SUSTAINABILITY MARKETING
– SUSTAINABILITY MARKETING ON THE CHINESE MARKET

Thesis for Bachelor's Degree
Business Administration

Aida Licina
Hannah Radtke
Charlotte Johansson

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Aida Licina               Hannah Radtke               Charlotte Johansson
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**Author:** Aida Licina, Hannah Radtke & Charlotte Johansson

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**Abstract**

It is argued that sustainability today has become a mega-trend, where the consumers are more aware of their surroundings and businesses impact on the environment than ever. Companies have come to be critically observed by societies, which has put more pressure on them to act in more sustainable ways as well as becoming more transparent with their operational and sustainability communication towards stakeholders.

In 1978 China opened up the country to the global economy and since then, the country has rapidly risen in the terms of international economic importance. However, China is suffering from large environmental concerns like immoderate pollution that has become a daily concern for the population. Due to the rapid economic growth that China has been going through the recent years, these environmental issues the country is facing are largely tied to the industrialization. One of the biggest factors contributing to China’s heavy pollution is the colossal number of both Western and Chinese production facilities opening up in China.

The aim with this research was to investigate how three selected Swedish companies placed in Shanghai approach sustainability marketing and explore how they embed sustainability within their strategy and particularly in their marketing mix. This thesis was conducted with a qualitative approach and with semi-structured interviews with three Swedish companies; Greencarrier, Atlas Copco and Stora Enso.

The findings from the interviews, conducted with the three mentioned companies, pointed out that sustainability today is well integrated in the company’s core business and that working with sustainability has become a critical success factor. Factors that were important for the companies was to have long-term sustainability strategies, being innovative and transparent in their operational and sustainability communication, being material efficient in the product development and promoting this on media channels like WeChat, internet websites, Facebook, Instagram and LinkedIn. Also, more traditional ways of marketing themselves was important, like visiting universities and exhibit at fairs.

This essay will provide knowledge that can help companies to further their understanding of what a big role marketing has and how they can support awareness of sustainability issues. We also hope that our essay can help to inform consumers on the issue and by that place higher demands on companies to act sustainable. Because our thesis focused on investigating Swedish companies in Shanghai, it would be interesting to continue further research on how Chinese companies approach sustainability marketing.

**Keywords:** Sustainability, Sustainability Marketing, Sustainability marketing mix, Sustainability in China, Swedish Companies
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1 Introduction

1.1 Background

There are numerous of consequences if sustainability is not considered. Elkington (1997) mentioned global warming, poverty and deaths due to diseases as a result to ignoring sustainability. Today, it is argued that sustainability is a mega trend and as a result many consumers believe they can make a difference for the society by changing their consumption behavior. At the same time, investors have started to recognize the importance of sustainability for the financial bottom line. From a marketing perspective sustainability also plays a role in the way it impacts on value creation for consumers. As marketing has been criticized for being the “ministers of propaganda of the consumer culture” (McDonagh & Prothero 2014, p. 1186) this has obvious implications. Companies are often criticized for concerns like waste, price markups and misleading advertising. To work against this type of publicity, several companies starts to turn into a more sustainable marketing. Sustainability marketing is when a company focus on social and environmental investments as a marketing strategy (Loy n.d.).

Nowadays, many companies do not prioritize to communicate their sustainability work to their stakeholders due to the fact that they believe that it does not have a big impact on the stakeholders investments (Unruh, Kiron, Kruschwitz, Reeves, Rubel & Zum Felde 2012) However, studies show that the number of stakeholders considering sustainability communication to be of importance is constantly increasing since it shows that the company cares about creating long lasting financial success by implementing sustainability to their strategy (ibid). Furthermore, Yang (2012) argues that when a company communicates their sustainability work there comes many benefits to it. For example, the company can gain competitive advantage since, as mentioned before, sustainability is a long-term work. Moreover, sustainability creates differentiation in the terms of product, cost leadership and service. This leads to a unique competitive advantage since these characteristics is not easy to copy for competitors.

Furthermore, it is recognized that at our current levels of consumption around the world, the planet cannot sustain us forever (McDonagh & Prothero 2014). Sustainable development aims to meet the needs of current and future generations, stakeholders such as customers, governmental and non-governmental agencies, academia and investors (Loy n.d.). RobecoSam is an organization that is an investment specialist, exclusively focused on Sustainability Investing. Yearly, they rank countries by a most sustainable and least sustainable scale. Sweden has been ranked as the most sustainable country out of 60 countries (RobecoSam 2017). Sweden scores high on all of RobecoSams criteria like the social, economic and environmental dimensions. On the contrary, China is in the bottom 10 of sustainable countries. However, the Chinese government has introduced a national sustainable development strategy lately in order to move to an economy that is more responsible (Zhang 2012). It can moreover be difficult to outline the speed and scale by which China has risen in terms of international economic importance over the past two decades. Since the opening up of the country to the global economy in 1978, China’s economy has increased rapidly, and China is now the second largest economy in the world and with potential to soon be the largest (Demand Institute 2017). The evolution from a poor, agrarian state to an urban industrial and a high consumption country has been rapid (Park 2008).
Due to the rapid economic growth that China has been going through the recent years these environmental issues that the country is facing today are largely tied to the industrialization. These issues are growing in frequency and the pollution is visible to just anyone that visits China and it has become a daily concern for everyone living there (The Guardian 2012). It is said that China is taking on the environmental challenges, however, the populations needs are put first. As a result, emissions for example are not seen as an issue that needs to be taken care of instantly since a big part of the population still remains in poverty. The focus still lies on the economic growth in order to bring more people out from poverty. Moreover, one of the biggest factors that is contributing to the country’s often heavy pollution is the colossal number of production facilities opening up in China, both western and Chinese (Ibid). Furthermore, many people argue that the western countries are to blame for the pollution. Numerous of environmental activists demonstrate that many western companies are hypocritical when promising their consumers on the home market high standards as well as safety while they put their dirty production abroad and often neglects the environmental impact their production has on the country (The Guardian 2011).

1.2 Problem discussion

The articles presented above are all supporting the fact that sustainability is of huge importance when it comes to the society, humans and businesses. As McDonagh and Prothero (2014) discusses in their article, the consumer today is more aware of their surroundings, which puts a bigger pressure on the companies to choose more sustainable solutions. As a result, the businesses are observed and are forced to become more transparent than ever. In addition, they easily get criticized when acting in a non-acceptable way (Loy n.d.). The problem that is early identified is that companies today has to work against negative publicity of this kind. As a result, many companies use sustainability marketing (Ibid).

McDonagh and Prothero (2014) and Loy (n.d.) all mention the importance of sustainability marketing even though marketing itself has been criticized for spreading false expectations in the consumer culture. Therefore, it is of huge interest how companies use marketing in order to promote their sustainability work since it could easily go wrong. RobecoSam (2017) rates China as among the bottom 10 countries in the world when it comes to sustainability. Therefore, it should be a prioritized matter for these countries to push their sustainability work. As further presented by RobecoSam (2017) Sweden is among the top 10 countries in the world when it comes to sustainability and the sustainability marketing may therefore have a more positive impact here. On the other hand, Zhang (2012) argues that China is developing sustainable strategies in order to change this image of them being among the bottom 10 countries in the world concerning sustainability questions. It can therefore be of interest to investigate how powerful marketing is as a tool to communicate the sustainability work and to what extent in China.

Unruh et. al (2016) states that many companies today work with sustainability. However, not as many are aware of the opportunities that communicating the sustainability proceedings can bring. As a result, many companies do not prioritize this matter. Both Unruh et. al (2016) and Yang (2012) pictures the importance of marketing the sustainability work since it can bring many benefits such as competitive advantage for example. As mentioned before, the consumer today is more aware than ever which means that they have a big impact on the businesses which makes it even more important to communicate the sustainability work in order to keep and attract investors (McDonagh & Prothero 2014).
Furthermore, Zhang (2012) points out that China is aware of the environmental challenges and has now constructed strategies in order to develop China into a more responsible economy. On the contrary, The Guardian (2011) presents the fact that China is aware of the different issues but is prioritizing their population and getting as many as possible out of poverty. As a result, China is still dependent on the industrialization. Moreover, many blame the West for the pollution in China. Many claims that the western countries want to keep their home country clean and promote themselves as sustainable when in fact, they are contributing to the heavy pollution in the producing countries they choose to put their production in (Ibid).

Moreover, companies that do not consider sustainability in their operations risk being driven out by companies that focus on sustainability as a part of their strategy (Unruh et. al 2016). We have acknowledged the importance for a company to include sustainability in their business and together with the articles presented above we have created a stable foundation to continue our research on how three Swedish companies located in Shanghai work with sustainability marketing.

1.3 Purpose

The purpose of this report is to research how three selected Swedish companies placed in Shanghai approach sustainability marketing. We want to explore how these companies embed sustainability within their strategy and how they communicate it. The focus will mainly be on the marketing mix.

Our main question that our study will cover is:

*How does three selected Swedish corporations, established in Shanghai, approach Sustainability marketing on the Chinese market?*

In order to answer the main question, the decision was made to examine the companies approach to sustainability marketing from the perspective of the sustainability marketing mix.

Our sub-question will therefore be:

*How does the three selected Swedish corporations work with the sustainability marketing mix?*

1.4 Target group

Our target group is companies acting on the Chinese market that in one way or another affect the environment. This study may also be suitable for consumers since it may rise the awareness of sustainability issues and by that place higher demands on companies to act sustainable.
1.5 Delimitations

The delimitations of our study will be to three Swedish companies that act on the Chinese market. We will emanate from the market in Shanghai since our study will be performed in Shanghai, City. The companies that will be examined are Greencarrier, Atlas Copco and Stora Enso and they are all operating in Shanghai as well as all over China. The reason for the selection of these three companies was due to the following four set criteria:

- Need to be a Swedish company.
- Active on the Chinese market for more than 10 years.
- Actively managing sustainability in the daily business.
- The interviewee must have knowledge about the company’s work with sustainability.

