International Service Management in the Context of Sustainable Development

Edited by

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Katowice 2023

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INTRODUCTION

Jay Kandampully, Sławomir Smyczek

This edited book entitled 'The International Service Marketing in the Context of Sustainable Development' is the culmination of the international research symposium on service management (IRSSM-11) a distinguished event that transpired in June 2023. Themed 'The Role of Service in the Sustainability and Wellbeing of Society', this symposium provided a forum for those who have a special interest in service research and practice and was held at the University of Economics in Katowice, Poland. The symposium served as a unique platform for the exchange of ideas, the exploration of cutting-edge theories, and the analysis of contemporary practices within the dynamic service-driven economies, all in pursuit of the vital goal of sustainable development.

In the interconnected marketplace of the twenty-first century, service has emerged as a pivotal element in the economic landscapes of nations and businesses alike. This new era of interconnectivity has created transformative changes on both industries and consumer experiences. Hence, the global advancement of service knowledge and practices becomes an imperative mission, inspiring the next generation of service researchers, educators, and practitioners to champion sustainability in their endeavors.

Sustainability, in the context of service economies, has grown progressively more crucial, with its own set of unique challenges and opportunities. Many service enterprises bear a significant environmental footprint, whether in the form of energy consumption, waste generation, or other facets. Therefore, the adoption of sustainable practices by service firms holds not just the promise of operational cost reductions but also the potential to minimize their ecological impact, thereby aligning business objectives with the preservation of our natural resources. Indeed, this forms a synergistic, win-win strategy, offering mutual benefits to businesses and the environment. In the days to come, enterprises that invest in sustainable practices and innovative business models will gain a substantial competitive edge. Sustainable innovations have the potential to open

new markets, create novel revenue streams, and elevate the overall quality of services rendered. In essence, sustainable practices stand as the linchpin for ensuring the long-term viability of service-based economies.

This book facilitates a harmonious convergence of the insights of distinguished scholars and practitioners who have written their chapters drawing primarily on three interconnected perspectives on sustainability and consumption. While some authors examine their chapters through the lens of environmental sustainability, others focus on the aspect of ensuring the long-term sustainability of companies and enterprises, while others tackle the important topic of consumer behavior and sustainable consumption. The core philosophy is that companies with enduring visions and plans inevitably contribute to the sustainability of not only their own enterprise, but also the well-being of their customers, employees, the environment, society, and the planet as a whole. In turn, consumers declare that they are implementing the principles of sustainable consumption in their households, although actual behavior still requires greater commitment.

Entire publication is divided into four parts and contains selected chapters related to different aspects of service management from perspective of sustainable development and in context of different countries. First part provides inside to sustainability and sustainable development in services sector. Second one present selected aspects of management challenges in services sector. Part three is focus on consumer behavior and structure of consumption in context of sustainability goals. And finally last part in chapters related to sustainable development in different service business. The book doesn't cover all the important problems and issues of sustainable development in services sectors. It allows, however, preparing their identification, presenting the importance and role of service business in developing sustainable economy.

We extend our heartfelt congratulations and gratitude to all those who have enriched this edited book with their contributions, and we invite you to join us in celebrating their collective effort. In doing so, you will delve into the authentic essence of 'service' and the pivotal role it plays in ushering in a more sustainable future.

ACKNOWLEDGMENT

Jay Kandampully, Sławomir Smyczek

Our thanks are not complete without commending the administrative staff from the University of Economics in Katowice, who played a pivotal role in making our international conference professional, informative, and thought--provoking. We express our sincere thanks to the teams from the Rector's Office, International Relations, Internationalization Office, IT Center, Scientific Excellence Office, Logistic Center, and Marketing Center.

In the process of preparing this publication, we received invaluable help, support, and insightful contributions from reviewer Prof. Kim-Shyan Fam, Wellington University, New Zealand. We also greatly appreciate the team at the Publishing House of the University of Economics Katowice for their guidance and professionalism in transforming contributed book chapters into its final form.

Part I

SUSTAINABILITY IN SERVICES SECTOR

Sustainability: Wisdom from the Past and Vision for the Future. The Roles of Harmony, Compassion, Peace, and Symbiotic Advancement

Jay Kandampully, Anil Bilgihan

Introduction

The concept of sustainability is not a mere invention of the modern era; rather, it stands as an enduring principle intricately woven into the tapestry of human existence. From the agrarian practices of ancient Mesopotamia to the forest stewardship of Native American tribes, our ancestors' methods of coexisting with nature offer a rich reservoir of wisdom for contemporary society (Anderson, 2005). As we grapple with pressing environmental challenges such as climate change, resource depletion, and social inequality, revisiting these age-old principles becomes not just an academic exercise but an urgent necessity.

This chapter takes an interdisciplinary approach, drawing on philosophy, psychology, sociology, and even marketing, to explore the time-honored wisdom surrounding harmony, compassion, and symbiotic relationships with the Earth. In stark contrast to the often-exploitative methods of modern industrial societies, ancient communities offer valuable lessons in balancing ecological responsibility with societal needs.

The ethical underpinning of sustainability also merits our attention. For our forebears, sustainability was not just a matter of resource management, but also an ethical framework that often included elements of social justice and animal welfare. This chapter aims to answer key questions such as: How can ancient practices inform modern sustainability efforts? What ethical considerations come into play when striving for a sustainable future? And how can various disciplines contribute to a more holistic understanding of sustainability? As you read through this chapter, we hope to provide you with fresh perspectives, ethical considerations, and practical insights that can guide personal and collective action. In essence, this chapter endeavors to illuminate pathways that can lead humanity towards a more ecologically balanced, ethically sound, and sustainable future.

1. Sustainability through History

Historically, human societies operated on principles inherently sustainable. Our ancestors had a profound understanding of the natural environment, using resources like water, plants, and animals in ways that allowed for regeneration and renewal (Xu et al., 2005). Take, for instance, the ancient practices of rotational farming and hunting, which ensured the continued availability of essential resources. These societies understood the concept of scarcity and seasonality, leading them to live in socially bonded groups that coexisted with other beings in nature. For example, the ancient Mesopotamians practiced crop rotation and utilized canals for irrigation, demonstrating an early understanding of sustainable agriculture. Their reverence for the Tigris and Euphrates rivers is a reminder of the importance of water conservation in modern times. The sophisticated irrigation systems in Sumer, where Mesopotamians developed extensive canal networks for agriculture, serve as early examples of water resource management, illustrating sustainable practices in a harsh desert environment. These systems underpinned a thriving civilization, efficiently utilizing water sources without depleting them. Similarly, the agricultural technique known as the 'Three Sisters', employed by the Iroquois and other tribes, exemplifies an understanding of ecological interdependence and sustainable agriculture. This method involves growing corn, beans, and squash together, where the corn provides a structure for the beans to climb, the beans enrich the soil with nitrogen, and the squash spreads across the ground, deterring weeds. Native American tribes also practiced controlled burns to prevent larger wildfires and promote biodiversity. Their symbiotic relationship with their environment serves as an example of balanced ecological stewardship.

1.1. Taoism and Harmony

The Concept of Wu Wei

In Taoist philosophy, the term 'Wu Wei' refers to a form of 'effortless action' or 'non-action', advocating for a life led in accordance with the natural flow of things. Rather than imposing our will upon the world, Wu Wei encourages us to adapt and respond to the natural order. This philosophy could have critical implications for modern sustainability, specifically in the realm of resource management and conservation. The Taoist approach might argue against overfishing or over-farming, promoting instead a balanced and respectful relationship with nature. The principle of Wu Wei also emphasizes the harmonious

alignment with the natural world and it was profoundly integrated into agricultural practices. Farmers observed and respected the rhythms and patterns of nature, aligning their farming and harvesting activities with the inherent cycles of the seasons. This attunement to the environment allowed them to cultivate their lands in a way that both preserved and enhanced soil fertility over time. This practice of farming in harmony with nature's rhythms, an embodiment of Wu Wei, demonstrated a sophisticated application of ancient wisdom, yielding harvests while maintaining the long-term health and fertility of the soil.

Yin and Yang in Environmental Balance

Another cornerstone of Taoist thought is the concept of Yin and Yang. For those unfamiliar with this idea, Yin and Yang are ancient Chinese philosophical and religious symbols that represent opposite yet complementary forces. Yin is often associated with qualities like darkness, receptivity, and femininity, while Yang is linked to light, activity, and masculinity. Together, they illustrate the natural dualities – such as light and dark, or life and death – that exist in the world. This concept underscores the importance of balance and cycles in nature. For example, from a Taoist perspective, the cycle of decay and regrowth in a forest might be seen as a natural Yin and Yang process. For example, Chen et al. (2018) found that balancing interests between ecological environmental restoration policy and farmers' livelihoods had the importance of farmer sustainable livelihoods. This serves as a caution against human interventions that might disrupt these important natural cycles.

Taoism in Modern Sustainability Practices

In contemporary management discourse, one can draw intriguing parallels between ancient Taoist principles and cutting-edge sustainability practices like permaculture and the circular economy. At the core of Taoism lies an intrinsic understanding of balance, harmony, and the cyclical nature of life – tenets that are uncannily resonant with modern sustainability imperatives.

Permaculture, a design science rooted in mimicking the efficiency and resilience of natural ecosystems, is a paradigmatic example of Taoist philosophy made manifest. The approach doesn't merely aim to sustain environmental systems, but actively seeks to regenerate them, thus embodying a holistic vision that aligns with Taoist ideals.

Similarly, the circular economy transcends traditional linear economic models of 'take, make, dispose' by adopting a more harmonious, circular flow that encompasses restoration and regeneration. This economic framework integrates seamlessly with Taoist principles by striving for a balanced, self--sustaining system that minimizes waste and optimizes resource utilization.

In essence, the fusion of Taoist philosophy with contemporary sustainability practices offers a compelling framework for corporate and societal governance, one that enriches our understanding of sustainability by linking it to ancient wisdom. It invites us to reimagine the constructs of modern business practices, not as isolated endeavors, but as interconnected components of a greater, harmonious ecosystem.

1.2. Stoicism and Simplicity

Virtue Over Material Wealth

Stoicism, an ancient philosophical school rooted in rationalism and virtue ethics, offers indispensable insights into sustainable business practices through its emphasis on mindfulness and deliberative living. Stoicism teaches that true happiness and fulfillment derive from virtue rather than material possessions. This concept is particularly poignant in an era marked by over-consumption and a relentless pursuit of material wealth, often at the expense of environmental health (Whiting et al., 2022). Stoic philosophy could serve to counter the consumerist mindset, advocating for a simpler life focused on ethical integrity and community well-being. This Stoic framework offers both individuals and organizations a model for sustainable living and ethical governance, emphasizing restraint, mindfulness, and the judicious use of resources. Stoicism may provide a viable blueprint for responsible business practices and, by extension, a more sustainable world.

Stoic Mindfulness and Sustainability

Stoicism also advocates for mindfulness and deliberate living, principles that can extend to our consumption patterns. Being mindful of our actions and their consequences can lead to more sustainable choices, whether that's reducing waste, conserving energy, or opting for ethical products. The principle of Stoic mindfulness is not a passive contemplative state but an active, intentional awareness of our actions and their far-reaching repercussions. In a business setting, this level of mindfulness can radically inform decision-making processes across a spectrum of operational activities – from supply chain management to customer engagement strategies. The mindfulness advocated by Stoicism leads us to sustainable choices, whether that entails waste reduction initiatives, energy conservation schemes, or the ethical sourcing of products. Mindfulness toward internal and external stimuli is positively correlated with sustainable behavior (Amel et al., 2009).

Stoicism in Corporate Responsibility

Stoic ideals could also be applied to modern corporate responsibility frameworks. The Stoic emphasis on virtue and ethics could provide a robust moral foundation for businesses seeking to adopt more sustainable practices, influencing not just what they do but also how and why they do it. One might consider Stoic mindfulness as a form of 'ethical audit', a continuous self-assessment and recalibration of actions to ensure they are aligned with virtuous and sustainable practices.

2. The Principle of Minimal Waste

Ancestral communities were experts in waste minimization. They utilized every part of plants and animals for various needs such as food, clothing, tools, and shelter. Their technologies were simple and low-impact – think hand tools and firewood – which required minimal energy and resources. Moreover, they sourced their needs locally, avoiding practices that would deplete ecosystems far from their homes.

3. The Power of Traditional Knowledge

One of the most enduring aspects of these societies was the way they passed down knowledge. Through oral traditions and cultural norms, they transmitted vital information about sustainable living from one generation to the next. This passing down of wisdom wasn't just a matter of practicality; it was deeply tied to their spiritual and cultural views, which saw humans as integral parts of the natural world.

4. Harmony and Compassion as Guiding Principles

Harmony and compassion are key elements in the legacy of our ancestors and crucial for the sustainability dialogue today. Harmony involves a balanced relationship between human needs and the environment. Our ancestors recognized the finite nature of Earth's resources and acted accordingly. Compassion, in this context, means considering the needs of future generations and other species, emphasizing actions that do no harm.

5. Symbiotic Relationships and Ecosystem Health

In modern science, the health of an ecosystem is often evaluated through the lens of symbiotic relationships among its inhabitants. This is a principle that our ancestors understood well, as evidenced by societies that still live in close symbiosis with nature, such as tribes in the Amazon rainforest. Their social and cultural evolution has long focused on harmonious coexistence with nature, a lesson that's increasingly relevant as we grapple with environmental challenges.

6. The Ancient Practices

Native American Wisdom

Long before the term 'sustainability' was coined, Native American tribes practiced environmental stewardship. They believed in the interconnectedness of all living things and emphasized the importance of living in harmony with nature. The 'Seventh Generation' principle, for instance, suggests that decisions should be made considering their impact seven generations into the future.

Asian Philosophies

Eastern philosophies, like Taoism and Buddhism, also stress living in harmony with nature. The Taoist concept of 'Wu Wei' (non-action) advocates for a life that flows with the natural course of events and encourages minimal interference with natural processes. Similarly, Buddhism teaches compassion for all sentient beings, which extends to caring for our environment.

African Indigenous Knowledge

African tribes like the Maasai have lived sustainably for generations, guided by principles that prioritize community welfare over individual gains. Communal land management and rotational grazing are some of the methods they employ to maintain a balance between human needs and environmental conservation.

7. Lessons for Modern Society

Redefining Progress

One of the most pressing conundrums of the 21st century is our deeply entrenched notion that progress is synonymous with material accumulation (Norgaard, 2006). Ancient wisdom offers an alternative metric for success: balance and harmony between human endeavors and the natural world. This recalibration

of what constitutes progress challenges the current economic orthodoxy, introducing a multidimensional approach to value creation that harmonizes economic performance with environmental stewardship.

Compassion Over Consumption

The acceleration of consumerist culture, characterized by relentless material acquisition, poses a significant threat to the planet's finite resources. A revival of ancient principles of compassion and empathy can catalyze a shift toward 'conscious capitalism', a model predicated on responsible consumption and ethical stewardship of resources (Mackey & Sisodia, 2014).

Community-Centered Sustainability

The foundational ethos of our ancestors was community well-being, a principle that provides valuable insights into developing effective, equitable, and enduring sustainability initiatives today. Incorporating a community-centric approach into modern business strategies not only fosters social cohesion, but also enables a more holistic form of sustainability that combines economic viability with social responsibility.

Closed-Loop Systems

The idea of using resources in a way that allows for regeneration can be applied in today's waste management strategies. Closed-loop systems, where waste is converted back into raw materials, emulate the natural cycles that our ancestors respected.

Localized Solutions

The concept of seasonality can translate into localized food production systems that rely on seasonal crops, reducing the environmental impact associated with transporting goods over long distances (La Trobe & Acott, 2000).

Community-Led Initiatives

The principle of collective well-being can inspire modern community-led sustainability initiatives. From urban farming to community solar projects, the focus is on shared benefits and responsibilities (Dutta, 2020).

Conclusions

Understanding our past can serve as a powerful tool for shaping a sustainable future. As we progress, it's essential to incorporate lessons of harmony, compassion, and symbiosis into contemporary sustainability practices. Achieving

this integration demands more than just technological innovation; it calls for a fundamental shift in our collective consciousness and behavior – one that respects and values Earth's delicate ecological balance. This implies that sustainability is a collective responsibility, benefiting future generations. As citizens of this planet, we should each accept it as our individual and societal duty to identify and carry out tasks aimed at enhancing sustainable practices in our households and communities. The collective commitment of individuals is crucial for effectively addressing environmental and social challenges.

We have the power to influence our families in contributing to sustainability through choices such as buying eco-friendly, locally sourced products, and using sustainable goods. Every one of us should view this as a civic obligation. Transitioning to a plant-based diet is another viable choice for sustainability. Simple acts, like conserving water, can make a significant difference to our environment. Encouraging others to participate in collective actions will also result in meaningful changes within our society and have a global impact.

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Sustainability in Services:
Issues, Challenges, and Implications

Dhrithi Mahadevan, B. Mahadevan

Introduction

The last decade has witnessed a boom in the services industry, with an estimated growth of more than 70% since 2011. Today, we have truly transformed into a services economy, with services found everywhere around us. This encompasses a wide spectrum, ranging from the public sector, encompassing institutions such as courts, military services, police, and fire departments, to the private non-profit sector, housing museums, charities, colleges, and schools. Additionally, it extends to the manufacturing and retail sectors, featuring professionals like accountants, cashiers, clerks, salespeople, and customer-service representatives. Furthermore, the business sectors, which encompass real estate, management and consulting firms, and airline services, have also witnessed the profound influence of services. Services have emerged as a potential tool for brands to differentiate themselves from competitors. Many businesses have integrated features like on-time delivery, same-day service, or rapid responses to inquiries as integral components of their core offerings. Consequently, services have emerged as a dominant contributor to Gross Domestic Product (GDP) in many economies, underscoring their significance in contemporary economic landscapes.

Part of this growth can be attributed to the technological advancements in the last decade. Technology has been the single most important factor in the growth of services. Technology has empowered the customers and has increased the efficiency of service processes. For example, traditional banking services had several cumbersome manual processes that were not only time-consuming, but also inefficient in handling large data. However, with the power of the Internet and the emergence of advanced software, banking has transformed and is easier and more accessible to consumers through options such as mobile or online banking. This has tremendously reduced the need for physical interactions

with bank employees and facilitated the automation of several mechanical processes. Moreover, it has made banking services more trustworthy, safe, and convenient. The digital financial infrastructure that the Government of India has put in place along with the Universal Payment Interface (UPI) is a shining example of this. Another example includes the use of ChatBots to cater to 24/7 customer service allowing customers to reach out to companies at any given point in time. Customers have also begun using technology to coproduce and co-create their own services as in the case of ZipCar or Airbnb experiences. Thus, technology has fundamentally altered the way service businesses operate today.

Unfortunately, this massive growth in the services sector has its fair share of downsides. Increased growth in services has led to increased energy consumption and waste generation resulting in increased greenhouse gas emissions. According to the World Economic Forum, half of the world's GDP (around USD 44 trillion) is dependent upon nature and natural resources such as metals (Forbes, 2023). If the current levels of resource consumption continue, experts predict that the resulting climate change will negatively impact 90% of the world economy by 2050 (Swissre, 2021). A study by MIT Technological Review found that training a 'regular' AI using a high-performance graphics card has the same carbon footprint as a flight across the United States. Training a more sophisticated AI was even worse, pumping five times more CO_2 into the atmosphere than the entire life cycle of an American car, including its manufacturing.

Post the COVID-19 pandemic, there has come a greater awareness of climate change, with businesses slowly prioritizing actions for sustainability and carbon neutrality. A third of industry executives from midsize professional service firms see sustainability advancement as the top priority to improve revenue growth. Measures such as optimizing staff commuting, office utilization, and travel have been put in place to reduce the negative impact on the environment. Several companies such as Coca-Cola and AT&T have even installed Chief Sustainability Officers (CSOs) for planning their sustainability innovation strategies. Increasingly, firms are under pressure to take responsibility for restoring, sustaining, and expanding the planet's ecosystem instead of merely exploiting it. What kinds of actions can managers, and CSOs focus on for enabling sustainable practices? Are there any frameworks that can offer insights into enhancing sustainability efforts? Can emerging innovations in businesses pave new pathways for instilling sustainability values among both employees and customers? The rest of the chapter is dedicated to answering these questions and shedding more light on various aspects related to sustainability perspectives in services marketing.

1. Framework for Implementing Sustainability in Services

Sustainability has become a topic of great concern and has been a subject matter of discussion by researchers, government and policymakers, and business organizations. One of the earliest definitions of sustainability is due to World Commission on Environment and Development. It defines sustainability as 'the development that meets the needs of the present without compromising the ability of future generations to meet their own needs'. Multiple phrases are used to define sustainability. This includes Sustainability, CSR, Sustainable Development, Triple Bottom Line (TBL), and Environmental, Social, and Governance (ESG). Several studies point to the three-dimensional (economic, environmental, and societal) nature of sustainability (Elkington, 1998; Purvis et al., 2019; Lonazo, 2008).

Economic sustainability focuses on the profitability of businesses, social sustainability relates to choices made by organizations that will enable current and future generations live a healthy life, and environmental sustainability refers to the ability of organizations to deliver products without compromising natural resource systems. These dimensions oppose one another, implying that achieving one would compromise the performance in the other dimensions. Therefore, a dominant view of sustainability is that its true realization occurs at the intersection of economic, social, and environmental dimensions, as illustrated in the left side of Figure 1. However, this understanding implies a relatively narrow set of sustainable outcomes that businesses can attain.

It is increasingly understood that sustainable solutions require a simultaneous (Elkington, 1998) or rather a unified view of the three dimensions. A more pragmatic approach involves businesses recognizing and incorporating the limitations associated with achieving sustainable outcomes within the social and environmental dimensions while simultaneously striving for profitability. Natural systems inherently possess finite boundaries, which entail several constraints that, in turn, shape the expectations and values within social systems, including cultural norms. Consequently, these factors present both constraints and opportunities for businesses as they navigate resource utilization. Hence, it becomes imperative for businesses to begin by delineating their environmental sustainability constraints and subsequently identifying their social sustainability constraints before making informed choices about their economic goals. By following this systematic process, companies can work towards achieving more comprehensive and holistic sustainability objectives.

This shift in approaching sustainability goals requires organizations to modify their existing practices and design principles. A systematic approach can help organizations chalk out their actions in a structured manner. We propose a set of

five guiding principles Avoid – Reduce – Reuse – Renew – Extend (ARRRE) that organizations can employ to meet their sustainability goals. Successive cycles of 'ARRRE' will enable organizations engage in sustainable practices for a long time. Figure 1 provides a generic framework for meeting sustainability outcomes through the ARRRE Cycle.
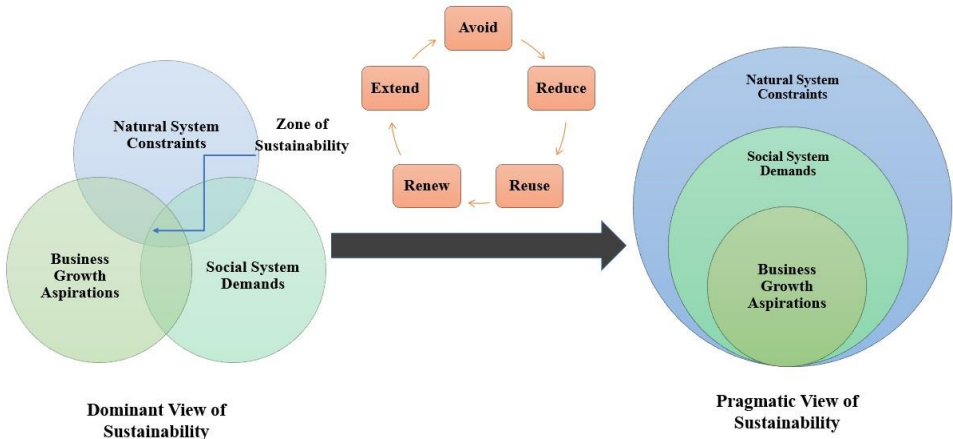
Figure 1. Framework for Implementing Sustainability in Services

Source: Adopted from (Mahadevan, 2015).

1.1. ARRRE Cycle of Sustainability

The United Nations Sustainable Development Goals (SDGs) emphasize the need for responsible consumption and production. The notion of consumption and production is deeply interconnected with waste management. The ARRRE Cycle serves as a valuable framework to enable businesses to re-assess their consumption and production patterns and transition toward more responsible and sustainable practices.

Avoid

'Avoidance is the first strategy in developing sustainable operations' (Mahadevan, 2015). It encourages a service organization to explore possible modifications in the service process that result in eliminating the use of resources without compromising the quality and effectiveness of the service delivery processes. Most businesses today feel compelled to incorporate colorful and complex packaging and designs for their products. A recent study found that some businesses even choose to generate more waste by packaging their products in paper, even

if the product itself encases additional plastic packaging, simply because consumers perceived such products as more environmental friendly. However, such practices increase the negative impact on the environment. Moreover, despite the best efforts that businesses put to project as being eco-friendly, they risk being accused of greenwashing consumers if they do not ultimately walk the talk. Hence, using an 'Avoidance' approach to begin with can help businesses not only stay true to their sustainable goals, but also help reduce their bottom line to improve profitability.

The intangibility nature of services provides multiple opportunities for incorporating an avoidance approach into the business. Businesses can begin the avoidance approach by first recording the various processes present within the organization to track different aspects such as energy consumption, waste generation, and resource use. One example includes avoiding the generation of paper for capturing data and transforming it to digital routes. GooglePay, UPI, and other such online payment modes have championed the principle of avoidance. In 2022, Amazon shipped 11% of shipments with no additional Amazon packaging through its 'Ships In Own Container (SIOC)' program. Amazon uses SIOC to deliver items in the original manufacturer's packaging without additional Amazon packaging. This has allowed the company to avoid the use of unnecessary packaging materials to the extent of nearly 2 million tons since 2015.

Reduce

'Reduce' is the next step for integrating sustainability when avoidance is not feasible. Reducing the usage of materials refers to the conscious use of resources and materials, aiming to minimize unnecessary components within service processes. By streamlining and reducing usage to the essential elements, organizations can effectively curtail the volume of waste they generate. Efforts to reduce usage can encompass a spectrum of actions, ranging from minimizing energy consumption and waste generation to enhancing resource efficiency. Implementing this 'Reduce' strategy necessitates closer coordination and improved planning among various stakeholders within the supply chain. For example, logistics operations can be revamped to minimize the number of trips between supply and demand points by aggregating requirements based on either origin or destination, leading to more efficient resource utilization.

The COVID-19 pandemic completely transformed travel needs for many businesses. In response to the pandemic's challenges, numerous businesses reevaluated and downsized their travel requirements. This shift extended across various facets of travel, including reduced flights, decreased office occupancy, and adoption of work-from-home (WFH) options, with flexible work timings.

This shift has illuminated the potential of using 'Reduce' as a strategy for more sustainable and adaptable approaches to the way we work and travel. Unlike manufacturing organizations, where physical goods are involved, services often involve experience and non-physical goods, thereby providing multiple opportunities to eliminate use of physical resources. For instance, in several service sectors such as financial services, education, and entertainment there is wide scope for deploying a 'Reduce' strategy since only digital goods are involved. This requires a rethinking of organizational work forms, performance and incentive mechanisms, and the choice of appropriate technology solutions to make this happen.

At a more general level, the reduction of digital inventory is generally more feasible compared to physical inventory. One effective method in which businesses can easily employ a 'Reduce' approach is to periodically restructure their digital archives for internal records and any website needs that can bring savings on internet storage costs. Organizations can also consider reducing their energy consumption through the use of sensor technologies. For instance, sensors can be employed to monitor the utilization of resources like lighting and air-conditioning systems, automatically powering them down when they are not in active use.

Offering bulk return options can play a pivotal role in mitigating last-mile transport emissions and promoting sustainability. By allowing consumers the convenience of clubbing multiple returns into a single shipment, businesses can significantly reduce the number of individual deliveries needed for return processing. Furthermore, facilitating returns at the nearest local stores instead of relying solely on home deliveries can further enhance sustainability efforts. This approach not only lessens the carbon footprint associated with additional home deliveries, but also encourages more efficient use of existing transportation networks. It's a win-win scenario and helps to integrate sustainability through the 'Reduce' approach.

Reuse

'Reuse' refers to enabling the use or value of the same products multiple times. The reuse of resources plays a critical role in cultivating sustainability within service operations. Increasingly, governmental regulations are forcing business organizations to adopt this approach to create more sustainable solutions. Notable, services inevitably involve tangible products. For instance, service businesses like Zomato or Swiggy can consider eliminating single-use plastic by introducing packaging that can be reused for multiple occasions. Moreover, businesses can implement policies that incentivize customers to reuse products. 'Bring your own bag' initiatives encourage the repeated use of existing bags, thus, contributing to a more sustainable approach.

AraniEco, a company specializing in eco-friendly home and lifestyle products, provides its customers with the choice of package-free service delivery. To minimize plastic packaging, the company ingeniously repurposes old newspapers as packaging materials for customers who opt for an eco-friendly, plastic-free packaging option. In doing so, the company has devised an innovative approach that not only reduces or eliminates plastic waste, but also repurposes old newspapers, contributing to a more sustainable and environmentally conscious business model.

The sharing economy represents a transformative paradigm shift that places a strong emphasis on the principle of reuse, allowing the same products to serve multiple customers, thereby optimizing resource utilization. An exemplary case in point is Uber, a ridesharing platform where a single car is repeatedly utilized by multiple passengers. In the context of renting or leasing, the reuse approach is particularly evident. Take, for instance, the concept of Xerox, where customers gain access to printers rather than purchasing them. This not only conserves resources, but also minimizes electronic waste, thus fostering a more sustainable and eco-friendly printing solution. Similarly, the fashion industry has witnessed a surge in clothing rental services. Companies such as Rent the Runway and HURR Collective enable customers to rent designer apparel for special occasions or everyday wear. This model encourages the reuse of clothing items, curbing the need for excessive production and ultimately reducing the environmental footprint associated with fashion. By prolonging the lifespan of clothing, renting platforms mitigate the negative impact of fast fashion and promote a more sustainable approach to dressing. The secondhand goods market is another example of how businesses are using the 'reuse' principle. Businesses based on secondhand goods create a platform where customers can sell their previously owned items to other individuals. This evolving market represents a shift towards sustainable consumption practices and has gained substantial popularity among circular economy patriots.

In essence, sharing or access-based businesses exemplify how the reuse approach can be effectively integrated into various sectors, allowing resources to be shared, utilized optimally, and contributing significantly to sustainability goals.

Renew

The next stage in incorporating sustainability in services is the utilization of renewable resources. The idea is to implement strategies to reduce an organization's carbon footprint through the use of renewable resources. Examples of using renewable resources include the use of innovative air circulation design, the

use of special material for the roof to harvest natural lighting, exploiting the vast area of roofing and terrace to harvest solar energy through heating and photovoltaic systems, and greater investments in water harvesting methods. The Rajkumari Ratnavati Girls School in Jaisalmer, Rajasthan is a special school that has become famous for not only revolutionizing the paradigm of education, but also designing the infrastructure of the school. It has been built with cutting-edge sustainable architecture, keeping the school cool at temperatures as high as 50°C. The oval aerodynamic structure of the building has helped to harness the power of natural ventilation. Further, local, heat-reflective construction materials are strategically placed keeping the school impressively cool in the summer months (Ratnavati, 2023). Every corner of the school runs on green energy sources, from solar panels to wind turbines that harness the desert's renewable resources. This model has ensured lower operating costs, reduced carbon footprint, and has set a powerful example for sustainable development in the education sector. Such examples show how the construction and real estate sectors of services can play a leading role in enabling organizations develop sustainability solutions.

Today, the transportation sector has to play a significant part in addressing sustainability. Government regulatory requirements also play a part in this transition. Uber has committed to becoming a 100% electric mobility platform across all global business lines by 2040. To facilitate this, Uber has launched the Green Future Program. Embracing renewables often translates into long-term cost savings, as these resources are not subject to the same price volatility as non-renewable counterparts. Beyond the economic benefits, the adoption of renewable resources in services aligns with global efforts to combat climate change, reduce greenhouse gas emissions, and preserve natural ecosystems. It underscores a commitment to responsible business practices and can enhance a company's reputation while contributing to a more sustainable and resilient future for all.

Extend

Extending use refers to finding or generating new value for existing products. This is a variation of the Reuse approach in which, the product is repurposed to serve a different function than its original design. The process can take one of two forms: either extending the product's value without altering its fundamental nature or recycling it to produce a new item from the existing one. In both cases, the goal is to extract additional value and usefulness from products, contributing to resource conservation and sustainability.

Bisleri, a mineral water manufacturer has launched an innovative initiative known as the 'Bottles for Change' program, aimed at recycling plastic bottles and transforming them into new products, including cloth fabric, handbags, and window blinds. This approach not only 'reduces' plastic waste, but also extends the value of plastics by transforming them into sustainable, eco-friendly alternatives. Similarly, The Body Shop has addressed sustainability through its 'Bring Back Our Bottle' (BBOB) scheme, collecting over 40.000 packaging containers in just one year. These containers are then repurposed into various products like detangling combs and tube-winder keys, showcasing the brand's commitment to minimizing its environmental footprint. In the healthcare sector, Philips Refurbish Systems represents a division dedicated to enabling hospitals to upgrade their medical equipment responsibly. Through a trade-in system, hospitals exchange their old equipment for new ones, while Philips refurbishes and enhances the older equipment, offering it for sale once again. This practice not only reduces electronic waste, but also extends the lifespan of valuable medical technology, contributing to a more sustainable healthcare industry.

The Swedish denim company Nudie Jeans offers free denim repair at twenty of their shops. Instead of discarding their old worn-out denim, customers bring them in to be renewed. The company even provides mail-order repair kits and online videos, so that customers can learn how to fix a pair of jeans at home. Enormous opportunities also lie with e-waste, with increasing technological advancements. In 2014, the world produced nearly 42 million metric tonnes of e-waste (discarded electrical and electronic equipment and its parts). Re-Tek is a company that collects redundant IT equipment from medium to large organizations in the UK and Europe to harvest spare parts. Through their business model, 99% of the electronic systems they collect are diverted from landfills.

Paperman, a mobile app-based company started in 2010 in India offers the service of on-demand doorstep recycling to consumers. When people want to recycle their trash, they can book a kabadiwallah (Hindi word for Paperman) to come collect it from their doorstep in a few hours. Paperman has designed bags with compartments for different kinds of waste, which should be sufficient for a month. The customer that gets paid has two options – recycling for a cost or recycling for a cause. Their Circular Economy Model not only helps more people recycle, but also contributes part of their revenues to NGOs and non-profits.

In the foregoing discussion on the ARRRE cycle, we presented several examples of how organizations have deployed these concepts. These examples amply demonstrate a wide range of possibilities for service firms to craft new business models in the context of creating sustainable solutions. As indicated in Figure 1, businesses can transition from the prevailing dominant view of sus-

tainability which is very narrow to expanding their limits by incorporating the ARRRE cycle. Every business can record and track all service processes to identify how they can implement the first approach, which is 'Avoidance'. If avoidance cannot be implemented, the 'Reduce' approach can be explored, and so on. In this manner, if businesses start re-designing their models to incorporate ARRRE principles, the outcome is likely to have better sustainable solutions for different problems. Usually, the ARRRE cycle never happens in silos, and businesses can always find ways to integrate more than one approach for incorporating sustainability.

2. Emerging Business Models for Sustainable Services

As urban populations grow across the world, cities are faced with increasing pressure on infrastructure, economic and ecological systems. This has led to new emerging business models that have taken advantage of technology and information from high-density populations and arrive at more circular economy--driven models for business. These businesses have disrupted existing economic paradigms by introducing new designs for doing business. One such major disruptor in the last decade has been platform-based business models. Models such as sharing platforms and access-based platforms have beautifully embraced some of the ARRRE principles to arrive at more sustainable solutions. The following section elaborates on some emerging business models that use the ARRRE principles in their model.

2.1. Sharing Economy

Sharing Economy refers to the type of business model that is based on peer-to-peer sharing of or access to goods, and services, usually facilitated by the platform. This type of model grew in popularity with the success of businesses such as Airbnb, Uber, and ZipCar. The core tenet of this model is to facilitate the use of under-utilized assets and cater to latent demand. The focal firm uses its platform to facilitate demand and supply exchange without owning a single resource or skill. Data from the Brookings Institute suggest that private vehicles go unused for 95% of their lifetime. Similar patterns exist for other consumer assets. Through such a model, assets like cars or property which were previously just lying unutilized now have a new economic value for other users in the ecosystem. Even under-utilized skills such as carpentry, electrical, or technical skills found increased demand through such sharing economy platforms.

What began as a simple idea in the case of Airbnb and Uber, has now expanded to nearly every service sector. Emerging sharing economy models have facilitated peer-to-peer lending, space, clothes, tools, and even energy. Lending Club is a platform that allows people to lend money to one another, with much lower interest rates and fees than traditional credit cards or bank loans. Investors get to earn solid returns and borrowers get more competitive rates, all facilitated by the platform. The fashion platform, Rent The Runway, allows women to rent designer gowns from various brands at a fraction of the price of buying one. WeWork provides coworking spaces in big cities across the world. This helps entrepreneurs and telecommuters rent a desk or an office and can subsequently be re-used by others in the ecosystem. Vandebron is a Dutch startup that allows consumers to buy electricity from independent producers, such as farms with wind turbines. Such business initiatives may even encourage consumers to start conserving energy so that they can sell their excess energy units to other members of the community. Other pseudo versions of sharing economy models also exist and they fall under the broader umbrella of access economy or on-demand economy. Popular examples include platforms that provide access to services such as courier in the case of Dunzo or Porter, food delivery such as Zomato or Deliveroo, and healthcare services such as Practo and Clirnet.

All of these business models are platform-based with certain common characterizing features. These include a platform serving as a network orchestrator, a heterogenous pool of assets, resources, and service delivery processes, scope for role swapping, direct access to multi-party data, and proneness to network effects.

(i) *Platform as a Network Orchestrator*: A platform-based firm's core value proposition lies in providing inimitable assets, resources, and skills for delivering a service by connecting demand and supply. The platform acts as a network orchestrator by matching potential service providers based on customer needs and preferences and enables customers to choose a suitable provider from the matches. Thus, for sharing or access-based platforms, the chief asset is the network of providers and customers, and the focus of such 'orchestrating' platforms shifts from merely optimizing internal processes to facilitating external interactions.

(ii) *Scope for Role Swapping*: Especially in sharing platforms, there is scope for customers to also enlist as providers on the platform, as in the case of Uber and Airbnb. In Uber, customers can not only choose to ride in cars, but can also swap roles to become drivers on the app. Such consumers who provide services are referred to as the term 'Prosumers'. Scope for role swapping can act as a competitive edge for the business as it can help improve customer experience and value cocreation processes.

(iii) *Heterogenous Pool of Assets, Resources, and Service Delivery Processes*: Unlike linear business models, sharing or access-based platforms outsource the core service, such as transportation or housing, to a set of independent third-party providers (who could also be other customers). Due to this, each service delivery is different, and there is greater variance in the service delivery processes for every service encounter. For instance, a customer is likely to receive a different type of car for every ride booked, depending on factors such as availability, distance, or time for travel. There could also exist differences across two similar cars in terms of the cleanliness and quality of the accessories inside the car such as the functioning of the air-conditioning or radio units.

(iv) *Direct Access to Multi-Party Data*: Platform-based firms typically have access to a wider range of user data because they enable a large network of providers and customers to be connected. So, what is usually secondary data in linear firms, forms the primary data for platform-based firms. This includes data such as customer's app usage, GPS location tagging, reviews, and rating information, choice data, likes and wishlists, and future behavior information (e.g., scheduling an Uber ride for a later time). Such unique data can be used by firms to nudge sustainable decision-making among customers.

(v) *Proneness to Network Effects:* Since platforms operate via networks, they are subject to network effects, which are typically less visible in linear supply chain models. Networks means that as the number of users increases, the value of the service or product increases non-linearly for the entire network. So, as the network grows, 'greater scale generates more value, which attracts more participants, which creates more value – another virtuous feedback loop'. Network effects represent demand-side economies of scale. Firms can use the power of network effects to foster sustainable consumption efforts among their customers.

Relevance for Sustainability – Challenges and Opportunities

From the discussions on the characteristic features of a sharing economy we can distill key opportunities for sustainability using ARRRE principles. The sharing economy champions the 'Reuse' of the ARRRE principle, particularly for businesses that involve tangible resources such as cars, or rooms. Figure 2 graphically illustrates this. The key aspect of a sharing economy is the use of shared assets, resources, and processes. As we saw above, these promote recirculation paving the way for reuse. For example, the same car or room is reused and recirculated back into the system after one user has used the resource. In this manner, the sharing economy has positive environmental impacts, through a re-

duction in the total resources required. It further helps reduce pollutants, emissions, and carbon footprints. It also acts as an efficient model for resource utilization as it facilitates existing resource utilization as opposed to generating more inventory into the ecosystem.

On account of a successful deployment of reuse, consumers will be able to consume services in a reliable, cost-effective and convenient fashion. This will motivate the consumers to invest less in the resources paving the way to the 'reduce' strategy in the long run. Furthermore, since the shared economy ensures greater utilization of resources it is an indication of reduction in investment in scarce resources. As we alluded to earlier, the platform's ability to provide efficient matching algorithms will motivate the consumers to be mindful in their consumption. This will also contribute significantly to reducing the consumption of resources through careful avoidance of needless investments and wasteful consumption. An organization which has successfully deployed the 'reduce' strategy indeed attains the benefits of 'extend' in the long run.

There are certain challenges that need to be addressed in a sharing economy in order to ensure that the promised sustainability opportunities are gainfully employed. These include the following:
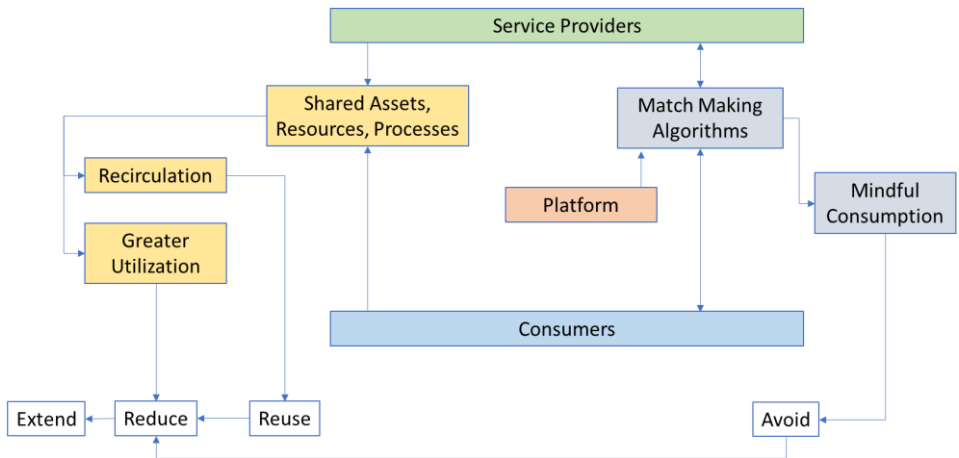
Figure 2. Sustainability Opportunities in Sharing Economy

(i) Trust and Reputation Mechanisms

Due to the greater variance that would result from a heterogeneous pool of assets, resources, and skills, customers may be hesitant to adopt such services due to uncertainty in the expected service quality. Therefore, it becomes pertinent for sharing platforms to establish robust trust and reputation mechanisms such as ratings and user reviews that help in addressing such challenges in these

platforms. Such platforms also need to identify ways in which they can communicate with well-performing providers who are adopting sustainable practices for the customers. Some signaling initiatives that the firm adopts in the platform can also help foster trust in using such services among customers.

(ii) Optimizing Matchmaking Algorithms

Access to multi-party data and network effects can serve as a boon to sharing or access-based platforms because it enables firms to use optimizing matchmaking algorithms using Artificial Intelligence (AI) based techniques to predict consumers' psychological traits and states from their digital footprints. The sharing economy has already encouraged a shift in access-based consumption as opposed to ownership-based consumption. In fact, a growing trend among millennials is to own less 'stuff'. Not only is there a striving minimalist movement, but the sharing economy has only facilitated this shift in consumption patterns. The integration of AI in communication strategies opens up possibilities for tailoring messages and interventions aimed at fostering mindful and responsible consumption habits. AI can be harnessed to personalize messaging, effectively reaching consumers in ways that resonate with their values and aspirations. This personalized approach aligns with the broader sustainability goals of the sharing economy, encouraging more responsible resource utilization and mindful consumption.

(iii) Ecosystem Integration Capabilities and Prosumer Opportunities

The sharing economy model also offers a route to long-term development based on resource efficiency and stronger social links. Whether it is ride-sharing, renting a room, or collaborating on a project, greater interactions create a sense of community and trust among participants. This enhanced social cohesion can lead to stronger, more resilient communities. Through continuous co-design and co-production of services with the individuals in the ecosystem, the platform facilitates the delivery of much more competitive and innovative services than traditional pipeline-based firms. For this, the platform needs to enforce mechanisms that can integrate the ecosystem of actors and resources and facilitate role--swapping options for consumers and providers to facilitate better co-creation and coproduction opportunities.

(iv) Inventory Management

The sharing economy, while laden with potential benefits, can become unsustainable if inventory management is not handled diligently. Bike-sharing took off very successfully in China, with dozens of bike-sharing companies quickly flooding city streets with millions of brightly colored rental bicycles. However,

the rapid growth vastly outpaced immediate demand and overwhelmed Chinese cities, where infrastructure and regulations were not prepared to handle a sudden flood of millions of shared bicycles. Because of overcapacity at launch, over 10.000 bike-share service bicycles were abandoned and dumped to create bicycle graveyards in various parts of China. This stark scenario underscores the importance of managing inventory prudently to prevent wastage and environmental harm. Moreover, the sustainability of the sharing economy hinges on collaborative efforts involving public authorities, enterprises, and consumers alike. Public authorities play a crucial role in regulating and managing these services, ensuring they align with urban planning and environmental sustainability goals.

(v) Governmental Support

Governments play a significant role in shaping the landscape of sharing economy models. Their influence is particularly important when considering the Life Cycle Assessment (LCA) perspective, which provides a holistic view of the environmental impacts of products and services. For example, government regulations on the evaluation of carbon emissions, resource consumption, and waste generation can promote sharing models with lower environmental footprints and steer the sharing economy toward more sustainable practices. Governments can provide economic incentives to service providers that adopt environmentally friendly and socially responsible sharing models. These incentives may include tax breaks, subsidies, or grants to encourage the adoption of sustainable practices. By reducing the financial burden on service providers, governments can promote the growth of sharing economy platforms that prioritize sustainability. Beyond financial support, governments can offer non-economic incentives to promote pro-social sharing models. This can include regulatory support, streamlined permitting processes, and simplified compliance requirements for sharing platforms that demonstrate a commitment to sustainability. Non-economic incentives can also involve public recognition and awards for sharing services that excel in environmental and social performance.

Governments can play a crucial role in educating consumers about the benefits of pro-social sharing models. Communication campaigns, public service announcements, and educational programs can inform citizens about the positive impacts of choosing sustainable sharing services. By increasing consumer awareness, governments encourage individuals to make more environmentally and socially conscious choices. The South Korean Government proclaimed its Sharing City Seoul Project in 2012 to focus on its efforts on the sharing economy. The project has promoted sharing operations financially, through the creation of a central data platform centered around sharing, and through legal support such

as the provision of special parking spaces for car-sharing. As a result, the use of sharing services across Seoul has greatly increased, and the city has become a leader in the sharing economy that is at the center of a new international network.

2.2. Circular Economy Business Models

Access-based or sharing-based models may not always be feasible for all categories of service (for example consumers may not want to rent or lease personal hygiene or janitorial products). Several industries in the services sector inevitably deal with physical goods. Such services will greatly benefit from circular economy business models in their journey toward creating sustainable business models. It is possible for such traditional pipeline-based models to incorporate circularity for advancing sustainability goals.

Circularity refers to reusing and regenerating materials, to help retain the value of products for as long as possible and reduce waste generation to a minimum. In the circular economy model, the pattern of product and material flows is altered, reducing the adverse environmental side-effects resulting from the extraction, use, and eventual disposal of natural resources and materials. This is done by replacing the traditional material inputs derived from natural resources, with recovered materials from the supply chain. Therefore, waste becomes an asset, not a liability. Figure 3 illustrates the process of the supply chain in circular models.

Organizations such as Skrap and Plastics For Change are paving the pathway for creating profitable circular models of business. Skrap provides an end-to-end process of waste management at events and offices and recycles a huge mass of waste that is produced. Plastics for Change is the first recycling-based company to be certified by the World Fair Trade Organization. It connects waste-pickers to global markets and helps brands switch to high-quality recycled plastic for packaging their goods. Their mobile app provides urban waste-pickers with access to fair market prices, and they are also slowly foraying into coastal communities to address the root cause of ocean plastic. They even partnered with The Body Shop to help the supply chain transition to ethically sourced, recycled, and fair-traded plastic.
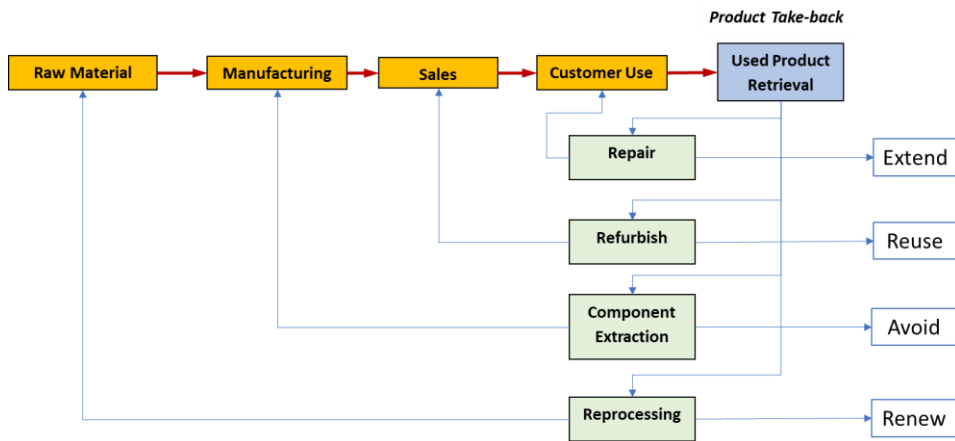
Figure 3. The Circular Economy Supply Chain

Interface, an Atlanta-based commercial flooring company shifted its carpet business from a selling to a leasing model through the Evergreen Services Agreement (ESA) program. However, even after years of strenuous sales efforts, Interface acquired only a handful of lessees. This was because an overwhelming majority of customers preferred to buy carpets, instead of rent, as carpet services fell under janitorial services. Later, Interface dropped its leasing model and shifted to producing modular carpet tiles using sustainable materials, such as recyclable nylon fibers and vinyl backings. The company also invested in renewable energy options to finally reduce its carbon footprint by 69%. Rather than focus on leasing as a sustainable business model strategy, Interface was able to attain success by leveraging other alternate circular economy tactics that follows the ARRRE principles.

Relevance for Sustainability

The environmental benefits of the circular model are plenty. Producing raw materials via recycling, rather than from non-renewable natural resources can reduce greenhouse gas emissions by as much as 90%. Remanufacturing products that have reached their end of life can reduce the extraction of natural resources and generation of waste by up to 80% relative to manufacturing new products. Reduced extraction, processing, and transport of natural resources also translate into energy savings, often in excess of 50%. Introducing circularity in the business model also significantly improves efficiency, or revenue at a lower cost. Reusing materials and recycling used products allows companies to source raw materials for production while reducing procurement costs. Through the process of circularity, companies are forced to innovate to increase the lifespan of their

products. Circularity also enables businesses to shift their focus from volume to performance. This increases business resilience by retaining control of products and materials, and saving material costs, protecting against material price shocks, and scarcity issues.

Going forward, circular models may disrupt linear business models, similar to how digital companies disrupted traditional business models. By 2030, most businesses may be forced to adapt to circular model principles with increasing demand from consumers and governments. Traditional businesses can transition to a circular model by incorporating three types of circular economy strategies: Retain Product Ownership (RPO), Product Life Extension (PLE), and Design for Recycling (DFR).

The retain product ownership strategy is a version of the access economy, where the ownership of the product is retained with the firm or the third-party provider, following a lease model. This may work well in settings such as the fashion industry when consumers need a smart outfit for a one-off event. Product life extension can be a strategy that businesses can use if they can expand their market in the used products segment. PLE can also help companies prevent their customers from defecting to a rival brand. Bosch Power Tools extends the life of its used tools by re-manufacturing them to compete with new products from low-cost, low-quality producers. Design for Recycling can be used to redesign products and manufacturing processes to maximize the recoverability of materials. This strategy would often require the business to partner with other companies having the specific technological expertise for applying such processes. For instance, Adidas partnered with Parley for Oceans to use plastic waste from oceans and make textile thread, from which Adidas manufactures its shoes and apparel.

Sustainability Opportunities in Circular Economy Models

Figure 3 portrays various sustainability opportunities provided by the circular economy as per the ARRRE principles. The simple repair strategy helps an organization extend the product usage. This is very useful when the product is nearly new, and the previous consumer sparsely used it. However, if the intensity of usage is a bit more, a refurbishing strategy restores it to almost its new status and it could be sold, albeit at a different price. This falls under the 'reduce' principle in ARRRE. As the intensity of usage increases, the alternatives deployed in a circular economy varies as depicted in Figure 3, providing opportunities to exploit the other aspects of ARRRE principle.

External Factors Influencing Circular Economy Models

In certain instances, local governments may not provide the requisite incentives to render circular business models both profitable and sustainable. To circumvent this potential challenge arising out of regulatory support issues, it becomes imperative for businesses to conduct thorough research into the laws and regulations applicable in their region. Such research is vital to identify any potential legal barriers or restrictions that could impede the successful implementation of a circular business model.

Adopting a circular business model often necessitates substantial restructuring of all facets of a company's operations, potentially resulting in increased costs. Therefore, it becomes crucial for companies looking to shift their business models to combine innovation with strategies aimed at reducing expenses. While these models can enhance customer relationships and bring about positive changes, changing operations on a large scale can be risky and lead to a loss of profit. To mitigate these challenges, companies may find it advantageous to introduce changes gradually or test their initiatives in the market before committing to large-scale operational transformations.

3. Service Design Elements for Sustainable Behavior

A significant part of this challenge arises because addressing sustainability concerns transcends the confines of a single firm or organization; it commences at the individual level. Each person, whether they are a consumer, an employee, or a shareholder, plays a pivotal role in collectively crafting improved solutions for the future. Consequently, a pivotal facet of sustainable services is the art of devising services that encourage or gently nudge individuals toward making environmentally conscious decisions. Businesses operating in B2C contexts, in particular, stand to gain substantial benefits from delving into the psychology of pro-environmental behaviors. Taking proactive steps to design systems and processes that facilitate such behaviors can yield significant advantages. In this section, we will delve into the intricacies of the psychology behind pro-environmental actions and propose directions for incorporating these insights into the design elements of sustainable services.

Psychological Aspects Behind the Nudge

One of the biggest challenges that most businesses face today is dealing with the attitude-behavior gap of consumers. While there is a growing trend, awareness, and intention among consumers to make more sustainable choices, it

does not always translate into actual purchasing behavior. This is the infamous attitude-behavior gap (ABG). Introducing a 'Nudge' can help overcome this challenge and help people make more environmentally friendly choices in a consumption situation. Nudges have previously helped transform consumer decision-making in a variety of contexts. For instance, sending reminders for filing income tax returns, signing up for healthcare schemes, placement of certain items in a store, and default settings in apps. In most cases, it takes more effort for the consumer to make a wrong decision and relatively less effort to make the right decision. So, introducing gentle nudges such as footprints on the ground towards the litter bin, or flagging climate-friendly options on food-delivery apps could help bridge the gap.

Nudges are simple, low-cost interventions that can alter people's decision-making. Nudging works by gently steering an individual's decision-making, while still giving a sense of freedom (Petersson, 2022). Humans use a dual system of thinking to make cognitive decisions. System 1 features intuitive and fast thinking whereas System 2 involves slower and more analytical thinking processes. Most often, humans tend to rely on the heuristics of System 1 while making decisions, due to the limitations of rational thinking. Nudging techniques, therefore, try to harness the limitations of System 1, as opposed to engaging and fostering System 2. This way, making the wrong decision harder and the right decision easier to make helps steer individuals towards the desired consumption choices.

Strategies for Nudging Sustainable Consumption

(i) Information Framing and Social Norms

Framing statistical information has been shown to have a significant effect on consumer's decision-making. Most people feel uncomfortable acting outside social norms and feel good when they hear that they are better than average. This psychology can be used for designing information to improve sustainable behavior. Studies have shown that electricity consumption is reduced in households that are provided with real-time information about their energy usage and compared with other households' energy usage, or when compared to their energy usage on a national level. Swedish grocery stores have also experimented with using information nudging to promote sustainable behavior. Through the mobile application 'Mitt Klimatmal', consumers got to view their ecological footprint of grocery shopping to the average Swedish citizen and the European Commission's climate goals. Thus, making consumers more aware of their actual consumption patterns can help reduce the attitude-behavior gap.

(ii) Signaling on the Website, Platform, etc.

Signaling or Flagging a service or product based on carbon footprint or its eco-friendliness can help draw attention and make it easy for consumers to make sustainable decisions. Travel search engines list flights with the lowest carbon emissions first, and products could have specific labeling differentiating them from other products in the store. Signaling techniques help the more eco-friendly options stand out when paired with other non-eco-friendly options. This is based on an 'attraction effect', which helps in creating a frame of reference, making one option more attractive than the other. Signaling works in scenarios when customers need to self-select or choose, as opposed to rejection tasks.

(iii) Default Option or Opt-out Programs

In contrast to situations where signaling plays a crucial role, default options prove to be more effective in scenarios where consumers face a task involving rejection. Incorporating a default option in such contexts serves to create a situation where consumers find it challenging to opt out of a pre-established sustainable choice. For instance, consider a company offering an online subscription service with an eco-friendly packaging option. In this case, if the default option is set to eco-friendly packaging, the majority of customers, when faced with the choice during the checkout process, will likely accept this default option without giving it much thought. This is because people tend to follow the path of least resistance, and the default option presents the path of least effort. Conversely, if the default option were set to standard packaging, customers would need to actively select the eco-friendly option. This reversal of the default introduces a psychological barrier, requiring customers to take conscious action to opt for sustainability.

So, in situations involving a rejection task, default options act as a powerful nudge toward sustainable choices by leveraging the principle of inertia. They make it more likely that consumers will stick with the sustainable choice that has already been set as the default, ultimately promoting environmentally responsible decisions.

(iv) Workshops for Creating Awareness

Research suggests that the most common reason for the attitude-behavior gap to exist is because of a lack of awareness among consumers about various sustainability issues. So, along with various efforts that the firm is taking to incorporate sustainability into their service processes, it is paramount that they also regularly conduct workshops or awareness programs to educate consumers about various challenges and align them with the organization's sustainability initiatives.

Conclusions

As we move towards greater advancements, we are increasingly faced with a reality that is volatile, uncertain, complex, and ambiguous (VUCA). Time has come for businesses to channel their efforts to pave pathways that entail bold innovations, that are wise. Wise innovation is a conscious attempt at every level (individual, corporate, NGO, and government) to redesign solutions that have broad economic, societal, and environmental benefits. This threefold approach, often referred to as the 3P approach (Profit, People, Planet), forms the foundation for fostering sustainable and responsible innovation.

One avenue worth exploring is the adoption of novel strategies within the circular economy framework, with a particular focus on low-income sectors in emerging economies. Individuals within the bottom-of-the-pyramid (BoP) demographic demonstrate a remarkable aptitude for applying ARRRE principles. Their resourcefulness is often driven by economic necessity, and as such, presents a rich source of inspiration for innovative solutions that benefit both people and the planet. Moreover, collaboration and partnership-building among various stakeholders can play a pivotal role in advancing the overarching goal of sustainability. These partnerships can amplify the impact of wise innovation initiatives and foster a collective commitment to creating a more resilient, equitable, and environmentally responsible future.

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Sustainable Service:
A Role of Transparency
in Building Sustainable Service

Suhyun Janis Jeon

Introduction

In line with the ever-changing era, we are living in, services are continuously growing as well, and becoming more complex, and interdisciplinary. However, service firms should not only be focusing on developing a new service, but to consider developing strategies to keep up with their already existing service to be on the market continuously. Thus far, a question came across to me which concept should the service firms focus on to strengthen their service to be sustainable, so that they build sustainable relationships with their customers in the long run.

It has been a long concern for service firms to build successful strategies that yield their service to be sustainable. When the service is sustainable, it means their customers are satisfied with the service, and therefore more likely for them to become loyal customers. From the perspective of service firms, increasing the number of their loyal customers is one of the most important factors. Some even say that it is more important than getting new customers as most of the valuable and meaningful behaviors are coming from those loyal customers, rather than from the new customers. How can service firms earn customers' hearts for the long term? Build trust, which can be built by the service firms manifesting the transparency of their business and their service offerings.

In this chapter, we will be exploring how service firms can sustain their service and customers in terms of transparency by investigating (1) definitions of sustainable service, (2) definition of transparency in service, and (3) transparency as a sustainability cue in the service.

1. Sustainable Service

Generally, when considering the term 'sustainability', it is a state of being that is not harmful, but beneficial to the environment, community, and economy altogether without jeopardizing the needs of future resource generation thereby supporting long-term ecological balance (Sun et al., 2021). While, in general, sustainability can be defined as a balanced state of being among the environment, society, and economy, sustainability in the service sector may be defined similarly as well.

When we look at sustainability in its of terms, it means, 'the ability to maintain a certain rate or level'. Thus, in this chapter, we will be adopting this definition, and that 'sustainable service' is the service that is kept at its satisfying level, and therefore, does not need customers to search for a new service as a replacement for the current service. As much as a service company does not want their customers to go away and have them until they become loyal customers, so do the customers. They desire to be loyal to one service firm as searching for another service that could substitute the current one would cost their time, money, and effort after all. They both want to maintain their relationship with one another, which we may call a sustainable relationship. Likewise, sustainable service yields sustainable customers and therefore creates sustainability in their mutual relationship.

Thus, service firms developing sustainable service is essential to maintain their customers. The more likely for them to maintain their existing customers, the more likely to get loyal customers as loyal customers are built up from existing regular customers. To this extent, service firms should exert themselves to design their service to be more sustainable which will not only bring them more ROI (return on investment) from each of their services but also sustain the number of their customers, and more hopefully of their loyal customers. For the services to be sustainable for a long period, they should be able to always provide services at the quality of their customers' expected level. To do so, service firms should be clear and transparent with themselves and be always honest and truthful to their customers while they serve their customers. When service firms are transparent with their customers, only the best quality service can be served to customers, which would lead customers to have more satisfaction and retention (Hadi et al., 2019). Thus, perceived transparency brings stronger and long-term relationships between service firms and customers.

2. Transparency in Service

There are several definitions of transparency. Transparency is the ability to see through a firm's offering(s) more closely (Zhu, 2004) and the information that is not usually shared (Hultman & Axelsson, 2007; Hung & Wong, 2009). It is also defined as the degree of visibility and accessibility of service information for their target customers to get a clear understanding of the service (Mittal et al., 1999). Transparency has long been studied as a key feature of the service firms or their offering(s) which helps to garner consumer favorable responses such as trust and purchase intention and brings service demand and price premium (Liu et al., 2015). Due to such reasons, it is used as an effective communication method in the service industry (Kang & Hustvedt, 2014).

In a service context, transparency has been studied more as the willingness of service firms to provide information about their service offering(s) to their customers (Hung & Wong, 2009). To this extent, consumers' demand for more transparent service has been more apparent. Perceive transparency from the service can often be achieved by service firms sharing the materials or ingredients used, and (or) the process of production and manufacturing for the service offering(s). In support of this, many service and retail firms are putting heavy consideration on service transparency and transitioning their service business model to be more transparent to their customers. The main reason why transparency matters greatly in the service context is due to its unique form of intangibility. In most cases, consumers want to see more tangibility in their services as it is our innate desire to see what is certain rather than uncertain. A tangible attribute of the service will work as a triggering point for customers to understand the service compositions better and to remember their service experience more easily and quickly.

As mentioned, services are usually in an intangible form, unlike physical products. To this extent, services are often evaluated by consumers going through a process of retracing their past service experience. This is why it is hard to get customer's reviews on their service experience. Even if they write their reviews, it is often vague (e.g., my experience with this hotel was good, this restaurant has good food, the lady who did my hair was nice, etc.). Consumers often use attributes that are related to trust and credence while evaluating the service or the service firms (Crosby et al., 1990). From there, it is plausible that service firms delivering attributes that can enhance consumer trust and credence would be helpful for their customers to remember their service experience more easily and positively.

Another reason why transparency is important is due to the long duration of time that getting a service usually takes up. It is often that quite a lot of services take up quite a time. Hotel stays, dinners at restaurants, hair salons, nail shops, and flights are some examples that require quite an amount of time to get the full service. Due to such characterisics that service possesses, it makes service firms even harder and difficult to deliver consistent quality service that could meet the level of their customers' desire constantly (Mol, 2010). Prior literature has reviewed that transparency is one of the important attributes that service brands should seek as their main communication means, especially when the service requires a long-time duration (Mittal et al., 1999).

Research on service marketing communications demonstrates that having a good understanding of transparency and applying it to their communication will help service firms develop their relationship with their customers to the next level (Mol, 2010). Transparency is usually divided largely into two concepts, such as operation transparency (Vishwanath & Kaufmann, 2001) and performance transparency (Granados et al., 2010). In other words, transparency in service can be achieved either by sharing the service operation (production process) or the performance (outcomes) of the service offering(s).

Operational transparency is service firms being clear with their work, in other words, the process of their service offering(s)' production and delivery (Buell & Norton, 2011). Some examples could be restaurants having open kitchens to show their cooking operation to their customers, and retail brands opening their manufacturers to the public and giving their customers opportunities to see their production line. Through this process, customers sense the operational transparency from the service firms as they can experience the process of operation (Agrawal & Mittal, 2019). Customers consider such a process to be valuable as it allows them to understand and appreciate the firms' service and product (Buell & Norton, 2011), therefore their relationship with the firms is developed more deeply and engenders trust. To the extent that operational transparency induces trust, it also garners a consumer's willingness to engage with the service operation (Buell et al., 2021; Buell & Norton, 2011). Recent research demonstrates that operational transparency has positive influences on consumer engagement. Showing sustainable consumption, and participating in prosocial activities, such as donations are some examples.

Similar to operational transparency, there is also performance transparency. It benefits developing sustainable services by sharing information about their services (Liu et al., 2015; Granados et al., 2010). For example, the nutritional information on food products (Nguyen, et al., 2022), annual revenues and profits (Buell, 2019; Buell & Norton, 2011), the profiles of their staff (Hung & Wong,

2009), and so forth. Previous research has documented that performance transparency motivates customers to engage with service firms (Tafkov, 2013). It also reveals that performance transparency allows firms to embrace a stronger relationship with their customers. Specifically, it brings about a positive impact on customer behaviors such as increasing consumers' intention to purchase and willingness to pay a price premium for a firm's service (Liu et al., 2015). Customers tend to show appreciation and put more value on service firms when they are transparent with their service and share information easily and conveniently. Performance transparency adds value to customers' service experience as it reduces their information processing costs in terms of time, money, and energy (Erdem & Swait, 2004; Erdem et al., 1999).

Likewise, when service firms communicate with their customers focusing on 'perceived transparency' of the service offering(s), it surely will bring positive consequences in building sustainable service.

3. Transparency as Sustainability Cue in the Service

As aforementioned, the level of sustainability of the service is determined by the degree of transparency of the service (Arnold, 2017). As prior studies demonstrate that perceived transparency is built upon trust, to such extent, perceived transparency is used as one of the effective communication means in developing positive relationships between service firms and customers (Reynolds & Yuthas, 2008). Furthermore, perceived transparency is important to consider as often consumers use their subjective evaluations when encountering a new service whether it is trustworthy to use or not, which is also estimated by the degree of perceived transparency that they get from service firms. Thus, perceived transparency is imperative to consider for service firms and one of the good factors to manifest during their communication with their customers (Meijer, 2012).

Building trust with customers in service can be done through service firms manifesting transparency in their service (Liu et al., 2015; Mol, 2010; Jassem et al., 2021). Such a phenomenon can be seen in real service brands. Perceived transparency has been seen as one of the most important factors that consumers consider when making their decision whether to stay with the service firms or not. Just like the relationships we build in our social life, transparency builds trust, which leads to long-term relationships. Thus, transparency is a key concept to consider in all circumstances that involve any relationships. Service firms, especially, need to take transparency more rigorously as a successful paradigm of service only can be complete when there is a successful mutual relationship

between service providers and customers. Successful relationships are built when both partners have trust in each other, which begins with being transparent to each other. One of the good examples would be those restaurants with open kitchens to show the whole process of service that customers will be getting. They are also showing confidence in providing good quality food service to their customers. Moreover, there are some retail brands (e.g., Hershey's, Coca-Cola's, etc.) that have opened up their manufacturing plants to the public, so that customers can see and learn how their products are produced and manufactured. They are being transparent with their customers that they are confident with the whole manufacturing process of their products. In return, they get consumers' trust, and therefore able to build a long-term relationship, which will positively affect their future generation consumption as well. Likewise, service firms are trying to deliver transparency to build trust with their customers, so that their service can survive and be sustainable for a long period.

While transparency can help elevate customer retention, it also helps to recover service failure. When service failure happens, it usually results from not meeting customer's expectations and satisfaction. Sometimes, service failures can be trivial and can be recovered right away or sometimes, they can be something unethical that cannot be recovered or require a very long time to be recovered (e.g., Volkswagen's scandal about 'diesel dupe' by manipulating their testing software on carbon dioxide emission level). Whether small or big, service failure is service failure, and service firms should exert themselves to rebuild their trust with their customers. And transparency plays a great role in doing so. Those service firms should portray their transparency, if they have not, or deliver more transparency of their service offering(s) than before as delivering transparency to their customers is the most effective way of rebuilding trust (Higgins et al., 2020). Bringing back the example of Volkswagen, what made Volkswagen go almost bankrupt with such a scandal was that they were not transparent with their system to the EPA (Environmental Protection Agency), but also to the customers. Even after they were accused by EPA, they kept denying such a matter until there was nowhere for them to hide or to make other excuses, which led down a substantial amount of their customers, which led them to face almost bankruptcy. To this extent, during a process of service recovery, especially when it is a serious one, service firms should put extra effort into delivering transparency to their customers that their services are safe to use. In this case, service firms should put extra effort into demonstrating their transparency and convey assurance to customers. When transparency is manifested instantly after the service failure, such service firms' behavior will be taken into customers' substantial consideration into their forgiveness, which will prevent the service firms from

experiencing big damage in losing their customers and in business downfall (Roberts, 2009).

Customers always want to perceive transparency from the service firms, so that the services they are getting are safe and in good shape to use. They want to get the solid assurance to sustain their relationship with such a firm (Hadi et al., 2019; Owen et al., 2009). Moreover, since the service is in the form of an intangibility, delivering transparency of the services and assurance to their customers might sometimes, be hard to portray. In general, transparency can be executed by sharing reports about their service performance what they were strong and weak at, and how they are planning to modify such weaknesses and maintain their strengths. Some of the examples of how often service firms deliver their service transparency to their customers are by sharing their financial reports, materials or ingredients details used in their service offering(s), manufacturing and production process, employees' welfare, customer reviews, and even smear through their vision or mission statements. There are many more ways for service firms to deliver their service transparency. To this extent, perceived transparency allows customers to build credence with firms, and hence show a higher willingness to maintain their relationship with the service firms continuously. Transparency also helps build a healthy long-term relationship between service firms and their customers as transparency will garner their customers' favorable responses, such as satisfaction, intention to repurchase and revisit, and positive word of mouth towards their service experience (Verhoef et al., 2009). Furthermore, transparency of the service firms helps customers to learn about what the firms are emphasizing and putting importance into their business as well. Likewise, both service firms and customers can believe the perception of transparency as something too basic that they might put too much importance. However, it carries a substantial power not only to sustain the quality of the service, therefore sustaining their customers, but also to hold a solution to service failures as well. Due to such power of transparency, customers would want more clean and clear transparency from their service, and service firms should come up with unique ideas to deliver their service transparency more effectively, so that their customers actually can perceive the transparency more clearly as service firms are manifesting to customers.

4. Benefits of Perceived Transparency in Sustainable Service

Service firms have several benefits in delivering transparency as their communication means to their customers due to the nature of the service industry. One is that through transparency, firms will be able to provide more details

about their service offering(s), and therefore can promote and introduce their services more in detail to customers, and customers will be able to get more knowledge and a better understanding of their promises of the service offering(s). The other benefit would be that through transparency, it will be easier for the firms to learn about their customers' thoughts and what they truly think about the service offering(s) as well. Because of their transparent service, service firms will be able to know exactly which part they have strengths and weaknesses in by hearing the voices of customers. Such, in return, will benefit customers as well as they will be getting the services that they wished for to be improved. Thus, being transparent with customers would be used as another great opportunity to improve their services in the way their customers want, which will eventually increase their customers' satisfaction with the service (Eskildsen & Kristensen, 2007), and which therefore lead to such service to be sustainable in a long period.

