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SUSTAINABLE AGRIFOOD INVESTMENT AND ITS MARKETING

viewpoint and
replies on
previously
published
articles

Keywords

Sustainability,
Environment,
Population,
Resources,
Education.

JEL Classification

L66, M210, M310, Q00

Abstract

A project is sustainable when it provides continuity of economic activity and society without destroying the environment we all depend on. The continuity of the economic activity is based on a viable project, righteous and acceptable for the three pillars of sustainability: society, economic activity and the environment. Sustainable development is not a utopia. Sustainable development means finding the adequate means in creating usefulness, for which the end-user is paying, finding alternative resources, solutions for a more efficient use of our resources, which are theoretically limited to our planet's potential, while the needs were, are and will be unlimited. The sustainability of the economic activity or continuous development will take into consideration potential necessary resources for future generations. A sustainable consumption does not necessarily mean consuming less. It means consuming differently or smarter, reducing the consumption of goods and services or discovering substantial possible changes in the way consumers behave, as well as changes in corporate activity. Thus the Marketing responsibility is to get inside the customer's point of view, the assertive feedback and vice versa to bring on market the whole business result.

Introduction

In order to write this article I have studied the marketing actions regarding sustainability programs of many national and international agrifood investments as follows: Friesland Campina, DSM, Smithfield, Lactalis Group, Mondelez and Scandia, but I have also done an online questionnaire for business owners and top managers of Sergiana Group a company which has activity both within agriculture and food area. Sergiana Group is a business family who has developed an integrated agrofood flow, starting to agriculture activities, slaughterhouse, pig raising and fattening, continuing with processed meat factory, an own bakery, 50 own national shops, restaurants and Events Center. The actions taken in order to obtain a sustainable activity are obvious, similar, long term based and are intended to ensure a quality raw material, develop new products with a rich energetic content, engagement in community life by informing, educating and sustaining projects and a permanent care for the environment. Trough Marketing tools is realised the link between inside and outside of company.

1. Why a sustainable activity?

Sustainability can not be obtained within a company only. Sustainability is a global, a continuous process of symbiosis between the planet and its people who modify the environment trough economic activities in order to get utility. A project is sustainable if it is viable, righteous and supportable from the point of view of the interdependence relation between the three aspects, important variables of sustainability: social and economic environment and the natural environment.

The social environment refers to people, respecting their rights, the principles of equity between sexes, age and generations, educating and informing their about sustainability benefits by marketing tools as well as their wellbeing.

The economic environment implies economic growth based on sustainable projects, sustainable activities specific to the economic area, effectiveness, , refers to innovation, effectiveness or efficiency of economic activity.

The natural environment refers to the natural heritage used sustainably, without endangering the existence of future generations. The referral to the needs of present and future generations takes into consideration two aspects of equity: intra-generational equity (within a generation) and intergenerational equity (between generations) (source: "Sustainable Development – Key Problem of the XX Century", Univ.Prof.Dr. Marta-Christina Suci, Bucharest Univerity of Economic Studies). The intergenerational equity appears because certain benefits obtained by the present generation,

by using material resources, generate costs that are transferred to future generations.

By the year 2050 the total population will reach 9-10 billion people. Providing food for this number is a huge challenge. This doubling of production needs to occur despite climate disruptions, critical water shortages in some parts of the globe, increased salinity of soil, and the necessity to reduce the energy and environmental footprints of agriculture practices. A big part of the population is struggling nowadays with malnutrition due to the food deficit (one out of seven people), while 1.4 billion adults and 42 million children under 5 years old are obese (source: WHO, 2013).

The global changes like population growth, urbanization, farmers' age, and natural resources deficit are just a few aspects that require sustainable economic activities.

Taking a life cycle approach by sustainability point of view means to be able to measure the impact on environment and to look for improvement opportunities in all stages of the life cycle: raw material extraction, material processing, manufacturing, assembly, product use, the management and administration of "the end of life" of each article. But how the community or end user is informed about the usefulness of the article, their technical characteristics, how can be recycled, the importance of common actions to achieve a sustainable activities on long terms is the responsibility of marketing.

2. Supporting sustainability by activities and processes

In order to achieve greater sustainability within agriculture and food procesing area the companies should accept and apply the wide range of tools of modern science and technology as genomics, nanotechnology, biotechnology, computer simulations. The evolution provided by genetics or plant and animal sciences or social sciences has yielded immense benefits for food security, food safety, nutrition, energy security, environmental stewardship, and community well-being. We cannot afford to ignore the many paths that lead to achievable sustainability when the agriculture production systems today are under pressure as never before. "Both eco-efficiency and socio-efficiency are concerned primarily with increasing economic sustainability" (Dyllick, T., & Hockerts, K. 2002).