Our hopes were to perform this study on Chinese companies as well. However, since the Chinese government has plenty restrictions on the information sharing in Chinese operations it would be out of the time frame for this particular study.
2 Theoretical framework

2.1 Sustainability

Sustainability can be described as an approach that concerns the reduction and use of natural resources with a strong focus on the earth’s biophysical environment. In contrast to environmental protection, sustainability is more about discovering the balance between the usage of natural resources to support the economic growth and to what extent these resources can be depleted before threatening the planet (Portney 2015). The common assumption of sustainability is that the resources of the planet cannot be used forever due to the fact that the resources will expire at some point. The exploitation of the resources threatens the persistence of life. To exemplify, the usage and depletion of water resources would have a huge impact on the health of the population, animals and plants. Moreover, the idea of sustainability is often that it is proactive and comprehensive with the focus on long term dynamical processes (Ibid). Sustainability can further be pictured as the “Triple bottom line” which represents the three pillars that sustainability is built on (University of Wisconsin Sustainable Management n.d.).

![Figure 1. Triple bottom line - By University of Wisconsin Sustainable Management (n.d.). The triple bottom line.](image)

2.2 Sustainable development

It is of importance that we start changing and reconsidering our ways of living. The old way of thinking and working with environmental problems now require new ways. In addition, the importance of international cooperation and coordination needs to be established in order to meet the goals of humanity and aspirations responsibly (Strange & Bayley 2008). Furthermore, it is of importance to draw attention to the rapid deterioration of the earth’s resources as well as the environment and what impact that has on the social as well as economic development. As a result, sustainable development requires co-operation on an international level (Ibid). The concept is about integration as well as evolving with the focus on being equally beneficial for the environment and people. The decisions made, should be
carefully considered and the impact on economy, society and environment should be kept in mind (Ibid). Furthermore, sustainable development is taking a larger part in the business strategy of many companies and acts like a corporate value as well as a unifying part of the strategy (Signitzer & Prexl 2008).

2.2.1 Sustainable development in Sweden and China

In 2002, the first national strategy for national sustainable development was adopted by the Swedish government. During the same year, an arrangement was made to the Swedish constitution expressing that in order to achieve a good environment for both present and future generations, the sustainable development strategy needs to be communicated by the Swedish State (Sustainable development 2017). The Division for Sustainable Development Goals (DSDG) seeks to promote and coordinate implementation of internationally agreed development goals. The 2030 Agenda, is their new plan of action for people, planet and prosperity, with 169 associated targets. It is said that Sweden is in forefront, both nationally and globally, when it comes to the implementation of the 2030 Agenda. Due to the democratic and peacefulness of the country, the collaboration between distinct actors in the society (like the political, economic and social) are strong in the Swedish culture (Ibid).

China on the other hand, has come to take place as the greatest developing country worldwide, as the focus on development has been prioritized. As a result, the environmental challenges tied to industrialization has been severe (The Guardian 2011). In September 2015 on the other hand, the President of China, Xi Jinping, came to join the "United Nations Sustainable Development Summit” and accepted to cooperate with the other leaders worldwide to support and endorse the 2030 Agenda for Sustainable Development (Sustainable development 2016). The 2030 agenda supplies guidance for development of the member nations as well as cooperation between the nations towards an international sustainable development in the coming 15 years (Ibid). The importance of the 2030 Agenda is tremendous for China and particularly the fundamentals of the peaceful development, win-win cooperation, integration and coordination to mention some. China believes that these principles should act as the foundation when building new relations internationally including the win-win aspect. At the same time, they want to accomplish a balanced social, economic and environmental development (Ibid).

Moreover, China has a document called the "Five Year Plan”. This is a strategy describing document and acts like a pathway for China’s development during a five-year period of time. In addition, it comprises efficiency targets as well as concrete environmental targets. The 13th edition of the "Five Year Plan” was reconsidered and authorized by the National People’s Congress in the beginning of 2016 (Sustainable development 2016). This version included a more detailed overview of the development aspect containing green, coordinated and shared development. The focus now lies within the field of innovative development as well as improvement in the efficiency and quality of development (Ibid). The green development will be promoted by a low-carbon and green development lifestyle as well as a model with the aim to protect the ecological system. The coordinated development will be advocated in order to design a balanced framework of development. Furthermore, this will be included in the political, economic, cultural, ecological and social dimensions with the aim to frame an affluent society. Lastly, the shared development will focus on improving the well-being of the people (Ibid).
2.3 Sustainability marketing

Marketing can both be defined as a business philosophy as well as a collection of management techniques, oriented towards providing value to the society, organizations and customers. Although there are a range of different views on the domain of marketing, every view would agree that the extent of marketing is much broader than just sales or advertising. Customer focus is the keystone of marketing and the point is to see the whole business from its final result - the customer’s point of view (Charter, Peattie, Ottman & Polonsky 2002).

Lately, the interest in the relationships between marketing and sustainability has grown, and sustainability is today one of the key trends shaping marketing. More companies are looking to emphasize their involvement in sustainability in order to try to differentiate themselves from competitors and enhance the company’s brand and reputation (Jones, Clarke-Hill, Comfort & Hillier 2007). The goal is to systematically embed sustainability within a company’s strategy throughout the supply chain, from the product and service development to consumption (Ibid). By re-examining social and environmental impacts of their marketing strategies, companies can start to prepare for a more sustainable growth. More focus must be put on reevaluating their product and service portfolios, and also on how these products and services are created, produced and marketed (Charter et al. 2002).

Companies across the globe have started to embrace sustainable manners of development. Market leaders such as Philips and Electrolux started to incorporate environmental considerations systematically in their new product development, which has led to the development of the ISO14062 guidelines covering the integration of environmental considerations into product design and development (Charter et al. 2002).

2.3.1 Definition of sustainability marketing

Sustainability marketing is the label given to the broad stream of marketing that looks at issues like social marketing, marketing ethics, environmental marketing and socially responsible marketing. It focuses on achieving the 'triple bottom line' (presented in section 2.1) through creating, producing and delivering sustainable solutions with higher sustainable value, at the same time as they try to satisfy their customers and stakeholders (Charter et al. 2002). The sustainability marketing concept, may be defined as building and maintaining sustainable relationships with customers, the social environment and the natural environment. A common characteristic of sustainability marketing is the long-term orientation. The concept is long-term and relationship-oriented (Belz & Peattie 2012).

Traditional marketing management refers to planning, organizing, implementing and controlling marketing resources and programs to satisfy consumers' wants and needs, in order to achieve organizational objectives. Sustainability marketing management also refers to all those steps, but in addition include consideration of social and environmental criteria (Belz & Peattie 2012). Furthermore, the managerial approach of sustainability marketing consists of six key elements: socio-ecological problems, consumer behavior, sustainability marketing values and objectives, sustainability marketing strategies, sustainability marketing mix and sustainability marketing transformations (Ibid).
2.3.2 Evolution of sustainability in marketing

Since the 1970s, several marketing concepts have emerged that consider marketing within its social and environmental context. Belz and Peattie (2012) list some of the previous marketing concepts that have been developed over the years: Social marketing, ecological marketing, green marketing, environment marketing and sustainable marketing. From these earlier approaches, sustainability marketing represents a logical evolution, and further extends and integrates them into one broad marketing approach.

The programs within social marketing are designed to influence the behavior of individuals or communities to improve their well-being or of the society. Ecological marketing however, emerged as a reaction to the worst examples of environmental damage, some pioneering companies at that time proactively embraced environmental and social values as central to their business (Belz & Peattie 2012). Green marketing differ from ecological marketing since it is more characterized by a focus on environmental issues, and by an emphasis on reducing environmental damage. Sustainable marketing is the next natural step forward and is considered as a broader concept. It focuses on achieving the ‘triple bottom line’ through creating, producing and delivering sustainable solutions with higher net sustainable value and at the same time continuously satisfying customers and other stakeholders (Charter et al. 2002).

2.3.3 Sustainability marketing strategies

A company's marketing strategy reflects its general corporate strategy and objectives, its vision, mission and values. The business environment, including a company’s market and its wider marketing environment, will affect the strategy (Belz & Peattie 2012). Strategy is about making choices, trade-offs and intentionally choosing to be different. It is about the basic values that the company is trying to deliver to customers. It is important that strategies have continuity and does not get continuously reinvented, so the organization clearly understands how the company is supposed to be different. Although continuity is of great importance, the company also needs to be good at continuously improving (Hammonds 2001).

Business has been criticized as a leading cause of social, environmental and economic problems. It is said that a big part of the problem lies within the companies themselves, since many of them are focusing on outdated and narrow approaches to value creation. Those approaches focus on optimizing short-term financial performance, hence overlook great unmet needs in the market and their long-term success (Porter & Kramer 2011). To ensure that a business can survive, thrive and endure, sustainability marketing is a highly compatible concept from a strategic point of view (Belz & Peattie 2012).

Porter and Kramer (2011) further discuss a “win-win” concept, where socio-environmental performance also leads to better marketplace performance. The “win-win” concept can be described as a shared value approach, which brings business and societies together by generating economic value to companies and produce value for societies by addressing the challenges. The approach can open up the managers eyes to enormous human needs that must be met, new markets that can be served, the internal costs of social loss and the competitive advantages that can turn up from addressing them (Porter & Kramer 2011). Examples on how to achieve this “win-win” concept is to successfully differentiate products on the basis of good environmental and social performance, and reduce energy use, pollution and waste.
associated with a product or service by making new design innovations or cost savings (Charter et al. 2002).

2.4 Sustainability marketing mix

An increasing number of companies publicly claim to be committed to an all-embracing definition of sustainable development of a marketing mix of sustainable goods and services. Re-examining the social and environmental impacts of companies marketing strategies can take marketers outside their traditional frame. Marketers play an important role in the development of more sustainable products and services and in making the traditional “marketing mix” more sustainable (Charter et al. 2002). For example, price is a key element in the sustainable marketing mix where the challenge is to translate social and environmental improvements into a value proposition that the customers are willing to pay for. Additional cost that comes with these improvements should be integrated into the marketing mix, although concerns are that many consumers are mainly interested in price and quality (Jones et al. 2007).

The traditional Marketing Mix contains elements that contributes to capture and promote a brand or product’s unique selling points, those that differentiate it from its competitors. The marketing mix, also known as “The Four P’s”, refers to four broad levels of marketing decisions: product, price, promotion, and place (Purely Branded n.d). Companies that focus on launching socially and environmentally related strategies need to consider the effect of embarking a product or service with more sustainable influences. Since the media attention is increasing all the time, the media focus will be on other parts of the company’s market operations as well. As a result, this means that a company needs to include the environmental and social thinking in all of its different business operations. One way of including this is to make sure that the different aspects of the marketing mix are covered. The attention put on the different aspects of the marketing mix may vary, depending on the particular market (Charter et al. 2002).