Likewise, for service firms to provide sustainable services to customers, and for customers to experience improved sustainable service from the service firms, both sides should be transparent to each other. In other words, to have a sustainable service, transparency should be performed first. More specifically, while service firms are transparent about their service offering(s), customers also should share their transparent feedback with service firms, so that the firms can provide and improve the service the way their customers want it to be. Thus, mutually sharing transparency between the service providers and customers is also essential in the service field for the betterment of both sides. It provides service firms with opportunities to learn about their customers' wants and needs in service, and, at the same time, it also enables customers to learn about the services more in detail and share their feedback accordingly.

Throughout this chapter, we have discovered that perceived transparency plays a great role in developing a sustainable service. The art of transparency shines the most when both service firms and customers are mutually putting effort into being transparent to each other. Thus, for service firms to survive and to go on a long run in the market, firms should put a good amount of effort into communicating their transparency to consumers to get their engagements and to co-create values with them (Kandampully et al., 2022).

Conclusions

This chapter explores sustainable service by adopting the concept of transparency. When a service delivers transparency to customers, they are more likely to sustain their relationship with service firms, therefore, enabling the service firms to sustain their services and to sustain relationships with their customers as well.

When perceived transparency is triggered and imbued into customers as they are experiencing the service, they are more likely to show favorable behaviors toward the firm (e.g., show higher purchase intention, elongate their relationship with the firm, etc.) and further create meaningful values with the firm (e.g., spread positive feedback, word-of-mouth, encourage the next generation, etc.). After all, customers showing their continuous relationship with the firm means that they have been satisfied with the service and therefore will likely show positive behaviors towards the firm continuously. During this process, service firms will benefit from becoming one step closer to developing a sustainable service as they have strengthened their relationships by sharing their transparency through the informative details about their service offering(s), which can be about the nutrition facts, operation and manufacturing process, and product performance reports and so on. With this transparent information about the service, customers will also be able to share their transparent feedback to the firms as well which will benefit the service firms to improve their service in a way that their customers wanted to be.

In sum, perceived transparency holds a positive impact not only on service firms as an effective communication means in sustaining their customers and their service, but also on customers, as they get assurance from the service firms that the service that they are getting is trustworthy, therefore will more likely to keep their relationship with such a service firm rather than spend their extra time, money or effort on searching the alternatives. It has long been studied in many fields and areas and there is no doubt about questioning transparency in building long-term relationships. I hope this chapter finds readers, whether you are from a customer or a service firm viewpoint, to be mindful of transparency. If you are from a service firm's perspective, delivering transparency to their customers is an essential and utmost important feature to consider in their service offering(s). On top of that firms also need to track their customers if they are perceiving transparency as they expected them to perceive. If not, then they are manifesting effectively enough, thus, service firm marketers also need to consider effective marketing strategies to promote their service transparency to their customers. This is especially important if the firms are considering establishing a strong sustainable service and strong sustainable relationships with their customers for the long term. If you are in a customer-side perspective and would like to set at one brand and continue a long-term relationship with one service firm (e.g., coffee shops, insurance companies, etc.) then, transparency can be used as a useful index while they evaluate on deciding on one.

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Regulatory Drivers of Sustainable Choices and Its Impact on Service Sector

Magdalena Hilgner

Introduction

Service sector is a key factor in the sustainable transformation process of national economies. As it is spreading among many industries, it is crucial to tailor effective regulations to either encourage the sector to cut waste and emissions or to ban certain activities to achieve reduction targets. The role of the consumers regulations in sustainable transition is to: protect the weakest (consumer or end user) against false claims, redirect capital flows and investments towards truly sustainable undertakings, strengthen consumers' position towards service providers, or to prohibit certain practices. The chapter will focus on aspects that should be taken under consideration while defining sustainability in the service sector and how certain European regulations will impact consumers' rights and behaviors.

1. Climate Change: Consumer in the Green Trap

Since the end of the 19th century, earth's average surface temperature has increased by about one Celsius degree, with global warming accelerating significantly over the past 40 years. Growing awareness of climate change and social pressure are not only catalysts for new regulations in the area of sustainability, however also a challenge for companies and management boards. The consumer is located somewhere at the bottom of the mechanisms driving change; on one hand million small choices can lead to ripple effect and have significant impact, on the other, the change will not happen without strong regulatory support and a strong lead from the biggest market players.

For the service sector, there is no doubt that still, the main target is profit and competitiveness, also on an international level. Many companies are already aware that the race for sustainable transformation has already started. Accepting

the costs of change today should lead to long-term and multidimensional benefits in the future. Especially since eventually, inaction will lead to loss of competitive position. According to recent studies ESG is priced by both debt and equity markets, although in different directions. Companies that ignore social and environmental responsibility may face penalties from regulators and rejection by consumers looking for brands that meet sustainability standards. According to current studies 'there is a positive relationship between corporate and social performance and the cost of debt, i.e., more socially responsible firms are penalized by lenders through an increase in interest rates of about 1.32 b.p. in a 10% change on ESG score' (Gonçalves et al., 2022, p. 63). Moreover, companies which will not keep the pace of transformation may face fines or other legal actions resulting from failure to comply with the new regulations, which require disclosure of certain information. However, the transition of the companies will not happen without participation of consumers, their choices and behaviors.

A 2015 study found that the production and use of household goods and services was responsible for 60% of global greenhouse gas emissions and between 50% and 80% of total land, material, and water use. Following the same thesis, U.N. Environment Program's (UNEP) 2020 Emissions Gap Report concluded that lifestyle habits require absolute change. At the same point, the combined emissions of the richest 1% of the global population was responsible for more than twice the poorest 50%.

Society demands more liability from the organizations we work for, from whom we buy or invest, however usually declarations are not followed by the choices made with people's wallets. According to the 2019 Harvard Business Review issue 65% of consumers said they want to buy purpose-driven brands that advocate sustainability, yet only about 26% actually do so. So called 'Elusive Green Consumer' requires attention from the companies and government in order to drive change from the bottom of the supply chain. This phenomenon is called by the scholars the 'intention-action gap' and represents a significant problem when it comes to the production of sustainable consumer goods. And as consumer behaviors are responsible for a significant part of the greenhouse gas emissions of the production companies (in the whole lifecycle of the products), they put an effort to promote sustainable habits in everyday life. Katherine White, David J. Hardisty and Rishad Habib, in the mentioned article, identified five actions for companies to consider in order to shape customers behavior: use social influence, shape good habits, leverage the domino effect, decide whether to talk to the heart or the brain, and favor experiences over ownership. On the other hand, consumers want to be better informed on the environmental impacts of their consumption and be able to make better choices. As they are willing to

contribute to sustainable growth in their everyday behaviors, their role is usually withheld by barriers at the moment of making the choice of either buying or repairing goods. Lack of trust in the credibility of environmental claims and the overwhelming numbers of misleading commercial practices related to the environmental sustainability of products may lead to trust issues for those consumers who are willing to be the part of change. Lasting awareness of the fact that some companies are making false, unclear, or not well-substantiated environmental claims ('greenwashing') may have a repulsive effect also towards 'green' products or services.

According to the European Commission's impact assessment carried out in 2017 and 2020 'considerable share of environmental claims (53.3%) provides vague, misleading, or unfounded information about products' environmental characteristics across the EU and across a wide range of product categories. The 2020 inventory of environmental claims also analyzed the substantiation of such claims looking at their clarity, accuracy, and the extent to which they are substantiated with evidence that can be verified. The analysis found that 40% of claims were unsubstantiated' (McGuinn et al., 2020, p. 95). The abovementioned studies confirmed lack of trust in environmental statements on products (1.57/ 4.00). Another issue with the popular eco-labelling is lack of united structure of certification. Consumers find it hard to distinguish whether a claim is stated under a private, self-certification, or confirmed by an independent body or governmental institution.

In Poland, the most popular claims related to sustainability in the service sector (without judging whether true) are currently connected to the source of electricity used in the process related to given service. For instance, all major telecommunication companies are focused on purchasing electricity produced in renewable energy sources, either by entering power purchase agreements or by purchasing separate guarantees of origin. For e-commerce, the focus is put on sustainable deliveries (e-vehicles or bikes) and the reduction of packaging. Transport services are booming with claims based on fuel used by vehicles or airplanes. CO_2 emissions are often reduced with so called carbon offsets purchased from investments conducted abroad. Hospitality sector is also a part of the green change: hotels are focusing on eliminating single-use plastics in hotels, reducing the carbon footprint and fight against food waste. Another significant piece of sustainability regarding the service sector is connected to finance, where the claims are connected to sustainable financial products or investment considering the aspects of the projects or activities undertaken.

Not all of the above-mentioned claims are true or can't be scientifically proven creating a false image of responsibility. Greenwashing ('eco-friendly

gasoline', 'sustainable flights', or 'CO_2-neutral beef'), requires strong and immediate intervention, before the consumers will turn their back on anything that may lead to emission reduction. All eyes are on politicians, who try to boost the economy after the pandemic and at the same time redirect capital to green investments. Also, the voters care about the changes in climate policies and tangible targets for decarbonization, while maintaining the lowest possible cost of such activities.

It is worth to underline another face of sustainability in the service sector, which will not be the subject of further, however in my opinion is crucial in the whole ESG era: social safeguards. The letter 'S' in ESG acronym focuses on general rules of a company's interactions with its personnel, the communities in which it operates, and the political environment. Specially in service sector, the social impact will be crucial from the employer perspective; persistent troubles in stability of employment and lack of liveable wages in the catering and transportation sectors. On top of that, big companies constantly come up with new ideas on how to avoid establishment of an employment relationship and ensuring stable workplaces. Outsourced services based on applications are quandaries of modern governments.

Anticipated non-financial disclosures model (European Sustainability Reporting Standards (ESRS) will require the biggest companies to reveal the most important information about their performance towards its own workforce giving their consumers a chance to assess whether the company meets expectations of ESG-educated end users, however, still will cover the biggest companies only.

2. Is Sustainable Policy a Carrot or a Stick?

According to The Paris Agreement, adopted by 196 Parties at the UN Climate Change Conference (COP21) in Paris, France, on 12 December 2015 ('Paris Agreement'), to limit global warming to 1.5°C, greenhouse gas emissions must peak before the year 2025 at the latest and decline 43% by 2030. Similar initiatives are also undertaken by individual countries and international organizations. Service sector accounts for a significant part of GHG emissions, for instance the transport sector is responsible for nearly a quarter of Europe's greenhouse gas emissions.

Even though the government's focus on climate action has slowed down due to COVID-19, the pandemic exposed the vulnerability of the poorest regarding social protection and health services. Since then, social safeguards seem to be under significant focus. Regulators face the problem with implementation of

climate policy (such as those introduced in the European Union) and not to stifle the economy at the same time. The European Union believes that the solution lies in the European Green Deal (*Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions The European Green Deal*, COM/2019/640 final): a new growth strategy that aims to transform the European Union into a fair and prosperous society, with a modern, resource-efficient, and competitive economy where there are no net emissions of greenhouse gases in the year 2050 and where economic growth is decoupled from resource use. The European Green Deal in practice is probably the largest-scale legislative reform that the European Union has ever undertaken, and they will shape the policy agenda for years to come. The legislative proposals are expected to provoke investments and redirection of capital flows, totalling over EUR 1 trillion. The European Green Deal focuses on following pillars:

- increasing climate action,
- clean energy,
- circular economy,
- sustainable industry,
- sustainable buildings/renovations,
- sustainable transportation,
- agricultural transformation,
- protecting ecosystems and biodiversity,
- eliminating pollution,
- sustainable finance,
- sustainable corporate governance.

Most of the initiatives within the European Green Deal will have huge impact on the private sector: mostly manufacturing and banking (The EU Taxonomy, RePower EU), however some of those will have a direct impact on service sector (for example transport, energy, communication, and education). Vast majority of the initiatives will impose new obligations on companies and some of them will impact consumers by strengthening and protecting their rights. These initiatives will be the subject of the next chapter.

According to the EY's study 'Is Polish business sustainable?', in terms of sustainable development, there is a noticeable difference between declarations and real actions. Even though 90% of companies claim that their mission includes ESG-related aspects, only 67% implement them in their daily activities. Moreover, only 48% of companies translated the assumptions of the SD strategy into individual areas of business operation. The main motivating factors are the expectations of consumers (71%) and business partners (59%).

Along with the European Commission's statement, the behaviors of companies across all sectors of the economy is key to succeed in the Union's transition to a climate-neutral and green economy in line with the European Green Deal and in delivering on the United Nations Sustainable Development Goals, including on its human rights- and environment-related objectives. This requires implementing comprehensive mitigation processes for adverse human rights and environmental impacts in their value chains, integrating sustainability into corporate governance and management systems, and framing business decisions in terms of human rights, climate, and environmental impact, as well as in terms of the company's resilience in the longer term.

3. The Most Important European Legislation

a. *Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS)*

The directive aims to increase the public accountability of companies by requiring them to regularly disclose information on their impact on society and the environment, further strengthen the EU's social market economy and play a leading role in shaping sustainability reporting standards at a global level. One of the areas covered by the CSRD (*Proposal for a Directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937*) and ESRS are issues connected to companies' impact on consumers and end users. Through embracing reliable information from the biggest undertakings, CSRD will strengthen consumers' position on the market, also in service sector. Many companies from service sector are covered by this regulation or are already preparing for disclosures. From the practical perspective the most challenging task for those is to gather and compile the data across different organizational units an compile in efficient manner.

To ensure that companies disclose accurate information, they will be subject to independent audits. The certainty of data in financial and non-financial statements will be at the same level, so the investors and consumers will have access to comparable and reliable information.

The directive entered into force on 5 January 2023, and the first entities will be obliged to report under it in 2025 (data will cover the financial year 2024). Member States are obliged to transpose the directive into national law by 6 July 2024.

Disclosures under the CSRD are detailed through the delegated acts covering the European Sustainability Reporting Standards (ESRS). On 31 July 2023,

the European Commission (EC) adopted the first set of European Sustainability Reporting Standards by delegated regulation. The piece of ESRS that is important to this publication are four social standards: with regard to the companies 'own workforce' (S1), 'workers in the value chain' (S2), 'affected communities' (S3) and 'consumers and end users' (S4).

The fourth standard will require information regarding consumers: such as how they acquire the products or services of a company and how they are used (i.e., for personal use of resale purposes). Also, information on end-users, otherwise known as those who end up using the product or service in question.

In the near future, the additional ESRS will also be tailored for a specific sectors. For services sector, road transport, energy production and utilities will have their own reporting standards.

The role of this legal act towards consumers is to strengthen their position by obliging the biggest companies to disclose material information regarding specific consumer issues and its impact on business. Moreover the disclosures show how the undertaking affects the consumers and end-users of its products and/or services, inform about any actions taken, and the result of such actions, to prevent, mitigate or remediate actual or potential adverse impacts, describe the nature, type and extent of the undertaking's material risks and opportunities related to its impacts and dependencies on consumers and end-users, and how the undertaking manages them and the effects of risks and opportunities, related to the undertaking's impacts and dependencies on consumers and end-users, on the undertaking's development, performance and position over the short-, medium- and long-term and, therefore, on its ability to create enterprise value.

Table 1. ESRS S4. Consumers and End Users

Information-related impacts for consumers and/or end-users	Privacy Freedom of expression Access to (quality) information
Personal safety of consumers and/or end users	Health and safety Security of a person Protection of children
Social inclusion of consumers and/or end users	Non-discrimination Access to products and services Responsible marketing practices

Furthermore in order to meet the objectives described above, the ESRS require an explanation of the general approach the undertaking takes to identify and manage any material actual and potential impacts on the consumers and/or end-users related to their products and/or services in relation to: information--related impacts for consumers/end-users, in particular privacy, freedom of ex-

pression and access to information; personal safety of consumers/end-users, in particular health and safety, security of a person and protection of children; and social inclusion of consumers/end-users, in particular non-discrimination and access to products and services.

Initiatives mentioned in this article may have crucial implications to service sector. Supplemented with the green procurement rules, sustainable disclosures may play a key role in the future of service companies: those which will not be able to confirm engagement in economic, social and governance sustainability actions may become the great losers of lucrative, public contracts. The European Commission has been developing voluntary green public procurement criteria for several product groups.

b. *Circular Economy Action Plan*

One of the main building blocks of the European Green Deal is the new Circular Economy Action Plan (*Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions − A new Circular Economy Action Plan For a cleaner and more competitive Europe*). Introduced in March 2020 is following the first circular Economy action plan adopted in December 2015 (under which all fifty-four actions under this plan have been delivered or are being implemented). It introduces legislative and non-legislative measures at the European Union level which aim to:

- make sustainable products the norm in the EU,
- empower consumers and public buyers,
- focus on the sectors that use most resources and where the potential for circularity is high such as: electronics and ICT, batteries and vehicles, packaging, plastics, textiles, construction and buildings, food, water and nutrients,
- ensure less waste,
- make circularity work for people, regions, and cities,
- lead global efforts on circular economy.

Most important legislative proposals in the Circular Economy Action Plan are the Green Claims Directive, evaluation of the Batteries Directive, establishing a new 'right to repair' and consider new horizontal material rights for consumers for instance as regards availability of spare parts or access to repair and, in the case of ICT and electronics, to upgrading services.

Additionally, the Commission will focus on Comprehensive European Strategy on Sustainable and Smart Mobility which should boost synergies with the circular economy transition by applying product-as-service solutions to reduce virgin material consumption, use sustainable alternative transport fuels,

optimize infrastructure and vehicle use, increase occupancy rates, and load factors, and eliminate waste and pollution.

Abovementioned initiatives will surely impose new obligations and require investments from the service sector companies in order to adjust to the new reality. However, it can be a chance to develop potential as a 'green' contractor. Following the adoption of the 2020 Circular Economy Action Plan, the European Commission is proposing minimum mandatory GPP criteria and targets in sectoral legislation and phase in compulsory reporting to monitor its uptake (in which services prevail).

c. Green Claims Directive

As a part of the Circular Economy Action Plan, the European Parliament and the Council proposed a directive on substantiation and communication of explicit environmental claims (Green Claims Directive) is a milestone in developing regulations which would secure and strengthen consumers' position towards false or misleading claims about environmental impact of the purchased products or services. As mentioned in chapter 1.1. consumers are willing to choose sustainable products or services over the 'regular' one, however there is a lack of reliable information on what impact certain product or service has on environment. The Green Claims Directive is intended to complement the Commission's March 2022 proposal to amend the EU Unfair Commercial Practices Directive and the Consumer Rights Directive. The service sector should prepare for the introduction of this law: carefully review the whole business model and communication around its products, services, and its marketing.

The proposal requires that green claims such as 'environmentally friendly packaging', 'bottle made of 50% recycled materials', 'CO_2 neutral shipment' be substantiated, and this justification should be verified *ex ante*. Member States will be required to adopt rules to ensure that companies can and should justify their environmental claims. More specifically, ensure that the assessment behind the claim:

- was based on recognized scientific data and the latest technical knowledge;
- demonstrates the significance of impacts, aspects, and performance from a life cycle perspective;
- takes into account all significant aspects and impacts to assess the performance;
- demonstrates whether the claim is accurate for the whole product or only for parts of it (for the whole life cycle or only for certain stages, for all the trader's activities or only a part of them);
- demonstrates that the claim is not equivalent to requirements imposed by law;

- provides information on whether the product performs environmentally significantly better than what is common practice;
- identifies whether a positive achievement leads to significant worsening of another impact;
- requires greenhouse gas offsets to be reported in a transparent manner;
- includes accurate primary or secondary information and indicates whether a given declaration contains accurate information about the entire product or only part of it (about the entire life cycle or only its specific stages, about all the entrepreneur's activities or only some of them);
- demonstrated that the declaration is not equivalent to the requirements imposed by law;
- contained information on whether the environmental performance of a given product is significantly better than generally accepted;
- determine whether positive effects lead to a significant deterioration of another impact;
- included a requirement for transparent reporting of greenhouse gas offsets;
- contain accurate primary and secondary information (i.e., on environmental impacts, environmental aspects or environmental performance that is representative of the specific value chain of the product or trader to which the claim relates, where primary information is not available).

The proposed directive does not indicate a single method or requirement to conduct a full life cycle analysis for a given type of environmental statement, each of them will have an individual approach. However, according to the text of the proposal, the assessment should include secondary data specific to a given enterprise, regarding important aspects that significantly contribute to the environmental performance of the product or entrepreneur covered by the declaration.

Any claim that products or services have a positive impact on the environment should be independently verified. Member States will be obliged to adopt provisions in this regard. The verifier will need to draw up, where appropriate, a certificate of compliance stating that an explicit environmental claim or label complies with the Directive before the claim can be used in a commercial communication.

Traders would have to communicate, next to the product information, any explicit environmental claim together with its 'substantiation' in a physical form or in the form of a weblink, QR code, or equivalent. The information provided would need to include, at least the certificate of conformity regarding the substantiation of the claim and the contact information of the verifier that drew up the certificate.

The directive will cover all companies that use or plan to use explicit environmental claims. Micro-enterprises (i.e., enterprises employing fewer than ten people and whose annual turnover does not exceed EUR 2 million) are exempt from the requirements set out in the proposed directive, unless they would like to voluntarily obtain a certificate of compliance of an environmental statement. The Member States will have two years to transpose the Directive.

The Green Claims Directive excludes from scope environmental information reported by undertakings that apply ESRS.

Critics of the directive have underlined that the proposal may create the potential for 'greenhushing'. Xavier Font, professor of sustainability marketing at the University of Surrey in the U.K., defines it as: 'the deliberate downplaying of your sustainability practices for fear that it will make your company look less competent, or have a negative consequence for you' (Font et al., 2016).

If adopted, the Green Claims Directive should have a great impact on building trust between the brands and the consumers. Services sector companies will have to invest large amounts of money in order to substantiate their claims about products or services in case they will be willing to use them.

d. The EU Taxonomy

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (EU Taxonomy) was developed as part of the EU Green Deal to redirect investment towards more sustainable activities and ventures, aligning them with the EU's 2030 climate and energy goals. This regulation should strengthen the transparency on the market and favor environmentally sustainable companies.

The EU Taxonomy introduces a detailed classification system defining sustainable economic activities. It aims to provide certainty for investors, prevent greenwashing, promote climate-friendly practices, mitigate market fragmentation, and facilitate sustainable investments to support the objectives of the European Green Deal.

The EU Taxonomy imposes obligations to nonfinancial undertakings to disclose the proportion of their activities that are taxonomy-eligible and taxonomy--aligned in terms of their:

- turnover,
- capital expenditures (Capex),
- operating expenditures (OpenX).

The regulation covers activities responsible for approximately 80% of greenhouse gas emissions in the EU, and its aim is to motivate the redirection of

investments towards low-emission technologies and support investors in making informed decisions. The EU Taxonomy sets technical screening criteria which cover over 170 activities set out in the Delegated Acts. The activity can be classified as Taxonomy-aligned (environmentally sustainable) if:

- it contributes substantially to one or more of the environmental objectives set out in the EU Taxonomy,
- does not significantly harm any of the environmental objectives set out in the EU Taxonomy,
- is carried out in compliance with the minimum safeguards laid down in Article 18,
- complies with technical screening criteria that have been established by the Commission.

For the service sector, the EU Taxonomy may be a good indicator of best practices regarding sustainability. The EU Taxonomy covers in particular the following service activities: transport, cultural activities, acquisition and ownership of buildings, education, electricity generation and distribution, data processing, programming and broadcasting activities.

The data disclosed based on the EU Taxonomy may be a guidance not to investors only, but also to the customers who are willing to educate about the companies they choose in everyday decisions.

e. The New Batteries Regulation

Batteries play an important role in European's transition towards a circular economy and its growing popularity will be linked to the growing waste problem in the future. This act aims at strengthening consumers' position on the market by educating, informing, and granting new rights.

The Batteries Regulation (*Regulation (EU) 2023/1542 of the European Parliament and of the Council of 12 July 2023 concerning batteries and waste batteries, amending Directive 2008/98/EC and Regulation (EU) 2019/1020 and repealing Directive 2006/66/EC*) is the first European legal act covering a full life-cycle approach in which sourcing, manufacturing, use, and recycling are addressed and enshrined in a single law. The Batteries Regulation focuses on lowering batteries' carbon footprint, minimizing harmful substances and depending on less raw materials from non-EU countries. Another key point of the Regulation is to make sure that batteries are collected, reused, and recycled to a high degree in Europe. This effort is put to shift to a circular economy, increase security of supply for raw materials and energy, and enhance the EU's strategic autonomy.

When it comes to the Batteries Regulation impact on consumers, the most important changes regard labelling. All batteries will be marked with the 'CE' label, to ensure compliance with the European Union's health, safety, and environmental protection standards. The labelling for batteries included in a device should be affixed directly on the device in a clearly visible and legible manner. Currently, in the EU and Germany for instance the labelling is applied to the battery itself not the overall device.

The Regulation states that batteries should be labelled in order to provide end-users with transparent, reliable and clear information about batteries and waste batteries. That information would enable end-users to make informed decisions when buying and discarding batteries and waste operators to appropriately treat waste batteries. Batteries should be labelled with all the necessary information concerning their main characteristics, including their capacity and the amount of certain hazardous substances present. To ensure the availability of information over time, that information should also be made available by means of QR codes which are printed or engraved on batteries or are affixed to the packaging and to the documents accompanying the battery. The QR code should give access to a battery's product passport. Labels and QR codes should be accessible to persons with disabilities.

Battery labelling is crucial to inform the end user about the performance of batteries, before making their purchase. Additionally, non-rechargeable portable batteries should be marked with a label indicating 'non-rechargeable' and containing the information on their minimum average duration when used in specific applications. The labelling and information requirements will apply by 2026, however, the QR codes will not need to be implemented until 2027.

The Regulation also imposes obligations on end-users who shall discard waste batteries separately from other waste streams, in a designated, separate collection point set up by the producer. The Regulation came into force on 17 August 2023.

f. The Right to Repair

As much as 77% of EU consumers would rather repair their goods than buy new ones, but ultimately have to replace or discard them because of the cost of repairs and lack of service provided, according to a Eurobarometer survey. 79% think that manufacturers should be legally obliged to facilitate the repair of digital devices or the replacement of their individual parts. This proposal aims at strengthening consumers' position on the market by educating, informing, and granting new rights.

In the letter of intent accompanying the 2021 speech on the State of the European Union, the Commission announced its plans to put forward a legislative proposal on the right to repair. The initiative, listed in the Commission work programme 2022, was published on 22 March 2023.

Beyond the legal guarantee, the Commission is aiming to introduce additional support to promote accessible and affordable right to repair, including:

- a right for consumers to claim repair for technically repairable products for which requirements exist under EU law, such as washing machines or vacuum cleaners;
- a producers' obligation to inform consumers about the products that the producers are obliged to repair;
- an online repair platform helping to connect consumers with suitable repairers;
- an European Repair Information Form bringing transparency to repair conditions and price, and make it easier for consumers to compare repair offers;
- an European quality standard for repair services would help consumers identify repairers who commit to certain quality standards.

This initiative is crucial for promotion of sustainable consumption. It creates a bigger picture together with other legal proposals such as common charger for mobile devices and opens the door to the long-forgotten repair services market.

Making repair services more affordable for the customers is crucial to change their behaviors and reduce consumption, as in my opinion unfortunately, there is no sustainable consumption. Only by reducing our purchases and prolonging life of what we already use, we can truly become a part of green transition.

Conclusions

The role of consumers in the green transition is too often overestimated. The business has tendency to put all the responsibility on consumers' shoulders, trying to release companies from the obligation to act. Regulations seem to play marginal role in this process; it can either protect or strengthen consumers position towards the business, without great effect. The European Union stakeholders are making great efforts to introduce legislation which shall lead to achieving European Green Deal's goals. All involved parties: consumers, companies and public institutions will have to adapt to the new reality in order to prevent or mitigate the climate change. The most important piece of legislation in shaping the future consumer's attitude is the Green Claims Directive, which if adopted should shift the current market, full of green promises and unsubstantiated claims. Services sector, as whole will requires transformation on many levels:

starting from the improvement of its own workforce conditions, trough supply chains control and reduction of greenhouse gases emissions, ending with change of the behaviors towards their final customers. Described regulations can only be treated as a support to the wider range of actions needed. Only by education and changing attitudes of individuals we will be able to make true change which will lead to tangible effects.

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Exploring the Optimal Balance Between High-Tech and High-Touch to Achieve Sustainable Development

Hyeyoon Choi, Jichul Jang

Introduction

Many service firms have adopted more technology in their service offerings in recent years. With sophisticated and advanced technology like artificial intelligence, automation, chatbots, etc., available now, new technology has revolutionized the way that consumers and firms interact in the service industry. While technology offers convenience, efficacy, and cost savings, consumers still want authenticity and interpersonal interaction that involves emotions and perceptions during the service encounter. As a result, the balance between high-tech and high-touch to achieve sustainable development has become a key challenge in today's consumer relationship management. The key is to find the right balance between technology (high-tech) and human (high-touch) interaction that creates a more personalized and meaningful experience for consumers and employees. Unfortunately, there is a lack of research on the strategies with which to achieve an optimal balance between high tech and high touch for sustainable development. Understanding the way that the business environment that has transformed from high-touch to high-tech is affecting the nature of the service encounter is considered as one of the critical foundations of service research. This book chapter explores the approach through which high-tech and high-touch can complement each other in consumer relationships. This can be achieved by applying a theory derived from Lancaster's (1966) New Theory of Consumer Demand.

1. How the Service Encounter is Changing in the Service Industry

The service industry has traditionally been considered a labor-intensive and people-dependent industry that requires a high level of interpersonal interaction during the service encounter (He et al., 2021). Interactions between the service

provider and consumer serve as a key component in consumers' evaluations of service organizations (Bitner et al., 1990). A form of social exchange of the services produced and delivered to consumers are considered service encounters (Bordoloi et al., 2011), which traditionally referred to the interpersonal interactions in service transactions. Indeed, service providers have been those who deliver the functional aspects of service quality and were often the most visible characteristic of the service offering (Ferguson et al., 1999) until the occurrence of the recent public health emergency (i.e., COVID-19) that posed a great challenge to service firms. To overcome this crisis, these firms were faced with negotiating their way through unpredictable operational challenges outside their control. As no or little interpersonal or social contact were effective and inevitable measures, the solution for service firms since has been how to maintain social distance without closing businesses (Li et al., 2021).

The last decade has witnessed growth in technology adoption (Li et al., 2021), and the recent COVID-19 pandemic has accelerated technologies' application. The service industry, too, has begun to embrace technological innovations that have important implications for service firms (Ruel & Njoku, 2021). This has caused a more comprehensive three-sided service encounter to spread widely in the service industry. This growth has motivated many service firms to adopt technologies with anticipated advantages for both consumers and firms. For example, technology provides the consumers with efficiency in the way that service is delivered to them, at much lower costs, with much less time and effort needed (Ayyildiz et al., 2022). It reduces firms' heterogeneity and allows them to offer a higher level of standardization and increased homogeneity during the delivery of service offerings (Ayyildiz et al., 2022). Because of the underlying benefits provided, the adoption of technologies is becoming increasingly widespread in several service industries, such as hospitality and tourism, food and beverages, banking and finance, and health services.

The appearance of new technologies on the market has led to the creation of new service encounter 'touch points' in the service industry. The significance of technology-mediated consumer contact is growing (Xu et al., 2023). These technological advancements have alleviated employee workloads by assuming monotonous and repetitive tasks, such as completing routine orders or transactions. Among such innovations, service robots have spread more widely because of their ability to streamline service processes, automate job tasks, free employees from repeated tasks, and reduce labor costs while addressing labor shortages (Xu et al., 2023). As such, the adoption of technology is expected to achieve improved service quality, productivity, and operational efficiency.

According to Lariviere et al. (2017), technology's development has transformed physical service encounters in two significant ways. First, it has provided service employees with more efficient analysis capabilities and data processing. This allows them to understand consumers' needs better, thus enhancing job and consumer satisfaction. Second, technology-enabled automated services, such as check-in kiosks at hotels or airports, have changed service encounters by replacing employees in a sequence of tasks or even substituting them entirely. Because of recent advances in both hardware and software technologies, the robotization of tasks has now become a reality. Accordingly, different technologies serve as a new tool for value co-creation.

2. The Trend in Technology Adoption
in the Academic Literature

Service firms are striving to understand the characteristics of shifting service encounters from high-touch to high-tech and the way that they influence consumer service outcomes. However, few studies have examined such a trend systematically. Past research on service encounters has focused on the social interactions between people. Recent studies suggest that as service firms turn increasingly to technological innovation, consumers' interactions with them are changing, as service encounters are enhanced increasingly when they are delivered using technology (Larivière et al., 2017). In recent years, artificial intelligence (AI)-delivered services in the service sector have drawn increasing attention from academics and practitioners. Advanced technologies, including self--service technology, AI-chatbot, and service robots in the service industry have played an important role in reducing physical contact, automating repetitive tasks, and reducing employees' workloads. In particular, self-service technology (SST), defined as 'technologies interfaces that enable consumers to produce a service independent of direct service employee's involvement' (Meuter et al., 2000, p. 50), is becoming more popular and prevalent in the service industry. The history of self-service technology (SST) can be traced back to the emergence of vending machines in the 1880s which have made it possible to sell products such as post cards and stamps without interacting with a person. Now, SST is being used widely in airports, retail, hotels, and restaurants. In the hospitality setting, the pandemic accelerated many hotels adoption of SST in their services to provide consumers with a more convenient service experience while limiting consumer-employee contact. For instance, check-in kiosks have become increasingly popular among hotels. Contactless technology also allows hotel guests to access their room and results in a more straightforward check-in method.

Why is SST gaining popularity? From the consumer's perspective, SST expedites the ordering process, and thereby reduces wait time. In addition, SST allows consumers to check whether all of the information is correct, which can lead to increased accuracy and reduced error on service providers' part. From service firms' perspective, SST plays a significant role in decreasing labor and transaction costs and improving efficiency (Considine & Cormican, 2016; Kelly et al., 2017). According to Kim et al.'s (2012) research, successful adoption of SST can lead to a higher return on companies' initial investment. Previous studies on SST have relied largely on consumers' intention to adopt SST, and focused on individual-level factors such as their attitudes, feelings, and behaviors, using a survey and experimental design (Shiwen et al., 2022). The literature review shows that service firms' adoption of technology is a recent phenomenon and there remain gaps in understanding the implications of technology in the industry and the way that technology will reshape the consumer service encounter based upon the consumers' changing demand. Table 1 presents studies on SST in service journals.

Table 1. Research on SST in Service Journals

Author(s)	Variables	Industry	Findings
1	*2*	*3*	*4*
Ahn and Seo (2018)	Functionality, enjoyment, design, customization, affective/cognitive states and behaviors	Restaurant Industry	Utilitarian-related value of self-service technology significantly influence consumer value and positive emotional responses
Beatson, Coote, and Rudd (2006)	SST attributes, person service attributes, overall satisfaction	Hotel Industry	Personal service attributes enhance more to overall consumer satisfaction than SST attributes
Curran and Meuter (2005)	Ease of use, usefulness, need for interaction, risk, attitude toward SST and intention to use SST	Banking Industry	SST adoption can differ in term of technologies used
Curran, Meuter, and Surprenant (2003)	Attitude toward staff, attitude toward ATMs, attitude toward bank by phone, attitude toward online-banking, Global attitudes	Banking Industry	Multiple attitudes exist at the same time. Global attitude toward service provider and global attitude toward SST significantly influence intention to use SST
Kokkinou and Crange (2013)	Waiting time	A simulation study	SST is considered as an effective way to decrease waiting time
Lee (2016)	Perceived usefulness, perceived ease of use, Trustworthy, perceived risk, word-of-mouth, perceived playfulness	Airline industry	Identify culturally unique dimensions for TAM and develop a framework for hospitality web-based SST adoption from Westerns' and Asians' perspectives

Table 1 cont.

1	2	3	4
Lopez-Bonilla and Lopez-Bonilla (2013)	Control and delivery speed	Airline industry	Identify factors which can affect the consumer attitudes toward the purchase of the airline ticket, while comparing online consumer and offline consumers
Meuter, Ostron, Bitter and Roundtree (2003)	Technology anxiety and demographic, overall satisfaction		Technology anxiety is important factor of SST usage
Oh, Jeong and Warnick (2016)	Waiting line, service complexity, technology trust and technology anxiety	Hotel industry	Two situational attitudes such as waiting line and task complexity play an important role in SST use intention for checking in at hotels

3. Limitations on When Service is Provided Only 'AI to Consumer' and 'Employee to Consumer'

The use of technology is growing and inseparable from service delivery. Thus, many service organizations have been replacing service employees with self-service technology (SST) already. The question of whether AI-based service can substitute for service employees completely assumes that AI and humans have the same characteristics, skills, and abilities. However, there are limitations in this assumption. First, while AI-based service can provide customers with fast and reliable service, technology-based service provides customers with limited opportunities for empathetic social-emotional rapport (Wirtz et al., 2018; Xiao & Kumar, 2021). While advanced technology can imitate the expression of emotional responses using facial recognition, customers recognize that emotions that technology, such as service robots, exhibit are superficial (Wirtz et al., 2018). Given that a series of interactions that cause relational aspects of service experience are one of the key components that influences customers' positive attitudes and behaviors toward service companies (Wunderlich et al., 2013), relying largely on technology deprived of social value presents a serious challenge in the service industry. Second, another limitation of relying primarily on AI-based service is that it provides limited customized and personalized service. Today's guests have increasing and varied expectations that focus on such experiences. When unexpected service failures occur, AI-delivered service lacks the ability to perform service recovery processes, as service failures vary case by case during the service encounter. For instance, Henn na Hotel in Japan, which opened first in 2015, adopted service robots in response to a labor shortage. When guests arrive at the hotel, they are greeted by a service root that can transport their baggage and escort them to their room. Although the idea is very interesting, hotel

guests complained about service robots because those at the front desk do not understand guests' various needs and questions. In addition, service employees at Henn na Hotel complained that service robots create more tasks for service employees to help with problems associated with the robots. After four years, the Henn na Hotel decided to reduce the service that the service robots provided and returned to the traditional service that service employees provided. The lesson learned from the case of this hotel is that AI-based services are not fully reliable in uncertain or dynamic conditions and human service providers are needed in a wide variety of situations (Ayyildiz et al., 2022). Third, while AI-based service provides customers with flexibility and benefits service providers through cost savings, guests still miss the interaction with service employees and prefer them over machines. To overcome this challenge, recently, human-like robots are being introduced into service industry. For example, Aloft hotels adopted its second robotic butler or Botlr to enhance customers' memorable experiences. One of the interesting things is that the robotic butler has human-like features, such as a painted suit with a bow tie. Anthropomorphism, defined as the attribution of human-like features (Epley et al., 2007) plays an important role in consumers' adoption of service robots (Wirtz et al., 2018). When guests perceive that service robots are more like humans, they are more likely to be satisfied with the service that they provide. Of course, the effect of technology-based service on customer satisfaction depends upon customers' demographics (Kucukusta et al., 2014). Certain types of customers, such as technology-savvy and young consumers prefer AI-based service particularly (Kim et al., 2018).

Based upon technology's limitations, human service has been given more attention in academic research on service innovation. Many service researchers have argued the importance of the role that service employees play during the service encounter (Kandampully et al., 2016; Shin et al., 2019). Customers consider a service encounter a social experience that makes them feel welcome and valued (Kim et al., 2020). Authentic human interactions can provide customers with unforgettable experiences and enhance the company's brand image thereby (Bolton et al., 2014). Although technology reshapes customer experiences during a service encounter, humans are considerably more skilled in two areas, empathy, and creativity (Larivière et al., 2017). Chan and Tung (2019) indicated that service employees outperform robots in their ability to develop emotional connections with customers. By recognizing customers' emotional needs, service employees offer a differentiated service that can lead to a sustainable competitive advantage. In addition, service employees are able to learn and develop their service skills continually so that they can generate creative solutions that exceed various customers' needs and provide them with customized experiences. Such

evolving service-improving abilities cannot be replaced by technology alone. However, there are some limitations when you focus largely on human-based service. Service employees are not able to provide consistent service all of the time because of several factors, such as fatigue and stress, which can affect customers' satisfaction adversely. Further, recruiting and retaining highly qualified service workers is a significant challenge because of the high turnover rate in the hospitality industry. Therefore, it is necessary for service employees and technology to work together to create a seamless experience for customers. Thus, finding a strategy for both humans and technology to supplement each other to deliver effective service is needed.

4. Application of Lancaster's New Theory of Consumer Demand in the Adoption of Technology in the Service Industry

This trend in technology's adoption has challenged service businesses to redesign their processes and structures as a result (Ruel & Njoku, 2021). However, while SST that focuses on the 'high-tech' and 'low-touch' interface is booming in the service industry, recently, there has been a shift away from technology that substituted humans to technology through which frontline employees can facilitate service and collaborate with consumers during the service encounter because of a number of challenges that hospitality businesses face when they rely largely on technology in service encounters. The precondition of this topic is to understand the new concept of service encounters with the adoption of technology in the service industry.

The consumer experience during a service encounter depends upon the degree of consumers' engagement throughout the process (Prahalad, 2004). Although the experience may take place in a certain environment that the firm creates and controls, Pralahad and Ramaswamy (2004) proposed that consumer value co-creation differs by each individual, as the co-creation process depends upon each person. Unlike a controlled retail environment, understanding the consumer value co-creation process in service management is difficult because of the service outcome's 'fuzzy' nature, in that it is difficult to measure quantitively compared to the traditional economic methods and to detect change or improvement qualitatively (Gallouj & Weinstein, 1997). The increasingly prominent role that technology plays in providing service makes this innovation in the service sector an issue of great importance. Technology is designed to promote

service exchanges by offering necessary information and knowledge and making the service process user-friendly (Yoon & Lee, 2018). However, technology provides effective resources only for the application of competencies and cannot deliver value itself. To be value-driven, it must be matched with consumers to create value. After all, the service provider alone does not create value; it is created through the consumers' value-generating processes (Grönroos, 2000). As a result of this phenomenon, increasing attention has been given to the interaction between the consumer and service provider. This section provides the foundation of a theory that can be used to understand technology adoption with the new demands of the service encounter within the fast-changing service industry. The theory underpinning this assumption is based upon Lancaster's New Theory of Consumer Demand.

Lancaster (1966) proposed what he called a 'new theory of consumer demand' model. Through this new model, Lancaster introduced a new approach to consumer demand that was based upon the view that the consumer is not actually choosing between different goods, but rather between different characteristics derived from the goods provided. In this sense, the value that consumers are seeking to achieve is not in the goods themselves but in the characteristics they include.

The traditional (before Lancaster's proposed model) approach considers that goods are the direct objects of utility and are consumed only because they are goods, regardless of their intrinsic value. On the other hand, Lancaster's new approach proposes instead that utility is derived from the goods' properties and characteristics (intrinsic value). According to Lancaster, consumers want the products for the utilities they provide. The utility provided depends upon the product's characteristics. Thus, the goods, per se, do not offer utility to the consumer. It consists of characteristics that give rise to utility. The total amount of utility a consumer enjoys from purchasing products is based upon the total number of the product characteristics purchased.

The assumption behind this theory is that consumption, whether of an individual product or a combination, is considered inputs and the final output consists of a combination of these characteristics. Combined goods may possess characteristics that differ from using the goods separately. In addition, a product may possess more than one characteristic, and these may be shared with other products as well. Consumers can demand any combination of these characteristics as long as it meets their budget constraints. This theory also helps predict demand for new commodities, as long as they do not include any new characteristics.

5. The Optimal Balance between High-tech and High-touch During Service Delivery

Understanding how transforming the business environment from high-touch to high-tech is affecting the nature of the service encounter is considered one of the critical foundations of service research. Hence, it is essential to delve deeper to understand and evaluate the optimal balance between high-tech and high--touch in providing service. Ottenbacher and Gnoth (2005) noted that 'Technology offers little competitive advantage for hospitality services because competitors are likely to obtain similar resources and technology' (p. 218). Ryu and Lee (2018, p. 305) suggested that 'nontechnological innovation factors − such as information-intangible contents of service products, highly qualified employees, efficient delivery processes, service delights, and intensive customer interactions − are more critical for service innovation success than technological ones'. This can be achieved by applying a theory derived from Lancaster's (1966) New Theory of Consumer Demand.

1. *The good, per se, does not give utility to the consumer; it possesses characteristics, and these characteristics give rise to utility.*

Lancaster's new approach deviates from the traditional approach that goods are simply goods and proposes instead that utility is derived from the goods' characteristics (intrinsic value). By introducing the concept of a characteristic, Lancaster was able to address the importance of 'quality' in a theoretical context. The interactions between high-tech and high-touch have been integrated into service encounters, which affects the service quality based upon the interactions between the customers, service providers, and through service provider and technology interactions. Lancaster also took into consideration the preference characteristic. The theory incorporates the important concept of changing preference and addresses the evolving lifecycle patterns. Sometimes, technology plays an intermediary role and broadens service providers' abilities during service encounters (Marinova et al., 2017). Technology's application has decreased the level of interpersonal contact, which in some cases, has led to human's jobs being replaced in part (Li et al., 2021); on the other hand, technology-based service encounters have increased and reshaped service interactions (Li et al., 2021), and consequently affected consumers' experiences and behaviors overall. Technology's well-managed application can lead to a more consistent and standardized service experience, which may make customers more inclined to accept technology in the provision of service offerings. For example, The Hotel EMC2 in Chicago employed two robotic staff members, Cleo and Leo. Around 3 feet

tall and dressed to impress (with name tags and coattails), these robot service providers have caused quite a stir among guests. Cleo and Leo fulfil guests' expectations by meeting guests' needs and wants, such as delivering extra towels, a snack, a toothbrush, etc. Overall, they are a stand-in when their human counterparts are unavailable. This serves as an example of people's change in preference, which Lancaster took into consideration.

2. In general, a good will possess more than one characteristic, and many characteristics will be shared by more than one good.

Lancaster considers that consumption is an activity in which goods, individually or in combination, are inputs and in which the output is a combination of characteristics. Even a single transaction will possess more than one characteristic, and joint outputs will characterize the simplest consumption activity. Furthermore, the same characteristic may be included among many consumption activities' joint outputs. The old approach considers that individuals can consume only one of the two, high-touch or high tech. It does not differentiate between the two and says that both are considered substitute goods. Past research has investigated the effect on service outcomes of technology (high-tech) or service providers (high-touch) individually (Yeh et al., 2017). However, if a person prefers high-tech over high-touch, it is because of its intrinsic properties, on which basis a consumer differentiates between the two. Although these two are considered different goods here, they share some common characteristics. The combined effect of using both technology and service providers through human-robot collaboration on providing service deserves more attention (Giebelhausen et al., 2014). Technology can play the roles of facilitator, enhancer, substitute, and guide in consumer-technology interactions (Li et al., 2021). The robot in its New York hotel, fondly called 'Yobot', collects and delivers guests' luggage, and can handle around 300-items of luggage a day. In doing so, it allows guests to check-in quickly, and have as little contact with others as they desire automatically. However, this technology's real purpose is to free service providers for other duties for efficiency and to save time. Because of the significant and frequent contact of technology between consumers and service providers, understanding various characteristics of customers and service providers, can be significantly important (Ayyildiz et al., 2022). Thus, it is necessary to evaluate the three-sided all-around service encounter that involves consumers, technologies, human service providers, and its association to service outcomes (Belanche et al., 2020).

3. *Goods in combination may possess characteristics different from those pertaining to the goods separately.*

   Output is a collection of different characteristics. Lancaster proposes that only by incorporating multiple characteristics can many of individual goods' intrinsic qualities be incorporated. Lancaster (1966) provides the example of a dinner party that is a combination of two goods, a meal, and a social setting, which may possess nutritional, aesthetic, and other characteristics that potentially differ from the combination obtained from a meal and a social gathering consumed separately. Some people may prefer having the combination of high-touch and high-tech. A customer's experience may be enhanced when they have both high-touch and high-tech together, than consuming or experiencing such things separately. However, individuals may have an opportunity to experience both separately at different times that may not provide them the same type of utility. Airports and hotels are using robotic assistants in addition to human service providers increasingly, which is transforming the entire service industry. These assistants can perform various tasks, which includes providing information and room service. A key advantage is the robots' ability to offer support in various languages. As service delivery involves a wide range of tasks that require myriad skills and intelligence, in the current service industry, the optimal balance between high-tech and high-touch is of great importance because compared to each other, both service providers and technology have their own unique, unsurpassed advantages (Xu et al., 2023).

Conclusions

   Service firms should be flexible, resilient, and able to provide multiple offerings. Although technology's adoption is gaining increased attention in the service industry, limited attention has been given to the combined effect when both high-tech and high-touch are used. As seen from this application of Lancaster's theory, this chapter provides a stimulating contribution to the optimal balance between high-tech and high-touch in firms that provide service to their consumers. Such an approach allows flexibility in including both high-tech and high-touch without sacrificing one over the other. It should be emphasized that although technology plays a clear role in service delivery, service cannot rely solely on technology. Service encompasses not only technologies in the narrow sense of the term and the competences that correspond to it, but also, the service providers who provide the services that put technology to work and the competences related to them. As such, it is critical to understand the incorporation of

high-tech and high-touch from a 'characteristics' perspective, as it is these characteristics that give rise to utility. Ultimately, it is these myriad characteristics that result in customer satisfaction and because multiple goods share many characteristics, this reinforces the importance of understanding the optimal balance between high-touch and high-tech to achieve sustainable development. When a collection of different characteristics is combined, it may have the optimal outcome desired.

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Part II

MARKETING CHALLENGES IN SERVICE SECTOR

Service Ecosystem as a Lens for Collaborative Risk Management and Sustainable Value Creation

Timo Rintamaki, Jarna Pasanen

Introduction

A collision course often unfolds between risk management and value creation because the former is seen as 'the department of no' (in the words of Nason, 2017) instead of a competence that could support doing things better and with risk intelligence – i.e., that could enhance value creation. Just as our understanding of value creation has broadened from product(ion) oriented view into customer- and market orientation (e.g., Narver & Slater, 1990), risk management has evolved in a parallel manner from a siloed control function to an organization-spanning process supporting strategic planning. Still, contemporary value creation and risk management both face challenges stemming from the increasing complexity of business environments (Andersen & Young, 2022). For instance, climate risks, supply chain risks and health risks prove virtually impossible for any single organization to resolve on its own. They serve as examples of risk management areas that emphasize complexity and the need for collaboration for systemic value creation. Our key claim is that it has become crucial to integrate collaborative risk management and value creation conceptually under systemic service management. Hence, the purpose of this paper is to integrate risk management and value creation perspectives to understand inter-organizational collaboration for managing risk in complex environments. Towards this end, we integrate earlier research focusing on risk management, value creation and service ecosystems. To illustrate our thinking, we apply case study methodology (Dooley, 2002; Simons, 2009) in the context of occupational health risk management.

1. Literature Review

Our theoretical background can be traced into several streams of literature. We begin by examining the developments in risk management that have shifted the focus from individual risks to holistic view including intra- and interorgani-

zational risks and their management. Then, we turn our attention to service eco-systems, discussing them as a lens for understanding not only systems-oriented value creation but also the interactions and exchanges that entail risk manage-ment aspects between organizations.

a. Developments in Risk Management

The development of risk management can be characterized with the transi-tions from traditional risk management (TRM) to enterprise risk management (ERM) and strategic risk management (SRM) (Andersen & Sax, 2020; Godfrey et al., 2020). Importantly, these developments remain present and of value, how-ever; they complement each other. Traditional risk management (TRM) process begins with identifying risks and assessing their probability and significance. Risk management process also entails risk handing, i.e., how to avoid, reduce, transfer, or accept the risk. Upon implementation, risk-monitoring (including reporting and communication) follows, contributing to the ongoing process. With some exceptions such as using insurance for risk transfer, the TRM process is often described as a rather closed loop within the focal organization. Known risks with established measurement techniques prevail in the realms of TRM. Hence, TRM requires robust historical data and analytics for its measurement and reporting (Aven, 2020). Although TRM is a valid approach to manage risks for many organizations, some critique is evident both in research as well as risk management practice (e.g., Andersen & Young, 2022; Aven, 2020). One key antecedent is the complexity that challenges the prerequisites of TRM. Probabil-istic models are ill suited to highly complex environments, which bring not only quantifiable known risks but also uncertainty and even 'unknown unknowns' (Andersen & Sax, 2020). In addition, as Aven (2020) shows, even the known risks may be weighted very differently, depending on the values and goals of the decision-makers and the focal organization. A partial solution for these chal-lenges can be found in Enterprise risk management (ERM) and Strategic risk management (SRM) approaches that extend the TRM focus to cover virtually all risks, and the uncertainty as well. This necessitates breaking free from the risk management silos to adopt an enterprise-wide approach looking across the entire portfolio of risks spanning all functions, business units, and divisions. Risk man-agement and strategic planning join forces, highlighting a forward-looking ap-proach to data and analytics considering risk and uncertainty. Not only the defi-nitions of risk, but also the risk measures need to be considered from various perspectives.

The past decade has witnessed ERM models' expansion into frameworks designed for strategic risk management. This endeavor is visible in how the leading

ERM frameworks ISO:3100 and COSO-ERM define themselves. ISO3100:2018 sets 'value creation and protection' in the focus of risk management principles, and COSO-ERM:2017 emphasizes the 'culture, capabilities, and practices, integrated with strategy setting and performance, that organizations rely on to manage risk in creating, preserving, and realizing value' (see e.g, Andersen & Sax, 2020, p. 40). Today's ERM makes a statement that is pivotal from our standpoint: it explicitly anchors risk management in value creation and, thereby, in protecting and/or creating competitive advantage. This represents abandoning a narrower definition under which risk is conceived of as purely a downside. Identifying risks as opportunities affords a positive slant whereby preventing harm is not the only route to value: risk management also contributes to doing the right things right, striving for reliability and efficiency at the operational level (Luís et al., 2021). Adopting this kind of approach to risk management resonates well with other management disciplines such as lean, where value creation, maximizing quality and productivity, minimizing waste and risk, and holistic view dominate.

On a more strategic stance, the recent interest on SRM further emphasizes how value is defined through maintaining and renewing competitive advantage. Godfrey et al. (2020, p. 33) define SRM as 'A set of principles, processes, teams, and tools that allow firms to manage strategic risks, which are those uncertainties, events, and exposures that create threats to – or opportunities to expand – their core competitive advantages'. The strategic risks may emerge also due to exposures originated from other risk categories, as conditions change, and they may originate both from external as well as internal exposures (Andersen & Sax, 2020). Relative to early definitions of ERM, the emphasis here is on understanding possible scenarios in complex and uncertain environments for identifying exposures that may result in significant downside and upside risks. Importantly, SRM regards the exposures as dynamic: organizations are active actors able to influence on the risk scenarios. SRM then, supports organizations in developing resilience, suggesting a leadership lens, through which complexity can be tackled (Andersen & Young, 2022).

Embracing the evolution of risk management in light of the crucial task of preserving and creating value in complex, uncertain environments pose a major challenge for organizations. Case after case attests that the resources and competencies needed – related to data and analytics but also far more – are beyond the reach of any single organization. As Andersen and Young (2022) explain, whereas ERM played a key role in formalising a systemic approach to collaboration within the organization, the next challenge is to carry this forward to modelling and then implementing something broader-based, 'collaborative risk leader-

ship'. Their view entails both internal perspective to adjacent stakeholder agents (e.g., suppliers, buyers, and lenders) as well as external perspective comprising the public or quasi-public agents alongside private sector agents. As noted above, both internal and external perspective to collaborative risk management practices can be seen in several risk contexts such as climate risks, supply chain risks and health risks. Surprising is, however, the paucity of research focusing on collaborative risk management practices between organizations. There are indications that interest has recently begun to coalesce especially in the field of supply-chain management, for which the systematic literature review by Friday and colleagues (2018, p. 238) offers the starting point of a definition for collaborative risk management – 'an integrative process based on mutual commitment between firms with a common objective to join effort and mitigate supply chain risks and related disruptions through co-development of strategic relational capabilities and sharing of resources'. They also identify six capabilities for collaborative risk management: risk information sharing, standardization of procedures, joint decision making, risk and benefit sharing, process integration, and collaborative performance systems. We provide a brief orientation to these pillars next. Though anchored in the conceptualization by Friday et al. (2018), it focuses especially on the ideas we find most resonant also beyond the supply-chain management domain.

Successful risk analysis requires sound data shedding light on the risks; hence, *risk-information sharing* is developed for aims such as minimizing asymmetry in the information the parties possess and reducing uncertainties. Sharing relevant risk data enables enhanced monitoring and prompt response when needed. Secondly, *standardization of procedures*, a prerequisite for compatibility and less disparity in processes, provides flexibility whereby the parties can reconfigure and integrate their resources in pursuit of better risk management. By rendering inter organization agreements more manageable, standardization increases continuity and often cost-effectiveness too. *Joint decision-making*, from planning of the management strategies to their day-to-day execution, provides coordination that safeguards against negative repercussion from any mistake in an isolated decision within a single company's procedures for the risk management of the partner companies also. Hence, the third pillar supports the decision processes directly but also affords optimal pooling of resources, risks' mitigation, and interoperability of control systems. Successful *risk- and benefit- -sharing*, in turn, nurtures genuine reciprocity by means of fair division of the common endeavor's risk burden and underlying value alike. While it typically relies on agreements and policies formalized by the companies involved, those very structures protect against biased incentives, poorly considered contractual

obligations, and opportunistic behavior. Next, as the framing conditions' complexity, uncertainty, and interdependence deepen, *process integration* grows all the more vital – appropriately aligning and managing the processes intra- and inter-organizationally protects the operations in which value is created and protect against their disruption. Finally, *collaborative performance-management systems* equip the joint risk management for goal-setting and monitoring. By enabling solid awareness and handling of variations in process flows, the abilities connected with key performance indicators, metrics, etc., contribute to other capabilities. This factor ties in especially with sharing of information and decisions (the first and third pillar discussed above).

One pathway to understanding what collaborative value creation in risk management could mean lies in turning our gaze to those businesses with risk at their heart: insurers. There has been a recent trend among some insurance companies to join forces with actors across industries to better identify, assess, and manage the risks. This development has also enabled a new positioning based on a shared value proposition: to create value for customers and societies at large through facilitating behavioural change for enhanced safety and health (Jais et al., 2017; Porter & Kramer, 2011; Rintamäki & Saarijärvi, 2021). An insurance firm that understands risks from a host of angles can orchestrate a technology platform that gives customers tools to improve and monitor their behaviors (e.g., physical activity, driving, or finances), and incentives beyond the insurance fee only that are discounts and services provided by a large network of partner companies. In addition to customer value proposition (i.e., what creates value for customers in a way that differentiates from competition), the value proposition for the collaborative effort becomes also essential. In other words, it is not enough to understand the risk and how it can be managed, but also the logic that brings the business models together to make the customer value proposition possible.

b. *Setting the Stage for Collaborative Risk Management and Value Creation via Understanding the Service Ecosystems*

To benefit from the interplay of value creation and risk management, one must dress the stage on which collaborative practices are to play out – i.e., the business environment in which multilateral interactions take place. As Möller et al. (2020) show, business environments can be conceptualized through fields, networks, ecosystems, or market systems. As our goal is to go beyond dyadic relationships and business networks to introduce a more systemic and nested view on value creation and collaboration, ecosystems seem to provide the best conceptual frame for further investigations. Applied to business context for at least

for three decades (Moore, 1993), ecosystem is 'the alignment structure of the multilateral set of partners that need to interact in order for a focal value proposition to materialize' (Adner, 2017, p. 42), often relying on nongeneric complementarities that provide synergies for ecosystem partners and/or customers (Jacobides et al., 2018). Hence, both systemic collaboration and joint value creation are intrinsic to the conceptual definition of a business ecosystem. Importantly, although these ecosystems are about bringing business models together around a joint customer value proposition (Adner, 2022), public sector actors may also have a key role (Kramer & Pfitzer, 2016).

Conceptually ecosystem literature is not a monolith. For instance, a vast literature on business ecosystems, innovation ecosystems, entrepreneurial and start-up ecosystems, and service ecosystems exists (for the definitions and related network management issues, see, e.g., Aarikka-Stenroos & Ritala, 2017). Of these, the service ecosystems literature represents inherent service management thinking, and has potential to bridge risk management and value creation. Consider the definition by Vargo and Lusch (2011, p. 185): '[a] service ecosystem is a spontaneously sensing and responding spatial and temporal structure of largely loosely coupled, value-proposing social and economic actors interacting through institutions, technology, and language to (1) co-produce service offerings, (2) engage in mutual service provision, and (3) co-create value'. This condensed definition conveys important ideas that resonate well with the developments in risk management. For instance, the idea of service ecosystems being 'spontaneously sensing and responding' refers to an ability to dynamically adjust to external changes and rearrange mutual relationships, corresponds rather well with agile and resilient conduct of organizations striving for SRM. Moreover, the definition keeps the door open for formal and informal institutions functioning alongside each other. It thus leaves room for, on one hand, ecosystems evolving within the limits of regulations, formal contracts between actors, etc., but also, on the other, more spontaneous, or reciprocity-based forms of collaboration. Furthermore, the elements of co-producing service offerings, engaging in mutual service provision, and value co-creation support but also complement current understanding of the transition from TRM to ERM to SRM. One could cite the main difference between co-production and co-creation as lying in the aim: to have a joint offering (co-production) vs. make sure the offering creates value for the users in their specific contexts and times (co-creation). While perhaps an oversimplification, this distinction holds utility for pinpointing the link between engaging in mutual service provision and the core idea behind service-dominant logic (which has formed a nexus for service ecosystem literature), that all exchange is based on service offerings, either directly or indirectly. Hence, service ecosystems are

formed based on reciprocal value propositions that act as invitations or incentives for the actors to collaborate (Ballantyne et al., 2011; Vargo & Lusch, 2011). Frow et al. (2014) conclude that there are five premises for value propositions in the service ecosystem:

Value propositions are a co-created and reciprocal mechanism through which actors offer and attract resources.

Value propositions in ecosystems arise from the value potential inherent in actors' resources.

Value propositions influence the composition of networks, specifically determining with whom actors choose to engage, shaping the nature of market interactions.

Value propositions may change over time and shape new resource integration within the service ecosystem.

Value propositions act as a balancing/alignment mechanism in the service ecosystem.

The first of these captures the fact that each actor in the service ecosystem has resources that the others lack but could have access to. They gain access by way of value propositions that form a mechanism for negotiating integration of resources. By means of this, ecosystems can create value that would not be possible with the resources of any single actor. The second and third premise are centered on the value expectations of the actors involved. A value proposition mutually aligns the value-related expectations of actors holding shared-value potential. The ensuing dynamics might well percolate to other parts of the service ecosystem, thereby shaping resource integration more profoundly. With the final two premises, we gain a fuller sense of how the ecosystem evolves as actors negotiate new value propositions or adjust/withdraw existing ones. Radical changes in the ecosystem may even lead to collapse. Such metaphorical forest fires create room for new service ecosystems to sprout. For instance, industries that undergo major transformation or a paradigm shift are likely to witness realignment of the service ecosystem.

2. Collaborative Risk Management and Value Creation: An Illustration from the Occupational Health Domain

To investigate the real-world power of an approach combining collaborative risk management and value creation perspectives within a service ecosystem and then articulate our theoretical findings, we employed case study methodology (Dooley, 2002; Simons, 2009). The case study approach is well-suited for re-

search focusing on practical applications and facilitates a deeper comprehension of complex social phenomena such as multi-actor contributions to risk management in the occupational health field (Yin, 2014; Eisenhardt & Graebner, 2007). The analysis focuses on a case study in Finland examining the interactions and collaborations among various actors within the occupational health risk management service ecosystem. We chose a case study in this particular field since risks related to work ability are of a highly interwoven nature and their effective management is in the interest of various actors, from individual workers and their employers to institutions such as insurance systems and the society as a whole. The ongoing transformation of work, resulted in social, political, and economic trends, such as increasing importance of technology, climate change, globalization and shifts in demographics alter the occupational health risks. Thus, their management requires inter-organization collaboration at multiple levels and highlights systemic value creation. Furthermore, as occupational safety, health and well-being can be seen as fundamental to socially sustainable business, they in themselves offer an important context for measurement in ESG (environmental, social and governance) reporting. Increasing sophistication of occupational healthcare and disability services can be expected to repay employers for their investment but also should demonstrate added value for the workers, local communities, and healthcare systems. Thus, investments made to occupational health risk management can be viewed as a commitment to social responsibility and sustainable development (e.g., Dyllick & Muff, 2016).

Various data sources, form organizations' records to desk research, were supplemented by material gathered in previous (register-, interview- and survey) studies by the second author (Pasanen, 2022). The analysis started with the identification of different ecosystem actors and their perspectives on occupational health risk and its management. Subsequently, an examination was conducted to observe the dynamics of collaboration among various ecosystem actors. Implementing the case study yielded insight, illuminating the practices through which the different (internal and external) actors contribute to the occupational health risk management and value co-creation.

a. *The Occupational Health Risk Management Service Ecosystem in Finland*

Figure 1 depicts the service ecosystem of risk management in the context of occupational health in Finland. From the standpoint of employer organizations, the key players in the service ecosystem of occupational health risk management are (1) healthcare providers, (2) employee wellbeing service providers, (3) insurers and (4) authorities and public sector service providers.
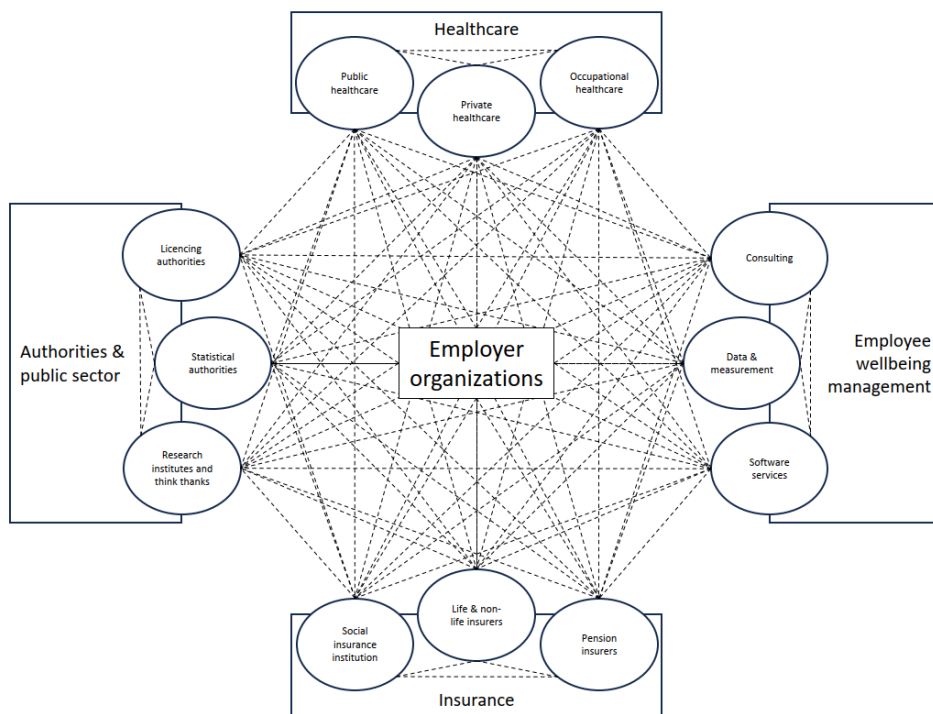
Figure 1. The Service Ecosystem of Occupational Health Risk Management in Finland

In most cases, the employer's closest partner for occupational health risk management are occupational healthcare providers. The goal of occupational healthcare is to promote the health and working capacity of employees, the health and safety of work environment, and a well-functioning work community through joint efforts by the employer, employee, and occupational healthcare (MSAH, 2017). Although the contractual obligations focus on preventive measures, national legislation permits employers to arrange also other medical care and health services for their employees as part of occupational health care (Health Insurance Act 1224/2004). In 2021, over 90% of the employees were covered by occupational healthcare and 94% of them were covered by the wider service including not only preventive, but also medical care (Sarparanta, 2023). The employer can obtain occupational health services from an occupational healthcare unit at private medical centers, municipal enterprises or occupational healthcare centers owned by the employer itself or jointly operated by several employers. Today, private medical centers are the most important producers of occupational health services in Finland, with service provision being concentrated in the hands of the three largest players (Terveystalo, Mehiläinen and Pihlajalinna). They dominate the market with a share of more than 75% of end customers

(Sarparanta, 2023). Among the other healthcare providers in the service ecosystem are public and private entities that offer services parallel with and complementary to those of occupational healthcare. The public healthcare is organized by the wellbeing services counties and private healthcare by several medical centers (MSAH, 2019).

The second major set of actors in the ecosystem are suppliers of consultative, measurement and digital services focused on employee wellbeing. The consultation-based services, which include auditing and reporting, foreman's training, and vocational rehabilitation, are provided both by specialist firms (e.g., Katja Noponen, Verve, Barona, Staffpoint) and alongside the core offering of private healthcare centers and insurers. The main providers of measurement services, in turn, are companies specializing in work-ability and work-safety surveys (e.g., Zef, Servitium), observations, or special devices such as wearable technology (e.g., Firstbeat, Oura). One of the latest trends in occupational health risk management involves technology of the latter kind but also implantable or otherwise placeable sensors that supply signals for assessing employee's physical and mental load, physical activity, and recovery, in aims of recognizing hazards and improving work safety. Advances in technology and greater penetration of service provision have opened new opportunities in the domain of occupational health, such that employer organizations can exploit various technologies as part of occupational health risk management (see e.g., Rauttola et al., 2019; Tamers et al., 2020; Von Alfthan & Hyry, 2020). The final role here includes various software-service providers that specialize in health-information systems and wellbeing-linked data analytics in Finland (e.g., CGI, Gofore, Sofor, HiQ). They develop and license systems that collect, collate, and analyze data from diverse sources: healthcare providers' internal patient information systems, HR files, surveys, physical metrics, and wearables.

Insurers form the third main component of the service ecosystem. First, the social insurance institution of Finland, Kela, plays a central role in the occupational health risk management since it pays sickness allowance during the period of employee's illness (for up to 300 days), provides reimbursements for medical treatment by private healthcare, compensates for the costs of occupational healthcare, and finances rehabilitation. Second, Finnish law obliges all employers to arrange a pension insurance for their employees, which can be handled via an occupational pension insurance company (e.g., Ilmarinen, Varma and Elo), a pension fund or foundation, or pension institutions established for special categories of workers (Employee's Pension Act 395/2006). The pension insurers are vital collaborators in occupational health risk management since they offer disability pensions, occupational rehabilitation, and disability risk management ser-

vices to their employer-customers. Third, other (life- and non-life) insurers engage in the occupational health risk management, by offering both statutory workers' compensation insurance (subject to §233 of the Worker's Compensation Act, law 459/2015,) and various forms of voluntary health insurances for employees.

The final component of service ecosystem comprises authorities and public sector entities acting in occupational health risk management (regarding public service ecosystems, see, among others, Osborne et al., 2022). First, the ecosystem includes the licensing authorities (namely, Regional State Administrative Agencies and National Supervisory Authority for Welfare and Health), which grant operation licenses to private healthcare providers, supervise healthcare professionals and the services provided, and function as occupational health and safety authorities that conduct inspections on their own initiative and upon employer/employee request. Another relevant licensing authority is the Finnish Social and Health Data Permit Authority, Findata, whhich grants permits for the secondary use of social and healthcare data from the various registers maintained/used by the various service providers. Second, several government authorities and public non-profits produce statistics characterizing Finnish society and offer material such as open data for decision-making, research, and development purposes. Among these are Statistics Finland, the Finnish Institute of Health and Welfare and the Finnish Centre for Pensions, all of which provide impartial social and health statistics on Finnish society. Third, several research, development, and training organizations serve the public interest in occupational health risk management. Namely, such service providers as the Finnish Institute of Occupational Health, the Finnish Workers' Compensation Center and The Center of Occupational Safety offer science-based information and guidance, complete with test protocols and benchmarks, that can support evaluating and enhancing various aspects of occupational safety, occupational health, and occupational well-being. They also provide training and seminars to strengthen Finnish organizations' risk management in this realm. Universities and applied-science institutions help complete the picture. As part of the research and expertise landscape, they act as partners to employing organizations in various research and development projects related to occupational health risk management.

The foregoing description and Figure 1 alike show that the ecosystem is fragmented; there are many actors, scattered across a field replete with individual laws and implementers. Furthermore, this service ecosystem has witnessed uneven transformation of risk management and business models. Another phenomenon evident here is industry convergence. For instance, the number of occupational healthcare service providers has declined significantly in recent dec-

ades, and occupational healthcare has become the purview primarily of the private sector, with many employer organizations having sold their in-house occupational health operations (Statistical Database Kelasto, 2023). Furthermore, the larger players have gobbled up several smaller consultation providers within the healthcare and employee-wellbeing sector. In a parallel development, cooperation between insurers and private healthcare providers has intensified significantly over the last decade. Insurance companies have muscled their way into the health- and well-being arena through strategic partnerships, by acquiring ownership stakes in private healthcare providers and by establishing their own healthcare centers. This multifaceted convergence has led to a situation wherein a few major healthcare centers and insurer groups (in partnership with software houses) dominate.

