms two drivers for alignment, 'lean and resource efficient' and 'local and seasonal' – contingent on market demand. The findings emphasise the benefits of a reverse information flow, the importance of intermediaries, and relationships in its fulfilment, while indicating the resurgence of a supply 'push' of sustainable products into core markets. Future research directions are also posited.

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1. Introduction

Sustainability initiatives are transforming markets and distribution channels. The drivers for sustainability should not be seen solely as emanating from organisations as there appears to have been an attendant shift in consumer attitudes with regard to green products, services and processes. The inter-play between consumer attitudes, supply chains and organisational relationships is evidenced in both product and service markets. Although there are now an increasing number of conceptual studies on the link between sustainability and marketing (see Sharma, Iyer, Mehrotra, & Krishnan, 2010), the majority of academic papers have focused on manufacturing and have not used primary research. The greening of supply chains in order to meet corporate missions and/or establish a competitive edge is not well understood, in particular the challenges facing the integration of marketing 'pull' factors and operational 'push factors.'

A change in organisations' core values has resonated in the development of strategic objectives that reflect the sustainability agendas increasingly evident in markets. This has resulted in attendant changes in operation and procurement practices. A case study of a university that focuses on sustainable procurement is timely because of the lack

of empirical data on the public sector (Oruezabala & Rico, 2012). This study will investigate the sustainable procurement of food products of a UK University and the attendant shifts in supply chain management practices as it attempts to meet its goal of becoming a market leader in the sustainable campus rankings. As Oruezabala and Rico (2012: 574) found in the hospital sector, universities are "embedded in a network of stakeholders" – government, parents, students, corporate clients, regional labour markets, academic and administrative staff. One of the plethoras of university league tables in the UK is the People and Planet Green League, perhaps not surprisingly as it has been argued that universities have the power and thus, a key role in pushing the green agenda (Rovins, 2005). Hence, the case study organisation's wish to enhance its sustainable campus initiatives, which include the marketing of the sustainable food concept. Our study, by focusing on one particular aspect of the sustainability agenda, food procurement, is able to explore the implications for internal and external processes; the modifications to the supply chain and the key actors/stakeholders' perceptions of what constitutes a sustainable supply chain and how it meets core strategic values. The research objectives were based: on exploring the impact of sustainable initiatives on supply chain members (the 'pull' factors), the identification of the key supply chain drivers and the key marketplace drivers (i.e. the 'push' factors), the implications for the supply chain both internally with multiple stakeholders and externally and the management of these relationships. The paper begins with a review of the extant literature, drawing from operations, marketing and sustainability literatures in order to contextualise the study. This is followed by an

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explanation of the methodological approach and the findings from the case study. The discussion then ensues from which a number of key propositions are drawn and directions for future research are outlined to address the lacuna in applied research.

1.1. Literature review

The paper posits that attempting to arrive at a successful sustainability strategic outcome is now a multi-disciplinary task, which encompasses themes of relationships, networks, channels and partnerships. The notion of the coming together of differing disciplinary foundations is supported by Seuring and Muller (2008b) and Preuss (2009). However, Sharma et al. (2010: 330) argue that previous research “has been confined to disciplinary silos” or what Srivastava (2007: 68) calls “compartmentalised.” Indeed, Prakash (2002) suggests that organisations can be greener at the firm level, through adding value and using management systems, or at the product level, by designing new products or processes, while paying no attention to the supply chain. However, a substantial body of work is emerging that identifies the persistent need for greater integration between marketing and supply chain functions generically (Fisher, 1997; Green, Whitten, & Inman, 2012) and Green Marketing (GM) and Sustainable Supply Chain Management (SSCM) specifically (Bhat, 1993; Chan, He, William, & Wang, 2012; Liu, Kastriratne, & Moizer, 2012; Sharma et al., 2010; Vachon & Klassen, 2008). Broadly defined, green marketing is referred to as “integrating environmental issues into strategic marketing processes” (Chan et al., 2012: 558). More specifically, Liu et al. (2012: 582) refer to three distinct green marketing approaches: satisfying green consumers with green products; adapting the marketing mix to include reference to embedded environmental efficiencies; or achieving competitive advantage by adopting green values and benefits by understanding the market, managing demand for products that are sustainable in use and after use, and adopting processes that address environmental priorities. Meanwhile, Sharma et al. (2010) set out goals of a green marketing framework, in summary to reduce both *surplus* and *reverse* supply – a strategy that requires a combination of market intelligence, demand management, product development and improved supply chain processes.