In the Sustainability marketing mix “The four P’s” are converted into “The four C’s”, with the purpose to include sustainability criteria into the marketing strategy. The traditional 4P’s (Product, Price, Place and Promotion) are molded to 4C’s, i.e., Customer solution, Customer cost, Convenience and Communication (Kumar, Rahman, Kazmi & Praveen 2012).

![Figure 2. Traditional Marketing Mix vs. Sustainability Marketing Mix, Kumar et al. (2012), Evolution of Sustainability as Marketing Strategy: Beginning of New Era, pp 487.](image-url)
2.4.1 Customer solution

The services or products of a company will to a greater extent have to be altered and adapted to the attitudes of the customers as well as the all-time changing and tougher legislations. However, it is sometimes not enough to only make a change to the corporate activity, but the modification needs to be made to the overall consumption system together with distinct stakeholders. Companies should encourage and promote sustainable innovation, creativity and collaboration (Charter et al. 2002).

A sustainable product or service can be described as a product or service that is produced to satisfy a legitimate human need and that is not harmful to the human health nor the environment. Some desirable characteristics of more sustainable products would be that they are energy efficient and non-polluting, long lasting and easy repairable, reusable and recyclable, minimum packaging etc. The issue of packaging is high on the list of consumers environmental concerns and is becoming a major issue for both retailers and manufacturers. Producing more sustainable products will also require the production of “resource loops” which means that the materials used in the system will be recovered and reused. For the companies, recycling can be used to save money, generate revenue and improve community relations (Charter et al. 2002).

2.4.2 Customer cost

Price is a key element when it comes to sustainability marketing. In many cases environmental and social costs are treated as ‘externalities’. This means that external costs, such as those that are linked to pollution, are not shown in the prices of the products that customers buy, or the cost accounting of the producing companies. This situation has gradually been changing, and by legislation and stakeholder pressure, many of these “external” costs now have a price attached to them. Legislation can for example make companies more responsible for emissions, and Governments can increase the relative price of non-green products to encourage purchases of more beneficial substitutes. Here, price settings have the ability of directing the flow of consumption into socially and environmentally useful areas (Charter et al. 2002).

A company’s challenge lies in translating environmental improvement into a value proposition that customers are willing to pay for. Many people are willing to pay a higher price for greener products; however, companies still need to be careful to not exclude market interest through premium pricing (Charter et al. 2002). There is commonly a gap between expressed concerns about sustainability and the levels of purchasing at the checkout. When it comes to pricing strategies, companies must ensure that their products/services also perform just as well or even better than less sustainable alternatives on performance, quality and functionality. It is only then that improved sustainability performance can act as a key differentiator (Ibid).

Charter et al. (2002) discusses some examples on how pricing decisions can demonstrate a commitment to sustainability.

- Giving. A proportion of the price can openly be linked to environmental or social causes.
• **Partnership prices.** Prices can express market power. In some markets the power of customers to drive down prices can drive suppliers out of business or towards unsustainable practices.

• **Demarketing.** Prices can be raised to reduce the consumption of environmentally sensitive products.

### 2.4.3 Convenience

A company’s physical distribution, wholesaling and retailing of products and services can have both direct and indirect environmental impacts. Place, which is one element of the traditional marketing mix, refers to where consumers purchase their goods and also the movement of goods within the firm. For a more pronounced sustainability approach, when it comes to decisions regarding place, companies could ask themselves if and how the physical distribution process can be greened (Charter et al. 2002). Where the company is located and how close the facilities are sited to suppliers, wholesalers and retailers, are factors to consider. Do the companies transportation planners consider opportunities to encourage efficient route planning to reduce energy use and by that air pollution? Another aspect that companies could consider is if they encourage the development of a recycling infrastructure. For example, if the company is using reuse systems like returnable containers (Ibid).

### 2.4.4 Communication

The strategies and claims made by companies must be based on sound research and information. It is important that information is communicated consistently to customers and other stakeholders, and companies should be careful of any claims or communication that could be viewed as too extravagant (Charter et al. 2002). Negative publicity easily emerges if a company’s claims turn out to be false and unsubstantiated. Also, the customers’ perceptions can easily be damaged if the claims are over-ambitious, vague or do not have synergy with the product and company. It is important that claims are checked with customers, scientists and other stakeholders in the ‘civil society’ (Ibid).

All communication from the company must be appropriate, consistent and coordinated. When developing campaigns, many different approaches can be taken using a range of promotional media that will be presented below (Charter et al. 2002).

• **Media advertising.** Check what media, newspaper, television etc. that covers the company’s target markets.

• **Public relations.** PR agencies wants to promote a company’s sustainability initiatives, because it is communicating a company’s character. The task of PR should be to ensure that the business sustainability is representative of the company and that the image matches reality.

• **Sponsorship.** Sponsorship is a flexible approach which can provide direct environmental benefits to the company, as well as to the environmental or social group that is being supported. Customers also find it positive to know that their purchase is put to good use. This approach can come in forms as: providing money or land to conservation projects; providing staff, equipment or training to environmental, conservation or human rights organizations; connect purchases to donations.

• **Personal selling.** In marketing, personal selling is an important approach for many types of products and services, especially in “business to business” markets. The
salespeople need to be well educated in the issues, so they can communicate the benefits of the sustainable products and services in a way that is meaningful for each customer or organization.

Furthermore, the concept of Corporate Sustainability Communications (CSC) is constantly evolving. It refers to corporate communications about sustainability issues and has become extra relevant for big international companies since they often use huge amounts of financial, human, and natural capital. Due to the rapid spread of data through new information technologies and an increasingly globalized world, companies are intensively observed by the global civil society. Companies can conduct CSC by analyzing changing values, publishing sustainability reports, installing information platforms for stakeholders, have educational campaigns, etc (Signitzer & Prexr 2008, p. 2–10).
3 Methodology

3.1 Research strategy

In order to answer the research question of this study a qualitative research approach is chosen. The intention of using this particular approach is to get a wider understanding of the topic and the qualitative research strategy helps get a more profound understanding of the chosen topic (Svensson & Starrin 1996). Since the aim with this report is to investigate how three Swedish companies located in Shanghai work with sustainability marketing, a profound data collection is needed in order to manage to establish an understanding of the distinct companies’ work with marketing from a sustainability point of view. To be able to collect data this study is based on semi-structured interviews that will be explained more in detail in section 3.3. The qualitative approach demands the interviewer to develop, adapt and follow up what may be appropriate for the situation and the particular interview as well as the central purpose of the research. Furthermore, in a quantitative method, the participants answer cannot affect the next coming answers since they are standardized. Comparable with the qualitative approach, the answers of the respondent can affect the upcoming questions and does also require the interviewer to be observant. As a result, qualitative interviews may be unpredictable but more informative (Svensson & Starrin 1996).

3.2 Research design

This research will mainly be built on qualitative methods for collection of data which includes usage of scientific articles as well as collecting data through interviews (Bryman & Bell 2011). The aim is to carry our semi-structured interviews with Swedish companies acting on the Chinese market. By conducting a semi-structured interview in comparison with a structured one, the respondents will have an opportunity to talk more openly about sensible matters (Recker 2013). As mentioned before, in order to answer the stated question and to get a profound understanding of the topic, a semi structured interview is seen as the most suitable method. The aim with semi-structured interviews is to get the respondent to feel relaxed and talk more freely about the subject as well as answering general questions and elaborating in the areas where the respondent felt motivated to do so on a personal level. It is seen of importance to choose a method of this kind since a closed question interview could cause important aspects to be overlooked by both parts (Bryman & Bell 2011).

Another advantage of choosing the qualitative approach according to Bryman and Bell (2011) is that it provides more flexibility as well as reliability in the interview due to the fact that supplementary, non-planned, questions can be asked in a natural way following the conversation. These questions contribute to the study with new thoughts and perspectives that can be included in the empirical findings due to the structure of the interview.
3.2.1 Multiple-case study design

With consideration to the research situation a multi-case study design has been selected to use for this study. In general, case studies are the most preferred strategy when "how" or "why" questions are being asked. This type of design is also suitable when the investigator has little control over events or when the focus is on a contemporary phenomenon within some real-life context (Yin n.d). In order to answer the stated question in this thesis, a case study design was considered the best fit. Yin (n.d) explains that there are two different approaches when conducting a case study, the first one is single-case study and the other one is multiple-case study. A single-case study is when only one case is being studied whereas a multiple-case study includes several different cases. The decision to use a multi-case study was made prior to any data collection since this research will be performed on several different Swedish companies. Since this particular study aims to gain a deeper understanding of how Swedish companies acting on the Chinese market incorporate sustainability in their businesses, a single-case study was not seen to be suitable due to the fact that the outcome would have been a too limited view of the subject. Moreover, a multiple-case study presents several different views on the topic which leads to a more trustworthy outcome.

3.2.2 Sampling

Purposive sampling is a technique where the units that are being investigated are based on the judgment of the researcher. The researcher must find and select the units of the analysis in order to be able to gather the appropriate data for the research question of the study (Merriam 2009). To be able to find the right companies for this study some criteria have been conducted that were followed when choosing a company.

The chosen criteria are as follow:
1. Need to be a Swedish company.
2. Active on the Chinese market for more than 10 years.
3. Actively managing sustainability within their daily business.
4. The interviewee must have knowledge about the company’s work with sustainability.

This study is based on interviews with people from selected companies that have great knowledge about the company background and its sustainability work both domestic and international. According to Merriam (2009) it is not possible to interview everyone and observe everything at one company. That is why it is important to interview the right person that will help the researcher to get valuable answers on the research question asked. Samplings can be divided into: probability and non-probability samplings (Ibid). In this study non-probability samplings will be used since the aim for this study is to find appropriate cases that can help answer the research question.