One driver of this ecosystem transformation is the transition of risk management from TRM to ERM and SRM. With the TRM approach, employee health and safety are on the agenda mainly for legislative reasons, so the employer's objective could be characterized as 'being compliant'. Accordingly, the various statutory systems, with the corresponding actors, cast in dyadic relationships, constitute the nucleus of the collaboration. As risk management grows more sophisticated, however, ERM and SRM bring changes to the degree and forms of collaboration. For instance, employers become more willing to invest in employee well-being. This is visible in the rise of voluntary health insurance for employees; the number of policies has nearly doubled in only ten years (Finance Finland, 2023). When the employing organization understands occupational health risk management as a strategic success factor and a way to achieve competitive advantage, it resorts to strategy-level collaboration within the ecosystem. This relies on careful selection of partners, and indeed more tightly knit collaborative clusters can be observed. By interweaving the operations of specific private healthcare units and insurance groups, complemented by specialist expertise in health-technology services, these clusters afford comprehensive management of the occupational health risks. The services of these clusters encompass elements of both occupational and private healthcare, consultation and measurement services, and insurance, all delivered in collaboration by multiple service providers. One prominent example is the Työkykyturva [work ability protection] service that private healthcare provider Mehiläinen and insurance group LähiTapiola jointly provide to protect work ability. Such efforts to manage work ability are informed by general scholarship but also by purpose-built projects involving research institutes and experts. Furthermore, an even more sophisticated cluster would also contain a software service provider, that might enable the compiling of versatile data related to employee well-being into a single and

common format. With the person's consent and the help of various operators and Findata, it could be possible to combine data from healthcare, insurers, national registers, and individual's own devices (such as wearables) (e.g., CGI DATA360). This breaking down of silos and the use of versatile data and advanced analytics would enable not only knowledge-based but also predictive management of occupational health risks.

b. Ecosystem Roles and Their Perspectives to Risk Management and Value Creation

Having identified the ecosystem's actors and described their roles, actions, and collaboration in the context of occupational health risk management, we have laid the groundwork for discussing the various roles regarding their implications for risk management in combination with value creation. Although occupational health is, at base, a matter of the individual whose health outcomes are at stake, the framing of occupational health risks differs greatly between perspectives. While specific domains and foci may yield considerable divergence among those representing the societal standpoint, employers, employees or any other actors, these perspectives (summarized in Table 1) afford a useful general framing for the key levels, nonetheless.

Table 1. Different Perspectives of Occupational Health Risk

Perspective	Relation to risk management	Relation to value creation
Employee	Risk as a risk (work disability risk)	Timely access to relevant healthcare
Employer	Risk as a shared risk (personnel risk, operational risk, strategic risk)	Ensuring compliance to regulations, enhancing productivity, and attracting and keeping the right talent
Occupational health- and wellbeing service providers	Risk as a business	Offering solutions to health risk management is in the core of value proposition
Insurers	Risk as a shared risk and business (underwriting risk)	Providing economic cover for health risk and supporting preventive risk management
Society	Risk as a shared risk (social risk)	Driving health outcomes with regulation and incentives

It is the employee who faces the health and work disability risk most directly. From the individual's point of view, the realization of those risks is bound to bring significant financial and other personal costs. Alongside its obvious economic benefits, gainful employment displays profound links with health and quality of life, gaining and maintaining desired social status, self-esteem, and knowledge (Szymanski et al., 2003). The value for an individual exposed to the occupational health risks lies in timely access to appropriate healthcare. From the employers' perspective, in turn, occupational health risks constitute a shared

risk with the employee. Traditionally, employers have regarded them as personnel risks and operational risks and the focus of employers has been on securing physical safety and guaranteeing satisfactory work conditions for workers to comply with rules and regulations. Today, however, more and more employers are recognizing the upside aspect of occupational health risks and are shifting focus from solely addressing occupational illnesses to promoting overall worker well-being. In consequence, assigning priority to employee safety, health, and well-being is a matter not merely of meeting legal requirements; but also of attracting top-tier talent and fostering stronger employee engagement (Chari et al., 2018; Guest, 2017; Magnavita et al., 2014; Sorensen, 2021). Thus, the value proposition for employers, then, involves attracting suitable people and retaining them in established conditions of solid compliance and high productivity.

For providers of occupational health and wellbeing services, the risk is purely an opportunity; their business coheres around managing that risk through the operation logic they have crafted. Thus, the service providers' incentives to minimize the occupational health risks stem from their specific value propositions. Insurers manifest a slightly more complicated relationship with occupational health risks, as for them, these risks represent a business opportunity but simultaneously a shared risk in the context of disability compensation. The shared element ties insurers' motives for managing these risks to reducing the risk borne by the insured persons and to their own value proposition – to the value identified in providing economic cover for health risks and supporting preventive risk management. Finally, at societal level, occupational health risks are perceived as shared social risks. The risk extends beyond individuals and becomes social for three reasons; 1) when the fate of an individual has collective consequences, alias when the welfare of society is at stake; 2) when the complexity of society itself means that the risks originate from sources beyond the control of any individual and 3) when society recognizes the risks as warranting public consideration (Esping-Andersen, 1999, p. 37). All three of these conditions are relevant for occupational health risks, with the negative consequences of work disability for society – increased public spending and deterioration of employment and well-being – perhaps being most prominent (e.g., O'Donnell et al., 2014). According to Reijula (2022), annual costs related to work-affecting disability, sick leave and occupational accidents exceed EUR 20 billion in Finland alone (e.g., Rissanen & Kaseva, 2014). Management of these risks beyond the narrow definition of the traditional societal value 'health' is particularly pressing for societies struggling with new social risks, connected with such phenomena as mounting mental health issues and the changing nature of work itself.

Conclusions

Through both our review of recent literature and the original case study in the occupational-health context, we have enriched understanding by demonstrating the vital link between collaborative risk management and value creation. This bridging work demonstrates that risk and value are bound up with each other so tightly that management of the two rarely can be separated. Their connection is especially intimate within service ecosystems, in that the webs of relationships between the actors dynamically adjust to changes (Vargo & Lusch, 2011). Because most conceptualizations and models of service ecosystems ignore or at least under-emphasize risk relative to value and attend to (collaborative) risk management at the expense of value (co-)creation, the balance between the two deserves proper attention. Therefore, we next discuss their synergies from the service-management perspective.

a. *Collaborative Risk Management and Value Creation as a Service Management Opportunity*

It is rather evident that the concept of risk is of high relevance in understanding business models. Conditions of rising complexity, as concretized in service ecosystems, render that concept even more fundamental and, also, woven in with value creation. Similarly, understanding the underlying phenomenon from the value creation perspective is vital for traditional risk management to develop towards ERM and SRM. As a result, value creation and risk management are in a sense two sides of the coin. As our case illustration shows, analyzing the interactions and exchanges through the lens of service ecosystems can cast light on the interdependence, where value propositions are the key to understanding the underlying motives for collaboration. To frame the potential for collaborative value creation and risk management in service ecosystems, we employed the five value proposition premises identified by Frow et al. (2014), reviewed above as a basis for reflection on collaborative risk management. Table 2 summarizes our findings against that backdrop. The first premise suggests value proposition is a co-created and reciprocal mechanism that binds the actors together for resource integration. From the collaborative risk management perspective this necessitates the joint definition of collaborative risk management capabilities – e.g., risk information sharing, standardization of procedures, joint decision making, risk and benefit sharing, process integration, and collaborative performance systems (Friday et al., 2017) – that enable resource integration for the relevant risk management technique such as avoiding, reducing, transferring, or accepting the risk. The second premise highlights the need to understand the

value potential inherent in actors' resources. As our investigations to occupational health risk illustrate, any given risk as a concept may diverge greatly in meanings from one actor to the next. Understanding these facets, which range from downside risk to business opportunity, can unlock potential to collaborate and pinpoint relevant value propositions. These (scholarly and practitioner) efforts to clarify the opportunities for resource integration, and, in line with the third premise, for constructing a network via which the organizations together are able to cope with complexity and uncertainty they cannot handle on their own. As organizations deepen their collaboration in the course of progressing from TRM to ERM to SRM, they can better spot upsides invisible to some and proactively shape their shared and organization-level strategy alike for a better fit with the risk landscape (Anderson & Young, 2022; Godfrey et al., 2020).

Table 2. Potential for Collaborative Value Creation and Risk Management in Service Ecosystems

Five VP Premises in Service Ecosystems (Frow et al., 2014)	Reflections from Collaborative Risk Management Perspective
Value propositions are a co-created and reciprocal mechanism through which actors offer and attract resources	Collaborative risk management capabilities – risk information sharing, standardization of procedures, joint decision making, risk and benefit sharing, process integration, and collaborative performance systems – underlie the value propositions and hence steer the composition of networks and drive resource integration (Friday et al., 2017). These capabilities enable various risk-management techniques, e.g., avoiding, reducing, transferring, or accepting the risk
Value propositions in ecosystems arise from the value potential inherent in actors' resources	1. Risk as risk 2. Risk as a shared interest 3. Risk as a business 4. Risk as a shared risk and business 5. Risk as a shared risk
Value propositions influence the composition of networks, specifically determining with whom actors choose to engage, shaping the nature of market interactions	Service ecosystems provide a platform for market-based and nonmarket-based interactions between actors. The degree of collaboration typically increases when moving from TRM, ERM, and SRM
Value propositions may change over time and shape new resource integration within the service ecosystem	Service ecosystems enable the transformation of risk management- and business models, and the convergence of industries. Sometimes new ways to facilitate collaborative risk management may become the driver shaping the resource integration
Value propositions act as a balancing/ alignment mechanism in the service ecosystem	Service ecosystems adapt to external and/or internal exposures by changing the focus of risk management, e.g., from mitigation and adaptation to prevention, or TRM to ERM to SRM, thereby redefining the nature of collaborative risk management capabilities

Paying for a certain capacity of healthcare (hours charged for doctors' consultations, lab tests, etc.) probably results in very different composition of actor network (perhaps only a dyadic contract between an employing company and a healthcare provider) than when the goal is preventive healthcare and well-being

at work (a larger composition of organizations that may include both market- and nonmarket-based collaboration). The latter also requires a better preconception of the value potential and understanding the logic of service exchange. Next, factoring in the fourth premise supports synthesizing business models in novel ways by introducing new value propositions to the service ecosystem. For instance, propositions centered on risk management afford corresponding adaptation of the risk management mechanisms/resources, giving them a new shape or sometimes even positioning them as a driver. Importantly, the idea of shaping resource integration enables – and sometimes explains – TRM–ERM–SRM transformation. The final premise defines value propositions as a balancing/alignment mechanism in the ecosystem. Technological disruption, new regulation, or changes in demand may induce developments that call into question the service ecosystem's viability and perhaps plant seeds for a new service ecosystem's emergence. Our case example found evidence of this in, for instance, the ecosystem having been realigned and complemented by actors from industries not previously represented there.

b. Conclusion and Avenues for Future Research

Our intended contribution is a concept of collaboration that unites value creation and risk management through the analytical lens of the service ecosystem. It is rather evident that the concept of risk is of high relevance in understanding business models. As the complexity increases, as is the case with service ecosystems, the concept of risk becomes even more relevant. Similarly, understanding the underlying phenomenon from the value creation perspective is vital for traditional risk management to develop towards ERM and SRM. Our central claim is that collaboration often requires, alongside mutual awareness of the risks and of strategies suited to managing them, a comprehensive picture of all the pertinent logics of value creation. As risk management evolves more and more into an inter-organization collaborative endeavor, it becomes enmeshed in the configurations of not only operations models but also the participants' core business models. Hence, those models have to be ready to meet the challenge. We conclude that this approach is vital for addressing sustainability issues since (1) those issues can be fruitfully defined through the fundamental notion of sustainability risk (rather than value); (2) conditions of high complexity dictate collaborative risk management; and (3) for solid risk management, the players must understand all the various value-creation logics making up the picture, so that incentives exist for collaboration (i.e., for bringing the business models together and encouraging both market- and non-market interactions). Clearly, taking a service ecosystem approach to such synergy-sparking service management possesses significant potential, with both managerial and theoretical implications.

Our work offers guidance to practitioners with regard to breaking free of the silos that keep risk management and value creation too far apart, and it points to benefits from incorporating perspectives on risk into the development of value propositions that identify the underlying actor roles, capabilities, and resources. Scholarship stands to benefit similarly from better integration of risk and value as concepts. Attention to both – and to keeping them in balance – should enhance research into service management. Although academic work on service ecosystem design has cited collaboration as important for value creation (Vink et al., 2021), there is plenty of room for future work on how risk management could be part of the design. It is our hope that researchers will devote greater effort to exploring the conceptual common ground for risk and value, in general but also with special regard to collaborative risk management and value co-creation.

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From Plate to Experience in Context of Sustainability: Experiential Marketing in Hospitality Industry – Based on Spanish Restaurant

Laura Bacek

Introduction

Services in the Spanish economy contribute significantly to the country's overall GDP – in 2022 it was 74.53% (Guía de Negocios en España, 2023) with hospitality sector rapidly changing in last two decades with the emergence of new trends and strategies in the industry. KPMG (2016) report states that consumers are constantly connected and have high expectations regarding quality, sustainability, and convenience. To effectively cater to these high expectations many establishments decided to switch from traditional to experiential marketing (XM) strategy that actively and directly engages with consumers, encouraging them to participate in a brand experiences that are memorable and innovative (Kuligowski, 2023).

Certainly, Spain stands out for its strongly rooted dining out culture and high number of tourists coming to visit the country each year. Remarkably, Spain is one of the leading countries in Europe with the consumption of restaurant services (Statista, 2022b). Thus, exploring the XM strategies reveal the innovative methods restaurants adopt to stand out among competitors and attract and retain clients in their establishments. Furthermore, the analysis of sustainability practices is becoming crucial within Spain's high-consumption restaurant industry.

Taking all above in consideration, the main goal of this work is to uncover and analyze how restaurant strategy changed from the focus on the plate – the product – only to the experiential marketing approach that focuses on the creation of memorable and long-term relationships with clients. The complementary objectives are as follows:

- To explore and analyze the sustainability practices in Spanish restaurants and its possible impact on customer experiences and satisfaction.

- To conduct an in-depth case research of Sabbia by Gabbeach restaurant to understand their integration of XM and sustainability.
- To propose some of the trends and challenges the restaurant may faces in the future.

The theoretical framework of the study is based on secondary data such as scientific books, journals, statistical yearbooks, and reports are implied. Then, the work also includes the primary data: personal interviews and observations in the researched establishment.

The chosen layout of the work shows the logical consequences and coherence of the whole paper. There are three chapters, introduction, and conclusion part. The first chapter focuses on the theoretical information regarding the hospitality industry − restaurant sector − in Spain together with its evolution and the focus on sustainability. Later, the chapter shows the theoretical background of experiential marketing. In the second chapter, the case research is researched showing the example of Spanish restaurant Sabbia by Gabbeach with the focus on eco-conscious activities. The third part uncovers future trends and challenges in the restaurant sector.

1. Theoretical Background

The first part of the study focuses on the investigation of Spanish hospitality industry with restaurant being the main researched sector. Later, the sustainability context will be introduced while talking about mentioned industry. Finally, the chapter will give an in-depth information about experiential marketing mentioning two main concepts: W. Batat 7 marketing Es and Schmitt's five experience modules.

1.1. Restaurants as a Part of Spanish Hospitality Industry

The hospitality industry, a key component of the Spanish economy, in quantitative terms it consistently contributes to the national GDP, employment rates, and job creation, making it an attractive sector for other industries, as noted in Planas (2023). Beyond its quantitative impact, this sector is profoundly rooted in Spanish culture, reflecting the lifestyle and cultural identity of its people (Andrés, 2023).

Spain ranks among the top five European Union countries in terms of household expenditures spent on dining out; in 2020 8.6% of total household spending was dedicated to this activity (Statista, 2022b). In 2021, the restaurant

business's contribution to Spanish GDP was 3.8%, marking a significant COVID-19 recovery, with a 25.8% increase in revenue compared to 2020, bit comparing to 2019 the invoicing is still lower by 24.4% (Hostelería de España, 2023). Notably, restaurants have shown remarkable resilience in the post pandemic recovery and shows overall grow by 10% since 2012.

Approximately 35% of Spaniards eat out at least once a week, a 4% increase comparing to the previous year. Restaurant distribution across the country is diverse, with Catalonia, Andalusia, Valencian Community, and Madrid being the regions with the greatest concentration of restaurants, according to INE (2022). Average per-person restaurant spending in 2021 reached EUR 804, a 28.4% more than in the previous year, with the average spent of EUR 626 (INE, 2023).

In 2021, most autonomous communities experienced the increases in per-person spending compared to 2020, with Ceuta (72.4%) and Extremadura (67%) witnessing significant growth. Nevertheless, while comparing these amounts to 2019 year the decline is still visible. In absolute terms, The Basque Country (EUR 1,040) and Navarra (EUR 1,013) recorded the highest per-person expenditures, other autonomous communities that surpasses the average are: Madrid (EUR 924), Castilla y León (EUR 857), Andalusia (EUR 845), and the Valencian Community (EUR 838). In contrast to Castilla-La Mancha, Cantabria, and the Canary Islands with the lowest average per-person spending, just above EUR 500 (Hostelería de España, 2023).

1.2. Sustainability in Gastronomy Sector

Nowadays, hospitality sector faces more challenges than just decreasing average spending. According to Andrés (2023), the hospitality industry reflects a society characterized by resilient, digitalization and sustainability focused as the last mentioned is one of the most concerning and important concepts in today's world. Sustainability initiatives in this industry include a wide range of different perspectives, encompassing water management, energy efficiency, recycling practices, and the preservation and conservation of traditions. Nevertheless, it is important to balance these actions with consideration of profitability and guarantee of a stable supply chain (Chocano, 2023).

In the restaurant industry, sustainability is greatly connected with the term sustainable gastronomy. According to FAO (2020) sustainable gastronomy is a cuisine that takes into account *where* the ingredients are from (its origin), *how* the food is grown and *how* it gets to our markets and eventually to the plates. Moreover, this approach emphasizes addressing social, economic, and environmental dimensions to ensure overall sustainability (FAO, 2020). Thus, one may recognize that the journey toward sustainability is complex and engages multiple

stakeholders, including farmers and other food suppliers to restaurant staff that directly works with guests or these working on the backstage activities. Consequently, the introduction of sustainability and sustainable gastronomy is growing in the strength and as stated in KPMG (2016) is also one of the main 7 trends that all the businesses should take into consideration.

Moving further, sustainable gastronomy is synonymous with a cuisine that takes into account the origin of the ingredients, how they are grown, how they reach our markets and our plates (Frutos, 2023). Many authors also emphasis that sustainability should not only be considered from the environmental point of view, but also from the economic point of view, of equality, dignity at work, or responsible consumption (Yzuel, 2023).

1.3. Experiential Marketing

In today's marketplace almost all the goods and services are marketed not as an easily reproducible commodities but as a memorable and unique experiences. 'Provide an experience that is both useful, usable, desirable, and differentiated and you will create demand for your brand and delight your customer' admits Armano (2022), acknowledging the shift towards experiential strategy across many industries.

The notion of customer experience highlights the importance of intangible dimensions like emotions, ideologies, and symbolism of customer experience and behavior (Batat, 2019). The same author also emphasizes that brands are turning to customer experience not only to retain actual customers, but also to attract potential buyers and increase sales in the environment that merges the physical and virtual place.

Expanding on experiential marketing (XM), it can be defined as the profitable process of recognizing and fulfilling customers' needs and desires (Smilansky, 2009). Smilansky also emphasizes that it is achieved through interactive two-way communication, that helps breathing life into brand personalities while enhancing the value delivered to the target audience. The importance of experiences is a relatively new concept but some authors already in 1999 emphasized the significance. Pine & Gilmore (1999) states that experiences form the cornerstone of the service-based economy, being a new source of customer value that leads directly to the customers' satisfaction and further loyalty.

Another author presents the concept that identifies five main experience modules that may appear at the customer journey, these are (Schmitt, 1999):

- Sensory module (sense) – is related to experiencing and engaging consumers through their senses – taste, smell, touch, sound, and sight. These senses aim

to trigger emotional responses and evoke memories that will make customers want to be back to the place.

- Emotional module (feel) – it is all about tapping into consumers' feelings and emotions with the purpose of creating affective experiences. Many brands focus on seeking a deep connection at the emotional level to evoke the sense of attachment and belonging with customers.

- Creative cognitive module (think) – is centered around stimulating intellect to foster cognitive experiences. In this context, it goes beyond merely conveying information about a good or a service, emphasizing instead the engagement of customers that are encouraged to leverage their personal experiences and knowledge when interacting with a brand or service.

- Physical/behavioral module (act) – the main focus is put on creating physical experiences that possibly become integrated and aligned into consumers' lifestyles – many times these actions are related to brand's values.

- Relational/ Social module (relate) – touches sensations which go beyond personal experience with the aim to make consumers become part of a particular group or community.

Dąbrowska and Janoś-Kresło (2019) emphasize that the client's impressions should be the heart of the activity of service companies as these impressions play a pivotal role in shaping and creating customer experiences. Further, the employees' behaviors who interact directly with clients (interactive marketing) and with one another (internal marketing), in addition to the values they convey to clients is crucial. Therefore, from a business point of view, positive customer experiences is one of the fundamental driving forces as it is simply a way in which they perceive the interactions with a brand. Finally, customer experience is the whole experience accumulated by the client through all the possible communication channels and touchpoints with the brand or a company while the services are being provided (Waśkowski, 2017). Furthermore, W. Batat (2019) suggests that elevating customer experience may be achieved by shifting focus from the traditional marketing mix logic (7Ps) to a new experiential marketing mix (7Ex). These elements are as follows:

- Experience – in experiential marketing mix replaces the traditional 'P' that stands for Product. Experiences place the emphasis on creating immersive and memorable experiences for customers that place an important role in the whole marketing cycle. Moreover, experiences go beyond merely *selling a product to the final consumer*, the focus is places to guarantee satisfying, enjoyable, and profitable customer experience.

- Extension − in this approach XM seeks to broaden the vision by shifting the main focus from the traditional 'P', stating for 'Place' to deliver the experience that is way more evolving, dynamic and goes beyond the physical environment and single touchpoint only. It is crucial to ensure that the customer journey is cohesive and consistent throughout the whole journey.
- Emphasis − it is all about highlighting specific aspects of the brand or a company that resonate with customers and allows the humanization of the brand. As so, the traditional marketing 'P' related to 'Promotion' is replaced and the communication strategy is related to the creation of brand culture and brand storytelling emphasizing the importance of brand personality, myth, and values that are meant to be captured, created, and shared with not only actual but also potential customers.
- Exchange − replaces the 'P' that stands for 'Price', it shows how 'exchange' of value between customers and companies can be focused rather than price in the process of customer experience. It's not just about selling a good or service but also about providing value and receiving value in return. Currently many times it is related to the co-creation process that makes customers engage with a brand.
- Empathy capital − XM component that replaces the 'P' of 'People' in the 7Ps of marketing mix. The module that focuses on understanding and relating to the customer's perspective and emotion, 'putting yourself in their shoes'. Don Pepper states that empathy is the ultimate form of customer insight. At this point the employees play an important role and are to be trained to sense, feel, and act like the consumer throughout the whole purchase experience.
- Emotional touchpoints − the element that replaces the 'P' of 'Physical environment' and identifies specific interactions or moments throughout the whole customer journey where emotional connections can be established. It is also the shift from traditional only physical touchpoints to more holistic and customer-oriented logic that is physical and digital related.
- EMIC/ETIC process − reflected the replacement of 'P' of 'Process' in the traditional marketing mix logic. It explains how the consumer experience can be designed in an interactive way to avoid disconnections between the touchpoints to better understand unhidden messages.

Table 1 shows the difference between traditional and experiential marketing mix, highlighting the primary focal points of each concept.

Table 1. Comparison of the Main Tools: Marketing Mix vs Experiential Marketing Mix

Marketing Mix	Experiential Marketing Mix
Traditional marketing strategies often focus on a *monetary outcome*, whereas an experiential marketing strategy instead looks at ways to *engage the consumer*. This type of marketing helps to *build customer loyalty* as well as *increasing brand awareness* in a much more drastic way than traditional strategies – Brian Ferritto Managing Partner and Director of Digital Strategy at 42connect	
Product	Experience
Price	Exchange
Place	Extension
Promotion	Emphasis
People	Empathy capital
Physical	Emotional Touchpoints
Process	EMIC/ETIC Process

Source: Own elaboration. Based on W. Batat (2019).

In summary, the services industry plays an important role within the Spanish economy and the hospitality sector currently undergoing a recovery phase – The resilience keeps defining to the sector (Yzuel, 2023). Nowadays, sustainability is one of the main concepts appearing in gastronomic development as well as the shift toward the XM. The EventTrack research report (2021) indicates that 40% of consumers felt more brand loyalty after participating in a brand experience or interaction, and 91% were more likely to acquire the product. The next section will delve into how XM may be implemented in the hospitality industry being fully sustainable at the same time.

2. In-depth Insight: Sabbia's Experiential Marketing Explored in the Case Research

In an era of customers increasingly seeking not just goods and services but unforgettable experiences, the hospitality industry finds itself at the forefront of a transformative marketing paradigm – experiential marketing. This chapter delves into the concept of dynamically changing and evolving concept of experiential marketing in the restaurants by analyzing the Sabbia's strategy.

To find out how XM concept is implemented into the restaurant sector the case research approach is introduced to obtain an in-depth, and detailed examination of a subject, within its real-life context and gain a deep understanding of the subject under the investigation. The method will also help understanding the aims of the work as together with conducted interview will facilitate a holistic view of the problem and will deliver a direct practical applications, aiding the restaurant itself and other interested stakeholders. This case research is under-

pinned by theoretical frameworks introduced by W. Batat (2019) and Schmitt (1999). Through such a multifaceted approach, the research aims to shed light on the dynamic nature of XM in the contemporary restaurant business.

2.1. Sabbia – Case Research – An Experiential and Immersive Oasis in Valencia

Mediterranean restaurant nestled along the main coastline of Valencia, Sabbia by Gabbeach emerges as a captivating and one of the first embodiment of experiential marketing within the hospitality industry in Valencia. Established many years ago, Sabbia has faced many changes to finally transcend the realm of traditional dining establishments trying to immerse guests in a multisensory journey that make the dining experience elevated and memorable to customers.

Illustration 1. Immersive experience at Sabbia by Gabbeach

Source: Own data base. Photo by Spain Club Promoter.

After the Sabbia's description, it is time to focus at a remarkable innovation that sets Sabbia apart – the unique Experiential Marketing Mix that allows the restaurant to stand out and be one of the leading restaurants in Valencia. Sabbia literally may be translated to 'sand' in Italian, this translation may be align with the XM Mix strategy as the grains of sand are individual pieces that altogether shape the beauty of a beach, as so the elements of Sabbia's Experiential Marketing Mix come together to create an unforgettable dining experience.

Experience

Instead of solely promoting the menu, the restaurant opts for an immersive dining experience that consumers will keep in their mind for a long time. Sabbia, or Sabbia 360° Experience already suggest the main focus of the place. Experi-

ences in Sabbia are related to all the senses that are integrated and create mesmerizing ambience in the restaurant by appealing to sight, sound, taste, touch, and smell, customers may elevate the dining experience.

- *Sight:* Related to visual delight one may have in Sabbia. The place is located in the first line of the Valencian coastline having also an open-air terrace, a breathtaking panorama unfolds. The decor one may experience is modern, minimalistic, cozy, and sophisticated complement the natural surroundings, creating an ambiance of understated elegance. Diners may also feast their eyes with Sabbia's plating and cocktails presentation. This sense may also be related to the shows diners may enjoy during the dinner time from Wednesday to Sundays.

- *Sound:* Unique live soundscapes. Sabbia's music director and DJ, M. Daniels emphasis on creating an atmosphere that is intimate and unobtrusive, with music volume rather low (apart of the short moments of the shows) to allow for conversations among guests. Most of the music lack lyrics, being a subtle background element that enhances the overall dining experience. According to M. Daniels, the music should complement the guests' desire to savor their dining experience, rather than taking the center stage. He also highlights the importance of creating tendencies rather than following other local establishments. Sabbia draws inspirations from high-ended places in Ibiza Saint Tropez, rather than popular Reggaeton or Pop music hits.

- *Taste:* Culinary Excellence. Sabbia's menu mirrors the excellence of the Mediterranean flavors, offering high quality ingredients by partnering with local farmers and/or food providers. The restaurant also offers local and traditional Valencians' plates to keep the traditions and make people aware of authentic local plates. Furthermore, the menu evolves with the seasons to ensure the use of seasonal ingredients, reducing food waste and enhancing the dining experience.

- *Touch:* Tactile Engagement. The tactile element relates to the table settings, the unique plating, small porcelain decoration with Sabbia's name, the unique decors that are related to each show that is performed. Moreover, Sabbia collaborates among all with small local fashion business called Unik Dress and each Sunday diners may directly interact with the dresses designed by this brand.

- *Smell:* Aromatic Ambience. From the fragrant aroma of culinary creations to the smell of herbs, spices, and coastline breeze, the guests may enjoy them in Sabbia.

As shown above Sabbia reached to switch the traditional 'P' stating the Product and move to an immersive experience that is sensorial and resonates

harmoniously with all the senses creating unique memories in people's mind. They do not just focus on selling the final product to consumers, they create the whole experience and brand image that go beyond and make people wanting to be back.

Extension

Moving further the exploration of Sabbia's experiential marketing strategy will be extended by a dimension that prolong and expand the customer's engagement with the restaurant as Sabbia's dedication to extending the guest journey transforms passive diners into loyal experience participants. Some of the key components include:

- Diverse Dining Experience: Sabbia offers an array of dining experiences that target to different tastes and preferences. Firstly, the themed dinner shows are performed from Wednesdays to Sundays, each with its unique name, featured music, ambience and type of dancing and singing. Secondly, Sabbia elevates the dining adventure through its 'Show Cooking' experience offering an exclusive off-menu dishes prepared in front of the guests, adding an interactive and culinary dimension to their visit.
- Exclusive Events & Local Engagement: Includes events and collaborations that Sabbia hosts. Some of the initiatives includes the local artist live music show where Valencians artists could express their music. Another initiative is related to the invitation of international DJ to play the music during the dinner show.
- Online Presence: Sabbia effectively connects and interacts with the visitors through two primary digital channels: the official website and an Instagram page gathering over 10.000 followers. Both platforms serve as dynamic and immersive portals that allow guests to explore the restaurant, stay informed about upcoming events, and engage with a vibrant online community.
- Environmental and Sustainability Initiatives: Sabbia's main sustainability initiatives are related to support of local small businesses both by having local providers and allowing small business to present their products during Sunday's evening session.
- Beyond Dinding: Celebrations, events & hotel. Sabbia is not just a restaurant, it is a versatile venue for celebrating special private events on its separated and intimate terrace. Moreover, Sabbia goes a step further by offering a hotel experience that allow enjoying the place even more.

Shown above extension part XM Strategy at Sabbia allows the restaurant extending the experience beyond a single interaction and creating a cohesive and

immersive journey. Moreover, Sabbia is not only a restaurant, but it is also a hotel that allows customers to extend and elevate their dining experience by adding a new value related to accommodation.

Emphasis

The aspects that Sabbia also emphasis are related to the 360° Experience where gastronomy merges with culture and show always emphasizing the quality of the whole experience and showcasing what makes Sabbia brand unique and memorable for consumers. As so, Sabbia does not only promote the brand showing the food pictures or videos, but they would also rather show different parts of the experience guests experience in the restaurant.

Exchange

Presently, the shift is made toward the pivotal component of 'exchange' the stage that may be interpreted like a dynamic dance floor where guests and the restaurant actively interact and engage, creating and receiving value in the exchange process. It transcends mere monetary transactions as it is about focusing on building meaningful connections. Sabbia takes it a step further by focusing on the delivery of value and experiences to invite customers to make decisions based on their present desires and feelings and not by the price list as noted by M. Daniels. And at this point, all the marketing 7Es must go in line to create the ultimate experience. Thus, instead of being perceived as a costly establishment, Sabbia focuses on offering elevated experience that elevate guests' visit in multiple dimensions. Some of the examples of how Sabbia leverages the exchange component are:

- Culinary Exchanges: Already mentioned above 'Show Cooking' during which guests can engage in direct dialogue with the chef to customize their meals by that a sense of ownership is transferred and personal connection.
- Guest Feedback and Improvement: Sabbia actively seeks feedback from guests, that may do after every booking as the short satisfaction questionnaire is sent to their mail. This type of exchange not only helps in continuous improvement in Sabbia, but also makes guests feel heard and valued.
- Exclusive Events and Collaborations: Recently Sabbia collaborated with Martini brand that celebrated 160 years of its existence, during the event some important bartenders from Italy were invited to present their skills and introduce guests to unique experiences while exchanging their knowledge on a particular topic.

In the world of experiential marketing, Sabbia is a great example of the power of exchange where transactions extend beyond mere currency, the connections are highly valued, and where values are greatly valued. At this point one may say that Sabbia redefines the dining experience by exchanging memories, flavors, and moments to cherish with their guests.

Empathy capital

In this part it will be shown how Sabbia tries to put themselves in the shoes of consumers to elevate their experience by comprehending their desires and needs, and responding with care and consideration. Some of the elements are:

- Personalized Service: At Sabbia, personalized service means creating a unique and humanized experience for each guest. Staff members actively listen to guests' preferences, and special requests, ensuring that every visit is tailored to individual tastes and needs. Additionally, the waitstaff undergo thorough in-service training each temporary to align with the evolving and changing menu offerings, ensuring their reliability and ability to assist guests in making informed plate choices.
- Conflict Resolution: In case of any dissatisfaction or unforeseen challenges, Sabbia's employees are trained to look for the solution that would satisfy both sides and to seek to turn negative experiences into opportunities for delight, and cherish the customers.
- Active Listening: One of the best ways to improve the service is to listen to constructive feedback given by consumers that already lived the experience. This may help in better understanding the expectations and improve the future service.

At this point Sabbia opts for becoming a place where all the stakeholders are heart, understood, cared for, and embraced. This asset that in theory is intangible may enrich every aspect of the guest experience, as the employees are the face of the restaurant.

Emotional touchpoints

At Sabbia, emotional touchpoints are strategically placed throughout the whole customer journey. This journey already starts at home where people are shown the promotional adverts, Sabbia's Instagram page with emotional videos or an interactive website that also may take you on a digital journey showing the restaurant. Later on, while already being in a restaurant guests are leveraged with emotional touchpoints that carry with them long after their visit. Some of them are:

- Sunset Dinners and Sabbia's location: One of the strongest emotional touch-point is related to the strategic location of Sabbia – breathtaking sunset dinners, relaxed breakfasts along the Mediterranean coastline evoke many senses in people.
- Live Performances: Live DJ's music and entertainment shows at Sabbia elevate the emotional atmosphere that will be remembered by guests.
- Warm Hospitality: Sabbia's welcoming and attentive staff add warmth to the dining experience. The genuine smiles, the caring gestures, and the personal interactions form emotional connections with guests.
- Ambiance Creation: Sabbia's decor is a testament to simplicity and warmth, drawing inspiration from coastal, and boho themes. What sets Sabbia apart is the unique plate design and decoration design, featuring intricate depictions of sea animals and other ornaments related to the coastal life. The play of lighting also embraces Sabbia's design philosophy. Lightening is a factor with a lot of influence on the customer experience (Frutos, 2023). M. Daniels again mention that lights should not disturb the guests, it should create and elevate the moments of guests' privacy.
- Culinary Artistry: The last emotional touchpoint is related to culinary creations at Sabbia, that evoke emotions of delight and appreciation.

Emotional touchpoints are the point of focus of Sabbia's experiential marketing strategy. Through them they transform a visit to the place into a journey in which guests create emotional memories and immerse themselves in the whole experience by telling personal story one may relate to.

EMIC/ETIC process

EMIC (Experience from the Inside): At Sabbia, it is about making a dining experience with every detail, from a single decor to culinary artistry and live music shows, is thought and designed to immerse customers and create lasting memories for them. ETIC (Experience from the Outside): It is about the external perspective that focus on how Sabbia's guests perceive and interpret the experience. In here it is important to Sabbia to provide and ensure that every touchpoint (online or in-person), aligns with the brand's promise of a unique and memorable journey.

As shown above Sabbia stands as an example of the power of crafting memorable moments, flavors, and atmosphere which all together make a symphony of immersive ambience where encounters' memories are etched in their minds and hearts. All that is done thought experiential marketing strategy that emphasis Sabbia's 360° Experience appealing to all the sense and elevating the

dining experience. This experience is also extended by diverse dining offers and events that engage with local artists and suppliers.

Sabbia exemplifies experiential marketing's ability on how to create durable memories and elevate dining through the 360° Experience and all the sense. Diverse dining options and local collaborations extend the immersive journey. Moreover, exchange at Sabbia creates lively interaction, transcending monetary transactions. Empathy capital bloom through customized service, active listening, and valuing all stakeholders. Emotional touchpoints, from digital to ambiance, evoke lasting memories. The EMIC/ETIC process aligns internal and external experiences, ensuring Sabbia philosophy is underwood and enjoyed by guests.

2.2. Sustainability Initiative in Sabbia

In recent years, sustainability has evolved from being a mere buzzword to a key principle in the hospitality industry. As already mentioned, restaurants are the fastest in the COVID-19 recovery hospitality sector and also many of them incline toward solutions that put sustainability in the core of the activities. During that forum leading specialists from restaurants and related companies from all over Spain were discussing the future of the industry in Spain in the respect for the environment.

Sustainability is one of the shift levers of the sector (Chocano, 2023). Puente (2023) while talking about the sustainable gastronomy states that many establishments have opted for sustainability as the basis of gastronomy and focused on purchasing local products. Moving further, sustainability in restaurants encompasses a wide range of practices that aims at minimizing the environmental impact, but also focus on supporting local communities, and keeping the traditions from a particular regions or countries.

Puente (2023) also states 'We believe in hospitality as a transmitter of territories' mentioning that in Valencia there is a tourist manual that talks about hospitality and sustainability encouraging tourists at the same time to take care of themselves and showing the essence of each Valencian territory. Now, some of the facets of sustainability within the restaurant sector are going to be shown:

- Sustainable Sourcing: One of the primary ways how restaurants may contribute to sustainability is through carefully selected food and ingredients providers. In Sabbia's example it includes the choice of locally grown products with the prioritizing of organic or pesticide-free options.

- Eco-Conscious Design: Sabbia's establishment is designed to be well lighted to reduce energy usage, also during the night the lights are eco-friendly emphasizing the importance of creating an environmentally friendly atmosphere.
- Local and Community Engagement: Sabbia restaurant also recognize the value of supporting their local communities. They collaborate with local farmers, suppliers, and small businesses that allow to reduce the carbon footprint associated with transportation. Moreover, by these activities they foster a sense of community and mutual support, as an example the collaboration with local business Unik Dress may be mentioned by doing that they provide diners with a memorable and engaging experience.
- Educating and Engaging Guests: Within Sabbia's sustainability framework, one of the standout initiatives is related to making the guests being involved in the culinary journey. During the Show Cooking sessions, guests have the unique opportunity to directly engage with the chef and gaining important insights into how the meal is prepared. Additionally, wine enthusiasts can savor locally produced wines, elevating their knowledge of the regional products. Moreover, some of the shows implements the traditional Spanish instruments making sure guests may immerse themselves in the experience and get to know Spanish culture at the same time.

Taking all above in consideration, in the evolving landscape of this industry, sustainability has become an integral part that reshape the way restaurants operate, from acquiring ingredients to designing spaces and engaging with communities. Sustainability is no longer a vulnerable option, but a must to successfully run a business. Sabbia's initiatives go in line with their priorities, making people conscious about the products, traditions, and local communities. Moreover, consumers increasingly value sustainability in their dining choices, thus sustainable experience may elevate the overall satisfaction. The restaurant embraces this ethos opts being well-positioned for long-term success.

3. Challenges and Future Trends in Spanish Gastronomy Industry

As there are a continuous changes in the hospitality and gastronomy industry it must faces many challenges and be prepared for future trends and unpredictable happenings, particularly in the context of sustainability and experiential dining. The customer journey has evolved from a simple plate of food to an immersive and interactive experience. Some of the challenges the industry may faces and future trends are as follows:

- Sustainability as a driving force:

Sustainability already mentioned trend for the future, that besides of being rather recent in the hospitality industry is becoming the main aspect that drives changes within this industry. Nevertheless, it is not just a trend but an ethical responsibility. Consumers more and more seek for eco-friendly solutions and ethics drive their choices in their dining experiences. Moreover, as McKinsley's (2022) study shows Gen X is every time more propense to choose sustainable solutions. The main challenge here is to find a balance between delivering a memorable experience and implementing solutions that are sustainable and appeal to environmentally conscious guests.

- The cost of memorable experiences:

Even if experiential marketing focuses on exchange part the cost must also be mentioned as a challenge of experiences in this part. Creating memorable experiences often comes with additional costs, appearing for sides: the clients and restaurants. As so the restaurants venues must investigate what values and experiences may make the diners to become the part of the experience. Another question that could be ask is if restaurants can sustainably manage the costs of offering and delivering these immersive experiences? These places may struggle to find the balance between pricing and the unforgettable experience itself.

- The future of experiential dining in Spain

The future of experiential and immersive dining in Spain is unavoidable. As consumers that in many cases are Gen Z continue to seek more than just a meal, but an experience that they could share with their friends and family. Some of the initiatives that are likely to be implemented by restaurants are: collaborations with local artists to preserve local talents, interactive dining options to engage with guests, and immersive shows that are unique. Furthermore, another important trend is related to technology: augmented reality (AR) and virtual reality (VR), may in the near future elevate the experiential aspect. The challenge lies in staying up-to-dates and continually surprising and delighting customers.

- Combining experiential marketing and sustainability

The restaurants' challenge to find synergy between experiential marketing and sustainability is becoming the key to a successful brand's strategy. By integrating sustainability activities into their immersive experiences, these venues can reach socially conscious consumers and reduce the ecological footprint. By collaborating with local suppliers, the restaurants may later on offer the experience to their guests showing them traditions, and local products, that are unique and memorable for them. This approach aligns perfectly with the concept of

'From Plate to Experience' and ensures that all stakeholders, including the planet, are satisfied.

In conclusion, in an evolving hospitality landscape, particularly in the context of experiential dining, balancing memorable experiences with sustainability are tough row to hoe. As sustainability becomes a driving force restaurants must be aware of arising challenges and new future trends. The future of experiential dining in Spain is prominent only if sustainability is going to be integrated into restaurants' immersive experiences to ensure satisfaction for all stakeholders.

Conclusions

In conclusion, this study delved into the transformative landscape of the Spanish restaurant sector, moving from a product-oriented focus to an experiential marketing paradigm with sustainability placing an important role. The aim of the work was to unravel and analyze this shift that focuses on creating long-lasting and memorable relationships with clients in the restaurant sector. Through in-depth analysis and case research of Sabbia restaurant, the study successfully achieved the objectives, showing that Sabbia seamlessly integrates gastronomy, culture, sustainability, and entertainment with XM strategy, not losing at the same time the brand ethos of Sabbia 360° Experience.

The aims of the study were also to:
- Explore sustainability in the restaurant sector − Sabbia's case shows that sustainability may have many faces in this industry, from local sourcing and promotion of seasonal menus to reduce food waste and raise awareness of traditions to community engagement by supporting local events with artists that want to prevent and promote Valencia heritage.
- Conduct in-depth case research − The detailed analysis of Sabbia shows the successful integration of XM and sustainability in restaurant industry, providing details of how each of 7 marketing Es: experience, exchange, emotional touchpoint, extension, emphasis, empathy capital and EMIC/ETIC Process may lead to harmoniously coherent marketing strategy.
- Provide future trends and challenges the restaurants may face − By understanding Sabbia's strategy, the study shows insights into future trends and challenges that to the great extension are related to the changing needs and expectations and the shift in customers mind that focuses on merging the immersive experiences with sustainability initiatives.

The study underscore the pivotal role of experiential marketing, specifically centered on creating memorable experiences and promoting sustainability. These

elements are fundamental in shaping the future landscape in the Spanish restaurant industry as exemplified in in-depth Sabbia's case research. The harmonious synergy of these elements holds the potential to craft immersive and multi-sensorial experience being a holistic dining journey that aligns to the concept of 'From Plate to Experience'.

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Greenwashing and Marketing Communication of Companies – A Threat to the Credibility of Information. Examples Based on the Service Sector

Angelika Kantor

Introduction

Companies strive to reach consumers with various messages, employing modern advertising techniques and current trends. Consumers are becoming more and more ecologically aware, for this reason they are willing to choose products that are environmentally friendly or those with a reduced negative impact on the natural environment. Consumers are aware that it is not only manufacturers who are responsible for environmental deterioration: their daily purchasing decisions also significantly impact the environment. Based on previous research, these is an upward trend in consumer interest in sustainable development and sustainable consumption. The reasons and motivations for purchasing eco-friendly products vary, but among the most popular are: health benefits (63%), concern for one's own health and future generations (60%), choosing products that are better for the environment (58%), saving money in the long run (58%), being a smarter shopper (50%), being a better person (51%), just because (40%), and being eco in fashion (34%) (Havas Media, 2020).

Therefore, it be seen that the pro-environmental aspect plays an significant role in the customer-business relationship, as depicted in Figure 1. This implies that consumers try to choose environmentally friendly products with a reduced environmental impact. Companies, aiming to acquire customers and stay competitive in the market, include pro-ecological products or products that look like this in their offer.

When companies decide to introduce to their offer products with ecological features, which have a reduced negative impact on the environment, all parties benefit: the company, the customer, and the environment. The customers are satisfied because they receive products that align with their values. It is also beneficial for the natural environment, resulting from its reduced degradation and resource savings. The company can gain new customers, enhance its image, anticipate regulations (by tightening production rules, introducing new technologies, and reporting non-financial data).
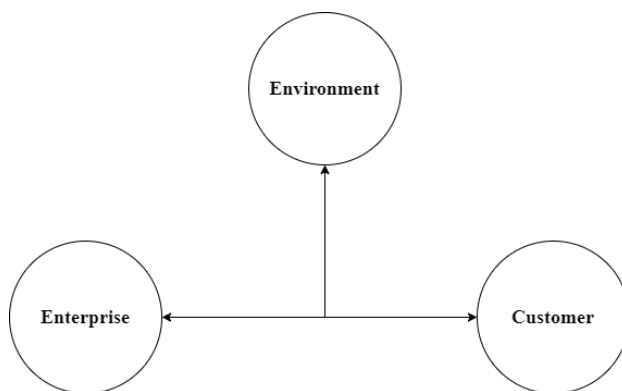
Figure 1. Customer-company Relationship in the Context of the CSR Concept

Source: A. Kantor (2021a, p. 132).

It can be observed that enterprises are more and more willing to implement the CSR (Corporate Social Responsibility) concept to meet the requirements of stakeholders and shareholders. The modern market is demanding, and despite the dominant position of companies, they must respond to social needs that may go beyond their core activities. Corporate social responsibility in its essence is supposed to be taking responsibility of companies for their actions. It is an opportunity to improve social and environmental conditions. However, some companies, seeing the growing consumer interest in pro-ecological topics, use CSR for their own benefit only. Such practices are referred to as greenwashing.

As such, the purpose of the study is threefold. Firstly, the text examines research topics related to corporate social responsibility and marketing communication. Secondly, it recognizes the phenomenon of greenwashing and considers it in relation to ethical business in a marketing perspective. Thirdly, it presents a research agenda for future research to allow greater consistency and mutual understanding among CSR communication and greenwashing researchers.

This study poses the following research questions:
- Is greenwashing a threat to ethical business?
- Does greenwashing pose a threat to the credibility of information?
- How does greenwashing manifest itself in the marketing communication of companies?

To be able to answer the research questions posed, a literature review was used. The literature review was carried out using databases such as Scopus and Google Scholar. This review was divided into two groups, i.e., the concept of corporate social responsibility and greenwashing, according to the dominant trends that have influenced research on CSR marketing communication.

Additionally, industry reports, company websites and social media were also used to identify and present examples of greenwashing. These efforts facilitated the recognition of greenwashing issues and the highlighting of its examples in the marketing communication of companies. The study also sheds light on the threats posed by greenwashing to ethical business and information credibility.

The structure of this article is structured as follows: The subsequent section delves into the research methodology, with a particular emphasis on the methodologies employed for gathering relevant literature and the criteria utilized for scrutinizing and evaluating the chosen scholarly materials. Subsequently, the findings are expounded upon and deliberated upon, with particular attention paid to the thematic areas that have emerged during the analysis. The article culminates with an examination of the implications derived from the study, potential avenues for future research, and the scholarly contributions stemming from this endeavor.

1. Methodology – Stages of the Literature Review Process

The literature collection methodology was carried out in two stages. To define the trends and themes in the CSR management, greenwashing, and marketing communication research, a conventional keyword-based search strategy was employed. This search strategy is relatively straightforward and easy to use, however, it can result in many irrelevant references. In order to avoid this, the following selection criteria were adopted:

1. A two-stage search process:
   a) 'corporate social responsibility' and 'CSR' combined with 'greenwashing' and/or 'marketing communication',
   b) 'CSR management and/or greenwashing', 'CSR management and/or marketing communication'.
2. Peer-reviewed articles in academic journals (full text).
3. Articles available in Polish and/or English.

Selected databases cover social sciences. In the initial broad search using the keywords 'corporate social responsibility' in conjunction with communication generated 'large sample'. From these references, articles were selected through thematic content analysis. Articles were chosen for the final review if the predominant theme of CSR management and marketing communication was reflected in the keywords, titles, and abstracts. Articles published in industry journals and/or articles focusing on specific products were not included. Excluded content types: incomplete texts, book reviews, transcriptions.

2. Corporate Social Responsibility and Reliable Marketing Communication

2.1. Corporate Social Responsibility – Theoretical Background

Corporate Social Responsibility (CSR) has become an integral element of contemporary business practice, enabling the convergence of social and business interests. Over the years, the management of organizations, business creation, and customer relations have all undergone changes. Companies compete not only on price, but also on values that are important to current and potential customers. Therefore, enterprises are eager to engage in socially responsible activities that allow them to improve their image, get closer to their customers and communicate effectively about their activities. Hence, the introduction of CSR issues into the organization is present not only in large corporations, but also in medium and small enterprises and non-governmental organizations.

When considering the concept of CSR, it is highly important to note its beginnings. It is believed that CSR was first defined by Howard R. Bowen (1953), who emphasized that a company is something more than financial profit. In his publications, he emphasized that business is obliged to perform tasks that will bring benefits not only to the company, but also to the society as a whole (Karwacka, 2016). In 1956 L. Bernard emphasized that in order to talk about corporate social responsibility, one should build one's own values that should be followed (Bernard, 1958). This means that a company cannot be responsible unless the people who create it are not guided by specific values that will allow them to implement a coherent and ethical strategy. An important role in creating the concept of CSR was played by K. Davis, who emphasized that an enterprise brings benefits to society in economic terms, for example by reducing unemployment, which affects the wealth of residents. He also emphasized that the company is obliged to create added value, which can be manifested, for example, in supporting and motivating employees. Thus, the company's activities should go beyond the basic understanding of running a business. H. Johnson (1971) noted that the company should simultaneously pursue its own goals related to the multiplication of capital and the implementation of social goals. A significant contribution to the development of the concept was made by A.B. Carroll, who considered it from a legal, economic, philanthropic, and ethical perspective. In his view, economic responsibility should be the basis for further action. In this perspective, the company should conduct a dialog with the environment, which will allow for the simultaneous implementation of social and business goals

(Kantor, 2021b). Thomas M. Jones (1980) described CSR as a voluntary step beyond the core business. He emphasized that it should be voluntary practice and not a task imposed by external authorities. The ISO 26 000 standard has made it possible to organize issues related to corporate social responsibility (Polski Komitet Normalizacyjny, 2013). In this perspective, the company should be responsible for its actions towards the environment, as well as maintaining ethical standards (Rojek-Nowosielska, 2017). M. Porter and M. Kramer (2011) noticed that the links between the environment and the business allow to obtain a common value. This means that the environment provides specific resources, including people, who are then given jobs by the organization. It is an interaction from the inside out and from the outside in (Porter & Kramer, 2011). When considering the concept of CSR, its interdisciplinary nature should be pointed out (Rok, 2012). The relationship between CSR and marketing and PR, management, ethics, economics, and sociology should be emphasized. Contemporary authors, including W. Orłowski (2016), emphasize that CSR should be an integral part of business. Although many authors state that corporate social responsibility should be a voluntary action, many companies are currently obliged to report non-financial information (Obłoza, 2018). Considering CSR from a strategic perspective, it should be noted that it is an initiative that allows you to stand out on the market (Beji et al., 2021). The strategic approach to CSR is also indicated by Story and Neves (2015) and Zerbini (2017).

The concept of CSR is multifaceted. For this reason, there may be a problem with the unambiguity of this issue and various definitions. However, it should be noted that despite the multitude of definitions, common elements can be distinguished, which were indicated in the report 'Responsible Business in Poland' (2016). It indicates areas of CSR activities, such as: social, systemic, market, ecological and public. The first concerns activities for the benefit of the community and improvement of the living conditions of the population. The next refers to the consistency of the declaration with the activities carried out. The market area includes activities that lead to improved relations with stakeholders. The ecological area is based on actions for the environment. The last area concerns the promotion of responsible activities and behavior in the business environment.

The implementation of the CSR concept in an organization should be carried out in a staged manner that enables the derivation of measurable economic and non-economic benefits. Maon et al. (2009), the company should follow nine steps: (1) raising CSR awareness, (2) assessing organizational purpose in a societal context, (3) establishing a CSR definition and vision, (4) assessing current status of CSR, (5) developing a CSR strategy, (6) implementing the CSR strategy, (7) communicating about CSR strategy, (8) evaluating CSR strategy, and (9) insti-

tutionalizing CSR policy. In light of this perspective, it is evident that prior to initiating CSR communication efforts, instilling these values within the organization and comprehensively understanding the objectives underlying these initiatives is imperative. Establishing a well-defined sequence of actions will serve as the foundation for credible and effective marketing communication.

2.2. CSR in Marketing Communication

Over the past decade, the number of websites devoted to corporate social responsibility has increased (Nielsen & Thomsen, 2012). Consequently, Consequently, marketing communication that addresses such concerns is viewed as an investment (Cornelissen, 2011; Pollach et al., 2012). Podnar (2008) characterizes communication regarding CSR as: 'process of anticipating stakeholders' expectations, articulation of CSR policy and managing of different organization communication tools designed to provide true and trans-parent information about a company's or a brand's integration of its business operations, social and environmental concerns, and interactions with stakeholders'. Du et al. (2010) suggest that communication regarding CSR should be effective by selecting appropriate communication channels and content, while considering the unique conditions of the organization and its stakeholders. Nielsen and Thomsen (2012) note that the fundamental principles of CSR communication encompass: the concept from the inside, dialogue with stakeholders, and emphasizing the need for corporations to pay attention to the content of the message and communication channels. In addition, attention should be given to the pivotal role of managers in cultivating a favorable reputation (van Riel, 2005).

When considering marketing communication in relation to CSR, it is important to note that a significant trend of research is based on consumer behavior research, also related to ecology, e.g., ecological products, the influence of peers, and resource conservation (Beckmann et al., 2006). As such, CSR marketing can elicit suspicion among recipients (Jahdi & Ackikdili, 2009). These recipients may fear that the company's actions are insincere and that their ultimate goal is solely to improve their image. Maignan and Ferrell (2004) assert that CSR marketing can strategically benefit the organization and meet the needs of stakeholders. As noted by Nielsen and Thomsen (2012), research on the relationship between CSR and marketing considers how messages are perceived by recipients. Thus, the link between CSR communication and sales-related factors requires demonstration. In this approach, it is crucial to consider how consumers respond to organizations that proclaim socially responsible activities. Parquel

et al. (2011) noted in their study that companies receiving unsatisfactory outcomes in the realms of CSR (sustainable development) are perceived negatively and suffer reputational damage. Notable authors examining consumer attitudes towards firms employing CSR communication include Golob et al. (2008) and Currás-Pérez et al. (2009). According to research, consumers have specific expectations from corporate social responsibility (CSR) areas that companies need to recognize to meet those expectations and adjust CSR communication. Additionally, CSR can enhance a brand's image and distinctiveness, leading to a positive attitude towards the company, which consequently may result in increased purchases.

Enterprises recognize of the advantages that result from the implementation of the principles of corporate social responsibility CSR practices. Consequently, they often promote their CSR achievements and initiatives in their marketing efforts. However, some companies may view CSR solely as a tool for enhancing their public image and attracting potential customers and investors (Rudnicka, 2012). By engaging in CSR, companies want to get closer to their stakeholders, improve their image and gain an advantage on the market. A. Adamus-Matuszyńska (2003), among the image benefits resulting from CSR, points out, among other things on: product competitiveness, stable and recognized image, well--established reputation of both the company and the products offered, and credibility of the company. In the context of employees, it indicates: increased employee motivation, greater integration within the company, and growing involvement in the development of the company. Reliably conducted marketing communication, including the concept of CSR, can bring many benefits to the organization. A. Kantor (2021a) distinguishes benefits:

- economic,
- educational,
- socio-cultural,
- regulatory.

Economic benefits include long-term business development, increased investor interest, competitiveness, increased customer loyalty, attracting new and retaining existing employees, preventing crises and improving the image. Educational benefits: a fresh view of employees and managers who gain new skills, improving the organizational culture, and utilization of employee potential. Socio--cultural benefits include: improving the organizational culture, including supporting diversity, shareholder interest, crisis prevention, and creating profit by solving environmental/societal problems. Staying ahead of regulation can also be an advantage.

The concept of CSR can help to build a dialogue with stakeholders and thus create a more effective communication strategy. There are a number of publications in the literature that can serve as a guide to proper communication on corporate social responsibility, such as 'The Handbook of Communication and Corporate Social Responsibility' (Ihlen et al., 2011), 'Corporate Social Responsibility: Virtue or Vice' (May 2011), 'Strategic CSR Communication' (Beckmann et al., 2006), 'The Debate over Corporate Social Responsibility' (May et al., 2007). The Responsible Business Forum (FOB) has prepared a 'Map of CSR Communication', which is a signpost for creating reliable marketing communication, taking into account the company's relationship with employees, customers, business partners and suppliers, as well as the local community. Based on the FOB study, it can be seen that reliable marketing communication that takes CSR into account is not just about promoting good practices, philanthropic activities and annual reports. Communication should lead to a dialog with the recipients, so messages should be tailored to specific groups of recipients. Think about what the company wants to communicate and how. According to the 'CSR Communication Map', you should ask yourself the basic questions presented in Figure 2.
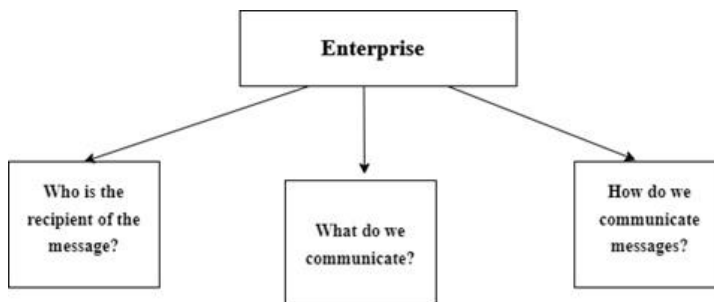
Figure 2. Marketing Communication and CSR

Source: Own elaboration based on: https://odpowiedzialnybiznes.pl/publikacje/mapa-komunikacji-csr/

3. Greenwashing as a Threat to Reliable Marketing Communication

3.1. Greenwashing – Theoretical Background

Taking into account the growing impact of environmental issues on the activities of enterprises, it can be concluded that concepts such as CSR make it possible to combine ecological, social and economic interests, while building a dialog with stakeholders (Lewicka-Strzelecki, 2006). The reasons for the im-

plementing of CSR principles in an organization may vary, but among them the following should be distinguished: to gain a competitive advantage, to attract new customers, as well as image benefits. Some companies use CSR only for marketing purposes, while losing the main idea of the concept. Then there is a risk of practices called 'faux CSR' (Cherry & Sneirson, 2012) and the phenomenon of 'greenwashing' (Bergen, 2020).

The issue of greenwashing was raised in 1986 by Jay Westerveld, who in his article accused the hotel industry of misleading consumers through its practices. The apparent environmental action was to ask the hotel to use towels less frequently, out of concern for the environment (Seele & Gatti, 2017). The hotel justified its request with the adopted water resources protection strategy (Motavalli, 2020). It was noticed that the described practice was an apparent environmental action, as the hotel shifted the responsibility onto its customers, additionally neglecting other areas of its activities (Laufer, 2003). At that time, the problem of greenwashing was noticed and pointed out. It was pointed out that the company wanted to reduce its costs and attract new customers under the guise of pro-environmental activities.

The issue of greenwashing is addressed, among others, in publications on marketing, corporate social responsibility and corporate governance, among others. However, despite the growing number of articles on the subject, greenwashing is still interpreted and defined in various ways. Beder (1997) describes greenwashing as a deliberate action by a company to disinform and conceal its true intentions. The definition of greenwashing is often linked to the marketing perspective, written by Polonsky et al. (1997), among others. Gillespie (2008) also emphasizes this position, describing greenwashing as unjustified or irrelevant practices that reach consumers through marketing messages. Thus, companies seek to improve their image by implementing green marketing (Stamoulakis & Bridwell, 2009). Fliegelman (2009) also emphasized that greenwashing is a negative phenomenon that occurs in advertising.

Ramus and Montiel (2005) pointed out another problem resulting from greenwashing. They emphasized that pro-environmental claims are not verified by other entities, which leads to violations and unreliability of information. Vos (2009) emphasizes that companies may embellish their messages or provide false information. As Gallicano (2011) notes, greenwashing is a discrepancy between what companies say and how they operate. Lyon and Montgomery (2015) have enriched the definition of greenwashing, pointing out its purposefulness and the misleading of public opinion.

3.2. Greenwashing as a Threat

A properly implemented CSR concept brings many benefits to the organization, but it should be emphasized that not all enterprises are guided by altruistic reasons when implementing CSR principles. Then the positive aspects of the activities are a side effect of the company, not its primary goal (Kantor, 2022).

The reasons for the occurrence of greenwashing have not been clearly defined, but the main factors include: insufficient control of the organization, the desire to improve the image of the organization and constant social pressure to engage in local and global issues. Along with the global interest in sustainable development issues, eco-labelled products began to appear in companies' product ranges. Also in marketing messages, companies inform about their activities for the environment and the improvement of results related to the emission of substances, consumption of raw materials, etc. However, it happens that companies carry out ostensible activities or deceive consumers in their messages. In such a situation, we can talk about the threat of greenwashing, which is the lack of credibility of information. In the age of digitalization and information overload, the consumer gains quick access to an almost unlimited amount of information. This creates a challenge in the terms of organizing valuable content. In addition, some of the information obtained may be difficult or impossible to verify at any given. Consumers do not have the resources, including time, to verify all the information they receive.

Businesses want to reap the benefits of CSR implementation without any visible focus on social and environmental activities. For this reason, they engage in what is as greenwashing. It should be noted that such a practice can bring benefits to the company, but only in a short-sighted perspective. Recognized greenwashing should be publicized in order to reach consumers with information about the unfair practice. It should be noted that this may lead to a loss of consumer confidence that may be difficult to regain.

Loss of customer confidence can lead to other negative consequences for the organization. These include loss of a positive image, increased consumer reluctance to use the organization and its products, and financial losses. Greenwashing can lead to an image crisis and a loss of reputation that will be difficult to rebuild despite numerous marketing efforts. Consumers who have recognized or learned about a company's practice may decide not to use its products. Consumer rejection of a company may be temporary or permanent. A company seeking to improve its image will be forced to incur additional marketing expenses, which may prove to be a drain on the company's budget, while at the same time experiencing reduced revenues as a result of customer defection.

Loss of trust may not be limited to corporate practices. After recognizing greenwashing, customers may lose confidence in pro-environmental and social practices and in the concept of CSR itself. Thus, greenwashing can be seen as a threat to the concept of CSR, as well as to consumers, companies, and the environment (Delmas & Burbano, 2011; Guo et al., 2018). Unethical actions by companies and misleading communication can lead to a loss of confidence in CSR values. As a result, companies that act ethically and communicate honestly about their activities are exposed to additional costs and the loss of credibility that has developed over the years (Kantor, 2022).

Greenwashing can reinforce the belief that CSR is just a marketing practice. One can come across both the approach that CSR is one of the PR tools and that these are integrated activities. As emphasized by Gasiński and Pisalski (2009), CSR should be an activity that should be communicated through PR. According to this approach, CSR should be a long-term activity directed at a specific group of stakeholders. The targeted actions should be well thought out and based on previously verified needs. CSR activities should be well thought out and stem from the strategy and values deeply rooted in the organization.

3.3. Examples of Greenwashing in the Services Sector

Every consumer, as well as the individual responsible for implementing and communicating about CSR, should be aware of the issue of greenwashing. Presented below are some common examples of greenwashing, which will be briefly discussed.

A. PGE Polska Grupa Energetyczna

First noteworthy example is PGE Polska Grupa Energetyczna, with a tweet that appeared in 2019. The tweet read, 'Giving the go-ahead for #greenwashing. Starting today, PGE will wash your electric car for free. For us, #Greenwashing means a clean electric powered by clean energy'. This example proves that even well-known companies, corporations, and individuals discussing their activities may not fully understand the meaning of the term greenwashing. Thus, the likelihood of committing this offense rises. To effectively execute the CSR strategy, those in charge of the activities and communication should possess knowledge of both the concept and its associated phenomena. This example indicates that the organization merely employs the CSR concept for PR purposes. In addition, PGE does not clarify the correlation between washing electric cars and enhancing the state of the environment.

B. Easy Jet

Another example of greenwashing is the activities of the Easyjet brand. EasyJet launched a series of ads claiming: 'We are championing a future of zero emissions flights', with the bold headline 'Destination Zero Emissions'. The company was accused of misleading customers through these advertisements, portraying the purchase of plane tickets as sustainable by asserting that the airline offsets all its carbon emissions and intends to implement zero-emission technologies by the mid-2030s. Easyjet's assertions regarding carbon offsetting omit the evidence that the most significant contributors to warming from flights stem from sources beyond carbon emissions. Additionally, they neglect to acknowledge that carbon offsetting schemes have faced accusations from multiple scientific bodies for not providing a credible solution for climate mitigation and have been found ineffective. In this case, it may be seen that the company is trying to mislead consumers by omitting general facts and the harmful activities of the industry. Moreover, the company does not provide evidence to confirm the truthfulness of its declarations.

C. Ryanair

The final example presented is Ryanair. The company advertised the lowest carbon dioxide emissions among major European airlines in an advertising campaign, but accusations of greenwashing were made due to inaccuracies and fake news (The Guardian, 2020). Ryanair's data was based on information from 2011, which was of little relevance by 2019. Additionally, at the time of the advertising campaign, Ryanair was listed among the top 10 carbon dioxide emitters in the European Union. Thus, the company engaged in greenwashing, which involved false information, incomplete details, irrelevant data, and so-called dirty business.

Conclusions

A literature review of CSR communication highlights the marketing approach and acknowledges greenwashing. The study focused only on certain topics, indicating that CSR communication can provide benefits for organizations and stakeholders, if greenwashing is not present. Although the review is limited to a small sample of articles, its focus is on a narrow area of marketing communication and greenwashing. The study offers insight into CSR communication as a burgeoning field in the social sciences.

The concept of CSR involves multiple aspects, presenting a potential challenge for understanding and implementing CSR strategy effectively. Therefore,

it is crucial to educate stakeholders at all levels within the organization, reducing the risk of misconceptions. It is noteworthy that research on CSR and communication aims to enhance the reputation, PR efforts, and stakeholder relations. Thus, a positive approach is emphasized, focusing on the advantages of implementing CSR and communicating about it. Nevertheless, there is still a scarcity of reliable research that would address the detrimental effects of unreliable marketing. If an organization perceives CSR communication as a management process, then dialogue with stakeholders becomes of secondary importance. For CSR communication to be seen as an element of co-creation rather than just an additional tool, it is essential to involve the consumer as a co-creator (Moisander & Pesonen, 2002). CSR communication should not be treated as an isolated activity, but rather as an integrated element of a well-designed, long-term strategy.

CSR communication can be viewed negatively by customers due to their mistrust and concern regarding the reliability of information provided by businesses. According to Fassin and Buelens (2011), CSR communication can be seen as hypocritical, as some companies solely use it to enhance their reputation. Additionally, instances of greenwashing, where companies deceive consumers by emphasizing their own advantages, are also prevalent.

Greenwashing is a detrimental practice that deceives consumers, impacting both current and future purchasing decisions (Parguel et al., 2011). Greenwashing poses multiple threats such as loss of credibility, distrust in the company's integrity, image crisis, erosion of trust in corporate social responsibility (CSR), and the conflation of CSR with marketing. The identified threats could worsen the negative outcomes of greenwashing. It is important to note that customers who discover greenwashing may lose trust in the company, refrain from buying a particular product or any products from the company and may even boycott the organization.

Based on the examples presented, it is evident that greenwashing is a challenging phenomenon for customers to identify. Greenwashing can be presented in various ways, both in terms of content and image, and can also be misleading. A company may use suggestive names and images to create a false impression of the product or organization. These activities are not always noticeable immediately, which allows companies to engage in greenwashing for an extended period of time and deceive customers. It is important to educate consumers about unethical business practices and marketing communications to enable them to protect themselves against such practices.

CSR should be an opportunity for both the organization, the consumer, and the natural environment. By adopting CSR, companies can improve their financial situation and image, gaining a competitive advantage. Consumers can also

benefit by selecting products that align with their values. By choosing environmentally friendly products, consumers can help reduce degradation. Currently, consumers have the option to select products labeled as eco-friendly, which have a reduced negative impact on the environment compared to alternatives. This choice can foster consumers' dedication to climate concerns and benefit the natural environment – a shared interest of both consumers and organizations. Yet, greenwashing can result in losing these advantages. Consumers who lose faith in social and environmental initiatives may revert to selecting products that cause greater harm. This can result in reduced or discontinued ecological behaviors such as waste segregation and reduced raw materials consumption, making it difficult to halt the degradation of the natural environment and achieve climate neutrality.

Based on the study, it is important to educate consumers about the unreliable and unethical communication of enterprises. Learning about greenwashing and company misconduct can assist in identifying other deceptive practices. Therefore, this development has practical implications, justifying the efforts of organizations involved in consumer rights and education. At the same time, this text can be utilized by organizations tasked with handling marketing and managing communication efforts for businesses. This study could serve as a foundation for future scientific inquiries.

On this basis, it is possible to identify areas and topics related to the research subject that require further analysis and elaboration:

- Research linking CSR communication with consumer skepticism.
- Research linking greenwashing with corporate social responsibility, focusing on reducing the negative impact.
- Research focused on preventing greenwashing.
- Studies of message and media factors.
- Research of marketing messages in terms of the presence of greenwashing.
- Research related to susceptibility to greenwashing and environmental awareness of consumers.
- Research related to greenwashing and consumer trust.

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CHAPTER 9

Sustainability through Marketing Organic Food Consumption

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Introduction

The pervasive inquiries surrounding organic food and its non-organic counterparts often intertwine with notions of health, environmental impact, and overall sustainability. Organic food refers to 'food produced using environmentally sound practices instead of using conventional pesticides or fertilizers made with synthetic ingredients and not processed using industrial solvents, irradiation, chemical food additives, or genetic engineering' (Jeong & Jang, 2019, p. 2). In recent years, organic food has not only gained remarkable traction, but also burgeoned into a prominent force in the hospitality industry. According to the Organic Trade Association (2023), organic food sales in the United States reached a record high of USD 60 billion in 2022, hitting another high-level mark for the resilient organic sector. Organic food sales accounted for approximately 6.8% of total food sales in the country. On a global scale, the sales of organic food reached a staggering USD 132.74 billion, a remarkable increase from the approximately USD 18 billion recorded in 2000 (Statista, 2023). The passion for organic food is shared with developed countries in Europe, such as Germany, France, and Switzerland, which have already demonstrated tremendous interest in organic food, and developing countries like China, where demand is also rising.

The surge in organic food consumption reflects profound changes in people's eating habits and our relationship with food. In a world increasingly confronted with environmental challenges, consumers are making conscious choices that extend beyond personal health benefits to encompass the well-being of the planet. The purchase of organic food, driven by the motive of health and environmental concerns, has emerged as a powerful way individuals can contribute to a more sustainable future. Consumers are leading this revolution of dietary choices that is rapidly changing the landscape of the service industry.

Businesses are embracing this emerging trend and gripping the chance of turning profits by positioning organic food as a more sustainable alternative to

conventional options. Notable organic food manufacturers are now highlighting their organic products and their sustainable processing practices in the hope of gaining customer acceptance. Sustainability and environmental benefits have become selling points for organic food and are increasingly utilized to justify their typically higher price premiums. These two forces work collaboratively to facilitate the rapid growth of organic food that we recently witnessed. Businesses that successfully adapt will thrive, while those that fail to do so risk obsolescence.