In this research are evaluated both the activities and processes, with an direct impact upon sustainable agrifood investment. Thus:

- Animal welfare (1)
- Climate change (2)
- Creating new jobs (3)
- Government, legal support (4)
- Animal feed (5)
- Work health and safety (6)

- Development by training and coaching (7)
- Use of land, raw materials, fuel (8)
- Minimizing toxicity (9)
- Overweight and obesity (10)
- Consumers' health and safety (11)
- Protecting and restoring the natural environment (12)
- New and sustainable products (13)
- Sustainability in resources' use (14)
- Sustainability of logistic chain (15)
- Reducing the quantity of packaging and recycling (16)
- Water management (17)
- Creating fortune and income (18)
- Malnutrition / Undernourishment (19)

are presented within below Figure number 1, figure which shows the correlation between the impact of these activities and processes upon the company, and their importance for the business owners, respectively top managers. Twenty-one people have been interviewed and fully answered.

2.1. Sustainable actions and objectives of agrifood investments

Beside the SMART objectives which are specific, measurable, accessible and realistic, and mostly having a strict deadline, like: reducing the energy and water consumption in the manufacture industry by 15% in the next two years or reducing the greenhouse effect and waste from the manufacture industry by 25% until 2018 or achieving 50 million Euros by reducing the packaging materials by 22,500 tons in the next year, etc., sustainable, subjective but with objective results, quantifiable, long term objectives gain more credibility every day, and for their realization it is necessary to take daily, conscientious action. Thus, each company in the food industry gives special attention to the following actions and objectives:

2.1.1. Nutrition and health, nutrient deficit control. This objective is about reducing the sugar, salt and fat quantity in the end-products and can be sustained by child education in schools, developing the standards of product labeling in order to correctly inform the end-consumer, promoting recycling or offering help to those who are already confronted with malnutrition.

2.1.2. Obtaining and efficiently using the sustainable supply chain by purchasing sustainable raw materials, reducing energy and water consumption, waste. This objective can also be sustained by developing long term partnerships with certain supply sources by using similar quality standards. Using solar and wind energy or biogas is encouraged by issuing green energy certificates. The impact on the environment can be measured and improvement solutions can be found, efficiency in every life step of the product, from extracting raw materials, processing them, transforming them in end-product, assembling,

packaging, usage and total or partial recycling. The expectations of stakeholders are those of downstream supply chain partners. They should be integrated into Sustainable Supply Chain Management strategy formulation and then be transferred to the upstream supply chain in the stages of supply chain partner selection (Jiang, 2009), relationship management (Reuter et al., 2010) and performance management (de Brito et al., 2008). The underlying assumption is that increased integration leads to better performance (Narasimhan and Wook, 2001).

2.1.3. Actively sustaining supply resource development by offering technical, educational and financial support to the farmers, people that work the land. By contributing to the improvement of life standards of the farmers we can ensure a future sustainable agriculture and in the mean time increase awareness of the participants in the agrifood chain. The age of the farmers represents one of the big global challenges and that is why educating the young generation and drawing the educated youth into the agrifood logistic chain is considered a necessity and a long term investment in the human factor, which is the most active and determined factor of any economic activity. The scholarships offered to the students and alumni that study the agricultural and food industry, but also the fixed-term work contracts after graduating, represent an alternative on the workforce market in general and for the agrifood companies especially.

2.1.4. Sustainable production by continuously improving the process of using resources. This objective is about continuous innovation in order to develop products with little impact on the environment but that in the mean time also satisfy the same needs, offer the same use and have the same functionality. A sustainable production will be achieved through access, acceptance and implementation of the various tools of modern science and technology genomics, nanotechnology, biotechnology, computer simulations performed as huge benefits of genetics, science vegetal and animal life. The sustainable production is not abandoned the old technology flows, but accepted technical and technological developments so that the finished product has to generate food security, to be achieved through proper management of the environment, bring on market a proper nutrition and welfare of the community, to final consumers.

2.1.5. Raising awareness of own employees by promoting a healthy working environment, continuous education and information about the evolution of the company's sustainable actions. Involving them in projects about healthy nutrition and having a balanced life style, protecting the environment, sustaining education, developing projects together with local communities or volunteering, can be recommended activities, supported and encouraged by the management of

the company. Financially compensating the employees that come up with solutions for sustainable growth can be a measure with quantitative and qualitative effects on the long, middle and short term. The employees are the ones that know best the ground base of the company, technological flow; they represent both the internal and external client of the company, being in permanent interaction with the open market. Thus, they can be the ones to find cost reduction means or losses on the flow, their experience, that has developed in time specific competences, can create added value by innovation process, development of new products with the same functionality but with less impact over the environment.

2.1.6. Common projects with the local community, because an agrifood company is not only responsible for the food safety of its products or for its employees, but also for the natural environment and local community where it unfolds its activity. Thus can be developed together, projects for protecting the natural environment, social programs and education projects, for increasing the quality of life in the community. As one of the end-beneficiaries of the social actions or charities made by own programs or in collaboration with other companies or NGOs, the community is part of the social involvement strategy and part of the business strategy of the agrifood companies. Over a year it can be organized for example, workshops for informing the community about balanced nutrition, with the occasion of International Nourishment/Milk Day, etc., festive dinners with specific topic on different age, sex categories, handicap or disabled, low income families, etc., sport contests or otherwise in which company employees can take part together with members of the community.