3.2.3 Choice of companies

Three different companies were chosen to make a deeper analysis of and to collect the basis of the empirical data collected for this study. The selected companies were Greencarrier, Atlas Copco and Stora Enso. All companies are Swedish and active both on the Swedish market as
well as on the Chinese market. This was a criterion for being able to participate in this study. Furthermore, the reason for choosing Swedish companies was due to the fact that Sweden is known for actively working with sustainability matters. As a result, we wanted to explore how Swedish companies embed the Swedish way of working with sustainability on another market which in this study is Shanghai, China.

The main businesses of the selected companies are transport respective manufacturing, which was a reason for the choice of companies. Transport as well as manufacturing is something that has a major impact on the environment and was therefore considered important to include in this investigation. The contact with Greencarrier and Atlas Copco were established after receiving the contact details from The Swedish Chamber of Commerce in China. The contact with Stora Enso was established through email by finding the contact information on their webpage.

3.3 Collection of information and data

The idea behind qualitative research is to purposefully select participants or sites (or documents or visual material) that will best help the researcher to understand the problem and the research question (Creswell 2014). For this study primary data have been collected through semi-structured interviews to get a broader understanding on how companies established in Shanghai approach sustainability marketing on the Chinese market.

Primary data is data that is collected for the specific research problem at hand, using procedures that fit the research problem best. When collecting one’s own data it enables the operationalization of the theoretical constructs, the research design and data collection strategy to be tailored to the specific research question. It is the most important advantage and ensures that the study is coherent, and that the information collected indeed helps to answer the research question (Hox & Boeije 2005). In this study the main part of the primary data has been collected through face-to-face interviews with in total four employees from the chosen companies that have good knowledge about the companies’ sustainability work.

All three interviews were conducted in China, at their representative offices in Shanghai. The reason we chose to conduct the interviews in their offices was partly to make it comfortable for the interviewee but also to get a better insight into environment of the company. Before the interviews, the interviewees were informed about the different aspects that the subject of the interview was going to have. This to give the companies, as well as this study, the chance to get in contact with the right person and for us to receive the right information. We all went to the interview together to get answers on the questions asked in this survey. During interviews with Greencarrier and Stora Enso, there were only one person from the company that was interviewed while Atlas Copco consisted of two interviewees. The reason why the interview consisted of two interviewees was nothing planned but something preferred by the company itself. Each interview lasted for about an hour each and started with letting the interviewee describe the company and its business strategy. The structure of the interview will be further described in the next section. Each interview was recorded after approval by the interviewee and then compiled and transcribed after the interview was conducted.
### 3.3.1 Structure of interview

According to Bryman and Bell (2011) qualitative interviewing varies a lot depending on the approach taken by the interviewer and there are three major types described: structured interview, un-structured interview and a semi-structured interview. For this study a semi-structured interview approach was considered to be the best suited to get a broader understanding of the sustainability work within the chosen companies. As described by Bryman and Bell (2011), a semi-structured interview is when the researcher has a list of questions on fairly specific topics to be covered but the interviewee has a great deal of leeway in how to reply.

All interviews that have been conducted for this particular study, have been initiated by letting the interviewee make a presentation of themselves and the company. By conducting the interviews in this way, the interviewees have been allowed to talk freely without being influenced by too many predetermined questions. During the interview, questions were asked if something was considered necessary to follow up on. A general interview guide was prepared with predetermined questions based on the theoretical framework, but they were only used if there was a gap to fill. This interview guide was further used as a support to ensure to cover all the important topics.

The other two interview approaches were excluded for the reason that it would not be suitable for this study. According to Bryman and Bell (2011) unstructured interviewing can be compared to a conversation since it tends to be very similar in character. There could be just a single question that is asked by the interviewer and the interviewee is then allowed to respond freely. This was considered to not be able to use in this study since most of the questions were developed using the theoretical framework to find out how companies work with these specific topics. The structured type of interview was not chosen for the reason that the approach would have provide the study limited answers since the approach according to Merriam (2009) is an under-controlled interview.

### 3.3.2 Ethical considerations

When conducting a qualitative research there are some ethical matters that arise (Merriam, 2009). Therefore, it is important that the interviewer is accurate, honest and transparent with how the interview is constructed. Denscombe (2010) presents some ethical standards that should be considered when conducting an interview:

1. “Participants will remain anonymous”
2. “Data will be treated as confidential”
3. “Participants understand the nature of the research and their involvement”
4. “Participants voluntarily consent to being involved”

This study has made sure that the interviewers comply with the ethical standards presented above. As earlier mentioned, the interviewees were contacted before the interview and informed about the subject of the research and its questionnaires. This helped the interviewees to choose the right person at the company to be interviewed. The interviewees have also been asked, prior to the interview, if they wish to be anonymous. None of them required anonymity.
3.4 Data analysis

Data analysis in a qualitative research is an ongoing process throughout the research and will proceed hand-in-hand with other parts of developing the qualitative study (Bryman & Bell 2015). The analysis of this research was started early during the data collection according to “Cumulative analysis” suggested by Snyder (2012). When starting to analyze the collected data in the early stages it gives the researcher an opportunity to identify new approaches that can be useful during the collection stage (Snyder 2012).

When the interviews were completed, they were compiled and divided into the different categories based on the framework. The main categories that the interviews were divided into were sustainability strategies and the sustainability marketing mix. The marketing mix were further divided into four additional parts, which are customer solution, customer cost, convenience and communication. To identify different themes and patterns a comparison of the responses from the interviews and their correspondence with the theory was performed. For this process “constant comparison” has been used and is a type of analysis that is suggested by Bryman and Bell (2015). It refers to a process of maintaining a close connection between data and conceptualization, so that the correspondence between concepts and categories with their indicators is not lost. The categories generated by this method can generally be divided into two different parts: those derived from the subjects' language and languages, and those identified by the researcher as significant for the project's focus area. The goal is to assist the researcher in developing theoretical insights into the social processes operative in the site under study (Qdatraining n.d). Furthermore, this type of analysis makes it possible to do a comparison between the different categories and it is also possible to relate them to others (Kvale and Brickman 2009).

3.4.1 Qualitative validity

Qualitative validity means that the researcher controls the accuracy of the findings by using certain procedures. It is one of the strengths of qualitative research and it is based on determining whether the results are veracious from the standpoint of the researcher or the participant (Creswell 2014). One validity strategy that is mentioned and recommended by Creswell (ibid) is triangulation which have been used for this particular study. The triangulation strategy conducts different data sources of information by determining evidence from the sources and using it to build a coherent justification for themes. If themes are established based on converging several sources of data or perspectives from participants, the study can achieve a higher validity (Creswell 2014).

To promote and accomplish validity by employing triangulation, the research is done from multiple perspectives. This could take the form of using several moderators, different locations and multiple individuals analyzing the same data (Olivia n.d). The strategy has been used for this particular study by having several interviews which are conducted with different people, in different companies and at different occasions. Also, the data triangulation helped to increase the level of knowledge and strengthen our standpoint from various aspects. All three in the research team have been present during the interviews and when analyzing the data afterwards. This has strengthened the validation of the research further by gaining more perspectives and avoiding misunderstanding.
3.4.2 Qualitative reliability

Qualitative reliability indicates that the researcher’s approach is consistent across different researchers and different projects (Creswell 2014). Yin (2009) recommends two different tactics to achieve reliability in the study, including the use of a case study protocol and developing case study database. The two tactics occurs in the data collection phase and for this study a multiple-case study protocol was considered to be the best suited in order to achieve higher reliability. A case study protocol can be compared to a interview guide which partly have been used when designing the interview for this study.

In contrast to a quantitative research where reliability refers to exact replicability of the processes and the results, the qualitative research comes with diverse paradigms which makes it more challenging to achieve reliability. Hence, the essence of reliability for qualitative research lies with consistency (Leung 2015). For all three interviews, a certain number of predetermined questions have been prepared in form of an interview guide to support the interviewer and make sure that all important topics are covered during the interview. The predetermined questions have been the same for all companies included in the study. This has made the interviews consistent to some extent and possible for other investigators to be able to replicate the study for other projects.

Thus, it is not fair to argue that the outcome of this study would be the same if the interviews were carried out again since every interview started with letting the interviewees do a presentation about the company. By starting the interview in an unstructured way it gives the interviewee a lot of flexibility in their way of answer which may lead to the fact that one interview may differ slightly from the other. As Merriam (2009) states, the human behavior is not constant and therefore reliability is more difficult to maintain within a qualitative research.

3.5 Method criticism

Although a qualitative method was considered best suited for this study, it also comes with some disadvantages. In face-to-face interviews the interviewer and interviewee can directly react on what the other says or does since there is no significant time delay between question and answer. An advantage of this technique is that the answer of the interviewee is more spontaneous, without an extended reflection. But due to this synchronous character of the medium, the interviewer must concentrate a lot more on the questions to be asked and the answers given. Especially when a semi structured interview list is used, and the interviewer has to formulate questions as a result of the interactive nature of communication (Opdenakker 2006). Since there were three interviewers involved in this study, it simplified the process of making sure that all the questions were liable to get answers to within the fixed time, and at the level of depth and detail needed.

Although semi-structured interviews offer great benefits for qualitative researchers since it is very flexible, there is a danger of simplifying and idealizing the interview situation based on the assumption that interviewees are competent and moral truth tellers. As Alvesson (2003) describes it, there is a risk that the interviewee “acting in the service of science and producing the data needed to reveal” their experiences (feelings, values) and/or the facts of the organization under study (Alvesson, 2003, p. 14 see Qu & Dumay 2011).
Today, high demands are placed on companies when it comes to sustainability and they are being reviewed by other organizations as well as their customers (Signitzer & Prexl 2008). Since sustainability can be perceived as a sensitive subject we believe sustainability may be something that businesses like to beautify. This was extra important to keep in mind in the choice of companies and also questions during the interviews. In the choice of companies, one of the requirement was that the company had to actively work with sustainability, which enabled us to be sure that they were willing to talk openly about their work with sustainability. In addition, we were extra careful with our choice of questions and avoided questions that could be perceived as too sensitive for the companies.
4 Empirical findings and analysis

4.1 Greencarrier

The Greencarrier Group was founded in Gothenburg, the biggest harbor of Scandinavia, in 2000 by Stefan Björk and Björn Eklund. Today it is among the largest privately-owned transport companies in the Nordic. The company is operating in three distinct business areas which are Greencarrier Line Agency, Greencarriers Freight Services and Scandinavian Shipping and Logistics. Further, the company consists of 800 employees and operates in a total of 14 countries in the Nordic, Baltic, Eastern Europe, Central Asia and China (Greencarrier 2018).