Prior research on organic food has mostly focused on the benefits and underlying motivations driving organic food consumption. These motivations span a wide spectrum, ranging from health and safety concerns to environmental consciousness, quality and taste preferences, ethical considerations, and status signaling (Ditlevsen et al., 2019; Michaelidou & Hassan, 2010; Puska et al., 2018; Teng & Lu, 2016). There is another stream of research examining moderators of organic food consumption, such as gender, food prices, consumers' perceived trust, and individual differences in environmental concerns and knowledge (Bonn et al., 2016; Jeong & Jang, 2019; Shin & Mattila, 2019). Recently, researchers have begun to ponder the success of marketing strategies in endorsing organic food, including advertising labels and claims (Hidalgo-Baz et al., 2017; Lee et al., 2018), persuasive messaging (Kareklas et al., 2014; Septianto et al., 2019), and food presentation (Yu & Liu, 2021). However, the role of sustainability in such a fast-growing food consumption trend has not been thoroughly explored. To address this gap, this chapter delves into the role of sustainability in the growth of organic food, examining it from both consumer and business perspectives (see Figure 1).
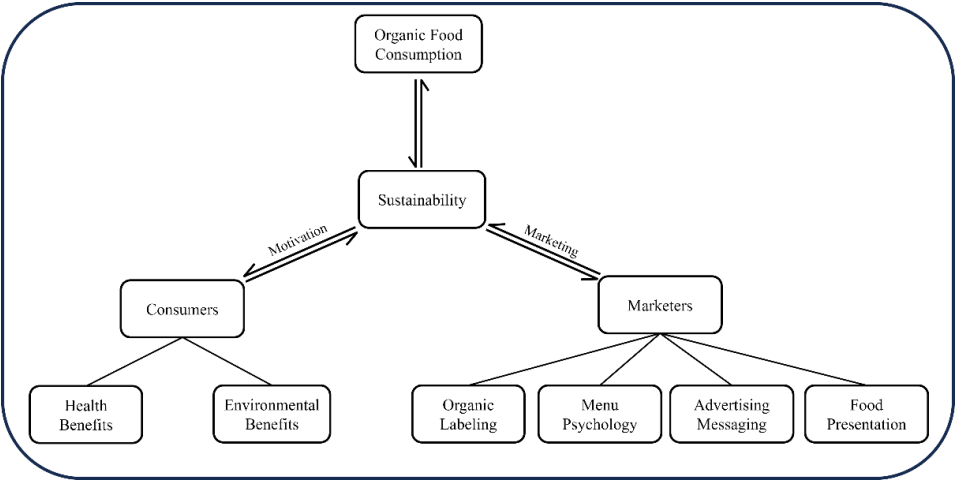
Figure 1. Sustainability through Organic Food Consumption

Moreover, we will review prominent research and interesting observations on the future of organic food, intending to provide the audience with a new perspective on the service industry and its transformation in the pursuit of sustainability.

1. The Consumers: Perceiving Organic Food as More Sustainable

To understand the remarkable ascent of organic food in the marketplace, it is imperative to first delineate the factors that attract consumers and captivate their purchase intention in the service industry. Traditionally, the ideal product in the food industry is characterized by its delectable flavors, easy accessibility, impeccable safety standards, and affordability. These characteristics align closely with some of the most iconic culinary offerings such as French fries, prepackaged salads, chicken fingers, and milk. These products originate from raw materials amenable to industrial production, thereby fostering efficiency, uniformity, and cost-effectiveness. Moreover, they can be processed in centralized facilities by trained professionals and specialized machinery, enhancing production volume while lowering costs and minimizing sanitary concerns. Through a well-established distribution system, these products are swiftly distributed to diverse locations at the behest of manufacturers, eventually reaching the hands of the consumers. Given their widespread popularity and consumer appreciation, these products have spurred manufacturers to explore strategies for enhancing their appeal and profitability. Subsequently, the quest to fulfill these seemingly antithetical objectives, namely cost reduction and amplified appeal, has prompted controversial choices pertaining to food safety and animal welfare, such as the employment of pesticides, the intensification of chicken farming, and the utilization of factory-farmed cows. Nonetheless, these practices have been overshadowed as the perceived benefits of traditional products, particularly in terms of taste and price, outweigh the drawbacks from the consumer perspective.

1.1. The Rise of Organic Food Consumption

However, the evaluation matrix of dietary products has expanded to encompass additional dimensions, such as health and nutrition, environmental concerns, and perceived social responsibility. This shift in consumer priorities has fueled the rapid growth of organic food consumption in recent years. Supporting this trend, a recent study conducted by The Business Research Company re-

vealed significant expansion in the global organic food market, with its value increasing from USD 259.06 billion in 2022 to USD 294.54 billion in 2023 and a notable compound annual growth rate (CAGR) of 13.7% (Financial News Media, 2023). Furthermore, recent research has shed light on consumer behavior such that approximately 82% of Americans actively choose to purchase organic foods, with a majority of the sales occurring through conventional grocery stores (BlueWeave, 2022). While online grocery shopping has gained popularity among younger consumers, there is a growing awareness of the availability of organic food in retail stores, club stores, and supercenters. In response to this demand, major supermarket chains (e.g., Walmart, Target, Costco, and Kroger) are adding organic foods to their store shelves, thereby improving consumers' access to organic foods, which is expected to boost the market growth during the forecast period (BlueWeave, 2022). Leading well-known organic food brands have emerged as trusted options for consumers seeking high-quality organic food products. Brands such as Trader Joe's, Whole Foods, Simply Organic, Organic Valley, Nature's Path, Stonyfield Organic, and Earth's Best Organic have gained recognition for their unwavering commitment to organic and sustainable practices. They offer a diverse range of organic food products, spanning from fresh vegetables and meat to dairy and snacks. Their dedication to using organic ingredients aligns with the values of health-conscious consumers who look for healthier and environmentally responsible food choices.

Aligned with the rampant growth of the organic food market, an increasing stream of research has emerged, delving into consumer motivations underlying the purchase of organic food. This literature identifies that consumers' motivations for purchasing organic food include personal reasons (e.g., health and safety concerns), product reasons (e.g., quality), economic reasons (e.g., price perception), and cultural/social reasons (e.g., status signaling) (Ditlevsen et al., 2019; Luomala et al., 2019; Michaelidou & Hassan, 2010; Puska et al., 2018; Teng & Lu, 2016). For example, Teng and Lu (2016) examine the effects of organic food consumption motives on consumers' decision behaviors and display that health consciousness, food safety concerns, and ecological motives positively influence consumers' purchase intention toward organic food. Moreover, organic food consumption behaviors can indeed function as a prosocial status signal (Luomala et al., 2019). Yet, scholars have begun to discover factors that moderate consumers' organic food consumption. For example, Shin and Mattila (2019) indicate that males with low levels of health consciousness tend to select unhealthy options when their initial choice is organic (vs. conventional), and females with low levels of health consciousness tend to select unhealthy options regardless of their initial choice is organic or conventional.

Overall, consumers who choose organic foods often seek to align their dietary choices with their beliefs and values, emphasizing health and well-being, environmental protection, quality, safety, and ethical considerations. These underlying motivations reflect a growing recognition that food choices have far-reaching consequences, not only for individual health but also for society, the environment, and even future generations. By opting for organic foods, consumers aim to contribute to a more sustainable and environmentally responsible food system while simultaneously prioritizing their health and that of their communities.

1.2. The Role of Sustainability in Organic Food Consumption

People are increasingly realizing the importance of adopting a sustainable and healthy lifestyle, and organic food has emerged as a major component of this movement. Organic food is produced using environmentally sound practices (e.g., man-made pesticides and fertilizers), processed without chemical food additives, and free of genetic engineering (Jeong & Jang, 2019). Therefore, consumers believe that by consuming organic food, they can reduce their exposure to harmful chemicals and potential health risks associated with conventional farming practices. Importantly, consumers who prioritize sustainable living choose organic food as a means to support eco-friendly agriculture and minimize their ecological footprint reflecting increasing concern for the environment and animal welfare.

In summary, the concept of sustainability influences consumers and their purchase intentions on both the individual and societal levels. At the individual level, consumers prioritize health and well-being by choosing organic options. At the societal level, the benefits of consuming organic foods extend to the broader environment, as the production of organic food aligns with sustainable practices, signaling a conscious choice to preserve our natural resources for future generations.

Health Benefits at the Individual Level

'Health' has been demonstrated as the main point of consideration when purchasing organic food (Shepherd et al., 2005). In today's health-conscious landscape, consumers are actively seeking avenues to make informed choices regarding the food they consume, with a heightened emphasis on the paramount importance of health. Organic food is widely perceived as a healthier alternative to conventional options, with a strong association with improved overall health and well-being (Apaolaza et al., 2018; Ares et al., 2014; Bauer et al., 2013; Vega-

-Zamora et al., 2014). This perception stems from the belief that organic food is free from synthetic pesticides and chemical residues and is processed using more sustainable practices, addressing consumers' desire to minimize exposure to such substances. As such, previous research suggests that the health benefits of organic food are the main determinant in fostering a positive attitude toward it (Aertsens et al., 2009). Organic food is also associated with superior nutritional value and enhanced taste (Lee et al., 2013). Consumers purchasing organic food believe that organic fruits, vegetables, and grains contain higher levels of essential nutrients, vitamins, minerals, and antioxidants compared to their conventionally grown counterparts. This perception drives their choice to opt for organic products, as they seek to maximize the health benefits of their dietary choices. Additionally, organic food is perceived to be produced under higher food safety standards (Hsu et al., 2016). Consumers trust that organic farming practices, which emphasize natural and sustainable methods, reduce the risk of foodborne illnesses and contamination.

Previous studies also indicate that organic consumers hold the expectation that having a healthier diet will result in improved well-being, and this belief in the anticipated benefits contributes to their overall perception of actual well-being (Apaolaza et al., 2018). Well-being can be viewed from both hedonic and eudaimonic perspectives. Hedonic well-being relates to the immediate pleasure, positive emotions, and enjoyable experiences that individuals derive from consuming organic food. This aspect emphasizes the sensory satisfaction, taste, and delight associated with eating organic food, highlighting the joyful and pleasurable moments that can enhance overall well-being (Issock et al., 2023). On the other hand, eudaimonic well-being emphasizes the active pursuit of virtues and the realization of one's full potential. In the context of organic food consumption, eudaimonic well-being is concerned with how individuals are flourishing and functioning at their highest capacity. It delves into deeper aspects of well-being, including personal growth, meaningful living, and aligning one's choices with ethical values (Sharma et al., 2017; Su et al., 2020; Venhoeven et al., 2013). For those who prioritize eudaimonic well-being, consuming organic food may represent a conscious decision that contributes to a healthier planet, supports sustainable farming practices, and leads to a more meaningful and virtuous life.

Environmental Benefits at the Societal Level

Organic food consumption plays an important role in creating more environmentally sustainable food systems for the benefit of society as a whole. By choosing organic food rather than conventional alternatives, consumers can con-

tribute to reducing the chemical exposure in our environment. Moreover, the farming practices for organic food rely on natural methods for weed and pest control, reducing the usage of synthetic pesticides and herbicides. These practices protect not only consumers but also farmers and agricultural employees from exposure to harmful chemicals. Additionally, organic agriculture prioritizes soil health and conservation and adopts sustainable soil protection practices such as crop rotation, composting, and organic matter utilization, thereby continuously enhancing soil fertility and structure.

Environmental concern plays a pivotal role in shaping consumers' preferences and behaviors toward organic food consumption (Koklic et al., 2019). Environmental concern refers to 'the degree to which people are aware of problems regarding the environment and support efforts to solve them or indicate the willingness to contribute personally to their solution' (Dunlap & Jones, 2002, p. 482). Research suggests that consumers mainly purchase organic food with expectations of healthier and more eco-friendly production (Sangkumchaliang & Huang, 2012). In effect, purchasing organic food is vastly viewed as prosocial and environmentally friendly (Kareklas et al., 2014). These findings suggest the need for companies to go beyond mere organic product offerings and instead foster a supportive and engaging environment that encourages repeat purchases. In a world increasingly confronted with environmental challenges, consumers are making conscious choices that extend beyond personal health benefits to encompass the well-being of the planet. The purchase of organic food, driven by the motive of environmental concern, has emerged as a powerful way in which individuals can contribute to a more sustainable environment.

Sustainability has been a significant driving force behind the notable surge in sales of organic food products. Organic labels have emerged as a surrogate indicator for sustainability in the eyes of consumers, signaling a commitment to environmentally friendly, and socially responsible practices. Research has shown that emphasizing sustainability significantly amplifies consumer purchase intention toward organic food, which further reinforces the strong link between sustainability and organic food consumption (Kaur et al., 2023; Paul & Rana, 2012). Furthermore, the heightened awareness of health and environmental concerns, particularly in the wake of the global pandemic, has propelled organic food choices to the forefront of dietary preferences. Consumers are increasingly recognizing that opting for organic not only aligns with their personal well-being but also contributes to a more sustainable and resilient food industry and environment. This growing recognition further solidifies the position of organic products as a bedrock of the culinary landscape.

2. The Marketers: Pitching Organic Food Emphasizing Its Sustainability

Considering the significant surge in organic food consumption, going organic has been considered as an effective strategy for food retailers to differentiate themselves from their competitors. Marketers are actively working to educate and attract consumers to make choices that prioritize their well-being and the environment by leveraging clear labeling, compelling visuals, and persuasive messaging. For example, Nature's Path Organic, a cereal and snack brand, utilizes compelling visuals to highlight the purity and simplicity of its products. Their advertisements frequently feature close-up shots of grains, nuts, and fruits, emphasizing the organic ingredients that go into their products. The use of earthy tones and rustic backgrounds evokes a sense of natural authenticity. In the hospitality industry, organic restaurants frequently highlight their commitment to sourcing ingredients directly from local farms. Sweetgreen, a popular salad chain with locations in major U.S. cities, is known for its commitment to organic produce and sustainable sourcing. They create seasonal salads and bowls with fresh, organic ingredients and often collaborate with local farmers to showcase their produce. Previous research has also begun to delve into marketing strategies for organic food consumption, such as advertising labels, advertising messaging, menu psychology, and food presentation. In the next subsection, we will discuss the effectiveness of these strategies (Kareklas et al., 2014; Schuldt & Schwarz, 2010; Septianto et al., 2019; Shin et al., 2018).

2.1. Organic Labeling

The organic label serves as a direct heuristic cue in food consumption (Lee et al., 2018). Previous research on organic food consumption has focused extensively on the impact of labels containing organic-related messages on consumer decision-making. These studies have demonstrated that consumers' motives for purchasing organic food reflect egoistical (e.g., personal health) (Hughner et al., 2007; Magnusson et al., 2003) and altruistic concerns (e.g., environment) (Bonn et al., 2016; Shin et al., 2017), marketers accordingly should make the truthful and substantiated claims to maintain consumer trust and comply with regulations. As such, labeling food products as 'organic' has become a widespread and effective practice in the food industry. In fact, many well-known distributors of organic foods, including Organic Valley and Stonyfield Organic, have applied this strategy to promote their organic food products. Manufacturers often attach

labels such as 'USDA Organic Certified', '100% Organic', and 'Made with Organic' based on different criteria to emphasize the organic nature of their products. Interestingly, these labels do not carry the same meanings. For instance, 'USDA Organic Certified' emphasizes that the products meet a certain standard, which lends credibility to their organic quality; '100% Organic' emphasizes that the ingredients themselves come from organic certified sources; 'Made with Organic' is a rather general description, emphasizing that the ingredients include but are not limited to organic components. Labels may also feature additional claims related to sustainability and environmental responsibility. Marketers use language like 'sustainably grown', 'eco-friendly', or 'carbon-neutral' to highlight the product's positive impact on the environment.

The Organic Coup, the first certified organic fast-food chain in the United States in 2015, is known for specializing in organic chicken dishes from humane and sustainable family farms. The 'USDA Organic' label provides The Organic Coup with a competitive advantage in the organic and health-conscious food market and significantly shapes consumers' attitudes toward the restaurant. In essence, this hierarchical labeling behavior demonstrates that food distributors are eager to align their products, whether entirely organic or partially organic, with this new trend and market them as a distinctive feature that can justify a higher premium. More importantly, an organic labeling strategy aligns the brands with the expectations and values of health-conscious consumers seeking organic options. This strategy can result in increased customer loyalty and satisfaction, as it reinforces the brands' dedication to sustainable principles and resonates with those prioritizing organic and healthier choices.

2.2. Menu Psychology

Nowadays, there is nothing new that restaurants label 'organic' on menus (Bareuther, 2019). Quick-service restaurants (e.g., Chipotle, Elevation Burger, and Veggie Grill) effectively differentiate themselves from competitors by adopting an organic food menu (Lu & Gursoy, 2017). Notably, while it is important to include organic labels on the menu, recent research on menu psychology suggests that a well-designed menu can better market organic food and effectively boost consumers' purchase intention. Specifically, restaurants can use distinct fonts, colors, and descriptive language to highlight organic options and entice customers to purchase organic food items. For example, Liu et al. (2019) found that for healthy restaurants, using handwritten (vs. machine-written) typeface in a menu increases a sense of 'human touch' and stimulates the perception

that 'love' is symbolically imbued in the restaurant's offerings, which ultimately leads to a series of positive brand-related consequences including enhanced perceived healthiness of the brand and social media engagement with the brand. Wang et al. (2020) suggest that healthy-related food messages are more effective when a black-white (rather than colorful) background is used. Some restaurants even dedicate separate specialty menus exclusively to organic offerings, making it easier for customers seeking organic choices. Visual cues, such as small icons like a green leaf or the '100% Organic' logo next to menu items, can further highlight the organic nature of ingredients.

In summary, restaurants can gain significant competitive advantages by incorporating the theme of sustainability into their menu design. Indeed, sustainability has become a key concern for consumers, and many diners actively seek restaurants that align with their environmental and ethical values. When designing an organic food menu, marketers could make use of not only sensory cues such as font types, colors, and organic labels but also the language used to present the menu offerings to convey the idea of sustainability. In doing so, restaurants can differentiate themselves in a crowded market and attract a growing segment of eco-conscious customers.

2.3. Advertising Messaging

Consumers' purchase intention toward organic food can not only be influenced by the advertising messages, but also affected by the way in which we frame the messages. Prior research on organic food marketing has examined several types of message frames, including positive vs. negative messages, egoistic vs. altruistic messages, and assertive vs. nonassertive language. For example, Cucchiara et al. (2015) found that positive messages (i.e., emphasizing that consuming organic food promotes health and benefits the environment) are more effective than negative messages (i.e., emphasizing that not consuming organic food can lead to health issues) in encouraging the consumption of organic food. Similarly, Kareklas et al. (2014) argued that both egoistic (personal health) and altruistic (environmental) factors can positively influence consumers' desire to purchase organic food. Therefore, marketers should incorporate messages related to personal benefits and environmental concerns in their advertising. Marketers have also started to recognize the significance of advertising messaging for organic food marketing. For example, Stonyfield Organic places a strong emphasis on organic ingredients and sustainable farming practices, educating consumers about the advantages of organic dairy and its impact on the taste and quality of their products.

Food retailers also employ various linguistic strategies to emphasize the benefits of organic food offerings. Consumers who buy organic food usually anticipate a healthier and ecologically mindful production process, actively embracing prosocial and pro-environmental conduct (Kareklas et al., 2014; Sangkumchaliang & Huang, 2012). Their inclination to purchase organic food can be heightened when the advertisements are presented by using language that aligns well with their expectations for both improved health and eco-friendly food manufacturing. For example, healthy restaurants use assertive language to nudge consumers toward organic food options: 'Go organic! Healthy food you must try now!' Organic food items may be better promoted with assertive phrasing such as 'You must try our organic food' or 'Call us for organic food now'. The popular organic restaurant Cross Lanes Organics advertises its organic lamb kofta kebabs as 'an absolute must-try, delicious'. Additionally, Restaurant Nora in Washington, DC, known as America's first certified organic restaurant, is often promoted as 'a must-visit' destination among diners. While organic restaurants are more likely to describe organic ingredients on their menus (Shin et al., 2017), phrases such as 'savor the natural goodness of our organic ingredients' can create a sense of anticipation and desire among diners. Instead of merely listing 'Organic Salad', the menu might describe it as 'Luscious organic spring greens with heirloom tomatoes and farm-fresh avocado, drizzled with a fresh zesty herb vinaigrette'. Restaurateurs should also detail organic items using assertive language on menus (e.g., 'The unique taste of our all-natural and organic ingredients is a must try').

2.4. Food Presentation

In the food consumption domain, prior research suggests that the visual appearance of food influences not only people's appetite but also actual food liking (Li & Sheopuri, 2015; Zellner et al., 2014). Organic product is somewhat known for its rugged look stemming from the intentional absence of treatments for plant diseases (Yue et al., 2009). As such, consumers consider the appearance of organic food as a reflection of its authenticity and commitment to sustainable, health-conscious farming practices, and may expect organic food to have a less flawless appearance given its greater 'naturalness' (Loebnitz et al., 2015; Vega--Zamora et al., 2014; Xie et al., 2015). Indeed, organic food with a less attractive appearance, such as blemishes, dimples, scars, and scabs, can signal little pesticide usage and thus be viewed as beneficial for human health (Martinko, 2016). Consumers often consider the appearance of organic food less important (Lin

et al., 1996) and instead emphasize environmental sustainability as a major determinant of purchasing organic food (Grunert, 1993; Rahman et al., 2014; Van Dam, 1991).

Accordingly, from the perspective of organic food presentation, it is encouraged to present with a lower level of expressive aesthetics to emphasize its sustainability. In particular, organic food marketers should minimize artificial ingredient alteration and instead maintain a rustic, authentic appearance to highlight the product's environmental benefits (Yu & Liu, 2021). Common strategies like the use of garnishes should be discouraged in organic restaurants as they contradict the philosophy of environmental sustainability that these establishments strive to convey. Particularly for online ordering and delivery service, organic food items should be advertised using pictures that showcase a rustic look with minimal emphasis on aesthetic appeal. This approach can help reduce consumers' perceptions of excessive food processing while highlighting the environmental benefits of organic ingredients.

Conclusions

Sustainability has emerged as a pivotal factor influencing consumer purchasing decisions, particularly in the realm of organic food. It aligns seamlessly with the core values and principles of the organic food movement. With a growing emphasis on reducing environmental impact, consumers increasingly seek products that are produced with a reduced impact on the environment. By marketing organic food as a sustainable option, brands can effectively resonate with this growing segment of environmentally aware consumers and differentiate themselves from conventional food offerings. In this chapter, sustainability emerges as a central theme, impacting consumers on both individual and societal levels in the context of organic food consumption. Specifically, consumers perceive organic foods as not only beneficial for their personal well-being but also as a conscious choice that aligns with their environmental values. This belief motivates them to purchase organic food, considering it as a meaningful step toward leading a healthier lifestyle and a more sustainable future.

By strategically emphasizing the sustainability of organic food through various marketing strategies (e.g., advertising labeling, persuasive messaging, menu psychology, and food presentation), marketers effectively tap into consumers' desire to make responsible choices for both themselves and the environment. Previous research in the realm of organic food consumption has largely focused on the motives driving consumers' purchase of organic food and the examination

of various marketing strategies. However, there has been a relative lack of comprehensive understanding regarding the role of sustainability in marketing organic food, aligning with the underlying motivations. This chapter bridges the research gap by emphasizing the crucial role of sustainability in the context of organic food consumption, shedding light on how the perception of organic food as a sustainable choice shapes consumer behavior and informs marketing strategies.

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CHAPTER
10

Trust in the Market Relations of Service Companies as the Foundation and Condition of Sustainable Development

Agata Małysa-Kaleta

Introduction

Changes taking place in the environment of modern enterprises force the need to verify the previously used management methods and concepts. In addition to the observed problems of economic and social nature, the economic crisis is reflected in a permanent and quite abrupt breakdown of trust in market relations. The deficit of trust stimulates a discussion on the role and importance of trust in the functioning of modern organizations.

The market success of modern enterprises is increasingly determined by social and ethical issues, which is why trust and proper trust management in an organization are becoming determinants of a modern enterprise. An organization based on trust, as well as proper management of trust in the company, is the answer to the need to improve the functioning of a modern organization in an increasingly complex environment. Relations within the organization, built on the foundation of trust, are reflected in the process of creating value with and for the customer.

The present article emphasizes the belief in the importance and relevance of the issue of trust in market relations on the modern market. The aim is to explain the role of trust in management practice and to indicate the economic and social effects of trust on the functioning of the organization. The process of building trust in a company requires high awareness, competence, constant attention, and commitment of people managing the organization. The study assumes that trust is the foundation of a market economy, and the profitability calculation of an organization's orientation towards trust is most beneficial for the company.

The article emphasizes the conviction about the importance and timeliness of the topic of trust in the activities of entities providing services of an institutional nature (governmental and non-governmental organizations). The role assigned to these entities in today's reality is special, exceptional, and responsible.

The process of building trust by such organizations requires high awareness, appropriate competences, high commitment, and full responsibility. The study assumes that trust is the foundation of a market economy as well as an important factor leading to sustainable development, and the cost-effectiveness calculation of trust-oriented service organization is beneficial because it brings measurable and immeasurable effects.

1. The Crisis of Trust in the Modern Economy

The present crisis in the economy generates problems in the social sphere and in relations between market entities. According to Anatole Kaletsky (2010), the crisis (2008-2009) marked another great transformation of capitalism and changed the relationship between the state and the market. This is the fourth systemic transformation of world capitalism, comparable to the Great Inflation of the 1970s, the Great Depression of the 1930s, and a period of geopolitical turmoil culminating in Wellington's victory over Napoleon in 1815. The change in the relationship between the state and the market, especially in the fundamental question of political economy has been a defining feature of any transformation. The crisis has shown that both the state and the markets are unreliable; neither of them is a winner. A synthesis of politics and economics should be sought as market economies cannot function well without competent and active governments. According to the author, governments and central banks should actively steer business cycles, take responsibility for managing economic growth and employment, and for maintaining financial stability. However, the growing level of political involvement in economic governance and financial regulation does not mean an increase in statism. This is contradicted, among others, by the lack of money and state funds, an unsustainable level of public spending, lack of public confidence in markets and the state, and the fact that the state in highly developed countries is no longer able to meet the needs of society related to health care, education, and planning pension.

According to W. Orłowski (2011, p. 14-15), the crisis in its current form consists in a permanent and quite rapid breakdown of trust of customers in banks, companies, or brands; of employees in employers; of society in the government's economic policy. The level of trust in governments and NGOs is also in question. According to W. Orłowski, the greatest victim of the breakdown of trust is faith in the development paradigm and the model of economy defined by the Washington Consensus. A low level of trust in society translates into a low level of social capital, which in turn determines the level of prosperity and social ability to compete.

M. Bojańczyk perceives the growing crisis of trust as a consequence of attitudes that can be called *homo oeconomicus* and various consequences of the development of the capital market. Serious disturbances in the global economy in recent years have resulted in widespread criticism of various regulations, opinions of auditors, assessments of rating agencies, opinions of investment advisors, etc. Not only various enterprises, but also countries and institutions that were supposed to limit the negative impact of the market began to lose their reputation. The market and the state, represented by various institutions and regulations, failed (Bojańczyk, 2013, p. 7).

To sum up, trust is an element of social life and economic relations. It is needed by modern organizations, just like knowledge and innovation. The modern economy should be based on both knowledge and trust. Without a minimum level of confidence, the market mechanism ceases to function normally. There is a relationship between the level of social capital and the dynamics of economic growth (Sokołowski, 2015). Trust is the basis of a market economy, and companies that trust each other operate more easily and efficiently, which should translate into economic growth and prosperity. Therefore, it is recommended to create a system that builds and strengthens trust in the market, consisting of a reliable information system and appropriate, independent, non-partisan institutions that should operate transparently. The role and importance of informal institutions is also emphasized, which means cooperation of certain business groups, self-organization of certain environments, creation of codes of ethics, a set of good practices, systems of arbitrators settling disputes. Thus, in the process of building trust, cooperation between systemic and local government institutions is important (Raczko, 2009).

2. Trust as a Value

It is said that loyalty can be bought, but trust cannot. It is difficult to find a precise definition of trust. It is most often associated with kindness, honesty, openness, credibility and competence. It is understood as a disposition, mental attitude/belief towards the other party. Trust means that a person or institution can be trusted that their words and information are true, that they have skills, competences and are able to use them appropriately. The essence of trust is very aptly reflected in the definition of J. Pence (2011, p. 325), according to whom 'trust is the belief that the person with whom we interact has the right qualifications, competence and integrity of character'. Trusting someone is tantamount to believing that the other party accepts and shares our views, system of norms and values, and that their attitudes, behaviors and actions will be beneficial to us.

Trust is an immeasurable factor, difficult to evaluate, but a key factor in the realities of the modern market and market relations. Trust is the expectation that

the other party can be relied on, that the other party will keep its obligations predictably and act with integrity. According to Hosmer's definition: 'Trust is the dependence of a person, group or company on a voluntarily accepted obligation towards another person, group or company – to recognize and protect the rights and interests of those involved in a joint venture and economic exchange' (Paliszkiewicz, 2011a, after: Hosmer, 1995).

Trust management or management by trust means including trust in the company's activities in its internal and external relations. Building an organization based on trust requires commitment, high awareness of the importance of trust for the company's operations, as well as appropriate competences and constant attention of the management. Trust management is related to a set of activities aimed at building the company's own credibility and assessing the credibility of the other party in order to build authentic, productive relationships on many levels: employee-employee, employee-company, employee-superior, employee--team, company-society.

Trust is shaped on the basis of the interaction of five forces, which can be described in the form of dimensions: personality, calculation, institutional, perceptual and knowledge-based (Paliszkiewicz, 2007, p. 147). Calculated trust is a trust based on cost-benefit calculations of the relationship. Trust is based mainly on a rational belief in the viability of a given relationship. Personal trust is based on the structure of a person's personality. The ability to empathize with the situation of others, sensitivity, responsibility and emotional restraint are features that indicate a high tendency to trust. Institutional trust is based on formal regulations. It consists in shaping the sense of security on the basis of formal safeguards. Perceptual trust is the process of perceiving the behavior of others, observing each other's behavior, reactions, and the ways of behaving. Knowledge-based trust is the most durable category of trust, requiring quite a long time of initiation. It develops on the basis of acquired and accumulated experiences; it is related to the learning process.

Trust can be considered as an organizational principle, i.e., a way of solving the problem of interdependence and uncertainty, a kind of heuristic that enables the interpretation and representation of information, as well as a criterion for choosing appropriate behaviors and routines in coordinated activities (Hejduk et al., 2009). Trust can be earned only through behavior that proves that we are credible. Stephen M.R. Covey[1] indicates thirteen behaviors that help build trust (Chrza-

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[1] Stephen M.R. Covey is a businessman and co-founder and president of Covey Link Worldwide and Franklin Covey Global Speed of Trust Practice. He has been cooperating with the world's largest corporations for over 20 years. He conducts training and lectures in which he emphasizes the importance of trust in business relationships. Author, among others, Speeds of Trust (Covey, 2009).

nowska, 2014). They include honesty and sincerity in relations with others, showing respect, being reliable, making amends, being loyal, not neglecting one's duties, improving oneself, not avoiding facing problems if they arise, explaining any understatements, specifying expectations, accepting responsibility, keeping commitments, and giving trust to those who deserve it.

Trust management does not automatically make a business profitable, but it creates the necessary conditions for its development, an atmosphere of cooperation and culture. Trust management is a continuous process, based on a combination of diverse knowledge in the field of management, organizational theory, and sociology.

Trust is a concept that is complex in terms of interpretation, and generally one can distinguish between trust in the private sphere and in the public sphere. Social trust expresses a willingness to submit to the actions of others, based on faith in their good intentions. Social trust is also faith in people, social bonds and trust built between people within communities, workplaces, and stakeholder groups. Trust is the glue for thinking, acting, and expecting others. Expectations apply to all entities with whom we enter into relationships and relate to the fulfillment of promises made to us and responsible conduct. Trust means believing that a given person (institution) in the face of certain conditions will make a predictable decision and will remain in line with its values. The foundation of trust understood in this way are competences and values. Competencies in relation to trust in the public sphere include, above all, the 'responsiveness' of institutions, i.e., how quickly and effectively they can act, as well as their reliability measured, among others, by how effectively they eliminate excess uncertainty in the life of society and try to meet expectations. The key values in the activities of public institutions include honesty, openness, transparency, and fairness, among others.

The deficit of trust in times of uncertainty stimulates discussion on the role and importance of trust in the functioning of modern organizations. The market success of modern service entities is increasingly determined by social, ethical, and environmental issues, but also health and economic issues. Respecting them is closely related to the trust placed in institutions by stakeholders. An organization based on trust, as well as proper management of trust in the company, are the right answer to the needs of improvement in an increasingly complex environment.

Bearing in mind most of the new conditions, it can be assumed that a modern citizen needs, first of all, a sense of security in a multidimensional sense, i.e., health (physical), economic (financial), communication (digital), and emotional[2].

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[2] Zaufanie w dobie wychodzenia z pandemii – Cztery wymiary zaufania interesariuszy. https://www2.deloitte.com/pl/pl/pages/zarzadzania-procesami-i-strategiczne/articles/zaufanie-w-dobie-wychodzenia-z-pandemii-embedding-trust.html

The sense of security is determined by trust in others and the ability to enforce behavior in accordance with specific values and principles. The role of trust results from its positive impact on various spheres of life, i.e., on communities, economic growth, innovation, stability, and health. Trust is the certainty that we live in the right physical environment, that our economic and financial situation is safe, that the information we receive and information about us is secure, and that our emotional and social needs are protected.

3. The Importance of Trust in the Activities of Market Entities and in the Process of Providing Services

Trust-orientation is essential for a modern enterprise. Trust within the company, i.e., intra-organizational trust, determines and translates into inter--organizational trust (contractors to the company), customer trust in the company, increasing the company's attractiveness on the labor market and attracting new employees. Thus, it determines the effectiveness of the company's operations in the conditions of growing competition and uncertainty of the environment.

Trust is an invisible state, unrecognizable directly. Trust in the company is closely related to the so-called culture of trust, i.e., a system of rules (norms and values) regulating the processes of trusting, reciprocating trust, meeting expectations, etc. These rules, widespread in society, require us to treat trust and credibility as values, and trust in others and fulfilling obligations as standards of proper conduct (Grudzewski et al., 2008).

The importance of trust for the success of an organization is indisputable. One of the forces that speaks for the increase in its role in business relations is the bargaining power of the modern consumer and the progressive democratization of information. Customers have more and more access to information about products and services, more choices, and use more and more individualized communication with companies (Hejduk et al., 2009).

Empowerment is one of the modern management strategies that triggers increased motivation to act for the benefit of the organization. This strategy requires shaping an organizational climate based on mutual trust between all levels of the hierarchy. This concept is a method of building effective, intelligent organizations. In the interpretation of this method, it is emphasized that this is a deliberate managerial action, serving the transfer of power, control, and authority to subordinates, which requires managers to be intensely involved, dedicated, and pay attention to detail, and to trust that employees perform their tasks at the level optimal for their competences.

Trust has a practical, real, economic value. In practice, being a pioneer in trust gives the company an additional source of competitive advantage. Trust is an element that strengthens the commitment of employees to achieve the goals of the organization. We build the human potential of modern organizations on the basis of trust. Trust in the first place affects interpersonal relations in the organization and, as a result, also its functioning. Employee engagement is the driving force of any organization that wants to be successful. To increase employee engagement, it is important to invest in them.

Organizations that think ahead, develop employees' skills, and provide them with continuous support in three basic areas necessary to strengthen relationships; they are honesty, cooperation, and trust. Regardless of the importance we assign to trust, it must be emphasized that not everyone can be trusted unconditionally. No extreme is advisable or good – neither excessive trust nor lack of it at all ('By trusting everyone, we make ourselves untrustworthy').

In the process of building trust, the so-called readiness to trust, i.e., openness to trust is crucial. Reflections on this subject point to being trustworthy (credibility) and the gift of trust that we offer to another person (granting trust, 'trust is not something you have – it is something you give').

Low trust in the company is associated with high costs; it causes a decrease in the speed of action. Research shows that companies with a high trust index outperform companies with a low trust index. Rebuilding trust can be more difficult than building it. Words and declarations are not enough ('You can't repay trust with silver of speech'; 'Twenty years can build a reputation that takes only five minutes to ruin'; 'A man can do ten times wrong, then once right and people take him back to their hearts. But if he does the opposite: ten times right and then once wrong, no one will trust him anymore' (Małysa-Kaleta, 2015, p. 165).

Trust becomes a strategy for coping with uncertainty and the inability to control the future, a determinant of the economic development of entities. For consumers, it becomes a regulator of their decisions. Its role will increase in conditions of growing risk and uncertainty, and in the case of increasing availability and complexity of services, it will even become a qualitative criterion for making decisions, a kind of bridge connecting past behavior (experience, knowledge) and an uncertain future.

Martin Seligman[3] noted that trust is an ingredient of happiness. In quantitative terms, it translates into specific economic effects, i.e., speed of action and costs, while in qualitative terms, it gives energy and joy (i.e., emotional, creative, and organizational energy).

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[3] American psychologist (born August 12, 1942), creator of the theory of learned helplessness, professor at the University of Pennsylvania, creator of the concept of 'positive psychology', author, among others, 'Optimism can be learned'.

To sum up, trust gives a sense of security; it is capital for the company, just like financial capital or knowledge capital. By generating social bonds, it stimulates processes that stimulate the activities of the organization and activities within the organization. A large role in building market trust is played by programs building a culture of trust (Sokołowski, 2015). The mission of the *Rzetelna* Firma program (*Reliable Company Program*) is to promote ethics in business and to present the opinions of program participants on important economic issues. The program supports companies, mainly from the small and medium-sized enterprises sector, in building a positive image and business credibility.

4. Significance of Trust Based on Empirical Research

Changes taking place in the environment of modern organizations, including service organizations, absolutely enforce the need to verify the management methods and concepts used so far. The crisis related to the COVID-19 pandemic and military operations in Ukraine, in addition to the visible problems of a political, economic, and social nature, has contributed to a further decline in the already damaged trust in market relations. For some time (as indicated by research in EU and OECD countries, among others), a decrease in trust in institutions has been observed, which by definition should serve the society, indicate the direction of action, protect and ensure the safety of citizens, educate, suggest solutions and recommend appropriate decisions. The research on the level of trust in institutions, considers for example the army, NATO, police, local authorities, the EU, public administration officials, ministries, ombudsmen, courts, media, the Sejm, the Senate, political parties, the church, and the government.

The European Foundation for the Improvement of Living and Working Conditions − Eurofund (established in 1975 in Dublin) conducted research that showed that trust in public institutions fell significantly in 2021-2022, on average in the European Union by 13.4% in just two years. The largest decrease concerned national government institutions (by 24.5%), followed by the media (by 13.5%) and the health care system (by 10.2%). This situation was strongly influenced by the COVID-19 pandemic, which lowered the standard of living of the society, and the war in Ukraine, which worsened the mental well-being of Europeans as a result of fears about national security and the risk of an energy crisis. Other phenomena such as social polarization associated with different attitudes towards emerging problems, income polarization, general disinformation and miscommunication of important matters were also observed, all of which led to new expectations towards service organizations, institutions, and society itself.

Report on surveys conducted in 22 OECD member countries in the period November 2021 – February 2022, i.e., during the period of relative relaxation of sanitary restrictions related to COVID-19 and before Russia's armed attack on Ukraine on a sample of 50.000 people showed that trust and distrust in authorities and government institutions in the surveyed countries is varied and clearly decreased.

Experience shows that trust has been crucial in the recovery from the COVID-19 crisis and other turbulences. The period of the pandemic clearly showed that these specific conditions made citizens aware of the priority task for market institutions and entities related to gaining trust in the dissemination of key information, confidentiality, caution, and responsibility, in order to ensure security.

Empirical research[4], the aim of which was to analyze trust as an element constituting a modern company capable of lasting presence on the market, showed that for 77% of respondents the trust of the environment in the company is important or very important when building a company that is a sustainable market leader. Trust within the organization is important or very important for 80% of respondents. Over 75% of respondents believe that both types of trust are at least important in building the position of a sustainable market leader. The authors of the study also attempted to determine to what extent the concept of trust management enables the implementation of a sustainable competitive advantage, which is the resultant of various areas of trust management impact. It proved that for over 60% of them, trust management is at least important for gaining a sustainable competitive advantage, while the majority of respondents (over 70%) consider the concept of trust management as important for building a competitive advantage of any enterprise. The assessment of the importance of trust and the concept of trust management in the enterprise were comparable in the research and indicate their importance in a modern, competitive enterprise, permanently present on the market.

Other empirical studies[5] aimed at identifying the role of trust in business operations. The first category in the research model was the category of the manager's orientation towards creating trust, which resulted from the assumption that the manager is of key importance in shaping the orientation of the entire enterprise. It was about revealing whether managers tend to trust and whether

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[4] Research carried out in 2009 by a team of authors: I.K. Hejduk, W.M. Grudzewski, A. Sokołowska, M. Wańtuchowicz (2009) on a sample of 70 Polish enterprises operating in various industries.

[5] Empirical research conducted among enterprises distinguished in the 'Forbes Diamonds' ranking from 2008. The research was conducted from November 2010 to April 2011 among the managerial class. Responses were obtained from 286 enterprises and 469 managers, but one survey from each studied enterprise was used for the research.

leadership behaviors (e.g., good communication with subordinates, honesty in behavior, motivating, delegating power, demonstrating care) are common in enterprises. The second category in the research model was the orientation of the company towards creation of culture based on trust (normative certainty in the company, transparency of the organization, stability of the social order, integrity and autonomy of the members of the organization). The next, third category was information on the company's performance in relation to the competition (i.e., profits, market share, speed of development, successes, costs, innovation). The research shows that companies with a higher level of trust orientation, both of managers and the entire company, achieved significantly higher (better) results of their activities (Paliszkiewicz, 2011b).

The research conducted among students was aimed at recognizing their opinions and at the same time gaining knowledge about the importance of trust in managing a modern enterprise. According to the students[6], trust within the organization means employees' trust in the management (53%). For 32% students, trust within an organization is related to both employees' trust in management and management's trust in employees. The others (i.e., 15% of all respondents) indicated that trust within the organization means the trust of the management in employees. For 40% students, trust is a significant or very important value from the point of view of the company and its operations, while for 18% students it is irrelevant. For the remaining students (42%), trust is neither important nor unimportant. Among the effects of the climate of trust in the company (an open question), students indicated mainly social effects, i.e.: good relations between employees (26%), job satisfaction (24%), good relations between superiors and subordinates (21%), cooperation between employees (19%), solving problems together (17%), sharing ideas (14%), feeling safe (13%), identifying with the company and its goals (12%). Only a few percent (9%) noticed that trust within the organization may translate into a better financial or economic result.

In interpreting the concept of trust in the context of the company's market activities, students primarily pointed to the importance of customer trust in the company and the need to build the company's credibility (over 62%), which should result in increased loyalty towards the company (brand, product, etc.). Only 24% students noticed the importance and need to build trust within the company. Almost 14% respondents could not clearly define which type of trust is important from the point of view of the company and its activities or had no opinion on the subject. The research showed poor orientation of the respondents

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[6] Survey research based on a questionnaire consisting of 5 questions (closed and open), carried out as part of the Clienting subject, during the lecture entitled 'Customer loyalty and its determinants' (December 2014).

in terms of trust and its role. The level of knowledge in this area was usually determined by the level of connection with professional practice.

Confronting the research results obtained in this area with the results obtained in enterprises, it can be concluded that knowledge in the field of trust and orientation of the organization towards trust should find its permanent place in the curricula of selected subjects. In the context of the considerations undertaken, it is stated that addressing the issue of trust in management sciences is an important element of modern knowledge and economic education.

In the context of the considerations regarding trust in service entities, it is worth mentioning the first measurement of public trust in public institutions in the current new conditions of their functioning. Building trust in public institutions and strengthening democracy was the leading topic of the ministerial meeting of the OECD Public Management Committee, which took place on November 18, 2022. The key document was the results of the first public OECD survey on factors of trust in public institutions, performed on a sample of 50.000 people in 22 Member States (i.e., Australia, Austria, Belgium, Denmark, Estonia, Finland, France, Ireland, Iceland, Japan, South Korea, Canada, Colombia, Luxembourg, Latvia, Mexico, Netherlands, New Zealand, Norway, Portugal, Sweden, Great Britain). These were surveys conducted during the period of partial relaxation of sanitary restrictions and before Russia's armed attack on Ukraine, i.e., between November 2021 and February 2022.

In the summary of the research, the thesis was most often emphasized that trust and distrust in the authorities are equal in these countries. The combined results of the survey show that 41.4% of respondents expressed trust in the government in the survey and 41.1% expressed no such confidence. A perfectly equal level of trust and distrust was recorded in Portugal, while in the 11 countries participating in the survey, the advantage tilted in favor of respondents declaring trust in the authorities (strongest in Norway (64%), Finland (61%), Luxembourg (56%), Ireland (51%) and Iceland (50%), while in 8 countries the advantage was on the side of respondents stating a lack of trust in the authorities (Colombia – 68%, Latvia – 62%, Austria – 61%, France – 53%).

The survey in Mexico and New Zealand did not include this question, and Japanese respondents were significantly more likely to be neutral or have no opinion on the subject.

It was concluded that the obtained research results were influenced by generational, educational, income, demographic and regional factors. A lower level of trust in governments was expressed by younger respondents, women, people with a lower level of education, a lower level of income, as well as people who did not vote for the currently ruling party. Differences also concerned the as-

sessment of various public institutions. In total, the respondents more often declared trust in the police (67%), courts (57%), civil service (50%), and local authorities (47%) than in central authorities (41%) and parliament (39%). At the same time, the majority of respondents assessed that the government is reliable and said that even in times of crisis, their government reliably provides key public services such as education (57.6%), and healthcare (61.7%), allows easy access to information about administrative procedures (65.1%) and protects personal data (51.1%). Only a third (32.6%) were concerned that governments would not be well prepared for a future pandemic. The study also draws attention to the problem of perceptions of government honesty. Slightly less than half of those responding across all countries (47.8%) believed that a high-level political official would provide a political favor in exchange for a well-paid job in the private sector. About a third (35.7%) believed that a public worker would accept money in exchange for expediting access to a public service[7].

Conclusions

The deficit of trust stimulates a discussion on the role and meaning of trust in the functioning of modern organizations and market entities. Currently, the low level of market confidence, in addition to crisis conditions, is affected by the shortcomings of the market mechanism. Rebuilding trust in the modern market seems to be the key not only to the effective development of the organization, but also to the entire economy and to facing the crisis. Trust should be the foundation of a market economy, and its building is the responsibility of the government, politicians, companies, courts, as well as relevant institutions that should discipline and guard honest business conduct.

This article is a contribution to the discussion on the role and importance of trust in the activities of modern service organizations in the context of sustainable development. The main emphasis of the considerations was placed on exposing the importance of trust in the relations of service organizations with stakeholders, which is particularly important in contemporary realities. Actions aimed at gaining trust in times of uncertainty can contribute to strengthening the organization's position as a leader and, at the same time, to increasing its resistance to new challenges of the modern market.

The paper presents the benefits of focusing the company on trust and the main principles that should be followed, so that trust translates into the proper

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[7] The entire report is available at https://www.oecd-ilibrary.org/governance/building-trust-to-reinforce-democracy_b407f99c-en

climate for the functioning of the market mechanism and its entities, and at the same time is the foundation of sustainable development.

The current crisis has shown that market economies cannot function well without competent and active governments supported by appropriate institutions, which should take responsibility for managing, e.g., economic growth, employment, maintaining financial stability, managing health care, pension systems, and through these actions build trust. However, the growing level of involvement of this type of institutions does not mean the need for an increase in statism. This is contradicted by the lack of state funds, unsustainable level of public spending, lack of public confidence in markets and the state, and the fact that the state is not able to meet all the needs of society, among others (e.g., related to health care, education, retirement planning, etc.).

The importance of trust in the market and in market relations, corresponds today to the rank and importance of knowledge and innovation. The modern economy should be based on both knowledge, progress and trust. There is a relationship between the level of social capital built through trust and the dynamics of economic growth. Trust is the basis of a market economy, and companies that trust each other operate more easily and efficiently, which should translate into economic growth and prosperity.

The importance of trust for the success of an organization is indisputable. Regardless of the importance we assign to trust, it must be made clear that not everyone can be trusted unconditionally. No extreme is advisable or good − neither excessive trust nor lack of it at all ('By trusting everyone, we make ourselves untrustworthy'). In the process of building trust, the so-called readiness to trust, i.e., openness to trust is crucial. Reflections on this subject point to being trustworthy (credibility) and the gift of trust that we offer to another person (granting trust, 'trust is not something you have − it is something you give').

In the context of the undertaken considerations, it needs to be stated that rebuilding trust in the modern market will be a major challenge. Trust is the key not only to the effective development of the organization and national economy, but it should also be the foundation of the modern market economy, and its building is the responsibility of the government, politicians, companies, as well as appropriate institutions that should protect, educate, support and discipline citizens and uphold fair business conduct. Because institutional leaders cannot control pandemic threats and other external forces beyond their direct sphere of influence, they should focus on areas they can oversee and control, act purposefully and honestly. Being trustworthy means meeting the needs and expectations of stakeholders, citizens and overcoming their fears and uncertainties regarding all dimensions of trust in a competent and professional manner.

Trust is the key to motivating people, stimulating them to act and achieve common goals. Trust needs strong leadership, commitment, open communication and honest behavior based on strong ethical foundations (Rudzewicz, 2016, p. 261-265). It has a chance to become a key value not only in business, but also in our everyday life (Mońka & Zielonka, 2020).

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The Role of Brand Purpose as the Driver to Achieve Sustainability in Organizations

Pierpaolo Testa

Introduction

The chapter starts from an extensive literature review of the several topics that have addressed the theme of the relationship between firm and society (firm and corporate purpose, CSR, brand activism, cultural and iconic branding, ESG, brand humanization, corporate sustainability) proposing a theoretical systematization or a transition to a new mainstream assigning to brand purpose a supraordinate role. On the one hand, sustainability managers have long been wondering how to make investing in firm's sustainability profitable in its several forms. On the other hand, the literature on brand purpose has demonstrated that a company that adopts a long-term strategic orientation to improve society and solve its problems is able to achieve better profitability and a better return on invested capital. Thus, the idea is to consider brand purpose as the researched 'driver' to achieve sustainability in organization.

1. Theoretical Background

1.1. The Business for Virtue: Several Strategies to Address Higher Order Objectives in Corporations

In managerial literature several theories or mainstreams have been proposed to justify a virtuous behavior of firm in society and/or a contribution to improve the planet as a whole: brand activism (Sarkar & Kotler, 2020; Kapitan et al., 2022; Kumar, 2022; Mirzaei et al., 2021), corporate social responsibility/ environmental, social, governance, in accounting literature (Alnawas et al., 2023; Mickelsson et al., 2023; Gilal et al., 2023), cultural branding/ brand iconicity (Arnould & Thompson, 2007; Holt, 2004; Cova & D'Antone, 2016),

corporate sustainability (Baumgartner & Rauter, 2017; Nawaz & Koç, 2018; Srivastava et al., 2022), brand and corporate purpose (Narayanan & Das, 2022; Williams et al., 2022; George et al., 2023; Battilana et al., 2022), brand humanization and anthropomorphism (Nonaka & Takeuchi, 2021; Dion et al., 2022; Quintelier et al., 2021).

All the recalled topics or mainstreams are different each other in terms of scope (nature of virtuous behavior, other than economic one, assumed by the firm: societal, cultural/ideological, or environmental one); in terms of relevance that the societal and/or environmental objectives have in the overall strategy of the firm (ancillary, integrated, or supraordinate) and in terms of firm's orientation in respect to the problem or issue that try to address (reactive vs proactive).

1.2. The Corporate Sustainability Management and its Limitations

Several disciplines are dealing with sustainable development (Nawaz & Koç, 2018) such as science, technology, policymaking, and business management (Gladwin et al., 1995; Dunphy et al., 2007; Bonini et al., 2010) and a sustainability science has been recognized (Baumgartner & Korhonen, 2010) with some distinctive principles (Broman & Robert, 2015). Several definitions have been proposed: 'sustainability is a normative concept referring to an ideal state of being in which humans are able to flourish within the ecological thresholds of the planet alongside other living entities for perpetuity (Ehrenfeld, 2012)' (Williams et al., 2017, p. 871). It has been also founded a sustainability transitions network (Markard et al., 2012). Transition is therefore a complex and long-term process (Geels, 2011) of initiatives and innovative projects in sustainable development field comprising multiple actors (firms and industries, policy makers and politicians, consumers, civil society, engineers, and researchers) and entailing technology, policy, markets, consumer practices, infrastructure, cultural meaning, and scientific knowledge (Elzen et al., 2004).

In the management field Nawaz & Koç (2018) review several methods to manage sustainable transition within organizations. The main strategic management models adopted by large corporations to integrate corporate sustainability objectives within their strategies are the Balanced Scorecard (BSc) (Bieker, 2003; Zingales & Hockerts, 2003), the Management Control Systems (MCS) (Moon et al., 2011) and the Triple Bottom Line (TBL) (Scott, 2012). Furthermore, there are some models available to the specific context of organizations (Tsai & Chou, 2009). As observed by Nawaz and Koç (2018, p. 1256): 'notwith-

standing, these state-of-the-art management techniques, the organizations generally struggle to receive the promised benefits or the value creation'. Baumgartner and Rauter (2017) consider those models limited (Hopwood et al., 2005; Sneddon et al., 2006; Goncz et al., 2007) due to the lack of strategic orientation with respect to the introduction and implementation of sustainability-related practices and goals (Baumgartner & Korhonen, 2010). In fact, as explained by Bowen (2002), corporate sustainability does not only require the development of strategies, but also necessitates the implementation of sustainability-related measures and tools to operationalize these strategies. The knowledge about these latter is identified as a key difference between SMEs and large companies as well as an important mediator to promote sustainability management (Hörisch et al., 2015).

Elkington (1994, 2018) proposes the model of triple bottom line (TBL) to implement ambitious sustainable transition programs: economic prosperity, environmental quality, and social justice, i.e., people, planet and profit. The Author presents a nested model. The society incorporates the economic level, and the environment encompasses everything (society and economy). As argued by Srivastava et al., (2022) the difficulty to implement corporate sustainability programs depends on the process of incorporating their principles onto operations of an organization, especially requiring corporate sustainability strategies to be very innovative and customized. Perhaps, the measurement model lacks a system of metrics suitable for such an aim (Engert et al., 2016). Finally, the possibility the firms can return back the people and planet exactly what they have taken from them (Robins, 2006) is indeed not realistic. However, as observed by the same Elkington (2018) and legitimately expected, although there is no shortage of corporate sustainability initiatives adopted implementing at three levels, the evaluation of performance and effectiveness of the sustainability programs continues to be carried out by companies in terms of profits and losses. Probably, as argued by Loviscek (2021), it would be necessary to investigate which capabilities and strategies are associated with the social area that, if implemented in the TBL framework, can help researcher to reach a sustainable business. In other words, the implementation of corporate sustainability programs by the firms has seen greater emphasis given to the environmental dimension rather than to the social one. A great limitation is connected to the fact that sustainability initiatives have been adopted by companies mainly by integrating some objectives into their business models, BSC or management systems rather than developing truly sustainable business models (Geissdoerfer et al., 2018; Evans et al., 2017).

1.3. The Brand Purpose: The Truly Zenith of Firm's Strategy

According to Hajdas and Kłeczek (2021) that investigated some consulting firm's reports: 53% of people put more trust in brands than in governments to address and solve social issues (Edelman, 2018); 56% of companies with a brand purpose outperform their competitors' revenue growth, compared with 46% of those without a purpose (Ipsos, 2015); purpose-driven companies experience higher market share gains and grow three times faster than their competitors (O'Brien et al., 2019). Milano et al. (2021) carried on a correlation analysis between a new purpose metric (BRERA) and several financial performance measurements of firms. It demonstrates that High Purpose companies (HPCs) compared to Low Purpose companies (LPCs) have: a stronger and more resilient revenues growth and profitability; higher returns on capital; higher market valuations; greater re-investable cash flows, reinvest capital more effectively; grow more Intrinsic Value than LPCs. The Authors have also carried on a regression analysis putting in relation market value/sales as the dependent variable and several included independent variables for financial characteristics, and for select financial drivers of intrinsic value. The analysis showed that each one-unit increase in a company's Purpose score (on a scale of 0 to 100) is associated with a 1.2% improvement in market value (with an R2 of 0.81). For example, a 25-point increase in a company's Purpose score would predict a 35% improvement in a company's market value.

Reading longitudinally the existing literature on brand purpose we propose the following conceptualization of the construct: definition and the relative qualification. The purpose is the ultimate reason for firm to exist or to be. It is a framework (Tait, 2012; Hollensbe et al., 2014; Williams et al., 2022) and it substantiates in a general firm's statement (Bartlett & Ghoshal, 1994; Tait, 2012; Williams et al., 2022) aiming to define what is the overall ultimate contribution of firm to the common good.

It has a nature characterized by being not exclusively economic (beyond profit maximization) (Bartlett & Ghoshal, 1994; Tait, 2012; Thakor & Quinn, 2013; Kramer, 2017; Mirzaei et al., 2021; Battilana et al., 2022; Williams et al., 2022), is at the earth of strategy (Gartenberg et al., 2019; Bartlett & Ghoshal, 1994; Annweiler, 2018; Barton et al., 2018; Iglesias & Ind, 2020; Battilana et al., 2022; Milano et al., 2021), is cultural/ideological (Gartenberg et al., 2019; Bartlett & Ghoshal, 1994; Thakor & Quinn, 2013; Narayanan & Das, 2022; Barton et al., 2018), is co-created within and above the marketing borders (Swaminathan et al., 2020; Narayanan & Das, 2022), is not instrumental but has to be authentic (Annweiler, 2018). Brings a sense of a challenge within and outside the organization (Gartenberg et al., 2019). It is in some sense is progressive (Reiman, 2012; Iglesias & Ind, 2020): looking at the same time the past (herit-

age, values, and pre-existing capabilities within the organization) and the future of the firm. As argued by George et al. (2023; p. 4) the notion of brand purpose encompasses the several definitions existing in managerial literature about the strategic orientation of the firm (vision, mission, strategic intent, stewardship, values) being supraordinate to them.

2. Research Design and Methodology

This chapter starts with an extensive review of the literature, adopting an ethnographic approach (Brewer, 2000; Hammersley, 2006). Eighty-one articles from WOS on topics related to brand vs society relationship and twenty-two from a free search on the (BP and FP) topics in the managerial literature. The chapter is only a preliminary output of an ongoing research project aimed at exploring the topic adopting a multiple case study approach (Stake, 2013) using primary data and benefitting from a 'replication logic' (Yin, 2003). In this chapter we anticipate how a leading Italian international group operating abroad, Barilla Group, competing in large consumer goods industry with 21 brands, has developed its brand purpose at corporate level and how its definition is conditioning its overall strategy. Primary (interview to corporate sustainability manager and Barilla 2021 sustainability report) and secondary data (various news on journals, reports, and publications) have been collected. The current research chapter explores the following research question: What is the emerging conceptualization of a brand's purpose, how could brand purpose be useful to implement a sustainability strategy, how can a brand purpose be developed within an international company and which implications can be derived from the new guiding principles on the organization and on the society as a whole? The manager interviewed − Valentina Perissinotto − is a highly competent manager on the subject having the responsibility of Group Sustainability, Communication and Networking Manager Barilla Group. Reporting the findings, we adopt a narrative approach (Wells, 2004).

3. The Barilla Group Case Study: A Narrative Approach

3.1. The Brand Purpose Evolution in Barilla Group during the Last 15 Years

The manager interviewed was invited to share preliminarily her own definition of Brand Purpose: 'brand purpose is a claim that represents the true DNA of the company rather than a corporate brand. The brand purpose differs from the

identity of the brand, to express who we are and how we want to contribute to society, let's say that I find the concept much more immediate and understandable'.

The first claim was introduced in Barilla Group in 2008 to communicate externally the way in which the firm intended to do business. The claim was: good for you, good for the planet! It was intended to be relevant only internally the firm, so that various projects covering all stages of the supply chain – sustainable agriculture, transport, research, and development – were placed under a unique umbrella. The firm, however, being an iconic brand has always had a business conduct very responsible toward the society and this 2008 purpose appeared to be too prescriptive.

On Barilla's 145th birthday, the birthday celebrated two years ago (2021), the company wanted to review the corporate purpose to create something more distinctive.

The claim 'good for you, good for the planet' was born in a period in which a sort of alarm on environmental issues had spread. And it was just what we needed to shake up our community. What had been said in those years at the Coop level, Greta Thunberg and some other opinion leaders – the earth is burning – gave the right sense of urgency. However, it seemed to us that we had adopted a strong tone with the previous purpose, a little too prescriptive and much more coherent with a nonprofit company.

Barilla Group top management developed a collaboration in 2020 with a management consulting firm that has a proprietary methodology in helping organization in defining the brand purpose, in testing it with key stakeholders, and that supported the firm along the entire process of new brand purpose adoption. The project team also conducted a national and international benchmark analysis to understand, not only for food & beverage industry but also for many other sectors, which companies communicated through their brand purpose. Reports were studied to analyze the purpose statements and, in an interpretative way, to identify the hotter latent themes on which international companies were focalizing their societal conduct. The first delivery of the brand purpose outside was made in 2021, about six months after the first delivery inside. Instead, it took about five months to carry out this development phase of the brand purpose at the corporate level and, in the end, an analysis was also carried out to evaluate the risk of violation of any previous statement, legally registered by other companies.

'Thus, we asked to ourselves two years ago: who are we, what do we do? and what do we want to be?........For us, food is not only what we put on the table during the day (breakfast, lunch, and dinner), it wants to be a moment of conviviality, of joy, to be shared with friends, family, rather than a moment of joy that we concede to ourselves. For this reason, we have summarized all this in the statement: the joy of food for a better life!'.

The purpose adopted by Barilla Group appears closely linked to sustainability and to relevant issues at a planetary and environmental level. Thus, our curiosity was directed to understand how Barilla's new brand purpose was being received by the organization, customers, the market, partners, and society in general.

To make its commitment to sustainability concrete, the Barilla Group simultaneously communicates to the media all the results that the company has achieved in the last decade in the direction of improving the planet (EUR 1 billion invested to reinforce the business and the sustainability path, 64% of energy from renewable resources, 100% of packs of semolina pasta, pesto, sauces and bakery products designed for recycling, 10.000 fewer truck on the road, 91% of the produced waste sent for recycling, 70% more responsible purchases of new materials, etc.), and coherently with the new brand purpose principles (2021 Sustainability Report). At the same time announced the launch of 68 new products with no added sugar, rich in fiber, wholewheat, based on legumes or in single-serve packs.

3.2. The Brand Purpose Formation Process

Then, the interview was directed to better understand the way the brand purpose formation process happened within the Barilla Group organization. In Barilla conducted an extensive interview phase to explore the reason why the group existed, and the role developed in society and in the word during its history involving the family firm's owners, top management, board of directors' members, and the entire managerial front line. Also, the entire group of sustainability program was involved in that reasoning. Then after, the analysis involved consumers, the media, institutions, NGOs, the supply chain or associations of the main raw materials providers, the non-profit world, and the academic and scientific world. Finally, a preliminary sentence was tested on four distinctive digital platforms with key stakeholders and reworked in accordance with their comments to achieve its final configuration.

In Barilla they have recorded any reactions to this communication. Overall, the feedback has been very positive both inside and outside the company. The thing that made them very pleased was that the average recalls (comments and media articles) were many and about ten times those recorded on similar events in previous years. And this is probably due, in the manager's opinion, to an increased awareness of people about these societal issues. In Barilla Group has been defined a communication plan specific for the brand purpose, made up of deliberate, recurring, formalized initiatives along two key arguments: (1) people well-being and (2) sustainable agriculture. This budget is also modelled to individual countries.

3.3. The Social and Cultural Relationship of Barilla Group's New Brand Purpose with the Italian and Worldwide Society

The purpose is a cultural change internally and externally the firm: the cultural change here lies in proactively managing the social and environmental issues that characterize the firm's journey.

Then, the relationship of Barilla Group new brand purpose with the Italian and worldwide society was explored. The joy for food is deepened in the Italian culture and lifestyle and consistent with the Mediterranean diet. Thus, in Barilla has been very easy to adopt it. Abroad the population is much more sensitive the topic of the future wellbeing. In fact, in the worldwide society there is a growing concerning to have a balanced lifestyle, adopting a balanced diet to aspire to a longer life, and there is also a very large segment of the population interested to environmental issues.

'I must say that the relevance of the concept in Italy is very high and adheres to the national culture. In Italy it is easy to talk about the joy of food, it has always been the country in which to celebrate the joy of food, not only because we are Barilla but for any other food company. Abroad, the joy of food is understood when associated with the Italian lifestyle and the Mediterranean diet, and I must say that there is a good response. The eating well is easy to come to mind thanks to the reputation of the Mediterranean diet. This mainly in our European area, but even somewhere outside it. There are countries where the joy of food theme is hot, but abroad they are, above all, interested in what is behind the 'for better life'. That is, does it matter how I eat, if it brings to a balanced life, a balanced diet. Then, it is assumed, I will get better and have a longer life'.

3.4. The Change Management within the Organization and in the Relationships with Key Stakeholders

The interviewed manager shared with us three considerations related to change management at three different levels: the people of the firm, the brands in portfolio and the stakeholders. Let's start with Barilla people (8700 employees worldwide). A cultural change like this is not easy to digest especially when people had become accustomed for fifteen years to define things with a certain name. The organization must interiorize and re-elaborate the principles of brand purpose within its own daily activities. Thus, it will require a long time to change

the corporate culture and a continue discussion is necessary of those principles within the organization and with reference to the several working areas.

The second consideration concerns the family brands. Barilla group includes 21 brands, all different, some born in Barilla, others acquired from outside in various historical moments, each with its own identity, its own values. All these brands must reconsider their positioning, projects, and initiative in accordance with the principle of purpose that become the new framework within which the business conduct have to be deployed.

'The first meaning is that of the nutritional profile of our products which must be tasty, must be liked, but with attention to nutritional levels. Our products can't harm people, can't harm their health. The second, inviting people to responsible consumption and a balanced lifestyle. These are the two areas where we can already list achievements and which we will continue to pursue firmly in the future'.

Then, each brand of the group carries out its own projects in the field of sustainability in line with the general objectives defined by the company (corporate purpose). For instance, Wasa which is the brand of the group that deals with crispy bread, a Swedish brand. In northern Europe there are countries which have always given greater attention to environmental issues, so much so that Vasa was the first brand of the Barilla group to become carbon neutral.

The Carta del Mulino is a project made in collaboration with WWF Italy, University of Bologna, University of Tuscia and Open Fields, an innovative sustainable agriculture specification, consisting of 10 rules designed to bring quality to products, support the work of farming communities and restore space to nature in agroecosystems, promoting biodiversity, reducing the use of chemicals and safeguarding pollinating insects.

The third consideration concerns the stakeholders. Barilla Group doesn't care only to communicate the statement of the brand purpose but want to demonstrate some concreteness behind those principles. In other words, Barilla Group is aware to must convince the stakeholders that the firm is already cultivating those new emerging principles within its daily activity and with its business partners.

3.5. The Influence of Brand Purpose on Firm's Strategy

Surely the two areas of the company that have been mainly involved are R&D, with the definition of the new products and recipes, where perhaps there are also activities relating to nutrition and people wellbeing, and the supply

chain, with reference to the cultivation of raw materials. There are some emerging environmental issues that the firm is paying attention: non-financial reporting, the principles of regenerative agriculture, that of net-zero.

'On the supply chain side, we plan to extend the principles of sustainable agriculture to a higher percentage of raw materials. The goal is to support a progression on the principles of sustainable agriculture and experiment the adoption of those of regenerative agriculture. About this last aspect, we have some pilot projects: the main one carried out by Wasa with one of our external partners (Indigo) on the rye supply chain. And this from the supply chain side is our future. In terms of R&D, it is more urgent to talk about people wellbeing. Consistent work on these issues is essential'.

We also investigated if the group had adopted a system of KPIs or a scoreboard in order to monitor the brand purpose adoption. The brand purpose is accompanied by a dashboard but now that information is not disclosed outside the firm's boundaries for obvious reasons.

4. Discussion Points

This type of approach proposed here is a radical change in the strategic management of the company, that is, the company has a higher purpose to achieve in society which must also be identified considering its past conduct and that combines objectives of a higher nature. However, the company remains an economic player aimed to maximize its economic performance. Traditionally, maximizing profits has been seen in contraposition to wealth creation. The first being a reflex of shareholder primacy, and much more short term oriented. The second reflects a much more recent stakeholder theory and is measured in term of wealth creation for the several actors with which the firm interact (media, consumers, institutions, cultural intermediaries, suppliers, retailers, etc.), conditioning the firm long-term sustainability. Questioning this axiom, would result in creating a breach in the general theory of business (shareholder primacy vs stakeholder theory), and would make the difference between non-profit businesses and for-profit businesses disappear. However, even when the purpose of the firm is more aimed to create wealth for stakeholders it impacts on the firm performance indirectly and in the long term, being the impact mediated by an increase in brand equity.

Barilla case history shows how the new brand purpose principles represent the ideological boundaries within which the positioning of the group's family brands must take place and product innovation must be explored. From the defi-

nition of the brand purpose as seen in the case study, important implications derive from the side of strategies (supply chain) and the management of operational levers (R&D, communication) and of new product innovation. This reflection allows us to clarify a further aspect. The definition of the brand purpose in Barilla group has been communicated in 2022 in occasion of the presentation to the media of 2021 sustainability report, but should not be confused with the CSR. As highlighted by the case study, instead, the definition of the brand purpose responds to a proactive and progressive logic, the brand purpose is the Zenith for the firm of new business model and societal conduct.

The principles of a new brand purpose can create value in several forms:

- economic value, when the sustainable initiatives have a direct translation into revenues increase or cost reduction for the company. The firm exploits a business opportunity in the environment or in the society. The positive impact on revenues can derive from the circumstance that the social initiative sometime enlarges the company targets and/or extends the offer system, fostering innovation and new product development. While the positive impact on costs descends from a reduction in cost of finance, an improved organizational climate, an optimized supply chain;
- social, cultural, or environmental value as a direct consequence of the initiative adopted by the company instrumentally to create a benefit for society (think to the donation for a hospital or a social cause initiative or a cultural sponsorship);
- finally, combined with the other two, the company's initiative could be able to produce symbiotic value, therefore not deliberately sought by the company, but still a consequence of the company activity itself (think to an advertising that rides a cultural or ideological value or promote a sustainable behavior of people).

These two latter forms of value – public value – when not converted directly into profits, they will translate into greater wealth for the firm in terms of brand equity improvement (reputation, loyalty, people gratitude, knowledge, greater public acceptance, a greater political recognition, less institutional attrition, a better partner commitment, etc.).

Finally, this case study demonstrates that brand purpose has a strongly transformational nature. The firm tends to interpret the existing disorder on a planetary level issues and topics of great social interest – ideological, cultural, or environmental ones – to help build a new order. It defines the new principles of the purpose and first addresses itself internally to ensure that projects with a high societal impact are selected that are consistent with the new order. Then, coherent managerial practices are developed in terms of new products or ser-

vices and the improvement of the pre-existent ones (investment in R&S). It invests resources in this sense both in terms of specific supply chain programs, and in terms of communication and alignment of values/identity of the brands in the portfolio. Then, it involves the primary stakeholders, business players or partners, to ensure that new projects involve them. Even the latter will have to develop idiosyncratic investments in this sense, making specific resources available to them in line with the new status quo to be achieved and developing their own managerial new practices. Only at this point, the consumer feels addressed and engaged in a new way of understanding his own existence. And take advantage of services or products that allow him/her to activate new consumption practices. All this is amplified by the secondary stakeholders, other actors existing in society (NGOs, media, opinion leaders, etc.) act as amplification or resonance boxes of the new order sought by the firm.

5. Theoretical Contribution

The case study allows us to develop a discussion along some key concepts. The first concerns the service-based nature of brand purpose. The purpose is nothing more than the ultimate service that the company intends to provide to society and to the world in general. This consideration is not secondary. For both industrial and service firms, the role that the company wants to play in the world and in society has an intangible nature. Allowing to definitively drop a distinction that has long been overrated in the marketing literature and which has seen GDL and SDL oppose each other over the years (Vargo & Lusch, 2004; 2017).

The second concerns the contribution that the brand purpose brings to the strategic management of the firm. The purpose is a construct that lives at the intersection of strategy, branding, and operations. The purpose aligns strategy, identity, and the culture at the corporate brand level (Hatch & Schultz, 2008). Consequently, projects and operations are adopted inside and outside the firm to permit new brand purpose's principles to be implemented (Kleindorfer et al., 2005; Kirchgeorg et al., 2017). Precisely, the consideration that the Brand Purpose is supraordinate to the strategy makes this perspective more effective than any other corporate sustainability program or CSR/ESG initiative in its various forms. For the latter, in fact, sustainability objectives are often integrated into strategic planning or kept externally as ancillary and accessory objectives to the company's business model. This situation ends up undermining its effectiveness. While with the formulation of the brand purpose the firm's sustainability vision becomes one with the firm's strategic orientation. Initiatives towards society and

the environment are implemented only at the cost of being consistent with the new purpose principles, with the company's path dependences, its values and its core-capabilities and the impact on economic performance, both in terms of profit maximization and/or of wealth creation (brand equity increase).