Srivastava's (2007: 54–55) definition of Green Supply Chain Management (GSCM) is sufficiently broad to encompass this disciplinary milieu: “Integrating environmental thinking into supply-chain management...” and includes sourcing, process and delivery to the final consumer and thus integrates a marketing channel perspective. Liu et al. (2012) propose a broader perspective of the sustainable supply chain, adopting Carter and Rogers (2008: 368) definition that Sustainable Supply Chain Management (SSCM) is “the strategic, transparent integration and achievement of an organisation's environmental, social, and economic goals in the systematic co-ordination of key inter-organisational business processes for improving the long-term economic performance of the individual company and its chains.” In spite of these multi-disciplinary perspectives, Chan et al. (2012: 558) describe the interface between GSCM and green marketing as “unclear”, while stating that the two concepts “cannot be considered separately.”

Previous work on SSCM has largely been exploratory and there is little agreement on what are the key drivers to instituting a sustainable, or even green, supply chain. This may be due to the particular disciplinary basis of the studies. Seuring and Muller's (2008a) study on sustainable supply chain management identified the relevance of market forces as the key driver. They also suggest that supplier development may result in more win–win situations and call for research to illustrate how this is achieved. Similarly, Sharma et al. (2010) identify customer buying power as an effective pressure to become more sustainable, although they argue that pressure for sustainability mainly emanates from government regulations. Jones, Comfort, and Hillier's (2008) reflections of the Sustainable Development Commission review also look at the role of the state and both Sharma et al. (2010) and Preuss (2009) cite powerful buyers (retail or public sector) as major influences, while Chan

et al. (2012) suggest that lack of knowledge of green purchasing requirements is an obstacle in B2B markets.

An evaluation of the literature on SSCM and the drivers of change in supply chains resonate with other past changes, such as the impact of ICTs (Ritchie & Brindley, 2005). Regulatory pressures, and the sometimes mistaken view that consumers are demanding better environmentally driven products and services, has led to organisational adoption especially espoused through corporate value statements. In contrast, Ginsberg and Bloom (2004) highlight the inadequacy of green product strategies, linking green products and services to market failure due to the perception of being overly expensive but otherwise inferior. Whilst Sharma et al. (2010) advocate marketing and purchasing functions working together, emphasising the need for senior management buy-in, for Krause, Vachon, and Klassen (2009) purchasing strategy is key to achieving sustainability. A supportive organisational culture and inter-functional co-operation is supported by Seuring and Muller (2008a). They argue for a wider set of performance objectives that include more than economic measures, although, as Markley and Davis (2007) outline, the incentive is competitive advantage through the creation of a sustainable supply chain. Nyaga, Whipple, and Lynch (2010) and Chakraborty (2010) focus on relationships and how they operate as key performance measures. However, how these performance criteria work needs “further research which will provide deeper insights into the real world implementation aspects of GSCM” (Chakraborty, 2010: 18) and also to theorise on how the topics inter-relate (Lee & Lam, 2012).

The use of generic supply chain concepts as a mechanism to achieve SSCM extends to several practices and approaches. Liu et al. (2012) refer to information technology and sharing, management systems, transparency and general process re-engineering; Chan et al. (2012) discuss lean, distribution systems and product development and Sharma et al. (2010) propose waste minimisation and order fulfilment strategies. Specifically in terms of food, Sharma et al. (2010) argue that Build-To-Order (BTO), to reduce unsustainable surplus supply, requires changes in internal processes, with information sharing and local supply becoming key criteria. Soler, Bergstrom, and Shanahan's (2010) study in the Swedish food market, found that the more distant the supplier was from the end consumer the greater the gap between information and practice, although the issue of adding value by using local suppliers is often in conflict with prevailing legislation and bureaucracy. Certainly it would appear that the local supply agenda is one way in which bureaucratic systems act as barriers to sustainable procurement (Baden, Harwood, & Woodward, 2011; Preuss, 2009; Thomson & Jackson, 2007). While Chan et al. (2012) suggest that reducing waste requires input from marketing to produce consistent, stable demand; however, where there is uncertainty, for example in Lee's (2002) example of Subway and its supplier market exchange system, different solutions are needed. Solutions drawn from generic supply chain management practice, such as close proximity supplier hubs, supplier representation on site and shared rollover or new product development plans help suppliers to keep abreast of market information and therefore improve their responsiveness to market needs. This avoids over supply; whilst pooling inventory and internet communications help buyers to act to avoid supply disruption, thus satisfying marketing needs. Effective response to both supply and demand fluctuations suggests that the postponement of product differentiation should occur as far downstream as possible, while information decoupling should penetrate as far upstream as possible to reduce noise in the system (Mason-Jones, Naylor, & Towill, 2000). Ismail and Sharifi (2006) and van Hoek and Chapman (2007) advocate that the design of these supply chain elements should be concurrent with product and process design, implying that the introduction of sustainable supply chain objectives needs to be an integrated and planned process, not one bolted onto existing supply chain practice. This concurs with the starting premise of the paper that better alignment is necessary between marketing and supply chain management generically and green marketing and SSCM specifically (Liu et al., 2012), suggesting the need for a more inter-functional and strategic response.

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