For the interview with Greencarrier we met Filip Buic. Buic is the Trade Lane Manager of Greencarrier and has been based in Shanghai, China for approximately two years. His main responsibility is to “farm and hunt”. The countries he is responsible for is Sweden, Norway and Poland. He takes care of current customers and at the same time develops strategies to find and target new customers. A lot of the work is done by developing projects and strategies together with the team in Sweden in order to find new potential customers. In addition, Buic is responsible for continuously reporting to his manager, as well as the base in Sweden. He has a deep knowledge for both the Chinese as well as overseas market in other parts of the world.

4.1.1 Greencarrier on the Chinese market

Greencarrier entered the Chinese market in 2005 and has since then expanded its entrepreneurship on the market. Since its inception, they have grown from being initially one single employee to approximately 120 employees in China today. The reason why the company chose to expand to the Chinese market was mainly due to China's rise as a producing country at that time. Buic (2018) explains:

Many companies moved from the Baltic states to China and opened trading companies and sourcing companies. For Greencarrier, it is of importance to always be close to the customer and therefore it was a natural move for them to do. In order to always be able to handle the business locally we often choose to have a local office in countries where the demand is high.

Having a separate office in Shanghai results in not having to use an agent or intermediary. In this way, Greencarrier can control the transport from A to B without having to interfere with others in the communication line. A lot of goods is being exported from China which makes it an important market for companies, and for Greencarrier it is of big importance to follow the market.

Buic further expresses that the demand for their services will continue to grow in the Chinese market. However, it is seen that exports from China have reached a plateau and as a result, numerous companies have moved back to the Baltic states as a response to China becoming more expensive. By contrast, the import to China has increased, which is positive for Greencarrier. China is moving towards becoming a consuming country from being a
producing country. The trend that can now be seen in China is the increasing consumption of western products and as a result it is becoming increasingly popular to import products. This affects Greencarrier.

4.1.2 Sustainability strategies

For Greencarrier, the environment plays a significant role in their business as well as sustainability work. It can be seen as the heart of all the company’s operations and activities. Buic (2018) says that “The environment acts like a guidance for the business and it is deeply considered when taking decisions”. The vision of Greencarrier is to be in the forefront when it comes to the transport industry and wants to portray themselves as an eco-friendly company in comparison to traditional transport solutions. Buic explains that the environmental responsibility lies within focusing and caring for the environment across all organizations on all levels.

Buic (2018) continues to explain that “The reason for companies in China to start working with sustainability is due to the fact that China is becoming more open to the international market I believe. As a result, there is an awareness of the importance of working with sustainability since the demand for a company to be transparent is high on the international market”. However, he argues that there is a difference in how companies in China works with sustainability compared to other parts of the world. When it, for example, comes to promoting sustainability work, Buic thinks that it is rather more focus on it in western countries than in China. In addition, there is often a feeling that western countries focus on sustainability in order to make a positive impression while it can be enforced in China. For example, there are often demands on Chinese companies from their western customers that they should be more sustainable.

However, Buic elaborates that sustainability is not totally necessary in China even though it is often directed by the leaders in China that the sustainability matter should be more incorporated in businesses. In recent years, Buic further explains, environmental issues have been raised a lot in China and they have their war on emissions, which has led to a rise in demand for sustainable products and services. Chinese customers begin to ask for it more and more and the companies have to adapt in order to be able to keep their production going. Moreover, something that is often put more focus into on the Chinese market is CSR. Companies in China that are in cooperation with Greencarrier are categorized and ranked according to how their work with CSR looks like by the Greencarrier head office in Sweden, Buic explains. Depending on their involvement in CSR work, a company can be ranked to be a green, yellow or red company from a CSR point of view. Buic (2018) continues to explain about the ranking:

This is of huge importance for us when choosing the right supplier. The companies ranked as red are not approved when it comes to CSR and therefore we choose not to work with them. Yellow ranked firms may have a chance to work with us if they manage to improve their work and green companies are the ones that we will work with.
4.1.3 Sustainability marketing mix

Customer Solution
The core of Greencarrier is to be top of mind for sustainable solutions and the promise to do everything and beyond for their customers’ needs are strong. Buic mentions that the transport industry is among the “dirtiest” industries when it comes to the impact on the environment. The demand for sustainable solutions is big and keeps increasing. The focus on sustainability is particularly big among Scandinavian customers and one of the reasons is the requirement to report all emissions in Scandinavia, Buic believes.

As presented in the theoretical section (2.5.1), a sustainable service or product is produced in a way that is not harmful to the human health nor the environment. There are numerous characteristics for sustainable products which for example are non-polluting, long lasting, easy repairable, minimum packaging and reusable. It often also means that you have to adapt your business to the new regulations and attitudes of the customers (Charter et al. 2002). For Greencarrier, the core is eco-friendliness and a strong mindset on what affection on the environment the business does. Buic explains that since the core has always been to be as sustainable as possible, this new trend that can be seen in China of being sustainable benefits them. However, they always strive to adapt their services and look for more sustainable ways to perform the transportation when the opportunity is given.

Customer Cost
As mentioned before, Greencarrier strives to be top of mind when it comes to sustainable solutions in the transportation sector. Since their services are just that, as sustainable as possible, it is reflected in the price. Buic (2018) says that:

The environmental friendly solutions often come with a higher price. This price, the consumers are often willing to pay, and the trend can mostly be seen among our Scandinavian consumers. An explanation to why Scandinavian consumers accept this to a larger extent than Chinese for example, is that they see this as an investment and cost saving in the long run. To later be able to picture to their consumers that they are environmentally friendly in their processes, provides the company with positive marketing.

Buic further points out that for the local companies in China this is not something that is prioritized in the same way as in Scandinavia. However, the awareness is still there, and it is getting more of importance.

Furthermore, Charter et al. (2002) points out how pricing decisions can demonstrate a commitment to sustainability. There are multiple ways on doing that as mentioned in the theoretical framework. One way is giving, which means that a proportion of the price can openly be linked to environmental or social causes. This is something Greencarrier has embraced, and Buic explains that for Greencarrier, 1% of their total revenue goes to charity every year. Further, they always try to include their employees in charity work. As a result, it is possible to apply for a sum of money to do charity work, such as mountain biking and running marathons to raise money for cancer.

Convenience
Buic states that the company chooses to move to countries where their customer base is big. For example, they want to follow the expansion of the market and the move to China was
strategical since they want to be close to their customer and supplier. This results in not needing an agent or intermediary.

Buic continues to mention that when it comes to the distribution system of Greencarrier they always strive to make it greener. Even here the company follows the market and the trends and adopts new sustainable solutions for their distribution systems whenever the opportunity is given. The routes used to transport the goods are always carefully considered and Greencarrier always strive to use the shortest possible route in order to have the smallest affection on the environment. To exemplify, Greencarrier is very conscious about the environmental emissions and as a result, they work a lot with short-sea transportations that is one of their main strengths as a company. Especially in Europe they ship by boat instead of truck which is an environmentally conscious choice. Shipping by truck is much cheaper and many companies often choose this solution. Moreover, Greencarrier were among the first to use train transport between China and Europe. Today, it is almost five years since they first started using the trains and last year, in 2017, they received the price for best Rail Supplier in China by Business China.

Furthermore, Greencarrier has no own fleet in China. Buic (2018) says that “No company really has it since it is much cheaper and easier that way”. However, they have their own fleet in Europe and these are of the highest environmental standards. They are very considerate and keep their eyes open for new solutions to always ensure high standard. When there is a new environmental standard, the fleet is quickly replaced to new that fits the new standards. Moreover, Greencarrier often uses containers to transport the goods. There are container depots associated with ports around the world where Greencarrier collects all the containers until it is time to ship. When it is time to ship they are filled up and sent to the customer (Ibid).

The lifespan of a container is estimated to be about five years. However, they are always reused. The containers are continuously repaired, when they start to become rusty or break, they repair them and use them again. Furthermore, Buic mentions that the company consolidates a lot, which means that in some cases, goods are collected from several different factories to fill up the containers instead of sending them half-full. This is appreciated by the company's customers, partly because they reduce their transport costs, but also because it is better for the environment.

Communication
As mentioned before, the core of Greencarrier is sustainability. As a result, they want to market themselves as a sustainable company. Even though they do not provide annual reports, Greencarrier has a well-established service where customers by themselves can print out reports on environmental emissions. This allows the customer to review the emissions at any given time in addition and compare different time periods (Buic 2018).

When going out to the customer, Buic explains that they use PowerPoint to present the company and their work. The powerpoint is done by a third-party company. They also choose to be present at fairs and exhibitions to increase knowledge about their company for potential employees as well as others. Furthermore, Buic discusses that it is of importance that everybody is within the sustainability thinking. In the Shanghai office for example, in order to save electricity and be as sustainable as possible, all lights are turned off during lunch breaks and the computers are not allowed to be connected to the power outlet all the time, and the computer's own battery needs to be used.
Another important channel for promotion is their WeChat account. Buic explains that in China, WeChat is a multi-purpose social media, messaging and payment application, with over one billion active users every month. This digital solution has become one of the main ways for Greencarrier to communicate with all their stakeholders. When attending exhibitions and fairs, they have their own QR code that brings the person who scans it directly to their WeChat account. Through this account, they reach out to their customers, potential customers as well as potential future employees such as graduate students etc. They use it to market themselves, as well as their sustainability work.

4.2 Atlas Copco

Atlas Copco was founded in 1873 in Stockholm, Sweden. Their products and services include compressors, vacuum solutions and air treatment systems, construction and mining equipment, power tools and assembly systems. Today Atlas Copco is a global enterprise and spans around 180 countries, with their own operation in more than 90 countries. The manufacturing facilities is primarily concentrated in Belgium, Sweden, Germany, the U.S, India and China (Atlas Copco, 2018).