The third concerns the same theories of enterprise which, as is known, explain why the enterprise exists from a general and theoretical point of view. The firm does not exist only to create profit or to survive in the long run, but also to generate intangible, cultural, societal, and environmental value. In this way it becomes a truly economic actor who plays even an ideological role in the reference society by indicating to consumers, business actors, NGOs, the scientific community, the media what role it intends to play in the specific reference industry to contribute to progress of the society and the entire world, proactively and not only responsibly. Identifying a successful brand purpose for the company and for society is not a simple task. As explained by Kramer (2017, p. 3), in fact, 'creating shared and aligned purpose for brands requires deep thinking and engagement on a cultural level'.

The fourth concerns the nature of the value created (Grönroos, 2008). This value is only partly a symbiotic value (Toon et al., 2016; Aksoy et al., 2020; Uribe et al., 2018) that the company has created in a not necessarily deliberate way, for the mere fact of existing and carrying out its activity. Those configurations of value – economic and/or public one – impact on brand equity and wealth creation and ultimately on firm's success. Werther and Chandler (2005, p. 318) sustain that hypothesis: 'the imperative for social legitimacy comes from the theoretical (and obvious) assumption that all organizations are embedded in a wider environment, and that environment affects both performance and expectations of the firm. This symbiotic interface determines the firm's success, even its very survival'.

Hajdas and Kłeczek (2021), proposing an intuitive model and adopting a practice theory perspective, investigate how brand purpose transforms society. It impacts on society fostering consumer empowerment and transforming the consumer practice. As explained by Hajdas and Kłeczek (2021) a clear understanding of brand purpose may also help brands to create social or cultural transformation (Swaminathan et al., 2020; Arnould & Thompson, 2005; Holt, 2004), with the result that the brand management discipline can have a wider social influence (Golob et al., 2020).

In the following we propose an improved conceptualization that clarify how the brand purpose really acts in transforming the society. We recall the definition of marketing practice proposed by Skålén et al. (2022, p. 194) as: 'templates of organized activities that marketing practitioners routinely enact to carry out con-

crete marketing praxis that creates value for and with customers, clients, partners, and society at large'.

Brand purpose is a co-creation process that is activated by the firm, but it is not consumer nor manager driven, but people driven (Dion et al., 2022; Nonaka & Takeuchi, 2021). It is when the brand purpose statement becomes the true zenith of managerial and strategic conduct, also extended to business partners, that the market managerial practices evolve and the process of co-creating public value with the customer, consumers and social players becomes deliberate and aware. It does exist (Meynhardt, 2019, p. 19) a public value thinking by the business leaders: 'public value thinking is attractive to leaders, because it provides a guiding principle, a kind of polar star, in times of increasing complexity and desperate need for orientation. This very function of providing a deeper 'why', going beyond individual gains, helps people to (re)connect with their world, whether in small communities or on a global scale. This is not merely a new version of enlightened self-interest; rather it is a call to face the complex trade-offs as well as the potential of seeing the bigger picture'.

6. Managerial Implications

The case study offers various managerial implications in relation to the development process of the brand purpose statement, the adoption process within the organization, the implications that affect the strategic orientation of the company and the relationship with the reference society. This research chapter is not free from limitations related to the single case study methodology here adopted. The objective for the future is to extend the research to other firms' cases histories of success and failure in the adoption and implementation of new brand purpose principles. Furthermore, the objective is to present new models of strategic management that are better able to combine economic objectives and objectives of different and higher nature.

Conclusions

In conclusion, the brand purpose represents a dimension of strategic reflection and further implementation that allows an ideal synthesis between business and sustainability assessments of firm conduct. Given its superordinate nature with respect to individual sustainability objectives and initiatives, it overcomes the limits of implementation and consequent measurement of corporate sustaina-

bility. It is also more implementable of the other perspectives of analysis of the relationship between brand and society that have recently been developed in the managerial literature. The other conceptualizations illustrated at the beginning of the chapter, in fact, being subordinate to the overall strategy of the firm often fail during the implementation phase due to the difficulty to integrate market objectives with sustainability objectives and initiatives. The brand purpose, instead, leads to an osmosis of these dimensions elaborated in coherence with the path dependencies of the firm's past conduct and allowing to assign to people, not managers, customers and/ employees but to all the people who live around and for the brand a different perspective of engagement that is much more cultural and wealth creation oriented and less economic value driven.

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Part III

CONSUMER ON SERVICE MARKET

Consumption Expenditures as a Measure of the Sustainable Development in the European Union

Urszula Grzega

Introduction

The studies on sustainable development are conducted in Poland and world--wide based on various source data. The use of consumption indicators are one of research approaches. The data obtained from the system of national accounts are especially important. They concern the entire household sector. As a result of research specific indicators are obtained which express changes in various areas of functioning of households in the perspective of sustainable development. The use of consumption indicators in the research concerning the sustainable development enables recognition of the pace and direction of income dispersion of population's available income for satisfying miscellaneous groups of needs.

The main, theoretical aim of the study is the demonstration of basic consumption indicators used in the research of sustainable development. The empirical aim is to present the exemplary use of food index and other consumption indicators used to assess changes in living standards and quality of life of people as elements of sustainable development in European Union between 2010 and 2021. The basis of the research are the secondary sources of information (Eurostat date and Statistics Poland date).

1. Use of Consumption Measures – Problem Overview

The measurement of sustainable development does not belong to simple tasks, because many different areas, events, objects, entities, and phenomena have to be researched. By their very nature, some of them possess aspects difficult to measure or even non-measurable ones, and examining the interrelations between them is often of indirect or postponed character. The difficulties in measurement result as well from the limited supply of statistical information, meaning the availability of information sources and the arbitrary decisions of

a researcher connected with incorporating to research particular issues or their omission.

In the last few years, there was a significant increase of interest in research on sustainable development. In general, among causes of interest increase in the research concerning the conditions and the quality of living we may find so called 'new' targets of societies development, as well as globalization and internationalization processes, benchmarking popularity, new models of management, tendency to fact-based policy and climate changes (Berger-Schmitt & Jankowitsch, 1999).

The basic entities of consumption of research on sustainable development are as follows:
- the population of country in total or other territorial communities,
- the households.

In case, the research is conducted with the use of subjective assessments, the individual consumer may also be the entity of research (Janoś-Kresło & Mróz, 2006). Depending on the research subject we can relate to research on sustainable development conducted in macro- and microeconomic scales (Grzega, 2015).

In general, three main areas of research on the socio-economic development of societies (Sirgy et al., 2006):
- economic,
- social,
- subjective.

In the first area, the relation between the benefits and expenditures is taken into consideration most frequently (Dasgupta, 2001). The great importance is attached to the income and expenditures because they enable the measurement of the researched phenomenon in the numerical category. They bring loads of consumption goods and services to a common denominator, meaning money. The advantage of this approach is relatively easy access to the data, which can be obtained from many sources and the number of those sources is limited which in turn greatly facilitates the analysis (Chan Yin Fah, 2010; Meyer & Sullivan, 2003). However, it is worth mentioning, that the income is not the target by itself. It should rather be treated as the mean to reach the target, namely the suitable standard of living (Grasso & Canova, 2008). This approach does not take into consideration many aspects of sustainable development, e.g.: environmental conditions, health care, education, safety, and civil liberties.

The second area – social – is a measurement of objective character and simultaneously it relates to those life dimensions of consumption subjects which can be researched with the use of social indicators. The indicators belonging to this group are frequently used for research and for estimation of standard of liv-

ing of population. They enable the estimation of social development and its changes in time. They reflect the living conditions of residents, and they are used to identify various social problems (Noll, 2004). It is significant, so that they are sensitive to a particular phenomenon, available in time range, comprehensible and easy to interpret. They also should relate to economic and subjective indicators (McEwin, 1995). In the broadest sense, the social indicators are treated as the tools of regular observations and analyzes of social changes. Apart from the information support for the socio-economic country policy development, one of the task belonging to social indicators is the control over the efficiency of political programs (Michalos, 2003).

The third area in the research on sustainable development is based on subjective indicators and it refers to the individual consumer experiences as regards the satisfaction from life. The experiences of individual consumers are expressed as subjective opinions. The subjective indicators provide reliable information about various aspects of quality of living (Veenhoven, 1996) and they pertain to the subject matter on equal degree as economic and social indicators (Noll, 2004). However, they reveal some disadvantages connected with the great extent of dependence on the respondents' characteristics, the level of their ambitions and the way the perceive chosen issues.

In the research of sustainable development, various indicators are used, enabling, among others, characteristic and assessment of the condition of the entire economy and its sectors, assessment of the effects of market actors' operations and monitoring of trends in various areas of social and economic life, in temporal and spatial cross-sections. It should be emphasized, however, that from the point of view of households, sustainable development is manifested first of all by improving the living conditions of the population, and the basic tools of its description and assessment are consumption indicators. Their use ensures large measurement possibilities, but this measurement requires a precise selection of content of analyses. Each time the selection of specific measures should be dictated by substantive, formal and statistical premises.

Taking into consideration the scope of researched economic reality, the sustainable development measures can be divided as: partial and synthetic measures. The synthetic indicators can be divided additionally for: indicators based on natural units, indicators based on value-related units and mixed indicators (Grzega, 2015). As a result of measuring sustainable consumption, specific numbers are obtained. They can take the form of measures or indicators. They express changes in various areas of functioning of economy and consumption entities in time and space. These measurements concern events, objects and phenomena, which makes them complicated and multifaceted (Kieżel & Grzega, 2018).

Concentrating on the basic indicators of national account systems it is worth noticing that they are traditionally used measures, which initiate the analyzes concerning the level of economic development of a given country. Treated as the prosperity and economic measures they are based on material wealth. Their basic advantages are related to the low level of complexity of calculations and the impartiality of measurement (Gorobievschi & Nădrag, 2011). However, the above-mentioned measures reflect only the mean values, which present the internal structure and disproportion between particular social groups. They do not take into consideration such aspects as, e.g.: natural environment, the value of free time, leisure and the size and quality of services connected with following areas: health care, education, cultural services and others. The criticism of basic indicators treated as a measure of sustainable development is expressed by many recognized and respected economists. In their studies, they touched upon following issues: the empirical research on happiness, the averaged character of the measure, the accounting for non-market consumption and informal income, the failure to take into account the external environmental factors and exhaustion of natural reserves (Dasgupta & Mäler, 2020; Kahneman et al., 2004).

The theoretical arguments, connected with the use of income or consumption in the research on socio-economic development, are almost always in consumption's favor. The contemporary research, conducted on the basis of the use of means of consumption, clearly indicate to significant and constantly growing role of consumption in the research that is discussed (Chan Yin Fah, 2010; Meyer & Sullivan, 2003).

The use of consumption measures serving as an evaluation of socio--economic development can be conducted with relation to macro and micro scale. Micro scale concerns individual consumers. Macro scale concerns the total population of a given country or other territorial community or the whole sector of households. Taking into consideration the above, the research with the use of consumption measures may be conducted on the basis of various source data. In micro scale, the most significant is the research gathering the consumers' opinions. In the second case, the significant importance is attached to macroeconomic data achieved from national account systems.

One of the basic consumption measures characterizing the level of socio--economic development of a country is an indicator of global consumption. It shows above all, the material standard of living of population. As regards the difficulty to bring to a common denominator the size of consumption of many goods and services, the global consumption indicator is expressed in monetary value. It has value-related nature, where the value of consumption of food-related and non-food-related goods and services is expressed in one currency, e.g.:

euro or dollar. The expenditures of a household are mostly spend on consumption goods and services, meaning: the purchase of food, alcoholic beverages, non-food-related goods and services. The very own essence of the discussed indicator depends on the accepted system of prices and the range of consumption. This indicator may include the value of goods and services financed from the disposable income of households and/or the value of goods and services financed from public sources (e.g.: the education, the health care services, security). The basic disadvantage, as stated towards this indicator, is the difficulty of making the proper estimation of services provided free of charge and partially for a payment. This measure does not take into account the transfer of the savings, the size and volume of stocks, equipment of households and it does not inform about the structure of consumption goods and services. Some solution to that is using the extended consumption indicator which includes additionally the value of household work expressed in money. Still, in this indicator, actions taken into consideration are only those which bring positive result in the range of needs fulfilment level, e.g.: cooking, cleaning, sewing. The problem of estimation of this kind of work did not meet the commonly accepted solution. It is difficult to evaluate the work done by members of households using the wages of, e.g.: a cook or a cleaning lady. In a simplistic form, there were attempts to evaluate all of the household activities according to the mean wage of worker with low qualifications, but they did not find the application in a long term.

In research practice, in the analyses of socio-economic development, including sustainable development research, the indicators of level, dynamics and the structure of consumption expenses in the nominal and real approach, are used most frequently. They enable knowing the pace and directions of income dispersion of available income of households for satisfying different groups of needs. The expenditures, as a derivative of income, their level, structure, and changes in time can give relatively actual image of state and development of the economy. The thorough analysis creates possibilities to make comparisons in time and space as well.

One of the oldest measures of consumption, used to evaluate the sustainable development and the standard of living of whole populations and different groups of households, is food indicator. It expresses the share of food expenditures in general expenditures, and it is treated as one of the leading measures of society wealth and the societies life level. E. Engel noticed over 150 years ago that the size of an income defines the society material life level, and it models the food expenditures and other goods. According to his 1st law, the higher the income, the lower the share of food expenditures. The low value of food indicator means that relatively small part of the income is designated for food. It proves

simultaneously that the society is wealthy, and conversely – the high value of food indicator, means substantial share of income allocated for food and low level of society wealth (Grzega, 2012). Therefore, analyzing this measure in time – the decreasing share of the food expenditures in general expenditures shows that there is improvement in society wealth and in the economic development of a given country.

Another measure is the indicator of free choice expenditures, counted as the share of free choice expenditures in general expenditures. The free choice expenditures are the expenditures devoted to fulfilling more than basic needs of households. Those expenditures are not necessary to function normally, and the resignation from them does not result in any effects on health, life or functioning in society. However, their high and still growing values show the advancing economic development. It is worth noticing, that the division of expenditures into basic and of free choice is often of arbitrary character, because it can be modified with various subgroups of expenditures. The criterion of expenditures division for basic and of free choice is always the answer to question whether the given expenditures is connected with the fulfilment of the need treated as conventionally indispensable in some socio-economic conditions. Such a division is firstly – highly subjective, which disables the possibility to compare the expenditures in particular groups, and second – impossible to conduct on the basis of public access information sources (Grzega, 2012).

To analyze the sustainable development of societies, the quantitative consumption indicators are used too. They are expressed in the natural units, e.g.: pieces, liters. They may be in the form of direct measures (e.g., kilo) or conversion measures (e.g., number of square meters per person). They enable, in a relatively objective manner – because it relates to physiologists' and other specialists' recommendations – the estimation of the level of fulfilment of chosen need groups, e.g.: food, housing, recreational and other needs. The positive quantitative and qualitative changes relating to natural consumption indicate the improvement of standard of living and as a result the socio-economic development.

2. The Example of Food Index Use in EU

The food index presented in the following part expresses the percentage share of expenditures for food and non-alcoholic beverages in total expenditures in the whole household sector. It is calculated from the available income, in actual prices.

The significant information enabling the evaluation of standard of living on the basis of food index is information about the income conditions in households (according to 1st Engel's law – the higher the level of income, the lower the share of food expenditures in total expenditures). It results from Eurostat data, that between 2010 and 2021 in the whole EU there was an increase of gross available income in household sector (Eurostat, 2023). Certainly, the situation was diverse, depending on the year of analysis and on the country, but this is not the aim of the present detailed reflections.

Analyzing the data from Table 1, it is visible that the share of food expenditures in total EU expenditures equalled 14.3% in 2021 year. However, there are some countries which exceed this level and conversely. It is easy to notice that countries on the south and east of Europe exceed, for the EU-27, the mean share of food expenditures and non-alcoholic beverages. The highest share of food expenditures in 2021 year is noted in Romania (24.8%), Lithuania (20.4%) and Bulgaria (20.1%), the lowest in Ireland (8.7%) and Luxembourg (9.0%). In Poland, there is a decrease of share of food expenditures. However, it is still significantly higher than the mean EU values (in 2021 the difference equalled over 5 percentage points). The high value of food index can be found as well in Estonia, Croatia, Slovakia, Latvia, Greece, Hungary, Portugal. Among the countries, which accessed the Union after 1st May 2004, only in two cases the share of food expenditures in total expenditures is similar as the mean EU level and it is Malta's level and Cyprus level. Whereas in the member states of so called 'old Union', the countries in which the share of food expenditures exceeds the mean values for the EU are as follows: Greece, Portugal, Italy. The higher increase between 2010 and 2021 of the discussed value was noted in Greece, Spain, Portugal, the Netherlands, Germany, and Italy. In the remaining countries, where the increase was spotted as well, it does not exceed 1 percentage point. Much higher values of the food index, in comparison to EU mean, for 'new' Union members indicate to a lower standard of living of the residents of those countries. However, in many of the countries, slow, but systematic decrease of the discussed measure took place or is still taking place, which indicates to gradual improvement in the analyzed issue.

Summarizing, on the basis of analysis of food indices, we may reach the conclusion that the standard of living of European Union population is significantly spatially diverse. It presumably results from the general socio-economic development of countries. Particular countries differ as regards the possession of funds, infrastructure, social and environmental conditions, which define the possibilities and the degree of needs satisfaction. It causes that even the countries neighboring directly with each other differ significantly as regards the needs

satisfaction of their residents. Countries with the highest standard of living in 2021, measured with the food index, are Ireland and Luxembourg, Austria, Germany while Romania, Bulgaria and Baltic countries and are the countries with the lowest standard of living of their residents.

Table 1. Food Index in Households' Sector in EU

Specification	2010	2015	2020	2021
EU-27	13.0	13.2	14.8	14.3
Austria	9.9	10.0	11.3	10.9
Belgium	12.8	12.9	14.2	13.4
Bulgaria	19.6	19.4	20.7	20.1
Croatia	18.5	18.9	20.8	19.5
Cyprus	11.3	12.5	15.4	14.7
Czech Republic	14.0	15.9	17.1	16.6
Denmark	11.3	11.4	12.2	12.1
Estonia	19.8	20.6	21.2	19.6
Finland	12.1	12.2	12.5	12.2
France	13.0	13.4	14.9	13.9
Germany	10.3	10.6	11.9	11.8
Greece	15.4	16.2	19.8	18.1
Hungary	16.5	18.0	18.8	18.0
Ireland	9.8	9.4	9.6	8.7
Italy	14.4	14.3	16.5	15.6
Latvia	20.3	18.4	19.9	18.7
Lithuania	24.1	22.8	21.8	20.4
Luxembourg	8.7	9.0	9.4	9.0
Malta	15.2	14.4	15.2	14.1
Netherlands	10.9	11.5	13.2	12.7
Poland	20.4	17.8	19.4	19.6
Portugal	15.9	17.2	18.7	17.9
Romania	27.2	26.1	25.0	24.8
Slovakia	16.0	16.6	19.4	19.0
Slovenia	14.3	14.9	15.9	14.4
Spain	12.6	13.2	15.8	15.2
Sweden	12.1	12.3	13.3	12.7

Source: Eurostat (2023).

3. Use of Consumption Measures on the Example of Poland

Important the indicator of sustainable consumption adopted in comprehensive research on sustainable development by Central Statistical Office is the structure of average monthly expenditure per capita in households by type. It is an indicator that replaced the indicator of average vegetable consumption

per capita in households applied in earlier measurements. Its purpose is to show the structure of household spending. Changes in the structure of expenditure express changes in the standard of households' living. For example, reducing the share of spending on food at increase in real disposable income indicates an improvement in the standard of living of households, and in their wealth, as mentioned in the previous point.

The category of household final consumption expenditure includes all of the expenses made by the household sector, which is one of six institutional sectors in the country. The remaining part is the government expenses and the expenses of non-governmental organizations for healthcare and education.

Data in Table 2 show that in the years 2010-2021 the share of spending on food in total expenditure declined by 1.5 percentage points. Decrease was also observed in the percentage of expenditure on housing and energy carriers (1.8 percentage points), alcoholic beverages and tobacco products (1.3 percentage points), transport (1.0), education (0.5) and communication (0.4 percentage point). On the other hand, there was an increase in the share of spending on health (2.5), furnishings (1.2), restaurants and hotels (1.1), clothing and footwear (1.0), as well as other expenditure on goods and services (by 0.8).

The greatest change showing the improvement in the standard of living of Poles in the years 2010-2021 was the decrease in the value of nutrition indicator, with a simultaneous increase in real disposable gross income in the household sector by as much as 58% (Statistics Poland, 2023). Continuous decline in the value of the discussed measure indicates a gradual improvement in the wealth of the Polish society. Similar conclusions can be formulated on the basis of the free choice expenditure index. Spending on clothing and footwear, furnishings, recreation and culture, restaurants and hotels, and so-called other expenditure on goods and services was also included in this group for the needs of this study. The level of free choice expenditure, which reflects the level of meeting higher needs, is different depending on the year of the analysis. However, in general, in the years 2010-2021 this indicator showed a growing trend in the entire household sector, in which the share of free choice expenditure increased from 27.7% to 31.7%, i.e., by 4.0 percentage points.

Table 2. The Structure of the Household Final Consumption Expenditure in Poland in the Years 2010, 2015, 2020, 2021 (in % of Total Expenditure, Current Prices)

Year Expenditures	2010	2015	2020	2021
1	*2*	*3*	*4*	*5*
Food and non-alcoholic beverages	20.4	17.8	19.4	18.9
Alcoholic beverages, tobacco, narcotics	7.7	6.1	6.7	6.4
Clothing and footwear	3.8	5.0	4.7	4.8

Table 2 cont.

1	2	3	4	5
Housing, water, electricity, gas and other fuels	21.0	20.0	19.1	19.2
Furnishings	3.8	4.9	5.3	5.0
Health	4.5	5.5	6.8	7.0
Transport	14.6	14.0	13.1	13.6
Communication	2.8	2.6	2.6	2.4
Recreation and culture	6.2	6.9	5.8	6.1
Education	1.3	1.1	0.8	0.8
Restaurants and hotels	2.8	3.9	3.4	3.9
Miscellaneous goods and services	11.1	12.8	12.3	11.9

Source: Statistics Poland (2023).

The changes in value-related consumption proceeded simultaneously with the quantitative consumption which is proved by the data concerning the consumption of chosen food and non-food-related goods, expressed in natural units, calculated for 1 Polish inhabitant.

Table 3. Consumption of Selected Food Items in Poland Calculated Per Capita in the Years 2010, 2015, 2020, 2021

Year Consumption of selected consumer goods	2010	2015	2020	2021
Grain of 4 cereals in terms of processed products in kg	108	103	102	101
Potatoes in kg	110	100	94.3	94.8
Vegetables in kg	106	105	103	104
Fruit in kg	44	53	58	59
Meat and edible offal in kg	73.7	75	78.1	75.1
of which meat	69.9	70.9	73.3	70.5
Edible animal fats in kg	6.3	5.8	6.0	6.3
Cows' milk in l	189	213	246	251
Hen eggs in units	202	144	157	159
Sugar in kg	39.9	40.5	42.9	41.8
Vodkas, liqueurs, other alcoholic beverages in terms of 100% in l	3.2	3.2	3.7	3.8
Wine and mead in l	6.9	6.3	6.5	6.7
Beer from malt in l	90.2	99.1	94	93.2
Cigarettes containing tobacco or mixtures of tobacco in units	1805	1466	879	1005

Source: Statistics Poland (2022, p. 67).

It results from the data in Table 3 that between 2010 and 2021 there was a decrease in consumption of carbohydrate products, such as: potatoes (by 15.2 kilo) and grains of cereals (by 7 kilo). Further on the decreased consumption could be noticed in the following: eggs (by 43 pieces), vegetables (by 2 kilo) and tobacco products (by 800 pieces). While the increase was noted in fruit (by 15 kilo), milk

(by 62 l), sugar (by 1.9 kilo), beer (by 3 l) and high-proof alcoholic beverages (by 0.6 l). Those changes – in physiologists' opinion – have double meaning, positive and negative. Broadly speaking, in the opinion of the case researchers, the decrease of carbohydrate products consumption – in general or in relation to consumption of other valuable articles, e.g.: low fat meat – proves that the life level in Poland was improved.

Between 2010 and 2021 the significant progress in level of equipping with durable consumer goods in Poland was visible. The improvement was noted in the level of equipping with the basic household appliances and in the luxury equipment. Possessing a private car became popularized, as well as having modern communication and recreation appliances, household appliances and others. The state of possession was improving year by year in quantitative and qualitative sense as well. Each year Polish people purchased more and more multifunctional goods, stylized, individual, versatile, esthetic, eco-products and others. The improvement of the condition of possessing the durable consumer products is a positive phenomenon. It proves the existence of consumption modernization and simultaneously it gives expression to better fulfillment of consumption needs in Poland, confirming the improvement in life conditions as well and changes towards sustainable consumption (Grzega, 2017).

Conclusions

In the last a dozen years, the great advancement in the range of methodology of sustainable development measurement was made. The visible improvement in the measurement accuracy was noticed and the general knowledge about various elements of sustainable development, population's living conditions and their determinants was broadened. The use of objective and subjective indicators, partial and synthetic, value-related, and quantitative in the research on the sustainable development became common for the researches. However, despite the fact of appearance and development of new measurement tools, e.g.: anthropometric measures or other measures of alternative nature, the well-known, used for many years and verified tools are used constantly. The consumption indicators are included into the well-known group and despite of their disadvantages and the scepticism accompanying the official statistics, they are still applicable in the evaluations of need satisfaction, which naturally fits into research on sustainable development. Their fundamental advantage is impartiality. Not without significance is the long research tradition, standardized methodology and the continuity of realization, which enable the research conduction in long term pe-

riods and great spatial ranges. The simplicity and the firmness of calculations appeal to their use. Those are the measures relatively easy to use and comprehensible. Analyzing the changes in time with their use, the improvement of value each year indicates by itself to the development. Jointly, this justifies the use of consumption indicators to research and assess sustainable development. However, it is worth noting that they describe mainly the material dimension of functioning of consumption entities, which does not present the whole image of the researched issue. While researching the sustainable development with their use, the evaluation needs to be completed by other non-economic measures of objective-social and subjective nature. What is more, it is difficult to relate, in a direct and measurable way, the changes in consumption to sustainable development. Some of the conclusions are made based on logical factors and not precise calculations. It is an effect of a situation where not all objects can be brought to a common denominator, which is, e.g.: currency, piece, or kilogram. Despite all these reservations, it was accepted in the present study that the measure of obtained sustainable development are positive changes in structure of consumption expenditures and natural consumption.

Summarizing, the analysis of food index indicated that the European Union standard of living is significantly spatially diverse. Ireland was classified as the country with the highest standard of living in 2021 – measured according to food index, while Romania, Bulgaria and Baltic countries were characterized by the low standard of living.

As for the situation in Poland, it can be stated that starting from 2010 year, the Polish consumption developed in value-related and quantitative and reached the level higher than this from 2010. This is evidenced by decrease of food indicator value and the increase of free choice expenditures indicator value. The share of the indispensable expenditures, including food and non-alcoholic beverages, housing, water, electricity, gas, and other fuels, decreased in the year 2010-2021 from 41.4% to 38.1%. The positive quantitative and qualitative changes occurred as well. They related to food consumption, the progress in equipping in durable goods and as a result – testified to the ongoing process of sustainable consumption in Poland.

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CHAPTER

13 // Senior Consumers Attitudes Toward Sustainable Consumption

Sławomir Smyczek

Introduction

The dynamically progressing process of population aging in highly developed countries has become an impulse for the popularization of the so-called idea originating from Japan. silver economy, i.e., focusing socio-economic activities on the segment of older people. At the same time, it is expected that the observed demographic processes will increase the quantitative potential of this group in the coming years, and its current diversity − the segment of older people includes both professionally active people and retired consumers − will increase even further. Moreover, the report 'The Silver Economy' prepared in 2018 at the request of the European Commission shows that by 2025 the fastest development of the silver economy (measured by consumption expenditure of older people) will take place in the countries of Central and Eastern Europe. This means that in Poland, not only will the number of senior consumers continue to grow, but they will also become an important market force determining the direction and nature of consumption in our country. Taking into account the ambitious plans to achieve zero-emission of the European economy by 2050 included in the European Green Deal, this consumption will have to be sustainable, which in turn means that the lifestyle of older people will be determined by behaviors that favor sustainability.

Taking into account the above, the aim of the research was to identify the attitudes of senior consumers towards the sustainability category itself and sustainable consumption in households. Shaping such lasting positive attitudes of senior consumers towards sustainable consumption in their households in the long run may turn into behavior consistent with the principles of sustainability and bring beneficial effects both for seniors themselves, their households, subsequent generations and the entire economy.

1. Consumer Attitudes Towards the Concept of Sustainable Consumption – Theoretical Background

In society based on phenomenon of consumerism, there is an increasing desire for consumption, which does not always take the form of rational behavior. Consumerism is developing and becoming a lifestyle of societies. It brings with it a number of phenomena that lead to the waste of material and human resources. The pursuit of unlimited consumption, the constant pursuit of new things in order to stand out from others, is constantly intensifying. There is even development of a disease called affluenza (Skrzypek, 2019, pp. 2-8) and the occurrence of a huge number of negative effects of consumerism. And this, in turn, means that these phenomena can no longer be ignored. The search for opportunities to change the way of management gave rise to a discussion about the desired direction and, above all, the form of further growth of the globally perceived economy. As a consequence, at the end of the 1980s, a proposal was made to replace the current, unrestrained growth with sustainable economic development. It was intended to be both an answer and a 'cure' to the deepening problems of an ecological, and later also social and economic, nature. One of the threads of the discussion related to sustainable economic development is the consideration of the role played by an individual consumer in the process of change and the implementation of the concept of sustainability also in the sphere of consumption (Zrałek, 2018).

Sustainable consumption is becoming a kind of alternative to consumerism in the modern world. This is a consumption model that focuses on consumers' self-limitation to consumption required by biological conditions and the level of socio-economic development. Sustainable consumption is therefore an opportunity to optimize consumers' market decisions. However, the effects of implementing this concept will only be visible when consumers develop permanently positive attitudes towards sustainable consumption and market behavior, which will lead to the transfer of these new consumption patterns to new markets and products.

There are many attempts to define attitudes in the literature on the subject. They most often depend on the theoretical concept or on what aspect of it is paid attention to. There are three main groups of attitude definitions:

- definitions referring to the behaviorist tradition or the psychology of learning, in which attention is paid to the individual's behavior and reactions to objects in the individual's environment, including social objects. This group includes, among others, the definitions of W.M. Fusona, W.A. Scott, D. Droba (Blythe,

2008). In general, most authors related to the behaviorist concept define attitudes as certain types of dispositions to behave in a specific way,

- definitions referring to sociological concepts, in which special attention is paid to the attitude of the bearer of the attitude towards its object. The sociological concept was referred to in the definitions by L.L. Thurstone, H.A. Murray, C.D. Morgan or J. Reykowski (Smith & Wheeler, 2002; Raymond, 2003). According to these authors, an attitude is a specific, relatively lasting emotional or evaluative attitude towards an object, or a disposition to have such an attitude, expressed in positive, negative or neutral categories,
- definitions referring to cognitive theories in psychology. These definitions draw attention to the fact that attitude is not only a specific behavior or the evaluator's or emotional attitude towards a given object, but also cognitive elements relating to it. In this way attitudes are defined by S.E. Asch, M.J. Rosenberg, M.B. Smith, S. Nowak, T. Mądrzycki (Solomon, 2011; Arnould et al., 2004; Mądrzycki, 1970).

Definitions from the third group are accepted and adopted by an increasing number of economists. Representatives of this trend also include Solomon's concept of attitudes. According to this author, an attitude is a relatively permanent structure (or a disposition to the appearance of such a structure) of cognitive, emotional processes and behavioral tendencies, which expresses a specific attitude towards a given object (Solomon, 2020). Attitude is not only the above-mentioned three groups of factors, but also their mutual relations and human predispositions to adopt certain types of attitudes. An attitude always has a specific direction (positive or negative) and magnitude. It can therefore be concluded that behavior (including consumer behavior on the market) is the final "product" of attitude. Thus, attitudes have a significant impact on consumer behavior. However, there is also an inverse relationship. In the long run, consumer behavior causes (through perception and learning) the modification of their attitudes or the emergence of new attitudes.

2. Methodology of Senior-Consumers Attitudes Toward Sustainable Consumption Research

Attitudes refer to all objects that are in the individual's environment. Therefore, we can distinguish consumption attitudes (related to the purchase of specific goods and services on the market) or attitudes towards other market participants and their behaviors (Schiffman et al., 2009). Therefore, the above-mentioned approaches to attitudes are useful when analyzing consumers' attitudes towards

the new phenomenon of sustainable consumption and sustainable consumer behavior on the market and in the household.

However, it should be added here that the complexity of the approach to attitudes and difficulties in its operationalization have resulted in the fact that in research practice a narrow approach to attitudes is most often used. According to this concept, attitude is only the degree of intensity of feeling that an individual displays towards a given object (Sagan, 1998, p. 73). Therefore, attitude is identified in this case with the affective, evaluative element. Therefore, the this study focused on examining senior-consumers' emotional feelings, their value judgments and opinions.

The mail goal of research was to identify senior-consumers' attitudes towards the concept of sustainable consumption. Moreover, the aim of the work was to develop a model of the attitudes of senior consumers towards sustainable consumption. Achieving these goals required conducting primary research. Looking for a method suitable for collecting the necessary data, taking into account the age of the respondents and the significant limitations of seniors in using the Internet, it was decided to use the direct interview method. The measurement tool was a standardized interview questionnaire. Most of the questions were in the form of complex scales, in particular Likert scales were used, in which a 7-point, balanced, non-coercive rating scale was used. The research was preceded by a pilot study, which allowed for the improvement of the research tool.

The subject of the research, as stated earlier, were seniors. A senior is considered to be a person who is at least 60 years of age, which is the minimum age that entitles one to retire in Poland. In order to reach this specific target group, it was decided to conduct direct research with participants of universities of the third age. The research was conducted among participants of 6 universities of the third age, each with 50 respondents, which allowed to obtain a sample of 300 respondents. Ultimately, after verification of all completed questionnaires, 286 correctly completed questionnaires were qualified for further analyses.

Field research was carried out in the period from November 2021 to January 2022 in Poland. The respondents were dominated by (68.4%), people aged 65-69 (45.7%) and respondents with secondary education (39.4%). Moreover, the research sample was dominated by people who lived in cities (65.4%), as well as people who were representatives of two-person households (37.6%) and who assessed their economic situation as good (39.7%).

3. Characteristics of Consumer Attitudes Towards the Concept of Sustainable Consumption

Analyzing senior consumers attitudes towards sustainable consumption is an extremely complex process. This is due to the complexity of consumer attitudes themselves, as well as the nature and specificity of sustainable consumption. Therefore, this process was divided into two stages:

- stage I – identification of factors describing senior consumers attitudes towards sustainable consumption – diagnosis,
- stage II – determining the relationships between the identified factors – modeling.

In the process of identifying factors describing senior consumers attitudes towards sustainable consumption, first an attempt was made to identify a set of variables that shape senior consumer attitudes towards sustainable consumption. Based on previous research, 21 variables were identified, having both endogenous and exogenous nature (Kieżel, 2006). They were then presented to respondents on a Likert scale to determine the degree of acceptance of each statement:

1. To follow the principles of sustainable consumption, you need to have a high income.
2. I follow the principles of sustainable consumption when it benefits me financially in the long run.
3. In order to follow the principles of sustainable consumption, you need to be able to think analytically and in a multi-threaded way.
4. A wide range of ecological products helps to comply with the principles of sustainable consumption.
5. I am encouraged to follow the principles of sustainable consumption by caring for future generations.
6. A well-developed commercial and service infrastructure helps to comply with the principles of sustainable consumption.
7. Extensive knowledge about products and the entire market offer is necessary to comply with the principles of sustainable consumption.
8. To follow the principles of sustainable consumption, you need to have extensive experience in this field.
9. Most often, I make a purchase in line with the principles of sustainable consumption when the seller encourages me to do so.
10. Widely available, rich information about sustainable consumption promotes compliance with its principles.

11. I follow the principles of sustainable consumption under the influence of promotional campaigns.
12. I follow the principles of sustainable consumption because it is good for my health and that of my family members.
13. To follow the principles of sustainable consumption, you need to have extensive knowledge about ecology.
14. I follow the principles of sustainable consumption because my friends do too.
15. I follow the principles of sustainable consumption when it is a cheaper solution.
16. Compliance with the principles of sustainable consumption requires a lot of patience, because a thorough analysis of the market offer and individual products is necessary.
17. Compliance with the principles of sustainable consumption requires forward--looking thinking.
18. Stable law and favorable tax regulations support compliance with the principles of sustainable consumption.
19. Economic stability and prosperity support the principles of sustainable consumption.
20. Broad and accessible information about products and the effects of their use promotes compliance with the principles of sustainable consumption.
21. A wide selection of various goods and services promotes compliance with the principles of sustainable consumption.

Based on the conducted research, it can be concluded that senior consumers most often agree with statements regarding the market environment, which in their opinion should support their involvement in consumption behavior in accordance with the principles of sustainable consumption. Thus, as many as 51.7% of respondents agree with the statement that wide and accessible information about products and the effects of their use facilitates compliance with the principles of sustainable consumption, while 46.8% believe that a well-developed commercial and service infrastructure helps to comply with the principles of sustainable consumption, and 45.1% support the statement that a wide range of ecological products helps to comply with the principles of sustainable consumption.

An important element that favors, but may also limit, the consumer's tendency to engage in consumption behavior consistent with the concept of sustainable consumption is the consumer's abilities. Abilities are defined as the personal competences and predispositions as well as the consumer's intellectual and economic potential that enable (facilitate) him/her to engage in this type of behavior. Therefore, whether a given consumer will engage in behavior in accordance with the concept of sustainable consumption will depend on his/her consumer personality, perception of the phenomenon of sustainable consumption itself,

speed of learning and remembering, etc. Based on the research conducted among seniors, it can be concluded that as many as 52.4% of respondents claim that extensive knowledge about products and the entire market offer is necessary to comply with the principles of sustainable consumption. Moreover, 49.2% of senior respondents point out that in order to follow the principles of sustainable consumption, one must be able to think analytically and multi-threaded, and 47.8% of senior respondents, compliance with the principles of sustainable consumption is conditioned by consumers having extensive knowledge about ecology.

An important element of the analyzes was the motivation of senior consumers to engage in behavior consistent with the concept of sustainable consumption. The motivation underlying the main decision-making factors of each consumer determines his actions, at the same time giving them direction and purpose. Motivation is also the direct driver and cause of decision-making in the market. The emergence of a motive can only occur when a given consumer realizes how to achieve the desired goal and makes a decision that triggers action. On the one hand, motivation highlights the importance of goals and tasks, on the other hand, goals and tasks shape motivation. In this approach, the behavior of a given market entity is also a factor stimulating its activity in shaping relationships with other entities (Blackwell et al., 2001, p. 178). Based on the research conducted, it can be concluded that the main motives for consumers to engage in behaviors typical of the concept of sustainable consumption are health--promoting motives, both in relation to their own household and in the context of future generations. Thus, as many as 70.2% state that they follow the principles of sustainable consumption because it is good for their health and that of my family members, and 59.5% emphasize that they are encouraged to follow the principles of sustainable consumption because of their concern for future generations. In turn, 57.1% of senior respondents follow the principles of sustainable consumption when it is cheaper for them.

After identifying the attitudes of senior consumers towards sustainable consumption, analyzes were undertaken for the second stage of the research, i.e., the construction of a three-factor model of senior consumers' attitudes towards sustainable consumption.

The first step in the process was to check whether the variables used in the study remained in certain specific relationships. In order to check the accuracy of the choice of the factor analysis model as the method of analyzing the collected data, the Kaiser-Meyer-Olkin index was used (Gatnar & Walesiak, eds., 2004, p. 236). The KMO index for the 21 variables analyzed was 0.814, which is high. This result means that a significant reduction in the oversizeness of the input data set can be expected. In turn, the Bartlett's test of sphericity shows that for

the data set the approximate chi-square is 6035,417, with a df of 208 and a significance level of 0.000. This means that the above-mentioned the test verifies the hypothesis that the correlation matrix between the explanatory variables is unique. The result indicates that at the significance level of 0.05, this hypothesis should be rejected, which means that the correlation matrix between the input variables is not unique. Hence, we can expect the presence of a hidden factor structure in the examined data set. Then, the number of factors to be adopted in further analysis was determined. For this purpose, the eigenvalue and the percentage of variance explained by the subsequent components were calculated. The eigenvalue criterion sets a lower limit on the number of factors common in the correlation matrix for the population. This means that the number of factors will always be equal to or greater than the number determined by this criterion (Gatnar & Walesiak, eds., 2004, p. 2009).

The study assumed that there are three hidden factors describing the studied data set. The results of the analysis showed that for this assumption, three factors explain around 48% of the variability of the input set. This means that these three factors carry 48% of the information contained in the full data set. In other words, it was possible to reduce a 21-dimensional set to a 3-dimensional set with only about 52% of the information lost. The obtained result can be considered satisfactory. In turn, the use of the principal components method with quartimax rotation allowed for the determination of factor loadings for individual variables. Table 1 indicates significant factor loadings, after rounding, in absolute value not less than 0.4.

Table 1. Factor Loadings (Obtained Using the Principal Components Method after Quartimax Rotation) – Matrix of Rotated Componentsa

Elements	Component		
	1	2	3
1	*2*	*3*	*4*
Broad and accessible information about products and the effects of their use promotes compliance with the principles of sustainable consumption	0.734		
A well-developed commercial and service infrastructure helps to comply with the principles of sustainable consumption	0.709		
A wide range of ecological products helps to follow the principles of sustainable consumption	0.682		
I follow the principles of sustainable consumption because it is good for my health and that of my family members	0.657		
I am encouraged to follow the principles of sustainable consumption by caring for future generations	0.651		

Table 1 cont.

1	2	3	4
A wide selection of various goods and services promotes compliance with the principles of sustainable consumption	0.647		
Widely available, rich information about sustainable consumption promotes compliance with its principles	0.598		
Economic stability and prosperity support the principles of sustainable consumption	0.571		
Stable law and favorable tax regulations support compliance with the principles of sustainable consumption	0.506		
Compliance with the principles of sustainable consumption requires a lot of patience, because a thorough analysis of the market offer and individual products is necessary		0.702	
To follow the principles of sustainable consumption, you need to have extensive experience in this field		0.673	
Following the principles of sustainable consumption requires forward-looking thinking		0.634	
To follow the principles of sustainable consumption, you need to have extensive knowledge about ecology		0.609	
To follow the principles of sustainable consumption, you need to be able to think analytically and multi-threaded		0.565	
Extensive knowledge about products and the entire market offer is necessary to comply with the principles of sustainable consumption		0.548	
To follow the principles of sustainable consumption, you need to have a high income		0.481	
I follow the principles of sustainable consumption under the influence of promotional campaigns			0.745
I follow the principles of sustainable consumption because my friends do too			0.697
Most often, I make a purchase in line with the principles of sustainable consumption when the seller encourages me to do so			0.673
I follow the principles of sustainable consumption when it benefits me financially in the long run			0.564
I follow the principles of sustainable consumption when it is a cheaper solution			0.459

Method of isolating factors – main components. Rotation method – Varimax with Kaiser normalization. The rotation converged in 5 iterations.

The table above contains the results of the factor analysis. Factor loadings convey information about the degree of correlation of individual variables with the hidden factor. The higher the value of factor loading in a given factor, the stronger the variable explains this factor. Thus, in the case of the first factor that can be defined as possibilities, the statement that broad and accessible infor-

mation about products and the effects of their use promotes compliance with the principles of sustainable consumption explains it most strongly – the loading value is 0.734. In the case of the second factor, which can be defined as abilities, compliance with the principles of sustainable consumption requires a lot of patience, because a thorough analysis of the market offer and individual products is necessary, it is explained most – the value of the load is – 0.702. And in the case of the third factor, which can be defined as motivation, compliance with the principles of sustainable consumption under the influence of promotional campaigns explains it most strongly - the factor loading value here is 0.745.

In the exploratory factor analysis, indicators were assigned to hidden constructs (factors) that have their substantively justified basis. In the further course of the proceedings, the model assuming the existence of these constructs was subjected to detailed analysis using confirmatory factor analysis (CFA). Confirmatory factor analysis is used to check whether the obtained factor model fits the data (Sztemberg, 2000, p. 92). Moreover, in this model, unlike exploratory analysis, where relationships of each factor with all indicators are allowed, individual indicators are assigned to a specific construct (i.e., non-zero regression coefficients are allowed only between a given construct and the indicators assigned to it by the test). CFA therefore tests the quality of the measurement model.

The analysis allowed for the occurrence of correlations between factors, because it can be assumed that senior consumers, in order to engage in consumption in accordance with the principles of sustainable development, must have opportunities both on the market and within the household, be appropriately motivated to do so and have specific abilities to engage compliance with the principles of sustainable consumption. As a result of the analysis, it turned out that correlations between individual constructs do indeed exist. As a result of applying confirmatory factor analysis using structural equation models, the model with estimated parameters has the form shown in Figure 1.

The results of structural modeling show that there are correlational relationships between factors. The associations are positive and of moderate strength. In turn, the analysis of goodness of fit indicators for identified model is presented below.
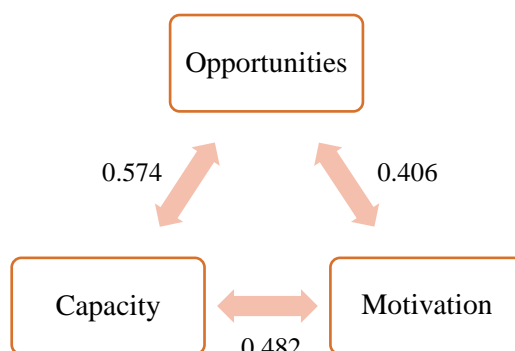
Figure 1. A Model of Senior Consumers Attitudes Towards Sustainable Consumption

Table 2. Model Goodness of Fit Indicators

Goodness of fit indicators	Value	Assessment
CMIN/df	4.617	Acceptable model
RMR	0.174	Conditionally acceptable model
GFI	0.912	Acceptable model
AGFI	0.951	Acceptable model
CFI	0.918	Acceptable model
RMSEA	0.119	Acceptable model
PCLOSE	0.076	Conditionally acceptable model

The results of the goodness-of-fit assessment show that all but two measures fully accept the model. The RMR and PCLOSE measures are slightly outside the range of acceptability, but their values are not far apart. It can therefore be concluded that the model properly implies the actual structure of the variance-covariance matrix between the analyzed components of the construct. It can therefore be concluded that consumer attitudes towards the concept of sustainable consumption in households are determined by three factors. The most important factor are the opportunities both on the market and in households themselves, which support consumers' involvement in consumption in accordance with the principles of sustainable development. The consumer should also have certain abilities and be appropriately motivated to implement the concept of sustainable consumption in his or her own household.

Conclusions

The issue of sustainable consumption is now becoming of fundamental importance both for the entire economy and for individual households. The phenomenon of sustainable consumption arose with the emergence of the phenome-

non of sustainable development. Over time, the importance of household consumption for achieving sustainable development began to be increasingly recognized. Households impact the environment all day, every day of the week and of the year as they make decisions about what goods and services to buy and how to use them. Their decisions regarding place of residence, place of work, waste management, holiday destinations, etc., translate into the scope and nature of sustainable development. And although their individual impact on sustainable development is small, their combined impact is colossal.

The research carried out among senior consumers shows that factors, which can change senior consumers attitudes and encourage them to become more involved in the implementation of the concept of sustainable consumption are opportunities understood as broad and accessible information about products and the effects of their use, the ability to be patient in observing the principles of sustainable consumption, because a thorough analysis is necessary market offer and individual products, as well as motivation, i.e., intensive promotional activities showing the benefits of following the principles of sustainable consumption.

It should be borne in mind that the research has some limitations, which, however, can be turned into advantage for future research. The key limitation of the study is it being focused solely on one senior consumers. Consumer attitudes toward sustainable consumption from other age groups could be certainly different, which affects significance of influence of elements of model on those attitudes. It should be also emphasized that the research was conducted among very active seniors who are members of universities of third age, senior consumers' attitudes toward sustainable consumption may differ for seniors who are not so active and open to novelty. And finally research was done only in one country. Nonetheless, it is believed that focusing on different age groups will contribute to better understanding of consumer attitudes toward sustainable consumption. It would be also interesting to investigate the hypothesized model of senior consumers attitudes toward sustainable consumption in other countries so the results could be generalized cross-culturally.

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Consumer Misbehavior in the Insurance Market: Exploring Techniques to Justify Actions

Agnieszka Tetla

Introduction

Understanding consumer behavior becomes increasingly important in a context marked by cultural shifts, heightened production levels, expanded product and service offerings, and the economic turmoil triggered by the COVID-19 pandemic. This ever-evolving consumer landscape, characterized by uncertainty, often results in shifts in attitudes toward behaviors that were once deemed unacceptable, ultimately leading to the proliferation of consumer misbehavior.

The existing body of literature predominantly focuses on consumer misbehavior within the retail sector, with less attention directed towards the services market. This overlooks the substantial impact that consumer misbehavior can have on companies operating in this sector. One notable example is the insurance market.

Insurance services hold a pivotal role for consumers, offering protection against unforeseeable crises like serious illnesses, hospitalizations, accidents, fires, thefts, and more. However, consumers frequently underestimate the significance of insurance services, as they safeguard against events that individuals hope to never encounter. Additionally, insurance services play a critical role in the national economy, contributing significantly to a country's financial development. Moreover, due to its interconnectedness with other sectors of the economy, the insurance sector becomes a key driver of long-term economic growth.

The insurance market plays a vital role in development of sustainable business through green products and services (Sasidharan et al., 2021). Insurance, in conjunction with various policy tools and financial motivators like extended loans linked to insurance coverage, has the potential to promote the adoption of economic measures to mitigate losses. This, in turn, contributes to building a more sustainable world by diminishing the repercussions of natural, technological, and environmental hazards (Kunreuther, 2001). The insurance sector plays a crucial

role in assisting the nation in achieving sustainable development goals that encompass a range of economic, social, and related protective aspects (Kansal & Aggarwal, 2023).

The insurance market fundamentally relies on the principle of solidarity. Through the distribution and sharing of risk, it becomes feasible to provide insurance protection at a relatively modest premium. Consumer misbehavior disrupts this system, resulting in a decline in the quality of service delivered by insurance providers, escalating premiums for honest policyholders, protracting, and complicating the claims settlement process, and eroding the trust upon which the entire industry is built. Consumer misbehavior to some extent can also erode the role of insurance in promoting sustainability and contributing to the strengthening of the financial sector.

Assessing the extent of consumer misbehavior in the insurance market proves challenging. Available statistics primarily cover instances of insurance fraud, but these figures only scratch the surface. In 2019, in the United Kingdom, detected non-life insurance claims fraud amounted to EUR 1.5 billion, with an estimated EUR 2.275 billion attributed to undetected fraud (Insurance Europe, 2019). In Poland, in 2021, detected claims fraud totaled PLN 442 million (approximately EUR 98 million) (PIU, 2022). While these reports primarily focus on the financial dimensions of insurance fraud, it's essential to recognize that consumer misbehavior can manifest in various forms and result in multifaceted consequences, including emotional and material repercussions. This broader perspective on consumer misbehavior within the insurance market remains largely unexplored in previous research, signifying a significant research gap.

Given the ongoing evolution of the insurance market, its pivotal role in the economy and sustainable development, and the identified gap in the literature, this paper aims to elucidate the phenomenon of consumer misbehavior within the insurance market.

The COVID-19 pandemic has prompted individuals to confront a host of ethical dilemmas, including decisions related to public health, safety, and personal behavior. In the face of these moral quandaries, people may employ guilt neutralization techniques to mitigate the emotional burden associated with their actions. Guilt neutralization techniques, originally introduced by Sykes and Matza (1957), are cognitive strategies individuals use to rationalize or justify behaviors that may conflict with societal norms or personal values. The aim of this article is therefore to characterize the connection between neutralization techniques and consumer misbehavior in the insurance market.

1. Literature Review

1.1. Consumer Misbehavior

A diverse range of definitions exists that characterize the essence and extent of consumer misbehavior. Through a thorough examination of the literature, we've identified two distinct viewpoints for analyzing consumer misbehavior: those of the consumers themselves and those of the corporations.

From the consumer's standpoint, we encounter various terms such as opportunistic consumer behavior (Hayes-Roth, 1982), deviant consumer behavior (Moschis & Cox, 1989), aberrant consumer behavior (Fullerton & Punj, 1993), consumer misbehavior (Fullerton & Punj, 1997), consumer cynicism (Chylinski & Chu, 2010), unethical consumer behavior (Mitchell et al., 2009), consumer retaliation (Funches et al., 2009), and defective co-creation of value (Greer, 2015).

On the other hand, from the corporate perspective, we find terminology like problem customers (Bitner et al., 1994), jaycustomers (Lovelock, 1994), wrong customers (Tax & Brown, 1998), customer badness behavior (Yi & Gong, 2006), customers' dysfunctional behavior (Harris & Reynolds, 2003), unfair customers (Berry & Seiders, 2008), disruptive customer behavior (Gursoy et al., 2017), and customer mistreatment (Baranik et al., 2017).

Opportunistic behavior involves the pursuit of personal gain without ethical considerations, often exploiting emerging opportunities while disregarding rules and consequences. Economically, opportunists exploit a company's vulnerabilities for financial gain, with examples including deception, theft, and cheating (Steenhaut & Van Kenhove, 2005).

Deviant behavior is typically characterized as a departure from established norms of conduct, which manifest as customs and regulations. As long as behavior strays from these norms, society views it as undesirable, unacceptable, or disruptive (Moschis & Cox, 1989).

Fullerton and Punj offer a similar perspective by introducing the term 'aberrant consumer behavior'. Aberrant behavior by consumers violates generally accepted consumption rules, leading to financial, material, and psychological losses for consumers, other consumers, and businesses and their employees (Fullerton & Punj, 1997).

Consumer cynicism involves suspicion, distrust, and scepticism towards market entities. Dynamic consumer cynicism suggests that suspicion grows when the gap between expectations and market actions persists. This recurring discrepancy reinforces the belief that entities are acting dishonestly, making cynicism a defense against feeling exploited. Cynical consumers distrust market-

ing and may take actions detrimental to market entities (Chylinski & Chu, 2010), such as boycotting disliked companies, warning others against specific products, and expressing dissatisfaction (Laczniak et al., 2001).

Unethical consumer behavior is defined as actions, whether direct or indirect, that cause financial or reputational harm to a market entity or other consumers (Mitchell et al., 2009).

Consumer misbehavior is also referred to as 'consumer retaliation', where retaliation signifies consumers' actions to penalize market operators for perceived harm (Grégoire & Fisher, 2008). Notably, consumer retaliation is not impulsive; it follows a process where consumers identify harmful actions by market entities, attribute blame to them, leading to anger and regret, culminating in retaliation (Aquino et al., 2001).

Greer presents a slightly different perspective, considering consumer misbehavior as defective co-creation of values. The author emphasizes that consumers co-create value with service providers and defines consumer misbehavior as any behavior hindering this co-creation process (Greer, 2015).

Problematic customers, as identified by Bitner et al., are customers who are unwilling to cooperate with staff and other customers, often opposing legal and ethical standards. These customers are dissatisfied with the service and tend to blame the system or staff without acknowledging their own behavior as a contributing factor (Bitner et al., 1994).

Lovelock introduces the term 'jaycustomers', defining them as customers who act thoughtlessly or improperly, causing problems for businesses, staff, and other customers. Lovelock emphasizes the importance of appropriate customer segmentation (Lovelock & Wirtz, 2011; Lovelock, 1994).

Woo and Fock (2004) propose an alternative approach, highlighting the impact of overall satisfaction and satisfaction with specific service attributes on customer behavior. They argue that the outdated notion of 'the customer is always right' should be replaced with targeted customer segmentation. They categorize customers into 'right customers' (high satisfaction in both dimensions), 'right customers at risk' (high overall satisfaction but dissatisfied with some attributes, and vice versa), and 'wrong customers' (low satisfaction in both dimensions). Woo and Fock recommend that companies focus on the first two categories and exclude the 'wrong customers', who frequently complain and remain dissatisfied despite efforts to address their concerns. The costs of retaining such customers outweigh the benefits.

Yi and Gong (2006) discuss the causes and effects of bad customer behavior, contrasting them with the good, civic attitudes of customers. Bad customer behavior, characterized by thoughtless or abusive actions, causes problems for

companies, their employees, and other customers. In contrast, good customer behavior contributes to the company's development and the improvement of service quality.

Reynolds and Harris define dysfunctional customer behavior as actions taken by customers, whether intentional or unintentional, overt or covert, that disrupt functional business operations (Harris & Reynolds, 2003). In a later study, they place more importance on the presence of certain norms of conduct and the conscious violation of these norms as manifestations of dysfunctional behavior (Reynolds & Harris, 2009).

Customer dishonest behavior involves customers acting without decency, rationality, or respect for others' rights, which can harm the company and, in some cases, employees and other customers. While not necessarily illegal, it can be considered distasteful. Berry and Seiders (2008) categorize it based on three factors: the harmfulness of the act, its frequency, and intention. They describe fraudulent customer behavior as involving higher levels of harm, frequent occurrence, and intentional actions.

Disruptive customer behavior refers to any undesirable behavior that may evoke negative emotions and, consequently, affect the level of satisfaction and purchase intentions of other customers. It's important to note that customer interactions are more likely to reduce purchase satisfaction than to enhance it (Gursoy et al., 2017).

Another definition of consumer misbehavior is customer mistreatment. Customers often treat service department personnel as if they are of a lower category, behaving aggressively and disrespectfully, which can lead to stress or professional burnout among employees (Baranik et al., 2017).

An analysis of these definitions reveals that the consumer's perspective more often centers on non-compliance with specific conduct standards, while the corporate perspective more often associates consumer misbehavior with consumer dissatisfaction following a transaction. In this article, consumer misbehavior is defined as behavior contrary to generally accepted standards of conduct in consumption, adversely affecting both misbehaving consumers and other consumers, employees, and the company.

1.2. Neutralization Techniques

Guilt neutralization techniques in consumption have been the subject of several studies in the field of marketing and consumer behavior. Guilt is an emotion that can arise when consumers engage in behaviors that are perceived as

morally or socially unacceptable. To alleviate this guilt, consumers may employ various strategies to neutralize their negative feelings and justify their consumption choices.

One study by Antonetti and Maklan (2014) explores how guilt and pride can influence consumers' use of neutralization techniques. The authors found that when consumers experience feelings of guilt or pride, they are less likely to employ neutralization techniques. This suggests that these emotions can play a role in either mitigating or intensifying guilt, thereby affecting consumers' decision-making processes.

Another study by Sett (2020) investigates the boundary conditions of guilt mitigation in the context of consumption decisions made under ambiguity. The author explores how consumers' discomfort with ambiguity can influence their guilt mitigation strategies. The findings suggest that consumers may resort to guilt mitigation techniques to justify their consumption choices when faced with ambiguous situations.

Guilt appeals are frequently used by marketers to influence consumers' behavior, as discussed in the study by Antonetti and Baines (2014). However, the effectiveness of guilt appeals is contested, and some argue that the use of guilt in marketing may be unethical. This highlights the complex nature of guilt in consumption and the ethical considerations associated with its use as a persuasive tool.

The role of rumination and emotional support in regulating guilt and its impact on consumption intention is examined in the study by Saintives and Lunardo (2016). The authors suggest that consumers may seek emotional support to regulate their guilt and that this regulation can influence their consumption choices. This highlights the importance of social and emotional factors in the guilt-neutralization process.

Luxury consumption is another context in which guilt and pleasure interact. Ki et al. (2016) demonstrate that both pleasure and guilt mediate the relationship between luxury consumption and repurchase intention. The authors suggest that luxury marketers can reduce consumer guilt by promoting sustainable consumption and maximizing consumer pleasure, which can lead to greater repurchase intention.

The effects of guilt appeals in advertising are explored in the study by Coulter and Pinto (1995). The authors examine the impact of varying levels of guilt in advertisements on consumers' emotional responses, attitudes, attributions, and purchase intention. This research provides insights into the effectiveness of guilt appeals as a marketing strategy.

Overall, these studies highlight the complexity of guilt neutralization techniques in consumption and the various factors that can influence consumers' use

of these techniques. Emotions such as guilt and pride, as well as contextual factors such as ambiguity and social support, play important roles in shaping consumers' guilt-neutralization strategies. Marketers must carefully consider the ethical implications of using guilt appeals in advertising, as the effectiveness and ethicality of such appeals are subjects of debate.

The neutralization theory, developed by Sykes and Matza, posits that individuals engage in misbehavior by employing techniques of neutralization to rationalize their actions (Kaptein & Van Helvoort, 2018).

Sykes and Matza (1957) introduced five primary methods of neutralization, each rooted in an underlying motive that can rationalize delinquent actions and alleviate feelings of culpability:

- Denial of responsibility: this technique reflects an individual's belief that they bear no personal responsibility for delinquent behaviors because these actions are either accidental or caused by forces beyond their control. They perceive themselves as victims of circumstances outside their control. For instance: 'I didn't willingly choose to engage in criminal activity; I was forced into it by my circumstances'.
- Denial of injury: focuses on the harm or injury associated with the delinquent act. Individuals assess the wrongfulness of their actions and may justify them by reasoning that nobody was harmed. The assessment of wrongfulness is left to their own interpretation. For example: 'I won't harm the store owner through robbery because his store is insured, and the people I'm deceiving are affluent'.
- Denial of victim: individuals may acknowledge that harm has occurred, but argue that it was justified given the circumstances. They believe that the victim is the one who committed wrongdoing, and the injury serves as a deserved punishment or retaliation. For example: 'The person I'm intending to harm is a morally questionable individual; he deserves the consequences'.
- Condemning the condemners: this technique involves shifting attention away from their own deviant actions to scrutinizing the motives and behavior of those who disapprove of their conduct. For example: 'How can you blame me? Everyone breaks the law, and if I don't, I can't make a living'.
- Appeal to higher loyalties: this method applies to individuals who seek to legitimize their behavior by arguing that they are prioritizing the demands of a smaller social group, such as a group of friends or a gang, over the demands of the larger society. They do not necessarily reject conventional norms but feel caught between two sets of norms, often choosing to violate the law in favor of their smaller social group. For example: 'I'm doing it for the sake of my friends; I can't let them down' (Sykes & Matza, 1957).

Consumer misbehavior represents a complex and multifaceted phenomenon that encompasses various unethical behaviors committed by individuals in the marketplace. To better understand this phenomenon, researchers have examined the strategies consumers use to rationalize or justify their misbehavior. Despite the relatively limited amount of research on neutralization techniques in consumer misbehavior, the literature on the subject does contain studies highlighting their role in this context. In general, consumers adopting neutralization techniques to alleviate guilt associated with deviant behavior tend to positively assess such behaviors, consequently increasing their propensity to engage in such actions (De Bock & Van Kenhove, 2011). For example, Harris (2008) proposed that if an individual believes that fraudulent returns do not significantly affect a retailer, it leads to an increased likelihood of that consumer engaging in such behavior. Additionally, a connection between the use of neutralization techniques and the evaluation of insurance fraud has also been identified in the insurance services market (Ribeiro et al., 2020). Based on the literature review it can be assumed that readiness to use the neutralization techniques can positively correlate with the intention to misbehave on the insurance market.

2. Data and Methods

The research began with a systematic review of domestic and foreign literature. To a large extent, it was based on current scientific publications contained in international, full-text databases of electronic journals. In this phase, a review and analysis of the current results of empirical research on behavior patterns, consumer misbehavior, types of misbehavior, and its determinants were carried out. Numerous trade magazines, reports of institutions from the insurance sector, and publications of the Central Statistical Office (GUS) were also included[1].

The next step was to prepare and conduct qualitative research, which focused on the company's perspective on consumer misbehavior in the insurance market and took the form of in-depth interviews with five insurance agents to better understand the scope and scale of consumer misbehavior, and its impact on frontline employees. In the following step, quantitative research was conducted and focused on consumers. The results of this phase will be presented in this paper as they allow to investigate neutralization techniques employed by consumers. The preparation of the research tool started with the conceptualization and operationalization of critical categories. The research tool was validated in a pilot study.

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[1] For details of the performed systematic literature review please refer to: (Michoń et al., eds., 2015, pp. 284-299).

The quantitative research took the form of an online survey in May 2021. The pre-test questionnaire was administered to 100 respondents to discover any possible weaknesses in the research tool. The sample consisted of 500 adult consumers in Poland. The sample structure in terms of age and gender resulted from the assumptions of the quota selection. Among the people who took part in the study, 51% were women. The structure of the sample in terms of age and gender well reflects the surveyed population, which is why it was decided to consider it sufficiently representative.

In the primary analyses, descriptive statistics were used, while in order to identify significant relationships between individual variables, cross tables, and correlation coefficients were used, adjusted to the nature of the analyzed variables, mainly Spearman's rho (for ordinal scales and in the case of variables with a distribution different from normal). In all analyses, a significance level of $p \leq 0.05$ was adopted.

Synthetic indicators were created for the analyses, representing individual constructs, including intention to misbehave, five types of neutralization techniques and values. These indicators were calculated as the arithmetic mean of the scores for the respective scales. The reliability of indicators was estimated using Cronbach's alpha coefficient. All the coefficients' values were high enough, exceeding the critical value of 0.6, which allowed the use of the indicators in further analyses.

Collected data were analyzed with IBM SPSS Statistics 24.0.

3. Results

The analysis of selected descriptive statistics indicates that the survey sample was characterized by a low intention to misbehave, showed negative attitudes towards consumer misbehavior, and rather believed that such misbehavior would meet with a negative reaction from the closest environment. Respondents rather had doubts about whether misbehavior would be within their capabilities. They were characterized by a high degree of morality and generally did not misbehave in the insurance market in the past.

The results reveal that most respondents have no intention to misbehave in the insurance market. The smallest group of respondents (10.4%) declared readiness to commit theft. The second category of misbehavior, for which intentions are very weak, is contacting the insurance company after drinking alcohol.

In contrast, a significant inclination was observed towards flirting with insurance company employees during interactions, with nearly 1/5 of respondents

showing no objection and an additional 15% being unclear in their declaration. While not always pathological, this behavior can put employees in uncomfortable positions, especially if it becomes intrusive. A similar level of intention (19.6%) was noted for not reading the insurance contract.
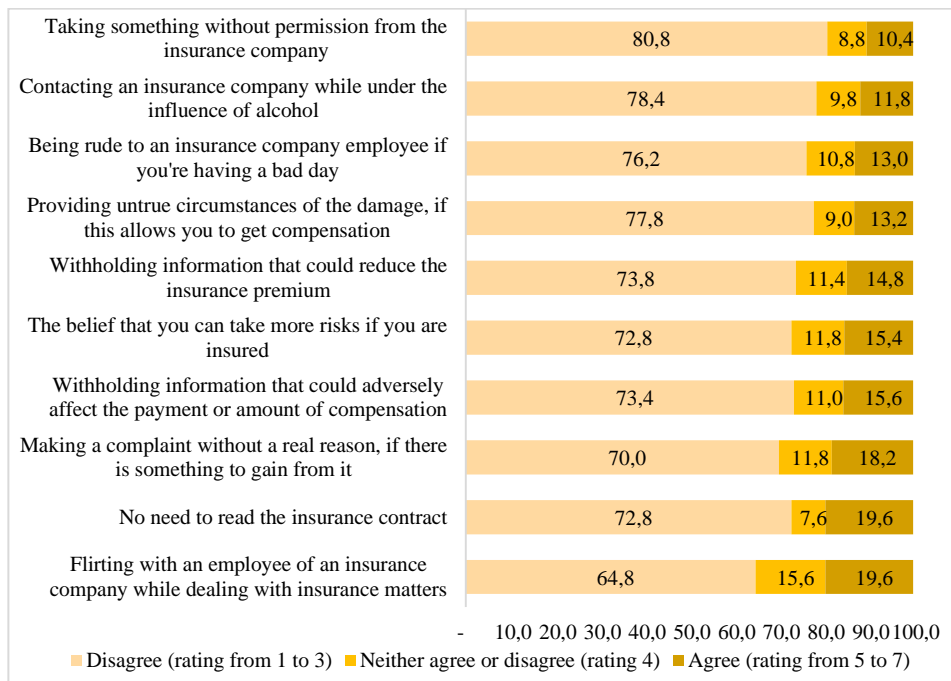
Figure 1. Respondents' Intentions Towards Selected Consumer Misbehavior on the Insurance Market (in %)

Source: Own elaboration based on empirical research.

The most popular neutralization techniques among the respondents are denial of responsibility and denial of injury. In questions related to these techniques, 41.8% and 40% of respondents, respectively, agreed to some extent with the statement that individuals engaging in misbehavior in the insurance market attribute their actions to external forces and claim that the victim did something wrong, and the resulting harm was deserved.

The remaining neutralization techniques seem to be of lesser significance to the respondents. Denial of victim was agreed upon by 27.2% of respondents, condemning the condemners by 25.8%, and the appeal to higher loyalties by 25.6% (see Figure 2 for reference).
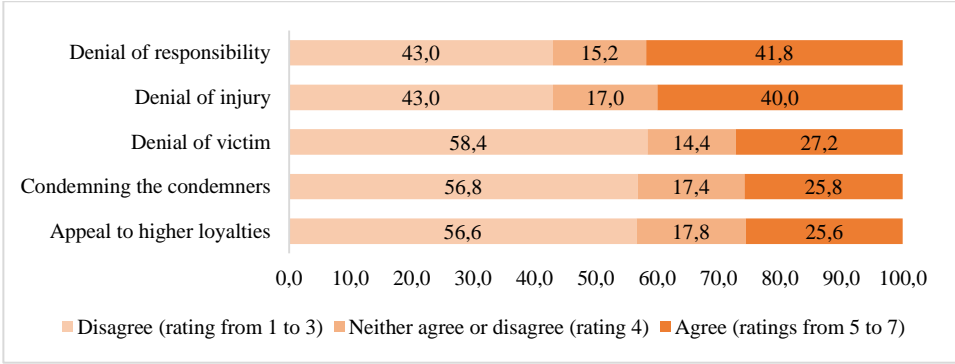
Figure 2. Use of Neutralization Techniques (in %)

Source: Own elaboration based on empirical research.

To analyze the relationship between neutralization techniques and the intention to engage in consumer misbehavior in the insurance market, and considering the nature of the variables, a correlation analysis was conducted using the Spearman rank correlation coefficient. In all cases, positive and statistically significant correlations were observed, although their strength ranged from weak to moderate (see Figure 3).
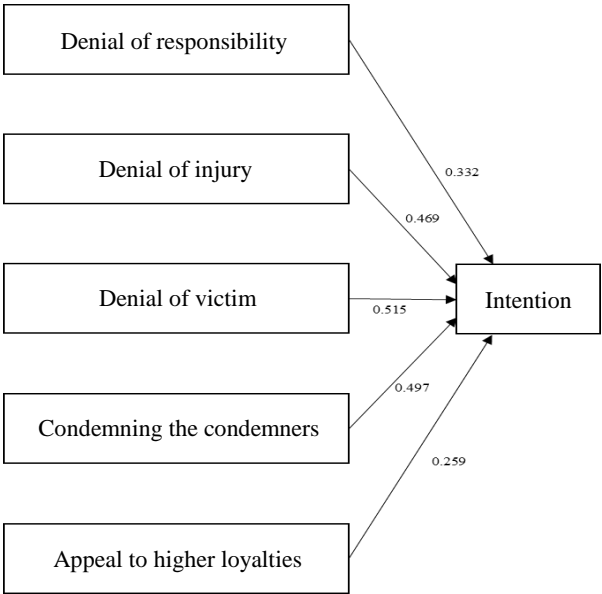
** Significant correlation at the 0.01 level.

Figure 3. The Correlation Between Neutralization Techniques and the Intention to Engage in Consumer Misbehavior in the Insurance Market – Spearman's Rho coefficients for General Techniques**

Source: Own elaboration based on empirical research.

The strongest connections were found between the intention to engage in consumer misbehavior in the insurance market and denial of victim. Perhaps consumers perceive insurance companies to be dishonest and consider negative influence of misbehavior as deserved. Similarly, technique of condemning the condemners plays a special role in this case. Both techniques redirect the attention on dishonest behavior of insurance companies.

Furthermore, the research revealed that the neutralization techniques employed by consumers depend on the type of consumer misbehavior in question. As mentioned above, most commonly, consumers rationalize the misbehavior using denial of victim technique. The strongest correlations are particularly noticeable in terms of concealing or distorting information that could positively affect the insurance premiums or claims payouts. Consumers evidently perceive themselves as disadvantaged by the insurance system, reducing the guilt they might otherwise feel in different circumstances (see Table 1).