2.2. How Marketing help sustainable development?

Integrating sustainable development requires contributions from people across all functions of a company.

The interviewees agreed one hundred percent that marketers have the responsibility to build trust on market with customers, consumers and society, by inspiring and continuously communications. Marketing people are those who create competitive advantages through brand innovation and developing new market opportunities but always their actions are based on the abilities of the organisation and the resources that it can realistically devote to enhancing the social and environmental company performance. Through its mechanisms as: Research and Development (R&D), dialogue with Stakeholders, intelligent communication with both internal and external clients, customer feedback, benchmarking, so on, with responsibility for company brands and

reputation, Marketing actions create more sustainable products and services.

Integrating sustainability values into a company brand can contribute to market growth because the value of sustainable product is able to bring functional and emotional attributes on market.

Conclusions

Sustainable development which has the meaning "to meet the present needs without compromising the ability of future generations to meet their own needs" (United Nations 1987) has become the main preoccupation of all agrifood investments. It is desired and a permanent action that of improving efficiency and quality of the food chain and food safety, thus obtaining better performance in animal breeding with a better nutrition and sometimes even at a lower cost. The sustainability programs of the studied companies have clear actions of social responsibility and environment protection. Special attention is given to purchasing quality raw materials, new product development with rich energetic content, with less or zero environmental impact, activities of sustaining and promoting information programs for the community, education, project development for a permanent care of the environment. Inside the companies the notion of health management is more and more promoted by means of own resources or external specialists (outsourcing) and by setting and achieving objectives of the employee health management program, increasing employee incentive, reducing the number of employees with health problems, increasing the number of sport competitions and the number of weekly hours dedicated exclusively to sports.

Sustainability also takes into consideration the relation between the population of today and the one of tomorrow, relation known as intra-generation equity (within a generation) and intergeneration equity (between generations), because certain benefits gained by the present generation, by using material resources, generate costs that are transferred to future generations.

In other words, companies should not focus exclusively upon financial measures because the reputation and values of the brand are also related to ethics, values and socio-economic development.

The value is created within each Company Supply Chain and Marketing responsibility is to provide this value to consumers, organisations and society.

Acknowledgement

„This paper was co-financed from the European Social Fund, through the Sectorial Operational Programme Human Resources Development 2007-2013, project number POSDRU/159/1.5/S/138907 "Excellence in scientific interdisciplinary research, doctoral and postdoctoral, in the economic, social

and medical fields -EXCELIS", coordinator The Bucharest University of Economic Studies".

Notes

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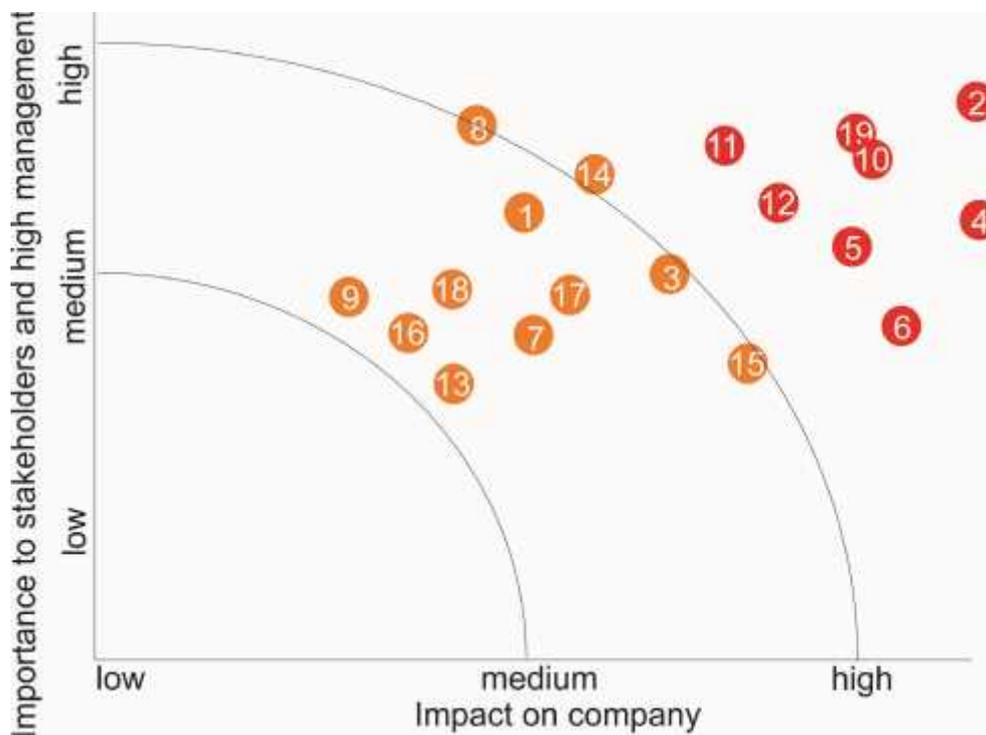
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Figures



Source: results of online questionnaire

Fig.1 Correlation between Impact upon the company and its importance for the company management of the 19 assessed aspects