For the interview with Atlas Copco we met Francis Liekens, Vice President at Atlas Copco (China) and Frank Liu, General Manager of Atlas Copco (Shanghai) Trading Co Ltd. They both were present and answered questions during the interview. Liekens first started to work for Atlas Copco in 1994 as a production company controller in France. In 2016 he came to China and has since then worked from the office in Shanghai, overseeing Atlas Copco’s operations in Greater China and Mongolia. Frank Liu has worked for Atlas Copco in China for many years and in 2017 he became the General Manager for the company’s operation in Shanghai.

4.2.1 Atlas Copco on the Chinese market

The cooperation between China and Atlas Copco started early. Already in the 1920’s the company started to export equipment to China from Sweden, although it was in the early 1990’s that that the company chose to start up their first office in China. Atlas Copco’s management back in that time had a vision that the Chinese market would become important for the business. The management believed that if they wanted to be a global leader and number one, the company should be number one in China as well. China back then was a big market; however, the country was still very poor and with a bad economy. To expand to the Chinese market was therefore not an obvious choice (Liekens 2018).

The first years entering China was difficult because of tough regulations for company start-ups. Today, China have one of the fastest growing economies in the world (Demand Institute 2017) and 30% of Atlas Copco’s company activity is placed in Asia, where a large part of that percentage is in China. With 6200 employees and 16 factories established in China today, the development for Atlas Copco on the Chinese market has been successful (Liu 2018). According to Liekens, Atlas Copco see themselves as a role model in China, when it comes to sustainability work.
4.2.2 Sustainability strategies

Porter & Kramer (2011) have mentioned that business is usually criticized to be a leading cause of social, environmental and economic problems. Many companies tend to focus on an outdated and narrow approach to create value, where the main focus is to optimize short-term financial performance, thus overlook their long-term success. Liekens (2018) mentions that for Atlas Copco, the long-term success has always been the most important. They have been on the market for over 140 years, and organically been growing to the global leader they are today. Their mission is to deliver sustainable profitable growth and to grow in a way that will help them perform well on three bottom lines over the long term: financial, environmental and social. To incorporate this approach in everything they do, help them to stay competitive and successful.

Liekens (2018) continues to explain that the company affects the environment most when it comes to their equipment used by customers and therefore one of their highest priority is to continue launching energy-efficient products at a high pace and sustainable solutions. One example in how they are trying to find solutions to decrease CO2 emissions is their assembly solutions that let automotive manufacturers build lighter and more fuel-efficient vehicles. Also, they are now a leading provider of battery-operated, emission-free underground mining vehicles, which leads to cleaner mines and that customers save money. Atlas Copco believes that it’s not only ethically correct to work for a better environment, human rights, improved labor conditions and against corruption, it is also good for the business and the companies image (Ibid).

Liekens mentioned that when it comes to sustainability, they have a strategy of five pillars:

1. Ethics
2. Safety & Well-being
3. Innovation
4. Most competent teams
5. Efficient use of resources

4.2.3 Sustainability marketing mix

Customer Solution

Innovation lies in Atlas Copco’s DNA and is one of their success factors. They believe there is always a better way to do things when it comes to product development and in how business is being done. Each product that is being developed should be better than the previous one when it comes to quality, functionality and from the sustainability perspective. Innovation is also important when it comes to marketing and communication with stakeholders (Liekens 2018). In China they have started to focus a lot on the digital solution WeChat and the use of QR codes, and to do business through it. They want to use the modern technology of today when they are doing business, and that requires constant reflection in how they can do better (Ibid).

Liu (2018) says that China is still a complicated and complex market, because there is a lot of different customer segments with completely different requirements. In Sweden for example, all the customers are more alike. One problem for Atlas Copco in China have been the
customers’ big focus on the price. During recent years, this have come to change, and more Chinese customers have started to not only care about price, but other things like performance, energy savings and reliability. One reason for this change is the Chinese government pushing to cut the “over capacity” and that they during 2017 pushed companies hard on the implementation of environmental regulations. This change resulted in many close downs of Atlas Copco’s competitors. Many suppliers that didn’t follow regulations were forced to close down, which effected companies that was depending on these suppliers. Atlas Copco however is very careful when picking their suppliers because they want suppliers that are clean and follow the rules. As a result, the government's pushing on the regulations did not affect Atlas Copco in a bad way but rather in a positive way (Ibid).

Because Atlas Copco always has been focusing and put a lot of money on creating quality products, they are in the winning situation now when Chinese customers starts to focus more on sustainable products. Liekens (2018) states that:

> China is trying to get out of their image of being a basic, lower manufacturing country. They are trying to lift themselves up when it comes to development, and that requires a lot of investments. Atlas Copco have the right development and products to help China achieve this”.

Liekens continues to explain that for example, 90% of their products are recyclable and they have special programs that looks into how they can reduce energy consumption and emissions. They value innovations when it comes to their machines and believe that leaders, like themselves, should come up with new things that are better for the world, so it becomes a trend that other companies want to follow.

**Customer Cost**
The price on Atlas Copco’s products is always one of the highest on the market. By having premium prices, they bring value to the customers and also include sustainability commitment into the pricing (Liekens 2018). It cost a lot of money for a company to care about sustainability and the environment. However, Liekens points out that sustainability is very powerful and when a company always do the right things, they will win on it in the end.

It’s a challenge for companies to translating environmental improvements into a value proposition that customers are willing to pay for. Many people are willing to pay a higher price for greener products; however, companies still need to be careful to not exclude market interest through premium pricing (Charter et al. 2002). According to Liekens (2018), it takes a lot of time, energy and innovative ways to prove that their premium products will bring value to the customers. Many small and medium sized companies in China focus a lot on the price, and the cost for them is very important and the determining marketing element. Atlas Copco is successful in designing and producing premium products, but to acquire Chinese customers it’s also important to design and produce less premium brands for them who demand lower and medium-level products. Atlas Copco’s solution to not exclude market interest through their high prices, is that they have Atlas Copco as a premium brand but fill up other segments in the market by offering alternative brands, more fitted for example to the middle market (Ibid).

**Convenience**
Today Atlas Copco have customers in more than 180 countries and employees spread over every continent. Liekens mentions that the company's physical presence globally is one of
their strategic moves, which brings them closer to customers and suppliers. The company aims to grow organically and only do strategic acquisitions.

Atlas Copco is trying to make their distribution system greener by regulating the amount of transportation. This is a complex activity and requires a lot of logistics planning. To try to reduce their ecological footprint when it comes to distribution of equipment and spare parts, the company use organized distribution centers. The distribution centers are placed close to their manufacturing facilities, where they regroup all the products into one central place. This will lead to a greener distribution system by grouping everything that is supposed to be sent away in one container and then shipped by boat, instead of sending one piece by piece on a plane. They also monitor CO2 emissions that their transporters are sending out, with the purpose to see how they can make the transport process more ecological (Liekens 2018).

The operations in China still require more work on making their distribution system greener. Currently it exists distribution centers in China as well, however, these centers are only for spare parts and not equipment and products. To become more sustainable in their distribution system, they try to get inspiration on how the company operates in other parts of the world, for example in Sweden (Liekens 2018).

Communication
Atlas Copco is transparent in their communication about their operational and sustainability work to stakeholders. They want to market themselves as a sustainable company, just because that represents who they are and what they are doing (Liekens 2018). Every year they publish an annual report, including sustainability report as well as corporate governance report. This annual report reflects Atlas Copco’s mission of creating sustainable, profitable growth and it integrates financial, sustainability and governance information. The report is published on their website and is a way for the company to promote itself to different stakeholders like existent and new customers, suppliers etc (Ibid).

Liekens says that although the website is the most widely used promotional media in Europe, the digital landscape look different in China and Chinese people are not common users of websites on the internet. Most of the communication with the company’s stakeholders in China is made via WeChat. On WeChat they can both provide customer service with consumers, have contact with employees and suppliers and also promote themselves and their products via articles and post they publish a few times a week.

Furthermore, Atlas Copco promote the company and its sustainable values at top Universities in China. To attend fairs and exhibitions is also something the company do to promote themselves. Every month they have at least one or two exhibitions. On the exhibitions, they have a QR code that can be scanned by “visitors” so they get connected directly to Atlas Copco’s WeChat account. By doing so, new information can always be sent to them through WeChat afterwards and it’s possible to monitor feedback and results by collecting incoming data (Liekens 2018).

The company also uses more traditional way of promoting themselves, like sending out magazines with tailored information about the particular industry to relevant stakeholders. Their general marketing strategies consist of both traditional marketing activities and more modern, like the usage of WeChat. Liekens (2018) explains this further:

It’s in the pyramid of shifting. People don’t read magazines anymore and it’s hard to
monitor what they are reading and who the people are that actually read. With WeChat it’s easier, and it’s possible to receive a lot of data and feedback on how the customers take in the information and content that is being published.

Every week they publish five or eight articles on WeChat, which they later can monitor. Training and information by the company can be pushed out through WeChat, which have led to closer relationship with customers and also reduced amount of paper printing (Liekens 2018).

Lastly Liekens explains that it is important for the company to take on corporate social responsibility and they have different projects worldwide supporting non-profit organizations. The main project in China is to support areas in the country where accessibility to drinking water is difficult. For every 1 RMB (Chinese currency) the employees at Atlas Copco is giving to support the project, the company adds 2 RMB.

4.3 Stora Enso

Stora Enso was founded in 1988 when the Swedish mining and forestry product company Stora AB and the Finnish forestry product company Enso Oyi merged. It is claimed that Stora Enso is the oldest limited liability company in the world. Today, Stora Enso has more than 26,000 employees in over 30 countries and is a leading provider of renewable solutions in packaging, biomaterials, wooden constructions and paper globally. Their customers include packaging producers, brand owners, paper and board producers, publishers, retailers, print houses, converters, and joinery and construction companies. Their beliefs are that everything that is made from fossil-based materials today, can be made from a tree tomorrow and therefore they are focusing on innovative solutions and renewable, reusable and recyclable materials (Stora Enso’s Progress Book 2017).

For the interview with Stora Enso, we met Cindy Zhang, Corporate & Marketing Communications Director at the Shanghai head office. She has been working at Stora Enso in Shanghai for 18 years with sales and marketing communications and also been responsible for many projects during the years.