Table 1. The Correlation Between Neutralization Techniques and the Intention to Engage in Consumer Misbehavior in the Insurance Market – Spearman's Rho Coefficients per Type of Consumer Misbehavior**

Intention to misbehave	Neutralization techniques				
	Appeal to higher loyalties	Condemning the condemners	Denial of victim	Denial of injury	Denial of responsibility
	Spearman's Rho coefficients				
Making a complaint without a real reason, if there is something to gain from it	0.145**	0.346**	0.372**	0.342**	0.163**
Being rude to an insurance company employee if you're having a bad day	0.123**	0.365**	0.391**	0.327**	0.166**
Contacting an insurance company while under the influence of alcohol	0.212**	0.392**	0.416**	0.377**	0.227**
Taking something without permission from the insurance company	0.168**	0.351**	0.364**	0.337**	0.145**
Withholding information that could reduce the insurance premium	0.264**	0.440**	0.464**	0.412**	0.330**
Withholding information that could adversely affect the payment or amount of compensation	0.264**	0.434**	0.461**	0.426**	0.322**
Flirting with an employee of an insurance company while dealing with insurance matters	0.287**	0.420**	0.434**	0.411**	0.317**
Providing untrue circumstances of the damage, if this allows you to get compensation	0.232**	0.435**	0.458**	0.437**	0.322**
No need to read the insurance contract	0.146**	0.295**	0.312**	0.270**	0.157**
The belief that you can take more risks if you are insured	0.184**	0.332**	0.406**	0.361**	0.252**

** Significant correlation at the 0.01 level.

Source: Own elaboration based on empirical research.

The weakest association can be observed in the case of the technique of appealing to higher loyalties. This means that in the context of consumer misbehavior in the insurance market, consumers rarely rationalize their unethical actions as being for a higher purpose or the greater good of others.

Similarly, the technique of denying responsibility finds limited applicability in the realm of consumer misbehavior in the insurance market.

As expected, not reading the insurance policy is most strongly rationalized through denial of victim. Consumers believe that their actions in this regard do not harm anyone.

It's also noteworthy that statistically significant relationships exist between consumers' held values and the use of neutralization techniques. Moderate positive correlations are particularly noticeable, especially between power and condemning the condemners, denial of victim, and denial of injury. Similarly, in the case of hedonism and denial of victim, positive correlations are observed. It can be inferred that values associated with egoism positively influence consumers' readiness to employ neutralization techniques (see Table 2).

Table 2. The Influence of Values on Applied Neutralization Techniques in the Insurance Market

Values	Neutralization techniques				
	Appeal to higher loyalties	Condemning the condemners	Denial of victim	Denial of injury	Denial of responsibility
	Spearman's Rho coefficients				
Hedonism	0.220**	0.307**	0.316**	0.298**	0.225**
Achievement	0.232**	0.228**	0.230**	0.214**	0.163**
Power	0.221**	0.335**	0.361**	0.338**	0.235**
Universalism	0.069	–0.136**	–0.180**	–0.150**	–0.032
Benevolence	0.078	–0.070	–0.106*	–0.079	0.037
Security	0.069	–0.112*	–0.178**	–0.166**	–0.045
Conformity	0.021	–0.137**	–0.208**	–0.148**	–0.101*
Tradition	–0.047	–0.061	–0.132**	–0.095*	–0.084
Stimulation	0.093*	0.118**	0.096*	0.136**	0.008
Self-direction	0.067	0.018	–0.021	–0.022	0.023

* *Significant correlation at the 0.05 level.*
** *Significant correlation at the 0.01 level.*

Source: Own elaboration based on empirical research.

Understanding how consumers rationalize their misbehavior in the insurance market and the influence of their held values on these techniques can significantly improve the marketing efforts of insurance companies aimed at mitigating this phenomenon. Perhaps, personalizing insurance companies and emphasizing that there is a real person on the other side, whose well-being is

genuinely affected by the company's performance, could reduce consumers' inclination to use denial of victim and denial of injury techniques. Highlighting the ethical nature of actions and increasing the transparency of insurance companies, on the other hand, could decrease the tendency to rationalize consumer misbehavior through condemning the condemners.

4. Combating Consumer Misbehavior

In the subject literature, two main trends in combating consumer misbehavior are distinguished: deterrence and education. Deterrence strategy involves the application of formal and informal sanctions against consumers behaving in a pathological manner. This strategy is based on the assumption that a systematic and consistent deterrence policy can effectively block opportunities for inappropriate behavior, making the perceived risk too high. Typical measures include surveillance, electronic security in stores, projects of financial systems aimed at thwarting and detecting fraud, and active prosecution of criminals. All these actions aim to increase the perceived probability that consumer misbehavior will be both detected and punished (Fullerton & Punj, 1997).

To counteract consumer misbehavior in the insurance services market, insurance companies should undoubtedly consider the use of deterrence techniques. For these techniques to work effectively, while not discouraging consumers from using the services of a particular insurance company, they should be implemented at the systemic level, enabling effective detection of insurance fraud, including the preparation of modern IT infrastructure, perhaps a registry of misbehaving consumers, appropriate contract structures, and the creation of adequate regulations and policies. Such systemic solutions should also include preparing personnel to deal with consumer misbehavior, for example, through appropriate training in their recognition and response.

In the Polish market, deterrence techniques mainly focus on combating insurance crime and include establishing teams of experts in insurance companies analyzing suspicious claims; building central databases regarding insurance contracts and their multidimensional analysis using advanced IT tools; cooperation between insurance companies and law enforcement agencies; and promoting knowledge about crime among employees in all insurance departments (Majewski, 2019).

Deterrence techniques largely have an interdisciplinary character, on the border of economics, finance, information technology, and criminology, going beyond the frameworks of consumer theory and behavior. Therefore, this paper focuses on solutions that are part of the education strategy.

The consumer education strategy, on the other hand, involves using informational campaigns to change consumer behavior patterns and strengthen moral restraints. As an example, presenting consumer misbehavior as repulsive or educating the public that it is not a victimless offense. The educational approach is based on the assumption that shaping strongly negative attitudes towards consumer misbehavior among the majority of consumers would mean that they would impose stricter informal sanctions for inappropriate behaviors by other consumers, thereby inhibiting abuses (Fullerton & Punj, 1997).

Table 3. Priorities of Informational Campaigns

Priority	Subject	Objective	Values
I	Appeal to higher loyalties	Raising awareness among consumers that appealing to higher values does not justify consumer misbehavior	Informational messages should moderate the importance of achievement, power, hedonism, and stimulation values
II	Denial of victim	Raising awareness among consumers that denial of victim does not justify consumer misbehavior	Informational messages should focus on reducing attachment to values such as power, hedonism, achievement, and stimulation, while increasing the significance of conformity, safety, benevolence, and universalism
III	Denial of responsibility	Raising awareness among consumers that denial of responsibility does not justify consumer misbehavior	Informational messages should appeal to reducing the importance of achievements and increasing attachment to conformity
IV	Denial of injury	Raising awareness among consumers that denial of injury does not justify consumer misbehavior	Informational messages should reduce the role of hedonism and stimulation while increasing the role of conformity and universalism
V	Condemning the condemners	Raising awareness among consumers that condemning the condemners does not justify consumer misbehavior	Informational messages could decrease the level of attachment to values such as power and stimulation while increasing attachment to the value of universalism

Source: Own elaboration based on empirical research.

Priority I focus on the technique of appealing to higher loyalties and aims to make consumers aware that there is no justification for consumer misbehavior, even if the consumer seemingly appeals to higher values. It would be advisable to demonstrate the superiority of negative consequences over perceived benefits. Informational messages should moderate the importance of values such as achievement, power, hedonism, and stimulation.

Priority II involves reducing the use of the denial of victim technique and aims to make consumers aware that misbehavior is never deserved. The insurance market is legally regulated, and insurance companies generally operate fairly based on signed contracts with consumers. If a consumer perceives irregularities, they should report them to the appropriate authorities instead of seeking apparent justice independently. Informational messages should focus on reduc-

ing attachment to values such as power, hedonism, achievement, and stimulation, while increasing the significance of conformity, safety, benevolence, and universalism.

Priority III addresses the technique of denial of responsibility. The goal in this case is to make consumers aware that their negative behaviors are committed consciously and perceiving oneself as a victim of 'higher forces' is unfounded. Informational messages should appeal to reducing the importance of achievements and increasing attachment to conformity.

Priority IV revolves around the technique of denial of injury and aims to make consumers aware that pathological behaviors realistically impact insurance companies, not only on their financial condition but also on the people who work in these companies. Informational messages should reduce the role of hedonism and stimulation while increasing the role of conformity and universalism.

Priority V, on the other hand, focuses on the technique of condemning the condemners and aims to strengthen the belief that insurance companies operate ethically and legally, and scrutinizing their misbehavior or the misbehavior of employees does not justify pathology in consumer behavior. In this case, informational messages could decrease the level of attachment to values such as power and stimulation while increasing attachment to the value of universalism.

The strategic priorities outlined above provide a comprehensive approach to combat consumer misbehavior in the insurance market. The emphasis on values, consequences, and awareness aligns with the overarching goal of promoting fair and lawful interactions within the insurance industry.

Conclusions

This research delves into the intricate realm of consumer misbehavior within the insurance market, employing a comprehensive methodology that integrates literature review, qualitative interviews, and a quantitative survey. The study uncovers a nuanced landscape of consumer intentions, with low overall inclinations toward misbehavior but specific proclivities, notably in interactions with insurance personnel. Guilt-neutralization techniques, particularly denial of responsibility and injury, emerge as prevalent strategies, revealing consumers' tendencies to rationalize deviant actions.

Correlation analyses highlight the positive association between guilt-neutralization techniques and intention to misbehave, with condemnation of condemners and denial of victim playing pivotal roles. The influence of consumers' values, particularly related to power and hedonism, adds a layer of complexity to understanding these dynamics.

The study proposes a dual strategy to address consumer misbehavior: deterrence, involving systemic measures and cooperation with law enforcement, and education, emphasizing informational campaigns. Prioritized campaigns aim to reshape attitudes by targeting specific neutralization techniques and promoting ethical values.

In the context of the Polish market, the research advocates for a holistic approach, integrating technological advancements, legal frameworks, and personnel training for effective deterrence. The education strategy underscores the need for targeted campaigns addressing denial techniques and promoting ethical values to curb consumer misbehavior in the insurance services market.

The research contributes an understanding of consumer misbehavior dynamics, unraveling the prevalence of guilt-neutralization techniques and their correlation with deviant intentions. The education strategy offers actionable insights for insurance companies to navigate the complex landscape of consumer misbehavior. The prioritized campaigns provide a targeted approach to reshape attitudes and promote ethical behavior.

The research has also some limitations. It is based on the Polish market, and while it provides valuable insights for this context, the generalizability to other markets may be limited. Cultural and contextual variations need consideration. The reliance on self-reported data in the survey introduces the potential for social desirability bias and may not fully capture the complexity of consumer motivations. Consumer behaviors and attitudes are dynamic, and the study captures a snapshot in time. Continued monitoring and research are essential to adapt strategies to evolving consumer trends.

In conclusion, the study advances our understanding of consumer misbehavior in the insurance services market and offers practical strategies for companies to proactively address and mitigate such behaviors. By limiting the scope of consumer misbehavior, the insurance market could work more effectively and fulfill its role in consumer's life, national economy and sustainable development.

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Gamers' Experience with Subscription Services as a Determinant of the Game Brand Success: Netnographic Study

Aleksandra Ryczko

Introduction

The expansion of online communities has progressively facilitated the connection and exchange of consumer experiences regarding various products and services. Consumers increasingly exchange thoughts regarding games, treating them not merely as products, but as immersive services that continually adapt to their preferences. Such communities cater to consumers who have diverse interests in multiple brands, enabling consumers to establish connections and exchange their experiences with products and services (Wright, 2016). It is particularly visible on the video game market. Modern video game players represent a specific type of an e-consumer – a gamer (Teng, 2018). Davnall (2021) suggests even looking at gamers as performers who, similar to actors, play their role not only in the game itself but also in the production of media and following games, demonstrating much greater involvement than the typical consumer. Gamers form entire communities, centered around specific games, platforms, or services.

The rise of internet and technological advancements changed the way consumers of services behave, as much as they changed the video game industry. Games interested and excited people for generations, as they evolved from a very simple physical form created in ancient times to digital games of the 21st century. Video games became available to the public after first home console offering a choice of simple games came out. The industry grew through 1980s with games such as Pac-Man and Tetris and new consoles like Nintendo Entertainment System and GameBoy. Later, in early 2000s, games became three--dimensional and went online, offering not only much broader selection of games but also multiplayer experience, allowed by an internet connection (Hansen, 2019). Games came to be regarded as a type of a service, receiving frequent updates, allowing players to access and enjoy an evolving array of content and features on an ongoing basis (Dubois & Weststar, 2022).

As video game market grew significantly since its beginning around 1950s, it was estimated to be worth USD 184 billion in 2022 (Wijman, 2022). The market constantly changes, evolves, and expands as far as demographics go. Gamers are a worldwide audience of any age, as gaming is now a popular source of entertainment on a mass scale. In 2021, the number of gamers worldwide was estimated at 3.14 trillion, which accounts for 41% of the population (Uni Global Union, 2022).

In almost every business market, the digital era is rediscovering itself – companies are creating and offering new values, providing goods and services that transform how, when, and where their customers work, play, communicate, and even how they think and feel (Denning, 2014). It is no different on the video game market. Due to the digitalization of all processes, consumption is also changing. The fulfilment of many needs is increasingly happening virtually, in digital spaces. These spaces create their own specific market (Molesworth & Denegri-Knott, 2005). At first, revenue on the video game market came only from selling game copies (Komorowski, 2013). Widespread availability of the internet and online games lead to creation of new sources of income for game producers, such as pay-to-play monthly subscriptions or microtransactions available widely in free-to-play games, which allow players to purchase in-game items and bonuses (Klimas, 2017). Another new source of income for video game publishers is the subscription business model. Consumers of video game subscription services make a monthly payment to acquire entry to an extensive collection of games, available online within a couple of clicks.

Xbox Game Pass, EA Play and Ubisoft+ (owned respectively by Microsoft, Electronic Arts, and Ubisoft) are among the most popular subscription services and will be regarded further in the paper. They offer an access to a digital library of video games in exchange for a monthly fee payment. They differ significantly in terms of benefits and games offered as well as their main target (c.f. Table 1 for more detailed comparison of the three companies). As a result, users of particular subscriptions purchase and enjoy different services than other subscribers. They also tend to create online communities around the selected providers.

Community members actively describe and share their experiences with other users, across multiple forms of online media. Electronic word of mouth is a major part of consumer interactions, playing a fundamental role in shaping consumers behavior and in changing attitudes towards products and services (Huete-Alcocer, 2017). Video game consumers tend to be very vocal about productions they feel strongly about. Companies recognize the importance of online communities associated with their games, some of them even actively support the communities. Ruggles et al. (2005) state that developers consider online com-

munities to be important to the success of both single-player and online multi-player games.

Within the exploration of consumer behavior within the digital entertainment ecosystem of video game industry, the importance of sustainability cannot be overlooked. As gamers are very vocal about subjects that are important to them, companies need to pay more attention to a set of sustainability challenges and opportunities. With the digital transformation of the gaming industry, the ecological footprint of gaming has become a pressing concern (Patterson & Barratt, 2019). The production, distribution, and disposal of gaming hardware, as well as the energy consumption associated with online gaming, are all factors that contribute to the industry's environmental impact. Gamers however are more worried about digital waste – as they accumulate vast digital libraries and engage in microtransactions, questions emerge about the longevity and sustainability of digital game assets (Moore, 2009). The disposal of old gaming hardware, the environmental impact of server farms, and the lifecycle of digital content all play a role in shaping the sustainability narrative of gaming. Collectively, these factors formulate the sustainability account in the gaming world, prompting companies that prioritize it to achieve greater success.

The concept of success and its measures are highly subjective, which is particularly true with regard to a category as intangible as brand management (Steiner & Harmon, 2009). In most definitions, market share seems to prevail as the measure of brand's success, but in fact it is 'a multi-dimensional construct comprising both business-based and consumer-based criteria'. According to Davčik and Rundquist (2012), brand success is determined by the impact of various success drivers, such as market share, revenue, profit, premium price, return on investment or brand value. Successful, strong brands tend to receive preferential evaluations of their attributes as well as generally higher overall performance assessment (Chapleo, 2010).

To follow up on success being highly subjective, there is also no common agreement on what guarantees market success of a brand, but it can be safely assumed that to be successful (hence profitable) a brand should have a positive reputation. Companies and brands with good reputation are likely to attract more customers. Hence, good reputation often influences an increase in sales revenue and attracts more investors. Moreover, thanks to positive reputation a company encounters less problems with establishing brand name among new target segments of customers (Dowling, 2006). Electronic world of mouth, shared widely within online communities, has been identified as a key factor affecting brand's online reputation and sales (Ranfagni & Rosati, 2023; Lee et al., 2013).

Considering the growing size and importance of the gaming market, the constantly evolving changes in monetization model and significantly growing amount of consumers-gamers, there is a pressing need to update the knowledge about gamers' experience with video game subscription market. There is no doubt that this issue is particularly relevant. Since gamers are a unique, very active type of consumers, their behaviors can serve as precursors to larger changes in meeting needs that might later manifest among other consumers. While previous research has explored video games and subscription services individually, there is a notable lack of studies specifically analyzing the model of game subscription services and behavior of its users. In this chapter, we will discuss the success of brands offering video game subscription services by investigating the potential relationship between users' subjective experience with selected game subscription providers and the popularity of those providers.

1. Overview of Video Game Subscription Service Providers

To initiate the examination of the relationship between consumers of video game subscription services and the services themselves, a preliminary introduction to these platforms is imperative. Within this context, we have thoughtfully selected three services: Xbox Game Pass, EA Play, and Ubisoft+. The choice was guided by a thorough review of scientific and popular literature, which helped to establish the significance and relevance of these platforms within the digital gaming landscape.

Furthermore, to enhance our comprehension of these services and the entities that provide them, we conducted a comprehensive data collection effort from an array of online sources. This included an exhaustive analysis of the official websites of Xbox Game Pass, EA Play, and Ubisoft+, complemented by an examination of the companies' presence on various social media platforms. Detailed comparison of those three services is presented in Table 1. This comparative assessment serves as a valuable reference point in further analysis of the multifaceted dynamics between gamers and subscription-based gaming services within the evolving digital entertainment ecosystem.

Table 1. Comparison of Xbox Game Pass, EA Play and Ubisoft+ Subscription Services

Feature	Xbox Game Pass	EA Play	Ubisoft+
1	*2*	*3*	*4*
Creation date	1 June 2017	12 January 2016 (as Origin Access)	3 September 2019 (as Uplay+)
Number of games available (11.12.2021)	393, including 66 from EA Play	138 or 187 in Pro version	130
Number of subscribers (Q1 2021)	18mil	6.5mil	N/A

Table 1 cont.

1	*2*	*3*	*4*
Appearance in online rankings (based on 5 rankings)	5/5	3/5	4/5
Price per month	39.99PLN	14.99PLN or 59.90PLN for EA Play Pro	59.90PLN
Availability of games	Games made by Microsoft are kept in the library forever. The exception is Forza Horizon series, caused by licensing problems. Games made by other developers are rotating, e.g., Red Dead Redemption 2 was available for the shortest amount of time – 4 months	Games made by other developers are removed after ca. 2 years, sports games made by EA are also removed because of licensing problems (e.g., licensing of cars, sports players). Older games from FIFA series, from FIFA 15 up to 19 are not available anymore. FIFA 20, 21 and 22 are available in a Pro version	A full library of games made only by Ubisoft, none of which leave the library
Extra information	Promotions are available very often, first month costs 4 PLN. Games available in subscription are discounted, as well as DLCs. Xbox Game Studios games are available to play on release date. Xbox Game Pass access includes access to a basic EA Play subscription	Available on Steam. Games available in subscription are discounted, as well as DLCs. Bonuses such as skins in games. Pre-release access to games for 10h in a basic version. Pro version offers more than 10h of pre-release access as well as season passes available in games	Pre-release access without any limits, extra skins and season passes

Source: Own study based on: (PC Game Pass, 2022; Electronic Arts, 2022; Ubisoft+, 2022; Ackerman, 2022; De Leon, 2022; Rosa, 2021; Lyles, 2021; Clemons, 2022).

Out of three analyzed subscriptions, EA Play is the oldest, while Ubisoft+ is the newest. Xbox Game Pass offers the most games, while Ubisoft+ offers the least. Ubisoft+ is the most expensive, EA Play costs the least amount of money. Xbox Game Pass appears in all online rankings taken into consideration. Every service offers additional benefits on top of an access to a library of games. It needs to be taken into consideration that each of those services offers different types of games, and none of them can be judged and deemed as the best one solely based on presented numbers. For example, fans of Ubisoft's productions might not be satisfied with games that EA Play offers.

According to data released by the companies, Game Pass reached 18 million subscribers in the first quarter of 2021 (Makuch, 2021), while EA reached 6.5 million at the same time (McAloon, 2020). Unfortunately, Ubisoft does not publish the number of Ubisoft+ subscribers, hence, in the case of this platform we have had to use approximation to estimate this number based on other accessible data. We have decided to use the number of Twitter followers and the average ratio of subscribers to followers, that was calculated for two other service

providers, as a benchmark for this approximation. The ratio of subscribers to followers for Xbox Game Pass was 15:1 and for EA Play 36,5:1, making the average subscriber to follower ratio 25,7:1. With 246787 of Twitter followers, the number of Ubisoft+ subscribers can be estimated between 6.2-8.7 million (Ubisoft Connect Twitter, 2022). This is just a rough estimate, and the number can be higher.

Furthermore, we present the mean Metacritic ratings for the top franchises offered by each service. Metacritic gathers evaluations from both critics and consumers for various forms of media, including books, movies, and video games. For our analysis, we focused on the latest releases from the ten most popular franchises across all three providers. The Metascore represents the assessment from critics, with a highest possible score of 100. The User score reflects feedback from customers, with a maximum score of 10. We have compiled the ratings in Table 2.

Table 2. Average Meta Scores and User Scores for the Most Popular Games Available on Game Pass, Ubisoft+ and EA Play

Brand	Xbox Game Pass		Ubisoft+		EA Play	
Indicator	Metascore*	User score**	Metascore	User score	Metascore	User score
Average	79.1	6.8	76.2	5.7	70.7	3.8

*max score = 100, ** max score = 10.*

Source: Own study based on Metacritic (2022).

Xbox Game Pass has the highest score from both critics and users. Ubisoft+ score is a little bit lower, while EA Play gets good scores from critics, but extremely low from users.

However, to properly understand the relationship between gamers and their chosen subscription services, we cannot refer only to numbers. Of course, consumers vote with their wallet to choose their preferred service, but this does not tell us more about the relationship between them and the services. To examine the relationship, netnographic analysis was used, as it avoids limitations of quantitative survey research, which typically relies upon a participant's memory, extending the trustworthiness of research findings (Costello et al., 2017). Netnographic practices were applied to online community environments of said services, using publicly available information from online communities, social media platforms and digital spaces.

To gain a comprehensive understanding of the intricate dynamics between gamers and their chosen subscription services, relying solely on numerical data falls short. While consumers express their preferences through financial choices

and Metacritic ratings, these alone do not provide insights into the depth of their relationship with the services. To delve deeper into this relationship, we employed a netnographic analysis, a method chosen for its ability to transcend the limitations of quantitative survey research, which often relies on participants' memories and may have reliability challenges (Costello et al., 2017). In this netnographic approach, we immersed ourselves in the online community environments of these services, where we meticulously examined publicly available information spanning online communities, social media platforms, and digital spaces – Reddit, Facebook and Twitter. Analysis of online cultures and communities using passive observation technique helped to answer the research question: *How does consumers' experience with a brand of a game subscription service provider influence success or failure of this brand?*

In order to analyze consumers' behavior within chosen social media platforms, their reactions were analyzed in a form of text. The analysis was conducted on top upvoted Reddit posts on subreddits created specifically for researched brands and services, as well as on most recent Facebook and Twitter posts from brands and comments left under them, dating between March 2022 and June 2022. Analyzed subreddits included r/XboxGamePass, r/Uplay, r/Ubisoft and r/EAAccess (2022). Research of social media pages of brands involved twitter profiles of Xbox Game Pass (Xbox Game Pass Twitter, 2022), PC Game Pass (PC Game Pass Twitter, 2022) and, because of a lack of official Game Pass Facebook page, an open Facebook group discussing the subscription (Xbox Game Pass Players, 2022). For Ubisoft analyzed social media included their official international Facebook page and twitter account for the brand (Ubisoft FB, 2022; Ubisoft Twitter, 2022) and their launcher (Ubisoft Connect Twitter, 2022). EA's social media pages included Facebook page for EA Play (EA Play FB, 2023), Facebook page for the brand (EA FB, 2022) and related pages on Twitter (EA Play Twitter, 2023; EA Twitter, 2023).

2. The Relationship Between Consumers and Video Game Subscription Service Providers

Members of the Xbox Game Pass, EA Play, and Ubisoft+ online communities actively engage in sharing and explaining their personal experiences with the subscription services on various sub-forums. These experiences are frequently expressed through critical remarks or concerns regarding specific brands or games offered in services. Numerous discussions begin with community members informing others about newly available content on the subscription plat-

forms and seeking opinions from fellow users. Some posts are rants or other expressions of dislike, including bug reports. Brands or products that are disliked may be referred to in a humorous or derogatory manner. However, there are also posts and comments that demonstrate genuine enthusiasm and excitement for the services provided.

To establish overall knowledge of video game subscription services among the gamers, the number of Twitter followers was compared among the accounts created for researched subscription services. As Ubisoft+ does not have a specific page meant for only the subscription service, Ubisoft Connect account was considered.
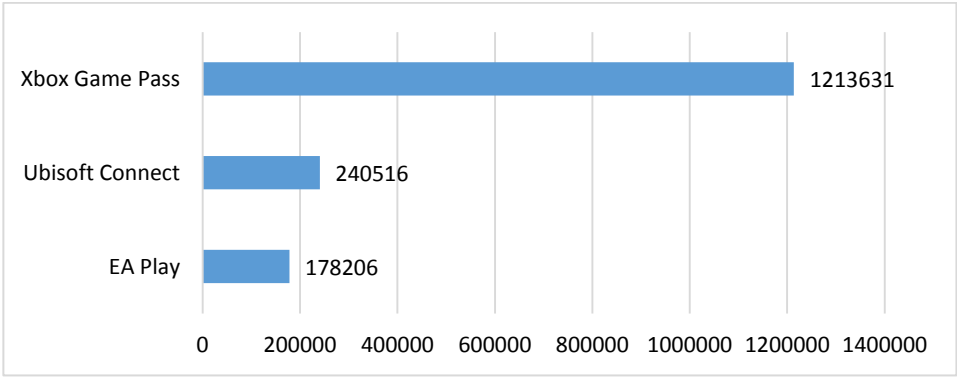
Figure 1. Comparison of followers of Xbox Game Pass, EA Play and Ubisoft Connect accounts on Twitter (as of 17.06.2022)

Source: Own study based on: EA Play Twitter, 2022; Xbox Game Pass Twitter, 2022; Ubisoft Connect Twitter, 2022.

Xbox Game Pass has the most followers – above 1.2M. Ubisoft Connect has more than 240.000 followers. EA Play closes the chart with 178.000 followers. This comparison suggests that the most popular subscription that most gamers know about is Xbox Game Pass. However, to present the whole picture, these data should be supplemented by the netnographic research results. Below we present the detailed analysis of online communities with Xbox Game Pass.

2.1. Xbox Game Pass

Online platforms of Xbox Game Pass are active, with consumers leading a discussion about games provided within a service, new arrivals and departing games. Consumers have very positive feelings about the subscription. When new games are announced, most of the comments under related posts are filled with

happy subscribers and overwhelmingly positive responses, such as 'I am beyond thrilled' or 'I am super hyped'. Typically, when new games are announced for the subscription service, people are filled with excitement. They enthusiastically upvote related posts and express their happiness through comments.

Community members also discuss quality, popularity and diversity of games offered on Xbox Game Pass. Their opinions are very positive. One of the most upvoted posts on r/XboxGamePass subreddit is from a parent of a five year old daughter, excited about possibility of playing a game meant for children with his child – 'I can't say enough how much I appreciate titles like this being included on GamePass. My 5yo daughter was thrilled'. Under the post there are multiple comments of consumers happy with not only children's games availability, but also overall with a diverse choice of games offered in the subscription. When games leave a service, deeming consumers unable to play them, they do not mind much, as proven by comments such as 'Sometimes it's a relief to get a break from all the goodness Game Pass has been adding!'. All of those reactions and comments show how positive Microsoft's Game Pass' reputation is and consumers seem to find a great value in service.

However, the sheer size of Microsoft's Game Pass consumer base and Game Pass' ability to purchase other game developing studios makes consumers worried that the brand might soon establish monopoly on a gaming market. In January 2022 Microsoft announced plans to acquire Activision Blizzard, a major game developer. A lot of consumer comments are positive, as new games from said developer will appear on Game Pass (e.g., 'Huge', 'I'm excited about this'), but a portion of users is concerned about a possible monopoly, e.g., 'Gamepass is a great service, but I don't love the idea of a gaming ecosystem without major 3rd party developers. […] What will they do in 5 years if they become comfortably dominant?'.

Some games offered aren't up to everyone's taste, and consumers believe that the longer you are subscribed the less value you get from the service, as a user of r/XboxGamePass subreddit comments: 'The latest batch of indies really haven't been to my taste at all, and since I've been subbed for a few years now I've already played a lot of the indies on the service. The longer you're subbed the more reliant you become on the bi-weekly drops. Any perceived drop in quality is a big deal to long time subscribers. However, vast majority of consumers are happy with games offered, portraying Game Pass as a 'buffet of games'.

An interesting consumer behavior that can be noticed in comments towards Xbox Game Pass is how consumers defend the service once someone speaks ill of it. One of the examples can be visible on a post made by Kotaku, a video game website, which criticized GamePass and accused them of a burnout. In

their opinion the subscription does not offer enough of AAA games – high budget, high profile games developed by major studios. GamePass twitter account responded 'Tell me you limit yourself to only AAA games without telling me that you limit yourself to only AAA games' within an hour. Comments under post featuring the tweet are mostly defending the service, commenting on how 'It's a buffet. I really don't get why people don't see that' or how they 'don't get how the service can give [someone] a burn out. Games cycle in and out so rapidly' or even discrediting the site that criticized Game Pass, e.g., 'Kotaku is such an embarrassing website' or 'Kotaku is still a thing?'. This shows that Game Pass subscribers feel some form of attachment to the service and is a proof of an extremely positive reputation of a service among gamers.

When it comes to engaging with their consumer base, Game Pass seems to do it right. When they post jokes and meme pictures in their launcher or on Twitter, most of the commenters find them enjoyable and respond positively with mostly 'haha' or 'lol' comments. Moreover, Game Pass twitter account not only posts the jokes in a one-way manner. They also reply to comments under their posts in a casual manner – even if it's just a joke or a remark. Replying takes them usually less than six hours. One of the exchanges included just a commenter mentioning them being 'glad that Jurassic World Evolution 2 game is coming' to the subscription and Game Pass account replying very casually – 'gonna be real with you, there's an UNCOMFORTABLE number of dinosaurs'. Game Pass engages with consumers and replies to comments on the same day. Consumers enjoy those short exchanges and like and retweet them, which leads to building the brands positive reputation. One of the comments under Game Pass tweets even compliments the brand with 'I love these memes', with Game Pass account replying 'I mean those memes with all my heart'.

Based on interactions between just consumers, but also consumers and the brand it is clearly visible that Game Pass has an incredibly good reputation among gamers and the brand knows how to build it well.

2.2. Ubisoft+

Ubisoft's analyzed social media include subreddits for the brand and their launcher (Ubisoft Connect), corresponding Twitter accounts and a Facebook page. The brand does not have a separate account made just for the subscription service. Consumers of Ubisoft+ are pleased with an option of a subscription being available, especially because of quite high prices of Ubisoft games when purchased separately. Their opinion is positive when it comes to subscription

model by itself, they also enjoy the pricing. Highly upvoted post on reddit mentions 'Did I just read a site correctly. There's a USD 14.99 a month subscription service that includes Far Cry 6 Ultimate Edition?! If so, this is seriously a game changer for me. I am so happy companies are doing this!'. The innovation of offering the subscription service is heavily approved by gamers looking to save their money. Consumers want to purchase subscription and play games made by Ubisoft, which is a sign of positive reputation of a brand in this area. Additionally, a huge part of the subscriber base seems to purchase the service only when they are interested in a specific game, as there is a huge amount of comments mentioning this practice, e.g., 'I just bought it for a month played Far Cry 6 and then unsubscribed' or 'A good thing to be subscribed to. Download, play a game, finish it, remove it, rinse, and repeat for the month'.

However, what sticks out after even a brief look at Ubisoft's social media are user complaints about instability of the Ubisoft Connect software – which is a mandatory part of the Ubisoft+ subscription, as it is the launcher for Ubisoft's games. Most of the top posts on brand's subreddit concern the launcher instability. Even when consumers purchase the subscription, they are not able to play games included in the service without technical problems. Ubisoft+ consumers often purchase a subscription service specifically to play newly released games without purchasing them for initial high price, excited about a new release. Sometimes they are met with multiple crashes and instability issues. Community members deem it unacceptable, as one of them states: 'It's just such an incredible disappointment. If you require your customers to operate your games on proprietary software, you should really make sure said software works. I know as a consumer I have the choice to play other games, and just letting y'all know I'll be doing just that'. In this case, the technical instability made the poster not only disappointed enough to write the post, but also enough to make a decision about cancelling a subscription. Community members discuss the issue and present a very united front – multiple consumers state the same thing as the original poster did, as they report Ubisoft's launcher instability being enough of a problem to make them cancel their subscription. There are multiple Reddit posts, as well as Twitter and Facebook comments reporting instability of Ubisoft's software. This builds a very negative reputation for the brand – after all, no consumer is willing to pay for a service that does not work properly.

Consumers, nonetheless, enjoy games made by Ubisoft, especially their older flagship titles. When the brand mentions classic game series such as Assassins Creed (AC), the comments are very positive, e.g., 'Best open world AC! Most stunning and enjoyable one to explore in', 'I do cherish this series' or 'Origins is an absolute masterpiece'. Brands reputation as a game developer is very positive. However, even then, multiple comments about technical stability of games commence.

Ubisoft's engagement with consumers is satisfactory, yet not as good as Game Pass'. The brand replies to comments on social media only when some form of help is required, but even then, it does not happen regularly or to every comment. Multiple people on social media are asking for help and fixes. When Ubisoft replies, it usually takes them around 6-7 hours. The brands account always replies when someone asks a question about a service or asks for help. This speaks positively about the brand, as they do care about helping consumers. However, they do not reply in a friendly way to comments and jokes like Game Pass account does.

Based on social media research, Ubisoft+ has a mixed reputation, which cannot be described as completely positive or negative. General consensus among users seems to be: Ubisoft makes good games, but they are expensive and sometimes unplayable because of instability.

2.3. EA Play

EA, as a brand, does not have a good reputation among consumers. In fact, it can be even assessed as extremely negative. The best example of what gives them a horrible reputation is a comment made from their official reddit account on the subreddit of Star Wars Battlefront, a game made by EA. A user on the subreddit was disappointed that he has to pay extra money to unlock most popular characters available in the game, after already paying USD 80 for the game itself. A discussion started, where more consumers expressed their disappointment in the amount of microtransactions in the game − which helped with game progress, such as unlocking new characters. Such practice is referred to as 'pay to win' in gaming community. EA responded to the original post, 'explaining' the microtransactions: 'The intent is to provide players with a sense of pride and accomplishment for unlocking different heroes. […] We appreciate the candid feedback, and the passion the community has put forth around the current topics here on Reddit, our forums and across numerous social media outlets […]'. Consumers were not pleased with a reply provided by the brand, as they did not perceive spending additional money in game as something to bring them pride and accomplishment. Said comment was heavily downvoted, to the point of ending in Guinness World Records in 2020 as the most downvoted comment on Reddit. It reached a score of −668.000. 'Sense of pride and accomplishment' became an extremely hated phrase among gamers, becoming a negatively perceived meme for a long time. It is impossible to talk about EA's reputation and not mention this public relations failure. This negative reputation lives up to this day, as commenters on EA's social media in 2022 still mention that 'I genuinely hope you guys never make a Star Wars game again'.

Just as with previously mentioned platforms, social media connected to EA involve an active discussion about games developed by the brand, EA Play service and the brand itself. However, it is hard to find a positive comment about the brand. Consumers are displeased with not only the brand, but the offered subscription. Gamers were raising complaints about not enough new games being added to the subscription each month and felt like they cannot justify prolonging their subscription anymore, as shown in comments such as 'I'm struggling to find a reason to get another year, even if it is only £20'. They also feel like other services have better value, e.g., 'Honestly if you want just get Game Pass Ultimate, it's a better value'. Not only does EA not add enough of new games, they keep removing old, popular titles from the subscription. Consumers do not approve of that, they complain the most about older FIFA games being gone – 'First they removed FIFA 15-18 now they removed FIFA 19 too. Wow'. This is however caused by the brand's license to use names and logos of sports teams and players expiring. This negative reputation can be repaired by adding more new games to the subscription – when in August 2021 three big titles coming to the subscription were announced, community was pleased, as shown in comments such as 'Love to see it!', 'Not bad' or 'Finally some Codemasters game'.

Games made by EA suffer from instability, just as their launcher, which is needed to play games included in the EA Play subscription. Multiple comments under various posts on EA's Facebook page and Reddit ask a very similar question – 'Are you going to fix the EA desktop app on PC? I can't download any games on there even though I have [the subscription]'. Instability of products offered by the brand is another reason for a negative reputation.

When it comes to customer support, many comments on Twitter and Facebook mention how unhelpful it is. The customer support in the eyes of gamers is so bad, that they do not want to purchase anymore games or services from the brand – e.g., 'I have spent hours chatting with your staff and I can no longer do it. I have managed to permanently ban myself from your games I guess'.

EA's Twitter account is trying to engage with consumers, just like Game Pass. They post mini games and casual questions on their twitter account, yet meet with disapproval from consumers – 'Fix your servers, don't tweet', or 'Get off Twitter and fix Battlefield 2042'. However, games made by EA do have their enjoyers – when they asked about their followers favorite gaming moments, people posted their actual favorite clips and screenshots from EA games, without major complaints, just sharing the joy gaming gave them. This is a sign of positive reputation. Even when EA has horrible public relations and many consumers claim that their games are unstable or too expensive, there are consumers that enjoy the products.

Three analyzed brands are all active on social media. According to re-
viewed comments, Xbox Game Pass seems to have the best, most positive repu-
tation, Ubisoft+ has neutral one, with a lot of negativity pointed towards stability
of the offered games, while EA Play has extremely negative one. However,
gamers have their own preferences when it comes to types of titles they want to
play, and every subscription has its fans. Consumers appreciate Game Pass' in-
volvement in community, choice of the games and pricing, as they even compare
it to a 'buffet of games'. Ubisoft+ consumers are pleased with the offer of a sub-
scription service, as it offers a huge discount in comparison to buying Ubisoft
titles separately, yet they are disappointed with lack of stability the launcher and
games offer. Ubisoft engages with consumers when they are in need of help.
They offer games that are favored by many. EA Play is perceived negatively in
the eyes of consumers, as their subscription does not offer enough new games,
customer support does not offer sufficient help, the company is known for being
'greedy' and their reputation still did not recover from a comment made on Star
Wars Battlefront subreddit in 2017, when they famously mentioned how spending
money in their games gives consumers a 'sense of pride and accomplishment'.

Conclusions

The primary focus of the study is to answer the main research question:
*How does consumers' experience with a brand of a game subscription service
provider influence success or failure of this brand?* Considering the netnograph-
ic analysis, the three services reviewed earlier in the paper can be categorized
and ranked based on positive and negative experiences that players had with
them. According to netnographic research, Xbox Game Pass' consumers had the
best experience with the service, Ubisoft+ users had mediocre experience, while
subscribers of EA Play had bad experiences with the brand. The second part of
the research question asks about success or failure of the brand. When evaluating
the performance of subscription services, the number of subscribers is often
considered a key indicator of success. However, Ubisoft+ has never disclosed
the specific number of their subscribers. In such cases, we can assess the success
or failure of a brand offering a video game subscription service by examining the
success of the games they release. By analyzing the average Metascores and user
scores of the most popular franchises available in these services, we can make an
evaluation. Based on this analysis, it can be concluded that Xbox Game Pass has
achieved the highest level of success, while Ubisoft+ falls into the average
range, and EA Play demonstrates the least success among the three. This conclu-

sion is drawn by considering the aggregated experiences and feedback of users within their respective online communities. Based on that measure Xbox Game Pass, which has received the most positive feedback, is deemed the most successful. On the other hand, EA Play, with predominantly negative opinions expressed in their online communities, has the least success.

We can establish that the brand with a higher number of positive consumer experiences is more successful compared to the brand with negative or less positive experiences. It is undeniable that the opinions expressed by players about subscription services greatly influence the success or failure of the providers. Therefore, the findings validate the introductory assumption that a relationship exists between positive consumer experiences with a brand offering a video game subscription service and the success of that brand. Conversely, negative consumer experiences can potentially lead to the failure of such a business.

The significance of these findings lies in the fact that video game consumers are characterized by their distinctive and highly engaged consumer behavior, and can act as early indicators of broader shifts in consumer needs that may subsequently influence other consumer groups. Findings confirm that better consumer experiences correspond to greater brand success. Brands providing video game subscription services can draw practical implications from this research, suggesting that focusing on cultivating and sustaining a positive user experience is likely to lead to success for the service being offered. Proposed approaches for enhancing consumer experience primarily involve enhancing launcher stability, fostering greater community engagement, and incorporating a wider selection of newly released games into the services. By consistently improving the user experience, the potential for success of the service is increased. Furthermore, it was found that consumers exhibit a positive attitude towards the concept of a subscription service that provides a library of games for a monthly fee. The precise knowledge about consumer experiences when it comes to subscription services will allow to compare it to other factors influencing the consumer decision process.

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Sustainable Consumer Behavior and Cooperative Platforms – Motivation and Determinants

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Introduction

Sharing economy is a concept that was undergoing major development throughout the last years. In the beginning, it was perceived as a solution that triggers environmentally-friendly actions, promotes deconsumption and spreads ecological awareness (Botsman & Rogers, 2010). Along with the development of online collaborative platforms, many consumers started to use the opportunity to borrow or exchange goods, ideas, money and even time with other consumers. Alongside, corporations and other organizations have been challenged. Consumers while using collaborative platforms do not adhere to the regular market rules. Collaborative consumption while having a positive impact on the environment, became also a cheaper alternative for many businesses. As a result, throughout the years it started to gain negative publicity, as new corporations like Uber arose, exploiting the sharing economy power (Frenken, 2017). Researchers and economists started to call sharing economy a new business model for which a new term was indicated – platform capitalism (Srnicek, 2017). As a result, there is a need to verify what are the consumers' motives to join cooperative platforms. It will help to identify if cooperative platforms support the development of sustainable behavior, or if the effect is reversed.

Moreover, platform capitalism is not the only alternative term used for the same concept. In the literature on the subject, several terms relating to this phenomenon can be found: open cooperation, the sharing economy, cooperative consumption, co-consumption or a collaborative society. In general, these concepts refer to the phenomenon of cooperation, the participants of which have a common goal, jointly create a product or service and share the results with each other (Jemielniak & Przegalińska, 2020). Socio-technological development has contributed to the strong growth of the collaborative economy, and new technologies support consumers' efforts to cooperate. Such cooperative consumption based on common goods has a chance to revolutionize the economy

based on the capitalist approach and change consumer habits from wanting new goods to access to goods, facilitated by online contact (Hira & Reilly, 2017).

The collaborative economy has led to the development of various types of platforms that enable cooperative production and consumption. These platforms can be divided into capitalist and cooperative platforms (Jemielniak & Przegalińska, 2020). In this paper, they will analyze consumer behavior on cooperative platforms in various markets. Previous studies mainly focus on cooperative platforms in the tourism market (e.g., CouchSurfing). Cooperative platforms are also successfully developing in other markets, including the labor market, education, catering and clothing.

There is still a lack of analysis that would characterize and define the differences and similarities between cooperative platforms, as well as consumer behavior on these platforms. Similarly, when investigating consumer behavior on cooperative platforms, most studies focus on selected industries and results are difficult to generalize. This project fills the gaps noticed in the literature and allows deepening the knowledge about the determinants and motivation of consumer behavior on cooperative platforms. The main goal of this paper is to identify and characterize consumers' ecological motivation to engage in cooperative platforms. Furthermore, the five types of motivation for joining and using cooperative platforms will be identified and characterized.

1. Conceptual Background

1.1. Cooperative Platforms – Notion and Characteristics

The collaborative economy has led to the development of various types of platforms that enable cooperative production and consumption. It led to terminological inconsistency. In the literature, there are several definitions and names of cooperative platforms. To systemize the terminology, some of the definitions are presented in Table 1.

Table 1. Cooperative Platforms Names and Definitions from Literature

Authors	Cooperative platform definition
1	*2*
Frenken & Schor (2019) Martin et al. (2017)	Online, peer-to-peer 'sharing' platforms which enable citizens to share, lend, gift, sell and rent resources on an unprecedented scale. By enabling these practices, such platforms are thought to have the potential to promote more efficient use of underutilized resources; reduce the environmental impacts of consumption; and build social relationships between peers

Table 1 cont.

1	*2*
Piscicelli et al. (2018)	Emerging and innovative type of sustainable business model based on the peer-to-peer (P2P) sharing of underutilized assets facilitated by digital platforms. Although P2P sharing platforms typically promise to contribute to social and environmental sustainability by using idle resources more efficiently, promoting social equality and improving community cohesion, they significantly differ in their business ethos (e.g., commercial *vs* not-for-profit orientation) or type of interaction (e.g., B2B, B2C or P2P)
Cocquyt et al. (2020) Bocken et al. (2014)	Idealistic sharing platform – sharing platforms give people, possibly strangers, temporary access to underutilized goods, typically via the Internet, whereas others retain ownership. Following the categorization of Sustainability Business Models (SBM), a sharing platform is considered to be an SBM if it incorporates social innovation in its strategy, delivering functionality not ownership
Shmidt (2020) Schor, & Fitzmaurice (2015)	Peer-to-peer non-profit sharing economy platforms, which connect the supply and demand for the three types of underutilized assets (or 'idle capacities'), which are: consumables, leisure and time (services). Otherwise, within sharing economy there platform with the four possible bases for granting access to underutilized assets: p2p and b2p, and commercial and non-commercial

Source: Own elaboration based on literature.

Based on the above presented analysis it can be concluded that cooperative platforms can be defined as peer-to-peer platforms which through the Internet enable not-for-profit sharing/exchange of resources. The platforms are named differently by different authors, however, the definitions are similar at their core. Moreover, the main division of the cooperative platforms considers the goods which are shared: consumables, leisure and time.

2. Methodology

This paper shows the selected outcomes of a broader research project on cooperative consumption, which was conducted among Polish consumers in 2022. Because cooperative consumption is nowadays strongly connected to online cooperative platforms, the data were collected using an online survey[2]. The sample used for this study consisted of 500 respondents and has been characterized in the table below (Table 2). Despite applying the availability sampling, the gender distribution of the sample is similar to the population of Internet users in terms of gender ratio – 49% men, and 51% women (GUS, 2021).

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[2] The survey was uploaded to the online research platform www.surveymonkey.com.

Table 2. Demographic Profile of the Respondents

Demographic Features	Number (N)	Percent (%)
Gender		
Female	274	54.7
Male	227	45.3
Age		
from 18 to 24 years	66	13.2
from 25 to 34 years	73	14.6
from 35 to 44 years	137	27.3
from 45 to 50 years	122	24.4
from 51 to 65 years	87	17.4
66 years and older	16	3.2
Community type		
Big city (above 200.000 habitants)	214	42.7
Small city (below 200.000 habitants)	165	32.9
Village	122	24.4
Education level		
Elementary	48	9,6
Vocational	79	15.8
Secondary or post-secondary	186	37.1
University education	188	37.5
Financial status		
Very bad	14	2.8
Bad	36	7.2
Average	216	43.1
Good	188	37.5
Very good	47	9.4
Household monthly income (in zloty)		
below 2.000	31	6.2
2.000 to 4.000	77	15.4
4.001 to 6.000	91	18.2
6.001 to 8.000	76	15.2
8.001 to 10.000	52	10.4
10.001 to 12.000	64	12.8
12.001 to 14.000	25	5.0
over 14.000	7	1.4
Answer refusal	78	15.6
Number of household members		
1	42	8.4
2	127	25.3
3	137	27.3
4	142	28.3
5	38	7.6
6 and more	15	3.0

Source: Own elaboration based on empirical data.

The goal of this paper was to characterize the motivation of sustainable behavior on cooperative platforms. In general, sustainable behavior can be manifested in three dimensions: ecological concerns, self-care and taking care of others (Corral-Verdugo et al., 2021). To deepen this area of sustainability research we have decided to investigate which motivators of cooperative consumption correlate with sustainable behavior on cooperative platforms.

In developing a conceptual framework for our study, we draw on previous work which have identified five motivations: benevolent motivation, ecological motivation, financial motivation, social motivation and self-caring motivation (Bulut et al., 2017; Corral-Verdugo et al., 2021). For the purposes of the analyses, synthetic indicators were created for each motivation. These indicators were calculated as the arithmetic mean of the scores for the respective scales. The reliability of indicators was estimated using the Cronbach's alpha coefficient. In all cases the values of the coefficients were high enough, exceeding the critical value of 0.6, which allowed the use of the indicators in further analyses (Table 3).

Table 3. Motivation Indexes

Motivation category	Motivator	Cronbach's alpha
Benevolent motivation	Willingness to help others	0.728
	Caring for others	
Ecological motivation	Caring for ecology	0.856
	Aiming at zero-waste	
	Desire to reduce the number of possessions	
	Caring for the planet	
Financial motivation	Saving money	0.739
	Searching for cheaper products	
Social motivation	Desire to meet new people	0.669
	Willingness to learn something new	
	Willingness to cooperate	
Self-caring motivation	Need satisfaction	0.802
	Access to a product/service to which one would not have access	

Source: Own elaboration based on empirical data.

In the basic analyses, descriptive statistics were used, while in order to identify significant relationships between individual variables, cross tables and correlation coefficients were used, adjusted to the nature of the analyzed variables, mainly Spearman's rho (for ordinal scales and/or in the case of variables with a distribution different from normal) (Akoglu, 2018). In all analyses, a significance level of $p \leq 0.05$ was adopted.

The structure of ratings for individual statements as well as for the examined indicators differed from the normal distribution, therefore, in the analysis of the differentiation of answers depending on the selected socio-demographic characteristics of the respondents, the non-parametric test was used – the Kruskal--Wallis test. Collected data were analyzed with IBM SPSS Statistics 24.0.

3. Empirical Findings

3.1. Cooperative Platforms Usage and Consumers' Attitudes

Respondents demonstrated various levels of familiarity with cooperative platforms. The most known were those connected with shared consumption of clothes and fashion accessories. In second place they were indicating Wikipedia (free encyclopedia) (Figure 1).
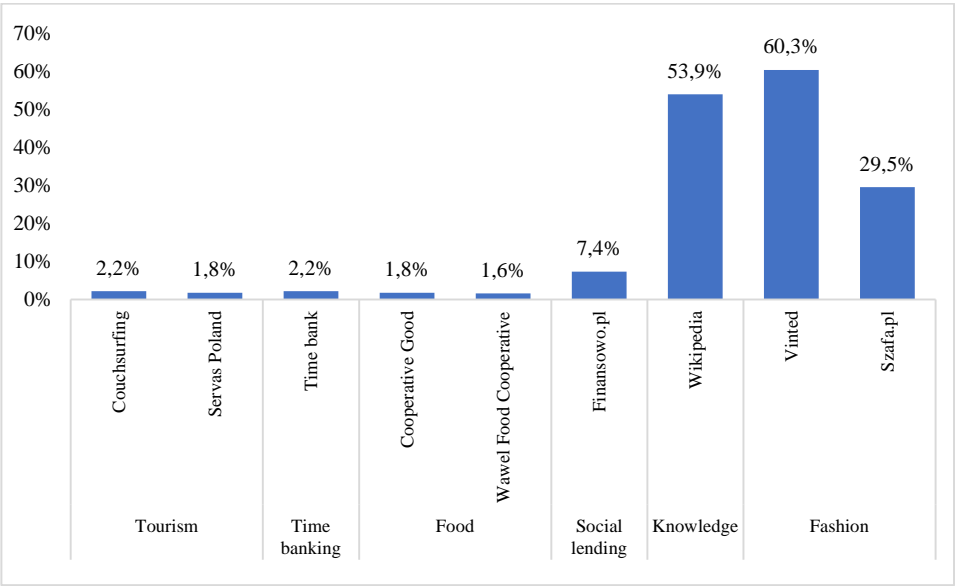

Figure 1. Familiarity with Cooperative Platforms (N = 500)

Source: Own elaboration based on empirical data.

Among those respondents who knew at least one cooperative platform, 32.5% declared themselves to be frequent users and 26.3% used them only once or twice.
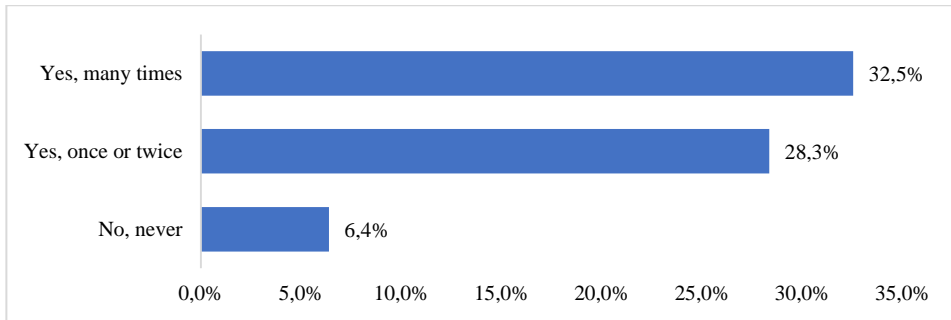
Figure 2. Use of Cooperative Platforms (N = 337)

Source: Own elaboration based on empirical data.

The survey results show that respondents demonstrate rather positive attitudes towards sustainable aspects of cooperative platforms. They usually agreed with the statement that cooperative platforms are good for the environment (average rating of 4.07) and that they prevent waste (average rating of 3.98). They were however less convinced about the long-term outcomes of cooperative platforms – they usually believed that even if someone looks for financial benefits on a cooperative platform, over time it teaches him to take care of the environment, however, the average rating for this statement was 3.49 (Figure 3).
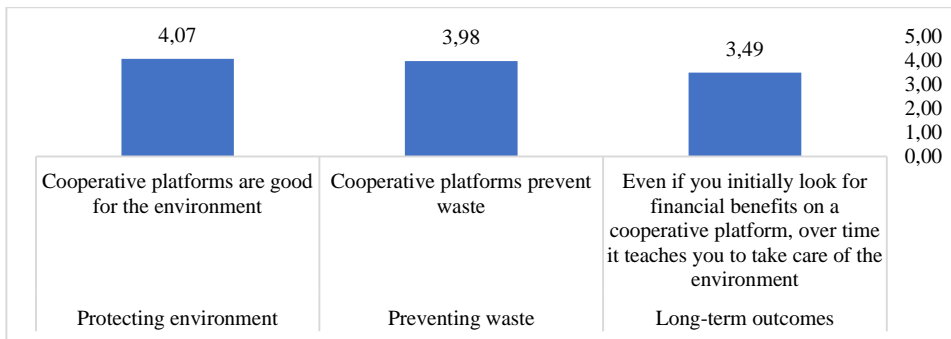
The chart shows the average ratings on a scale of 1-5, where 1 is 'Definitely not' and 5 is 'Definitely yes'.

Figure 3. Attitudes Towards Sustainable Behavior on Cooperative Platforms

Source: Own elaboration based on empirical data.

Based on the literature review we have distinguished five types of motivations to use the cooperative platforms. The most popular reason to engage in online shared consumption was financial motivation: saving money and searching for cheaper products. In the second place, respondents were listing self-caring motivation, like need satisfaction and better access to products/service.

Surprisingly, ecological motivation gained lower ratings, varying on average between 3.88 and 4.03. The most often respondents were joining cooperative platforms when aiming at zero-waste. Benevolent and social motivations were chosen the least frequently (Figure 4).

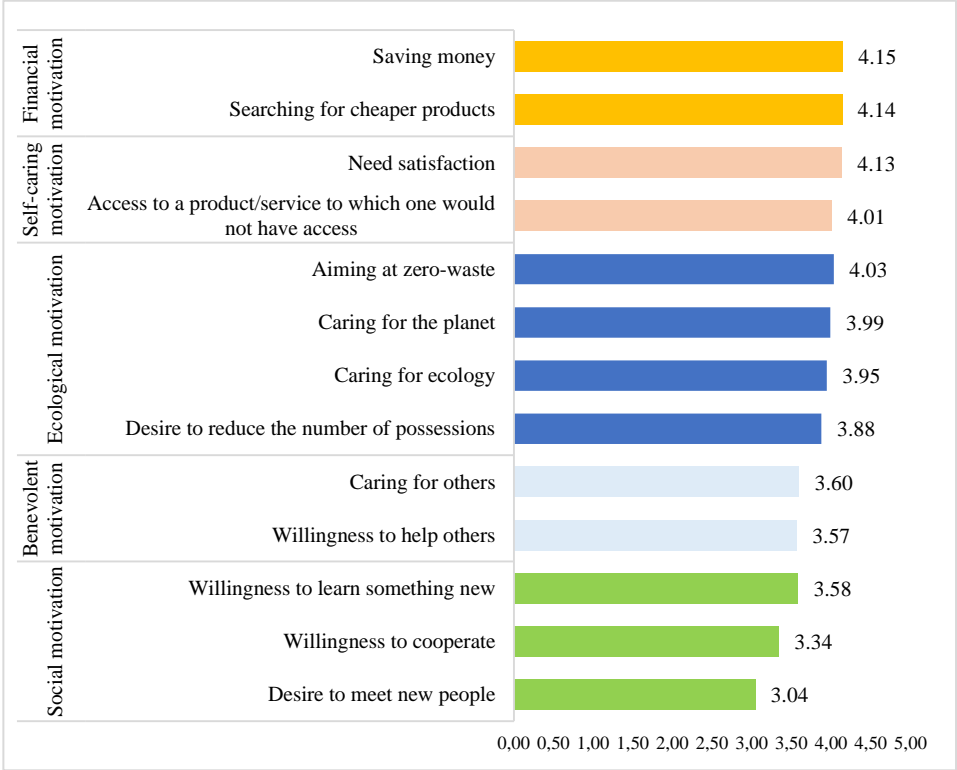The chart shows the average ratings on a scale of 1-5, where 1 is 'Definitely not' and 5 is 'Definitely yes'.

Figure 4. Reasons to Use Cooperative Platforms

Source: Own elaboration based on empirical data.

In order to verify the connection between motivation type and attitudes towards sustainable aspects of cooperative platforms, we have verified relevant correlations. Positive correlations at a moderate level can be observed for financial motivation with protecting the environment (Spearman's rho = 0.551, $p <= 0.01$), and preventing waste (Spearman's rho = 0.492, $p <= 0.01$). It means that people who use cooperative platforms for financial reasons, often value them also for their ecological nature and vice versa, more consumers believe in the ecological benefits of cooperative platforms, the more they use them also for financial reasons. Similar tendencies can be observed for self-caring motivation – the more

people use cooperative platforms for their own benefits, the more they value them for ecological benefits, and vice versa, the more they think that cooperative platforms save the environment and prevent waste, the more they use them also for self-caring reasons. A moderate correlation has been found also between ecological motivation and protecting the environment (Spearman's rho = 0.423, $p <= 0.01$). For other variables, the correlation was weak or without statistical significance (Figure 5).

Table 4. Correlation Between Attitudes Towards Cooperative Platforms and Motivation Type (Spearman's Correlation Coefficients)

	Protecting environment	**Preventing waste**	**Long-term outcomes**
	Cooperative platforms are good for the environment	Cooperative platforms prevent waste	Even if you initially look for financial benefits on a coopera- tive platform, over time it teaches you to take care of the envi- ronment
Benevolent motivation	0.192[**]	0.220[**]	0.230[**]
Ecological motivation	0.423[**]	0.337[**]	0.232[**]
Financial motivation	0.551[**]	0.492[**]	0.233[**]
Social motivation	−0.067	−0.109[*]	0.031
Self-caring motivation	0.499[**]	0.463[**]	0.153[**]

* $p <= 0.05$, ** $p <= 0.01$

Source: Own elaboration based on empirical data.

Reasons to use cooperative platforms are differentiated by various demographic characteristics. Table 5 presents statistically significant relationships between variables.

Table 5. Features Differentiating Motivation to Use Cooperative Platforms

|	**Demographic variables***						
	Gender	Age	Community type	Education	Financial status	Household monthly income	Number of household members
Financial motivation	+				+		+
Self-caring motivation	+				+		
Ecological motivation		+			+		
Benevolent motivation					+		
Social motivation		+	+				

* Pluses indicate statistically significant relationships between variables ($p <= 0.05$).

Source: Own elaboration based on empirical data.

Because financial, self-caring and ecological motivations the most significantly correlate with sustainable aspects of cooperative platforms, in next part of this paper we will focus only on determinants of these variables.

3.2. Financial Motivation as a Core Motivation

Level of financial motivation to use cooperative platforms varies depending on gender, financial status and the number of household members. Women are more financially motivated to engage in online shared consumption than men. The highest financial motivation has been observed for respondents assessing their financial status at least to be average. In terms of the number of household members, the highest financial motivation can be observed for those counting between 2 and 4 members (Figure 5).
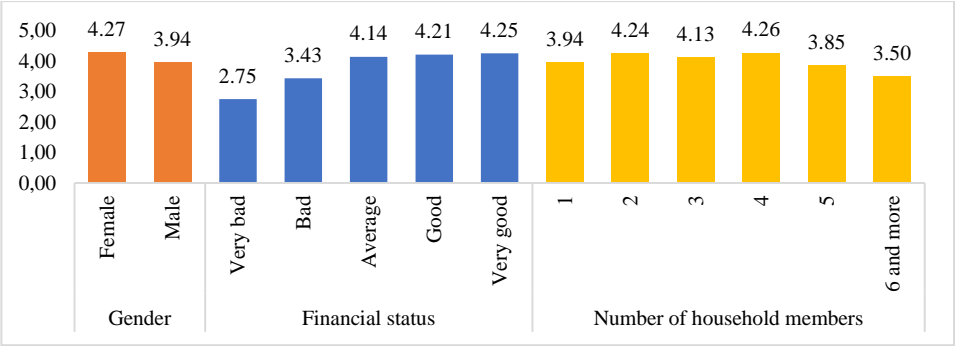
The chart shows the average ratings on a scale of 1-5, where 1 is 'Definitely not' and 5 is 'Definitely yes'.

Figure 5. Financial Motivation to Use Cooperative Platforms by Gender, Financial Status and Number of Household Members

Source: Own elaboration based on empirical data.

3.3. Self-caring Motivation as the Second Most Important Motivation

Similar tendencies can be observed for self-caring motivation. Women, more than men, are more motivated by access to products and services that can satisfy their needs, which perhaps are not possible to find outside the cooperative platform. In terms of financial status, for respondents with average or good financial status, the self-caring motivation was the most important (Figure 6).

The chart shows the average ratings on a scale of 1-5, where 1 is 'Definitely not' and 5 is 'Definitely yes'.

Figure 6. Self-caring Motivation to Use Cooperative Platforms by Gender and Financial Status

Source: Own elaboration based on empirical data.

3.4. Ecological Motivation

Ecological motivation was determined by age and financial status. Apparently, the most ecology-oriented respondents were those between 24 and 34 years old. In general respondents until 44 are more likely to join a cooperative platform because of the benefits for the environment. Consistently with other motivators, respondents with better at least average financial status were more likely to be motivated by ecological issues (Figure 7).
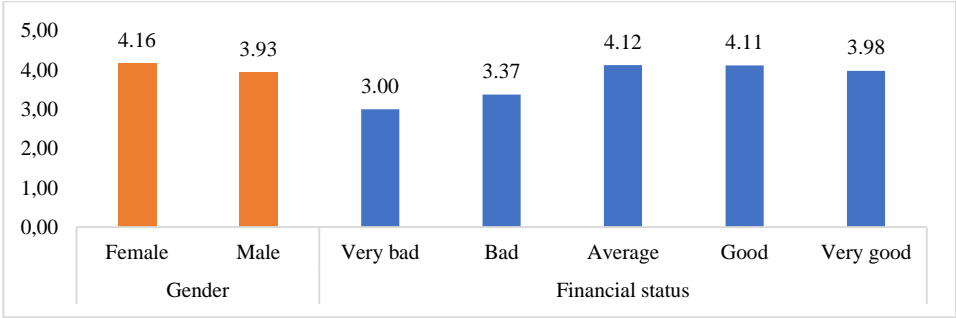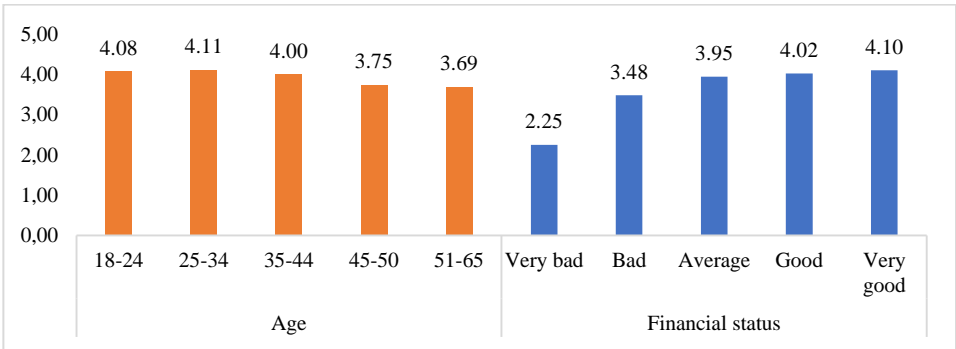

The chart shows the average ratings on a scale of 1-5, where 1 is 'Definitely not' and 5 is 'Definitely yes'.

Figure 7. Ecological Motivation to Use Cooperative Platforms by Age and Financial Status

Source: Own elaboration based on empirical data.

3.5. Social Media as a Determinant

In our study we wanted also to verify if the use of particular social media can determine the willingness to join the cooperative platform. The results showed no statistical evidence for this assumption, however, the number of social media in use positively correlates with the number of cooperative platforms known (Spearman's rho = 0.366, p <= 0.01). The role of social media in encouraging people to sustainable behavior can be then a valuable direction for further study.

Conclusions

This study develops a deeper understanding of relations between cooperative platforms and sustainable behavior. It provides an easily applicable tool for the measurement of consumers' motivations behind joining cooperative platforms. This paper conceptualizes consumer motivation concerning cooperative platforms and their relationship with sustainability. This study makes therefore two main contributions.

First of all, it identifies consumer awareness about cooperative platforms with a focus on diverse industries: knowledge sharing, financial, time banking, food and tourism. The highest consumer awareness considers knowledge sharing and fashion industry cooperative platforms.

Second of all, the study confirms that financial motivation is the strongest considering joining cooperative platforms. It can be assumed that sustainable behavior is just a result of financial motivation, as the second most important motivation was self-caring, like need satisfaction and better access to products/service. Ecological motivation gained lower ratings, varying on average between 3.88 and 4.03. The most often respondents were joining cooperative platforms when aiming at zero-waste. Benevolent and social motivations were chosen the least frequently. The adopted approach as well as findings provides a construct to measure consumer motivation to join cooperative platforms in a broader context. In this sense, the study helps to organize the concept of sustainable behavior concerning cooperative platforms.

Therefore the study advances the knowledge about sustainable behavior on cooperative platforms which focus on services: financial, food, fashion, time banking, and tourism. It demonstrates that although financial determinant is critical for joining cooperative platforms, it ensures multiple sustainable consequences. Moreover, the paper provides a rigorous construct for future studies of motivation and sustainable behavior on cooperative platforms.

The study provides a basis for further studies of sustainable consumer behavior on cooperative platforms. It develops the framework for the measurement of motivations behind joining cooperative platforms and their ecological consequences. It provides insight into financial and self-oriented motivation as a core for joining cooperative platforms that can be used in promotion campaigns. The study might support the understanding of customers to fit their preferences. A construct developed in this study might become a good starting point for the consumer motivation analysis which firms can use to better analyze and monitor consumers' sustainable behavior. Moreover, policymakers can utilize the findings of this research to develop regulations and policies that promote sustainable behavior on cooperative platforms. By understanding the motivations of consumers, policymakers can design measures that incentivize and encourage cooperative consumption.

This study has several limitations. While conceptualization builds on the theoretical framework from literature, the study is focused on the polish market only, future research thus may wish to validate the findings across different contexts and countries. It is assumed that the results and developed measures can be generalized across all service industries, but this assumption warrants further research in another empirical context. Last but not least, it would be beneficial to validate the findings by combining them with other research methods to explore motivations more in-depth and in-depth interviews would be suggested.

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Part IV

**SUSTAINABLE DEVELOPMENT
OF SERVICE BUSINESS**

17

Sustainability Impact on Banking Sector Services

Michał Szalast-Dao Quy

Introduction

Sustainability becomes an important point on business agenda not only for production companies, but also for services market. Special attention is paid to the banking sector whose main business asset – money, has a significant impact on the development of new investments and may be one of the most important drivers accelerating sustainable transformation of the global economy. This chapter presents main challenges and opportunities standing ahead the banking sector in terms of sustainability, examples of external impact on banks and their action undertook to comply both new regulatory obligations and supply chain expectations.

1. Importance of Banking System to the Global Economy

Global economy is an irreplaceable being which lays behind all our private and business activities. As it is present constantly in our fridge, TV set or during summer holidays, in every single place on the globe, it cannot be stopped, paused, or switched off. The economy in general, together with all of its components are in the constant movement and development. At the beginning of 18th century, it would be hard to believe how our cities, services or ways of spending free time may change over two hundred years. What shaped the world we know today were, among others, the acceleration of science discoveries and the achievements of industrial revolutions.

The mechanization was the cause why agriculture started to be replaced by the industry as the substructure of the societal economy, invention of steam and combustion engine released great potential for coal, electricity, gas, and oil. On the other hand, 20th and 21st century brought us the rise of electronics, telecommunications, computers, and Internet with whole ecosystem in which modern world and economy are working today. Thanks to that, nowadays we all are part

of the globalized world in which the inhabitant of New York City can fly to London in less than ten hours, exchange messages with friends in Rio de Janeiro in real time or eat fresh fruits imported from Thailand. The high quality of life is constantly growing and positively affects an increasing percentage of the world's population in all continents. All of these great achievements and convenience would have never seen the sunlight without two components – their inventors and investors.

On the other side of the coin, the basis and simultaneously non-monetary cost of dynamic, large-scale growth was, on an unprecedented scale, utilization of natural and human resources. Many stakeholders, e.g., United Nations, European Union, non-government organizations, academic representatives associated within Intergovernmental Panel on Climate Change (IPCC) and ordinary citizens began to highlight the new negative outcomes of the financial growth – lack of sustainability. Environmental damage, global warming or an ever-increasing financial gap between reach and poor is an expensive price of global GDP's successful growth.

Having already said that none of the aforementioned inventions would be industrialized without external financial support, it can be presumed that significant power of shaping current and future market lays in banking sector's hands. Everyday hundreds of financial institutions all around the world make decision which borrower and project sounds enough reliable to be provided with credit lending. Taking this into account we can end up with a conclusion that banking sector plays an important role in actuating or blocking the development of each sector or business activity.

After many admirable economic and technologic waves like industrialization or digitalization, the modern and well-developed (in major part) world brings for all participants of the economy a brand new challenge – a comprehensive transformation of the business into sustainable one while maintaining existing factors like quality of the product, efficiency of the costs, availability, or delivery speed at the unchanged level. Implementing sustainability as a new fundament of the economy is both a great challenge and opportunity for all the stakeholders on market. But nothing can be changed without money, therefore the banking sector will play a particularly important role in this long and difficult process.

2. Regulatory Requirements for Banks

European Green Deal is an comprehensive and multi-functional plan which aim to support transforming the EU into a progressive, non-invasive and efficient economy. The strategic targets include achieving net zero greenhouse gas

emissions in 2050, economic growth separation from resource consumption equalizing opportunities for every person or region. The European Commission introduced legislative proposals to adapt the EU's climate, energy, transport, and tax policies to meet the goal of reducing net greenhouse gas emissions by at least 55% by 2030 compared to the 1990 level. Among dozens of new documents and initiatives, four of them should be taken into account by banking sector with a special attention.

2.1. Sustainable Finance Disclosure Regulation

Sustainable Finance Disclosure Regulation (SFDR) is the first significant regulation adopted as a result of the Financing Sustainable Growth Action Plan announced in 2018. The main aim of the document is to achieve a high transparency to the way in which sustainability risks being part of the activities of financial market participants and financial advisors are analyzed.

SFDR scope applies to wide range of financial service providers:
- life insurance companies that offer insurance investment products,
- investment companies providing portfolio management services,
- credit institutions providing investment advisory services,
- insurance intermediaries providing insurance advisory services in relation to insurance investment products.

New disclosures should cover:
- information on the adopted strategy regarding sustainable development risk when making investment decisions,
- disclosures regarding the negative impact of investment decisions on sustainable development factors,
- information on the remuneration policy, including information on how to ensure consistency of these policies with the introduction of sustainable development risks into the business.

Institution obliged to act according to SFDR rules should publish necessary information on their website to fulfill the information obligation to the potential clients. Additionally, before concluding the contract each client has to be informed how sustainability risks can impact return on investments and how they were introduced in financial entities' investment decisions for each type of product.

2.2. European Banking Authority Requirements

The European Banking Authority (EBA) published the set of recommendations explaining how ESG risk should be incorporated to the financial institutions' operations. The reports focus on how ESG factors and ESG risks could be

included in the supervisory assessment of the borrowers including (i) business model analysis, (ii) assessment of internal governance and risk management, and (iii) assessment of risks (risk to capital and liquidity risk).

Hitherto credit process included deep analysis of business model, competitiveness, cost efficiency, risks and opportunities on the specific market and supply chain. Exposure to the ESG risks and its materiality to the client's business activity should become an integrated part of the assessment. Because of low access to the ESG data on the market, EBA suggests to initiate the processes in gradual approach, preparing at first ESG questionnaires on overall management level. For sure Corporate Sustainability Reporting Directive (CSRD) obligation will accelerate the development of collecting data, sector benchmarking, and deeper incorporation and measurement of ESG risks by the financial institutions.

2.3. UE Taxonomy

The EU Taxonomy is a complex classification system for environmentally sustainable economic activities and aims to direct investments towards sustainable projects and activities. The taxonomy sets a common set of definitions and thresholds for business activities that have the biggest impact on environment. Constitution of transparent framework push companies to transform their business into more compliant with a new sustainable classification. For business environment, e.g., investors or financial institution, the taxonomy reporting enabled making the right decisions and avoiding greenwashing risk.

To support companies and other external stakeholders in navigating the new rules and identifying sustainable business activities an additional tool was created − The EU Taxonomy Compass. This manual indicates all Taxonomy-eligible economy activities and defines basic requirements to be met for activities to considered as Taxonomy-aligned. To assess whether particular project or activity can be labelled as green, investor should compare the characteristics of the investment with the rules determined for this sector and business activity, as presented partially for Construction of new buildings economic activity in Table 1. It's important to highlight that Taxonomy-aligned activity not only should meet best market standards, but also do not cause a significant harm to other parts of the environment.

Table 1. Partial EU Taxonomy Requirements for Construction of New Buildings Economic Activity

Sector	Construction and real estate
Activity	Construction of new buildings
Substantial contribution criteria	Constructions of new buildings for which: 1. The Primary Energy Demand (PED)(281), defining the energy performance of the building resulting from the construction, is at least 10% lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures implementing Directive 2010/31/EU of the European Parliament and of the Council(282). The energy performance is certified using an as built Energy Performance Certificate (EPC). 2. For buildings larger than 5000 m^2 (283), upon completion, the building resulting from the construction undergoes testing for air-tightness and thermal integrity (284), and any deviation in the levels of performance set at the design stage or defects in the building envelope are disclosed to investors and clients. As an alternative, where robust and traceable quality control processes are in place during the construction process this is acceptable as an alternative to thermal integrity testing. 3. For buildings larger than 5000 m^2 (285), the life-cycle Global Warming Potential (GWP) (286) of the building resulting from the construction has been calculated for each stage in the life cycle and is disclosed to investors and clients on demand
Do Not Significant Harm on Water	Where installed, except for installations in residential building units, the specified water use for the following water appliances are attested by product datasheets, a building certification or an existing product label in the Union, in accordance with the technical specifications laid down in Appendix E to this Annex: wash hand basin taps and kitchen taps have a maximum water flow of 6 liters/min; showers have a maximum water flow of 8 liters/min; WCs, including suites, bowls and flushing cisterns, have a full flush volume of a maximum of 6 liters and a maximum average flush volume of 3,5 liters; urinals use a maximum of 2 liters/bowl/hour. Flushing urinals have a maximum full flush volume of 1 liter. To avoid impact from the construction site, the activity complies with the criteria set out in Appendix B to this Annex
Do Not Significant Harm on Water on Circular economy	At least 70% (by weight) of the non-hazardous construction and demolition waste (excluding naturally occurring material referred to in category 17 05 04 in the European List of Waste established by Decision 2000/532/EC) generated on the construction site is prepared for reuse, recycling and other material recovery, including backfilling operations using waste to substitute other materials, in accordance with the waste hierarchy and the EU Construction and Demolition Waste Management Protocol(287). Operators limit waste generation in processes related to construction and demolition, in accordance with the EU Construction and Demolition Waste Management Protocol and taking into account best available techniques and using selective demolition to enable removal and safe handling of hazardous substances and facilitate reuse and high-quality recycling by selective removal of materials, using available sorting systems for construction and demolition waste. Building designs and construction techniques support circularity and in particular demonstrate, with reference to ISO 20887(288) or other standards for assessing the disassembly or adaptability of buildings, how they are designed to be more resource efficient, adaptable, flexible, and dismantlable to enable reuse and recycling

Source: EU Taxonomy Compass. https://ec.europa.eu/sustainable-finance-taxonomy/taxonomy-compass

Since the implementation of EU Taxonomy, the banking sector is a subject to higher standards in terms of consistent, transparent, and comparable reporting on green financial products and processes. Under taxonomy, banks are obliged to report Green Asset Ratio (GAR) which is basically the percentage of taxonomy-aligned assets in the whole credit portfolio of reporting institution. This exercise makes it easier to verify what is the progress of each bank in implementing its sustainability lending strategy and compare it to the market benchmark. This

new sustainable factor will be an important tool to benchmark a sustainable progress of each bank and make it easier settle strategic targets and exert pressure on laggards. An obligation to calculate GAR may indirectly accelerate sustainability indicators reporting among non-financial companies, because to meet their own requirements, borrowers will be asked to collect and provide necessary data on annual basis.

2.4. Task Force on Climate-related Financial Disclosures Structure

Task Force on Climate-related Financial Disclosures Structure (TCFD) is an international initiative established by The Financial Stability Board (FSB). It aims to develop recommendations on climate-related disclosures. This is expected to contribute to more informed investment, credit, and insurance decisions and, therefore, greater understanding of the activities undertaken by the financial sector, including the assessment of climate-related risk. The Task Force consists of 31 members from across the G20, representing both preparers and users of financial disclosures. The TCFD is chaired by Michael R. Bloomberg, founder of Bloomberg L.P[1].

In 2017, the TCFD released climate-related financial disclosure recommendations designed to help companies provide better information to support informed capital allocation. The framework consists recommendations and disclosures that should have potential investors in understanding what approach assessed organization has to climate-related risks and opportunities. Disclosures scope refers to company's governance, strategy, risk management, and metrics and targets.

What an important role they actually play to the banking sector can confirm number of 257 banks representing 60% of global banking assets which in 2022 published their reports aligned to TCFD recommendations. It's 131% progress comparing to 2Q2020, what shows a strong acceleration of sustainability reporting activity in banking sector[2].

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[1] *Task Force on Climate-Related Financial Disclosures*. https://www.bloomberg.org/environment/driving-sustainable-finance/task-force-on-climate-related-financial-disclosures

[2] *Task Force on Climate-related Financial Disclosures (TCFD) Recommendations, Global Progress Report for the Banking Sector*. https://www.accenture.com/content/dam/accenture/final/industry/banking/document/Accenture-Banking-TCFD-progress-report.pdf#zoom=40

3. Global Alliances and Commitments on Sustainability in Banking Sector

3.1. Net Zero Banking Alliance (NZBA)

Net Zero Banking Alliance (NZBA) is a group multinational banks committed to financing full decarbonization toward net-zero greenhouse gas (GHG) emissions by 2050. More than 120 banks, representing almost 40% of global banking assets are required under alliance to set net-zero targets, mid-tem achievement by 2030 and ultimate to 2050.

NZBA members commit to:
- adjusting the level of greenhouse gas emissions generated in connection with own-account lending and investment activities to the path necessary to achieve climate neutrality in 2050 (temperature increase limited to 1.5° C),
- actions based on credible transformation scenarios published by recognized institutions (IPCC, IEA),
- focusing on the sectors that emit the highest amounts of greenhouse gases and playing a key role in the transformation towards a CO_2-neutral economy,
- defining intermediate goals, no later than 2030,
- publishing information on progress and action plans on an annual basis.

3.2. Glasgow Financial Alliance for Net Zero

Glasgow Financial Alliance for Net Zero (GFANZ) aggregates eight industry--led net-zero financial alliances including banks (aforementioned Net-Zero Banking Alliance), insurers, asset owners, asset managers, financial service providers, and investment consultants located all across the world. The main aim is to achieve Paris Agreement and reach net zero goal to 2050.

The 'mother' alliance assembles sectoral alliances to create a wider room for spreading and exchanging experiences and good practices in implementing sustainability processes. It accelerates ambition of the particular financial institution, equalizes pace of action and encourage subsequent organization to commit and set net-zero targets. Over 650 financial institutions from 50 countries have already joined GFANZ.

The eight sector-specific alliances part of GFANZ:
- Net-Zero Asset Owner Alliance (NZAOA),
- Net-Zero Asset Managers initiative (NZAM),
- Paris Aligned Asset Owners (PAAO),

- Net-Zero Banking Alliance (NZBA),
- Net-Zero Insurance Alliance (NZIA),
- Net Zero Financial Service Providers Alliance (NZFSPA),
- Net Zero Investment Consultants Initiative (NZICI),
- The Venture Climate Alliance (VCA).

4. Sustainability as a Part of Business Strategy

4.1. ESG as a Part of Risk Management in a Bank

Risk management is an integrated part of any business, but for banking sector it plays extremely important role. As presented on Figure 1, bank in its daily business activities identifies wide range of risks like credit risk, market risk, liquidity, and financing risk or interest rate risk. All of them consists dozens of subcategories which should be covered. What stands out banking institutions from other types of services is strong integration between risk and provided products. Internet provider or fast food restaurant chain operator do not have to pay much attention to whom they sell their products or services. Inversely, banks before providing any lending product to the clients have to use comprehensive, complicated, and non-public models and highly controlled procedures to estimate credit risk of the borrower. Only obtaining green light in credit process enables company to receive consent for credit facility from the bank.

Banking industry is one of the most regulated sectors in the economy. Taking into account great ambitions of The Green Deal, banks operating within EU borders should consider regulatory risk seriously. ESG regulations are one of the fastest changing and expanding on the market and proper management of this topic, active work with supervisory authorities and monitoring legislative proposals will be an important mitigant of this risk.

A global shift into sustainable way of doing business made ESG risk the new factor which banks consider and acknowledge as significant. Appropriate regulations and best market standards impose defining ESG risk using double materiality approach – a company must identify and report both on how its business is affected by sustainability issues ('outside in') and how their activities impact society and the environment ('inside out').
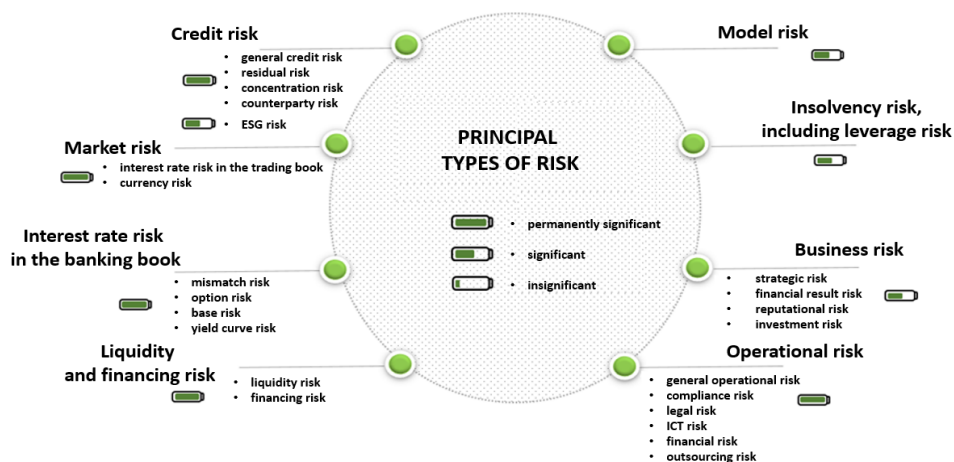
Figure 1. Principal Types of Risk in BNP Paribas Poland

Source: BNP Paribas Poland Integrated Annual Report (2022, p. 149).

In many multi-national banks ESG factors, including impact of environmental, social policy, and corporate governance are already added to the standard risk management framework. Obligatory documents like Risk Management Strategy or Risk Appetite Procedure include ESG chapters in more and more banks. How comprehensive challenge stands ahead banking sector shows Table 2, presenting exemplary ESG risks which bank may include to its risk matrix and need to incorporate appropriate mitigants for each of them.

Table 2. Factors Considered in the ESG Risk Analysis in BNP Paribas Poland

Environmental factors	Social factors	Corporate governance factors
1	*2*	*3*
greenhouse gas emissions	integration of various social groups	unethical and fraudulent business practices
energy consumption and efficiency	promoting social cohesion	non-compliance with corporate governance standards (code of ethics, grievance and whistleblowing mechanisms, transparency of information)
water, air and soil pollution	respect for diversity	gender diversity in corporate bodies
efficient management of water usage (risk of freshwater scarcity)	whistle-blower protection	internal audit
soil degradation	investments in human capital and communities	independence of the board
deforestation	anti-discrimination on all bases,	executive remuneration
natural resource consumption	tackling inequalities and promoting equality of opportunity	fraud and corrupt practices
waste management	safe and healthy working environment	shareholders' rights

Table 2 cont.

1	*2*	*3*
biodiversity and ecosystem protection,	health and safety of customers, local communities, surroundings	stakeholder engagement
risk of no energy transition	customer privacy protection	deficient ESG risk control systems
developing low-carbon and other environmental technologies (transition risk)	training and development	requirements in the supply chain
regulatory constraints, including additional taxes and charges, e.g., carbon tax (transition risk)	non-respect of human rights (forced labor, child labor, modern slavery),	compliance with non-financial sector regulations
physical risks associated with climate change (extreme weather events and gradually worsening climatic conditions), including the effects of natural disasters, which may affect, e.g., the value of assets	non-respect of workers' rights: right to organize, right to strike, right to collective bargaining, ethical standards of employment	risk of financial liability for the negative impact of the business (compensations, fines)
changes in consumer sentiment and preferences related to increasing awareness of environmental risks	risk of lack of threat prevention against terrorism and cybercrime	
risk of financial liability for the negative impact of operations (compensation, fines)	contagious diseases (affecting humans or animals)	
	risk of financial liability for the negative impact of the business (compensations, fines)	

Source: BNP Paribas Poland Integrated Annual Report (2022, p. 164-165).

4.2. ESG as Part of Credit Risk Policy

Financial institutions use three-line defense model to manage the risk including (i) business itself, (ii) risk function, compliance, and – for certain matters – finance, legal and tax, and information risk security and (iii) internal audit. Being said that ESG became an integral part of bank's risk management, all participants of the process should obtain sufficient knowledge and follow up-to-date specific regulations. In managing credit risk process on the daily basis, most duties lays on the second line of defense – client risk division. Regarding ESG, the process has been systematized and made more detailed through the implementation of the EBA's ESG Risk Guidelines described in point 2.3.

More and more banks include ESG assessment activities for corporate clients both for new and prolonged financings. At the moment in most banks this kind of assessment is obligatory for the biggest clients. In the next steps, this obligation will be introduced to the borrowers segmented as SMEs, what is linked with growing awareness of ESG management, creating internal resources and the development of reporting requirements and standards for smaller com-

panies. It's worth noting that beside new ESG standards in risk management of the borrower, the other best market practice is to be compliant with international standards related to the financed project, that is why the biggest financial institutions refers, e.g., to Equator Principles in process of assessing environmental and social impacts.

In proper managing of the whole lending portfolio of the universal bank (one that provides service to all types of the clients, ranging from multicorporates to the individuals), it's also crucial to create separate materiality matrix for each sector or at least for those the most important. This exercise supports an increase of effectiveness of the analysis and efficiency of the process. It helps risk departments to mitigate situation of omitting significant risk or spend too much time on analyzing immaterial issues for particular borrower during the credit process. Presenting BNP Paribas Poland as an example, in 2022 bank conducted almost thirty thousands ESG risk assessments in the credit processes[3], therefore potentially inappropriate design of the assessment may have negative impact of the quality of the credit portfolio. Credit risk models, including ESG factors, are internal and highly confidential assets which consist many factors, among others, size and territorial scope of the bank, quality of the existing credit portfolio, or actual risk appetite. To visualize a mode of action of sectoral approach to risk management, we can refer to publicly available and well-recognized materiality matrixes. In Table 2 Sustainability Accounting Standards Board (SASB) presents an example of industry-led approach of identifying ESG risk for various types of business activities. What may be important for both external and internal counterparty of the company, for each industry material risk may vary, what is the key element in conducting proper assessment.

Table 3. SASB Materiality Finder for Exemplary Economic Activities

Dimension	General Issue Category	Health Care Delivery	Electric Utilities & Power Generators	Advertising & Marketing	Auto Parts	Metals & Mining
_1_	_2_	_3_	_4_	_5_	_6_	_7_
Environment	GHG Emissions		▪			▪
	Air Quality	▪	▪		▪	▪
	Energy Management		▪			▪
	Water & Wastewater Management	▪	▪		▪	▪
	Waste & Hazardous Materials Management					
	Ecological Impacts					▪

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[3] *BNP Paribas Poland Integrated Annual Report 2022*, p. 165. https://www.bnpparibas.pl/fileserver/item/1540876

Table 3 cont.

1	2	3	4	5	6	7
Social Capital	Human Rights & Community Relations	■		■		■
	Customer Privacy	■	■			
	Data Security	■			■	
	Access & Affordability	■		■		
	Product Quality & Safety	■				■
	Customer Welfare					■
	Selling Practices & Product Labeling					
Human Capital	Labor Practices	■			■	
	Employee Health & Safety	■		■		
	Employee Engagement, Diversity & Inclusion					
Business Model & Innovation	Product Design & Lifecycle Management		■			
	Business Model Resilience					
	Supply Chain Management	■				
	Materials Sourcing & Efficiency	■				
	Physical Impacts of Climate Change					
Leadership & Governance	Business Ethics					
	Competitive Behavior					
	Management of the Legal & Regulatory Environment					
	Critical Incident Risk Management		■			■
	Systemic Risk Management		■		■	

Source: *SASB Materiality finder*. https://sasb.org/standards/materiality-finder/

4.3. Sustainable Financing

Since 2013, when Vasakronan, Swedish real estate company issued first ever Green Bonds[4], total cumulative issuance of Green, Social, Sustainability, Sustainability-Linked Bonds reached approximately USD eq. 2.844 billion. Investors interested in this type of assets saw the fastest growth between 2018 and 2021 when the market had seen a three-fold increase. On the bond market, the major part plays financing of pure green project like green housing or renewable energy sources (RES), which share in global perspective has never felt below 50%.

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[4] *Vasakronan Green Finance Framework*, p. 2. https://wwwvasakronanse.cdn.triggerfish.cloud/uploads/2018/10/vasakronan_green_bond_framework.pdf

Poland has won the race to become the first ever sovereign to issue a green bond with a EUR 750 million bond financing a range of climate-related projects[5]. Still minor in share on the bond market, but more and more popular become Sustainability-Linked Bonds (SLB) which do not have specific green or social purpose, but the price of the coupon is linked with ESG performance of the issuer. Pioneers transaction on the global markets were first SLB for Italian multi-energy company Enel[6] and first sovereign SLB for Chile in 2022[7]. SLB issuance should be supported with Sustainable Financing Framework – the document clearly describing use of proceeds or KPIs and sustainable performance targets of the issuer. The document should align to The International Capital Market Association (ICMA) Sustainable Bond Framework and be supplemented with Second Party Opinion.
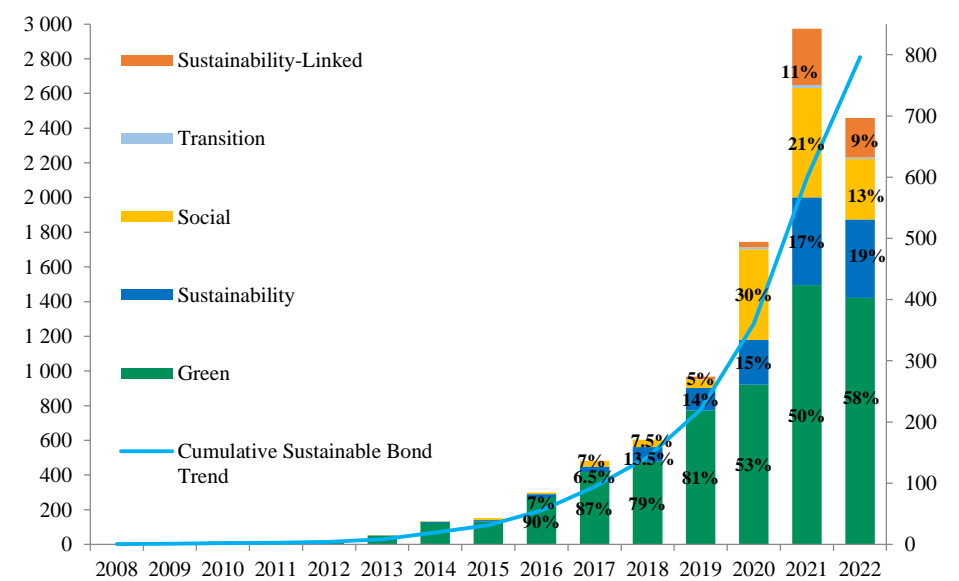
Figure 2. Sustainable Bonds Global Market

Source: Sustainable Bonds Global Market (2022).

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5   *Poland wins race to issue first green sovereign bond. A new era for Polish climate policy?* https://www.climatebonds.net/2016/12/poland-wins-race-issue-first-green-sovereign-bond-new-era-polish-climate-policy

6   *A new framework for even more sustainable finance.* https://www.enel.com/company/stories/articles/2023/02/new-framework-sustainable-finance-group

7   *World's first sovereign sustainability linked bond issued by Chile.* https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/world-s-1st-sovereign-sustainability-linked-bond-issued-by-chile-69226229

Sustainable loans have a way shorter history than their cousins on the bond market. Green and sustainable loans on the international level became visible in 2018 reaching EUR 83.7 billion. Inversely to the bond market, sustainable purpose transaction hold minor stake giving way to Sustainability-Linked Loans (SLL) which in 2021 constituted a record 90% share in the global sustainable loan market as presented in Figure 3.

SLL is a type of transition finance instrument in which commercial conditions of the loan are linked with borrowers' predetermined sustainability performance objectives. Taking into account still low quality of ESG management among majority of companies across various sectors and relatively low number of pure green purpose transactions, main aim of the SLL formula, by using commercial incentive, is to encourage borrowers to improve their environmental, social and governance factors.

Having started from sole ESG rating improvement path, e.g., provided in 2017 EUR 1 billion revolving credit facility for Phillips linked with Sustainalytics rating[8], SLL transactions started to be linked with structure based on 2-3 ESG KPIs of the borrower. In 2022, 41% of the syndicated loans issued in EMEA were under a Sustainability-Linked format compared to 33% in 2021. It is expected this number to reach 50% in 2023, if the dynamic remains the same. More and more banks have set strategic targets to increase their exposure to sustainable loans. Where EMEA used to dominate the sustainable lending market, APAC and Americas have gained market share and now takes almost half of the market in 2022.

The biggest SLL transaction provided for Polish company reached EUR 10 billion by Grupa Polsat Plus. The credit facility is linked with increasing energy production from RES to 800 GWh by 2025 and to 1,600 GWh by 2030 (base year 2021) and increasing the share of zero-emission energy in the total consumption of Group entities to 25% by 2025, 30% by 2026, and 50% by 2030 (base year 2019)[9]. Best market standards oblige banks to structure SLLs in line with LMA Sustainability-Linked Loan Principles.

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[8] *Philips couples sustainability performance to interest rate of its new EUR 1 billion Revolving Credit Facility*. https://www.philips.com/a-w/about/news/archive/standard/news/press/2017/ 20170419-philips-couples-sustainability-performance-to-interest-rate-of-its-new-eur-1-billion- revolving-credit-facility.html

[9] *Polsat Plus otrzyma kredyt z marżą uzależnioną od celów ESG*. https://www.esginfo.pl/polsat- plus-otrzyma-kredyt-z-marza-uzalezniona-od-celow-esg/
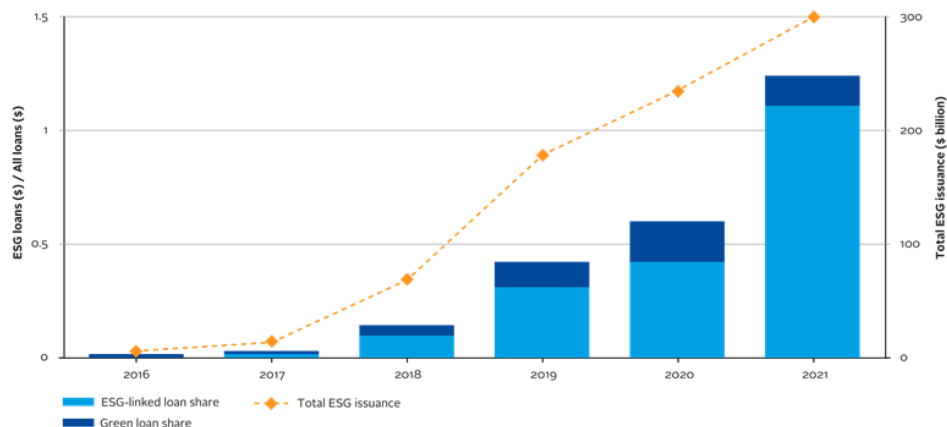
Figure 3. Rise of Sustainable Lending

Source: Kim et al. (2022).

5. Sustainability Challenges for Polish Banking Sector

5.1. Sustainable Developments Goals for Poland

UN Sustainable Developments Goals (SDGs) let each country systematize challenges and action plan for facing the local ESG issues. For effective implementation it's crucial to identify main areas of interest both on national and voivodship levels. As presented in Table 4, some of the issues like SDG 4 − Quality Education, SDG 7 − Affordable and clean energy or SDG 9 − Industry, innovation and infrastructure should be developed in majority part of the country. Projects and initiatives, by which individual SDGs' components will be accomplished require enormous financial expenditure both coming from UE funds and private capital, including commercial financing.

Table 4. Summary of Priority SDGs for the Chosen Polish Voivodships

Sustainable Development Goals	lubelskie	lubuskie	łódzkie	małopolskie	mazowieckie	opolskie	podkarpackie	podlaskie	pomorskie	śląskie	warmińsko-mazurskie	wielkopolskie
1 — SDG 1 – No poverty	●	●	●	●	●		●	●	●		●	●
2 — SDG 2 – Zero hunger	●		●			●	●	●				
3 — SDG 3 – Good health and well-being	●	●	●	●	●	●	●	●	●	●	●	●
4 — SDG 4 – Quality education	●	●	●	●	●	●	●	●	●	●	●	●
5 — SDG 5 – Gender equality							●	●				●
6 — SDG 6 – Clean water and sanitation	●	●	●	●	●	●	●	●	●	●		
7 — SDG 7 – Affordable and clean energy	●	●	●	●	●	●		●	●	●	●	●
8 — SDG 8 – Decent work and economic growth	●	●	●	●	●	●	●	●	●	●	●	●
9 — SDG 9 – Industry, innovation and infrastructure	●	●	●	●	●	●	●	●	●	●	●	●
10 — SDG 10 – Reduced inequalities	●	●	●				●	●			●	●
11 — SDG 11 – Sustainable cities and communities	●	●	●			●	●	●	●	●		
12 — SDG 12 – Responsible consumption and production	●	●	●			●	●	●		●		
13 — SDG 13 – Climate action	●		●	●	●	●	●	●			●	●
14 — SDG 14 – Life below water		●					●		●			
15 — SDG 15 – Life on land	●		●	●		●	●	●	●	●	●	●
16 — SDG 16 – Peace, justice and strong institutions							●	●	●			●
17 — SDG 17 – Partnerships for the goals	●					●	●	●				

Source: Implementation of the Sustainable Development Goals in Poland. The 2023 National Report (2023, p. 39).

All of the 17 SDGs should be treated as equally important, but if we should choose one of the most visible challenges standing in front of Polish nation, it would be definitely energy transition under SDG 7 – Affordable and clean energy. In this EU country of 38 million people and export value reaching in 2022 over EUR 400 billion[10], the energy mix is still based on hard and brown coal which together constitute source for over 70% of electricity production, what gives Poland an unwanted leading position in the ranking in EU.

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[10] *Kompendium Handlu Zagranicznego Polski – marzec 2023 r.* https://pfr.pl/ekspertyzy-ekonomiczne/kompendium-handlu-zagranicznego-polski-marzec-2023-r.html
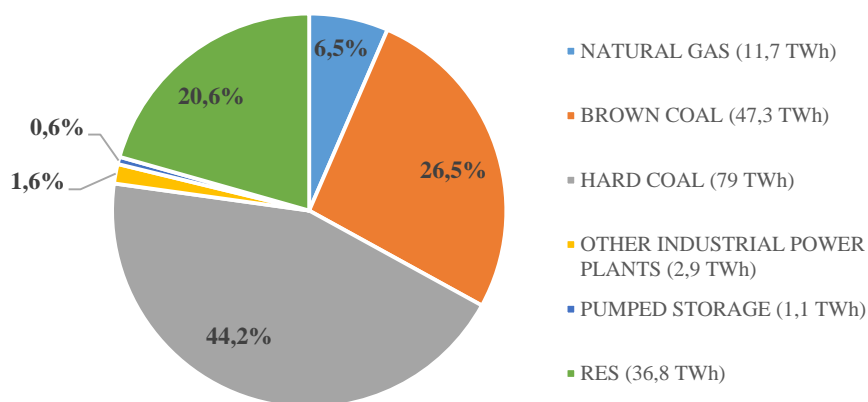
Figure 4. Electricity Production in Poland in 2022

Source: Transformacja energetyczna w Polsce Edycja 2023 (2023, p. 32).

Taking into account key factors like rising costs of price of CO_2 emission allowances under EU Emissions Trading System (EU ETS)[11] which financially rewards decarbonized economies, 2050 net-zero commitments set by the biggest corporates, e.g., Mercedes-Benz AG or Siemens AG[12] which are significant customers for Polish companies together with dynamic rise of gas market prices, a lot should be changed to remain Polish economy stable and competitive.

Poland's priorities in this field are (i) improvement of energy efficiency, (ii) creation of conditions for steady and sustainable development of energy sector, (iii) reduction of impact of energy sector on the environment and (iv) insurance of energy security of the state.

Key actions contributing to the SDG achievement in Poland[13]:

- Increasing the installed capacity of RES in the Polish power system,
- Supporting the development of the largescale energy sector,
- Ensuring the further development of distributed energy based on RES,
- Strategy for Distributed Energy Development,
- Polish Nuclear Energy Programme,
- Polish Hydrogen Strategy,
- Dynamic development of grid infrastructure,
- Construction of a smart grid.

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[11] *CO₂ emission allowances price in EU ETS system*. https://energy.instrat.pl/en/prices-eu-ets/

[12] *Companies Taking Action*. https://sciencebasedtargets.org/companies-taking-action

[13] *Implementation of the Sustainable Development Goals in Poland. The 2023 National Report, Ministry of Economic Development and Technology own study based on information provided by voivodeships*, p. 91-93. https://www.gov.pl/attachment/1b373b2e-43b0-4d6a-baa8-15326ec3a614

5.2. Active Role of Financial Sector in Accelerating Energy Transformation

In the time of big sustainable shift, Polish banking sector can play significant role in accelerating country sustainable transformation toward energy mix based on clean energy. To do this, financial institution can use two equally important tools.

The first one, directly linked with the climate risk, is identifying assets and business activities which can be recognized as unsustainable. Those financial institutions which consider profitability of their business more important in mid and long-term rather than gaining profits on the annual basis, are aware that unsustainable investments may become unwanted burden in credit portfolio in the following years. Following that approach, some of the international banking groups operating in Poland have already decided to resign from undoubtly great profits and quit financing both coal investments and companies with revenue linked with coal, e.g., ING Bank Śląski S.A. to 2025[14] and Bank BNP Paribas to 2030[15]. New sectoral policies limiting banking involvement in coal may have had also impact on investors on Warsaw Stock Exchange where, as presented in Figure 5, biggest energy companies with majority of assets associated with coal do not bring the profits to its shares owners in long-term perspective. Without decisive action to decrease revenues related to coal, these companies risk to be left behind with stranded assets and no interest from the market stakeholders in the future. Great example from the Polish backyard is high profile fiasco of Ostrołęka C project, a 1000 MW coal-fired power plant proposed by the former government. As estimated, losses due to the commencement of construction of the coal block amounted to approximately PLN 1.3 billion[16]. The total construction cost was expected to reach approximately PLN 6 billion and according to the local environmental NGOs, investor did not organize sufficient list of banks interested in financing new coal related investment[17]. In addition, commercial banks, e.g., mBank S.A. published official statements confirming lack of interest to provide financing to this project[18]. Inversely, companies investing in RES, electro mobil-

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[14] *Deklaracja ekologiczna ING Banku Śląskiego S.A. na lata 2017-2019.* https://www.ing.pl/o-banku/esg/esg-srodowisko/polityka-srodowiskowa

[15] *BNP Paribas is accelerating its timeframe for a complete coal exit.* https://group.bnpparibas/en/press-release/bnp-paribas-accelerating-timeframe-complete-coal-exit

[16] *Miało być pięknie, jest miliard strat. Tak politycy obiecywali nowy blok węglowy w Ostrołęce.* https://businessinsider.com.pl/wiadomosci/blok-weglowy-ostroleka-c-to-miliard-zlotych-strat-i-niespelnione-obietnice-politykow/0s30cm0

[17] *Ostrołęka C, Finanse.* https://elektrowniaostroleka.com/finanse

[18] *mBank nie ma nic wspólnego z budową elektrowni w Ostrołęce, rozwija finansowanie OZE.* https://pl.media.mbank.pl/62942-mbank-nie-ma-nic-wspolnego-z-budowa-elektrowni-w-ostrolece-rozwija-finansowanie-oze

ity or green hydrogen technologies like Polenergia S.A. present constant growth what attracts and arouse attention of banking sector and potential investors.

▌Polenergia	72,60 zł	+46,44 zł	↑ 177,52%
▌Tauron Polska Ener...	3,64 zł	–1,29 zł	↓ 26,17% ✕
▌Enea	7,22 zł	–8,67 zł	↓ 54,56% ✕
▌Energa	8,26 zł	–7,93 zł	↓ 48,98% ✕

Figure 5. Percentage Change of Share Prices of Selected Energy Companies Listed on Warsaw Stock Exchange, 12.10.2023, Google Finance

The cost of energy transition to 2040 is estimated to reach PLN 1.600 billion from which electricity generation sector will amount to approximately PLN 320-342 billion. 80% will be allocated to zero-emissions units, i.e., RES and nuclear power. Beside UE financial programs like Just Transition Fund, Recovery and Resilience Facility Cohesion Policy, the energy transition will need strong support from the banking sector. Despite the fact, that this kind of investment are enormous business, from the operational point of view Polish banks need to face two significant challenges – (i) how to bear such a high investment cost and (ii) how to price the risk for transactions that have never been performed on the Polish banking market – offshore wind farms and nuclear power plants.

After several years of successful large-scale PV farms development, Baltic Power, a 1200 MW offshore wind farm under development in joint venture structure between Polish Orlen and Canadian Northland Power, is the first offshore and the biggest RES project which has ever received banking financing in Poland. The total budget of the project is estimated at approximately EUR 4.73 billion. The repayment of the loan will be based on future financial surpluses

generated by the project. The investment will be financed in the Project Finance formula, which is particularly beneficial for investments requiring significant expenditure and time to achieve full efficiency. The consortium of 25 financial institutions that decided to support the project includes Polish and international commercial banks, expert credit agencies (ECA) and multilateral institutions, including, among others the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD)[19].

Energy Policy of Poland Until 2040, an official government document in this field, confirms that nuclear power will be included in the energy balance of Poland after 2030[20]. Two state-owned and one private nuclear power plants are planned to be the basis of new Polish energy mix which will be supported with less predictable RES. With the development of technology, so called traditional nuclear power plants will be supplemented on the market with small modular reactors (SMRs), advanced nuclear reactors that have a power capacity of up to 300 MW(e) per unit, which is about one-third of the generating capacity of traditional nuclear power reactors. At the moment the leading role on this market holds BWRX-300 technology designed by GE Hitachi[21]. The development of this kind of reactors is already of big interest to large Polish companies, e.g., KGHM which has already obtained a fundamental decision for regarding the construction[22] or Synthos Group which together with Santander Bank Polska, Bank Pekao S.A., Bank PKO BP and Bank Gospodarstwa Krajowego have signed a partnership agreement based on which the signatories will work together to prepare an optimal financing model for the construction of BWRX-300 reactors and then secure the necessary financing[23].

Conclusions

Sustainability issues were the main topic of Earth Summit in Rio de Janeiro (1992), then strategic international documents were negotiated and published in the form of Kyoto Protocol (1997) or Paris Agreement (2015). On the financial institutions level, international banks like ING Group have been tracking and

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[19] *Baltic Power z umowami kredytowymi dla pierwszej polskiej morskiej farmy wiatrowej.* https://balticpower.pl/aktualnosci/baltic-power-z-umowami-kredytowymi-dla-pierwszej-polskiej-morskiej-farmy-wiatrowej/

[20] *Energy Policy of Poland Until 2040*, p. 56. https://www.gov.pl/attachment/62a054de-0a3d-444d-a969-90a89502df94

[21] *BWRX-300 small modular reactor.* https://nuclear.gepower.com/bwrx-300

[22] *KGHM otrzymał decyzję zasadniczą dotycząca budowy małej modułowej elektrowni jądrowej (SMR).* https://media.kghm.com/pl/informacje-prasowe/kghm-otrzymal-decyzje-zasadnicza-dotyczaca-budowy-malej-modulowej-elektrowni-jadrowej-smr

[23] *Najnowocześniejsza i najbezpieczniejsza energia jądrowa w Polsce.* https://www.synthosgroup.com/najnowoczesniejsza-i-najbezpieczniejsza-energia-jadrowa-w-polsce-2/

monitoring their sustainability performance since 1995[24]. Although since these events has passed quite some time, we may have a strong impression that preventive actions against climate changes and toward sustainable economy really accelerated only 2-3 years ago. Strict regulatory package, decrease of the unsustainable assets value and heavier and heavier weight of the ESG factors in estimating credit risk are the main drivers for sustainable transformation of the banking sector. In the recent years decisive actions of the biggest banking groups motivated the rest of the sector players to follow the leaders and incorporate sustainability as an important pillar of the business strategy rather than treat it farther as a part of corporate social responsibility (CSR). Today it would be difficult to deny that sustainability issues have colossal impact on financial institution services.

For the purpose of this monograph, energy transition was chosen as an example of challenge and implementation of the sustainability issues. Considering materiality matrix of the banking business model, the biggest impact will be always located in credit portfolio. But taking into account all the 17 SDGs, customers of the bank may also see a real change in behavior of the financial institutions and proactive reduction of the their negative impact in many ESG aspects. More bank branches accessible to disabled people, finance responsibility and cybersecurity education campaigns or paper and plastic-less optimizations are great examples of sustainable way of doing business, not philanthropy initiatives. Sustainable transformation, as any comprehensive change of well--functioning system is rather costly, but there are no considerable voices confirming that this global trend will turn around. Therefore costs should be treated as investments and in the end there will be laggards who would pay more or lose their market position likewise had happened for many companies during early phases of digitalization. Definitely sustainability is already playing an important role not only in shaping financial services, but it's also using them as a significant tool to convert the whole current economy into more sustainable one.

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[24] *ING Sustainability Report 2011*, p. 30. https://www.ing.com/MediaEditPage/2011-Sustainability-Report.htm

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Collaborative Finance and Sustainable Service Marketing – Opportunities and Challenges

Franciszek Olejnik

Introduction

It is not a subjective hunch of mass media recently, that nowadays there is an increasing demand for sustainable lifestyle in a variety of consumers' life areas. Across many areas, the similar trend in finance is visible. One may raise the question: but from where did it come into existence recently? Well, in 2007 we had a major collapse in the subprime loan market, which globally led to the so-called Financial Crisis of 2008. This event had an immense impact not only on those involved directly, but also on those economies that were not even close to the United States borders, where it all had started. Aside from direct financial and employment downsides, it was a cornerstone of plummeting trust in traditional financial institutions. Therefore, individual consumers craved alternative ways of living. People were starting to question the idea of ownership over the suggestion of utilizing goods and services in a better way. What is important here, this is not a newly forged behavior – even if one may consider so by searching through the past few decades only. To be precise, people as a species had to collaborate from the early days of foragers which back then mostly literally meant sharing instead of owning. That is why collaboration and sharing translated straightforwardly to hunter-gatherers' community members' survival. Zooming back to the twenty-first century, we also experienced vast development of the Internet which was the foundation for online community-based platforms soaring. Those predominantly are able to gather people with the same interests across physically hardly omitted borders. Besides other communities, the ones interested in sharing goods or services in numerous manners sprung up, with mainstream intermediaries excluded. And that is how the phenomenon of the sharing economy emerged in the past decade in a brief summary. As a consumer, one may acknowledge branches of it. For instance, in transportation or housing. Their commonly recognized brands in the market are Uber and Airbnb, respec-

tively. Among others, there is one associated with finance – collaborative finance. There are different sub-branches obviously, but one that might be discussed through sustainable service lenses here is established as crowdfunding (e.g., Kickstarter). It has to be mentioned that the author believes that the entire sharing economy can, yet this one already gained significant traction which made it a good entry point for scientific research. Why is that? Because the sharing economy is aiming for better service or good utilization. That means that it is not insufficient consumption or overconsumption, but sustainable one. There is also substantial work in the marketing area to promote such solutions in today's world full of consideration about resource scarcity. And it is no surprise that every disruptive or innovative solution has some risks embedded or will imply it as a result of being implemented.

Therefore, there are two main aims of this chapter. At the outset, to assess marketing opportunities in crowdfunding in the context of sustainability. Secondly, to assess challenges and risks associated with crowdfunding while taking in consideration sustainable development.

To reach that objective, the author is firstly going to briefly define sustainable service marketing as an entry point. Next subchapter will be focused on presenting the sharing economy and the collaborative finance landscape with deepdive into crowdfunding itself as a theoretical background. Then, the methodology of case research will be presented, which was used to reach the given goals. Later, the results of the author's own case research will be presented. The chapter will be closed with conclusions and limitations.

1. Defining Sustainable Service Marketing

Marketing itself has been in scientific discussion for decades. Marketing revolves within its mix (4P) that contains: price, product, place, and promotion or some researchers use 7P which adds people, process, and physical evidence. Marketing is also a process in which companies create value for customers and build relationships with them to capture value in return (Kotler & Keller, 2016). Marketing can be also defined as a process of identifying, anticipating, and foremost fulfilling the needs of customers (Baker & Hart, 2019). Then we have service marketing which may be defined as a strategy of shaping, communicating and evolving offering that helps companies to leverage capabilities to meet the needs of customers, including relationship building, quality, and customer satisfaction (Chen et al., 2019).

The strive for sustainability seems embedded into today's consumption. It also became an alternative in a way to consumptionism (Smyczek, 2020). But why? Any endeavor undertaken by people will interfere with the environment. In recent decades greed, consumptionism promotion, neglect of Earth resources limitation and overpopulation led to the crisis. People seem to likewise believe technology has only good outcomes (Max-Neef, 2010). The UN in 1969 already spotted the crisis. Report published that year called Man and His Environment was the first of many in that manner. It gave the foundation to forge sustainability. And as always, it pulls the next questions: what does it really mean? To consume less? Perhaps, to consume in a different way? Well sustainability was viewed from many angles and via various lenses. Therefore, there is no single way to describe it and it is not the purpose of that paper. The author however wants to extract sustainability to uncover subtle connections between it and collaborative finance. So how to understand sustainability? There is research conducted by A. Di Giulio and F. Fuchs (2014) that constructed the so-called sustainable consumption corridor. Researchers designated both ceiling and floor for a given corridor as frontiers in which one should operate thinking of consumption. On the one hand, there is a minimum quality standard that fulfills the requirements of a good life (or decent life). On the other hand, there is a maximum standard that can be reached in order to guarantee not excessive use of available resources and spare them for other human beings and next generations to come. Everything that falls in between those boundary conditions, is hence considered as unharmful for the environment and explicitly speaking – sustainable. Obviously, there are limitations of how to forge a list of needs and levels of qualitative good or service standard and quantitative use of one that fits the limits. From a scientific point of view, this list dilemma is known since the first occurrence of discussion in the area of sustainability (Zrałek, 2020).

In literature, sustainable service marketing beyond the strategic process of identifying, communicating, and delivering services that meet customer needs, also has to address any kind of social or environmental issues (Conduit et al., 2018). The companies have to be aware of societal well being or long-term ecological goals (Grönroos & Voima, 2020) and generally balance between customer satisfaction and impact on the environment (Tuan, 2019). For the sake of the following chapter, the author is willing to consider sustainable service therefore, as a one that is appropriate for the same category as above. Meaning it helps to achieve 'good life' without degrading the environment.

Last part that has to be merged is marketing in this context. Therefore, the author believes that sustainable service marketing is the way of promoting services that connect two sides of a transaction to meet their individual goals or

needs without negative impact on the environment or people and with proper utilization of given resources. And for the past 15 years, such sustainable service is known not only in academic circles but slowly reaching mainstream.

2. Sharing Economy Phenomenon

The sharing economy has interchangeable names. It is being called 'collaborative economy', 'collaborative consumption', or 'on-demand economy' (Felländer et al., 2015, p. 13). Despite the variety of names, it also lacks one unambiguous definition. A good way to start defining it is to begin with consumption itself. However, consumption lacks one clear designation likewise. Generally, consumption has its Latin roots ('cosumo', 'consumere') and means eating, intake, or use. Accordingly, consumption in today's lenses is a real process associated with gathering information, calculation, and eventually decision-making (Kieżel, 2010). One could therefore say that consumption is fulfilling the needs of an individual. Well, at first glance it seems like the one definition that the author was looking for. Yet, globalization and our access to various resources changed the general perception of nowadays consumption. The consumption itself consequently became more symbolic than rational. Individuals tend to value branding and other non direct economic factors. Kieżel stated that they are not consuming anymore only to meet their needs, but also to create an image for themself and in front of each other. That image was associated with ownership indicating the level of individual social and economic position within a certain community (Kieżel, 2012). However, the following generations see consumption differently. It seems that due to soaring consumer awareness and low trust in mainstream institutions, they are seeking alternative ways of consuming and living so-to-speak. The second factor was triggered mainly by the Financial Crisis of 2008. The subprime loan collapse was preceded by an evident enormous strive for profits in the banking sector in previous years due to uncapped mortgages. The housing bubble burst initiated by the Lehman Brothers bankruptcy backfired especially in terms of trust to conventional financial players on the market. Up until then, they were perceived as individuals' finance sentinels and banking world-order sentries. It is not far from the truth, frankly. Globally many workers were made redundant and house owners lost their mortgaged accommodations. This is a no-brainer, if one loses entire life savings and safe ground, one will feel no reliability in those that caused that. Simultaneously, youth consumers tend to perceive consumption through different lenses than their antecedents. There is an increasing desire for a sustainable way of life visible in their actions

(Rudawska, 2016). There are various ways of reorganizing or interacting with the market from a consumer point of view. Among those, there is collaborative consumption. It is defined as a process in which at least one individual consumes goods or services by engaging in activities with others, yet without transferring ownership (Felson & Spaeth, 1978). The main transaction binder and 'currency' here is the trust between those involved in the process (Bostman & Rogers, 2010). Therefore, it was also called 'non-ownership' consumption (Burgiel & Zrałek, 2019).

It seems like the past 20 years in terms of above mentioned factors were grist to the mill of consumer behavior and thinking of trust as mine foundation of transactions without traditional intermediaries.

With this short yet meaningful context, the sharing economy may be understood as a peer-to-peer activity of sharing goods and services. It is commonly achieved by online and community-based platforms (also in some literature called marketplaces) (Belk, 2013). It has to be underscored likewise, the definition should contain that the transfer of those does not include ownership, only utilization (Burgiel & Zrałek, 2019). It is important to unlock the value of under-utilized goods or services. The sharing here stands for a variety of undertakings including but not limited to bartering, swapping, gifting, renting, trading, lending, and borrowing (Piscicelli, 2015).

To have a wider understanding of the sharing economy, the author is willing to paint a picture of its main characteristics. Therefore, the top 4 of those are:
- there are three main actors and there is an interplay within that triad:
  - the platform (e.g., Uber) – links peer sides of the transaction and watches over the safety and reliance of transactions (mostly by implementing a two-side rating system),
  - peer service or good provider (e.g., Uber driver) – accept and provide the service or good (here willing to take passenger to chosen destination),
  - peer consumer (e.g., Uber passenger) – demand the service through an online platform (here in need of transport from point A to point B),
- the marketplace of the platform is Internet-based with certain communities gathered,
- the main transaction chord is trust between peers (still ensured and double-checked by platforms' mechanism and in some cases employees),
- services and goods are shared between peers – but excluding the platform which is in that case intermediary. As was already mentioned, there is no transfer of ownership included (Lang et al., 2020).

Knowing the theoretical part, the author was willing to find and categorize, based on literature, the areas, and factual implications The real-life examples of the sharing economy may be found in a variety of areas and different parts of the globe.

Table 1. Areas and Examples of Sharing Economy

Area	Example
Housing	Airbnb, Badi, HomeAway, HomeExchange
Work	OneCoWork, TaskRabbit
Food	Too good to go, Foodsi, OLIO
Travel	JadeZabiore
Transportation	Uber, Lyft, Bolt, Turo
Clothing	Rent My Wardrobe, Poshmark
Gardening	YardshareTO, CultivateTO
Storage	Neighbor
Parking Space	JustPark
Healthcare	CrowdMed

Source: Adopted (Cichy & Pyka, 2013).

It is also visible and important for that article, that with the cultural shift, technological advancements, and economic crisis, the role of ecological and economic sustainability has grown tremendously and that is associated with the sharing economy and each of its branches (Lahti & Selosmaa, 2015).

The author believes that this is a well-enough covered foundation to dig into its financial heir which has not been explored at all yet – collaborative finance.

3. Financial Heir: Collaborative Finance and Crowdfunding

Among other sharing economy branches, there is collaborative finance. As it can be already deciphered from its name, it revolves around financial services. It is also understandable from The Financial Crisis of 2008 point of view. Individuals lost their trust in mainstream financial institutions and intermediaries, therefore they were seeking for other financial instruments providers. In terms of accessibility, it also includes low-income households that before were not able to take part in such transactions due to provisions or inability to understand complex financial products.

Hence, collaborative finance may be described as transactions in financial manner between consumers (peer-to-peer) without the mainstream financial establishments' intervention or intermediation. It is not limiting intermediaries' platforms to operate within that. In fact, it enables many new companies to enter the market and act as one. There are online and community-driven platforms that were made mainly purposeful. Yet even Facebook, as a social media platform,

allows its users to gather and collect funds, regardless of the aim. It is so-called crowdfunding, which among others, is one part of the collaborative finance spectrum. Others are social lending, P2P currency exchange, and social saving (WWW2). To uncover it fully, the author is willing to briefly describe each one with a wider explanation of the theory behind the crowdfunding, since that is fundamental for diving into challenges and opportunities associated with its applicable examples. Rest of branches will be likewise illustrated to distinguish one service from the others.

Firstly, there is social lending. One might get confused here and mistook it with crowdfunding. Yet, there is a main difference. Crowdfunding will be described fully in the next passage, but projects in that manner are aimfull. In contrast to social lending, where individuals aiming to make their fund useful are not concerned with the rationale and objectives behind the projects. In reality, in social lending it is not even considered a project in a crowdfunding way. To put it bluntly, those in need of funding ask those with spare money for a loan on arranged and agreed terms via online platform or marketplace. It should be underscored here, that this is not only an alternative way, but also only one to get access to funding from the borrower point of view. Secondly, P2P currency exchange which covers other financial transaction types. This one is self-evident. The marketplace enables peers to exchange currency at an agreed by them rate. Then, there is social saving, which stands for helping individuals to save money for a joint and agreed goal. It helps with better friends and family engagement (WWW1).

Finally, there is crowdfunding itself. It has been trending in mainstream and non-scientific discourse for almost 15 years now due to its phenomenal characteristic. It essentially helps pioneers to bring disruptive ideas into life. One would ask 'how come?'. To put it simple, crowdfunding is the way to gather funds for projects, ventures, or other entities' launches. In some cases, crowdfunding is not about business endeavors, yet about charitable. It can swivel around health, sports, support for victims of any kind, education and so on. There are also projects to fulfill the creator's dream. However, the author is willing to focus on the business approach and projects associated with it.

On the one hand in a business manner, there are innovative people or entire teams without access to fundamental assets to keep working on the project – money. On the other hand, there are individuals with surplus funds in their pockets. This is a sustainable part of that service. Usually, those surpluses would not meet requirements of mainstream investments in terms of volume or commissions mixed with complexity and risk would scare away those individuals willing to make use of their spare funds. It straightforwardly means that in conven-

tional situations those residuals would not find any adequate use and frankly speaking, will be wasted.

Adequately, one rarely understands or is even allowed to have information of how and where are his or her funds invested in. Some institutions and investment funds are issuing badges or other certificates that they will use your money for sustainable opportunities. Yet, most of the time individuals are not aware if they are for instance not sponsoring any ventures that are harmful for the environment or certain communities. Therefore, the other characteristic to distinguish crowdfunding from the backer point of view, is the idea that one may invest in projects or teams they hold strong belief in. And to underscore, in many cases it is not a one-way flow. Some of the projects promise backers early or 'premium' (for collectors) version of the product (mostly there are products but sometimes we may speak about access to services and therefore backers are granted the ability to use it in some manner). Since it is mainly about launching new ventures, it is associated with risk of loss obviously. This is no different compared to usual ways of investment, naturally. One may say that risk is higher, since there is no significant entry barrier for fund-seekers, despite of course convincing individuals to invest. Yet, let's assess that then. What amount of money is under the risk of loss?

Apparently, the entry point for individuals in the collaborative finance market is immensely low. In some cases, the amount one has to invest is around USD 1. Those residuals will not make a difference if one will think of the quote itself. Yet, in crowdfunding it is rarely about that. The breakthrough comes from a leverage that is based on the quantity of backers, not single fund flow. For instance, in the 2021 card game and team sharing the same name 'Exploding Kittens' raised USD 8.7 million on Kickstarter based on 219 thousand individuals (WWW2) who backed the project, and it is considered the greatest project of all-time in terms of investors number. What is more important, the precise calculation will give an average amount of USD 40.03 per individual. It cannot be omitted, the Kickstaters and crowdfunding allow founders of Exploding Kittens access extensive funding which by the mainstream ways may not be possible to raise.

And since the platform was already mentioned, there are meaningful players between peers here likewise. The online-based platforms that gather certain communities. First and foremost aim, obviously, is to enable peers to collaborate. One may consider it as an open stage or showcase to present one's idea or need in front of a broad audience that is gathered there for that specific reason of backing someone's idea. Despite this, most platforms have two additional duties to accomplish. Being Internet-based is also an important characteristic here, it

makes it possible for individuals to back up desired projects, regardless of their geographical position. Of course, it brings another dimension of risk. As individuals may send their funds to interesting ventures, they have barely or low chances of double-check, whether the product or service collector is forging or not and if yes, will he deliver it as was stated and on time. Therefore, platforms are imposing additional layers of verification. Screening the projects is vital to maintain a level of trust upon not only gatherers but the platform itself (Belleflamme et al., 2014). It seems like this is crucial only in reward-based and equity--based crowdfunding, yet there are some real life cases when projects backed up by celebrities were later found to be a scam. Even in a non-business environment. For instance, top-notch Polish athlete, Robert Lewandowski in 2017 decided to back up a project which aimed to help a 4 year old boy fight cancer. With his wife, they transferred PLN 100 thousand (approximately USD 27 th. at a time). His presence confirmed the reliability of the endeavor which led other celebrities to join the unequal battle against boy's disease. Later, another platform named SiePomaga (could be translated into 'helps out'), which previously failed to verify the project, alarmed the authorities. In terms of health projects, now platforms require medical documentation for inspection only, not to share with a broader audience. Back then, only the most established one did. And since the project launcher was not able to provide, they disqualified him. However, he found a different one called Zrzutka.pl (could be translated into 'collections') with a more liberal approach to setting new projects, even in the health sector. After the alarm was raised, the owners of Zrzutka.pl platform asked the launcher to provide documentation proving the actual need of gathering money. Obviously, he failed to do so. Luckily, Zrzutka required KYC (Know Your Customer) verification. Therefore, they knew who was standing behind the fake project and they had all necessary data to share with police. Eventually, the project launcher was found guilty and sentenced for 10 years in prison. He scammed 5.7 thousand people for a total amount of PLN 486 thousand (USD 131 th.). Only 110 thousand were recovered. The remaining amount was spent on personal spending of the project launcher (WWW3). This happened in 2017, yet theory knew it even in 2014 that there is a risk of starting fake projects and scamming people. And this implicatory example is self-explanatory, yet it is worth to underscore that the platform function is not limited only to sharing projects, but verifying and stating reality behind that.

In terms of platforms itself, they gain profits in most cases. They operate on diverse business models. They are generating revenue through fees, commissions, or subscription-based models. These revenue models impact platform behavior and the quality of services they offer (Mollick, 2014). Some platforms

on Polish markets ask for donations during backing up projects. For instance, Zrzutka.pl is free of charge. However, they are asking backers to add on top a small amount of money for their operations. Another way is to promote some projects and put them on top of the list of different sections, like recommended or trending. Yet, most platforms make it accessible and do not require any fees upfront.

To sum up, crowdfunding as a sustainable service comes with opportunities and risks from a theoretical point of view. Let the author start with stressing those one by one.

Therefore, main opportunities for collaborative finance and sustainable service marketing from theoretical point of view are:

1. Accessibility – crowdfunding platforms and other collaborative finance branches are often accessible to a global audience through those online platforms and marketplaces. This enables businesses and projects to reach potential backers worldwide, increasing their visibility and potential for funding immensely. Obviously, accessibility works for both sides here, hence backers can also access projects from different world corners and according to their beliefs.
2. Product validation – it is not only about access, but project launches are able to verify their product idea before even launching anything. This is especially interesting from very innovative or disruptive ideas which may be immensely difficult or at least costful to conduct market validation. And the validation here is straightforwardly measurable – in the amount of money collected from potential backers that believed in the project.
3. Alignment with sustainability goals – sustainable service marketing can benefit from collaborative finance by attracting environmentally and socially conscious investors and what is more important, as a service it is indeed a sustainable way to use residual resources (in that branch of sharing economy – money).

Then, main risks for collaborative finance and sustainable service marketing from academical point of view are:

1. Regulatory uncertainty – collaborative finance is subject to evolving regulatory environments since there is not always need to be officially approved. For instance, in Poland to be a financial institution, the Financial Supervision Commission has to approve that, priorly doing due diligence. Accordingly, crowdfunding platforms have to apply for that as well (they are considered financial institutions as they collect money and transfer it to project launchers), but since they are not banks, sealing the license is easier. This regulatory uncertainty can pose risks to businesses and projects, as changes in regulations may impact their operations, fundraising efforts, or marketing practices.

On the other side, there is mostly no refund policy embedded which might frighten potential backers.

2. Trust – maintaining a positive reputation and trust among stakeholders is crucial. Any breach of trust, such as financial mismanagement or a fake project, can lead to reputational damage and a loss of investor or consumer confidence. This lost trust will not only be upon project launchers, but for platforms or even worse – the entire crowdfunding idea.

3. Overpromising – on the one hand, there is project validation and a great marketing idea (or as in previously mentioned example – heartwarming charity one) but on the other one, there is lack or insufficient validation of skills or ability to deliver the promise.

Assessing those is a crucial entry point for latter case research confirmation. There are valid opportunities for sustainable service marketing, but there are also risks associated with it and it is another great consideration of how to overcome those obstacles. Yet, before exploring the cases themself and trying to confirm the theory, the author is going to briefly portray the last step needed – the chosen methodology.

4. Methodology of Research

The author used a method called case research. To ensure scientific regime, the process was based on the W. Czakon (2011) description in a paper dedicated to fully covering this method. Limitations will be discussed in the following passage, but the author has decided to choose that method and it has to be mentioned upfront. The case research method is not aiming to create generalizations about collectivity. It has to be underscored, it aims to create new hypotheses, test the theory and understand practical applications. However, the author had decided to use it, due to its deep dive analysis into real life cases to extract theory. The author is willing to zoom into and go through W. Czakon's designation of that method.

Firstly, the author had to forge a research question, which due to that method is free of assumption of any characteristics and relationships. The author believes that asking 'are there any marketing opportunities in crowdfunding?' and if yes – 'can we assess it?'. Simultaneously, 'are there any risks associated with crowdfunding?' and if yes – 'what are they?'. Obviously, questions reflect the entry point of the article and entire research here.

Therefore, author took into consideration five main requirements, that are needed to be met in terms of quality case research:

1. Access to data. This one is simple and pragmatic. Without having proper access and transparent data, the problem with drawing relationships and conclusions may occur.
2. Unambiguity. One has to provide the cases that have scientific vividness that may lead to unequivocal conclusions.
3. Diversity. During pairing the cases, the researcher should provide a differentiator. It may be a contrary case or those happened in opposite circumstances.
4. Take from 4 up to 10 cases into consideration and divide them into 2 up to 5 pairs. Each pair should be in miscellaneous industries or display diverse dynamics. It has to be ensured to draw conclusions free of specific situations or ingenuity bias.
5. To take a scientific position which may help you to paint a full picture of the process being researched. The suggestion here is to find metaphors, for instance life cycle metaphor will lead researchers to take cases of companies from early days, mature ones and those in decline.

To meet given requirements, the author has decided to go with cases of: The Peachy Printer vs. Printrbot and Skarp Technologies vs. Supply.

It is worth mentioning that conduction of case research differs from usual quantitative research. It appears that typical research is linear in terms of forging hypotheses, case research is typically more cyclic. In the manner of collecting data, it has to be emphasized that it should include various sources of data. For instance, qualitative data may include observation, being part of a situation, interviews, archival materials, and many others (Czakon, 2011).

5. Cases Characteristics

5.1. The Peachy Printer vs. Printrbot

First pair of cases that was taken into consideration was a case of The Peachy Printer and Printrbot. Both companies were hardware entities that operated on the emerging market of 3D printers at a time. Before diving into the case, the author is willing to make short comparisons of both.

Table 2. The Peachy Printer vs. Printrbot

Project name	The Peachy Printer	Printrbot
Year of launch	2013	2011
Number of backers	4420	1808
Funds gathered	circa $480 000 (CA$ 641 091)	$830 827
Mission	The world's most affordable 3D printer	A desktop 3D printer you can build in a couple hours
Result of the project	Claimed a scam ($320 th. were spent on building co-owners' house) (WWW5), no refund received	Delivered the product which started another successful campaign later. For the project launcher it was likewise the start for a career as a CEO of Printrbot, Inc and later Joule Motors LLC. He also became TV tech expert (WWW6)

Source: Made by the author (WWW4, WWW5).

Even though, 3D printer patent was granted in 1986, for the commercial side, the years 2010-2012 was an intense period. However, the product of such type was not established on the conventional market and for Kickstarters projects, it was a way to validate the consumer demand. This one could be claimed as evidence for the second point of theoretical considerations – market validation. It seems like the timing for both projects was well assessed to face success in terms of collected amount.

In fact, 3D printers are using less materials during production than mainstream, which makes them sustainable as a product (Jandyal, 2022). This actually falls into the third point of alignment with sustainability goals. However, the author here is aware that backers' desires could be different.

In terms of collaborative finance, both companies used the Kickstarter platform to launch projects. They attracted backers by implementing the reward system – meaning even if you pledged USD 1, you will be already awarded in some way. For the biggest pledge, USD 999 you would receive your own, fully calibrated product. Therefore, both were crowdfunding projects.

From a marketing perspective, they kept it simple. The stories were short but well described with videos and links. What is more, Prinrbot aimed to cover a niche – small and easy to assemble 3D printers for everyone. Both, even scanning through the project website in 2023, delivered engaging content and the author was still able to find answers on any question associated with the products or project. They emphasized marketing mix fit: product was described, price was there, place (how they will receive product later) likewise. The Peachy Printer also describes founders' bios – which stand here for people (6P).

Both projects attracted many backers. The author was willing to make a breakdown community origin to confirm or reject accessibility.
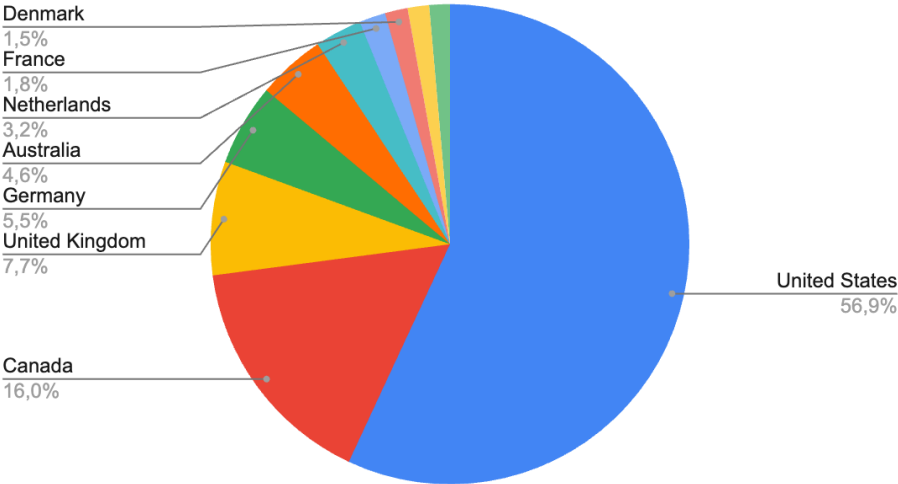
The Peachy Printer community

Figure 1. The Peachy Printer Community Breakdown

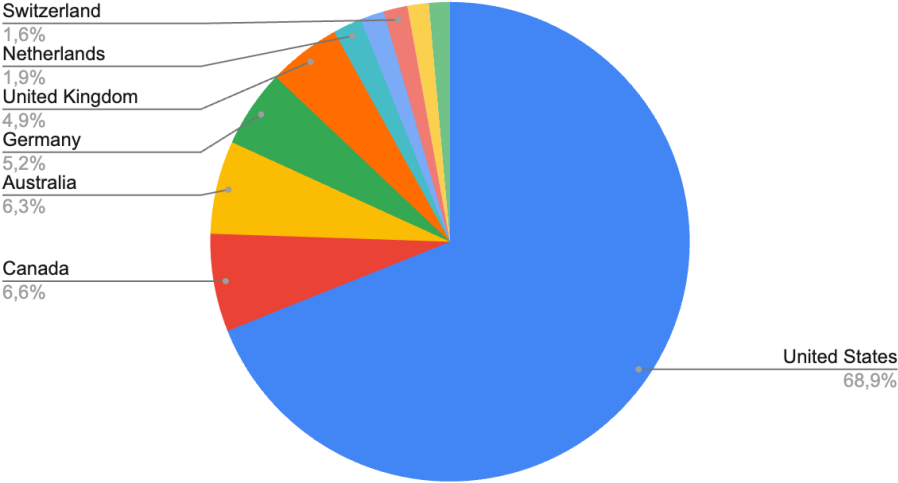Source: Made by the author (WWW4).

Printrbot community

Figure 2. Printrbot Community Breakdown

Source: Made by the author (WWW5).

Both attracted backers across not only borders, but continents like Europe, Australia, and Asia. In reality, it is worth noticing that The Peachy Printer was a Canadian based project, yet only 16% of backers were from that country.

That being said, the author went to check risks. The cases were specially chosen as successful and fraudulent on a similar product, to have good comparison for challenges as well. Since The Peachy Printer was found to be a scam in a way – meaning one of the project co-founder had stolen the money, the backers first of all lost their funds. Kickstarter does not provide any insurance, but this also is an issue on a higher level – there are no regulations provided. What is more, scanning through the official channel on Kickstarer shown, that police and platform authorities are unable to react accordingly. It led to no refund and lost trust into the platform. However, the author noticed that todays' projects have embedded the 'Risk and challenges' section provided by Kickstarter with the possibility to report the project directly.

5.2. Skarp Technologies vs. Supply

Second pair of cases taken into consideration was in the area of razor blades for daily shaving. One of those seems technological advanced and even disruptive. Which is important, since the razor blade industry might not be considered in terms of product and marketing validation. Both companies decided to use Kickstarter for their endeavors. For Supply's founders – husband and wife – it was to check if they can deliver a product and eventually they still operate under the same name, emphasizing that their company was Kickstarter based. In terms of collaborative finance – Supply provided higher pledges, starting from USD 59 to deliver product at even first level, instead of generally gaining funds. It seems like a reasonable idea since their product is not a disruptive one.

Table 3. Skarp Technologies vs. Supply

Project name	**Skarp Technologies**	**Supply**
Year of launch	2015	2017
Number of backers	2700	2402
Funds gathered	circa. $4 000 000	$256 092
Mission	To provide a smooth and precise shaving experience	'The best shave for your skin, your wallet, and the planet. Designed for every-body.'
Result of the project	Found impossible to be delivered from a technological point of view and stopped by Kickstarter before cashing out.	Provided the product successfully and also it gave founders the boost for 3 next successful projects.

Source: Made by the author (WWW8, WWW9).

From a marketing perspective – surely Skarp Technologies may be perceived as ones that did a better job. They were perceived as disruptive technology in razor blades. At the same time, they engage with founders of established companies that promote them via their social media accounts. For Supply it was more simple, yet effective in terms of 4P: price was shown and compared with normal razors, product had a lot of videos and photos, place a delivery was described and people were also described.

What is more, in both cases the author noticed that launchers were trying to attract backers by providing environment-friendly razors. Those cases are important because they took place a few years later than those discussed previously. It helped platform authorities to stop Skarp Technologies from collecting more than USD 4 million. Kickstarter, before transferring the funds, had asked for a prototype which Skarp Technologies failed to deliver. It is aligned with the third point of theory – overpromising in terms of skills and ability to deliver promised products.

On the other hand, we have trust. In this case, Supply was able to meet generated demand which led to increased trust upon their campaigns. Eventually, they were able to launch additional three campaigns that were successful (one of them significantly) which led them from a small team into an established company.

In terms of accessibility, it is impossible now to break down bakers of Skarp Technology (project is deleted from Kickstarter website) yet in terms of Supply it is still possible.
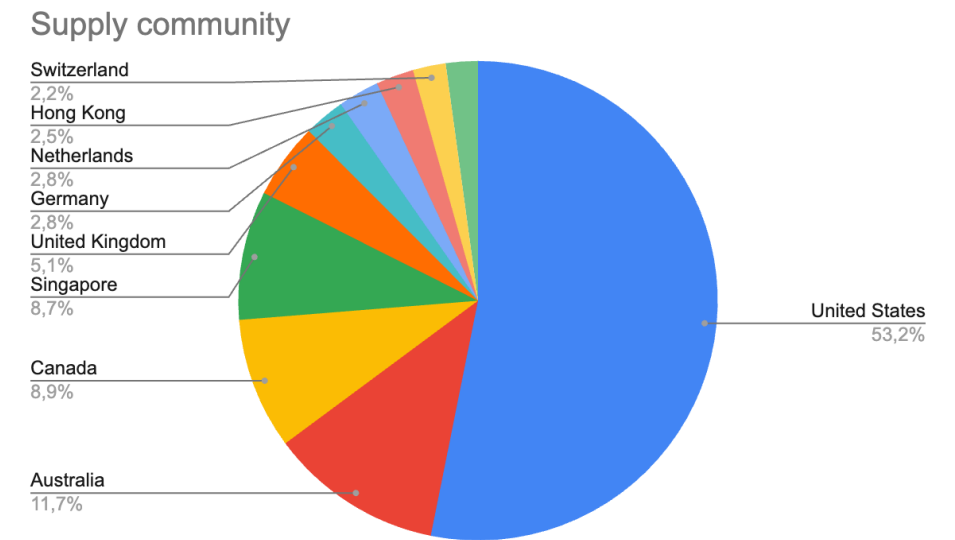

Figure 3. Supply Community Breakdown

Source: Made by the author (WWW9).