4.3.1 Stora Enso on the Chinese market

Zhang (2018) explains that Stora Enso first entered the Chinese market in 1985 when the Hong Kong office started to do importing business with Swedish and Finnish products. In 2003 they expanded, and Stora Enso moved its major pacific head office to Shanghai. Today the demand for Stora Enso’s products is growing fast in China, especially in Consumer Board like carton boards suitable for packaging for liquid, food and pharmaceutical. From having only two employees working in China in 2000, they have evolved into having as many as 5,300 employees working throughout China today.
4.3.2 Sustainability strategies

Several times during the interview, Zhang pointed out the importance of having long term sustainability strategies in the company and integrating sustainability into the core business. Previously, their main business was a traditional pulp and paper company, an industry that many people believe are one of the worst environmental degraders. As a result, stakeholders began to put more pressure and tougher requirements on Stora Enso (Zhang 2018).

Stora Enso’s Sustainability Agenda include the social, environmental, and economic responsibility of their operations throughout the value chain which is based on the Triple Bottom Line framework. The focus lies on ten identified sustainability topics: Employees and wider workforce; Community; Business ethics; Materials, water, and energy; Carbon dioxide; Forests, plantations, and land use; Customers; Suppliers; and Investors (Stora Enso 2017). Their caring about human rights is seen to be so important, that they consider that topic be so integral in their long-term success that it is viewed as an overarching theme. The sustainability agenda is also continuously evaluated to see how well aligned it is with their key stakeholders’ expectations and perceptions (Zhang 2018).

4.3.3 Sustainability marketing mix

Customer Solution
Global warming, population growth, eco-awareness and urbanization have come to affect both consumer and corporate decision-making around the world (Stora Enso’s Progress Book 2017). When it comes to Stora Enso’s product development, Zhang (2018) says that they proactively respond to these megatrends by developing solutions and products based on renewable and recyclable materials, and therefore contributes to a circular economy where waste is minimized, and environmental and financial added value maximized. They further promote themselves as a renewable material company, where they make every effort to use 100% of a tree for all their products (Zhang 2018).

Lately the consumers requirements of product quality have increased and also the requirements of material efficiency. It’s important for the company to be efficient in material, water and energy consumption (Zhang 2018). Regarding the water consumption they have clearly targets on how to reduce water per each ton of product. When it comes to energy consumption, they are trying to increase the green and clean energy percentage in the production. They are also trying to be material efficient when it comes to their products. To exemplify, one cubic meter of wood could make 100 product boxes in the past (Ibid). Today, with the company’s material efficiency efforts, one cubic meter of wood can instead make 150 boxes without sacrificing the product special features (Ibid).

Customer Cost
Zhang (2018) explains that she believes that customers is very often driven by price when choosing between products. However, many consumers nowadays in both Sweden and China, are well educated in sustainability issues. In many cases these consumers would choose the product from the brand that they associate with being most sustainable, environmentally friendly and quality assured, instead of the cheapest one (Zhang 2018). Sustainability is not an add on to show for the customers, for example the company just telling how good raw material they have been using to create the product, but rather how the company meet the consumers core needs and how well the whole company’s brand is reflecting sustainability values (Ibid). It does not matter how environmentally friendly the products are, because it is the whole brand and brand image that will need to send out these signals. Success for a company comes when they can tell the brand story, integrated with sustainability values, in the language of the consumers. The brand image and sustainability work cannot be separated from each other (Ibid).

Stora Enso’s focus is on delivering premium products that their customer will associate with good sustainability values and high quality. As they focus on premium and middle-class products they also target the equivalent customer group. Currently they are satisfied with their target group and do not plan to target other segments. Zhang (2018) explains:

In China, the market is quite complex, and the customer demand differ a lot depending on where they are located. Most of China’s population still lives in rural areas and if a company want to reach out to the bigger part of the Chinese population they have to adapt their products which often also means that you have to make it cheaper in order to be available to more consumers.
Convenience
Zhang points out that sustainability is not just an add-on for companies. If a company wants to be sustainable, the sustainability thinking needs to be implemented in the core business as well as in the whole supply chain (Zhang 2018). The way the company chooses to make the distribution system greener is linked to all the other decisions that is being made in the company, which she refers to a “chain effect”. As mentioned before, the material efficiency effort Stora Enso is making nowadays, gives more products for the same amount of wooden material compared to some years ago. This material efficiency is making the products lighter, which have a big impact on the transportation and distribution of the products. Lighter products lead to less weight of the transportation, which has an impact on the energy consumption in the traffic (Ibid).

The most significant environmental impacts associated with Stora Enso’s logistical operations are mainly made by the external logistics service providers. These are the CO2 emissions generated when transporting the raw materials and products. One example on how they are trying to reduce CO2 in their value chain is that they request wood transport suppliers in Sweden to report the proportion of renewable fuels they use. In 2017, the objective was to increase the proportion of renewable fuels to 30%, and in the end of the year the result of the renewable fuels used reached the goal. Furthermore, transportation by sea accounts for approximately 90% of all the product transportation by weight and distance. Road and rail transportation account for 8%, respectively 2% (Sustainability report 2017).

Communication
One way corporates can approach sustainability is to support and sponsor organizations, communities or a specific environmental or social group (Charter et al. 2002). Zhang also mentions sponsorship as one way of taking sustainability initiatives in the company. Stora Enso, with the help of their employees, take on several projects all over the world where they aim to support vulnerable communities and areas. In China, Zhang says that she has been engaged in some philanthropy projects like; the building of the School in Sichuan after the earthquake in 2008; seashore cleansing in Guanxi, which have been running for two years and is still ongoing. Furthermore, global companies can make a positive contribution in local communities by active corporate citizenship. Stora Enso’s operation are very dependent on local communities, because they want a motivated and competitive workforce as well as being able to source for the company’s most important raw material.

As mentioned in the theoretical framework (section 2.5.4), big international companies usually use huge amounts of financial, human, and natural capital and are continuously being critically observed. Therefore, corporate sustainability communication (CSC) is very important (Signitzer & Prexl 2008). Zhang pointed out the importance of always doing business right and that customers would never buy from a company that they feel does not meet their criteria or values. Stora Enso is a large corporation with more than 1000 suppliers, many located in China, and it is important that all of these are meeting the company’s requirements regarding working overtime, minimum wages, living conditions etc. In 2013, Zhang was engaged in the supplier code conduct, a project where they wanted to make sure that all their suppliers were in compliance with Stora Enso’s sustainability agenda. In this project they also got support from other certifying consulting firms (Zhang 2018).

Zhang says that it was more than 10 years ago Stora Enso started publishing sustainability reports. These reports are published annually and covers the company's social, environmental, and economic sustainability performance. Further, she explains that they have a very
extensive website where it is possible to download their sustainability report, annual reports, progress book etc. In these reports, they also provide information about the company and it is possible to review all the company’s different certificates from example ISO (International Organization for Standardization) and FSC (Forest Stewardship Council). The company is very active on other social media like WeChat, Facebook, Twitter, LinkedIn, Instagram and YouTube. On these channels they do weekly updates and post relevant articles about sustainability and their sustainable operation and choice of material (Zhang 2018).

5 Discussion

The aim of this research was to investigate how three selected Swedish companies placed in Shanghai, approach sustainability marketing and explore how they embed sustainability within their strategy and throughout the marketing mix on the Chinese market. As a result of this study we found that sustainability is today well integrated in these companies’ core business and that working with sustainability has become a critical success factor. In order to respond to the purpose of this research, the focus has been on discussing the empirical findings in relation to the Chinese market, sustainability strategies and the sustainability marketing mix.

5.1 The companies on the Chinese market

The empirical findings showed that the companies began to expand to the Chinese market around the 90’s. The import and export business, as well as China’s rise as a producing country were the main reasons for moving their businesses to China. China had only a few years earlier for the first time opened up to the world economy. During this time, China had not yet begun its shifting journey in its rapid economic development, and the country was still poor. On the contrary, many of the Swedish companies were already acting on the international market and had been doing that for several years. When China decided to open up to the international market, the companies participating in this study, experienced managers saw China’s future potential and started to act after that.

Today China is one of the world’s largest economies and the market has changed rapidly since the 90’s (Demand Institute 2017). The empirical findings continue to present that Greencarrier, Atlas Copco and Stora Enso’s market position in China has also followed this rapid change. For all of them the Chinese market has become one of the largest markets and is roughly where the biggest percentage of their employees are working today. As mentioned before, the main reason for the companies to move their businesses to China was due to the fact that the country was a producing country at that time. However, China has today moved towards becoming a consuming country. The production in China is becoming more expensive, while the demand of western products is increasing. All of the interviewed companies produce western products with high quality and their position in China will probably only grow stronger.

Aligned with the rapid growing economy during the last years, the Chinese consumers knowledge of companies and consumption has also increased. The interviewees had shared thoughts about China as a very complex market in comparison to their home market Sweden. In China, the customer segments differ from each other in an extreme way and it is a big difference between Chinese people living in rural areas comparing to the ones living in the
city like Shanghai. The interviewees also agreed on that the Chinese consumers in Shanghai have become well educated in consumption and sustainability. As a result, they have started to require more from the companies. The companies interviewed, are all producing premium or middle-class products and/or services and therefore reaching out to the equivalent customer group.

As we chose three Swedish companies that in one way or another have an impact on the environment, the empirical findings showed that the sustainability work for each of the three companies are formed in the Swedish head office. As a result, the sustainability work strategy designed in Sweden and that applies for the companies on the home market, is the same strategy used on the Chinese market. However, from the empirical findings and previous discussion, we can see that the Chinese market is a complex market and therefore the strategy is applied to 80% whereas the other 20% needs to be adapted. The empirical findings continue to show that they sometimes feel like they are a role model for the Chinese companies when it comes to the sustainability work. Especially since the Chinese government have started to set tougher regulations regarding this matter and many Chinese companies look up to Western and especially Swedish since they are known for being in the forefront when it comes to the sustainability work (Buic 2018). Moreover, it can be discussed how sustainable the companies really are since all of the interviewed companies are somehow involved with transport as well as production in China. As mentioned in the beginning of the thesis, the transportation as well as production has a big impact on the environment and since the production has been relatively cheap in comparison to western countries many choose to put their production in China, including these companies. Even though they strive to always choose the best route or the minimal way of impacting the environment, they still contribute to the pollution.

As presented in the theoretical section, the consumer today is more aware and has as a result, higher demands on the companies. There are plenty of demands and wishes from stakeholders that a company need to take into consideration in order to keep and attract new stakeholders. From the conducted interviews, it has emerged that this is just as equally important for the interviewed companies. Since China is fighting to drop the image of them being a manufacturing country they are striving to lift themselves up when it comes to development. The interviewed companies all agreed on that the consumer has a big influence on how the companies act and affects the decision-making a lot. However, it differs a bit on the demand of sustainable products and services when comparing China to Sweden. For example, the Chinese government has a big impact on the market in China. The fast-changing laws and restrictions influences the companies to a great extent and if these laws are not followed and adapted, it can harm the business. In Sweden, the government also has restrictions and laws when it comes to sustainability principles. Moreover, it is argued that in China it is of less importance when comparing to other parts of the world due to the fact that China still prioritize other factors.

Furthermore, the perception that many people still have about China as a whole is outdated. By looking at the rapid economic development that China has achieved in a short period of time it is proven that China has a lot more to offer. As a matter of fact, the economic development has made it even more important to start working with sustainability for all sectors in China. As mentioned, China’s economy grew in a rapid pace and we believe that the work with sustainability can develop just as fast. All of the interviewed companies feel that they in some way or another are acting as role models for the Chinese companies. They can see that many of the Chinese companies have started to adopt the sustainability work. With the all-time increasing transparency on businesses and countries as whole, greater
pressure is put on the decision making, and the companies acting on the Chinese market have come to start acknowledging this more than ever.

5.2 Sustainability strategies & the sustainability marketing mix

Greencarrier, Atlas Copco and Stora Enso are all big international companies that steadily and organically have been growing through the years. For them, it has been critical to strive for long-term success and having long-term sustainability strategies. All agreed on that it is costly to be a sustainable company, and therefore it is important to financially be profitable to manage to integrate sustainability in the core business and in the decision making within the company. For the customers, environmentally friendly products often come with a higher price. The companies in this study all include sustainability commitment into their products price and focus on delivering premium brand products. Although previous theory has mention that it can be hard to translate environmental improvements into value propositions the customers are willing to pay for, it seems to be a price that customers in Sweden, and an increasing number of Chinese customers, are willing to pay for.

The result from the study showed that transparency in the business have come to play a big part lately, and today a company needs to be open towards stakeholders and people in how they are doing their business. Transparency is important in the communication about the companies operational and sustainability work. The need for publicly open up the operation more on the international market, have led to an increasing awareness of the importance of working with sustainability in China, as well as in other parts of the world. The interviewed companies saw themselves as role models for other companies in how they are working with sustainability, and therefore only see the trend towards sustainability in China as beneficial for their business. It is not only ethically correct to work for a better environment, human rights and improved society, it is also beneficial for companies’ business and image. A company’s brand image and sustainability work cannot be separated from each other. Every decision, no matter if it is good or bad it will reflect the brand, and therefore the products. The trend towards a more sustainable society will only favor Greencarrier, Atlas Copco and Stora Enso. This because they can help China reach their goal to get out of their image to be a cheap manufacturing country, and instead strive to lift China up when it comes to development and reach their desired image as an innovative country.

The ability to show the customers that the companies are environmentally friendly in their processes provides them with positive marketing. The marketing of a company’s sustainability engagement can be done in different ways. In China, the most common solution to market the company and their sustainable way of doing business is through WeChat. WeChat is not yet common in other parts of the world and is therefore unique for the interviewed companies’ operation in China. This multi-purpose application is used to communicate and promote the companies to several stakeholders and especially potential or existing customers. In China, it is also common for companies to exhibit at different fairs and visit universities to talk both about their company and what they do to contribute to a greener society, which was also a part of all three participating companies in this study’s strategy. During these fairs or visits, WeChat’s QR code is used as a way of getting more followers on their WeChat site, and therefore more potential customers, future employees or just more people being aware of the company. Because the companies in this study started their business in Sweden, and today have operations in almost all of the continents, internet websites are still primarily used to reach out to customers. Social media channels like
Facebook, Instagram, Twitter, LinkedIn and YouTube are also essential for companies marketing. However, China is a country under censorship, and all these mentioned media channels are blocked and can’t normally be used by Chinese customers, the company or the employees in China. This has led to WeChat becoming one of the most important marketing tools in China. Consequently, the companies promote themselves and their sustainability initiatives differently in China compared to the rest of the world.

Another common way to promote a company’s sustainability work is by publishing annual sustainability reports. If a company does not provide sustainability reports or annual reports, they nowadays usually have other well-established services where customers by themselves can print out reports on for example environmental emissions associated with the company. The trend to provide this kind of information and reports to stakeholders have increased a lot during the last decade and Greencarrier for example have developed a specific tool where the customer can go in and download the information whenever. Furthermore, it was also popular for the companies to engage in different charitable projects. This shows that the companies often use several different channels to promote their sustainability work and at the same time they like to involve themselves in different projects.

Customers in China have not only started to demand more transparency and information about companies’ operational processes, but also require them to produce more sustainable products. Before, many customers in China were very picky about the price, and price could be the driving factor when choosing between different brands and products as presented in the empirical findings. Today, many Chinese consumers aims to choose the product that suits them and their needs the best. This new customer demand requires the companies to always be innovative, strive for new and better solutions and be material efficient. Innovation is one of the success factor for the interviewed companies, and each product developed should be better than the previous one in quality, functionality and from a sustainable perspective. It is getting more and more important to have products and services that consists of renewable materials and can as a result be reusable and recyclable.

6 Conclusion

By conducting this research, we have through the help of previous research and interviews achieved enough knowledge to make conclusions in order to answer the questions:

- How does three selected Swedish corporations, established in Shanghai, approach Sustainability marketing on the Chinese market?
- How does the three selected Swedish corporations work with the sustainability marketing mix?

We conclude that the importance of including sustainability thinking in the business strategy cannot be overlooked. According to the interviewees the work with sustainability can even be crucial in some aspects. Since sustainability is increasing in popularity it becomes more important than ever to incorporate this into the whole business. It has been presented that many companies do work with sustainability but are not quite aware of the benefits that it brings. As presented in the empirical findings, the interviewed companies have acknowledged the importance of working and communicating the sustainability work. As showed, they often market their sustainability work through many different channels.
Furthermore, the theoretical section presented that Sweden is in the forefront when it comes to sustainability work. As a result, three Swedish companies were chosen for this study. From the empirical findings we have come to the conclusion that the sustainability strategy is formed in Sweden and the same strategy that is used on the home market is also applied on the Chinese market. However, since the Chinese market is very complex the strategies are applied to approximately 80% and the rest has to be adapted to the market. This is interesting due to the fact that many Chinese companies see Swedish as role models and even though the market differs, the same strategies are used to the greatest extent.

When it comes to the strategies it can be concluded that for all three companies the sustainability is connected directly to the strategies. For all it was of importance to have a long-term sustainability strategy, which is also presented in the literature that it is a longstanding work. The result of this research further shows that the companies work a bit differently when it comes to the sustainability marketing mix but almost with the same outcome and targets. For example, it can be seen that all three companies strive to be innovative when it comes to their products and services. They always try to look for better and more sustainable ways of doing things which is a requirement in order to keep up with the fast-changing regulations but also to improve their work. It is also presented that in all three companies, the price is affected by the sustainability work in some way or another. Greencarrier incorporates the price in the service while Atlas Copco already has higher prices on their products. In order to not exclude any segments, they have different brands that offers products in different price classes. On the contrary, Stora Enso does not consider all the segments but focuses on providing premium quality products and are therefore targeting the equivalent customer group. Thus, all three reflects their sustainability work in their pricing.

Lastly, even though China may face some serious challenges when it comes to sustainability we can see that the sustainability comes to take a bigger place in the society and there are continuously new different laws and restrictions from the government concerning this matter. The companies interviewed also feels this change and it is getting increasingly popular. Moreover, this also puts a higher pressure on them but since all three companies core value is sustainability this pressure has done them good. As discussed, China has risen to be the world’s second largest economy with good prerequisites to become the largest one. Therefore, we believe that the sustainability work in the country can evolve in the same pace as soon as it is considered to be of priority since the trend can already be seen by the different laws and restrictions that are made by the government.

### 6.1 Recommendations for further research

The field of study in sustainability marketing is rapidly growing. With an increased interest in how companies work with sustainability from multiple directions like consumers, communities and media, more research in this topic will come to be requested. Due to the significant environmental concerns China is facing, we believe that further research about sustainability in China is required. An interesting area for further research would be to investigate not only how Swedish companies in China work with sustainability, but also how several Chinese companies approach this.

From the empirical findings in this thesis, it is concluded that WeChat is one of the most important tool to promote the companies and their sustainability work in China. WeChat have
during some years come to be used by billions of active users, and we believe that this application will continue to expand abroad. It would be interesting to do an in-depth study on how companies in China today is using WeChat for marketing purpose and how it will challenge today’s traditional way of marketing.
7 References

7.1 Interview participants

1. Green carrier: Filip Buic, Trade Lane Manager, China, face-to-face interview, 2018-04-09
2. Atlas Copco: Francis Liekens, Vice President, China, face-to-face interview, 2018-04-13
3. Atlas Copco: Frank Liu, General Manager, China, face-to-face interview, 2018-04-13
4. Stora Enso: Cindy Zhang, Corporate & Marketing Communications Director, China, face-to-face interview, 2018-05-04

7.2 References


Appendix – Interview questions

**Background information**
Name:
Position:
Responsibilities:
Years in the position:
Total years at the company:
Do you wish to be anonymous?

**Opening question**
Presentation of the company and the company’s sustainability work:

**About the company on the Chinese market:**
1. Why did the company choose to expand to the Chinese market?
2. Is there a high customer demand for what your company offer on the Chinese market?
3. How has the development changed over the years?

**Sustainability**
1. What are the reasons, you believe, that companies in China start working with sustainability?
2. Do you believe there is a difference between working with sustainability in China compared to outside China (e.g. Sweden)?
3. How do the company approach and embed sustainability in the operation?

**Sustainability Marketing**
1. How does your company embed sustainability in the product or service development?
2. How does your company’s price on the services/products demonstrate a commitment to sustainability?
3. How is your company working to make the physical distribution process greener?
4. How does your company promote their sustainability work?