6. Opportunities and Challenges

Based on the above described cases and mentioned theory, the author was willing to assess both opportunities and challenges. First, what seems similar in both pairs of cases – is the accessibility. Backers were from all globe corners and for The Peachy Printer it was even more people from outside their country than within its physical borders. In terms of continents: Asia, Europe, North America, and Australia are present. Next, we have product validation which was especially important in the first duo. 3D printers were not an established product at a time. Apparently, the backers vote in a way for a product by supporting it with their funds. The launchers could assess the market before investing any of their money into the production itself. In both cases, the product or manufacturing process aimed to be sustainable.

At the same time, there are risks associated with that. The author noticed that the confounder of The Peachy Printer was able to collect money and run away, whereas Skarp Technologies faced the questions to prove if technology is there. It seems like regulations are changing, yet in terms of The Peachy Printers, the fraudulent co-founder was not held accountable and it looks like this is going to be a challenging (if not impossible) process to collect refunds. Later, The Peachy Printer after failing expectations of backers, were unable to (even from upright co-founders) provide a product and they finally went bankrupt. The trust has been lost forever. Last, but not least – overpromising. The Skarp Technologies case was not a scam, however technology was not aligned with the vision that seems disruptive. The author came across similar considerations in case mentioned during the theoretical part – The Exploding Kittens founders were satisfied with overreaching the goal, yet they were extensively afraid of not meeting generated demand.

It seems like those two pairs of cases were enough to confirm the theory and create a foundation for further research.

Conclusions

The author has chosen two duo cases that were aiming to deliver the same product within the same platform (Kickstarter) and in a similar period. The Peachy Printer and Printrbot both aimed to introduce affordable 3D printers and it was part of their main marketing message. The Peachy Printer prepared videos that showed how it works and that it is an innovative idea. Video seems to have received warm reactions from backers. On top of that, Printrbot added the idea

of open source code for later development. Both companies were trying to give their backers cheap and efficient 3D printers to help local production houses to omit transportation of parts that can be now printed.

In terms of the second pair, Skarp Technologies aimed straightforwardly in the sustainable need of reducing utilized razors. From a marketing perspective, they were trying to give a promise of disruptive technology which successfully gained 2700 believers. The message was – you buy a razor once for all and you will receive a better shaving experience and no razor burn. At the same time, Supply aimed to give the backers one razor for a longer period than usual ones. They also were promising less waste by reducing utilized razors. In fact, they delivered it. Both duos were trying to show their product as sustainable.

Sharing economy and its' financial heir collaborative finance in some manner may be perceived as sustainable service likewise. It aims to allocate residuals and enables both backers and launchers to engage, omitting mainstream boundaries. Therefore, choosing Kickstarter as a platform to gain funds for projects by above mentioned companies can be perceived as a sustainable approach. In that way, it comes with opportunities and risks which by cases research seems to be aligned with theory.

Those opportunities are:
1. Accessibility.
2. Product validation.
3. Alignment with sustainability goals.

On the other hand, the case was chosen to see unambiguous differences that were in risk and challenges. Therefore, in terms of those:
1. Regulatory uncertainty.
2. Trust.
3. Overpromising.

There are some limitations to the methodology that have to be mentioned. Firstly, case research is not a suitable and appropriate method for the full spectrum of scientific goals. It allows experimenters to conduct research to create a theory, test it, or expand its applications. Secondly, a few obstacles in terms of qualitative research are shown in the argumentation against: data might be random, data analysis is not systematic, and theory creation is arbitrary. Those are the objects that researchers should address during the research. This is similar to any other methodology. Therefore, the author believes that the process was handled well enough to craft conclusions.

In terms of this specific research, the author went through two pairs of cases. Meaning, that only four companies and their situation in total were compared. Next, the data collected might not be representative and other researchers

may interpret those cases in a different way. However, the author is not trying to forge a new theory, yet test existing one and build a bridge for further, surely required, research. In terms of literature, there is more in theory for marketing of sustainable service, but it was not covered as well in that short form chapter.

To omit those limitations and generally expand the research, the author would suggest following:

1. Systematic literature review for collaborative finance and crowdfunding with aim to better categorize opportunities and risks from sustainable service marketing.
2. Interviews with platform managers to understand regulatory changes, trust management and credibility checkovers.
3. Quantitative survey among backers, to understand the need for sustainable alignment and confirm or reject their consideration of crowdfunding (collaborative finance) as sustainable service. The author would suggest to reach likewise the ones that were cheated, to assess the trust issues.
4. Qualitative interviews with project launchers to understand product validation and potential issues with overpromising.

The author believed that given case research made on crowdfunding examples may be an entry point for later studies in that manner.

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WWW2 https://www.kickstarter.com/projects/elanlee/exploding-kittens (access date: 09/02/2023).

WWW3 https://natemat.pl/226305,oszust-zbieral-pieniadze-na-chore-dziecko-wydal-je-na-sprzet-imprezy

WWW4 https://www.kickstarter.com/projects/117421627/the-peachy-printer-the-first-100-3d-printer-and-sc/community

WWW5 https://www.kickstarter.com/projects/printrbot/printrbot-your-first-3d-printer

WWW6 https://3dprint.com/133842/peachy-printer-embezzlement/

WWW7 https://www.brookdrumm.com/

WWW8 https://www.cnet.com/home/kitchen-and-household/skarp-laser-razor-what-happened/

WWW9 https://www.kickstarter.com/projects/supply/the-single-edge-safety-razor-20

Sustainability in the Context of Advertising Services

Przemysław Kotowski

Introduction

Sustainability in advertising encompasses a range of practices and principles aimed at minimizing the negative impacts of advertising on the environment and society while promoting ethical and responsible communication. With the advertising industry playing a pivotal role in shaping consumer behavior and influencing purchasing decisions, the integration of sustainability into advertising campaigns has become crucial for addressing pressing environmental and social issues.

However, the path to sustainability in advertising is not without its challenges. The tension between profit-driven motives and sustainability goals often presents a significant obstacle. Balancing the need to promote products and generate revenue with the responsibility to address environmental and social concerns can be a complex undertaking. Additionally, the authenticity of sustainability claims in advertising remains a critical issue, as consumers increasingly seek transparency and accountability.

The transformation of the advertising agency business model toward sustainability is a complex and ongoing process that is yet to fully materialize. The industry is currently implementing two primary strategies to advance sustainability objectives. The first strategy involves advising clients to endorse sustainability and increase consumer awareness. The second approach entails allocating resources and undertaking pro-bono initiatives by partnering with entities at the forefront of environmental and societal advancements, such as non-governmental organizations (NGOs), foundations, local and national governments, among others. This chapter explores these sustainability strategies within the advertising industry, highlighting the challenges and prospects associated with their adoption.

1. Sustainability and Consumerism – Balancing Desire with Responsibility

Consumerism, often synonymous with the pursuit of material possessions and a constant desire for more, has played a central role in shaping modern society. It has driven economic growth, transformed lifestyles, and influenced our identities. However, the relentless pursuit of consumption has also contributed to significant environmental degradation, social inequalities, and a sense of disconnection. In this section, we explore the complex relationship between sustainability and consumerism, discussing the challenges it poses, potential solutions, and the evolving role of consumers in a more sustainable future.

Consumerism, driven by advertising, marketing, and the allure of new products, has become a defining feature of contemporary life. It encourages individuals to buy and accumulate possessions as a means of achieving happiness and social status. While this phenomenon has brought undeniable benefits, such as improved living standards and access to a wide array of goods and services, it has also given rise to several critical challenges:

- Resource Depletion: Consumerism fuels the relentless extraction of natural resources, leading to resource depletion, deforestation, and habitat destruction. The fashion industry, for instance, consumes vast amounts of water and raw materials for clothing production.
- Waste Generation: The 'throwaway culture' associated with consumerism generates immense waste, including single-use plastics and electronic waste. Much of this waste ends up in landfills or pollutes natural ecosystems (Hoornweg & Perinaz, 2012).
- Greenhouse Gas Emissions: The production, transportation, and disposal of goods associated with consumerism contribute significantly to greenhouse gas emissions, exacerbating climate change (Minx et al., 2013).
- Debt and Financial Stress: Consumerism often encourages people to live beyond their means, leading to personal debt and financial stress. Credit card debt, in particular, can have severe long-term consequences.
- Social Inequality: The pursuit of consumer goods can exacerbate social inequalities. Those with limited resources may struggle to keep up with the consumption patterns of their wealthier counterparts, leading to disparities in well-being (Wilkinson & Pickett, 2009).

1.1. The Challenges of Sustainable Consumerism

Sustainable consumerism, the pursuit of more responsible and environmentally friendly consumption practices, faces a multitude of challenges. These challenges span from deceptive marketing to deeply ingrained consumer behavior and regulatory gaps, making it complex to encourage individuals and businesses to adopt sustainable practices.

- One pervasive challenge is 'greenwashing', where companies falsely claim to be sustainable or eco-friendly to attract conscious consumers. This deceptive practice can be detrimental to consumer trust and make it difficult for individuals to discern genuine sustainability from mere marketing tactics (Delmas & Burbano, 2011).
- Affordability is another obstacle, as sustainable products are often perceived as more expensive than their conventional counterparts. This perception can deter price-conscious consumers from choosing sustainable options, especially when faced with higher upfront costs (Luchs et al., 2010).
- Changing deeply ingrained consumer behavior represents a substantial challenge. Many individuals are accustomed to overconsumption, convenience, and immediate gratification. Convincing consumers to adopt more sustainable and mindful consumption patterns can be a slow and arduous process (Grob, 1995).
- Limited availability of sustainable products and services in some regions or communities can also impede progress. Not all consumers have equal access to sustainable options, making it difficult for individuals to make responsible choices (Thøgersen & Noblet, 2012).
- Furthermore, economic incentives may be misaligned with sustainability goals. Businesses are sometimes incentivized to produce and sell more products rather than promote durability and longevity, which can conflict with sustainability objectives (Steg et al., 2015).
- The complexity of global supply chains is a significant challenge, as it complicates efforts to trace the environmental and social impacts of products. This complexity can hinder efforts to ensure that products are ethically sourced and environmentally responsible (Minx et al., 2013).
- Additionally, consumers often lack access to clear and accurate information about the sustainability of products. This information gap can leave them feeling overwhelmed or uncertain about their choices, leading to decision paralysis (Rex, 2019).
- Resistance to change is a common challenge. Even when confronted with compelling evidence of the environmental and social consequences of their

actions, some individuals and businesses resist changing their consumption habits (Giesler & Veresiu, 2014).

- Short-term thinking, where immediate benefits and cost savings are prioritized over long-term sustainability, is widespread. This mindset can lead to decisions that are detrimental to the environment and society in the long run (Vorley et al., 2017).
- Policy and regulatory gaps are additional challenges. While some governments have implemented policies to encourage sustainable practices, there are often gaps in regulation and enforcement. Inconsistent or weak regulatory frameworks can hinder progress toward sustainable consumerism (Wilkinson & Pickett, 2009).
- Lastly, cultural, and social norms can perpetuate unsustainable behaviors. These norms make it challenging to shift societal expectations and practices towards greater sustainability (Grob, 1995).

1.2. The Future of Sustainable Consumerism

The future of sustainable consumerism holds both promise and challenges as society continues to grapple with environmental and social issues. While there is growing momentum towards responsible consumption, it's essential to consider how sustainable consumerism may evolve in the years to come.

- Technological Advancements and Innovation: The future of sustainable consumerism is likely to be influenced significantly by advancements in technology and innovation. These innovations can lead to the development of more sustainable products, materials, and production processes. For example, 3D printing has the potential to reduce waste in manufacturing by enabling on-demand production with minimal material waste (Birtchnell & Urry, 2018).
- Circular Business Models: The adoption of circular economy models is expected to increase. More businesses will focus on reducing waste, extending product lifecycles, and implementing closed-loop systems. This shift can lead to a more sustainable and responsible consumer culture, with a focus on reusing, recycling, and repurposing products (Murray et al., 2017).
- Global Collaboration: The global nature of consumerism calls for increased international cooperation to address sustainability challenges. Collaborative efforts involving governments, businesses, and civil society organizations are essential to mitigate the environmental and social impacts of consumerism. Multilateral agreements and initiatives can help set global standards and best practices (Vorley et al., 2017).

- Ethical Supply Chains: Transparency and accountability in supply chains are expected to become more critical. Consumers are becoming increasingly interested in the origins and ethical sourcing of products. As a result, companies will face greater pressure to ensure that their supply chains adhere to fair labor practices and environmental standards.
- Sustainable Finance: The financial sector is also likely to play a role in the future of sustainable consumerism. Sustainable investment options, green bonds, and ethical banking are emerging trends. These financial instruments can redirect capital toward environmentally and socially responsible businesses and projects.
- Regulatory Changes: Governments are expected to implement stricter regulations and policies related to sustainability and consumerism. This may include more extensive eco-labelling, carbon taxes, and requirements for businesses to disclose their environmental and social impacts. Such regulations can shape consumer behavior and encourage businesses to adopt sustainable practices.
- Consumer Empowerment: As consumers become more informed and vocal about sustainability issues, they will have greater influence on businesses. Consumer demand for transparency, ethical sourcing, and sustainable products will continue to drive changes in the market. Companies that fail to meet these demands risk losing customers and market share.
- Education and Awareness: Continued education and awareness campaigns will be essential in shaping the future of sustainable consumerism. Schools, organizations, and governments will play a role in educating the next generation about the importance of responsible consumption and environmental stewardship.
- Despite these positive developments, several challenges persist. Overcoming resistance to change, addressing affordability concerns, and countering greenwashing will remain hurdles. Additionally, addressing the impacts of rapid consumerism in emerging economies and ensuring that sustainability efforts are inclusive and equitable are ongoing challenges.
- The future of sustainable consumerism holds promise for a more responsible and environmentally conscious society. Technological innovations, circular business models, global collaboration, ethical supply chains, and regulatory changes will all contribute to a more sustainable consumer culture. However, addressing challenges and ensuring that sustainable consumerism is accessible to all will be crucial in achieving a more equitable and environmentally friendly future.

In conclusion, the future of sustainable consumerism holds immense promise as well as notable challenges. The global shift toward more responsible and environmentally conscious consumption is gaining momentum, driven by technological advancements, circular business models, and increased global collaboration. These positive developments indicate a growing awareness of the need for a more sustainable and equitable future.

However, it is essential to remain cognizant of the ongoing challenges. Resistance to change, affordability concerns, and greenwashing persist as barriers to achieving a sustainable consumer culture. Addressing these hurdles will require concerted efforts from governments, businesses, and civil society. In this journey toward a more sustainable future, consumer empowerment will play a pivotal role. As consumers become more informed and vocal about sustainability issues, they will drive market changes, influencing companies to adopt more ethical and sustainable practices.

The future of sustainable consumerism is intrinsically linked to the principles of ethics, transparency, and environmental stewardship. As these values continue to guide consumer behavior and business decisions, the prospect of a more equitable and environmentally responsible world becomes increasingly attainable. By fostering an environment of cooperation, innovation, and education, we can collectively pave the way for a future where sustainable consumerism is the norm rather than the exception.

2. Sustainable Marketing – Strategies for a Greener Future

In an era marked by growing environmental concerns and increased consumer awareness, sustainable marketing has emerged as a critical strategy for businesses worldwide. Sustainable marketing involves promoting products and services that prioritize environmental and social responsibility, aligning with the values of conscious consumers. In this chapter, we delve into the world of sustainable marketing, exploring its principles, strategies, and the impact of environmentally and socially conscious consumer behavior. We'll also use a data table to illustrate key trends and statistics in sustainable marketing.

The world is currently experiencing a notable and transformative shift in consumer preferences, one that transcends mere purchasing decisions. Increasingly, individuals are seeking products and services that align not only with their immediate needs but also with their deeply held values and environmental concerns. This evolving consumer mindset is paving the way for the ascendancy of sustainable marketing, a dynamic and multifaceted approach that encompasses a spectrum of responsible business practices.

Sustainable marketing, as a contemporary paradigm, is grounded in the understanding that consumers are no longer passive recipients of advertising messages. Rather, they are actively engaged in a dialogue with brands, scrutinizing not just the products themselves, but the broader impact of their consumption choices. This paradigm shift reflects the maturation of a global society that is becoming more aware of its ecological footprint and social responsibilities.

At its core, sustainable marketing seeks to redefine the relationship between businesses and consumers. It goes beyond transactional exchanges, emphasizing a shared commitment to environmental conservation and ethical conduct. Companies that embrace sustainable marketing are attuned to the values of transparency and authenticity, recognizing that their actions must align with their communicated promises.

In the realm of sustainable marketing, promoting products and services is intertwined with a broader mission – to champion environmental stewardship, ethical sourcing, and social justice. It encourages businesses to minimize their ecological footprint, support local communities, and adhere to fair labor practices. Such endeavors resonate deeply with the modern consumer, who is increasingly inclined to support brands that are not just profit-driven entities but also responsible global citizens.

The rise of sustainable marketing underscores a fundamental shift in the dynamics of consumer-brand relationships. It marks a future where responsible business practices, environmental sustainability, and social equity are no longer optional but integral to a brand's success and relevance. To remain competitive and resonate with evolving consumer sentiments, companies must navigate this landscape of sustainability with sincerity, innovation, and a genuine commitment to making the world a better place.

2.1. The Rise of Sustainable Marketing

The world is witnessing a significant shift in consumer preferences, with more people seeking products and services that align with their values and environmental concerns. This shift is reflected in the rise of sustainable marketing, which encompasses various aspects of responsible business practices:

- Environmental Responsibility: Businesses are adopting eco-friendly production processes, reducing waste, and minimizing their carbon footprint.
- Ethical Sourcing: The demand for ethically sourced materials and fair-trade practices is growing, pushing companies to adopt responsible supply chains.
- Transparency: Consumers increasingly demand transparency about the environmental and social impacts of products, prompting companies to provide detailed information.

- Product Innovation: Sustainable marketing involves promoting innovative products that are energy-efficient, eco-friendly, and designed for durability and recyclability.
- Social Responsibility: Companies are focusing on fair labor practices, supporting social causes, and ensuring ethical treatment of employees.

2.2. The Role and Key Trends of Sustainable Marketing

Sustainable marketing serves several vital roles within businesses and society as a whole:
- Building Brand Reputation: Businesses that prioritize sustainability can build a positive brand image, attracting consumers who seek responsible options.
- Meeting Consumer Demand: As more consumers prioritize sustainability, sustainable marketing helps businesses meet this growing demand.
- Compliance with Regulations: Sustainable marketing ensures that companies adhere to environmental and social regulations, avoiding potential legal issues.
- Competitive Advantage: Being at the forefront of sustainable marketing can provide a competitive edge in the market.

To understand the significance of sustainable marketing, let's explore key trends and statistics in the field presented in Table 1.

Table 1. The Key Global Trends in Sustainable Marketing

Year	Sustainability Trend	Key Statistic
2015	Growth in eco-friendly products	Sales of eco-friendly products reached $140 billion globally (Mintel, 2015).
2018	Rise of conscious consumerism	66% of global consumers are willing to pay more for sustainable products (Nielsen, 2018).
2020	Impact of sustainability on purchasing	57% of consumers have made a purchase decision based on a company's environmental practices (Accenture, 2020).
2021	Increase in sustainable marketing budgets	Companies spent an estimated $10.3 billion on sustainable advertising in 2021 (Statista, 2021).

2.3. The Strategies for Successful Sustainable Marketing

At the heart of sustainable marketing is a commitment to conducting business in a way that balances economic success with social and environmental responsibility. It's not merely a matter of adopting a few eco-friendly practices or launching a green campaign; it's a comprehensive approach that permeates every aspect of an organization, from product development to communication with consumers.

When considering a transition to sustainable marketing, businesses must embrace a holistic perspective. Here are key strategies to guide this transformation:

- Authenticity: Authenticity serves as the cornerstone of sustainable marketing. It's not just about making sustainability claims; it's about ensuring that these claims are genuine and backed by concrete actions. Building trust with your audience demands transparency and an unwavering commitment to walking the talk.
- Transparency: Transparently providing clear, detailed information about the sustainability attributes of products and services is essential. Consumers need to know exactly how their purchases impact the environment and society. Openly sharing this information builds trust and credibility.
- Engagement: Engaging with consumers on sustainability topics is more than just a passive endeavor. It involves active participation through social media, dedicated campaigns, and partnerships with environmental organizations. Effective engagement fosters a sense of shared responsibility and builds a community around your brand's values.
- Product Innovation: Sustainable marketing isn't just about making existing products a little greener; it's about investing in the development of entirely new, eco-friendly, and socially responsible products. This commitment to innovation reflects a genuine dedication to sustainability.
- Employee Involvement: The transformation to sustainable marketing should extend to your workforce. Encouraging employee participation in sustainability initiatives fosters a culture of responsibility and commitment to the greater good. Engaged employees can become powerful advocates for your brand's sustainability efforts.
- Measurement and Reporting: To show that your commitment to sustainability is more than mere rhetoric, you must continuously measure and report on your sustainability efforts. These metrics and reports demonstrate your progress, providing consumers with tangible evidence of your dedication to the cause.

In summary, sustainable marketing goes beyond surface-level changes; it represents a fundamental shift in how businesses operate and engage with their customers. By embracing authenticity, transparency, engagement, product innovation, employee involvement, and ongoing measurement, companies can not only meet the demands of the modern consumer but also contribute to a more sustainable future.

In the future, sustainable marketing will likely continue to evolve alongside consumer preferences and regulatory changes. Businesses that embrace sustainability as a core value will be better positioned to thrive in an increasingly conscious and environmentally aware marketplace.

3. Sustainability in the Advertising Business – Navigating a New Frontier

In the world of business, few industries hold as much sway over consumer choices and cultural narratives as advertising. It's a dynamic realm where creativity meets commerce, and where brand messages shape the way general population perceive the world. But with this power comes a significant responsibility – to promote sustainability and ethical practices. In this section, we explore the concept of sustainability in the advertising business, its critical importance, current industry practices, the challenges it faces, and the promising future it holds.

In the fast-paced world of advertising, sustainability has emerged as a buzzword that signifies a sea change in industry practices. But what exactly does sustainability in advertising mean? Simply put, it refers to the integration of environmentally, socially, and economically responsible practices into advertising campaigns, strategies, and messaging. It's a commitment to minimize negative environmental impacts, promote ethical values, and support long-term economic stability within the industry.

Sustainability in advertising matters profoundly for several compelling reasons. First and foremost, advertising is a pervasive and influential medium that shapes consumer behavior and perceptions. By integrating sustainability principles into advertising practices, it empowers brands to promote responsible consumption and environmentally conscious choices. This, in turn, can trigger a ripple effect, motivating consumers to make more sustainable decisions.

Sustainability in advertising also matters because it aligns businesses with shifting consumer values. Modern consumers are increasingly concerned about environmental and social issues. They scrutinize the ethical and ecological impacts of their purchases and are more inclined to support brands that share their values. Sustainable advertising fosters trust and credibility by demonstrating a brand's commitment to ethical practices and responsible stewardship of resources.

Several additional factors contribute to the ongoing dynamism within the advertising and marketing communications department. These factors include:
- Consumer Awareness: Today's consumers are increasingly informed and conscious of environmental and social issues. Brands that align with sustainable principles gain not just customers, but advocates for their cause.
- Ethical Responsibility: Beyond profits, advertising carries a moral duty to ensure that its messages align with ethical principles, from environmental stewardship to social justice.

- Industry Reputation: A commitment to sustainability enhances the industry's reputation, making it more appealing to talent, partners, and investors who share these values.
- Regulatory Compliance: Governments and regulatory bodies worldwide are imposing stricter environmental and ethical standards on advertising. Complying with these standards is not just good business sense; it's often a legal necessity.

3.1. Challenges in Achieving Sustainable Advertising

Challenges in achieving sustainable advertising are multifaceted, requiring businesses to navigate complex terrain. One significant hurdle is the need to strike a delicate balance between green messaging and genuine, substantive action. Authenticity remains a constant challenge, as consumers increasingly demand concrete proof of a brand's sustainability efforts. Furthermore, the rapid evolution of technology and media channels presents a challenge in terms of staying consistent and relevant in sustainable messaging across diverse platforms. Additionally, meeting the rising expectations for transparency and ethical standards while addressing the ever-expanding landscape of environmental and social concerns can be daunting. These challenges underscore the need for businesses to continuously adapt, innovate, and align their advertising practices with their sustainability commitments in an ever-evolving consumer and environmental landscape. There are few other factors that require some more focus, these are:

- Lack of Clear Industry Standards: A significant challenge in sustainable advertising is the absence of universally accepted standards. While organizations like the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB) offer guidelines, the lack of industry-wide consensus makes it difficult to assess and compare sustainability efforts across brands (Sustainable Brands, 2021).
- Short-term Profit Pressure: The advertising industry often faces pressure to deliver immediate results, leading to a focus on short-term gains rather than long-term sustainability. Brands may be reluctant to invest in sustainable practices that do not yield immediate financial returns (Ricks, 2021).
- Consumer Skepticism: Past instances of greenwashing have left consumers increasingly skeptical of sustainability claims. Building trust in sustainable advertising necessitates genuine commitment, transparency, and measurable results (Davies & Doherty, 2021).

- Resource-Demanding: Implementing sustainability initiatives can be resource-intensive, especially for smaller businesses. Investments in eco-friendly materials, renewable energy, and responsible supply chains may pose financial challenges for some advertisers (van Osselaer et al., 2019).

3.2. Current Best Practices in Sustainable Advertising

Current best practices in sustainable advertising have evolved to meet the growing demands of socially and environmentally conscious consumers. Key strategies include ensuring authenticity by backing green claims with concrete actions, transparently communicating a product's eco-friendly attributes, and actively engaging with consumers on sustainability topics through various media channels. Many brands are investing in product innovation, emphasizing the development of environmentally responsible offerings to reduce their ecological footprint. Moreover, fostering employee involvement in sustainability initiatives is gaining prominence, nurturing a culture of responsibility within organizations. Measurement and reporting are also vital, allowing brands to showcase their progress and commitment to sustainability, thereby building trust and credibility with their audience. These practices collectively reflect a comprehensive approach that aligns marketing efforts with genuine environmental and social responsibility, ultimately resonating with the values of today's conscious consumers. Few other very important best practices are described below:

- Sustainable Advertising Campaigns: Brands are increasingly weaving sustainability into their advertising campaigns. These campaigns often spotlight environmentally friendly products, ethical sourcing, and corporate responsibility. For instance, the 'Dove Real Beauty' campaign champions natural beauty and self-acceptance, promoting positive body image in alignment with sustainability principles (Dove, 2021).
- Sustainable Partnerships: Collaborations between brands and environmental or social organizations are gaining momentum. These partnerships often result in joint campaigns that advocate for positive change. Patagonia's '1% for the Planet' initiative, which donates a portion of sales to environmental causes, serves as a powerful example of sustainable advertising (Patagonia, 2021).
- Greenwashing: Despite the growing emphasis on sustainability, some brands engage in a practice known as 'greenwashing'. This involves making false or exaggerated claims about a product's sustainability to deceive consumers, eroding trust, and undermining genuine sustainability efforts (Bansal & DesJardine, 2014).

- Influencer Marketing for Sustainability: Influencer marketing has emerged as a potent tool in sustainable advertising. Influencers who align with sustainability values can amplify the message to their engaged audiences, creating a ripple effect of conscious consumerism (Kim & Ko, 2020).

4. Sustainability in the Advertising; a Pro-Bono Case Study

Until now, the predominant emphasis has been directed towards strategies employed by advertising agencies to advance sustainability. These strategies primarily involve advocating for changes in their clients' product or service innovations, providing consultancy to enhance environmental awareness by allocating resources within communication budgets, and constructing narratives centered around a brand's enduring commitment to the pursuit of sustainability.

Advertising agencies can further contribute to sustainable growth by engaging in pro-bono projects that promote sustainability. In this approach, agencies allocate their resources and leverage their network of stakeholders to provide services without charge. A noteworthy illustration of this approach is the case of DDB Vancouver, which, between 2016 and 2017, supported the Pacific Wild organization in their decade-long endeavor to combat Grizzly Trophy hunting practices.

4.1. Background

In 2015, British Columbia was at the center of a contentious debate surrounding the grizzly trophy hunt. This polarizing issue brought to the forefront a range of complex and often conflicting factors, including economics, culture, ethics, and environmental conservation.

The grizzly bear has long held a significant place in the cultural and ecological tapestry of British Columbia. Indigenous communities have deep-rooted connections with these majestic creatures, with grizzlies playing essential roles in their traditions, stories, and spirituality. Over the years, the province saw an evolution in the perception of grizzlies, from creatures seen primarily as threats to livestock and safety to symbols of the wild and untouched nature of British Columbia.

Trophy hunting, which involves killing bears primarily for their hides, heads, and paws to display as trophies, has been a practice in British Columbia for decades. This controversial form of hunting was permitted under a system that allowed licensed hunters to target grizzly bears, often for sport or as a status

symbol. The trophy hunt generated substantial revenue for outfitters, guides, and local economies, particularly in remote regions of the province.

However, by 2015, a shift in public perception and an increased emphasis on ethical and environmental considerations began to challenge the trophy hunt. Advocacy groups and concerned citizens raised their voices, arguing that trophy hunting was not only inhumane, but also potentially detrimental to grizzly bear populations and their ecosystems. This growing awareness coincided with a heightened emphasis on conservation and the need to protect species like the grizzly bear.

In response to these heightened ethical and environmental concerns, the Vancouver branch of a prominent global advertising agency, DDB, proactively took internal action. They established a dedicated team and initiated contact with Pacific Wild, a well-established non-governmental organization (NGO) with a substantial presence in British Columbia. The agency's objective was to collaborate on a comprehensive awareness campaign designed to exert pressure on the government of British Columbia, with the ultimate goal of permanently banning the grizzly bear trophy hunt within the province.

4.2. Campaign Objectives

In light of the forthcoming provincial election in 2017, the primary objective of the campaign was to foster heightened awareness regarding the ecological ramifications of the grizzly trophy hunt within the northern regions of British Columbia. Following several months of exhaustive research and extensive consultations, involving numerous stakeholders, the campaign's central outcome was to elevate the issue to a prominent position within the electoral discourse. A core aspiration was to mobilize local communities, encouraging them to exert pressure on electoral candidates concerning their stances and proposed actions regarding the future of the grizzly trophy hunt.

Several strategic approaches were devised, encompassing the following key tactics:

- Strategic Mobilization of the Electorate: A method colloquially referred to as 'ballot system optimization' was employed, aiming to motivate the target audience to proactively secure hunting licenses and actively participate in the concession application process.
- Exposing Political Ties: A concerted effort was made to bring attention to the associations between the incumbent Premier's office and the donations received from the outfitter industry, which ardently advocated for maintaining the status quo of the trophy hunt. This approach shed light on potential conflicts of interest.

- Transparency Initiatives: Strategies were designed to spotlight the perceived inconsistency in the provincial government's actions, primarily by revealing the actual statistics behind their annual allocation quotas for grizzly bears, which had been suspected of being inflated.
- Influencer Engagement: Recognizing the significance of younger demographics in influencing electoral outcomes, a prominent influencer was engaged to raise awareness and advocate for the cause. Extensive research indicated that this demographic held the potential to significantly impact the election's outcome.

Following a rigorous research and strategy development phase, the decision to employ an influencer-driven approach was reached. Pacific Wild had cultivated a robust relationship with the well-known singer Miley Cyrus, known for her deep involvement in conservation activities throughout British Columbia. The core concept of the campaign hinged on enlisting the singer to record a revised rendition of the popular song 'Teddy Bear Picnic'. This song was featured in a video production created for the campaign's purposes, which showcased the breathtaking beauty of British Columbia's wilderness, particularly in areas where grizzly bears were commonly sighted.

The campaign strategically unfolded with a twist towards the conclusion. In the final frames, text supers conveyed a compelling message, elucidating how the showcased wilderness would appear without the presence of grizzly bears. This powerful visual contrast served as a poignant call to action, prompting the audience to sign a petition. The petition clearly articulated that all signatories pledged to cast their votes in favor of a new gubernatorial candidate committed to ending the trophy hunt. This innovative approach not only garnered a substantial list of politically engaged citizens, but also elevated the topic to become one of the top five most discussed issues during the electoral campaign.

4.3. Campaign Analysis

The comprehensive campaign encompassed digital, out-of-home (OOH), and video components, all strategically directing traffic to Pacific Wild's dedicated campaign landing page. This platform served as the focal point for petition signatures and the expression of voters' commitment to prioritizing the issue in the imminent election. Additionally, the landing page facilitated financial contributions, which further fueled the multifaceted efforts aimed at achieving the trophy hunt ban. These funds supported expanded on-the-ground initiatives, ongoing educational endeavors, and continuous advocacy efforts.

The campaign yielded remarkable success metrics. The video component alone garnered more than 100.000 views, while the landing page secured over 5.000 pledges. This groundswell of support catapulted the grizzly trophy hunt issue into the top echelons of subjects under scrutiny during the political campaign. Notably, the development of this campaign demanded a substantial commitment of resources. The DDB agency dedicated over 2.000 hours to its conceptualization and execution, amounting to an approximate investment of USD 40.000 worth of creative and strategic input.

In 2017, there was a significant change in British Columbia regarding the grizzly bear trophy hunt. The government of British Columbia, under Premier John Horgan and the British Columbia New Democratic Party (BC NDP), announced a ban on the hunting of grizzly bears for sport throughout the province.

The decision to ban the grizzly bear trophy hunt was a notable departure from the previous approach, which had allowed the hunting of grizzlies for their heads, hides, and claws while leaving the rest of the carcass behind. This practice was widely criticized as wasteful and ethically problematic, and it had faced substantial opposition from various environmental and animal welfare organizations.

The ban on trophy hunting was a significant victory for conservationists, animal welfare advocates, and indigenous groups who had long called for such a prohibition. It marked a shift in government policy toward greater protection of grizzly bears and their habitat. However, it's important to note that the ban on trophy hunting did not apply to hunting grizzly bears for meat, which was still permitted under specific guidelines.

The decision to ban the grizzly bear trophy hunt was seen as a step toward aligning hunting regulations with contemporary conservation values and public opinion. It reflected an evolving understanding of the role of grizzly bears in the ecosystem and the need for responsible and ethical wildlife management practices.

Conclusions

In conclusion, sustainability in the advertising business is not a passing trend; it's a necessity for the future. The advertising industry holds immense power to shape perceptions and behaviors, making it imperative for advertisers to adopt responsible and sustainable practices. While challenges persist, including greenwashing and the lack of clear standards, the future of sustainable advertising is bright. By embracing transparency, education, collaboration, and a long-term perspective, advertisers can navigate these challenges and contribute to a more sustainable and ethical advertising landscape. As consumer demand for

responsible advertising grows, brands that prioritize sustainability will not just thrive; they will be instrumental in building a more sustainable future for all. In the following sections, we delve deeper into the strategies and best practices that can propel the advertising industry toward a more sustainable and responsible future.

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Rethinking Retail through Strategic Sustainability Management

Ragul Senthi, Vishakha Kumari

Introduction

In the present world, sustainability is not confined to environmental, social, and economic aspects, but plays an important role in giving firms a strategic advantage. According to the 2023 McKinsey report, consumers spent more on products with environmental, social, and governance (ESG) related claims. Retail products with ESG claims had a 1.7 percent growth compared to those without ESG claims (Bar Am et al., 2023). These findings suggest that sustainability plays a crucial role in consumer behavior and purchasing decisions in the present world.

This book chapter uses the case study of Bed Bath and Beyond (BBBY) and Adidas to illustrates how sustainability can give strategic advantage to retail firms. A well-known retailer in the home products industry, Bed Bath & Beyond has seen its fair share of difficulties in the constantly changing retail environment. The retail firm was in business for over fifty years and filed for bankruptcy in April 2023 (Biron et al., 2023). BBBY was one of the favorite stops for consumers for bedding, bath essentials, kitchenware, home decor, furniture, and outdoor products, and the company had seen its best years from 1971-2018. However, the changing retail environment demanded constant change. Like many conventional brick-and-mortar stores, the firm was under pressure from several directions, including the growth of e-commerce and shifting consumer tastes. Aspects of sustainability, both from a consumer and an environmental standpoint, have played vital roles in adding to these difficulties. Many factors contributed to the downfall of the retail giant. For instance, BBBY failed to have a seamless e-commerce website during the COVID-19 pandemic and replaced the branded products with local and BBBY brands in their store. On the other hand, Adidas, a pioneer in the sportswear industry, is an example of a company that embraces sustainability from all angles. By pushing for climate neutrality by 2050 and encouraging 100% recycled polyester by 2024, Adidas is proactive in

solving environmental issues like plastic litter. Their sustainability initiatives are entwined with a long-term goal of profitability and growth, acknowledging the connection between successful business operations and sound financial management. Adidas' focus on employee growth and human rights is clear evidence of its commitment to social sustainability, which ensures that it supports an environment that is fair and inclusive. Adidas has been praised for its consistent dedication to sustainability on a corporate level, embodying a vision that goes beyond simple financial success to encompass a broader societal and ecological impact (Port, 2021).

We take a different perspective and share an insight into how adopting a sustainability approach could have given BBBY a strategic advantage and could have saved the brand from its downfall.

We first explain different aspects of sustainability. We then map each of these environmental, social, and economic aspects and the firm's failure to grab these opportunities and set sustainability as a strategic advantage. We finally conclude the chapter with final remarks.

1. Sustainability Concept

The concept of sustainability, as articulated by Keeble in 1988, is widely recognized and accepted as 'Meeting the needs of the present without compromising the ability of future generations to meet their own needs'. Sustainability, however, is not confined to environmental considerations and encompasses three integral dimensions:

- Environmental Sustainability: This dimension revolves around the judicious utilization of resources by humans, ensuring that the rate of resource consumption does not surpass the natural replenishment capacity. It underscores the imperative of maintaining a harmonious balance between resource consumption and nature's restorative capacity (Keeble, 1988).
- Social Sustainability: Social sustainability pertains to a society's capacity to uphold fundamental human rights while simultaneously meeting the basic needs of its populace, including healthcare, education, and transportation. It underscores the importance of fostering healthy communities where personal, labor, and cultural rights are upheld, and all individuals are shielded from discrimination (Keeble, 1988).
- Economic Sustainability: Economic sustainability refers to the ability of global human communities to preserve their autonomy and access the requisite resources to satisfy their needs. This concept emphasizes the necessity of providing secure sources of livelihood for all individuals (Keeble, 1988).

Sustainability practices change basis the needs of the current generation. These changes are influenced by societal trends, environmental change, better health, and shifting diseases, income inequality, etc., (Kates & Parris, 2003). The same holds for sustainability practices in retail organizations. How practicing sustainability across retail firms have changed over the years. In the past, sustainability was expected from the organization in broader aspects like – Is the company a proponent of climate action? Does the company take environmental sustainability steps like planting trees and donating to communities?

However, the ongoing climate change issues and sustainability demands equal participation from the consumers and the firm. In today's retail environment, customers are the active judges of sustainability practices by the firm and contribute equally to achieving sustainable goals for the company. Customers' orientation to sustainability changes their consumption patterns. For instance, current sustainability practices involve product upcycling, responsible production (by the firm), and consumption (by the customers). Research also indicates that customers are willing to pay more for brands that have sustainable approaches (Petro, 2022). As mentioned earlier, McKinsey's report showed that Retail products with ESG claims had higher growth than those without ESG claims (Bar Am et al., 2023).

Therefore, adopting the latest trends in sustainability by retail firms can prove to be a strategic decision and help the firm to maneuver through unprecedented times and stay in competition.

We next discuss environmental sustainability and Bed Bath and Beyond's failure to set environmental sustainability as a strategic advantage.

2. Environmental Sustainability

- Lack of Clear Sustainability Initiatives: Numerous companies began implementing and marketing sustainable practices, from sourcing to delivery, as customers became more ecologically sensitive. Compared to some of its rivals, BBBY fell short in communicating and implementing visible environmental measures. This ambiguity and lack of emphasis on sustainability may have lowered the attraction among people who care about the environment (Deslesline, 2023).
- Product Assortment: BBBY carried a lot of single-use items and non-renewable resources. Bed Bath & Beyond's product selection occasionally came off as out of touch in a market where customers increasingly seek environmentally friendly, sustainably sourced, and long-lasting items (Brooks, 2023).

- Supply Chain Concerns: A transparent and ethical supply chain has become essential to the retail industry. Like many other major retailers, BBBY has come under fire for failing to sufficiently ensure or communicate the sustainability of its supply chain (Garland, 2022).

Adidas has publicly disclosed its environmental initiatives, unlike BBBY's transparent approach. According to the company's 2022 annual report, its strategic suppliers that participated in their environmental program improved their energy efficiency by about 4% annually (Environmental Impacts, 2022). Adidas has ambitious targets, including attaining climate neutrality (CO_2e) across its activities by 2025 and drastically lowering absolute greenhouse gas (GHG) emissions across its whole business to show its commitment to battling climate change (Environmental impacts, 2021). Numerous sustainability experts and fans closely watch the company's achievements and pledges, questioning whether Adidas adopts sustainable practices or is only 'greenwashing'. Most research, however, points to the company's dedication to promoting a healthy world and engaging actively in sustainable practices (Wolf, 2022). Adidas is prepared to lead the industry's shift through partnerships, innovations, and strategic programs, emphasizing ecological responsibility and planetary-saving solutions (Port, 2021).

3. Social Sustainability

All BBBY continued its effort to make a turnaround and appeal to its customers. However, the strategies for turnaround failed to provide value to the customers. For instance, Mark Tritton took the leadership position as the president and CEO of BBBY in November 2019. He implemented the private-label strategy for the struggling retail giant. Under the new leadership, BBBY launched ten company-owned brands, and the products from these brands failed immensely in providing value to the loyal customers of BBBY. One might think how this opportunity to re-stock the retail store shelf could have turned out to be a good turnaround decision rather than a failure. If BBBY had collaborated with local vendors and communities to bring a unique product with craftsmanship and support the local communities, the customer value could have been different. Research suggests that customers reward brands that take a more sustainable approach toward the community and are willing to pay more for artisan products (Banker, 2021).

Moreover, when the strategy to launch a private label failed, BBBY discontinued the severance pay to Mark Tritton. The new CEO had filed lawsuits against the company on this issue (Delesline, 2023). The failure to put value in employees and focus on finances more is another example of how BBBY had

not practiced sustainable approaches in real life. According to UN guidelines, a company that is focused on social sustainability focuses on people more than their finances (Do Business in Ways…, n.d.). More than losing faith in current employees, BBBY's prospective leaders (employees) might have lost faith in the company and might be reluctant to join and save BBBY from their sinking ship.

In contrast, Adidas distinguished itself in environmental sustainability and has also demonstrated a commitment to social sustainability.

Adidas was in the same boat of record losses and near bankruptcy as BBBY in the 1970s and 1980s. During the same period, one of the major rivals of Adidas today – Nike, rose to prominence (Ind et al., 2015). Adidas responded to this wake-call and demonstrated its commitment to customers changing needs by adopting a sustainability vision.

Adidas exemplifies a brand that has strategically positioned itself with a focus on sustainability as a key driver to engage and attract consumers. With notably almost half the global revenue of its major competitor, Adidas pioneered among its competitors with the first-ever sustainability report in 2000. This report served as a mechanism for conveying the company's commitment to transparency and its progress on its sustainability goals (Tighe, 2023).

Additionally, it holds a prominent role as a founding member of the Labor Fair Association and actively participates in initiatives like the Better Cotton Initiative and the Leather Working Group, all of which constitute pivotal steps taken by the company to effectively communicate its dedication to sustainability to its customer base (Port, 2021). These strategic actions extend beyond the corporate boundaries, positively impacting larger communities and improving the quality of life for workers involved in the supply chain. Since then, the brand has been committed to its sustainability practice and eco-innovations.

BBBY, on the other hand, was a major player in retail and consumers' favorite shopping destination. However, the company lost track with its competitors due to the continued lack of vision and failure to address customers' continued demand for innovation and novelty.

We further illustrate how BBBY failed in economic sustainability and how Adidas used this as a competitive advantage.

4. Economic Sustainability

On May 5, 2021, BBBY launched a detailed environmental, social and governance (ESG) strategy. The core strategy involved people, community, and planet to steer the retail organization and become a top 10 retail employer by

2030. With people as one of the pillars of its ESG strategy, the company, in its ESG report, mentioned that 'We strive to establish an engaging workplace environment by supporting all Associates' physical, mental, social, and emotional well-being and providing upskilling opportunities and other tools for future success' (Bed, Bath & Beyond. ESG. Report, 2021). However, the layoff of 2800 employees, effective August 2020, echoed a contradictory message. Here, too, BBBY failed to gain the trust of the stakeholders, and the ESG strategy mostly seemed to be on paper. Many companies pledged not to lay off employees due to the pandemic. PayPal is a company that adhered to economic sustainability and did not lay off its employees during the COVID-19 pandemic (Stankiewicz, 2021). Employee layoff seems the most straightforward step for a company to save revenue. However, companies that practice economic sustainability take alternative steps but lay off their employees.

On the other hand, Adidas has demonstrated a sustained commitment to economic sustainability since the inception of its sustainability practices in 2000. This enduring dedication has earned the company a reputation as an 'employer of choice' and consistently drawn industry talent to its ranks. Furthermore, Adidas has fostered the growth and development of its workforce by offering innovative dual-degree study programs (Dean, n.d.).

In contrast, BBBY exhibited a distinct approach characterized by limited engagement with its employees' concerns. Adidas has prioritized ongoing communication and responsiveness to employee grievances. For instance, the company launched the People Pulse program, designed to gauge, and improve workplace satisfaction. Adidas also introduced the Worker Voice Platform within its factories (Carey, 2017). These measures exemplify Adidas' proactive stance toward cultivating economic sustainability by maintaining a work environment conducive to employee well-being and engagement. The company has set an admirable benchmark for economic sustainability by weaving its vision into its overarching goals, thus ensuring the long-term integration of sustainability across all facets of its operations.

Adidas has substantiated its commitment by articulating a definitive target in its sustainability report, declaring its intent to make 90 percent of its product range sustainable by 2025 (World Footwear, 2019; Galer, 2022). Importantly, this vision has been consistently realized, with 7 out of 10 products meeting sustainability criteria in 2022. The unwavering adherence to tangible sustainability objectives positions Adidas in a competitive stance against its industry rival, Nike.

Conversely, BBBY's economic sustainability objectives appear to have been established primarily for stakeholders' appeasement, lacking a well-defined

strategic roadmap for implementation. BBBY could have used ESG strategies to attract customers and showcase their care for the communities. This was a lost opportunity for the retail firm. The absence of strategic planning and concrete action plans has rendered these goals a mere routine report, failing to translate aspirations into meaningful economic sustainability achievements.

In the subsequent section, we discuss BBBY's shortcomings concerning customer sustainability while examining Adidas's diligent approach to monitoring and attaining its objectives.

o Customer Sustainability
- Avoid Changing Shopping Preferences: The factors influencing current consumers include price, product, and experience. With the emergence of e-commerce behemoths like Amazon and a bevy of specialized online home goods stores, customers have become accustomed to the ease, huge product selections, and quick online shopping delivery. BBBY struggled to maintain its consumer base due to this and generally sluggish entry into a complete online shopping experience, failing to maintain its conventional customer base (Daniels, 2023).
- In-Store Experience: Many BBBY locations' in-store experiences became stale. The physical shopping experience didn't appeal to younger buyers due to congested layouts, a lack of interactive or technologically sophisticated shopping tools, and an abundance of bewildering product options (Ma, 2023).
- Pricing Strategy: The strong dependence on discounts by Bed Bath & Beyond turned out to be a double-edged sword. While it initially increased foot traffic, consumers began to believe that the brand's items were pricey even without a discount, which diminished brand value and customer loyalty (Kahn, 2023).

Adidas has responded proactively to the changes in consumer preferences, particularly about sustainability. As customers increasingly factor sustainability into their purchasing decisions, Adidas has positioned itself to cater to this demand (Swallow, 2021). Adidas's efforts in merging online and offline experiences, combined with their focus on sustainability, helped them appeal to the modern consumer and maintain brand loyalty. With a considerable trend towards buying sustainable products, consumer sustainability is rapidly becoming a focus. The CEO of Adidas stated that 70% of consumers now want to purchase sustainable goods, which is evidence of this trend (Asad, 2021). Consumer demand is growing, which is forcing companies to reconsider their methods and focus sustainability efforts not just on the items they sell, but also on developing new business models and finding new markets. As more customers link their

purchasing behaviors with their beliefs and environmental concerns, businesses prioritizing sustainability in their offers will likely increase customer loyalty and trust.

Conclusions

In conclusion, Bed Bath & Beyond encountered various issues unrelated to sustainability. Still, its inability to meet the changing needs of a customer base that was environmentally conscious and committed to sustainability also contributed to its difficulties. Adaptability and foresight are crucial in a retail environment where consumer tastes and values constantly change.

Also, Bed Bath and Beyond lost multiple opportunities to build a lay customer base in the changing retail environment. It failed to bounce back from its failures by using sustainability as its strategic advantage.

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Integrating Sustainability Principles in Governmental Tourism and Hospitality Development Strategies – Case of Jordan

Wlla E. Obeidat

Introduction

The field of sustainable tourism development is swiftly growing, with a focus on promoting responsible and sustainable tourism management practices. As global travel increases post the recovery of the pandemic, it becomes increasingly vital to develop tourism in a way that benefits not only tourists, but also local communities and the environment. This development should involve minimizing negative impacts while maximizing benefits and prioritizes cultural heritage preservation, promoting local economies, and conserving natural resources. León-Gómez et al. (2021) analyzed 668 research paper on sustainable tourism development and found that it is evident that sustainable tourism development plays a crucial role in driving economic growth. The evidence presented highlights the importance of prioritizing sustainable tourism initiatives for long-term economic benefits.

By integrating sustainability into tourism development, future generations can continue to enjoy the benefits of tourism while preserving the environment and cultural characteristics of the local communities. An analysis of three decades of tourism policies found that it was evident that tourism policies have been adjusted to global environmental and sustainability concerns (Guo et al., 2019).

In 2023, tourism development has shifted towards enforcing more sustainability principles to ensure that the tourism and hospitality industry is not only profitable, but also socially and environmentally responsible which was clear by declaring tourism green investments as the theme for world tourism day 2023 (UNWTO, 2023). This involves promoting responsible and sustainable tourism practices, minimizing the negative impact of tourism on the environment, promoting cultural heritage preservation, supporting local economies, and conserving natural resources. To achieve this, tourism stakeholders have come together to develop sustainable tourism policies and practices that integrate sustainability

into every aspect of tourism development. These principles have been adjusted specially after the COVID-19 pandemic to adhere for both sustainability and rapid economic recovery (Higgins-Desbiolles, 2020).

As for Jordan, the country has been actively working towards developing sustainable tourism strategies that promote responsible tourism practices through governmental corporations with different sectors, institutions, and local communities while minimizing the negative impact of tourism on the environment. The country has recognized the importance of sustainable tourism development and has taken several initiatives to promote it (MOP, 2017).

One such initiative is the establishment of the Royal Society for the Conservation of Nature (RSCN), which is responsible for promoting and implementing sustainable tourism practices in the country's nature reserves. Jordan has also implemented several eco-friendly tourism practices, including the use of renewable energy and the promotion of waste reduction and water conservation (RSCN, 2022). According the World Green Building Council (WorldGBC) (2022), The country has also established the Jordan Green Building Council, which promotes the use of sustainable building practices in the tourism industry. Moreover, Jordan has been working towards promoting cultural heritage preservation by promoting local handicrafts and traditional industries, while also encouraging tourists to respect and appreciate the local culture and customs.

In conclusion, Jordan has made significant efforts to develop sustainable tourism strategies that prioritize responsible tourism practices, environmental conservation, and cultural heritage preservation. These efforts have not only benefited the tourism industry, but also the local communities and the environment, ensuring that the country's tourism industry is sustainable in the long run. Based on the most recent findings from MOTA (2023), the amount of tourists in 2022 exceeded forecasts. The nation welcomed a grand total of 5,049,105 guests throughout the year, which equated to 149% of the original goal established for 2022. Moreover, this figure surpassed the objectives for both 2023 and 2024 as outlined in the JNTS 2021-2025 blueprint, which were set at 112% and 101%, respectively.

This chapter explores incorporating sustainable practices in tourism and hospitality development in Jordan, including economic, social, and environmental benefits. Jordan has been following the global movement in creating a sustainable approach to development in several industries. According to the ministry of tourism MOTA (2023) Jordan tourism and hospitality industry is considered one of the most prominent industries in Jordan as it provides around 14.9% of its 2022 GDP.

1. Jordanian Tourism Management Strategy Analysis

Jordan has developed a comprehensive tourism management strategy that aims to promote sustainable tourism practices while maximizing the benefits of the tourism industry for the local communities and the environment. According to Shamout et al. (2021) Jordanian policymakers are turning into more sustainable policies even with some confusion on how to be able to do it in the most efficient way. The main sustainability management strategy in Jordan (2021-2025) has a focus on Five key areas which was evident in the several analyzed strategies below are the following (MOTA, 2021a):

1. Diversification of Tourism Products – Jordan has recognized the significance of the tourism services and products to attract a wider range of tourists. Jordan Tourism Board has been promoting wellness tourism, adventure tourism, MICE tourism, eco-tourism, cultural tourism, and domestic tourism to attract tourists with different interests.

2. Infrastructure and Human Resource Development – Jordan has been investing in the development of tourism infrastructure, including the construction of new hotels, resorts, and other tourism facilities. The country has also been improving its transportation infrastructure to make it easier for tourists to travel within the country.

3. Marketing and Promotion – Jordan has been capitalizing its efforts in marketing and promotion to enhance the branding and positioning of its products on the world tourism map, campaigns to increase its visibility as a resilient tourist destination post-covid, and opening new low-cost travel airways. Finally, the country has been enhancing its digital marketing efforts through various channels, including social media, travel shows, and advertising.

4. Environmental and Heritage Conservation – Jordan has been focusing on site preservation and site improvement for both natural and cultural tourism sites. Environmental conservation is considered essential to ensure that the tourism industry does not damage the environment by working with local communities and conservation institutions. Jordan has also been upholding sustainable tourism practices that minimize the negative impact of tourism on the society, the culture, and the environment.

5. Policy and Institutional reform – Jordan has identified several dimensions to create a more meaningful and sustainable policy reform through empowerment of the Ministry of tourism and Jordan Tourism Board, review all tourism laws to reduce operational costs for investors, enhancing visa processes, and improving the institutional experience.

Overall, Jordan's tourism current management strategy is a wide-ranging and focuses on upholding sustainable tourism practices that benefits both the tourists and local communities. The country's efforts have contributed to the development of the tourism industry while ensuring that it is sustainable in the long-term.

2. Jordan National Tourism Strategies Development in the Past

Jordan has been actively promoting the tourism and hospitality industry as a means to boost its economy for several decades as a developing country with a high dependency on the service industries. The Jordanian government has developed through its public and private institutions several national tourism strategies over the years, with the earliest one in the 1980s. These strategies focused on promoting Jordan's rich cultural heritage, natural characteristics, and historical significance to attract tourists from around the globe. The Jordanian government has also invested heavily in the development of infrastructure, such as the hotels, the expansion of the airports, and newly restored highways, to help facilitate tourism growth. Despite facing several challenges pertaining to the geographic location of Jordan such as political instability and regional conflicts, the country managed to maintain a stable growth in its tourism industry over the years, as a result of its well-planned tourism development strategies and efforts.

2.1. Jordan National Tourism Strategy 2004-2010

The Jordan National Tourism Strategy 2004-2010 was a broad plan aimed at improving and promoting the tourism industry in Jordan. The strategy was developed by the Ministry of Tourism and Antiquities, Jordan Tourism Board, and involved collaboration with countless stakeholders, including the private sector, several national and international NGOs, and local communities (USAID, 2003).

The strategy focused on four fundamental parts:

1. Infrastructure Development – The strategy focused on the development of tourism infrastructure, including the construction of new hotels, resorts, and other tourism facilities. The country also improved its transportation infrastructure to make it easier for tourists to travel within the country.
2. Product Development – Jordanian government focused since the beginning at diversifying its tourism products to attract a wider range of tourists and help

change the image of Jordan as a third age tourism destination. Efforts to promote adventure tourism, eco-tourism, sustainable tourism helped in creating the perfect combo of tourism products.

3. Marketing and Promotion – The strategy targeted Jordan's visibility as a tourist destination and creating Jordan's brand. The government invested in several marketing and promotion campaigns around the world through various channels, including social media, fam trips, travel shows, and advertising.

4. Capacity Building and Human Resource development – The strategy targeted the several aspects of the tourism industry capacity by providing training and support to tourism stakeholders, including local communities. This included staring college level education programs in public universities, training in hospitality through vocational training centers, customer service, and sustainable tourism practices such as heritage preservation.

The Strategy of 2004-2010 was highly successful in achieving its objectives. The tourism and hospitality industry grew considerably during this period, with high increase in tourist arrivals. Spending, and revenue. The strategy was a major step in advancing sustainable tourism practices in Jordan, ensuring that the tourism industry benefits both tourists and local communities while preserving the cultural, social, and environment resources.

2.2. Jordan National Tourism Strategy 2011-2015

The Jordan National Tourism Strategy 2011-2015 was an extension of the previous efforts made under the prior tourism strategy. The strategy was developed by the Ministry of Tourism and Antiquities and Jordan Tourism Board in collaboration with a number of stakeholders. The strategy focused on four fundamental pillars (MOTA, 2010):

1. Labor Market Development – The strategy aimed at developing and enhancing tourism human resources and infrastructure around Jordan which included the construction of new tourism and hospitality learning and training facilities. Added to that a focus women participation in the tourism and hospitality workforce which reached around 10%, and introducing awareness campaigns that targets local community.

2. Marketing and Promotion – The strategy targeted new ways to increase Jordan's visibility as a tourist destination by investing in marketing and promotion campaigns in new tourist markets and the main markets.

3. Enabling Environment – The strategy aimed at developing new tourism policies and enhancing the legal investment processes while providing business

support and promoting eco and sustainable friendly practices. Furthermore, creating several awareness programs for all levels of stakeholders to create a safe development approach.

4. Product Development – The strategy aimed at continuing the previous efforts in creating new touristic products in various tourism types. Furthermore, increasing air capacity, classifying 100% of hotels and 80% of restaurants. This aimed at enhancing the Jordan experience to generate a satisfactory tourist experience.

The Jordan National Tourism Strategy 2011-2015 was successful in achieving its objectives. The country's tourism industry continued to grow during this period, with an increase in tourist arrivals and revenue. The strategy also contributed to the development of sustainable tourism practices in Jordan, ensuring that the tourism industry benefits both tourists and local communities while preserving the environment.

Overall, the Jordan National Tourism Strategy 2011-2015 was a continuation of the efforts made under the previous tourism strategy. The strategy focused on developing new tourism products, improving infrastructure, marketing, and promotion, and most importantly enabling the environment to promote sustainable tourism practices.

2.3. Jordan National Tourism Strategy 2016-2020

The Jordan National Tourism Strategy 2016-2020 was a continuation of the previous tourism strategies, with a focus on promoting sustainable tourism practices and diversifying tourism products. The strategy was developed by the Ministry of Tourism and Antiquities, Jordan Tourism Board, and USAID in collaboration with various stakeholders (USAID, 2016). The strategy focused some aspects of sustainable tourism practice development such as supporting public institutions in optimizing it policies to achieve a more profitable tourism experience. Furthermore, the strategy focused on creating new incentive programs for tourism investment through grants to local communities.

The goal of this collaboration between the USAID and the Jordanian government in the development and implementation of this strategy was to accelerate the implementation of its pillars and goals, improve coordination between stakeholders, and formulate public-private shared vision.

Overall, the Jordan National Tourism Strategy 2016-2020 was a continuation of the previous tourism strategies, with a focus on promoting sustainable tourism practices such as creating excellence centers, working with international foundations to train MOTA employees on institutional capacity, sustainable awareness, and policy reform.

3. Green Growth National Action Plan (2021-2025)

Jordan's Green Growth National Action Plan (GGNAP) was launched in 2021 with the aim of promoting sustainable economic growth while minimizing the negative impact on the environment. The GGNAP recognized the tourism sector as a main sector for stimulating green economic growth, given its potential to generate income while preserving natural and cultural resources.

The GGNAP identified several priority areas for promoting green growth in the tourism sector, including:

1. Enhancing Natural Capital – The GGNAP aimed to promote sustainable tourism development by encouraging the development and protection of natural areas. As this strategy came as response for the effects of post-covid world, focusing on natural resources was essential as natural tourism, rural tourism, sustainable tourism, and agritourism are the current hot trends in tourism.

2. Sustainable Economic Growth – The GGNAP targeted practices that helps in enabling investment opportunities creating long-term sustainable projects while creating a value-added experience throughout Jordan with meaningful interactions with the local community.

3. Social Development and Poverty Reduction – The GGNAP aimed to promote the protection of cultural and local heritage, increasing local communities' equity through the equal distribution of services and benefits to disadvantaged communities. The strategy focused on enhancing prospects of education and trainings to achieve better employment opportunities.

4. Resource Efficiency – The GGNAP aimed to promote sustainable waste management practices, increasing higher efficiency in the production and consumption in the tourism sector. The strategy focused on three main sectors of the industry; lodging, food and beverage, and transport.

5. Climate Change Adaption and Mitigation – The GGNAP was created to help mitigate the effects the Jordanian industries went through during COVID-19 pandemic and one of the main global concerns is climate change. The strategy focuses on creating less harmful practices that can help in reducing the effects of the climate change crisis and achieving Jordan's commitments to the Paris climate change agreement.

The GGNAP has been successful so far in promoting green growth in the tourism sector in Jordan. The country has made significant progress in promoting sustainable tourism practices, including the use of renewable energy, waste reduction, and the promotion of eco-tourism, creating new sustainable meaningful experiences. Jordan has also been successful in attracting tourists interested in participating in sustainable tourism activities contributing to the development

of the tourism industry while preserving the environment, social, cultural heritage of the country, and minimizing the negative impact of tourism on the environment.

4. Jordanian Non-governmental Efforts

There are several non-governmental organizations (NGOs) in Jordan that are actively involved in promoting sustainable tourism practices in the country. These NGOs work with local communities, government agencies, and the private sector to promote sustainable tourism practices that benefit both tourists and local communities while preserving the environment and cultural heritage of the country.

One of these organizations is the Royal Society for the Conservation of Nature (RSCN), according to RSCN (2022) which is responsible for managing Jordan's nature reserves. The RSCN promotes sustainable tourism practices by developing eco-tourism products in protected natural areas that showcase Jordan's natural resources, including its national parks and nature reserves. The RSCN also works with and trains local communities to promote environmental conservation and to develop tourism products that benefit both tourists and local communities. Furthermore, the organization also connects local community with grant providers such as USAID and JIZA.

4.1. Jordan River Foundation

The Jordan River Foundation (JRF) is a non-profit organization that promotes sustainable tourism practices in Jordan through community-based initiatives. The JRF works closely with local communities to develop sustainable tourism products and experiences that benefit both tourists and local communities while preserving the environment and cultural heritage of the country.

One of the JRF's key initiatives is the development of community-based tourism products that provide visitors with an authentic experience of Jordanian culture and traditions. The JRF works with local communities to develop tourism products that showcase local handicrafts, traditional cuisine, and cultural performances. These products provide visitors with an opportunity to interact with local communities and learn about their way of life, contributing to the development of sustainable tourism practices that benefit both tourists and local communities.

The JRF also promotes sustainable tourism practices through its support for eco-tourism initiatives. The organization works with local communities to develop eco-tourism products that showcase Jordan's natural resources, including its national parks and nature reserves. These products promote environmental conservation and provide visitors with an opportunity to enjoy nature while contributing to its preservation.

Moreover, the JRF supports the development of sustainable tourism infrastructure through its partnership with local hotels and resorts. The organization works with hotels and resorts to promote sustainable tourism practices, including waste reduction, water conservation, and renewable energy.

In conclusion, the Jordan River Foundation promotes sustainable tourism practices in Jordan through community-based initiatives that benefit both tourists and local communities while preserving the environment and cultural heritage of the country. The organization's support for community-based tourism products, eco-tourism initiatives, and sustainable tourism infrastructure contributes to the development of sustainable tourism practices in Jordan.

4.2. Crown Prince Foundation

The Crown Prince Foundation (CPF) is a non-profit organization in Jordan that promotes sustainable development across various sectors, including tourism. The CPF works with local communities, government agencies, and the private sector to promote sustainable tourism practices that benefit both tourists and local communities while preserving the environment and cultural heritage of the country.

One of the CPF's key initiatives is the development of community-based tourism products that provide visitors with an authentic experience of Jordanian culture and traditions. The CPF works with local communities to develop tourism products that showcase local handicrafts, traditional cuisine, and cultural performances. These products provide visitors with an opportunity to interact with local communities and learn about their way of life, contributing to the development of sustainable tourism practices that benefit both tourists and local communities.

The CPF also promotes sustainable tourism practices by supporting the development of eco-tourism initiatives. The organization works with local communities to develop eco-tourism products that showcase Jordan's natural resources, including its national parks and nature reserves. These products promote environmental conservation and provide visitors with an opportunity to enjoy nature while contributing to its preservation.

Moreover, the CPF supports the development of sustainable tourism infrastructure through its partnerships with local hotels and resorts. The organization works with hotels and resorts to promote sustainable tourism practices, including waste reduction, water conservation, and renewable energy.

In conclusion, the Crown Prince Foundation promotes sustainable tourism practices in Jordan through community-based initiatives that benefit both tourists and local communities while preserving the environment and cultural heritage of the country. The organization's support for community-based tourism products, eco-tourism initiatives, and sustainable tourism infrastructure contributes to the development of sustainable tourism practices in Jordan.

4.3. Queen Rania Foundation

The Queen Rania Foundation (QRF) is a non-profit organization in Jordan that focuses on promoting sustainable development in various sectors, including tourism. The QRF works with local communities, government agencies, and the private sector to promote sustainable tourism practices that benefit both tourists and local communities while preserving the environment and cultural heritage of the country.

One of the QRF's key initiatives is the development of community-based tourism products that provide visitors with an authentic experience of Jordanian culture and traditions. The QRF works with local communities to develop tourism products that showcase local handicrafts, traditional cuisine, and cultural performances. These products provide visitors with an opportunity to interact with local communities and learn about their way of life, contributing to the development of sustainable tourism practices that benefit both tourists and local communities.

The QRF also promotes sustainable tourism practices by supporting the development of eco-tourism initiatives. The organization works with local communities to develop eco-tourism products that showcase Jordan's natural resources, including its national parks and nature reserves. These products promote environmental conservation and provide visitors with an opportunity to enjoy nature while contributing to its preservation.

Moreover, the QRF supports the development of sustainable tourism infrastructure through its partnerships with local hotels and resorts. The organization works with hotels and resorts to promote sustainable tourism practices, including waste reduction, water conservation, and renewable energy.

In conclusion, the Queen Rania Foundation promotes sustainable tourism practices in Jordan through community-based initiatives that benefit both tourists and local communities while preserving the environment and cultural heritage of the country. The organization's support for community-based tourism products, eco-tourism initiatives, and sustainable tourism infrastructure contributes to the development of sustainable tourism practices in Jordan.

4.4. Other Initiatives and Efforts

Jordan has been actively hosting and participating in local conferences that promote sustainable tourism practices, community involvement, and environmental conservation. These conferences bring together tourism stakeholders, including government officials, NGOs, local communities, and the private sector, to discuss issues related to the development of the tourism industry in the country.

One such conference is the annual Responsible Tourism Conference, which is organized by the Jordan Inbound Tour Operators Association (JITOA). The conference brings together tourism stakeholders to discuss issues related to sustainable tourism practices, community involvement, and environmental conservation. The conference includes presentations, panel discussions, and workshops that provide a platform for participants to exchange ideas and best practices on sustainable tourism development.

Another conference is the Jordan Travel Mart, which is organized by the Jordan Tourism Board. The conference brings together tourism stakeholders to promote Jordan as a tourist destination and to facilitate business-to-business meetings between local tourism operators and international travel agents. The conference includes presentations on Jordan's tourism products, cultural heritage, and natural resources.

Moreover, the Jordan Green Building Council hosts the annual Green Building Conference, which promotes sustainable building practices in the tourism industry. The conference brings together industry professionals, including architects, engineers, and developers, to discuss sustainable building practices, renewable energy, and waste reduction.

In conclusion, Jordan has been actively organizing and participating in local conferences that promote sustainable tourism practices, community involvement, and environmental conservation. These conferences provide a platform for tourism stakeholders to exchange ideas and best practices, contributing to the development of the tourism industry in Jordan while preserving the environment and cultural heritage of the country.

5. International Efforts Working
   with the Jordanian Government

Several international organizations have been working with the Jordanian government to develop the tourism industry through small-scale, low-impact projects, grants, trainings, and developing local experiences. These efforts were created to promote responsible tourism practices while minimizing the negative impact of tourism on the environment and local communities.

The United Nations World Tourism Organization (UNWTO) has been working closely with the Jordanian government to create sustainable tourism projects throughout creating sustainable practices. The UNWTO has provided technical aid to Jordan in developing sustainable tourism policies and practices thought conferences, trainings and awareness campaigns and has supported the country's efforts to promote sustainable tourism infrastructure development (UNWTO, 2017).

Furthermore, The Jordanian government has been working closely with local communities and the United States Agency for International Development (USAID) to building economic sustainability in the country. As part of this alliance, USAID has extended its funding, grants, and skills towards several initiatives aimed at developing community-based tourism products, eco-tourism projects, and sustainable tourism infrastructure in Jordan. These efforts helped in minimizing the negative impact of tourism on the local communities' heritage, culture, the environment and balancing economic growth. The community-based tourism products that are being developed with the support of USAID are designed to create a business enabling environment through economic opportunities for local communities. The sustainable tourism infrastructure being developed in Jordan includes the construction of trails, local meaningful experiences, green buildings, the introduction of renewable energy sources, and support the improvement of quality standards. The collaborative have been successful in fostering the growth of sustainable tourism in Jordan (USAID, 2003; 2008; 2017).

Moreover, according to the European Bank for Reconstruction and Development (EBRD) (EU Neighbors, 2020) their efforts collaborating with the Jordanian government to develop sustainable tourism management strategies post the pandemic has been able to provide more than 20.000 tourism and hospitality employees with trainings. Furthermore, The EBRD has provided financing for sustainable tourism infrastructure projects and has supported the development of rural tourism and eco-tourism initiatives in the country.

In addition, German Agency for International Cooperation (GIZ) created a strategy to help Jordan create a sectoral. Their efforts include providing funding for women empowerment organizations and creating tourism supporting projects for women in disadvantaged communities. GIZ have also worked directly with local communities developing sustainable tourism strategies, capacity building, and promoting sustainable tourism products. The organization has also supported through governmental organization helped in the creation of eco-tourism projects and community-based tourism (Shahateet & Partale, 2019).

In conclusion, several international organizations have been working with the Jordanian government and vocational training centers, local communities to develop sustainable tourism management strategies that promote long-term development practices. These efforts have contributed to the development of sustainable management practices in the tourism industry.

Conclusions

In conclusion, Jordan has made substantial strides in promoting and implementing sustainable tourism practices in its industry through the collaborative efforts of the government, private sector, local communities, specialized tourism institutions, and international organizations. The Jordanian government has employed various sustainable tourism strategies and policies designed to balance the aspired economic growth with environmental, social, and cultural preservation. Furthermore, Local communities and tourism organizations have been actively involved in the development of tourism products that can be part of community-based tourism and eco-tourism projects that provide economic opportunities while preserving natural and human resources, cultural heritage, and social well-being.

International organizations such as USAID and GIZ involvement have also provided valuable support efforts in creating sustainable tourism practices in Jordan. Their efforts ranged from capacity building, development of sustainable strategies, local community tourism project and the direct promotion of sustainable tourism products and destinations through their channels. The success of these initiatives reflected on the growth of sustainable tourism practices, which maintained Jordan's rich social and cultural heritage but also created new opportunities for sustainable economic growth and development.

As for future endeavors, it is crucial for the Jordanian government to continue empowering these collaborative efforts to ensure that sustainable tourism practices remain a main concern in Jordan. By doing so, Jordan can carry on to gain the benefits of sustainable tourism while conserving its natural, social, and cultural resources for future generations.

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The subject of the book is highly relevant for contemporary business and economy. Sustainable development is related to an action to transform the world so that the needs of today's generation can be met in a sustainable way while respecting the environment and taking into account the needs of future generations. At the summit in New York in September 2015, the leaders of UN member states signed the document *Transforming our world: The 2030 Agenda for Sustainable Development*. By doing so, they took on an ambitious commitment to work to reduce poverty in all of its forms; ensure access to education, food, and clean water, take action in favor of equal opportunities, promote human rights, peace, and stability in the world, protect the environment, mitigate climate change, and ensure access to sustainable energy sources. This applies particularly well for marketing and management activities of companies in service business, which also undertaking different activities in area of sustainable development. One of the biggest advantage of this book is that authors look at service sector and phenomenon of sustainable development from different perspectives, including market conditions and changes taking place on contemporary global market, as well from perspective of managing different accepts of marketing activities of services companies, and, finally, they look at this phenomenon from consumers' perspective.

from the review by Professor Kim-Shyan Fam, Ph.D.

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